

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.

Exports' rally has begun

- After crashing to a 40-year-old low in April, export receipts almost trebled to USD 1.46 billion last month, according to data from the Export Promotion Bureau, which was released yesterday. Although May's receipts are down 61.57% from a year earlier, it is still a decent figure seeing that much of the global economy were still in some state of an induced coma last month.
- Last fiscal year, exports had brought home USD 40.54 billion, emboldening the government to set a 12.23% higher target for this year. May's receipts take the export earnings so far, this fiscal year to about USD 31 billion, down 18.88% year-on-year. With just one month remaining of fiscal 2019-20, the export target will most definitely be missed by a country mile.
- Garment, which typically brings home more than 84% of the export earnings, fetched USD 1.23 billion, again three times more than it had managed the previous month. In May last year, apparel shipments raked in USD 3.24 billion.

<https://www.thedailystar.net/frontpage/news/exports-rally-has-begun-1911377>
<https://www.newagebd.net/article/107943/export-plunges-by-6157pc-in-may>

Trade deficit rose by 1.74% in July-April of FY2019-20

- The Covid-19 pandemic has rocked both Bangladeshi manufacturing sectors and supply chains in export destinations. The country's trade deficit rose by 1.74% – or USD 243 million – year-on-year during July-April of fiscal year (FY) 2019-20 as export earnings took a Covid-19 hit, according to the latest data of the Bangladesh Bank.
- Before the shutdown, the country's trade deficit in the first nine months of the current fiscal year fell by USD 123 million – or 1.01% – to USD 12.07 billion year-on-year. The situation, however, changed during July-April of the FY 2019-20 with the country's trade deficit widening to USD 14.22 billion against USD 13.98 billion in the same period of FY19.
- In April, Bangladesh's export earnings dropped by 82.85% to USD 520.01 million from USD 3.03 billion in the same month of last year. Imports also fell by 8.77% – or USD 4.13 billion – to USD 42.97 billion during July-April of FY20 from USD 47.11 billion in the same period of FY19. The current account deficit, however, fell by 22.49% to USD 4.12 billion in the first ten months of the current fiscal year from USD 5.32 billion in the same period of FY19.

<https://tbsnews.net/economy/trade-deficit-rose-174-july-april-fy2019-20-90565>
<https://www.thedailystar.net/business/news/trade-deficit-widens-amid-economic-fallout-1911473>
<https://www.newagebd.net/article/107944/trade-deficit-rises-in-july-apr-on-export-slump>

Bangladesh to get World Bank's USD 250 million budgetary aid in June

- Bangladesh is likely to receive USD 250 million budgetary support from the World Bank (WB), as the Washington-based lender might approve the assistance next week, officials said on Monday. The WB board, in its upcoming meeting on June 19, might endorse second instalment of the Development Policy Credit (DPC), amounting to USD 250 million, for Bangladesh, they said.
- After one and a half years, the government is set to receive instalment of the WB's USD 750 million DPC for Bangladesh amid severe impact of the deadly coronavirus pandemic on the national economy. On January 9 last year, the WB confirmed first instalment of the assured DPC, amounting to USD 250 million, for Bangladesh. Its board endorsed the credit instalment on December 12, 2018.
- According to an official of Economic Relations Division (ERD), If the money is confirmed, it will be directly injected into the national coffer. It will help to offset possible increased deficit of the public expenditure plan.

<https://today.thefinancialexpress.com.bd/last-page/bd-to-get-wbs-250m-budgetary-aid-in-june-1591638052>

Safety net outlay to hit 3.0% of GDP for first time

- The government may allocate BDT 951.6 billion for the safety net programmes in the next fiscal year as it looks to broaden the number of beneficiaries to support those who are struggling to make ends meet after the coronavirus outbreak. The allocation would be 27.95% higher than BDT 743.7 billion set aside in the current fiscal year and 3% of the gross domestic product of Bangladesh, according to an official of the finance ministry. The allocation was 2.58% of the GDP in FY2019-20.

