

*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.*

### **Bangladesh Bank (BB) to ask banks, NBFIs to pace up**

- The central bank is set to ask the banks and non-banking financial institutions (NBFIs) for faster implementation of the stimulus packages particularly the one for the CMSMEs to speed up recovery of the pandemic-hit economy. The banks and NBFIs, which have loan disbursement targets of BDT 500 million and more, have been selected to participate the review meeting, according to the official. The BB's latest move came against the backdrop of slower progress in loan disbursement under the financial package for the CMSMEs sector until July 30. The banks and NBFIs disbursed only BDT 15 billion of the stimulus package by then.
- The disbursed amount is just 7.50% of the total BDT 200 billion financial support for the sector. The support is to help the CMSMEs sector to offset the adverse impact of the Covid-19 pandemic. Loans amounting to BDT 27.50 billion were sanctioned for more than 8,000 CMSMEs during the period, according to the central bank's statistics.

<https://today.thefinancialexpress.com.bd/first-page/bb-to-ask-banks-nbfis-to-pace-up-1597599522>

### **RMG exporters hope for a rebound**

- Garment exporters are not worried over falling behind their peers in Vietnam in overseas sales. They hope exports will rebound by December, buoyed by demand in the Western world ahead of Christmas, reports bdnews24.com. They also dream of having an 'opportunity' to have a bigger market share in the United States, as China, which dominates the US market, is having a 'trade war' with it.
- As the coronavirus pandemic has upended the world economy, it affected the exports too. People stopped buying clothes after their income collapsed. Big fashion houses are yet to reopen. Only some online shops have opened their business. Under the present circumstances, there will be a downward trend in the garment exports in August and September. But exports will get a boost from Christmas sales in December. Vietnam exported about USD 30 billion of garment products between July and June, surpassing Bangladesh that shipped about USD 28 billion of clothes, according to the General Statistics Office of Vietnam and the Bangladesh Export Promotion Bureau.
- In Bangladesh, garments account for about 85% of its export proceeds. The fall of Bangladesh from the second position came as bad news to local manufacturers. In August and September, however, the export won't be as good as in July. It may drop to half of July's exports. This is because the July export was based on the old orders placed in March, April and May, which the buyers had deferred earlier, the vice president of Bangladesh Knitwear Manufacturers and Exporters Association. said. But he was optimistic about a rebound in exports.

<https://today.thefinancialexpress.com.bd/last-page/rmg-exporters-hope-for-a-rebound-1597600186>

### **Real estate sector becoming more optimistic of a rebound**

- Bangladesh's real estate sector will hopefully be able to cope with the ongoing coronavirus pandemic as instalment collection on previous sales started to pick up after the economy reopened in June, according to various realtors and financiers. Besides, the government has allowed the use of untaxed income to purchase land or apartments while the reduction in registration fees makes this the perfect time to invest in real estate at reasonable costs. However, the country's realtors also said that apartment prices could eventually increase due to the rising cost of raw materials and delays in project implementation.
- They had feared that we would face difficulty in surviving the pandemic following a drop in demand for housing amid the unprecedented economic uncertainty brought on by the Covid-19 fallout, said the president of the Real Estate and Housing Association of Bangladesh (REHAB). But the situation is improving alongside the increase of economic activities, he added. The sector got a shot in the arm in July last year, when the government moved to slash registration fees and interest rates on loans. Now though, realtors are just trying to survive the pandemic rather than make a profit, he added.
- Houses in the Uttara, Bashundhara and Mohammadpur areas have the highest demand, said the chief executive officer of bproperty, the biggest online real estate broker in Bangladesh. These areas make up about 35% of the total demand for 2020. If the sector recovers, its allied industries, of which there are 230, will also benefit, according to industry insiders.

<https://www.newagebd.net/article/113569/banks-invest-paltry-BDT-264cr-in-stocks-in-six-months>

### **Loan write-offs touch down to a three-year low**

- Loans written off by banks plummeted to a three-year low in the first quarter of 2020 as lenders' capacity to keep 100% provisioning against their delinquent assets has decreased because of the fall in profit. Usually, loans are written off when they are entirely provisioned and there is no realistic prospect of recovering them. These loans are shifted to off-balance sheet records. Between January and March, loans amounting to BDT 335 million were written off, down 96.5% from a quarter earlier and 94% from a year earlier, according to data from the central bank.
- This is the lowest write-off amount since the first quarter of 2017 when banks removed BDT 247.4 million from their balance sheets. The downward trend of the write-off loans is not a good indicator for the financial sector as it gives lenders the leeway to not set aside funds against the defaulted loans. The central bank gave a regulatory forbearance to banks on 19 March, allowing them to not consider businesspeople as defaulters if they fail to repay instalments until 30 June. The deadline has been extended to September to help businesses tide over the economic hardships brought on by the global coronavirus pandemic.
- The regulatory forbearance, a policy that permits banks and financial institutions to continue operating even when their capital is fully depleted, has reined in the upward trend of the defaulted loans and did not give the lenders the scope to clean up their balance sheets by using the write-off module. At the end of March, default loans stood at BDT 925.10 billion, which was 9% of the total outstanding loans in the banking sector.

