

*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.*

### **Trade deficit narrows on stuttering economic recovery**

- Bangladesh's trade deficit narrowed 43.5% year-on-year to USD 3.2 billion in the first four months of the fiscal year, thanks to the falling trend of import due to the ongoing economic slowdown brought on by the coronavirus pandemic. The deficit fell by USD 2.49 billion to USD 3.23 billion during the July-October period, according to data from the Bangladesh Bank (BB). The trade deficit narrowed due to the negative import growth, which indicates stagnated economic activities and weak domestic demand. Import growth dropped about 13% during the period to USD 15.8 billion from a year earlier.
- The country's export earnings grew only 1.1% to USD 12.5 billion in the first four months of the fiscal year, according to the BB data. Earnings from garment exports fell 1.2% year-on-year USD 10.45 billion in the July-October period of the fiscal year. The country's current account balance posted a surplus of USD 4.05 billion in the first four months of the fiscal year owing to the sharp decline in the trade gap. Even though some may interpret the shrinking of the trade deficit as a good indication but a deeper analysis of the country's import-dependent nature would reveal that it was not sending out a satisfactory message to the economy at all, said a former caretaker government adviser.
- The record foreign exchange reserve is also a reflection of the lower trade deficit and surplus in the current account. The country's foreign exchange reserves stood USD 41.25 billion on December 1, the largest yet. The BB data also showed that the country attained USD 153 million in net foreign direct investment in the first four months of fiscal 2020-21 against USD 307 million a year earlier. The net portfolio investment, meant for investment in the capital market, posted a USD 167 million deficit in July-October from USD 32 million in the positive.

<https://www.dhakatribune.com/business/economy/2020/12/03/trade-deficit-narrows-on-stuttering-economic-recovery>  
<https://www.newagebd.net/article/123250/trade-deficit-shrinks-by-44pc-in-july-oct>  
<https://tbsnews.net/economy/current-account-balance-surplus-crosses-4bn-166402>

### **July-October National Savings Certificate (NSC) sales reach 78.0% of FY21 target**

- The net sales of national savings certificates stood at BDT 156.4 billion in the July-October period of the current fiscal year 2020-2021 against the government's target of BDT 200.0 billion for the entire fiscal year. The sales in the four months account for 78.21% of the annual target due to a buying spree as people went for buying the high-yield investment tools amid a plunge in bank deposit rates, experts said.
- According to the latest National Savings Directorate data, the net sales of NSCs in the four months of FY21 is 183.79% or BDT 103.4 billion higher than the BDT 55.1 billion in sales in the same period of the previous fiscal year. In July-October of FY21, the gross sales of NSCs stood at BDT 372 billion and the payment of principal amounts BDT 215.5 billion. The NSD data also showed that the sales of NSCs increased by 390.25% or BDT 32.1 billion in October 2020 against the sales of BDT 8.2 billion in the same month of 2019. In October, the gross sales of NSCs stood at BDT 92.5 billion and the payment of principal amounts BDT 52.2 billion.
- The sales of NSCs grew from the very beginning of FY21 after witnessing a dismal FY20. In FY20, the net sales of NSCs plunged to BDT 144.3 billion from BDT 499.4 billion in the previous year. In the budget for FY21, the revenue collection target has been set at BDT 3.8 trillion, leaving deficit of BDT 1.9 trillion. For deficit financing, the government has planned to collect BDT 1.1 trillion from the domestic sources including sales of NSCs.

<https://www.newagebd.net/article/123251/july-oct-nsc-sales-reach-78pc-of-fy21-target>

### **Remittance: Bangladesh Bank loosens regulations**

- Under the latest relaxations, banks are now allowed to provide the government announced, 2.0% cash incentives to beneficiaries of remittances without verifying relevant documents of the remitters with the overseas exchange houses as well as banks. Such relaxation will be considered only for inward remittances amounting to more than USD 5,000 or BDT 500,000. Besides, those sending more than BDT 500,000 will have two months to submit the papers instead of 15 days earlier.
- Beneficiaries will have to submit necessary documents of the remitters to his/her own bank branch, which will disburse the cash incentive against the remittances, according to a notification, issued by the central bank. The disbursing bank will send confirmation to the remittance receiving bank to release such incentive shortly after examining all documents on their own. The remittance receiving bank would release the cash incentive on the basis of confirmation of the disbursing bank, it added.

