

*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.*

### **Interest rate spread falls to 2.94% in October**

- The interest rate spread dropped slightly in October last as the banks slashed the lending rates more than that of the deposit rates. The interest on the loans and advances decreased comparatively at higher rates than that of the deposits in October 2020 as the banks are now implementing the low-cost financial stimulus packages to help businesses overcome the adverse effect of the Covid-19 pandemic, according to the bankers. The weighted average spread between the lending and deposit rates offered by the commercial banks came down to 2.94% in October from 3.00% a month ago. It was 4.07% in March.
- Senior bankers, however, predicted that the spread may fall further in the coming months if the falling trend in interest rates on both deposit and lending continues. Most of the banks have already slashed their interest rates on all types of deposits because of a higher inflow of liquidity in the market, they explained. The weighted average rate on deposits fell to 4.73% in October from 4.79% in the previous month while such rate on lending came down to 7.67% from 7.79%, according to the Bangladesh Bank's (BB) latest statistics.
- Prime Minister has so far announced 19 stimulus packages worth BDT 1.03 trillion. The packages, which are 3.7% of the country's gross domestic product (GDP), are now being executed under the supervision of the central bank and the finance ministry. The average spread with state-owned commercial banks (SoCBs) was 2.03% in October, 2.95% with PCBs, 6.08% with foreign commercial banks (FCBs) and 1.95% with specialised banks (SBs).

<https://today.thefinancialexpress.com.bd/first-page/interest-rate-spread-falls-to-294pc-in-oct-1607190910>

### **The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) launches tech centre to aid micro, small and medium enterprises (MSMEs) today**

- The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) will launch technology centre (Tech-C) today (Sunday) to assist the country's micro, small and medium enterprises (MSMEs) and cottage industry to flourish. The Tech-C will adopt state-of-the-art technology that will strengthen the MSMEs, cottage industry and the starts-up ecosystem, an official of the country's apex trade body told. Among the registered enterprises, around 80% are cottage and micro and 1.0% small enterprises, according to the SME Foundation.
- The entrepreneurs of MSMEs and cottage industry will be able to know use of modern technology that will ultimately help them to connect with the prospective of local and international buyers and gradual expansion of the markets. Earlier, the government announced BDT 200 billion stimulus package for MSMEs and cottage industry to offset the financial losses due to the fallout of Covid-19 in the country. The FBCCI suggested that the central bank and scheduled banks should reach out to the entrepreneurs of MSMEs and cottage industry with easy rules so that they are benefitted by the bailout package of the government.

<https://today.thefinancialexpress.com.bd/last-page/fbcci-launches-tech-centre-to-aid-msmes-today-1607191349>

### **Apparel exporters dealt a fresh blow: rising raw material prices**

- After order cuts and lower prices from buyers, they have a fresh problem at hand: the rising process of raw materials. On average, the prices of raw materials such as fabrics, yarns, cotton and packaging materials, edged up 5 to 10% in the last couple of months, according to industry people. The rise in cotton prices, the low productivity caused by the pandemic and a stronger Chinese yuan are largely to blame for the price ticking up. The buyers' nominated suppliers are asking for higher prices with each new lot and the regular suppliers in China are frequently changing their prices.
- China is the global manufacturing hub for raw materials but the production capacity there is lower than the pre-Covid level. Besides, the importers are ordering more ahead of the Chinese New Year holidays in February, which is another reason for price rise, said the managing director of Snowtex. All international benchmark prices of cotton have increased over the past month with the largest increase in prices in China. In last three months, the price of cotton went up by 8-10 cent per pound, which impacted the prices of yarn, told the secretary of the Bangladesh Textile Mills Association (BTMA)

<https://www.dhakatribune.com/business/2020/12/06/apparel-exporters-dealt-a-fresh-blow-rising-raw-material-prices>

### **Apparel Industry: High-end products still a long way off**

- Bangladesh's apparel industry is struggling to graduate to a producer of high-end items despite being in the business for four decades and one of the top suppliers globally, missing out on the opportunity to receive premium prices from international retailers and brands. The multi-billion-dollar industry, which contributes about 85% to the national export,

has embraced a lot of reforms since the 1980s. Still, investment has been less in the production of value-added garment items. As a result, Bangladesh has remained a prominent manufacturer of basic or semi-high-end garment items.

- High-end garment items products are meant for upscale customers and are made from expensive fibres and are specially designed by very experienced designers. It requires a more skilled workforce and sophisticated technologies to produce expensive products. Bangladesh is strong in the manufacturing of garments from cotton fibre. Nearly 80% of garment items in Bangladesh are manufactured from cotton fibre. However, the demand for cotton fibre-made garment items is declining worldwide. For instance, almost all the sportswear fashion items come from artificial fibre. However, the demand for cotton fibre-made garment items is declining worldwide. For instance, almost all the sportswear fashion items come from artificial fibre. The demand for sportswear items is on the rise globally both for sports purposes and fashion purposes.

