

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.

BDT 50.0 billion budget allocation for interest payment against stimulus funds

- The government is tailoring the upcoming national budget keeping aside a sum of BDT 50 billion for interest payments against loans under different stimulus packages announced to cushion the economic fallout of Covid-19.
- The finance ministry has allocated BDT 30.0 billion for paying interests against the soft loans to industry, service and agriculture sectors. And BDT 20.0 billion will be used for interest payment against loans for the last April-May period, said Finance Division officials referring to an order in this regard from the Prime Minister's Office.
- The central bank in May suspended interest payments against all loans for the two months in a bid to help businesses during the coronavirus pandemic. The government will pay the postponed bank loan interest on behalf of the borrowers from the BDT 20.0 billion fund. On the other hand, the finance ministry said it would pay interests for two loan stimulus packages announced for industries and services from the BDT 30.0 billion allocation.
- The Bangladesh Bank formed two separate funds – BDT 200 billion for the small and medium enterprises and BDT 30,000 crore for heavy industries and services – to counteract the virus fallout. The fund for the SMEs offers 9.0 percent interest rate while the borrowers will have to pay 4.0 percent. The government will pay the rest 5.0 percent.

<https://tbsnews.net/economy/BDT5000cr-budget-allocation-interest-repayment-against-stimulus-funds-87187>

<https://www.newagebd.net/article/107349/pm-announces-BDT-2000-crore-bank-interest-waiver>

<https://today.thefinancialexpress.com.bd/first-page/BDT-20b-interest-gets-waived-1590946618>

RMG exports feared to decline USD 10.0 billion in 2020

- Bangladesh's export earnings from the coronavirus-hit apparel sector are likely to fall by around USD 10 billion in 2020 from USD 33 billion in the previous calendar year. As a result, the country is surely going to face a massive shortfall in meeting its target of exporting USD 38.2 billion worth of apparel products in the current 2019-20 fiscal year. Bangladesh earned USD 34.13 billion by exporting clothing items in the 2018-19 fiscal.
- Overall, the country is likely to earn USD 6-7 billion less from apparel exports in the ongoing fiscal as compared to the previous year. This will deal a heavy blow to the country's overall export earnings which was USD 40.53 billion in the 2018-19 fiscal.
- "We fear our export figure will not be more than USD 23-24 billion in 2020. The pandemic has worsened the already declining trend in global apparel consumption, and we also do not know what the post-pandemic situation will be," said Rubana Huq, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).
- According to BGMEA data of May 1 to May 19 this year, the country's apparel export has dipped by 55.7 percent as compared to the corresponding period's the previous year. In April, the export saw an 85-percent negative growth.

<https://tbsnews.net/economy/rmg/rmg-exports-feared-decline-10-billion-2020-86968>

<https://www.newagebd.net/article/107345/covid-19-hammers-rmg-exports-for-3rd-month>

FDI inflow on slippery slope even before COVID-19 strike

- The net foreign direct investment in the country dropped by 7.35 percent in the first eight months (July-February) of the current fiscal year 2019-2020 even when the country was not hit by the coronavirus pandemic. As per the latest Bangladesh Bank data, the net inflow of FDI dropped to USD 1.71 billion in July-February of FY20 against USD 1.85 billion in the same period of last fiscal year.
- Policy Research Institute executive director Ahsan H Mansur told New Age, 'The reopening would not be beneficial unless the coronavirus situation becomes satisfactory to the potential investors.' The investors would be scared of visiting the country due to the deteriorating coronavirus situation, and they would prefer to avoid Bangladesh, said Ahsan, also the chairman of BRAC Bank. Speaking about the fall in export and import in July-January period of FY20, he mentioned that Bangladesh's economy was weak even before the coronavirus outbreak began in the country and that had collapsed after the outbreak.
- In July-February of FY20, the country's overall export dropped by 4.85 percent to USD 25.6 billion against USD 26.9 billion in the same period of the previous year. The country's import payments dropped by 3.87 percent to USD 36.37 billion in the eight months of current fiscal year from USD 37.84 billion in the same period of the previous year. As a result, the country's trade deficit eased by 1.48 percent, or USD 162 million, to USD 10.77 billion from USD 10.94 billion.

