

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.

### **Pandemic intensifies financial stability risks**

- The ongoing pandemic has exacerbated Bangladesh's financial stability risks because of high levels of non-performing loans, weak capital buffers, poor bank governance and risk management, the World Bank said in its latest report. The fragile outlook for the global economic recovery adds external risks if it impacts demand for RMG products and employment of Bangladesh's overseas workforce. Despite the uncertainty created by Covid-19, the outlook for Bangladesh's economy is positive. Much of the pace of recovery will depend on how fast mass vaccination can be achieved, said the country director of the World Bank, in a press release.
- According to the report, in FY21, growth will be supported by a recovery in manufacturing as export demand strengthens, a rebound in construction supported by accelerating public investment, and robust service sector growth as the vaccination campaign progresses. Inflation is projected to remain close to Bangladesh Bank's 5.5% target, and the fiscal deficit is projected to remain at 6% of GDP. The report said although Bangladesh was not fully aligned to international standards prior to Covid-19, the Bangladesh Bank has further relaxed loan classification requirements and allowed banks to freeze loan classifications.

<https://www.thedailystar.net/business/news/pandemic-intensifies-financial-stability-risks-2076849>

<https://www.tbsnews.net/economy/bangladeshs-economic-recovery-or-collapse-depends-vaccination-pace-wb-230848>

<https://www.newagebd.net/article/135166/bangladesh-economy-shows-early-signs-of-recovery-wb>

### **Cheap money chases good borrowers**

- Lending offer at a 7% interest rate, dangled by the head of a corporate banking division at a leading private commercial bank, has met with a refusal from several big clients as they are getting offers at a 5% rate from other private banks. Foreign banks have been much ahead in the competition of catching borrowers by offering even cheaper financing. This is how the lending rate cap regime has changed the pricing situation of the financial market in just a year.
- A year ago, on 1 April 2020, the government enforced a 9% lending rate, aiming to help businesses get low-cost financing as well as to reduce default loans. The effort successfully reduced lending rate but credit growth has since remained depressed – with borrowers showing reluctance to taking out loans despite getting the lowest lending rate in recent history because of the uncertainty amid the pandemic situation. The credit growth has remained sluggish at an 8% level since then, far below the monetary target of 14.8% for June this year set by the Bangladesh Bank.
- The lending rate came down automatically owing to a huge liquidity supply against low demand, said the managing director and chief executive officer of Mutual Trust Bank. However, there is a risk because banks are releasing deposits and managing money from the money market. If the central bank tightens regulatory rules, excess liquidity in the banking system will dry up immediately which will push up the interest rate of the money market, he said.

<https://www.tbsnews.net/economy/banking/cheap-money-chases-good-borrowers-230869>

### **Everything to stay shut except emergency services, factories**

- Nobody will be allowed to go out except for emergencies during the countrywide "strict" lockdown to be put in force from 14 April at 6am to 21 April midnight. All government, semi-government, autonomous, financial and private offices will remain closed; public transports will remain suspended; and markets and shopping centres will remain shuttered during the seven days of strict restrictions. Nonetheless, sales of everyday essentials will be allowed in open spaces from 9am to 3pm and export-oriented factories will be allowed to remain open maintaining health guidelines and complying with a few other conditions. Hotels and restaurants will be allowed to remain open from noon to 7pm and midnight to 6am only for takeaway and online services.

<https://www.tbsnews.net/bangladesh/govt-and-private-offices-will-remain-closed-14-april-230569>

### **Banks, stock market to remain closed during lockdown**

- The authorities have decided to keep the banks and the stock market closed during the new weeklong total lockdown beginning on Wednesday to limit the spread of the coronavirus. Bangladesh Bank on Monday said all banks will remain closed during lockdown period. The shutdown will remain effective between April 14 and April 21. However, the alternative transactions systems - ATM and internet banking -- will remain open. Banks were asked to maintain adequate cash in ATMs. It has also asked the banks to keep internet banking uninterrupted round the clock. Meanwhile, trading and settlement activities on both the bourses will remain closed during the seven-day strict lockdown, starting from tomorrow (April 14),

as the banks will also remain closed during the period.

<https://today.thefinancialexpress.com.bd/first-page/banks-stock-market-to-remain-closed-during-lockdown-1618250487>  
<https://www.thedailystar.net/business/news/banks-stay-closed-atms-open-2076837>  
<https://www.newagebd.net/article/135183/banks-bourses-to-remain-closed-in-april-14-21>

### **Stimulus for Small Firms: Disbursement to run till June**

- Bangladesh Bank yesterday extended the deadline for disbursing a BDT 200 billion stimulus package for cottage, micro, small and medium enterprises (CMSME) by another three months to June. The extension comes in response to a slow pace in the lending of loans from the package. The central bank declared the package in April last year to help the businesses cope with the economic slowdown caused by the coronavirus pandemic. Banks disbursed 72.31% of the package as of March 31, according to data from the central bank. Though the deadline has already been extended twice, many banks showed unwillingness to disburse loans to the SME sector, which is considered the bedrock of the economy.
- Half of the package would be provided from the BB in the form of a refinance scheme. The stimulus scheme of a three-year tenure acts as a revolving fund, meaning banks would disburse money recovering those from clients. But banks have showcased a lacklustre performance in the first year of the package's disbursement. The loans will be provided at a 9% interest rate. Of the interest rate, 4% will be borne by the borrowers and 5% by the government.

