

Weekly Market Update

Capital Market Overview

The market closed in green this week. The benchmark index DSEX (+3.42%) gained 213.55 points and closed the week at 6,451.53 points. The blue-chip index DS30 (+2.09%) gained 48.30 points and stood at 2,355.68 points. The Shariah-based index DSES (+3.06%) gained 42.01 points and stood at 1,415.72 points. The large cap index CDSET (+1.89%) gained 23.86 points and closed at 1,285.40 points. DSEX, DS30, DSES and CDSET showed YTD returns of -4.52%, -6.99%, -1.08%, -5.42%, respectively.

Total Turnover During the Week (DSE): BDT 39.3 billion (USD 457 million)

Average Daily Turnover Value (ADTV): BDT 7.9 billion ($\Delta\%$ Week: +28.5%)

Market P/E: 16.0x

Daily Index Movement during the Week

Market performed five sessions during this week. Market started on a positive note (+2.11%) on Sunday. It remains positive (+0.30%) on Monday. It also remain positive on Tuesday (+0.07%) and Wednesday (+0.63%). Moreover, market ended at a positive note (+0.29%) on Thursday.

Sectoral Performance

- All the financial sectors posted positive performance this week. General Insurance booked the highest gain of 8.58% followed by Life Insurance (+8.29%), NBFIL (+5.06%), Mutual Fund (+3.55%), and Bank (+2.21%).

- All the non-financial sectors posted positive performance this week. Food & Allied booked the highest gain of 3.65% followed by Pharmaceutical (+2.37%), Engineering (+2.17%), Fuel & Power (+1.89%), and Telecommunication (+0.84%).

Macroeconomic arena

- Local producers may get tax benefits, VAT waivers. Remittance drops by 15.95% in July-May. GDP growth may slow to 6.5%. Bank chairmen can be subsidiary directors till June 2023. Devious deals by banks trigger forex volatility. Dollar shortage forces price rise for greenbacks in kerb market. Ashuganj Power: Govt approves purchasing 3.36 Mn MMBtu LNG. Submission of return-filing slip a must. Govt plans to boost rice bran oil production. Korean co set to be O&M operator. BD static at 93 in Global Startup Ecosystem Index. FBCCI pushes for loan moratorium until Dec. US dollar crunch: Many banks fail to follow BB exchange rates. Sonali Bank to have new entity in UK as existing one faces closure. Overcapacity in power to hit 70% soon. Power price may rise to 'tolerable' level. Environmental non-compliance hurting leather sector: webinar.

- Expatriates send USD 1.65 Bn in 26 days of May. Bangladesh plans adopting payment systems of Hong Kong, Singapore. Hike in key interest rate: Case for lifting lending rate cap strengthens. India seeks shipment status against LCs already opened. Agritech startup iFarmer raises USD 2.1 Mn. Pvt sector credit growth in Apr hits 38-month high. BB raises interbank dollar rate to BDT 89. Govt mulls doubling source tax on exports. Bangladesh's foreign debt repayment to double in F25. Bangladesh Bank increases policy rate to 5%. Finance projects export fall, remittance rise. Govt borrows 51% of target thru' savings certificate sales in 9 months. Taxpayers likely to get exemption facilities against Sukuk investment. Consumption surge secures growth, squeezes savings. BDT 20.0 Bn refinance scheme for shipbuilding. Taka may be weakened further. Rod prices spike again on tariff plan.

Stock Market arena

- BSEC orders three banks to cancel lien with Aman Cotton. Bashundhara Group seeks BSEC nod for pvt commodity exchange. Higher freight charges help BSC post stellar growth in Q3 profits. SS Steel entrepreneurs to acquire Oimex Electrode. BSEC okays draft prospectus of Sandhani Income Fund. IFIC Bank to issue BDT 5.0 Bn bonds. SS Steel owners allowed to take over Oimex. Union Group wants to acquire Ring Shine Textiles. ETF makes debut in September. BBS Cables to supply materials for Bangabandhu tunnel. Berger Paints declares highest dividend in five years. Square Pharma gets go-ahead to start manufacturing in Kenyan factory. IBN Sina Pharma to operate natural medicine unit separately. BB disburses BDT 2.05 Bn to capital market refinancing scheme. BSEC orders three banks to cancel lien with Aman Cotton. Bashundhara Group seeks BSEC nod for pvt commodity exchange. Higher freight charges help BSC post stellar growth in Q3 profits. SS Steel entrepreneurs to acquire Oimex Electrode.

June 02, 2022 (Week: May 29, 2022 – June 02, 2022)

Dhaka Stock Exchange

DSEX ended green (+3.42%) in the week

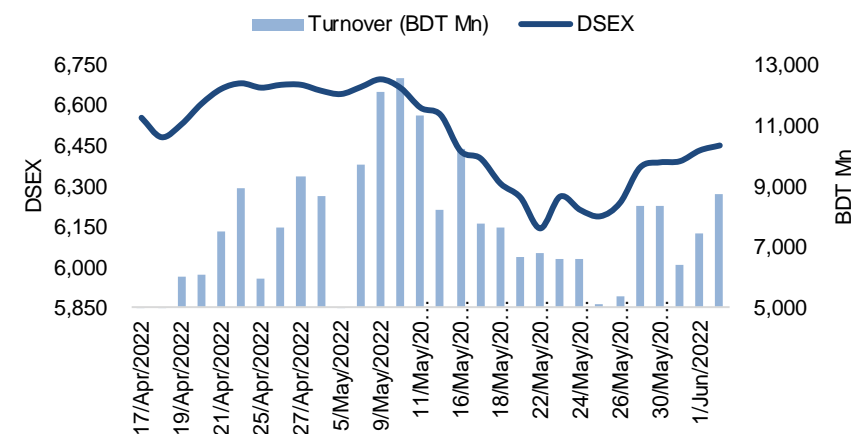
Table 1: Index

Index	Closing*	Opening*	Δ (Pts)	30-Dec-2021	$\Delta\%$ Week	$\Delta\%$ YTD
DSEX	6,451.53	6,237.98	+213.55	6,756.66	+3.42%	-4.52%
DS30	2,355.68	2,307.39	+48.30	2,532.58	+2.09%	-6.99%
DSES	1,415.72	1,373.71	+42.01	1,431.12	+3.06%	-1.08%
CDSET	1,285.40	1,261.54	+23.86	1,359.13	+1.89%	-5.42%