■ Due to the income shock caused by the pandemic, 77.2% of the vulnerable non-poor fell below the poverty line, according to a joint survey of the Power and Participation Research Centre (PPRC) and the Brac Institute for Governance and Development. This would imply that beyond the 20.5% of the population officially recognised as poor, there is a group of "new poor" representing an additional 22.9% of the population that needed to be brought within the discussion on poverty.

■ The situation prompted the government to beef up the spending for the social safety net programmes (SSNPs) by BDT 207.9 billion in FY2020-21, starting on July 1. The number of widows, destitute and deserted women entitled to BDT 500 per month support from the government would increase by 0.85 million. Another 0.25 million would be added to the list of the financially insolvent disabled, who receive BDT 750 a month.

<https://www.thedailystar.net/business/news/safety-net-outlay-hit-3pc-gdp-first-time-1911489>

Penal tax likely on fake investment, misinvoicing

■ The government may impose penal tax at a rate of 50% on the amount involved in misinvoicing and fake investment in the upcoming budget (FY 2020-21). The penal tax in the case of misinvoicing in external trade transactions is aimed at checking money laundering, while the same for fake investments shown in the tax returns is designed to curb tax evasion.

■ Trade-based money launderers, who siphon off funds through under- or over- invoicing, and investors, who show fake or inflated amount of investments by obtaining bank loans or other means, would be made liable to pay penal tax. With this new provision, taxmen would be able to collect the penal tax even by seizing properties of the offenders. The penalty may be imposed on the value gap or difference to be found between declared value and actual value of import, export and investment people familiar with the development said.

■ The National Board of Revenue, NBR, officials said the budget for FY 2020-21 would mainly impose higher tax on the well-off section of people. Excise duty on bank deposits worth over BDT 50 million might be increased to collect more taxes from millionaires. The NBR may introduce a new slab, 3.0%, of advance tax on the import of raw materials. However, such taxation at 5.0% would remain unchanged for commercial products.

<https://www.newagebd.net/article/107801/call-money-rate-rises-over-5pc-on-government-bank-borrowing>

Flush with cash, banks ready to fund the govt leaving private sector dry

■ The banking sector has never witnessed so much supply of money in such a short time. In April, the banks' excess liquidity surged by BDT 240 billion and reached a whopping BDT 1.13 trillion. The Bangladesh Bank also--for the first time in its history--created new money worth BDT 707.9 billion within a short time after the outbreak of Covid-19 in March to provide liquidity support to the banks. The liquidity position of the banks stood at 6.5% of GDP.

■ While the banking sector is sitting over so much surplus cash, credit flow to the private sector hit the lowest growth at eight% in the last two months – March and April. However, going against the current, the government is on a borrowing spree from banks during this period. Its borrowing has already crossed the fiscal target in April. In the 10 months of the current fiscal year, the government borrowed around BDT 540 billion against the fiscal target of BDT 478.5 billion. In the revised budget, the government enhanced its borrowing target to BDT 824.2 billion and in the new budget the target is likely to be set at BDT 849.8 billion.

<https://tbsnews.net/economy/banking/flush-cash-banks-ready-fund-govt-leaving-private-sector-dry-90562>

Bangladesh Economic Association (BEA) proposes BDT 13.97 trillion alternative budget

■ Bangladesh Economic Association (BEA), a professional body of economists, on Monday proposed an alternative budget amounting to BDT 13.97 trillion or 2.47 times higher than the existing budget. The size of the alternative budget is equivalent to 55% of gross domestic product (GDP). Revenue collection has been estimated at BDT 12.7 trillion or 91% while the remaining 9.0% as deficit.

■ Professor Dr Abul Barkat said of the BDT 1.35 trillion deficit, BDT 700 billion will come from savings instruments while the remaining amount may come from reissuance of savings certificates and launching new savings instruments through public- private partnership. He also proposed reating a separate division under the health ministry with a budget of BDT 400 billion to meet the growing need for health support following the outbreak of coronavirus.

