

Economy

Govt cuts public food imports to save forex

Bangladesh plans to cut public foodgrain imports in the next fiscal year in an effort to save foreign currencies and avoid putting further pressure on the already strained forex reserves. The Directorate General of Food will buy 500,000 tonnes of rice and 600,000 tonnes of wheat from the international market in 2023-24 to build public food stocks and distribute the grains through various social protection schemes, including subsidised sales among low-income people. The targeted rice purchase is 44% lower than the revised estimated import of the cereal at 900,000 tonnes for the ongoing financial year, according to the budget documents of the finance ministry.

<https://www.thedailystar.net/business/economy/news/govt-cuts-public-food-imports-save-forex-3338911>

Inflation hits decade-high at 9.94% in May

Bangladesh continues to experience a sharp rally in inflation despite a decline in global commodity prices, primarily due to supply-side constraints. According to the latest report from the Bangladesh Bureau of Statistics (BBS) on Monday, the monthly inflation rate in May soared to a decade-high of 9.94%, up from 9.24% in the previous month, as both rural and urban people are paying higher prices for food and non-food items.

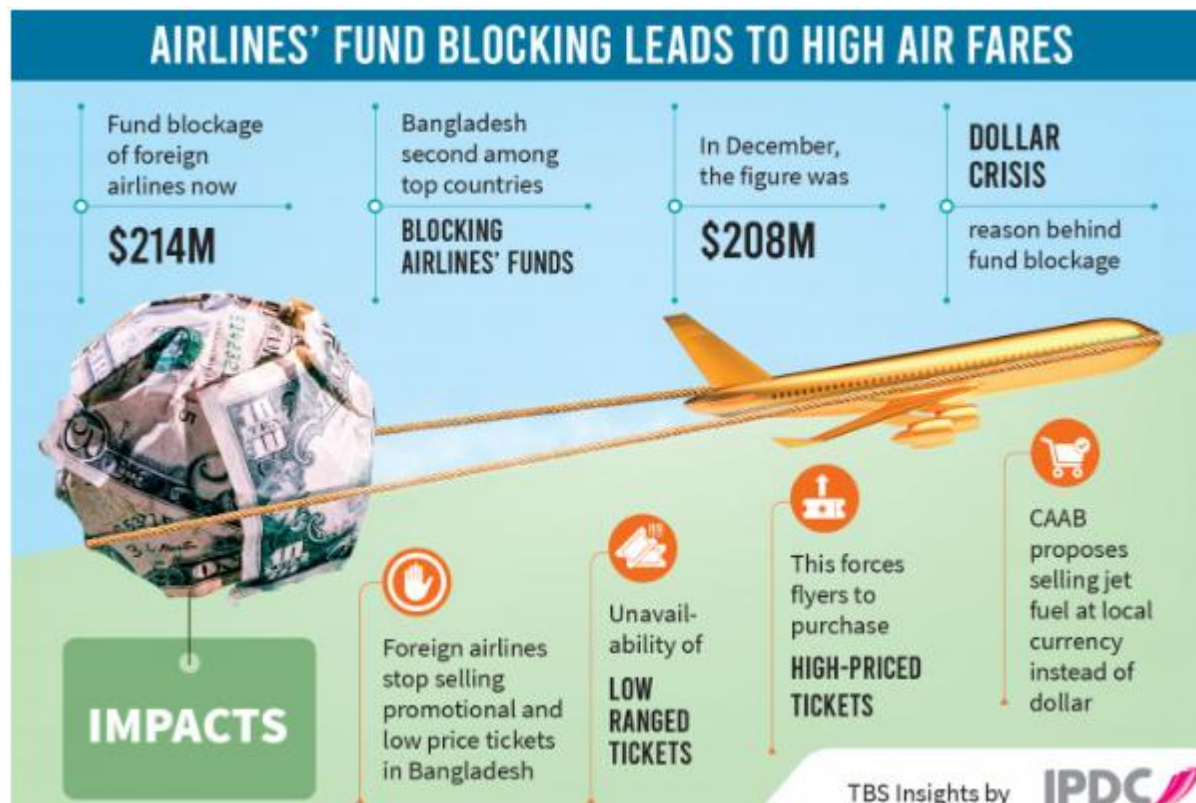
The surge in the inflation is higher than the 7.32% growth in wages in May, the statistical agency also revealed, indicating the hardship for fixed income earners. Supply-side disruptions, specifically the higher cost of production, have been identified as the primary drivers of inflationary pressure. Immediate measures are being urged to alleviate power and energy crises in order to facilitate production activities.

