

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.

Remittance increases ahead of Eid

- The remittance flow has increased significantly ahead of Eid. After more than USD 2 billion remittances last month, around USD 1 billion remittances have reached the country in the first nine days of this month. According to the latest data of the central bank, USD 919 million remittances reached the country in the first nine days of this month (May). In the first week of May last year (May 1-7), USD 344 million remittances came. Last year, however, Eid-ul-Fitr was held in the last week of May.
- Analysts said remittance inflows usually increase during the two Eids, Bengali New Year and the last month of the year. In addition, due to the outbreak of Covid-19, many people are sending money to the country for the treatment of Covid affected relatives. A distinguished Fellow of the Centre for Policy Dialogue (CPD) thinks that there will be a rise of remittances next Eid as well. It will come down later. He said that the flow of remittances through legal channels is increasing due to the closure of illegal routes due to the ongoing pandemic.
- According to the central bank, remittances from July to May 9 this year reached USD 21.6 billion, up nearly 42% from the same period of the last year. Due to the high inflow of remittances, the foreign exchange reserves reached USD 45 billion on 3 May, though the reserve touched such a milestone for one day only. On 4 May, reserves fell to USD 44 billion after paying USD 1.74 billion as import costs. On 9 May, the reserves stood at USD 44.26 billion.

<https://www.tbsnews.net/economy/remittance-increases-ahead-eid-245083>

Banks' interest rate spread rises to 3.05%

- The overall weighted average interest rate spread in the country's banking sector rose to 3.05% points in March after remaining below 3% points for several months after the implementation of 9-per cent lending rate. The weighted average interest rate is the difference between the weighted average lending rate and the weighted average deposit rate in banks. The spread increased in March as banks reduced interest rates of their deposit products drastically to raise their profit margin, according to the latest Bangladesh Bank data.
- In May 2020, the overall weighted average interest rate spread in banks dropped to 2.94% points for the first time in Bangladesh after the implementation of the lending rate ceiling in April 2020. The central bank directed banks to implement the ceiling following an instruction from the government high-ups. Before April 2020, the overall weighted average interest rate spread was 4.07%. In April 2020, the first month of the lending rate ceiling implementation, the spread was 2.92% points. In January 2019, the overall weighted average interest rate spread was 4.42% points.
- Officials of the central bank said that the interest rate spread increased as the banks managed to reduce their cost against deposits and were trying to restore their profit margin as it was before the ceiling enforcement. Even though the government-set lending rate ceiling was 9%, banks were offering loans to their customers at as low as 8% rate amid a demand plunge.

<https://www.newagebd.net/article/137761/banks-interest-rate-spread-rises-to-305pts>

Health sector allocation likely to go up by 33%

- The country's health sector is likely to have a big leap with 33% higher fund allocation in the upcoming development budget despite lackluster performance in the project implementation. The Planning Commission (PC) has drafted a BDT 2.25 trillion worth of Annual Development Programme (ADP) for the next fiscal year (FY) 2021-22 providing BDT 173.06 billion funds for the health sector's development, officials added. The health ministry has failed to make any headway in their development work even after getting huge funds in the national budget, experts said.
- Due to the Covid-19 fallout, the government, for the first time, is going to increase the allocation for the health sector by one-third in a bid to improve health services for the people. The upcoming development budget for this sector in the ADP will be almost double compared to that in four years ago in FY2018. In the FY2018, the outlay in the ADP for the health sector was BDT 89.86 billion.

<https://today.thefinancialexpress.com.bd/last-page/health-sector-allocation-likely-to-go-up-by-33pc-1620756498>

Southeast Bank Mutual Fund completes tenure today

- Southeast Bank 1st Mutual Fund, a closed-end mutual fund, will complete its 10-year tenure today (Wednesday). A meeting of the unit holders of the fund will be held on May 25, 2021 to take the decision regarding conversion or liquidation of the fund, a release said. The fund's conversion into open-end form will take place only if at least 75% unit

holders exercise their votes in favour of the decision. Otherwise, the fund will be liquidated. Southeast Bank 1st Mutual Fund was listed with the stock exchanges on May 16, 2011 with an initial size of BDT 907 million.