■ Dr Barkat said the Gini coefficient, a popular measure of income inequality, rose to 0.635 against 0.48 earlier. The rise in 0-1.0 scale implies higher income inequality in the society. According to the Palma ratio, he said, an alternative to the Gini coefficient shows 7.53 against 2.92 previously.

<https://today.thefinancialexpress.com.bd/last-page/bea-proposes-BDT-1397t-alternative-budget-1591638384>

<https://www.thedailystar.net/business/news/bea-places-alternative-budget-development-spending-focus-1911469>

RMG source tax likely to double

■ Apparel exporters may enjoy the existing corporate tax rate for two more fiscal years, but tax at source may double to 0.5% in the budget for fiscal year 2020-21, said a finance ministry source. The country's apparel exporters are currently paying a 10% corporate tax for green factories and 12% for others, a situation they would like to remain unchanged for the next five years. They are also paying 0.25% tax at source and have demanded that this rate too stay the same for the next five years.

■ Although the National Board of Revenue (NBR) fixes tax at source for RMG at around 1% during the budget every year, apparel makers always seek political interventions to have the rate slashed. Last year, the government ended up reducing source tax from 1% to 0.25%.

■ In the first half of the current fiscal year, Bangladesh's apparel export was reduced by 6.21% against a growth target of 11.9%. On the other hand, apparel exports increased by 5.85% in Vietnam and 5.28% in Pakistan.

<https://tbsnews.net/economy/rmg/rmg-source-tax-likely-double-90550>

<https://www.newagebd.net/article/107942/government-may-set-export-tax-at-05pc-in-budget>

Merchandise exports drop 61.6% in May

■ The country's merchandise exports declined by 61.57% to USD 1.46 billion in May this year than that of the same month last year due to shrinking global demand amid coronavirus pandemic. The country fetched USD 3.8 billion through exporting goods in May 2019. The monthly earnings in April and March this year were USD 520.0 million and USD 2.7 billion respectively.

■ In the first 11 months (July-May) of the fiscal year (FY) 2019-20, the overall export earnings fell by 17.99% to USD 30.95 billion against USD 37.8 billion in the corresponding period of last FY. The earnings also fell 25.5% short of the period's target.

■ The RMG sector fetched nearly USD 25.70 billion during July-May period of FY '20 against USD 31.7 billion during the same period a year earlier, registering 18.99% negative growth. The earnings also fell short of the target set for the period by 26.3%. The export earnings from woven garments fell by 19.2% to USD 12.96 billion during the period. Proceeds from knitwear exports fell by 18.8% to nearly USD 12.7 billion, the Export Promotion Bureau (EPB) data showed.

<https://today.thefinancialexpress.com.bd/first-page/merchandise-exports-drop-6157pc-in-may-1591637585>

Tax-free income limit to be raised for first time in five years

■ The tax-free income limit may be raised while the tax rate is also likely to be reduced in the next fiscal year, as the government looks to relieve people from financial burdens in the coronavirus pandemic. The government kept the tax-free income threshold unchanged since 2015 though businessmen and economists had been advocating raising the ceiling.

■ Finance ministry sources said, the tax-free income limit is being raised to BDT 0.3 million, up from BDT 0.25 million fixed back in the 2015-16 fiscal year. Besides, taxpayers belonging to a lower income group are likely to get a 5% tax slab, down from 10%. On top of this, the slab for the highest income group is likely to be 25% from 30%.

■ According to the new plan, people with BDT 0.4 million annual income will pay 5% income tax – which currently is 10% -- on their earnings. In the new proposal, tax rate will reduce 5% on all slabs, and people with annual income up to BDT 0.3 million will pay 10% tax. The tax rate goes up progressively to 15% on BDT 0.4 million, 20% on BDT 0.5 million and 25% on higher than BDT 3.0 million annual income.

<https://tbsnews.net/economy/nbr/tax-free-income-limit-be-raised-first-time-five-years-90571>

Government asks Bangladesh Garment Manufacturers and Exporters Association (BGMEA) to stop termination of workers

■ The government has asked apparel sector trade bodies to take measures to stop termination of workers to avoid any possible labour unrest amid the coronavirus pandemic. The government's instructions came after 67 factories had terminated a total of 17,579 workers, although a tripartite meeting decided that no worker or factory would be laid off during the pandemic especially before Eid-ul-Fitr.

