

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.

Exports keep shrinking in Q1

- The country's apparel exports to the non-traditional markets are still facing hurdles. Shipments to those destinations maintained negative growth during the first quarter (Q1) of the current fiscal year (FY), industry people said. According to Export Promotion Bureau (EPB) data exports of both knit and woven items to the non-traditional destinations declined by 8.33% to USD 1.24 billion in Q1 as compared to USD 1.36 billion in the corresponding period of the last FY.
- Bangladesh fetched USD 4.78 billion or 17.10% of the total USD 27.94 billion RMG exports from the non-traditional markets in the last FY. The RMG shipments to the US witnessed a rise by 5.98% to USD 1.58 billion during the Q1. EU imported apparel worth USD 5.02 billion, marking a 1.58% growth, while Canada imported goods worth USD 270.09 million, recording a 5.83% rise during the first quarter, data showed.

<https://today.thefinancialexpress.com.bd/first-page/exports-keep-shrinking-in-q1-1602609385>

Islamic banks' deposits, investments grow amid pandemic

- The country's Islamic banks saw an increase in both deposits and investments during the second quarter (April-June) of this year amid the novel coronavirus pandemic, according to a report by the Bangladesh Bank. Deposits of Islamic banks stood at BDT 2.91 trillion at the end of June. Compared to the first quarter (January-March), deposits increased by 2.35% or BDT 66.92 billion. Deposit growth rate was 15.11% compared to the second quarter of last year. At the time, the amount of deposits was BDT 2.53 trillion.
- A total 34.48% of the deposits were in Islami Bank. First Security Islami Bank was in the second position with 13.03% of the deposits. Exim Bank accounted for 12% of the deposits while Al-Arafah Islami Bank's share was 11.17%. During April-June this year, the amount of lending or investment by Islamic banks was BDT 2.75 trillion, which was 3.05% or BDT 81.57 billion more than the first quarter. At the end of June last year, the investment of Islamic banks was BDT 2.45 trillion. Bangladesh ranked eighth on the Islamic Finance Country Index (IFCI) 2019, moving two notches up from the previous year's position.

<https://tbsnews.net/economy/banking/islamic-banks-deposits-investments-grow-amid-pandemic-144625>

Recovery from loan write-off plummets

- Recovery from loan write-offs plunged to at least a 66-month low in the second quarter of 2020 as banks faced troubles in realising the delinquent loans because of the countrywide shutdown. In contrast, lenders wrote off a large amount of loans between April and June to clean their balance sheets. Banks collectively recouped BDT 480 million from their written-off loans in the April to June quarter, down 66% from three months ago and 87% from a year earlier, according to data from the central bank. This is the slowest recovery from the written-off loans since 2015. Loan recovery data before 2015 was not available.
- Banks wrote off BDT 9.92 billion in the second quarter, the highest since January 2019. Loans amounting to BDT 20.57 billion were written off in the last quarter of 2018. There is no realistic prospect of recovering them and the majority of loans are now owned by the habitual defaulters. These loans are shifted to off-balance sheet records. The module of loan write-off has become a better tool than the loan rescheduling as some defaulters now frequently regularise their non-performing loans by taking advantage of the relaxed facility, experts said.
- Banks will have to sacrifice profits to write off defaulted loans as they have to maintain a large amount of provisioning, said the managing director of Dhaka Bank. But, the recovery from such loans has created a worrisome situation for the banking sector as a major portion of the written-off loans is owned by the habitual defaulters, he said. The recovery from all types of loans declined in the second quarter due to the shutdown put in place to contain the spread of the coronavirus pandemic.

<https://www.thedailystar.net/business/news/recovery-loan-write-plummets-1977681>

International Monetary Fund (IMF) projects 4.4 % growth

- The International Monetary Fund (IMF) projected a 4.4% economic growth of Bangladesh in the current fiscal year (FY) 2020-21. The IMF also estimated 3.8% growth in the Gross Domestic Product (GDP) of Bangladesh for FY'20. According to the IMF's latest projection Bangladesh will be able to achieve 7.3% GDP growth in FY '25. The average inflation rate will hit 5.9% by the end of the current fiscal year.

- Earlier on October 08, the World Bank forecasted 1.6% GDP growth for Bangladesh for the current fiscal year and 3.4% for the next fiscal year, assuming that the impact of the Covid-19 crisis would extend.

