

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.

Looking away from banks, towards foreign source

- The government now wants to depend more on foreign loans to meet the deficit in the upcoming budget in a clear shift from the existing practice of borrowing from domestic sources, including the banking system. High foreign loan inflow during the pandemic year has led to the change in the policy, prompting the government to set a high borrowing target from foreign sources, according to budget documents drafted by the finance ministry. When the banking sector remains awash with excess liquidity, the low borrowing target from the banking system may ultimately benefit private sector borrowers helping them get loans at a low cost. On the other hand, small savers may be affected by dwindling deposit rates, say industry insiders.
- The excess liquidity in the banking sector stood at BDT 1.98 trillion in March as private sector credit growth remained sluggish at 8.79% in March, far below the monetary target of 14.8% set for the current fiscal year. The government borrowing has already slowed during the pandemic year, causing a drastic fall in interest rates of government bonds and bills. In the upcoming budget for the fiscal 2021-2022, the government is planning to set the bank borrowing target at BDT 767.48 billion, 6.2% down from the revised budget target for the current fiscal year, according to the budget draft prepared by the finance ministry.

<https://www.tbsnews.net/economy/budget/looking-away-banks-towards-foreign-source-241534>

FDI in Bangladesh fell over 10% last year

- Foreign Direct Investment (FDI) in Bangladesh fell by 10.8% last year owing to the stagnant economy created by the global Covid-19 pandemic. Bangladesh received USD 2.56 billion FDI in 2020, down from USD 2.87 billion a year ago, according to the latest data from the Bangladesh Bank.
- According to the central bank data, equity investment rose 4.8% to USD 842.29 million, while reinvestment increased by 6.73% to USD 1,566.12 million last year. However, intra-company loans fell 74.26% to USD 155.17 million, the Bangladesh Bank data said. During the October to December quarter of last year, the country received USD 827.86 million in FDI, which was 14.97% higher than the same quarter of the previous year.

<https://www.dhakatribune.com/business/2021/05/04/fdi-in-bangladesh-fell-over-10-last-year>

Government opens up submarine cable license for local private, foreign companies

- The government has opened up the submarine cable licensing regime for private companies in apprehension that the country may fall into bandwidth scarcity by the year 2024 when the country's demand would reach 6 terabyte per second. The country's appetite for bandwidth consumption has been growing fast over the years and the outbreak of coronavirus has enhanced the growth rate further, prompting the government to go for alternative sources of bandwidth.
- Bangladesh Telecommunication Regulatory Commission data showed that the country's bandwidth usage jumped by 634 Gbps to 1,826 Gbps in November 2020 while the demand was 1,192 Gbps in December 2019. Of the bandwidth supplied to the users, lone state-owned entity Bangladesh Submarine Cable Company Limited is supplying around 85% of the demand due to its cost efficiency and reliability.
- When the country's demand would reach 6 Tbps by the year 2024, the capacity of BSCCL's existing capacity can be enhanced to 3,800 Gbps from 2,800 Gbps by upgrading its system, BSCCL managing director said. However, the country's capacity to provide bandwidth is expected to increase by 6 Tbps when the country would get connected to the submarine cable by March of the year 2024, he said. Even though Bangladesh would get the additional 6 Tbps in 2024, any complexity in the submarine cable within the period would create a major problem for the country unless any other alternative is ensured, an official of BTRC said.

<https://www.newagebd.net/article/137112/govt-opens-up-submarine-cable-licence-for-local-pvt-foreign-cos>

Nokia ready for 'Made in Bangladesh' smartphones

- Nokia – a globally renowned handset manufacturer from Finland – is ready to launch its first production unit in Bangladesh, following other celebrated brands such as Samsung, Oppo and Realme. Vibrant Software (BD) Ltd, a joint venture of UK based Vibrant Software and Bangladesh's Union Group, secured a provisional licence from the Bangladesh Telecommunication Regulatory Commission (BTRC) this March for manufacturing and assembling Nokia phones locally. It plans to invest around USD 40 million for setting up a factory and other infrastructure at Bangabandhu Hi-Tech City in Gazipur, said sources, adding that the production was set to begin before Eid-al-Fitr, but

the company changed their plans amid the spike in Covid-19 infections.

<https://www.tbsnews.net/bangladesh/telecom/nokia-ready-made-bangladesh-smartphones-241522>

Capital Market Stabilisation Fund Rules approved

- The securities regulator has approved the Bangladesh Securities and Exchange Commission (Capital Market Stabilisation Fund) Rules, 2021 on receipt of public opinion. The BSEC earlier formulated the rules aiming to create a market stabilisation fund worth around BDT 210 billion with unclaimed dividends of listed companies. As per the information of Dhaka Stock Exchange and Chittagong Stock Exchange, 335 listed companies have unclaimed cash dividends worth BDT 9.56 billion and unclaimed or unsettled stock dividends worth BDT 199.86 billion. According to BSEC officials, many companies use the investors' funds for their own interest. That's why the BSEC has felt the necessity of collecting unclaimed funds for the purpose of controlling the fluctuation in companies' share prices.

