

*Following is a summary of important business news published in the leading daily newspapers of Bangladesh. For the complete news, please follow the online link given below each news. Please note that the news summary doesn't reflect the opinion of BRAC EPL Stock Brokerage Limited.*

### **Economy in a limbo**

- The economy, it seems, is in a sort of limbo, neither fully on recess nor roaring ahead. While power and energy consumption has risen sharply since the easing of movement restrictions on May 30, the other indicators, most notably retail sales, are blowing hot and cold, all of which suggests the full recovery is far away. People are flocking to stores but they are not spending, posing risks of a tidal wave of infections after Eid-ul-Azha and subsequently delaying the economic recovery.
- The president of the Dhaka Chamber of Commerce and Industry (DCCI) said that there are not many shoppers. The reason being, many have seen their salaries reduced owing to the pandemic. Overall money circulation has dropped and shoppers are cautious, he added. It is a tricky situation. Good thing is that orders are gradually coming, he also said.
- The gradual rise of usages of electricity, petroleum and gas since April to July is a good indication of the economy's return to normalcy, said the research director of the Centre for Policy Dialogue. The use of energy and power is still behind the level of last year's that portrays that most of the sectors are yet to reach their last year's level.

<https://www.thedailystar.net/business/news/economy-limbo-1938989>

### **No surprises as banks' profits plummet in the second quarter**

- The expected happened. Banks' profits were supposed to take a massive hit in the second quarter of 2020, and that took place. Most of the listed banks' profits slumped in the April-June quarter on the back of the shrunken economic activities for the pandemic and the implementation of the single-digit interest rate for lending while still paying higher interest for some deposit schemes. The banks' overall lending, as well as loan recovery, also plummeted to new depths during the period.
- Their non-interest income suffered a major blow as export and import dropped significantly while earnings from the ailing stock market were very depressing. Of the 30 listed banks, only eight posted higher profits in the quarter compared with a year, while 18 booked lower profits, two incurred more losses. The other two are yet to publish their earnings. Bankers fear the situation would worsen in the upcoming quarters when all banks will be allowed to downgrade their loans to bad debts if borrowers fail to repay.
- They offered many schemes like money doubling plans or something like that where the deposit rate was 9% or even 11% in some cases. These could not be brought down and so our costs were higher. As a result, the net interest income of the banking sector plunged and the pandemic has just added to the woes. the managing director and chief executive director of Mutual Trust Bank said.
- The business of the banking sector was almost zero in April and loan recovery was not satisfactory even after the lockdown was lifted, which affected banks' turnover and profits. As the central bank eased rules to boost money supply, the ceiling on the lending rate could be implemented but banks cannot lower their deposit rates overnight, the managing director of Pubali Bank said.

<https://www.thedailystar.net/business/news/no-surprises-banks-profits-plummet-the-second-quarter-1938969>

### **Bangladesh Bank (BB) acts to bring infra firms in stock market**

- The central bank has announced a guideline for attracting non-listed private infrastructure companies, in which commercial banks have equity exposure, to the capital market to help lower risks. Under the guideline, all banks have been asked to enter into agreements with parties concerned before making any investment so that the companies can be drawn into the capital market within one year from the first date of subscription, the Bangladesh Bank or BB said on Thursday in a notice.
- The notice said steps should be taken to bring such companies in which the banks have equity exposure within six months from the effective date of notification. The companies should go for direct listing with a maximum of 5.0% of the paid-up capital in the first year, according to the notice. Market operators welcomed the BB's latest action, saying that it will help increase the number of listed companies in the capital market. It will help improve the supply side of the market, the chief executive officer of MTB Capital said.
- On May 16, 2019, the BB set the investment ceiling for the banks under Bangladesh Securities and Exchange Commission-approved special purpose vehicle or alternative investment fund for infrastructure projects. Currently, the banks are allowed to invest in the private-sector infrastructure projects with a maximum of BDT 6.0 billion or single borrower exposure limit, whichever is lower. Such an investment for a single bank will be limited to 20% of the paid-up

capital in special cases for private-sector projects. The banks are not allowed to purchase more than 10% share of the paid-up capital of the company in a non-listed firm while investing in equity instruments, according to the previous missive.

<https://today.thefinancialexpress.com.bd/public/first-page/bb-acts-to-bring-infra-firms-in-stock-mkt-1596131925>

### **Bangladesh Bank issues policy to enlist bank-linked companies on stock market**

■ The Bangladesh Bank on Thursday made it mandatory for the power and energy, tourism and digital infrastructure sectors' companies having any scheduled bank's equities to be enlisted on the country's stock exchanges. However, the mandatory enlistment would not be applicable to the special purpose vehicle, alternative investment fund, similar funds, and projects taken under the public private partnership.

■ In case of equity exposure or investments in such companies or projects related to power and energy, tourism and digital infrastructure sectors, there must be an unchangeable agreement among the investing banks along with other investors that the entity must be enlisted on the stock exchanges within one year of the first subscription. For the companies in which any bank has already taken exposure, managing director of the scheduled bank concerned were asked to take initiative within six months to bring those companies to the country's capital market.

