

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.

Still a lucrative apparel sourcing hub

- Bangladesh's attractiveness as an apparel-sourcing destination has remained potent despite increased competition in recent years, according to a new survey of management consulting firm McKinsey & Company. Although the 2019 Chief Procurement Officers (CPO) survey of McKinsey pointed to Bangladesh as the top global sourcing hotspot, Vietnam was close behind and was the preferred sourcing country among US executives. The firm came up with the survey on Bangladesh after 10 years. It first published such a report in 2011, which had painted a rosy picture. In fact, all the predictions made by the McKinsey report in 2011 came true over the last decade.
- Over the last decade, the garment industry in Bangladesh has experienced an unprecedented blooming, the survey report said, adding that recently, however, pandemic pressure and shifts in global markets have brought stiff challenges. In order to meet the challenges, the sector will need to innovate, upgrade and diversify, investing especially in flexibility, sustainability, worker welfare and infrastructure, the report said.
- Data from European and US imports indicate that Vietnam likely overtook Bangladesh in 2020—pushing Bangladesh's readymade garment industry out of its position as the second-largest garment-exporting country in the world after China, it said. Bangladesh's RMG sector remains a strong exporter to Europe's fashion industry and has grown its market share significantly over the past decade, it said. However, this trend may not continue because a new preferential trade agreement between the European Union and Vietnam, launched in August 2020, could lead to apparel exports from Vietnam outperforming Bangladesh's. Among the US apparel importers, Vietnam has outpaced Bangladesh's RMG industry for some time. In 2020, Vietnamese apparel imports into the US were worth 2.5 times those from Bangladesh. As buyers from the US move sourcing out of China, Vietnam is proving to be the biggest winner.

<https://www.thedailystar.net/business/news/still-lucrative-apparel-sourcing-hub-2066433>

Bangladesh Bank again extends loan repayment relaxation

- The central bank on Wednesday extended again the policy relaxation involving loan repayments to the country's scheduled banks by their borrowers. The borrowers would get three more months' time to repay their due loan instalments on the basis of banker-customer relationship because of the resurgence of the Covid-19, officials said.
- Since January last year banks have stopped classifying loans in the event of failure to repay of loan instalments under instructions from the Bangladesh Bank (BB). Borrowers will be able to clear their instalments on continuous, demand and term loans by June 30 instead of March 2021 on the basis of banker-customer relationship, according to a notification, issued by the Bangladesh Bank (BB) on Wednesday. Such loans would not be considered as classified, if the borrowers would repay their instalments within June 30, 2021 instead of March this year, it added.
- Under the policy of relaxation, unpaid interest for 2020 on continuous loans would have to be cleared in six quarterly instalments from March 2021 to June 2022. Such continuous loans would not be considered as classified until June 2022, if the borrowers would clear unpaid interest on the loans with quarterly instalments, it added.
- On the other hand, the borrowers were allowed to repay their demand loans covering both interest and principal amount within eight quarterly instalments from March 2021 to December 2022, the notification added. The demand loans would not be treated as non-performing loans (NPLs) during the period under review, if the instalments would be paid as per requirements.

<https://today.thefinancialexpress.com.bd/first-page/bb-again-extends-loan-repayment-relaxation-1616609324>

<https://www.thedailystar.net/business/news/fresh-loan-moratorium-hinges-bank-client-relations-bb-2066421>

<https://www.tbsnews.net/economy/banking/none-be-classified-defaulter-now-221590>

No decision on private sector's forex reserve use : Finance Minister

- The government is yet to decide on letting private sector use funds from the country's foreign currency reserve. (It is) yet to be decided. Our requirement has to be calculated first. A policy will be definitely formulated (in this regard), said Finance Minister. Replying to another query, the minister said paying money from the forex reserve to public entities meant the fund was going from the government's one hand to another.
- The government on March 15, for the first time, rolled out funds from the foreign exchange reserve, by forming the Bangladesh Infrastructure Development Fund (BIDF). A project for capital and maintenance dredging of Rabnabad channel of Payra seaport was given 524.56 million euro from the central bank's forex reserve at 2.0% interest rate.

<https://today.thefinancialexpress.com.bd/first-page/no-decision-on-pvt-sectors-forex-reserve-use-kamal-1616609255>

<https://www.thedailystar.net/business/news/no-decision-yet-lending-private-sector-reserves-2066425>
<https://www.tbsnews.net/economy/no-decision-yet-lend-private-sector-forex-reserves-finance-minister-221572>

Import trade policy support extended

- The central bank has extended different policy supports for import trade until June 30 instead of March 31 this calendar year, officials said. Given the ongoing situation due to the Covid-19, it has been decided to continue the policy supports till June 30, 2021, the Bangladesh Bank (BB) said in a notification on Wednesday.
- Under the policy supports, advance payment up to USD 0.50 million or equivalent can be made without repayment guarantee for import of coronavirus related life-saving drugs, medical kits/equipment and other essential medical items. The central bank also allowed usance period for input imports by industrial importers up to 360 days instead of 180 days. In addition, usance period has been extended up to 360 days instead of 180 days against imports of agricultural implements and chemical fertilizers.

