

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.

Economy to rebound on remittance, private sector: Bangladesh Bank

- Riding on surged remittance and private sector growth, Bangladesh's economy will promptly bounce back cushioning the virus fallouts in the current fiscal year, the Bangladesh Bank projects. The central bank explained that streaming remittances will help increase domestic demand, which will pave the way for attaining the economic growth target of 7.4% set for the fiscal 2020-21. On top of this, the report said, the private sector credit growth is likely to improve in the coming months favoured by the government's stimulus packages and the central bank's reduction of policy rates.
- For the current financial year, private sector credit growth was estimated to be 14.8%. However, considering the impacts of the pandemic, the growth target was lowered to 11.5% in December. As of November, private sector credit growth was only 8.21%. Private sector credit growth rebounded but increased slowly because of banks' cautiousness towards quality lending as well as investors' stickiness to survival strategies during the Covid-19 period instead of expanding their businesses, the report said. However, the central bank warned of inflation since a lot of "easy money" has been pumped into the economy in the form of low-cost refinancing lines of credit along with the government's stimulus packages.

<https://tbsnews.net/economy/economy-rebound-remittance-private-sector-bangladesh-bank-185464>

Bank depositors in distress

- The real rate of return on deposits in the money market had turned negative between the months of April and December last year. The average rate of interest on bank deposits went below or remained close to the rate of inflation prevailing during the period, according to a latest central bank publication. In November last year, the weighted average interest rate on deposits stood at 4.64%, lower than 5.5% rate of inflation in the same month, according to the Monetary Policy Review-December 2020 of the Bangladesh Bank. The rate of inflation, however, dropped to 5.29% in December 2020, but was remained above the weighted average deposit rates.
- The headline inflation went up on the back of rising prices of the staples. Such a situation in an economy means that the real returns for the depositors drop as a result of the higher inflation rates, and it erodes purchasing power significantly. The objective of increasing the efficiency in the banking sector through reducing the lending and deposit rates will be difficult to achieve if the rate of inflation is close to or higher than the deposit rate, the publication noted. During the period under review, the weighted average lending rate also fell to 7.62% in November from 9.58% in March 2020.

<https://today.thefinancialexpress.com.bd/first-page/bank-depositors-in-distress-1610560435>

Annual Development Programme (ADP) spending drop deepest in 11yrs

- Development spending has marked its highest drop in absolute terms for the first time in 11 years largely due to the government pulling the brakes on implementation of low priority projects. Behind the scenes, the intent is to contain expenditure in tune with sluggish revenue generation for the Covid-19-induced economic downturn. The expenditure in the first half of fiscal 2020-21 declined 10% year-on-year to BDT 512.66 billion from BDT 571.96 billion in the same period a year ago. Spending had dropped less than 1% in absolute terms in the July-December period of fiscal 2015-16.
- The latest data shows that a fall in expenditure under government-funded projects was one of the reasons behind the drop in overall spending for schemes under the Annual Development Programme (ADP). If the decline is a reflection of restrained funding of low priority projects, it is in fact good news, said a former lead economist of World Bank Bangladesh. This may indeed have happened as indicated by the significant decline in fund release for government funded projects, also he said.

<https://www.thedailystar.net/business/news/adp-spending-drop-deepest-11yrs-2027469>

<https://tbsnews.net/economy/adp-implementation-2389-h1-fy21-185422>

<https://www.newagebd.net/article/127099/adp-execution-hits-10-year-low-in-july-dec>

Govt to opt for cheaper vaccine

- The government will look for alternative sources for procuring Covid-19 vaccine if the Indian antidote is found costly, says finance minister. Local drug maker Beximco Pharmaceuticals Ltd on November 5 signed a deal with Serum Institute of India Pvt Ltd to collect and supply 30 million doses of Covid-19 vaccines to the government. Each dose of the vaccine, developed by Oxford University in collaboration with AstraZeneca, will cost Bangladesh USD 5.0, up from USD 3.0 to USD 4.0 in India. However, the minister defended the higher costs, saying when India produces vaccine,

its cost of production will be low. But when they are selling it they will include cost and profit. They can't expect to get vaccine at their production cost, he added.

<https://today.thefinancialexpress.com.bd/first-page/govt-to-opt-for-cheaper-vaccine-1610560553>

BSEC sets margin loan's maximum interest rate at 12%

- Bangladesh Securities and Exchange Commission (BSEC) has set 12% as the maximum interest rate on margin loans. The decision was made at the BSEC meeting on Wednesday. In a press release, BSEC Executive Director (current charge) and Spokesperson said that stockbrokers and merchant banks that work as portfolio managers would be able to charge customers a maximum of an additional 3% spread along with the cost of funds against the loan. But the margin loan interest rate, he said, would not be more than 12%.

- Previously, there was no fixed interest rate on margin loans. Stockbrokers and merchant banks used to charge interest as they wished, causing it to rise to 14-18%. As a result, investors were dissatisfied. Recently, a group of investors demanded that the interest rate be reduced.

<https://tbsnews.net/economy/stock/bsec-sets-margin-loans-maximum-interest-rate-12-185380>

<https://www.newagebd.net/article/127102/bsec-sets-ceiling-on-stocks-margin-loan-rate-at-12pc>

<https://www.dhakatribune.com/business/2021/01/14/bsec-caps-interest-rate-on-margin-loans>

BSEC halts 'manipulation' probe as key index falls

- Only a day after its issuance, the securities regulator on Wednesday deferred the execution of its order to investigate the reasons for the "abnormal" hike in share prices, trade volumes, and earnings per share of listed companies in recent days. The latest directive came following a sharp correction of the broad index of the stock exchanges on Wednesday. When asked, the BSEC spokesperson said that the Tuesday's order has been deferred considering the interests of the investors and the market'. He, however, did not explain the reasons behind the issuance of the first directive.

<https://today.thefinancialexpress.com.bd/first-page/bsec-halts-manipulation-probe-as-key-index-falls-1610560664>

<https://www.newagebd.net/article/127101/stocks-slump-bsec-suspends-price-deviation-probe-move>

Bangladesh Submarine Cable Company Limited (BSCCL) to export bandwidth to Saudi Telecom

- The Bangladesh Submarine Cable Company Limited (BSCCL) is set to export 600 Gbps (gigabits per second) bandwidth worth USD 3.6 million to the Saudi Telecom. The capacity will be transferred from the western part of the core cable of the SMW-5 submarine cable to Yanbu in Saudi Arabia through Marseille in France, BSCCL Managing Director said. In this regard, he also said that the agreement will be signed in March next. The deal will help reduce the operation and maintenance cost of BSCCL on SMW-5 submarine cable, according to a company release.

<https://today.thefinancialexpress.com.bd/stock-corporate/bd-to-export-bandwidth-to-saudi-telecom-1610555638>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$52.90	\$4.38	9.03%
Crude Oil (Brent)*	\$56.04	\$4.24	8.19%
Gold Spot*	\$1,850.67	(\$44.43)	-2.34%
DSEX	5,770.01	367.94	6.81%
S&P 500	3,809.84	53.77	1.43%
FTSE 100	6,745.52	285.00	4.41%
BSE SENSEX	49,492.32	1,740.99	3.65%
KSE-100	46,091.96	2,336.58	5.34%
CSEALL	7,443.23	669.01	9.88%

Exchange Rates

USD 1 = BDT 84.61*

GBP 1 = BDT 115.52*

EUR 1 = BDT 102.97*

INR 1 = BDT 1.16*

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

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