

Finance Bill 2022 passed

The Finance Bill 2022 was approved in the parliament on 29 June 2022, amending a few of its original provisions. In the proposed budget an opportunity has been offered to legalize moveable or immovable assets and undisclosed cash which have been stacked abroad through laundered flight of capital, by just paying a nominal tax ranging between 7% and 15%. Out of three related proposals announced earlier two were finally ditched. Those were payment of 15% tax on overseas immovable properties and 10% on movable properties. However, the provision of bringing back cash by paying a 7% tax is retained in the final Finance Bill. Under the approved changes, if the offshore assets of an individual taxpayer are not disclosed and are later discovered, the government might slap a fine equivalent to the value of the concealed assets. In the upcoming fiscal year 2022-23, corporate taxpayers will be able to enjoy a 2.5% cut from the existing 22.5% tax rates if they limit cash transaction within the threshold. 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%. In order to enjoy the reduced tax facility the corporate entities may not spend more than Tk3.6m outside the banking channel which was originally proposed at Tk1.2m. At the same time, all the transactions above Tk3.6m have to be done through banking channels, which was termed traceable channels in the proposed budget. The condition of submitting proof of return by companies and firms has been relaxed. This, however, will not be applicable for individuals. Despite several request, tax-free ceiling for individual taxpayers remained unchanged at Tk300,000.

BB frames cautious MPS of FY2022-23

Bangladesh Bank (BB) has unveiled the monetary policy for the FY2022-23 raising policy rate and cutting down private sector credit growth rate in a bid to contain inflation. BB has started to pursue the Monetary Policy Statement (MPS) for a whole fiscal year, first time, replacing the tradition of releasing it on half-yearly basis from FY2018-19. In the new MPS, BB has inched down private sector credit growth ceiling to 14.01% from 14.8% for FY23. The private sector credit growth stood at 12.94% in May 2022. The policy rate or repurchase agreement rate was increased to 5.50% from 5% as part of its efforts to control consumer prices. Earlier on 29 May 2022 BB raised the key interest rate by 25 basis points to 5%. Prior to that, the last change in the repo rate was in July 2020.

Revenue falls short Tk331.71b of target

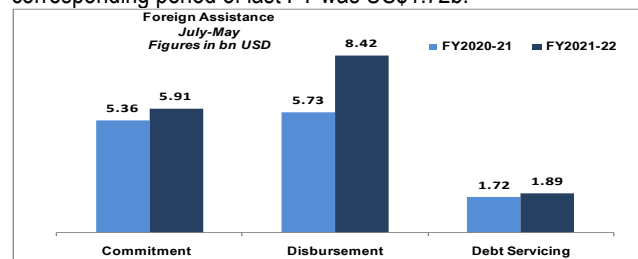
The National Board of Revenue (NBR) is going to miss the target once again. The NBR will have to generate Tk770b in June to hit the target which is apparently impossible to attain following the last-month revenue collection trend in the previous five years. The revenue board managed to bag Tk2529.21b in the July-May period of FY2021-22 against Tk2200.72b a year earlier, according to the latest reports. However, total tax receipts fell short of target set for the eleven month period by Tk331.71b. In May 2022, the NBR collected Tk251.64b against Tk224.89b in the corresponding month last year. Among the three wings of NBR, VAT collection was the highest at Tk951.46b while collection from the two other wings, custom duty and income tax stood at Tk804.87b and Tk770.29b during the July-May period. Revenue collection grew by 19.21% (Y-o-Y) in the FY2020-21. According to the NBR statistics, taxmen managed to bag Tk2.60 trillion in FY2020-21 against Tk2.18 trillion in the past fiscal year.