<https://www.thedailystar.net/business/news/disbursement-run-till-june-2076833>  
<https://www.tbsnews.net/economy/sme-sector-will-get-loans-incentive-package-till-30-june-230755>  
<https://www.newagebd.net/article/135213/bangladesh-bank-extends-cmsme-package-execution-time-to-june-30>

### **Leather sector businesses get 3 more months**

- The Bangladesh Bank on Monday extended the special loan rescheduling facility by three months for the leather sector entities relocated in the Savar Leather Industrial Park on the outskirts of Dhaka. A BB circular issued on the day extended the application submission deadline to June 30, 2021. On January 6 this year, the central bank introduced the policy.
- The approval of the loan rescheduling or restructuring is subject to payment of 2% of the outstanding loans prior to the application submission, it said. The leather sector businesses, which will not be able to continue their enterprises, with outstanding loans less than BDT 50 million will get three years to repay debts while the repayment tenure can be up to five years against the outstanding loans above BDT 50 million. Besides, banks are also empowered to sell assets of the borrowers that were pledged as collaterals. The borrowers, who will be able to continue business, will get up to 10 years repayment tenure, including one year grace period to repay the rescheduled loan. In 2019, the central bank floated the same rescheduling facility for bank loan defaulters in all sectors on easy terms following a government policy decision.

<https://www.newagebd.net/article/135212/leather-sector-businesses-get-3-more-months>

### **Local power solution providers up their game**

- The market for the equipment used in power generation, distribution and transmission is growing very fast in Bangladesh in keeping with expanding electricity production and consumption. Currently, installed power generation capacity stands at 24,594 megawatts (MW), way higher than 4,942MW in 2009, according to the power division. The actual generation hit a record 13,064MW on Saturday from a paltry 3,268MW more than a decade ago. There were 147 power stations in 2020, up from 27 in 2009. Ninety-nine% of the population has access to power, which was 47% a decade ago.
- The market size of the products used in the power system is around BDT 20,000 crore, and the sector has been growing 20% annually for the last eight years, said the chief executive officer of Energypac Engineering. He said just years ago, the industry could manufacture only 30 MVA (mega volt-ampere) transformers. Now, many firms can produce transformers with a capacity as high as 3,000 MVA. At present, 31 small and medium-sized local companies manufacture the equipment used in the power system. Around BDT 30 billion has been invested in the sector in the last 30 years. Major manufacturers include Energypac, TS Transformer, Pran RFL, Adex, and Reverie. But at the moment, local manufacturers can only cater to 20% of the local demand. The rest is met by foreign companies and through imports.

<https://www.thedailystar.net/business/news/local-power-solution-providers-their-game-2076845>

### **Regulators fix LPG prices**

- Bangladesh Energy Regulatory Commission, for the first time, fixed the retail prices of liquefied petroleum gas yesterday disappointing consumers. According to the new rate, the price of gas in a 12.5kg LPG cylinder sold by the

state-owned Liquid Petroleum Gas Ltd (LPGL) is BDT 591. The price for gas in a 12kg LPG cylinder of private companies is BDT 975. The price of gas in a 12.5 kg LPG cylinder sold by the state-owned company was BDT 600. This company could meet only 2% of the 1.2 million tonnes of LPG consumed in Bangladesh a year. Currently, gas of a 12kg LPG cylinder is being sold in retail between BDT 980 and BDT 1,000, depending on the supplying companies. The prices are BDT 100 up from last December. In December, gas in a 12kg LPG cylinder of Bashundhara was sold at BDT 950, Beximco at BDT 920, Jamuna BDT 940, Total BDT 950 and Petromax BDT 930.

<https://www.thedailystar.net/backpage/news/regulators-fix-lpg-prices-2076717>  
<https://www.newagebd.net/article/135167/lpg-prices-up>

### **ML Dyeing to set up BDT 630 million spinning unit**

- ML Dyeing Limited, a listed yarn dyeing company of Far Group, will set up a factory in Gazipur to start its spinning business. The company will invest BDT 625.8 million for the business expansion. Currently, ML Dyeing is engaged in the dyeing business of yarns for export-oriented sweater companies. The company secretary of ML Dyeing said that they have already imported machinery for the new plant. Despite the countrywide lockdown, they hope that the new plant will start operations in May this year. The company sources said the new plant's production capacity will be 16,500 kg yarn per day. The annual turnover of this plant will be BDT 780 million and net profit BDT 120 million. ML Dyeing entered the stock market in 2018. It was the third company of Far Group to be listed in the stock market. The other two companies are RN Spinning and Far Chemical Industries.

