

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.

Amount of money outside banks rises by BDT 371.1 billion in five months

- The amount of money outside the country's banking system increased by BDT 371.1 billion in the January-May period this year as a section of people, panicked by the economic setback amid the coronavirus outbreak, preferred keeping cash in their hands to depositing the money in banks while another section withdrew their bank savings to survive after job loss. The situation may not fuel inflation much but will squeeze the banks' lending capacity, hampering the implementation of the stimulus packages worth around BDT 0.103 trillion announced by the government to revive the economy hit hard by the outbreak of coronavirus, said experts and bankers.
- As per Bangladesh Bank data, currency outside the banks increased to BDT 193,751 billion at the end of May this year from BDT 1.6 trillion at the end of December 2019. From July 2018 to December 2019, currency outside the banking system was between BDT 1.6 trillion and BDT 1.4 trillion. BB officials said that money outside the banking system started rising in March this year and jumped in April and May this year growing by BDT 204.0 billion in two months as the coronavirus outbreak intensified in the country.
- In the first five months of 2020, the central bank injected BDT 392.1 billion into the banking system. With the injection of cash, the currency issued by the central bank increased to BDT 2.11 trillion at the end of May this year from BDT 1.7 trillion five months ago. Even after the injection of a huge amount of fund by the central bank, the private sector credit growth dropped to 8.9% in May this year, far below the BB-set 14.8% target for FY20.

<https://www.newagebd.net/article/111494/amount-of-money-outside-banks-rises-by-BDT-37105cr-in-5-months>

SMEs are not getting incentive loans

- Banks are reluctant to lend money to small and medium enterprises (SMEs) from the government-announced incentive packages due to a lack of guarantors and a transactional relationship with the banks. Entrepreneurs in the sector are most-affected by Covid-19, but they are not getting loans mainly due to the high costs involved in lending to the SME sector and the fear of non-repayment. The government is going to formulate a credit guarantee scheme of BDT 50.0 billion to allay the fears regarding non-repayment.
- According to the central bank, the banks have so far disbursed only BDT 2.1 billion to SMEs whereas SME entrepreneurs have applied for loans worth BDT 5.2 billion. The government is going to form a steering committee in each district under the leadership of the deputy commissioners so that the district-level bank officials are interested in giving loans to SMEs. The Bangladesh Bank issued a circular on April 13 announcing an incentive package of BDT 200.0 billion to ensure working capital supply to SMEs affected by Covid-19. The government will subsidise 5.0% of the 9% interest on SME loans. The remaining 4.0% will be paid by the borrower.
- Referring to the SME sector as the backbone of the economy, Salman F Rahman, private industry and investment adviser to the prime minister, said banks were reluctant to lend as there were no guarantors for SME loans. To solve this problem, a credit guarantee scheme of BDT 50.0 billion is being implemented. Work is going on in this regard. If any SME entrepreneur is unable to repay the bank loan, the bank will be repaid from this scheme. In the credit guarantee scheme, the government will provide BDT 10.0 billion from its funds and the World Bank will provide BDT 40.0 billion. Discussions are underway with the World Bank in this regard.

<https://tbsnews.net/coronavirus-chronicle/covid-19-bangladesh/smes-are-not-getting-incentive-loans-107374>

Banking sector's stressed asset figure, once unveiled annually, is now under wraps

- The central bank has stopped publishing the figure of stressed assets in its annual financial stability report with a view to painting a rosy picture of the banking sector at a time when lenders are facing one of their worst crises in living memory. This may create a confidence crisis among investors and commoners in the financial sector as they would be completely in the dark about the true financial strength of banks. The BB unveiled the Financial Stability Report 2019 on July 1 and it did not include the data on the stressed assets for the first time. Stressed assets, which include default loans, restructured and rescheduled advances, shot up 18.9% to BDT 2.2 trillion in the first half of 2019, central bank data showed. The ratio of stressed assets in the banking sector was 22.0% of total loans as of June last year, up 16.10% from four and a half years earlier.
- The IMF recently said the BB would need to monitor closely banking sector conditions given the elevated level of default loans. Controlling stressed assets of the banking sector will be imperative with banks bearing the entire credit risk for the stimulus package routed through banks, it said. The BB would implement a major portion of BDT 1.03 trillion stimulus packages unveiled by the government to keep the battered economy on track and business, industries and farmers withstand the impacts of the coronavirus pandemic.

