

Economy

NDB to finance water supply and gas pipeline construction projects in Bangladesh

The New Development Bank (NDB) is eager to finance Expanded Dhaka City Water Supply Resilient Project and Replacement of Gas Pipeline between Dhaka and Narayanganj Project. The New Development will provide USD 677 Mn loan for the development of the water and sanitary sector and the gas sector of Bangladesh. NDB will give USD 235 Mn loan for a water supply project of Dhaka Water and Sewerage Authority (Wasa) and USD 442 Mn for the repair and replacement of leaky gas pipelines across Dhaka and Narayanganj.

The bank is currently evaluating Dhaka WASA's Expanded Dhaka City Dhaka Water Supply Network Improvement Project under which distribution network of the Padma (Jashaldia) Water Treatment Plant (WTP) will be constructed, reads an Economic Relations Division press release.

<https://www.tbsnews.net/bangladesh/ndb-finance-water-supply-and-gas-pipeline-construction-projects-bangladesh-642678>

49 state-owned enterprises lose BDT 137.41 Bn

After nine years of profit-making, forty-nine state-owned enterprises (SOEs) are set to count massive losses in the outgoing fiscal year (FY), 2022-23. According to the Bangladesh Economic Review-2023 released last Thursday, the net loss of those companies and corporations has been estimated at BDT 137.41 Bn (provisional figure).

The balance sheet of the SOEs suddenly turned too grim mainly due to worst performance of the Bangladesh Petroleum Corporation (BPC) and the Bangladesh Power Development Board (BPDC) whose loss-making rose manifold in FY23. Among the enterprises, the BPC suffered the highest BDT 70.87-Bn losses, which was over 257% higher than the last fiscal's BDT 19.83 Bn.

<https://thefinancialexpress.com.bd/economy/bangladesh/49-state-owned-enterprises-lose-tk-13741b>

Cost of foreign trade, transactions likely to increase due to Moody's downgrading

Economists and bankers think the cost of spending in foreign currencies is likely to be increased due to the downgrading of Bangladesh's sovereign rating and negative rating actions against some banks by Moody's Investors Service. On May 30, the US-based global credit rating agency downgraded Bangladesh government's long-term issuer rating to B1 from Ba3 for first time since inception of the rating in 2010.

"The cost of using foreign currencies will increase for the banks. Private sector entrepreneurs will have to spend more on interest to get foreign loans," said the executive director at the Policy Research Institute. He said the downgrading of the sovereign means all the banks' ratings have been downgraded by one notch automatically. The ratings of banks with reported lack of corporate good-governance will be lowered by another notch.

<https://thefinancialexpress.com.bd/economy/bangladesh/cost-of-foreign-trade-transactions-likely-to-increase-due-to-moodysdowngrading>

Budget 2023-24

Which listed firms to benefit or suffer from budget

Although the new budget does not have anything directly for the capital market, the proposed tax measures – rebates for some certain sectors and increases for others – may have an impact on stocks. It will have a positive impact on the profitability of the companies listed on the stock market in the sectors that receive tax exemption. At the same time, the listed companies in the sectors experiencing increased levies may face a negative impact on their profits.



<https://www.tbsnews.net/economy/budget/which-listed-firms-benefit-or-suffer-budget-643490>

DSE seeks inclusion of four points to facilitate investors

The Dhaka Stock Exchange (DSE), the country's main bourse, has reacted to the finance minister's proposed budget by placing four recommendations specific to the country's capital markets with a view to develop them further, reports UNB. The DSE placed its demands via a press release dated June 3 (Saturday). These are

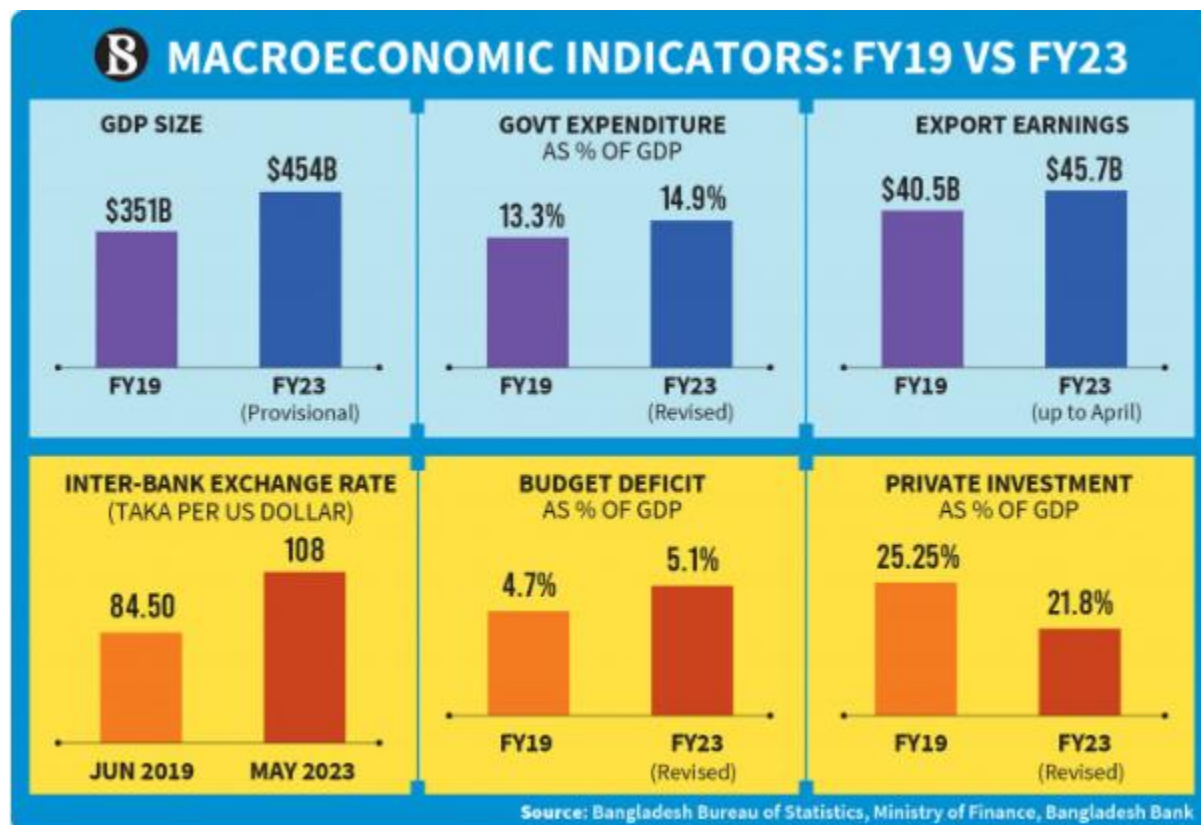
- tax exemption on earned interest from bonds,
- treatment of tax at source on dividend income as full and final settlement,
- reducing the tax at source for stock exchange stakeholders, and
- concessional tax rate for listed SME companies.