Table 2: Market Statistics

		This Week	Last Week	% Change
Mcap	Mn BDT	5,202,772	5,080,025	
	Mn USD	60,497	59,070	+2.4%
Turnover	Mn BDT	39,261	30,542	+28.5%
	Mn USD	457	355	
Average Daily Turnover	Mn BDT	7,852	6,108	+28.5%
	Mn USD	91	71	
Volume	Mn Shares	1,074	849	+26.4%

Figure 1: DSEX & Turnover in last four weeks



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Table 3: Top Ten Gainers

Company Name	Close*	Open*	Δ%	Mcap**	Turnover**	PE	PB
RAHIMAFOOD	296.9	224.9	+32.0%	5,938	255.6	NM	32.3x
RINGSHINE	11.3	8.9	+27.0%	5,654	417.6	39.0x	0.6x
ARAMITCEM	31.5	24.9	+26.5%	1,067	35.9	NM	1.5x
USMANIAGL	74.1	58.6	+26.5%	1,290	40.9	69.3x	0.9x
PAPERPROC	210.4	166.6	+26.3%	2,199	201.4	69.0x	7.1x
IMAMBUTTON	85.1	67.5	+26.1%	655	56.5	NM	17.7x
SONARBAINS	52.3	41.5	+26.0%	2,094	55.9	25.8x	2.6x
GEMINISEA	370.8	296.4	+25.1%	1,741	269.4	20.4x	64.4x
TAMJTEX	220.8	179.8	+22.8%	6,638	80.8	36.9x	2.6x
EASTRNLUB	1,711.9	1,401.2	+22.2%	1,702	37.4	94.9x	9.4x

Table 4: Top Ten Losers

Company Name	Close*	Open*	Δ%	Mcap**	Turnover**	PE	PB
EXIMBANK	11.2	12.1	-7.4%	16,213	34.0	6.6x	0.5x
SJIBLPBOND	4,150.5	4,401.0	-5.7%	415	0.0	NM	NM
SALAMCRST	30.4	31.9	-4.7%	2,990	138.4	76.0x	1.6x
BEACONPHAR	285.6	294.5	-3.0%	65,974	105.5	70.5x	11.3x
SPCL	76.5	78.8	-2.9%	13,200	127.0	11.3x	1.8x
SONALIPAPR	554.4	567.6	-2.3%	12,177	136.0	39.2x	2.2x
CROWNCEMNT	66.3	67.8	-2.2%	9,846	1.3	33.7x	1.3x
BEACHHATCH	38.1	38.9	-2.1%	1,577	30.1	NM	3.9x
IBBLPBOND	991.0	1,011.0	-2.0%	2,973	1.6	NM	NM
ISLAMIBANK	31.9	32.5	-1.8%	51,359	42.8	10.4x	0.8x

Table 5: Top Ten Most Traded Shares

Company Name	Close*	Open*	Δ%	Mcap**	Turnover**	PE	PB
BEXIMCO	134.8	134.4	+0.3%	118,128	2,594.7	8.2x	1.5x
IPDC	55.8	48.1	+16.0%	20,707	1,404.6	23.1x	3.1x
ORIONPHARM	93.3	88.6	+5.3%	21,832	1,226.9	22.7x	1.1x
GSPFINANCE	33.7	32.3	+4.3%	5,293	1,068.7	20.7x	1.8x
BSC	121.4	118.7	+2.3%	18,518	949.5	9.0x	1.8x
JHRML	80.8	78.8	+2.5%	10,124	917.2	38.8x	2.6x
GENEXIL	90.6	80.9	+12.0%	10,287	749.1	26.7x	4.9x
BDFINANCE	47.2	47.1	+0.2%	8,382	732.3	34.0x	2.6x
BXPBARMA	165.3	151.4	+9.2%	73,742	679.1	12.9x	1.9x
ACIFORMULA	172.4	166.1	+3.8%	8,146	666.2	29.2x	2.6x

Table 6: Most Appreciated YTD in BRAC EPL Universe

Company Name	Close*	YTD Δ%	Mcap**	PE	PB
IPDC	55.8	+44.6%	20,707	23.1x	3.1x
UNIQUEHRL	65.3	+30.1%	19,224	22.3x	0.7x
SQUARETEXT	67.6	+29.5%	13,334	7.7x	1.5x
ADNTEL	67.3	+28.4%	4,351	26.1x	2.5x
SHASHADNIM	30.1	+22.9%	4,245	16.4x	0.7x
TRUSTBANK	39.7	+19.2%	28,093	10.0x	1.4x
GHAIL	19.4	+17.6%	4,187	NM	1.4x
DOREENPWR	77.5	+14.3%	12,533	7.7x	1.5x
IBNSINA	290.3	+7.0%	9,070	16.2x	3.8x
CROWNCEMNT	66.3	+6.6%	9,846	33.7x	1.3x

Table 7: Sector Indices

Sector Name	Week Close*	Week Open*	Year Open*	Δ% Week	Δ% YTD
Bank	1,428.7	1,397.9	1,589.69	+2.21%	-10.12%
NBFI	2,041.0	1,942.6	2,327.63	+5.06%	-12.31%
Mutual Fund	876.3	846.3	882.99	+3.55%	-0.75%
General Insurance	3,366.8	3,100.7	4,698.62	+8.58%	-28.35%
Life Insurance	2,413.5	2,228.8	2,687.55	+8.29%	-10.20%
Telecommunication	5,097.4	5,055.1	5,800.37	+0.84%	-12.12%
Pharmaceutical	3,845.8	3,756.9	3,866.63	+2.37%	-0.54%
Fuel & Power	1,792.0	1,758.7	1,792.97	+1.89%	-0.05%
Cement	2,514.0	2,476.2	2,534.76	+1.52%	-0.82%
Services & Real Estate	1,468.2	1,378.5	1,309.43	+6.50%	+12.12%
Engineering	4,694.7	4,595.0	4,727.46	+2.17%	-0.69%
Food & Allied	22,513.1	21,719.4	25,222.81	+3.65%	-10.74%
IT	2,831.9	2,616.0	3,274.61	+8.25%	-13.52%
Textile	1,585.4	1,491.0	1,470.60	+6.33%	+7.81%
Paper & Printing	7,584.3	7,330.9	9,680.03	+3.46%	-21.65%
Tannery	3,502.5	3,407.5	3,236.76	+2.79%	+8.21%
Jute	8,664.1	7,949.0	8,747.84	+9.00%	-0.96%
Ceramics	719.3	667.0	675.88	+7.84%	+6.43%
Miscellaneous	4,464.2	4,392.2	4,625.39	+1.64%	-3.49%