- Although it is difficult to quantify the high-end garment items exported from Bangladesh, industry insiders say its share is more than 30%. However, not all of them are high-end; they include semi-high-end garment items as well. About 80% of the garment exports fall within the price range of USD 15 per kilogram, and only 20% items get a price more than USD 15 and a tiny fraction gets USD 35, according to research by the Bangladesh Garment Manufacturers and Exporters Association (BGMEA). Contrary to adding higher values, the trend suggests that Bangladesh has lost 1.79% unit value of the garment exported in the last five years. Though it is difficult to capture the trend for the product range above USD 15 per unit, this may be generalised that Bangladesh's progress towards adding higher values has been slow.

<https://www.thedailystar.net/business/news/high-end-products-still-long-way-2006661>

### **Duty-free trade deal with Bhutan today**

- Bangladesh is going to enter into the era of the much-talked bilateral duty-free trade agreements with signing Preferential Trade Agreement (PTA) with Bhutan today (Sunday). Bhutan is the first country with whom Bangladesh will sign PTA. The trade benefits that will come through such bilateral agreement will be very vital for a country like Bangladesh as the country is set to graduate from the least developed country (LDC) in 2024.

- After the graduation, Bangladesh will lose many trade benefits that it is now enjoying in many developing and developed countries as a LDC. But agreements like PTA and FTA (Free Trade Agreement) will ensure duty or quota free market access for Bangladesh. The volume of bilateral trade between the two countries stood at USD 57.90 million in fiscal year (FY) 2018-19. It was only USD 26.52 million in FY 2012-13. Apparel, food items, plastics, pharmaceuticals, furniture and electrical products are being exported from Bangladesh.

<https://today.thefinancialexpress.com.bd/first-page/duty-free-trade-deal-with-bhutan-today-1607190798>

<https://www.newagebd.net/article/123489/bangladesh-signs-pta-with-bhutan-sunday>

### **BO (Beneficiary Owner's) account opening to be digitised**

- Investors willing to invest in the capital market will be able to open BO (beneficiary owner's) accounts online in near future without going to the firms. As part of the regulatory move to digitise the country's capital market, the Central Depository Bangladesh Limited (CDBL) has started the job of developing a module through which investors will be able to open BO accounts online. On completion of the process, investors having internet connection will be allowed to open BO accounts using android mobile phones, laptops and desktop computers.

- A BSEC spokesperson said that the investors willing to invest in the capital market will be allowed to open BO accounts transferring the charge through credit card or EFT (electronic funds transfer) system. The module will have the option of opening BO accounts using one photograph, NID or passport number, one photo copy of bank's cheque book, he further added. The module will have the option of choosing a brokerage firm. An investor's BO account opened using our module will be active after accepting his information by a brokerage firm on receipt of stipulated charge, said the managing director of CDBL.

<https://today.thefinancialexpress.com.bd/stock-corporate/bo-account-opening-to-be-digitised-1607184883>

### **Subscription of Energypac Power begins tomorrow**

- The IPO (initial public offering) subscription of Energypac Power Generation will commence tomorrow (Monday) with a view to raise a capital worth BDT 1.5 billion, according to the company's IPO prospectus. The IPO subscription of Energypac, which is set to be listed under book building method, will be continued till December 13 this year. The cut-off price of Energypac shares was fixed at BDT 35.0 each through electronic bidding by the EIs held in late September. As per the regulatory approval, the company will raise BDT 1.5 billion by issuing a total of 40,293,566 ordinary shares to expand the LPG business and repay bank loans along with catering the expense of IPO proceeds.

- Of the total shares, 20,146,766 shares will be issued to EIs at respective prices offered by them at the bidding.

Remaining 20,146,800 shares will be issued through IPO to general investors including non-resident Bangladeshis, at a 10% discount on the cut-off price, meaning the general investors will get the IPO shares at BDT 31.0 each. The company reported its earnings per share (EPS) of BDT 3.1, the net asset value per share of BDT 45.15 (with revaluation reserve), while the value was BDT 30.20 (without revaluation reserve), according to the consolidated financial statement for the year ended on June 30, 2019.

<https://today.thefinancialexpress.com.bd/stock-corporate/subscription-of-energypac-power-begins-tomorrow-1607184914>

### **bKash wants to ride the wave of remittance**

- BKash is offering 1.0% cash bonus to its customers for the amount they receive from abroad as the country's pioneering mobile financial service provider looks to capitalise on the surge in remittance inflows in recent months. In the first 11 months of 2020, migrant workers sent home about USD 19.8 billion, which is the highest yet in the country's 49-year history. Last year, Bangladesh received about USD 18.3 billion, which was a record until October this year.

- bkash's cash bonus to its 50.0 million odd customers comes on top of the 2.0% cash incentive offered on remittance, introduced in fiscal 2018-19. The bonus is offered on the occasion of Victory Day told the head of corporate communications and PR at bKash. The offer ends on January 31, 2021. In the first nine months of 2020, the MFS platform channelled BDT 8.9 billion of the remittance received, which is about 0.7% of the total amount that came at that point. The country's leading MFS provider is hoping the offer would tempt the expatriate Bangladeshis in the selected 93 countries to remit their money home through the 42-money transfer organisations to their relatives' bKash accounts.

