

Weekly Market Update

Capital Market Overview

The market closed in green this week. The benchmark index DSEX (+0.39%) gained 24.51 points and closed the week at 6,365.61 points. The blue-chip index DS30 (-0.01%) lost -0.24 points and stood at 2,196.79 points. The Shariah-based index DSES (+0.27%) gained 3.76 points and stood at 1,383.18 points. The large cap index CDSET (+0.17%) gained 2.03 points and closed at 1,213.35 points. DSEX, DS30, DSES and CDSET showed YTD returns of +2.56%, +0.07%, +1.79%, -0.09%, respectively.

Total Turnover During the Week (DSE): BDT 47.4 billion (USD 434 million)

Average Daily Turnover Value (ADTV): BDT 9.5 billion (Δ% Week: +11.2%)

Market P/E: 18.6x

Daily Index Movement during the Week

The market performed five sessions during this week. The market started on a positive note (+0.42%) on Sunday. However, it ended on a negative note on Monday (-0.10%) and remained negative on Tuesday (-0.16%). Further, it ended on a positive note on Wednesday (+0.24%) but closed on a negative note on Thursday (-0.01%).

Sectoral Performance

• Financial sectors posted mixed performance this week. General Insurance booked the highest gain of 10.80% followed by Bank (+0.36%), and Mutual Fund (+0.05%). Life Insurance experienced the highest loss of 1.94% followed by NBFIL (-0.07%).

• Non-financial sectors posted mixed performance this week. Engineering booked the highest gain of 0.22% followed by Pharmaceutical (+0.02%), and Telecommunication (+0.00%). Fuel & Power experienced the highest loss of 0.19% followed by Food & Allied (-0.07%).

Macroeconomic arena

• ADB retains 6.5% GDP growth for Bangladesh for FY24. Bangladesh to get USD 0.176 Mn from FAO for three projects. Banks on green loans to fight climate change in Bangladesh. Formal remittance outflow stood at USD 137 Mn in 2022. How new banks are faring after a decade. Child labour rises by 4.5% in a decade. Cenbank keeps printing money amid inflation worries. X Ceramics, Dysin to invest USD 42 Mn in ceramics, textile chemicals. Default loans cross over BDT 4 Tn in Bangladesh. BDT 776.16 Bn revenue target set for Chattogram Custom House in 24FY. Home textile suffers 32% drop in exports. Bangladesh faces reduced foreign financing and rising debt liabilities. Short-term foreign debt interest payment crosses USD 300 Mn in just 5 months. Foreigners working in Bangladesh on the rise. Bancassurance gets govt nod. 17 IG operators fined BDT 0.45 Mn. Stone import thru Banglabandha halted for eight days. Non-tax revenue collection grows marginally. Plastic industry policy finalised with 10-yr income tax holiday for entrepreneurs.

• BTMA for repaying Green Transformation Fund's dollar loan in taka. Central bank's reserve money grows 5.27% until May. Internet banking transactions hit nearly BDT 500 Bn. Leather footwear exporters can now apply for over 5% discounts. BB raises Digital Nano Loan fund to BDT 5 Bn. New long-term USD loan facility for exporters, other firms. Bangladesh will again seek duty benefits in US. Govt borrowing from domestic sources climbs 16%. Foreign borrowing at floating rates hikes debt burden. Gross reserves now USD 23.5 Bn officially. New export destinations reinvigorate Bangladesh's apparel industry. Bangladesh's per capita debt BDT 95,019: BB. Entrepreneurs can now make textile products in leased jute mills. Demand for electric bikes gaining momentum. Potato exports thru Ctg Port fall by 45% despite bumper yield. Banks can now reschedule default loans of cold storages. FY23 revenue fell BDT 1.8 Bn at Benapole Customs. 17 RMG liaison offices dodge income tax: Report. Homeland Life Insurance: Over 37,000 clients unsure about settlement of claims.

Stock Market arena

• RAKCERAMIC | Fuel, power price hikes bite RAK Ceramics' profit. PADMALIFE | Padma Islami Life recommends no dividend. KAY&QUE | Kay & Que allowed to merge with ICT firm Multisourcing. PRIMEBANK | Prime Bank's profit jumps 50% in Apr-Jun. ROBI | Robi to borrow USD 55 Mn from Malaysian parent Axiata Group. GP | Grameenphone's profit grows 30% in Apr-June. AL-HAJTEX, NTC | Alhaj Textile board reconstruction, National Tea fresh share issuance cleared. CITYBANK | Moody's updates City Bank's outlook. BANKASIA | Bank Asia to invest BDT 125 Mn to set up digital bank. TRUSTBANK | Trust Bank posts 52% growth in profit in Apr-Jun. UTTARAFIN | Cenbank appoints new director at Uttara Finance. SBACBANK | 933 bank accounts linked to SBAC Bank's ex-chairman Amjad frozen. FAREASTLIF | Fareast Islami Life Ins facing steep debt. SKICL | Sena Kalyan Insurance's profit drops 29% in Apr-Jun. NTC | National Tea's share subscription awaits HC clearance.

July 20, 2023 (Week: July 16, 2023 – July 20, 2023)

Dhaka Stock Exchange

DSEX ended in Green (+0.39%) in the week

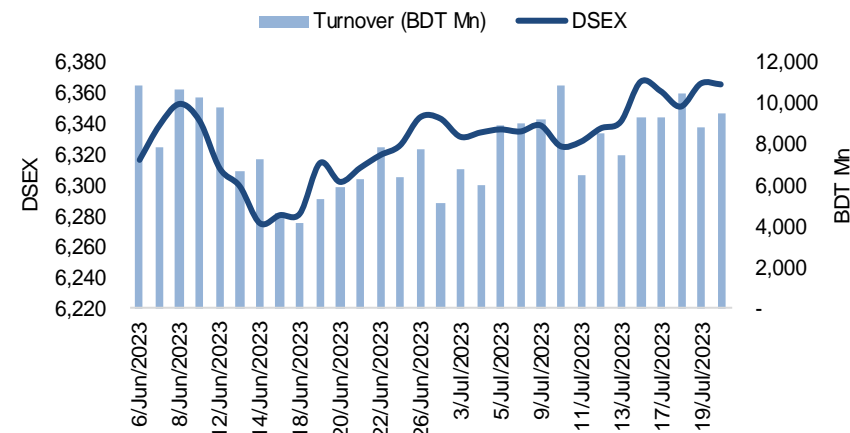
Table 1: Index

Index	Closing*	Opening*	Δ(Pts)	29-Dec-2022	Δ% Week	Δ% YTD
DSEX	6,365.61	6,341.10	+24.51	6,206.81	+0.39%	+2.56%
DS30	2,196.79	2,197.03	-0.24	2,195.30	-0.01%	+0.07%
DSES	1,383.18	1,379.42	+3.76	1,358.84	+0.27%	+1.79%
CDSET	1,213.35	1,211.32	+2.03	1,214.42	+0.17%	-0.09%

Table 2: Market Statistics

		This Week	Last Week	% Change
M cap	M n BDT	7,637,979	7,611,955	+0.3%
	M n USD	70,073	69,834	
Turnover	M n BDT	47,354	42,572	+11.2%
	M n USD	434	391	
Average Daily Turnover	M n BDT	9,471	8,514	+11.2%
	M n USD	87	78	
Volume	M n Shares	1,191	1,282	-7.1%

Figure 1: DSEX & Turnover in last four weeks



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Table 3: Top Ten Gainers

Company Name	Close*	Open*	Δ%	Mcap**	Turnover**	PE	PB
JANATAINS	43.1	29.9	+44.1%	2,009	367.7	30.6x	2.7x
CONTININS	43.3	30.7	+41.0%	1,802	432.7	69.8x	1.9x
CRYSTALINS	53.6	41.2	+30.1%	2,144	191.7	16.5x	2.2x
AZIZPIPES	129.5	100.6	+28.7%	692	363.1	NM	NM
KBPPWBIL	36.1	29.3	+23.2%	3,541	1512.0	NM	3.0x
ASIAPACINS	55.7	45.7	+21.9%	2,359	87.6	22.9x	2.4x
PARAMOUNT	51.2	42.5	+20.5%	2,082	115.2	29.3x	1.9x
GLOBALINS	37.8	31.4	+20.4%	1,533	248.6	24.4x	2.7x
LEGACYFOOT	125.9	105.0	+19.9%	1,647	592.0	NM	14.1x
DESHBANDHU	29.0	24.3	+19.3%	1,780	451.5	82.9x	1.6x