<https://thefinancialexpress.com.bd/stock/bangladesh/dse-seeks-inclusion-of-four-points-to-facilitate-investors>

As inflation roars FinMin pins hope on falling global prices

Efforts are underway to address the causes of inflation and tax exemption on imported goods is one of the measures that would provide relief to the public by reducing the prices of essential commodities, he said at a post-budget press conference at the Bangabandhu International Conference Centre. Additionally, the

government plans to facilitate the easy import of daily necessities to ensure a steady supply in the market, he maintained, acknowledging that inflation cannot be entirely curbed since it is a global issue.



<https://www.tbsnews.net/economy/budget/budget-fy24-awarded-all-rich-and-poor-kamal-642830>

BDT 20.84 Bn land tax revenue collection target set for FY24

The target for land revenue, specifically as non-NBR tax, has been set at BDT 20.84 Bn with a proposed allocation of over BDT 24.59 Bn for the Ministry of Land for the Fiscal Year (FY) 2023-24. As per the budget dockets, for the FY2022-23, more than BDT 23.83 Bn was proposed for the ministry but the amount was later revised and reduced to around BDT 19.5 Bn. Thursday's (1 June) budget speech of Finance Minister AHM Mustafa Kamal highlighted ongoing efforts to renovate, expand, and modernise the record rooms of Deputy Commissioners' offices, as well as the establishment of record rooms and the modernisation of upazila land offices.

<https://www.tbsnews.net/nbr/tk2084cr-land-tax-revenue-collection-target-set-fy24-643170>

Private investment target not possible: CPD

To achieve the private investment target in the next fiscal year as per the finance minister's wish, Bangladesh needs an additional BDT 4040.97 Bn of private investment, an increase of 41.8% compared to the outgoing fiscal year, according to the Centre for Policy Dialogue (CPD). The CPD made the disclosure at its post-budget briefing where the think-tank presented its detailed analysis of the budget for FY2023-24 at a hotel in Gulshan on Friday.

"It is not possible to achieve the private investment target as the investment-enabling environment will not improve overnight," Dr Fahmida Khatun, executive director of the CPD. For the outgoing fiscal year, Finance Minister AHM Mustafa Kamal had set a private investment target of 24.8% of GDP, then he revised the figure by 3% points. Yet, he proposed a very ambitious private investment target of 27.4% of GDP for the upcoming year and his projections surprised economists.

<https://www.tbsnews.net/economy/budget/budget-made-unrealistic-assumptions-targets-are-illusory-cpd-642670>

Global News

Pakistan posts record high inflation of 37.97pc in May

Pakistan saw a record high inflation of 37.97 per cent year on year in May, the Pakistan Bureau of Statistics (PBS) has said. Inflation in May increased by 1.58 per cent month on month with the food price hike remaining as the major driver behind the rise, the agency said in a statement on Thursday. The overall inflation in rural areas rose by 42.2 per cent whereas in urban areas a 35.1 per cent increase in inflation was recorded, the statement added.

<https://thefinancialexpress.com.bd/economy/global/pakistan-posts-record-high-inflation-of-3797pc-in-may>

Stock-Specific News

Emerald Oil back to profits after five years

Emerald Oil Industries Limited, which has been making losses for five straight years, has finally returned to profits in the fiscal 2021-22. Therefore, for FY22, the company's board of directors has recommended a 2% cash dividend to its shareholders in a meeting held last Thursday, where the company's audited annual report was also approved. According to the company's FY22 report, its after-tax net profit stood at BDT 12.1 Mn at the year end, which was a loss of BDT 36.2 Mn in FY21. Its earnings per share stood at BDT 0.17 and net asset value per share at a negative BDT 12.85 at the end of FY22.

<https://www.tbsnews.net/economy/stocks/emerald-oil-back-profits-after-five-years-643478>

Berger to keep Rupali Chowdhury as MD for three years more

Berger Paints Bangladesh Limited has recently extended the contract of its managing director, Rupali Chowdhury, for another three-year term. The company has also appointed Md Mohsin Habib Chowdhury as its chief operating officer. Rupali joined Berger Paints in 1990 as a planning manager and worked in different capacities, including marketing, sales, supply chain and systems, Berger Paints Bangladesh said in a press release. She significantly contributed to the market leader and the entire industry with her illustrious accomplishments since 2008.

<https://www.thedailystar.net/business/news/berger-keep-rupali-chowdhury-md-three-years-more-3335996>