

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.

Consumer spending rises sharply ahead of Ramadan

- Consumer spending has increased remarkably ahead of Ramadan this year amid a rising trend in prices of six key essentials including rice, edible oil, sugar, chicken meat, milk and fish. The prices of onion, date, chickpea and some other essentials might remain low or static this Ramadan compared to that of last year but vegetables might be pricier, said insiders. However, consumer association urged the government to cut import duty on some essential items like edible oil and sugar and to step up market monitoring ahead of the fasting month which would start in mid-April. Consumers Association of Bangladesh (CAB) vice-president said commoners were hit hard by skyrocketing prices of six key commodities.

<https://today.thefinancialexpress.com.bd/last-page/consumer-spending-rises-sharply-ahead-of-ramadan-1618076590>

Government's July-Mar bank borrowings drop

- The government's borrowing from the country's banking system dropped significantly in the first nine months of this fiscal year (FY), 2020-21, with an increasing reliance on the National Savings Department (NSD) instruments that intensifies interest risks. The government's borrowing from the banking system dropped by nearly BDT 67 billion in the July-March period of FY 21. Besides, the central bank recently suspended a few auctions involving BDT 121 billion, scheduled to be held with the primary dealer banks, due to poor appetite from the government side.

- The BB statistics showed that there was an excessive reliance on the 'other than banking' sources, especially from the NSD instruments - which offered double-digit interest, in this fiscal. So, borrowing from the NSD schemes stood at BDT 293.1 billion (net) in July-February period of FY 21. The amount is BDT 196 billion or more than 200% higher over the amount of same period a year earlier. Besides, it is 46% higher than the budgetary target of BDT 200 billion (annual).

- Meanwhile, borrowing from the banking system is likely to fall further due to the second wave of Covid-19 pandemic that is hitting new records almost every day breaking its previous day's records. Bangladesh government's borrowing picture is inverse than many frontier and emerging economies of the world, as debts there are soaring due to the Covid-19. The Finance Division officials said that the public exchequer has adequate funds to spend. So, the bank borrowing volume is lower than expected.

<https://today.thefinancialexpress.com.bd/public/first-page/govts-july-mar-bank-borrowings-drop-1617988802>

Loan recovery from small borrowers rise 12.51% amid pandemic

- Loan recovery from the cottage, micro, small, and medium enterprises (CMSMEs) rose 12.51% last year amid the Covid-19 pandemic, owing to good repayment behaviour. During January to December of last year, 58 banks and 30 non-bank financial institutions (NBFIs) recovered at BDT 1.5 trillion from the CMSME sector — up from BDT 1.33 trillion a year earlier. The recovered amount is 87.51% of the BDT 1.71 trillion of recoverable loans, according to the latest data by the central bank.

- Bankers said that the repayment behaviour of small and medium borrowers is much better than the large borrowers, which was one of the reasons behind the surge of loan recovery. Last year, most of the SME borrowers continued to pay loan instalments despite loan moratorium facilities offered by the Bangladesh Bank, they added. The non-performing loans (NPLs) in the sector dropped by BDT 4.38 billion to BDT 308.5 billion in 2020.

<https://www.dhakatribune.com/business/banks/2021/04/10/loan-recovery-from-small-borrowers-rise-12-51-amid-pandemic>

Online Account Opening: More banks jump on the bandwagon

- People can open bank accounts from anywhere as an increasing number of lenders have made digital options available, helping customers avail financial services without visiting branches during the coronavirus pandemic. Digital account opening that takes a maximum of six minutes has put an end to fill out paper documents and highlights the changes in the behaviour of banks and customers brought in by the unprecedented crisis. Many people are nervous about leaving their homes, let alone visiting bank branches. They have moved to digital platforms to work, shop, communicate and get entertained.

- Dhaka Bank rolled out the opening method titled "ezyBank" last week, allowing clients to open an account on smartphones. Mutual Trust Bank introduced an instant bank account opening product named "MTB Simple Account" last month. Eastern Bank Ltd introduced the product several months ago. City Bank launched the digital account-

opening product "Ekhoni Account" in September last year. DBBL came up with the digital product two months ago. Bank Asia, Mercantile Bank, and Southeast Bank have already rolled out the service, said bankers. IFIC Bank is also offering the service, according to its website.

- Brac Bank, South Bangla Agriculture and Commerce Bank, and Jamuna Bank are set to make the digital account opening service available for its clients within a month. Premier Bank and NCC Bank plan to roll it out shortly. Prime Bank has completed the preparation to introduce the product, which may hit the market within the next two months, an official of the bank said.

<https://www.thedailystar.net/business/banking/news/more-banks-jump-the-bandwagon-2075709>

BDT 3 billion industrial park in the making

- The government is developing the country's first industrial park for electrical and light engineering product manufacturers at a cost of BDT 3 billion in Munshiganj, which could herald a beginning to bring the highly scattered and unorganised industries under a single platform. Already 83% of the project work has been completed, and the Bangladesh Small and Cottage Industries Corporation (BSCIC) said the industrial city would be ready by June next year.