<https://today.thefinancialexpress.com.bd/first-page/bb-loosens-regulations-1606932760>  
<https://www.thedailystar.net/business/news/bb-relaxes-rules-remittance-incentives-2004933>

### **Imports for manufacturing slump**

- Imports for the manufacturing sector in Bangladesh plunged in the first four months of the current fiscal year, signalling to a weak economic recovery from the coronavirus pandemic. In July-October, imports of capital machinery and industrial raw materials for major industries such as textiles plummeted along with some other intermediate goods. As a result, overall import payments decreased 13% year-on-year to USD 17.06 billion, the CIF import data from the central bank showed.

- Import of raw cotton, one of the major raw materials for the readymade garment industry, which accounts for about 85% of the national exports, stood at USD 814 million in the first four months, down 24.24% year-on-year. Staple fibre import fell to USD 267 million in contrast to USD 393 million a year ago, while the import of capital machinery slumped 31% to USD 1.08 billion. The dwindling import payment against relatively stable export earnings helped the country narrow down the trade gap. Exports rose to USD 12.55 billion during the four-month period in contrast to USD 12.41 billion a year ago. Import payments stood at USD 15.78 billion from July to October, down 12.99% if the FoB data of the central bank was considered.

<https://www.thedailystar.net/business/news/imports-manufacturing-slump-2004949>

### **Bangladesh witnesses largest fall in Asia and the Pacific (APAC) region**

- The real minimum wages in Bangladesh witnessed the largest fall in Asia and the Pacific (APAC) region in the last decade while Vietnam recorded highest growth, according to a latest report of the International Labour Organization (ILO). Between 2010 and 2019, the largest decreases in real minimum wages were observed in Bangladesh and Sri Lanka, according to the report. Wages and minimum wages in the time of COVID-19 revealed that Bangladesh's real minimum wages witnessed 5.9% negative growth against its 5.8% annualized labour productivity growth during the decade.

- Among the countries that have experienced an increase in real minimum wages, according to the report, the highest 11.3% average annual increases were observed in Vietnam followed by 10.1% in Lao People's Democratic Republic and 9.7% in Cambodia. The labour productivity growth was 5.1%, 5.6% and 5.5% respectively in these three countries.

<https://today.thefinancialexpress.com.bd/first-page/bd-witnesses-largest-fall-in-apac-region-1606932681>

<https://www.dhakatribune.com/business/2020/12/03/bangladesh-s-workers-more-productive-in-past-decade-but-actual-wages-dip>

<https://tbsnews.net/economy/bangladeshs-monthly-minimum-wage-lowest-asia-pacific-region-ilo-166438>

### **Government to buy Covid-19 vaccines directly**

- The Cabinet Committee on Economic Affairs has approved a proposal in principle to follow direct procurement method (DPM) for procuring Covid-19 vaccines since it is a matter of urgent state necessity. The approval came from a meeting of the committee held virtually on Wednesday with Law, Justice and Parliamentary Affairs Minister in the chair. While briefing the media after the meeting, Cabinet Division Additional Secretary said any public procurement proposal of over BDT 50.0 million in a year would come before the Cabinet Committee on Economic Affairs.

- After the weekly Cabinet meeting on Monday, Cabinet Secretary informed the media that the government would initially provide 30.0 million doses of Covid-19 vaccine among the people free of cost alongside taking tougher actions to compel the people to wear facemasks to check further spread of the novel coronavirus in the country. Health Secretary expected that Bangladesh would get the first batch of vaccine in February 2021 from India's Serum Institute. He also said the prime minister has already given her consent to procure 30.0 million doses of the Oxford-AstraZeneca vaccine from the Serum Institute of India (SII) while the government has already allocated BDT 7.4 billion to purchase the vaccines.

<https://tbsnews.net/coronavirus-chronicle/covid-19-bangladesh/govt-approves-direct-purchase-covid-vaccine-166057>

### **Bangabandhu-1 satellite not minting money yet**

- The Bangabandhu-1 currently earns BDT 1.25 billion for the local bandwidth market annually thanks to the 36 local satellite TV channels availing its services, according to the Bangladesh Communication Satellite Company (BCSCL). This was far below the expected return on its investment, which cost BDT 30 billion to go live, according to BCSCL officials. It was initially anticipated that the cost would be recovered in 5-7 years if the transponder could be rented out of the country. But the reality seems different.

