

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.

Government to use forex reserves for development projects

- The government has decided to use the country's ballooning foreign exchange reserves to implement development projects. The government is carrying out a study to select the probable projects where forex reserves will be invested, Finance Minister said. The funds would be repaid in foreign currencies so that the reserves remain the same, he added. His comments came as the country's reserve touched a new milestone of USD 40 billion on October 8 riding on robust flow of remittance, a fall in imports caused by the pandemic and a recent uptick in exports.
- The government would pick those projects for the foreign currency loans that would have a high rate of return so that it can repay the loans also in the foreign currencies, he also said. In September, the central bank submitted a concept paper to the finance ministry on using the foreign exchange reserve. If the government takes fund from the reserve to implement projects, it will have to provide guarantee, the BB said.

<https://www.thedailystar.net/business/news/govt-use-forex-reserves-development-projects-1976561>

Apparel exporters brace for fresh hiccups amid second wave, US polls

- The wait for a Covid-19 vaccine, a second wave of infections in the western world and the upcoming US election may lead to hiccups in the recovery of Bangladeshi garment shipments, according to local exporters. The shipments had started rebounding with the reopening of stores by western retailers and brands, restoring the familiar humming of machineries in factories. Now international retailers and brands are increasingly coming up with work orders for suppliers' factories.
- Prospects started brightening up in July when garment export receipts reached USD 3.24 billion before falling to USD 2.47 billion in August and totaling USD 2.41 billion in September, according to data from the Export Promotion Bureau (EPB). The export of garments reached rock bottom in April to USD 0.37 billion as a fallout of the pandemic. Garments trade occurs at an international scale and externalities tend to affect shipments. The manufacturers have been fearing that the rebounding of export of garment items might be affected to some extent because of a possible second wave of Covid-19 and any complication centring the US election.
- Many buyers have dropped placing of work orders to some extent because of a possible second wave of Covid-19 and for delay in vaccine arrival for the mass people use, said the managing director of Evince Group, a leading garment exporter. The buyers are more cautious now compared to pre-Covid time, he said. Facing the fallouts of a second wave of infections is very important for Bangladesh, he said, adding that already some states of the US have been affected with a second wave and schools were being shut down again.

<https://www.thedailystar.net/business/news/apparel-exporters-brace-fresh-hiccups-amid-second-wave-us-polls-1976553>

Recovery still slow in leather sector

- A return to normalcy is still a far off reality for Bangladesh's leather sector as the ongoing coronavirus pandemic has led to low domestic demand and a decline in exports, according to industry insiders. Since leather goods are considered to be semi-luxury products, customers are uninterested in purchasing those during times of crisis such as the ongoing one, they said.
- According to the latest export figures, the sector's earnings between July and September totalled USD 225.15 million, down 11.49% from that in the corresponding period the previous year, when it was USD 254.3 million. During the July-September period of the ongoing fiscal, leather shipments declined by 22.45% year-on-year while that of leather goods 17.49% and of leather footwear 6.83%.
- The leather industry is still in a vulnerable position as domestic demand has yet to rebound, said the chairman and managing director of Jennys Shoes, a local pioneer in the manufacture and export of leather footwear. He closed 40 out of 65 outlets across different districts and divisional cities where operational costs exceeded revenue, he added. Besides, most entrepreneurs related to the industry were unable to avail any financial support from the government's stimulus packages, which has led to a shortage of working capital in the sector.

<https://www.thedailystar.net/business/news/recovery-still-slow-leather-sector-1976541>

Cement sales rise slightly

- The cement makers are finally getting some respite from the Covid-19 fallout thanks to a slight increase in sales but they believe it will not be possible to book any profit this year. By the end of 2020, sales could reach 80% of what it was last year. Sales in the sector grew by 7% in September compared to the month before, which gives hope of recovery in the future, said the chief operating officer of Bengal Cement. Bulk orders for cement are coming as the construction work on the government's major development projects resumed in July.

- Besides, expatriate workers are going back to their jobs, leading to a ripple effect on the rural economy that will impact the cement sector, he also said. According to the chief operating officer, it takes at least two months to start disbursing funds for the development projects after a new budget is passed. For this reason, it is taking a bit of time for sales volumes to return to pre-pandemic levels.

<https://www.thedailystar.net/business/news/cement-sales-rise-slightly-1976353>

E-commerce sale grows 24 times over three years

- The e-commerce in Bangladesh is booming, with a BDT 131.84-billion sale made in 2019 while the amount was BDT 5.60 billion in 2016. The figure shows that the sale increased 24 times over the period of three years. In eight months of the current year, products worth BDT 1.66 trillion were sold which is 26% higher compared to those during the entire year of 2019. But lack of necessary infrastructure, digital market analysis, information and literacy, and above all lack of awareness are the obstacles to bring discipline to the e-commerce sector.

- The director of the Bangladesh Competition Commission said that the e-commerce industry in Bangladesh began evolving as a proper ecosystem from the year 2012. He also said currently, a total of 1,300 members of e-Cab are engaged with e-commerce while some 50,000 entrepreneurs are operating their business on Facebook. The paper also said about 30,000 products are being delivered per day in Bangladesh through e-commerce and Dhaka, Chattogram and Gazipur districts account for 80% of them.

