

Budget FY2022-23: Big Target, Tricky Route

The national budget for FY2022-23 has been placed in the parliament; the first one after the Covid-19 pandemic. The Gross Domestic Product (GDP) growth target is set at 7.5% despite a slower pace of economic growth. The Finance Minister (FM) also expected to contain inflation at 5.6% in the coming FY2022-23. Due to the current context and shifting of global economic factors, the target of limiting average inflation in the next fiscal is quite ambitious.

Budget Highlights (Figures in Tk Bn)			
Particulars	FY2022-23	FY2021-22 (Revised)	Change
NBR Tax	3,700	3,300	12.12%
Non-NBR Tax	180	160	12.50%
Non Tax Receipt	450	430	4.65%
Total Tax Revenue	4,330	3,890	11.31%
Non-Development Expenditure	3,732	3,406	9.59%
Development Expenditure	2,596	2,219	16.97%
Other Expenditure	452	310	45.92%
Total Expenditure	6,781	5,935	14.25%
Budget Deficit	(2,451)	(2,045)	19.84%

The size of total expenditure is proposed at Tk6.78-trillion, up by 14.25% from the revised budget of the current fiscal year. Of the total budget, Tk4.32-trillion is allocated for operating expenditure and the rest Tk2.46-trillion for development purpose. The total revenue earnings have been estimated at Tk4.33-trillion. Of this, NBR will collect Tk3.70-trillion and another Tk630b will be collected from other sources. The 51st budget is set to be the biggest deficit budget in the history of the country. The overall budget deficit is estimated at Tk2.45-trillion, 5.5% of GDP, as against Tk2.04-trillion deficit in the outgoing revised budget. Regarding filling the deficit, the FM said Tk1.46-trillion in loans would be taken from the domestic sector and remaining amount would be financed from foreign sources. Among domestic sources, the target for loans from the banking system is Tk1.06-trillion. Besides, the government planned to borrow Tk350b from savings certificates and Tk50.01b from other avenues. The capital market has apparently been ignored in the proposed national budget. Longstanding demand like allowing undisclosed money in the stock market, increasing the corporate tax gap between listed and non-listed companies and raising the tax-free dividend income limit has not been incorporated in the proposed budget. However, the government proposed reducing corporate tax to 20% from the existing 22.5% for listed companies issuing more than 10% shares through Initial Public Offering (IPO). The tax rate will be 22.5% for a listed company that issues shares worth 10% or less of paid up capital through IPO. The proposed budget also envisages that institutional investors would have to count tax on capital gains from investments in government securities such as treasury bills and bonds. The tax rate for non-publicly traded companies has been lowered to 27% from 30%. The rate for one-person companies has been reduced from 25% to 22%. Those with bank account balance of over Tk50m might have to pay more excise duty from the next fiscal year, an excise duty of Tk50,000 will be deducted which was Tk40,000 earlier. In the proposed budget a one-time opportunity has been offered to legalize moveable or immovable assets which have been acquired abroad through illegal flight of capital, by just paying a nominal tax ranging between 7% and 15%. The government has proposed an income tax on waived interest against default loans disbursed by banks and financial institutions. The tax, however, will not be effective for individual defaulters. Earlier, neither companies nor individuals needed to pay any such taxes.

Supplementary Budget for FY2021-22 placed

The Finance Minister placed the Supplementary Budget for the outgoing FY2021-22 in the parliament on 09 June along with the National Budget for FY2022-23. As per the supplementary budget, the minister reduced the original expenditure target by 1.69% while kept the original target of revenue unchanged. The total allocation for ministries and divisions has also been reduced to Tk5.93-trillion for the FY2021-22 from Tk6.04-trillion under the original allocation.

Supplementary Budget Highlights (Figures in Tk Bn)				
	Budget FY2021-22	Revised Budget FY2021-22	Change (%)	Actual (Up to March)P
NBR Tax	3,300	3,300	0.00%	2,399
Non-NBR Tax	160	160	0.00%	48
Non Tax Receipt	430	430	0.00%	259
Total Tax Revenue	3,890	3,890	0.00%	2,706
Non-Development Expenditure	3,288	3,406	3.57%	1,858
Development Expenditure	2,371	2,219	-6.38%	639
Other Expenditure	378	310	-17.96%	131
Total Expenditure	6,037	5,935	-1.69%	2,628
Budget Deficit	(2,147)	(2,045)	-4.74%	78
External Source	1,012	802	-20.76%	142
Domestic Source	1,135	1,243	9.55%	-221

