



HIGHLIGHTS OF THE DAY

Bangladesh: Economy

March 10, 2022

DCCI Proposes Corporate Tax be Lowered by 2.5 Percentage Points

The Dhaka Chamber of Commerce and Industry (DCCI) has proposed reducing corporate tax by 2.5 percentage points for both listed and non-listed companies to help them enhance competitiveness in the Asian region.

The DCCI placed a set of 40 recommendations for the upcoming national budget for FY23 to the chairman of the National Board of Revenue (NBR) at a pre-budget discussion on Wednesday.

DCCI president Rizwan Rahman also suggested slashing tax on income of corporate dividends to 10% from the existing 20%, which will encourage local investors to re-invest as well as boost efficiency in the stock market.

Currently, businesses that have an annual turnover of Tk3 crore are exempted for VAT. But he recommended increasing this turnover limit to Tk4 crore in the next budget and also requested that turnover tax be imposed based on product's value addition or profit margin.

Source: <https://www.tbsnews.net/economy/dcci-proposes-corporate-tax-be-lowered-25-percentage-points-382441>



AMTOB for Waiver of 2pc Turnover Tax on Telcos

The Association of Mobile Telecom Operators of Bangladesh on Wednesday urged the National Board of Revenue to withdraw a provision of collecting 2 per cent taxes on turnover on the telecom operators as it contradicts with the income tax principles.

Taxes are collected on profit of any company not on turnover, argued AMTOB, adding that the payment of 2 per cent turnover taxes even after incurring losses results in capital erosion.

The association raised the issue at a pre-budget discussion of NBR held on Wednesday at the latter's headquarters in the city.

AMTOB also requested the NBR to abolish a provision of slapping Tk 200 in taxes on each SIM cards as it would help making telecom services attractive and financially viable for the people in the rural and urban areas who are yet to get connected.

Source: <https://www.newagebd.net/article/164920/amtob-for-waiver-of-2pc-turnover-tax-on-telcos>



FBCCI, Dubai International Chamber Sign MoU

A memorandum of understanding was signed between the Federation of Bangladesh Chambers of Commerce and Industry and the Dubai International Chamber to enhance trade and investment between Bangladesh and the United Arab Emirates on Tuesday, said a press release issued by the FBCCI in Dhaka on Wednesday.

The signing ceremony was held at the Leadership Pavilion of Dubai Expo- 2020 in Dubai where Bangladesh prime minister Sheikh Hasina and UAE prime minister Mohammed bin Rashid Al Maktoum were present.

FBCCI president Md Jashim Uddin and Dubai International Chamber chairman Sultan Ahmed bin Suleiman signed the MoU on behalf of their organizations.

The FBCCI president said that Bangladesh and the UAE could complement each other in enhancing bilateral trade. Sea ports and the logistics sector of Bangladesh had immense potential for entrepreneurs of the Middle Eastern country.

Source: <https://www.newagebd.net/article/164907/fbcci-dubai-international-chamber-sign-mou>



Deposits Still 37pc Lower than Pre-Covid

The amount of deposits in hard-core poor's bank accounts in December 2021 remained 37.36 per cent lower than the pre-Covid levels despite resumption of economic activities.

Even after an increase of Tk 13.67 crore in deposits in the October-December quarter, the hard-core poor's deposits in bank accounts stood at Tk 229 crore at the end of December 2021 against Tk 365.59 crore at the end of December 2019, according to Bangladesh Bank data.

Under the BB's financial inclusion programme, the marginalised people are allowed to open bank accounts with Tk 10, Tk 50 and Tk 100 as deposit.

The BB allows opening such accounts so that they can safely keep their money in bank accounts without any charges.

However, the number of bank accounts of such poor people increased by 8.25 lakh in the period from January 2020 to December 2021.

Source: <https://www.newagebd.net/article/164915/deposits-still-37pc-lower-than-pre-covid>



Banks Raising Stock Exposure to Prop up the Market

Banks – with their investment in stocks below a 25% threshold – will increase their exposure by 2%, responding to a call by the securities regulator to boost institutional investors' stakes in the market and increase the liquidity supply.

Besides, the banks which have not yet set up a special fund of Tk200 crore for investment in the stock market have also agreed to invest in this fund soon.

The representatives of the banks came up with the decision at a meeting with the Bangladesh Securities and Exchange Commission (BSEC) on Wednesday.

According to law, a commercial bank can invest up to 25% of its capital on a solo basis and a maximum of 50% of the capital, including the investment of the associate company (consolidated basis), in the stock market.

Source: <https://www.tbsnews.net/economy/stocks/banks-raising-stock-exposure-prop-market-382468>



Indices Gear up over Regulatory Intervention

Indices of both stock exchanges in the country geared up after regulatory intervention to stop the recent free-fall caused by the Russia-Ukraine war.

