

Capital Market Overview

The market closed in green this week. The benchmark index DSEX (+1.13%) gained 67.61 points and closed the week at 6,053.43 points. The blue-chip index DS30 (+0.63%) gained 13.85 points and stood at 2,203.59 points. The Shariah-based index DSES (+0.64%) gained 8.16 points and stood at 1,293.17 points. The large cap index CDSET (-0.20%) lost -2.43 points and closed at 1,234.31 points. DSEX, DS30, DSES and CDSET showed YTD returns of +12.06%, +12.20%, +4.11%, +9.91%, respectively.

Total Turnover During The Week (DSE): BDT 102.6 billion (USD 1,207 million)

Average Daily Turnover Value (ADTV): BDT 20.5 billion (Δ% Week: +6.8%)

Market P/E: 19.1x

Daily Index Movement during the Week:

Market performed five sessions during this week. In the first session, market performed positively by +0.38%. Market rebounded in the second session by -0.29%. The market turned positive in the third session by +0.04% and continued to be positive in the fourth and five sessions by +0.43% and +0.57% respectively.

Sectoral Performance:

- All the financial sectors posted positive performance this week except Bank (-0.23%). General Insurance booked the highest gain of 12.93% followed by Life Insurance (+5.72%), NBF1 (+3.97%), and Mutual Fund (+1.25%).

- Non-financial sectors posted mixed performance this week. Engineering booked the highest gain of 2.76% followed by Pharmaceutical (+0.61%), and Telecommunication (+0.60%). Food & Allied experienced the highest loss of 1.38% followed by Fuel & Power (-0.12%).

Macroeconomic arena:

- Surplus liquidity in the country's banking sector, which began to decline from January this year, began rising again in April owing to the second wave of the Covid-19 pandemic. At the end of April this year, excess liquidity in the banking sector stood at BDT 2.01 trillion, up from BDT 1.98 trillion a month ago.

- The government is likely to set its borrowing target from the banking system at over BDT 760 billion to finance the budget deficit in the next fiscal year (FY), officials said. The bank borrowing for the FY2021-22 would be 7.0-plus percent less than the revised target of BDT 820 billion for the outgoing FY2020-21.

- The government is likely to hike corporate tax of mobile financial services (MFS) up to 40% from the existing 32.5%. The MFS providers are going to face such a high tax in line with banks, insurance companies and other financial organisations, sources said. But those listed on stock exchanges may get a 2.5% exemption, according to finance ministry top officials.

- Remittance inflows hit a record high of USD 2.17 billion in May, which was the highest since August this fiscal year, thanks to the hard-earned money sent by migrant workers amid the second wave of the Covid-19 pandemic. Migrants sent 44% higher remittance in May compared to the same period a year ago, when it was USD 1.5 billion, Bangladesh Bank data shows. With the May figure, the total remittance inflow exceeded last fiscal year's total to stand at USD 22.8 billion, the highest in a single year.

Stock Market arena:

- Orion Pharma Ltd has informed its shareholders that its two power generation subsidiaries are looking for contract renewal with the government. The contract of one of the plants has already expired in May and the other will follow in July this year. In a stock exchange disclosure on Wednesday, the listed drugmaker said, Orion Power Meghnaghat Ltd's power purchasing agreement (PPA) with the Bangladesh Power Development Board (BPDB) to supply electricity to the national grid has expired in May. The other plant built, owned and operated by Orion Pharma's subsidiary Dutch Bangla Power & Associates Ltd will see its PPA expire in July.

- Bangladesh Submarine Cable Company Limited (BSCCL), a core submarine cable internet bandwidth provider in the country, is to extend its existing capacity by 1,600 Gbps to reach 3,500 Gbps by mid-2022 in order to ensure high-speed internet amid growing demand. According to Bangladesh Telecommunication Regulatory Commission, in the last five years till April 2021, the number of internet users jumped by 86% to 115.4 million. In this period, mobile internet subscribers increased by 80% to 105.62 million and broadband users jumped by 205% to 9.81 million.

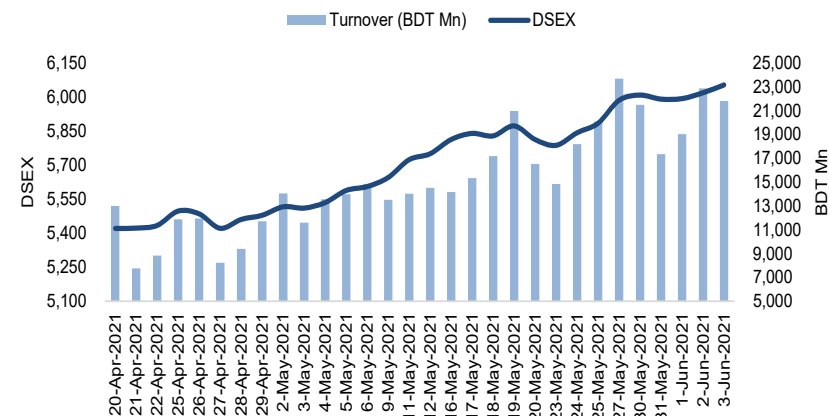
Table 1: Index

Index	Closing	Opening	Δ(Pts)	30-Dec-2019	Δ% Week	Δ%YTD
DSEX	6,053.43	5,985.82	+67.61	5,402.07	+1.13%	+12.06%
DS30	2,203.59	2,189.74	+13.85	1,963.96	+0.63%	+12.20%
DSES	1,293.17	1,285.01	+8.16	1,242.11	+0.64%	+4.11%
CDSET	1,234.31	1,236.74	-2.43	1,123.03	-0.20%	+9.91%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	5,089,475	5,027,435	
	Mn USD	59,904	59,174	+1.2%
Turnover	Mn BDT	102,587	76,838	+33.5%
	Mn USD	1,207	904	
Average Daily Turnover	Mn BDT	20,517	19,209	
	Mn USD	241	226	+6.8%
Volume	Mn Shares	3,314	2,668	+24.2%

Figure 1: DSEX & Turnover in last four weeks



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Table 3: Top Ten Gainers

Company Name	Close	Open	Δ%	Mcap (BDT Mn)	Turnover (BDT Mn)	PE	PB
GLOBALINS	73.0	52.3	+39.6%	2,960	1,019.8	47.1x	5.3x
DUTCHBANGL	86.6	63.0	+37.5%	47,630	1,970.1	8.4x	1.4x
KTL	22.7	17.5	+29.7%	2,640	966.0	22.7x	1.3x
FEDERALINS	42.4	33.6	+26.2%	2,869	827.3	59.8x	3.5x
FEKDIL	13.9	11.1	+25.2%	3,041	194.6	39.8x	0.7x
PRAGATIINS	105.8	85.8	+23.3%	6,939	1,009.1	27.6x	2.1x
GREENDEL	110.2	89.5	+23.1%	11,041	1,658.7	13.8x	1.6x
PHENIXINS	74.6	60.6	+23.1%	3,009	650.2	36.4x	2.1x
RUPALIINS	50.3	40.9	+23.0%	3,856	878.8	26.9x	2.3x
PRAGATILIF	119.0	97.1	+22.6%	3,654	791.5	NM	NM

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (BDT Mn)	Turnover (BDT Mn)	PE	PB
FIRSTFIN	6.5	7.7	-15.6%	771	14.3	3.2x	1.0x
UNIONCAP	7.0	8.2	-14.6%	1,208	40.5	NM	1.7x
IMAMBUTTON	22.6	26.1	-13.4%	174	3.7	NM	4.7x
ABL1STIMF	9.4	10.7	-12.1%	940	108.0	NM	1.0x
MBL1STMF	8.7	9.9	-12.1%	870	147.4	NM	1.0x
TAUFIKA	26.6	29.4	-9.5%	2,261	276.5	33.8x	2.2x
DHAKABANK	14.4	16.7	-8.6%	13,675	358.9	6.9x	0.7x
OIMEX	20.6	22.5	-8.4%	1,382	16.9	NM	1.5x
PRIMEBANK	24.0	26.1	-8.0%	27,175	1,056.7	9.5x	0.9x
SUNLIFEINS	34.1	37.0	-7.8%	1,219	38.4	NM	NM

