

National Economy

Banks' forex balances on the rise

Gross foreign exchange balances held by commercial banks in Bangladesh rose to a 19-month high of USD 5.53 Bn in June, owing to lower imports and higher export and remittance earnings, central bank data showed. The previous high of USD 5.58 Bn was registered in November last year.

June's holdings were up 6.23% from the USD 5.21 Bn held at the end of 2021-22 and an increase of 8% from May this year when it stood at USD 5.12 Bn. Despite the turmoil in the global economy, earnings from merchandise shipment rose 6.67% to USD 55.55 Bn in FY23, while remittance inflow grew 2.75% to USD 21.61 Bn.

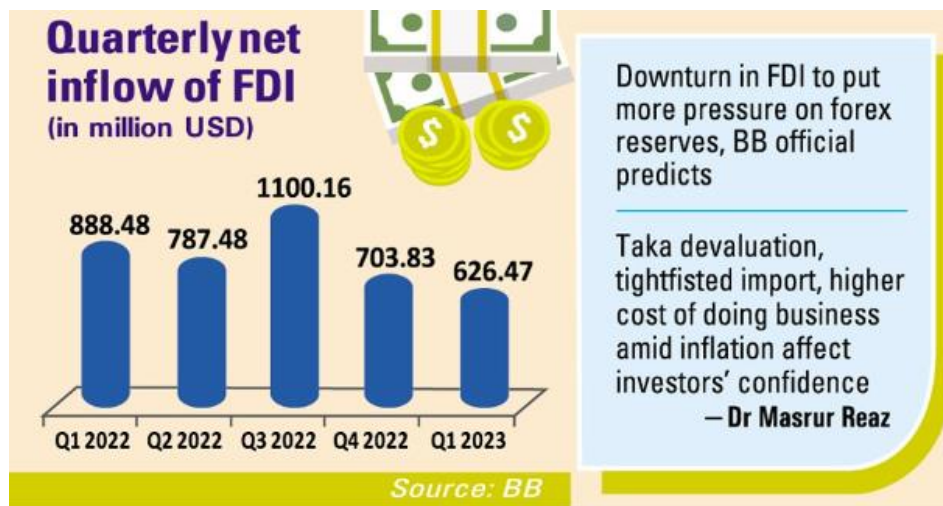
<https://www.thedailystar.net/business/economy/news/banks-forex-balances-the-rise-3377806>

Foreign direct investment on dive

Foreign direct investment in Bangladesh seems on a dive as the net FDI inflow marked about 30% annualized fall in the first quarter of this year, under lingering shadows of global economic upset. Latest statistics available with the central bank show the ebb tide in flow of foreign capital into the country, acting as one of major factors for its deficit in financial account.

Among the other reasons the country sees prolonged balance-of-payments (BoP) shortfall are below-par remittance and export receipts, according to finance officials and economists. The unhappy development in the area of inbound overseas investment comes at a time when the 450-Bn-plus economy is passing tough times amid forex dearth in the wake of the country's falling foreign-currency reserves.

In the January-March period of 2023, the FDI-starved Bangladesh received net inflow of overseas investment equivalent to USD 626.47 Mn, down 29.49% from USD 888.48 Mn recorded in the same period of time a year before. Compared with the immediate-past quarter, the figure also went down 10.99% from USD 703.83 Mn recorded in the last quarter (October-December period of 2022) of the previous calendar year, according to the Bangladesh Bank (BB) data.

