

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.

BB moves to set up alternative reference rate

- The central bank on Tuesday issued a draft policy seeking opinions from the stakeholders concerned to set up alternative reference rate after phasing out of the London Inter-Bank Offered Rate (LIBOR). Besides LIBOR, a benchmark rate in the currency of financing with prescribed mark up for discounting/early payment of export bills. It also focused on short-term trade financing for which presently six-month LIBOR plus 3.50% per annum can be applied. Reportedly, the Financial Conduct Authority of England will scrap the LIBOR after 2021.

- It is expected that from 2022 onward, all new loans and letters of credit (LCs) will be priced differently, in addition to carrying out entire outstanding loans and LCs with switching LIBOR to a new reference rate. The draft policy has relaxed six-month fixed tenure by allowing flexibility depending on the credit period for financing. In absence of a forward-looking rate like three-month and six-month, the relative rate may be compounded in arrears to calculate effective rate for the tenure of credit. The draft policy has allowed Islamic Shariah-based benchmark rate for Shariah-based financing. It will be applicable for permissible usance import under supplier's/buyer's credit.

<https://today.thefinancialexpress.com.bd/last-page/bb-moves-to-set-up-alternative-ref-rate-1608744546>

ADP implementation lowest in 11 years

- The government's Annual Development Programme (ADP) implementation in the first five months of the current fiscal year was the lowest in 11 years, with ADP expenditure falling by 7% compared to the same period of the last financial year. From July to November of FY21, 17.93% of the ADP allocation was spent, down from 19.24% in the same period of the previous financial year. With the economy on the path to recovery from the Covid-19 pandemic shocks, the government spent about BDT 110.20 billion on development projects in November, the highest in the first five months of FY21.

- The figures were revealed in the latest report of the Implementation Monitoring and Evaluation Division (IMED) under the Ministry of Planning. According to the report, 20% of the ADP was implemented in the first five months of the fiscal 2010-11. Since then, the implementation rate has risen to 25% several times. At the beginning of the current financial year, a BDT 2.14 trillion ADP was formulated. To implement it fully, BDT 1.76 trillion (about 82%) will have to be spent in the last seven months. Experts think there will be a huge pressure on ADP implementation at the last minute if the pace is slow at the beginning. They also fear a waste of public money, saying it will be difficult to ensure quality if the work is done hastily.

<https://tbsnews.net/bangladesh/adp-implementation-lowest-11-years-175735>
<https://www.thedailystar.net/business/news/adp-spending-slow-lane-2016357>

Manpower export down, remittance up amid Covid

- Manpower exports came down to almost a zero in the second quarter (April-June) of this year due to disruption to communications battered by Covid and deteriorating global economic situation. However, in the first three months (January-March) of 2020, more than 180,000 manpower was exported. In the third quarter (July-September) of the current year, only 16 Bangladeshis went abroad for work. Of them, 23 are women. The highest number of 19 people went to Singapore, 15 in Oman, and only 1 in Saudi Arabia.

- Although manpower export was very low, there was a high flow of remittances even amid Covid that came through legal means. During July-September period, the country's total remittance reached USD 6.71 billion, up 48.4% from the same period a year ago. The country-wise inflow of remittances during July-September 2020 shows that the largest amount of remittances was received from Saudi Arabia USD 1.61 billion, which is 24.04% of total remittances. Remittance from USA was 12.14%, UAE 11.19%, Malaysia 9.05%, United Kingdom 7.69%, Oman 7.24%, Kuwait 6.95% and other countries 21.70%.

<https://tbsnews.net/bangladesh/migration/manpower-export-down-remittance-amid-covid-175675>

The Microcredit Regulatory Authority (MRA) asks the microfinance institutions (MFIs) to provision 1.0% fund on total loan loss

- The Microcredit Regulatory Authority (MRA) asked the microfinance institutions (MFIs) to provision 1% fund of total loan loss. The microcredit regulator also asked the MFIs not to classify loans until December 31 even if the borrowers fail to pay back those as per the schedule. According to the circular, the micro lenders cannot force the borrowers to pay instalments during the time. Buro Finance Director, said it is totally an unfair decision for the sector, as the sector is already suffering due to negative impact of the Covid-19 pandemic. He said the MRA has not discussed this issue

with stakeholders and they will request the regulator to withdraw the decision, he added.

