

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.

Import down by around 10% in Jul-Dec FY21

- The trend in import continues to decline in line with the fall of demand as well as production due to the impact of Covid-19 pandemic. In the first six months (July-December) of the current fiscal year, imports declined by 9.7% compared to the same period a year ago, according to a Bangladesh Bank analysis of the data on the opening and settlement of letters of credit (LCs). In the July-December period of the current financial year, LC openings decreased by 1.42% to around USD 397 million compared to the same period of the previous fiscal. On the other hand, the settlement of LCs has also decreased by USD 2.57 billion.
- The Centre for Policy Dialogue (CPD) Research Director said that it is difficult to make business decisions in times of uncertainty. Many businessmen increase import considering that the demand will be higher, but as the situation has changed, the number of LCs opened is yet to be settled, he said. Despite the declining trend in imports, the cargo handling capacity at the country's premier port is on the rise. According to the report, the cargo handling in the import sector had been severely hit from March to May last year due to Covid.

<https://tbsnews.net/economy/trade/import-down-around-10-jul-dec-fy21-186844>

Banks have a tantalizing amount of liquidity. But no one to lend to

- In recent weeks, the private sector does not have much of a demand for loans from banks and neither does the government, in what can be viewed as a wholly uncomfortable situation the lenders find themselves in. In the first six months of fiscal 2020-21, the government's net borrowing from the banking system stood at BDT 22.03 billion, which was only 2.59% of the target set for the full year. Last fiscal year, the government borrowed BDT 722.46 billion from the banking system.
- With the view to steering the economy away from a steep downturn, the Bangladesh Bank rolled out a vastly expansionary monetary policy for fiscal 2020-21 in July last year, which flooded the market with liquidity. At the end of November, excess liquidity in the banking sector stood at about BDT 1.95 trillion, which is the biggest in at least recent years. That month, private sector credit growth stood at 8.2%, which is the lowest in recent years and 6.6% points lower than the 14.8% target set for fiscal 2020-21, as businesses put their investment plans on hold amid the fear of a second wave of coronavirus cases.
- In such a situation, the government's borrowing from them would have helped. But that too has waned extraordinarily. The higher sales of national savings certificate this fiscal year in the face of low interest rates on deposits at banks is another reason for the drop in government bank borrowings. Most of the banks are collecting deposits at less than 4% while the government is offering up to 11.3% interest against the national saving tools.

<https://www.dhakatribune.com/business/economy/2021/01/17/govt-too-does-not-have-appetite-for-funds-from-banks>

IPO bids to come under a tighter range

- In a bid to check manipulation, the securities regulator is going to bar institutional investors from bidding beyond 20% higher or lower than the fair value of primary shares. The Bangladesh Securities and Exchange Commission (BSEC) has moved to reform the book building process following several instances of irresponsible bids by institutional investors. The commission has noticed unbelievably big gaps between prices offered by the highest and the lowest bidders in the book building system. According to sources, the BSEC would introduce the fair value method for benchmarking the price of primary shares in the book building process.
- In this system, institutional investors initially set the reference price and general investors follow that to subscribe for new shares, which include premium over face value. The simple average of net asset value and the value obtained by the earnings yield method would be the fair value of the offered shares. To find out the value in the yield method, bidders have to divide a company's expected rate of earnings by its actual rate of earnings and then multiply the outcome by paid-up value. The normal rate of earnings will have to be at least 10% of the paid-up value. On the other hand, to calculate the expected rate of earnings, bidders have to divide the five-year average of profit after taxes by the paid-up share capital, including share premium, and then multiply the figure by 100.

<https://tbsnews.net/economy/stock/ipo-bids-come-under-tighter-range-186790>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$52.36	\$3.84	7.91%
Crude Oil (Brent)*	\$55.10	\$3.30	6.37%
Gold Spot*	\$1,828.45	(\$66.65)	-3.52%
DSEX	5,909.31	507.24	9.39%
S&P 500	3,768.25	12.18	0.32%
FTSE 100	6,735.71	275.19	4.26%
BSE SENSEX	49,034.67	1,283.34	2.69%
KSE-100	45,931.00	2,175.62	4.97%
CSEALL	7,734.57	960.35	14.18%

Exchange Rates

USD 1 = BDT 84.83*

GBP 1 = BDT 115.23*

EUR 1 = BDT 102.43*

INR 1 = BDT 1.16*

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

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