Table 8: Sector Trading Matrix

Sector Name	Daily average this Week	Daily average last Week	% Change	% of Total Turnover	PE	PB
Bank	504.5	546.2	-7.64%	+6.68%	7.8x	0.8x
NBFI	816.9	592.1	+37.98%	+10.81%	NM	3.6x
Mutual Fund	58.6	44.7	+31.18%	+0.78%	NM	0.8x
General Insurance	329.0	199.9	+64.59%	+4.35%	15.7x	1.6x
Life Insurance	167.5	192.0	-12.77%	+2.22%	NM	NM
Telecommunication	76.7	68.2	+12.37%	+1.02%	16.0x	4.4x
Pharmaceutical	1,106.1	748.4	+47.79%	+14.64%	17.8x	2.6x
Fuel & Power	282.3	209.2	+34.91%	+3.74%	11.6x	1.2x
Cement	109.9	84.6	+29.92%	+1.45%	26.1x	2.7x
Services & Real Estate	251.7	178.1	+41.33%	+3.33%	91.2x	1.1x
Engineering	590.3	418.2	+41.15%	+7.81%	19.1x	1.9x
Food & Allied	588.5	365.2	+61.16%	+7.79%	24.2x	9.4x
IT	343.0	175.8	+95.14%	+4.54%	29.1x	2.5x
Textile	880.9	457.7	+92.46%	+11.66%	24.3x	1.1x
Paper & Printing	101.5	84.9	+19.56%	+1.34%	NM	1.9x
Tannery	164.0	166.5	-1.50%	+2.17%	52.8x	3.7x
Jute	8.4	2.4	+245.38%	+0.11%	NM	30.2x
Ceramics	211.0	262.8	-19.72%	+2.79%	30.4x	1.9x
Miscellaneous	964.5	917.6	+5.10%	+12.77%	12.3x	2.1x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Company Name	Close*	YTD Δ%	Mcap**	PE	PB
PIONEERINS	76.2	-34.8%	5,866	9.8x	1.5x
BRACBANK	40.0	-27.7%	55,687	10.5x	1.0x
HEIDELBCEM	215.9	-20.7%	12,199	NM	3.4x
OLYMPIC	129.6	-19.3%	25,912	15.4x	2.9x
LANKABAFIN	30.3	-18.8%	16,327	12.6x	1.5x
DBH	63.5	-17.6%	11,256	10.8x	1.5x
RECKITT BEN	4,765.9	-16.8%	22,519	29.6x	21.7x
DUTCHBANGL	66.0	-15.5%	41,745	7.2x	1.1x
ROBI	29.5	-14.7%	154,519	84.3x	2.3x
IDLC	51.6	-14.4%	20,429	9.7x	1.3x

Important News: Business & Economy

Local producers may get tax benefits, VAT waivers

- The government is likely to consider providing tax benefits to local manufacturers of ICT products in the upcoming FY23 budget, while imposing high taxes on import of finished goods. The imports of raw materials for ICT products would also be facilitated through awarding tax waivers. Currently, import of laptop, desktop, printers and other finished computer and ICT products are subject to pay only 5.0% duty. Import of finished laptop may require paying 20% duty in FY23.

<https://today.thefinancialexpress.com.bd/last-page/local-producers-may-get-tax-benefits-vat-waivers-1654108887>

Bhutan wants to finalise deal to use the ports

- Bhutan wants Bangladesh to make 2017's transit route deal functional soon so that the landlocked country can use Mongla and Banglabandha ports to carry goods from and to Bangladesh through India. The discussion is still at the primary level, as India is also a part of the proposed transit route, Senior Commerce Secretary said.

<https://www.thedailystar.net/business/economy/news/bhutan-wants-finalise-deal-use-the-ports-3037391>

Remittance drops by 15.95% in July-May

- Inflow of remittance dropped by 15.95% in 11MFY22 amid a widening gap in exchange rates in the formal channel and the kerb market. The inflow dropped to USD 19.19 Bn from USD 22.84 Bn in 11MFY21. Centre for Policy Dialogue distinguished fellow Mustafizur Rahman told that the amount is compared with the pre-pandemic period. He added that the growth rate would be double digit if it is compared with the inflow of remittance in the first 11MFY20.

<https://www.newagebd.net/article/172123/remittance-drops-by-1595pc-in-july-may>

Bank chairmen can be subsidiary directors till June 2023

- Bank chairmen along with the heads of executive, audit and risk management committees who hold directorships of associated subsidiaries or foundations will be able to continue to serve in the latter role till June 2023, said Bangladesh Bank (BB). Last month, BB had instructed persons who are now in such directorship roles to resign or get exempted by June 30 this year. Banks informed the central bank that it would be difficult to run the subsidiaries and foundations due to a lack of skilled manpower.

<https://www.thedailystar.net/business/economy/banks/news/bank-chairmen-can-be-subsiary-directors-till-june-2023-3037351>

GDP growth may slow to 6.5%

- Bangladesh's real GDP growth may slow to 6.5% in FY23, says a global rating agency that attributes the slowdown to a slew of headwinds. In the process of rebound from the pandemic shocks, meanwhile, the official statistical agency has projected a robust growth at 7.2% for the outgoing FY22.
- Although growth will be supported by some tailwinds, like the continued easing of covid-19 restrictions over the coming quarters, it notes, high base effects (GDP data rebased to FY16) and the myriad headwinds facing the economy suggest that the growth on balance could slow in FY23.

<https://today.thefinancialexpress.com.bd/first-page/gdp-growth-may-slow-to-65pc-1654108573>

Devious deals by banks trigger forex volatility

- Devious deals by banks trigger current forex volatility in Bangladesh, a probe finds and the central bank begins quizzing them over the anomalies, officials say. The top executives of the banks -- one a state-owned commercial bank (SoCB) and another is a private commercial bank (PCB) -- have been asked to submit their explanations

<https://today.thefinancialexpress.com.bd/first-page/devious-deals-by-banks-trigger-forex-volatility-1654108514>

Dollar shortage forces price rise for greenbacks in kerb market

- Money changers in the country on Wednesday claimed that as fewer people are selling dollars in the kerb market despite demand, the value of the greenbacks is rising in the open market. Money changers were seen buying dollars between BDT 95.50-96, which they would sell for BDT 96.50-97. Earlier on Tuesday, the dollar was bought for BDT 95-95.70 and was sold at BDT 96.30-96.50. As such, the dollar rose by BDT 0.20-0.50 in a single day.