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap (BDT Mn)	Turnover (BDT Mn)	PE	PB
BEXIMCO	87.9	85.7	+2.6%	77,028	5,256	21.2x	1.2x
PIONEERINS	157.3	136.1	+15.6%	11,008	2,441	21.2x	3.3x
IFADAUTOS	56.5	50.3	+12.3%	14,292	2,331	62.0x	1.4x
LANKABAFIN	36.3	35.5	+2.3%	19,560	2,031	20.1x	2.0x
DUTCHBANGL	86.6	63.0	+37.5%	47,630	1,970	8.4x	1.4x
NORTHRNINS	69.2	60.6	+14.2%	2,952	1,953	41.3x	3.3x
ABANK	16.0	15.7	+1.9%	13,373	1,929	29.3x	0.5x
CONFIDCEM	128.7	127.0	+1.3%	10,069	1,730	8.1x	1.7x
LHBL	59.5	57.7	+3.1%	69,102	1,672	24.1x	3.8x
GREENDEL	110.2	89.5	+23.1%	11,041	1,659	13.8x	1.6x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (BDT Mn)	P/E	P/B
EGEN	53.6	+436.0%	4,020	41.3x	2.1x
PIONEERINS	157.3	+108.9%	11,008	21.2x	3.3x
HEIDELBCEM	309.1	+106.6%	17,465	51.3x	4.0x
ROBI	46.6	+56.4%	244,088	NM	3.7x
MICEMENT	71.5	+54.1%	10,618	15.0x	1.4x
PRIMEBANK	24.0	+40.4%	27,175	9.5x	0.9x
BATBC	544.1	+38.2%	293,814	25.1x	7.8x
DUTCHBANGL	86.6	+33.2%	47,630	8.4x	1.4x
BSRMLTD	79.8	+32.6%	18,838	10.9x	0.8x
UCB	17.9	+27.0%	21,794	7.9x	0.6x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1,587.31	1,590.95	1,372.63	-0.23%	+15.64%
NBFIs	2,064.30	1,985.54	2,033.53	+3.97%	+1.51%
Mutual Funds	1,012.10	999.59	959.61	+1.25%	+5.47%
General Insurance	5,655.07	5,007.81	4,103.56	+12.93%	+37.81%
Life Insurance	2,581.42	2,441.73	2,162.58	+5.72%	+19.37%
Telecommunication	6,378.00	6,339.69	5,463.26	+0.60%	+16.74%
Pharmaceuticals	3,373.31	3,352.79	3,306.03	+0.61%	+2.03%
Fuel & Power	1,703.24	1,705.36	1,618.11	-0.12%	+5.26%
Cement	2,024.09	1,923.28	1,416.18	+5.24%	+42.93%
Services & Real Estate	1,085.30	1,083.91	1,083.79	+0.13%	+0.14%
Engineering	4,796.36	4,667.45	3,959.20	+2.76%	+21.14%
Food & Allied	21,278.94	21,577.46	14,705.76	-1.38%	+44.70%
IT	2,609.65	2,696.69	2,350.28	-3.23%	+11.04%
Textiles	1,148.41	1,092.61	1,087.41	+5.11%	+5.61%
Paper & Printing	5,116.49	5,118.10	5,487.56	-0.03%	-6.76%
Tannery	1,789.59	1,731.43	1,771.77	+3.36%	+1.01%
Jute	8,514.24	8,651.69	12,154.61	-1.59%	-29.95%
Ceramics	507.68	506.58	472.38	+0.22%	+7.47%
Miscellaneous	3,810.78	3,744.75	2,539.70	+1.76%	+50.05%

Table 7: Sector Trading Matrix

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Bank	3,572.2	3,607.2	-1.0%	18.1%	8.9x	0.8x
NBFI	1,294.0	1,104.6	+17.1%	6.6%	43.8x	3.2x
Mutual Fund	577.8	477.2	+21.1%	2.9%	NM	0.9x
General Insurance	4,697.7	3,782.1	+24.2%	23.8%	27.6x	2.7x
Life Insurance	906.3	573.7	+58.0%	4.6%	NM	NM
Telecommunication	409.0	574.4	-28.8%	2.1%	19.3x	5.6x
Pharmaceutical	1,005.1	849.4	+18.3%	5.1%	20.2x	2.5x
Fuel & Power	676.9	891.6	-24.1%	3.4%	12.4x	1.4x
Cement	754.4	392.9	+92.0%	3.8%	20.8x	2.5x
Services & Real Estate	236.6	429.8	-45.0%	1.2%	NM	0.9x
Engineering	1,412.2	894.4	+57.9%	7.2%	32.2x	2.7x
Food & Allied	456.9	597.8	-23.6%	2.3%	32.8x	8.1x
IT	334.1	526.1	-36.5%	1.7%	31.3x	2.2x
Textile	1,587.0	1,559.3	+1.8%	8.1%	NM	0.8x
Paper & Printing	17.3	25.9	-33.3%	0.1%	38.9x	1.0x
Tannery	104.1	86.7	+20.1%	0.5%	NM	2.0x
Jute	8.6	11.4	-24.1%	0.0%	NM	15.4x
Ceramics	99.2	81.3	+22.0%	0.5%	55.4x	1.7x
Miscellaneous	1,560.3	1,864.3	-16.3%	7.9%	28.9x	1.9x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (BDT Mn)	P/E	P/B
ADNTEL	50.1	-22.1%	3,239	16.3x	2.0x
UNIQUEHRL	31.7	-19.9%	9,332	NM	0.4x
GHAIL	14.3	-14.4%	3,086	NM	1.0x
KPCL	39.3	-13.2%	15,618	11.6x	1.6x
MIRAKHTER	70.8	-12.6%	8,551	18.9x	1.4x
OLYMPIC	170.6	-10.7%	34,110	16.5x	3.9x
BXPBARMA	173.8	-8.8%	77,534	17.0x	2.2x
MPETROLEUM	185.3	-6.4%	20,052	7.1x	1.1x
SHAHJABANK	20.7	-5.1%	21,302	10.3x	1.1x
ACMELAB	71.2	-4.7%	15,066	10.0x	0.8x

Important News: Business & Economy

Surplus liquidity starts rising again in April

- Surplus liquidity in the country's banking sector, which began to decline from January this year, began rising again in April owing to the second wave of the Covid-19 pandemic. At the end of April this year, excess liquidity in the banking sector stood at BDT 2.01 trillion, up from BDT 1.98 trillion a month ago. Of the total, BDT 900.38 billion was excess liquidity in the state-run banks, BDT 899.55 billion in the private banks, and the remaining BDT 215.53 billion in foreign banks. The surplus fund, rose 78.35% in April compared to the same month a year ago, when the amount stood at BDT 1.13 trillion.
- The demand for credit among businesses is still depressed owing to the second wave of the Covid-19 pandemic, which is one of the reasons for the increasing trend of excess liquidity, said bankers. The increasing trend of remittance has also boosted the surplus liquidity in the banking sector, they added. The amount of excess liquidity in the banking sector rose every month last year due to lower credit demand and the expansionary monetary policy announced by the central bank. The central bank is also injecting funds into the financial sector with stimulus packages.
- In July last year, to steer the economy away from a steep downturn, the Bangladesh Bank rolled out a vastly expansionary monetary policy for the 2020-21 fiscal year. The central bank in February this year decided that the monetary policy would continue during the second half of this fiscal year as well.

