

Economy

BDT 2630 Bn ADP approved with highest allocation for transport

Bangladesh's development budget faces a persistent issue of inefficiency in utilising foreign funds allocated for projects. This trend has continued in recent years, and the upcoming budget follows suit. Of the BDT 2630 Bn budget for the Annual Development Programme (ADP) for upcoming fiscal year 2023-24, BDT 940 Bn or 35.74% will come from foreign sources as project loans, according to the planning commission. The ADP of FY24 is 6.88% higher compared to that of the outgoing year.

In the outgoing fiscal year, the government reduced the contribution of project loans from the initial proposal of BDT 930 Bn to BDT 745 Bn, accounting for 32.73% of the total outlay. In the previous year, foreign loans accounted for 33.83% of the total ADP budget.

<https://www.tbsnews.net/economy/tk263000cr-adp-approved-highest-allocation-transport-629982>

Bangladesh 2nd in South Asia in bad loan ratio

Bangladesh's banking sector has the second-highest ratio of non-performing loans (NPL) among the countries in South Asia as lenders continue to face multiple challenges emanating from scams, a lack of corporate governance and borrowers' growing reluctance to make instalments regularly. And in the case of non-bank financial institutions (NBFIs), the ratio of NPL is the highest in Bangladesh, with Sri Lanka coming second, according to a World Bank report, which was released recently. The report styled "Expanding Opportunities: Toward Inclusive Growth" said the latest NPL ratios remain below the 2021 levels and the 10% threshold commonly used to indicate systemic stress in most South Asian countries.

<https://www.thedailystar.net/business/economy/news/bangladesh-2nd-south-asia-bad-loan-ratio-3319251>

Per capita income falls to USD 2,765

The per capita income in Bangladesh fell 1% year-on-year to USD 2,765 in 2022-23. Citing estimates by the Bangladesh Bureau of Statistics, a planning ministry official confirmed the fall, chalking it down to the devaluation of the taka against the US dollar. State Minister for Planning Shamsul Alam, however, said per capita income had grown in terms of taka in pace with the economy, which also grew 6.03% this fiscal year. Per capita income was USD 2,824 in 2021-22 fiscal year, up from USD 2,591 in 2020-21. As taka's value fell amid the Russia-Ukraine war and the dollar crisis, incomes also fell.

<https://www.tbsnews.net/economy/capita-income-falls-2763-630090>

Bangladesh's GDP growth projection for FY23 revised down to 6.03%

Bangladesh's GDP growth projection has been lowered further to 6.03% for the current fiscal year, State Minister for Planning Shamsul Alam said On Thursday. This growth rate surpasses the estimates made by the Asian Development Bank and the World Bank, although it is slightly lower than the government's initial projection of 6.5%.

According to The Bangladesh Development Update April 2023 by the World Bank, the country's gross domestic product (GDP) is expected to increase by 5.2% in the fiscal year 2023. This lower projection is

influenced by factors such as elevated inflation, tighter financial conditions, disruptive import restrictions, and global economic uncertainty. In line with these figures, the Asian Development Bank (ADB) reported in April that Bangladesh's GDP will grow by 5.3% in FY23.

<https://www.tbsnews.net/economy/bangladeshs-gdp-growth-projection-fy23-revised-down-603-629998>

IsDB to provide EUR 270 Mn for housing project

The Islamic Development Bank (IsDB) is set to provide EUR 270 Mn to Bangladesh for the rural and peri-urban housing project. The board of governors of the bank approved the loan during its annual meeting at Jeddah in Saudi Arabia that took place from May 10 to 13, according to a press release from the Economic Relations Division (ERD) of Bangladesh. The theme of this year's meeting was "Partnerships to Fend off Crises" and a delegation from Bangladesh led by ERD Secretary Sharifa Khan took part in the meeting. The delegation emphasized the importance of IsDB supporting its member countries with concessional financing, technical support and building partnerships to tackle the current geopolitical crisis.

