

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.

Current account records surplus in two months

- The country's current-account posted a record surplus in July-August period of the current fiscal year, amid the pandemic. The current account balance rose to USD 3.3 billion at the end of August, 2020, Bangladesh Bank statistics said. During the period, export was recorded at USD 6.7 billion while import payment was USD 7.4 billion. In July-August of 2019, export was USD 6.6 billion, but import soared by USD 1.2 billion to USD 8.6 billion. On the other hand, workers' remittance inflow during July-August-2020 was much higher at USD 4.6 billion against USD 3.0 billion in the same period a year earlier.
- Economists said that the COVID-19 crisis reshaped capital flows to many developing nations, including Bangladesh, India, Pakistan and other similar economies. They said import volumes fell sharply in Bangladesh. Exports also dropped significantly during the first few months of the pandemic. But they said the manufacturing, especially the clothing sector trade data, suggests a V-shaped recovery is taking hold. The executive director at the think tank Policy Research Institute of Bangladesh (PRI) said Bangladesh's huge surplus is a result of higher remittance coupled with low volume of imports. He, however, said the country needs a moderately negative current account balance.
- He said many developing economies usually maintain such type of trend during their graduation from the lower middle income status. He also said such higher surplus is helping build up foreign exchange reserves. But he said Bangladesh is picking up, but it will take at least June next to reach the level of pre-COVID. A former lead economist of the World Bank's Dhaka office is not excited about the trend, saying the current account surplus means there is no consumption and investment demand in the economy. The weak domestic demand and slow investment have led to the surplus, he said

<https://today.thefinancialexpress.com.bd/first-page/current-account-records-surplus-in-two-months-1601743804>

Net sales of savings tools double in two months

- The net sales of national savings certificates have more than doubled in the first two months of the current fiscal year (FY) mainly due to lower interest rate, offered by the scheduled banks, on deposits. The government's net borrowing through selling savings tools jumped by 100.82% to BDT 74.55 billion during the July-August period of FY 2020-21 from BDT 37.12 billion in the same period of the previous fiscal year. Eyeing higher returns, savers, particularly small ones, now prefer investing their hard-earned money in the national savings certificates (NSCs) to depositing the same with the banks, a senior official of the Bangladesh Bank (BB).
- The government's savings schemes pay around 11% annualised profits, while the weighted average interest rate on bank deposits came down to below 5.0% in August 2020. The weighted average interest rate on deposits fell to 4.95% in August from 5.02% a month earlier. It was 5.37% in April last. In April 2020, the weighted average interest rate on deposits dropped to 5.37% from 5.51% in March following implementation of the single-digit interest rate in the banking sector.
- Most banks are now offering a maximum of 6.0% interest for fixed deposit receipts (FDRs), the managing director (MD) and chief executive officer (CEO) of Pubali Bank Limited. The investors, particularly small ones, are now purchasing the NSCs after complying with the government's rules and regulations just to get higher return on their investments, according to the senior banker. They expect that such higher sales of NSCs will continue in the near future, he predicted.

<https://today.thefinancialexpress.com.bd/first-page/net-sales-of-savings-tools-double-in-two-months-1601744087>

Loan rescheduling urge ebbs further amid payment holiday

- Loan rescheduling in the banking sector declined further in the second quarter of the year on the back of the ongoing loan moratorium facility introduced to help borrowers weather the fallouts of the coronavirus pandemic. Between April and June, banks rescheduled defaulted loans amounting to BDT 26.58 billion, down 30.60% from three months earlier and 481% from a year ago, according to data from the central bank. But there is no scope to be complacent because of the falling rescheduling as loan classification has come to a halt due to the moratorium facility, said experts. Both the volume of classified and rescheduling of loans will escalate exponentially once the moratorium is lifted, they warned.
- The banking sector has faced the upheaval of large loan rescheduling in recent years, drawing criticism from different quarters as lenders have done so riding on either the relaxed facility offered by the central bank or sidestepping banking norms. For instance, defaulted loans to the tune of BDT 527.70 billion were regularised last year -- the highest in a single year -- based on the relaxed loan rescheduling rules. Under the policy, defaulters were allowed to regularise defaulted loans for 10 years by making 2% down payment. The move helped banks bring down the defaulted loans in

2019, when it stood at 9.32% of their total outstanding loans, down from 10.30% a year earlier.