<https://www.dhakatribune.com/business/2021/06/02/surplus-liquidity-starts-rising-again-in-april>

Bank borrowing target set at BDT 760 billion for FY'22

- The government is likely to set its borrowing target from the banking system at over BDT 760 billion to finance the budget deficit in the next fiscal year (FY), officials said. The bank borrowing for the FY2021-22 would be 7.0-plus% less than the revised target of BDT 820 billion for the outgoing FY2020-21. A senior official familiar with the government debt management activities said that the development partners like the World Bank and Asian Development Bank (ADB) would provide more resources to help expedite recovery of the pandemic-hit economy.
- He said the ministry of finance would mobilise around 65% of the borrowing target through issuing long-term Bangladesh Government Treasury Bonds (BGTBs), generally known as bonds, while the rest 35% by issuing treasury bills (T-bills). A senior official of the Bangladesh Bank (BB) said the government borrowed around BDT 300 billion through issuing T-bills and bonds from the country's scheduled banks during the July-May period of FY '21 against its revised annual target of BDT 820 billion.

<https://today.thefinancialexpress.com.bd/first-page/bank-borrowing-target-set-at-BDT-760b-for-fy22-1622656636>

Corporate tax on MFS set to go up

- The government is likely to hike corporate tax of mobile financial services (MFS) up to 40% from the existing 32.5%. The MFS providers are going to face such a high tax in line with banks, insurance companies and other financial organisations, sources said. But those

listed on stock exchanges may get a 2.5% exemption, according to finance ministry top officials. The government may also impose a 15% corporate tax on incomes of private universities, medical, dental, engineering colleges and ICT institutes.

- The tax will be imposed on the MFS providers' high profits. Currently, they are charging customers BDT 2 for each BDT 100 transaction, which is unjust, a former central bank governor said. However, a sociologist and researcher who has been in the MFS sector since the inception of its journey, said hiking the corporate tax will not be a good policy decision at this time because it will directly affect poor people who mainly use MFS for small transactions and pay VAT and income tax with each transaction. He suggested that the authorities reduce transaction charges instead.

<https://www.tbsnews.net/economy/corporate-tax-mfs-set-go-254941>

Remittance hits 10-month high

- Remittance inflows hit a record high of USD 2.17 billion in May, which was the highest since August this fiscal year, thanks to the hard-earned money sent by migrant workers amid the second wave of the Covid-19 pandemic. Migrants sent 44% higher remittance in May compared to the same period a year ago, when it was USD 1.5 billion, Bangladesh Bank data shows. With the May figure, the total remittance inflow exceeded last fiscal year's total to stand at USD 22.8 billion, the highest in a single year. Bangladesh received USD 18.2 billion in remittance in total in fiscal 2019-20. In the wake of the Covid-19 pandemic, the remittance inflow, one of the main barometers of the economy, dipped from March to May of 2020.
- Appreciatively, the inflow rebounded in June and its upward trend continued till last month as the remittance senders are using more proper channels amid lockdowns slapped by states and restrictions on movement. The migrants had sent their money through 57 banks, including nine commercial banks. Last month, the highest amount of USD 639.36 million was sent through Islamic Bank Ltd while the second highest amount of USD 242.80 billion was sent through the state-own Agrani Bank. The inflow of remittance, one of the main barometers of the economy, continues to rise at a time when the outflow of migrant workers for jobs abroad dropped by 69% year-on-year to 217,669 in 2020.
- Despite the reduction of outgoing workers, the remittance flow saw a constant rise thanks to some initiatives of the government and bank authorities. The managing director and chief executive officer of Agrani Bank Limited, said the government has given 2% incentives on remittance, which was a big factor behind this rise of the remittance inflow. When the income of expatriates was coming down at the beginning of the pandemic, this facility encouraged them to use proper channels greatly. Meanwhile, due to the Covid-19 situation, the hundi system has come to a halt because of the restriction on movement and at that time there was no other option to send money without banking channels.

<https://www.thedailystar.net/business/news/remittance-hits-10-month-high-2103269>
<http://www.newagebd.net/article/139419/bangladeshs-inward-remittance-reaches-10-month-high-in-may>

Bangladesh's unemployment rate rises to 5.3%: ILO

- The unemployment rate in Bangladesh increased by 1.1% points in 2020 due to the labour market crisis created by the Covid pandemic, according to an International Labour Organisation report. The ILO report titled 'World Employment and Social Outlook: Trends 2021' published on Wednesday showed that Bangladesh's unemployment rate in 2020

increased to 5.3% from 4.2% in 2019. It showed that the global unemployment rate in 2020 increased to 6.5% from 5.4% in 2019.

- The unemployment rate in India in 2020 increased by 2.2% points to 7.1%, the ILO report said. It also showed that the unemployment rate in Pakistan, Nepal and Bhutan increased by 0.7% points, 1.3% points and 1.4% points respectively in the year. The labour market crisis created by the Covid pandemic is far from over, and employment growth will be insufficient to make up for the losses suffered until at least 2023, the ILO assessed.

<http://www.newagebd.net/article/139530/bangladeshs-unemployment-rate-rises-to-53pc-ilo>

Bangladesh's debt servicing on rise

- Bangladesh's debt servicing to overseas lenders is rising year-on-year, as the government opts for higher hard-term borrowing in recent years. The debt servicing against different medium- to long-term loans (MLTLs) from the external development partners gone up by over 79% in last nine years. According to the Economic Relations Division (ERD), the government repaid USD 1.73 billion loans as principal and interest in last fiscal year (FY), 2019-20, which was 79.41% higher than that of USD 966.5 million in FY 2012.

- Of the USD 1.73 billion repayment, USD 477.4 million was interest and USD 1.25 billion was principal amount of the outstanding loans. The loan repayment is still showing a higher trend, as the government repaid USD 1.60 billion worth of interest and principal during July-April period of the current fiscal against the total outstanding loans. Among the USD 1.60 billion repayment, USD 427.37 million was interest and USD 1.17 billion was principal amount of the loans, the ERD data showed. Analysts and officials said that the government in recent years opted for higher borrowing, including some non-concessional and hard-term loans from foreign lenders, resulting in higher repayments.

<https://today.thefinancialexpress.com.bd/last-page/bangladeshs-debt-servicing-on-rise-1622657121>

Default loans increased by over BDT 50.00 billion in Jan-Mar

- Borrowers do not have much pressure on them at present to pay loan instalments as they are enjoying an eased repayment facility on the basis of bank-customer relationships. Even then, the amount of defaulted loans in the country's banking sector increased by more than BDT 50.00 billion in three months from January to March this year. At the end of March, total default loans stood at BDT 940.00 billion or 8.02% of the total outstanding loans, up from BDT 887.34 billion or 7.66% of the total outstanding loans, according to sources at the Bangladesh Bank.

- Explaining the reason behind the increase in defaulted loans, a senior official of the central bank said that despite relief in paying instalments, many good clients could not repay loans due to Covid-19, which caused the slight increase in the default loans. Because of the pandemic, repayment terms were relaxed for all types of borrowers all through last year. This year, the facility has been on offer till June for some specific sectors that too on the basis of bank-customer relationships, as per directives from the Bangladesh Bank. In other words, if a bank thinks that a client has truly faced losses and has a good track record of repaying loans, only then the borrower will get the facility not to pay installments.

- The chairman of the Association of Bankers Bangladesh (ABB) and managing director of Eastern Bank said that bankers are worried about the future situation when installments will have to be paid regularly. Businesses are in a downturn now because of Covid-19. So, the

next challenge for banks is how much their customers will be able to repay loans or how the banks will recover loans from their clients.

