

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.

FDI inflow drops 10.80% in 2020

- The net inflow of foreign direct investment (FDI) to Bangladesh declined 10.80% to USD 2.56 billion in 2020 from USD 2.87 billion in 2019 in line with the global trend amid Covid pandemic. The global FDI dropped by 35% in 2020 due to the Covid-19 pandemic, according to the United Nations Conference on Trade and Development (UNCTAD). It came down to below USD 1.0-trillion (or USD 998.91 billion) in 2020 after six years from USD 1530.28 billion (or USD 1.53 trillion) in 2019.

- Lockdowns caused by the COVID-19 pandemic around the world slowed down existing investment projects, and the prospects of a recession led multinational enterprises to reassess new projects, it said. The report, however, expressed optimism that FDI flows are expected to bottom out and recover some lost ground with a 10-15% increase in 2021. After two straight years of FDI decline in Bangladesh, the recovery is also likely to take more time. In Bangladesh and Sri Lanka, FDI inflows will take longer to recover, as investment commitments in these countries remained weak, cited the UNCTAD report.

<https://today.thefinancialexpress.com.bd/last-page/fdi-inflow-drops-1080pc-in-2020-1624295572>
<https://www.dhakatribune.com/business/economy/2021/06/21/fdi-to-bangladesh-fell-11-last-year>
<https://www.tbsnews.net/economy/fdi-bangladesh-drops-108-last-year-264118>

Bangladesh prepares for Libor phase-out

- The Bangladesh Bank yesterday issued a policy on calculating the interest rate of short-term foreign loans as the London Interbank Offered Rate (Libor) is set to be phased out gradually from next year. The policy will help exporters and importers prepare for the discontinuation of the global benchmark rate so that their borrowing does not suffer. The Libor is a benchmark interest rate at which major global banks lend to one another in the international interbank market for short-term loans.

- Like most of the borrowers in other countries, Bangladesh's businesses also take foreign loans based on the rate. The Libor, once dubbed the world's most important number, was discredited after the financial crisis when authorities in the United States and Britain found traders had manipulated it to make a profit, according to Reuters. Against the backdrop, the BB yesterday issued a notice unveiling the policy for banks to calculate the interest rate on short-term foreign loans. Banks will have to consider the benchmark rate of the respective central bank before setting a lending rate.

<https://www.thedailystar.net/business/news/bangladesh-prepares-libor-phase-out-2115701>
<https://www.dhakatribune.com/business/banks/2021/06/21/phasing-out-libor-bb-sets-new-interest-rate-for-short-term-trade-financing>
<https://www.newagebd.net/article/141481/bangladesh-bank-adopts-policy-to-phase-out-libor>
<https://www.tbsnews.net/economy/banking/libor-transition-bb-sets-new-interest-rates-short-term-trade-finance-264091>

The bubbles of e-commerce

- E-commerce platform Aleshmart started operation in January this year with a promotional campaign offering 30% discount in its products and was taking advance payments with a promise to deliver products within 35 days. In the first month of its inception, the online shop received customer orders worth BDT 242.9 million. The e-commerce site then gradually increased price discounts to as high as 50%, taking the monthly sales to BDT 1.24 billion in April. In the first four months, the online shop's accumulated sales turnover stood at around BDT 2.00 billion. This is how tempting discount offers help online stores witness turbocharged growth in sales.

- Using the same business model, e-commerce platform E-orange got customer orders of more than BDT 4.00 billion in four months since January this year, with its monthly sales amounting to BDT 1.50 billion in April. Dhamakashopping, another online shop popular for offering high discounts in products, accumulated orders worth more than BDT 3.50 billion in four months from January.

<https://www.tbsnews.net/economy/bubbles-e-commerce-264376>

GP retrenches 159 employees

- Grameenphone retrenched 159 employees on Sunday after they refused to accept its voluntary retirement scheme (VRS). One hundred employees left Grameenphone in 2020 when the carrier urged its redundant employees to leave the organisation under the scheme. The operator revived the scheme on June 3 this year and asked the employees to inform it by June 17 whether they wanted to accept the offer. One hundred employees showed interest this time as

well. But an additional 159 employees lost jobs after the operator sent the "notice of retrenchment" to them on June 20 with immediate effect.

- In one of the letters, GP said in the view of the ever-changing dynamics of the needs of customers and service delivery modalities, the retail functions of Grameenphone had been restructured, making the operations of Grameenphone centre functions redundant. In a statement, Grameenphone said it retrenched redundant employees who had no role in the organisation for more than 13 months.

