

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.

Govt sees no spending pressure, budget deficit may go down

- The government has been repaying more than it has borrowed from the banking system. As a result, in the first six months of the current fiscal year, the government's net bank borrowing is very little compared to that in the previous fiscal year. The Monthly Report on Government Domestic Borrowing published by the central bank on Wednesday says the tendency of borrowing less from banks suggests that the budget deficit may be less than the target at the end of the current financial year. Of BDT 5.68 trillion budget for the current financial year, the deficit is BDT 1.85 trillion, which is 5.8% of GDP.
- In this context, a former lead economist of the World Bank's Dhaka office said that when budget expansion is needed to recover the economy from Covid shocks, a reverse is happening. He said in order to cope with the impact of Covid-19, it is necessary to move for budget expansion. In this case, there will be no shortage of government funds because the demand for loans in the private sector is low, and so the government will easily be able to use the lazy money lying in the banks, he said. The private sector credit growth increased in July-August but declined in October. In December, the growth came down to 8.37%. The target was lowered to 11.5% in December.
- Dismissing the fear of rising inflation due to money supply, he said that inflation will not rise as demand in the private sector is weak. Imports have declined by about 7% during July-December of the current fiscal year due to declining demand, he said, adding that the risk of inflation is related to supply. For example, if for some reasons, rice is not imported in time, it will affect the price. He cited the lack of implementation of the Annual Development Programme to be one of the major reasons behind the reduction in government spending.

<https://tbsnews.net/economy/govt-sees-no-spending-pressure-budget-deficit-may-go-down-203506>

Govt fixes edible oil price to tame volatility

- The government yesterday fixed edible oil prices to tame the volatility in the domestic market and curb price manipulation by a section of unscrupulous traders. The new price came into effect immediately. The price of loose soybean oil was fixed at BDT 115 per litre at the retail level, said Commerce Minister Tipu Munshi after a meeting with major refiners, importers, traders and wholesalers at the secretariat in Dhaka. The move came as loose soybean oil was selling at BDT 116-BDT 120 per litre at the retail level in the capital, up 3.5% from BDT 112-BDT 116 a month ago.
- The price of non-branded soybean oil averaged BDT 87 per litre a year ago, meaning it surged 36% now compared to a year earlier, market prices data compiled by state-run Trading Corporation of Bangladesh showed. Retail prices of branded soybean oil advanced 29% year-on-year to BDT 130-BDT 140 per litre yesterday, the average price of which is equal to the government-fixed rate. The government set the price of five-litre branded soybean oil at BDT 630, which was higher than the average price of BDT 610. The price of super palm oil was set at BDT 104 per litre.
- The market will be stable if all mills comply with the decision and keep the supply smooth, said the general secretary of the Bangladesh Edible Oil Wholesalers Association. Many wholesalers have bought edible oil from refiners at the prices that are higher than the government rates, he said.

<https://www.thedailystar.net/business/news/govt-fixes-edible-oil-price-tame-volatility-2046861>
<https://www.newagebd.net/article/130488/soya-bean-oil-price-set-at-BDT-135-a-litre>

Vietnam stole a march on Bangladesh in the US apparel market

- Bangladesh, which ranks second in global apparel trade, is failing to capitalise on China's slowly losing grip on the US market, with Vietnam and others making better headway last year. In 2020, China lost its market share by about 3% points to 23.7%, according to data from the US Department of Commerce's Office of Textiles and Apparel (Otexa). From over USD 64 billion of apparel imports by the US in 2020, China solely supplied 23.7%. In 2019, it was USD 13.6 billion. Vietnam has captured the opportunities and gained most from China's losing market share in the US: its market share rose to 19.2% from 16.2%.
- Bangladesh's market share in the US expanded by 1.08% points to 8.16% last year. In 2020, Indonesia's market share rose to 5.5% from 5.3% in 2019, while Cambodia's market share increased to 4.4% from 3.2%. India's market share declined to 4.7% from 4.9%. After the US-China trade conflict, a good number of Chinese investors relocated apparel factories to Vietnam due to its readiness in entertaining investment and proximity, the managing director of Snowtex said. The Southeast Asian can buy raw materials from China within a shorter period, while it takes less time than Bangladesh to ship goods to the US as it has a deep-sea port, he added.

• Besides, Vietnam's investment capacity is much higher than us and workers productivity and efficiency are much higher. These advantages helped Vietnam to grab more market share. Bangladesh could gain more if the pandemic did not hit the exporters badly. During the pandemic, Bangladesh had to shut production for almost a month and a half, while Vietnam kept their production operational nevertheless. To grab more market share, a strong backward linkage is very important, which was felt during the pandemic.

<https://www.dhakatribune.com/business/economy/2021/02/18/vietnam-stole-a-march-on-bangladesh-in-the-us-apparel-market>

BATBC to open separate export unit, invest BDT 1.92 billion

• British American Tobacco (BATBC) is set to invest BDT 1.92 billion to increase the production capacity of its factory in Savar in light of upcoming export opportunities. And the superior quality of BATBC cigarettes, whose brands include a mix of high- and low-end brands like Benson & Hedges, John Player, Derby, Hollywood and Pilot, means opportunities are aplenty, the company secretary of BATBC said.

<https://www.newagebd.net/article/130462/batbc-to-open-separate-export-unit-invest-BDT-192cr>
<https://www.dhakatribune.com/business/2021/02/18/batbc-eyeing-export-market>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$61.88	\$13.36	27.54%
Crude Oil (Brent)*	\$65.24	\$13.44	25.95%
Gold Spot*	\$1,782.30	(\$112.80)	-5.95%
DSEX	5,503.68	101.61	1.88%
S&P 500	3,931.33	175.26	4.67%
FTSE 100	6,710.90	250.38	3.88%
BSE SENSEX	51,703.83	3,952.50	8.28%
KSE-100	46,768.14	3,012.76	6.89%
CSEALL	7,588.34	814.12	12.02%

Exchange Rates

USD 1 = BDT 84.77*
GBP 1 = BDT 117.46*
EUR 1 = BDT 102.08*
INR 1 = BDT 1.17*

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

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