<https://www.thedailystar.net/business/banking/news/banking-sectors-stressed-asset-figure-once-unveiled-annually-now-under-wraps-1932641>

USD 3.0 billion RMG payment uncertain

■ The readymade garment industry might fail to realise or face deferred payment worth USD 3.0 billion because of the Covid-19 pandemic, exporters say. Local clothing exporters faced USD 3.18 billion work order cancellations or suspension during the pandemic. Of the total, USD 1.93 billion work orders were cancelled or held by buyers from European Union, followed by USD 574 million by US, and USD 52.0 million by Canadian buyers. Besides, USD 620 million were cancelled or held by buyers from non-traditional markets.

■ During March to June period of the current calendar year, RMG export earnings declined by USD 5.28 billion over that of last year, and the unsettled liability would be around USD 2.11 billion, according to the Bangladesh Garment Manufacturers and Exporters Association or BGMEA.

<https://today.thefinancialexpress.com.bd/first-page/30b-rmg-payment-uncertain-1595091858>

Ban on free internet for social media

■ The BTRC has ordered the mobile phone operators and other telecom service providers to end totally or partially free internet data for social media use, reports bdnews24.com. The operators have begun implementing the order issued by the Bangladesh Telecommunication Regulatory Commission that cited 'unhealthy' competition between the companies as a reason behind the decision. The information ministry had dictated the BTRC to ban free internet for social media in order to ensure safe internet and maintain normal market competition, said Zakir Hossain Khan, a spokesman for the commission.

<https://today.thefinancialexpress.com.bd/first-page/ban-on-free-internet-for-social-media-1595091546>

Mongla port earns record profit in last FY despite Covid-19

■ Country's second busiest seaport Mongla has achieved a record profit of BDT 1.2 billion 1.5 million 30 thousand in the just concluded 2019-20 fiscal year (FY) despite Covid-19 pandemic situation. According to Mogla Port Authority (MPA), the import-export trade did not have much impact on the seaport as a total of 903 vessels have been berthed at the port which handled 11.0 million tons of goods in the fiscal 2019-20. The port also handled 59 thousand 476 Twenty Equivalent Units (TEUs) of containers in the same period.

<https://tbsnews.net/economy/mongla-port-earns-record-profit-last-fy-despite-covid-19-108004>

Refrigerator retailers brace for dismal sales this Eid too

■ Refrigerator manufacturers and retailers could witness poor customer turnout this Eid-ul-Azha, a major Islamic festival that typically accounts for nearly half of the industry's yearly sales, due to the ongoing coronavirus pandemic, according to market players. Last year the industry failed to see the usual pre-Eid rush of customers following a dengue outbreak across the country and floods in the northern regions. As an Islamic tradition, livestock are sacrificed during the three-day festival and people purchase refrigerators to preserve the meat, leading to a 40 to 50.0% jump in sales around this period. Besides, the surge in sales around Eid is also propelled by various purchase offers such as discounts, cashback and prizes, industry insiders said.

■ About 14 lakh refrigerators were sold in 2014, but the number ran into 2.0 million in 2017 and 2.2 million in 2018 while sales were around the same in 2019. This shows that the industry saw an average annual growth rate of 11.42% for the past six years, the industry insiders said. According to Esquire Electronics' general manager, the industry's sales target for the festive period can no longer be attained while the yearly tally would be 22 lakh units at best, just like last year.

<https://www.thedailystar.net/business/news/refrigerator-retailers-brace-dismal-sales-eid-too-1932621>

Readymade Garment (RMG) workers cannot leave workplaces during Eid holidays: Home Minister

■ Home Minister Asaduzzaman Khan Kamal on Thursday said apparel workers will not be allowed to leave their workplaces during the upcoming holidays for Eid-ul-Azha in a bid to stop further spread of coronavirus. He made the announcement during a meeting held to discuss the present situation of the workers, their wage and Eid bonus issues with garment factory owners, trade union leaders, and law enforcement agencies on Thursday.

■ Meanwhile, the minister also urged factory owners to pay the Eid bonus to their workers and the salary of June before the end of this month. According to Bangladesh Garment Manufacturers and Exporters Association (BGMEA) data, as of Thursday, a total of 1,465 RMG factories have paid their workers for June, while workers of 461 factories are yet to receive their salaries.

<https://www.dhakatribune.com/business/2020/07/16/home-minister-rmg-workers-cannot-leave-workplaces-during-eid-holidays>

Capital market to become vibrant, dynamic in two years: Bangladesh Securities and Exchange Commission (BSEC) Chairman

■ The capital market would become vibrant and dynamic in two years with various reform programmes, said Bangladesh Securities and Exchange Commission chairman Shibli Rubayat-UI-Islam on Saturday. He made the comments at an online seminar titled 'Capital Market and Covid-19: Charting Impact and Path to Recovery', organised by the Chittagong Stock Exchange. Shibli said that the commission emphasised prevention of various anomalies to bring good governance practices in the market that would help to improve investors' confidence.

