

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.

Per capita income rises to USD 2,064

- Bangladesh's per capita income (GNI) went up by USD 155 to USD 2,064 in the final quarter (April-June) of the last fiscal year, official data released on Tuesday showed, despite severe adverse impact of Covid-19 pandemic on the country's economic activities during the period. However, the per head earnings of the population at current price was lower than the preliminary target of USD 2,173 estimated before the COVID-19 pandemic. Meanwhile, the government has targeted the per capita GNI at USD 2,326 for the current FY2021, despite the economic impact of the pandemic.

<https://today.thefinancialexpress.com.bd/first-page/per-capita-income-rises-to-2064-1597165630>
<https://www.dhakatribune.com/business/economy/2020/08/11/bangladesh-s-per-capita-income-at-2-064-for-fy20>

Revenue collection far from first month's target

- Although the government resumed economic activities in the beginning of July, no sectors have provided desired results so far. Despite the opening of offices and other institutions, the wheel of economy has yet to move forward. The scenario of revenue collection exemplifies this. The National Board of Revenue (NBR) has lagged in its revenue collection target by about 37% in the first month of this financial year. The target for revenue collection in July was set at BDT 193.78 billion, while the actual realization of the revenue was BDT 123.34 billion. It is only 3.74% of the total target for this financial year.

- NBR officials say that revenue collection has declined as the economy has opened up but people lack the ability to pay taxes. Additionally, VAT collection has dropped because of the lower purchasing capacity of people, they added. A former NBR chairman said that revenue collection declines for the lack of reforms than the outbreak of the novel coronavirus. Coronavirus alone cannot be held responsible for the huge deficit compared to the target in the first month. The target was set from the plan to make the revenue collection process online. The NBR has failed to complete reforms, he said.

<https://tbsnews.net/economy/revenue-collection-far-first-months-target-118255>

Decent GDP growth amid extraordinary circumstances

- In the end, the final data from state-run Bangladesh Bureau of Statistics (BBS) shows the economy grew at a respectable 5.2% last fiscal year, when large swathes of the global economy plunged into recession for the outbreak of coronavirus from Wuhan, China. The Washington-based multilateral lenders -- the World Bank and the International Monetary Fund -- forecasted that the economy would grow between 1.6% and 3.8% in fiscal 2019-20 for the pandemic-whiplash, while the Asian Development Bank said the Bangladesh economy would expand at 4.5%.

- But, the economic locomotive of Bangladesh appears to have outpaced all projections. Finance Minister credited the GDP growth rate to the uninterrupted economic activity before the onslaught of the coronavirus. Our economy was growing normally in the first seven months of the fiscal year and the growth during the period was added to the economy, he added. All the broader sectors -- agriculture, industry and service -- expanded, albeit at a slower pace, showed data from BBS.

- They had projected 8.2% growth but they achieved 5.2%. A lot of difference has been caused by the pandemic, he said. It is very difficult to construct a credible narrative of fiscal 2019-20's GDP growth based on the details provided by the BBS. It appears that the BBS has not used all available data in preparing the preliminary estimates, said a former lead economist of the World Bank's Dhaka office.

<https://www.thedailystar.net/business/news/decent-gdp-growth-amid-extraordinary-circumstances-1943677>
<https://www.newagebd.net/article/113239/gdp-growth-52pc-in-fy20-bbs>
<https://tbsnews.net/economy/gdp-growth-rate-reaches-524pc-fy20-bbs-118018>

Loan disbursement through agent banking close to nil in April

- Loan disbursement through agent banking in April came down close to nil as banks found disbursement of loans through the agent banking channel at the rate of 9% insufficient to realise even the operating cost, including the cost of fund. In April this year, the government enforced the 9% ceiling on the lending rate. Loan disbursement through the agent banking wing of the banks was very poor even before imposition of the lending rate ceiling. The 9% ceiling has now brought disbursement of loans through the channel almost to a halt.