<https://today.thefinancialexpress.com.bd/trade-market/mra-asks-mfis-to-provision-10pc-fund-on-total-loan-loss-1608739394>

Farm loans failing to pique banks' interest

- Disbursement of farm loans by banks in the first five months of the fiscal year slightly fell while nine banks disbursed a meagre amount. Between July and November, banks disbursed 33.99% of their total farm loan target, down from 34.43% a year earlier, according to the central bank's latest data. Earlier on July 22, the Bangladesh Bank had raised the farm loan disbursement target to BDT 262.9 billion for this fiscal year from BDT 241.2 billion in fiscal 2019-20. The effects of the pandemic and the floods were the reasons for the slow loan disbursement to the agriculture sector, said BB Spokesperson.
- Of the nine banks, private lender Community Bank and foreign Woori Bank are yet to disburse a single paisa in the five months, while Modhumoti and Shimanto managed to disburse just 0.19% and 0.43% of their target respectively. During the period, AB Bank disbursed just 6.99% of its target, Bangladesh Commerce 8% City 7.76% , Union 2.57% and United Commercial 4.77% . Disbursing loans for the farm and small- and medium-sized enterprises sectors are more time-consuming than for large industries, said managing director of Modhumoti Bank.
- Considering that agriculture is a priority sector, the central bank usually sets the interest rate on farm loans at 2-3% less than the major credit products of banks. But if banks disburse through NGOs or MFIs the rate goes up to 19-25% said a high official of the central bank. If the loans are disbursed through bank branches, farmers could get them at 9% interest rate, he added.

<https://www.dhakatribune.com/business/2020/12/24/farm-loans-failing-to-pique-banks-interest>

Cement makers still on slippery ground

- Between January and August, the sector, which has been riding the recent construction boom, saw degrowth of about 7.7%, as economic activities slammed shut for two-and-a-half months from March 26 thanks to the countrywide shutdown announced to flatten the curve on coronavirus. Cement business suffered terribly in the first six months of 2020 and many fell into trouble, said the president of the Bangladesh Cement Manufacturers Association (BCMA). The sector witnessed a degrowth of about 13% in the first five months of 2020, according to data compiled by the industry.
- The consumption of cement sector was supposed to rise this year though, fuelled by the ongoing mega projects like Padma Bridge, Metrorail and Karnaphuli Tunnel. But the pandemic played the spoilsport. The slump in cement sales in Bangladesh is in line with its South Asian neighbours, where the sector is expected to witness a 10% negative growth in 2020, as per the International Finance Corporation. The global cement demand is expected to shrink 3 % year-on-year when China is included and 6.4 % when excluding China, the study found. Now, the rise in rod prices is posing a threat to the sector's turnaround as it will impact construction decisions, said the vice-chairman of MI Cement.

<https://www.dhakatribune.com/business/2020/12/24/cement-makers-still-on-slippery-ground>

Dhaka, Ankara agree to double bilateral trade

- Turkey is interested in investing in mega projects in Bangladesh and starting joint venture defence initiatives. Besides, both the countries are willing to boost the bilateral trade to USD 2.0 billion in the near future. Terming Bangladesh the 'rising star of South Asia', the Turkish FM said the country has become a role model of sustainable development before the world. He noted that there are a wide range of investment and trade opportunities in Bangladesh, and the big Turkish companies are being encouraged by his government to explore the investment opportunities.

<https://today.thefinancialexpress.com.bd/first-page/dhaka-ankara-agree-to-double-bilateral-trade-1608745456>

<https://www.dhakatribune.com/bangladesh/foreign-affairs/2020/12/24/turkey-keen-to-enhance-defence-cooperation-with-bangladesh>

BB issues Sukuk Monday

- Sukuk, the Islamic Shariah-compliant bond, will be issued on Monday, marking the history in the country's financial market. The Bangladesh Government Islamic Investment Sukuk worth BDT 40 billion will be issued, officials of Bangladesh, who are familiar with the development. The denomination of each Sukuk is BDT 10,000. Any Muslim and institution can purchase it. Individuals can purchase through the banking channel. They will need to open separate accounts with the banks. An individual may buy a minimum of one such bond and there is no upper limit.
- The government will raise BDT 80 billion through the Sukuk for the implementation of a safe water supply project across the country beginning from January next. Bangladesh Bank will act as a Special Purpose Vehicle to administer it. It will also act as the trusty to resolve any potential conflict between the investors and the government. Investors will receive a profit of 4.69% on their aggregate investment in the Islamic bond. Profits will be paid to investors on a semi-

annual basis (annualised). The duration of the water supply project is five years, while the tenure of the bond is also five years. The overall cost of the project is estimated at BDT 88.51 billion.

