

Budget FY2023-24: Big Target on Tricky Route

The national budget for FY2023-24 has been placed in the parliament on 01 June 2023, the last one of the current government's five-year term. The Gross Domestic Product (GDP) growth target is set at 7.5% despite a slower pace of economic growth. The finance minister (FM) also expects to contain inflation at 6.5% in the coming FY2023-24, against current 9.33%. Due to present local context and global economic factors, the targets for the next fiscal appears quite ambitious.

Budget Highlights (Figures in Tk Bn)			
Particulars	FY2023-24	FY2022-23 (Revised)	Change
NBR Tax	4,300.00	3,700.00	16.22%
Non-NBR Tax	200.00	180.00	11.11%
Non Tax Receipt	500.00	450.00	11.11%
Total Tax Revenue	5,000.00	4,330.00	15.47%
Non-Development Expenditure	4,362.47	3,900.85	11.83%
Development Expenditure	2,775.82	2,416.07	14.89%
Other Expenditure	479.56	288.15	66.43%
Total Expenditure	7,617.85	6,605.07	15.33%
Budget Deficit	(2,617.85)	(2,275.07)	15.07%

Source: MoF

The size of total expenditure is proposed at Tk7.62-trillion, 12.34% higher than the current one. Of the total budget, Tk4.75-trillion is allocated for operating expenditure and the rest Tk2.78-trillion for development purposes. The total revenue earnings have been estimated at Tk5-trillion. Of this, NBR will collect Tk4.30-trillion and another Tk700b will be collected from other sources. The 52nd budget is set to be the biggest deficit budget in the history of the country. The overall budget deficit is estimated at Tk2.62-trillion, at 5.2% of GDP against Tk2.45-trillion deficit in the current fiscal year budget. On filling the deficit, the government plans to finance by borrowing Tk1.02-trillion from overseas, Tk1.32-trillion from banking system and Tk230b from non-bank sources, of which Tk180b will come from national savings schemes. The tax-free income limit has been raised to Tk0.35m from the existing Tk0.3m, though anyone seeking specific government services would be obliged to pay a minimum Tk2,000 tax even if they may not have taxable income and are required to submit income tax returns. Tax-free income threshold for women and senior citizens above 65 years of age has also been increased to Tk0.4m from Tk0.35m. The capital market has apparently been ignored in the proposed national budget. Longstanding demand like increasing tax gap between listed and non-listed companies and raising the tax-free dividend income limit has not been considered.

Supplementary Budget for FY2022-23 placed

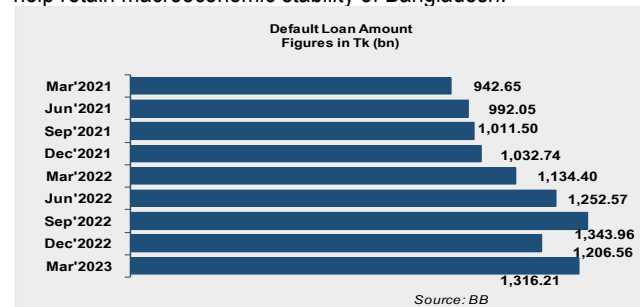
The finance minister placed the Supplementary Budget for the FY2022-23 in the parliament on 01 June along with the National Budget for FY2023-24. As per the supplementary budget, the minister reduced the original expenditure target by 2.59% while keeping the original target of revenue unchanged. The total allocation for ministries and divisions has also been reduced to Tk6.60-trillion for the FY2022-23 from Tk6.78-trillion under the original allocation.

Supplementary Budget Highlights (Figures in Tk Bn)				
	Budget FY2022-23	Revised Budget FY2022-23	Change (%)	Actual (Up to March)P
NBR Tax	3,700.00	3,700.00	0.00%	2,345.14
Non-NBR Tax	180.00	180.00	0.00%	60.23
Non Tax Receipt	450.00	450.00	0.00%	278.47
Total Tax Revenue	4,330.00	4,330.00	0.00%	2,683.84
Non-Development Expenditure	3,732.42	3,900.85	4.51%	2,239.23
Development Expenditure	2,596.17	2,416.07	-6.94%	622.63
Other Expenditure	452.05	288.15	-36.26%	167.06
Total Expenditure	6,780.64	6,605.07	-2.59%	3,028.92
Budget Deficit	(2,450.64)	(2,275.07)	-7.16%	(345.08)
External Source	987.29	870.82	-11.80%	88.51
Domestic Source	1,463.35	1,404.25	-4.04%	248.96