Table 4: Top Ten Losers

Company Name	Close*	Open*	Δ%	Mcap**	Turnover**	PE	PB
RUPALILIFE	156.2	215.2	-27.4%	4,688	677.6	NM	NM
FUWANGFOOD	36.8	42.9	-14.2%	4,079	3,106.7	NM	9.3x
FUWANGCER	18.8	21.2	-11.3%	2,562	448.0	72.3x	1.6x
GENNEXT	7.5	8.2	-8.5%	3,712	426.2	NM	0.6x
CENTRALPHL	14.0	15.3	-8.5%	1,677	323.2	NM	2.4x
PROGRESLIF	77.3	83.7	-7.6%	1,287	29.8	NM	NM
EMERALDOIL	165.1	178.4	-7.5%	9,859	584.2	NM	NM
MEGHNA PET	36.6	39.5	-7.3%	439	15.7	NM	NM
DACCADYE	15.7	16.9	-7.1%	1,368	100.5	NM	0.5x
LRBDL	36.2	38.7	-6.5%	5,258	1,448.0	16.5x	0.9x

Table 5: Top Ten Most Traded Shares

Company Name	Close*	Open*	Δ%	Mcap**	Turnover**	PE	PB
FUWANGFOOD	36.8	42.9	-14.2%	4,079	3,106.7	NM	9.3x
RDFOOD	57.0	48.8	+16.8%	4,331	1,768.1	46.3x	3.6x
KBPPWBIL	36.1	29.3	+23.2%	3,541	1512.0	NM	3.0x
LRBDL	36.2	38.7	-6.5%	5,258	1,448.0	16.5x	0.9x
SEAPEARL	231.5	230.3	+0.5%	27,954	1,259.9	33.6x	13.4x
DELTALIFE	161.2	166.2	-3.0%	19,949	1,061.7	NM	NM
AOL	36.5	36.8	-0.8%	4,007	968.0	23.4x	1.9x
ORIONINFU	380.0	348.1	+9.2%	7,737	905.4	NM	27.6x
MIDLANDBNK	16.2	14.0	+15.7%	10,363	868.9	16.7x	12x
LHBL	69.3	69.4	-0.1%	80,483	865.1	13.7x	4.1x

Table 6: Most Appreciated YTD in BRAC EPL Universe

Company Name	Close*	YTD %Δ	Mcap**	PE	PB
HEIDELBCEM	295.1	+64.8%	16,674	51.9x	4.4x
ADNTEL	147.4	+29.2%	9,530	38.3x	5.3x
OLYMPIC	148.0	+19.4%	29,591	18.0x	3.0x
UNIQUEHRL	68.1	+18.0%	20,049	11.9x	0.8x
UNILEVERCL	2,060.3	+15.7%	39,711	45.1x	13.2x
PIONEERINS	75.4	+10.7%	6,704	12.7x	15x
MIRAKHTER	54.7	+7.7%	6,606	22.5x	1.1x
LHBL	69.3	+6.9%	80,483	13.7x	4.1x
JAMUNAOIL	177.5	+6.1%	19,600	6.5x	0.9x
BATASHOE	1,009.5	+6.0%	13,810	28.9x	3.9x

*BDT

**BDT Mn

Table 7: Sector Indices

Sector Name	Week Close*	Week Open*	Year Open*	Δ% Week	Δ% YTD
Bank	1457.9	1452.7	1427.09	+0.36%	+2.16%
NBFI	1923.9	1925.3	1927.24	-0.07%	-0.17%
Mutual Fund	834.5	834.0	852.07	+0.05%	-2.06%
General Insurance	3,592.2	3,242.0	3,177.87	+10.80%	+13.04%
Life Insurance	2,887.0	2,944.2	2,492.91	-1.94%	+15.81%
Telecommunication	4,945.6	4,945.6	4,945.60	-	-
Pharmaceutical	3,716.3	3,715.5	3,754.47	+0.02%	-1.02%
Fuel & Power	1,701.5	1,704.8	1,694.29	-0.19%	+0.42%
Cement	2,605.7	2,586.5	2,319.67	+0.74%	+12.33%
Services & Real Estate	2,023.7	2,025.7	1,782.23	-0.10%	+13.55%
Engineering	4,528.7	4,518.6	4,503.40	+0.22%	+0.56%
Food & Allied	21,696.9	21,713.1	21,247.80	-0.07%	+2.11%
IT	3,277.5	3,244.9	3,004.33	+1.01%	+9.09%
Textile	1,651.9	1,648.8	1,621.87	+0.19%	+1.85%
Paper & Printing	10,713.3	10,783.6	10,388.08	-0.65%	+3.13%
Tannery	3,267.0	3,248.5	3,093.43	+0.57%	+5.61%
Jute	16,679.9	15,585.0	14,850.17	+7.03%	+12.32%
Ceramics	689.5	699.0	704.74	-1.35%	-2.16%
Miscellaneous	4,172.3	4,149.1	4,071.46	+0.56%	+2.48%

Table 8: Sector Trading Matrix

Sector Name	Daily average this Week	Daily average last Week	% Change	% of Total Turnover	PE	PB
Bank	292.8	127.9	+128.95%	+3.35%	11.8x	0.7x
NBFI	69.7	127.7	-45.41%	+0.80%	NM	4.4x
Mutual Fund	23.2	31.7	-26.78%	+0.27%	NM	0.7x
General Insurance	921.0	273.8	+236.41%	+10.54%	19.2x	16x
Life Insurance	601.8	824.0	-26.97%	+6.89%	NM	NM
Telecommunication	7.6	14	+423.85%	+0.09%	15.6x	4.3x
Pharmaceutical	756.6	697.8	+8.43%	+8.66%	19.4x	2.3x
Fuel & Power	677.8	821.2	-17.47%	+7.76%	23.5x	1.1x
Cement	276.8	175.6	+57.70%	+3.17%	28.4x	2.7x
Services & Real Estate	409.9	380.7	+7.67%	+4.69%	27.2x	1.0x
Engineering	879.5	747.8	+17.61%	+10.07%	72.7x	1.8x
Food & Allied	1,570.0	1,267.9	+23.83%	+17.97%	20.2x	8.2x
IT	451.8	386.5	+16.88%	+5.17%	29.9x	3.1x
Textile	646.8	913.1	-29.16%	+7.40%	85.2x	1.1x
Paper & Printing	203.2	196.3	+3.52%	+2.33%	39.8x	2.1x
Tannery	158.3	92.2	+71.59%	+1.81%	49.7x	3.4x
Jute	78.6	29.3	+168.13%	+0.90%	NM	-1416.5x
Ceramics	116.4	187.7	-37.98%	+1.33%	52.9x	1.9x
Miscellaneous	595.6	359.9	+65.47%	+6.82%	16.1x	1.8x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Company Name	Close*	YTD %Δ	Mcap**	PE	PB
EGEN	45.2	-13.2%	3,390	31.0x	2.0x
ISLAMIBANK	32.6	-1.2%	52,486	8.9x	0.8x
TRUSTBANK	31.7	-0.1%	27,142	9.9x	1.1x
BRACBANK	35.8	-0.0%	57,596	9.0x	0.9x
IDLC	46.5	-	19,330	10.7x	1.0x
IPDC	57.6	-	21,375	30.8x	3.1x
LANKABAFIN	26.0	-	14,010	28.0x	1.3x
ACI	260.2	-	19,829	NM	2.0x
LINDEBD	1,397.7	-	21,271	29.4x	3.5x
UPGDCL	233.7	-	15,475	16.7x	4.4x

Important News: Business & Economy

ADB retains 6.5% GDP growth for Bangladesh for FY24

- The Asian Development Bank (ADB) has retained its growth projection for Bangladesh's gross domestic product at 6.5% for the current fiscal 2023-24, citing strong domestic demand and favourable trends in fuel and food prices. This came out in the ADB's latest report titled Asian Development Outlook July 2023, released Wednesday. The ADB's GDP forecast for Bangladesh remains higher than the World Bank's projection of 6.2% and aligns with the International Monetary Fund's (IMF) estimate of 6.5%. However, it falls short of the government's ambitious target of 7.5% growth.