- The light engineering sector makes products worth BDT 100 billion, meeting a third of the local demand of BDT 300 billion annually, according to the Bangladesh Light Engineering Industry Owners Association. Electrical products makers say the local market for electrical items is BDT 200 billion to BDT 250 billion, and they cater to a portion of the gigantic market. According to the association, USD 15 billion has so far been invested in the light-engineering sector. The industry directly employs 0.6 million skilled and about one million semi-skilled workers. Indirectly, about 6 million people are making a living from this industry. The annual growth of the sector is 10%.

<https://www.thedailystar.net/business/economy/news/BDT-300cr-industrial-park-the-making-2075713>

BD Finance eyes USD 2 billion US investment

- Bangladesh Finance and Investment Company Ltd (BD Finance) has signed a deal with US-based Sovereign Infrastructure Group (SIG) to attract USD 2 billion worth of investment in infrastructure projects in the next two years. BD Finance, a concern of Anwar Group, inked the agreement in Washington on Thursday, according to a joint press release.

- With a project pipeline of more than USD 2 billion, BD Finance has mandated SIG on the initial financing of a direct loan of USD 40 million to be used for on-lending to SMEs, green energy projects, women entrepreneurs, social housing, economic empowerment initiatives for transgender individuals, and the refinancing of existing BD Finance obligations.

- SIG is a global structured financing company that works with project sponsors and development finance institutions, and national and local governments in originating and structuring infrastructure investments in growth markets. If SIG maintains at least 4% shares in BD Finance during the term of the memorandum, the US company will be guaranteed a seat on the board of the Bangladeshi firm. BD Finance and SIG will give priority to the projects that are supported by the government of Bangladesh, projects in economic zones and export processing zones.

<https://www.thedailystar.net/business/economy/news/bd-finance-eyes-2b-us-investment-2075701>

Price erosion ceiling for 66 listed securities reduced

- The securities regulator has reduced the price erosion ceiling for 66 listed securities to avert the impact of their price fall on the benchmark index amid the ongoing lockdown. As per the regulatory decision, the market prices of these 66 securities can decline up to 2.0% instead of existing 10%. And the upper 10% limit of their circuit breaker remains unchanged and the decision will come into effect from today (Sunday). The Bangladesh Securities and Exchange Commission (BSEC) on Saturday took the decision following the large fall of broad index observed on Thursday.

<https://today.thefinancialexpress.com.bd/stock-corporate/price-erosion-ceiling-for-66-listed-securities-reduced-1618065761>

<https://www.thedailystar.net/business/economy/news/66-stocks-can-fall-max-2pc-day-2075697>

<https://www.tbsnews.net/economy/stock/bsec-lowers-circuit-breaker-limit-2-66-firms-229816>

OTC (over-the-counter) companies to be shifted to newly-introduced trading platforms

- Most of the OTC (over-the-counter) companies are set to be shifted to the newly introduced trading platforms as part of the regulatory move to inject life into the companies' operations. The Bangladesh Securities and Exchange Commission (BSEC) has already allowed the re-listing of four OTC companies with the main trading platforms of the bourses. Apart from the existing main trading platform, the bourses have introduced two trading platforms. The

platforms are Alternative Trading Board (ATB) and SME board.

- Presently, there are 66 companies in the OTC market. These companies previously were shifted to the OTC market following their dire straight in operations. The official sources said, out of 66 OTC companies, some 21 are likely to be shifted to the ATB. Another 19 companies are likely to be transferred to SME board and four will be re-listed with the existing main trading platform.

<https://today.thefinancialexpress.com.bd/stock-corporate/otc-companies-to-be-shifted-to-newly-introduced-trading-platforms-1618065871>

RMG export to US drops by 13.11% in Jan-Feb

- Bangladesh's earnings by exporting readymade garments to the United States in January-February of 2021 fell by 13.11% as the consumption of apparel items still remains low due to the COVID-19 pandemic. The country's apparel export to the US, the largest export destination for Bangladesh, in the first two months of 2021 fell by USD 151 million to USD 1 billion from USD 1.15 billion in the same period of 2020, according to data released by the US Department of Commerce's Office of Textiles and Apparel.

- Exporters said that the RMG export to the US market decreased in value more than the volume of export. The data showed that Bangladesh's RMG export to the US in January-February of 2021 decreased by 3.94% in terms of quantity while the export decreased by 13.11% in terms of value. The president of the Bangladesh Garment Manufacturers and Exporters Association said that the price trend continued to worsen as the export markets were still struggling to contain the spread of the virus.

- The US apparel import from China in January-February of 2021 declined by 9.22% to USD 2.45 billion from USD 2.70 billion in the same period of the previous year. Vietnam's RMG export to the US in the first two month of 2021 fell by 12.09% to USD 2.09 billion from USD 2.38 billion in the same period of 2020.

