

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.

### **BD trade deficit may exceed USD 26 billion**

- Bangladesh's overall trade deficit may cross USD26 billion by this fiscal yearend as trading sector faces unprecedented headwind while a healthy balance-of-payments position continues for lesser import spending. A latest central-bank projection portrays such a macroeconomic scenario, saying that the country's deficit in trade with the rest of the world is expected to rise from USD 22.80 billion in the just-concluded FY 2020-21 to USD 26.07 billion in FY'22.
- A BB official expects import payments to increase significantly this fiscal year following higher purchase of raw materials for readymade garments along with resumption of infrastructure- development works across the country. Higher inflow of remittance is expected to help reduce the amount of current-account deficit further in FY'22 despite the upward trend in import-payment obligations, the banker predicts. The current-account deficit is likely to be reduced to USD 2.57 billion by the end of this fiscal year from USD 3.81 billion in the previous fiscal.

<https://today.thefinancialexpress.com.bd/first-page/bd-trade-deficit-may-exceed-26b-1627844001>

### **RMG exports see 16% negative growth in July**

- Apparel shipments suddenly slowed down in the last week of July due to the combined impacts of Eid vacation, lockdown and container congestion at the Chattogram port, resulting in a 16% slump in export earnings in the month, relative to the same period last year. Bangladesh exported apparels worth USD 2.60 billion from 1-30 July this year, down from USD 3.08 billion last year, said a director of BGMEA.
- According to industry insiders, the demand for apparel products rose as the Covid situation in Europe and the USA returned to normal due to a wide vaccination coverage. The apparel sector accounts for more than 80% of the country's total exports for the last three decades. In the fiscal year 2020-21, apparel exports fetched USD 31.45 billion.
- Industry people said the sector usually experienced a good growth in June, July and August riding on shipments for orders targeting the winter season and Christmas but this year Eid vacation and factory closure due to the ongoing lockdown disrupted exports. Besides, the Chittagong Port has been facing container congestion due to import backlog. BGMEA President said that they hope the export will rebound within the next 3-4 days as the government has allowed them to resume production.

<https://www.tbsnews.net/economy/rmg/rmg-exports-see-16-negative-growth-july-282187>

### **Lower yield on bank deposits, remittance boost savings certificate sales**

- After a lukewarm performance in FY2019-20, savings certificates was the go-to option for all sorts of investors as BDT 373.86 billion worth of certificates were sold in the first 11 months of FY2020-21, more than double from the same period of the previous fiscal. According to the Directorate of Nationals Savings (DNS), the primary net target for selling savings certificates was BDT 200 billion, but this was raised to BDT 303.02 billion as the revised target.
- From July 2019, taxpayers' identification number (TIN) certificate was made mandatory for purchase over BDT 0.1 million, while a 5% source tax on profits of the savings certificates was also introduced. If the investment was more than BDT 1 million, the source tax became 10%. Having a bank account was also made mandatory. After that, the sales of savings certificates began to decrease. However, the minimum bar for purchase with a TIN certificate has been raised from BDT 0.1 million to BDT 0.2 million in the current FY22.
- An economist and financial adviser to the former caretaker government attributes this beyond-significant jump to the low interest rates offered by the banks, as well as increased remittance figures and the economic turnaround from the Covid-19 pandemic so far.

<https://www.dhakatribune.com/business/2021/07/31/lower-yield-on-bank-deposits-remittance-boost-savings-certificate-sales>

### **Bangladesh received its 2<sup>nd</sup> highest foreign aid for FY21**

- Bangladesh received USD 7.106 billion as foreign aid from its donor groups during fiscal year 2020-21, its second highest amount in external assistance in a fiscal year. Not only that, in addition to this huge cash injection in the recently-concluded fiscal year, the government has also promised to receive more money from donors for future development activities. According to the ERD report, of the USD 7.106 billion, USD 6.77 billion was in the form of loan assistance, and the remaining USD 334.2 million as grants.