<https://www.tbsnews.net/economy/dollar-shortage-forces-price-rise-greenbacks-kerb-market-431362>

Ashuganj Power: Project benefits caught in same old delays

- The Ashuganj Power Station Company, which raised BDT 6.0 Bn through the issuance of bonds for two power plants in 2019, has been paying interests to bond investors despite having no returns. Sources at Ashuganj Power say interest payments are putting the company's total earnings under pressure. On top, the bonds will mature next year and then the company will have to start paying principal to the investors.

- The Patuakhali 1,320MW super thermal power plant was in the list of 10 coal-fired projects that were scrapped by the government. Although the project would be now developed as LNG-based, the physical progress of the project is only over 30% and its financial progress is 27.85%. Pandemic-led shutdown delayed implementation of Ashuganj 400MW combined cycle power plant, which is now expected to go into operation in mid-June.

<https://www.tbsnews.net/bangladesh/energy/ashuganj-power-project-benefits-caught-same-old-delays-431378>

Govt approves purchasing 3.36 Mn MMBtu LNG

- The Cabinet Committee on Government Purchase (CCGP) has approved the import of 3.36 Mn MMBtus (British thermal units) of LNG to meet the growing demand. Petrobangla would procure the LNG from M/S Gunvor Singapore Pte. Ltd., Singapore at a cost of around BDT 8.38 Bn.

<https://thefinancialexpress.com.bd/economy/bangladesh/govt-approves-purchasing-336m-mmbtu-lng-1654092653>

Non-brand bakery products prices soar by 20%

- The prices of non-brand bakery products have been increased by 20% amid hike in prices of flour, oil, butter, and other ingredients used for baking. President of Bangladesh Bread, Biscuit and Confectionery Manufacturers Association (BBBCMA) said that the increased prices of bakery products have become effective from June 1.

<https://thefinancialexpress.com.bd/trade/non-brand-bakery-products-prices-soar-by-20pc-1654090536>

Submission of return-filing slip a must

- Submitting proof of tax-return submission may be mandatory for availing different services in public and private entities from FY23, as a preventive measure against TIN tricks. Currently, only 2.4 Mn taxpayers submit tax returns out of 7.5 Mn holding TIN. In a bid to net income from the global technological giants, the government may also make tax-return submission mandatory for the non-resident companies not having permanent establishments in Bangladesh.
- In the budget, the government may also cut back on corporate tax by 2.5 percentage points for both non-listed and publicly listed companies. However, publicly listed companies would be entitled to the benefit under a condition if they offload at least 10% of their shares to the public.

<https://today.thefinancialexpress.com.bd/first-page/submission-of-return-filing-slip-a-must-1654022730>

BD top recipient of Covid-19 vaccines under Covax: Unicef

- UNICEF has delivered over 190 Mn doses of Covid-19 vaccines to Bangladesh through Covax in one year, making Bangladesh the top recipient under the facility to date.

<https://today.thefinancialexpress.com.bd/metro-news/bd-top-recipient-of-covid-19-vaccines-under-covax-unicef-1654022499>

Govt plans to boost rice bran oil production

- The government is set to take an initiative to devise strategies for ramping up rice bran oil production aiming to cut dependency on widely-consumed soybean and palm oils, sources said. Bangladesh annually imports 2.2-2.6 Mn tonnes of edible oils, including 0.7-0.8 Mn tonnes of soybean oil and 1.4-1.6 Mn tonnes of palm oil. More than 95% of the local demand for edible oil is met through imports. The country produces 0.343 Mn tonnes of crude rice bran oil annually and is possible to raise to 0.514 Mn tonnes.

<https://today.thefinancialexpress.com.bd/metro-news/govt-plans-to-boost-rice-bran-oil-production-1654022378>

Korean co set to be O&M operator

- Korean Expressway Corporation (KEC), which was selected as the operation and maintenance (O&M) operator of part of the Padma Bridge, is set to do the same for the country's first expressway. The BDT 7.89 Bn proposal is likely to be placed to the Cabinet Committee on Government Purchase meeting on Wednesday. The officials said KEC would alone operate, instead of subcontracting, due to lack of any other firm in the country to carry out such work.

<https://today.thefinancialexpress.com.bd/last-page/korean-co-set-to-be-om-operator-1654023389>

FBCCI pushes for loan moratorium until Dec

- Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) met with the Bangladesh Bank (BB) Governor, seeking loan-repayment moratorium till December because of "volatile" business ambience globally amid the war in Europe and resultant standoff in the West. FBCCI also proposed enhancing the size of export development fund (EDF) to USD 10.0 Bn from the existing USD 7.0 Bn, and resumption of loan- rescheduling facility with 2.0% down payment of loans for sectors badly affected by the pandemic.

<https://today.thefinancialexpress.com.bd/first-page/fbcci-pushes-for-loan-moratorium-until-dec-1654022968>

BD static at 93 in Global Startup Ecosystem Index

- Bangladesh's position in the latest edition of the Global Startup Ecosystem Index remains static at 93 among one hundred countries (4th in South Asia), according to a report from StartupBlink. According to the report, Bangladesh's startup ecosystem ranked 51st position for transportation, 61 for health and 67 for ecommerce and retail worldwide.
- The report mentioned that Bangladesh's startups had raised nearly four times higher than the previous year, and the majority of this funding came from global investors. The think-tank said the local ecosystem would require active support from the government. Government policies and projects from the country's ICT Division, such as the IDEA Project and Startup Bangladesh Limited with USD 65 Mn, are helping improve the local startup ecosystem, it noted. The global report mentioned 10 Minute School, bKash and Pathao as three notable local startups.