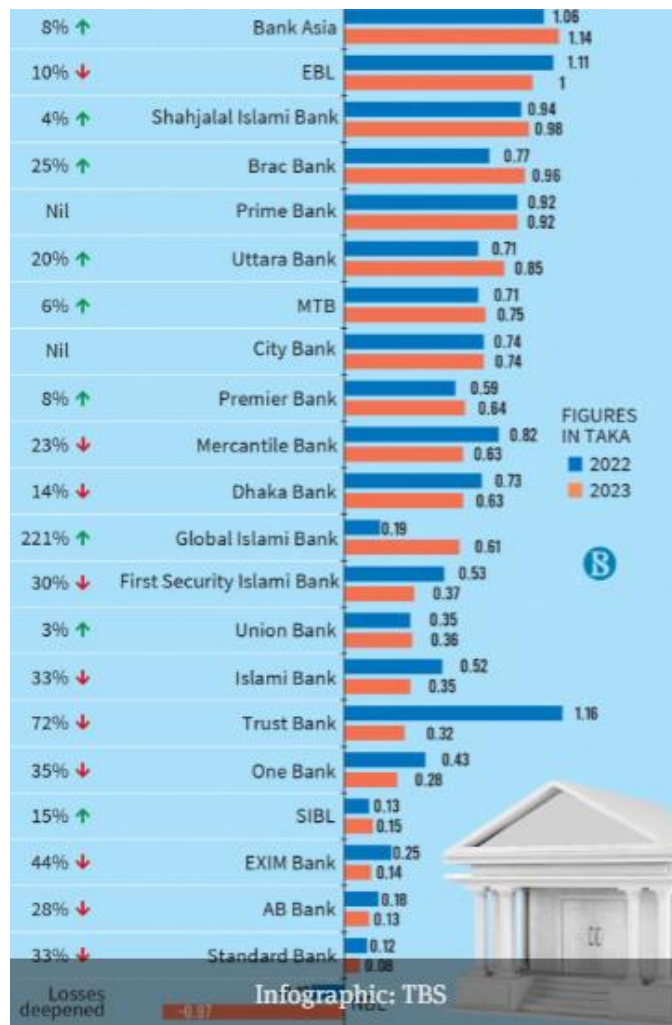
<https://www.thedailystar.net/business/economy/news/isdb-provide-eu270m-housing-project-3319246>

Bank, NBFi, and Insurance

Costly deposit slashes banks' profits in Jan-Mar

Most of the listed banks, in the first quarter of 2023, failed to manage year-on-year growth in profits owing to lower net interest income driven by a higher deposit rate. According to bankers, last year, foreign currency exchange gain helped most banks absorb inflationary pressure and post higher profits. But this year, the exchange gain was not as overwhelming.

Also, the Bangladesh Bank has fixed banks' deposit rate in line with inflation, i.e. the deposit rate should not be below the three-month average of inflation. As a result, deposits have become expensive. But on the other hand, the central bank did not remove the ceiling for banks' lending rate.



<https://www.tbsnews.net/economy/stocks/costly-deposit-slashes-banks-profits-jan-mar-631258>

FMCG

Govt eyes Tk5,000cr more revenue from cigarette by fixing retail price gap

The government plans to set a maximum retail price for a pack of cigarettes to earn more revenue, plugging the gap between what retailers charge from customers and what is printed on the packet, according to a senior finance ministry official. Now, the retail price is printed on the packet, but customers have to pay at least Tk10 to Tk20 higher. This means the government loses revenue as the taxes are calculated on the basis of the rate printed on the packet.

GOVT TO FIX MAXIMUM RETAIL PRICE OF CIGARETTES			
Segment of cigarettes	Per stick selling prices at retail level	Per stick Revenue loss at retail sales	Total tax
PREMIUM	TK15-16	TK0.80 TO TK1.80	80%
HIGH	TK12.00	TK0.90	80%
MID	TK7.00	TK0.50	80%
LOW	TK5.00	TK1.00	72%

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Sources: NBR, LTU VAT

For instance, a ten-stick packet of premium brand cigarettes (such as Benson & Hedges and Marlboro) has a retail price tag of Tk142, which means each stick should cost Tk14.2. However, buyers are currently being charged Tk16 per stick, which stands at Tk160 for a packet, resulting in a potential revenue loss of Tk18 per packet of 10 sticks only.

