

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.

Another sign of economic rebound: sales of commercial vehicles springing back

- Sales of commercial vehicles like trucks and pickups have started to bounce back as economic activities are finally gaining momentum following a two-and-a-half-month-long government-enforced pause amid the pandemic. On average, 20 units of trucks and 45 pickups were sold each day in July, while the numbers were 32 and 40 units respectively in the pre-pandemic period, according to market players.
- Between 2010 and 2019, trucks and pickups, which provide major logistic support in export and import activities, worth about BDT 420 billion were sold, with 10% average growth per year, industry insiders said. Now, a total of 160,000 trucks and 140,000 pickups ply the country's roads. In the first six months of the year, a total of 4,372 units of pickups and 2,229 units of trucks were registered in the country, according to the Bangladesh Road Transport Authority.

<https://www.thedailystar.net/business/news/another-sign-economic-rebound-sales-commercial-vehicles-springing-back-1945745>

Vietnam beats Bangladesh in textile, clothing export

- Vietnam surpassed Bangladesh in exporting textile and clothing products in the first six months of 2020. According to the General Statistics Office of Vietnam data, during the January-June period of 2020, Vietnam, the closest competitor of Bangladesh, earned USD 13.18 billion from exporting textile and sewing products. On the other hand, Bangladesh fetched USD 11.92 billion by exporting readymade garment (RMG) products during the same period, data from Export Promotion Bureau (EPB) showed. According to the World Trade Organisation (WTO) data, Bangladesh was the second largest apparel exporter in the globe with a 6.8% market share worth USD 34 billion in 2019. In 2019, Vietnam's market share was 6.20% to USD 31 billion.
- First, they need to clarify the export figure of Vietnam. Vietnam exports data include both textile and RMG products, while our products are only apparel and textile products, and that too counted in different categories, BGMEA Senior Vice President said. However, the gap in terms of export earnings is not very big and if the earnings from textile products of Bangladesh are added with that from the garments, it will be very close to Vietnam, he claimed. Secondly, production in the country's apparel sector and other manufacturing factories were closed during March-April. In a sense, exports were almost stalled, while Vietnam did not stop operation, he explained.
- Economists do not want to draw conclusions with the present data, and also want to take the global pandemic situation - which disrupted trade and commerce - into consideration before commenting on the decline.

<https://www.dhakatribune.com/business/economy/2020/08/14/vietnam-surpasses-bangladesh-in-textile-clothing-export>
<https://tbsnews.net/economy/rmg/vietnam-surpasses-bangladesh-rmg-export-118897>

Apparel makers facing new pressure from buyers: Study

- The apparel makers are facing new challenges as the buyers changing their prices and order strategies, including product specification, after the FoB price is locked amid the ongoing Covid-19 pandemic, according to a latest report. The buyers' high-pressure strategies, suppliers reported, have the most impact on the suppliers' business profitability and threatened the latter's social and environmental sustainability, it showed.
- On an average, 3.3 strategies were used by each buyer, with the most common strategies being take it or leave it - meet the target cost or supplier cannot win the order, demanding level prices be maintained from year to year - no consideration for inflation and demanding across the board price cuts from previous orders/years. Most suppliers or 93%, however, reported that their buyers have started placing new orders since the onset of COVID-19.
- The most frequently reported changes to buyers' pricing and ordering strategies included an overall decrease of order volume relative to previous orders or season's (59% reported), smaller volumes at the same price (51%) and lower target prices from previous orders (40%). When asked, the senior vice president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) agreed with the report findings about price pressures. He alleged that the buyers were frequently asking for changes or adding extra works in the products, but at the same time they are not paying additional prices for the additional work.

<https://today.thefinancialexpress.com.bd/last-page/apparel-makers-facing-new-pressure-from-buyers-study-1597511744>

<https://www.newagebd.net/article/113572/global-rmg-buyers-shift-corona-induced-financial-burden-onto-suppliers-study>

Industrial engine loses steam

- Bangladesh's industrial growth slumped in the last fiscal year, mainly due to the COVID pandemic, the government data show. The sector recorded notable growth in the previous couple of years. The manufacturing sub-sector's expansion fell by 8.36% points to 5.84% in FY 2019-20 from 14.20% in the FY2019. Analysing the Bangladesh Bureau of Statistics (BBS) data, it was found that the country's industrial growth rate in last year plunged by a half to only 6.48%.
- The industrial sector had been maintaining a robust growth trend since FY2017, expanding at the rate of 12.06% in FY2018 and 12.67% in FY2019. In FY2017, the growth rate was recorded at 10.22%, the BBS data showed. But the coronavirus has suddenly broken the backbone of the economy, as the manufacturing subsector grew by 5.84% in the last fiscal. Former World Bank lead economist said that the economic growth as well as growth in the industrial sector seemed to be incomplete as the BBS itself said some economic indicators of the last three-months of the year were not calculated.
- Even the BBS's provisional GDP growth rate figure of 5.24% was also questionable as different economic indicators even before the coronavirus impact were not doing well, he said. He did not see any reasons for positive growth in the manufacturing and service sectors in the last fiscal year, he added.

