

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.

Exports to take USD 7.0 billion hit a year

- Bangladesh is likely to lose USD7.0 billion worth of export earnings annually after graduation to a developing nation status in 2024, a government report estimates. The report said the country could lose the export market, especially in the European Union (EU), Canada, Australia, Japan, India and China. Bangladesh might also be deprived of the concessional loan benefit from the multilateral and bilateral development partners after its graduation from a least-developed country (LDC) category.

- As an LDC, Bangladesh along with its 48 peers currently enjoys duty and quota-free benefits under the EU's Generalised System of Preferences (GSP). According to the Export Promotion Bureau, Bangladesh earned USD18.70 billion, 51% of total USD 36.6 billion earnings, making shipment of goods and services to the European markets in the fiscal year, 2019-20. A renowned economist said that Bangladesh's only option is to go for bilateral negotiations with the EU countries as well as other key trading destinations like Canada, Australia, Japan, India and China for getting some preferential treatment. Besides, the government should launch bilateral negotiations with some regional blocs like the ASEAN for tackling its possible export losses after graduating to a non-LDC country.

<https://today.thefinancialexpress.com.bd/first-page/exports-to-take-70b-hit-a-year-1604597345>

Banks find their income in a different way

- Provisioning deferment and high returns on investment in government securities helped private banks recover income loss in the third quarter of the current year, offering a ray of hope that they will end the year having their balance sheet in the black. Banks posted up to 460% year-on-year increase in earnings per share (EPS) in the July-September period of this year, after most of them had counted losses in the previous two quarters.

- The suspension of loan classification from January to December facilitated the lenders to save provisioning costs as there were no new default loans. Helped by the decline in provisioning requirement, banks could show inflated earnings in the third quarter. Even though interest income – the core earning of banks – fell drastically due to non-payment by borrowers amid the pandemic, income from investment in government securities saw a sharp rise. As private sector credit growth tumbled to 8% level after the outbreak of the novel coronavirus in March amid stagnant business expansion, banks preferred investing in risk-free tools – government treasury bills. The interest rate of government treasury bills picked up to above 8% in June amid high borrowing by the government from banks when the interest rate of risky private-sector loans was 9%.

<https://tbsnews.net/economy/banking/banks-find-their-income-different-way-154423>

Buying 30 million Vaccine Doses: Government signs deal with India's SII, Beximco Pharma

- The government yesterday signed a trilateral memorandum of understanding (MoU) with Serum Institute of India (SII) and Bangladesh's Beximco Pharmaceuticals Ltd to collect 30 million doses of Covid-19 vaccines from Serum. Pune-based Serum has an agreement with AstraZeneca to manufacture the vaccine, ChAdOx1 nCoV-19, being developed by the Oxford University. The vaccine has been named Covishield in India.

- Once the vaccine is approved for human application, Beximco Pharma will buy each dose from Serum for USD 4 and then supply it to the government for USD 5. The 30 million doses will be delivered in phases with 5 million doses every month, according to the agreement. Each person will need two doses.

<https://www.thedailystar.net/frontpage/news/buying-3cr-vaccine-doses-govt-signs-deal-indias-sii-beximco-pharma-1990077>

Nagad to be postal subsidiary

- The government has decided to convert the operations of Nagad into a subsidiary company instead of the existing joint-venture aiming to comply with mobile financial services rule and regulations properly. The posts and telecommunication division approved a proposal in this connection on Thursday, asking the Directorate of Posts to form the subsidiary company in line with the Bangladesh Bank (BB)'s advice. Nagad is now running its operations as a service of Bangladesh Post Office based on a joint venture with Third Wave Technologies Limited under the Post Office (Amendment) Act, 2010 without obtaining licence from the central bank. After completing the formation of the company, Nagad will be converted into Nagad Limited, a subsidiary company of Bangladesh Post Office.

- At the briefing, Nagad MD also announced that the MFS operator has brought down the cash-out charge from its service at BDT 9.99 per BDT 1,000. Earlier customers were able to enjoy the charge of BDT 9.99 for withdrawal of at

least BDT 2,100 in a single transaction. For the customers who don't use the mobile app for cash-out and rather rely on the mobile phone's USSD facility, the charge will be BDT 12.99. A 15% value-added tax will be applicable in both cases.