<https://www.tbsnews.net/economy/banking/default-loans-increase-over-BDT-5000cr-jan-mar-254923>

Loan disbursement still low against deposits in agent banking

- In the year to March, only BDT 14 had been given in loan against BDT 100 in deposit in the agent banking, whereas the loan-deposit ratio in the banking sector was about 73% meaning BDT 73 was disbursed as loan against deposit of BDT 100. A year ago, borrowers in agent banking got only BDT 8 on an average in loans against a deposit of BDT 100. Alongside the increase in loan-deposit ratio, loan distribution more than tripled by March this year, according to the quarterly report on agent banking released by the Bangladesh Bank. During the one-year period, the number of accounts in agent banking surged to 11.0 million, with BDT 178.22 billion deposited in them.

- Only BDT 25.01 billion was disbursed in loans. Of the amount, more than 35% was given in urban areas, with the rest in rural areas. The chairman of the Association of Bankers, Bangladesh and managing director of Eastern Bank, said that the negligible loan distribution indicated that money taken from rural people was being used in urban areas. Deposits from people living in rural areas should be used for rural development, increasing economic activities in those areas, he said, adding that the whole economy would be benefited from that.

- He also said that the outlets of agent banking or agents were mainly busy collecting deposits. They are not capable of disbursing loans. Banks cannot rely on these agents. To expand loan distribution, banks will have to open up local branches but that involves costs, he added. He, however, expressed hope that by the end of this year loan distribution would reach 25% of the deposited amount.

<https://www.tbsnews.net/economy/banking/loan-disbursement-still-low-against-deposits-agent-banking-254365>

RMG export recovery slow in non-traditional markets

- Apparel export recovery in the non-traditional markets is slower compared with that in the traditional markets as the Covid pandemic has taken a heavy toll on the economies of Latin American countries and India. According to Export Promotion Bureau data, the earnings from readymade garment exports started rebounding, overcoming the impact of Covid-19 and the earnings in the July-April period of current financial year 2020-21 grew by 6.24% to USD 26.00 billion.

- Although the RMG exports to the European countries grew by nearly 7% and to the United States by 8.54% in the 10 months of FY21, the earnings in the non-traditional markets registered a minimal 1.15% growth. The data showed that RMG exports to the non-traditional markets in July-April of FY21 increased to USD 4.26 billion from USD 4.21 billion in the same period of the previous fiscal year of 2019-20. Exporters said that the major countries of non-traditional export destinations, including India, China, Brazil and Chile, suffered heavily due to the pandemic and it would take time to rebound the export to the markets.

- Except Australia, Russia and South Africa, export earnings still remained negative in all most all the non-traditional markets. RMG exports to India in July-April period of FY21

declined by 9.64% to USD 368.16 million while the exports to China fell by 22.52% to USD 228.25 million in the period. Export recovery in non-traditional markets is going slow due to the worst situation of the Covid-19 outbreak in some destinations, including Brazil and India, the vice-president of the Bangladesh Garment Manufacturers and Exporters Association said.

<http://www.newagebd.net/article/139450/rmg-export-recovery-slow-in-non-traditional-markets>

BB to allow agri loan rescheduling sans down payment

• Bangladesh Bank (BB) will allow agricultural loan rescheduling without down payment in order to enhance its productivity amid the ongoing coronavirus pandemic. Rescheduling of loans means extending or adding extra time to existing loan tenure, resulting in a revision of monthly or quarterly installment amount so that the borrowers may be able to pay a lesser amount. This can help the borrower buy some time to adjust the repayment plan and also not default on their loans. Bangladesh Bank on Tuesday issued a circular on the matter with immediate effect. The circular said that the farmers or agricultural farms can reschedule their loans for up to two years.

<https://today.thefinancialexpress.com.bd/last-page/bb-to-allow-agri-loan-rescheduling-sans-down-payment-1622569466>
<https://www.thedailystar.net/business/news/bb-eases-farm-loan-rescheduling-2103261>
<http://www.newagebd.net/article/139448/down-payment-requirement-waived-for-farm-loan-rescheduling>

Budget execution rate falls

• The government's national budget implementation rate fell significantly in the last one decade mainly due to a lack of efficiency, accountability and capacity and a rise in corruption. For fiscal 2019-20, the government passed a national budget of BDT 5.23 trillion but at the end of the year actual implementation was BDT 4.15 trillion. That means BDT 1.07 trillion has been left unimplemented. Over the last 10 years, the budget implementation rate has mostly been on a downward curve, falling to 79.4% in 2019-20 from 84.3% in the previous year.

• Just five years ago, the implementation rate was more than 80% every year and the highest during the decade was 97% in fiscal 2011. The government should focus on the implementation rate because lower implementation ultimately deprives people of quality services, said a former adviser to a caretaker government. Salaries and benefits of government officials have been increased by around 50% in the last couple of years with hopes that it will ensure higher efficiency and reduce corruption, he said. However, a lack of efficiency and rise of corruption among these civil servants are causing the budget implementation rate to drop, he said.

<https://www.thedailystar.net/business/news/budget-execution-rate-falls-2103281>

10-year tax holiday likely for hospital investors

• The government is likely to offer a complete 10-year tax break in the 2021-22 fiscal budget for investors of 250-bed hospitals outside city areas with intent to decentralize health services. The exemption from payment of corporate taxes will be applicable to new investment in both general and specialized hospitals to be established outside four districts Dhaka, Chittagong, Gazipur and Narayanganj. Currently, all hospitals have to pay corporate

tax at a rate of 32.5% on their annual income. The National Board of Revenue (NBR) may offer the full waiver from payment of taxes to attract investment in health care services outside city areas. Tax exemption will be applicable from the date of starting commercial operation by investors.

<https://today.thefinancialexpress.com.bd/first-page/10-yr-tax-holiday-likely-for-hospital-investors-1622569045>
<https://www.thedailystar.net/business/news/clinics-outside-major-cities-get-tax-break-2103265>
<https://www.tbsnews.net/economy/budget/tax-break-new-hospitals-backwaters-254368>
<http://www.newagebd.net/article/139451/new-hospitals-likely-to-get-10-yr-tax-holiday>

July-April trade gap widens by 21%

• Bangladesh's trade deficit widened by more than 21% in the first 10 months of the current fiscal year (FY), 2020-21, because of rising import payment pressure on the economy, officials said. The trade deficit with the rest of the world crossed the USD 17-billion level, and stood at USD 17.23 billion during the July-April period of FY 21. It was USD 14.22 billion during the same period of the previous fiscal. Import payments have increased significantly in recent months, mainly due to higher purchase of raw materials for ready-made garments (RMG) along with resumption of infrastructure development works across the country, according to the officials.

• Import payments grew by nearly 13% to USD 48.56 billion during the period under review from USD 42.97 billion in the same period of FY 20. On the other hand, export earnings increased by 8.97% to USD 31.33 billion in the first 10 months of FY 21 from USD 28.75 billion a year ago. Meanwhile, the country's current account balance entered into negative territory despite higher growth of inward remittances. Higher import payment obligations pushed down the current account balance to negative territory from the surplus position after a few months of this fiscal, a BB senior official said. He also predicted that the negative trend of current account balance might continue until June 2021.

<https://today.thefinancialexpress.com.bd/first-page/july-apr-trade-gap-widens-by-21pc-1622482512>
<http://www.newagebd.net/article/139360/july-april-trade-deficit-widens>
<https://www.dhakatribune.com/business/economy/2021/05/31/trade-deficit-rises-21-12-in-july-april>

Remittance sees 40% YoY growth in seven months

• The country's remittance flow witnessed a growth of 40.1% in the last seven months compared to the same period of the previous fiscal year. During this period, the reserves reached USD 22.748 billion which was USD 16.229 billion in the same period of 2019-2020 fiscal year. Meanwhile, in May, the remittance was USD 2.07 billion which was USD 1.361 billion in the same period of the previous fiscal year. The robust inward remittances boosted the country's foreign exchange reserves, taking it to USD 44.96 billion.