<https://today.thefinancialexpress.com.bd/first-page/bd-static-at-93-in-global-startup-ecosystem-index-1654023007>

US dollar crunch: Many banks fail to follow BB exchange rates

- Though the BB injected USD 123 Mn into the market on Tuesday, most of the banks were unable to settle import bills at BDT 89.15 per dollar fixed on Sunday, say officials of several banks. The central bank has so far supplied a record USD 5.95 Bn to the foreign exchange market this fiscal year to cool it off. No bank showed any interest in buying or selling the dollar through the interbank platform on Tuesday, as they considered the interbank rate to be still lower than the actual market demand, managing directors of four banks told the Daily Star.

<https://www.thedailystar.net/news/bangladesh/news/us-dollar-crunch-many-banks-failing-follow-bb-rates-3036321>

Sonali Bank to have new entity in UK as existing one faces closure

- A new entity of the Sonali Bank Ltd will be set up in the United Kingdom named Sonali Bangladesh (UK), as the existing one will be shut in August next being ordered by the Bank of England. The new entity would continue providing LC advising, confirmation, and discounting services in international business of Bangladeshi commercial banks. Also, Sonali Bank has been asked to establish a separate authorised payment institution namely Sonali Pay (UK) Ltd to continue remittance service for Bangladeshi community in the UK, having a paid-up capital of GBP 1.0 Mn.

<https://today.thefinancialexpress.com.bd/last-page/sonali-bank-to-have-new-entity-in-uk-as-existing-one-faces-closure-1654023427>

Govt allows two more hours of overtime for RMG workers

- Under the labour law, a worker in a garment factory works eight hours a day and 48 hours a week. Factories are permitted to ask workers to do overtime two hours daily on the condition of giving double wage for the overtime period. Now, an export-oriented garment factory can ask its workers to do overtime for a total of four hours a day, the sources added. The six-month conditional waiver is effective from April 17, according to a government circular.

<https://today.thefinancialexpress.com.bd/last-page/govt-allows-two-more-hours-of-overtime-for-rmg-workers-1654023209>

Overcapacity in power to hit 70% soon

- Some of Bangladesh's largest power plants are set to begin operation by 2024, increasing the country's installed capacity by 7,300 MW from current 25,560 MW. Economists and power experts worry Bangladesh's power overcapacity could reach 70% soon, against the fact that the average annual per capita electricity consumption is one of the lowest even among the South Asian nations.
- Over 6,500 MW of the new capacity to be added over the next two and half years would come from four power plants — 1320MW Rampal power plant, 1600MW Adani Godda power plant, 1224MW Banshkhali power plant and 2400MW Ruppur Nuclear Power Plant.

<https://www.newagebd.net/article/172065/overcapacity-in-power-to-hit-70pc-soon>

Power price may rise to 'tolerable' level

- Electricity tariffs may rise to a 'tolerable' high as the government moves to ensure uninterrupted power supply to consumers and as its generation cost rises, says State Minister for Power. The average electricity-generation cost would come down once the baseload coal-fired plants, including those of Rampal and S Alam, come online by next year, he mentioned, adding that the Rooppur nuclear power plant will also start generation by 2024.

<https://today.thefinancialexpress.com.bd/first-page/power-price-may-rise-to-tolerable-level-1654022852>

Environmental non-compliance hurting leather sector: webinar

- Businesses and experts on Tuesday said that Bangladesh's leather sector was missing its potentials on the global market due to an absence of environmental compliance, despite having own raw materials. As a result, Bangladesh was getting around 30-40% less price of products, despite scope for further value addition.

<https://www.newagebd.net/article/172034/environmental-non-compliance-hurting-leather-sector-webinar>

Expatriates send USD 1.65 Bn in 26 days of May

- Bangladesh has, meanwhile, received inward remittance of USD 1.65 Bn in 26 days of May. Bangladesh has received USD 18.97 Bn since June 1 to May 26 of FY22.
- The Ministry of Finance in a report said that over 550,000 workers went abroad in the post Covid-19 period from the country, as many countries of the Middle East and Europe are hiring more workers to meet the huge non-skill and semi-skilled manpower. Besides, Qatar's football World Cup preparations have also created huge job demand in the service sector in the Middle East.

<https://www.newagebd.net/article/171939/expatriates-send-165b-in-26-days-of-may>

Bangladesh plans adopting payment systems of Hong Kong, Singapore

- Bangladesh is considering adopting new payment methods developed in Hong Kong and Singapore as an alternative to move away from the SWIFT system and save up dollars. The government has instructed the Bangladesh Bank to look into the new systems and act accordingly. The central bank is bringing in around USD 4-5 Bn in funds from Hong Kong, which offered to open a Letter of Credit to pay off producers at a much lower interest rate if Bangladesh enters an agreement with them. Singapore is also offering similar benefits.

<https://thefinancialexpress.com.bd/economy/bangladesh/bangladesh-plans-adopting-payment-systems-of-hong-kong-singapore-1653919835>

Hike in key interest rate: Case for lifting lending rate cap strengthens

- The case for withdrawing the lending rate cap has strengthened after the Bangladesh Bank hiked its key interest rate for the first time in a decade to cool inflationary pressures. Experts urged the central bank to move away from the ceiling in order to bring back stability to the financial sector, which is facing a crisis owing to depleting foreign currency reserves and the devaluation of the local currency.
- Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said that the Taka would become dearer if the central bank withdrew the lending cap. The policy rate hike will not tighten the money supply to a significant level, Mansur said. The withdrawal of the lending rate cap is also expected to bring back stability to the foreign exchange market.
- Salehuddin Ahmed, a former governor of the central bank, suggested the central bank not impose any ceiling on the exchange rate of the Taka against the US dollar. Md Habibur Rahman, chief economist of the central bank, said that BB are not thinking about the lending rate cap at the moment, however, they are now observing the market.

<https://www.thedailystar.net/business/economy/news/case-lifting-lending-rate-cap-strengthens-3035661>

India seeks shipment status against LCs already opened

- India seeks to know the latest status of shipments against the letters of credit (LCs) already opened by Bangladesh for importing wheat so that they could deliver the grain leapfrogging a ban, officials say. The information is expected to help them (India) take a prompt decision on exporting the commodity under government-to-government (G2G) arrangement, they add.

<https://thefinancialexpress.com.bd/trade/india-seeks-shipment-status-against-lcs-already-opened-1653963679>

BD plans to import 18 LNG cargoes from spot mkt

- Bangladesh has planned to import a total of 18 LNG cargoes from the spot market during the Jul'22-Dec'22 period – 50% higher than the Jan'22-Jun'22 import. Separately, Bangladesh will be importing more than two dozens of LNG cargoes from long-term LNG suppliers during 2H'22. Bangladesh imports around 138,000 cubic metres of LNG in each cargo from the spot market.