<https://tbsnews.net/economy/e-commerce-sale-grows-24-times-over-three-years-143923>

BSEC adamant on establishing good governance

- The stock market regulator will not back down from its goal of establishing good governance in the capital market, said the chairman of Bangladesh Securities and Exchange Commission (BSEC). The chairman said that they believe a majority of the investors want good governance and want to follow rules in the capital market. But some are dissatisfied with the commission's decision to reform the rules. They want to ensure that the investors feel secure about their investments in the stock market, he added.

- They are trying to bring the Z-category companies into compliance and also to investigate the reasons behind their predicament. They found out that some companies are trying to improve their performance, while the offices of a few cannot be traced, he continued. The chairman further said, they have also heard several calls for reform, to ensure compliance in mutual funds. If they can successfully reform the rules for mutual funds, then investors may consider them as better options than FDR.

<https://tbsnews.net/economy/stock/bsec-adamant-establishing-good-governance-143920>

Regulator to cut life insurance companies' lapsed policies

- The Insurance Development and Regulatory Authority (IDRA) has issued a circular on Sunday with the aim of reducing the number of lapsed policies of the life insurance companies. A policy for which all benefits to the policyholder cease and are terminated due to nonpayment of premium amount on due date or even after grace period is called a lapsed policy.

- The insurance regulator said this is one of the key impediments to raise insurance penetration rate that has been less one 1.0% for long in the country. As per the IDRA circular, signed by its chairman, the agents or development officers will get 10% less commission of the accrued amount in the first year. The 10% commission will be adjusted after successful collection of renewal in the second year. The agents, however, will be given interest for the delayed payment.

<https://today.thefinancialexpress.com.bd/last-page/regulator-to-cut-life-ins-cos-lapsed-policies-1602435587>

Thrust on proper maintenance of consolidated customer's account

- The securities regulator has started the job of ensuring compliance in operations of mutual funds in a bid to make such funds the alternative of FDR (fixed deposit receipts), the chairman of the Bangladesh Securities and Exchange

Commission (BSEC) said this on Sunday.

- He further added that criticisms were galore in media and different platforms over the poor performance of mutual funds which are supposed to distribute dividend as per mandate. That's why we are working to ensure governance in operations of mutual funds so that such investment tools can be the alternative of FDR.

<https://today.thefinancialexpress.com.bd/stock-corporate/thrust-on-proper-maintenance-of-consolidated-customers-account-1602430221>

Cut-off price of Mir Akhter shares set at BDT 60 each

- The cut-off price of shares of Mir Akhter Hossain Ltd, a construction & engineering company, has been fixed at BDT 60 each through electronic bidding by eligible investors. 245 institutional and eligible investors offered different prices to buy the company's shares. Among them, most bids were BDT 50 and BDT 61 each, according to the data from the electronic subscription system (ESS).

- A total of 24 bidders offered BDT 50 each and 17 bidders offered BDT 61 each to buy the shares of the company. The highest bidding price was BDT 98 and the lowest price was BDT 14 each, according to the ESS data.

<https://today.thefinancialexpress.com.bd/stock-corporate/cut-off-price-of-mir-akhter-shares-set-at-BDT-60-each-1602430388>

<https://tbsnews.net/economy/stock/general-investors-buy-mir-akhters-share-BDT-54-143908>

MI Cement postpones setting up of sixth-unit due to pandemic

- The MI Cement Factory Limited, the owning entity of popular brand Crown Cement, has postponed expansion plans of its sixth manufacturing unit due to Covid-19 pandemic. According to the company both the technical and commercial negotiations with the international contractors got suspended with the outbreak of Covid-19 as well as the financing arrangement.

- The board of the company thinks it will be able to meet the market demand over the next two-three years with its existing capacity. As such the decision for the sixth manufacturing unit can be considered at a later stage, it added.

<https://today.thefinancialexpress.com.bd/stock-corporate/mi-cement-postpones-setting-up-of-sixth-unit-due-to-pandemic-1602430931>

<https://tbsnews.net/economy/industry/crown-cement-ditches-BDT-600cr-expansion-plan-overcapacity-143587>

Lub-rref share bidding begins today.

- The bidding for eligible investors (EIs) to discover the cut-off price of shares of Lub-rref (Bangladesh) Limited begins today. The bidding will take place until Thursday 5:00pm on the Dhaka Stock Exchange. The Chittagong-based company is due to use the BDT 1.50-billion IPO fund to install new machinery at its plant and repay some of its bank loans.

- According to Lub-rref's IPO prospectus, The lubricant manufacturer will invest BDT 980 million to expand its existing manufacturing plant, which would enable the company to capture 20% lube oil market share, from the existing 8%. According to the entity's audited financial statements for the year ending on June 30, 2019, the company's weighted net asset value per share was BDT 31.93 while earnings per share (EPS) was BDT 2.08.

<https://www.dhakatribune.com/business/stock/2020/10/11/lub-rref-share-bidding-begins-monday>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$40.28	(\$21.35)	-34.64%
Crude Oil (Brent)*	\$42.53	(\$25.91)	-37.86%
Gold Spot*	\$1,928.65	\$407.18	26.76%
DSEX	4,858.36	405.43	9.10%
S&P 500	3,477.13	246.35	7.63%
FTSE 100	6,016.65	(1,570.40)	-20.70%
BSE SENSEX	40,509.49	(1,132.65)	-2.72%
KSE-100	40,798.43	63.35	0.16%
CSEALL	5,798.72	(330.49)	-5.39%

Exchange Rates

USD 1 = BDT 84.80*

GBP 1 = BDT 110.50*

EUR 1 = BDT 100.23*

INR 1 = BDT 1.16*

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

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