

*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) releases monetary policy tomorrow**

- The central bank unveils its monetary policy for this fiscal year tomorrow (Wednesday) aiming to help revamp the economic activities through the implementation of stimulus packages. Bangladesh Bank will announce the monetary policy statement (MPS) for the fiscal year 2020-21 on its website to withstand the adverse impact of the Covid-19 pandemic on the economy, officials said. Other officials said the next MPS will be an expansionary instead of the existing accommodative one to help the banks manage their funds smoothly amid the Covid-19 pandemic.
- The central bank has already cut repo rate, considered policy rate, by 75 basis points to 5.25% in two phases from 6.0% earlier while the reverse repo rate remains unchanged at 4.75%. Besides, the BB is set to emphasise boosting micro, small and medium enterprises and agriculture loans along with microcredit to help create employment opportunities. The central bank has already taken a series of measures, including reduction of the cash reserve requirement (CRR) by 150 basis points to 4.0% from 5.50% earlier to facilitate the banks to implement the government's stimulus packages through boosting investment in different productive sectors, the officials said.
- For FY '21, the government has set the GDP growth target at 8.2% aiming to keep inflation within 5.4%. The private sector credit growth target is likely to be fixed considering the overall economic situation along with fund requirement for the government to finance budget deficit, according to the officials. The latest trend in inflationary pressures on the economy will be considered to determine the private sector credit growth ceiling for FY '21, they added. The private sector credit growth came down to 8.61% in June 2020 on a year-on-year basis from 8.85% a month ago, the BB data showed. This growth was 6.19 percentage points lower than the BB's target of 14.80% for FY '20. The country's average inflation as measured by consumer-price index edged up to 5.65% in June from 5.61 a month earlier. It was 5.48% in June 2019.

<https://today.thefinancialexpress.com.bd/first-page/bb-releases-monetary-policy-tomorrow-1595873037>  
<https://www.dhakatribune.com/business/banks/2020/07/27/bb-to-unveil-monetary-policy-on-wednesday>

### **Remittance hits record high in July**

- The monthly inflow of remittance hit an all-time high in July ahead of Eid-ul-Adha, with the figure reaching almost USD 2 billion in the first three weeks. According to data from the Bangladesh Bank, the country received USD 1.96 billion in remittance from expatriates from July 1 to 23. In June, the last month of fiscal year 2019-20, USD 1.83 billion came in. Officials of the central bank said the inflow of remittance in July would reach around USD 2.5 billion if the trend continues in the last week.
- The record remittance figure in July came as a continuation of that in the immediate past fiscal year 2019-20 when the country received USD 18.20 billion amid the coronavirus pandemic. It was a record until then as the country had never received this much in a fiscal year before. According to Brac Migration Programme, around 2.5 lakh migrants have returned from different countries amid the pandemic. As a result of remittance inflow and slowdown in imports, the country's foreign exchange reserve increased to USD 34 billion in June, reaching USD 36 billion on July 2.

<https://tbsnews.net/economy/remittance-hits-record-high-july-112366>  
<https://www.newagebd.net/article/112268/monthly-remittance-hits-record-196b-in-3-weeks-of-july>

### **Call money transactions increase ahead of Eid-ul-Adha**

- Banks and non-bank financial institutions (NBFIs) do not have to worry about a cash withdrawal spree before Eid-ul-Adha this year as they have sufficient liquidity and demand for sacrificial animals is low. According to the latest central bank data, banks and NBFIs on Sunday transacted BDT 95.2 billion among them at the call money market – BDT 1.9 billion higher than the transaction on Thursday.
- Bankers said that before Eid every year, corporate clients need cash to pay bonuses and other allowances to employees. Moreover, depositors also come to branches for cash withdrawal as they have to buy cattle. To meet the immediate demand for cash, banks with a liquidity shortage go to those banks with extra cash and avail short-term loans, just for a night, with an interest rate based on demand and supply. In the last few years, the central bank unofficially intervened to fix the call money interest rate. Now the highest interest rate at the call money market is 5.50% and on Sunday, the average interest rate was 4.32%.
- On August 4 last year, banks and NBFIs transacted the highest amount of BDT 88.9 billion at the call money market before Eid-ul-Adha. At that time, the highest call money rate was five%. Prior to intervention by the Bangladesh Bank, the call money rate fluctuated a lot. In 2010, interest rate for call money increased to around 200% before Eid-ul-Adha. That year, a private bank took a big amount of cash from another bank at 190% interest rate to meet the demand for money withdrawals. No such big jumps in interest rates have been observed in the banking sector since then. In 2012,

the highest interest rate was 15% and in 2014, the rate was nine%. In recent years, it has dropped to three to four% on average.

