

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.

Industrial credit falls year-on-year, but increases in Q3

- Although bank loan disbursement to the industrial sector at the end of the third quarter of this year was lower than that in the same period last year due to the coronavirus pandemic, the situation is getting better. Industrial loan disbursement at the end of the third quarter of this year (July-September) was about 13% lower than that during the same period in 2019. At the end of September last year, BDT 1.08 trillion was disbursed. It decreased to BDT 948.50 billion this year. But the situation began to improve as industrial loan disbursement in the third quarter of this year increased by 28% compared to the second quarter (April-June).
- Bankers say this is the evidence that industrial production is recovering after coping with the Covid-19 blows. Compared to the second quarter, loan disbursement at the end of the third quarter increased the most in small industries. Large and medium industries are in the second and third place respectively. During this period, the disbursement of term and working capital loans increased equally by about 28%. Due to the suspension of loan classification till December, many expired loans were not classified. According to bankers, if classification restarts in January, the amount of default loans will start increasing.

<https://tbsnews.net/economy/industrial-credit-falls-year-year-increases-q3-175249>

Apparel exporters concerned as UK goes into fresh shutdown

- Bangladeshi apparel exporters are worried about a likely economic catastrophe in the wake of the fresh pandemic-led shutdown in the United Kingdom. The stringent measure will likely hit their businesses hard. Apart from the UK, some buyers in the European Union have already informed their Bangladeshi suppliers that they will not comment on their existing as well as new orders till 10 January due to the re-imposition of strict measures in some countries. RMG exporters said they are likely to face great uncertainty because shutdowns usually defer payments while orders are also either cancelled or halted.
- The director of Bangladesh Knitwear Manufacturers and Exporters Association said that an EU buyer asked its Bangladeshi supplier on Monday evening to delay the production of its order for 400,000 pieces of garments due to the spread of the new Covid-19 strain. He said the exporter did not have any choice but to agree because he had already procured the raw materials. The order's volume was about half the supplier's production capacity of two months. He also mentioned that many manufacturers had been running their units at 70% capacity and it has started to go down since last week.

<https://tbsnews.net/economy/rmg/apparel-exporters-concerned-uk-goes-fresh-shutdown-175240>

Government again resorts to bank borrowing

- The government has again gone for borrowing from banks to meet the budget deficit. It took no loans from the banking sector in the first three months (July-September) of the current fiscal year, rather it paid back around BDT 500 million of its previous debt servicing. But borrowing again started in October, taking the government's net bank loan to around BDT 10.63 billion at the month end. However, bank borrowing in July-October was much lower than the amount of around BDT 360.00 billion in the same period a year ago.
- Despite low borrowing from banks, the government's non-bank loans increased by 140% to BDT 175.77 billion during July-October of the current fiscal year, up from BDT 73.26 billion in the same period of the last fiscal year. The budget for the current financial year has a target of raising BDT 250.00 billion from the non-bank sector, of which, BDT 200.00 billion will be taken from savings certificates. Sales of savings certificates have reached close to the fiscal year's target only in the July-October period with a fall in interest rates on bank deposits. During the time, the sales of savings instruments increased by 183% to BDT 156.42 billion from BDT 55.00 billion in the same period of the last fiscal year.

<https://tbsnews.net/economy/banking/govt-again-resorts-bank-borrowing-175219>

Bangladesh Bank (BB) to issue Sukuk by 30 December

- The Bangladesh Bank will issue Shariah-based safe investment instrument Sukuk by 30 December. The finance ministry is the originator of the Shariah-compliant bond, and the central bank will act as a special purpose vehicle (SPV) for the issuance of the security. A sukuk is an Islamic financial certificate, similar to a treasury bond, which complies with Shariah laws. The overall cost of the project is estimated at BDT 88.51 billion, of which BDT 8.51 billion will be provided by the government, according to a prospectus prepared by both the central bank and the finance ministry. The Department of Public Health Engineering (DPHE) will implement the project by June 30, 2025.
- Investors will receive a profit of 4.69% on their aggregate investment in the Islamic bond. The central bank has fixed

the rate based on the Bangladesh Government Islamic Investment Bond (BGIB). The last declared profit-sharing ratio of the six-month BGIB is 3.69%, and the central bank has added 1% point to settle on the rate for the sukuk. Profits will be paid to investors on a half-yearly basis.

https://www.thedailystar.net/business/news/BDT_-8000cr-islamic-bond-safe-water-supply-2015849

BTRC lifts ban on telecommunication value-added services (TVAS) by Robi, Banglalink

- Bangladesh Telecommunication Regulatory Commission (BTRC) has temporarily withdrawn an order issued against leading mobile operators Robi and Banglalink to stop their telecommunication value-added services (TVAS). The regulator had issued the order on Monday after a probe revealed that subscribers were being charged for the service by the operators without their knowledge.