<https://today.thefinancialexpress.com.bd/first-page/bd-plans-to-import-18-lng-cargoes-from-spot-mkt-1653934318>

Agritech startup iFarmer raises USD 2.1 Mn

- iFarmer, a full-stack agriculture platform providing agri based services to farmers, has recently raised USD 2.1 Mn in a new financing round from IDLC Venture Capital Fund, the VC arm of IDLC Finance.

<https://today.thefinancialexpress.com.bd/stock-corporate/agritech-startup-ifarmer-raises-21m-1653927874>

Pvt sector credit growth in Apr hits 38-month high

- Private sector credit growth in April rose to 12.48% in Apr'22, close to the BB monetary policy target of 14.8% for FY22. The growth reached a more than three-year high in April amid high imports in FY22. High imports have created instabilities on commodity and currency markets in the country.
- Policy Research Institute of Bangladesh executive director Ahsan H Mansur told that the real cost of fund became very low due to high inflation, thus attracting the businesses to borrow fund. He said that a high private sector credit growth would not be supportive to tackle the ongoing economic crisis rather a low growth rate would be good to reduce the trade deficit and thereby reduce pressure on the Taka.

<https://www.newagebd.net/article/171884/pvt-sector-credit-growth-in-apr-hits-38-month-high>

BB raises interbank dollar rate to BDT 89

- Bangladesh Bank on Sunday set the interbank exchange rate at BDT 89 per US dollar, devaluating again the local currency taka by BDT 1.1 from BDT 87.9 based on bankers' proposals. Prior to the issuance of the directive, the Association of Bankers, Bangladesh and the Bangladesh Foreign Exchange Dealers' Association proposed the exchange rate at BDT 88.95 per US dollar for the exporters, BDT 89.8 for remitters and BDT 89.95 for importers.

<https://www.newagebd.net/article/171861/bb-raises-interbank-dollar-rate-to-tk-89>

Govt mulls doubling source tax on exports

- The government mulls raising the source tax on export earnings to 1.0% from 0.5% in the forthcoming national budget, sources said. Economists feel the National Board of Revenue (NBR) may want to raise the source tax on exports considering it the best possible option to increase its revenue collection. They, however, observe that if the rate of source tax is equal for all, non-RMG sectors will lag behind in the effective rate of protection since the RMG sector enjoys some special benefits from the government.

<https://www.tbsnews.net/economy/budget/govt-mulls-doubling-source-tax-exports-429418>

Bangladesh's foreign debt repayment to double in F25

- The maturity of a number of big foreign loans, with their grace periods ending soon, will almost double the country's external debt repayment at USD 4.02 Bn in FY25 against USD 2.4 Bn in the outgoing FY22. Overall debt repayment would stand at USD 2.7 Bn in FY23 (USD 1.9 Bn in principal), and USD 3.28 Bn in FY24 (USD 2.3 Bn in principal).

<https://www.newagebd.net/article/171893/bangladeshs-foreign-debt-repayment-to-double-in-f25>

Bangladesh Bank increases policy rate to 5%

- Bangladesh Bank (BB) on Sunday increased its policy rate by 25 basis points to 5.0% in a bid to keep the country's inflation in check. The rise in the policy (Repo) rate will likely to make credit costly as banks will have to borrow from BB at the new rate. However, BB did not mention any change to current 4% reverse repo rate.

<https://www.tbsnews.net/economy/banking/bangladesh-bank-raises-interest-rate-5-429346>

Govt borrows 51% of target thru' savings certificate sales in 9 months

- The government borrowed only 51% of its target through sales of national savings certificates in 9MFY22, because of higher interest rates and slow spending on projects under the annual development programme. Till Mar'22, it accumulated BDT 165.04 Bn from selling savings tools against its annual borrowing target of BDT 320.0 Bn for deficit financing.

- Government had initially borrowed less during first half of FY22, however from 2022, it scaled up its borrowing. Fahmida Khatun, executive director at the Centre for Policy Dialogue, told that net borrowing is low because the money borrowed is spent on development projects that see slow implementation in the current fiscal year.

<https://www.tbsnews.net/economy/banking/govt-borrows-51-target-thru-savings-certificate-sales-9-months-428518>

India's ONGC yet to submit work plan for drilling two offshore wells

- ONGC Videsh Ltd, India's hydrocarbon exploration firm, is yet to submit any work plan for drilling two shallow-depth offshore wells (SS-04 and SS-09) although the contract tenure is scheduled to expire in February next. The firm will be allowed to operate and sell oil and gas for 20 years from an oil field and 25 years from a gas field.

<https://thefinancialexpress.com.bd/trade/indias-ongc-yet-to-submit-work-plan-for-drilling-two-offshore-wells-1653880109>

Finance projects export fall, remittance rise

- The finance ministry has projected that export growth will drop to 20% in FY23 because surging inflation in Bangladesh's major trade destinations, such as the USA and European Union. The falling exports will also cause imports of raw materials to come down to 12% from 30% estimated in FY22 revised budget. Government's various measures to discourage imports and dollar crisis in the country will further dampen import growth. However, Finance Division officials expect a 16% growth in remittance inflows, which has registered a negative growth throughout FY22.

<https://www.tbsnews.net/economy/finance-projects-export-fall-remittance-rise-428838>

Tax-free income limit likely to be unchanged

- The government is likely to keep the tax-free income limit unchanged for FY23 to expand the tax net, said officials of the finance ministry. Tax rates and slabs may also remain unchanged for the next fiscal year.

<https://www.thedailystar.net/business/economy/news/tax-free-income-limit-likely-be-unchanged-3032916>

BDT 20.0 Bn refinance scheme for shipbuilding

- Bangladesh Bank has formed a BDT 20.0 Bn refinance scheme to ensure sustainable development of the shipping industry, increase export earnings and employment and gradually reduce dependence on imports. Bangladesh has more than 100 shipbuilding yards, most of which serve the local market worth more than BDT 30.0 Bn.

- Under the scheme, a customer can get loans at 4.5% interest for a maximum of 12 years, with grace period of three years. The deadline for submitting applications for the loan is June 30, 2024, according to the circular. Working capital loans can be availed under the scheme for one year and loans cannot be renewed for more than three years.

