

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.

Treasury yields hit record lows

- The treasury yields have fallen sharply in recent months, lowered by adequate liquidity in the money market. The yield on the 91-day bill went down from 6.5% (annualised) in June to 0.65% in December. The yield on the 120-day bill is now 1.25%, down by 5.52% points in June, according to the central bank data compiled by the FE. The data shows that the yield on the 364-day bill in the year's last auction was 2.07%, which was 7.25% in June, 2020. The slim yield is likely to influence the lending rates on the market as many consider treasury bills to be the benchmarks for setting lending rates.
- The yield on the two-year bond is now 3.71% against 7.8% in June 2020. The yield on the five-year bond almost halved, in its latest auction in December, to 4.64%. The 10-year bond also fell to 5.81% in December against 8.66% in June last. No auctions have been held for the 15-year bond and 20-year bonds in December. The government borrowing from the instruments also fell significantly during the period.
- The government borrowed a total of BDT. 230 billion from the bills and bonds in June last. But the borrowing dropped to BDT 105 billion in December from BDT 151 billion in September last. The volume of borrowing was BDT 180 billion in November, according to the Bangladesh Bank (BB).

<https://today.thefinancialexpress.com.bd/first-page/treasury-yields-hit-record-lows-1608399319>

Bangladesh's cigarette prices, tax structure far below international best practice

- Tobacconomics, a US-based research initiative, has released the first edition of the International Cigarette Tax Scorecard, assessing the performance of cigarette tax policies in over 170 countries including Bangladesh. Bangladesh got an overall score of 2.38 out of five possible points, which is slightly higher than the global average (2.07), but there is ample room to improve when compared to the top performing countries (4.63). Bangladesh had significantly improved its score on cigarette taxation policy from 0.87 in 2014 to 2.38 in 2018 but improvements are needed in the tax structure and prices of cigarettes.
- Nearly half the countries scored less than two out of the five-point maximum. There has been little improvement between 2014 and 2018: the global average score rose only slightly from 1.85 in 2014 to 2.07 in 2018. According to the World Health Organization, lungs hooked on tobacco are at greater risk of Covid-19. In Bangladesh, 37.8 million adults use tobacco and 41 million people fall victim to second-hand smoke in their own homes. This huge part of population, victims of direct or indirect tobacco use, is currently at grave risk of severe [novel] coronavirus infection, said the research director of Bangladesh Institute of International and Strategic Studies.
- Low prices of tobacco products are the main reason behind this. Increased taxes on tobacco products will reduce their consumption and generate much needed revenue to bear [novel] coronavirus related medical expenses and implementation of government stimulus packages, he added. About 126,000 people die every year in Bangladesh from tobacco use and the economic burden from tobacco use amounted to BDT 305.00 billion in 2017-18 which is 1.4% of Bangladesh's total GDP, reads the press release.

<https://tbsnews.net/economy/bangladeshs-cigarette-prices-tax-structure-far-below-intl-best-practice-173782>
<https://tbsnews.net/economy/cigar-tax-structure-bangladesh-far-below-standard-intl-best-practice-study-173641>

IPO subscription of two companies to begin next month

- The initial public offering (IPO) subscriptions of two companies - Taufika Foods & Agro Industries and eGeneration - will open next month to raise BDT 450 million under the fixed price method. Taufika Foods, which produces ice cream under the brand name 'Lovello', will commence on January 3, while eGeneration an IT and software solutions company, is set to open on January 12, 2021, according the IPO prospectus. Taufika Foods: The IPO subscription of Taufika Foods will be continued until January 7, which will raise a fund worth BDT 300 million under the fixed price method. A market lot consists of 500 shares and an investor needs BDT 5,000 to apply for each lot of the company's IPO shares.
- IPO subscription of eGeneration will be continued until January 18 which will raise BDT 150 million under the fixed price method. It is the first software solutions company in the stock market of the country. A market lot consists of 500 shares and an investor needs BDT 5,000 to apply for each lot of the company's IPO shares. The company will issue 15 million ordinary shares with an offer price of BDT 10 each using the fixed price method.

<https://today.thefinancialexpress.com.bd/stock-corporate/ipo-subscription-of-two-cos-to-begin-next-month-1608392326>

IPO market vibrant in Covid year

- Private companies have offloaded primary shares worth BDT 9.62 billion in the outgoing year, the highest amount in last six years, amid Covid-induced sluggish economic activities. With the latest one of Mir Akther Hossain, the country's capital market witnessed eight initial public offerings (IPOs) in 2020, boosting the market capitalisation significantly and increasing the depth of the market. The companies raised the highest amount of money from the market since 2014, when 20 IPOs having an aggregate value of BDT 12.63 billion were issued, according to the figures available with the Dhaka Stock Exchange (DSE).
- Battered by the Covid pandemic this year, insiders said, the companies raised such huge amount of funds on expectations that it might help stimulate their business strength in the post-pandemic period. Most part of the funds is, however, meant for business expansion, repayment of loans and meeting the working capital requirements. The market also has seen the entry of the largest ever IPO during the outgoing year.
- Three companies used the book-building method - Walton Hi-Tech Industries (BDT 1.0 billion), Energypac Power Generation (BDT 1.50 billion) and Mir Akther Hossain (BDT 1.25 billion). The subscription of Mir Akther will begin on December 24. Five other companies raised funds through using fixed-price method - Robi Axiata (BDT 5.23 billion), Dominage Steel Building Systems (BDT 300 million), Express Insurance (BDT 260.79 million), Associated Oxygen (BDT 150 million), and Crystal Insurance (BDT 160 million).