■ The Department of Inspection for Factories and Establishments (DIFE) in a letter sent to Bangladesh Garment Manufacturers and Exporters Association (BGMEA) made the instructions on Sunday. According to the DIFE inspector

general, a tripartite meeting held on April 25 also requested the sector leaders not to terminate any workers and lay off any factories taking the overall situation into consideration.

<https://today.thefinancialexpress.com.bd/last-page/govt-asks-bgmea-to-stop-termination-of-workers-1591638200>
<https://www.thedailystar.net/business/news/dont-terminate-workers-1911461>

Cabinet okays draft law to scrap Bangladesh Bank governor's age limit

■ The cabinet approved in principle Monday the draft of "The Bangladesh Bank (Amendment) Act, 2020" by abolishing the 'proviso' of the 65-year age limit for the governor of the central bank, reports BSS. The approval came at the regular cabinet meeting held at the cabinet room of the Jatiya Sangsad Bhaban with Prime Minister Sheikh Hasina in the chair, Cabinet Secretary Khandaker Anwarul Islam told a press briefing after the meeting at Bangladesh Secretariat.

■ The cabinet secretary said an experienced person is appointed in the financial sector as the governor. It's not possible to appoint an efficient and experienced person in the financial sector after his/her 65 years of age as the current law has fixed the highest age limit at 65 years, he added.

<https://today.thefinancialexpress.com.bd/last-page/cabinet-okays-draft-law-to-scrap-bb-governors-age-limit-1591638224>

Bangladesh Securities and Exchange Commission (BSEC) for cut in capital gain tax for foreign, institutional investors

■ The Bangladesh Securities and Exchange Commission has requested the government to cut tax on capital gain made from capital market investment by the foreign and institutional investors. BSEC chairman Shibli Rubayat-UI-Islam on June 2 made the request in a letter to finance minister AHM Mustafa Kamal.

■ The commission urged the government to waive the 10.0% tax on capital gain for the institutional investors or at least reduce it to 5% in the upcoming national budget to encourage institutional investment on the country's capital market. Currently the local investors do not have to pay any tax on capital gain from listed securities. The stock market regulator also requested the government to reduce capital gain tax to 10% from existing 15% for the foreign portfolio investors so that their net sale orders on the stock market would come down.

■ The BSEC requested the government to reduce corporate tax rate by 5 percentage points for non-financial companies which will collect at least half of their long-term capital through issuing corporate bonds. It also urged the government to consider the source tax on cash dividends from listed securities as the final tax liability of the investors concerned.

<https://www.newagebd.net/article/107947/bsec-for-cut-in-capital-gain-tax-for-foreign-institutional-investors>

Stockbrokers in dire need of incentives

■ Stock market investors and intermediaries are now in real peril as the index of the country's bourses have sunk along with turnover in the past few months of the coronavirus pandemic. The solution they say are sustenance incentives in the upcoming budget of FY 2020-21.

■ According to the president of the DSE Brokers' Association (DBA), Many stockbrokers who get brokerage charge from trading will be compelled to shut their business if the current situation continues and they do not get incentives. They need incentives desperately because stockbrokers are suffering for the last five years due to low turnovers.

■ Although the market opened on June 1, average turnover on the Dhaka Stock Exchange (DSE) slumped to BDT 1.2 billion as of yesterday. Before the pandemic, average yearly turnover had kept below BDT 5.0 billion for the past seven years, with the exception of 2017 and 2018. Even though turnover is low, the number of brokerage houses is not. There are already 238 members under the DSE and 136 under the Chittagong Stock Exchange.