<https://www.tbsnews.net/companies/ml-dyeing-set-BDT63cr-spinning-unit-230803>

### **Walton launches two new 2nd-gen compressors**

- Bangladeshi electronics giant Walton has launched two new models of second-generation refrigerator compressors. These new models are silent and durable, which are also the new invention of the country's only compressor manufacturer Walton, reads a press release. Compressor manufacturing industry is another potential sector in Bangladesh and also has a colossal international market, the WHIL managing director mentioned. Bangladesh is the eighth largest compressor-producing country in Asia and 15th in the world. The country's only compressor manufacturing industry Walton has the annual production capacity of about 4 million compressors. Walton plans to increase production capacity to 10 million by 2025.

<https://www.dhakatribune.com/business/2021/04/12/walton-launches-two-new-2nd-gen-compressors>

### **UCB launches Uclick**

- In line with Bangladesh Bank's e-KYC policy, United Commercial Bank (UCB) launched the digital customer onboarding platform Uclick. UCB hopes that this initiative will easily meet the needs and requirements of the customers. Through Uclick, any Bangladeshi citizen 18 years of age or above can open an account at United Commercial Bank anytime and anywhere using his/her valid NID card with easy steps and in a very short time, said a statement. Moreover, a customer can open an account through Uclick without coming to a branch. One can use it regularly by activating it at the same time. Besides, the customers can open their accounts themselves and make an initial deposit through the same app.

<https://today.thefinancialexpress.com.bd/stock-corporate/ucb-launches-uclick-1618246061>  
<https://www.tbsnews.net/economy/banking/united-commercial-bank-launches-uclick-230698>  
<https://www.newagebd.net/article/135210/united-commercial-bank-launches-uclick>

**World Stock and Commodities\***

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$59.80	\$11.28	23.25%
Crude Oil (Brent)*	\$63.36	\$11.56	22.32%
Gold Spot*	\$1,733.60	(\$161.50)	-8.52%
DSEX	5,188.28	(213.79)	-3.96%
S&P 500	4,127.99	371.92	9.90%
FTSE 100	6,889.12	428.60	6.63%
BSE SENSEX	47,883.38	132.05	0.28%
KSE-100	44,978.05	1,222.67	2.79%
CSEALL	7,558.28	784.06	11.57%

**Exchange Rates**

**USD 1 = BDT 84.57\***  
**GBP 1 = BDT 116.18\***  
**EUR 1 = BDT 100.65\***  
**INR 1 = BDT 1.13\***

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

## IMPORTANT DISCLOSURES

**Analyst Certification:** Each research analyst and research associate who authored this document and whose name appears herein certifies that the recommendations and opinions expressed in the research report accurately reflect their personal views about any and all of the securities or issuers discussed therein that are within the coverage universe.

**Disclaimer:** Estimates and projections herein are our own and are based on assumptions that we believe to be reasonable. Information presented herein, while obtained from sources we believe to be reliable, is not guaranteed either as to accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation of the purchase or sale of any security. As it acts for public companies from time to time, BRAC-EPL may have a relationship with the above mentioned company(s). This report is intended for distribution in only those jurisdictions in which BRAC-EPL is registered and any distribution outside those jurisdictions is strictly prohibited.

**Compensation of Analysts:** The compensation of research analysts is intended to reflect the value of the services they provide to the clients of BRAC-EPL. As with most other employees, the compensation of research analysts is impacted by the overall profitability of the firm, which may include revenues from corporate finance activities of the firm's Corporate Finance department. However, Research analysts' compensation is not directly related to specific corporate finance transaction.

**General Risk Factors:** BRAC-EPL will conduct a comprehensive risk assessment for each company under coverage at the time of initiating research coverage and also revisit this assessment when subsequent update reports are published or material company events occur. Following are some general risks that can impact future operational and financial performance: (1) Industry fundamentals with respect to customer demand or product / service pricing could change expected revenues and earnings; (2) Issues relating to major competitors or market shares or new product expectations could change investor attitudes; (3) Unforeseen developments with respect to the management, financial condition or accounting policies alter the prospective valuation; or (4) Interest rates, currency or major segments of the economy could alter investor confidence and investment prospects.

### BRAC EPL Stock Brokerage Limited

#### Research

Ayaz Mahmud, CFA	Head of Research	<a href="mailto:ayaz.mahmud@bracepl.com">ayaz.mahmud@bracepl.com</a>	01708 805 221
Anika Mafiz	Research Analyst	<a href="mailto:anika.mafiz@bracepl.com">anika.mafiz@bracepl.com</a>	01708 805 206
Sadman Sakib	Research Associate	<a href="mailto:sadman.sakib@bracepl.com">sadman.sakib@bracepl.com</a>	01730 727 939
Md. Rafiqul Islam	Research Associate	<a href="mailto:mrafiqulislam@bracepl.com">mrafiqulislam@bracepl.com</a>	01708 805 229
Md Mahirul Quddus	Research Associate	<a href="mailto:mmahirul.quddus@bracepl.com">mmahirul.quddus@bracepl.com</a>	01709 636 546

#### International Trade and Sales

Ahsanur Rahman Bappi	Chief Executive Officer	<a href="mailto:bappi@bracepl.com">bappi@bracepl.com</a>	01730 357 991
----------------------	-------------------------	----------------------------------------------------------	---------------

#### BRAC EPL Research [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)