<https://today.thefinancialexpress.com.bd/public/first-page/industrial-engine-loses-steam-1597424558>

Government cranks up bank borrowing

- The government started the new fiscal year with higher bank borrowing as July loans figure almost doubled as revenue collection fell, officials say. Its borrowing reached BDT 130.87 billion in the first month of FY 2020-21 through issuance of treasury bills (T-bills) and bonds against BDT 70.50 billion pre-auction target, set by the Ministry of Finance earlier to partly meet budget deficit. Of the total borrowing, BDT 109.32 billion was taken out from the banks and the remaining BDT 21.55 billion from individuals and corporate entities, the officials said.
- Meanwhile, the government's cumulative net bank borrowing stood at BDT 80.59 billion until July 29 after adjustment of payback worth BDT 28.72 billion to the central bank, according to a Bangladesh Bank confidential report. The government was forced to borrow more from the banking system in July because of lower revenue collection, a senior official said. The government's bank borrowing normally rises in the months of June and July each year, he said. The overall revenue collection fell by 22.07% to BDT 123.34 billion in July from BDT 158.28 billion the year before, according to the official figures.
- It also fell short of the month's target of BDT 193.78 billion by BDT 70.44 billion mainly due to the impact of Covid-19 pandemic. Meanwhile, the government is set to borrow more than BDT 58 billion from the country's banking system for the month of August. The government may receive up to BDT 190 billion as gross borrowing from the banking system in August through T-bills and bonds, according to the government's auction calendar issued by the central bank recently.

<https://today.thefinancialexpress.com.bd/public/first-page/govt-cranks-up-bank-borrowing-1597342702>

Cheap rawhides have nothing to do with high prices of leather goods: experts

- That very low prices of rawhides will be able to keep prices of leather goods such as footwear and bags from going abnormally high in the domestic markets is not necessarily true, finds research of the Bangladesh Trade and Tariff Commission (BTTC). Generally prices of leather goods such as footwear, belts and bags are expected to be very low considering the fact that prices of rawhides, the main ingredient for making leather goods, has been low in the country over many decades. However, leather comprises less than 5% of the production cost of a pair of leather shoes, according to a senior research officer of the BTTC. Other costs tend to be high such as those for labour, transportation, branding, administrative and managerial works and running establishments alongside that of bank interest rates and stock lots. As a result, the low prices of rawhides are not reflected in prices of leather goods in the domestic markets.
- Local leather footwear and leather goods manufacturers have recently turned to making high-end and semi high-end goods for customers as demand for those increased with rising incomes in Bangladesh, the BTTC official said seeking anonymity. Moreover, leather goods manufacturers say they sell goods in bulk quantities only on a handful of occasions around the year such as Eid-ul-Fitr, Pahela Baishakh, Eid-ul-Azha and Durga Puja. For the rest of the year, they cannot log adequate sales despite having to continually spend money for running their businesses such as for operating showrooms and maintaining employees.
- The BTTC blames an organised syndicate for prices of rawhides hovering at abnormally low rates in the local markets over the past two consecutive years. Moreover, tanners incurred losses of around BDT 5 billion while relocating their factories from the city's Hazaribagh area to Savar Tannery Industrial Estate (STIE) in 2017. They have been suffering from a cash crunch for this, said the BTTC official who has been conducting research on the leather industries over the years. The prices of rawhides remained low for the past two years mainly because tanners could not go into full

production in the STIE and incurred significant losses while shifting from Hazaribagh to the STIE.

