

*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.*

### **Budget outlay to see marginal cut**

- The budget for the current fiscal year is set to be slashed by 1.6 % in the revised one because of lower development expenditure, with the cut being marginal for healthy revenue collection and higher subsidy spending. According to the finance ministry's revised estimate, the revised budget will stand at BDT 594,000 crore, down from the original budget of BDT 603,681 crore.
- The budget deficit between July and November was BDT 9,320 crore, lower than BDT 12,150 crore registered in the same period in the last fiscal year. The lower budget deficit has been the result of higher revenue collection and lower spending. In the July-November period, the borrowing of the government using savings instruments to bankroll the shortfall was BDT 14,584 crore, down from BDT 19,571 crore in the same period a year ago, owing to the cut of the interest rate on savings certificates and wage-earner bonds by 1 to 3 percentage points. Government's bank borrowing soared to BDT 19,762 crore as of November, which was BDT 12,035 crore in the same period in the previous fiscal year.

<https://www.thedailystar.net/business/economy/news/budget-outlay-see-marginal-cut-2925681>

### **Govt's bank borrowing surges for lower sales of savings tools**

- Government borrowing from the banking sector has seen a rapid surge this fiscal year mainly due to the lower investment of general people and firms in national savings tools, a development that may crowd out the private sector. The government took loans to the tune of BDT 22,344 crore from banks between July 1 and December 14, data from the Bangladesh Bank showed. It borrowed BDT 26,078 crore last fiscal year. The government has set a bank borrowing target of BDT 76,452 crore for the current fiscal year. Between July and October, net investment in the savings tools stood at BDT 9,325 crore, down 40% year-on-year.
- Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said that the government borrowing from the banking sector had not brought any negative effect for the private sector so far. But, the ongoing trend has signalled that borrowing will pick up in the days to come, he added. He also told if the government borrows from the banking sector heavily, it will worsen the existing liquidity stress. He suggested the government should take preparations to avoid such a situation.
- He also added that if the liquidity stress deepens, banks may face difficulties in sticking to the lending cap the central bank has put in place since April last year. According to Mansur, the government should think of withdrawing the 9 per cent interest rate ceiling on loans to ensure a smooth credit flow to the private sector. He also suggested that foreign loans and aids can help the government cut its reliance on bank borrowing to meet expenses, adding that Bangladesh had not been able to manage sufficient amount of low-cost loans. He mentioned that the government will find it tough in securing cheap loans and aids if it fails to reform the financial sector to align it with global best practices.

<https://www.thedailystar.net/business/economy/news/govts-bank-borrowing-surges-lower-sales-savings-tools-2925686>

### **Land development at Jamalpur Economic Zone nearly ends**

- Land development and the installation of required facilities at Jamalpur Economic Zone (JEZ) are almost done as it receives a USD 42.47-million investment proposal from nine companies. BEZA executive chairman said that most of the JEZ plots in the first phase have already been sold, and BEZA has completed land development and utility services. Two companies are preparing to install plants soon while two others are set to ink deals with the BEZA for

land allocation.

- The nine companies that have sent proposals are Noble Navigation & Shipping Lines, Bioleap Industry, Bioleap Agro, Max Infotech, Bio-Xin Cosmeceuticals, Step Media, Color Style Bangladesh, Silken Sewing and PPS Plastic Pipe Industries Ltd.

<https://thefinancialexpress.com.bd/economy/land-development-at-jamalpur-economic-zone-nearly-ends-1640405523>

### **Credit card transactions hit record high in Oct**

- Credit card-based transactions reached a record high of BDT 1,964.3 crore in October amid a growing dependency of a section of people on such cards amid Covid-induced economic shocks. A Bangladesh Bank data showed that the transactions through credit cards were 41.21% higher than the BDT 1,381.2 crore in transactions in the same month in 2020.
- In January-October of the current year, transactions through credit cards increased by 51% or BDT 5,763 crore year-on-year. Apart from the significant surge in transactions, the number of cards issued grew by 36.08% or 8.49 lakh from October 2020 to October 2021. The number of cards increased to 32.04 lakh in October 2021 from 23.54 lakh in the same month of the previous year. Bankers said that the growth in e-commerce business was the main reason for the significant growth in credit card-based transactions.

