

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.

Pandemic to be budget mainstay

- Keeping in mind the possible impacts of the second Covid-19 wave, the government is going to attach top priority to vaccination, economic recovery, and life and livelihood of the poor in the upcoming national budget. The size of the next budget, due to be placed in parliament on June 3, is likely to be BDT 6.03 trillion, 6.14% higher than the original budget of BDT 5.68 trillion for the current fiscal year, according to a draft budget proposal. According to the proposal, the government will set aside BDT 350 billion in the next budget for the health sector. The allocation is BDT 292.46 billion for the current fiscal year. The budget will be placed at a time when the economy, already struggling to recover from the impacts of the first wave of the pandemic, is hit by a resurgence of Covid.
- One of the top priorities of the next budget will be to continue the mass vaccination programme, say finance ministry officials. The government will make a block allocation of BDT 100 billion for procuring Covid vaccines to reach the target of inoculating the eligible citizens free of cost. Besides, the money will also be used to meet emergency requirements in the health sector and take up special programmes for the poor, according to them.

<https://www.thedailystar.net/frontpage/news/pandemic-be-budget-mainstay-2091621>

Annual Development Programme (ADP) spending may expand by 14%

- The government may allocate BDT 2.25 trillion to implement development projects in the next fiscal year, which is 14% higher than that in the revised budget. The highest 27.39% of the allocation under the annual development programme (ADP) has been proposed for the transport and communication sector. The health sector, which is in the forefront of the coronavirus pandemic and has not been in good shape, was given the fifth-highest allocation, or 7.68% of the ADP. The size of the original ADP was BDT 2.05 trillion in the current fiscal year. The planning ministry proposed to slash it to BDT 1.98 trillion in the revised budget as the pandemic has hamstrung the government's expenditure ability.
- In its budget proposal last month, the Centre for Policy Dialogue said the national budget for FY2022 should take a two-pronged approach: faster implementation of the ADP projects by maintaining quality and standards; and enhancing the ability to spend more to implement essential projects. The budget allocation for health services division should be increased, it said. Out of BDT 173.06 billion proposed for the health sector, the health services division may get about BDT 131.25 billion. The rest will go to other ministries and divisions that implement health-related development projects.

<https://www.thedailystar.net/business/banking/news/adp-spending-may-expand-14pc-2091233>
<https://www.tbsnews.net/economy/BDT225-lakh-crore-adp-fy22-gets-primary-nod-243997>

No government bank borrowing in July-April

- The government's borrowing from the banking sector dropped by BDT 136.27 billion in the July-April period of the current fiscal year 2020-21 amid heavy sales of national savings certificates and low spending on the implementation of the annual development programme amid the COVID outbreak.
- NSC sales in the first seven months of FY21 were higher by BDT 93.11 billion than the government's budgetary target of BDT 200 billion. With the government's repayment in July-April of FY21, the government's outstanding bank borrowing dropped to BDT 1.64 trillion at the end of April 2021 from BDT 1.78 trillion at the end of June 2020. In the July-April of FY21, the government repaid BDT 827.76 billion in loans to the Bangladesh Bank against its BDT 291.49 billion in fresh loans from the scheduled banks.

<https://www.newagebd.net/article/137666/no-govt-bank-borrowing-in-july-april>

Banks' call money demand low even before Eid

- The weighted average overnight call money rate in a rare instance is hovering at 2% even before Eid-ul-Fitr, the biggest festival of the Muslims, as banks are flooded with excess liquidity amid poor credit demand from businesses. The latest Bangladesh Bank data showed that the call money rate was 2.08 on May 6 when the banks borrowed BDT 34.12 billion from the overnight money market. The situation on the market was totally different a year ago when the banks borrowing and the rate of interest were much higher. Within a week prior to Eid-ul-Fitr in 2020, the weighted average interest rate reached almost 5%.
- BB officials said that the country's banking sector had been flooded with excess liquidity which was why the banks' borrowing from the overnight money market was insignificant even before the Eid vacations when demand for cash

reached its peak. The central bank data showed that the excess liquidity in the country's banking system reached BDT 2.0 trillion in February 2021 from BDT 1.04 trillion a year ago. The pile-up in the country's reserve by USD 11 billion since the Covid outbreak was the major reason behind the sharp rise in fresh money in the banking system.