<https://www.thedailystar.net/business/economy/news/tk-2000cr-refinance-scheme-shipbuilding-3032896>

Taxpayers likely to get exemption facilities against Sukuk investment

- The government is expected to offer income tax exemption facilities on investing in Shariah-compliant bond Sukuk for individual taxpayer, according to a source of NBR. The Sukuk investment will be considered as saving certificate and treasury bond so that taxpayer can claim tax rebate, which was not available for the Sukuk bond investors during the current fiscal year.

<https://www.newagebd.net/article/171702/taxpayers-likely-to-get-exemption-facilities-against-sukuk-investment>

Consumption surge secures growth, squeezes savings

- Bangladesh's economic growth has been fueled by a surge in consumption as a letup in the pandemic has unfrozen pent-up demand, but it costs people their savings. Consumption (BDT 31.19 Tn) was up 18% year-on-year, has forced 7.0% year-on-year decline in gross national savings (BDT 10.12 Tn). The investment-to-GDP ratio remained almost stagnated at over 31% although private investment edged up by 0.36 percentage point in the year under review.
- Dr Zahid Hussain, a former lead economist of the World Bank, sees consumer spending as the major driver of the GDP in Bangladesh as they have over BDT 41.31 Tn worth of disposable income. The economist added that the savings ratio has dropped as a result of the poor remittance inflow in the year under review.
- Dr Masrur Reaz, chairman at the Policy Exchange of Bangladesh, told that consumption has been high for several reasons, including steady expansion of higher wage income, not experiencing any recession in recent decades, and a large number of people being out of the formal banking system cannot access savings instruments. He added that the recent drop in gross domestic savings rate could be a function of a drop in income due to covid that led to permanent and temporary loss of employment or reduction in income.

<https://today.thefinancialexpress.com.bd/first-page/consumption-surge-secures-growth-squeezes-savings-1653758243>

Taka may be weakened further

- Bangladesh's national currency may weaken further against the US dollar by another BDT 2.0, said the managing director of a private commercial bank, as the central bank has moved to restore stability in the foreign exchange market. If it takes place finally, the local currency will trade at BDT 89.80 per USD, up from BDT 87.90 now.

<https://www.thedailystar.net/business/economy/news/taka-may-be-weakened-further-3032921>

Rod prices spike again on tariff plan

- Prices of mild-steel rod, a key construction material, have spiked again after two months of downward trend, with the prices increasing by nearly BDT 2,000 per tonne in the last two days. Traders say the sudden spike in prices came following the announcement that the government plans to impose controlled tariffs on the import of iron ore products in the next budget.
- The price of 75 grade (500 TMT) rod is being sold at prices ranging between BDT 83,500-87,500 across brands from BDT 82,500 - 85,000 two days prior. The Prices of 60 grade MS rod ranges from BDT 80,000-83,000 across brands. At present, per tonne scrap is being sold at BDT 58,000, plate at BDT 67,500 and billet at BDT 72,000 from respectively BDT 56,500, BDT 63,500 and BDT 71,000 two days prior.

<https://www.tbsnews.net/economy/bazaar/rod-prices-spike-again-tariff-plan-428434>

Important News: Capital Market

BSEC okays draft prospectus of Sandhani Income Fund

- Bangladesh Securities and Exchange Commission (BSEC) has approved the draft prospectus of BDT 500 Mn Sandhani AML SLIC Fixed Income Fund. Of this, the sponsor will provide BDT 100 Mn and the remaining BDT 400 Mn will be raised by selling mutual fund units to investors at a face value of BDT 10 each.

<https://www.tbsnews.net/economy/stocks/bsec-okays-draft-prospectus-sandhani-income-fund-431282>

IFIC Bank to issue BDT 5.0 Bn bonds

- To strengthen its Tier 2 capital base, IFIC Bank has received regulatory approval to raise BDT 5.0 Bn through the issuance of unsecured, non-convertible, fully redeemable, floating rate bond. The fund would be raised through private placement for financial institutions, insurance companies and corporates. Each unit price of the bond is BDT 10.0 Mn. Sena Kalyan Insurance Company and Standard Chartered Bank are the trustee and mandated lead arranger respectively.

<https://www.thedailystar.net/business/economy/banks/news/ific-bank-issue-tk-500cr-bonds-3037371>

SS Steel owners allowed to take over Oimex

- The Bangladesh Securities and Exchange Commission on Wednesday allowed owners of SS Steel Limited to take over Oimex Electrode Limited. BSEC officials said that SS Steel entrepreneurs would acquire sponsor-directors' portion of shares in Oimex at BDT 10 each.

<https://www.newagebd.net/article/172150/ss-steel-owners-allowed-to-take-over-oimex>

Union Group wants to acquire Ring Shine Textiles

- Union Group has expressed its intention of acquiring Ring Shine Textiles Limited, according to a letter sent to the Bangladesh Securities and Exchange Commission in this regard on May 17. Union Group has experiences in the same track of business activities like Ring Shine.
- In its letter, Union Group told that they have agreed to take over the company because of a request by bankers concerned and to save the investors of share market. The only drawback in this takeover is the huge liability of the company, rendering net asset value as negative.

<https://www.newagebd.net/article/172153/union-group-wants-to-acquire-ring-shine-textiles>

ETF makes debut in September

- Exchange-Traded Fund (ETF) will finally be launched in Sep'22, said the managing director of Dhaka Stock Exchange (DSE). Initially, the fund will be launched with a size of BDT 500 Mn, and would invest in DS-30 securities only based on their weighted average. LankaBangla Asset Management, Shanta Asset Management and Green Delta Dragon Asset Management Company have taken initiatives to float the ETF.

<https://today.thefinancialexpress.com.bd/stock-corporate/etf-makes-debut-in-september-1654021057>

BBS Cables to supply materials for Bangabandhu tunnel

- BBS Cables – the second-largest cable manufacturer in the country – will supply cables for the Bangabandhu Sheikh Mujibur Rahman Tunnel under the Karnaphuli River in Chattogram. BBS Cables will supply cables amounting to BDT 472.5 Mn. The materials will be delivered within ninety days from the date of signing.