■ BSEC chairman mentioned that the current commission took several initiatives, including product diversification, market digitalisation and prevention of rules complications. The commission is working to ease the IPO process, digitalise trading and official activities, and to diversify the market with good products. He added that the floor price is a barrier for the capital market, and they are in discussion with government high officials on how and when the restriction can be lifted without harming the investors' interests.

<https://www.newagebd.net/article/111499/capital-market-to-become-vibrant-dynamic-in-2-years-bsec-chair>

Bangladesh Securities and Exchange Commission (BSEC) extends time for provisioning against unrealised losses

■ The Bangladesh Securities and Exchange Commission (BSEC), has extended the time limit for provisioning for stock dealer accounts, client margin accounts of stockbrokers and merchant banks' own and client portfolios against unrealised losses. The commission has extended the time for provisioning till December 31, 2023 due to the Covid-19 pandemic. In response to the application of DSE Brokers Association of Bangladesh and Bangladesh Merchant Bankers Association, the securities regulator has extended the time limit in a meeting held on Thursday. There is no need for provisioning against unrealised losses in 2020 and anyone can take the opportunity, said the regulator.

■ After a terrible collapse in the stock market in 2010, the securities regulator issued a directive about provisions against unrealised losses in 2013. Later the regulator extended the time period several times responding to the application of related firms.

<https://tbsnews.net/economy/stock/bsec-extends-time-provisioning-against-unrealised-losses-107329>

Securities regulator to restructure Investment Corporation of Bangladesh (ICB)

■ The Bangladesh Securities and Exchange Commission (BSEC) has recently announced that it will restructure the Investment Corporation of Bangladesh (ICB) - the state-owned investment institution for the capital market. According to the chairman of BSEC, the commission recently appointed a foreign advisory institution to restructure the ICB. It is seeking the advisory report from the foreign institution within November this year. The restructuring decision has been taken to strengthen the ICB's ability to support the capital market properly.

■ From January to March this year, the DSEX fell by 10.0% to 4,008 points amid the Covid-19 pandemic. During this period, ICB made a consolidated net profit of BDT 1.0 billion as compared to BDT 254.9 million during the same period in the previous year. Its earnings per share (EPS) was BDT 1.33, up from BDT 0.33 during the same time in the previous year. Although the state-owned company made huge profits, it was still facing a loss of BDT 478.1 million in the first three quarters of the last financial year. Its loss per share was BDT 0.62. The net asset value per share stood at BDT 2.61 during this period, which was lower than that of the first three quarters of the previous year. In the 2018-19 fiscal year, the net asset value per share was BDT 40.52.

<https://tbsnews.net/economy/stock/securities-regulator-restructure-icb-108151>

City Bank gets USD 30.0 million in IFC loans for cos, SMEs hit by COVID-19

■ IFC, a member of the World Bank Group, is providing a loan of up to USD 30 million to City Bank to provide financing for small and medium enterprises and corporate companies affected by the COVID-19 pandemic, said a press release. The financing package is part of IFC's USD 8 billion global COVID-19 fast-track financing facility which aims to help companies stay in business. This investment comes under the Working Capital Solutions programme of the COVID-19 response envelope which provides USD 2.0 billion globally to emerging-market banks. This allows them to extend credit so firms can cover expenses and pay their employees.

<https://www.newagebd.net/article/111502/city-bank-gets-30m-in-ifc-loans-for-cos-smes-hit-by-covid-19>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$40.59	(\$21.04)	-34.14%
Crude Oil (Brent)*	\$43.14	(\$25.30)	-36.97%
Gold Spot*	\$1,810.42	\$288.95	18.99%
DSEX	4,069.11	-383.82	-8.62%
S&P 500	3,224.73	-6.05	-0.19%
FTSE 100	6,290.30	-1296.75	-17.09%
BSE SENSEX	36,471.68	-5170.46	-12.42%
KSE-100	37,001.44	-3733.64	-9.17%
CSEALL	4,953.54	-1175.67	-19.18%

Exchange Rates

USD 1 = BDT 84.80*

GBP 1 = BDT 106.59*

EUR 1 = BDT 96.90*

INR 1 = BDT 1.13*

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

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