<https://www.tbsnews.net/nbr/govt-eyes-tk5000cr-more-revenue-cigarette-fixing-retail-price-gap-631370>

Engineering

Steel makers halve production as Turkey-Syria reconstruction fuels scrap price hikes

Over the past month, scrap ship prices in the international market have risen from \$525 per tonne to \$575 per tonne. The international market is facing a rise in scrap prices once again, attributed to the increasing demand for steel due to large-scale infrastructural rebuilding projects in Turkey and Syria. These projects were initiated after a devastating earthquake hit both countries in February, causing the destruction of thousands of buildings.

Entrepreneurs in the country's steel sector have reported that the situation has forced them to cut down on rod production by 40%-50%. This has made it extremely difficult for businesses in the sector to stay afloat. Factory owners are struggling to meet operational expenses, including employee salaries, due to the decline in production and sales. Those who have taken out bank loans to run their factories are facing the most serious financial crises, they said.

<https://www.tbsnews.net/economy/industry/steel-makers-halve-production-turkey-syria-reconstruction-fuels-scrap-price-hikes>

Textile

RMG exports reach USD 38.57 Bn with 9.09% YoY growth during July-April

Bangladesh's apparel industry has recorded a strong year-over-year (YOY) growth of 9.09% for the period of July-April in FY2022-23, according to the data released by the Export Promotion Bureau (EPB). The country's total RMG export during this period reached USD 38.57 Bn, out of which the EU market accounted for USD 19.20 Bn, accounting for 49.78% of total exports. The EPB data revealed that the country's export to EU countries grew by 8.58% compared to the same period of the previous fiscal year. However, exports to Germany, Bulgaria, and Poland have declined. In contrast, Bangladesh's RMG export to France and Spain showed positive growth of 22.21% and 16.69% year-over year, respectively.

<https://www.tbsnews.net/economy/rmg/rmg-exports-reach-3857-billion-909-yoy-growth-during-july-april-630858>

Stock-Specific News

British American Tobacco to invest BDT 610 Mn for capacity expansion

British American Tobacco Bangladesh Company Limited is going to invest BDT 610 Mn in its factory to increase the production capacity. The company's board has taken this decision in a meeting held on Wednesday where the company's unaudited financial report for the January to March quarter of 2023 was reviewed and approved. According to the company's disclosure on the Dhaka Stock Exchange (DSE) website on Thursday, British American Tobacco will finance this investment through its own funds and bank loans.

<https://www.tbsnews.net/economy/stocks/british-american-tobacco-invest-tk61cr-capacity-expansion-630202>

Runner to issue BDT 2650 Mn bond to fuel three-wheeler business

Runner Automobiles will raise USD 25 Mn, equivalent to around BDT 2650 Mn, through issuing a non-convertible guaranteed bond to fuel its eco-friendly three-wheeler business, according to a disclosure through the Dhaka Stock Exchange (DSE). The money would be utilised partly to set up a rooftop solar power system for its three-wheeler manufacturing facility, and the rest of the amount would be used to augment the customer base for its liquefied petroleum gas (LPG) and compressed natural gas (CNG)-run three-wheelers as well as the electric ones through credit sales. The taka-denominated bond will be guaranteed by GuarantCo, and will have the first ever Moody's sustainability certification for any Bangladeshi company, said Runner's Chief Financial Officer (CFO) Shanat Datta.

<https://www.tbsnews.net/economy/stocks/runner-issue-tk265cr-bond-fuel-three-wheeler-business-630002>

Agrani Insurance's profit climbs 18%

Agrani Insurance Company Ltd posted more than 18% year-on-year increase in profit to BDT 63.2 Mn in the financial year that ended on December 31. The profit stood at BDT 53.4 Mn in 2021. The insurer reported consolidated earnings per share of BDT 1.99 for 2022 against BDT 1.68 in 2021. The consolidated net asset value per share improved to BDT 20.17 from BDT 19.84 but the consolidated net operating cash flow per share plummeted to BDT 0.54 from BDT 1.37.

<https://www.thedailystar.net/business/economy/news/agrani-insurances-profit-climbs-18-3317506>