

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 buys US dollar from banks to keep forex market stable

- The central bank has resumed purchasing the US dollar from the commercial banks after around three years to help the country's foreign exchange (forex) market remain stable. As part of the move, the Bangladesh Bank (BB) directly bought USD 110 million from six commercial banks at the market rate on Monday. The US dollar was quoted at BDT 84.95 in the inter-bank forex market on the day.
- The BB's intervention came against the backdrop of appreciating mode of Bangladesh Taka (BDT) against the US currency mainly due to lower import payment pressure on the economy recently. The export growth fell by 5.31% to USD 22.36 billion in the first seven months of the current fiscal year (FY), 2019-20, from USD 23.61 billion in the same period of FY '19 while import growth dropped by 4.43% to USD 32.00 billion from USD 33.49 billion. Higher inflow of remittance has also contributed to boosting supply of foreign exchange in the market in the recent months.

<https://thefinancialexpress.com.bd/economy/bangladesh/bb-buys-us-dollar-from-banks-to-keep-forex-market-stable-1583813208>

<https://www.newagebd.net/article/101820/bangladesh-bank-resumes-dollar-buy-as-remittance-rises-import-falls>

Government's bank borrowing soars

- Government's borrowing from the banking system continues to rise as it has taken fresh BDT 21.54 billion loans in February to take the eight months' figure to BDT 521.37 billion, up over 10% from the fiscal year's target. A massive revenue shortfall – BDT 374.97 billion in the first seven months -- has forced the government to take money from banks, posing a threat to crowd out private sector credit. Amid this situation, the Bangladesh Bank in January increased the government borrowing target from 24% to 37.7% for the second half of the current fiscal year. Data shows at the end of February, the government's net borrowing from the banking sector stood at over BDT 1.6 trillion.
- The private sector credit growth also continued its downward trend reaching 11 years' low at 9.20% in last January. A senior executive of a private bank said now banks prefer to invest in government treasury bills as interest rate on this instrument went up to 9% amid borrowing pressure. The banks have already started releasing their high cost deposits and shrunk lending activities as they have planned to implement the single digit in line with the government's instruction. During the first seven months of the current fiscal year, national savings' net sales were BDT 76.73 billion, which is 28% of government's fiscal year target – BDT 270 billion.

<https://tbsnews.net/economy/banking/govts-bank-borrowing-soars-54544>

The Executive Committee of the National Economic Council (ECNEC) okays country's first deep-sea port project

- The Executive Committee of the National Economic Council (ECNEC) has approved the country's first deep-sea port project to be built in Matarbari of Cox's Bazar by 2026. The Chattogram Port Authority and the Roads and Highways Division will implement the Matarbari Port Development Project involving BDT 177.77 billion. The Planning Minister said that out of total project cost, BDT 26.71 billion will come from the Government of Bangladesh portion, BDT 22.13 billion from the CPA while the rest of Taka 128.93 billion from Japan International Cooperation Agency (JICA).
- At present, ships greater than 190-metre length and 9.5-metre draft cannot dock at the jetties at Chattogram Port, forcing the authorities to carry containers by feeder vessels to and from mother vessels. Once the project is completed, mother vessels will be able to dock at Matarbari Port, and this will boost the country's economic growth. However, a feasibility study by the Japan International Cooperation Agency said that Matarbari deep-sea port is not economically viable, given the current demand. But the planning minister argued that the port would boost Bangladesh's international trade and facilitate speedy port services with neighboring countries.