<https://today.thefinancialexpress.com.bd/first-page/now-imf-projects-44pc-growth-1602609255>
<https://www.dhakatribune.com/business/economy/2020/10/13/imf-bangladesh-s-gdp-to-grow-3-4-in-2020>
<https://www.thedailystar.net/business/news/imf-lowers-gdp-growth-forecast-44pc-1977661>
<https://tbsnews.net/economy/44-growth-fy21-economy-rebound-2022-imf-144715>

Bangladesh to seek USD 5 billion soft loan from WB in next three years

- Bangladesh would seek funds worth USD 5.0 billion from the World Bank's (WB's) IDA-19 package for the next three years to bankroll its socio-economic development activities, officials said on Tuesday. They further added that, additionally the government would also request the Bank to confirm some USD 500 million budgetary support for the current fiscal year (FY), 2020-21, to tackle the Covid-19 pandemic impact on the economy.

- The government has so far announced some BDT 1.03-trillion stimulus package, which is 3.7% of the total Gross Domestic Product (GDP), to fight the coronavirus pandemic and protect people amid the crisis. Another official said Bangladesh had received USD 250 million DPC-II from the WB in June.

<https://today.thefinancialexpress.com.bd/first-page/bd-to-seek-5b-soft-loan-from-wb-in-next-three-years-1602609422>
<https://tbsnews.net/economy/bangladeshs-foreign-debt-rises-125pc-10-years-world-bank-144427>

Reconditioned car sales drop 60%

- The sales of reconditioned cars in the country slumped by over 60% during the Covid-19 pandemic, sector insiders have said. Bangladesh Reconditioned Vehicles Importers and Dealers Association expressed grave concern over the proposed 'Automobile Industry Development Policy 2020' that aims to phase out use of reconditioned vehicles in five years, which is apprehended to cause huge losses to the reconditioned car traders.

<https://today.thefinancialexpress.com.bd/last-page/reconditioned-car-sales-drop-60pc-1602610075>

GP, Banglalink objects to Robi-Airtel's lower spectrum renewal bid

- Mobile operators Grameenphone (GP) and Banglalink have raised their objection to Airtel's spectrum renewal at a lower price. They demanded that the spectrum be sold at a price set during the last auction in February 2018. The validity of Airtel's spectrum is going to end on December 19 later this year.

- According to sources, in 2005, Warid Telecom (later Airtel) spent BDT3.4 billion to buy 1800 MHz, meaning 15 MHz in the 2G band. The cost of this spectrum was allocated for 15 years, approximately BDT10.51 million per MHz spectrum. In 2011, when Robi Axiata renewed its 2G spectrum license, it spent BDT100 million per MHz. Thus, Robi had to pay more than BDT80.49 million extra for each megahertz of 2G spectrum.

- BTRC officials said that as they allotted the Airtel spectrum at a very low price back in 2005, additional fees were added to maintain balance when it merged with Robi. Now the same principle should be applied again if they want to acquire more spectrum, they added. Meanwhile, Banglalink and Grameenphone separately sent letters to BTRC on this issue where they demanded that Robi-Airtel be allotted spectrum as per the 2018 auction price.

<https://www.dhakatribune.com/business/2020/10/13/gp-banglalink-objects-to-robi-airtel-s-lower-spectrum-renewal-bid>

GPH Ispat to ship 25,000 tonnes of billet to China

- GPH Ispat, one of the country's leading steel makers, is going to export billet to China in what will be the biggest-ever outgoing shipment of raw materials by any Bangladeshi company. The company said it decided to ship 25,000 tonnes of MS billet to the world's second largest economy for USD 10.17 million. It is the first time that a bulk cargo of billet will be exported from Bangladesh, GPH Ispat said in its disclosure to the Dhaka Stock Exchange (DSE).

- The steel maker's disclosure came a month after it expanded its annual billet production capacity from 210,000 tonnes in 2018 to more than 1.0 million tonnes this year. GPH also increased its rod production capacity from 150,000 tonnes in 2018 to 760,000 tonnes in 2020. Today, GPH is the third biggest manufacturer of billet after AKS and BSRM in the country, which has attained self-sufficiency in the making of key raw materials used to produce steel thanks to drives by local companies to develop and expand backward linkage capacities to feed growing domestic demand for public and private construction.

- The non-financial corporate debt, however, slightly dropped to 35% of the GDP from 35.8% during the same period last year. Economists attributed the rise in the government's debt to the poor revenue mobilisation and slow economic activities. They said the COVID-19 pandemic continues to hit the domestic economy, leading to the fall in revenue collections.

