

*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.*

**Interoperable digital transaction to begin in January: Palak**

- The government is set to launch the Interoperable Digital Transaction Platform (IDTP) in January next year, allowing people to move funds effortlessly within the financial sector in real-time and at lower costs, said Zunaid Ahmed Palak, state minister for ICT. "The platform will curb the cost of transactions and harassment in making financial transactions," said Palak at an event at the second session of the "Capacity building training for Anandamela platform users in Bangladesh" organized by Bangladesh Women Chamber of Commerce and Industry at Bangabandhu International Conference Centre in Dhaka. The new system -- IDTP-- will be set up to establish the interoperability among banks, mobile financial service operators and payment service providers (PSPs) and would give a major boost to cashless transactions.
- The registered clients of the IDTP will be able to purchase products from shops by scanning the QR (quick response) code. A QR code is a type of barcode that stores information as a series of pixels in a square grid and can easily be read by smartphones. The new system will be highly secure as clients will have to be verified through a two-factor authentication for every transaction. Banks, PSPs and MFS providers will provide clients a one-time password when they attempt to carry out a transaction.

<https://www.thedailystar.net/business/news/interoperable-digital-transaction-begin-january-palak-2235231>

**'Business-friendly environment will help in attracting FDI'**

- Creating a business-friendly environment as well as simplification of the investment process would help in bringing foreign direct investment, speakers say at a programme. "Everybody is welcome to Bangladesh for investment. We need regular reforms of policies and regulation as per need for creating a business-friendly environment," said MA Mannan, minister for planning. He was addressing an event styled "Accelerating Bangladesh" organised by the Foreign Investors' Chamber of Commerce and Industry (FICCI) at Sheraton Dhaka hotel today.
- FICCI also unveiled a research report on "Growth drivers of Bangladesh: accelerating investment opportunities in agribusiness, digital economy, and green finance." According to the research report, Bangladesh's resiliency and prosperity can be attributed to a number of causes, including increased private sector involvement, remittances, economic liberalisation, and trade integration.

<https://www.thedailystar.net/business/economy/industries/investments/news/business-friendly-environment-will-help-attracting-fdi-2235291>

**South Korean investors ahead of others in EPZs**

- In FY21, companies operating in the EPZs exported goods worth USD 6.64 billion, which was 17.14% of the country's total export income that year South Korea currently has the highest number of investors – 71, who have put their money in export processing zones (EPZs) in Bangladesh. Besides, 56 investors from China, 28 from Hong Kong, 31 from Japan, 25 from Taiwan, and 20 investors from India have invested in the EPZs, which are contributing hugely to the country's export earnings, foreign investment and employment. A favourable investment atmosphere is drawing more foreign companies to EPZs. Kido Industrial Company, a renowned apparel manufacturer based in South Korea, is one of them.

- The company has announced to invest USD 36.17 million in the Adamjee EPZ to establish a new company and renovate an existing firm that it recently acquired. The company will make high-value products including motorcycle safety jackets, leather jackets, and fibre jackets. There are many skilled workers in this sector in Bangladesh, said Joseph Ahn, director of Kido Dhaka Co Ltd. Bangladeshi national Md Zahirul Islam, general manager (operations) of the company, told The Business Standard that the establishments of EPZs have created opportunities for local people to work with foreign companies.

<https://www.tbsnews.net/economy/south-korean-investors-ahead-others-epzs-332413>

