

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.

Banks' interest spread drops below 3.0 percentage points for 1st time

■ The overall weighted average interest rate spread in the country's banking sector fell below 3 percentage points for the first time amid enforcement of the 9-per cent ceiling on the lending rate and credit demand fall during the coronavirus pandemic. According to the Bangladesh Bank data, the overall weighted average interest rate spread in banks dropped to 2.94 percentage points in May from 4.07 percentage points in March. In April, the first month of the lending rate ceiling implementation, the spread was 2.92 percentage points. In January 2019, the overall weighted average interest rate spread was 4.42 percentage points.

■ In September last year, the overall weighted average interest rate spread dropped to 3.91%, the lowest since 1975 when the central bank started keeping records of the weighted average interest rate spread. The weighted average interest rate is the difference between the weighted average lending rate and the weighted average deposit rate in banks. The private sector credit growth in May stood at 8.86% after dropping to a record 8.83% in April this year. Although the overall spread in the banking sector dropped, 13 banks still have a spread above the Bangladesh Bank-set limit of 4 percentage points.

■ In March 2018, the BB reduced the spread by 1.0 percentage points from 5.0 percentage points as part of the government's move to bring down the lending and deposit rates to 9% and 6% respectively. Even after imposing the cap on the spread at 4 percentage points, the average spread in the foreign commercial banks remained high at 5.39 percentage points based on a weighted average deposit and advance rate of 2.74% and 8.13% respectively. In May this year, the spread in the private commercial banks came down to 2.97 percentage points as their weighted average deposit and lending rate dropped to 5.64% and 8.61% respectively.

<https://www.newagebd.net/article/110997/banks-interest-spread-drops-below-3pts-for-1st-time>

Pharma exports continue cruising

■ Bangladesh's medicine exports recorded 4.49% growth in the 2019-20 fiscal year amid coronavirus while export of other products witnessed downturns. Industry people said Bangladeshi drugs for Covid-19 treatment have created a substantial demand in the international market, and the pharma sector will see a handsome growth at least in the next six months. Bangladesh in the last fiscal year earned USD 135.79 million by selling locally manufactured drugs in the international market. According to the Export Promotion Bureau (EPB), earnings in 2018-19 fiscal were USD 130 million, and USD 103.46 million in FY2017-18.

■ According to the Bangladesh Association of Pharmaceuticals Industries (BAPI), Bangladesh exports medicine to 150 countries. Local companies meet almost 98% of domestic demand worth around USD 2 billion. Square Pharmaceuticals is the major player dominating Bangladesh's pharmaceutical industry with 18.8% share, followed by Incepta at 10.2%, Beximco 8.5%, Opsonin 5.6%, Renata 5.1% and Eskayef 4.5%. Industry insiders said the local pharma sector saw a major progress in the last 20 years. International standard factories were set up in the country during this time as the sector got large investments. With almost all generic drugs manufactured locally, Bangladesh has emerged as one of the key competing countries in the world.

<https://tbsnews.net/economy/trade/pharma-exports-continue-cruising-105349>

<https://www.thedailystar.net/business/news/pharma-companies-count-their-blessings-exports-rise-1929577>

Card spending halves in April

■ The coronavirus pandemic triggered a decline in card spending by nearly 50.0% in April, in an indication of a massive fall in demand in Bangladesh as people went for belt-tightening amid income collapses. Transactions through debit cards stood at BDT 83.4 billion in April, the first month that bore the full brunt of the coronavirus-induced shutdown, down 45.0% from that a month ago, according to data from Bangladesh Bank. Credit card spending declined 54.0% to BDT 5.2 billion. The record fall in transactions through debit and credit cards came about after people movement was restricted by the government in an effort to tackle the spread of the contagion.

