

Economy:

Bangladesh's exports soar by 15.26% in July

Bangladesh's merchandise exports grew by an impressive 15.26% year-on-year to USD 4.59 Bn in July, the first month of the new fiscal year, as per government data. This robust growth was driven by an acceleration in the shipment of apparel items, which will help the country minimise its ongoing foreign exchange crisis. The data released on Wednesday by the Export Promotion Bureau (EPB) showed that the garment sector contributed over 86% to the overall export earnings. The growth came as a surprise to apparel exporters, while economists observe a big gap between the experiences of industry people and the data provided by the government.

<https://www.tbsnews.net/economy/bangladeshs-exports-soar-1526-july-675682>

Inflation in BD stubbornly high despite fall in S Asia

Bangladesh still sees consumer-price index (CPI) still indomitably high, pushed by price rises, despite significant fall in inflation in South Asian nations and worldwide, analysts said Wednesday. Global price fall of different commodities has hardly had impact on the inflation in Bangladesh, they noted, as latest statistics show the CPI hurtling down from astronomical highs in few neighbours- Sri Lanka in particular. Economists and analysts say "failure" in demand-supply management from the fiscal and monetary perspectives, smooth product-supply mechanism, and "dishonesty" on part of some businessmen, extortion on roads and markets are to blame for higher CPI trend in Bangladesh. An FE analysis has found that the inflation in troubled Sri Lanka and Pakistan have dropped drastically while India, the Maldives, Nepal and Bhutan also have seen significant fall. Contrarily, the month-on-month inflation in Bangladesh has maintained a higher trend in the current calendar year 2023 since the starting month of January. The point-to-point inflation in Bangladesh was recorded at 9.74 per cent in June on a track of market volatility over six months. In January last, the country's inflation rate was 8.57 per cent, Bangladesh Bureau of Statistics (BBS) data showed.

<https://thefinancialexpress.com.bd/economy/bangladesh/inflation-in-bd-stubbornly-high-despite-fall-in-s-asia>

Will the butterfly effect of US rating downgrade reach our shores?

The rating downgrade of the US could potentially lead to a further increase in US Treasury yields, resulting in capital losses for Bangladesh's foreign exchange reserves invested in US treasury bonds. This situation may also put additional strain on foreign investment inflows, intensifying stress on the country's capital account, analysts suggest. On Tuesday, rating agency Fitch downgraded the US government's top credit rating to AA+ from AAA, a move that the White House and the US Treasury strongly criticised as arbitrary. Analysts say the downgrade might leave an impact on Bangladesh as the US is the biggest source of foreign investment for the country. Bangladesh Bank data show that 80% of the total forex reserves are held in the US dollar, of which a major portion remained invested in the US treasury as of May this year.

<https://www.tbsnews.net/economy/will-butterfly-effect-us-rating-downgrade-reach-our-shores-675946>

Thumbprints now mandatory for taking loans

In the wake of some borrowers and guarantors denying having been provided loans, Bangladesh Bank (BB) today made it compulsory for banks to take thumbprints to ensure proper recovery of depositors' money, which was welcomed by bankers. The central bank, citing High Court observations, said some writs have been filed in the recent period where borrowers and guarantors denied having signed loan and guarantee-related documents.

<https://www.thedailystar.net/business/news/thumbprints-now-mandatory-taking-loans-3384836>

Banks, NBFI, and Insurance

Banks' BDT 160 Bn stock investments remain stuck for floor price

Banks' investments of more than BDT 160 Bn have remained almost stuck in the stock market for the last one year owing to a thin presence of buyers amid the floor price, which has hit lenders' bottom line and brought down their liquid assets. The Bangladesh Securities and Exchange Commission (BSEC) set the floor price of every stock to halt their free fall amid global economic uncertainties brought on by the dragging coronavirus pandemic in 2021. Fifty-three banks invested BDT 163.14 Bn in the stock market in 2022 but the investments yielded almost no capital gains. Their only consolation came from dividends, which were largely flat in 2022 compared to a year ago. Bankers describe the floor price-induced situation as unique for them, saying banks don't prefer to invest in stocks that are not liquid. All local private commercial banks have investments in the stock market but the proportion is higher among state-run banks.

<https://www.thedailystar.net/business/economy/stock/news/banks-tk-16000cr-stock-investments-remain-stuck-floor-price-3385136>

BGIC achieves 'AAA' credit rating

Bangladesh General Insurance Company (BGIC) Ltd has achieved Triple-A ('AAA') credit rating in the long-term and 'ST-1' in the short term. Argus Credit Rating Services Ltd has determined the credit rating for the insurer, said a press release. The rating was determined in light of the audited financial statements for the financial year that ended on December 31, 2022, the unaudited financial statements up to June 30, 2023 and other relevant information. The insurer was listed as a non-life insurance company on the stock exchanges of Bangladesh in 1989.

<https://www.thedailystar.net/business/economy/news/bgic-achieves-aaa-credit-rating-3384981>

Mercantile Bank re-elects vice-chairman, EC chairman

ASM Feroz Alam and Akram Hossain Humayun have recently been re-elected as vice chairman and chairman of executive committee of the board of directors of Mercantile Bank Ltd. Alam, who is associated with leasing and banking business, is a director of Mercantile Bank Securities Ltd, and managing director of Toyo System BD Ltd, said a press release. Humayun, a sponsor director of the bank, was the chairman of the bank and served as vice-chairman, EC chairman and other committees of the board of directors of the bank.