<https://www.dhakatribune.com/business/economy/2021/08/01/bangladesh-received-its-2nd-highest-foreign-aid-for-fy21>

### Broadband Internet: User number hits 10 million milestone

- The number of broadband internet connections has surpassed the 10 million mark in June for the first time as a vast number of people now rely on the internet due to the pandemic which propelled work from home practices and remote learning. According to Bangladesh Telecommunication Regulatory Commission, broadband subscribers shot up around 18% year-on-year in June.
- Broadband connections took a staggering jump of 76% since pre-pandemic times of February last year when there were 5.7 million such customers. In other words, the pandemic added over 4.3 million subscribers.
- The BTRC on June 6 set a uniform price of BDT 500 for 5 Mbps (megabits per second) of broadband internet a month, BDT 800 for 10 Mbps and BDT 1,200 for 20 Mbps.

<https://www.thedailystar.net/business/economy/news/user-number-hits-1cr-milestone-2141931>

### Small traders may go bankrupt

- Repeated lockdowns in Bangladesh have pushed shops, particularly small and medium ones, to the verge of closure for good as their income crashed and debt mounted. Small traders said they had to take loans to pay salaries to employees, clear rents, electricity and security bills, and meet other expenses as shops have been closed for most of the last four months because of the strict countrywide restriction.
- The plight of the small businesses stemming from the economic fallout caused by the pandemic has been unaddressed mostly, although they are one of the driving forces behind the economy of Bangladesh. There are about 5.6 million wholesale and retail establishments, accounting for 13.87% of the total trade in goods, according to the Bangladesh Economic Review.

<https://www.thedailystar.net/business/economy/news/small-traders-may-go-bankrupt-2142781>

### BATBC to invest BDT 3.2 billion in its Savar factory

- The British American Tobacco Bangladesh Company (BATBC) will invest over BDT 3.22 billion to enhance its operational capacity. The company's board of directors has approved the decision of new investment to be made in its Savar site factory, according a disclosure. This investment would cater to the upcoming exports opportunities and create contingency capacity. The investment will be funded from internal sources and bank financing based on the company's cash flow, it said.

<https://today.thefinancialexpress.com.bd/public/stock-corporate/batbc-to-invest-BDT-32b-in-its-savar-factory-1627575082>

### Premier Bank & One Bank to raise funds through bonds

- Premier bank will issue Perpetual Bond of BDT 4.0 billion to raise funds as additional Tier-1 capital in order to support its BASEL-III norms in compliance with Bangladesh Bank (BB) guidelines on risk-based capital adequacy. BDT 3.60 billion bond will be issued through private placement and the remaining BDT 400 million bond through public offer in line with the directive of Bangladesh Securities and Exchange Commission (BSEC) issued on 23 May, 2021.
- The board of directors of ONE Bank has decided to issue of subordinated bond (at floating rate) of BDT 6.0 billion for Tier-II capital. The proceeds will be treated as capital and it will help the company grow its investment and loan portfolio. The tenure of the bond will be seven years.

<https://today.thefinancialexpress.com.bd/public/stock-corporate/premier-bank-to-raise-BDT-40b-thru-bond-1627575152>

### Eight companies see decline in stakes held by foreigners

- Some eight listed companies having good fundamentals saw a decline in stakes held by foreigners in last six to twelve months. The amount of shares held by foreigners declined ranging between 0.64% and 6.32% in those companies during June 30, 2020 to June 30, 2021. Some insiders said the regulatory decision regarding the closure of trading after the outbreak of COVID-19 was one of the major reasons behind the decline observed in foreign stakes. The introduction of floor prices for listed securities also played a role behind the decline observed in foreign stakes. The securities regulator has lifted the floor prices earlier introduced to contain the free fall of stock prices amid lockdown.
- The companies which saw a decline in foreign stakes include BRAC Bank, British American Tobacco Bangladesh

Company (BATBC), Beximco, Beximco Pharmaceuticals, Square Pharmaceuticals, The City Bank, and Singer Bangladesh.

