

Economy:

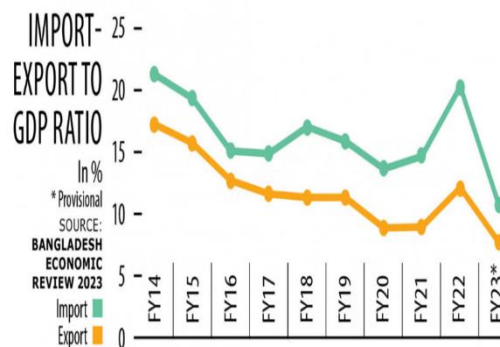
Govt frames maiden tariff policy

Bangladesh has formulated its maiden tariff policy to improve the competitiveness of local companies in the international market as they brace for an increased competition after the country becomes a developing nation in 2026. The commerce ministry published a gazette on the National Tariff Policy on August 10. It aims to rationalise the import tariff structure as the country will not enjoy the preferential trade facility after it leaves the group of least-developed countries (LDCs).

<https://www.thedailystar.net/business/economy/news/govt-frames-maiden-tariff-policy-3394506>

Economy growing but trade-GDP ratio falling gradually

Bangladesh's exports and imports as percentage of its gross domestic product (GDP) has been falling gradually, although the economy has continued growing by 6.5 percent annually in the last one decade. The ratio of import to GDP, which was 21.2 percent in 2013-14 fiscal year, halved to 10.69 percent in 10 years. The ratio of export to GDP even experienced a sharper fall, from 17.2 percent a decade ago to 7.66 percent in FY23, according to data by Bangladesh Economic Review 2023



<https://www.thedailystar.net/business/economy/news/economy-growing-trade-gdp-ratio-falling-gradually-3395156>

Govt to tighten belt further

In response to mounting demand for funds and declining revenue, the government is now going to be austere in spending Tk35,208 crore in block allocation, the amount kept aside in the annual budget for development and routine works, according to the Finance Ministry. The Finance Division is soon expected to issue directives with instructions to suspend the spending of Tk11,794 crore block allocation for the operational budget. Also, Tk23,414 crore block funds allocated for the development budget will be subject to usage restrictions, they said. The Finance Division will also impose restrictions on foreign travel for projects primarily focused on skill development through overseas training.

<https://www.tbsnews.net/economy/govt-tighten-belt-further-683006>

Microfinance sector's NPL nearly doubles

Microfinance institutions (MFIs) in Bangladesh witnessed an 85 percent year-on-year jump in non-performing loans in 2021-22 as borrowers struggled to pay back owing to the impacts of the coronavirus pandemic and the economic slowdown, official figures showed. Thus, the

volume of the NPL rose to Tk 8,370 crore in FY22 from Tk 4,528 crore in 2020-2021, according to the Bangladesh Bank's Financial Stability Report 2022. As a result, the NPL ratio soared to 6.74 percent in FY22 from the previous fiscal year's 4.77 percent. The figure nearly trebled from FY18's 2.72 percent.

<https://www.thedailystar.net/business/economy/news/microfinance-sectors-npl-nearly-doubles-3395251>

Bank, NBFIs, and Insurance Sector:

Restive forex exchange rates embroil banks

Volatility on the foreign-exchange market is pushing Bangladesh's banking sector into jitters for exchange-rate risks, and the fears prolong for majority of the scheduled banks. Some 33 out of 61 scheduled banks are possessed with three-fourths of the industry's total foreign-exchange-rate risks, according to the latest financial stability report released by the central bank. It says the banks under Groups 1 (21 banks) and 2 (11 banks) accounted for 75.12 per cent of the sector's total forex-exchange-rate risks, in a notable increase from 62.0 percent in the preceding year.

<https://today.thefinancialexpress.com.bd/first-page/restive-forex-exchange-rates-embroil-banks-1692122263>

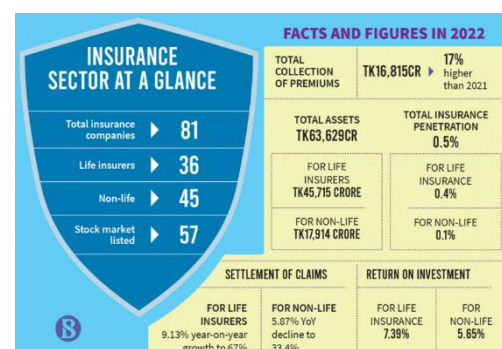
Number of weak NBFIs on the rise

Fourteen non-bank financial institutions (NBFIs) out of a total of 35 were in the red zone last year as per the stress test report of the central bank. This was an increase from 12 seen in 2021, according to the Bangladesh Bank Stability Report 2022. Last year, seven NBFIs were in the yellow zone and 14 in the green zone. The NBFIs that possess sound financial health belong to the green zone, while those with moderate health conditions are in the yellow zone and those with weak conditions are grouped in the red zone.

<https://www.thedailystar.net/business/economy/news/number-weak-nbfis-the-rise-3394486>

Life insurance claims settlement grows to 67% in 2022

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<https://www.tbsnews.net/economy/stocks/life-insurance-claims-settlement-grows-67-2022-682986>

Digital nano loans gaining popularity fast

Digital nano loans are displaying a promising prospect thanks to the instant and on time disbursement of loans. About 1.6 lakh customers have already availed the loans from lenders and the default rate is less than 1 percent, according to the banks. The lenders are disbursing loans amounting to Tk 500 to Tk 50,000 to individual customers on up to 9 percent interest.