<https://www.thedailystar.net/business/economy/banks/news/mercantile-bank-re-elects-vice-chairman-ec-chairman-3384976>

Capital Market:

DSEX buoyant as investors opt for oversold stocks

Dhaka bourse's benchmark index DSEX managed to stay afloat on Wednesday as it inched up 0.07% to close at 6,342. On the day (August 02, 2023), the market was upbeat during the early hours of trade. But the DSEX failed to retain that momentum amid profit-booking pressure from some trendy insurance stocks. But a number of small, mid and large cap stocks, that attracted buyers following the recent leg of selloff, helped the DSEX offset the drag by insurance stocks. Blue chip index DS30 underperformed with a meagre 0.01% increase, while Shariah index DSES increased by 0.14%. The equity indices of the DSE stayed buoyant for the second consecutive session as opportunistic investors continued to seize quick-gain opportunities in sector-specific issues following the recent corrections in the market. On the sectoral front, general insurance, food, and life insurance together made over 44% of the day's turnover. Most of the sectors displayed small positive returns while travel, jute, and ceramic led the gainers. On the other hand, general insurance, life insurance, and cement led the losers.

<https://www.tbsnews.net/economy/stocks/dsex-inch-amid-mixed-trading-675642>

Stock/Bond-Specific:

Inflation hurts Horlicks sales even more than pandemic

Unilever Consumer Care Ltd, the company behind the making and marketing of the most popular health food drink in the country, faced a 24% decline in its revenue quarter-on-quarter in April-June this year, while its quarterly revenue of BDT 826 Mn was even lower than that for the same period during the pandemic years of 2020 and 2021. Meanwhile, Horlicks prices surged a lot due to the soaring costs, which means sales volume dropped more than the decline in revenue. During the pandemic, the company launched "Horlicks Sachet" a BDT 10 mini pack to prepare a glass of Horlicks with milk which played a significant role in reaching more households and growing sales. At the end of the tough year 2022, Horlicks reached over 26% of Bangladeshi households, up from less than 16% two years back. However, the rising cost of production as a global economic impact of the Ukraine War – soaring raw material and dollar prices – weakened even the winning pack's appeal as its price initially at the end of 2022 was raised to BDT 12 and again earlier this year to BDT 15.

<https://www.tbsnews.net/economy/stocks/inflation-hurts-horlicks-sales-even-more-pandemic-675846>

200MW solar power plant opens by Beximco

Prime Minister Sheikh Hasina yesterday inaugurated a 200-megawatt (MW) solar power plant, the highest renewable resource-focused power generation capacity of a single facility in the country, built by Beximco Power Ltd. Some USD 300 Mn was invested to set up the plant, named Teesta Solar Ltd, on 650 acres of a landmass formed through sedimentation in Sundarganj upazila of the northwestern district of Gaibandha, said a press statement. The plant is expected to provide 200MW of electricity to the national grid daily, said the statement issued by Public Relations Officer Shafiqul Islam of the office of the adviser to the prime minister on private industries and investment. Shayan F Rahman, chairman of Beximco Power Limited said they launched the first sukuk bond of the private sector in the country to finance this project

<https://www.thedailystar.net/business/economy/news/200mw-solar-power-plant-opens-3385101>

Two firms, an investor fined for stock manipulation

The securities regulator slapped fines on an individual investor as well as directors at two firms — Meghna Condensed Milk and Mithun Knitting and Dyeing — because of share price manipulation and submission of fake financials. The Bangladesh Securities and Exchange Commission (BSEC) took this decision at a commission meeting held on 17 July. A senior official at the BSEC, seeking anonymity, said Meghna Condensed Milk has submitted overstated and false financial reports to the Dhaka Stock Exchange (DSE), which misled the investors in trading the company's shares. Which is why the managing director and chairman at Meghna Condensed Milk each have to pay a fine of BDT 10 Mn. Consequently, MF Kamal has to pay BDT 20 Mn fine as he is both the chairman and managing director of the company. Mithun Knitting and Dyeing's directors have to pay a fine of BDT 0.3 Mn each because of violating securities rules. The company is now known as Toto Knitex. The BSEC has called the company's directors to know their plan on reviving the firm's business.

<https://www.tbsnews.net/economy/stocks/two-firms-investor-fined-stock-manipulation-675858>

Bata Bangladesh appoints India's Emami Agrotech marketing chief as managing director

Bata Shoe Company (Bangladesh) Limited has appointed Debabrata Mukherjee as managing director. Mukherjee previously worked as the chief marketing and strategy officer at Emami Agrotech, the edible oil and biodiesel arm of the India-based Emami Group. On Wednesday, Bata Bangladesh's shares crossed BDT 1,000 apiece at the DSE. Bata Bangladesh reported the highest-ever revenue in its history for the first half of this year. The multinational footwear manufacturer attributed the record-breaking revenue to increased consumer spending during Eid festivals when people traditionally buy new clothes and shoes.

<https://www.tbsnews.net/economy/stocks/bata-bangladesh-appoints-indias-emami-agrotech-marketing-chief-managing-director>

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