<https://www.tbsnews.net/economy/remittance-sees-40-yoy-growth-seven-months-253825>

Garment export may recover by Oct: BGMEA

• Garment export might make a full recovery to pre-pandemic levels by October this year as shipments are rebounding with the reopening of Western retail stores. Between July and April of the current fiscal year, receipts were up 6.24% year-on-year to USD 26 billion,

showing the resilience of the industry amidst the fallouts of Covid-19. Of the sum, USD 13.99 billion came from knitwear, which registered 15.34% year-on-year growth. Earnings from woven fell 2.71% to USD 12 billion.

- Knitwear shipment is increasing as people are spending more time indoors. Because of the pandemic, demand for woven garment, such as formal shirts and trousers, has fallen. Woven exports declined by more than 10% in most months over the past one year. April saw the lowest decline, meaning now the segment is rebounding thanks to gradual reopening of stores and offices. The trend of garment shipment is good with the rise in demand in the Western world, said the president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

- He hopes the full recovery of exports from the garment sector will be by October this year, he said. They are hopeful because majority of the people in the US have already completed the vaccination and the consumers started going to the retail outlets which indicates that the economy is rolling on, he said. European retailers and brands have started reopening stores while consumers are spending more, for which demand for Bangladeshi garment items has also been growing. Moreover, work orders are being shifted to Bangladesh from other countries like China, thanks to competitive prices and the Covid-19 setbacks.

<https://www.thedailystar.net/business/news/garment-export-may-recover-oct-bgmea-2102605>

Tax collection more than doubles in April

- Revenue collection surged 116% year-on-year to BDT 193.26 billion in April, the highest monthly growth in the current fiscal year, which has seen lower tax receipts because of the economic slowdown. Receipts rose 13% year-on-year to BDT 1.97 trillion in the July-April period, buoyed by increased imports and higher collection from domestic sources ahead of Eid-ul-Fitr, the biggest sales season in the country. Despite the stellar performance in April, the tax administration is unlikely to achieve its revised collection target of BDT 3.01 trillion in 2020-21: the NBR will have to generate BDT 1.03 trillion in the final two months of the fiscal year ending in June.

- The director-general for research and statistics of the NBR, however, hoped that the collection would be closer to the revised target at the end of the year. They usually receive a higher amount of tax in the last two months of a fiscal year, he said. The NBR raised BDT 611.32 billion from import tariff from July to April, up 20% year-on-year.

<https://www.thedailystar.net/business/news/tax-collection-more-doubles-april-2102597>

Costlier raw materials push rod prices to record high

- With rod-making raw material scrap prices having doubled since September last year, mild-steel (MS) rod prices climbed to a record high of BDT 72,000 per tonne. The rate of the premium quality (75-grade) rod was at BDT 52,000 per tonne just six months ago. Explaining the rise, rod manufacturers have said prices of rod-making scrap in both international and national markets have been rising since September last year, making all grades of MS rods pricier. The scrap is either directly imported in billet form or supplied by Chattogram-based shipbreakers.

- The deputy managing director of the BSRM Group, said scrap was at USD 265-270 per tonne in July-September last year in the international market, while the current rate is at USD 550-580. Though scrap rates almost doubled in the last eight months, they did not

double rod prices considering the ongoing mega-projects of the government and the general people. They are still selling rods at adjusted rates with production costs, he commented. MS rod wholesalers said there are four types of rods available in the market – premium (75-grade) quality, fine quality (60-grade), good quality (40-grade) and general quality.

- With the BDT 20,000 per tonne hike, fine quality rod is now selling at BDT 65,000, good quality sells at BDT 63,500 and general category is at BDT 60,500 per tonne. Amid the rising trend, each of the categories has edged up unusually by BDT 2,000 per tonne in the last two days alone. People in the steel sector said the country's construction sector faced a stalemate with the Bangladesh government imposing a 66-day countrywide shutdown to curb coronavirus infection. After a pause for five or six months, the construction sector started recovering from November last year as demand for rods kept rising.

<https://www.tbsnews.net/economy/costlier-raw-materials-push-rod-prices-record-high-253804>

5% tax exemption for providing employment to 100 transgenders

- In the upcoming budget for the 2021-22 fiscal year, corporate tax is going to be waived if any company recruits 100 members of the transgender community, commonly known as Hijras in Bangladesh. The government is considering this move to foster inclusion of the third-gender community into mainstream society.

<https://www.dhakatribune.com/business/2021/05/31/5-corporate-tax-cut-for-employing-100-transgender-people>

Revenue collections set to miss target for FY21

- The National Board of Revenue is set to miss its revenue collection target in the outgoing fiscal year 2020-2021 despite a moderate growth in collection in the first 10 months of the year due mainly to the Covid outbreak-induced sluggish economic activities and an ambitious target set for the year. Revenue collection by the NBR grew by 12.87% in July-April period of FY21 compared with that in the same period of FY20. Tax officials managed to collect only BDT 1.97 trillion in the period, up BDT 225.25 billion on BDT 1.75 trillion collected in the same period of FY20, the data showed.

- In April FY21 alone, revenue collection grew by 116.16% compared with that in the same month of FY20. The tax authorities will have to collect BDT 1.03 trillion in the remaining two months — May and June — of FY21 to achieve the revised target set at BDT 3.01 trillion for the year. Officials said that it was quite impossible to meet such a huge amount of tax collection in the remaining two months amid the ongoing economic situation in the country. The overall revenue collection may stand around BDT 2.30 trillion by the end of the year, they estimated.

<http://www.newagebd.net/article/139359/revenue-collections-set-to-miss-target-for-fy21>

BDT 100 billion in budget to pay interest subsidy

- The government will set aside some BDT 100 billion in the budget for next fiscal year (FY), 2021-22, to provide subsidy against interest of the 23 Covid-linked incentive packages, officials said. Such a huge allocation for one specific segment may shot up the total subsidy allocation in the upcoming budget, they also said. The government declared 23 incentive packages, involving BDT 1.24 trillion, last year to help the pandemic-hit sectors as well as

people to come out from the shock and make recovery. The tenure of disbursing loans from these stimulus packages will end on June 30, but still a significant portion of funds remains undistributed.

- According to the Ministry of Finance officials, the government is planning to enhance the tenure of the stimulus packages by two to three more years. A senior official said that most of the stimulus packages would be implemented through the banks and financial institutions. The government will provide half of the total interest of the stimulus loan packages to the implementing banks and financial institutions as subsidy, while the borrowers will pay the rest. This subsidy will involve a large amount of money. So, the new budget will keep an allocation of BDT 100 billion in this regard, he added.

<https://today.thefinancialexpress.com.bd/last-page/BDT-100b-in-budget-to-pay-interest-subsidy-1622397213>

First factory opens next month

- Bangladesh's largest industrial enclave, the Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) in Mirsarai, Chattogram, is scheduled to witness the inauguration of its very first factory on June 10, 2021. Another five or six units will be inaugurated by December this year, including that of Asian Paints and SQ Electric. No development work was postponed for the pandemic and now it is just a matter of time for different investors to open their factories, the executive chairman of the Bangladesh Economic Zones Authority (Beza) said. According to Beza, the BSMSN drew investment proposals amounting to USD 20.8 billion till date -- USD 20 billion from locals and USD 823 million from foreigners.

<https://www.thedailystar.net/business/news/first-factory-opens-next-month-2102025>

Government to tighten rules for payment of over BDT 50,000 by businesses

- The government may make it mandatory for businesses to use formal channels such as banks and mobile financial services for transactions involving more than BDT 50,000 from the next fiscal year. The move, if implemented, will encourage fund transfer through formal channels and give a major fillip to MFS and other digital means. In case of non-compliance, businesses are likely to see that tax officials disallow the expenses claimed on account of payment. This will formalise a large number of transactions and curb tax evasion. It will be beneficial for the overall economy, said a senior official of the finance ministry.

