

*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.*

### **Liquidity glut in banks**

- The advance-deposit ratio (ADR) of the country's banking sector dropped in September 2020 as stimulus money and remittances swelled deposits as against slower credit growth, bankers say. The ADR - a ratio between deposits and credit at any point of time-of all banks came down to 74% as on September 24 from 76.22% as on June 30 this year. It was 77.34% as on December 31, 2019. Though loan is not a liquid asset for banks, deposits are the main source of banks' liquidity. The ADR indicates the portion of deposits used to extend the credit.
- The ADR has already been re-fixed at 87% for all the conventional banks and at 92% for the Shariah-based Islamic banks. The previous ratios were 85% and 90% respectively. On April 12, the Bangladesh Bank (BB) raised the ADR limit by 2.0% points to help the banks implement the stimulus package by investing more in different sectors. The growth in deposits rose to 12.39% in September from 10.49% at the end of June 2020, helped by record remittances.
- Despite the ongoing pandemic, the inflow of remittances surged by more than 41% to USD 10.90 billion during the July-November period of FY 2020-21, from USD 7.72 billion in the same period of the previous fiscal. Higher inflow of remittances pushed up the overall deposit growth in the banking system in recent months, although the banks slashed the interest rates on deposits because of available funds in the market, according to senior bankers.

<https://today.thefinancialexpress.com.bd/first-page/liquidity-glut-in-banks-1607881898>

### **Garment exporters face storm as new orders drop**

- Apparel makers are once again facing trying times. On the one hand, the flow of new orders for shipment during the summer has fallen. On the other hand, many buyers are deferring placement of new orders as retail sales in the West are yet to pick up because of the second wave of coronavirus infections. This forced a large number of garment manufacturers to cut back on their production and run below capacity at a time when their overheads have not dropped to that extent. As a result, leading manufacturers of apparels, the lifeline of Bangladesh's economy and jobs, are appealing to the government for a fresh stimulus so that the sector can come out of the troubled waters.
- They need a supporting hand from the government to cope with the second wave of coronavirus infections, said the managing director of Plummy Fashions. The buyers are extra cautious in placing orders and are waiting for Christmas sales and the arrival of vaccines, said the chairman of Envoy Group. The demand for another round of stimulus package came on the heels of a slower-than-expected recovery of global trade. Despite substantial improvement in recent months, merchandise trade is still well below the 2019 levels, and preliminary estimates suggest services trade remains severely depressed, the World Trade Organisation said on December 5.
- Local garment manufacturers have received 30% fewer work orders for the next summer season because of the fallouts of the second wave in the main export destinations such as Europe and the US. The production for the next season starts in December and continues up to March.

<https://www.thedailystar.net/bangladesh/news/garment-exporters-face-storm-new-orders-drop-2011077>

### **Import, export cost goes up as freight rates rise**

- Freight charges have risen in the last few weeks due to the adverse effects of Covid-19 on the global shipping sector, pushing the cost for importers and exporters in Bangladesh, industry people said. Major mainline operations have increased the freight rates citing an acute shortage of empty containers following a surge in demand for imports. Besides, the ongoing coronavirus pandemic has disrupted the global supply chain, causing delays in shipment and congestion at several ports, they said. CMA-CGM, the fourth largest container shipping line in the world, has recently announced that it would implement new freight charges for the routes between base ports in Northern Europe and the Indian subcontinent.
- Similarly, the operators running feeder vessels between Chattogram and various hub ports such as Colombo, Singapore and Port Klang of Malaysia, last month increased the freight charge by imposing an emergency cost recovery surcharge of USD 75 for each loaded container and USD 37.50 for an empty container. The congestion at several ports is causing a pile-up of containers, and this has led to additional operating costs for vessels, forcing shipping lines to increase the freight rates, according to Ahsanul Hoq Chowdhury, chairman of the Bangladesh Shipping Agents Association.
- Last month, he paid USD 3,200 to ship a single 40-foot container from China. Now, the freight charge has risen to USD 4,200 for the same container, said a Chattogram-based fruit importer, adding that he had no other option but to increase the price of his goods to make up for the extra expense.

<https://www.thedailystar.net/business/news/import-export-cost-goes-freight-rates-rise-2011101>

### **BDT 10.00 billion fund for factories' tech upgrade**

- Bangladesh Bank is forming a BDT 10.00 billion fund to provide cheap loans to export-oriented industries to upgrade technologies they currently use. The eligible industries are of 32 types, all falling under top-priority and special development sectors. They include readymade garment factories making high-value additions in production, pharmaceuticals, software and IT-enabled services, jute goods and footwear and leather goods.
- The fund will run under a refinancing scheme, meaning banks will first give out the loans before being reimbursed by the central bank. The interest rate will range between 5% and 6%, according to a central bank document. The central bank will issue a notice within a week or two to this end, said a Bangladesh Bank official, wishing not to be named as he was not authorised to speak to the media. The fund will help make the export-oriented industries more vibrant in keeping with global trends, he said.

<https://www.thedailystar.net/business/news/BDT-1000cr-fund-factories-tech-upgrade-2011081>

### **Govt aims to rein in budget deficit back within 5% from next fiscal**

- The government has set itself a target to rein in the budget deficit within 5% of GDP once again from the 2021-22 fiscal, relying on a vibrant economic performance resulting from its injection of various stimulus packages for various sectors to overcome the adverse impacts of the Covid-19 pandemic. In the current fiscal, according to the budget document, the overall budget deficit will be BDT 1.90 trillion, which is 6% of GDP. Out of the total deficit, BDT 800.17 billion will be financed from external sources, and BDT 1.09 trillion from domestic sources of which BDT 849.83 billion will come from the banking system and BDT 250.00 billion from savings certificates and other non-bank sources.
- The original budget deficit for the last 2019-20 fiscal year was BDT 1.45 trillion, within the 5%. However, the deficit in the revised budget was set at BDT 1.53 trillion, which was 5.5% of GDP. Against the original budget deficit, the estimation for external financing was BDT 680.16 billion, which has been reduced to BDT 561.63 billion in the revised budget. From domestic sources, the estimation of financing from the banking system is BDT 824.21 billion. According to an official document, the government has taken a move to put the budget deficit at 5% of the total GDP for the next two fiscals (2021-22 and 2022-23).