- Against the accumulation of USD 11 billion, the central bank injected fresh local currency worth around BDT 930 billion into the local market. Even though the fresh money was injected into the money market, demand for fresh credit had hit rock-bottom in the recent past after the coronavirus outbreak. In March, private sector credit growth was 8.79% against the central bank's monetary projection to attain 14.8% growth in the current fiscal year 2020-2021.

<https://www.newagebd.net/article/137596/banks-call-money-demand-low-even-before-eid>

Only 3% Internet users are Internet banking customers

- Only three out of every 100 Internet users in the country have been using Internet banking services, showed an analysis of data supplied by the Bangladesh Telecommunication Regulatory Commission and the Bangladesh Bank. An analysis of the last three years' data reveals that the number of Internet banking customers in the country has been increasing rapidly, but it is insignificant compared to the total number of Internet users. The percentage of Internet banking customers among the total Internet users was 2.23% in February 2019, 2.61% in February 2020, and 2.99% in February 2021.

- The head of Digital Financial Services of City Bank said that internet banking customers are usually regular Internet users. On the other hand, if someone uses a certain amount of Internet data, he is considered an Internet user, although he is not a regular user. Due to this, the total number of Internet users seems much higher.

<https://www.tbsnews.net/economy/banking/only-3-internet-users-are-internet-banking-customers-244042>

Rising yarn prices bring smile to textile millers

- Local textile millers raked in moderate growth in revenue riding on the burgeoning rates and demand of yarn and fabrics in the January-March quarter of this year. Textile millers said they stocked cotton during the pandemic as the prices were low. Yarn market later rebounded and surged followed by the US ban of China's cotton in January. On top of this, the US restriction on China's Xinjiang province cotton facilitated spinners and textile producers in Bangladesh, Pakistan and India.

- DBL Group Managing Director said the ban affected cotton prices, but the yarn rates are still in their favour. He said the ban, however, hurt the readymade garment manufacturers. Export Promotion Bureau (EPB) data support his statement as knitwear products is the first ten months of the current fiscal year registered a 15.34% growth to USD 13.99 billion, while woven garment export fell by 2.71% to USD 12 billion compared to the same period in FY2019-20.

<https://www.tbsnews.net/economy/rmg/rising-yarn-prices-bring-smile-textile-millers-244054>

Singer opens washing machine plant

- Singer Bangladesh has commenced manufacturing washing machines at its Savar plant that has a capacity to produce 420,000 units per year. Singer will produce automatic front and top loading and semi-automatic washing machines at the manufacturing facility that was built under direct supervision of the company's European parent Arcelik.

- Arcelik is the leading consumer durables player in Europe. It is the major shareholder of Singer, Bangladesh's leading consumer electronics and home appliance company. Arcelik Group manufactures 25 million units of consumer durables per year in all their manufacturing bases worldwide.

<https://www.thedailystar.net/business/retail/news/singer-opens-washing-machine-plant-2091229>

BSEC approves South Bangla Agriculture & Commerce Bank (SBAC) IPO proposal

- The securities regulator has approved the IPO (initial public offering) proposal of South Bangla Agriculture & Commerce Bank (SBAC) which will raise BDT 1.0 billion from the capital market. South Bangla Agriculture & Commerce Bank will raise the fund under the fixed price method. The bank fund will utilise the fund to purchase the government's securities and cater the IPO expense.

<https://today.thefinancialexpress.com.bd/public/stock-corporate/bsec-approves-sbac-ipo-proposal-1620577896>

<https://www.thedailystar.net/business/banking/news/sbac-bank-raise-BDT-100cr-2091205>

<https://www.tbsnews.net/economy/stock/sbac-bank-gets-bsec-approval-raise-BDT100cr-ipo-243988>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$64.36	\$15.84	32.65%
Crude Oil (Brent)*	\$67.69	\$15.89	30.68%
Gold Spot*	\$1,834.68	(\$60.42)	-3.19%
DSEX	5,645.69	243.62	4.51%
S&P 500	4,188.43	432.36	11.51%
FTSE 100	7,123.68	663.16	10.26%
BSE SENSEX	49,502.41	1,751.08	3.67%
KSE-100	45,174.67	1,419.29	3.24%
CSEALL	7,135.80	361.58	5.34%

Exchange Rates

USD 1 = BDT 84.79*
 GBP 1 = BDT 119.73*
 EUR 1 = BDT 102.86*
 INR 1 = BDT 1.15*

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

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