<https://www.tbsnews.net/economy/adb-maintains-bangladeshs-gdp-growth-forecast-65-667830>

Bangladesh to get USD 0.176 Mn from FAO for three projects

- The Food and Agriculture Organization of the United Nations (FAO) will provide Bangladesh with USD 0.176 Mn for three technical assistant projects aimed to strengthen the country's agricultural and environmental sectors. The Economic Relations Division (ERD) under the Ministry of Finance signed three technical assistance project agreements with the UN organisation to this end on Wednesday (19 July), according to an ERD press statement.
- Among the projects, Bangladesh will get USD 82,000 under a regional project aiming to enable inclusive and effective blended investment in agri-food systems in the context of the Hand in Hand Initiative (regional project); The country will also get USD 65,000 under a global project that aims to introduce innovative approaches for better plant production.

<https://www.tbsnews.net/economy/bangladesh-get-0176-million-fao-three-projects-668186>

Banks on green loans to fight climate change in Bangladesh

- Green finance is growing fast in Bangladesh, official data shows, with the central bank and private banks boosting efforts to encourage companies from brick-makers to textile mills to invest in technology and solutions that tackle climate change, reports Reuters. Considered one of the most climate-vulnerable countries - due to impacts like worsening flooding, river and coastal erosion and storms - Bangladesh has been exploring a range of financial innovations, from green loans to climate-related insurance and microfinance. Former central bank governor Atiur Rahman, who helped to develop the nation's sustainable and green finance policies more than a decade ago, said the ripple effect of "pioneering green banking in Bangladesh has been phenomenal" - at home and abroad.

<https://thefinancialexpress.com.bd/economy/bangladesh/banks-on-green-loans-to-fight-climate-change>

Bapi inks deal with Arab drug makers

- The Arab Union of the Manufacturers of Pharmaceuticals and Medical Appliances (Aupam) and the Bangladesh Association of Pharmaceutical Industries (Bapi) have signed a memorandum of understanding to cooperate on strengthening capacities and encourage trade between members. Headquartered in Amman, Aupam operates under the Council of Arab Economic Unity. Its members include major pharmaceutical industries from Morocco, Algeria, Tunisia, Libya, Egypt, Sudan, Yemen, Saudi Arabia, Oman, United Arab Emirates, Iraq, Syria, Lebanon, Palestine and Jordan.

<https://www.thedailystar.net/business/economy/news/bapi-inks-deal-arab-drug-makers-3373526>

Pran-RFL first company to make helmets locally

- Durable Plastic Limited, a concern of Pran-RFL Group, is scheduled to launch its "Safemet" motorcycle helmet brand at a hotel in the capital today. The company started producing motorcycle helmets, a first in the country, at its factory in Narsingdi's Palash upazila at the start of June. According to the company, 1.5 Mn to 1.6 Mn helmets worth around BDT 5 Bn are annually sold in the country and the sales are growing at some 20%. About 60% of the helmets are imported from India and the rest from other countries, including China, it said.
- About 0.6 Mn motorcycles were sold in 2022 and currently there are 4 Mn motorcycle users in the country, it added. This has led to increasing demand for helmets for which the company invested around BDT 200 Mn to set up the factory and employed 500 people to bring high quality helmets within the purchasing power of people, said Toukirul Islam, executive director of Durable Plastic Limited.

<https://www.thedailystar.net/business/organisation-news/new-product/news/pran-rfl-first-company-make-helmets-locally-3373731>

Formal remittance outflow stood at USD 137 Mn in 2022

- Foreigners working in Bangladesh sent home USD 137 Mn in 2022, World Bank data showed although analysts believe the exact figure would be much higher since many people from other nations are employed in the country without valid permits. The outflow was up 37% from a year ago when it stood at USD 100 Mn, according to the new estimate of the Global Knowledge Partnership on Migration and Development (KNOMAD), an initiative of the Washington-based lender.

<https://www.thedailystar.net/business/economy/news/formal-remittance-outflow-stood-137m-2022-3373736>

How new banks are faring after a decade

- The government awarded licences to set up new nine banks in 2013 despite criticism from analysts and economists and initial reservations from the central bank since the number of lenders was already high in Bangladesh and approvals were largely given on political consideration. Today, some of the nine banks -- Union Bank, Global Islami Bank, Midland Bank, NRB Commercial Bank, NRB Bank, SBAC Bank, Meghna Bank, Modhumoti Bank, and Padma Bank – are in a good position while some are struggling.
- Three banks – NRB Commercial, Union Bank, and Modhumoti – raised their profits above BDT 1 Bn in 2022. On the other hand, Padma Bank sank into an accumulated loss of BDT 8.05 Bn. Most of the new banks are bearing a huge amount of non-performing loans though they are newer compared to second-generation lenders – those receiving licences in 1992-1996 – and third-generation lenders – those that were permitted between 1998 and 2012.

<https://www.thedailystar.net/business/economy/banks/news/how-new-banks-are-faring-after-decade-3373741>

Child labour rises by 4.5% in a decade

- The number of children engaged in child labour in Bangladesh increased by 4.5% in the last one decade to 1.7 Mn now from 1.6 Mn in 2013, according to the findings of the National Child Labour Survey 2022. At present, Bangladesh has 39.9 Mn children aged 5-17 years, up from 39.6 Mn mentioned in the National Child Labour Survey 2013. In the gap of the surveys, the number of working children has increased to 3.5 Mn from 3.45 Mn. But the good thing is the number of children engaged in hazardous labour decreased by 16.55% to 1.06 Mn now from 1.2 Mn in 2013.
- Various initiatives taken by the government to eradicate child labour have helped Bangladesh lower the number of children in hazardous labour, the Bangladesh Bureau of Statistics (BBS) said in its provisional report on "National Child Labour Survey 2022".

<https://www.thedailystar.net/business/news/child-labour-rises-45pc-decade-3373431>

Cenbank keeps printing money amid inflation worries

- The central bank continues to utilise a potentially inflation-fuelling tool – lending money to the government by printing it – as Bangladesh continues to grapple with high inflationary pressure, the extent of which has been declining in many countries. The latest data from the Bangladesh Bank reveals that in the first 18 days of July, the central bank injected BDT 108 Bn into circulation to meet the government's expenditure needs. This surge in high-powered money comes in response to a revenue shortfall – around BDT 450 Bn – from the target and lower-than-expected foreign funds.

- Comparing this year's data with that of the immediate past fiscal year, it becomes evident that the amount of money injection has increased significantly. In FY23, the government borrowed BDT 1241.22 Bn from the banking system, with BDT 781.4 Bn provided by the central bank, averaging BDT 65 Bn per month. Even in June, the last month of FY23, the central bank provided the government with BDT 65.29 Bn.

<https://www.tbsnews.net/economy/cenbank-keeps-printing-money-amid-inflation-worries-668310>

Spot suppliers forewarn of stopping LNG supply

- At least two spot LNG suppliers have given Petrobangla three working days to clear their unpaid bills totalling around USD 113 Mn or face supply halt, said sources. The spot suppliers who gave the cut-off time over the payment backlog-purportedly for dollar dearth with the state-run importer of the fuel--are French TotalEnergies and Singapore-based Gunvor.
- Of the two, Gunvor in a recent letter to Petrobangla threatened to cease spot LNG-cargo supply for the months of July and August unless the overdue payments are cleared within three working days. Gunvor Singapore Pte has already been awarded two spot LNG cargo-delivery contracts for late July and mid-August at USD 12.98 per Mn British thermal unit (MMBTu) and USD 13.85 per MMBTu respectively for delivery to the Moheshkhali floating storage and re-gasification unit (FSRU).

<https://thefinancialexpress.com.bd/trade/spot-suppliers-forewarn-of-stopping-lng-supply>

Govt employees, pensioners, MPO teachers get 5% special incentive

- The government has decided to disburse a 5% incentive – minimum BDT 1,000 per month – for employees of military and civilian government organisations, self-governing and state-owned institutions, banks, financial institutions, police, Border Guard Bangladesh, and teachers and staff under monthly pay order. For the government pensioners, the special incentive announced by Prime Minister Sheikh Hasina will be a minimum of BDT 500 per month, according to notifications issued by the finance ministry on Tuesday. The special allocation came into effect on 1 July, according to a finance ministry notification.

<https://www.tbsnews.net/economy/pensioners-govt-employees-get-5-special-incentive-667414>

X Ceramics, Dysin to invest USD 42 Mn in ceramics, textile chemicals

- Two Bangladeshi companies will invest USD 42 Mn to build factories in the Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) for manufacturing ceramics and textile chemicals. X Ceramics Limited and Dysin Advanced Materials Limited will set up their factories on 30 acres of land. Once up and running, these factories are expected to create employment for 1,691 people, according to sources at the Bangladesh Economic Zones Authority (Beza).