<https://www.tbsnews.net/economy/inflation-reaches-994-may-highest-over-decade-bbs-644334>

Foreign airlines' USD 214 Mn stuck in Bangladesh, now flyers paying the price

In a surprising revelation, travellers flying from Bangladesh to various foreign destinations are experiencing significantly higher ticket prices compared to those flying from India. Emirates Airlines, for instance, offers tickets from Kolkata to Dubai for as low as just above INR 24,000 (around BDT 31,000). The same airline will charge BDT 65,000 for a Dubai ticket from Dhaka. The price difference applies to other airlines as well that operate international flights to and from both India and Bangladesh.

Aviation insiders have said foreign airlines restricted lower-priced ticket sales from Dhaka as global carriers cannot repatriate sales proceeds from Bangladesh due to the persisting dollar crisis. This is among the reasons travellers from Bangladesh are paying much higher for the same global destinations than those flying from India.



<https://www.tbsnews.net/economy/aviation/foreign-airlines-214m-stuck-bangladesh-now-flyers-paying-price-644598>

Budget 2023-24

Budget at odds with 'Smart Bangladesh'

Terming the budget inconsistent with the aim of achieving 'Smart Bangladesh', business leaders of the ICT sector urged Prime Minister Sheikh Hasina to withdraw the 5.0% VAT on the software sector, proposed in the budget. Urging to extend the tax exemption facility for the ICT industry until 2030, they also said the announced budget for the fiscal year (FY) 2023-24 did not reflect the proposals of the information and communication technology (ICT) sector as expected.

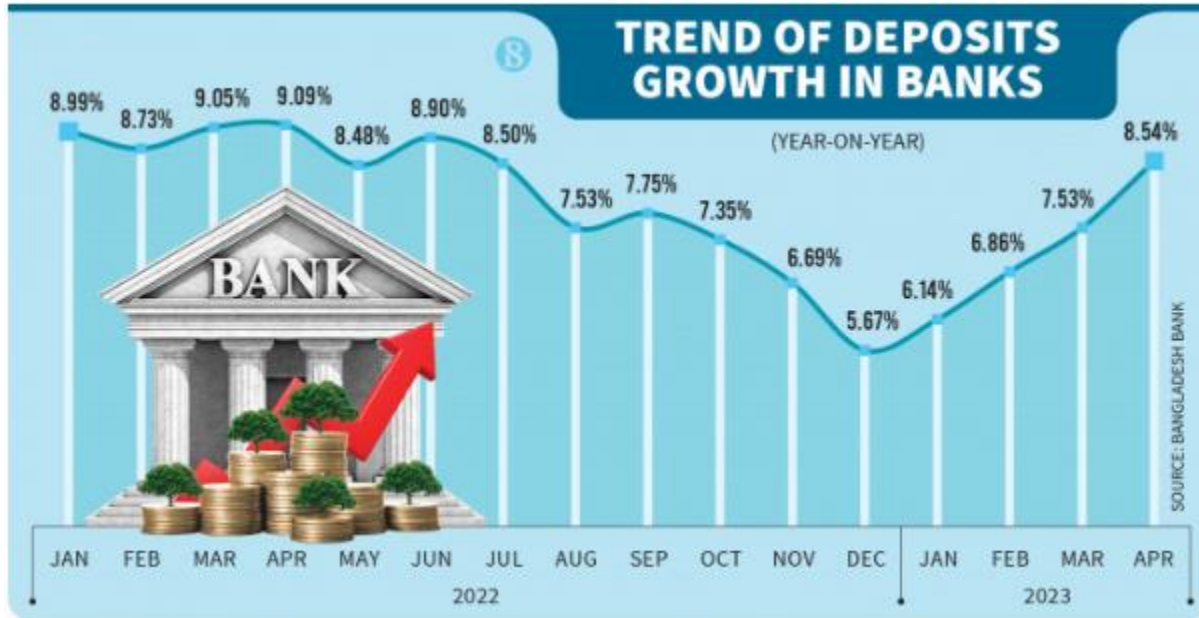
The leaders of the ICT sector trade-bodies said these in a press conference on post-budget reactions at BASIS Auditorium in Dhaka on Sunday. Bangladesh Association of Software and Information Services (BASIS), Bangladesh Computer Samity (BCS), Bangladesh Association of Contact Centre and Outsourcing (BACCO), Internet Service Providers Association of Bangladesh (ISPAB), and E-Commerce Association of Bangladesh (E-CAB) jointly organised the press conference.

