

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.

Investment ceiling in savings bonds lowered for NRBs

- The government has lowered the maximum investment limit in national savings bonds for non-resident Bangladeshis (NRBs). Besides, the provision of honouring NRB investors with commercially important person (CIP) status following their investment in these bonds has been scrapped. Earlier, NRBs could invest a maximum of BDT 5.0 million separately in three savings bonds – Wage-Earners Development Bond, USD Premium Bond, and USD Investment Bond. According to the new guidelines, a maximum of BDT 10 million or its equivalent in foreign currency can be invested in these three bonds together.

- A former governor said that the pace of implementation of government development projects is slow due to the Covid-19 pandemic. The amount of loans taken by the government from the banking system is also much lower compared to last year. On the other hand, foreign exchange reserves are in a strong position due to high inflows of remittances. The government now has a lot of money in its hands, he said, adding that spending pressure is also low. This might be the reason why investment from NRBs has been discouraged.

<https://tbsnews.net/economy/investment-ceiling-savings-bonds-lowered-nrbs-174649>

Industries' appetite for loans yet to return

- At the end of September, disbursement of industrial loans, which are short-term credit taken as working capital or for funding capital expenditure, dropped about 12.9% year-on-year to BDT 948.50 billion, according to data from the Bangladesh Bank. This is the reflection of the stagnant economy thanks to the pandemic, said the executive director of the Centre for Policy Dialogue (CPD).

- The recovery of industrial loans also registered a negative growth as the repayment capacity of the businesses have eroded thanks to the economic damage inflicted the lethal pathogen, which has so far claimed 7,312 lives and infected 502,183 in Bangladesh. Banks recovered industrial loans amounting to BDT 842.33 billion at the end of September, down 10.9% year-on-year. At the end of September, disbursement of large industrial loans fell 13.1%, medium industrial loans 8.9% and small industrial loans 14.9%.

At the end of September, overdue and outstanding loans in the industrial sector rose 11% and 8.6% owing to the loan moratorium facility offered by the central bank. The BB has barred banks from downgrading any loan for the borrowers' failure to pay instalments this year. As a result, industrial defaulted loans fell 14.7% year-on-year to BDT 464.12 billion at the end of September.

<https://www.dhakatribune.com/business/2020/12/22/industries-appetite-for-loans-yet-to-return>

e-Commerce gets boost

- The central bank has relaxed its regulations allowing business-to-consumer exports via e-Commerce websites under cash on delivery or payment on shipments to facilitate retail exports using the digital platform, officials said. With this, transactions against export under e-Commerce can be received by different payment methods such as international cards, online payment gateway service providers, digital wallets and other legitimate payment systems licensed by the regulatory authorities, according to a notice issued by the Bangladesh Bank (BB) on Monday.

- Earlier, cross border export under e-Commerce was allowed only against the payment received through digital platforms before shipments. Authorised dealer (AD) banks are now allowed to receive payments against export through e-Commerce websites on the basis of cash on delivery or payment on shipment, it added. In this case, dealer banks shall have counterparty arrangements with foreign payment service providers to realise the payments by debiting the local currency-Bangladesh Taka (BDT)- accounts or foreign currency accounts they maintain in Bangladesh. The central bank has allowed overdraft facilities for the bank accounts provided that dealer banks shall have payment guarantees for the adequate amounts based on the transaction flows.

<https://today.thefinancialexpress.com.bd/last-page/e-commerce-gets-boost-1608571814>

<https://www.dhakatribune.com/business/2020/12/21/e-commerce-sites-allowed-exports-against-cash-on-delivery-2>

Bangladesh Bank (BB) revises semantics of NBFIs' stress testing

- As per revised guidelines, NBFIs will be categorised as 'A', 'B' and 'C' instead of 'green', 'yellow' and 'red' to indicate whether the position of the NBFIs is good, average or bad based on the institutes' weighted insolvency ratio (WIR). The central bank assesses stress to understand the consequences of financial institutions if bad loans and other risky assets increase, said a high official of BB. As per the previous method for stress testing, the NBFIs in red zones were

viewed in a very negative light even though their financial health is not that bad for practical intents and purposes, he added.