<https://www.thedailystar.net/business/news/loan-write-offs-touch-down-three-year-low-1946281>

### **Chittagong Stock Exchange (CSE) gets one more year to find strategic investors**

- The Bangladesh Securities and Exchange Commission (BSEC) has recently extended the time for the Chittagong Stock Exchange (CSE) by another year to look for strategic investors. The CSE now has until March 8, 2021, for finalizing a strategic partner. The managing director of the CSE, told The Business Standard they had sent proposals to many stock exchanges and institutions for being strategic investors.
- According to the demutualization act 2013, there is an obligation to sell 60% of blocked shares among strategic, institutional and general investors. Of those, 25% of the stock exchange's total shares will have to be sold to strategic investors. After that, the remaining 35% will have to be sold to general and institutional investors through the initial public offering process. On the other hand, 40% of the shares are owned by members of the stock exchange or brokerage firm. As per the demutualization act, the CSE was supposed to sell 25% of shares to strategic investors, but failed to finalize the process.
- Earlier, in September 2018, the Dhaka Stock Exchange (DSE) transferred its 25% of shares to strategic investors – Chinese consortium of Shenzhen Stock Exchange and Shanghai Stock Exchange. It sold the 25% of shares for BDT 9.62 billion, with each share priced at BDT 21.

<https://tbsnews.net/economy/stock/cse-gets-one-more-year-find-strategic-investors-120262>

<https://www.dhakatribune.com/business/stock/2020/08/16/cse-gets-another-year-to-find-strategic-partner>

### **Undisclosed cash in 3 forms to be allowed to be legalized**

- Individual taxpayers are set to be allowed to legalize undisclosed cash in three forms by declaring those in the tax returns and paying tax by the current fiscal year of 2020-2021. Cash in hand, cash at banks and cash as working capital can be disclosed by paying income tax at 10% flat rate, officials of the National Board of Revenue said. The regular income tax rates range from 5% to the highest 25%.
- Such benefit of legalizing untaxed cash is given for the first time in the country with the widened and blanket opportunity of legalization of undisclosed moveable and immovable assets, investment in land, apartment and in stock market ignoring experts' and economists' demand for scrapping the unconstitutional, unethical, unfair and fruitless scope, experts said. Tax officials are not supposed to verify whether the assessee actually has the cash in hand or not, a senior income tax official said. Such money holders, however, will have to pay the tax before submission of tax returns or revised return of income during the period between July 1, 2020 and June 30, 2021.

<https://www.newagebd.net/article/113566/undisclosed-cash-in-3-forms-to-be-allowed-to-be-legalised>

### **Pragati Life Insurance to raise BDT 230.27 mn through rights**

- The stock market regulator has approved Pragati Life Insurance's application to raise BDT 230.27 million through rights issue to cope with the business growth and strengthen the capital base of the company. The life insurer, which was listed on the Dhaka bourse in 2006, will issue more than 15.35 million rights shares of BDT 15 each, including BDT 5.0 as a premium to raise the said amount. One rights share will be offered for existing one share.
- The purposes of issuance of right shares are to cope with the business growth and strengthen the capital base of the company as well as fulfill the regulatory requirement. The company will invest the rights offer amount in government

treasury bonds, and in fixed deposits at banks and financial institutions. The record date for entitlement of rights share, the period of subscription and the list of bankers to the issue will be notified within three working days as per the Securities and Exchange Commission (Right Issue) Rules, 2006, said the disclosure.

- The company reported net asset value per share of BDT 37.29 as on December 31, 2018, according to the rights issue documents. LankaBangla Investment Ltd is the issue manager of the rights issue. Each share of the life insurer closed at BDT 130.20 on Sunday at DSE, soaring 9.97% over the previous session. Recently, the board of directors of the company declared 20% cash dividend for the year ended on December 31, 2019.

<https://today.thefinancialexpress.com.bd/stock-corporate/pragati-life-insurance-to-raise-BDT-23027m-through-rights-1597591658>

### Marico Bangladesh has big plans for men's grooming

- Marico, the Indian fast-moving consumer goods company, recently launched a new product -- the X-Clean and Fresh Men's Soap -- under its men's grooming label, Studio X, as a part of the brand's ongoing effort to diversity its product base. Earlier this year, Marico Bangladesh, a subsidiary of the Mumbai-based company, invested heavily to establish Studio X. Initially, Studio X's product line consisted of shampoo, face wash, hair gel and cologne.

- The fast-moving consumer goods company's profits soared 30% to BDT 2.64 billion in the 2019-20 financial year as its flagship product -- Parachute's coconut oil -- continues to dominate its competition in the sector. In its last financial year, Marico's edible oil brand Saffola witnessed a robust growth of more than 108% year-on-year but the company's baby lotion sales slumped more than 27% at the same time.

- Baby lotion alone accounts for about 70% of Marico Bangladesh's annual revenue and so, the company shelled out BDT 300 million to establish Studio X and diversify its product base. Within six months of launch, the new line of soap has been introduced, bringing the brand's portfolio up to five in the personal care category.

<https://www.thedailystar.net/business/news/marico-bangladesh-has-big-plans-mens-grooming-1946265>  
<https://www.dhakatribune.com/business/2020/08/16/studio-x-for-men-launches-clean-and-fresh-men-s-soap>

### World Stock and Commodities\*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$42.33	(\$19.30)	-31.32%
Crude Oil (Brent)*	\$45.06	(\$23.38)	-34.16%
Gold Spot*	\$1,940.17	\$418.70	27.52%
DSEX	4,859.49	406.56	9.13%
S&P 500	3,372.85	142.07	4.40%
FTSE 100	6,154.34	(1,432.71)	-18.88%
BSE SENSEX	37,877.34	(3,764.80)	-9.04%
KSE-100	40,290.74	(444.34)	-1.09%
CSEALL	5,261.99	(867.22)	-14.15%

### Exchange Rates

USD 1 = BDT 84.90\*  
 GBP 1 = BDT 111.25\*  
 EUR 1 = BDT 100.67\*  
 INR 1 = BDT 1.13\*

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





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