- Beza Chairman Shaikh Yusuf Harun told The Business Standard, land lease agreements with these companies will be made on Wednesday. X Ceramics Limited will build a ceramics factory on 20 acres of land in BSMSN with an investment of USD 28.65 Mn. This factory will employ 1,559 people. The company was incorporated in 2008 with the Registrar of Joint Stock Companies. The other company Dysin Advanced Materials Limited will invest USD 13.32 Mn on 10 acres of land to build a textile chemical factory where 132 people will be employed.

<https://www.tbsnews.net/economy/x-ceramics-dysin-invest-42m-ceramics-textile-chemicals-667662>

Default loans cross over BDT 4 Tn in Bangladesh

- Noting the additional stress exerted on the domestic economy by the alarming rise in the volume of defaulted loans, economists insist things have gotten to a stage where any substantive change for the better requires a political commitment at the national level. They point out that all the defaulters are politically influential, and so the options available to Bangladesh Bank are not enough to pursue with them without a national-level commitment, reports UNB.
- According to official data, the volume of defaulted loans stood at BDT 1.32 Tn in the quarterly financial statement of the central bank. But this may be just one-third of the actual amount. According to information from different sources, the volume of default loans stood at BDT 4.11 Tn till March 2023, which is more than half the size of the national budget for the current fiscal. BDT 550 Bn is written off as bad debt (no longer counted as an asset by the bank) and the largest amount, BDT 2.24 Tn, is held up due to cases filed in different courts.

<https://thefinancialexpress.com.bd/economy/bangladesh/default-loans-cross-over-tk-4-trillion>

BDT 776.16 Bn revenue target set for Chattogram Custom House in 24FY

- The National Board of Revenue (NBR) has set a revenue target of BDT 776.16 Bn for the Chattogram Custom House, the largest customs station in the country, in the 2023-24 fiscal year. This amount represents around 10% of the total national budget for this fiscal year. On 15 July, the NBR issued a notification outlining the revenue targets for six custom houses including Chattogram, two bond commissionerates, and nine customs, excise, and VAT commissionerates across the country. The combined revenue target for these entities exceeds BDT 1.16 Tn. The revenue target assigned to the Chattogram Custom House alone comprises about 66.86% of the total revenue target given to all 17 customs stations combined.

<https://www.tbsnews.net/nbr/tk77616cr-revenue-target-set-chattogram-custom-house-24fy-667682>

BJIT Group teams up with Japan's Marubeni for expansion

- Leading local software exporter BJIT Group has entered into a business and capital alliance with Japanese trading firm Marubeni Corporation as part of efforts to expand global footprint. The partnership is a significant step for BJIT in expanding its global presence and entering the offshore digital transformation industry, focusing on next generation IT infrastructure, said JM Akbar, CEO of BJIT Group. BJIT aims to become a global IT company by leveraging Marubeni's global network, marketing expertise and business promotion capabilities, he added.

<https://www.thedailystar.net/business/economy/news/bjit-group-teams-japans-marubeni-expansion-3372591>

Home textile suffers 32% drop in exports

- A combination of factors, including the ongoing Russia-Ukraine war-led sluggish demand, excess post-Covid inventory and a local gas-price hike, has significantly impacted the home textile sector in the country, industry insiders said. The sector, which raked in USD 1.63 Bn in the fiscal year 2021-22, experienced a staggering 32% decline in exports in the just-concluded fiscal year of 2022-23, according to official data.
- The country's earnings from home textile exports stood at USD 1.09 Bn in the last fiscal year, showed Export Promotion Bureau data. Pessimism looms among many home textile exporters who foresee no signs of improvement until next January. This decline in exports follows two consecutive fiscal years of over 40% growth, with fiscal year 2021 being heavily impacted by the Covid-19 pandemic. Exporters attribute the export nosedive to a substantial inventory of buyers resulting from extensive sourcing during and after the Covid-19 period.

<https://thefinancialexpress.com.bd/economy/bangladesh/home-textile-suffers-32pc-drop-in-exports>

Bangladesh faces reduced foreign financing and rising debt liabilities

- As global interest rates continue to rise, Bangladesh faces a considerable increase in its foreign debt servicing liabilities. To compound the challenge, an internal calculation by the Economic Relations Division (ERD) reveals that the government is expected to see a USD 1.5 Bn decline in net financing from external sources next fiscal year and USD 2 Bn the following year. Experts said this double blow threatens to shrink the government's spending capacity, posing significant obstacles to its ability to allocate funds effectively.

<https://www.tbsnews.net/economy/bangladesh-faces-reduced-foreign-financing-and-rising-debt-liabilities-667698>

Short-term foreign debt interest payment crosses USD 300 Mn in just 5 months

- The interest cost of short-term foreign debt in the private sector has reached an unprecedented level due to a surge in international interest rates and mounting pressure from businessmen. According to data from the central bank, between January and May this year, principal and interest payments amounted to USD 14.15 Bn. Out of this, the principal payment accounted for USD 13.84 Bn, while the interest payment stood at USD 308 Mn. In comparison, a principal payment of USD 36.49 Bn was made in 2022, with interest payments amounting to just USD 246 Mn. The trend of interest payment was also low in the previous years. Bankers said these short-term loans necessitate an interest payment of over 8%.

<https://www.tbsnews.net/economy/banking/short-term-foreign-debt-interest-payment-crosses-300m-just-5-months-667318>

Foreigners working in Bangladesh on the rise

- The number of foreign nationals working in Bangladesh is rising thanks to expanding industrial activities, a development that also points to the education system's inability to churn out skilled workforce needed to keep the wheel of the economy turning. Bangladesh has maintained more than 6% growth in the last one decade and the contribution of the industrial sector, particularly the manufacturing segment, to the gross domestic product has increased as the country is gradually becoming an industrial hub from an agrarian economy.
- With a view to meeting the demand for skilled workforce, particularly top and mid-level managers, the Bangladesh Investment Development Authority (Bida) alone approved 15,128 applications seeking work permits in 2021-22, up a staggering 87.32% from the previous year. Of them, 7,790 were new and 7,338 sought renewals, according to the annual report of the state-run investment promotion agency. The applicants came from 106 countries.

<https://www.thedailystar.net/business/economy/news/foreigners-working-bangladesh-the-rise-3372771>

Bancassurance gets govt nod

- The Financial Institutions Division (FID) of the Finance Ministry on Tuesday okayed the plan to introduce bancassurance—selling insurance products through bank branches—in the country. The FID allowed and instructed the Bangladesh Bank to publish a gazette for its "Bancassurance Guideline" for scheduled banks based on which they would operate as insurance agents. Also the Insurance Development and Regulatory Authority has been instructed to issue the "Corporate Agent (Bancassurance) Directives" to let the country's life and non-life insurance companies make banks their selling agents.

<https://www.tbsnews.net/economy/stocks/bancassurance-gets-govt-nod-667690>

17 IG operators fined BDT 0.45 Mn

- Bangladesh Telecommunication Regulatory Commission (BTRC) has recently decided to fine 17 International Internet Gateway (IIG) service operators a total of BDT 0.45 Mn for violating rules, including under invoicing, not sharing revenue and changing share structures without prior approval. The IIG companies operate as international gateways for internet traffic, managing the data flow between the country and the rest of the world and enabling internet service providers and telecom operators to access the global internet.
- Of the highest amounts, Mango Televerservices, I-Tel, Fibre@Home and Apple Communication were each fined BDT 500 thousand, Peerex Network BDT 400 thousand, Windstream Communication, Max Hub and Velocity Networks each BDT 300 thousand, and Virgo Communications, Summit Communications and Level3 Carrier Limited each BDT 200 thousand.

<https://www.thedailystar.net/business/economy/news/17-iig-operators-fined-tk-45-lakh-3372761>

Stone import thru Banglabandha halted for eight days

- Stone import through Banglabandha land port of Panchagarh has remained suspended for the last eight days as the Indian truckers stopped carrying stones to Bangladesh because of the imposition of a new tax. However, the suspension did not leave any impact on the import and export of other items from and to Nepal, India and Bhutan through the port.
- The port earns 90% of its revenue from stone import, which mainly comes from India and Nepal, according to the port officials. Problems began on July 5 when the port opened after a six-day closer for Eid-ul-Azha. That day, the traders came to know that the West Bengal government has imposed a transportation tax on trucks carrying stone from India to Bangladesh, but kept Nepali trucks exempted from such tax. The tax, which should be paid online, was fixed at Rs 3,000 for 6-wheelers and Rs 5,000 for 10/12-wheelers.