<https://www.dhakatribune.com/business/2020/12/06/bkash-offers-1-additional-cash-incentive-on-remittance>

### **Pandemic contracts shareholders' dividend payment stream**

- For the 2018-19 financial year, 45 companies had announced cash dividend upwards of 10.0%, putting them in the 'A' category of shares. Last year, 19 of the 45 companies announced lesser dividends for their shareholders. Six are yet to announce their dividends, while 10 announced the same amount of dividend in their 2019-20 financial year as in the previous year. Seven announced higher dividends than a year earlier.

- Companies that cut dividend payments include ACI, ACI Formulations, Square Textiles, Summit Power, ACME Laboratories, Orion Pharma, Apex Footwear. Northern Jute, Envoy Textiles and National Tea Company would be downgraded to the 'B' category of shares because of their lower dividend payout for their last financial year. Meanwhile, the number of companies not paying any form of a dividend to their shareholders for the 2019-20 financial year increased by 38.5% from the previous year as the global coronavirus pandemic bit hard on their balance sheets.

<https://www.dhakatribune.com/business/stock/2020/12/06/pandemic-contracts-shareholders-dividend-payment-stream>

### **Drug makers' profits bounce back in first quarter**

- Listed drug makers saw their profits rebound in the first quarter (July-September) of the ongoing fiscal thanks to an increase in the number of healthcare seekers. The pharmaceutical sector had taken a big hit at the end of the previous quarter, when most people refrained from visiting hospitals in fear of contracting Covid-19. But the listed companies' combined profits soared by 76% compared to the April-June quarter of fiscal 2019-20 to hit BDT 7.3 billion in July-September.

- Of the 19 pharmaceutical companies listed with the country's bourses, three are yet to publish their financial reports. Of the 16 that have been analysed so far, Square Pharmaceuticals booked the highest profit of BDT 3.9 billion, which was 37% higher than that of the previous quarter. In the April-June quarter, the company saw 20.7% lower profits, which stood at profits BDT 2.9 billion. The country's top pharma company plans to invest BDT 2.5 billion to expand its production capacity. Similarly, other top drug makers have also announced that they will make further investments after seeing the market's growth potential for the coming years. The domestic pharmaceutical market is worth around BDT 250.0 billion and has grown by around 14-15% annually, according to the Bangladesh Association of Pharmaceutical Industries.

<https://www.thedailystar.net/business/news/drug-makers-profits-bounce-back-first-quarter-2006657>

### **Three Bangladeshi companies make it to Forbes Asia 2020 list**

Three Bangladeshi publicly traded companies - Square Pharmaceuticals, Renata and Fortune Shoes - have been listed in the Forbes 'Asia's Best Under a Billion 2020' list. The list recognises 200 top-performing small and mid-sized publicly traded companies in the Asia Pacific region with sales under USD 1 billion. As per a Forbes statement, these companies have track records of exceptional corporate performance, with one Covid-19 caveat: the list is based on full-

year data as of July 7 and does not fully reflect the impact from the pandemic-led downturn.

- The companies on this list, which is unranked, were selected based on a composite score that incorporated their overall track record in measures such as debt, sales and earnings-per-share growth over both the most recent fiscal one - and three-year periods, and the strongest one- and five-year average returns on equity. Square Pharmaceuticals has a sales volume worth USD 512 million and the market capital is USD 1.7 billion. Renata, another pharmaceutical company, has a sales volume of USD 271 million, and a market capital of USD 1.1 billion. Lastly the Fortune Shoes market capital stood at USD 28 million and sales worth USD 18 million

<https://www.dhakatribune.com/business/2020/12/06/3-bangladeshi-companies-make-it-to-forbes-asia-2020-list>

<https://tbsnews.net/companies/square-renata-fortune-forbes-list-best-companies-asia-167698>

<https://www.thedailystar.net/business/news/three-local-firms-make-it-forbes-best-under-1b-list-2006633>

#### World Stock and Commodities\*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	USD 46.26	(USD 15.37)	-24.94%
Crude Oil (Brent)*	USD 49.25	(USD 19.19)	-28.04%
Gold Spot*	USD 1,838.86	USD 317.39	20.86%
DSEX	4,974.84	521.91	11.72%
S&P 500	3,699.12	468.34	14.50%
FTSE 100	6,550.23	(1,036.82)	-13.67%
BSE SENSEX	45,079.55	3,437.41	8.25%
KSE-100	42,207.00	1,471.92	3.61%
CSEALL	6,397.56	268.35	4.38%

#### Exchange Rates

USD 1 = BDT 84.83\*

GBP 1 = BDT 114.01\*

EUR 1 = BDT 102.81\*

INR 1 = BDT 1.15\*

\*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	<a href="mailto:ayaz.mahmud@bracepl.com">ayaz.mahmud@bracepl.com</a>	01708 805 221
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	CEO (Acting)	<a href="mailto:bappi@bracepl.com">bappi@bracepl.com</a>	01730 357 991
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#### 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)