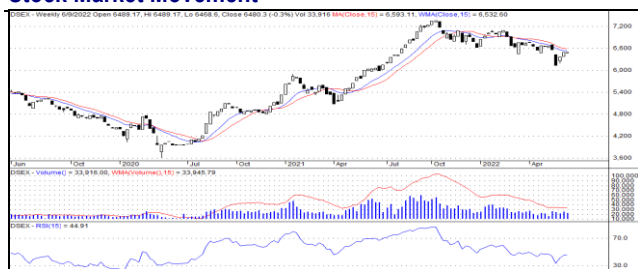
BSEC brings changes in IPO application process again

The Bangladesh Securities and Exchange Commission (BSEC) abolished the lottery system for allocation to general investors from Initial Public Offering (IPO) effective from 01 April 2021, when the pro-rata basis allotment for IPO shares was introduced in lieu of the age old lottery system. Later in September 2021 the regulator fixed the subscription amount for IPO application at Tk10,000. Earlier investors could apply with minimum Tk10,000 and maximum of Tk50,000 for an IPO. However, the condition of having minimum investment of Tk20,000 at market price in secondary market, for IPO applicants to be eligible to apply for IPO shares, that was introduced in April 2021 remained unchanged. The regulator has now again brought changes in the allotment process. From now on, to be eligible to apply in IPOs, the general investors should have a minimum investment of Tk50,000, up from Tk20,000, at market value in the secondary market. On the other hand, the investment ceiling has been extended to Tk100,000 for the NBRs, previously which was also Tk20,000.

Trade deficit widen in first ten months

Trade deficit during the first ten months of the current fiscal year surged by 53.08% over the corresponding period of the last FY2020-21 as imports surpassed exports extensively. As per Bangladesh Bank (BB) figures, the trade deficit rose to US\$27.57b in July-April period of FY22 from US\$18.01b in the same period of FY21. The deficit in the first ten months of FY22 surpassed the entire FY21 figure which was US\$22.80b. Import payments grew by 41.42% to US\$68.57b while export increased by 35.14% to US\$41.10b in July-April of FY22. Meanwhile, the higher trade deficit along with lower inflow of remittances pushed up the current account deficit to a record high of US\$15.32b during the July-April period against a deficit of US\$1.65b in the same period of last fiscal year. The previous widest deficit in the current account was US\$9.56b recorded in FY18. In the period under review, inward remittance registered negative growth of 15.86% (Y-o-Y) to stand at US\$17.39b against US\$20.67b in the corresponding period of the last fiscal year. Due to the massive surge in import payments and the decline in remittance flows, foreign exchange reserve dropped below US\$43b as on 01 June 2022 after reaching a record high of US\$48b in August 2021.

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	3,900.86	4,108.54	-5.05
FTSE 100	7,317.52	7,532.95	-2.86
Nikkei 225	27,824.29	27,761.57	0.23
SENSEX	54,303.44	55,769.23	-2.63
KSE 100	42,014.73	41,314.88	1.69

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	6,480.30	6,451.53	0.45
Total Turnover, Tk	43,419,136,880	39,261,246,941	10.59
Market Capital, Tk	4,555,548,355,635	4,532,506,685,647	0.51
No of Issue Gain	206	356	
No of Issue Loss	157	22	
No of Unchanged Issues	26	9	

Top Gainers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
Paramount Ins.	49.60	62.70	26.41	122,840,000
Pioneer Insurance	76.20	92.70	21.65	339,758,000
Sonar Bangla Ins.	52.30	62.50	19.50	120,401,000
Provati Insurance	67.10	79.80	18.93	841,136,000
Renwick Jaineswar	957.50	1127.00	17.70	34,274,000
Global Insurance	37.30	43.20	15.82	99,594,000
Prime Insurance	76.30	88.20	15.60	187,150,000
Pragati Insurance	61.60	70.70	14.77	77,939,000
Purabi Gen. Ins.	30.40	34.80	14.47	97,910,000
Rupali Insurance	32.30	36.80	13.93	113,225,000

