

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.

Number of mobile phone users nearly doubles in 8 years

- The number of mobile phone subscribers has nearly doubled over the last eight years, thanks to the government's commitment and push to digitize the country. However, the number of users witnessed a slight decrease in the last seven months from January to July, when the Covid-19 pandemic hit the country and elsewhere across the globe, the Bangladesh Telecommunication Regulatory Commission (BTRC) data shows. The number of users stood at 164.282 million at the end of July 2020, down from 165.572 million at the end of December 2019, the data reveals.
- The subscribers of Grameenphone (GP) stood at 76.084 million -- the highest -- followed by Robi Axiata Limited (49.100 million), Banglalink Digital Communications Limited (34.417 million), and Teletalk Bangladesh Ltd (4.681 million) as of July 2020, the BTRC data revealed.

<https://today.thefinancialexpress.com.bd/public/last-page/number-of-mobile-phone-users-nearly-doubles-in-80-yrs-1601056933>

Bangladesh Bank (BB) caps interest rate on credit card loans

- The central bank yesterday capped the interest rate on credit card loans at 20% in a relief for clients as they would get rid of the burden of higher interest amid the pandemic. Banks charge between 25% and 27% interest on credit card loans, way higher than the 9% interest rate ceiling applicable for all loan products in Bangladesh. The previous instruction of the central bank helped banks enjoy more than 25% interest against their disbursed loans through credit cards. The new directives would be effective from October 1.
- The credit card operation of banks is highly costly. Besides, a large number of employees has been recruited to run the operations. Banks have to offer various discounts, buy-one-get-one offers and lounge facilities at airports to attract and retain customers. So, their cost of operation is high in this business. So, the latest instructions will create an impediment to offering such discounts as profits from the credit card operations will be on the decline in the coming days, they said.

<https://www.thedailystar.net/business/news/bb-caps-interest-rate-credit-card-loans-1967125>
<https://tbsnews.net/economy/banking/interest-rate-credit-card-not-more-20-137257>

Bangladesh saw 2nd highest retail cigarette sales in 2019: Study

- Around 83.5 billion cigarette sticks were sold in Bangladesh last year – nearly 97% of that to retail customers and the rest illegally. Bangladesh's retail cigarette sales were the second-highest among 36 countries in the index while China topped the list (87.5 billion). Last year, only 28.35 billion cigarette sticks were sold at retail in Pakistan and 28 billion in India.
- One possible explanation for this could be the volume of illicit trade. Bangladesh had the least illicit cigarette sales in 2019. And the sales of illicit cigarette in India were about 43 times higher than that in Bangladesh in that year and 28 times in Pakistan.

<https://tbsnews.net/economy/bangladesh-saw-2nd-highest-retail-cigarette-sales-2019-study-137605>

Cement industry rebounds

- The cement industry has made a significant comeback after the reopening of the economy in early June from an unprecedented collapse in demand in April and May amid coronavirus-induced nationwide shutdown. The industry's revival has been fueled by the resumption of work in the infrastructure and construction sector which has returned to near-normal.
- According to industry insiders, around 70% of the cement manufacturers have entered the growth trajectory since June in spite of a 52% decline in sales in the April-May period. The sectoral growth in the three months from June to August is a healthy 6.60%. However, overall, the sector suffered a negative 6.98% growth in the January-August period of this year. The sector achieved an 11% growth in June compared to the same period last year. After experiencing a slowdown in July due to flooding in many parts of the country, the industry attained a 9% growth in August.

Currently, there are 35 cement factories in the country with a production capacity of 80 million tonnes of cement. The country has a demand for 35 million tonnes which would add 11 million tonnes more in the next three years. Around 81% of the cement market is controlled by 10 leading companies. Some BDT 420 billion has been invested in this

sector. Of that, around BDT 300 billion is from bank loans. More than 0.1 million people are working in this sector.

<https://tbsnews.net/economy/industry/cement-industry-rebounds-137650>

Consumer electronics companies predict grim outlook for 2020

- The home electronics sector is suffering from a landslide in demand with the sales likely to stay below 70% of annual target as consumers are reluctant to spend on luxury items amid the ongoing pandemic, according to various market players. To give a boost to the business, the electronics companies are now looking forward to the online retail platforms to send the consumers' desired products to their doorsteps. This will help manufactures make at least enough revenue to survive the Covid-19 fallout, industry insiders said.

- Local producers and retailers believed that the market size for consumer electronics could have reached around USD 3 billion in 2019. However, despite all the promotional offers such as cash backs and discounts on offer, consumer electronics could not even achieve its minimum sales target during this year's Eid-ul-Fitr and Eid-ul-Azha. The deputy general manager of marketing at Transcom Digital fears that there might be a negative growth in sales this year due to the lasting effects of the coronavirus. He also assumes that Transcom's sales target will be stuck at 60 to 70% this year.

