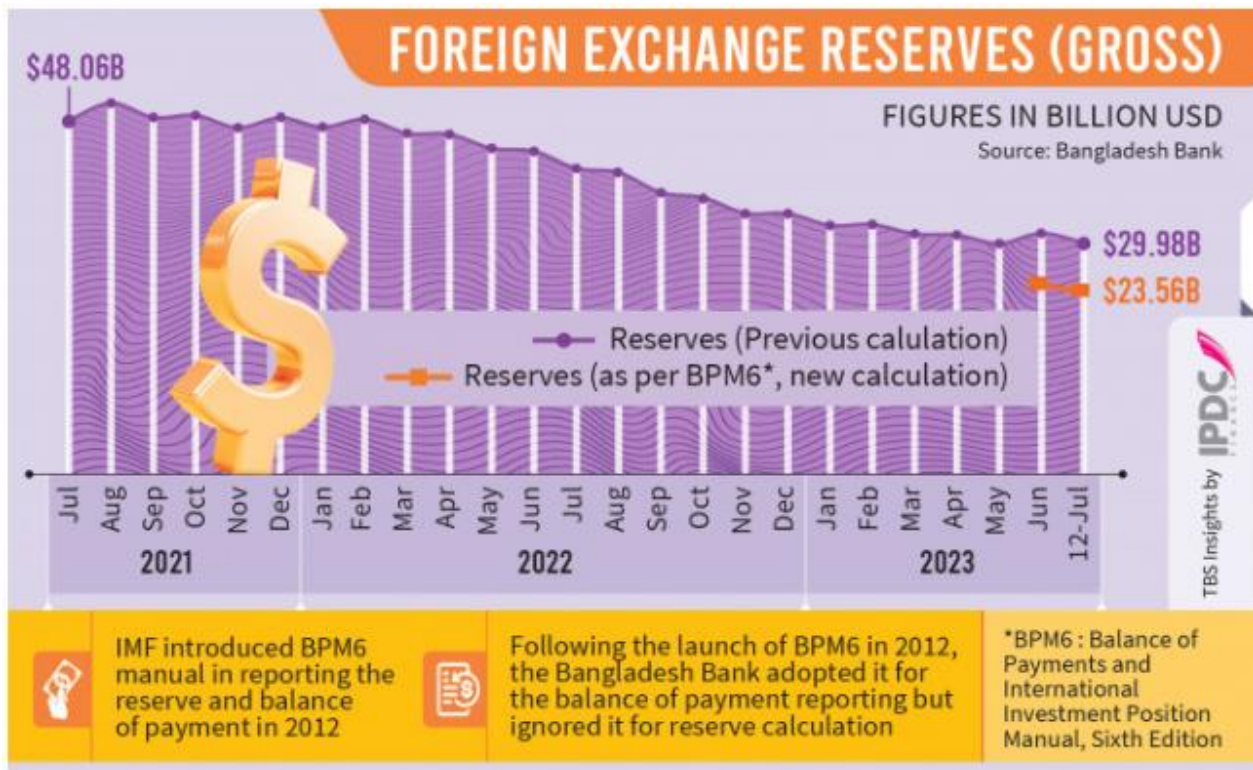


Economy

Gross reserves now USD 23.5 Bn officially

Country's gross foreign exchange reserves dropped by USD 6.44 Bn to USD 23.56 Bn in the Bangladesh Bank's new reserve calculation, published on Thursday, as per the formula suggested by the International Monetary Fund. The gross reserves was USD 29.92 Bn as per the previous calculation, according to the central bank data posted on its website. The newly calculated figure is the real reflection of the country's reserves as the Bangladesh Bank started following the IMF's Balance of Payments and International Investment Position Manual (BPM6). The new gross reserves can cover imports of nearly four months as per recent import trend. International standard on reserves requires three months' import bill coverage.