<https://www.thedailystar.net/business/news/cheap-rawhides-have-nothing-do-high-prices-leather-goods-experts-1945741>

Cement-makers' plight seems to be over

- Cement manufacturers can breathe a sigh of relief at least for now as the sector has been showing some signs of recovery for the last two months from the coronavirus pandemic. The sector had been reeling from the unprecedented collapse in demand in April and May because of the pandemic, which hammered activity and brought the construction sector to a grinding halt. Sales have started to bounce back almost to the pre-pandemic level in June and July. Though sales are picking up, the cement makers are running way below their capacity. On top of that, the manufacturers were unable to collect dues from dealers and contractors as they too were devastated by the pandemic. Because of the pandemic, the growth of the sector will come down to 7% this year from the 12-15% average growth it clocked in the last few years, said the chief operating officer of Bengal Cement Ltd.
- The sector's confidence is still intact largely because of the steadily growing demand in a country where per capita cement consumption is very low and there has been a construction spree of large infrastructure since before the onset of the pandemic. To complete the Padma bridge project, it is estimated that three million tonnes of cement will be used. Other mega projects will require similar amounts. There are 37 active cement factories in Bangladesh and more than BDT 300 billion has been invested in the industry. Manufacturers have a combined annual production capacity of 58 million tonnes against local demand for 33 million tonnes. Local companies dominate the market and annual sales have reached USD 3 billion, according to the BCMA.

<https://www.thedailystar.net/business/news/cement-makers-plight-seems-be-over-1944797>

ACI Motors lands BDT 1.26 billion in foreign investment

- ACI Motors is set to secure an equity-based foreign investment of BDT 1.26 billion from two companies as it landed its first foreign investment. The fund from the Netherlands and Singapore would be used to accelerate business growth and expand existing manufacturing facilities of ACI Motors. The fund will be raised through the issuance of 2.3 million convertible non-cumulative preference shares of BDT 100 each at a premium of BDT 440. In the case of non-cumulative preference shares, the dividend is only payable from the net profits each year. If the company makes no net profits in a year, the arrears of dividend can't be claimed in the subsequent years. The shares will be issued to Bangladesh-managed account CV, a limited partnership of the FMO and SDI Pte, the two investors. The arrangement will reduce ACI's shareholding in ACI Motors to 52.7% from 65%.
- ACI Motors sells products such as agricultural machinery, construction equipment and motorcycle. It offers a complete line up of high horsepower agricultural machinery, bringing in tractors, power tiller, reaper, mini combine harvester and rice transplanter. It introduced the Sonalika tractor, which is specially designed for Bangladesh making it suitable for small land size and roads. ACI Motors became the distributor of Yamaha Motorcycles in 2016.

<https://www.thedailystar.net/business/news/aci-motors-lands-BDT-126cr-foreign-investment-1945749>
<https://tbsnews.net/companies/aci-wants-vroom-its-yamaha-bikes-BDT126cr-dutch-investment-119932>

Banks invest paltry BDT 2.64 billion in stocks in six months

- Banks' investments in the country's capital market from the special funds have remained low after six months of the policy introduction by the Bangladesh Bank as they have invested around BDT 2.64 billion in the period in the market. Although the central bank initially expected that the banks would grab the facility and would give some momentum to the country's capital market that suffered heavily for more than one year before the recent surge, the response of the banks was not that satisfactory, a BB official said.
- As per the BB data, so far 16 banks have formed special funds totaling to BDT 18.50 billion for the stock market investment. Of the banks, Sonali Bank, Janata Bank, Agrani Bank, One Bank, Mercantile Bank, United Commercial Bank and NCC Bank formed BDT 2.00 billion in special fund each, Pubali and City Bank formed BDT 500 million in special fund each and EXIM Bank formed BDT 800 million in special fund.

<https://www.newagebd.net/article/113569/banks-invest-paltry-BDT-264cr-in-stocks-in-six-months>

Bangladesh Securities and Exchange Commission (BSEC) restructures Z-category companies' boards

- The securities regulator has taken a number of decisions including restructuring the boards of 'Z' category companies for bringing positive changes in their operations. At the meeting, the securities regulator has also imposed penalty worth BDT 80 million on top brasses of BBS Cables for manipulating the company's share price along with conducting insider trading. As per the BSEC's decision, the companies which are being traded in 'Z' category for two years or

above will have to restructure their incumbent boards within 45 working days after the announcement of the order in written form.

- As per the BSEC's decision, a 'Z' category company will be delisted along with facing other legal actions if the restructured board fails to ensure development within four years. The securities regulator has also changed definition of 'Z' category to ensure further accountability of companies listed under other categories. The trading cycle of the 'Z' category companies will be turned into T+3 from existing T+4.
- The BSEC has fined the spouse of the chairman of the BBS Cables, BDT 30 million for her involvement in manipulating the company's share price in 2017. The securities regulator also imposed an aggregate amount of penalty worth BDT 50 million on the BBS Cable. The securities regulator also allowed Mir Akther Hossain to determine its cut-off price to float shares under the book building method. The BSEC has also approved the rights of Pragati Life Insurance which will issue one right share against one existing share at an offer price of BDT 15, including a premium of BDT 5.0 per share.