- And although the sale of washing machines and kitchen electronics has increased significantly, the share of revenue these products account for is negligible. The general manager of Esquire Electronics, the sole local distributor of Japanese electronic brands General and Sharp, said sales of consumer electronics started to pick back up in June but not significantly.

<https://www.thedailystar.net/business/news/consumer-electronics-companies-predict-grim-outlook-2020-1968177>

Half of stimulus loans disbursed so far

- Banks have so far disbursed BDT 462.53 billion under the Bangladesh Bank-supervised eight incentive packages among the ones announced by the government to offset the economic losses caused by Covid-19 pandemic. According to the latest data from the central bank, about BDT 256.48 billion was disbursed till September 20 under a loan package of BDT 330 billion for affected industries and the services sector. The distribution rate is about 78%. Though the package disbursement rate for large industries is satisfactory, the same for small and medium enterprises is not. As of August 31, only around 20% of the BDT 200 billion working capital loan was distributed in favor of 11,183 affected small (including cottage industries) and medium enterprises.

<https://tbsnews.net/economy/banking/half-stimulus-loans-disbursed-so-far-138028>

MFs to require unit-holders' consent to get tenure extension

- The Bangladesh Securities and Exchange Commission may not allow tenure extension to any more mutual funds without the permission of unit-holders. A senior BSEC official said that the commission would issue a directive in this matter soon. The regulator has recently returned a proposal submitted by a mutual fund for tenure extension and asked the fund to obtain consent from unit-holders in order to get approval, he said. The current commission is not willing to leave the extension decision on asset managers alone but wants consent from unit-holders before approving tenure extensions.

- The current commission also wants to avoid legal complexities and save the interest of the unitholders, BSEC officials said. A number of funds sought the BSEC's permission to extend tenure by 10 more years, but the commission has put the decision on hold.

<https://www.newagebd.net/article/117268/mfs-to-require-unit-holders-consent-to-get-tenure-extension>

Securities regulator finds anomalies in Golden Harvest's use of funds

- The stock market regulator has sought documents and explanations from Golden Harvest Agro Industries about its utilisation of funds it had collected from investors by issuing right shares. In 2019, the company raised BDT 899.3 million by issuing 89.9 million right shares for business expansion.

- Sources said the company paid BDT 11.1 million to Braintrain Studio Ltd and BDT 89.1 million to Max Trading Ltd for its infrastructure development. The Bangladesh Securities and Exchange Commission (BSEC) has found that the same person holds the post of managing director at both Golden Harvest and Braintrain Studio. That means the payment between the companies is known as a related party transaction, which is permissible only upon approval by investors. However, the company made the transaction without following due process. Asked about the related party transaction, an official of the company did not comment.

- According to the fund utilisation report, Golden Harvest has yet to use BDT 346.1 million, but bank statements show it has only BDT 116.2 million in hand. As per the cash flow statement, the company paid BDT 410 million as advance finance to contract farmers, a sister concern and others, said sources.

<https://tbsnews.net/economy/stock/securities-regulator-finds-anomalies-golden-harvests-use-funds-138001>

Lub-rref to set up country's first lube oil refinery

• In a bid to make Bangladesh self-reliant in lubricants production, Lub-rref (Bangladesh) Ltd., a local producer of lube oil, will set up a state-of-the-art base oil refinery with an investment of BDT 4.00 billion to increase production capacity in order to meet domestic demand. Lub-rref also wants to export the oil after meeting domestic demands, as global demands, driven by the growth of global automotive production, have been rising.

• Currently, Bangladesh consumes 120,000 tons of lubricants, of which 104,000 tons are imported. This project will boast a production capacity of 70,000 tons per annum, so it will reduce dependency on imports and the surplus could possibly be exported as well, he added.

<https://www.dhakatribune.com/business/2020/09/26/lub-rref-to-set-up-country-s-first-lube-oil-refinery>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$40.25	(\$21.38)	-34.69%
Crude Oil (Brent)*	\$41.92	(\$26.52)	-38.75%
Gold Spot*	\$1,861.59	\$340.12	22.35%
DSEX	4,978.78	525.85	11.81%
S&P 500	3,298.46	67.68	2.09%
FTSE 100	5,842.67	(1,744.38)	-22.99%
BSE SENSEX	37,388.66	(4,253.48)	-10.21%
KSE-100	41,701.23	966.15	2.37%
CSEALL	5,859.04	(270.17)	-4.41%

Exchange Rates

USD 1 = BDT 84.85*

GBP 1 = BDT 108.12*

EUR 1 = BDT 98.70*

INR 1 = BDT 1.15*

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

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