<https://www.thedailystar.net/business/news/digital-nano-loans-gaining-popularity-fast-3394981>

Agent banking branching out even further

Agent banking, which helps bring banking services to unbanked people, continues to gain ground in Bangladesh as the number of accounts, deposit collection and loan disbursement are on the rise. The number of accounts opened through agent banking outlets rose 23 percent year-on-year, or 37.76 lakh, to 1.98 crore in June 2023, according to central bank data. Of them, 1.71 crore are from rural areas and 26.85 lakh from urban areas.

<https://www.thedailystar.net/business/economy/news/agent-banking-branching-out-even-further-3394466>

Fuel & Power Sector:

BD risks higher reliance on costly LNG imports

Bangladesh risks increasing reliance on costly imported LNG as its imports are projected to triple in three years, with domestic gas exploration hobbling in slow lane, sources say. The import of expensive liquefied natural gas (LNG), only from long-term suppliers, is expected to soar threefold to around 10.50 million tonnes per year (MTPA) after three years, the sources said. Such growing dependence on this fuel import is deemed as the government goes desperate to ramp up imports of this fuel to meet the country's mounting natural- gas demand- and keeps expanding regasification facilities under private sector.

<https://today.thefinancialexpress.com.bd/first-page/bd-risks-higher-reliance-on-costly-lng-imports-1692122405>

Miscellaneous Sector:

Import of scrapped ships up 40.62pc to 90 in Jan-June

The number of ships imported for dismantling increased in the country during the first half (H1) of 2023, keeping Bangladesh atop the list for dismantling scrapped vessels. Bangladesh imported a total of 90 scrapped ships during the January-June period of 2023, which was about 40.62- percent higher than that of the same period of 2022. The country brought a total of 64 ships from January to June period last year, according to data of the NGO Ship-breaking Platform (NSP).

<https://today.thefinancialexpress.com.bd/last-page/import-of-scrapped-ships-up-4062pc-to-90-in-jan-june-1692122731>

Capital Market:

DSE erodes 110 pts in a month on corrections of overvalued stocks

The prime index of the Dhaka Stock Exchange eroded 110 points in just a month, tumbling to four-month low, as jittery investors dumped all the previous two months' trendy stocks. Most of the recent top-gaining small-cap stocks saw a sharp decline between 20 per cent and 47 per cent in the period as investors opted for short-term gains amid growing political tension. The market index started to fall from July 20 afresh as the political atmosphere heated up once again ahead of the national election, while the rising interest rates encouraged some investors to book profit on recently rallied stocks.

<https://today.thefinancialexpress.com.bd/stock-corporate/dse-erodes-110-pts-in-a-month-on-corrections-of-overvalued-stocks-1692120577>

Why market intermediaries need more time to comply?

The securities regulator has further extended the time for market intermediaries to invest at least 4 per cent of their portfolios in listed debt securities to March 2024. The time extension came following pleas of market intermediaries against the backdrop of the moribund state of the market. Stock brokers say they could not comply with the investment requirement due to a shortage of additional funds and a limited number of listed debt securities to choose from. To purchase the stipulated amount of debt securities, they will have to offload equity-based holdings from their own portfolios. In that case, the equity market will face further selling pressure.

<https://today.thefinancialexpress.com.bd/stock-corporate/why-market-intermediaries-need-more-time-to-comply-1692120610>

Banks' stock market investment 7% higher in 2022

The capital market investment of banks, on a consolidated basis, increased by 7% year-on-year in 2022, according to the financial stability report of Bangladesh Bank. Consolidated figures include those of all the subsidiaries of the banks. According to Bangladesh Bank rules, banks can invest up to 50% of their equity in the capital market on a consolidated basis. By the close of 2022, the stock market investment of banks, including all their subsidiaries, stood at 27.3%. On a solo basis, banks' stock market investment increased by 4.45% year-on-year and stood at 16.4% of their equity at the end of 2022. As per central bank rules, on a solo basis, banks' maximum capital market exposure limit is 25% of their equity.

<https://www.tbsnews.net/economy/stocks/banks-stock-market-investment-7-higher-2022-682994>

Stock-specific:

Prime Bank entering mobile financial services business

Prime Bank – a second-generation private sector bank in the country – is going to enter the mobile financial services (MFS) market to tap its vast potential. To this end, it has decided to

form a subsidiary with an initial minimum paid-up capital of Tk45 crore, according to the bank. The move aims to provide mobile financial services under a bank-led MFS model.

<https://www.tbsnews.net/economy/stocks/prime-bank-entering-mobile-financial-services-business-682990>

Dutch-Bangla Bank to join proposed Digi10 Bank

To expand the business quickly and retain the existing smart customer base, Dutch-Bangla Bank has decided to invest in the proposed Digi10 Bank PLC - a consortium of ten private commercial banks. The board of directors of the bank took the decision in its 270th meeting held on August 14, said a press release. The bank believes the move will help acquire a new set of new-generation tech-savvy clients. Other members of the Digi10 Bank consortium are: City Bank, Eastern Bank, Mercantile Bank, Midland Bank, Mutual Trust Bank, NCC Bank, Prime Bank, Pubali Bank and Trust Bank.

<https://today.thefinancialexpress.com.bd/stock-corporate/dutch-bangla-bank-to-join-proposed-digi10-bank-1692120652>

EBL Asset Management Limited (EBL AML)