- The tax authorities plan to include MFS and other digital means in its rule as the money changing hands through electronic channels has increased significantly in recent years. Today, Bangladesh has 15 MFS providers, transacting about BDT 20.00 billion daily. Two years ago, the average daily transaction through MFS was just over BDT 11.00 billion, BB data showed. MFS providers have 102.7 million account-holders.

<https://www.thedailystar.net/business/economy/news/govt-tighten-rules-payment-over-BDT-50000-businesses-2101421>

<http://www.newagebd.net/article/139160/govt-to-allow-businesses-mfs-transactions-for-tax-purpose>

Agriculture to get increased subsidy in next budget

- Government subsidies in the upcoming budget for the fiscal year 2021-22 are likely to increase by almost BDT 100 billion (10,000 crore) with the agriculture sector slated to get the highest allocation. The agriculture gets the priority in line with the government's policy to

ensure food security during the ongoing COVID-19 pandemic, said the sources at the Finance Ministry and the National Board of Revenue (NBR). They hinted that the total subsidy amount for the next fiscal might reach BDT 490 billion, up from BDT 386 billion in the current budget.

- This amount is almost 8.0% of the proposed BDT . 6.02 trillion budget, said the sources. An amount of BDT 95 billion was earmarked for subsidising the agriculture sector, they said. According to the sources, the revenue target for the next fiscal has been set BDT 3.89 trillion, where BDT 3.30 trillion will be contributed by the NBR.

<https://today.thefinancialexpress.com.bd/trade-market/agriculture-to-get-increased-subsidy-in-next-budget-1622297463>

Japanese firm assesses Bangladesh as rapidly developing, attractive market

- Japanese business group Marubeni Corporation has assessed Bangladesh as one of the most rapidly developing, high potential and attractive market. For this, the firm said that they are focusing on high quality eco-friendly and sustainable infrastructure development in Bangladesh. In line with this, the Japanese firm recently joined hand with Electricity Generation Company of Bangladesh Limited (EGCB) to develop 100 MW solar PV power plant in Feni located in Bangladesh's Chittagong region.

<https://www.tbsnews.net/economy/trade/japanese-firm-assesses-bangladesh-rapidly-developing-attractive-market-252643>

2nd wave may reverse deficit trend

- Budget deficit has shrunk to some extent in the first nine months of the current fiscal year to March 2021 mainly due to higher revenue receipts. Economists, however, foresee a reversal in the trend in the last quarter because of the disruptions being caused by the second wave of the Covid-19 infections. The deficit reached BDT 664 billion during the July -March period or over 2.4% down from that of the same period a year earlier, according to the provisional data of finance ministry.

- However, the deficit financing was mostly met by non-bank, bank and external sources, the data showed. Borrowing from non-bank or 'sanchayapatra' was recorded at BDT 389 billion (net), up by more than BDT 264 billion during the same period a year earlier.

- The executive director at the privately-owned think tank Policy Research Institute of Bangladesh said the deficit picture would worsen at the end of the fiscal year. Many transactions, which are stalled now, will be made in May and June, thus, worsening the deficit, he cited. He predicts that the overall deficit will cross BDT 1.0 trillion at the end of June 2021.

<https://today.thefinancialexpress.com.bd/first-page/2nd-wave-may-reverse-deficit-trend-1622221857>

Capital machinery import records notable decline

- The capital machinery import has declined notably in recent months, reflecting the negative impact the Covid-19 is having on the country's economy, analysts said on Friday. Statistics show the capital machinery import dropped by 13% to USD 2.63 billion in the first nine months of this fiscal year (FY) 2020-21.

- A former lead economist at the World Bank in Bangladesh said Covid-19's impact was the key reason for a decline in the capital machinery import. Since the local and external demand for different products had fallen, he said, businessmen neither showed interest in the expanding their existing industrial units nor starting new ventures.

<https://today.thefinancialexpress.com.bd/first-page/capital-machinery-import-records-notable-decline-1622222048>

Bangladesh Bank's dollar buying spree slows amid import surge

- The Bangladesh Bank's dollar buying spree slowed down in the first five months of 2021 since the country's major export destinations were going through massive vaccination drives, prompting exporters to rebuild a moderate industrial input to resume full-fledged supply. The central bank purchased around USD 1 billion from the interbank dollar market from January till May 25, taking its total dollar purchase to around USD 6.5 billion in the current fiscal year 2020-2021.

- A BB official said that the central bank usually bought and sold dollar from the local market with a view to keeping the exchange rate of the most influential currency stable. The BB purchased USD 5.49 billion and injected USD 200 million into the local market in July-December of FY21 when the country's import payment was slack. However, the situation started to turn around after successful trials of Covid vaccines in the second half of the year 2020. According to the latest available data, even though the country's export earnings in the first nine months of FY21 has remained almost flat as it was in the same period of the previous fiscal year, import payments started to gradually improve which was a reflection of the fact that businesses had started to rebuild their industrial inputs. The vaccination drives in the country's major export destinations acted as a major reason behind the rebound in business sentiment.

<http://www.newagebd.net/article/139063/bbs-dollar-buying-sprees-slows-amid-import-surge>

Important News: Capital Market

Orion Pharma's power subsidiaries seek extension

- Orion Pharma Ltd has informed its shareholders that its two power generation subsidiaries are looking for contract renewal with the government. The contract of one of the plants has already expired in May and the other will follow in July this year. In a stock exchange disclosure on Wednesday, the listed drugmaker said, Orion Power Meghnaghat Ltd's power purchasing agreement (PPA) with the Bangladesh Power Development Board (BPDB) to supply electricity to the national grid has expired in May. The other plant built, owned and operated by Orion Pharma's subsidiary Dutch Bangla Power & Associates Ltd will see its PPA expire in July. Both the heavy fuel oil-based 100MW quick rental power plants came into operation a decade ago. The companies applied to the government for contract extension for another five years.

<https://www.tbsnews.net/economy/corporates/orion-pharmas-power-subsidiaries-seek-extension-254893>

Global Islami Bank to go public for BDT 4.25 billion

- Global Islami Bank Ltd is planning to raise BDT 4.25 billion from the stock market through an initial public offering (IPO). The bank has recently signed an agreement with Prime Bank Investment and LankaBangla Investments to make them the issue managers for its upcoming IPO, read a press statement. Global Islami Bank initially began its journey with the name NRB Global Bank in 2013, but later changed its name as it embraced Shariah-compliant banking. Its officials said that the bank is set to submit the IPO application before the Bangladesh Securities and Exchange Commission this year.

<https://www.tbsnews.net/economy/banking/global-islami-bank-go-public-BDT-425cr-254896>

Curb on bonus share issuance

- Five types of listed companies, including the 'Z' category ones, are set to be barred from issuing bonus shares without justified reason of business expansion and the regulatory permission as well. The Bangladesh Securities and Exchange Commission (BSEC) is about to issue a directive in this regard to contain the 'unhealthy practice of issuing bonus shares that brings no benefit either for the companies or for the general investors. The securities regulator, on completion of a detailed groundwork, has reached a consensus to rein in the practice of issuing bonus shares with an ill motive by many listed companies," said a BSEC official.

- A former president of the Dhaka Stock Exchange (DSE), said the companies having tremendous growth in sales can issue bonus shares for further expansion of their business operations through re-capitalization of profit. Many listed companies issue bonus shares despite their declining sales. Those companies are even unable to utilize their existing capacity, he said. He opined that the shareholders, having majority stakes in a company, became benefited through bonus offer, as they could offload such shares in the market easily.

<https://today.thefinancialexpress.com.bd/first-page/curb-on-bonus-share-issuance-1622568892>

BSCCL to increase bandwidth as demand surges

- Bangladesh Submarine Cable Company Limited (BSCCL), a core submarine cable internet bandwidth provider in the country, is to extend its existing capacity by 1,600 Gbps to reach 3,500 Gbps by mid-2022 in order to ensure high-speed internet amid growing demand. According to Bangladesh Telecommunication Regulatory Commission, in the last five years till April 2021, the number of internet users jumped by 86% to 115.4 million. In this period, mobile internet subscribers increased by 80% to 105.62 million and broadband users jumped by 205% to 9.81 million.