<https://www.dhakatribune.com/business/2020/10/29/national-grid-to-get-additional-1938mw-electricity-by-dec>
<https://today.thefinancialexpress.com.bd/trade-market/nagad-removes-condition-on-cash-out-charge-1604593442>
<https://www.thedailystar.net/business/news/nagad-brings-down-fund-withdrawal-fee-1990225>
<https://tbsnews.net/economy/banking/nagads-cash-out-charge-now-cheapest-154354>

Only 29% of CMSMEs, farmers' stimulus packages executed

- The implementation rate of the government's four stimulus packages meant for large businesses and exporters was two-and-a-half times higher than the four stimulus packages announced for farmers, low income people and cottage, micro, small and medium entrepreneurs. The latest Bangladesh Bank data showed that the implementation rate of the four stimulus packages meant for large businesses and exporters stood at 69.6% against the 28.59-per cent implementation rate of the four CMSME and farmers' packages.

- Loan disbursement from the four packages meant for large industries and the service sector amounting to BDT 627.50 billion stood at BDT 436.74 billion. Implementation of the remaining four packages worth BDT 300 billion announced for farmers, low income people and CMSMEs stood at BDT 85.78 billion.

<https://www.newagebd.net/article/120814/only-29pc-of-cmsmes-farmers-stimulus-packages-executed>

Submarine Cable overstated performance in financial statements: audit

- Bangladesh Submarine Cable Company Ltd (BSCCL) has overstated its earnings per share (EPS) and net asset value (NAV) without issuing stocks against the share money deposit of BDT 1.66 billion, according to an audit report. A share money deposit is the money paid in exchange for shares that have not been acquired yet. The state-run BSCCL was audited by SF Ahmed & Co, which gave its qualified opinion in the report for the year that ended on June 30, 2020.

<https://www.thedailystar.net/business/news/submarine-cable-overstated-performance-financial-statements-audit-1990253>

Sea Pearl bleeds with interest burden

- The listed company -- Sea Pearl Beach Resort and Spa Ltd -- has eaten up in just three months the profit it earned in the first nine months of Fiscal Year 2019-20. The company made BDT 42.5 million profit in the first nine months of Fiscal Year 2019-20. However, at the end of the year it registered BDT 11 million loss – while the loss per share stood at BDT 0.09.

- Sea Pearl said it paid nearly BDT 40 million for loan interest, and had to rely on the profit it made in last three months as the income was almost zero. The fixed expenditure amid the pandemic-led business slump in the last quarter put the company in loss in the end. As of June 30, 2019, the company had a short-term loan of BDT 27.6 million and BDT 8 million long-term loan. However, the company's loan in 2020 could not be known.

<https://tbsnews.net/economy/stock/sea-pearl-bleeds-interest-burden-154411>

C&A Textiles' managing director arrested in loan default case

- The Managing Director of C&A Textiles Ltd was arrested in Chattogram in a case filed over a defaulted loan. Sources at the police station said, C&A Textiles borrowed around BDT 200 million from Union Capital in 2013, but it did not repay the loan on time. Union Capital filed a case in 2019 at the money loan court. A warrant was subsequently issued against the managing director over the defaulted loan.

- On 7 June 2017, C&A Textiles announced a sudden shutdown of production for renovation work, and its office has remained closed since then. On 29 July this year, the Bangladesh Securities and Exchange Commission (BSEC) found that C&A Textile's directors had sold around 12.2 million shares of the company without prior declaration, earning around BDT 120 million from these sales. Operations were suspended after the sales, and the company has been shut since then. As a penalty for violating several rules, the securities regulator has imposed a BDT 190 million fine on the company's directors, also banning them from assuming the roles of directors at any other listed company. The BSEC also requested the Bangladesh Bank to freeze the directors' bank accounts, including those of C&A Textiles' managing directors.

<https://tbsnews.net/economy/stock/ca-textiles-managing-director-arrested-loan-default-case-154381>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$37.73	(\$23.90)	-38.78%
Crude Oil (Brent)*	\$39.88	(\$28.56)	-41.73%
Gold Spot*	\$1,939.51	\$418.04	27.48%
DSEX	4,942.12	489.19	10.99%
S&P 500	3,510.45	279.67	8.66%
FTSE 100	5,906.18	(1,680.87)	-22.15%
BSE SENSEX	41,620.06	(22.08)	-0.05%
KSE-100	40,927.54	192.46	0.47%
CSEALL	6,064.51	(64.70)	-1.06%

Exchange Rates

USD 1 = BDT 84.78*

GBP 1 = BDT 111.28*

EUR 1 = BDT 100.18*

INR 1 = BDT 1.14*

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

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