- As per the Bangladesh Bank data, the banks disbursed just BDT 30 million in loans in April through their agent banking wings against their disbursement of BDT 575 million in March, the immediate preceding month of the lending

rate enforcement. Replying on why loan disbursement through the agent banking wing had come almost to a halt, Modhumoti Bank agent banking head said, it's the imposition of the lending rate ceiling at 9%. Collection of instalments in the rural areas require door-to-door visits thus resulting in increased operating cost, he said, adding that otherwise, the loans would turn into non-performing ones.

■ 'Under the existing circumstances, it is not viable for us to issue credit to farmers or to small and medium entrepreneurs,' he said, adding, that that was why they had shifted their focus to digital banking were operating cost would be less. When the government enforced the 9-per cent ceiling on the lending rate for all sorts of loans, economists and bankers had cautioned that loan disbursement to the SMEs would be affected severely.

<https://www.newagebd.net/article/113241/loan-disbursement-thru-agent-banking-close-to-nil-in-april>

Lukewarm investment response from banks

• The country's capital market has so far received poor response in terms of investment from the banks under a special initiative of the central bank to help stimulate the ailing stock market, officials said. It has so far witnessed only BDT 2.54 billion in investment made from the special funds created by different banks, they said, following a circular issued by Bangladesh Bank (BB) in February last. According to the circular, the scheduled banks were supposed to create a five-year special fund of BDT 2.0 billion each for investing in the capital market.

• The BB had taken the initiative amid demand from the market intermediaries for a special investment fund of BDT 100 billion to support the market, which was going through liquidity shortage. However, only 15 banks, including four state-owned ones, have so far made the investment from a fund worth BDT 16.50 billion they created in response to the BB's initiative, said an official at the BB.

<https://today.thefinancialexpress.com.bd/first-page/lukewarm-investment-response-from-banks-1597165720>

Interest rate spread drops slightly to 2.89% in June

• Interest rate spread in the country's banking system fell slightly in June, as banks slashed interest rates on lending more than on deposit. The weighted average spread between lending and deposit rates, offered by the banks, came down to 2.89% in June 2020 from 2.94% in the previous month, according to the Bangladesh Bank's (BB) latest statistics. The weighted average rate on deposit fell to 5.06% in June from 5.24% a month before, and interest on lending dropped to 7.95% from 8.18%, the BB data showed. In April 2020, the spread came down to 2.92% from 4.07% in the previous month following implementation of the single-digit interest rate in the banking sector.

• Senior bankers, however, predicted that the interest rate spread may improve gradually in the near future following adjustment of the interest rates with the market. Some banks have already slashed their interest rate on deposit, particularly the term ones, because of higher inflow of liquidity in the market, they added.

<https://today.thefinancialexpress.com.bd/public/first-page/interest-rate-spread-drops-slightly-to-289pc-in-june-1597079444>

Banks seek BDT 18 million as interest subsidy

• The banks which have disbursed working capital to industrial and service sector units under the government's Covid-19 recovery package have sought over BDT 18 million as interest subsidy in the April-June quarter. They have provided the loans under the BDT 300 billion incentive package which was announced by the government on April 5 to provide working capital at an interest rate of 9.0%. Of the 9.0% interest, the borrowers will pay 4.5% and the government will provide 4.5% as a subsidy to the banks which are disbursing the loans

• Of the total sum, Sonali Bank has sought BDT 15.56 million, Agrani Bank BDT 97,321, Exim Bank BDT 1.059 million, Trust Bank BDT 907,896, City Bank BDT 438,750, Prime Bank BDT 72,786, IFIC Bank BDT 102,875, Eastern Bank BDT 197,020 and Mercantile Bank BDT 19,125.