- The supply of satellite bandwidth is abundant as nearly 6,000 satellites circle around the planet, far more than the 2,666 operational satellites. Although the Philippines and Nepal expressed interest in taking bandwidth from Bangabandhu-1, their asking prices were very low.

<https://www.dhakatribune.com/business/2020/12/03/bangabandhu-1-satellite-not-minting-money-yet>

### **Desh General IPO, Islami Bank Bangladesh Limited (IBBL) bond approved**

- The securities regulator has approved the IPO (initial public offering) proposal of Desh General Insurance Company which will raise a capital worth BDT 160 million. Under the fixed price method, the Desh General Insurance Company will issue 16 million shares at an offer price of BDT 10 each to raise BDT 160 million. The company will utilise the fund for the purpose of investing in treasury bond, fixed deposit receipt (FDR) and capital market along with bearing the IPO expenses
- As the financial statement for the year ended on December 31, 2019 the company's net asset value (NAV) without revaluation stood at BDT 11.62 per share. For the same period, the company reported its earnings per share (EPS) of BDT 1.36. The BSEC has also approved the proposal of BDT 6.0 billion subordinated bond to be issued by Islami Bank Bangladesh Limited (IBBL).
- As per the BSEC approval, the IBBL will issue to financial institutions, insurers, offshore development financial institutions, corporate entities and eligible investors through private placement. The tenure of the bond whose characteristics are non-convertible, fully redeemable, unsecured and unlisted will be seven years. The offer price of the units of IBBL's bond will be BDT 10 million per unit. The bank will utilise the fund to strengthen its Tier-II capital base.

<https://today.thefinancialexpress.com.bd/stock-corporate/desh-general-ipo-ibbl-bond-approved-1606926311>  
<https://www.dhakatribune.com/business/stock/2020/12/02/desh-general-insurance-s-ipo-gets-the-green-light>  
<https://www.dhakatribune.com/business/stock/2020/12/02/islami-bank-s-BDT-600cr-bond-gets-bsec-nod>  
<https://tbsnews.net/economy/stock/islami-bank-issue-tk600-crore-bond-166426>

### **IPO subscription of Taufika Foods begins Jan 3**

- The initial public offering (IPO) subscription of Taufika Foods and Agro Industries, which produces ice cream under the brand name of 'Lovello', will open on January 3, 2021. The ice cream maker will raise BDT 300 million from the capital market under the fixed price method by issuing 30 million ordinary shares. The subscription for shares of the company through electronic subscription system will be continued until January 7, according to the company's IPO prospectus.
- As per the regulatory approval, the Taufika Foods will issue 30 million ordinary shares with an offer price of BDT 10 each using the fixed price method. The company will utilise the IPO proceeds for acquisition of plant and machinery (BDT 90.36 million), purchasing freezer (BDT 57.84 million), purchasing vehicles (BDT 20.56 million), for capacity expansion of its depot (BDT 13.27 million), to repay bank loans (BDT 90 million) and bearing the IPO related expenses (BDT 28 million), as per the IPO prospectus.

According to the financial statements ended on September 30, 2019, the company's net asset value (NAV) per share and basic earnings per share were BDT 12.17 and BDT 1.20 respectively. The company's authorised capital is BDT 1.0 billion and pre-IPO paid-up capital is BDT 550 million. The market share of the Lovello is approximately 15% in the ice cream industry. Igloo and Polar are two established and popular names in the ice cream industry.