<https://today.thefinancialexpress.com.bd/first-page/bb-issues-sukuk-monday-1608745390>

Bangladesh Securities and Exchange Commission (BSEC) approves Index Agro's IPO and Trust Banks Subordinated Bond

- The stock market regulator has approved Index Agro Industries' application to raise BDT 500 million through initial public offering (IPO) under the book-building method. The securities regulator has also approved subordinated bond worth BDT 4.0 billion in favour of Trust Bank Ltd. The approvals came on Wednesday at a meeting held at the office of Bangladesh Securities and Exchange Commission (BSEC) presided over its chairman.
- As per the regulatory approval, the Index Agro will raise BDT 500 million by issuing a total of 8,253,649 ordinary shares. Of the total shares, 3,893,265 shares will be issued to the eligible investors at their own bidding price. Remaining 4,360,384 shares will be opened to the IPO participants, including general investors and non-resident Bangladeshis, at a 20% discount on the cut-off price, meaning the general investors will get the IPO shares at BDT50 each. As per the book-building method, IPO participants get shares at a 10% discount on cut-off price. But, the company allowed extra 10% discount, as per the BSEC approval.
- The securities regulator also accorded its consent to let the Trust Bank to issue unsecured, non-convertible, floating rate, subordinated bond worth BDT 4.0 billion. The purpose of the bond issue is to strengthen the capital base Additional Tier-11 of the bank. The face value of per unit price of the bond will be BDT 10 million. The fund will be raised from government financial institutions, mutual funds, listed banks, insurance companies, regional rural banks, private organisations, trust funds and eligible investors through private placement.

<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-approves-index-agros-ipo-of-BDT-500m-1608739896>

<https://www.dhakatribune.com/business/2020/12/23/trust-bank-s-BDT-400cr-bond-gets-the-nod>

<https://www.thedailystar.net/business/news/trust-banks-BDT-400cr-bond-gets-bsec-nod-2016341>

<https://tbsnews.net/economy/stock/trust-bank-allowed-issue-BDT-400-crore-bond-175726>

<https://tbsnews.net/economy/stock/index-agro-gets-regulator-nod-ipo-175714>

Special auditor to review Alif's rights share fund

- The stock market regulator has decided to appoint a special auditor to review the financial statements of Alif Manufacturing Company Ltd, which was previously known as CMC-Kamal Textile Mills Limited. The auditor will also review the company's statements on utilisation of its rights share fund. However, the Bangladesh Securities and Exchange Commission (BSEC) has not appointed any special auditor yet. The company has been manufacturing and marketing high quality "cotton yarn" for making clothes to be used by the local weavers, textile mills, and the readymade garments sector for apparels.
- Relevant sources said the securities regulator recently requested the authorities concerned to bar the company's managing director from leaving the country till further notice regarding pending legal actions over financial irregularities. The company did not use the fund of rights share properly, added sources. Market insiders alleged that the company deceived the investors in the capital market. The company raised capital by issuing rights share to raise hope among the investors. But the investors suffered a big loss by holding the company's shares.

<https://tbsnews.net/economy/stock/special-auditor-review-alifs-rights-share-fund-175255>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$47.96	(\$13.67)	-22.18%
Crude Oil (Brent)*	\$51.20	(\$17.24)	-25.19%
Gold Spot*	\$1,873.03	\$351.56	23.11%
DSEX	5,133.30	680.37	15.28%
S&P 500	3,690.01	459.23	14.21%
FTSE 100	6,495.75	(1,091.30)	-14.38%
BSE SENSEX	46,444.18	4,802.04	11.53%
KSE-100	43,087.70	2,352.62	5.78%
CSEALL	6,629.02	499.81	8.15%

Exchange Rates

USD 1 = BDT 84.84*

GBP 1 = BDT 114.71*

EUR 1 = BDT 103.49*

INR 1 = BDT 1.15*

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

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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
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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