<https://tbsnews.net/economy/banking/call-money-transactions-increase-ahead-eid-ul-adha-112378>  
<https://www.newagebd.net/article/112271/transactions-of-call-money-rise-ahead-of-eid>

### **Japan to dispense USD 1.0 billion in budget aid**

■ Bangladesh for the first time is expected to secure USD 1.0 billion worth of budget support from Japan next week. The support would help the government weather the impact of the COVID-19 on the economy, officials said on Monday. The possible USD 1.0 billion budgetary support could be disbursed in two tranches in fiscal year 2020-21 and in FY2021-22, said a senior finance official.

■ In May, the IMF confirmed USD 732 million balance of payments support, the ADB USD 500 million budgetary support and the WB disbursed the USD 250 million and the second tranche of the pending USD 750 million budget support recently. The ADB has also assured the government of another USD 1.0 billion budgetary support for Bangladesh, which could be confirmed soon. Besides, the Beijing-based AIIB and the Jeddah-based IsDB are also expected to provide some USD 350 million worth of budget support for Bangladesh.

<https://today.thefinancialexpress.com.bd/first-page/japan-to-dispense-10b-in-budget-aid-1595872730>

### **Furnace oil consumption rises on strong power demand**

■ Consumption of furnace oil has increased after the easing of the nationwide lockdown as electricity generation is on the rise to meet the mounting domestic demand. The country expects to import around 280,000 tonnes of furnace oil in August, up by 12% than in July, due to strong demand from its power sector, industry sources said recently.

■ According to the president of Bangladesh's Independent Power Producers' Association (BIPPA), It has almost doubled its furnace oil import since June to around 220,000 tonnes per month, compared with 100,000 tonnes per month in April and May, as businesses resumed operations, albeit limited in scale following the three-month long lockdown due to the coronavirus pandemic. The country's furnace oil import in FY2019-20 was almost similar to its import during FY2018-19.

■ Bangladesh imported around 3.2 million tonnes of furnace oil in the fiscal year, or FY, 2019-20, of which 2.90 million tonnes were imported by the private sector to run their power plants while the remaining 300,000 tonnes by state-run Bangladesh Petroleum Corporation, or BPC.

<https://today.thefinancialexpress.com.bd/last-page/furnace-oil-consumption-rises-on-strong-power-demand-1595873512>

### **Remdesivir saved the day for pharma industry**

■ Over the four decades of its journey, Bangladesh's pharmaceutical sector has evolved as a strong industry that is capable of meeting 98% of local demand that amounted to around USD 3 billion in 2019. Bangladesh is now the only least-developed country among 47 nations that has a well-developed pharmaceutical sector that can produce medicines for cancer diseases and biological products such as insulin and vaccines. The country is also doing well in exports in recent years and exported medicines worth USD 136 million to 151 countries in the just-concluded fiscal year.

■ In early May, the Directorate General of Drug Administration gave permission to six pharmaceutical companies to produce remdesivir, a potential Covid-19 drug. The companies are Beximco, Beacon, Eskayef (SK-F), Incepta, Square and Healthcare. However, Beximco produced the drug first in the country. It has a history to work well against the SARS and Ebola virus. Three among these six companies have already begun exporting the drug, which is being used on Covid-19 patients in several countries, including the United States. Beximco has already exported the medicine to at least to six countries – Azerbaijan, Pakistan, Nigeria, the Philippines, Venezuela and Lebanon.

■ According to industry insiders, the export price for per vial remdesivir stands at USD 55 to USD 65, which is BDT 5,500 (maximum retail price) in the local market. So, Beximco's export earnings would stand at around USD 3 million. To boost exports, local drug makers are conducting clinical studies for more and more products so that their exports become easy.