<https://www.thedailystar.net/business/news/loan-rescheduling-urge-ebbs-further-amid-payment-holiday-1972101>

Remittance inflow defies grim forecast

- Despite grim predictions, remittance inflow stayed strong for the fourth straight month as expatriates sent home USD 2.15 billion last month, giving the country's economy some relief amid the pandemic. The inflow went up by 9.53% from the previous month and 45.64pc from September last year, according to Bangladesh Bank data. Experts attributed the rise in remittance to the government's two% cash incentive for remitters. They also said expatriate Bangladeshis in North America and Europe now send in a robust amount of remittance as interest rates on deposits in those countries have dropped to almost zero in the wake of the ongoing coronavirus-driven economic slowdown.

- Travelling has almost come to a halt due to the ongoing pandemic and it has dealt a big blow to the hundi system, said the former lead economist at the World Bank's Dhaka office. He said that many migrants, who lost work opportunities in the host countries amid the pandemic, sent their last savings before returning home, which has given a boost to the remittance inflow. Against the backdrop, the discrepancy in exchange rates of dollars between formal and informal sectors have declined significantly, encouraging remitters to send their hard-earned money through the legal banking system. The Finance Minister echoed a similar view and said expats previously sent 49% of the total remittance using the non-banking channels. But the two% cash incentive and an increase in distribution channels of remittance in the country have discouraged remitters to send their money using the non-banking channel that ultimately registered a shining growth in recent times, he added.

<https://www.thedailystar.net/frontpage/news/remittance-inflow-defies-grim-forecast-1970885>

<https://tbsnews.net/economy/remittance-inflow-sees-46-growth-september-140188>

<https://today.thefinancialexpress.com.bd/public/first-page/q1-remittance-flow-climbs-48pc-on-incentives-offer-1601573940>

<https://www.dhakatribune.com/business/banks/2020/10/01/remittance-posts-46-growth-in-september-amid-covid-19>

Foreign companies too will get stimulus loans

- The central bank yesterday said companies with 100% foreign ownership will also be allowed to get soft loans from the government's stimulus packages. The industrial units that are operating under the Bangladesh Economic Zones Authority, Bangladesh Export Processing Zones Authority and Bangladesh Hi-Tech Park Authority will get funds to revive their businesses by way of taking loans from the packages, according to a Bangladesh Bank notice. Firms with 100% foreign ownership are considered as Type-A companies. The BB earlier allowed Type-B and Type-C companies to enjoy soft loans from the stimulus packages dedicated for the revival of the economy from the ongoing slowdown brought on by the coronavirus pandemic.

<https://www.thedailystar.net/business/news/foreign-companies-too-will-get-stimulus-loans-1971025>

<https://tbsnews.net/economy/banking/foreign-companies-can-avail-loan-under-stimulus-packages-140242>

SCB first bank to issue BDT 8.50 billion zero coupon bond

- Standard Chartered has received all the regulatory approvals for issuing BDT 8.50 billion Zero Coupon Bond. This would be the first Zero Coupon Bond issued by a foreign bank in Bangladesh. It marks another trailblazing transaction for the Bank in Bangladesh and is an important milestone in the development of Bangladesh's debt capital market, said a statement. The Zero-Coupon Bond will open up alternate investment avenues for corporates and individuals. With this offering, the Bank is leveraging strong investor confidence in its strategy and outlook, and the quality of its financial position, to increase its liquidity. The funds raised will support the Bank's overarching mission of being a partner in progress to the nation.

- Standard Chartered's issue is a non-convertible, unsecured, fully redeemable, zero coupon bond. The maturity period for the product will be 5 years from the date of issue. Green Delta Insurance Company Limited will act as the trustee for this issue.

<https://today.thefinancialexpress.com.bd/stock-corporate/scb-first-bank-to-issue-BDT-850b-zero-coupon-bond-1601734583>

<https://www.newagebd.net/article/117975/stanchart-to-issue-BDT-850b-zero-coupon-bond>

<https://www.dhakatribune.com/business/banks/2020/10/03/scb-to-pioneer-in-issuing-850c-zero-coupon-bond>

Nagad slashes cash-out charge

- Nagad, the mobile financial arm of the Postal Department, has brought down the cash-out charge to BDT 9.99 per BDT 1,000, the lowest rate ever in the country's mobile financial service segment, says a statement. The fastest-growing mobile financial service provider in Bangladesh is offering the cheapest fund withdrawal rate for the customers

to mark the 74th birthday of Prime Minister. 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.