<https://www.tbsnews.net/economy/bbs-cables-supply-materials-bangabandhu-tunnel-430582>

Berger Paints declares highest dividend in five years

- Berger Paints Bangladesh, the country's leading coating producer, recommended a 100% final cash dividend for FY22. Following a 300% interim cash dividend, the total cash dividend payout will be 400% - the highest in five years. In FY22, the consolidated net profit of Berger Paints increased 9% to BDT 2.90 Bn while its EPS stood at BDT 62.68. A senior official at Berger Paints said the company could not achieve double-digit profit growth because of an increase in the prices of raw materials and freight charges. But the board was however satisfied with the turnover growth.

<https://www.tbsnews.net/economy/stocks/berger-paints-declares-highest-dividend-five-years-430562>

Square Pharma gets go-ahead to start manufacturing in Kenyan factory

- Square Pharmaceuticals Kenya EPZ Ltd, a subsidiary of Square Pharma, has received go-ahead to start commercial manufacturing in its Kenyan factory. The company got the certificate of good manufacturing practice and commercial manufacturing license on May 26 from the Pharmacy & Poison Board of Kenya.
- Any production in Kenya is considered local manufacturing in the EAC, which includes Kenya, Tanzania, Uganda, Rwanda, and Burundi. The Kenyan project is financed by a 40:60 debt to equity ratio. As a part of the investment, Square Pharma remitted USD 12.0 Mn.

<https://www.thedailystar.net/business/news/square-pharma-gets-go-ahead-start-manufacturing-kenyan-factory-3036186>

Cricketer Shakib, others allowed to acquire Al-Amin Chemical

- The Bangladesh Securities and Exchange Commission on Monday allowed a group of institutions and individuals to acquire AL-Amin Chemical Industries Limited, which had remained on the over-the-counter market of the country's stock exchanges since 2009. BSEC requires the buyers to start the production of the company and regularise all pending issues within three months after the completion of the takeover.
- Monarch Mart Limited and Monarch Express Limited, which are owned by Shakib, will buy 2.40% and 4.8% shares of Al-Amin Chemical respectively. Eshaal Communication will buy 14.40%, AFM Rafiquzzaman 10%, Mashuk Alam 6%, Lava Electrodes Industries Limited 2.40% and Munshi Shofiuddin 8.17% shares of Al-Amin Chemical.

<https://www.newagebd.net/article/171957/cricketer-shakib-others-allowed-to-acquire-al-amin-chemical>

IBN Sina Pharma to operate natural medicine unit separately

- IBN Sina Pharmaceutical Industry wants to separate its natural medicine unit and hand it over to the newly-formed IBN Sina Natural Medicine Limited subject to approval by the shareholders. Currently, IBN Sina Pharma has two separate manufacturing units in its factory at Gazipur, one for pharmaceutical medicine and the other for natural medicine.
- IBN Sina Pharma's Technical and Finance Director told that the natural medicine segment is generating hundreds of millions of taka, hence this business is being segregated to increase focus. The business of natural medicine will be conducted under a subsidiary of IBN Sina Pharma. However, its marketing and distribution will be with IBN Sina Pharma, he added.

<https://www.tbsnews.net/economy/stocks/ibn-sina-pharma-operate-natural-medicine-unit-separately-429306>

BB disburses BDT 2.05 Bn to capital market refinancing scheme

- Bangladesh Bank (BB) has disbursed BDT 2.05 Bn to the capital market refinancing scheme to enhance liquidity support in the capital market through market operators. The fund came following the government's announcement regarding extension of tenure of the revised refinancing scheme until December 2027 to help revamp the capital market which recently saw persistent downward trend. The fund will be disbursed among market operators including Investment Corporation of Bangladesh (ICB) with an interest rate of 4.0%.

<https://today.thefinancialexpress.com.bd/stock-corporate/bb-disburses-tk-205b-to-capital-market-refinancing-scheme-1653752061>

BSEC orders three banks to cancel lien with Aman Cotton

- Bangladesh Securities and Exchange Commission (BSEC) recently directed Meghna Bank, Al-Arafah Islami Bank, and Commercial Bank of Ceylon PLC to cancel their lien with Aman Cotton Fibrous Ltd in a move to recover BDT 730 Mn of investors' funds.
- Back in August 2018, Aman Cotton raised BDT 800 Mn from the stock market through IPO to buy new machinery and repay loans. But instead of buying machinery, it pledged BDT 730 Mn of the IPO fund as security for credit facilities for two of its sister concerns - Akin Carries Limited, and Aman Food Limited.

<https://www.tbsnews.net/economy/stocks/bsec-orders-three-banks-cancel-lien-aman-cotton-428798>

National Bank to issue BDT 5.0 Bn bond for capital requirement

- National Bank Limited will issue subordinated bonds worth BDT 5.0 Bn to strengthen its regulatory capital and to comply with the Base III capital requirement.

<https://www.tbsnews.net/economy/stocks/national-bank-issue-tk500cr-bond-capital-requirement-429310>

Bashundhara Group seeks BSEC nod for pvt commodity exchange

- Bashundhara Group has filed an application with the Bangladesh Securities and Exchange Commission for establishing a private commodity exchange ABG Commodity Exchange (ABGEX), under the supervision of the BSEC.
- According to the letter sent to BSEC, ABGEX would provide all facilities related to commodity exchange which includes but not limited to providing a platform to sellers and buyers to sell, buy and transfer all kinds of commodities and derivatives available in Bangladesh and abroad.

<https://www.newagebd.net/article/171774/bashundhara-group-seeks-bsec-nod-for-pvt-commodity-exchange>

Higher freight charges help BSC post stellar growth in Q3 profits

- The Bangladesh Shipping Corporation (BSC) posted a staggering 183% year-on-year growth in profits 3QFY21, thanks to an increase in freight charges. EPS stood at BDT 3.31, which was BDT 1.17 for 3QFY21. In 9MFY22, EPS jumped 310% YoY to BDT 11.59.

<https://www.tbsnews.net/economy/stocks/higher-freight-charges-help-bsc-post-stellar-growth-q3-profits-427526>

SS Steel entrepreneurs to acquire Oimex Electrode

- SS Steel entrepreneurs have proposed to acquire Oimex Electrode, as sources knowledgeable of the deal told that three private firms owned by the founders of SS Steel are set to acquire all 30% of Oimex shares held by its sponsor-directors at face value. They also said Oimex founder MA Maleque finds it better to exit, considering the management and marketing weakness within the company where he himself heads factory operations.

<https://www.tbsnews.net/economy/stocks/ss-steel-entrepreneurs-acquire-oimex-electrode-427550>

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