

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.

US seeks list of apparel brands that cancelled orders

- The US Trade Representative (USTR), the chief trade negotiator for the Trump administration, has sought a list of retailers that cancelled work orders with Bangladeshi firms due to the ongoing coronavirus pandemic. After securing the list, the US government is expected to urge the retailers to accept their shipments of previously cancelled work orders. A senior official of the USTR expressed his organisation's willingness to carry out this initiative during a virtual meeting of the Trade and Investment Cooperation Forum Agreement (TICFA) Council with Bangladesh's representatives on Tuesday.
- A considerable number of work orders for garment items totalling USD 3.2 billion have either been cancelled, deferred or withheld at various seaports as retailers in the US are reluctant to accept deliveries amid the current economic uncertainty, according to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).
- The issue of reinstating the Generalised System of Preferences (GSP) for certain Bangladeshi products bound for US markets was also raised. After that, the US government outlined 16 terms and conditions to be fulfilled by its Bangladeshi counterparts before the country could regain its GSP facility.

<https://www.thedailystar.net/business/news/us-seeks-list-apparel-brands-cancelled-orders-1951713>

<https://www.newagebd.net/article/114603/us-to-assist-bangladesh-resolve-rmq-order-cancellation>

Like banks, NBFIs can now maintain loan status until September

- The central bank has pushed back the deadline for loan status classification by non-bank financial institutions to 30 September, giving more breathing room to borrowers struggling to stay afloat because of the lengthy pandemic. In March, taking into account the economic devastation triggered by the pandemic, the Bangladesh Bank eased rules on classifying loans, lease and advances for both banks and NBFIs, ordering them not to downgrade any loans up to June. The deadline for banks was later extended to 30 September as the central bank forecast the economy would be enshrouded by the coronavirus-induced gloom for longer than it had imagined earlier.
- Yesterday, BB extended the deadline for the 34 NBFIs as well. Because of the coronavirus, borrowers are not being able to run their normal operations, the central bank said in a notice. It ordered NBFIs to consider all instalments against long and short-term loans, leases and advances deferred between 1 January and 30 September. The instalment size and numbers would have to be re-fixed in October, BB said. The tenure of the loans would be rescheduled by pushing back the repayment period in line with the number of instalments that would remain unpaid until 30 September.
- The central bank also ordered the NBFIs to refrain from charging any penalty or additional fees or commissions for the January-September period. Banks and NBFIs will have to maintain the same credit status of a borrower as on 30 January until the new deadline. It is a positive move, said the chief executive officer of IDLC Finance, one of the top NBFIs in Bangladesh.

<https://www.thedailystar.net/business/news/banks-nbfis-can-now-maintain-loan-status-until-sep-1951709>

<https://www.newagebd.net/article/114601/bb-extends-time-for-nbfis-borrowers-to-repay-loans>

<https://www.dhakatribune.com/business/banks/2020/08/26/nbfis-asked-not-to-classify-loans-till-september>

<https://tbsnews.net/economy/nbfi-borrowers-get-more-respite-loan-repayment-124732>

Private credit growth dismal in July

- Disbursement of loans by the banks to the private sector remained dismal in July, the first month of the fiscal year of 2020-2021, with the credit growth to the private sector standing at 9.2% in the month. The growth in July was far behind the central bank's projection to attain 14.8% private sector credit growth as the businesses were in doubt whether they would be able to repay the banks loans given the prevailing unimpressive business and economic state and the coronavirus outbreak situation in the country.
- However, the private sector credit growth in July improved a bit considering the 8.61-per cent growth in June, the last month of FY 2019-20. Policy Research Institute executive director said that the increase in private sector credit growth in July was paltry and it could not be termed a turnaround. To support the economic recovery, the growth must be higher, he said. Even though the disbursement of loans by the banks to the private sector was not that significant, the interest imposed on the loans might have increased the amount of outstanding loans, he added.
- Even before the outbreak of coronavirus, the private sector credit growth was unimpressive. In April this year, the private sector credit growth dropped to 8.82%. It also dropped in May and June of FY20. The COVID-19 outbreak began in the country in March. Bankers said that the increase in growth in July was not a significant change because

the banks remained cautious regarding disbursement of loans amid the pandemic.