Money market in doldrums

The point-to-point inflation surged to an eight-year high of 7.42% in May last and up from 6.29% in April, fuelled by the escalating level of food inflation. The capacity of the people to save are declining owing to rising inflation. The sharp fall in bank savings has dried up liquidity in the banking system. Liquidity surplus in the banking sector declined by Tk115.20b in April this year also against the backdrop of the growing credit demand in the private sector amid gradual economic recovery in the post pandemic period. Credit disbursement to the private sector rose to 12.48% in April 2022 from 11.29% a month ago. Apart from the private sector, government borrowing from the banking system also escalated during the period that also created a pressure in the money market reserve amount. Besides, the extensive purchase of US Dollars by the scheduled banks for settling import payments contracted the circulation of liquidity in the money market over the months. As per the latest Bangladesh Bank (BB) statistics, liquidity glut in the banking system further dropped to Tk1,865.96b in April 2022 from Tk1,981.15b a month earlier. The amount of excess liquidity reached a record high of Tk2,314.63b in June 2021 from Tk1,033.58b in January 2020. Banks are offering low interest against different deposit schemes, resulting from the excess liquidity situation in the banking system. The widening deposit-credit gap may bring in liquidity pressure on the banking system in the near future. The liquidity-stressed banks desperately turned to the inter-bank call money market to borrow funds. The interbank call money rate has reached a two-year high, exceeding 5%. The rate was hovering at 2% and was even below 2% for a long period of time since August 2020.

Foreign assistance crosses US\$8.0b- mark

In the first eleven months of the FY2021-22 foreign aid inflow went up by 46.95% as compared to the corresponding period of the previous fiscal year. According to the Economic Relations Division (ERD) figures, during the said period the foreign development partners including Asian Development Bank (ADB), World Bank as well as Japan disbursed US\$8.42b which was US\$5.73b in the corresponding period of the last year. Of the total US\$8.42b released during the July-May period, the development partners disbursed US\$8.22b as loans and US\$188.54m as grants, the ERD statistics shows. Although foreign assistance disbursement is increasing continuously, still it lags behind the target for the FY22. Initially the target of foreign assistance for FY22 was set at US\$12.98b and later revised to US\$11b. The foreign fund disbursements amounted to US\$7.95b in FY21 and US\$7.38b in FY20. The Manila-based development lender ADB topped the fund disbursement list with US\$2.08b. Japan has become the second biggest financial support provider with US\$1.78b. The third highest lender is WB, which disbursed US\$1.54b. Meanwhile, the government made loan repayments of US\$1.89b during July-May period of FY2021-22, the ERD reports showed. The amount of debt servicing in the corresponding period of last FY was US\$1.72b.



Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	3,825.33	3,911.74	-2.21
FTSE 100	7,168.65	7,208.81	-0.56
Nikkei 225	25,935.62	26,491.97	-2.10
SENSEX	52,907.93	52,727.98	0.34
KSE 100	41,630.35	41,051.79	1.41

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	6,376.94	6,327.65	0.78
Total Turnover, Tk	38,574,145,283	38,221,783,423	0.92
Market Capital, Tk	4,501,375,274,895	4,467,814,431,895	0.75
No of Issue Gain	265	74	
No of Issue Loss	94	297	
No of Unchanged Issues	31	19	

Top Gainers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
Meghna Insurance	30.90	49.30	59.55	15,653,000
Intraco Refueling	20.40	25.00	22.55	279,456,000
Prime Textile	28.30	33.90	19.79	352,098,000
Sonargaon Textiles	39.30	46.20	17.56	376,450,000
Hamid Fabrics	20.60	23.70	15.05	225,331,000
Ambee Pharma	461.70	525.10	13.73	42,038,000
Navana CNG	27.40	30.90	12.77	19,727,000
Crown Cement	69.70	78.10	12.05	10,281,000
Alltex Industries	22.50	25.20	12.00	172,618,000
Aziz Pipes	90.80	101.40	11.67	28,255,000