<https://today.thefinancialexpress.com.bd/stock-corporate/southeast-bank-mutual-fund-completes-tenure-today-1620746859>

<https://www.tbsnews.net/economy/banking/southeast-bank-1st-mutual-fund-ends-10-year-tenure-wednesday-245107>

Baraka Patenga Power's IPO subscription begins June 13

- The initial public offering (IPO) subscription of Baraka Patenga Power will begin on June 13, aiming to raise BDT 2.25 billion under the book-building method. The power generation company's subscription through electronic subscription system (ESS) under the book-building method will be continued till June 17, according to its abridged prospectus published on Tuesday. Baraka Patenga is the second company, after Sonali Life Insurance, whose IPO shares will be allocated on the newly introduced pro-rata basis instead of lottery system. Sonali Life's IPO subscription will be held between May 30 and June 3.

- The cut-off price of shares of company has been fixed at BDT 32 each through electronic bidding by eligible investors held between February 22 and February 25. The general investors will get its IPO shares at BDT 29 each, a 10% discount on the cut-off price, as per the book-building method. Baraka Patenga Power will raise BDT 2.25 billion from the capital market under the book-building method by issuing a total 73,770,488 ordinary shares.

<https://today.thefinancialexpress.com.bd/stock-corporate/baraka-patenga-powers-ipo-subscription-begins-june-13-1620746922>

<https://www.tbsnews.net/economy/stock/baraka-patenga-powers-ipo-subscription-starts-13-june-244987>

Jamuna Bank to issue BDT 5.0bn subordinated bond

- The board of directors of Jamuna Bank has decided to raise capital through issuance of subordinated bond worth BDT 5.0 billion to strengthen the capital base of the Bank. The bank will issue the non-convertible coupon bearing subordinated redeemable bond (4th phase) as part of the Tier-II of revised regulatory capital framework for banks in line with Basel-III through private placement. The purpose of the proposed bond is to strengthen the capital base of the Bank, the company said in a filing with the Dhaka Stock Exchange (DSE) on Tuesday. The issuing of bonds is subject to the approval of the concerned regulatory authorities - Bangladesh Bank (BB) and Bangladesh Securities and Exchange Commission (BSEC).

<https://today.thefinancialexpress.com.bd/stock-corporate/jamuna-bank-to-issue-BDT-50b-subordinated-bond-1620746892>

Evince Textiles to merge with subsidiary to cut cost

- Publicly listed Evince Textiles Limited will merge with its non-listed subsidiary company, Evitex Fashions Limited, in order to curb costs. The company took the merger decision at their board meeting and it was revealed on the website of the Dhaka Stock Exchange (DSE) on Tuesday. An official of the company said the merger will help reduce management cost and corporate tax, and accounting could be easier after the merger. As per the Company Act, Evince Textiles will appeal to the high court regarding the merger. The company will then hold an extraordinary general meeting, upon receiving directives from the court, in order to secure the approval of shareholders for the merger.

- Evince Textiles owns 95% of Evitex Fashions. The remaining 5% share is owned by Chairman Anwar-UI-Alam Chowdhury, Director Shabnam Shehnaz Chowdhury, Managing Director Abu Kawser Majumder, Directors AK Gouhor Rabbani, and Akhter Shahid of Evince Textiles. In fiscal year 2019-20, Evitex Fashions reported BDT 619.5mn in revenue, which was slightly higher than in the previous fiscal. But the company's net profit dropped 50% to BDT 12.3mn because of increased costs in FY20.

<https://www.tbsnews.net/economy/stock/evince-textiles-merge-subsidiary-cut-cost-245080>

Walton starts exporting products in Maldives

- Bangladeshi electronics brand Walton started exporting its 'Made in Bangladesh' labeled products amid the Covid-19 pandemic. In a latest move of its global presence, the brand added Maldives to its export country list, said a release on Tuesday. Walton has started its brand business in the South Asian country with air conditioners. In the course of time, it will export refrigerators, televisions, washing machines and various home appliances to Maldives. Walton on Tuesday signed an agreement in this regard with Ranfaun Private Limited. According to the agreement, Ranfaun Private Limited will market Walton brand products and provide customer services in Maldives.

<https://www.newagebd.net/article/137744/walton-starts-exporting-products-in-maldives>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$65.46	\$16.94	34.91%
Crude Oil (Brent)*	\$68.72	\$16.92	32.66%
Gold Spot*	\$1,832.37	(\$62.73)	-3.31%
DSEX	5,724.37	322.30	5.97%
S&P 500	4,152.10	396.03	10.54%
FTSE 100	6,947.99	487.47	7.55%
BSE SENSEX	49,161.81	1,410.48	2.95%
KSE-100	45,174.67	1,419.29	3.24%
CSEALL	7,143.38	369.16	5.45%

Exchange Rates

USD 1 = BDT 84.83*

GBP 1 = BDT 119.79*

EUR 1 = BDT 102.94*

INR 1 = BDT 1.16*

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

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