### **Agriculture credit gains pace on back of Bangladesh Bank policy changes**

- The scheduled banks have disbursed BDT 79.05 billion as agriculture and rural credit in July-October period of the current fiscal (2021-22), almost 28% of the target for the 12 months. It shows that agriculture and rural credit disbursement got pace after Bangladesh Bank (BB) simplified the credit disbursement policy, said Md Serajul Islam, spokesperson and executive director of BB. The central bank's enhanced supervision at field level after falling Covid-19 infection rate in the country also helped to bring about the positive result, he said.
- Compared to the same period of the previous financial year, the loan disbursement has increased by 19.23% or BDT 12.75 billion (1,275 crore), reports UNB. Banks disbursed BDT 66.29 billion in the FY 2020-21's corresponding period, which was 25.22% of the fiscal agriculture and rural credit disbursement target. The central bank set the target of BDT 262.92 billion (26292 crore) disbursement in the agriculture sector. Bangladesh Bank (BB) set a target for banks of BDT 283.91 billion (28391 crore) agriculture and rural credit disbursement target for the fiscal year 2021-22. The agriculture and rural credit disbursement increased in October. Banks disbursed BDT 26.95 billion this month which is the highest ever in a single month. In the previous month in September BDT 25.36 billion was disbursed in this sector.

<https://thefinancialexpress.com.bd/economy/bangladesh/agriculture-credit-gains-pace-on-back-of-bangladesh-bank-policy-changes-1637481753>

### **Bids for BB bills rejected amid interest rate rise**

- The Bangladesh Bank has sharply reduced sales of the Bangladesh Bank bills amid soaring interest rates on the interbank money market. The central bank even rejected all bids placed by eight banks for the purchase of the seven-day Bangladesh Bank bills worth BDT 916.8 crore in the last auction held on November 18.
- It was the second day of rejections of all bids by the BB since BB bills sales resumed in August to bring down the volume of excess liquidity in the banking system after it reached a record high of BDT 2.31 lakh crore at the end of Jun'21. The rising interest rates on the interbank money market suggest that the banks are looking for cash as they have lower amounts of cash in their vaults against the requirement, a BB official said. Participation of the banks was also lukewarm in the last three auctions for the sale of the seven-day, 14-day and 30-day BB bills.
- In the bids, the banks demanded up to 9.0% interest against the 14-day BB bills in November which was 2.97% in August. Against the 30-day BB bills, the banks demanded up to 5.65% in November against their highest demand of 3.0% in August. The banks demanded up to 4.75% against the seven-day BB bills in November which was highest 2.75% in August.

<https://www.newagebd.net/article/155332/bids-for-bb-bills-rejected-amid-interest-rate-rise>

### **Banks slip into cash crunch as 76pc surplus funds held by a few**

- The surplus fund totaled BDT 220,880 crore in Oct'21, surprisingly up from 0.6 per cent the month before at a time when concerns about a cash stress have surfaced. Of the total excess fund, BDT 168,508 crore is concentrated to only a dozen of banks, accounting for 76% of the additional liquidity, as some of them are preferring parking funds in

securities instead of channeling money to the real economy in the form of loans. The 12 banks are Sonali, Islami Bank, Agrani, Janata, Standard Chartered, Pubali, Dutch-Bangla, Rupali, Southeast, Trust, Bank Asia, and Jamuna Bank.

- "It is a contradictory stance of the BB. It is illogical to mop up funds from banks and inject them simultaneously," said a BB official, wishing not to be named as he is not authorised to speak to the media. "Banks are simultaneously investing in the call money market and the BB Bill. But if the auction of the BB bill discontinues, the funds would go to the call money market, easing pressures" said the central banker.
- The liquidity shortage has forced the cash-poor banks to desperately turn to the inter-bank call money market, sending the interest rate on the overnight borrowing to an elevated level. The call money rate stood at 4.49 per cent on November 18, up from 2.25 per cent on October 31. Syed Mahbubur Rahman, managing director of Mutual Trust Bank, says that the central bank should put on hold the BB Bill auction for the time being as many banks do not have enough cash. He added that the call money rate will go up further if the central bank keeps holding BB Bill auctions.

