

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.

Rising imports leave little room to use reserves for development projects

- The government's plan to use foreign exchange reserves to bankroll infrastructure projects may face difficulty in the current fiscal year as rising imports will leave little leeway for making such lending. If the monthly import expenditure of January is taken into consideration, Bangladesh now has foreign exchange reserves that can cover import expenditures for 5.94 months, below the comfortable level of six months. The reserves, aided by robust remittance and lower imports, stood at USD 44.04 billion on February 28 before coming down to USD 42.98 billion on March 10, according to the latest data of the Bangladesh Bank. Import payments were USD 7.23 billion in January, up 35.64% year-on-year.
- The overall import declined by 0.23% from July to January. It, however, has been rising since January because of the recovery of the economy from the pandemic-induced slowdown. On March 15, the government, for the first time, took a move to lend money from the forex reserves for a development project. It sanctioned a loan of 524.56 million British pounds, or BDT 54.17 billion, from the reserves for the dredging of a channel for Payra Port, a seaport in Kalapara, Patuakhali. The government has formed the Bangladesh Infrastructure Development Fund (BIDF) to lend money from the reserves.
- Because of the plan of buying a massive quantity of food grains from external sources, the import would get momentum in the coming months. A sharp pick-up in import payments to more than USD 7.2 billion in January is a good reminder that this can't be taken for granted, said a former lead economist of the World Bank's Dhaka office.

<https://www.thedailystar.net/business/news/rising-imports-leave-little-room-use-reserves-dev-projects-2064085>

Bangladesh Bank avoids gold despite value addition

- Bangladesh's investment in the form of gold has gained value by over 37% to reach around USD 554 million over the last 10 years. The country's central bank, for the first time on September 07, 2010, had purchased 10 tonnes of gold from the International Monetary Fund (IMF) by investing USD 403 million to diversify its foreign currency reserve. Through this purchase, the Bangladesh Bank (BB) increased its gold holding to 13.5 tonnes from 3.5 tonnes earlier to minimise foreign currency valuation losses caused by the volatility in the global foreign exchange market.
- Gold's share of Bangladesh's foreign exchange reserve rose to around 5.0% in 2010 from 1.3% earlier. But it fell to nearly 2.0% on March 15 this year, which was the lowest in South Asia. The unrealised return on such investment stood at more than USD 150 million as on March 15 despite the volatility of gold prices in the international market, according to officials. Despite higher returns, the central bank did not go for fresh investment in the yellow metal even in 2020, the year of Covid-19 pandemic, when the central banks of some other countries had expressed their willingness to enhance their investment portfolios in gold to avert uncertainty.
- They're not interested in buying the precious metal from the open market excepting the auction of the IMF or any central banks, a BB senior official told the FE while explaining the investment strategy for the gold. The central bank may think of investing more in gold in the future if its price becomes normalised, according to the central banker.

<https://today.thefinancialexpress.com.bd/first-page/bb-avoids-gold-despite-value-addition-1616260586>

Bangladesh Bank bats for sukuk investors

- The central bank has proposed the National Board of Revenue (NBR) to consider the profits earned by individual investors from their investment in the Islamic bond as tax-free income. The banking regulator has also suggested the NBR withdraw the 5% source tax on the investment in the Shariah-compliant bond, known as sukuk. The Bangladesh Bank wrote a letter to the NBR on March 4, requesting it to take measures so that clients get inspired to purchase Sukuk certificates in the secondary bond market. A sukuk is an Islamic financial certificate, similar to a treasury bond, which complies with Shariah laws.
- The Bangladesh Bank issued a sukuk on December 28, the first of its kind in Bangladesh, to raise BDT 80.00 billion for the implementation of a nationwide safe water supply project. The government initially raised 50% of the targeted amount, and the rest BDT 40.00 billion will be mobilised in May. Investors will enjoy a profit of 4.69% on their investment in the Islamic bond. Investors now pay tax annually against the income from traditional treasury bills and bonds. In addition, they face a 5% source tax when profits are distributed to them periodically.
- The taxes are discouraging people from parking their funds in the Shariah-compliant bond. These have created a roadblock to buying and selling the sukuk in the secondary bond market, the official said. If an individual or institutional investor sells the sukuk certificate in the midway of earning the profit, they will have to pay the source tax as per rules.

Similarly, the person or institution that intends to buy the tool will have to face the same amount of source tax. An agreement is needed between the buyer and seller to split the source tax proportionately in order to avoid double-taxation.

<https://www.thedailystar.net/business/news/bb-bats-sukuk-investors-2064089>

Ready flats almost sold out

- Ask any well-known realtor for a flat ready for sale, chances are there will be just a handful of offers. However, assurances will be aplenty that more are being erected in some ongoing projects. Most ready-for-occupants flats in Dhaka, the key market for real estate, have been sold out. Demand has soared after the government allowed unquestioned amnesty for investment of illegal and undisclosed money, or in other words untaxed money, on land and flats on payment of certain amount of tax, which would be calculated based on the property's size and location.
- A fall in interest rates on loans for home purchase and a bearish trend in the stock market further fuelled demand for new homes, doing away with troubled times faced by the home and property builders two to three years ago. In May 2018, there were around 11,000 flats lying unsold, said the Real Estate and Housing Association of Bangladesh (REHAB) at that time. But now turning newspaper pages reveals advertisements from developers fervently looking for land for building homes or creating commercial spaces. The influencing factors include the demand increase, the government policy support, a reduction in flat registration fees and availability of cheaper home loans, REHAB President said.