<https://www.newagebd.net/article/134828/rmg-export-to-us-drops-by-1311pc-in-jan-feb>

Telenor, Axiata in talks to merge Malaysian operations

- Telenor Group and Axiata Group Berhad are in advanced discussions about a potential merger of their Malaysian mobile operations Digi and Celcom, Telenor said yesterday. The merged company will be named Celcom Digi Berhad, the Norwegian company said in a press release. Both parties will have an equal ownership of 33.1% each in the new company, which is expected to be a leading provider of telecommunication services in the Southeast Asian country, with competence and scale to meet increasing expectations and demand from a digitally connected society.

- The transaction will be subject to approval by Digi Board and Celcom shareholders, receipt of regulatory approvals and other customary terms and conditions. The parties acknowledge that there is no certainty that these discussions will result in any agreement, the press release added. Telenor Group owns a 55.6% stake in Grameenphone, the largest mobile phone operator in Bangladesh, while Axiata holds a 61.82% stake in Robi, the second-largest carrier.

<https://www.thedailystar.net/business/news/telenor-axiata-talks-merge-malaysian-operations-2074533>

<https://www.newagebd.net/article/134825/axiata-telenor-in-discussions-to-merge-celcom-digi-in-malaysia>

<https://www.dhakatribune.com/business/2021/04/08/axiata-telenor-in-talks-to-form-malaysia-s-top-mobile-operator>

Interest spread falls slightly in February

- Interest rate spread fell slightly in February this year, as banks slashed both their deposit and lending rates owing to high deposit flow in the sector. The overall weighted average spread between lending and deposit rates of banks stood at 3.02% in February, down from 3.05% in January. Spread fell by 1.07%age point in the last one year owing to the 9% ceiling on bank lending. The interest rate spread fell below 3%age points for the first time in April last year, as most banks implemented the single digit lending rate from the same month.

- Bankers said that the country's lenders are trying to reduce the cost of funds by slashing their interest rates on deposits as there is increasing flow of deposits in the market. Deposit growth in the banking sector stood at 13.03% in January this year, which was 12.76% a year ago. Slow credit demand and increased remittance earning drove deposit flow in the country's banking sector, which encouraged lenders to cut the deposit rate, said a former managing director of Pubali Bank. The record amount of surplus liquidity in the banking sector was another reason for the low interest rate of deposits, he added. Surplus liquidity in the banking sector stood at BDT 2 trillion at the end of February this year.

<https://www.dhakatribune.com/business/banks/2021/04/08/interest-spread-falls-slightly-in-february>

Generalised System of Preferences (GSP) Plus threshold needs to be negotiated: expert

- Bangladesh needs to negotiate with the European Union (EU) over the trade threshold for enjoying the Generalised System of Preferences (GSP) Plus once it graduates from the least developed country category, said a noted economist on Wednesday. The EU's GSP Plus status allows countries duty-free export to the trade bloc. To be eligible, a country cannot account for over 7.4% of the EU's annual imports. However, Bangladesh has already crossed the threshold and it is already at 26% now, said a distinguished fellow at the Centre for Policy Dialogue (CPD).
- Bangladesh's ambassador to Germany said some 61% of the country's export was destined for the EU, for which the GSP Plus was very important, according to a Bangladesh German Chamber of Commerce and Industry (BGCCI) statement. He suggested signing a free trade agreement to enjoy the duty-free benefit after 2029 as the local exporters would face an 8.7% duty in the absence of either the GSP Plus or a free trade agreement.

<https://www.thedailystar.net/business/news/gsp-plus-threshold-needs-be-negotiated-expert-2074549>

Tax receipts from DSE jump 113% in nine months

- The government's revenue earnings from the prime bourse marked a whopping 113% rise in the first nine months of the current fiscal year (FY) compared to the same period of the previous fiscal. Market operators said on the back of rising trading volume, the government earnings from the Dhaka Stock Exchange (DSE) rose accordingly, as earning is related to turnover. The buoyant investors have given boost to the capital market during the period under review amid growing confidence riding on regulatory measures to bring discipline in the market, said a top broker. The government bagged revenue worth BDT 2,274 million in nine months for July-March period of FY 2020-21 which was BDT 1,067 million in the same period of the previous FY, climbing by 113%, according to statistics from the DSE.

<https://today.thefinancialexpress.com.bd/stock-corporate/tax-receipts-from-dse-jump-113pc-in-nine-months-1617895474>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$59.32	\$10.80	22.26%
Crude Oil (Brent)*	\$62.95	\$11.15	21.53%
Gold Spot*	\$1,743.88	(\$151.22)	-7.98%
DSEX	5,254.78	(147.29)	-2.73%
S&P 500	4,128.80	372.73	9.92%
FTSE 100	6,915.75	455.23	7.05%
BSE SENSEX	49,591.32	1,839.99	3.85%
KSE-100	45,186.48	1,431.10	3.27%
CSEALL	7,458.27	684.05	10.10%

Exchange Rates

USD 1 = BDT 84.82*
GBP 1 = BDT 116.27*
EUR 1 = BDT 100.94*
INR 1 = BDT 1.13*

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

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