

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 show promise as US, EU markets reopen

- Bangladesh's merchandise export earnings increased by 4.32 per cent year-on-year to \$2.96 billion in August following a rise in demand due to the reopening of retail stores in the EU and US markets. Experts attributed the hike in earnings to the release of goods in June and July, which were stuck in warehouses because of the ongoing Covid-19 pandemic. They expected a faster recovery but it is taking a bit of time as the western economies are taking some time to fully reopen their doors, said the vice-president of the Bangladesh Garment Manufacturers and Exporters Association.
- Garment shipments began rebounding in July, when international retailers and brands started returning to Bangladesh with new work orders while also accepting previously cancelled ones. However, export receipts in August were 11.72 per cent lower than the monthly target of \$3.36 billion, according to data from the Export Promotion Bureau. Moreover, garment shipments decreased by 0.06 percent year-on-year to \$5.71 billion between July and August even though overall export earnings grew 2.17 per cent year-on-year to \$6.87 billion at the same time.

<https://www.thedailystar.net/business/news/exports-show-promise-us-eu-markets-reopen-1957161>

BD RMG exports to US drop 18.54% in January-July

- Bangladesh's apparel exports to its single largest destination - the US - declined by 18.54% during the first seven months of 2020 calendar year, compared to the same period of last year, mostly due to the Covid-19 outbreak. The country fetched USD 2.90 billion from apparel exports to the US market from January to July of 2020 against USD 3.56 billion earnings of the corresponding period of 2019, according to data of the Office of Textiles and Apparel (OTEXA) - affiliated with the US Department of Commerce.
- The US imported textile and apparel items worth USD 3.0 billion from Bangladesh from January to July of 2020. Bangladesh's apparel exports to the US in January grew by over 17%, and continued growing although the rate was slow until April. Later, apparel exports entered the negative territory, when growth declined by over 12% during January-May period. Exporters said the US demand for apparel has declined mainly because of the coronavirus outbreak.

<https://today.thefinancialexpress.com.bd/first-page/bd-rmg-exports-to-us-drop-1854pc-in-jan-july-1599414776>
<https://www.newagebd.net/article/115561/rmg-export-to-us-drops-by-1854pc-in-jan-july>

Credit growth makes a turnaround, pointing to green shoots

- Bangladesh's economic recovery from the devastating coronavirus pandemic has received a shot in the arm after both public and private sector credit growths rose sharply in July. Government borrowing jumped 51% in the first month of the fiscal year while private sector credit growth returned to the pre-pandemic level of 9.2%, data from the central bank showed. Disbursement of the government's massive stimulus packages and rebounding economic activities from the rubble of the pandemic contributed to the sharp uptick in credit growth. The government borrowed BDT 205.46 billion in July compared to BDT 166.89 billion in the same month in 2019.
- The stock of credit to the private sector in July declined by BDT 27.01 billion relative to June, a former lead economist of the World Bank in Dhaka said. The private sector has on balance paid back rather than having received additional liquidity from the banking system. The levels of increase in public sector credit growth in July are unsurprising as lower revenue collection and disbursements against the stimulus packages meant the government required higher public borrowing during the pandemic, said the chief executive officer of Standard Chartered Bangladesh. However, borrowing through savings certificates dropped significantly, which means that interest expenses for the government will not increase in the same proportion of the public sector credit growth, he said.
- The BB has used monetary policy instruments such as cash reserve ratio, repo facility (interest rate and tenure), refinancing facility and other monetary condition easing initiatives to inject necessary liquidity in the market. The central bank has formed a credit guarantee scheme to support cottage, micro and small enterprises that lack adequate assets. The government has undertaken stimulus packages amounting to BDT 1.03 trillion to tackle the impacts of the pandemic.

<https://www.thedailystar.net/business/news/credit-growth-makes-turnaround-pointing-green-shoots-1957165>

Loan moratorium may be extended further

- The central bank is likely to extend the ongoing moratorium on the payment of loan instalments by another three

months to December as borrowers are still struggling to make a comeback from the coronavirus pandemic. The moratorium on bank loan payments was introduced in the middle of March after the pandemic arrived on the shores of the country and hammered economic activities for the next three months. The support was expected to last until the end of June. Later it was extended up to September as the health crisis showed no signs of abating.

