

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.

Foreign Direct Investment inflow downtrend continues amid virus

- The flow of foreign direct investment into Bangladesh is plummeting at an alarming rate as the global economy continues to reel from the coronavirus pandemic. In the first four months (July-October) of the fiscal year 2020-21, the country raked in USD 720 million worth of foreign investment, marking a drop of 31% year-on-year, according to the latest data from Bangladesh Bank. The figure was USD 1.04 billion over the same period in 2019. The net FDI has declined even further in these four months, dropping by 50.16% to USD 153 million. The figure stood at USD 307 million at the same time last year..
- It's not just Bangladesh, most other countries are facing a crisis of foreign investment during the pandemic. Everyone is monitoring the situation, an executive director of the Policy Research Institute, said. the American Chamber of Commerce in Bangladesh (AmCham), said the state of FDI in Bangladesh was "never satisfactory". Due to issues over gas, electricity, ports and other infrastructural problems, foreign investors were not too keen to invest in the country in the past.

<https://today.thefinancialexpress.com.bd/trade-market/fdi-inflow-downtrend-continues-amid-virus-1607271418>

Banks to struggle under heavier Non Performing Loan burden

- Banks are going to face substantial pressure originating from an ever-bulging defaulted loans in the next years as the regulatory support in this particular area is due to expire by the end of this calendar year, bankers and experts say. A Bangladesh Bank's official said the possibility of extending the central bank's policy support will depend on the severity of the second wave of the Covid-19 pandemic. The banks should also expedite their own monitoring and supervisions to ensure proper use of the government's financial stimulus packages, said a professor of the Bangladesh Institute of Bank Management (BIBM). He also expressed the fear that improper implementation of the stimulus packages could deteriorate the NPL situation further.
- Former managing director and chief executive officer of NRB Bank Limited, said that the sectors such as smaller enterprises, tourism, hospitality and transportation hit by the pandemic should be given extra time for rescheduling their loans so that they can revamp their business. The volume of NPL fell by nearly 2.0% or BDT 16.76 billion to BDT 944.40 billion as on September 30 from BDT 961.17 billion as on June 30 this year, the BB data showed. The bankers, however, said the real picture of the defaulted loans would become clear after the end of suspending loan classification. The banks are not allowed to classify loans adversely until December 31, 2020 in line with the BB's directives.

<https://today.thefinancialexpress.com.bd/first-page/banks-to-struggle-under-heavier-npl-burden-1607275352>

Deferred payments put RMG makers in a box

- The adverse purchasing practices, delayed payments, lower price offers and less work orders by global buyers might force a good number of suppliers out of business, industry people fear. A new survey also revealed that the financial pressures threaten to make many apparel suppliers unviable and are likely to cause, or have already caused, large-scale dismissals of workers. According to the report, currently, most suppliers or 61% reported being paid 60, 90, or even 120 days after order shipments. On an average, suppliers surveyed will have to wait 77 days after they complete and ship customers' new orders, to receive payment, which was 43 days before the pre-pandemic period.
- Before Covid, only 34% of buyers took 60 days or longer, after shipment, to pay suppliers. Now, 66% are imposing 60-day or longer payment terms. Pre-pandemic payments terms of 120 days or longer were extremely rare. Now, one in four buyers has imposed such terms," said the report published in October. Industry people claimed that the majority of the cancelled orders of more than USD 3.0 billion during March-April were reinstated with the condition of deferred payments. Many of the factories were closed during the pandemic while more will be out of business if such financial pressures by buyers continue, vice president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) said.

<https://today.thefinancialexpress.com.bd/last-page/deferred-payments-put-rmg-makers-in-a-box-1607275854>

RMG buyers resort to alternative import method amid COVID-19

- Most of the global buyers are unwilling to open letters of credit to import readymade garment products from Bangladesh amid the COVID-19 outbreak and are instead resorting to alternative methods that could put Bangladeshi exporters at risk of losing proceeds. The country's apparel makers said that global buyers were offering businesses an open account method to skip the cost of opening LCs as brands and buyers were adopting cost-cutting measures due

to the coronavirus outbreak. They said that buyers were offering deferred payments whereas they were unwilling to open LCs which was contradictory with the Bangladesh Bank guidelines.

- Demanding contractual protection for apparel exporters, Bangladesh Garment Manufacturers and Exporters Association president said that only 44% of the buyers had offered letters of credit. At present, contracts are very loose with the buyers, she said. She added that the buyers often wanted flexibility and during the outbreak, loose and insecure trading contracts had contributed to the exporters' woes.