<https://tbsnews.net/economy/budget/govt-aims-rein-budget-deficit-back-within-5-next-fiscal-171220>

### **Govt, Beximco enter Oxford vaccine deal**

- The government on Sunday signed an agreement with Beximco Pharma on the procurement of Oxford-Astrazeneca vaccine from Serum Institute of India (SII). Under the agreement, Bangladesh will import 30 million doses of vaccine in the next six months from Serum Institute of India, (5.0 million in each month). The agreement was sent to the SII, which will resend the agreement paper to Bangladesh by 15 December.
- The minister said that the vaccine of Oxford-Astrazeneca has been proved to be safer during human trials in different countries. The vaccine also suits the weather of Bangladesh. The government has been continuing discussions with other companies side by side. The vaccine of Astrazeneca is expected to arrive by mid-January. However, experts said the government could have purchased the vaccine directly from Serum instead of the third party. According to them, the procurement cost of the vaccine Beximco will be USD 5.0 per dose here while it will be available at USD 3.0 per dose in India.

<https://today.thefinancialexpress.com.bd/first-page/govt-beximco-enter-oxford-vaccine-deal-1607882096>

### **Union Capital to get 11.4 million NCC Bank shares from loan defaulter**

- Union Capital Ltd, a non-bank financial institution (NBFI), will get 1.2% shares of NCC Bank Limited from Mohammad Ali, a client of the NBFI and also a sponsor of the listed commercial bank. The Dhaka Stock Exchange (DSE) has approved the plan to transfer 11.4 million NCC Bank shares from Mohammad Ali's investment account to the beneficiary account of Union Capital in 30 working days, as ordered by the court. However, a Union Capital official said that they applied before the court to liquidate the NCC Bank shares held by Mohammad Ali, who defaulted on loans taken from the NBFI. Union Capital secured the court order in November and based on the order, the DSE approved the share transfer plan recently.

<https://tbsnews.net/economy/stock/union-capital-get-114-crore-ncc-bank-shares-loan-defaulter-171283>

### **eGeneration's IPO subscription to begin 12 Jan**

- The IPO subscription to eGeneration Limited, an IT consulting and software solutions company, will begin on 12

January, 2021 and continue till the evening of 18 January. During that time, the IPO subscription will be accepted in brokerage houses at BDT 10 per share from 10am to 5pm every day. After receiving subscriptions, investors will get allotment of the company's shares on lottery. Earlier, the securities regulator – Bangladesh Securities and Exchange Commission (BSEC) – approved the company's Initial Public Offerings (IPO) to raise BDT 150 million by issuing 15 million shares.

- The company will use the IPO fund for purchasing business floor space, repaying loans and developing digital healthcare platforms. As of 30 June 2019, the company's net profit was BDT 109.0 million, slightly up from BDT 104.9 million the previous year. During that period, the company's gross profit was BDT 156.8 million, which was BDT 144.1 million a year before. At the same time, its earnings per share was BDT 1.82 and net asset value per share BDT 20.56.

<https://tbsnews.net/economy/stock/egenerations-ipo-subscription-begin-12-jan-171265>

<https://today.thefinancialexpress.com.bd/stock-corporate/ipo-subscription-of-egeneration-opens-jan-12-1607876386>

### Ashuganj Power recommends 8.50% coupon rate

- Ashuganj Power Station Company Limited (APSCL) has recommended an 8.50% rate for APSCL non-convertible and fully redeemable coupon bearing bond for the first year. The first-year period is from 5 January this year to 4 January, 2021. The record date for entitlement of the bond's coupon rate profit was set for 4 January, 2021. Last year, the company issued bonds worth BDT 5.00 billion through private placements among state-owned banks and financial institutions to finance its 400MW power plant, which is now under construction.

- Acting upon the government's advice to increase tradable bonds on stock exchanges, bonds worth BDT 1.00 billion were sold to general investors through an initial public offering (IPO), with a face value of BDT 5,000 per unit. With a tenure of seven years, the bonds offer an interest rate ranging from 8.50% to 10.50%. They have been traded on the secondary market of Dhaka Stock Exchange (DSE).

<https://tbsnews.net/economy/stock/ashuganj-power-recommends-850-coupon-rate-171271>

### World Stock and Commodities\*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$46.58	(\$15.05)	-24.42%
Crude Oil (Brent)*	\$50.00	(\$18.44)	-26.94%
Gold Spot*	\$1,835.73	\$314.26	20.66%
DSEX	5,126.43	673.50	15.12%
S&P 500	3,663.46	432.68	13.39%
FTSE 100	6,546.75	(1,040.30)	-13.71%
BSE SENSEX	46,099.01	4,456.87	10.70%
KSE-100	42,470.39	1,735.31	4.26%
CSEALL	6,614.56	485.35	7.92%

### Exchange Rates

USD 1 = BDT 84.81\*  
 GBP 1 = BDT 112.78\*  
 EUR 1 = BDT 102.79\*  
 INR 1 = BDT 1.15\*

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

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