<https://tbsnews.net/companies/pharma/bangladesh-made-remdesivir-high-export-demand-112387>

### **Reckitt Benckiser profits off people's heightened hygiene habits amid pandemic**

■ Reckitt Benckiser Bangladesh witnessed robust growth in sales and profits in the pandemic-ravaged first half of 2020 on the back of higher sales of hygiene products. Profits of the local subsidiary of the Anglo-Dutch multinational

consumer goods soared 54.28% to BDT 271.7 million in the first half. Between January and June, sales grew 28.87% year-on-year to BDT 2.6 billion.

■ Owing to the pandemic, the company sees quite a few short-term challenges, such as supply chain disruptions, the volatility of international trade and currencies markets, general economic downturn across the world and Bangladesh impacting consumer confidence and affecting consumption patterns. Sourcing of raw materials has been a problem because of the global lockdown but the company has had a stock of enough raw materials to produce products for Bangladesh. Like others, Reckitt Benckiser faced challenges to market products during the pandemic-induced shutdown. However, it managed to keep the supply smooth. The huge demand for hygiene products may peter out once an effective virus to treat the virus is available, according to the company secretary of Reckitt Benckiser Bangladesh.

■ Incorporated in Bangladesh in 1961, the company is engaged in manufacturing and marketing household and toiletries sanitisation products, pharmaceuticals and food products. Its brands include Finish, Lysol, Veet, Dettol, Air Wick, Durex, Mortein, Strepsils, Woolite, Vanish and Harpic. In Bangladesh, the most popular product of Reckitt Benckiser was soap and Dettol. In 2019, Reckitt Benckiser widened its market shares in the bar soap category and is holding the top position in the toilet cleaner category.

<https://www.thedailystar.net/business/news/reckitt-benckiser-profits-peoples-heightened-hygiene-habits-amid-pandemic-1937369>

### Sluggish refrigerator sales frustrate brands

■ Sales of refrigerators ahead of Eid-ul-Azha have frustrated both local and foreign brands as domestic demand is not picking up, although electronic appliance companies attempt to woo customers with attractive offers amid the rampaging coronavirus. Showroom owners of electronic products in the capital have said their sales declined by as much as 40% this season compared to the same period last year. The virus has led to the bad decline in purchasing capacity. To rope in customers, a few brands are offering deep discounts of up to 50%, while others are giving cash back and health insurance facilities.

■ The electronics giant Walton is offering an array of refrigerator models, cash prizes and guaranteed cash vouchers as part of a mega sales campaign ahead of the holy festival of Eid-ul-Azha. According to the Chief Executive Officer of Walton Fridge, Walton is giving customers the chance to win cash prizes worth BDT 10 lakh and guaranteed cash vouchers upon purchase of its refrigerators. Walton's 50- to 556-litre capacity refrigerators are priced between BDT 12,200 and BDT 106,000 and 50- to 350-litre capacity chest freezers go for around BDT 22,400 to BDT 37,300.

■ Showroom owners of refrigerators and other electronics products have said the Covid-19 pandemic has been hurting their business as they have enough products in stocks, but nowhere to sell them. Refrigerator manufacturers say due to the pandemic situation the purchasing powers of everyone, especially the middle class and lower middle class, have decreased a lot. Retail and medium traders are having a difficult time because no one was able to do business for the last 3/4 months due to the lockdown.

<https://www.dhakatribune.com/business/commerce/2020/07/27/sluggish-refrigerator-sales-frustrate-brands>

### World Stock and Commodities\*

Index Name	Close Value	Value Change	% Change YTD
Crude Oil (WTI)*	USD 41.53	(USD 20.10)	-32.61%
Crude Oil (Brent)*	USD 43.46	(USD 24.98)	-36.50%
Gold Spot*	USD 1,940.65	USD 419.18	27.55%
DSEX	4,145.38	-307.55	-6.91%
S&P 500	3,239.41	8.63	0.27%
FTSE 100	6,104.88	-1482.17	-19.54%
BSE SENSEX	38,128.90	-3513.24	-8.44%
KSE-100	37,607.62	-3127.46	-7.68%
CSEALL	5,065.30	-1063.91	-17.36%

### Exchange Rates

USD 1 = BDT 84.72\*  
 GBP 1 = BDT 108.95\*  
 EUR 1 = BDT 99.42\*  
 INR 1 = BDT 1.13\*

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

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