<https://www.thedailystar.net/business/news/stock-brokers-dire-need-incentives-1911477>

Dhaka Stock Exchange (DSE) to relist low-profile Sonali Paper as Bangladesh Securities and Exchange Commission (BSEC) waives rules

■ The [Dhaka Stock Exchange](#) has decided to relist Sonali Paper and Board Mills Limited after market regulator Bangladesh Securities and Exchange Commission gave the low-profile company exemption from complying with numerous rules. The bourse made the decision at a board meeting held on Thursday and instructed the management to set date for trading of the shares of the company on the bourse's main board.

■ In November last year, the commission provided the company exemption from complying with a number of rules

including the requirement of having minimum paid-up capital of BDT 300 million and the net positive cash flow for immediate three financial years to be eligible for the DSE main board.

■ Shares of Sonali Paper have been trading on the bourse's over-the-counter market for the last 10 years for non-compliance with rules related to the main board of the stock exchange. The BSEC has also exempted the company from complying with the rules related with three years of positive net current asset. Sonali Paper has raised gradually its paid-up capital by declaring bonus dividend since 2011 and its paid-up capital stood at BDT 166.3 million in 2019. The company did not declare dividend in 2017 and 2018.

<https://www.newagebd.net/article/107946/dse-to-relist-low-profile-sonali-paper-as-bsec-waives-rules>

Bharat Sanchar Nigam Ltd (BSNL) yet to clear payment for bandwidth import

■ Bharat Sanchar Nigam Ltd (BSNL), a state-run mobile network provider of India, has deferred payments on internet bandwidth imported from Bangladesh despite scrapping its deal four months ago. Due to a serious lack of revenue, BSNL can no longer afford to import internet bandwidth from Bangladesh and suspended its deal with BSCCL on February 7, ending a four-year partnership.

■ BSCCL is owed BDT 63.9 million by the Indian telecommunications carrier, who has not made any payments since September 2018. The Indian company cited the Covid-19 pandemic as the reason behind the deferral, Rahman told The Daily Star yesterday. For nearly a year, BSNL has struggled to make payments to its staff and vendors, many of whom have sought Indian Prime Minister Narendra Modi's intervention to recover the dues, according to Indian media reports.

■ In June 2015, BSNL signed an agreement to import 10 gigabits per second (Gbps) of bandwidth for the Northeastern state of Tripura through the Akhaura-Agartala point. BSCCL began exporting bandwidth to BSNL on February 8, 2016 and continued until February 7 this year.

<https://www.thedailystar.net/business/news/bsnl-yet-clear-payment-bandwidth-import-1911493>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	USD 38.41	(USD 23.22)	-37.68%
Crude Oil (Brent)*	USD 40.96	(USD 27.48)	-40.15%
Gold Spot*	USD 1,696.83	USD 175.36	11.53%
DSEX	3,956.11	-496.82	-11.16%
S&P 500	3,232.39	1.61	0.05%
FTSE 100	6,472.59	-1114.46	-14.69%
BSE SENSEX	34,287.24	-7,354.9	-17.66%
KSE-100	34,350.42	-6384.66	-15.67%
CSEALL	4,781.03	-1348.18	-22.00%

Exchange Rates

USD 1 = BDT 84.86*

GBP 1 = BDT 107.94*

EUR 1 = BDT 95.81*

INR 1 = BDT 1.12*

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

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BRAC EPL Stock Brokerage Limited

Research

Ayaz Mahmud, CFA	Head of Research	ayaz.mahmud@bracepl.com	01708 805 221
Sadman Sakib	Research Associate	sadman.sakib@bracepl.com	01730 727 939
Md. Rafiqul Islam	Research Associate	mrafiqulislam@bracepl.com	01708 805 229
Md. Mahirul Quddus	Research Associate	mmahirul.quddus@bracepl.com	01709 636 546

International Trade and Sales

Ahsanur Rahman Bappi	Head of International Trade & Sales	bappi@bracepl.com	01730 357 991
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BRAC EPL Research www.bracepl.com

Symphony, Plot No.: S.E.(F) – 9(3rd Floor), Road No.: 142
Gulshan Avenue, Dhaka – 1212
Phone: + (880)-2-9852446-50
Fax: + (880)-2-9852451-52
E-Mail: research@bracepl.com