- In the period, the situation of current account balance improved as the deficit dropped to USD 1.84 billion from USD 3.97 billion in the same period of last fiscal year as the remittance inflow was high till that time. The country's overall balance turned USD 214 million positive in July–February from USD 499 million deficit in the same period of FY19.

<https://www.newagebd.net/article/107157/fdi-inflow-on-slippery-slope-even-before-covid-19-strike>

Up to BDT 2.0 million in interest rebate likely

- An individual borrower may get a maximum rebate of BDT 2.0 million from their total loan interest for the period of April and May, said a central bank official -- in what can be viewed as a stroke of good news for large borrowers. Earlier on May 3, with the view to giving relief to borrowers from the economic onslaught from the pandemic, the central bank directed banks to transfer all interest accrued or to be accrued between April 1 and May 31 from all of their loans to an interest-free blocked account.
- To facilitate banks to implement the move, Prime Minister Sheikh Hasina yesterday announced that the government will provide BDT 20.0 billion to banks as subsidy, reports UNB. The prime minister said that the BDT 20.0 billion will be distributed among the 13.8 million loan takers proportionately.
- Now, if the central bank fixes a certain portion of the rebate for all borrowers the maximum rebate would come to BDT 2.0 million, said a Bangladesh Bank official requesting anonymity to speak candidly on the matter. Against the backdrop, the central bank yesterday sent a letter to all banks asking them to inform how many borrowers are enjoying more than BDT 1.0 billion loans.

<https://www.thedailystar.net/business/news/BDT-20-lakh-interest-rebate-likely-1907206>

Low-cost loans from stimulus packages not going like hot cakes

- Four banks have got approval from the central bank to give out BDT 1,044.90 under the stimulus package of BDT 300 billion for large industries and service sectors. The banks -- Sonali, Rupali, EXIM and IFIC -- have given the fund to seven companies, according to data from the Bangladesh Bank.
- Sonali Bank disbursed BDT 1,000 crore to Biman Bangladesh Airlines, Rupali BDT 45.0 million to Universal Medical College and BDT 5.70 crore to Planet Resource. EXIM Bank gave out BDT 30 to Arosha Janashakti and IFIC BDT 13.5 million to Next Accessories, BDT 17.0 million to Roni Neat Composite and BDT 15.0 million to Neat Concern Printing.
- Banks will be allowed to enjoy a portion of the fund of their disbursed loans from the central bank' refinance scheme of BDT 150 billion for large industries and service sector. A total of 46 banks and 23 non-bank financial institutions have so far applied to the central bank for the refinance fund.

<https://www.thedailystar.net/business/news/low-cost-loans-stimulus-packages-not-going-hot-cakes-1907224>

Government not going overboard with subsidy expenditure next fiscal year

- That the subsidy expenditure would go up next fiscal year as the government scrambles to keep the pandemic-induced recession from undoing decades of progress in alleviating poverty and elevating its citizens into the middle-class -- was a given. But it turns out the government is exercising restraint, increasing its spending by 17.91 percent from current fiscal year to BDT 546.9 billion. The amount would be about 10 percent of the budget, which is in line with previous years' allocation.
- The next fiscal year's subsidy budget would be mostly going towards taxpayer-funded spending for agriculture, food support for the poor and loans for large industries and SMEs. The move to provide low-cost loans to pandemic-hit micro, small, medium and large entrepreneurs, farmers and exporters would increase the subsidy spending on interests to BDT 50.0 billion in the upcoming fiscal year. There has been no such allocation in the ongoing fiscal year.
- The government would bear BDT 3,000 crore in interest rate subsidy on the loans going to pandemic-hit businesses and farmers. Besides, the central bank has deferred interests on loans for May and June. About BDT 160.0 billion in interest was to be paid in the two months. Now, the government would come up with BDT 20.0 billion in interest support and the borrowers would repay the rest BDT 140.0 billion over 12 months in instalments.
- The government has unveiled a stimulus package to provide BDT 300.0 billion in working capital to industries and service sector institutions impacted by the pandemic.