■ The listing of such companies must be completed under the direct listing process and the issue price of share must not be less than the average share acquisition price of a scheduled bank. In the first year of listing, the amount of share offloaded must not be higher than 5%. The central bank also allowed banks to transform convertible bond issued by such companies in which the bank has equity exposure, into ordinary shares. In case of enlistment on the stock exchanges, the banks' exposure in such companies would not be treated as the banks' exposure in the capital market.

<https://www.newagebd.net/article/112496/bb-issues-policy-to-enlist-bank-linked-cos-on-stock-market>

### **Savings tools sales plunge by 71% in FY20 on tightened rules, coronavirus**

■ The government's net borrowing through the national savings tools fell by 71.10% year-on-year in the immediate past fiscal year 2019-2020 due mainly to the tightened regulations on selling of the tools and the coronavirus outbreak in the country. The net sales of national savings certificates dropped to BDT 144.28 billion in FY20 from BDT 499.39 billion in the fiscal year 2018-2019, according to the latest Bangladesh Bank data released on Thursday. Due to the drastic fall in the NSCs sales, the government borrowed heavily from the banking sector to offset the deficit in its earnings through the National Board of Revenue. The government borrowed BDT 853.21 billion from the banking system in FY20.

<https://www.newagebd.net/article/112497/savings-tools-sales-plunge-by-71pc-in-fy20-on-tightened-rules-coronavirus>  
<https://www.dhakatribune.com/business/economy/2020/07/30/borrowing-from-savings-tools-drops-71-10-in-fy20>

### **JMI Hospital Requisite distorts financial data**

■ The Bangladesh Securities and Exchange Commission on Thursday declined JMI Hospital Requisite Manufacturing Limited's initial public offering as the company falsified and distorted financial data. JMI Hospital was also involved in the recent N95 masks scam. The company overstated receivables to display high revenue in the financial statement. It also showed reduced depreciation expense to display higher profits, which led to false and misleading reporting of financial results, the BSEC observed. The regulator also found that 40% revenue was generated from sister-concern companies, which was suspicious.

■ The commission observed that the Investment Corporation of Bangladesh held 30% shares of JMI Hospital and was also acting as issue manager of the company's IPO, which was a violation of securities rules. Besides, the company loaned its related companies BDT 1.09 billion in total and the company could address its financial need from the recovering of the loans rather than raising funds from the market, the BSEC observed.

<https://www.newagebd.net/article/112494/jmi-hospital-requisite-distorts-financial-data>

**World Stock and Commodities\***

<b>Index Name</b>	<b>Close Value</b>	<b>Value Change YTD</b>	<b>% Change YTD</b>
Crude Oil (WTI)*	\$40.02	-21.61	-35.06%
Crude Oil (Brent)*	\$43.32	-25.12	-36.70%
Gold Spot*	\$1,973.44	451.97	29.71%
DSEX	4,171.21	-281.72	-6.33%
S&P 500	3,271.12	40.34	1.25%
FTSE 100	5,897.76	-1689.29	-22.27%
BSE SENSEX	37,606.89	-4035.25	-9.69%
KSE-100	39,258.44	-1476.64	-3.62%
CSEALL	5,124.26	-1004.95	-16.40%

**Exchange Rates**

**USD 1 = BDT 84.61\***  
**GBP 1 = BDT 110.78\***  
**EUR 1 = BDT 99.63\***  
**INR 1 = BDT 1.13\***

*\*Currencies are taken from XE Currency Converter and Commodities are taken from Bloomberg.*

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### BRAC EPL Stock Brokerage Limited

#### Research

Ayaz Mahmud, CFA	Head of Research	<a href="mailto:ayaz.mahmud@bracepl.com">ayaz.mahmud@bracepl.com</a>	01708 805 221
Sadman Sakib	Research Associate	<a href="mailto:sadman.sakib@bracepl.com">sadman.sakib@bracepl.com</a>	01730 727 939
Md. Rafiqul Islam	Research Associate	<a href="mailto:mrafiqulislam@bracepl.com">mrafiqulislam@bracepl.com</a>	01708 805 229
Md. Mahirul Quddus	Research Associate	<a href="mailto:mmahirul.quddus@bracepl.com">mmahirul.quddus@bracepl.com</a>	01709 636 546

#### International Trade and Sales

Ahsanur Rahman Bappi	Head of International Trade & Sales	<a href="mailto:bappi@bracepl.com">bappi@bracepl.com</a>	01730 357 991
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#### BRAC EPL Research [www.bracepl.com](http://www.bracepl.com)

121/B Gulshan Avenue  
Gulshan-2, Dhaka  
Phone: +880 2 881 9421-5  
Fax: +880 2 881 9426  
E-Mail: [research@bracepl.com](mailto:research@bracepl.com)