<https://www.newagebd.net/article/123610/rmg-buyers-resort-to-alternative-import-method-amid-covid-19>

Garment sector to lose USD 4 billion in EU if duty-free benefit ends

- Bangladesh's garment exporters will lose USD 4 billion if the duty-free trade benefit for the country comes to an end in the European Union following its graduation to a developing nation, according to a new study. If the Standard Generalised System of Preferences (GSP) can be availed, the loss will be USD 3.2 billion, the study by the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) said. The EU offers Standard GSP for low and lower-middle-income countries. This means a partial or full removal of customs duties on two-third of tariff lines.
- Bangladesh currently enjoys duty-free, quota-free access for all products except arms and ammunition in the EU market as a least developed country under the EBA (Everything But Arms) facility. Bangladesh's shipment to the EU will face the worst impact after graduation as the bloc accounts for 61% of the duty-free export from the country, the study said. The country's export to the EU has grown by 9.03% in the past 10 years to USD 17.15 billion.
- Currently, USD 25 billion, or 73% of the external trade of Bangladesh, enjoys duty-free access as an LDC. This will come to an end as the LDC graduation takes effect, the study said. The significance of the EU market is demonstrated by the rise of its share in Bangladesh's total exports: it went up from 58% to 61% in the last decade. Applying the standard GSP or most-favoured-nation (MFN) tariff will escalate the cost of sourcing from Bangladesh further.

<https://www.thedailystar.net/business/news/garment-sector-lose-4b-eu-if-duty-free-benefit-ends-2007149>

BSEC moves to lift IPO lottery system to allow all applicants to get shares

- The Bangladesh Securities and Exchange Commission has moved to scrap the lottery system introduced for general investors in initial public offering and to allow every applicant to get shares on pro rata basis. BSEC officials said that the system for general investors would be quite similar to the IPO system for eligible investors. The new system would allow all applicants for IPO shares to win at least a portion of shares, they said. This would be calculated by dividing the investment of each applicant by the amount of oversubscription and then multiplying the resulting fraction by the total value of floating shares for the retail investors.
- If the IPO is not oversubscribed, every applicant would get shares according of their investment. The regulator may set the minimum ceiling on investment for an IPO as there would be no lot. The system is expected to be launched from the subscription of NRB Commercial Bank Limited's IPO, the BSEC officials said. The BSEC may also set minimum investment by a general investors in the capital market for being eligible for applying for IPO shares as many investors open many BO accounts only to get IPO shares.

<https://www.newagebd.net/article/123601/bsec-moves-to-lift-ipo-lottery-system-to-allow-all-applicants-to-get-shares>

Big companies 'in queue' to go public

- Presently, a good number of companies such as Rupali Bank, Union Bank, NRB Global, and Omera Petroleum were in the pipeline, Bangladesh Securities and Exchange Commission (BSEC) chairman said on Sunday. Bkash may also go public and BSEC has also approved another large IPO proposal of NRBC Bank, he further revealed, adding that all the companies are large-cap ones and have good fundamentals. The capital market experts have also stressed on listing more large companies having good fundamentals to deepen the country's capital market and prevent rumour-based speculations and manipulation. The experts, however, pointed out that the capital market of the country lacks adequate number of companies like Robi, which recently completed its public subscription to raise BDT 5.23 billion, for creating a strong base.
- The market has only six such companies having market capitalization of billions of dollars. The companies are: Grameenphone, Walton Hi-Tech Industries, British American Tobacco Bangladesh Company (BATBC), Square Pharmaceuticals, United Power Generation and Distribution Company (UPGDC), and Renata. Apart from Robi, the list of top 10 IPOs included Grameenphone, MJL Bangladesh, The Acme Lab, Orion Pharma, the UPGDC, Bashundhara Paper Mills, Unique Hotel, Shasha Denims and The Peninsula Chittagong. These companies floated IPOs worth ranging from BDT 1.65 billion to BDT 4.86 billion during last 15 years from 2003 to 2018.

<https://today.thefinancialexpress.com.bd/first-page/big-companies-in-queue-to-go-public-1607275490>

Aftab Autos's directors move to meet minimum shareholding

- Three directors of Aftab Automobiles are set to buy shares of the publicly listed company in a move to fulfil the regulatory requirement of a minimum of 30% shareholding by sponsors. The company is mainly engaged in assembling and body fabrication of HINO luxury bus. Sponsor-director Saiful Islam has expressed his intention to buy 555,249 shares while directors Sajedul Islam and Khaleda Islam would buy 478,663 shares each at the prevailing market price (in the public market) through DSE within the next 30 working days.
- The buy intimation of 1,512,575 shares represents 1.58% of the company. Additional shares will fulfil the regulatory requirement of 30% minimum shareholding by directors as currently the sponsors/directors hold 28.42%. Bangladesh Securities and Exchange Commission earlier set a deadline of November 30 this year for ensuring all sponsors or promoters and directors of publicly listed companies to jointly hold a minimum of 30% shares of their company at all times based on a directive of the regulator issued in 2011.

<https://www.dhakatribune.com/business/stock/2020/12/07/aftab-autos-s-directors-move-to-meet-minimum-shareholding>
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World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$45.98	(\$15.65)	-25.39%
Crude Oil (Brent)*	\$48.99	(\$19.45)	-28.42%
Gold Spot*	\$1,837.63	\$316.16	20.78%
DSEX	5,024.39	571.46	12.83%
S&P 500	3,699.12	468.34	14.50%
FTSE 100	6,550.23	(1,036.82)	-13.67%
BSE SENSEX	45,079.55	3,437.41	8.25%
KSE-100	42,207.00	1,471.92	3.61%
CSEALL	6,397.56	268.35	4.38%

Exchange Rates

USD 1 = BDT 84.62*
 GBP 1 = BDT 113.56*
 EUR 1 = BDT 102.60*
 INR 1 = BDT 1.15*

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

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