

*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.*

### **Steel prices unlikely to cool off despite source tax cut**

- The cut in source tax in the proposed budget may not bring down the price of steel, meaning the cost of infrastructure and construction projects is unlikely to decline, manufacturers say. In the budget for the next fiscal year, Finance Minister has proposed to reduce the tax deducted at source on the supply of iron and iron products from 3% to 2%. Steel prices jumped 34% in the last year as millers were compelled to hike the rates in the wake of spiralling scrap prices in the global market, making the construction of public projects and home building costlier.
- The impact of the 1% cut in the source tax on steel will not be felt at the consumer level. The cost of infrastructure and construction projects will not fall, said the deputy managing director of BSRM. The average production cost of steel products is BDT 72,000 per tonne. The government can reduce steel price by cutting the import duty to BDT 500 per tonne from the existing BDT 1,500 and withdrawing the BDT 2,000 value-added tax, he added.

<https://www.thedailystar.net/business/news/steel-prices-unlikely-cool-despite-source-tax-cut-2108057>

### **RMG accessory makers take a hit as raw material prices skyrocket**

- It's a paradox. Garment accessories and packaging makers are now losing money even though apparel exports are climbing. The explanation is simple: prices of raw materials used by the backward linkage industry have skyrocketed in the international market but garment manufacturers, the clients of the industry, are not ready to pay higher prices. Increased demand following the complete rebooting of manufacturing hubs in China and India after the Covid-led shutdown has caused a steep hike in prices of necessary raw materials such as polymer, yarn, kraft paper and chemicals ranging between 40% to 80%.
- But the accessories manufacturers are not getting higher prices for their products as readymade garment prices have dropped in the global market, industry insiders say. Industry owners say they are losing money by importing at a higher rate but not getting a fair price at home. Lack of enough capital is also forcing them to import lesser amounts of the now costlier raw materials and lose production.

<https://www.tbsnews.net/economy/rmg/rmg-accessory-makers-take-hit-raw-material-prices-skyrocket-258448>

### **Tiles manufacturers say interests unprotected in FY22 budget**

- The interests of domestic tiles manufacturers were not protected in the proposed budget of FY2021-22, say industry representatives. Although domestic companies provide about 64% of the demand for tiles used in homes, office buildings, factories or any other installations, the proposed budget for the next fiscal year did not repeal or reduce the 15% supplementary duty on the production and supply of domestic tiles, they added. However, the tariff on imported tiles has been reduced to USD 1 per square metre, so the price of imported tiles can be reduced up to BDT 10 per square foot, they further said.
- Entrepreneurs in the tiles sector said that the steps taken in the proposed budget will increase the scope of the business of foreign tiles in the country but the domestic companies will be affected. The president of Bangladesh Ceramic Manufacturers and Exporters Association (BCMEA), said that the proposed budget has given protection to a large number of local industries.

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

### **Dhaka bourse launches new IPO share allotment system**

- Dhaka bourse has introduced the electronic subscription system to allot IPO (initial public offering) shares on pro-rata basis instead of lottery. Previously, the IPO shares were allotted among the investors through lottery. On January 20, the Securities and Exchange Commission (BSEC) took the decision of allotting IPO shares on pro-rata basis. The objective of introducing the system is to reduce the time of companies' listing along with increasing investors' participation in the capital market. Dhaka Stock Exchange (DSE) introduced the electronic subscription system of allotting IPO shares at a ceremony held on Tuesday, said a DSE release. The newly introduced electronic subscription system will reduce the cost of issuing IPO shares and the time of companies' listing, the release said.

<https://today.thefinancialexpress.com.bd/stock-corporate/dhaka-bourse-launches-new-ipo-share-allotment-system-1623256231>

### **Second Sukuk auction sparks huge interest**

- The BDT 40 billion Sukuk was over-subscribed more than eight times to BDT 327.26 billion in its second auction held at the central bank on Wednesday. A total of 67 institutions -- both conventional and Shariah-compliant financial institutions and individuals took part in the final auction of the Bangladesh Government Investment Sukuk (BGIS), generally known as Ijarah Sukuk, officials said. Bidders particularly banks expressed their interest in the Sukuk bonds to invest their excess liquidity and received a better yield than in conventional treasury bills and bonds, they explained.
- Special purpose vehicle (SPV) allocated the bond certificates as per quota, set by the Bangladesh Bank (BB) earlier, giving priority to the Shariah-based Islamic banks, non-banking financial institutions (NBFIs) and insurance companies, for the second auction of Sukuk. As per the central bank criteria, the Shariah-based Islamic banks, NBFIs and insurance companies will be eligible to get 70% Sukuk certificates, while the conventional banks and other financial institutions will be entitled to receive 15% of the bonds. A senior executive of a leading conventional private commercial bank said that they prefer to invest in the Sukuk bonds because of no revaluation risk.