<https://today.thefinancialexpress.com.bd/first-page/ipo-mkt-vibrant-in-covid-year-1608399259>

Regulator to weigh potential of OTC market companies

- The stock market regulator has initiated a move to look into the business potential of the companies trading over-the-counter (OTC) as part of efforts to bring them back to the main board of the exchanges. The Bangladesh Securities and Exchange Commission (BSEC) has instructed Dhaka and Chattogram stock exchanges to appoint special auditors to review the business potential of 21 companies that are in operation. They want to examine the better companies of the OTC market and bring them to the main board, said a top official of the BSEC, preferring anonymity.
- At present, 64 stocks trade on the OTC. The regulator also ordered the bourses to submit an in-depth report on another 43 companies that are also listed with the OTC market. The bourses will evaluate the financial reports of the companies along with their business performance, production capacity, land and other tangible assets. Retail investors welcome the move.

<https://www.thedailystar.net/business/news/regulator-weigh-potential-otc-market-companies-2014177>

Direct listing policy for private sector projects now uncertain

- The Ministry of Finance on Thursday, asked the Bangladesh Securities and Exchange Commission (BSEC) and the Bangladesh Bank not to proceed with its previous recommendation about direct listing of private sector projects. A letter – signed by Finance Minister's Private Secretary and sent to Bangladesh Bank Governor and the BSEC Chairman on Thursday – requested the two offices not to act upon the finance minister's previous letter (sent on 8 September, 2020) until further notice.
- In the previous letter Finance Minister had instructed the central bank and stock market regulator to pave the way for direct listing of private sector projects sharing at least 20% equity with state-owned banks. Getting many state-owned companies directly listed on the stock exchanges in the 2000's, the stock market also at first welcomed some private sector companies. But, due to overpricing and controversy, the BSEC closed down the liberal listing window in 2016, ordering that only government companies can avail direct listing facility and no private sector company can be directly listed.

<https://tbsnews.net/economy/stock/direct-listing-policy-private-sector-projects-now-uncertain-173107>

Nearly half the state-run entities running at a loss

- Nearly half of the listed state-run companies have been incurring losses for many years due to a lack of competitiveness, in turn affecting stock investors. Of the total 18, seven are incurring losses while the rest booked profits in 2019-20, according to the data of the Dhaka Stock Exchange (DSE). State-run companies, which enjoy natural monopoly and do business in strictly regulated markets, are booking profits. However, those running in a competitive atmosphere are mostly incurring losses, according to the companies' business analysis. The seven loss-incurring companies deal with producing sugar, motorcycles, hotel services, cables and glass sheets.
- A big number of government run companies are not giving any dividends for many years so the stocks are providing nothing to their investors, said stock investor Abdul Alim. Renwick Jajneswar and Usmania Glass did not provide any dividend for the last two years. Moreover, Shyampur Sugar and Zeal Bangla Sugar have not paid any dividends in at least for the past two decades, the DSE data shows.

<https://www.thedailystar.net/business/news/nearly-half-the-state-run-entities-running-loss-2014205>

Now ICB Capital Management says it had no part in Best Holdings direct listing fiasco

- There is another twist to the saga of Le Méridien Dhaka's parent company Best Holdings's failed bid to enter the bourses to raise BDT2.83 billion via the direct listing system for which it does not qualify for. In its application to the stock market regulator on November 12, it was mentioned that RACE Portfolio and Issue Management Company and ICB Capital Management were the issue managers for the direct listing. Now, ICB Capital Management, a subsidiary of the state-run Investment Corporation of Bangladesh, has come forward and said that it has no part to play in this fiasco.
- Moreover, to support its application, Best Holdings had furnished a letter signed by the Finance Minister on September 8 recommending direct listing for privately-held infrastructural development companies and as well as relaxation of certain rules. But, the finance ministry on Thursday issued a notice directing the regulatory bodies not to take any action on the basis of a letter purportedly signed by Finance Minister on Best Holdings's bid to enter the bourse to raise BDT 2.83 billion via the direct listing system.

<https://www.dhakatribune.com/business/stock/2020/12/20/now-icb-capital-management-says-it-had-no-part-in-best-holdings-direct-listing-fiasco>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$49.10	(\$12.53)	-20.33%
Crude Oil (Brent)*	\$52.26	(\$16.18)	-23.64%
Gold Spot*	\$1,881.35	\$359.88	23.65%
DSEX	5,108.04	655.11	14.71%
S&P 500	3,709.41	478.63	14.81%
FTSE 100	6,529.18	(1,057.87)	-13.94%
BSE SENSEX	46,960.69	5,318.55	12.77%
KSE-100	43,740.55	3,005.47	7.38%
CSEALL	6,616.95	487.74	7.96%

Exchange Rates

USD 1 = BDT 84.62*
GBP 1 = BDT 114.69*
EUR 1 = BDT 103.95*
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	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