- Both mobile operators admitted to their faults and vowed to rectify the matter. They have been informed about the temporary withdrawal of the order, said BTRC Chairman. The TVAS operators provide services like news alert, songs, video and welcome tune for the four mobile operators in the country. The TVAS sector has an annual turnover of BDT 2 billion, according to high-ups in the telecommunications industry. Services such as news alerts, banking, insurance, telemedicine would have been affected had the regulator's order been implemented, with the customers suffering for it.

<https://today.thefinancialexpress.com.bd/trade-market/btrc-lifts-ban-on-tvas-by-robi-banglalink-1608655445>

<https://www.dhakatribune.com/business/2020/12/22/tvas-bar-on-robi-banglalink-lifted>

<https://www.thedailystar.net/business/news/no-bar-now-two-telcos-value-added-services-2015841>

Rupali Bank lends BDT 3.50 billion ignoring banking norms

- State-run Rupali Bank has given about BDT 3.5 billion to 11 clients by violating the central bank's risk management guidelines. Between July 2017 and July 30 this year, the local office of the state-run bank has paid a total of BDT 3.4 billion as import bills to foreign companies on behalf of the clients, according to a document of the bank. The facilities were provided to the clients against a total of 119 letters of credit in three years. The amount has now crossed BDT 3.5 billion.

- But the bank has yet to create any loans against the 11 clients: Bashundhara Paper Mills, AA knitting, Julfikar Fashion, Mother Textile, Badar Spanning, ABS Garments, Beacon Pharma, Western Engineering, BD Thai, Sister Denim composite and MK Footwear, as per the document. Banks will have to create loans in the name of the client on the day of the payment of import bills on behalf of its client, according to the risk management guidelines of the central bank.

- Rupali's treasury department has issued the equivalent advice of import bills to the local office after paying from its nostro account but the local office did not respond to it until August 26 this year, as per the document. The companies have already imported their raw materials and machinery and gone into production. But they are yet to pay a single penny to the bank, said an official of the bank seeking anonymity

<https://www.dhakatribune.com/business/2020/12/22/rupali-bank-lends-BDT-350cr-ignoring-banking-norms>

Four state banks ordered to provide valuation on Best Holdings stake

- Sonali, Rupali, Janata, Agrani collectively bought 29.6% stakes in Best Holdings between August 2019 and June this year at BDT 65 a share, which has raised the eyebrows of analysts. The finance ministry on Tuesday asked the four state-run banks with stakes in the much-talked-about Best Holdings, the parent company of Le Méridien Dhaka, to furnish their valuation report with a matter of urgency. Subsequently, the finance ministry sent a letter to the managing directors of the four banks, ICB and ICB Capital Management demanding to see their valuation report along with the minutes of the board meetings in which the matter of stake purchase was discussed.

<https://www.dhakatribune.com/business/2020/12/22/four-state-banks-ordered-to-provide-valuation-on-best-holdings-stake>

<https://tbsnews.net/economy/stock/now-finance-ministry-look-best-holdings-175228>

Olympic Industries going big on expansion

- Olympic Industries, the maker of the popular Energy Plus biscuit, is going full steam ahead with its expansion plans. A total of 16 decimals land will be purchased for BDT 6 million to go with the 513.84 decimals it bought earlier in August. The company will also bear the expenses of BDT 0.65 million for registration and other miscellaneous changes. The disclosure comes after the company last month announced a fresh investment plan of BDT 420 million to expand its production capacity and introduce more premium variety cracker and hard dough biscuits. In October, the company announced bringing in new machinery, equipment and spares from China at an estimated cost of USD 579,000. Between July and September, the company logged in profit of BDT 570 million, up 2.2% from a year earlier.

<https://www.dhakatribune.com/business/2020/12/22/olympic-industries-going-big-on-expansion>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$46.71	(\$14.92)	-24.21%
Crude Oil (Brent)*	\$50.08	(\$18.36)	-26.83%
Gold Spot*	\$1,862.24	\$340.77	22.40%
DSEX	5,098.49	645.56	14.50%
S&P 500	3,687.26	456.48	14.13%
FTSE 100	6,453.16	(1,133.89)	-14.95%
BSE SENSEX	46,006.69	4,364.55	10.48%
KSE-100	42,906.94	2,171.86	5.33%
CSEALL	6,634.92	505.71	8.25%

Exchange Rates

USD 1 = BDT 84.79*

GBP 1 = BDT 113.41*

EUR 1 = BDT 103.12*

INR 1 = BDT 1.14*

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

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