- Besides, from March 2020 to April this year, the number of broadband users jumped by 71% amid the increased use of digital platforms to conduct official tasks and meetings due to Covid-19. BSCCL officials said that the analysis of International Terrestrial Cable (ITC) bandwidth usage in the last few years shows the annual bandwidth usage growth is about 70%. BSCCL has applied to add 600 Gbps to the first cable. The existing capacity of the cable is 700 Gbps. The general manager of the company said that the consortium had already started working on this and would hopefully be done in the middle of next year.

- On the Singapore-Kuakata route, 900 Gbps will be added to the second cable within January next year. Its existing capacity is 1,200 Gbps. Besides, the company has already

upgraded the capacity of the second cable by 100 Gbps on the Kuakata-Marseille (France) route. After enhancement, its total capacity will be 2,200 Gbps. The proposed third submarine cable, SMW-6, is going to be installed in Cox's Bazar within 2024 and the project cost is BDT 6.93 billion. It alone will add 6,000 Gbps to the total capacity.

<https://www.tbsnews.net/tech/ict/bsccl-increase-bandwidth-demand-surges-253789>

BSEC rules on debt securities gazette

• A gazette notification has been published on the rules earlier framed for issuance of debt securities through private offer or public issue. The rules styled 'The Bangladesh Securities and Exchange Commission (Debt Securities) Rules-2021' will come into force with immediate effect. The rules will be applicable to the issuance of all types of debt securities, sukuk, asset-backed securities and others through public issue or private offer as decided by the commission from time to time.

• The rules also paved the way for issuing blue bond for raising funds for investments in such a project or company or organisation that is engaged in marine or ocean or sea or coast-based activities or business related to blue economy or climate or environmental impact in addition to financial returns.

<https://today.thefinancialexpress.com.bd/last-page/bsec-rules-on-debt-securities-gazetted-1622657478>

Locals' protests halt BSRM rod production in Chattogram

• Production at BSRM has been severely hampered as local people at Mirsharai of Chattogram are not allowing transports with raw materials to enter its factories, blaming the country's leading iron rod manufacturer for the depletion of underground water in the area. Production at one of the two billet production plants, which has a capacity of 3,000 tonnes, has stopped since Wednesday morning due to the raw material crisis. Another 1,500-tonne capacity plant is also at risk of halting production. On 30 May, locals held protests alleging that the groundwater level was falling due to water being pumped into factories from deep tube wells.

• BSRM's factories in Sonapahar require about 5,000 tonnes of scrap raw material per day to produce billets which are used to manufacture rods. This is disrupting rod production at BSRM factories. As a result, supply of rods to different ongoing mega projects like the Padma Bridge, Padma Rail Link, the Karnaphuli Tunnel and the Rooppur Nuclear Power Plant may be disrupted. The company said if this continues, rod production at other factories outside Mirsharai will be completely stopped in the next two or three days.

<https://www.tbsnews.net/dropped/industry/locals-protests-halt-bsrm-rod-production-ctg-254929>

Energypac, MPWRNRGY to set up solar park, generate renewable energy

• Energypac Eletronics Limited has recently signed a Joint Development Agreement (JDA) with MPWRNRGY Pte. Ltd. (Singapore) to co-develop solar power plants in Bangladesh. The agreement aims to aid in Bangladesh's vision to generate clean energy and achieve the targeted Sustainable Development Goals (SDGs). The proposed utility scale solar PV plants will generate electricity, converting energy from the sun which is considered unlimited and is free from emissions, unlike fossil fuels that are limited and release carbon dioxide (CO₂) in the atmosphere causing the Earth to retain more heat and resulting in

climate change.

• These solar plants will provide electricity to the national grid through long-term power purchase agreement (PPA) or existing net metering system approved by Bangladesh government. The agreement aims to combine the strengths of Energypac Electronics' local presence as an experienced player in electrical solutions and MPWRNRGY's experience in developing and executing large-scale solar power projects.

<https://www.dhakatribune.com/business/2021/06/02/energypac-mpwrnrgy-to-set-up-solar-park-generate-renewable-energy>

BBS Cables to start export after Covid-19 ends

• At the third-quarter earnings call held online on Tuesday, the Chairman of BBS Cables said that the company had plans to export products earlier but could not do so because of the pandemic. He said that the company was already producing cables following international standards, but international certificates were needed for exports. They have already applied to Germany and France for certification and the process is almost complete.

<https://www.tbsnews.net/economy/corporates/bbs-cables-start-export-after-covid-19-ends-254320>

Fiscal benefits likely for Sukuk investors

• The government is likely to offer fiscal benefits in order to attract investment in Sukuk, a bond-like instrument used in Islamic finance. The existing gain tax at a rate of 4.0% might be waived on transfer of asset to the Special Purpose Vehicle (SPV) in the Finance Bill-2021, officials said. Finance Minister may propose the tax waiver while placing the national budget for fiscal year 2021-22 on June 03.

• A Sukuk is an Islamic financial certificate, akin to a treasury bond, which complies with the shariah laws. A senior Bangladesh Bank (BB) official said the move would help attract investment in Sukuk. Due to higher taxes, investors will have to pay higher at the time of leasing assets to the SPV, although it is not like sale of other properties. Sukuk is a real asset-backed security and its issuing company will get back the asset after expiry of the leasing time or end of the term, he said. Industry insiders said existing taxes on asset transfers are one of the main obstacles to creating a vibrant Sukuk market in the corporate sector here.

<https://today.thefinancialexpress.com.bd/first-page/fiscal-benefits-likely-for-sukuk-investors-1622482560>

Final auction for Islamic bond on Jun 9

• The final phase of the auction for Bangladesh Bank's BDT 40.00 billion sukuk bond is going to be held on June 9. A sukuk is an Islamic financial certificate, similar to a treasury bond and structured to generate returns in compliance with Islamic finance principles. The government will raise BDT 80.00 billion through the issuance of the sukuk to implement a safe water supply project. In the first phase of the auction held last December, various banks and individuals placed 39 bids worth BDT 151.53 billion against the targeted amount of BDT 40.00 billion.

• Any local or foreign individual or bank can participate in the auction between 9:00am to

11:59am following the central bank's format. A client will have to invest a minimum of BDT 10,000 in the security, and there is no upper limit. Banks, corporate institutions and individuals will be permitted to invest. Investors will receive a profit of 4.69% on their investment in the Islamic bond. The last declared profit-sharing ratio of the six-month BGIB is 3.69%, and the central bank has added 1% point to decide the rate for the sukuk. Profits will be paid on a half-yearly basis.

<https://www.thedailystar.net/business/news/final-auction-islamic-bond-jun-9-2102577>

2 listed ice cream makers hope for recovery as sales pick up

• The ice cream industry is gradually recovering from last year's coronavirus driven downturn, with two listed ice cream makers – Taufika Foods and Golden Harvest Agro – seeing a slight recovery now. Ice cream consumption has increased in the ongoing pandemic, they say. They also hope for a full recovery, provided the present rebound continues and the pandemic subsides. But to reach pre-pandemic levels, the industry will take more than a year, they said. Industry sources say when Covid-19 broke out last year, a rumour that ice cream consumption might increase the risk of coronavirus infections made the rounds. Soon, the industry faced a big blow as sales decreased drastically.

• An official of GHAIL said its agro, dairy, and ice cream product sales were increasing gradually after last year's lockdown. The company secretary of Golden Harvest said that ice cream product sales had increased in the first nine months of FY21, compared to the same period last fiscal year. They started to recover in early 2021. The ice cream industry may return to normal next year, he added.