Top Losers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
IPDC Finance	56.80	52.70	-7.22	425,816,000
Fareast Finance & Inv.	5.70	5.30	-7.02	1,489,000
Sinobangla Industries	59.00	54.90	-6.95	74,887,000
United Insurance	51.20	47.90	-6.45	2,368,000
Fine Foods	47.60	45.20	-5.04	65,927,000
RDFOOD	44.00	42.00	-4.55	193,942,000
City General Insurance	30.50	29.20	-4.26	21,416,000
Fareast Islami Life Ins.	86.90	83.20	-4.26	61,154,000
Hakkani Pulp & Paper	64.00	61.40	-4.06	62,301,000
Shurwid Industries	22.80	21.90	-3.95	210,102,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	464.45	453.03	2.52	1,930.25	1,693.23	14.00
Cement	361.54	360.08	0.41	568.44	403.15	41.00
Ceramic	909.15	904.86	0.47	2,368.89	2,400.26	-1.31
Engineering	6,912.71	6,778.00	1.99	4,297.30	3,204.56	34.10
Food & Al.	5,045.99	5,021.90	0.48	2,879.50	2,177.37	32.25
Fuel & Pow.	4,122.70	4,090.45	0.79	2,114.35	1,613.33	31.06
Insurance	2,375.41	2,359.75	0.66	2,010.81	1,721.25	16.82
IT	505.83	503.90	0.38	1,150.19	1,095.83	4.96
Jute	1,071.21	1,039.37	3.06	19.40	19.15	1.28
Misc.	2,681.52	2,757.50	-2.76	3,179.84	6,065.15	-47.57
Mutual Fund	483.85	476.17	1.61	299.73	208.14	44.00
NBFI	1,229.14	1,216.58	1.03	1,621.77	1,478.64	9.68
Paper	11,420.75	10,789.81	5.85	602.92	584.40	3.17
Pharma	1,628.25	1,622.39	0.36	4,062.24	2,844.57	42.81
Service	1,641.12	1,642.80	-0.10	462.56	752.78	-38.55
Tannery	1,149.52	1,158.49	-0.77	644.46	534.58	20.55
Telecom	3,892.85	3,925.05	-0.82	544.90	326.14	67.08
Textile	1,849.19	1,801.39	2.65	5,967.00	4,253.02	40.30
Travel & Leis.	640.03	640.06	-0.01	273.64	371.16	-26.28

Technical Talk

Stocks ended two-week losing streak last week as a section of investors put fresh funds on sector-wise lucrative stocks in the closing week of the financial year 2021-22. Out of its five trading sessions, the first session saw the stocks fall while the last four sessions saw a modest gain. Among the major sectors, Textile increased by 2.65% followed by Bank 2.52%, Engineering 1.99%, Mutual Fund 1.61% and NBFIs 1.03%.

DSE Broad Index (DSEX) stood at 6,376.94 points after increasing by 49.29 points or 0.78% from the previous week. Total turnover reached at Tk38574.15m, which was 0.92% higher than the previous week. Market capitalization increased by 0.75% and stood at Tk4501.38b (\$48.17b) at the weekend against Tk4467.81b. DSE 30 decreased by 3.01 points or 0.13% and closed at 2,295.59 points against 2,298.60 points. Last week's weighted average Market PE was 14.44 which was 14.30 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 43.10

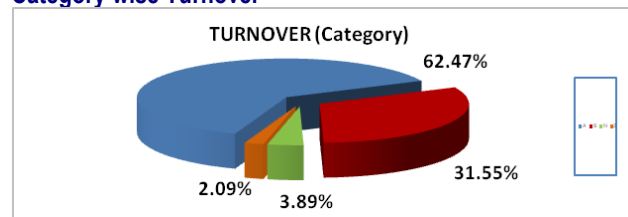
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
BEXIMCO	11,716,141	1,543,388,000	4.00
Shinepukur Ceramics	28,495,369	1,487,455,000	3.86
Fu Wang Food	47,123,460	1,188,759,000	3.08
Anwar Galvanizing	2,593,567	1,089,160,000	2.82
Orion Pharma	7,420,804	658,312,000	1.71
Salvo Chemical Ind.	8,736,750	592,187,000	1.54

Top 10 Market Capital

			In million
GP	397,123	United Power	144,112
Walton Hi-Tech	331,373	RENATA	131,126
BATBC	293,490	Beximco	113,746
Square Pharma	192,094	ICB	81,871
Robi	157,662	Berger paint	80,461

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t.oz.)	1,812.90	1,828.10	-0.83
Silver (USD/t.oz.)	19.86	21.13	-6.03
Brent Crude Oil (USD/bbl.)	111.45	112.62	-1.04

Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	93.45	93.50	92.95	93.00	0.54	0.54
EUR	99.42	99.47	100.09	100.15	-0.67	-0.68
GBP	115.32	115.38	116.29	116.36	-0.83	-0.84
AUD	64.01	64.05	64.92	64.95	-1.40	-1.39
JPY	0.70	0.70	0.69	0.69	1.45	1.45
CAD	72.90	72.94	72.45	72.49	0.62	0.62
SAR	25.03	25.04	24.89	24.91	0.56	0.52

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)
-	-	-	-