

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.

H1 Greenfield FDI declines notably

- Greenfield foreign direct investment (FDI) in Bangladesh declined by 84% during the first half of 2020 over that of the corresponding period of 2019, primarily due to the Covid-19, according to an ILO report. The report titled 'Asia-Pacific Employment and Social Outlook 2020: Navigating the crisis towards a human-centred future of work' showed Bangladesh is among other six countries that witnessed largest decline in Greenfield FDI in January to June 2020 period. The rest six countries--Macau (China), the Maldives, Pakistan, the Philippines and Sri Lanka reflected the largest decline in Greenfield investment, ranging from 84% to 89%, according to the report
- The region experienced a decline in foreign Greenfield investment in the first half of 2020, at 34%, compared with the year before. The drop was 41% for extra-regional FDI, while intraregional FDI dropped by 26%. According to the BIDA, overall investment proposals both local and foreign declined by 67.11% in April to June compared to that of January to March this year.
- In 2020, Bangladesh received BDT 41.50 billion foreign investment proposals during April to June which was BDT 80.20 billion during January to March showing a 48.25% fall. The proposed foreign investment amount was BDT 12.85 billion during July to September of 2020, according to BIDA.

<https://today.thefinancialexpress.com.bd/first-page/h1-greenfield-fdi-declines-notably-1608055259>

Forex reserve hits record USD 42.09 billion

- Foreign exchange (forex) reserve crossed USD 42-billion mark for the first time in the history of Bangladesh on Tuesday. Officials ascribed this record reserve to lower import payment obligations and higher growth of inward remittance. According to the central bank's latest data. It was USD 41.02 billion on October 29 this year. The country's overall import payments dropped by nearly 13% to USD 15.78 billion during the July-October period of the current fiscal year (FY), 2020-21. It was USD 18.14 billion during the same period of last fiscal mainly due to the ongoing Covid-19 pandemic.
- On the other hand, inward remittance grew by more than 41% to USD 10.90 billion during the July-November period of FY 2021. The amount was USD 7.72 billion in the corresponding period of the previous fiscal. A central banker said the continued purchase of USD directly from commercial banks has contributed to achieving the new reserve record. An estimated USD 5.0 billion has so far been bought from commercial banks in FY 2021 as part of the central bank's intervention into the market, he added.

<https://today.thefinancialexpress.com.bd/public/last-page/forex-reserve-hits-record-4209b-1608055736>
<https://www.dhakatribune.com/business/economy/2020/12/15/forex-reserve-hit-record-42bn-for-first-time>
<https://tbsnews.net/economy/forex-reserves-hit-record-high-over-42-billion-172198>

Covid restrictions in Europe add to woes of garment suppliers

- Lockdowns and tightening of coronavirus restrictions ahead of Christmas in several European countries to tackle the second wave of infections have started adding to the woes of garment exporters in Bangladesh. Europe is the largest trading bloc for Bangladesh and accounts for more than 60% of the country's exports. Of the total shipment to the EU, more than 90% are apparel items. Last fiscal year, apparel shipment stood at USD 27.95 billion, which was USD 12.49 billion in FY10.
- The apparel shipment has been facing a crisis from the onset of the unprecedented pandemic. Recently, it has started recovering from the first phase of the pandemic-induced shock. But the second wave, which started from September, may nip the early recovery in the bud. Most of the major export destinations such as Germany, France, Spain, the Netherlands, and Italy have either announced lockdowns or are considering to announce strict measures to restrict the movement of people following a surge of infections in recent weeks.
- The managing director of DBL Group, a garment exporter, said the second wave, as well as the lockdowns ahead of Christmas in Europe, had already impacted the shipment from his company. Although the entrepreneur could manage work orders to a great extent, the prices offered by the retailers and brands are too low.

<https://www.thedailystar.net/business/news/covid-restrictions-europe-add-woes-garment-suppliers-2012745>

Banks to shell out another BDT 13.50 billion on stocks

- Banks are going to invest an additional BDT 13.50 billion in the stock market by utilising Bangladesh Bank's

incentive, a development that will likely to boost both liquidity flow and investor confidence. The highest investment commitment came from United Commercial Bank followed by Rupali, Pubali and Janata. As of December 10, lenders had invested BDT 7.00 billion in the market but the additional investment will likely to flow into the market in the coming months. The move comes at a time when local banks are facing excess liquidity due a lack of demand for loans because of a possible second wave of the pandemic.