<https://www.tbsnews.net/economy/banking/bb-implements-imf-guidelines-reveals-644b-drop-forex-reserves-664718>

Bangladesh's per capita debt BDT 95,019: BB

Bangladesh's domestic and external debt stands at around BDT 16.14 Tn, according to the latest report of Bangladesh Bank (BB), as a result of which, the per capita debt of people stands at BDT 95,019. But income is still higher than per capita debt. The current annual per capita income of the people of the country is USD 2,793, which is around BDT 0.33 Mn in Bangladeshi currency. Though Bangladesh is still in a good position in terms of debt-GDP ratio compared to many countries in the world, a big portion of the national budget is spent on loan interest payments, said Economist Ahsan H Mansur.

<https://www.tbsnews.net/economy/bangladeshs-capita-debt-tk95019-bb-664942>

Govt's search for budget support: Foreign borrowing at floating rates hikes debt burden

Recent aggressive external borrowing to make ends meet hikes Bangladesh's debt burden further as cumulative interest rates have even surpassed 6.0 per cent, the highest in years, insiders said. The government recently signed in four budgetary-support credits, two of which are based on floating rates that come close to interest on commercial loans at this moment.

In June, the government borrowed US\$800 million in budgetary-support credits from the Asian Development Bank (ADB) and the Asian Infrastructure Investment Bank (AIIB) which are both floating-interest-rate-based (Secured Overnight Financing Rate-based).

<https://thefinancialexpress.com.bd/economy/bangladesh/foreign-borrowing-at-floating-rates-hikes-debt-burden>

Emerging market equity fund inflows outpace developed market rivals

Emerging market equity funds are outpacing developed market rivals in attracting inflows for the first time in three years, underscoring a relatively more favorable growth outlook and expectations of faster rate cuts in many less developed markets, reports Reuters. Refinitiv Lipper data shows money inflows into emerging market (EM) equity funds hit \$30.55 billion in the first half of the year, compared with outflows of \$88.65 billion from developed market equity funds.

Data from the Institute of International Finance on Thursday also showed foreigners injected a staggering \$22 billion net into emerging market portfolios in June, marking the highest influx since January. The case for emerging markets, analysts say, is they were ahead of developed markets in tightening monetary policy and are now beginning to reap the rewards of falling inflation, lower borrowing costs and improved growth.

<https://today.thefinancialexpress.com.bd/stock-corporate/emerging-market-equity-fund-inflows-outpace-developed-market-rivals-1689435511>

Demand for electric bikes gaining momentum

The demand for electric motorbikes is increasing in Bangladesh for being an eco-friendly and cost-effective mode of transport. The use of electric motorbikes has increased since then, with the biggest spike seen in 2022, according to industry people. The adoption of electric two-wheelers has ramped up as they are more environmentally friendly and cost-effective than those powered by fossil fuel, they said. Besides, advancements in the required components, such as quickly rechargeable batteries and lightweight motors, are also driving demand.

Just six or seven years ago, up to 10 electric motorbikes were sold each month compared to more than 50 units at present, said Iftakher Hossain, a system analyst of Akij Motors. Similarly, up to seven electric bikes that run on three wheels are now being sold each month compared to just three units previously.

<https://www.thedailystar.net/business/economy/news/demand-electric-bikes-gaining-momentum-3369866>

Bicycle makers face crisis as war, global economic slowdown hit export

Corvo Bicycle Limited has been manufacturing bicycles in Karnaphuli Export Processing Zone, Chattogram for over a decade, relying on Trident Cycles Company Limited's factory in the same EPZ for parts production. Corvo usually produces 350,000 to 400,000 units of bicycles annually. However, both the Taiwanese companies' factories have been closed for three months due to a decline in purchase orders.

AKM Tanvir Uddin, manager (commercial) of the two companies, said, "The export markets for bicycles produced in Bangladesh are mainly in Europe. Purchase orders have come to a halt due to the post-pandemic global economic crisis and the Russia-Ukraine war. Our European buyers still have surplus stocks of bicycles, which has led to the closure of our factories since April this year."

