

*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.*

### **Bangladesh to become 24th largest economy by 2036: Report**

- Bangladesh is set to become the 24th largest economy out of 191 countries by 2036 owing to its ability to attract large foreign investments, the rising RMG demand, and macroeconomic stability, says the CEBR. The Centre for Economics and Business Research (CEBR) disclosed the findings in its annual World Economic League Table (WELT 2022) report on Sunday, stating that Bangladesh has been among the world's fastest growing economies over the last decade.
- For the last few years, China has invested heavily in Bangladesh's economy as its strategic location provides an ease of trade accessibility via the Indian Ocean. The report also mentioned that despite the coronavirus pandemic, the country's economy expanded by 3.5% in 2020, a rare achievement compared to international standards. This was due to the strong remittance inflows and rebound of exports. The CEBR expects Bangladesh to have 4.6% economic growth this year.

<https://www.tbsnews.net/economy/bangladesh-24th-largest-economy-2036-cebr-349177>

### **IFC to provide USD9 lakh for CMSMEs**

- The International Finance Corporation will provide USD 900,000 as technical assistance to implement a credit guarantee scheme for the cottage, micro, small and medium enterprises (CMSMEs). To support small businesses facing financial challenges due to the coronavirus pandemic, the IFC signed an agreement with Bangladesh Bank on December 14 such that the credit guarantee scheme (CGS) can implement efficiently.
- By offering a risk-sharing arrangement for participating banks and non-bank financial institutions, the scheme allows the lenders to provide better access to finance for the CMSMEs that are often deprived of getting funds due to their high-risk profile, according to a BB press release.

<https://www.thedailystar.net/business/news/ifc-provide-9-lakh-cmsmes-2926086>

### **BB renews Sri Lanka forex loan by three months**

- Bangladesh Bank has extended validity of the credit facility it extended to Sri Lanka by three months after the expiry of the first three-month tenure of the credit facility. The loan facility has been renewed following a request from the island nation, a senior official of the central bank told New Age on Sunday. Bangladesh extended the credit facility amounting to USD 200 million under a currency swap deal with Sri Lanka.

<https://www.newagebd.net/article/158346/bb-renews-sri-lanka-forex-loan-by-three-months>

### **FBCCI demands extension, analysts oppose**

- The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) yesterday requested Bangladesh Bank to extend the implementation of the relaxation policy on loan classification until July next year. FBCCI President Md Jashim Uddin told The Daily Star that the central bank's relaxed loan classification policy would cease to come into effect this month. But businesses are still compelled to purchase imported products, including industrial raw materials, at a much higher rate than that in the pre-pandemic period, he said.
- According to the FBCCI proposal, borrowers who have taken loans of up to BDT 10 crore from banks should be treated as non-defaulters in spite of their inability to pay any instalment until June next year. Clients, whose outstanding loans ranged from BDT 10-500 crore should be considered non-defaulters if they can give only 2.0% of

their payable instalments within the period. Those who have over BDT 500 crore in loans should be allowed to avoid the default zone if they are able to pay 1.0% of their payable instalments.

- Ahsan H Mansur, chairman of Brac Bank, said the central bank should not entertain the FBCCI's demand as the economy has been strongly bouncing back. Entrepreneurs of the small and medium enterprises are now repaying their loans efficiently, so extending the facility, especially for the big borrowers, is not a logical demand, he said. Salehuddin Ahmed, a former governor of the BB, echoed Mansur, adding that extending the relaxed classification policy will not bring any good for banks.
- Managing directors of two banks, on condition of anonymity given the sensitivity of the matter, said the lenders would not be able to repay depositors if the relaxed policy was extended further. The private sector itself will face difficulties as banks will be unable to give out loans fulfilling requirements of businesses, they said. They asked how banks would be able to reinvest their funds if they were unable to recover loans in the first place.

<https://www.thedailystar.net/business/economy/news/fbcci-demands-extension-analysts-oppose-2926421>

### **Energy price hike pushes up inflation**

- The Consumer Prices Index (CPI) rose 28 basis points to a 13-month high of 5.98 per cent from October's 5.7 per cent. This was up for the fourth consecutive month, according to the Bangladesh Bureau of Statistics. Non-food inflation, which surged 39 basis points to rocket to a 63-month high, was the driving force for the rising general inflation. The non-food inflation surged to 6.87 per cent last month from 6.48 per cent a month ago, the highest since August 2016, Bangladesh Bank data showed.

<https://www.thedailystar.net/business/economy/news/energy-price-hike-pushes-inflation-2926426>

### **StanChart completes first deal using risk-free rate**

- Standard Chartered has completed the first deal using risk-free rate (RFR) with its clients, Akij Ceramics Ltd and Unilever Bangladesh Ltd. The deal was completed in line with the detailed guidance from the Bangladesh Bank on how to set the new rates as a replacement for the London Interbank Offered Rate (Libor), according to a press release. The BB has given its consent to banks to transition away from the Libor to other risk-free rates from 1 January 2022.

<https://www.thedailystar.net/business/economy/banks/news/stanchart-completes-first-deal-using-risk-free-rate-2926361>

### **BSEC eases margin loan rules for category changing stocks**

- The Bangladesh Securities and Exchange Commission (BSEC) has relaxed its 2015 order that restricted margin loans for buying shares that change their category in the bourses. According to the current rule, any stock that changes its category will remain non-marginable for the first 30 days of trading. As per the new rule, the shares which improve their category from 'Z' to 'A' or 'B' will remain non-marginable only for their first seven days of trading.
- Earlier, the regulator announced that investors cannot take margin loans for more than 50% of their equity as soon as the Dhaka bourse's broad index DSEX goes above the 8,000 mark. Amid the market downturn in recent months, it repealed the index-linked margin loan control mechanism and made the debt to equity ratio for portfolio investors to 80% in any market condition.