<https://today.thefinancialexpress.com.bd/first-page/banks-seek-BDT-18-million-as-interest-subsidy-1597165831>

Ceramic industry breathes easier as sales start picking up

■ Bangladesh's ceramic industry have enjoyed some relief from the coronavirus fallout in the past two months as domestic sales are showing signs of some recovery following the collapse in demand caused by the nationwide shutdown. Although the business is still uncertain, he is optimistic about the industry's future, the managing director of DBL Ceramics. Exports dropped by around 60% after the coronavirus outbreak was labelled a pandemic by the World Health Organisation in March as the demand for ceramic products declined in the global market.

■ As all economic activities were put on hold during the two-month general holiday that ended on May 30, the sector

fell into trouble. The industry could fetch just USD 27.97 million from the export of ceramic products in fiscal 2019-20, down 59.45% from the previous year. In fiscal 2018-19, local manufacturers shipped about USD 68.97 million in ceramic goods to more than 50 destinations, including the US, the UK, Canada and a few EU and Latin American countries, according to data from the Export Promotion Bureau.

■ This was a 32.79% increase in exports compared to the fiscal year of 2017-18, when the sector brought home USD 51.94 million. However, the upward trend in sales witnessed in the past may not return as quickly as hoped due to the global impact of the ongoing coronavirus pandemic, the managing director of DBL Ceramics added.

<https://www.thedailystar.net/business/news/ceramic-industry-breathes-easier-sales-start-picking-1943633>

BSCCL seeks 14 months to issue shares to government

■ Bangladesh Submarine Cables Company has sought 14 months from the Financial Reporting Council to issue shares against share money deposits of the government to comply with a recent FRC directive. It has also sought guidelines on setting the issue price of shares to be issued against share money deposits. The BSCCL sent a letter to the FRC on August 6 regarding the issue. The FRC on February 11 this year issued a directive that companies must issue shares against share money deposits within six months and the money cannot be retractable and returnable.

■ Earlier on July 29, the BSCCL sent a letter to the FRC mentioning their inability for issuing shares in favour of the government before settlement of audit objection raised by the Foreign Aided Projects Audit Directorate (FAPAD). Being a listed company, the BSCCL has to prepare audited financial statements and asset valuation, take shareholders' approval and government's approval, and finally take approval from securities regulator to issue shares against government's share money deposits. Thus, it would take time to complete all the procedures.

<https://www.newagebd.net/article/113244/bsccl-seeks-14-months-to-issue-shares-to-govt>

Foreign experts start arriving

• Work on the Dhaka metro rail is expected to get back its momentum with the arrival of foreign consultants and experts, officials said. All the Thai experts and workers engaged in the Mass Rapid Transit (MRT) Line-06 construction have already arrived in Bangladesh by chartered planes, they added. As the flight between Bangladesh and India remained suspended, Indian nationals working on the project have started returning to the workplace in phases through border. The Dhaka Mass Transit Company Limited (DMTCL) is yet to get an official confirmation of the arrival of Japanese experts, but sources said Japan will start sending young consultants in the third week of August.

• The DMTCL has been implementing six MRT projects to establish a metro rail network of 128.74 kilometres, including 61.17 kilometres underground metro by 2030. Of them, MRT-06 is now under construction with 47.10-per cent progress until July.

<https://today.thefinancialexpress.com.bd/last-page/foreign-experts-start-arriving-1597166298>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$41.65	(\$19.98)	-32.42%
Crude Oil (Brent)*	\$44.59	(\$23.85)	-34.85%
Gold Spot*	\$1,892.49	\$371.02	24.39%
DSEX	4,533.05	80.12	1.80%
S&P 500	3,333.69	102.91	3.19%
FTSE 100	6,154.34	(1,432.71)	-18.88%
BSE SENSEX	38,407.01	(3,235.13)	-7.77%
KSE-100	40,559.15	(175.93)	-0.43%
CSEALL	5,196.40	(932.81)	-15.22%

Exchange Rates

USD 1 = BDT 84.87*

GBP 1 = BDT 110.57*

EUR 1 = BDT 99.47*

INR 1 = BDT 1.14*

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

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