<https://tbsnews.net/bangladesh/infrastructure/matarbari-port-development-project-approved-54286>

<https://thefinancialexpress.com.bd/economy/ecnec-approves-countrys-first-deep-sea-project-1583855403>

<https://www.thedailystar.net/business/news/matarbari-play-host-deep-seaport-1879117>

Annual Development Programme (ADP) implementation rate 37.09% thus far in current fiscal year

- The rate of the implementation of the annual development programme in the eight months (July-February) of the current fiscal year 2019-2020 stood at a three-year low as the government agencies could execute only 37.09% or BDT 797.86 billion of the ADP in the period. Officials and economists said that the government would have to cut the size of the ADP significantly to achieve the target of a full implementation as the execution of some mega projects, including Padma Bridge, might become slow down due to the impact of coronavirus outbreak in China. The progress in

implementation of some other projects may also slow down if the coronavirus spread further in Bangladesh as the virus has already been detected in the country, they added.

- Policy Research Institute executive director said that the implementation rate should have been at least near 50% in the eight months whatever the situation was. He said that the government usually cut down the size of the ADP by on average 10% in the revised ADP. This year it may require to downsize the revised ADP at a higher rate as the impact of coronavirus may disrupt the implementation of some mega projects, he said.

<https://www.newagebd.net/article/101819/adp-implementation-rate-hits-3-yr-low-in-july-feb>
<https://tbsnews.net/bangladesh/infrastructure/adp-implementation-rate-july-feb-three-year-low-54355>

Bangladesh Bank prods banks on special funds

- The central bank has advised more than a dozen of scheduled banks to expedite the ongoing process of creating their special funds for investment in the capital market. Sonali Bank Limited and Rupali Bank Limited have already set up their special funds in line with the BB's latest advice to revive the country's ailing capital market. On February 10, the central bank allowed all scheduled banks to create a special fund of BDT 2.0 billion each with a five-year tenure only for investment in the capital market.
- Besides, three private commercial banks (PCBs) -- the City Bank, United Commercial Bank (UCB) and Shahjalal Islami Bank -- have also set up the funds. Eight more banks -- Bank Asia, NCC, Mercantile, Islami, NRB, National, Janata and Agrani -- are on the process of building the funds to be invested in stocks.
- As per the latest arrangement, the banks may form the special fund with their own resources or with funds received from the BB through repo or re-financing mechanism. Such investment will not be included in the banks' capital market exposures, both on solo and consolidated basis, until February 2025.

<https://today.thefinancialexpress.com.bd/first-page/bb-prods-banks-on-special-funds-1583862843>
<https://tbsnews.net/economy/banking/5-banks-build-tk1000cr-fund-stock-investment-8-pipeline-54547>

Protecting depositors' money in banks and Financial Institutions

- The government's move to increase insurance coverage of single depositor of any bank has created some confusion and debate regarding the protection of depositors' money. The existing insurance coverage of any bank deposit is BDT 0.1 million only. It means, no matter what the deposit amount is, a depositor will definitely get at least BDT 0.1 million in case of closure or liquidation of any bank while there is no insurance coverage for non-bank financial institution (NBFIs).
- Now the government has proposed to increase the coverage amount to BDT 0.2 million for a single depositor of both bank and NBFIs. The move came when depositors of three non-bank financial institutions (NBFIs) are in deep trouble. The total amount of bank deposit in the country stood at BDT 10.64 trillion at the end of FY19, according to Bangladesh Bank statistics, it may be assumed that deposit worth BDT 9.78 trillion is fully insured.

<https://today.thefinancialexpress.com.bd/views-opinion/protecting-depositors-money-in-banks-and-fis-1583848550>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$35.37	+1.01	+2.94%
Crude Oil (Brent)*	\$38.57	+1.35	+3.63%
Gold Spot*	\$1,658.93	+9.53	+0.58%
DSEX	4156.32	148.27	+3.70%
Dow Jones Industrial Average	25,018.16	+1,167.14	+4.89%
FTSE 100	5,960.23	-5.54	-0.09%
Nikkei 225	19,707.63	-159.49	-0.80%
BSE SENSEX	35,634.95	-1,941.67	-5.17%

Exchange Rates**USD 1 = BDT 84.79*****GBP 1 = BDT 109.56*****EUR 1 = BDT 96.16*****INR 1 = BDT 1.15***

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

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