<https://www.newagebd.net/article/114596/private-credit-growth-dismal-in-july>

<https://www.dhakatribune.com/business/banks/2020/08/26/private-sector-credit-growth-recovers-from-slump-in-july>

Forex reserve can be used for external payments

- The Bangladesh Bank has agreed to use foreign exchange reserves as a source of loan, but on a limited scale only for foreign payments for government bodies instead of creating a separate fund. The board of the central bank made the policy decision to finance from forex reserve primarily in two sectors – power and port development projects. Giving an example, a board member of the central bank said that such practice already exists in case of giving loans to national flag carrier Biman Bangladesh Airlines. He said currently, annual return from the foreign exchange reserve had come down to 1% due to a decline in interest rate worldwide. In this case, giving loans to government projects will be a better option for the central bank.
- Officials at the finance ministry said loan support from foreign sources, such as the World Bank, the Asian Development Bank, and China, for large development projects in the public sector might shrink in the future because of the current Covid-19 situation. Therefore, initiatives must be taken to implement projects with the government's own fund. Backed by strong remittance inflow and lower import expenditure, the country's foreign exchange reserve exceeded the USD 38 billion mark for the first time on August 18. The current foreign exchange reserve is enough to meet the import demand for more than seven months while the international standard is three months.

<https://tbsnews.net/economy/banking/forex-reserve-can-be-used-external-payments-124735>

IFC provides USD 30 million to City Bank to support SMEs

- The International Finance Corporation (IFC) has provided the City Bank Limited with a loan of up to USD 30 million, equivalent to BDT 2.55 billion, to support small and medium enterprises (SMEs) and export-import companies affected by Covid-19 in Bangladesh. This investment has come in the form of working capital support as part of the IFC's USD 8 billion global Covid-19 fast-track financing facility. Small and medium enterprises provide more than 35% of employment in Bangladesh and contribute to a quarter of the country's GDP, said IFC's country manager for Bangladesh, Bhutan and Nepal.

<https://tbsnews.net/bangladesh/ifc-provides-30m-city-bank-support-smes-124741>

BSEC approves IPO of Dominage Steel Building

- The securities regulator on Wednesday approved the IPO (initial public offering) of Dominage Steel Building Systems Ltd which will raise capital worth BDT 300 million. The Bangladesh Securities and Exchange Commission (BSEC) also approved two other proposals of raising an aggregate amount of capital worth BDT 13.50 billion by two private commercial banks issuing perpetual and zero coupon bond.
- As per the BSEC's approval, Dominage Steel Building Systems will go public under fixed price method issuing 30 million shares at an offer price of BDT 10 each. The company will utilise the IPO fund for building construction, setting up electric equipments, purchasing machinery and bearing the IPO expense. As per the financial statement for the year ended on June 30, 2019, the company's net asset value (NAV) per share stood at BDT 19.81. For the same period, the company reported its earnings per share of BDT 1.49. Shahjalal Equity Management is the issuer manager of Dominage Building Systems.
- The securities regulator has allowed Standard Chartered Bank to raise a capital worth BDT 8.5 billion issuing zero coupon bond. The bonds are non-convertible, fully redeemable, unsecured, and unlisted. The bond will be issued to different financial institutions, corporates, insurance companies, among others, through private placement.

<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-approves-ipo-of-dominage-steel-building-1598461597>
<https://www.thedailystar.net/business/news/bsec-slaps-fines-approves-2-bonds-ipo-1951677>

<https://www.newagebd.net/article/114605/dominage-steel-allowed-to-find-ipo-cut-off-price>
<https://www.dhakatribune.com/business/stock/2020/08/26/bsec-approves-dominage-steel-s-ipo-1-350c-in-bonds-for-scb-nccb>

<https://tbsnews.net/economy/stock/bsec-approves-bond-ncc-bank-standard-chartered-bank-124681>

Walton starts exporting TVs to Poland

- Bangladeshi electronics brand Walton has begun exporting televisions to Poland. The first consignment of Walton televisions with "Made in Bangladesh" tags have already been sent to Poland, said a press release on Wednesday. Walton television Division CEO said that Walton plans to export 100,000 units of televisions to European market by next year. Earlier, Walton signed business agreement with Google to produce smart TVs for western countries. Walton received license from Dolby, a US company, as the only manufacturer in Bangladesh.

<https://www.dhakatribune.com/business/2020/08/26/walton-starts-exporting-tvs-to-poland>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$43.34	(\$18.29)	-29.68%
Crude Oil (Brent)*	\$45.73	(\$22.71)	-33.18%
Gold Spot*	\$1,942.83	\$421.36	27.69%
DSEX	4,827.58	374.65	8.41%
S&P 500	3,478.73	247.95	7.67%
FTSE 100	6,045.60	(1,541.45)	-20.32%
BSE SENSEX	39,073.92	(2,568.22)	-6.17%
KSE-100	40,862.59	127.51	0.31%
CSEALL	5,335.66	(793.55)	-12.95%

Exchange Rates
USD 1 = BDT 84.75*
GBP 1 = BDT 111.87*
EUR 1 = BDT 100.23*
INR 1 = BDT 1.14*

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

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