<https://today.thefinancialexpress.com.bd/first-page/import-trade-policy-support-extended-1616609777>
<https://www.thedailystar.net/business/news/payment-rules-eased-covid-drug-import-2066409>

Nagad in ownership search

- Nagad, the fastest growing Mobile Financial Service (MFS) provider, is still operating without acquiring a licence from the Bangladesh Bank even two years into its inception because of an ownership crisis, presenting a risk to its 38 million registered customers. Since its beginning on 26 March 2019, Nagad, operated by the Third Wave Technologies Limited, has been branding itself as a state-run MFS provider with the Bangladesh Post Office having the ownership of it. But in reality, the government has no stake in it. Nagad, in which Sigma Group has majority investment, is providing services through the MFS agreement with the Bangladesh Post Office, which is not acceptable to the Bangladesh Bank for availing a licence.
- The Bangladesh Post Office requires at least 51% share of Nagad to get the MFS licence, according to the MFS guidelines of the Bangladesh Bank. As the shareholding process has not been done yet, the Bangladesh Post Office has not been able to even apply for the licence in the past two years. The Bangladesh Bank issued a no objection certificate on request of the Bangladesh Post Office in March last year on a temporary basis to operate the MFS. But, it took a third-time extension to its NOC, which will expire in June for completing the licensing process.
- Nagad is now the second-largest MFS provider in Bangladesh with daily transactions amounting to BDT 4 billion. The number of Nagad's customers and its market share are growing fast but the company's transactions have remained unregulated, which is vulnerable for customers, said a senior executive of the central bank. Nagad obtained more than 30% market share in its two-year journey but nobody knows whether the company is compliant with the MFS regulations as the Bangladesh Bank has no monitoring on it, the official said, seeking anonymity.

<https://www.tbsnews.net/companies/nagad-ownership-crisis-221131>

State-run Gas Transmission Company Limited (GTCL) plans to raise BDT 4 billion from stock market through direct listing

- State-owned Gas Transmission Company Limited (GTCL) will raise BDT 4 billion through the direct listing method of the country's two bourses as per a government decision to enlist its profit-making companies on the stock market. GTCL managing director said that it took the listing initiative as per a government decision. The company has decided to raise its paid up capital to BDT 40 billion from BDT 7 billion and the authorised capital to BDT 100 billion from BDT 10 billion, he said. So, it will initially offload 10% of its shares, or 400 million shares, at BDT 10 each, he said. If floated, the size of paid up capital and floating shares of the company would be the second largest after Robi Axiata Limited on the stock exchanges.
- GTCL managing director also said that the company would convert the share money deposit of the government investment into shares soon. The Financial Reporting Council on February 11, 2020 issued a notification, making it mandatory for companies to convert share money deposits into shares within six months. Deposit against shares in GTCL was BDT 34.05 billion, as per the company's financial statements in 2019-20.

<https://www.newagebd.net/article/133592/state-run-gtcl-plans-to-raise-BDT-400cr-from-stock-market-thru-direct-listing>

Uttara Motors to invest BDT 2.85 billion in local Suzuki car plant

- Uttara Motors Ltd is going to invest USD 33.63 million (BDT 2.85 billion) to build a local plant to assemble and manufacture Suzuki cars in Bangladesh, according to the Bangladesh Economic Zones Authority (Beza). The leading automobile group of the country signed an agreement with Beza on Wednesday to lease a 50-acre plot at Bangabandhu Sheikh Mujib Shilpa Nagar in Chattogram.

- Suzuki Motors is a leading Japanese automobile company, which has a global presence with a tremendous track record of manufacturing partnership with local firms. In India, its joint venture with the government turned out to be a legend as over half of India's sizable car market is served by the company. However, Bangladesh is a different story for Suzuki as less than 500 of the over 15,000-25,000 imported cars annually sold here are Suzuki vehicles. Automobile analysts blame the market's love for reconditioned Japanese cars that are preferred as better value for money as car import duties are extremely high in Bangladesh. The local plant will help expand Suzuki's market in Bangladesh significantly as localisation is expected to bring unit prices down to make cars affordable to the masses

<https://www.tbsnews.net/node/221668>

DSE ready to host trading of non-listed securities

- The Dhaka Stock Exchange (DSE) has completed all the technical preparations to launch the Alternative Trading Board (ATB) where eligible non-listed securities can be traded. The premier bourse of the country also said, in a press statement on Wednesday, that all types of investors will be able to participate in trading on the ATB. Trading and settlement will be similar to the processes followed for the securities on its mainboard.
- Non-listed companies that want to get onto the ATB will have to prove their ability to comply with the Companies Act of the land, and the international standards for accounting and financial reporting. Privately placed Sukuk and bonds will be eligible to be traded on the ATB. The securities may include both common and preference shares of: non-listed companies, non-listed bonds, debentures, open-end mutual funds, and units of various alternative investment funds. Shares delisted from the stock exchanges and over-the-counter market stocks, too, can be bought and sold on the Alternative Trading Board.

<https://www.tbsnews.net/economy/stock/dse-ready-host-trading-non-listed-securities-221587>

World Stock and Commodities*

| Index Name | Close Value | Value Change YTD | % Change YTD |
|--------------------|-------------|------------------|--------------|
| Crude Oil (WTI)* | \$60.36 | \$11.84 | 24.40% |
| Crude Oil (Brent)* | \$63.72 | \$11.92 | 23.01% |
| Gold Spot* | \$1,734.14 | (\$160.96) | -8.49% |
| DSEX | 5,330.12 | (71.95) | -1.33% |
| S&P 500 | 3,889.14 | 133.07 | 3.54% |
| FTSE 100 | 6,712.89 | 252.37 | 3.91% |
| BSE SENSEX | 49,180.31 | 1,428.98 | 2.99% |
| KSE-100 | 45,544.19 | 1,788.81 | 4.09% |
| CSEALL | 7,135.84 | 361.62 | 5.34% |

Exchange Rates

USD 1 = BDT 84.70*
GBP 1 = BDT 115.95*
EUR 1 = BDT 100.06*
INR 1 = BDT 1.17*

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

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