

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.

Government plans to buy vaccine in cash too

- Apart from the global vaccine alliance, GAVI, Bangladesh has also planned to collect Covid-19 vaccine through cash payments to other manufacturers, officials have said. The health ministry at a recent meeting has asked the officials concerned to take steps for buying the vaccine from the possible manufacturers to boost immunity against the deadly virus. The step was taken amid massive criticisms by the health experts and commoners that the country might fail to get vaccine in time due to lack of proper steps, and if the government tries to get it free of cost.
- Officials said the country has already expressed its interest to GAVI to get vaccine and be enlisted as an eligible nation to get it. As a co-financier of GAVI, Bangladesh is also eligible to get vaccine from this alliance. The GAVI, the Coalition for Epidemic Preparedness Innovations (CEPI) and the World Health Organization (WHO) have taken necessary steps through its COVAX Facility to guarantee fair and equitable access of every country irrespective of their financial abilities and geographical locations.
- According to officials, Bangladesh is also communicating with the people concerned to make sure that whether a country having low per-capita income would enjoy extra facility in getting the vaccine. Finance minister informed a recent cabinet meeting that in the budget for the current fiscal year, some funds were kept aside for buying vaccine as soon as it is ready for sale. He also requested the health minister to contact with more than one source to collect the vaccine and to make sure that Bangladesh is not going to be excluded as a candidate for the vaccine.

<https://today.thefinancialexpress.com.bd/last-page/govt-plans-to-buy-vaccine-in-cash-too-1598204868>

Default loans rise BDT 36.06 billion amid pandemic

- Default loans in the banking sector increased by BDT 36.06 billion during the April-June quarter of the current year despite a waiver of loan repayments during the pandemic. Bankers said default loans will spike further in the third quarter when banks will accumulate the due instalments of borrowers who will not repay loans using an extension of the waiver on loan repayments till September. According to the central bank's recently approved data, the total amount of default loans stood at BDT 961.16 billion at the end of June, which was 9.16 % of the total disbursement and outstanding loan of 59 banks operating in the country. At the end of June, total bank loans stood at around BDT 10.50 trillion, said a senior official of the Bangladesh Bank.
- Explaining the reason of the rise in default loans, Bangladesh Bank spokesperson said that Banks did not mark any borrower as a new defaulter during these three months (April-June). But they were processing some default loans for rescheduling which they previously calculated as regular loans. The rescheduling process could not be completed during the pandemic. So, banks were bound to mark those loans as classified.
- Earlier on March 19, the Bangladesh Bank, as part of its crisis management strategy, directed banks not to classify any loans if borrowers fail to repay those during the pandemic. The facility had been announced for a period of six months till June this year. On June 15, the central bank extended the facility for further three months till September.

<https://tbsnews.net/economy/default-loans-rise-BDT3606cr-amid-pandemic-123277>

<https://www.newagebd.net/article/114334/apr-june-loans-in-default-up-by-BDT-3606cr>

<https://www.dhakatribune.com/business/banks/2020/08/23/npls-rise-by-BDT3-606cr-in-april-june-amid-covid-19-pandemic>

Government borrows heavily from banks as pandemic hits revenue

- The government is borrowing heavily from the banking sector as the coronavirus pandemic has hit revenue collection, while expenses have gone up, a researcher has said, reports bdnews24.com. It borrowed BDT 109.58 billion from the commercial banks in the first 43 days of the new fiscal year to Aug 12. It has also repaid the Bangladesh Bank BDT 25.36 billion. The government has set a target to borrow a total of BDT 849.8 billion from the sector in the fiscal year 2020-21.
- Executive Director of Policy Research Institute said that the aggressive borrowing will affect the private-sector lending and thus investment. The government had to go to the banks to pay salaries and allowances to officials and workers, and expenses related to tackling the pandemic because revenue collection dropped sharply, he added. He also said that it was no surprise when the government borrowed heavily from banks due to the low revenue collection. He again said that a good flow of foreign loans saved the government from borrowing excessively in the fourth quarter (May-July) of the last fiscal year.

<https://today.thefinancialexpress.com.bd/trade-market/govt-borrows-heavily-from-banks-as-pandemic-hits-revenue->

[1598202902](#)

Nagad looks to turn into a digital bank

- Nagad – a state run Mobile Financial Service (MFS) provider that started operation one and a half years ago – now plans on transforming into a digital bank. The digital financial service platform of the Bangladesh Post Office, which quickly became popular by securing second position in the domestic MFS market within a short time with around 35 million users, is now talking with the Bangladesh Bank to obtain a license to commence banking operations. Currently, the country's financial market is saturated with 59 banks. Nagad will be the first digital bank in the country, said the managing director of Nagad.