<https://www.thedailystar.net/business/news/govt-not-going-overboard-subsidy-expenditure-next-fiscal-year-1907236>

Corporate tax cut on the cards for banks

- The government may offer banks a cut to their corporate tax rate in a bid to give the lenders respite from a number of

recent measures that have affected their profits. According to officials of the finance ministry and the National Board of Revenue (NBR), the tax rate for banks could be reduced to 35 percent from the present 37.5 percent. The move will help banks – especially 30 listed ones – increase their profits, after paying tax, by BDT15 crore to BDT20 crore. However, it will cause the national exchequer a loss of BDT600-BDT800 crore a year. The chairman of the Association of Bankers Bangladesh, said the lending rate cap at 9 percent from April will reduce banks' operating profits by around BDT15,000 crore.

- Bangladesh has different corporate tax structures for different industries. A publicly listed bank or a non-bank financial institution (NBF) must pay 37.5 percent corporate tax – which is 40 percent for non-listed banks. Other than financial institutions, the corporate tax rate is 25 percent for publicly listed companies and 35 percent for non-listed firms. The rate is 40 percent for listed mobile phone operators and 45 percent for non-listed companies. Meanwhile, tobacco producers have to pay 45 percent tax.

<https://tbsnews.net/economy/banking/corporate-tax-cut-card-banks-86887>

Vaccine to remain beyond reach of local pharma companies

- The country is yet to achieve the World Health Organisation's (WHO) global benchmarking criteria essential to apply for pre-qualification (PQ) status. The PQ status is a mandatory requirement for developing a vaccine. The national regulatory authority concerned is yet to be classified as 'Maturity Level Three' of the WHO, although Bangladesh has a strong pharmaceutical sector that exports drugs and medicines to at least 150 countries. Following a recent query by the FE, the WHO country office in Bangladesh mentioned that this classification is mandatory to apply for developing a vaccine, as vaccine development is a very complex and regulated process.

- However, officials of the Directorate General of Health Services (DGHS) and local pharmaceuticals companies said Bangladesh has the capacity to produce vaccine, if 'fill-finish' Active Pharmaceutical Ingredients (API) are made available by the COVID-19 vaccine-producing countries.

- Two of the pharmaceuticals in Bangladesh - Popular and Incepta - have their separate vaccine units. Of these, only Incepta Pharmaceuticals Limited has a large plant with state-of-the-art facilities. According to the DGM marketing of Incepta Pharmaceuticals Limited, the company has the capacity to produce COVID-19 vaccine, if 'fill-finish' API is made available. Incepta will be able to produce 25 million doses of vaccine per month, he also said.

<https://today.thefinancialexpress.com.bd/first-page/vaccine-to-remain-beyond-reach-of-local-pharma-cos-1590946694>

Bangladesh on track to emerge as Covid-19 hotspot

- Bangladesh is set to emerge as a new global hotspot for COVID-19 because of fast-spreading contagion and fatalities, officials and experts say. During the last 24 hours, the densely-populated nation of 170 million people recorded its deadliest day yet, with 2,545 new cases and 40 deaths, official data showed.

- With the latest statistics, the overall number of infections and deaths related to the respiratory disease caused by the novel coronavirus climbed to 47,153 and 650 respectively, according to state-run Directorate General of Health Services or DGHS. Generally, 20 worst-affected countries are treated as the hotspots with the dubious distinction of having more infections, according to the healthcare experts.

- Bangladesh now ranks the 21st among 215 countries and regions that were hit by the highly-infectious pathogen, according to Worldometer info on coronavirus. In Asia, India, Iran, Kingdom of Saudi Arabia, China, Pakistan and Qatar have already become the global hotspots of the viral strains.

<https://today.thefinancialexpress.com.bd/first-page/bd-on-track-to-emerge-as-covid-19-hotspot-1590946765>

Accord to formally leave Bangladesh

- After operating for seven years in Bangladesh, the Accord on Fire and Building Safety will be abolished from Monday. Accord is supposed to hand over the charge to RMG Sustainability Council (RSC) on Monday as per the agreement, according to the industry people.

- Accord and Alliance were formed for five years to improve the work environment of garment factories in Bangladesh after Rana Plaza collapsed on April 24, 2013, leaving over 1,100 people dead.

- Accord is supposed to hand over the charge to RMG Sustainability Council (RSC) on Monday as per the agreement, according to the industry people. The RSC was formed with representatives from the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), labourers' representatives from home and abroad, and Accord representatives.