<https://www.thedailystar.net/business/news/gp-retrenches-159-employees-2115789>

GPH Ispat starts commercial production at new plant

- GPH Ispat, a listed steel manufacturing company, started the commercial production at its new BDT 23.90 billion expansion plant from Monday. The company started commercial production using state-of-the-art technology after successful commissioning (partially) with the help of local technicians as well as online support of the technology supplier, said the company in a filing with the Dhaka Stock Exchange (DSE) on Monday. The machinery used at the new plant was brought from Primetal Technologies Austria, a joint venture of Siemens and Mitsubishi Heavy Industries & Partners.

- Due to pandemic Covid-19 impact, it is not possible to avail on-site support of technicians from Primetal Technologies Austria GmbH, who are the main technology supplier of the plant which lead to barrier of the completion of commissioning it's all products, said the company. According to local technicians, the plant and product are fit to start commercial production of certain items specially MS Rod and MS Billet. The new factory, which is an expansion of GHP Ispat's existing operations, has the annual capacity to produce 840,000 tonnes of mild steel (MS) billet and 640,000 tonnes MS rod and medium section products such as steel beam, angle, channel, flat bar etc.

- But the company has to wait for certain period of time for the full fledged production to yield the said capacity, according to the filing. With this, the annual production capacity of the company will be 1,008,000 tonnes of billets and 760,000 tonnes of rod and medium section products. The cost to develop the new factory was paid through loans and equity, company officials said.

<https://today.thefinancialexpress.com.bd/stock-corporate/gph-ispata-starts-commercial-production-at-new-plant-1624289405>

<https://www.thedailystar.net/business/news/gph-begins-production-new-plant-2115693>

<https://www.tbsnews.net/economy/macro-economy/gph-ispata-starts-commercial-production-new-plant-264013>

Reconditioned car trade loses BDT 15.00 billion to pandemic

- The coronavirus pandemic dealt a massive blow to the Japanese reconditioned car sale business, with the sector incurring losses of around BDT 15.00 billion in the last 14 months. Import and sale of such cars dropped by almost 40% since the health crisis began. Traders in this BDT 200.00 billion sector did not get any stimulus support from the government. Many left the business as they could not pay showroom and office rents, workers' wages, and bank loans. They now demand that the high duty be reduced a little, the import duties on new and reconditioned vehicles be made equal, and the three-month rent they had to pay when cars remained stuck in port due to the lockdown be refunded.

- Besides, they demand that the deadline for repaying bank loans be extended further and financial assistance be provided by the government. Otherwise, it will be very difficult to recoup losses, they say. The middle class people are the main customers and they do not have money now. Reconditioned car prices have risen in the global market as well because of the pandemic. People are no longer interested in buying such cars, car trader said.

https://www.tbsnews.net/economy/bazaar/reconditioned-car-trade-loses-BDT_1500cr-pandemic-263902

Telenor, Axiata to merge Malaysian telecoms units

- The Norwegian and Malaysian telecoms groups Telenor and Axiata said on Monday that they would merge their Malaysian operations into a group worth around USD 12 billion. Celcom, which is owned by Axiata and Digi, owned by Telenor, would form a company whose name was not immediately revealed and in which each parent group would hold a stake of 33.1%, a statement said. The remaining shares are to be listed on the Kuala Lumpur stock exchange. Excluding savings to be made through the merger, the new company is estimated to have a market capitalisation 'of close to 50 billion ringgit' or USD 12 billion, the statement said. It is expected to serve 19 million clients and make a net annual profit of 1.9 billion ringgit on 12.4 billion in sales.

<https://www.newagebd.net/article/141474/telenor-axiata-to-merge-malaysian-telecoms-units>

<https://www.dhakatribune.com/business/2021/06/21/axiata-telenor-seal-15bn-deal-to-form-malaysia-s-biggest-mobile-operator>

16 more firms get BSEC nod for DSE's TREC

- The Bangladesh Securities and Exchange Commission on Monday approved 16 more companies for trading right entitlement certificates of the Dhaka Stock Exchange. The BSEC sent a letter to the bourse on Monday, mentioning the names of 30 companies. Earlier on May 18, the BSEC approved 30 new companies for TREC of the bourse. On April 21, the DSE found 51 out of 66 applicants eligible for the bourse's TREC and sent their names to the BSEC for approval.

<https://www.newagebd.net/article/141475/16-more-firms-get-bsec-nod-for-dses-trec>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$73.44	\$24.92	51.36%
Crude Oil (Brent)*	\$74.88	\$23.08	44.56%
Gold Spot*	\$1,783.49	(\$111.61)	-5.89%
DSEX	6,125.41	723.34	13.39%
S&P 500	4,224.79	468.72	12.48%
FTSE 100	7,062.29	601.77	9.31%
BSE SENSEX	52,574.46	4,823.13	10.10%
KSE-100	48,012.52	4,257.14	9.73%
CSEALL	7,726.73	952.51	14.06%

Exchange Rates

USD 1 = BDT 84.79*
GBP 1 = BDT 117.89*
EUR 1 = BDT 100.93*
INR 1 = BDT 1.14*

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

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