<https://www.thedailystar.net/business/economy/news/stone-import-thru-banglabandha-halted-eight-days-3372736>

Non-tax revenue collection grows marginally

- The government's overall non-tax revenue collection grew marginally in the first nine months of fiscal year 2022-23, with dividends and profits earned by state-owned enterprises slumping to one-third of that in the preceding year. Collection of non-tax revenue, which includes dividends, profits and interest income from lending, increased 4% year-on-year to BDT 278.21 Bn in the July-March period.

- This is 62% of the target, according to the finance ministry data. Dividends and profits fell to BDT 14.25 Bn from BDT 42.93 Bn a year ago, according to finance ministry data. However, the government agencies collected 25% more non-National Board of Revenue (NBR) tax, which includes revenue from narcotics and liquor, stamp duty and vehicles, during the period.

<https://www.thedailystar.net/business/economy/news/non-tax-revenue-collection-grows-marginally-3372756>

Plastic industry policy finalised with 10-yr income tax holiday for entrepreneurs

- The Plastic Industry Development Policy 2023 has been finalized with a provision for a 10-year income tax holiday to entrepreneurs in plastic parks and disadvantaged areas. The policy was finalised in June this year based on stakeholder feedback, nearly two years after a draft was released in 2021. This five-year policy, formulated by the Ministry of Industries, will be implemented by 2028.
- Nine strategies have been defined in this plan with emphasis on increasing local industries, building capacity, increasing access to international markets, and skill development for the sustainable development of the sector. The policy aims to ensure adequate financial support for domestic industries by providing loans to the small and medium enterprises in the plastic sector at 3% interest from a special fund.

<https://www.tbsnews.net/economy/industry/plastic-industry-policy-finalised-10-yr-income-tax-holiday-entrepreneurs-666658>

BTMA for repaying Green Transformation Fund's dollar loan in taka

- The Bangladesh Textile Mills Association (BTMA) wants to pay off the loan it took in US dollars from the central bank's Green Transformation Fund (GTF) in local currency. In a meeting with the Deputy Governor of Bangladesh Bank Abu Farah Md Nasser on Monday, textile mill owners also urged the central bank to determine a fixed interest rate for the GTF loan. In addition, they called for special facilities for loan repayment and the extension of the Export Development Fund (EDF) fund limit and loan repayment period.
- The Bangladesh Bank launched the GTF Fund in 2016 with a USD 200 Mn refinancing scheme for textiles, leather, jute, manufacturing and export-oriented entities so that they can import capital machinery and accessories for environment-friendly initiatives.

<https://www.tbsnews.net/economy/banking/btma-repaying-green-transformation-funds-dollar-loan-taka-667006>

Textile millers seek another extension in loan repayment period

- Textile millers and ready-made garment makers are once again seeking an extension of the loan repayment deadline until December of next year, arguing that their production and overall business have significantly contracted in recent months. Since the onset of the Covid-19 pandemic in March 2020, the central has provided various facilities to businesses, such as loan moratoriums and loan repayment deadline extensions, in order to prevent defaults.
- However, as of June 30th this year, the deadline for loan rescheduling by paying a small portion of the loans has expired, prompting them to lobby for an extended repayment period. Mohammad Ali Khokon, president of the BTMA, told The Business Standard that they will seek policy concessions on many issues at the meeting with the central bank.

<https://www.tbsnews.net/economy/rmg/apparel-makers-seeks-another-extension-loan-repayment-period-666574>

Central bank's reserve money grows 5.27% until May

- A record government borrowing in recent months has helped Bangladesh Bank's reserve money grow by 5.27% as of last May. Economists and bankers, however, are of the opinion that the net domestic-asset part of the reserve money or RM grows largely with gains from government borrowing of 'high-powered money or printed money which contributes to stoking inflation.
- On the other side of the RM is foreign net asset, which contracts mainly for lower inflows of foreign currencies and BB funneling of dollars into forex-scarce commercial banks. After negative growth in the financial year (FY) 2021-2022, the reserve money (RM) with the central bank registered a positive growth of over 5.0% year on year at the end of May 2023 mainly because of significant rise in net domestic asset (NDA), officials said.

<https://thefinancialexpress.com.bd/economy/bangladesh/central-banks-reserve-money-grows-527pc-until-may>

Businesspeople unable to benefit from GI products

- Although Bangladesh has secured geographical indication (GI) status for 15 products so far, local businesspeople have yet to benefit in absence of global demand for these goods, according to experts. A major reason for their failure to take advantage of the certification is that there is a lack of adequate marketing for the country's GI products. Besides, the export capacity of those who produce GI products should be enhanced through financial support, they told The Daily Star.

- Products are granted the GI tag when they have unique characteristics that help identify their country of origin for being definable by the materials, climate and culture with which they were made. This in effect highlights the traditions and reputation of products made within a particular area or country, helping fetch higher prices compared to similar products manufactured elsewhere.

<https://www.thedailystar.net/business/economy/news/businesspeople-unable-benefit-gi-products-3371796>

Internet banking transactions hit nearly BDT 500 Bn

- Internet banking transactions reached a record high amount of nearly BDT 500 Bn in May, signifying the enhanced cost and time savings and convenience enabled over visits to brick-and-mortar branches for a growing number of bank account holders. The transactions soared 142% year-on-year to BDT 499.3 Bn, showed the latest Bangladesh Bank (BB) data. On a month-on-month basis, it was a growth of 12%. This is also threefold the amount recorded in the whole of fiscal year 2014-15. The all-time high also reflects customers increasingly switching to electronic fund transfers and banks focusing investments on developing technology to provide faster and hassle-free services.

<https://www.thedailystar.net/business/economy/news/internet-banking-transactions-hit-nearly-tk-50000cr-3371806>

Leather footwear exporters can now apply for over 5% discounts

- Exporters can now apply to the Discount Committee of the central bank for more than 5% discounts against the export of leather footwear goods. The Foreign Exchange Policy Department of the Bangladesh Bank issued a circular in this regard on Sunday.
- The move will help exporters offset the loss of export proceeds they often incur by offering buyers discounts of more than 5% prescribed in the Guidelines for Foreign Exchange Transactions. A senior official of the central bank told TBS that all cases involving discount claims made by buyers due to document discrepancies, short shipment, conservative arrest, or quality issues concerning the shipment of readymade garments, leather, and leather goods should be forwarded to the Discount Committee of the central bank for review.

<https://www.tbsnews.net/economy/leather-footwear-exporters-can-now-apply-over-5-discounts-666374>

BB raises Digital Nano Loan fund to BDT 5 Bn

- The Bangladesh Bank (BB) has increased the fund of the 'Digital Nano Loan' to BDT 5.0 Bn from BDT 1.0 Bn. The central bank has raised the fund to increase the financial inclusion of marginalised people amid meet the growing demand of digital nano loan in the country, as per a BB circular issued on Sunday.

- The other purposes of the fund are to encourage and habituate the marginalised people to do digital transaction, and enhance the progress of building "Smart Bangladesh", it said. The BDT 1.0 Bn refinance scheme was introduced on July 2 last year, reports BSS. Participating banks of the refinance scheme will be able to disburse loans amounting BDT 5.0 Bn to BDT 50,000 to individual customers with up to 9.0% interest under the scheme. The loans have to be disbursed entirely digitally by using internet banking, mobile apps, mobile financial services, or e-wallet services, according to the central bank.

<https://thefinancialexpress.com.bd/economy/bangladesh/bb-raises-digital-nano-loan-fund-to-tk-5-billion>

Imports of cement clinker, stones soar amidst construction boom

- In contrast to a slump in imports, especially luxury goods, due to import curbs amid the prevailing dollar crisis, there has been a 5% rise in the import of cement clinker through Chattogram port during fiscal 2022-23, maintaining its position as the leading imported commodity. Apart from cement clinker, broken or crushed stones – an essential material used in the construction sector – registered an impressive 80% increase in ports in the past fiscal year, according to Chattogram Customs House.
- Industry insiders attribute this growth in imports of these items to the flourishing construction industry in the country and the government's extensive infrastructure development projects. Data obtained from Chattogram Customs House indicates that the import of cement clinker rose by 0.774 Mn tonnes to reach 17.7 Mn tonnes in FY23, resulting in a revenue increase of BDT 3.81 Bn for the country's premier customs station.