<https://tbsnews.net/economy/rmg/accord-formally-leave-bangladesh-87208>

Government raises bus fare by 60.0%

- The government has raised the bus fare by 60 percent for the period of coronavirus pandemic. The increased fare will be applicable for both city and long-distance routes. The fare hike was announced through a gazette notification issued by the Ministry of Road Transport and Bridges on Sunday, in response to a demand by the transport owners as they will have to keep 50 percent seats vacant to prevent spread of the virus.
- The revised fare will be effective from today (Monday) and will remain applicable only for the period of Covid-19 pandemic.

<https://today.thefinancialexpress.com.bd/first-page/govt-raises-bus-fare-by-60pc-1590946826>

DSE turnover dips below BDT 2.0 billion as trading resumes

- Prices of some pharmaceuticals & chemical stocks continued to soar as investors are anticipating brisk business amid rising Covid-19 cases in Bangladesh. Seven out of top 10 gainers on the Dhaka Stock Exchange (DSE) came from the pharmaceuticals & Chemicals sector on Sunday as the market reopened after 66-day break due to Covid-19 pandemic.
- Shares of ACI, ACI Formulations, Beximco Pharma, Central Pharma, Square Pharmaceuticals, Indo-Bangla Pharma, and ACME Laboratories soared more than 9.0 percent each on Sunday. ACI and ACI Formulations which supply hexisol and hand wash jumped 9.96 percent and 9.91 percent respectively on the same day.
- Beximco Pharmaceutical's share price also surged 9.88 percent to close at BDT 66.70 each after the news that the drug maker produced Remdesivir, the potential coronavirus drug. Among others, Share price of Central Pharma rose 9.98 percent, Square Pharmaceuticals 9.91 percent, Indo-Bangla Pharma 9.89 percent and ACME Laboratories 9.38 percent on Sunday.

<https://today.thefinancialexpress.com.bd/stock-corporate/dse-turnover-dips-below-BDT-20b-as-trading-resumes-1590939536>

Floor price weighing heavy on investors as trading finally resumes

- Floor price was a buzzword at the Dhaka Stock Exchange (DSE) yesterday as it prevented many investors from selling shares even though trading resumed after a long break of more than two months. The Bangladesh Securities and Exchange Commission (BSEC) set the floor price on March 19 for all stocks on the basis average price of last five days to stop the market fall amid the coronavirus pandemic.
- It was an unprecedented move as no country in the world pulled a stunt like that to thwart the market from falling because they knew it was normal that the indexes would fall because of the pandemic. Already, many foreign investors criticised the BSEC move and now the local investors have raised their voice.
- The floor price has had a negative impact as investors can't sell their shares even at a lower price, the merchant banker pointed out. "People are optimistic about the new commission and many of them bought stocks," said M Rahmat Pasha, managing director of UCB Capital Management.
- This month, Shibli Rubayat-Ul-Islam was appointed as the chairman of the stock market regulator along with two professors from the University of Dhaka as the commissioners. "We don't want to do anything very fast but we do realise the impact of the floor price," Islam told The Daily Star yesterday.

<https://www.thedailystar.net/business/news/floor-price-weighing-heavy-investors-trading-finally-resumes-1907233>

Delta Hospital's cut-off price fixed at BDT 11.0 each

- The cut-off price of Delta Hospital Ltd's shares has been fixed at BDT 11 through electronic bidding by eligible institutional investors. The Dhaka Stock Exchange (DSE) on Sunday disclosed the cut-off price of Delta Hospital shares.
- The hospital will raise a fund worth BDT 500 million from the capital market using the book building method for expanding business and repay bank loans. As per the disclosure, institutional investors will buy worth BDT 315.43 million shares at the cut-off price of BDT 11 each.
- The individual investors will be able to purchase the rest of the shares through initial public offering (IPO) worth more than BDT 184 million at BDT 10 each, a 10 percent discount on the cut-off price. The electronic bidding, under the book building method of the IPO, took place for 72 hours - from March 22 to March 25.
- The highest bidding price was BDT 46 and the lowest was BDT 11 per share. Revised period for submission of

valuation report started at 10:30am on May 31, 2020 and continue till 10:30am on June 02, 2020 (round the clock) instead of earlier schedule time on March 29 to March 31.