■ According to country manager for Mastercard Bangladesh, in June, card transactions rose by nearly 60.0% compared to that in April as people are trying to return to a normal life. The digital cattle market targeting the upcoming Eid-ul-Azha will give a further boost to the transactions. However, the digital market has still a long way to go before returning to normalcy and beginning to enjoy pre-Covid-19 level growth. Due to the coronavirus outbreak, earnings of 51.0% of households plunged to zero while a massive 95.0% of people suffered losses in income, according to a survey of Brac. Around 62.0% of low-income wage earners lost their work opportunities after the public holiday was declared in late March, it showed.

<https://www.thedailystar.net/business/news/card-spending-halves-april-1929581>

Ship dismantling drops 71.0% in Q2 on pandemic

- Ship dismantling in the country fell by more than 71.0% in the second quarter of 2020 mainly due to the ongoing coronavirus pandemic, according to a global coalition. Bangladesh brought 20 scrapped ships during the period between April and June in 2020, according to the data released by NGO Ship-breaking Platform (NSP). Bangladesh imported a total of 70 ships during the same period of 2019.
- A total of 98 ships were broken in the second quarter of 2020. Of these, 60 ships were sold to the beaches of South Asia where, despite the majority of yards being closed due to the Covid-19 pandemic, shipbreaking kept putting workers' lives at risk, the coalition said. Citing local sources and media, it said at least three workers were severely injured in Bangladesh between April and June.
- A total of 166 ships were broken in the first quarter of 2020. Of these, 126 ships were sold to the beaches of South Asia for dirty and dangerous breaking. During the first quarter, Bangladesh and India dismantled 54 and 63 ships respectively, the NSP data showed. Citing local sources, the NSP in a statement said all shipbreaking yards in Bangladesh resumed their activities on June 01.

<https://today.thefinancialexpress.com.bd/last-page/ship-dismantling-drops-71pc-in-q2-on-pandemic-1594577378>

Aamra Networks to issue BDT 1.0 billion zero coupon bonds

- The board of directors of Aamra Networks Ltd has decided to issue non-convertible zero-coupon bonds worth BDT 1.0 billion. The IT company will issue the bond at face value through private placement, subject to approval of the regulatory authorities like Bangladesh Securities and Exchange Commission, according to an official disclosure on Sunday. The bond will be non-convertible, size of the bond will be up to BDT 1.0 billion (at face value) with the denomination of BDT 1,000 each with a five-year tenure.
- Currently, the company's paid-up capital is BDT 562.2 million, authorised capital is BDT 1.0 billion and the total number of shares is 56.22 million. Sponsors-directors own 33.0% stake in the company, while the institutional investors own 28.09%, foreign investors 15.98% and the general investors 22.89% as on February 29, 2020.
- Each share of the company, which was listed on the Dhaka bourse in 2017, closed at BDT 35.10 on Sunday. The company's earnings per share (EPS) stood at BDT 0.98 for January-March 2020 as against BDT 0.91 for January-March 2019. In nine months for July 2019-March 2020, its EPS was BDT 2.67 as against BDT 2.89 for July 2018-March 2019. The company disbursed 6.0% cash and 6.0% stock dividend for the year ended on June 30, 2019.

<https://today.thefinancialexpress.com.bd/trade-market/aamra-networks-to-issue-BDT-10b-zero-coupon-bonds-1594570913>

Regent Textile to extend IPO funds utilisation time further

- Regent Textile Mills Ltd has decided to revise and extend IPO funds utilisation and implementation time further as the company failed to utilise the funds fully within the stipulated timeframe. The company will hold an extraordinary general meeting (EGM) on August 27 at 11:00am through digital platform to pass special resolution in this regard by the shareholders', according to an official disclosure on Sunday.
- The Regent Textile raised a fund worth BDT 1.25 billion through initial public offering (IPO) in 2015 for implementing balancing, modernisation, rehabilitation and expansion (BMRE), for building a new readymade garment unit and bearing the IPO related expenses. However, the company has already extended the initial deadline four times from the securities regulator of utilising the full IPO proceeds.
- The company wanted to complete the BMRE in 12 months and the RMG project in 18 months, but the initial deadline for doing so expired in June 2017. Regent Textile then extended the deadline for the first time on October 31, 2017, then for the second time on October 31, 2018, the third time on June 30, 2019, and the fourth time until March 2020. The company has utilised BDT 795 million until January 2020 so far, which is nearly 64.0% of the total IPO fund, according to statistics available with the Chittagong Stock Exchange.