<https://www.tbsnews.net/economy/imports-cement-clinker-stones-soar-amidst-construction-boom-666190>

New long-term USD loan facility for exporters, other firms

- The central bank yesterday unveiled a long-term financing facility for private sector firms, mainly export-oriented manufacturers, to help them borrow in US dollars to purchase equipment and services needed to run sustainable operations. Under the Bangladesh Bank-Long Term Financing Facility, the loan, which could be as high as USD 10 Mn, will be offered in the US currency, according to a guideline.
- Widespread opportunity for medium-and-longer term financing was inadequate in the country a decade ago and the constraint still persists. And the financing of businesses for shorter-than-required tenure is creating a funding mismatch. As a result, the banking sector is finding it difficult to mitigate the long-term funding gap in both local and foreign currencies. The success and popularity of the LTFF prove that there exists a huge demand in the market for a sustainable longer-term credit facility, the guideline said.

- So, the central bank has decided to continue providing long-term financing to private sector firms, mainly export-oriented manufacturing enterprises, so that they can adopt sustainable means of production and augment competitive advantage in the global value chains.

<https://www.thedailystar.net/business/economy/news/new-long-term-usd-loan-facility-exporters-other-firms-3370886>

Bangladesh will again seek duty benefits in US

- Bangladesh will again urge the US for duty-free access as the tariff imposed on exports from the country is one the highest faced by goods entering the western nation, according to Senior Commerce Secretary Tapan Kanti Ghosh. On Saturday, Ghosh told The Daily Star that he would raise this demand at the sixth edition of the Trade and Investment Cooperation Forum Agreement (Ticfa).
- The main topic of discussion for Bangladesh will be about securing duty-free access or reduced tariff for exports to the US market, Ghosh added. Exported goods, particularly garment items, currently face 15.62% duty when shipped to the US. Ghosh said Bangladesh has already withdrawn the rule requiring double fumigation of US cotton, which was a long-time demand of the American government. So, Bangladesh will now raise the issue of being granted duty-free access at the Ticfa meeting.

<https://www.thedailystar.net/business/economy/news/bangladesh-will-again-seek-duty-benefits-us-3370871>

Govt borrowing from domestic sources climbs 16%

- The government's borrowing from domestic banks and non-banking sources was 16% higher in the just-concluded fiscal year as it had to rely on debts to finance public expenditures amid lower revenue collections. The government took BDT 1338 Bn in loans from domestic sources in 2022-23, excluding the net sales of national savings certificates, according to data from the Bangladesh Bank. It was BDT 1152.16 Bn in 2021-22.
- Of the sum, 73%, or BDT 976.84 Bn, came from the central bank in FY23, which may contribute to stoking inflationary pressures. "This will create demand as the central bank is printing money to lend to the government. This fresh money is coming to the market. This will stoke inflation," said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.

<https://www.thedailystar.net/business/economy/news/govt-borrowing-domestic-sources-climbs-16-3370881>

Foreign borrowing at floating rates hikes debt burden

- Recent aggressive external borrowing to make ends meet hikes Bangladesh's debt burden further as cumulative interest rates have even surpassed 6.0%, the highest in years, insiders said. The government recently signed in four budgetary-support credits, two of which are based on floating rates that come close to interest on commercial loans at this moment, they said Saturday. The maturity of both the loans is lower than their usual ones, according to the sources.
- In June, the government borrowed USD 800 Mn in budgetary-support credits from the Asian Development Bank (ADB) and the Asian Infrastructure Investment Bank (AIIB) which are both floating-interest-rate-based (SOFR-based). Besides, the government has also borrowed USD 225 Mn worth of budget support from Japan also at a higher rate than its previous offer rate. The ADB will charge Secured Overnight Financing Rate (SOFR) - plus-0.60% interest for its USD 400-Mn budget support signed last month. The ADB budget support will carry an interest rate of SOFR rate-plus- 0.5%, along with a commitment fee of 0.1%. The repayment period for this loan is 15 years, with a grace period of three years.

<https://thefinancialexpress.com.bd/economy/bangladesh/foreign-borrowing-at-floating-rates-hikes-debt-burden>

Exports continue to depend on five key markets

- Five developed nations have continued to account for more than half of Bangladesh's export earnings, highlighting the country's narrow market base and the vulnerability it faces. This also means Bangladesh's efforts aimed at diversifying exports in terms of both markets and products over the last decade have not brought about expected results.
- The five countries -- the United States, Germany, the United Kingdom, Spain and France -- sourced products worth USD 29 Bn in the last fiscal year of 2022-23, making up more than 52% of Bangladesh's annual receipts of USD 55.56 Bn, data from the Export Promotion Bureau showed. "Bangladesh's export market is still confined to a handful of countries and to some products such as readymade garments," said Muhammad Abdur Razzaque, chairman of the Research and Policy Integration for Development, a think tank. Due to a lack of diversification of products, the country has not been able to explore other markets. As a result, export earnings have not increased either, he said.

<https://www.thedailystar.net/business/economy/news/exports-continue-depend-five-key-markets-3370876>

Gross reserves now USD 23.5 Bn officially

- Country's gross foreign exchange reserves dropped by USD 6.44 Bn to USD 23.56 Bn in the Bangladesh Bank's new reserve calculation, published on Thursday, as per the formula suggested by the International Monetary Fund. The gross reserves was USD 29.92 Bn as per the previous calculation, according to the central bank data posted on its website. The newly calculated figure is the real reflection of the country's reserves as the Bangladesh Bank started following the IMF's Balance of Payments and International Investment Position Manual (BPM6). The new gross reserves can cover imports of nearly four months as per recent import trend. International standard on reserves requires three months' import bill coverage.

<https://www.tbsnews.net/economy/banking/bb-implements-imf-guidelines-reveals-644b-drop-forex-reserves-664718>

New export destinations reinvigorate Bangladesh's apparel industry

- The annual export data released recently revealed that Bangladesh's earnings from apparel exports have jumped by 10%, despite facing a significant decline in exports to the US, historically considered the top export destination. A bdnews24.com report, citing Export Promotion Bureau (EPB) data, states exports to the US have dropped by 5.51% in the recently concluded fiscal year (FY23). Similarly, exports to some of the major European destinations, like Germany and Poland, within the EU have fallen sharply, by 6.81% and 13.66%, respectively. However, the data also revealed an interesting fact- a growth in apparel export in some non-traditional export destinations, mainly India, Australia and Japan. In the last fiscal year, the exports of Bangladesh-made apparel have increased in South Korea, China, UAE, Mexico, Malaysia, Saudi Arabia and Türkiye.

<https://thefinancialexpress.com.bd/economy/bangladesh/new-export-destinations-reinvigorate-bangladeshs-apparel-industry>

Bangladesh's per capita debt BDT 95,019: BB

- Bangladesh's domestic and external debt stands at around BDT 16.14 Tn, according to the latest report of Bangladesh Bank (BB), as a result of which, the per capita debt of people stands at BDT 95,019. But income is still higher than per capita debt. The current annual per capita income of the people of the country is USD 2,793, which is around BDT 0.33 Mn in Bangladeshi currency. Though Bangladesh is still in a good position in terms of debt-GDP ratio compared to many countries in the world, a big portion of the national budget is spent on loan interest payments, said Economist Ahsan H Mansur.

<https://www.tbsnews.net/economy/bangladeshs-capita-debt-tk95019-bb-664942>

Entrepreneurs can now make textile products in leased jute mills

- Entrepreneurs will now be able to set up textile industries by leasing state-owned jute mills as the authorities have softened stance for jute-related activities only due to a low response. The Bangladesh Jute Mills Corporation (BJMC) has made necessary changes to the terms and references and recently floated an international tender to lease out all nine jute mills under its supervision to the private sector. The amended terms now allow private sector entrepreneurs to produce jute, jute-related goods, or textile products, with both forward and backward linkages to the jute or textile industries.

<https://www.tbsnews.net/economy/entrepreneurs-can-now-make-textile-products-leased-jute-mills-664678>

Demand for electric bikes gaining momentum

- The demand for electric motorbikes is increasing in Bangladesh for being an eco-friendly and cost-effective mode of transport. The use of electric motorbikes has increased since then, with the biggest spike seen in 2022, according to industry people. The adoption of electric two-wheelers has ramped up as they are more environmentally friendly and cost-effective than those powered by fossil fuel, they said. Besides, advancements in the required components, such as quickly rechargeable batteries and lightweight motors, are also driving demand.
- Just six or seven years ago, up to 10 electric motorbikes were sold each month compared to more than 50 units at present, said Iftakher Hossain, a system analyst of Akij Motors. Similarly, up to seven electric bikes that run on three wheels are now being sold each month compared to just three units previously.