- Commercial bankers say the moratorium extension by another three months would not be a wise move given the ongoing fragile condition of the financial sector. The decision to bring all borrowers irrespectively under the moratorium facility will not bring any good for the financial sector. They recommend the BB follow the footstep of the Reserve Bank of India (RBI), the central bank, on extending the moratorium. Last week, the RBI decided to extend the facility for two years only for the borrowers affected by economic hardship. Both the BB and the RBI initially declared the moratorium facility for all borrowers.

<https://www.thedailystar.net/business/news/loan-moratorium-may-be-extended-further-1957169>

Banks' capital base strengthens

- Capital base of the country's banking sector strengthened in the second quarter of this year as a number of banks have been enjoying deferral facility on keeping their provisioning against defaulted loans. As of June this year, banks' capital adequacy ratio (CAR) stood at 11.63%, up from 11.35% three months back, according to the latest data of the Bangladesh Bank (BB). Some state-owned banks were given deferral facilities by the (BB) in case of provisioning against their default loans which resulted in their healthy capitals, says a high official of the BB.

- However, the country's banking sector failed to maintain CAR as per the deadline set by the BB for implementation of Basel- 111 by December, last year. He says the BB set the December, 2019 deadline for banks to increase the capital adequacy ratio to 12.50%. The country's state-run commercial banks have maintained a very low capital adequacy ratio as the CAR of those banks went down to 6.93% till June, this year, according to the BB data. Only 10 banks out of 60 in the country hold 63% of all non-performing loans (NPLs) in Bangladesh, says a recent report of the BB.

- In addition, foreign commercial banks also have been maintaining high standard capital adequacy ratio. The average CAR of those banks stood at 24.35% at the end of June, this year. The country's banking sector has failed to achieve the global standard for CAR owing to 10 banks, including six state-run banks. They jointly faced a total capital shortfall of BDT 213.17 billion as of June.

<https://www.dhakatribune.com/business/banks/2020/09/06/banks-capital-base-strengthens>

Private banks to be given treasury responsibilities

- The government is set to allow all banks to carry out treasury activities in places in an attempt to expand such services in the countryside, officials say. If and when implemented, the move will bring an end to the treasury role the Sonali Bank, the largest public sector bank, has been playing for decades in places where the Bangladesh Bank (BB) has no presence. Officials said some private commercial banks, which have large number of branches, have recently applied to the government expressing their interest to run treasury activities.

- Besides, they wanted to channel funds into salaries of government employees, various social safety net activities, and scholarships for students to the countryside, which is now done only by the Sonali Bank. They, however, demanded a commission for providing such door-step services through digital platforms. A senior finance division official told the FE on Sunday ultimately all banks will have to carry out the treasury-related activities Sonali is doing.

<https://today.thefinancialexpress.com.bd/first-page/private-banks-to-be-given-treasury-responsibilities-1599414279>

Bangladesh Bank widens scope of online banking

- The central bank has revised the upward limit of fund transfer through internet banking significantly to promote touchless transaction, amid pandemic. In a circular issued on Sunday, the institutional digital fund transfer a day will be raised up to BDT 1.0 million, or up by 400% from the existing limit. As many as 20 transactions will be allowed a day against five times from the current rule. On the other hand, the same applied to individuals who can transact BDT 500,000 a day, up by 150% from the existing limit, according to the circular.

- In this category, as many as 10 daily transactions will be allowed. Previously, it was five times a day. This will be effective from September 10. An official at the department concerned said the date of implementation has been fixed on September 10 as banks need time for installing their system. He also said the transaction through the internet banking is on the rise in recent times. He said there is no risk in such a transaction as it is a transfer from one bank to another. He also said in the past, there was no such division between institutions and individuals.

<https://today.thefinancialexpress.com.bd/last-page/fund-transfer-limit-revised-1599415415>
<https://www.newagebd.net/article/115562/bangladesh-bank-widens-scope-of-online-banking>
<https://www.thedailystar.net/business/news/bangladesh-bank-raises-inter-bank-fund-transfer-limits-1957153>

<https://tbsnews.net/economy/banking/internet-banking-transaction-ceiling-enhanced-four-times-129334>

Nagad could be the lone cash cow of postal department

• The government's postal department has been a loss-making concern throughout its operations spanning two centuries but it finally made a profit from one of its services for the first time in the last fiscal year -- thanks to Nagad. Nagad is a joint venture between the Bangladesh Post Office and Third Wave Technologies. The postal department owns a 51% stake. The country's fastest-growing mobile financial service yesterday shared BDT 11.2 million with the postal department as part of its earnings, said the MFS provider in a press release.

