

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.

World Bank projects 5.1% GDP growth for Bangladesh in 2021-22

• The World Bank has projected that Bangladesh's GDP growth will be 5.1% in the next 2021-22 fiscal year. This is 1.8% points more than last January's report. The report states that the GDP growth of Bangladesh will be 3.6% in the current fiscal year. However, the government has set a growth target of 6.1% for the current fiscal year and 7.2% for the next fiscal year.

<https://www.thedailystar.net/business/news/world-bank-projects-51-gdp-growth-bangladesh-2021-22-2107425>

Bangladesh Bank buys record USD 7.7 billion to keep taka stable

• The central bank purchased USD 7.68 billion from the banking system in the first 11 months of the current fiscal year, the highest on record, to contain any abnormal appreciation of the local currency. The previous highest was posted in 2013-14 when Bangladesh Bank bought USD 5.15 billion. The regulator was forced to smash the previous record between July and May because of a higher flow of remittance and lower imports caused by the business slowdown amid the coronavirus pandemic. The central bank needs to continue the intervention until the economy recovers from the slowdown, analysts and businesspeople say.

• The USD purchase is helping the export sector as local products become cheaper in foreign markets. It is also swelling the foreign exchange reserves. But it has flooded the financial sector with excess liquidity. But a lower credit demand has adversely impacted the cost of funds for banks as liquidity has largely remained idle. The excess liquidity in the banking industry stood at around BDT 2.00 trillion in April. Despite the massive dollar purchase, the central bank has failed to devalue the taka against the US currency.

• Since July, the central bank has been intervening in the foreign exchange market after the local currency began strengthening. The interbank exchange rate has been hovering around BDT 84.80 per USD since July. The rate was BDT 84.95 on June 2 last year. Had the central bank had not intervened in the exchange market, local currency would have appreciated.

<https://www.thedailystar.net/business/news/bb-buys-record-77b-keep-taka-stable-2107437>

Non-food inflation at 11-month peak

• Consumers had to spend more to buy products and services other than food in May compared to April owing to the increasing prices of non-food items. Data from the Bangladesh Bureau of Statistics (BBS) showed that non-food price inflation rose to 5.86%, the highest in 11 months, in May. In April, non-food price inflation was 5.55%. Non-food price inflation has been rising gradually since February 2021 after touching 4.69% in January, the lowest in nearly two-and-a-half years.

• Despite the spike, consumers felt less pressure on their wallets in May than April because of a decline in food price inflation. Food inflation dipped 4.87% in May from 5.57% the previous month. Overall inflation dropped to 5.26% in May from 5.56%, the BBS data shows. The decline in food inflation will ease pressure on the poor and low income people, he added.

<https://www.thedailystar.net/business/news/non-food-inflation-11-month-peak-2107409>

<https://www.tbsnews.net/economy/lower-food-prices-brings-down-may-inflation-526-257875>

<http://www.newagebd.net/article/140155/inflation-drops-to-526pc-in-may>

Net foreign investment rises 32% in 10 months

• Net foreign investment has increased by 32.12% to USD 1.46 billion during the first ten months of the fiscal 2020-21 amid the Covid-19 pandemic. The total investment during the July-April period was USD 2.995 billion, which is 7.85% more than the same period in FY20. An economist said that Bangladesh's annual foreign investment is very low. The amount increases when only one or two companies increase investment. The economist further said the amount of foreign investment in Myanmar is five times more than that in Bangladesh. Due to political instability after the beginning of military rule in the country, some foreign investment may have turned to Bangladesh.

• According to the report of the central bank, the investment of expatriate Bangladeshis has increased by 9% to USD 193 million in July-April as compared to the same period of the last financial year. However, the amount of foreign investment in the capital market did not increase compared to the same period of the last financial year. Rather, the foreigners have sold the shares and withdrawn USD 220 million. Meanwhile, imports increased by 13% during July-April, widening the trade deficit by USD 3 billion to USD 17.22 billion over the same period last year.