<https://www.thedailystar.net/business/news/gph-ispas-ship-25000-tonnes-billet-china-1977657>

Two new units of Premier Cement remain idle for pandemic

- Premier Cement is yet to begin production at two of its new manufacturing units despite getting fully prepared in March, as a few key foreign experts and workers of the company could not return to Bangladesh due to the Covid-19 outbreak. They could not start production within the stipulated time due to the absence of some technical experts and workers from China and Denmark, said the managing director of the cement maker. After operating on a trial basis for a month, the units were scheduled to go into commercial production in June.
- One of the units was developed in Narayanganj at BDT 8.00 billion and the other one in Chattogram at BDT 5.00 billion, he said. Now, the cement maker expects to begin trial production in November and commercial production in December. The MD also claims that the expansion of their annual output from 2.4 million tonnes to 5.2 million tonnes will be a record for a single entity in the

<https://www.thedailystar.net/business/news/two-new-units-premier-cement-remain-idle-pandemic-1977653>

Irregularities cost Alliance Securities its license

- The securities regulator on Tuesday cancelled the stock-broker and stock dealer registration certificate of Alliance Securities and Management Limited on charges of irregularities. The regulator found many irregularities in an inquiry at that time. The company had provided business facilities to its directors and their family members. They used to withdraw money from their individual beneficiary owners (BO) accounts and adjust their loans even when they did not have an adequate balance – in violation of the rules – the inquiry also found.
- The company has withdrawn BDT129.7 million from the investors' consolidated customers' account illegally and made a fixed deposit scheme, violating the rules. It did not cooperate with investigators at the time of the enquiry, the BSEC alleged. The chairman of Alliance Securities and Management Limited said that the regulator has taken a good decision to cancel the licence of the company in the interest of investors.

<https://tbsnews.net/economy/stock/irregularities-cost-alliance-securities-its-license-144703>

Aman Cotton illegally benefits from investors' funds

- The auditor of Aman Cotton Fibrous Ltd detected irregularities in the use of initial public offering (IPO) funds and gave a qualified opinion on the utilisation of the funds in the August audit report. The company failed to use its IPO proceeds within the scheduled period, the auditor found. The auditor also found that the BD T.73 billion FDR made from IPO proceeds was pledged as security for credit facilities enjoyed by other entities. The auditor found that the company had repaid BDT 21.6 million out of BDT 47.7 million of IPO fund accounts. It also repaid BDT 14.8 million which came from FDR made from IPO proceeds.
- Due to the irregularities, the securities regulator in June appointed a special auditor – Howladar Yunus & Co – to investigate the use of IPO proceeds and audited financial statements of the company. The company gave loans to one of its sister concerns without the approval of its general investors. As a result, investors were deprived of gains and lost a lot of capital.

<https://tbsnews.net/companies/aman-cotton-illegally-benefits-investors-funds-144700>

Investors send legal notice to Bangladesh Securities and Exchange Commission (BSEC) over margin loan closure

- Investors have sent a legal notice to the Bangladesh Securities and Exchange Commission (BSEC) following a recent slump in the stock market caused by the news of margin loan closure in the insurance sector by some of the top brokerage houses. After several brokerage houses cancelled the facilities of margin loans in the insurance sector on Monday (October 12), the market index witnessed a sharp fall. As a result, general investors suffered when the news broke, especially those in the insurance business.
- These brokerage firms have stopped margin loans without any prior notice, affecting the entire market, the lawyer said. Regarding margin loan, BSEC Executive Director said that the commission has not made any decision yet. However, a house can decide whether to give a margin loan or not. They may retreat if they consider it risky.

<https://tbsnews.net/economy/stock/investors-send-legal-notice-bsec-over-margin-loan-closure-144556>

Envoy Textile's earning per share slumps 51%

The earnings per share (EPS) of Envoy Textiles Ltd plunged nearly 51% year-on-year for the year ended on June 30,

2020 as export declined due to pandemic. The board of directors of the company has recommended a 5.0% cash dividend for the year ended on June 30, 2020, according to an official disclosure on Tuesday

- The textile company's earnings per share (EPS) plunged 51% year-on-year to BDT 1.63 for the year ended on June 30, 2020. The company's EPS was BDT 3.31 for the year ended on June 30, 2019. The company has also reported net asset value (NAV) per share of BDT 40.57 and net operating cash flow per share (NOCFPS) of BDT 1.56 for the year ended on June 30, 2020 as against BDT 38.35 and BDT 2.58 respectively for the same period of the previous year.

<https://today.thefinancialexpress.com.bd/stock-corporate/envoy-textiles-earning-per-share-slumps-51pc-1602602809>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$40.28	(\$21.35)	-34.64%
Crude Oil (Brent)*	\$42.48	(\$25.96)	-37.93%
Gold Spot*	\$1,893.94	\$372.47	24.48%
DSEX	4,839.86	386.93	8.69%
S&P 500	3,511.93	281.15	8.70%
FTSE 100	5,969.71	(1,617.34)	-21.32%
BSE SENSEX	40,625.51	(1,016.63)	-2.44%
KSE-100	40,006.67	(728.41)	-1.79%
CSEALL	5,802.97	(326.24)	-5.32%

Exchange Rates

USD 1 = BDT 84.77*
GBP 1 = BDT 109.65*
EUR 1 = BDT 99.56*
INR 1 = BDT 1.15*

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

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