<https://www.thedailystar.net/business/news/ready-flats-almost-sold-out-2064093>

Mutual funds fail to attract investors despite discounts

- Almost all mutual funds have come up with huge discounts, but they are still failing to attract investors due to a lack of trust, poor performance of fund managers and meagre dividends. Investors buy mutual fund units considering their net asset value (NAV). A mutual fund is considered discounted and lucrative when its price is lower than its NAV. Among 37 closed-end mutual funds, 35 are being traded at a discount at the Dhaka Stock Exchange (DSE). Of the 35 funds, 18 are traded at discounts of more than 30%, according to data from IDLC Asset Management Company.
- Although the number of mutual funds in the market has risen over the past decade, skilled manpower did not grow in the sector. Sudden policy changes without analysing the potential impacts should be stopped as well, he said, adding that mutual funds should not be allowed to raise their fund size through returns. The fund tenure should also not be extended by any means, a former chairman of the Bangladesh Securities and Exchange Commission (BSEC) said. They are not giving good dividends either, an investor said, adding that only a few have good track records of providing higher dividends. Among the 37 mutual funds on the market, the dividend yield of 17 is zero as they declared no dividend for the year that ended on June 30, 2020, IDLC Asset Management data shows.

<https://www.thedailystar.net/business/news/mutual-funds-fail-attract-investors-despite-discounts-2064077>

BSEC to appoint special auditor for Alif Industries

- The stock market regulator has recently decided to appoint a special auditor for Alif Industries Ltd to protect public interest. The special auditor will review the company's financial statements for the year of 2019 and 2020. The special auditor will review non-current assets and liabilities and also the equity of the company. It will identify the sponsors and shareholders' directors and make a full disclosure of party transactions between Alif and related parties for the last two years. The auditor will also investigate accounting recognition and measurement of the property plant and equipment, inventories, revenue, cost of sales as per the International Financial Reporting Standard.

<https://www.tbsnews.net/economy/stock/bsec-appoint-special-auditor-alif-industries-219580>

BSEC widens areas of inquiry into Unilever's GSK purchase

- The Bangladesh Securities and Exchange Commission has widened areas of inquiry into the acquisition of GSK Bangladesh by Unilever, BSEC officials said. The securities regulator in November 2020 began an inquiry into the process of the acquisition deal. BSEC officials said that the commission had recently observed that Unilever Consumer Care Limited, previously GSK Bangladesh, was substantially a reduced form of GSK following discontinuance of pharmaceutical segment and segregation of high selling products, including Sensodyne and Eno.
- Despite a huge asset divestment, the shares of GSK Bangladesh were brought at whopping BDT 2,046 each by Unilever Group that raised question, the officials said. The BSEC on March 10, 2021 sent a letter to GSK Bangladesh regarding the issues and sought explanation within seven working days. On June 28 2020, Unilever Overseas Holdings BV acquired 81.98% share of GSK Bangladesh from SETFIRST Limited UK, a special purpose vehicle of GSK UK, for BDT 20.20.billion.

<https://www.newagebd.net/article/133259/bsec-widens-areas-of-inquiry-into-unilevers-gsk-purchase>

NRBC Bank makes share trading debut tomorrow as 31st bank

• NRB Commercial Bank will make its share trading debut tomorrow (Monday) on the Dhaka Stock Exchange (DSE) and the Chittagong Stock Exchange (CSE) under "N" category. DSE trading code for the bank is "NRBCBANK" and the DSE company code is 11,148 while the CSE scrip ID is 22,034 and scrip code is "NRBCBANK", according to separate disclosures. The fourth generation bank is the first private commercial bank in the last 12 years that is listed on the stock market. First Security Islami Bank was the last bank listed on the stock market in 2008.

• NRB Bank is the 31st listed bank in the DSE under the banking sector. The banking sector accounts for 14.50% of the DSE's total market-cap, the third largest sector after telecom and pharmaceuticals in terms of market-cap. The NRB Commercial Bank raised BDT 1.20 billion by issuing 120 million ordinary shares under the fixed-price method. The stock market regulator -- Bangladesh Securities and Exchange Commission (BSEC) -- approved the bank's IPO proposal on November 18, 2020. The IPO subscription of the bank was held between February 3 and February 9.

<https://today.thefinancialexpress.com.bd/stock-corporate/nrbc-bank-makes-share-trading-debut-tomorrow-as-31st-bank-1616254267>

<https://www.dhakatribune.com/business/stock/2021/03/19/nrbc-bank-shares-to-debut-on-bourses-monday>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$61.42	\$12.90	26.59%
Crude Oil (Brent)*	\$64.53	\$12.73	24.58%
Gold Spot*	\$1,745.23	(\$149.87)	-7.91%
DSEX	5,434.69	32.62	0.60%
S&P 500	3,913.10	157.03	4.18%
FTSE 100	6,708.71	248.19	3.84%
BSE SENSEX	49,858.24	2,106.91	4.41%
KSE-100	44,901.31	1,145.93	2.62%
CSEALL	6,854.32	80.10	1.18%

Exchange Rates

USD 1 = BDT 84.84*

GBP 1 = BDT 117.67*

EUR 1 = BDT 101.35*

INR 1 = BDT 1.17*

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

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