

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 Bank (BB) to unveil FY21 monetary policy July 29 aiming to raise private sector credit

- The Bangladesh Bank has scheduled to unveil the monetary policy statement for the fiscal year 2020-2021 on July 29 with the aim to support economic revival through acceleration of private sector credit growth, said officials. The BB would publish the monetary policy for FY21 on its web site this year instead, the official said. For FY21, the government has set the gross domestic product growth target at 8.2% with an aim to keep inflation within 5.4%.
- The BB is going to announce the monetary policy at a time when the country is set to observe sharp economic fall due to the coronavirus outbreak in the country. Private sector credit growth plunged as low as 8.61% in June this year while the BB's target was to take the growth rate to 14.8% in the fiscal year 2019-2020. BB officials said that the central bank would set a supportive monetary policy for FY21 so that the private sector gets adequate loans to help reopen businesses and match operation levels before the shutdown.
- In FY20, the dismal growth in the private sector growth was attributed to the BDT 852.3 billion the government borrowed from the banks. The same trend may be observed in FY21 as the government fixed a BDT 849.8 billion bank borrowing target for the fiscal year. Economists have cautioned that the government's high bank borrowing would be a barrier in accelerating private sector credit growth.

<https://www.newagebd.net/article/112169/bb-to-unveil-fy21-monetary-policy-july-29-aiming-to-raise-pvt-sector-credit>
<https://tbsnews.net/economy/bangladesh-bank-preparing-supportive-monetary-policy-111898>

Banks are slowly seeing back the cash withdrawn in panic in March

- Back in March, when the country was gripped by the fear of the novel coronavirus, people were streaming to banks to take out money from their accounts, in what was viewed as a puzzling occurrence. Cashless payment was encouraged then to limit the risk of catching the highly contagious virus. Still, people were withdrawing cash but not necessarily spending more of it. The breathtaking spike in cash withdrawals left bankers restive: how they would run their banks in the days to come if the depositors continued to take out funds at this rate.
- Many countries are yet to get relief from the onslaught as currency held outside of banks in the US is still shooting up. In June, currency outside of banks in the US was 13% higher than the same time one year earlier, and up 8% from February. Historically, the trend had been on the decline as the US nationals have long been opting for paperless transactions. But banks in Bangladesh have started to get respite from the tremendous withdrawal pressure as people are now depositing their money once again, overcoming their fear of coronavirus.
- For instance, currency outside of banks in Bangladesh stood at BDT 1.9 trillion in June, up from 19% from February. But the figure in June declined nearly 1% from May. This indicates that deposits in banks are on the rise. Deposits in the banking sector registered a growth of 2.07% in June from May when the growth stood at 0.83%. June's growth is the highest in the last fiscal year. In March, bank deposits recorded negative growth of 0.65% in March, which slightly increased in April and May. The outstanding deposit of the commoners excluding the government and inter-bank stood at BDT 118.1 trillion as of June, according to data from the central bank.
- The growth of reserve money, which creates fresh currency in the financial sector, stood at 15.56% in June against the growth of 5.32% a year earlier. Both the central bank and the government has already announced several stimulus packages of more than BDT 1.0 trillion, which amounts to nearly 3.7% of the country's gross domestic product, to cushion the possible economic shock stemming from the pandemic.

<https://www.dhakatribune.com/business/2020/07/24/only-35-of-apparel-makers-production-capacity-booked-for-july-december-2020>

Lifting private investment would be a tall order

- The government is aiming to lift private investment to GDP ratio to a record 25.3% this fiscal year although the coronavirus-induced uncertainty showed no signs of abating and structural challenges are largely unaddressed. The ratio is just doubling of the revised private investment-to-GDP ratio of 12.72% in the just-concluded fiscal year. In the wake of the devastating coronavirus pandemic, the government was compelled to revise down the private investment target, from 24.2%, as the economy came to a screeching halt, rendering factories, industries and offices closed. The target is only a percentage point higher than the actual private investment ratio last fiscal year. But private investment's historical trend even during normal times also did not show much hope: it has been ranging between 22 and 24% for more than a decade.
- The Bangladesh Bureau of Statistics has not published the actual private investment figure for the last fiscal year. However, everything would depend on where the coronavirus rampage hits the brakes. The infections from the deadly

pathogen are growing rapidly in Bangladesh and many parts of the world. Some 2,275 people tested positive for COVID-19 in the last 24 hours, said the Directorate General of Health Services yesterday. Some 54 people died, taking the total death toll to 2,928.

■ In Bangladesh, the job creation rate is lower than the proportion of the people entering the workforce. The unemployment rate is 4.2%, according to the Bangladesh Labour Force Survey of 2016-16. Bangladesh has been maintaining the same unemployment rate for many years and it would remain the same in the coming years, said the macroeconomic policy statement of the finance ministry. The government has, however, taken some commendable steps to woo investment.

<https://www.thedailystar.net/business/news/lifting-private-investment-would-be-tall-order-1936889>

Adequate spectrum essential for telco services: Bangladesh Telecommunication Regulatory Commission (BTRC) chief

■ Bangladesh Telecommunication Regulatory Commission (BTRC) Chairman Jahurul Haque on Saturday said that standard telecom service for mobile users cannot be ensured without adequate spectrum, reports UNB. Bangladesh Mobile Phone Consumers Association organised the programme virtually where BTRC Chairman was the Chief Guest. According to BSEC chairman, Desired telecom service can't be provided with shortage of spectrum. He requested operators to acquire adequate spectrum so that clients can avail proper service

■ The Commission can't reduce the price of spectrum as it is a government decision, he stated, urging them to sit for more dialogue over the matter. Meanwhile, different mobile operators including Robi, sought government incentives centering spectrum, price of optical fibre, and tax to enhance quality of service.

<https://today.thefinancialexpress.com.bd/trade-market/adequate-spectrum-essential-for-telco-services-btrc-chief-1595780807>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change YTD
Crude Oil (WTI)*	USD 41.20	(USD 20.43)	-33.15%
Crude Oil (Brent)*	USD 43.19	(USD 25.25)	-36.89%
Gold Spot*	USD 1,931.58	USD 410.11	26.95%
DSEX	4,129.08	-323.85	-7.27%
S&P 500	3,215.63	-15.15	-0.47%
FTSE 100	6,123.82	-1463.23	-19.29%
BSE SENSEX	38,140.47	-3501.67	-8.41%
KSE-100	37,578.21	-3156.87	-7.75%
CSEALL	5,040.88	-1088.33	-17.76%

Exchange Rates

USD 1 = BDT 84.75*
 GBP 1 = BDT 108.89*
 EUR 1 = BDT 99.27*
 INR 1 = BDT 1.14*

*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	Head of International Trade & Sales	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