<https://www.thedailystar.net/business/economy/news/demand-electric-bikes-gaining-momentum-3369866>

Potato exports thru Ctg Port fall by 45% despite bumper yield

- The export of potatoes through the Chattogram Port has dropped significantly despite a bumper yield of the crop this year, owing to various reasons, including price rise, sub-standard packaging, product quality deficiency, and the fluctuating taka-dollar exchange rate. According to data from the Plant Quarantine Station of Chattogram Port, potato exports through the port fell by 45% in FY23, compared to the corresponding period of FY22. The port shipped 29,560 tonnes of potatoes in FY23, down by 24,967 tonnes from 54,527 tonnes exported in FY22. Data shows that 95% of the country's exportable potatoes are shipped through the Chattogram Port.

<https://www.tbsnews.net/economy/potato-exports-thru-ctg-port-fall-45-despite-bumper-yield-665390>

Banks can now reschedule default loans of cold storages

- Banks would be able to reschedule default loans of cold storages that preserve perishable crops, mainly potatoes, Bangladesh Bank (BB) said today. In a circular, the banking regulator said banks can allow cold storages to repay default loans in a maximum of 10 years with a year of grace period, a move that comes following demands from cold storages' association.
- For rescheduling, banks will need to separate balance of classified loans as of June 30 this year to cold storages in two accounts -- principal amount in one account while the interest in a blocked account. The BB said the interest will be charged on the principal amount as per the rule and the borrowers will have to clear an instalment in every six months. The central bank has directed the borrowers to realise the principal amount after the end of the one-year grace period and later the interest kept in the blocked accounts.

<https://www.thedailystar.net/business/news/banks-can-now-reschedule-default-loans-cold-storages-3368176>

Bicycle makers face crisis as war, global economic slowdown hit export

- Corvo Bicycle Limited has been manufacturing bicycles in Karnaphuli Export Processing Zone, Chattogram for over a decade, relying on Trident Cycles Company Limited's factory in the same EPZ for parts production. Corvo usually produces 350,000 to 400,000 units of bicycles annually. However, both the Taiwanese companies' factories have been closed for three months due to a decline in purchase orders.
- AKM Tanvir Uddin, manager (commercial) of the two companies, said, "The export markets for bicycles produced in Bangladesh are mainly in Europe. Purchase orders have come to a halt due to the post-pandemic global economic crisis and the Russia-Ukraine war. Our European buyers still have surplus stocks of bicycles, which has led to the closure of our factories since April this year."

<https://www.tbsnews.net/economy/industry/bicycle-makers-face-crisis-war-global-economic-slowdown-hit-export-665554>

FY23 revenue fell BDT 1.8 Bn at Benapole Customs

- Revenue collection at Benapole Custom House fell short of the target by BDT 1.8 Bn in 2022-23 following a decline in imports as many traders could not open Letters of Credit (LC) for a shortage of dollars. Revenue worth BDT 57.86 Bn was collected against the target of BDT 59.66 Bn in 2022-23. The import also decreased by 1,43,921 tonnes compared to 2021-22, according to Benapole Custom House sources.

- President of Benapole C&F Agent Association Shamsur Rahman said that the businessmen of India and Bangladesh are more interested in trading with Benapole due to the ease of communication. However, the government has imposed 100% margin conditions on LCs due to the dollar crisis. Banks are also not opening LC due to the dollar crisis. So, imports decreased last year.

<https://www.tbsnews.net/economy/fy23-revenue-fell-tk180cr-benapole-customs-665946>

17 RMG liaison offices dodge income tax: Report

- About 17 foreign readymade garment companies' liaison offices in the country have evaded income tax by violating the conditions of liaison office registration rules, according to a recent report of the Special Branch (SB) of the Bangladesh Police. The report mentions that all of these offices are doing business in Bangladesh as branch offices, but they are not paying any income tax to the government exchequer despite making good profits. A liaison office cannot conduct any business or any income-earning activities in Bangladesh. But a branch office with proper permission can do so, according to the Bangladesh Investment Development Authority (Bida) rules.

<https://www.tbsnews.net/economy/17-rmg-liaison-offices-dodge-income-tax-report-664682>

Homeland Life Insurance: Over 37,000 clients unsure about settlement of claims

- More than 37,000 clients of Homeland Life Insurance Company Ltd are facing uncertainty about whether they would get back their insured amount owing to a lack of liquidity at the insurer caused by alleged irregularities, the regulator found. The company is not settling claims involving BDT 790 Mn, according to the Insurance Development and Regulatory Authority (Idra). This prompted 6,820 policy-holders to lodge complaints with the regulator in the last one year as claims were not settled despite reaching maturity. The insurance company has a life fund of about BDT 2.02 Bn and it has invested BDT 1.1223 Bn of the sum in immovable and current assets.

<https://www.thedailystar.net/business/economy/news/homeland-life-insurance-over-37000-clients-unsure-about-settlement-claims-3370006>

Important News: Capital Market

RAKCERAMIC | Fuel, power price hikes bite RAK Ceramics' profit

- The country's leading tile manufacturer RAK Ceramics reported a 33.73% year-on-year drop in net profit to BDT 285.2 Mn in the first half of 2023. This decline was attributed to inadequate gas supply, hikes in gas and electricity prices, and volatility in the foreign exchange market. However, earnings per share (EPS) declined to BDT 0.67 from BDT 1.01 between January and June a year ago. In a half-yearly unaudited statement, the UAE-based multinational company mentioned that its net sales increased by 0.29% to BDT 3.81 Bn on the back of a revised and responsive business strategy taken by the management.
- The company said its gross profit margin has dropped from 29.66% to 25.25%. This decrease was primarily due to several factors, including the non-availability of adequate gas, an increase in gas and electricity prices, significant volatility in the foreign currency market, disruptions in the global supply chain, and consequent increases in raw material prices and freight charges.

<https://www.tbsnews.net/economy/stocks/fuel-power-price-hikes-bite-rak-ceramics-profit-668298>

PADMALIFE | Padma Islami Life recommends no dividend

- Padma Islami Life Insurance did not recommend any dividend for its shareholders at the end of 2023. The life insurer has also reported a decline in its net premium income in January to March quarter this year, according to the earnings disclosure. At the end of March 2023, its life fund was BDT 2.3979 Mn negative, which was BDT 0.1317 Bn in the same period of the previous year. During the period, its net premium income stood at BDT 31.7 Mn down from BDT 78.6 Mn a year ago.

<https://www.tbsnews.net/economy/stocks/padma-islami-life-recommends-no-dividend-667242>

KAY&QUE | Kay & Que allowed to merge with ICT firm Multisourcing

- The securities regulator has allowed Kay & Que Limited — a publicly listed CNG filling station which also sells stones — to merge with ICT firm Multisourcing Limited. Under the scheme of amalgamation approved by the High Court, the Bangladesh Securities and Exchange Commission (BSEC) has allowed Kay & Que to issue 1.71 Mn ordinary shares, only for the shareholders of Multisourcing, at BDT 10 each. As a result, the listed CNG station's paid-up capital will increase to BDT 68.6 Mn from existing BDT 51.6 Mn.

<https://www.tbsnews.net/economy/stocks/kay-que-allowed-merge-ict-firm-multisourcing-667586>

PRIMEBANK | Prime Bank's profit jumps 50% in Apr-Jun

- Prime Bank Limited has posted 50% year-on-year growth in its profits in the April to June quarter of 2023 riding on an increase in its net investment income. In this year's second quarter, the bank's consolidated net profit stood at BDT 1.146 Bn, which was BDT 0.764 Bn in the same quarter of 2022. The consolidated earnings per share (EPS) stood at BDT 1.01. Its investment income jumped by 93% to BDT 1.1949 Bn in the June quarter this year compared to the same quarter previous year.

<https://www.tbsnews.net/economy/stocks/prime-banks-profit-jumps-over-50-april-june-666618>

ROBI | Robi to borrow USD 55 Mn from Malaysian parent Axiata Group

- The country's second-largest mobile network operator Robi Axiata Limited will receive a USD 55 Mn shareholder loan facility from its parent company Axiata Group, a Malaysian multinational telecommunications conglomerate. In a stock exchange filing on Monday, Robi stated that it would secure the fund for a period of three years. According to officials at the company, the loan is being taken as a precautionary measure to safeguard against any potential impact from the ongoing dollar crisis in the country.