<https://today.thefinancialexpress.com.bd/stock-corporate/capital-market-stabilisation-fund-rules-approved-1620144813>

Bangladesh Bank clips National Bank's wings

- In a rare move, the central bank has taken a raft of measures to put National Bank Ltd back on track in the wake of massive irregularities at the first-generation private lender. The Bangladesh Bank said NBL, one of the oldest private banks in the country, would not be able to disburse fresh loans before bringing down the advance deposit ratio (ADR) to 87%. Conventional banks must maintain an 87% ADR, meaning they can lend BDT 87 against every BDT 100 mobilised. NBL has been maintaining more than 90% ADR for a long time, breaching the rules, compelling the central bank to take such a decision, BB officials said. The higher ADR indicates that the bank is lending aggressively, ignoring the interest of the depositors.

- The financial health of the bank started worsening in 2009 when Sikder Group took over the control of the board. NBL did not hold any board meeting between December 27 last year and April 11 this year, but it allegedly disbursed large loans without approval from the board. The BB has imposed an annual credit growth ceiling of 10% on the bank as part of its efforts to tackle aggressive lending.

<https://www.thedailystar.net/business/news/bb-clips-national-banks-wings-2088425>

Orion Pharma wants to produce Russian Covid vaccines

- Orion Pharma Limited, one of the leading pharmaceutical companies for manufacturing and marketing of general drugs in Bangladesh, has initiated a move to manufacture Covid vaccines in the country. Orion Pharma said that the company had set up a four-storied building for upcoming pharmaceutical products (none penicillin, none cephalosporin) manufacturing facility. The company has communicated with the Russian Direct Investment Fund (RDIF) for the supply of Covid vaccine 'Sputnik V' but at this moment, they are supplying vaccine government-to-government.

<https://www.newagebd.net/article/137106/orion-pharma-wants-to-produce-russian-covid-vaccines>

UCB to invest BDT 2 billion in venture capital, private equity funds

- The United Commercial Bank Limited (UCB) will invest an aggregate amount of fund worth BDT 2.0 billion in a venture capital fund and a private equity fund as well. As a sponsor, UCB will invest BDT 1.0 billion in the venture capital fund, namely UCB Venture Capital Fund - One. The size of the venture capital fund will be BDT 3.5 billion. UCB will also invest another BDT 1.0 billion in a private equity fund, namely UCB Private Equity Fund - One. The size of the private equity fund will also be BDT 3.5 billion. The UCB board also decided to form a subsidiary - UCB Alternative Investments - to ensure smooth and successful management of alternative investment funds, such as venture capital, private equity, and impact funds etc.

<https://today.thefinancialexpress.com.bd/last-page/ucb-to-invest-BDT-2b-in-venture-capital-private-equity-funds-1620150026>

<https://www.thedailystar.net/business/news/ucb-form-BDT-700cr-funds-2088417>

Union Bank aims to raise BDT 4.28 billion with IPO

- Fourth generation Union Bank Ltd has announced it will offload its shares in the stock market with initial public offering (IPO). The bank wants to raise BDT 4.28 billion from the stock market under the fixed price method. Each share of the bank will be issued at a face value of BDT 10. Union Bank will use its IPO funds for business expansion. Prime Bank Investment and Brac EPL Investments Limited will be the issue managers for the bank's IPO.

<https://www.tbsnews.net/economy/stock/union-bank-aims-raise-BDT428cr-ipo-241525>

BSEC to relax listing rules for perpetual bonds

- The stock market regulator has decided to waive the existing rules regarding the direct listing procedure at the stock market to facilitate the trading of the perpetual bonds. Previously, the perpetual bonds were issued through private placement and they were not tradable at the stock market. So, the authority needs to waive the rules to make it tradable at the stock exchange.
- Perpetual bonds, debt securities without maturity, are gaining momentum in Bangladesh as a large number of commercial banks are on their way to strengthening the Tier-I capital base to comply with Basel III guidelines. After that, in March this year, the Bangladesh Bank and the BSEC in a meeting decided that perpetual bonds issued by the banks must be listed on the stock exchanges within 30 days of their subscription closure.

<https://www.tbsnews.net/economy/stock/bsec-relax-listing-rules-perpetual-bonds-241513>

World Stock and Commodities*

| Index Name | Close Value | Value Change YTD | % Change YTD |
|--------------------|-------------|------------------|--------------|
| Crude Oil (WTI)* | \$65.69 | \$17.17 | 35.39% |
| Crude Oil (Brent)* | \$69.47 | \$17.67 | 34.11% |
| Gold Spot* | \$1,779.28 | (\$115.82) | -6.11% |
| DSEX | 5,535.48 | 133.41 | 2.47% |
| S&P 500 | 4,164.66 | 408.59 | 10.88% |
| FTSE 100 | 6,923.17 | 462.65 | 7.16% |
| BSE SENSEX | 48,253.51 | 502.18 | 1.05% |
| KSE-100 | 44,563.59 | 808.21 | 1.85% |
| CSEALL | 7,111.45 | 337.23 | 4.98% |

Exchange Rates

USD 1 = BDT 84.83*
 GBP 1 = BDT 117.81*
 EUR 1 = BDT 101.92*
 INR 1 = BDT 1.15*

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

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