

Economy

Dollar rate up again for remittances, exports

From now on, expatriate Bangladeshis will receive an increase of BDT 0.50 for remittances, while the dollar rate for export proceeds will be higher by BDT 1. The new rate stands at BDT 108.50 for remittances and BDT 107 for export proceeds. Including the 20.5% government incentives, the remitters will receive BDT 111.25 per dollar.

The Association of Bankers, Bangladesh (ABB) and the Bangladesh Foreign Exchange Dealers' Association (Bafeda) made the decision on Wednesday. Banks will implement the new rates from Thursday, Selim RF Hussain, ABB chairman and managing director of Brac Bank, told The Business Standard.

<https://www.tbsnews.net/economy/dollar-hikes-again-tk50-remittancetk1-export-proceeds-641570>

BDT 5.81 Bn savings certificates sold in April – highest in FY23

The net sales of savings certificates reached BDT 5.81 Bn in April – so far the highest in FY23, according to the latest Bangladesh Bank data. The net sales for the first 10 months of the fiscal year, however, stood negative at BDT 35.79 Bn as the government borrowed some BDT 680 Bn against the repayment of BDT 716 Bn during the period. In the corresponding period of FY22, the net sales of the tools were BDT 175.18 Bn. Stakeholders said lower interest rates, various investment conditions and higher inflation were the reasons behind the lower sales of saving certificates. In addition, the government also reduced borrowing from the tools to decrease its burden of interest expenses.

<https://www.tbsnews.net/economy/tk581cr-savings-certificates-sold-april-highest-fy23-641750>

Cenbank unwilling to introduce digital currency now

The Bangladesh Bank is unwilling to introduce a central bank digital currency (CBDC) now as there are no examples of countries that have succeeded in doing so, and digital literacy has not reached a satisfactory level in the country. The CBDC is similar to cryptocurrencies, with the difference that its value is fixed by the central bank and is equivalent to the country's fiat currency.

A senior central bank official, who did not want to be named, told TBS, "The digital currency should not be introduced immediately. As we have seen, the countries that have introduced this currency are not faring well. Besides, most of these countries are very small in population and size."

<https://www.tbsnews.net/economy/banking/cenbank-unwilling-introduce-digital-currency-now-641746>

Budget 2023-24

Govt to impose specific duty on fuel

The government is going replace existing duty on 13 petroleum products import by a specific duty in the next fiscal year, amounting to a maximum of BDT 13.75 per litre, which likely effect from 1 June (Thursday). The specific duty would be BDT 13.75 per litre for 11 types of petroleum products, including kerosene, light diesel, motor spirit and jet fuel. If put into effect, it will have higher impact on retail price than the existing duty rate, which is 10% for 12 petroleum products, sources within the finance minister said.

<https://www.tbsnews.net/economy/budget/govt-impose-specific-duty-fuel-641790>

Govt to introduce flat 3% source tax for high voltage cables

The government plans to impose a fixed 3% source tax for local high-voltage cable producers, who earlier had to pay source tax from 2% to a maximum of 7%. Local entrepreneurs said imposing a 3% flat rate for the tax deducted at source (TDS) on the production of high-voltage cables in the upcoming budget will benefit the industry. Currently the government's mega projects use high voltage cables, a large part of which is imported from abroad. Moreover, the government's initiative to set up underground power transmission lines will increase demand for high-voltage cables in the country.

<https://www.tbsnews.net/economy/budget/govt-introduce-flat-3-source-tax-high-voltage-cables-641742>

Bank, NBFI, & Insurance

Moody's downgrades six local banks

Moody's Investors Service today downgraded the ratings of six local banks — BRAC Bank, The City Bank, DutchBangla Bank Limited, Eastern Bank, NCC Bank, and The Premier Bank. It downgraded the long-term (LT) local currency (LC) and foreign-currency (FC) deposit and issuer ratings of these six local banks of Bangladesh. It also confirmed Mercantile Bank Ltd (MBL)'s B2 LT LC and FC deposit and issuer ratings. At the same time, Moody's has changed the outlooks to stable from ratings under review for downgrade on the LT deposit ratings and issuer ratings of the seven Bangladeshi banks.

<https://www.tbsnews.net/economy/banking/moodys-downgrades-six-local-banks-641778>

Textile

Apparel exports to non-traditional markets on the rise

Although garment shipments from Bangladesh to major destinations saw negative growth over the past few months due to inflationary pressure stemming from the Russia-Ukraine war, rising exports to non-traditional markets has emerged as a silver lining. Bangladesh considers all markets other than the US, UK, EU and Canada as nontraditional.