<https://www.tbsnews.net/economy/industry/bicycle-makers-face-crisis-war-global-economic-slowdown-hit-export-665554>

Bank, NBF, and Insurance

Banks can now reschedule default loans of cold storages

Banks would be able to reschedule default loans of cold storages that preserve perishable crops, mainly potatoes, Bangladesh Bank (BB) said today. In a circular, the banking regulator said banks can allow cold storages to repay default loans in a maximum of 10 years with a year of grace period, a move that comes following demands from cold storages' association.

For rescheduling, banks will need to separate balance of classified loans as of June 30 this year to cold storages in two accounts -- principal amount in one account while the interest in a blocked account. The BB said the interest will be charged on the principal amount as per the rule and the borrowers will have to clear an instalment in every six months. The central bank has directed the borrowers to realise the principal amount after the end of the one-year grace period and later the interest kept in the blocked accounts.

<https://www.thedailystar.net/business/news/banks-can-now-reschedule-default-loans-cold-storages-3368176>

Textile

New export destinations reinvigorate Bangladesh's apparel industry

The annual export data released recently revealed that Bangladesh's earnings from apparel exports have jumped by 10%, despite facing a significant decline in exports to the US, historically considered the top export destination. A bdnews24.com report, citing Export Promotion Bureau (EPB) data, states exports to the US have dropped by 5.51% in the recently concluded fiscal year (FY23). Similarly, exports to some of the major European destinations, like Germany and Poland, within the EU have fallen sharply, by 6.81% and 13.66%, respectively. However, the data also revealed an interesting fact- a growth in apparel export in some non-traditional export destinations, mainly India, Australia and Japan. In the last fiscal year, the exports of Bangladesh-made apparel have increased in South Korea, China, UAE, Mexico, Malaysia, Saudi Arabia and Türkiye.

<https://thefinancialexpress.com.bd/economy/bangladesh/new-export-destinations-reinvigorate-bangladeshs-apparel-industry>

Entrepreneurs can now make textile products in leased jute mills

Entrepreneurs will now be able to set up textile industries by leasing state-owned jute mills as the authorities have softened stance for jute-related activities only due to a low response. The Bangladesh Jute Mills Corporation (BJMC) has made necessary changes to the terms and references and recently floated an international tender to lease out all nine jute mills under its supervision to the private sector. The amended terms now allow private sector entrepreneurs to produce jute, jute-related goods, or textile products, with both forward and backward linkages to the jute or textile industries.

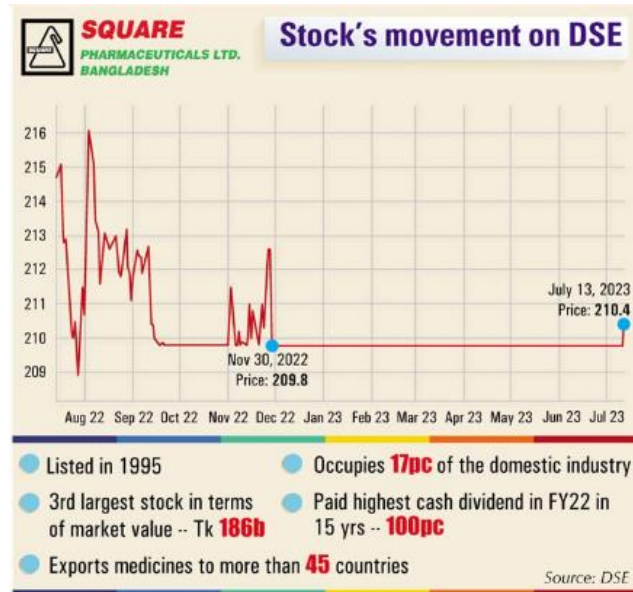
<https://www.tbsnews.net/economy/entrepreneurs-can-now-make-textile-products-leased-jute-mills-664678>

Stock-Specific News

Square Pharma takes off on contract manufacturing deal to meet demand

The flagship company of Square Group decided to sign an agreement with Aristopharma the day before on contract manufacturing of some of its regular products. Non-listed Aristopharma, one of the top 10 pharmaceutical companies in the country, will manufacture Square products as per the demand, said Company secretary Khandaker Habibuzzaman.