- The Covid-19 outbreak is also affecting investment decisions, because of which prices of many stocks are staying relatively low. They have decided to invest in the stock market as many scripts are still lucrative and it might be profitable if the investment can continue for a long time, said a top official of a scheduled bank, preferring anonymity. Profitability in the banking sector is in danger due to the ongoing pandemic. So, they are searching for every possible way to utilise our funds, he added.

<https://www.thedailystar.net/business/news/banks-shell-out-another-BDT-1350cr-stocks-2012749>

New provisioning rule creates new unease at banks

- Around 30% to 40% of the borrowers of all strong banks are getting the loan deferment facility whereas, the number is 70% for the weak ones, according to industry insiders. So, good banks will suffer because of some weak ones by maintaining the additional provision on their total loan books, which is not fair, the managing director and chief executive officer of The City Bank Limited opined. The extra provision will make a severe impact on the international market as foreign banks may charge higher causing substantial losses in banks' profits. As a result, LC (Letter of Credit) cost will increase for importers, he added.

- On 10 December, the Bangladesh Bank issued a circular, instructing banks to maintain an additional 1% provision against all regular loan accounts aiming to strengthen banks against an anticipated wave of loan defaults. Moreover, the additional 1% provisioning will be maintained against all regular loans which will be mentioned differently in the final balance sheet of this year in the name of "Special General Provision-Covid-19", according to the circular. The provision maintained in this special account cannot be transferred to any other one without approval from the central bank.

- The latest directive to maintain the provision against unclassified loans has created an unease in the banking sector as bankers think there will be a drastic fall in their profitability and also increase transaction costs with foreign banks. The total volume of unclassified loans in the country's banking sector stood at BDT 9.24 trillion at the end of September this year. Currently, banks maintain 1% provision for unclassified loans, which will now be 2% following the new instruction from the regulator.

<https://tbsnews.net/economy/banking/new-provisioning-rule-creates-new-unease-banks-172288>

Citizens Bank gets Bangladesh Bank licence

- The central bank issued licence to the Citizens Bank PLC with the number of scheduled banks totaling 61 in the country. On December 07, the BB board of directors gave its final approval to the proposed Citizens Bank, asking the lender to boost paid-up capital to BDT 5.0 billion within two years. The private commercial bank will have to take licences further for establishing branches," the central banker said.

- Managing director (MD) and chief executive officer (CEO) of the bank, said the Citizens Bank will emphasise light engineering, backward linkage industries, and cottage, micro and small enterprises (CMSEs) along with retail banking to facilitate achieving sustainable economic development of the country.

<https://today.thefinancialexpress.com.bd/public/last-page/citizens-bank-gets-bb-licence-1608055562>

Bangladesh Securities and Exchange Commission (BSEC) approves National Polymer's rights offer and United Commercial Bank's Perpetual bond

- The stock market regulator has approved National Polymer's application to raise BDT 547.38 million through rights issue. The company will issue more than 36.49 million rights shares of BDT15 each, including BDT 5.0 as a premium. The raised fund will be used to cope with the business growth, strengthen the capital base of the company, repay bank loans and purchase land. AAA Financial & Investment Ltd will be the issue manager.

- The National Polymer Industries' earnings per share stood at BDT4.25 and net asset value (NAV) per share of 38.98 (with revaluation) for the year ended on June 30, 2019, as per the rights offer document. The company's paid-up capital is BDT364.92 million and authorised capital is BDT 3.0 billion while the total number of securities is 36.49 million. The sponsor-directors own 43.11% stake in the company, while the institutional investors own 10.19% and the general public 46.70% as on October 31, 2020, the DSE data show.

- The securities regulator also approved an unsecured, floating rate, conditional-convertible, perpetual bond worth BDT4.0 billion in favour of United Commercial Bank Limited. The purpose of the bond issue is to strengthen the capital base Additional Tier-1 of the bank. Per unit price of the bond will be BDT 1.0 million and the couponrate is 8.0% to 10%.