Source: MoF

Classified loan up in March

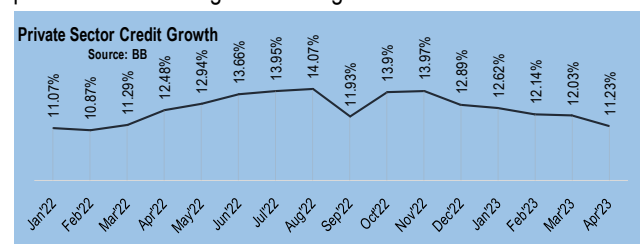
Despite different initiative of the central bank, defaulted loans are on a rising trend. According to Bangladesh Bank (BB) reports, the volume of Non-Performing Loans (NPLs) rose to Tk1316.21b at the end of March 2023 from Tk1206.56b at the end of December 2022. It represents a substantial increase from the Tk1032.74b in December 2021 and Tk887.34b in December 2020. The latest NPL figure is the second highest in the history of the banking sector since independence and was just behind the Tk1343.96b reported in the September quarter of 2022. In March 2023, the total amount of defaulted loans in the private commercial banks had reached Tk658.89b. The volume of such loans in state-owned commercial banks increased to Tk579.58b. The amount in foreign commercial banks and specialized banks soared to Tk30.42b and Tk47.32b respectively in March 2023. The toxic loans kept rising at a time when the banking sector is under pressure to reduce default loans to comply with the International Monetary Fund (IMF) conditions over releasing installments of US\$4.7b loans to support economic policies and help retain macroeconomic stability of Bangladesh.



Source: BB

Private sector credit growth 13-month low

Credit disbursement to the private sector slowed further and hit a 13-month low in April 2023 due to weak credit demand amid the current economic slowdown. It is feared that a downturn in private credit growth would cause further slowdown in economic activities. Disbursement decreased to 11.23% in April 2023 from 12.03% a month back, as per Bangladesh Bank (BB) reports. The growth rate in April 2023 was the lowest after 11.29% recorded in March 2022. As per BB statistics, liquidity glut in the banking system further dropped to Tk1,376b in January 2023 from Tk1,457.28b a month earlier. Over the past few months, excess liquidity in the banking sector has steadily decreased due to various factors, such as rising inflationary pressure and extensive purchase of US Dollars by the scheduled banks for settling import payments. These compounded and aggravated contraction of circulation of liquidity in the money market. The point-to-point inflation jumped to 9.33% in March 2023, the highest in seven months. The central bank sold over US\$11b to the banks in the past nine months of FY2022-23. BB fixed the private sector credit growth ceiling at 14.01% for the FY2022-23.



Source: BB

Stock Market Movement



Global Markets

		This Week	Last Week	+/- %
S&P 500	↑	4,282.37	4,205.45	1.83
FTSE 100	↓	7,607.28	7,627.20	-0.26
Nikkei 225	↑	31,524.22	30,916.31	1.97
SENSEX	↑	62,547.11	62,501.69	0.07
KSE 100	↑	41,356.23	41,002.60	0.86

DSE Indicators

		This Week	Last Week	+/- %
DSE Broad Index	↑	6,355.56	6,325.73	0.47
Total Turnover, Tk	↑	55,216,410,580	45,858,661,848	20.41
Market Capital, Tk	↑	4,514,276,858,382	4,495,974,212,624	0.41
No of Issue Gain		108	69	
No of Issue Loss		81	202	
No of Unchanged Issues		203	13	

Top Gainers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
Trust Islami Life Ins.	28.10	44.90	59.79	841,000
Alif Industries	53.40	72.70	36.14	634,085,000
Northern Jute	250.40	327.50	30.79	158,517,000
National Tea Co.	415.40	532.40	28.17	116,991,000
Rupali Life Insurance	165.30	208.60	26.19	1,281,620,000
Mercantile Islami Ins.	27.10	33.10	22.14	31,043,000
CAPMIBBLMF	12.90	15.70	21.71	95,719,000
Paramount Ins.	49.10	58.30	18.74	343,362,000
DESHBANDHU	18.60	22.00	18.28	222,746,000
Intraco Refueling	40.20	47.00	16.92	1,946,978,000