<https://today.thefinancialexpress.com.bd/stock-corporate/eight-companies-see-decline-in-stakes-held-by-foreigners-1627745546>

### **SBAC Bank IPO investors to get minimum 60 shares each**

- A general investor will receive a minimum of 60 initial public offering (IPO) shares of South Bangla Agriculture & Commerce (SBAC) Bank against an application for subscription of BDT 10,000 shares. The bank issued IPO shares to raise BDT 1.0 billion from the capital market under the fixed-price method. And the IPO subscription period was between July 5 and July 12. The bank's IPO was oversubscribed by almost 14 times, as the bank received BDT 13.91 billion offers for the IPO shares worth BDT 1.0 billion.

<https://today.thefinancialexpress.com.bd/public/stock-corporate/sbac-bank-ipo-investors-to-get-minimum-60-shares-each-1627575035>

### **Companies move to transfer unclaimed dividends to BSEC's market stabilisation fund**

- Listed companies have initiated moves to transfer unpaid or unclaimed dividends and non-refunded IPO subscription funds to the Capital Market Stabilisation Fund (CMSF) as per a directive issued by the Bangladesh Securities and Exchange Commission. As many as 70 companies have recently issued notices, informing their shareholders to claim the dividends by August 29 as they have to transfer the fund to the MSF by August 30.

Last month, the BSEC issued a letter to all asset management companies, stockbrokers, merchant banks, and listed companies, including companies operating in the over-the-counter market, to transfer amounts held against unclaimed, undistributed or unsettled dividends or non-refunded public subscription money in cash or others including accrued interest thereon for a period of three years from the date of declaration or approval or record date to the CMSF by August 30.

<https://www.newagebd.net/article/145178/cos-move-to-transfer-unclaimed-dividends-to-bsecs-market-stabilisation-fund>

### **BO accounts drop below 2 million as IPO hunters shy away**

- Number of stock investment accounts, popularly called Beneficiary Owner (BO) accounts, has dramatically dropped below 2 million for the first time in more than a decade as IPO hunters closed the majority of their useless accounts following a new method of public issuance. It may sound more surprising that the number dropped by over 22% in a month as depository service provider Central Depository Bangladesh Ltd (CDBL) reported only 1.97 million BO accounts opened at the end of July, where the month began with 2.54 million accounts.
- In fact, a major portion of the BO accounts that had been being used only for IPO hunting vanished as soon as the account holders failed to pay the annual maintenance fees on time. Stockbrokers closed their client accounts at the end of July due to the non-payment of annual fees.
- Historically, in the Bangladesh capital market, investing in only primary shares proved to be a lucrative business as that virtually possessed no risk and offered huge gains after debut. Being it for overenthusiasm or manipulation, IPO hunting offered 2-5 times or even more return in less than six months. The Bangladesh Securities and Exchange Commission (BSEC) changed the way how to apply for primary shares. Recently, it introduced pro-rata allocation of primary shares, which abolished the lottery system.

<https://www.tbsnews.net/economy/stocks/bo-accounts-drop-below-20-lakh-ipo-hunters-shy-away-282178>

**World Stock and Commodities\***

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$73.27	\$24.75	51.01%
Crude Oil (Brent)*	\$74.56	\$22.76	43.94%
Gold Spot*	\$1,814.18	(-\$80.92)	-4.27%
DSEX	6,425.26	1,023.19	18.94%
S&P 500	4,395.26	639.19	17.02%
FTSE 100	7,032.30	571.78	8.85%
BSE SENSEX	52,586.84	4,835.51	10.13%
KSE-100	47,055.29	3,299.91	7.54%
CSEALL	8,120.48	1,346.26	19.87%

**Exchange Rates**
**USD 1 = BDT 84.93\***
**GBP 1 = BDT 118.01\***
**EUR 1 = BDT 100.76\***
**INR 1 = BDT 1.14\***

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

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