

*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.*

### **Bangladesh Bank (BB) injects BDT 144.16 billion into market in July-August to keep dollar stable**

- The Bangladesh Bank, in line with its expansionary monetary policy statement for the year 2020-2021, has continued to pump local currency into the economy with the amount reaching around BDT 144.16 billion in just two months through purchase of US dollars. Excess supply of USD into the banking system has prompted the central bank to purchase the greenback to keep the exchange rate of the most influential currency stable within the country, said officials of the central bank. Besides, revival of the country's economy, hit hard by the coronavirus pandemic, was the prime reason behind its move to increase the circulation of money, the official said.
- In July and August of FY21, the central bank purchased around USD 1.7 billion from the scheduled banks which resulted in the injection of such a huge volume of local currency into the banking system, as per the BB officials. Immediately after the coronavirus broke out in the country on March 8 this year, the BB started to ease policies in an attempt to support the banks with additional liquidity so that they can in turn support businesses with adequate credit facilities, including implementation of stimulus packages. The central bank also ensured that the banks had the scope to access cheaper money from the central bank amid a drastic fall in loan recovery.
- The money market regulator made BDT 186.00 billion available to the banks by reducing the CRR to 4% from 5.5%. While unveiling the monetary policy in July, BB governor said that that was clear the monetary policy stance and monetary programmes for FY21 are expansionary and accommodative. The prime objective is to restore normalcy in economic activities to levels prevailing before the coronavirus outbreak, keeping inflation under control, he said.

<https://www.newagebd.net/article/115382/bb-injects-BDT-14416cr-into-market-in-july-aug-to-keep-dollar-stable>

### **Consumers place faith in cashless transactions**

- According to Bangladesh Bank (BB) data, in July merchant payment through mobile financial services stood at BDT 11.34 billion, the highest ever, up by 39.8%, compared to BDT 8.11 billion in June this year. On the other hand, merchant payment through MFS registered a 34.88% growth to BDT 43.33 billion, a 12% growth in the first seven months of 2020 compared to BDT 32.12 billion in the same period in 2019. Meanwhile, total transactions through mobile financial services in the country stood at BDT 629.99 billion in July, up by 40.5% compared to BDT 448.31 billion in June this year.
- MFSs operators opined that payment through mobile financial services had gained momentum as Covid-19 forced people to buy products online and make contactless payment due to health risks posed by the novel virus. On the other hand, Eid-ul-Azha was another reason for the growth. But the trend towards adopting a cashless payment system is also on the rise due to the convenience MFS has created, head of corporate communications of bKash said. In addition, a rising trend of purchasing from online marketplaces also acted as a catalyst for the sharp rise. According to MFSs operators, there are about 2,000 e-commerce shops which are receiving payment through digital payment systems.

<https://www.dhakatribune.com/business/economy/2020/09/05/consumers-place-faith-in-cashless-transactions>

### **Most firms seek deferred payment, rescheduling**

- A large number of local corporate bodies who borrowed from foreign sources are now pushing for deferred payments and rescheduling. Officials at the Bangladesh Investment Development Authority (BIDA) said that the COVID-19 that battered their business activities in Bangladesh as elsewhere in the world forced the companies to opt for that. Local private companies sometimes borrow from external sources as they are cheaper compared with domestic borrowing.
- This is foreign currency loan and the rate of interest hardly crosses 5.0%, including LIBOR while local banks still charge 9.0% after capping the lending rate by the central bank. Local companies involved in power generation, construction, trade, commerce, transport, storage and communications mostly take out overseas loans. The cumulative approved loan from January 2016 to July 2020 was approximately USD 10.8 billion. The volume of disbursement was approximately USD 8.9 billion as of March. The BIDA officials said between April and July, fresh loan approval was poor at just USD 176 million, much lower than the pre-lockdown period.
- The loan hardly gets defaulted as local bank guarantee is required for obtaining such credit, usually borrowed on medium to long-term basis. But people at the BIDA said that many may default this time if the pandemic lasts for a few months more as there is a rush for rescheduling and deferred payments. A BIDA official said that they met last on August 19, where they approved 21 cases, two new cases while the rest were for deferred payment and rescheduling.

<https://today.thefinancialexpress.com.bd/public/first-page/most-firms-seek-deferred-payment-rescheduling->

[1599240819](#)

### **Government banks generous with defaulters, waive BDT 40 billion interest**

- The state-owned commercial and specialized banks seem to have kept on stretching their hand of charity towards loan defaulters as they have, yet again, exempted borrowers from paying about BDT 40 billion interest on loans in just 14 months. From January 2019 to February this year, the amount of interest waived was more than 300% from the sum they granted in 2018. With this amount, these banks exempted bad borrowers, in the last 10 years, of more than BDT 145.6 billion in interest, an amount that could construct almost half the Padma Bridge. The amount is over 400% bigger than the exemption made in the previous eight years (2001-2008).
- Bankers linked the upsurge in interest waivers to the political pressure from defaulters and the banks' move to collect one-time money from borrowers. They said most of the banks are giving interest waiver facility to the borrowers by relaxing the cost of funds. Economists said such an exemption, by any level, is immoral and discouraging for good borrowers. It will also encourage intentional defaulters, simultaneously, to not pay the interest accrued on their loans, thinking that they will be given the opportunity in the future.