On Tuesday, the Bangladesh Securities and Exchange Commission (BSEC) lowered the circuit breaker limit to 2% from 10% in a bid to rein in a massive collapse in share prices and thereby curb further losses of investors.

As the decision took effect on Wednesday, DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), returned to positive and advanced 2.4% or 155 points to close at 6,630.

The Chittagong Stock Exchange's (CSE) all share price index CASPI also surged 2.01% to close at 19,400 on Wednesday.

Investors regarded these changes positively and returned to a buying spree, as a result of which the market saw an upsurge.

Besides, the DSE observed increased participation while turnover slightly advanced by 3.6% and stood at Tk770 crore compared to the previous session.

Source: <https://www.tbsnews.net/economy/stocks/indices-gear-over-regulatory-intervention-382462>



US Trade Deficit Hits New Record in Jan

A jump in oil and auto imports in January combined with a sharp drop in exports caused the US trade gap to widen again in January, according to official data released Tuesday.

The trade deficit in the world's largest economy increased by 9.4 per cent compared to December to a record \$89.7 billion, the Commerce Department reported.

Exports fell 1.7 per cent to \$224.4 billion while imports rose to \$314.1 billion, the report said.

US firms have been trying to replenish depleted inventories and bring in parts and materials that have proved hard to find due to the pandemic disruptions that have snarled global supply chains.

Exports of services like travel fell, while the deficit in goods trade also hit a record, according to the data.

Imports of autos, parts and engines jumped \$1.6 billion, while purchases of crude oil and natural gas rose \$1.5 billion, but key semiconductors, needed for everything from cars to cell phones, fell \$600 million compared to December.

Source: <https://www.thedailystar.net/business/global-economy/america/news/us-trade-deficit-hits-new-record-jan-2979541>

Amazon Announces 20-for-1 Stock Split, \$10 billion Share Buyback

Amazon.com Inc said on Wednesday its board approved a 20-for-1 split of the e-commerce giant's common stock and authorized a \$10 billion buyback plan, sending the company's shares up 7% in extended trading.

This is the first stock split by Amazon since 1999 and will give investors 19 additional shares for every share they hold. Trading based on the new share price will begin on June 6.

Amazon's share split is similar to the one announced by Google parent Alphabet Inc last month. Several mega cap companies such as Apple Inc, Tesla and Nvidia have split their stocks since 2020.

Amazon's stock, which closed at \$2,785.58 on Wednesday, has nearly doubled over the last two years, when demand for both its e-commerce and cloud computing business surged in the wake of the Covid-19 pandemic.

Source: <https://www.tbsnews.net/world/global-economy/amazon-announces-20-1-stock-split-10-billion-share-buyback-382594>



Thailand's Economy Rebounds in Q4

Thailand's economy rebounded in the fourth quarter of last year on the back of rising exports and the easing of coronavirus restrictions that allowed tourists to return, senior officials said Monday.

The 1.9 per cent on-year expansion was more than double what was forecast and marked a strong bounce after a 0.2 per cent contraction in the previous three months.

For the whole year the economy grew 1.6 per cent, according to the National Economic and Social Development Council, and also beat expectations.

South East Asia's second largest economy was hit with a 6.1 per cent contraction in 2020 -- its worst economic performance since the 1997 Asian Economic Crisis.

The NESDC said it saw growth of 3.5-4.5 per cent this year as tourism picks up and government spending kicks in.

Source: <https://www.thedailystar.net/business/global-economy/news/thailands-economy-rebounds-q4-2967516>



Gold Bid, Stocks Dumped further

Russia's invasion of Ukraine saw investors scrambling for the safety of gold and the protection of inflation hedges as weeks of brinkmanship came to a head on Thursday.

While market participants had been bracing for some form of aggression on Russia's part, Thursday's attack that brought explosions even in the Ukrainian capital of Kyiv, and across the country, made the war real for market participants.

Trader playbooks seemed to change from one that was built around the possibility of a diplomatic resolution to the crisis, to what had at one point been a tail-risk, or extreme, scenario.

"It looks pretty clear that they are moving toward Kyiv, which was always one of the worst case scenarios, because we now have a long night ahead of us trying to understand how bad this gets, and what sanctions get put up," said Chris Weston, head of research at brokerage Pepperstone in Melbourne.

Source: <https://www.thedailystar.net/business/global-economy/news/gold-bid-stocks-dumped-further-2970031>



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Alliance Capital Asset Management Ltd.

Contact Us

Address:

Sima Blossom (10th floor)
Comprehensive Holdings
Plot # 390 (Old) 03 (New)
Road # 27 (Old) 16 (New)
Dhanmondi C/A,
Dhaka-1209.

Office: +880 2 9121360 Fax
: +880 2 9120971

Developed By:

Mehnaz Tabassum Khaleel
sarah@acaml.com

Visit us on the web at:
www.acaml.com