Top Losers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
Jute Spinners	445.90	379.50	-14.89	36,915,000
Metro Spinning	42.70	36.80	-13.82	214,889,000
Midland Bank	15.70	13.70	-12.74	245,908,000
Desh General Ins.	37.90	33.10	-12.66	247,136,000
Shurwid Industries	21.60	19.40	-10.19	265,534,000
Trust Bank	34.90	31.70	-9.17	2,446,000
Desh Garments	129.60	118.50	-8.56	67,196,000
BGIC	61.20	56.30	-8.01	34,328,000
Aziz Pipes	97.40	90.80	-6.78	43,782,000
Global Islami Bank	40.40	37.90	-6.19	149,211,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	447.90	452.78	-1.08	625.82	833.20	-24.89
Cement	371.68	351.97	5.60	2,346.70	1,214.59	93.21
Ceramic	807.00	804.57	0.30	295.86	584.91	-49.42
Engineering	6,655.40	6,652.78	0.04	2,718.15	2,346.79	15.82
Food & Al.	4,944.21	4,920.54	0.48	4,000.34	4,153.43	-3.69
Fuel & Pow.	3,921.20	3,913.48	0.20	3,052.79	2,484.66	22.87
Insurance	2,732.09	2,676.83	2.06	15,066.84	11,085.91	35.91
IT	709.09	684.69	3.56	4,492.12	2,850.57	57.59
Jute	2,120.25	2,116.01	0.20	358.68	301.55	18.95
Misc.	2,508.81	2,505.04	0.15	2,928.35	3,830.60	-23.55
Mutual Fund	450.60	447.64	0.66	607.59	123.76	390.95
NBFI	1,198.19	1,193.30	0.41	583.53	62.28	836.93
Paper	14,987.35	14,614.52	2.55	2,124.21	1,428.51	48.70
Pharma	1,632.76	1,632.11	0.04	3,643.87	3,612.18	0.88
Service	1,870.69	1,877.80	-0.38	1,556.11	1,639.65	-5.09
Tannery	1,241.56	1,235.87	0.46	1,179.81	1,002.08	17.74
Telecom	3,822.47	3,822.47	0.00	5.42	6.79	-20.22
Textile	1,892.53	1,887.23	0.28	2,424.99	2,698.03	-10.12
Travel & Leis.	1,234.30	1,258.18	-1.90	2,458.88	1,524.37	61.30

Technical Talk

Dhaka stocks extended rally for the fourth straight week as a section of investors put fresh funds on sector-wise lucrative stocks in anticipation of quick gains amid optimism around the budget which was placed in last Thursday. The market advanced in most of the sessions of the past week. Among the major sectors, IT increased by 3.56% followed by Insurance 2.06%, Mutual Fund 0.66% and Food & Allied by 0.48%.

DSE Broad Index (DSEX) stood at 6,355.56 points after increasing by 29.83 points or 0.47% from the previous week. Total turnover reached at Tk55216.41m, which was 20.41% higher than the previous week. Market capitalization increased by 0.41% and stood at Tk4514.28b (\$41.56b) at the weekend against Tk4495.97b. DSE 30 increased by 2.83 points or 0.13% and closed at 2,201.33 points against 2,198.50 points. Last week's weighted average Market PE was 14.52 which was 14.55 previous week.

Based on the daily charts of DSE movement, which is used to track short-term trend, technical readings are as under:

Relative Strength Index (RSI)

The RSI indicator illustrates if the change of price movements is in overbought or oversold territory. RSI stood at 57.25.

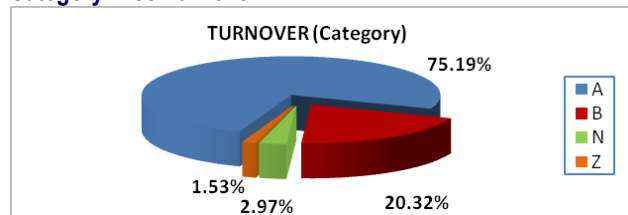
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
Intraco RefuelingStation	44,159,139	1,946,978,000	3.53
Navana Pharma	16,094,869	1,689,289,000	3.06
LafargeHolcim BD	23,021,905	1,628,433,000	2.95
Unique Hotel	17,333,191	1,359,365,000	2.46
Bashundhara Paper	15,208,585	1,286,910,000	2.33
Rupali Life Insurance	6,933,739	1,281,620,000	2.32

Top 10 Market Capital

Company	Volume	Value (Tk)	In million
GP	386,996	RENETA	139,689
Walton Hi-Tech	317,378	United Power	135,475
BATBC	280,098	BEXIMCO	103,571
Square Pharma	185,977	LafargeHolcim BD	83,387
Robi	157,138	Berger Paint	82,891

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/ft.oz)	1,964.30	1,964.90	-0.03
Silver (USD/ft.oz)	23.70	23.45	1.07
Brent Crude Oil (USD/bbl)	76.22	77.23	-1.31

Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	108.62	108.62	108.54	108.54	0.07	0.07
EUR	118.44	118.44	118.75	118.75	-0.26	-0.26
GBP	137.84	137.84	136.68	136.68	0.85	0.85
AUD	71.09	71.09	71.10	71.10	-0.01	-0.01
JPY	0.79	0.79	0.78	0.78	1.28	1.28
CAD	80.48	80.48	80.13	80.13	0.44	0.44
SAR	29.10	29.10	29.09	29.09	0.03	0.03

Based on Standard Chartered selling rates to public in Taka. Notes: USD-US Dollar, GBP-Great Britain Pound, AUD-Australian Dollar, JPY-Japanese Yen, CAD-Canadian Dollar, SAR-Saudi Riyal.

Last Public Offerings

Company	Subscription Period	Offer Price	IPO (M.Tk)
-	-	-	-