<https://www.tbsnews.net/economy/corporates/2-listed-ice-cream-makers-hope-recovery-sales-pick-253795>

Bourses attract a paltry amount of black money

• Belying the policymakers expectations, only a meagre amount of 'undisclosed' funds, legalised under a controversial tax exemption facility, flowed into the country's bourses until May 25 of the current fiscal year (FY). An amount of BDT 2.82 billion, which is only 1.9% of the total BDT 144.59 billion worth of undisclosed income declared by 10,404 people during the period under the government's blanket opportunity, was invested in stocks, according to the latest figures. The National Board of Revenue (NBR) data showed that BDT 24.13 billion was invested in the real estate sector and BDT 116.63 billion in some other sectors.

• The NBR received BDT 14.45 billion in taxes on the money disclosed. The opportunity to declare undisclosed income paying tax at a flat rate of 10% is unlikely be extended beyond June 30 this year, officials said. Over a period from FY2005-06 to FY2019-20, some BDT 145.95 billion undisclosed income was declared in the income tax returns. Managing director (in charge) of Dhaka Stock Exchange (DSE) said that the condition imposed against declaring the undisclosed income for investment in capital market might have driven away many investors.

<https://today.thefinancialexpress.com.bd/first-page/bourses-attract-a-paltry-amount-of-black-money-1622396477>

https://www.thedailystar.net/business/economy/news/BDT_-282cr-whitened-through-stocks-2102021

Bourses extend trading time by 30 minutes

• The schedule for share trading hours at the country's both two bourses— Dhaka Stock Exchange and Chittagong Stock Exchange is set to rise by 30 minutes to 2:30pm from tomorrow. The new schedule will remain in force till 6 June next. Bangladesh Securities and Exchange Commission (BSEC), the stock market regulator, took this decision as transaction hours at banks have been raised by half an hour. The regular trading hours of the bourses were from 10am to 2:30pm before the pandemic. The new schedule of banks will also start from tomorrow where they will operate transactions from 10am to 3pm.

<https://www.tbsnews.net/economy/stocks/bourses-extend-trading-time-30-minutes-253258>

PRAN Agro issues BDT 2.1 billion international bond

• PRAN Agro Limited (PAL), one of the country's leading agro processors, has issued a non-convertible international bond worth BDT 2.1 billion which is first of its kind in Bangladesh. The company has successfully achieved financial close of a landmark BDT 2.1 billion (USD25 million) non-convertible and redeemable bond, with 100% on-demand credit guarantee from GuarantCo and fully subscribed by MetLife Bangladesh as of May 19, 2021, said a press release. The 7-year fixed coupon bond is the first-ever instrument of its kind in Bangladesh and is expected to play a transformational role in supporting alternate source of infrastructure financing in Bangladesh, it added.

• PAL, a member of PRAN-RFL Group, is one of the largest food processors with 0.1 million registered contract farmers and 0.11 million employees. The bond proceeds will be used to develop critical infrastructure in the agricultural supply chain and support PAL's expansion plans in the local and export markets. The bond is backed by an on-demand guarantee by GuarantCo, part of the Private Infrastructure Development Group (PIDG), and funded by the governments of the United Kingdom, Switzerland, Australia and Sweden, through the PIDG Trust, the Netherlands, through FMO and the PIDG Trust, France through a stand-by facility and Global Affairs Canada through a repayable facility. GuarantCo is rated AA- by Fitch and A1 by Moody's.

https://today.thefinancialexpress.com.bd/last-page/pran-agro-issues-BDT_-21b-intl-bond-1622397085

https://www.thedailystar.net/business/economy/news/pran-agro-issues-internationally-guaranteed-BDT_-210cr-bond-2102009

https://www.tbsnews.net/economy/stocks/pran-agro-issues-BDT_210cr-corporate-bond-253309

BSEC approves BDT 5.0 billion mudaraba bond by EXIM Bank

• The securities regulator has approved the proposal of issuing mudaraba subordinated bond worth BDT 5.0 billion by the EXIM Bank. The other characteristics of the bond are non-convertible, unsecured, and floating rate. The bank will utilise the fund to strengthen its Tier-II capital base. The offer price of the bond is BDT 10 million per unit. The units of the bond will be distributed among financial institutions, mutual funds, insurers, listed banks, among others, through private placement. Sena Kalyan Insurance Company and Standard Chartered Bank are working as trustee and arranger of the bond respectively.

https://today.thefinancialexpress.com.bd/stock-corporate/bsec-approves-BDT_-50b-mudaraba-bond-by-exim-bank-1622391264

https://www.tbsnews.net/economy/stocks/bsec-approves-BDT_500-crore-bond-exim-bank-253192

https://www.dhakatribune.com/business/stock/2021/05/30/exim-bank-s-BDT_500c-bond-gets-bsec-nod

BSEC to appoint special auditor at Prime Islami Life Insurance

- Bangladesh Securities and Exchange Commission (BSEC) offered quotations to auditors in this regard last week. The auditor will review the balance sheets, including assets, liabilities, equity, earnings, and operating cash flows of the company during the said period with true and fair values. It will also identify sponsors, promoters, and shareholder directors to make full disclosure of transactions between Prime Islami Life Insurance and the related parties for the last 10 years. The auditor will especially identify loans, advances, and investments to any related party, either an individual or a controlling shareholder of the entities, and the current condition of those loans and advances.
- According to the January-September 2020 report of the company, its consolidated life revenue accounts decreased by BDT 853.0 million. During this period, its consolidated total life revenue account stood at BDT 7.96 billion. In July-September 2020, its consolidated life revenue account decreased by BDT 244.7 billion. Prime Islami Life Insurance is a third-generation Islamic insurance company that was established in July 2000. It has been engaged in the Islamic life insurance business since 22 April, 2002.

<https://www.tbsnews.net/economy/stocks/bsec-appoint-special-auditor-prime-islami-life-insurance-253321>

BSEC to appoint special auditor for Fareast Finance

- To protect investors' interest, the Bangladesh Securities and Exchange Commission (BSEC) has decided to appoint a special auditor to review the financial statements of the ill-performing non-bank financial institution - Fareast Finance and Investment - for four years until 31 December 2020. The stock market regulator offered quotations to the auditor in this regard last week. Earlier, the commission restructured the board of directors of the company in a move to bring the company back to a sound business footing.
- The auditor will review the balance sheets including assets, liabilities, equity, earnings, and operating cash flows of the company during the period with true and fair values. The auditor will review the role of Khan Wahab Shafique Rahman & Co and Ahmed Zaker & Co Chartered Accountants – statutory external auditors of the financial statements of the company – over the last four years. In 2013, Fareast Finance and Investment raised BDT 450 billion from the capital market through an initial public offering.

<https://www.tbsnews.net/economy/stocks/bsec-appoint-special-auditor-fareast-finance-252790>

Sonali Life IPO subscription begins Sunday

- The initial public offering (IPO) subscription of the Sonali Life Insurance Company will begin Sunday and continue until 3 June. The Bangladesh Securities and Exchange Commission (BSEC) is going to launch the pro rata-based method instead of the current IPO lottery system with the IPO subscription of Sonali Life Insurance. Earlier, on 9 December 2020, the regulator gave approval to the company for raising BDT 190 million from the stock market by issuing 19 million shares through IPO. The shares will be offered to the public at a face value of BDT 10 each.
- The company will invest the fund in government securities, fixed deposit receipts (FDRs),

and in the secondary market. According to the company's audited financial report for the year that ended on 31 December 2019, its net asset value per share was BDT 25.47, excluding revaluation, and its life insurance fund stood at BDT 953.3 million. The authorised capital of Sonali Life Insurance Company Ltd, which was incorporated in Bangladesh on 7 July 2013, is BDT 1.00 billion.

<https://www.tbsnews.net/economy/stocks/sonali-life-ipo-subscription-begins-sunday-252760>