- The Nagad managing director went on to say that all banking services of Nagad will be given through digital channels, and customers will not be required to go to the branches. Nonetheless, around 10,000 branches of the Bangladesh Post Office all over the country will be used for providing services if customers need to go to branches in case of any emergency. Nagad does not need to bear any extra establishment cost as the Post Office already has all these branches. Currently, Nagad's daily transaction is over BDT 1 billion, according to the company.

- After more than one year of operation, the service platform applied for a license to the Bangladesh Bank in March this year, following the Bangladesh Bank's instruction to banks to stop providing salaries of garment workers under the government stimulus package to MFS accounts which are not under its surveillance. That regulatory instruction forced Nagad to become legitimate by obtaining a license from the Bangladesh Bank. Later, the central bank gave Nagad an interim licence for six months. The MFS service provider has recently requested the Bangladesh Bank to extend the time for another six months as the process for getting a full-fledged license could not be completed during the pandemic situation, said a general manager of the payment systems department of the Bangladesh Bank.

<https://tbsnews.net/economy/banking/nagad-looks-turn-digital-bank-123334>

SMEs are in dire need of a lifeline from banks

- Businesses are recovering but the small and medium enterprises (SMEs) are being left behind. Subsequently, easy and generous financing for them, particularly the micro, small and women entrepreneurs, has become urgent and imperative. The SMEs contribute about one-fourth the country's gross domestic product and employ millions of people. Still, a large number of the micro, cottage and small businesses have remained missing from formal financing and the government-announced BDT 200.00 billion stimulus package for the sector.

- Small clients of BRAC Bank were on their way to recovery following the withdrawal of the countrywide shutdown by the government from June. BRAC Bank, one of the biggest financiers of the SMEs, also brought changes in its loan products to fit with the needs of its borrowers, he said. Initially, responses from the SMEs for the stimulus package were low because of a lack of awareness, said the managing director of Islami Bank Bangladesh. Awareness increased later and Islami Bank, another major lender to the SMEs, got more applications. The bank provided loans to 2,100 out of 3,600 applicants, he added.

<https://www.thedailystar.net/business/news/smes-are-dire-need-lifeline-banks-1949925>

Bangladesh Securities and Exchange Commission (BSEC) serves show-cause notice on Dhaka bourse

- The securities regulator has asked Dhaka Stock Exchange (DSE) to explain the reasons that caused technical glitches on its website hampering trading activities. On Thursday, the Bangladesh Securities and Exchange Commission (BSEC) served the show cause notice on the bourse following technical glitch on DSE website observed on Wednesday. The BSEC wanted to know the reasons responsible for technical glitches on our website occurred after introduction of a new version, said the DSE's managing director.

- He said that the DSE has already received a reply from their chief technology officer (CTO) regarding technical glitch on the website. They have also discussed the issue with the securities regulator, the DSE's managing director said. The DSE, however, informed that due to maintenance and up-gradation of the website of DSE, the view of the website was temporarily interrupted. Meanwhile, the DSE regretted for the disruption that caused investors' sufferings.

<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-serves-show-cause-notice-on-dhaka-bourse-1598200341>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$42.42	(\$19.21)	-31.17%
Crude Oil (Brent)*	\$44.42	(\$24.02)	-35.10%
Gold Spot*	\$1,936.15	\$414.68	27.26%
DSEX	4,794.92	341.99	7.68%
S&P 500	3,397.16	166.38	5.15%
FTSE 100	6,154.34	(1,432.71)	-18.88%
BSE SENSEX	38,434.72	(3,207.42)	-7.70%
KSE-100	39,621.59	(1,113.49)	-2.73%
CSEALL	5,382.38	(746.83)	-12.18%

Exchange Rates

USD 1 = BDT 84.75*

GBP 1 = BDT 110.95*

EUR 1 = BDT 99.96*

INR 1 = BDT 1.13*

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

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BRAC EPL Stock Brokerage Limited

Research

Ayaz Mahmud, CFA	Head of Research	ayaz.mahmud@bracepl.com	01708 805 221
Sadman Sakib	Research Associate	sadman.sakib@bracepl.com	01730 727 939
Md. Rafiqul Islam	Research Associate	mrafiqulislam@bracepl.com	01708 805 229
Md Mahirul Quddus	Research Associate	mmahirul.quddus@bracepl.com	01709 636 546

International Trade and Sales

Ahsanur Rahman Bappi	CEO (Acting)	bappi@bracepl.com	01730 357 991
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BRAC EPL Research 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