<https://www.tbsnews.net/economy/stocks/robi-gets-loan-55-million-axiata-group-666814>

GP | Grameenphone's profit grows 30% in Apr-June

- Grameenphone has posted BDT 11.94 Bn in profit after taxes for the April-June quarter, nearly 30% higher from the same period of the previous year. Due to higher costs, except for that of material and traffic charges, salaries and personnel costs, operations and maintenance, its operating profits inched down, while reversed income tax provision helped the company post a growth in net profits, according to its latest financial statement. Earnings per share (EPS) for the three months stood at BDT 8.84, up from BDT 6.82. For the first six months of the year EPS increased to BDT 14.62 from BDT 12.82.

<https://www.tbsnews.net/economy/stocks/grameenphones-profit-grows-30-apr-june-667090>

AL-HAJTEX, NTC | Alhaj Textile board reconstruction, National Tea fresh share issuance cleared

- The Appellate Division on Monday upheld its chamber judge's orders, which allowed the securities regulator to proceed with the board reconstruction at Alhaj Textile Mills and cleared National Tea Company to issue fresh shares. Earlier in May and June, the High Court stayed the decisions made by the Bangladesh Securities and Exchange Commission (BSEC) regarding the two listed companies upon separate writ petitions.

- Before the Eid-ul Azha holidays, the chamber judge stayed the High Court orders, and on Monday the full bench of the Appellate Division upheld the chamber judge's decisions, according to Barrister Sayed Mahsib Hossain, who along with Barrister AM Masum represented the securities regulator at the Supreme Court. "The BSEC-appointed board of Alhaj Textile will continue, and National Tea can start subscriptions for its planned new shares," Sayed Mahsib Hossain told TBS while discussing the implications of the Appellate Division orders.

<https://www.tbsnews.net/bangladesh/court/alhaj-textile-board-reconstruction-national-tea-fresh-share-issuance-cleared-667094>

CITYBANK | Moody's updates City Bank's outlook

- Moody's Investors Service has released its latest credit opinion on City Bank, recognising its average profitability, and modest asset quality and capitalisation, which are balanced by its stable liquidity and improving deposit franchise. City Bank has been affirmed issuer rating of B2 with a stable outlook, which reflects its moderate probability of support from the government of Bangladesh (B1 stable) and the bank's expected stability of credit fundamentals as gradual improvements in funding conditions balance rising asset risks, said a press release.

<https://www.thedailystar.net/business/economy/news/moodys-updates-city-banks-outlook-3370666>

BANKASIA | Bank Asia to invest BDT 125 Mn to set up digital bank

- Publicly listed Bank Asia has decided to invest BDT 125 Mn to set up a digital bank. It is the first private commercial bank to go for a digital bank. The decision came at the bank's board meeting held on 13 July, reads a disclosure posted on the bank's website. Bank Asia sources said the digital bank is a joint venture consortium comprising fin-tech and other firms where Bank Asia is a sponsor with 10% stake. The consortium has already applied to the Bangladesh Bank for a digital banking license.

<https://www.tbsnews.net/economy/stocks/bank-asia-invest-tk125cr-set-digital-bank-665898>

TRUSTBANK | Trust Bank posts 52% growth in profit in Apr-Jun

- Trust Bank has reported a 52% growth in consolidated net profit in the second quarter of 2023 over the same time of the previous year. According to its statement, from April to June of 2023, Trust Bank's consolidated net profit stood at BDT 1.106 Bn, and the earnings per share (EPS) stood at BDT 1.41, which was BDT 727.9 Mn and BDT 0.94 respectively in the same time of the previous fiscal year. However, its consolidated net profit in the first half of 2023 has declined by 15% over the same time of the previous fiscal year.

<https://www.tbsnews.net/economy/stocks/trust-bank-posts-52-growth-profit-apr-jun-666178>

UTTARAFIN | Cenbank appoints new director at Uttara Finance

- Bangladesh Bank has appointed Babul Chandra Debnath, who is a deputy general manager at the Investment Corporation of Bangladesh (ICB), as a director on the board of the scam-hit Uttara Finance and Investment Limited. This April, the central bank appointed Mohammad Ali as another director on the company's board. On 23 June 2022, the Bangladesh Bank removed Uttara Finance's Managing Director SM Shamsul Arefin for embezzling money from the company, helping others to embezzle, and for hiding information in financial reports. These irregularities against him were first detected in the inspection of Bangladesh Bank, and later in the report of the audit firm Rahman Rahman Huq (KPMG).

<https://www.tbsnews.net/economy/stocks/cenbank-appoints-new-director-uttara-finance-666506>

SBACBANK | 933 bank accounts linked to SBAC Bank's ex-chairman Amjad frozen

- The authorities, in compliance with a court order, have frozen 933 bank accounts linked to SM Amjad Hossain, a former chairman of South Bangla Agriculture and Commerce (SBAC) Bank, on charges of misappropriation of funds. According to the order issued in October 2021, money can be deposited into these accounts at 24 different banks, but no withdrawals are permitted under any circumstances. The judge's court in Dhaka ordered freezing the accounts in cases filed against SM Amjad Hossain, his wife Begum Sufia Amjad, and their daughter Tajori Hossain.

<https://www.tbsnews.net/economy/stocks/933-bank-accounts-linked-sbac-banks-ex-chairman-amjad-frozen-666474>

FAREASTLIF | Fareast Islami Life Ins facing steep debt

- As per unaudited data of the Idra for 2022, Fareast Islami currently owes BDT 45.59 Bn in claims. Of this amount, the company has settled just BDT 9.7 Bn, or 21.29%, of the total claims. In April 2021, the Idra appointed Shiraz Khan Basak and Company, a chartered accountant firm in Bangladesh, to conduct a special audit on Fareast Islami. The auditor then submitted a report to the Idra in May 2022. As per the report, BDT 23.67 Bn has been embezzled from the company. Apart from this, accounting irregularities amounting to BDT 4.32 Bn were detected.
- Nazrul Islam and MA Khaleque, former chairmen of Fareast Islami, Hemayet Ullah, former chief executive officer, and former directors and senior officials were found involved in the embezzlement. The government had set up a new board of directors to restore Fareast Islami to its previous position, but they have not made much progress so far.

<https://www.thedailystar.net/business/economy/news/fareast-islami-life-ins-facing-steep-debt-3369991>

SKICL | Sena Kalyan Insurance's profit drops 29% in Apr-Jun

- Sena Kalyan Insurance Company reported a 29% year-on-year drop in its earnings per share (EPS) in the April-June quarter of 2023 due to revenue slowdown. The EPS declined to BDT 0.65 from BDT 0.91 in the same period of 2022. The company said in its Dhaka Stock Exchange (DSE) filing on Thursday, the EPS declined because of an increase in re-insurance and claim expenses. But according to the company's accounts, the revenue dropping in the marine and miscellaneous insurance segments was the reason behind the EPS drop.

<https://www.tbsnews.net/economy/stocks/sena-kalyan-insurances-profit-drops-29-apr-jun-664886>

NTC | National Tea's share subscription awaits HC clearance

- The publicly listed National Tea Company Limited has postponed the subscription of its placement shares worth BDT 2.797 Bn as instructed by the Bangladesh Securities and Exchange Commission (BSEC). The company said in its Dhaka Stock Exchange (DSE) filing on Thursday that the securities regulator instructed it to wait for the order from the High Court regarding the share subscription.
- Jakir Hossain Sarkar, who owns only 10 National Tea shares, filed a writ petition with the High Court against the company's scheme of issuing fresh shares approved by the BSEC, as he alleged that the firm did not treat all its existing shareholders equally. Later, the High Court stayed the BSEC consent. Upon a petition by the market regulator, the chamber judge of the Appellate Division put the High Court order on hold.

<https://www.tbsnews.net/economy/stocks/national-teas-share-subscription-awaits-hc-clearance-664890>

EXCHANGE | Regulator makes way for Best Holdings to apply for IPO

- The Bangladesh Securities and Exchange Commission (BSEC) has conditionally enabled Best Holdings Limited to apply for an initial public offering (IPO) by approving its paid-up capital that was raised through cash in over two years. According to a clause of the Public Issue Rules 2015, a company cannot apply for an IPO if it raises paid-up capital through cash. But recently, the BSEC has given Best Holdings an exemption from that clause, and now, the company can apply for an IPO.
- In this regard, the company has to fulfil three conditions. One is to lock in all shares for three years, before issuing IPO shares; secondly, it cannot issue any share from 26 October 2022 until IPO; and lastly, it has to apply to the BSEC duly as per the public issue rules. In June 2022, Best Holdings converted Agrani Bank's BDT 1.25 Bn investment in its bond into shares. And the company filed for its IPO in December of that year.

<https://www.tbsnews.net/economy/stocks/regulator-makes-way-best-holdings-apply-ipo-665874>

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