<https://today.thefinancialexpress.com.bd/first-page/second-sukuk-auction-sparks-huge-interest-1623260266>  
<http://www.newagebd.net/article/140248/govt-sukuk-bond-gets-8-times-applications>

### **Investors to be allowed to trade T-bonds through brokerage houses**

- The Bangladesh Bank and the Bangladesh Securities and Exchange Commission have decided to allow stock market investors to trade government's treasury bonds through their beneficiary owners' accounts opened with brokerage houses. A senior BB official said that the central bank had almost completed its process to make the bond tradable on the Dhaka Stock Exchange. He also said that investors would be allowed to trade treasury bonds through both current Market Infrastructure (MI) Module of the Bangladesh Bank as well as the DSE platform as both models would be kept open.
- Only a couple of months may be taken to start the trading of the government securities as the DSE is working to upgrade its software, he said. Now, there are 221 government treasury bonds listed on the DSE. The BB official, however, said that the central bank might reduce the number considering the nature of the bonds. BSEC officials said that if the decision was finalised, general investors could buy or sell bonds through their BO accounts with brokerage houses. The bonds in the BO accounts will remain under the Central Depository Bangladesh Limited custody.

<http://www.newagebd.net/article/140252/investors-to-be-allowed-to-trade-t-bonds-thru-brokerage-houses>

### **BEXIMCO appoints ICB as trustee to BDT 30.00 billion Sukuk**

- Bangladesh Export Import Company Limited has appointed the Investment Corporation of Bangladesh as trustee of its Sukuk worth BDT 30.00 billion. Earlier, the BEXIMCO appointed First Security Islami Bank as trustee of the Sukuk, but the BSEC suggested that it should appoint the ICB as trustee. Earlier on April 29, the company filed documents with the BSEC to get approval for issuing the Islamic Shariah compliant Sukuk. The company has filed two applications regarding the issuance of the bonds that include debt securities worth BDT 22.50 billion and public offer worth BDT 7.50 billion, BSEC officials said.
- BSEC and DSE officials said that there were some more works left for BEXIMCO to get the approval from the BSEC. The BSEC would give approval as soon as the issuer and issue manager complete the remaining job done, they said. The BSEC will scan CIB report of the two trustees, they said.

<http://www.newagebd.net/article/140244/beximco-appoints-icb-as-trustee-to-BDT -3000cr-sukuk>

### **Dhaka Bank arranges USD 40m in foreign financing**

- Dhaka Bank has mobilised foreign funds amounting to USD 40 million at a cheap interest rate for Chandpur Power Generations. Two banks based in Germany -- Commerzbank AG and AKA Ausfuhrkredit-Gesellschaft mbH -- provided the fund to Dhaka Bank, after which the lender disbursed the funds to the power company. The fund, covered by global credit guarantee company Euler Hermes, is the first ever loan for Dhaka Bank under the export credit agency (ECA). Dhaka Bank signed an agreement with the two German banks on June 7 to avail the fund.

<https://www.thedailystar.net/business/news/dhaka-bank-arranges-40m-foreign-financing-2108025>

**World Stock and Commodities\***

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$69.40	\$20.88	43.03%
Crude Oil (Brent)*	\$71.65	\$19.85	38.32%
Gold Spot*	\$1,888.31	(\$6.79)	-0.36%
DSEX	6,055.05	652.98	12.09%
S&P 500	4,219.55	463.48	12.34%
FTSE 100	7,081.01	620.49	9.60%
BSE SENSEX	51,941.64	4,190.31	8.78%
KSE-100	47,777.62	4,022.24	9.19%
CSEALL	7,564.26	790.04	11.66%

**Exchange Rates**

**USD 1 = BDT 84.71\***

**GBP 1 = BDT 119.61\***

**EUR 1 = BDT 103.11\***

**INR 1 = BDT 1.16\***

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

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