<https://www.thedailystar.net/business/news/nagad-could-be-the-lone-cash-cow-postal-department-1957157>
<https://tbsnews.net/economy/nagad-pays-BDT112cr-service-revenue-postal-department-129271>

BSEC issues new decree on MFs' disclosure

• The securities regulator has issued a new directive on financial reporting and disclosure of mutual funds (MFs) and asset managers to enhance transparency in disclosure for the interest of investors and capital market. As per the directive, a MF, asset manager, trustee, custodian and sponsor will make disclosures or submit documents as may be called upon to do so by the commission.

• The documents which will have to be submitted are: a copy of the duly audited financial statements, including statement of financial position, statement of comprehensive income, statement of cash flow, statement of changes in equity, and accompanying accounting policies and notes to the financial statements of the fund and for each scheme. These documents will have to be submitted once a year within three months from the end of financial year.

• The directive also mentioned that a quarterly statement of changes in the net asset of each of the schemes of the fund has to be submitted within 30 days of the end of quarter. The BSEC also asked the asset managers to send a complete statement of portfolios of a scheme to all unit-holders within 30 days from the end of each quarter.

<https://today.thefinancialexpress.com.bd/last-page/bsec-issues-new-decree-on-mfs-disclosure-1599415467>
<https://www.newagebd.net/article/115566/bsec-asks-mfs-to-disclose-investment-info-quarterly>
<https://www.dhakatribune.com/business/stock/2020/09/06/bsec-moves-to-increase-transparency-in-mutual-funds>
<https://tbsnews.net/economy/stock/mutual-funds-must-disclose-investment-info-129280>

Energypac Power's share bidding to open September 21

• The bidding for eligible investors (EIs) to discover the cut-off price of shares of Energypac Power Generation Ltd will commence from September 21. The power generation company's share bidding through electronic subscription system (ESS) of the exchanges will be continued until 5:00pm on September 24, according to an official disclosure on Sunday. The valuation report submission period for eligible investors through electronic subscription system will start at 10:30am on September 27 and continue till 10:30am on September 29, 2020 (round the clock).

• Only the eligible investors can participate to explore the cut-off price of the company's shares under the electronic bidding process. As per the regulatory approval, the power generation company will raise a capital worth BDT 1.50 billion from the capital market to expand the LPG business and repay bank loans. Apart from LPG business expansion and loan repayment, the company's IPO proceeds will be used to bear the cost of public offering process.

<https://today.thefinancialexpress.com.bd/stock-corporate/energypac-powers-share-bidding-to-open-sept-21-1599409172>

BSEC to hold public hearings on securities issues

• The securities regulator has planned to hold public hearing on different issues of capital market including investment safety. The officials of the Bangladesh Securities and Exchange Commission (BSEC) said the hearing will be held once in each quarter. Different commissions hold public hearing. The BSEC will also hold public hearing with a view to consider suggestions that will come from different stakeholders and general investors, said a BSEC director. He said stakeholders and general investors willing to attend the public hearing via zoom must be registered. Asked about the topic of first public hearing, Mr. Karim said the securities regulator will set the first topic considering investors' interest.

<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-to-hold-public-hearings-on-securities-issues-1599409120>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$39.33	(\$22.30)	-36.18%
Crude Oil (Brent)*	\$42.26	(\$26.18)	-38.25%
Gold Spot*	\$1,938.04	\$416.57	27.38%
DSEX	4,948.57	495.64	11.13%
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 84.77*

GBP 1 = BDT 112.2*

EUR 1 = BDT 100.32*

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	ayaz.mahmud@bracepl.com	01708 805 221
Sadman Sakib	Research Associate	sadman.sakib@bracepl.com	01730 727 939
Md. Rafiqul Islam	Research Associate	mrafiqulislam@bracepl.com	01708 805 229
Md Mahirul Quddus	Research Associate	mmahirul.quddus@bracepl.com	01709 636 546

International Trade and Sales

Ahsanur Rahman Bappi	CEO (Acting)	bappi@bracepl.com	01730 357 991
----------------------	--------------	--	---------------

BRAC EPL Research 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