<https://www.newagebd.net/article/158259/credit-card-transactions-hit-record-high-in-oct>

### **Non-resident Bangladeshi investment potentials lie untapped**

- Nearly 2.4 million Bangladeshis are estimated to be living abroad permanently, either as citizens or on long-term permits, but there has been very little effort by the government to tap this huge source of investment. "Survey on the Use of Remittance," conducted by the Bangladesh Bureau of Statistics in 2013 found out that only 25.32% of received remittance in Bangladesh were invested in businesses while remaining 74.68% were spent for consumption. Currently, over 1.2 crore Bangladeshi workers reside abroad, but only 90,507 beneficiary owners accounts are maintained by NRBs for investing in shares and bonds in the capital market.
- Previously NRBs enjoyed a 10% quota facility for buying Initial Public Offerings (IPO), but this year the Bangladesh Securities and Exchange Commission has decreased the quota to 5% as the expatriate Bangladeshis have not shown much interest in investing in the capital market here. The NRB investment in the bond was BDT1,341.26 crore in FY20 while it was BDT1,902.61 crore in the previous fiscal year. The Ministry of Expatriates' Welfare and Overseas Employment has recently taken up a pilot project to promote diaspora investment in Bangladesh in the agriculture sector. The project is funded by the International Fund for Agricultural Development (IFAD). The pilot project involving BDT9 crore will work in four upazilas to engage diaspora communities in various agricultural production, says Zahid Anwar, deputy director of WEWB.

<https://www.tbsnews.net/economy/non-resident-bangladeshi-investment-potentials-lie-untapped-348454>

### **Stock fluctuations normal**

- Prof Shibli Rubayat-UI-Islam, chairman of the Bangladesh Securities and Exchange Commission (BSEC), has urged investors not to panic when the stock market index falls, reasoning that fluctuations are normal. The problem is that investors become worried if they see that the index is dropping. If they start making purchases at that time, the index will also rise, he said.
- To make the SME market of the stock exchanges vibrant, people who have investments of at least BDT 10 lakh should be allowed to trade there, said Sayadur Rahman, president of Bangladesh Merchant Bankers Association. Investors with a minimum of BDT 50 lakh investment in the stock market are allowed to trade shares of companies

on the SME platforms, according to the BSEC rules. On the other hand, listed companies in the SME board should not be imposed the condition that they have to provide dividends in the first two years, he added..

<https://www.thedailystar.net/business/economy/stock/news/stock-fluctuations-normal-2925676>

### **Union Bank's IPO subscription opens tomorrow**

- The IPO subscription of Union Bank Ltd will commence tomorrow (Sunday), aiming to raise BDT 4.28 billion from the capital market under the fixed price method. The initial public offering (IPO) subscription of the fourth generation private commercial bank will be continued until December 30, according to Dhaka Stock Exchange. Union Bank's IPO will be the largest IPO in the banking sector to date. Among all sectors, it will be the fourth-largest IPO after Robi Axiata (BDT 5.23 billion), Grameenphone (BDT 4.86 billion) and MJL Bangladesh (BDT 4.60 billion), according to DSE data.
- Each eligible investor who intends to submit an application should maintain a minimum investment of BDT 10 million as on December 15 while the amount would have to be BDT 5.0 million for pension funds, recognised provident funds and gratuity funds. Maximum amount allowed for a subscription for an eligible investor is BDT 21.40 million. Union Bank received the regulatory approval from the Bangladesh Securities and Exchange Commission (BSEC) on September 5 this year to raise BDT 4.28 billion by issuing 428 million ordinary shares at an offer price of BDT 10 each from the capital market under the fixed price method. The bank has reported net asset value (NAV) per share of BDT 16.38 (without revaluation reserve) and earnings per share (EPS) of BDT 1.77 for the year ended on December 31, 2020. The weighted average EPS of five years was BDT 1.82. The bank's pre-IPO paid-up capital is more than BDT 5.58 billion and authorised capital is BDT 10 billion.