<https://today.thefinancialexpress.com.bd/stock-corporate/ipo-subscription-of-taufika-foods-begins-jan-3-1606926469>  
<https://www.dhakatribune.com/business/stock/2020/12/02/lovello-ice-cream-s-ipo-subscription-begins-on-jan-3>

### **Dominage trading halted few minutes into transaction**

- Dominage Steel Building Systems made a flying trading debut on Wednesday as its shares price jumped 50%, the highest allowable limit, riding on investors' 'irrational hype' over the new issue. The steel building maker's share closed at BDT 15 each on the Dhaka Stock Exchange (DSE), soaring 50%, the highest allowable limit on its issue price of BDT 10 each. The company's trading was halted within few minutes of transaction as investors rushed to buy its shares. But no sellers were seen on the trading board. The price of the shares of the company could not go up further despite high demand from investors due to the imposition of a new circuit breaker on shares which made debut, said a leading broker
- The Dominage Steel raised BDT 300 million from the capital market by issuing 30 million ordinary shares with an offer price of BDT 10 each using the fixed price method. As per audited annual financial statements, profit after tax was BDT 92.27 million for the year ended on 30 June 2020 against profit after tax of BDT 96.72 million for the year ended on 30 June 2019. The company's post-IPO basic earnings per share (EPS) was BDT 0.97 for the year ended on 30 June 2020.

<https://today.thefinancialexpress.com.bd/stock-corporate/dominage-trading-halted-few-minutes-into-transaction-1606926396>  
<https://www.dhakatribune.com/business/stock/2020/12/03/dominage-steel-building-s-profit-caves-in-8-9-for-pandemic>

### Bangladesh Securities and Exchange Commission (BSEC) okays UCB AML fund draft prospectus

- BSEC approved the draft prospectus of UCB AML First Mutual Fund, an open-end mutual fund. The approval was given on Wednesday at the 751st commission meeting, said a press release. Sandhani Life Insurance Company is the trustee and Brac Bank is the custodian of the fund while UCB Asset Management Limited is the sponsor and asset manager.

- According to BSEC, the primary target size of the fund is BDT 200.0 million. Of this, the sponsor will provide BDT 20.0 million and the remaining BDT 180.0 million will be collected by selling units of the mutual fund to investors at a face value of BDT 10.0 each. Typically, the asset management firm will focus on mid- and large-cap stocks, while capital protection will get high priority. Open-end mutual funds have no mandatory endpoint, and according to current regulations, their units are not listed with stock exchanges. Therefore, investors buy and sell open-end fund units based on current asset value from the asset manager's office or through authorised agents.

<https://tbsnews.net/economy/stock/bsec-okays-ucb-aml-fund-draft-prospectus-166444>

### Baraka Patenga Power aims to contribute to Bangladesh's socioeconomic development

- Baraka Patenga Power (BPPL), which is all set to make its capital market debut to raise BDT 2.25 billion, has set its sights on becoming the largest player in the country's private sector power generation, said its chief. The private sector now dominates Bangladesh's power generation. As of December 2018, its contribution was 54.4% of the total electricity against 45.7% produced by the state-owned power plants. By the Power Division data, the country's total power generation capacity reached 20,343 MW in the year, of which 11,057 MW came from private sector producers.

- Of the IPO proceeds, BPPL, whose parent company Baraka Power intends to spend BDT 1.44 billion on equity investments in Karnaphuli Power and Baraka Shikalbaha Power, and BDT 749.0 million to pay back bank loans said the chairman of BPPL. BPPL holds 51% shares of both the two companies, whose main role is to set up power plants and supply electricity to the national grid.

<https://www.dhakatribune.com/business/stock/2020/12/02/baraka-patenga-power-aims-to-contribute-to-bangladesh-s-socioeconomic-development>

### World Stock and Commodities\*

| Index Name         | Close Value  | Value Change YTD | % Change YTD |
|--------------------|--------------|------------------|--------------|
| Crude Oil (WTI)*   | USD 45.01    | (USD 16.62)      | -26.97%      |
| Crude Oil (Brent)* | USD 48.25    | (USD 20.19)      | -29.50%      |
| Gold Spot*         | USD 1,829.41 | USD 307.94       | 20.24%       |
| DSEX               | 4,934.86     | 481.93           | 10.82%       |
| S&P 500            | 3,669.01     | 438.23           | 13.56%       |
| FTSE 100           | 6,463.39     | (1,123.66)       | -14.81%      |
| BSE SENSEX         | 44,618.04    | 2,975.90         | 7.15%        |
| KSE-100            | 42,027.38    | 1,292.30         | 3.17%        |
| CSEALL             | 6,345.84     | 216.63           | 3.53%        |

### Exchange Rates

USD 1 = BDT 84.69\*

GBP 1 = BDT 113.15\*

EUR 1 = BDT 102.56\*

INR 1 = BDT 1.15\*

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

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