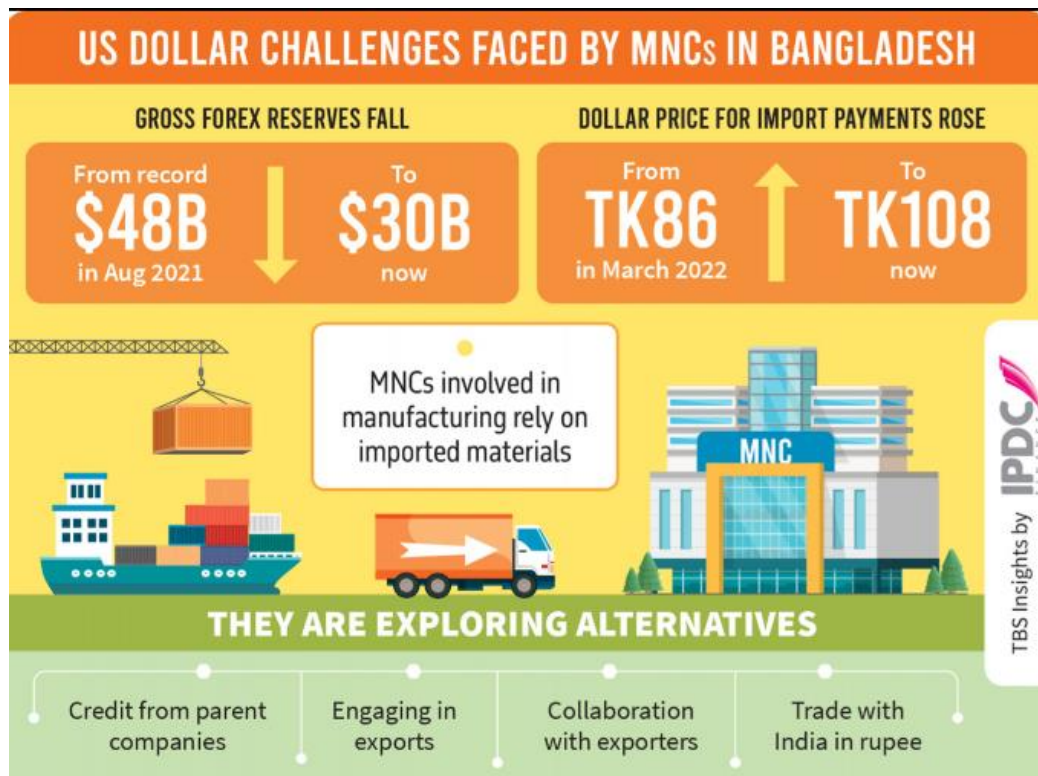


<https://thefinancialexpress.com.bd/economy/bangladesh/foreign-direct-investment-on-dive>

How MNCs are smartly meeting their dollar demands head on

A number of multinational companies (MNCs) operating in Bangladesh, particularly those involved in manufacturing and reliant on imported materials, are desperately seeking alternative options to secure dollars.

Industry insiders said these companies are exploring various avenues to obtain the necessary greenback, including seeking assistance from parent companies, engaging in export activities themselves, and collaborating with exporters to meet their urgent needs. For example, Unilever Bangladesh, the largest MNC in the country, is looking at different options to meet its demand for the foreign currency.



<https://www.tbsnews.net/economy/how-mncs-are-smartly-meeting-their-dollar-demands-head-670906>

BB can now initiate forced merger of banks

From now on, the Bangladesh Bank will be able to initiate forced mergers of any bank if the board of directors and management are found to be involved in activities that go against the depositors' interest. The banking regulator has been vested with the power in the newly amended Bank Company Act 2023, according to a gazette notification published by the central bank on Monday (24 July).

In the amended act, the central bank has also been endowed with the authority to reconstruct the board of state-owned banks and inspect bank transactions of public organisations.

<https://www.tbsnews.net/economy/banking/bb-can-now-initiate-forced-merger-banks-670946>

Public food stock surges to 18-month high

Public food stocks in Bangladesh rocketed to an 18-month high in July thanks to higher procurement, imports of grains and reduced distribution, official figures showed. Analysts described the stock as good since it would allow the government to tackle any untoward situation and intervene in the market to foil any attempts aimed at manipulation by middlemen.

On July 23, the stock of rice and wheat at public storage facilities stood at 1.953 Mn tonnes, the highest since January 2022, according to data from the food ministry. In January last year, Bangladesh's public food stock was 1.985 Mn tonnes, the highest on record.

<https://www.thedailystar.net/business/economy/news/public-food-stock-surges-18-month-high-3377811>

Global Economy

Oil prices edge higher on tighter supply, China hopes

Oil prices edged higher on Tuesday, extending gains from the previous session, as signs of tighter supplies and pledges by Chinese authorities to shore up the world's second-biggest economy lifted sentiment. Brent LCOc1 futures gained 7 cents at \$82.81 a barrel at 00:07 GMT, while US West Texas Intermediate (WTI) crude CLc1 rose 11 cents at \$78.85. Both benchmarks rose over 2% the previous day, and hit their highest closes since April.