<https://tbsnews.net/economy/banking/govt-banks-generous-defaulters-waive-BDT4k-interest-128872>

### **USD 6.0 billion ADB pledge for next three years**

- The Asian Development Bank (ADB) has pledged nearly USD 6.0-billion assistance to Bangladesh in the next three years from fiscal year (FY) 2021 to FY 2023. Besides, the Manila-based lender has kept aside another USD 5.2 billion standby project aid for the country for disbursement during the period. ADB country director said that, given the coronavirus pandemic, they're enhancing their partnership with Bangladesh adjusting programme priorities to help it overcome immediate challenges related to health and social protection, accelerate economic recovery and maintain inclusive growth.

<https://today.thefinancialexpress.com.bd/public/last-page/60b-adb-pledge-for-next-three-years-1598549460>

### **Bangladesh Securities and Exchange Commission (BSEC) approves bonds for PRAN Agro, Al-Arafah Islami Bank**

- The Bangladesh Securities and Exchange Commission (BSEC) yesterday approved two bonds in favor of Al-Arafah Islami Bank Limited and PRAN Agro Limited worth BDT 7.10 billion. The BSEC approved Al-Arafah Islami Bank's BDT 5 billion non-convertible, floating rate, mudaraba subordinated tier-2 capital bond. The tenure of the bond is seven years. The bond will strengthen the capital base of the company. Per unit price of the bond is BDT 0.5 million. BSEC also approved the PRAN Agro Limited's fully redeemable non-convert unsecured corporate guarantee bond, worth BDT 2.10 billion. Per unit price of the bond is BDT 1 million. The tenure of the bond is seven years. The discount rate of this bond is 8% to 10%.

<https://www.dhakatribune.com/business/stock/2020/09/03/bsec-approves-bonds-for-pran-agro-al-arafah-islami-bank>  
<https://www.newagebd.net/article/115384/bsec-allows-aibl-pran-agro-to-float-bonds>

### **Subscription of Associated Oxygen begins September 10**

- The initial public offering (IPO) subscription of Associated Oxygen Ltd will begin on September 10, aiming to raise BDT 150 million from the capital market. The IPO subscription for shares of the company by the eligible investors through electronic subscription system under the fixed price method will be continued until September 16, according to the company's IPO prospectus. A market lot consists of 500 shares and an investor needs BDT 5,000 to apply for each lot of the company's IPO shares.
- As per the BSEC approval, the company will issue 15 million ordinary shares with an offer price of BDT 10 each under the fixed price method. The IPO proceeds will be used for construction of store shed and new plant shed, acquisition of new plant and machinery, repay bank loans and IPO expenses, as per the prospectus. According to the audited financial report for the year ended on June 30, 2019, the weighted average earnings per share (EPS) of the company in the last five years stood at BDT 1.51. And, its net asset value (NAV) per share was BDT 17.37 without revaluation. BD Finance Capital Holdings Ltd is working as the issue manager of the company for its IPO process.

<https://today.thefinancialexpress.com.bd/public/stock-corporate/subscription-of-associated-oxygen-begins-september-10-1599233558>

### **Poor FDI frustrates Finance Minister**

- Finance minister voiced his frustration over poor foreign direct investments in the country, which he called "unfortunate." He said the total size of global gross domestic product is USD 88 trillion, of which 16% is foreign direct

investment. He also vice chairman of BIDA, urged the officials concerned to fill up the gaps to facilitate the inflow of foreign investments. Expressing his optimism over the quick recovery from the impacts of Covid-19 pandemic, the minister said in July-August period all the components of the macro-economy came with positive note. The export earnings made a comeback while remittance also increased by 50%, he said.

<https://today.thefinancialexpress.com.bd/public/first-page/poor-fdi-frustrates-kamal-1599154840>

**World Stock and Commodities\***

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$39.77	(\$21.86)	-35.47%
Crude Oil (Brent)*	\$42.66	(\$25.78)	-37.67%
Gold Spot*	\$1,933.94	\$412.47	27.11%
DSEX	4,927.82	474.89	10.66%
S&P 500	3,426.96	196.18	6.07%
FTSE 100	5,799.08	(1,787.97)	-23.57%
BSE SENSEX	38,357.18	(3,284.96)	-7.89%
KSE-100	42,023.00	1,287.92	3.16%
CSEALL	5,311.42	(817.79)	-13.34%

**Exchange Rates**

**USD 1 = BDT 84.80\***

**GBP 1 = BDT 112.6\***

**EUR 1 = BDT 100.39\***

**INR 1 = BDT 1.16\***

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

## 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 also 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

Ayaz Mahmud, CFA	Head of Research	<a href="mailto:ayaz.mahmud@bracepl.com">ayaz.mahmud@bracepl.com</a>	01708 805 221
Sadman Sakib	Research Associate	<a href="mailto:sadman.sakib@bracepl.com">sadman.sakib@bracepl.com</a>	01730 727 939
Md. Rafiqul Islam	Research Associate	<a href="mailto:mrafiqulislam@bracepl.com">mrafiqulislam@bracepl.com</a>	01708 805 229
Md Mahirul Quddus	Research Associate	<a href="mailto:mmahirul.quddus@bracepl.com">mmahirul.quddus@bracepl.com</a>	01709 636 546

#### International Trade and Sales

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

#### BRAC EPL Research [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)