During the January-April period of the current calendar year, apparel shipments to non-traditional markets rose 28.95% to USD 2.96 Bn, which is 19.01% of the country's annual garment exports. Japan is the top destination among major non-traditional markets, fetching USD 566.99 Mn during the four-month period, according to data from the Export Promotion Bureau and Bangladesh Garment Manufacturers and Exporters Association (BGMEA). <https://www.thedailystar.net/business/economy/news/apparel-exports-non-traditional-markets-the-rise-3334646>

Global News

Oil falls further as weak China data offsets US debt ceiling progress

Oil prices extended losses early on Wednesday (31 May) as worries of slowing demand from top oil importer China after the release of weaker-than-expected economic data outweighed some positive progress on the US debt ceiling bill.

Brent crude futures for August delivery LCOc2 slipped 15 cents to \$73.56 a barrel by 0656 GMT, while US West Texas Intermediate crude (WTI) CLC1 fell 14 cents to \$69.32 a barrel, with earlier gains reversed after China manufacturing data was released. Both benchmarks fell by more than 4% on Tuesday.

<https://www.tbsnews.net/economy/stocks/oil-falls-further-weak-china-data-offsets-us-debt-ceiling-progress-641390>

Gold set for monthly drop as Fed hike hopes bolster dollar

Gold prices were set for their first monthly drop in three on Wednesday (31 May), as progress on the US debt ceiling deal and expectations that the Federal Reserve will likely raise interest rates further bolstered the dollar. Legislation brokered by US President Joe Biden and House Speaker Kevin McCarthy to raise the \$31.4 trillion debt ceiling and achieve new federal spending cuts passed an important hurdle, advancing to the full House of Representatives for debate and an expected vote on passage on Wednesday.

<https://www.tbsnews.net/economy/stocks/gold-set-monthly-drop-fed-hike-hopes-bolster-dollar-641342>

Stock-Specific News

Rupali Bank's profit jumps 81% in Jan-Mar

State-owned Rupali Bank's profit jumped by 81% over the January-March quarter of this year compared to last year at the same time, according to the Dhaka Stock Exchange filing. During the first quarter of 2023, its consolidated earnings per share was BDT 0.38, which was BDT 0.21 a year ago during the same period. However, its consolidated net operating cash flow per share was BDT 3.74 negative. The bank explained that earnings per share has increased due to a surge in the total operating income and net operating cash flow per share has decreased due to an increase in loans and advances.

<https://www.tbsnews.net/economy/stocks/rupali-banks-profit-jumps-81-jan-mar-641154>

Dhaka Insurance declares 20% cash dividend

Dhaka Insurance has recently recommended a 20% cash dividend to its shareholders for 2022, according to the Dhaka Stock Exchange (DSE). In 2021, it paid a 25% cash dividend to its shareholders. To secure shareholders' approval of the declared dividend, the company has scheduled its annual general meeting (AGM) on 31 July. The record date has been fixed on 22 June.

<https://www.tbsnews.net/economy/stocks/dhaka-insurance-declares-20-cash-dividend-641166>

Berger Paints declares 400% cash dividend

Berger Paints Bangladesh, the country's leading coating producer, has recommended a 400% cash dividend for the financial year that ended on 31 March 2023. The company had paid a 400% cash dividend in the previous financial year as well. During the year, Berger's consolidated profit increased by 4% year-on-year and stood at BDT 3.01 Bn at the end of March 2023. Its consolidated earnings per share stood at BDT 64.91, which was BDT 62.68 a year ago, and consolidated net asset value per share stood at BDT 279.78 at the end of March 2023.

<https://www.tbsnews.net/economy/stocks/berger-paints-declares-400-cash-dividend-641738>

Agro Organica to raise BDT 50 Mn from stock market

Agro Organica PLC has given go-ahead to raise BDT 50 Mn from the stock market investors through listing with the SME board. The DSE-SME, the small-cap board, was launched on April 30 in 2019, in order to allow small and medium enterprises (SMEs) with a paid-up capital between BDT 50 Mn to BDT 300 Mn to raise funds from the stock market. The agricultural company would issue 5 Mn shares worth BDT 10 each for the eligible investors.

<https://www.thedailystar.net/business/economy/news/agro-organica-raise-tk-5cr-stock-market-3334661>

Investasia's BDT 500 Mn mutual fund gets nod

The Bangladesh Securities and Exchange Commission today approved an open-ended mutual fund of Investasia Capital and Asset Management. Primary target of the fund titled 'Investasia Balance Unit Fund' is BDT 500 Mn. Of that, BDT 50 Mn was provided by its fund manager Investasia Capital and Asset Management and the rest of the fund is open for the general investors. Each unit price of the fund is BDT 10. The trustee and custodian of the fund is Sentinel Trustee and Custodial Services Limited.

<https://www.thedailystar.net/business/news/investasias-tk-50-crore-mutual-fund-gets-nod-3334291>