<https://www.thedailystar.net/business/economy/news/banks-slip-cash-crunch-76pc-surplus-funds-held-few-2235701>

### **Tea growers face high production cost, lower auction prices**

- Despite record production, tea garden owners in Bangladesh brace for growing losses owing to price hikes of diesel and coal that are used for processing tea leaves. Besides, lower tea prices and piled up tea consignments unsold in auctions have added to their woes. According to the Bangladesh Tea Board, tea growers produced around 8 crore kilograms of tea in the first ten months of this year.
- In October alone, 1.4 crore kg of tea were produced, surpassing any previous month's production record. Altamash Hasan, vice-chairman of the Bangladesh Tea Association, a platform of tea garden owners, said it was not the case that owners would be able to sell tea at higher prices if its production increased. At present, the cost of tea production is more than BDT 200 per kg compared to its auction price of BDT 170-190. As a result, gardens are losing up to BDT 30 per kg, he added.

<https://www.tbsnews.net/economy/industry/tea-growers-face-high-production-cost-lower-auction-prices-332422>

### **Food price inflation may slow down poverty reduction**

- As Bangladesh's economy is still under recovery from the effects of the COVID-19 pandemic, an upward trend in the prices of different commodities from the food consumption basket has been hovering over the food market lately - adding fuel to the fire. According to the Department of Agricultural Marketing, recently the prices of many essential commodities have skyrocketed. Vegetables such as local potato, carrot, red spinach (laal shak), green banana (kacha kola), Malabar spinach (pui shak), tomato, lady's finger (okra), lemon (kagji), onion etc., have experienced a significant increase in prices (between 13% and 106%) in early November 2021 compared to the prices at the beginning of September 2021. Prices of farm-raised hen, eggs from local hen and local ducks also noticeably grew around 10%.

<https://today.thefinancialexpress.com.bd/views-opinion/food-price-inflation-may-slow-down-poverty-reduction-1637502584>

### **Corporate earnings come on strong**

- The situation comes in stark contrast to that of last year when around two-thirds of the listed firms absorbed earnings deterioration amid lost sales, supply chain disruptions and depressed demand owing to the first wave of Covid-19. Since the economy reopened in the middle of last year, 55% of publicly-listed firms have improved their profit margins – mainly because of their resilience and increased consumer spending, according to a recent corporate earnings compilation by the EBL Securities Research.
- And, more encouragingly, at least 50% are earning more than what they did even before the pandemic. The situation

comes in stark contrast to that of last year when around two-thirds of the listed firms absorbed earnings deterioration amid lost sales, supply chain disruptions and depressed demand owing to the first wave of Covid-19. Even though businesses survived the disruptions from a fresh surge in infections and subsequent restrictions, growing costs of businesses from soaring input prices will make their future recovery even harder, market forecasters say.

<https://www.tbsnews.net/economy/corporate-earnings-come-strong-332806>

### **Turnover rises to BDT 17.86b riding on banking issues**

- Dhaka bourse closed Sunday's session with a marginal loss in broad index as major sectors lost prices amid investors' mixed approach. Dhaka Stock Exchange (DSE), however, saw a rise in turnover riding on banking sector which witnessed significant participation from investors. Of 20 top turnover leaders, 11 were banks which posted turnover values ranging between BDT 226 million and BDT 904 million. Following investors' increased participation, the banking sector solely contributed 43.5% in market turnover featured by the DSE.
- Of the banks, IFIC Bank had the highest contribution of BDT 904 million in market turnover featured by the DSE. The market opened the Sunday's session positively but soon later the DSE broad index DSEX failed to sustain and displayed see-saw movement till closure. At the end of the session, the core index closed at 7085.67 with a loss of 0.08% or 6.14 points. The shariah based index DSES declined 0.34% or 5.05 points to close at 1475.27. DS30 index comprising blue chip securities went down by 0.41% or 11.10 points to close at 2683.84. Of 359 issues traded, 117 advanced, 227 declined and 15 were unchanged on Sunday. The DSE posted a turnover of BDT 17.86 billion which was 22.25% higher than the turnover of previous session. Of total turnover, BDT 325 million came from transactions executed in block board.