"The board will formally sign the deal shortly," he said, adding that new products would be included in the deal if the demand went up. Market insiders said investors showed buying interest in Square Pharma after a long time as they deemed the current price level lucrative ahead of the dividend declaration.



<https://thefinancialexpress.com.bd/stock/bangladesh/square-pharma-takes-off-on-contract-manufacturing-deal-to-meet-demand>

Sena Kalyan Insurance's profit drops 29% in Apr-Jun

Sena Kalyan Insurance Company reported a 29% year-on-year drop in its earnings per share (EPS) in the April-June quarter of 2023 due to revenue slowdown. The EPS declined to BDT 0.65 from BDT 0.91 in the same period of 2022. The company said in its Dhaka Stock Exchange (DSE) filing on Thursday, the EPS declined because of an increase in re-insurance and claim expenses. But according to the company's accounts, the revenue dropping in the marine and miscellaneous insurance segments was the reason behind the EPS drop.

<https://www.tbsnews.net/economy/stocks/sena-kalyan-insurances-profit-drops-29-apr-jun-664886>

National Tea's share subscription awaits HC clearance

The publicly listed National Tea Company Limited has postponed the subscription of its placement shares worth BDT 2.797 Bn as instructed by the Bangladesh Securities and Exchange Commission (BSEC). The company said in its Dhaka Stock Exchange (DSE) filing on Thursday that the securities regulator instructed it to wait for the order from the High Court regarding the share subscription.

Jakir Hossain Sarkar, who owns only 10 National Tea shares, filed a writ petition with the High Court against the company's scheme of issuing fresh shares approved by the BSEC, as he alleged that the firm did not treat all its existing shareholders equally. Later, the High Court stayed the BSEC consent. Upon a petition by the market regulator, the chamber judge of the Appellate Division put the High Court order on hold.

<https://www.tbsnews.net/economy/stocks/national-teas-share-subscription-awaits-hc-clearance-664890>

Fareast Islami Life Ins facing steep debt

As per unaudited data of the IDRA for 2022, Fareast Islami currently owes BDT 45.59 Bn in claims. Of this amount, the company has settled just BDT 9.7 Bn, or 21.29%, of the total claims. In April 2021, the IDRA appointed Shiraz Khan Basak and Company, a chartered accountant firm in Bangladesh, to conduct a special audit on Fareast Islami. The auditor then submitted a report to the IDRA in May 2022. As per the report, BDT 23.67 Bn has been embezzled from the company. Apart from this, accounting irregularities amounting to BDT 4.32 Bn were detected.

Nazrul Islam and MA Khaleque, former chairmen of Fareast Islami, Hemayet Ullah, former chief executive officer, and former directors and senior officials were found involved in the embezzlement. The government had set up a new board of directors to restore Fareast Islami to its previous position, but they have not made much progress so far.

<https://www.thedailystar.net/business/economy/news/fareast-islami-life-ins-facing-steep-debt-3369991>

Regulator makes way for Best Holdings to apply for IPO

The Bangladesh Securities and Exchange Commission (BSEC) has conditionally enabled Best Holdings Limited to apply for an initial public offering (IPO) by approving its paid-up capital that was raised through cash in over two years. According to a clause of the Public Issue Rules 2015, a company cannot apply for an IPO if it raises paid-up capital through cash. But recently, the BSEC has given Best Holdings an exemption from that clause, and now, the company can apply for an IPO.

In this regard, the company has to fulfil three conditions.

- One is to lock in all shares for three years, before issuing IPO shares;
- secondly, it cannot issue any share from 26 October 2022 until IPO; and
- lastly, it has to apply to the BSEC duly as per the public issue rules.

In June 2022, Best Holdings converted Agrani Bank's BDT 1.25 Bn investment in its bond into shares. And the company filed for its IPO in December of that year.

<https://www.tbsnews.net/economy/stocks/regulator-makes-way-best-holdings-apply-ipo-665874>