<https://today.thefinancialexpress.com.bd/stock-corporate/regent-textile-to-extend-ipo-funds-utilisation-time-further-1594570444>

Customers now can pay credit card bills through bKash without any extra charge

- Customers now can pay Visa and AMEX credit card bills through bKash without any extra charge during the Covid-19 crisis. Besides, the mobile financial service offered 1.0% instant cashback on the amount of the paid bills until August, said a press release. It mentioned that the customers can avail up to BDT 200 as cashback, while they can pay bills up to BDT 20,000 without any additional charge.

■ The media statement said the credit card bill payment service through bKash would play a significant role in reducing extra pressure at bank counters. Besides, the initiative would help customers keep them safe during Covid-19 pandemic, it added. The credit card bill payment within due date is now in the grip of the customers, it reads. Paying AMEX or Visa credit card bills requires a few simple steps. In the bKash app, users can find the 'City Bank AMEX Credit Card Bill' and 'Visa Credit Card Bill' options after tapping on 'Pay Bill' icon from the main menu. Besides, customers can transfer money from any Visa or MasterCard to their bKash accounts if needed. Currently, the service is available for 14 banks, reads the release.

<https://www.dhakatribune.com/business/2020/07/12/customers-now-can-pay-credit-card-bills-through-bkash>

Walton compressors hit Turkish market

■ Walton has expanded its export basket further as the local electronics giant started shipments of made in Bangladesh compressors for refrigerators and air conditioners to Turkey. According to the CEO of Walton, Walton aims to export one million units of compressors to some African, Middle East countries and Turkey by 2021. The number would hit five million by 2025, as some more export destinations will be explored by the time. Walton's International Business Unit President Edward Kim and Kargi's Managing Director Emin Kargi signed a deal in this regard, making the Turkish brand a distributor of Walton products in the transcontinental Eurasian nation. According to Kim, the initiative will pave the way for the expansion of our compressor market not only in Turkey but also across Europe as Turkey is being known as the business hub of Eurasia.

<https://www.thedailystar.net/business/news/walton-compressors-hit-turkish-market-1929565>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	USD 40.23	(USD 21.40)	-34.72%
Crude Oil (Brent)*	USD 42.91	(USD 25.53)	-37.30%
Gold Spot*	USD 1,803.20	USD 281.73	18.52%
DSEX	4,099.42	-353.51	-7.94%
S&P 500	3,185.04	-45.74	-1.42%
FTSE 100	6,095.41	-1491.64	-19.66%
BSE SENSEX	36,594.33	-5047.81	-12.12%
KSE-100	36,142.17	-4592.91	-11.28%
CSEALL	5,090.41	-1038.8	-16.95%

Exchange Rates

USD 1 = BDT 84.82*
 GBP 1 = BDT 107.36*
 EUR 1 = BDT 96.08*
 INR 1 = BDT 1.13*

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

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BRAC EPL Stock Brokerage Limited

Research

Ayaz Mahmud, CFA	Head of Research	ayaz.mahmud@bracepl.com	01708 805 221
Sadman Sakib	Research Associate	sadman.sakib@bracepl.com	01730 727 939
Md. Rafiqul Islam	Research Associate	mrafiqulislam@bracepl.com	01708 805 229
Md. Mahirul Quddus	Research Associate	mmahirul.quddus@bracepl.com	01709 636 546

International Trade and Sales

Ahsanur Rahman Bappi	Head of International Trade & Sales	bappi@bracepl.com	01730 357 991
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BRAC EPL Research 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