<https://www.tbsnews.net/economy/stocks/bsec-eases-margin-loan-rules-category-changing-stocks-349168>

### **Southeast, Meghna banks get BSEC nod to issue BDT700cr bonds**

- The Bangladesh Securities and Exchange Commission (BSEC) has approved Southeast Bank and Meghna Bank to collect BDT 200 crore and BDT 500 crore, respectively, by issuing bonds. The two coupon bearing subordinated bonds are non-convertible and fully redeemable. The coupon rates for the two bonds are between 7% (floor) and 9%

(ceiling). The face value of each unit of the two bonds is BDT 1.0 crore.

- Meghna Bank will issue bonds in favor of institutional investors and other eligible investors. Through the issuance of this bond, the bank will strengthen its additional Tier-II capital base. On the other hand, Southeast Bank will issue bonds to financial institutions, mutual funds, insurance companies, listed banks, corporate entities and other eligible investors.

<https://www.tbsnews.net/economy/stocks/southeast-meghna-banks-get-bsec-nod-issue-tk700cr-bonds-349171>

### **Eastern Lubricant profit jumps for low-cost base oil imports**

- Eastern Lubricant Blenders Ltd – a state-owned lubricant blender and base oil importer – posted 9.6 times higher profits in the 2020-21 fiscal year. Thanks to its occasional (on-demand) base oil import business which helped the small-cap listed firm earn a good revenue against no base oil import in the previous fiscal year. Eastern Lubricant's annual blending volume dropped to 1,576 tonnes in the 2019-20 fiscal year, from 21,878 tonnes in fiscal 1996-97, while its decades-old plant can blend 24,000 tonnes of lubricant a year.
- Moreover, the firm had procured base oil at a cheaper price from the pandemic-hit international market during the first wave of Covid-19 and sold that to its only three buyers – state-owned companies Padma Oil, Meghna Petroleum, and Jamuna Oil Company – at a regular price over fiscal 2020-21.

<https://www.tbsnews.net/economy/stocks/eastern-lubricant-profit-jumps-low-cost-base-oil-imports-349162>

**World Stock and Commodities\***

<b>Index Name</b>	<b>Close Value</b>	<b>Value Change YTD</b>	<b>% Change YTD</b>
Crude Oil (WTI)*	USD 73.79	USD 25.27	52.08%
Crude Oil (Brent)*	USD 76.14	USD 24.34	46.99%
Gold Spot*	USD 1,817.32	(USD 77.78)	-4.10%
DSEX	6,629.88	1,227.81	22.73%
S&P 500	4,725.78	969.71	25.82%
FTSE 100	7,372.10	911.58	14.11%
BSE SENSEX	57,124.31	9,372.98	19.63%
KSE-100	44,118.39	363.01	0.83%
CSEALL	12,070.68	5,296.46	78.19%

**Exchange Rates****1 US Dollar = 84.87 BDT****1 GBP = 113.65 BDT****1 Euro = 96.15 BDT****1 INR = 1.13 BDT**

## IMPORTANT DISCLOSURES

**Analyst Certification:** Each research analyst and research associate who authored this document and whose name appears herein certifies that the recommendations and opinions expressed in the research report accurately reflect their personal views about any and all of the securities or issuers discussed therein that are within the coverage universe.

**Disclaimer:** Estimates and projections herein are our own and are based on assumptions that we believe to be reasonable. Information presented herein, while obtained from sources we believe to be reliable, is not guaranteed either as to accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation of the purchase or sale of any security. As it acts for public companies from time to time, BRAC-EPL may have a relationship with the above-mentioned company(s). This report is intended for distribution in only those jurisdictions in which BRAC-EPL is registered and any distribution outside those jurisdictions is strictly prohibited.

**Compensation of Analysts:** The compensation of research analysts is intended to reflect the value of the services they provide to the clients of BRAC-EPL. As with most other employees, the compensation of research analysts is impacted by the overall profitability of the firm, which may include revenues from corporate finance activities of the firm's Corporate Finance department. However, Research analysts' compensation is not directly related to specific corporate finance transaction.

**General Risk Factors:** BRAC-EPL will conduct a comprehensive risk assessment for each company under coverage at the time of initiating research coverage and revisit this assessment when subsequent update reports are published, or material company events occur. Following are some general risks that can impact future operational and financial performance: (1) Industry fundamentals with respect to customer demand or product / service pricing could change expected revenues and earnings; (2) Issues relating to major competitors or market shares or new product expectations could change investor attitudes; (3) Unforeseen developments with respect to the management, financial condition or accounting policies alter the prospective valuation; or (4) Interest rates, currency or major segments of the economy could alter investor confidence and investment prospects.

### BRAC EPL Stock Brokerage Limited

#### Research

Salim Afzal Shawon, CFA	Head of Research	<a href="mailto:salim@bracepl.com">salim@bracepl.com</a>	01708 805 221
Nazmus Saadat, CFA	Research Analyst	<a href="mailto:nazmus.saadat@bracepl.com">nazmus.saadat@bracepl.com</a>	01708 805 229
Anika Mafiz	Research Analyst	<a href="mailto:anika.mafiz@bracepl.com">anika.mafiz@bracepl.com</a>	01708 805 206
Fahim Hassan	Research Associate	<a href="mailto:fahim.hassan@bracepl.com">fahim.hassan@bracepl.com</a>	01709 636 546

#### International Trade and Sales

Ahsanur Rahman Bappi	CEO	<a href="mailto:bappi@bracepl.com">bappi@bracepl.com</a>	01730 357 991
----------------------	-----	--	---------------

### BRAC EPL Stock Brokerage Limited

[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)