- To avail the new rate, users will have to withdraw at least BDT 2,100 in a single transaction. A 15% value added tax (VAT) will be applicable. About the cut in the cash-out charge, the managing director of Nagad, said that they had always been against a high rate of cash-out charges. They think that the cash-out charge that has been prevalent for the last decade (BDT 20 per BDT 1,000), is an injustice to customers. That is why Nagad has been offering the lowest cash-out charge to customers since its inception.

<https://today.thefinancialexpress.com.bd/public/stock-corporate/nagad-slashes-cash-out-charge-1601567881>

<https://www.newagebd.net/article/117870/nagad-cuts-cash-out-charge-to-BDT-999>

<https://www.dhakatribune.com/business/2020/10/01/nagad-cuts-cash-out-charge-to-BDT9-99>

Bangladesh Securities and Exchange Commission (BSEC) gets tough on Doel Group

- The Bangladesh Securities and Exchange Commission (BSEC) has decided to delist four companies and two debentures of Doel Group of Industries, which will compel the group to return around BDT 570 million to its investors. The companies are Bangladesh Chemical Industries, Bangladesh Dyeing & Finishing Industries, Bangladesh Luggage Industries and Bangladesh Zipper Industries. All the companies are listed with the over-the-counter market. They are not performing well and have not paid any dividends to investors for at least the last decade. The debentures that are going to be delisted are BD Zipper 14% Debenture and BD Luggage 14% Debenture.

<https://www.thedailystar.net/business/news/bsec-gets-tough-doel-group-1972077>

Genex Infosys signs business deal with Sonali Bank

- The board of directors of Genex Infosys Ltd has approved an agreement with Sonali Bank Ltd - the largest state-owned commercial bank in Bangladesh--for implementing online tuition fee payment systems across the country. This is a strategic business agreement to launch the online payment platform for all schools managed by Sonali Bank to handle their tuition fees services. Under the deal, students of all the schools managed by Sonali Bank are now able to pay their fees online through the Bank.

- With this engagement, Genex Infosys is expecting to generate an additional BDT 30 million to BDT 50 million in revenue per year, according to the disclosure. The company's consolidated earnings per share (EPS) stood at BDT 1.22 for January-March 2020 as against BDT 0.81 for January-March 2019.

<https://today.thefinancialexpress.com.bd/public/stock-corporate/genex-infosys-signs-business-deal-with-sonali-bank-1601649022>

Mir Akhter's IPO share bidding begins Today

- The bidding for eligible investors (EIs) to fix the cut-off price of shares of Mir Akhter Hossain Ltd, a construction company, will commence tomorrow (Sunday) at 5:00pm. The construction and engineering company's price bidding through electronic subscription system (ESS) of the exchanges will be continued until 5:00pm on October 7 (round the clock), officials said. Earlier, the company's share bidding period was between September 27 and September 30. But, the company later revised the bidding period.

- The valuation report submission period for eligible investors through electronic subscription system will start at 10:30am on October 8 and continue until 10:30am on October 12. The minimum tick size (minimum bidding value) for bidding shall be BDT 5.0 million as per the BSEC consent letter to Mir Akhter Hossain dated August 23. IDLC Investments is the issue manager for the company's IPO process.

<https://today.thefinancialexpress.com.bd/public/stock-corporate/mir-akhters-ipo-share-bidding-begins-tomorrow-1601649090>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$37.05	(\$24.58)	-39.88%
Crude Oil (Brent)*	\$39.27	(\$29.17)	-42.62%
Gold Spot*	\$1,899.84	\$378.37	24.87%
DSEX	4,995.32	542.39	12.18%
S&P 500	3,348.44	117.66	3.64%
FTSE 100	5,902.12	(1,684.93)	-22.21%
BSE SENSEX	38,697.05	(2,945.09)	-7.07%
KSE-100	40,070.83	(664.25)	-1.63%
CSEALL	6,050.17	(79.04)	-1.29%

Exchange Rates

USD 1 = BDT 84.85*

GBP 1 = BDT 109.75*

EUR 1 = BDT 99.41*

INR 1 = BDT 1.16*

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

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