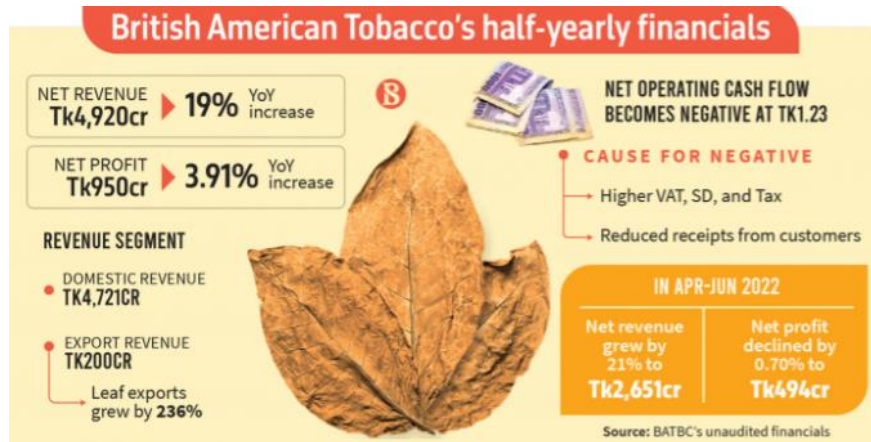
The crude benchmarks have already climbed for four weeks in a row with supplies expected to tighten due to cuts from the Organization of the Petroleum Exporting Countries (OPEC) and allies like Russia, a group known as OPEC+. In China, the world's second-largest economy and second-biggest oil consumer, leaders pledged to step up policy support for the economy amid a tortuous post-Covid recovery, focusing on boosting domestic demand.

<https://www.tbsnews.net/world/global-economy/oil-prices-edge-higher-tighter-supply-china-hopes-670982>

Stock-Specific News

Higher tax puts British American Tobacco in net operating cash crisis

British American Tobacco Bangladesh Company (BATBC) reported that its net operating cash flow per share (NOCFPS) was BDT 1.23 negative in the first half of this year due to higher VAT, supplementary duty, tax payment and reduce receipt from customers. NOCFPS negative means the company



is suffering a liquidity shortage, according to the market insider.

According to the Dhaka Stock Exchange (DSE) filing, its earnings per share slightly fell to BDT 9.14 in the April-June quarter of 2023, compared to the previous year at the same time. At the end of the first half of this year, its earnings per share was BDT 17.59, which was BDT 16.93 at the same time a year ago.

<https://www.tbsnews.net/economy/stocks/higher-tax-puts-british-american-tobacco-net-operating-cash-crisis-670450>

NRBC Bank's June deposits up 19% year-on-year

Deposits at NRBC Bank at the end of last June stood at BDT 177.53 Bn, which was a year-on-year increase of 19%, as per a meeting of its board of directors. Loan disbursements also increased to BDT 143.48 Bn whereas a year ago it was BDT 124.16 Bn. Meanwhile, treasury investment stood at BDT 46.72 Bn in contrast to BDT 35.02 Bn in the previous year. Total asset value amounted to BDT 13.12 Bn whereas previously it was BDT 12 Bn.

<https://www.thedailystar.net/business/economy/news/nrbc-banks-june-deposits-19-year-year-3377701>

Islamic Finance incurs loss in April-June

Islamic Finance and Investment Limited incurred a loss in the April-June quarter of 2023. During the quarter, its loss per share was BDT 0.04 while its earnings per share was BDT 0.32 a year ago at the same time. Due to the second quarter loss, its earnings per share dropped by 97% to BDT 0.02 compared to last year.

Besides, its net asset value per share stood at BDT 14.09 at the end of the first half of this year, which was BDT 14.88 a year ago at the same time. On Monday (24 July), the Shariah-based lender's shares were being traded on the floor price at BDT 19.70 each at the DSE.

<https://www.tbsnews.net/economy/stocks/islamic-finance-incurrs-loss-april-june-670446>

Stock-Exchange News

CSE revises Shariah Index, effective from Aug 3

The Chittagong Stock Exchange (CSE) has reviewed its Shariah --- an index of Shariah-compliant companies on the basis of performance of the listed companies. The new index will come into effect from August 3. The port city bourse reviews the index twice in a year, according to a statement of the port city bourse on Monday. As per the latest revision, nine companies --- Apex Foods, Bangladesh Building Systems, Beximco, Chartered Life Insurance, GBB Power, Global Islami Bank, GQ Ball Pen, Libra Infusions and Square Pharmaceuticals have been included in the list.

<https://thefinancialexpress.com.bd/stock/bangladesh/cse-revises-shariah-index-effective-from-aug-3>