The units will be sold to government financial institutions, mutual funds, insurance companies, listed banks, and other eligible investors through private placements. MTB Capital Ltd will act as the Trustee and IDLC Finance arranger for the Bond.

<https://today.thefinancialexpress.com.bd/public/stock-corporate/bsec-approves-national-polymers-rights-offer-1608050645>

<https://www.dhakatribune.com/business/stock/2020/12/16/national-polymer-s-BDT-55-cr-right-offer-gets-the-nod>

<https://tbsnews.net/economy/ucb-gets-bsec-nod-issue-BDT-400-crore-perpetual-bond-17226>

Le Méridien Dhaka's owner thought it managed shortcut to bourses. Then BSEC stopped it at last minute.

- Le Méridien Dhaka's parent company Best Holdings's bid to enter the bourses to raise BDT 2.83 billion via the direct listing system for which it does not qualify for has been thwarted by the stock market regulator. Earlier on November 12, Best Holdings applied to the stock market regulator and the Dhaka Stock Exchange (DSE) seeking special permission to offload 43 million ordinary shares through a direct listing.
- Earlier in 2016, the Bangladesh Securities and Exchange Commission in a regulatory notice directed the twin bourses not to allow any private company to be listed directly. Only the government companies or state-owned enterprises are eligible for this method of listing. Earlier in 2016, the Bangladesh Securities and Exchange Commission in a regulatory notice directed the twin bourses not to allow any private company to be listed directly.
- Only the government companies or state-owned enterprises are eligible for this method of listing. Best Holdings, furnished a letter from Finance I recommending the exemption in its application. The rationale for the exemption is that Best Holdings has built special expertise on infrastructure development, said the letter signed by Kamal on September 8.

<https://www.dhakatribune.com/business/2020/12/16/le-m-ridien-dhaka-s-owner-thought-it-managed-shortcut-to-bourses-then-bsec-stopped-it-at-last-minute>

<https://tbsnews.net/economy/stock/controversy-dse-over-best-holdings-direct-listing-172714>

<https://www.thedailystar.net/business/news/dse-ordered-halt-direct-listing-best-holdings-2012741>

Bangladesh Securities and Exchange Commission (BSEC) has set sights on cleaning up OTC counter

- Bangladesh Securities and Exchange Commission (BSEC) has taken the initiative to reform the over-the-counter (OTC) market of both stock exchanges. The OTC market provides an alternative to stock exchange listing for securities of issuers that either chooses not to be listed on Dhaka Stock Exchange or not to meet the relevant listing requirements. Currently, 64 companies, with a market capitalisation of BDT 518.46 billion, are trading at the OTC counter, which started in September 2009 with 51 companies.
- The stock market regulator yesterday asked the Dhaka and Chittagong stock exchanges to appoint special auditors to review the business affairs of 21 companies that are listed on the OTC market. The move comes as part of the stock market regulator's efforts to rid the OTC market from junk companies and to allow the better-performing ones on to the main board of the bourses. Companies such as Alif Industries, Sonali Paper & Board Mills, Wata Chemicals have graduated to the mainboard from the OTC counter. The bourses would review all financial and non-financial information about the companies, existence of land, building and property at approximate valuation and operational status.

<https://www.dhakatribune.com/business/stock/2020/12/16/bsec-has-set-sights-on-cleaning-the-otc-counter>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$47.89	(\$13.74)	-22.29%
Crude Oil (Brent)*	\$51.08	(\$17.36)	-25.37%
Gold Spot*	\$1,863.47	\$342.00	22.48%
DSEX	5,123.07	670.14	15.05%
S&P 500	3,701.17	470.39	14.56%
FTSE 100	6,570.91	(1,016.14)	-13.39%
BSE SENSEX	46,666.46	5,024.32	12.07%
KSE-100	43,360.19	2,625.11	6.44%
CSEALL	6,655.67	526.46	8.59%

Exchange Rates

USD 1 = BDT 84.79*

GBP 1 = BDT 114.57*

EUR 1 = BDT 103.39*

INR 1 = BDT 1.15*

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

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