<https://today.thefinancialexpress.com.bd/stock-corporate/turnover-rises-to-tk-1786b-riding-on-banking-issues-1637509387>

**World Stock and Commodities\***

<b>Index Name</b>	<b>Close Value</b>	<b>Value Change YTD</b>	<b>% Change YTD</b>
Crude Oil (WTI)*	USD 75.94	USD 27.42	56.51%
Crude Oil (Brent)*	USD 78.89	USD 27.09	52.30%
Gold Spot*	USD 1,845.73	(USD 49.37)	-2.61%
DSEX	7,085.67	1,683.60	31.17%
S&P 500	4,697.96	941.89	25.08%
FTSE 100	7,223.57	763.05	11.81%
BSE SENSEX	59,636.01	11,884.68	24.89%
KSE-100	46,489.41	2,734.03	6.25%
CSEALL	10,658.72	3,884.50	57.34%

**Exchange Rates****1 US Dollar = 85.26 BDT****1 GBP = 114.62 BDT****1 Euro = 96.18 BDT****1 INR = 1.15 BDT**

## IMPORTANT DISCLOSURES

**Analyst Certification:** Each research analyst and research associate who authored this document and whose name appears herein certifies that the recommendations and opinions expressed in the research report accurately reflect their personal views about any and all of the securities or issuers discussed therein that are within the coverage universe.

**Disclaimer:** Estimates and projections herein are our own and are based on assumptions that we believe to be reasonable. Information presented herein, while obtained from sources we believe to be reliable, is not guaranteed either as to accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation of the purchase or sale of any security. As it acts for public companies from time to time, BRAC-EPL may have a relationship with the above-mentioned company(s). This report is intended for distribution in only those jurisdictions in which BRAC-EPL is registered and any distribution outside those jurisdictions is strictly prohibited.

**Compensation of Analysts:** The compensation of research analysts is intended to reflect the value of the services they provide to the clients of BRAC-EPL. As with most other employees, the compensation of research analysts is impacted by the overall profitability of the firm, which may include revenues from corporate finance activities of the firm's Corporate Finance department. However, Research analysts' compensation is not directly related to specific corporate finance transaction.

**General Risk Factors:** BRAC-EPL will conduct a comprehensive risk assessment for each company under coverage at the time of initiating research coverage and revisit this assessment when subsequent update reports are published, or material company events occur. Following are some general risks that can impact future operational and financial performance: (1) Industry fundamentals with respect to customer demand or product / service pricing could change expected revenues and earnings; (2) Issues relating to major competitors or market shares or new product expectations could change investor attitudes; (3) Unforeseen developments with respect to the management, financial condition or accounting policies alter the prospective valuation; or (4) Interest rates, currency or major segments of the economy could alter investor confidence and investment prospects.

### BRAC EPL Stock Brokerage Limited

#### Research

Salim Afzal Shawon, CFA	Head of Research	<a href="mailto:salim@bracepl.com">salim@bracepl.com</a>	01708 805 221
Nazmus Saadat, CFA	Research Analyst	<a href="mailto:nazmus.saadat@bracepl.com">nazmus.saadat@bracepl.com</a>	01708 805 229
Anika Mafiz	Research Analyst	<a href="mailto:anika.mafiz@bracepl.com">anika.mafiz@bracepl.com</a>	01708 805 206
Fahim Hassan	Research Associate	<a href="mailto:fahim.hassan@bracepl.com">fahim.hassan@bracepl.com</a>	01709 636 546

#### International Trade and Sales

Ahsanur Rahman Bappi	CEO	<a href="mailto:bappi@bracepl.com">bappi@bracepl.com</a>	01730 357 991
----------------------	-----	--	---------------

### BRAC EPL Stock Brokerage Limited

[www.bracepl.com](http://www.bracepl.com)

Symphony, Plot No.: S.E.(F) – 9(3rd Floor), Road No.: 142

Gulshan Avenue, Dhaka – 1212

Phone: + (880)-2-9852446-50

Fax: + (880)-2-9852451-52

E-Mail: [research@bracepl.com](mailto:research@bracepl.com)