<https://www.dhakatribune.com/business/2020/12/21/bb-revises-semantics-of-nbfis-stress-testing-2>

FDI edges down for first time in 7 years

- Foreign direct investment to Bangladesh dropped last fiscal year, the first decline in seven years, because of the pandemic-induced slowdown in business and regulatory barriers. Net FDI nosedived 39% year-on-year to USD 2.37 billion last fiscal year, data from the central bank showed. The about-face in the FDI came just a year after it surged to its highest on record, riding mainly on Japan Tobacco Inc's acquisition of Akij Group's tobacco business for USD 1.47 billion. In 2018-19, net FDI stood at USD 3.88 billion.

- Although the financial meltdown caused by the coronavirus pandemic has taken a toll on the FDI flow, the whole situation should not be judged by the ongoing economic hardship alone, analysts say. FDI flow across the globe has declined in recent periods due to the financial crisis, which started in March, said a distinguished fellow of the Centre for Policy Dialogue. Global FDI flows are forecast to decrease by up to 40% in 2020, from their 2019 value of USD 1.54 trillion, according to the World Investment Report 2020 of the United Nations Conference on Trade and Development (UNCTAD) released in June.

- This will bring the global FDI below USD 1 trillion for the first time since 2005. In March, the International Monetary Fund said that investors had withdrawn USD 83 billion from developing countries since the beginning of the Covid-19 crisis, the largest capital outflow ever recorded.

<https://www.thedailystar.net/business/news/fdi-edges-down-first-time-7yrs-2015229>

Construction set to be costlier as rod prices soar

- Steel prices jumped 17% in the last one month as millers hiked the rates in the wake of spiralling scrap prices in the international market, which will make the implementation of public construction projects and home building costlier. The retail price of 60-grade MS (mild-steel) rod rose to BDT 64,000 per tonne, up from BDT 54,000 a month ago and BDT 61,500 during the corresponding period last year. The price of steel scrap increased by USD 100 per tonne in international markets recently, said the president of the Bangladesh Steel Mill Owners Association.

- But suppliers can't deliver the steel scrap adequately due to the supply chain disruption. There is a shortage of scrap in the global market, he said. He called the latest increase in the price of the rod as price correction. MS rod price was BDT 60,000 per tonne on average before the pandemic. It declined to BDT 50,000 per tonne in the June-November period, when millers sold finished products for cash to stay afloat, Hossain said. According to him, the price of rod would increase further in the coming days because of the rise in the price of steel scrap.

- A former president of the Federation of Bangladesh Chambers of Commerce and Industry, said the hike in the price of MS rod would put a negative impact on the infrastructure and construction sectors as steel is a key component. The implementation of the annual development programme will be affected significantly. Local construction companies will fall in trouble as procurement entities don't adjust prices for the projects with tenure less than 18 months, he said.

<https://www.thedailystar.net/business/news/construction-set-be-costlier-rod-prices-soar-2015237>

Robi makes trading debut Thursday

- Robi Axiata, the largest ever IPO in Bangladesh's capital market history, will make its shares trading debut from December 24 (Thursday) under "N" category, officials said. After one decade, a multinational company is going to make trading debut in the country's stock market. The last listed MNC was Mumbai-based Marico Bangladesh in 2009.

- Robi, the country's second largest mobile phone operator, which received regulatory approval from the Bangladesh Securities and Exchange Commission (BSEC) on September 23, raised a capital of above BDT 5.23 billion under the fixed price method. Of the total fund, BDT 1.36 billion collected from its own employees under the employee share purchase plan (ESPP) and nearly BDT 3.88 billion through initial public offerings. Subscription of Robi took place between November 17 and November 23. IDLC Investments is the issue manager.