<https://www.tbsnews.net/economy/net-foreign-investment-rises-32-10-months-257908>

Mobile Financial Services (MFS) transaction hits all-time high

- Transactions through mobile financial services (MFS) hit an all-time high of BDT 634.79 billion in April last as an increased number of people and businesses preferred using digital services amid the ongoing Covid-19 pandemic. The amount of MFS-based transactions grew by more than 6.0% or BDT 38.36 billion to BDT 634.79 billion in April 2021 from BDT 596.42 billion a month ago, according to the central bank's latest statistics. The previous highest of BDT 629.99 billion was posted in July 2020.
- General people, businessmen and the government agencies now prefer to make their payments using MFS, a senior official of the Bangladesh Bank said while explaining the rising trend of MFS transactions. He also said transactions through MFS normally increase ahead of Eid festivals. Besides, a good number of people sent money to their near and dear ones using the MFS channel for celebration of the Eid festival, according to a senior executive of a leading private commercial bank (PCB), which runs MFS.

<https://today.thefinancialexpress.com.bd/first-page/mfs-transaction-hits-all-time-high-1623174567>

<https://www.tbsnews.net/economy/mfs-transactions-hit-all-time-high-april-257905>

<http://www.newagebd.net/article/140147/amount-of-mfs-transactions-reaches-record-BDT-63479cr-in-april>

MFS clients drop 6.1% in April

- The numbers of registered mobile financial services (MFS) clients have dropped by 6.1% in April as two of the providers are bringing some changes to their services. The number of registered clients of MFS operators stood at 96.5 million in April, down from 102.8 million a month earlier. Bangladesh Bank Executive Director and spokesperson said that recently, United Commercial Bank has changed the name of its MFS operator from U-Cash to U-Pay. As a result, the old customers of the MFS provider dropped from the list but it will be updated soon, he added.
- The central bank spokesperson also said that MFS operator SureCash is bringing some changes to its services, which was another reason for the dropping trend of registered clients. However, transactions through mobile financial services rose 6.4% to BDT 634.78 billion in April, as per Bangladesh Bank data. Daily average transactions through the MFS providers also rose 10% to BDT 21.15 billion in that month.

<https://www.dhakatribune.com/business/2021/06/08/mfs-clients-drop-6-1-in-april>

Telcos seek corporate tax cuts

- Telecom operators yesterday placed a slew of demands before the government, including slashing corporate tax from 40% and 45% to 25% and 32.5% for listed and non-listed entities respectively. Corporate tax for mobile operators is too high which needs to be brought down to a rational level, said the secretary general of the Association of Mobile Telecom Operators of Bangladesh (Amtob), at a post-budget press conference. The operators' also demanded withdrawal or rationalisation of the minimum 2% turnover tax imposed on unprofitable carriers and withdrawal of supplementary duty and surcharge from direct operator billing.
- They sought amortisation facilities on all intangible assets and abolishment of a BDT 200 tax on mobile SIM purchases. They also want the government to reduce the existing 33.25% and 21.75% VAT, SD, and surcharge over BDT 100 talk time and BDT 100 internet usage respectively to a reasonable level.

<https://www.thedailystar.net/business/news/telcos-seek-corporate-tax-cuts-2107417>

<http://www.newagebd.net/article/140154/telcos-iterate-tax-cut-demands>

<https://www.dhakatribune.com/business/2021/06/08/budget-fy22-amtob-urges-government-to-reconsider-telecom-taxation>

ACI Motors introduces ENI lubricants

- ACI Motors, a subsidiary of ACI Limited, has introduced globally renowned ENI Lubricants in Bangladesh to support the growing automotive and manufacturing sectors, says a statement. ENI, formerly known as AGIP, is an Italian oil and gas company having operations in more than 80 countries around the world. Its operations range from oil and gas exploration, power generation and refining and marketing of petroleum products. ENI offers 400 plus variants of lubricants to its end consumers.

<https://today.thefinancialexpress.com.bd/trade-market/aci-motors-introduces-eni-lubricants-1623168841>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$70.29	\$21.77	44.87%
Crude Oil (Brent)*	\$72.43	\$20.63	39.83%
Gold Spot*	\$1,892.26	(\$2.84)	-0.15%
DSEX	6,023.15	621.08	11.50%
S&P 500	4,227.26	471.19	12.54%
FTSE 100	7,095.09	634.57	9.82%
BSE SENSEX	52,275.57	4,524.24	9.47%
KSE-100	48,147.98	4,392.60	10.04%
CSEALL	7,542.20	767.98	11.34%

Exchange Rates

USD 1 = BDT 84.71*

GBP 1 = BDT 119.94*

EUR 1 = BDT 103.17*

INR 1 = BDT 1.16*

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

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