

Following is a summary of important business news published in the leading daily newspapers of Bangladesh. For the complete news, please follow the online link given below each news. Please note that the news summary doesn't reflect the opinion of BRAC EPL Stock Brokerage Limited.

Spl facility for whitening money likely to continue

- The special facility given to legalise undeclared income is likely to continue in the upcoming fiscal year (FY) 2021-22 with some amendments. The government offered the opportunity for the outgoing FY only in a bid to 'check capital flight and bring undisclosed money into the formal channels of the economy'. Officials concerned said that there could be some changes in the conditions attached to the opportunity in the upcoming fiscal year (FY), 2021-22 with a view to ensuring justice for the regular taxpayers.
- The existing provision of declaring undisclosed money as cash, share, debenture, in real estate and other areas is scheduled to expire on June 30 next. One can legalise funds paying tax at a nominal rate of 10% and any relevant government agency is barred from asking any question about the source/s of such tainted money. Sources said the provision relating to the continuation of the illegal fund whitening opportunity is likely to be incorporated in the Finance Bill-2021 before its adoption.

<https://today.thefinancialexpress.com.bd/first-page/spl-facility-for-whitening-money-likely-to-continue-1623693068>

2nd wave lockdown lowers credit card transactions in April

- As a result of the all-out lockdown imposed to tackle the second wave of the ongoing Covid-19 pandemic, credit card transactions declined in April by BDT 2.48 billion compared to that in the previous month. According to the report, credit card transactions fell to BDT 15.34 billion in April from BDT 17.83 billion in March, which saw the highest number of transactions in the last two years. Asked about the decrease in transactions, the country manager of Mastercard said that superstores and shopping malls were closed as the lockdown was in force in April. As a result, people did not go out, which ultimately reduced card transactions.
- Many people transacted on the internet using cards, but such transactions were much less in number. Kamal said as the situation was somewhat normal at the end of last year and the first three months of this year, credit card transactions were also on the rise at the time. But when the second wave of the pandemic hit the country, everything stumbled again. Especially, with the closure of airlines, tourist spots, hotels, motels, and even restaurants, card transactions decreased a lot. Cards are mostly used in these places, he added.

<https://www.tbsnews.net/economy/banking/2nd-wave-lockdown-lowers-credit-card-transactions-april-260848>

Despite pandemic, school banking deposits see 20% growth in one year

- Deposits in school banking accounts jumped sharply over the past one year, even though educational institutions are closed due to the Covid-19 pandemic. The number of school banking accounts also posted a significant growth during the same period. At the end of April this year, students deposited BDT 19.86 billion in the accounts, up from BDT 16.54 billion a year ago. The 20% growth in deposits recorded in April this year is also higher compared to the 14.24% annual growth registered in April 2020. The number of school banking accounts stood at 2.79 million at the end of April this year, up by 23% from 2.25 million a year ago.
- The central bank's data reveal that the lion's share of school students' deposits is in urban areas. Of the total deposits, BDT 14.93 billion was in urban areas and BDT 4.93 billion in rural areas. The urban-rural divide is also visible in growth as well as total number of accounts. According to the Bangladesh Bank, the number accounts under school banking in rural areas rose 4.27% to reach 1.25 million. On the other hand, the number of accounts in urban areas increased by 11.32% in the last one year and stood at over 1.52 million in April this year.

<https://www.tbsnews.net/economy/banking/despite-pandemic-school-banking-deposits-see-20-growth-one-year-260833>

Amount of cash outside banking system drops to BDT 1.84 trillion

- People's tendency to keep additional cash in their hands, observed immediately after the coronavirus outbreak, has waned gradually in the last several months as they are getting used to the new normal. The amount of cash outside the banking system dropped by BDT 267.67 billion to BDT 1.84 trillion in March this year from a record high of BDT 2.10 trillion in July 2020. Prior to the decline between August 2020 and March 2021, the amount of cash outside the banking system rose by BDT 520.66 billion from BDT 1.58 trillion in January 2020.
- 'The coronavirus-induced panic had prompted people to keep additional money in their hands immediately after the outbreak of coronavirus and the subsequent imposition of restrictions on public movement that made people panicky, Policy Research Institute executive director said, adding that such tendencies are usually observed among people

when they are faced with any shock and the same tendency was observed here. The amount of cash outside the country's banking sector has been declining gradually as people are getting used to the situation and the banks are continuing to serve the people even during the restricted period, he also said.

http://www.newagebd.net/article/140747/amount-of-cash-outside-banking-system-drops-to-BDT_-1842163cr

Rising yarn prices threaten garment export recovery

- Local garment exporters are feeling the pinch of a sudden unusual rise in yarn prices in the local and international markets, a development that is threatening to derail the recovery of the apparel shipment from the pandemic-induced slowdown. Yarn prices rose 40% between December and June because of the cotton price hike in the international futures markets, exporters say. Yarn accounts for 50% of the cost to produce a t-shirt or a garment item, while button, zippers and other accessories comprise the rest.

- Since Bangladesh is not a major cotton-producing nation, 99% of the requirement for the raw material is met through imports. Traders, importers and millers import 8 million bales of cotton, spending USD 3 billion a year. Last year, cotton imports fell to 7.2 million bales as production halted in many mills after the government had imposed nationwide restrictions to tame the coronavirus pandemic. Despite the increase in the price of raw materials, international clothing retailers and brands are reluctant to offer a better price to local garment suppliers.

<https://www.thedailystar.net/business/news/rising-yarn-prices-threaten-garment-export-recovery-2111245>

Strong bike industry inspires component makers

- Buoyed by the government policy aimed at developing the motorcycle industry, local companies are gradually making a foray into the component manufacturing segment with a view to cutting the country's reliance on imports. The motorcycle industry needs more than 700 components to manufacture a bike. The local light engineering industry can make four components, namely drive chain, seat, stand, and battery. The president of the Automobile Components & Accessories Manufacturers Association said that Bangladesh could manufacture all motorcycle components as local vendors had all the resources.

- He is the managing director of Run Industries, which manufactures motorcycle seats. It sells more than 200,000 seats to Runner and Hero combined. The factory has an annual production capacity of 1.8mn seats. The annual demand is worth no less than BDT 5.00bn and the market has been growing around 15% per annum for the last 10 years, they said.

<https://www.thedailystar.net/business/news/strong-bike-industry-inspires-component-makers-2111237>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$70.87	\$22.35	46.06%
Crude Oil (Brent)*	\$72.86	\$21.06	40.66%
Gold Spot*	\$1,863.81	(\$31.29)	-1.65%
DSEX	6,013.62	611.55	11.32%
S&P 500	4,255.15	499.08	13.29%
FTSE 100	7,146.68	686.16	10.62%
BSE SENSEX	52,551.53	4,800.20	10.05%
KSE-100	48,726.08	4,970.70	11.36%
CSEALL	7,582.27	808.05	11.93%

Exchange Rates

USD 1 = BDT 84.75*

GBP 1 = BDT 119.59*

EUR 1 = BDT 102.76*

INR 1 = BDT 1.16*

*Currencies are taken from XE Currency Converter and Commodities are taken from Bloomberg.

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