<https://thefinancialexpress.com.bd/stock/union-banks-ipo-subscription-opens-tomorrow-1640407956>

### **Envoy Textiles to issue a BDT200cr zero-coupon bond for project financing & loan repayment**

- Envoy Textiles Ltd has decided to issue a non-convertible zero-coupon bond worth BDT200 crore at a coupon rate of 6.5% to 7.5%. Of the amount, the company will use BDT168.4 crore to finance its new gas-based 19MW captive power plant project and to repay some bank loans.
- Unlike coupon-bearing bonds, zero-coupon bonds are sold at a discounted rate, and they are redeemed at the face value. The discount income is income tax exempted in the country for investors other than banks and insurers. Earlier, Envoy Textiles announced its plan to issue preference shares worth BDT87 crore to partially finance its BDT170 crore project for a blended yarn production unit. The project is expected to be completed by the middle of 2022 and almost the entire blended yarn is expected to be consumed by the denim plant of Envoy, he added. Investors would be offered 7%-7.5% preferred dividends against the non-redeemable preference shares to be issued for five years.

<https://www.tbsnews.net/economy/stocks/envoy-textiles-issue-tk200cr-zero-coupon-bond-project-financing-loan-repayment-348763>

### **BSC proposes 12pc dividend**

- Bangladesh Shipping Corporation (BSC) proposed to disburse 12% dividend to the shareholders due to increased profits made during FY21. The BSC has made profits worth over BDT 662 million during 1QFY22, which was BDT 88 million during 1QFY21. The meeting informed that 10% dividend was disbursed to the shareholders during the FY20.

<https://thefinancialexpress.com.bd/stock/bsc-proposes-12pc-dividend-1640319662>

**World Stock and Commodities\***

<b>Index Name</b>	<b>Close Value</b>	<b>Value Change YTD</b>	<b>% Change YTD</b>
Crude Oil (WTI)*	USD 73.79	USD 25.27	52.08%
Crude Oil (Brent)*	USD 76.14	USD 24.34	46.99%
Gold Spot*	USD 1,817.32	(USD 77.78)	-4.10%
DSEX	6,702.61	1,300.54	24.07%
S&P 500	4,725.78	969.71	25.82%
FTSE 100	7,372.10	911.58	14.11%
BSE SENSEX	57,124.31	9,372.98	19.63%
KSE-100	44,118.39	363.01	0.83%
CSEALL	12,070.68	5,296.46	78.19%

**Exchange Rates****1 US Dollar = 84.87 BDT****1 GBP = 113.68 BDT****1 Euro = 96.05 BDT****1 INR = 1.13 BDT**

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### BRAC EPL Stock Brokerage Limited

#### Research

Salim Afzal Shawon, CFA	Head of Research	<a href="mailto:salim@bracepl.com">salim@bracepl.com</a>	01708 805 221
Nazmus Saadat, CFA	Research Analyst	<a href="mailto:nazmus.saadat@bracepl.com">nazmus.saadat@bracepl.com</a>	01708 805 229
Anika Mafiz	Research Analyst	<a href="mailto:anika.mafiz@bracepl.com">anika.mafiz@bracepl.com</a>	01708 805 206
Fahim Hassan	Research Associate	<a href="mailto:fahim.hassan@bracepl.com">fahim.hassan@bracepl.com</a>	01709 636 546

#### International Trade and Sales

Ahsanur Rahman Bappi	CEO	<a href="mailto:bappi@bracepl.com">bappi@bracepl.com</a>	01730 357 991
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### BRAC EPL Stock Brokerage Limited

[www.bracepl.com](http://www.bracepl.com)

Symphony, Plot No.: S.E.(F) – 9(3rd Floor), Road No.: 142

Gulshan Avenue, Dhaka – 1212

Phone: + (880)-2-9852446-50

Fax: + (880)-2-9852451-52

E-Mail: [research@bracepl.com](mailto:research@bracepl.com)