<https://today.thefinancialexpress.com.bd/stock-corporate/robi-makes-trading-debut-thursday-1608565016>

<https://www.dhakatribune.com/business/2020/12/21/robi-makes-its-debut-on-bourse-on-dec-24>

<https://www.thedailystar.net/business/news/robis-stock-market-debut-thursday-2015225>

BPDB to offload some of its Power Grid shares

- BPDB expressed its intention to sell 34.3 million shares out of its total 603.2 million shares at prevailing market price, said a company disclosure on Monday. The state-owned organisation's shares will be sold within the next 90 working days, it also said. Power Grid made a profit of BDT 3.17 billion in the 2019-20 financial year. The company's earnings

per share (EPS) is BDT4.45, and has declared a 20% cash dividend for shareholders. However, in the third quarter of the same fiscal, it witnessed an earning erosion of 30%. Its shares traded between BDT 36.10 and BDT 55.20 in the past year.

<https://www.dhakatribune.com/business/stock/2020/12/21/bpdb-to-offload-some-of-its-power-grid-shares>
<https://tbsnews.net/economy/stock/bpdb-sell-343-crore-pgcb-shares-90-days-174727>

RAK Ceramics to run at one-third the capacity for next month

- Production at two of RAK Ceramics's plants would be on recess for at least 30 days from December 21 for maintenance work, the company informed yesterday. One of its remaining two plants would be in operation at 50% capacity and the other one at 100%. Sanitary ware production lines will run at around 70% of capacity, said the UAE-based tiles manufacturer. The slowing down of production comes at a time when construction activities are returning to pre-pandemic levels and the company itself, which specialises in ceramic and gres porcelain wall and floor tiles and sanitaryware, was springing back to profit.
- In the first six months of 2020, the company racked up losses of BDT 37 million in contrast to a profit of BDT 342 million a year earlier. The two-and-a-half-month-long countrywide shutdown, which disrupted supply chains, halted production and shut stores, caused missed sales of BDT 1.92 billion, it said. In the July-September quarter, RAK Ceramics logged in profit of BDT 126 million, down 34.3% year-on-year.

<https://www.dhakatribune.com/business/2020/12/21/rak-ceramics-to-run-at-one-third-the-capacity-for-next-month>

Three pharma companies ordered to repay intercompany loans

- The Bangladesh Securities and Exchange Commission (BSEC) recently ordered Orion Pharma, Orion Infusion and Active Fine Chemicals Ltd to explain their non-compliance to rules for intercompany loans. The regulator has also asked them to return those loans along with accrued interest from sister or associate companies within 15 days. According to the BSEC, Orion Pharma has provided BDT 5.29 billion in loans to its sister companies without charging any interest income on the fund while the listed company itself is bearing BDT 95.3 million in interests against its total bank loans of BDT 7.01 billion, as of 31 March, 2020.
- The capital market regulator in its letter on 20 December said the intercompany loans contradict with the Commission's 2006 notification which aimed at curbing intercompany loans by listed companies that might deprive public shareholders. Orion Infusion Ltd, another listed company of Orion Group provided BDT 63.7 million to its associate company Orion Pharma Ltd and did not charge any interest over the last five years. On the other hand, Active Fine Chemicals lent AFC Health Ltd, a company connected to the same sponsor-directors, BDT 105.1 million as a short term loan. It charged 15% interest, but gave a waiver for the first two years, which also contradicts with BSEC notification.

<https://tbsnews.net/economy/stock/three-pharma-companies-ordered-repay-intercompany-loans-174721>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$47.74	(\$13.89)	-22.54%
Crude Oil (Brent)*	\$50.91	(\$17.53)	-25.61%
Gold Spot*	\$1,879.14	\$357.67	23.51%
DSEX	5,115.20	662.27	14.87%
S&P 500	3,694.92	464.14	14.37%
FTSE 100	6,416.32	(1,170.73)	-15.43%
BSE SENSEX	45,553.96	3,911.82	9.39%
KSE-100	43,333.76	2,598.68	6.38%
CSEALL	6,622.71	493.50	8.05%

Exchange Rates

USD 1 = BDT 84.87*
 GBP 1 = BDT 114.03*
 EUR 1 = BDT 103.85*
 INR 1 = BDT 1.15*

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

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