Top Losers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
Trust Bank	39.70	34.80	-12.34	16,544,000
Standard Ceramic	151.30	137.70	-8.99	6,678,000
First Finance	5.80	5.30	-8.62	5,685,000
Shepherd Industries	29.70	27.40	-7.74	283,317,000
Kattali Textile	33.90	31.60	-6.78	120,042,000
RSRMSTEEL	19.50	18.20	-6.67	15,808,000
BSC	121.40	114.40	-5.77	688,794,000
BD Monospool Paper	200.70	190.00	-5.33	63,773,000
Tung Hai Knitting	5.70	5.40	-5.26	3,839,000
Intech	29.10	27.60	-5.15	14,271,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	465.48	460.41	1.10	2,926.02	2,522.35	16.00
Cement	373.53	374.31	-0.21	676.95	549.51	23.19
Ceramic	852.51	816.01	4.47	1,661.07	1,055.12	57.43
Engineering	6,930.34	6,871.16	0.86	3,979.93	2,951.31	34.85
Food & Al.	5,147.95	5,147.44	0.01	2,363.48	2,941.20	-19.64
Fuel & Pow.	4,089.84	4,066.26	0.58	2,064.52	1,411.45	46.27
Insurance	2,547.79	2,383.61	6.89	5,821.36	2,482.54	134.49
IT	1,252.56	1,264.41	-0.94	3,184.49	1,715.18	9.61
Jute	1,072.81	1,084.15	-1.05	58.84	41.95	40.27
Misc.	2,706.49	2,730.85	-0.89	3,873.48	4,822.43	-19.68
Mutual Fund	495.87	479.89	3.33	625.41	292.95	113.49
NBFI	1,252.56	1,264.41	-0.94	3,184.49	4,084.60	-22.04
Paper	11,072.22	11,078.80	-0.06	404.81	507.71	-20.27
Pharma	1,646.98	1,654.92	-0.48	4,492.73	5,531.75	-18.78
Service	1,674.08	1,687.79	-0.81	787.82	736.83	6.92
Tannery	1,231.82	1,224.39	0.61	646.12	819.86	-21.19
Telecom	3,985.67	3,958.99	0.67	515.47	383.45	34.43
Textile	1,817.37	1,832.04	-0.80	3,963.61	4,404.46	-10.01
Travel & Leis.	651.68	664.14	-1.88	404.64	521.61	-22.43

Technical Talk

Dhaka stocks extended the gaining streak for the second straight week, riding on selective issues as investors put fresh funds with an eye on the proposed national budget for FY2022-23. Out of its five trading sessions, the market closed higher in three sessions while two others edged lower. Among the major sectors, Insurance increased by 6.89% followed by Ceramic 4.47%, Mutual Fund 3.33% and Bank 1.10%

DSE Broad Index (DSEX) stood at 6,480.30 points after increasing by 28.77 points or 0.45% from the previous week. Total turnover reached at Tk43419.14m, which was 10.59% higher than the previous week. Market capitalization increased by 0.51% and stood at Tk4555.55b (\$49.01b) at the weekend against Tk4532.51b. DSE 30 decreased by 3.30 points or 0.14% and closed at 2,352.38 points against 2,355.68 points. Last week's weighted average Market PE was 14.62 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 44.91

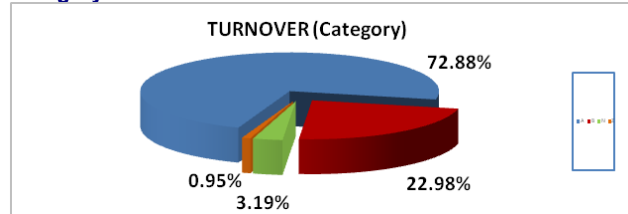
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
BEXIMCO	15,761,126	2,104,176,000	4.45
Shinepukur Ceramics	25,399,579	971,534,000	2.24
Provati Insurance	10,863,430	841,136,000	1.94
Salvo Chemical Ind.	11,849,796	773,265,000	1.78
IPDC	13,890,297	757,968,000	1.75
Orion Pharma	7,730,451	716,959,000	1.65

Top 10 Market Capital

Company	Volume	Value (Tk)	% of total
GP	412,652	United Power	145,561
Walton Hi-Tech	333,100	RENATA	129,937
BATBC	300,672	Beximco	116,112
Square Pharma	193,335	LafargeHolcim	84,664
Robi	156,090	Berger Paint	81,212

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	1,875.20	1,853.90	1.15
Silver (USD/toz.)	21.93	21.94	-0.07
Brent Crude Oil (USD/bbl.)	121.77	121.27	0.41

Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	92.95	93.00	89.10	89.15	4.32	4.32
EUR	101.75	101.80	96.95	96.91	4.95	5.05
GBP	118.91	118.97	113.45	113.51	4.81	4.81
AUD	67.09	67.13	64.20	64.23	4.50	4.52
JPY	0.70	0.70	0.69	0.69	1.45	1.45
CAD	74.39	74.43	70.69	70.73	5.23	5.23
SAR	24.90	24.62	23.88	23.89	4.27	3.06

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)
-	-	-	-