<https://today.thefinancialexpress.com.bd/public/stock-corporate/bsec-restructures-z-category-companies-boards-1597334403>
<https://www.newagebd.net/article/113506/bsec-punishes-60-wrongdoers-in-two-months>
<https://www.dhakatribune.com/business/stock/2020/08/13/bsec-fines-bbs-cables-for-share-price-manipulation>
<https://www.dhakatribune.com/business/stock/2020/08/13/mir-akther-gets-nod-to-discover-ipo-cut-off-price>
<https://www.thedailystar.net/business/news/bsec-continues-its-tough-stance-gamblers-1944817>

Agent banking performance mixed in April

- Agent banking, one of the key banking services in achieving financial inclusion, witnessed a moderate growth in April amid a nationwide shutdown to curb the coronavirus pandemic. During the month, 82 agents signed up with the service and 99 outlets were opened afresh. This included the addition of around 250,000 new agent banking accounts. Till March this year, 26 banks obtained licences to operate agent banking, but of them 22 were able to do it, according to data from the Bangladesh Bank.
- In April, the deposit collection of banks through agent banking increased by over BDT 2.01 billion from the amount in the preceding month of March. Owing to increased agent banking accounts, remittance inflow through the banking wing went up by about BDT 3.69 billion in April from that in March. However, in the same month, transactions through this particular banking wing dropped by about BDT 70.66 billion to over BDT 114.72 billion due to the imposition of the countrywide shutdown, thus signifying lower economic activities. As per Bangladesh Bank data, the banks disbursed just BDT 3 million in loans in April through their agent banking wing against their disbursement of BDT 575 million in March, the immediate preceding month of the lending rate enforcement.

<https://www.thedailystar.net/business/news/cement-makers-plaint-seems-be-over-1944797>

Berger's EPS dips 79% in Apr-Jun quarter due to pandemic

- The earnings per share (EPS) of Berger Paints Bangladesh Ltd plunged more than 79% year-on-year in April-June, 2020 quarter due to lower sales amid Covid-19 pandemic. The company also informed that EPS for first quarter ended June 30, 2020 decreased significantly from the same quarter of the previous year due to lower sales in April and May this year impacted by country-wide-lockdown for Covid-19 pandemic.
- Berger Paints Bangladesh recently launched 'Berger Expert Sanitization Service' to meet the growing demand for disinfection amid ongoing Covid-19 pandemic. The new service from Berger will be a convenient and effective way to give businesses and homeowners the confidence that their areas will be safe for all the members and customers, the company said.

<https://today.thefinancialexpress.com.bd/public/stock-corporate/bergers-eps-dips-79pc-in-apr-jun-quarter-due-to-pandemic-1597334434>
<https://www.dhakatribune.com/business/stock/2020/08/13/berger-paints-earnings-tumble-79-amid-covid-19-pandemic>

AB Bank puts Aman Feed's factory and land on sale for failure to pay loans

- AB Bank has put the factory of Aman Feed and its collateral on sale for its failure to pay BDT 2.68 billion in loans and interest within the sanctioned timeframe of July. The bank estimates that the approximate value of the property, including the factory in Sirajganj and lands in Sirajganj and Gazipur, is more than BDT 700 million. Aman Feed, a concern of Aman Group, got the revolving loans to buy capital machinery and raw materials in 2006 when it began commercial production to make poultry, fish, shrimp and cattle feed to cater to the burgeoning poultry, aquaculture and dairy industries, officials said. Bangladesh Securities and Exchange Commission had also fined all the directors of Aman Feed except the independent director BDT 2.5 million each in January for violation of securities rules.

<https://www.thedailystar.net/business/news/ab-bank-puts-aman-feeds-factory-and-land-sale-failure-pay-loans-1945737>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$42.57	(\$19.06)	-30.93%
Crude Oil (Brent)*	\$45.29	(\$23.15)	-33.83%
Gold Spot*	\$1,945.12	\$423.65	27.84%
DSEX	4,703.32	250.39	5.62%
S&P 500	3,372.85	142.07	4.40%
FTSE 100	6,154.34	(1,432.71)	-18.88%
BSE SENSEX	37,877.34	(3,764.80)	-9.04%
KSE-100	40,290.74	(444.34)	-1.09%
CSEALL	5,261.99	(867.22)	-14.15%

Exchange Rates

USD 1 = BDT 84.83*

GBP 1 = BDT 111.01*

EUR 1 = BDT 100.46*

INR 1 = BDT 1.13*

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

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