<https://thefinancialexpress.com.bd/economy/bangladesh/budget-at-odds-with-smart-bangladesh>

Bank, Insurance, and NBFi

Deposits in banks rises by BDT 250 Bn in April

Deposits in banks increased by about BDT 250 Bn in April, reflecting the customers' growing confidence despite a 9% inflation rate in the last few months. However, deposits in Islamic banks did not increase much; rather, the amount of excess liquidity in a number of such banks has dropped in the first quarter of this year. ▪ According to the Bangladesh Bank's data, the total amount of bank deposits stood at BDT 15.48 Tn at the end of April, which was BDT 15.23 Tn in March. The bulk of the increased amount – around BDT 200 Bn – in April was time deposits of various tenures, while the rest were demand deposits.



<https://www.tbsnews.net/economy/banking/deposits-banks-rises-tk25000cr-april-644574>

Islamic banks' loan surges 9 times their deposits in a year

Investments made by full-fledged Islamic banks in Bangladesh surged nearly nine times their deposits in a span of a year, raising questions as private sector credit growth has slowed in the entire banking sector, official figures showed. The banks registered an increase in investments, or loans, by BDT 460.11 Bn in January-March of 2023 compared to the identical quarter of 2022. Deposits rose by BDT 51.69 Bn during the same period, data from the Bangladesh Bank showed. ▪ On top of that, the full-fledged Islamic banks, now numbered 10, were the biggest sufferers of fund withdrawals after the banking sector was hit with fresh loan irregularities: they lost deposits amounting to BDT 4270 Mn in the first quarter of this year in comparison to the last quarter of 2022.

<https://www.thedailystar.net/business/economy/banks/news/islamic-banks-loan-surges-9-times-their-deposits-year-33>

Issuance of prepaid instruments to come under BB guidelines

Issuing various prepaid instruments, such as cash vouchers, gift cards, cash cards, reward cards and wallets, by nonpayment system entities is going to come under a legal framework that includes a provision prohibiting the purchase and conversion of illegal online gambling, betting, virtual currency, diamonds, coins etc.

The central bank is set to issue guidelines to bring discipline to such prepaid transactions by private enterprises, including e-commerce companies, shopping centers and malls, who mainly use the prepaid payment instruments as a marketing tool. But according to central bank officials, the instruments sometimes offer unrealistic discounts or cash rewards that do not align with reality. Referring to the Digital Commerce Operation Guidelines 2021 by the commerce ministry, a senior Bangladesh Bank official said the issuance, use, sale and purchase of such items without prior approval from the central bank are prohibited.

<https://thefinancialexpress.com.bd/economy/bangladesh/issuance-of-prepaid-instruments-to-come-under-bb-guidelines>

Stock-Specific News

Grameenphone to halve carbon emission by 2030

Leading telecom operator Grameenphone has pledged to reduce its carbon emissions by 2030. The organisation has set a target to reduce 50% carbon emissions (CO₂) by 2030, taking 2019 emissions as the baseline, the mobile phone operator said in a statement. GP said it converted around 1,200 towers into solar energy powered sites in remote places.

<https://www.thedailystar.net/business/news/grameenphone-halve-carbon-emission-2030-3338606>

Intraco Refueling conditionally allowed to issue BDT 500 Mn bond

The Bangladesh Securities and Exchange Commission (BSEC), with some conditions, has recently allowed Intraco Refueling Station Limited to issue a convertible bond worth BDT 500 Mn. BSEC Executive Director Mohammad Rezaul Karim said the commission has issued a letter of intent in this regard. City Bank Capital Resources Limited, an issue manager of Intraco's bond, did not make any comment in this regard. Intraco posted a revenue of BDT 1.08 Bn and a net profit after tax of BDT 103.4 Mn in the fiscal 2021-22. As of 30 April 2023, sponsors and directors jointly held 30.06%, institutions 21.82%, and the general public 48.12% shares in the company.

<https://www.tbsnews.net/economy/stocks/intraco-refueling-conditionally-allowed-issue-tk50cr-bond-644558>