<https://today.thefinancialexpress.com.bd/stock-corporate/delta-hospitals-cut-off-price-fixed-at-BDT-11-each-1590939751>

<https://www.dhakatribune.com/business/stock/2020/05/31/cut-off-price-of-delta-hospital-share-set-at-BDT11>

Four companies declare lay-off

- Four listed companies - Tallu Spinning Mills, Usmania Glass Sheet Factory, Monno Ceramic Industries and Monno Stafflers- temporarily shut down their factories due to Covid-19 pandemic. Of them, share price of Monno Ceramic fell 4.44 percent to close at BDT 129.10 on Sunday. However, three other companies' share price remained unchanged.
- The factory of Usmania Glass remained shut from March 29, Tallu Spinning from April 7 and Monno Ceramic and Monno Stafflers from April 10, according to separate disclosures on Sunday. However, company officials said, the factories will resume production once the pandemic situation becomes normal.

<https://today.thefinancialexpress.com.bd/stock-corporate/four-cos-declare-lay-off-1590939784>

Income tax waiver for EZ edible oil, cement, steel makers scrapped

- The National Board of Revenue has scrapped the income tax exemption benefit for some factories located in the economic zones under the Bangladesh Economic Zones Authority to remove disparity among factories in the sectors located inside and outside the economic zones. The NBR's income tax department on May 10 issued a statutory regulatory order scrapping the benefit for factories in edible oil, sugar, atta (flour), maida (refined flour), cement, steel and steel product sectors located in the economic zones. Initially in 2015, the revenue board offered a number of tax benefits, including the gradual reduction of the income tax exemption facility for 10 years, to the EZ factories.
- As per the incentive scheme, investors enjoy full income tax exemption during the first three years of operation, 80 percent during the fourth year, 70 percent during the fifth year, 60 percent during the sixth year, 50 percent in the seventh year, 40 percent in the eighth year, 30 percent in the ninth year and 20 percent in the 10th year.

<https://www.newagebd.net/article/107346/income-tax-waiver-for-ez-edible-oil-cement-steel-makers-scrapped>

Bangladesh bags USD 791.3 million from jute export in ten months

- Bangladesh earned USD 791.3 million from the export of jute and jute products in the first ten months (July-April) of the current fiscal year 2019-20, 14 percent higher than the earnings during the corresponding period of the previous fiscal year.
- The export earnings from jute and jute goods is also 17 percent higher than the target set by the government for the first ten months of outgoing fiscal year.
- With the execution of the project from July, 2018 to March, 2023, all sorts of assistance, including distribution of 390 metric tons of free jute seeds among farmers and imparting training on techniques of cultivating high-yielding varieties, now continue to boost the production of jute and jute products, according to the minister of Jute Department.

<https://www.dhakatribune.com/business/economy/2020/05/31/bangladesh-bags-791-3m-from-jute-export-in-ten-months>

HeidelbergCement relegated to 'Z' category

- HeidelbergCement Bangladesh Limited, a publicly traded multinational company, has been relegated to 'Z' category from 'A' category with effect from today (Monday) as the company recommended no dividend for the year ended 2019. With the new inclusion, the number of total companies in 'Z' category stood at 51 on the country's prime bourse DSE.
- HeidelbergCement Bangladesh for the first time since its enlistment in the Dhaka Stock Exchange in 1989, declared no dividend for 2019 as the company incurred BDT18.64 crore loss.

<https://www.dhakatribune.com/business/stock/2020/05/31/dse-heidelbergcement-relegated-to-z-category>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change YTD
Crude Oil (WTI)*	\$35.50	(\$26.13)	-42.40%
Crude Oil (Brent)*	\$37.82	(\$30.62)	-44.74%
Gold Spot*	\$1,739.35	\$217.88	14.32%
DSEX	4,060.45	-392.48221	-8.81%
S&P 500	3,044.31	-186.47	-5.77%
FTSE 100	6,076.60	-1510.45	-19.91%
BSE SENSEX	32,200.59	-9441.55	-22.67%
KSE-100	33,695.42	-7039.66	-17.28%
CSEALL	4,887.16	-1242.05	-20.26%

Exchange Rates
USD 1 = BDT 84.99*
GBP 1 = BDT 105.31*
EUR 1 = BDT 94.63*
INR 1 = BDT 1.13*

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

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