

*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 sets up BDT 10 billion refinance scheme**

- Bangladesh Bank (BB) has formed a BDT 10 billion refinancing scheme to provide low-cost loans to the export-oriented industries for upgrading technologies. The scheme is also meant for strengthening the capacity and increasing the sustainability and competitiveness of the units. Interest rate will be 5.0% on the loans having the tenure below five years while 5.5% from five years to below eight years and 6.0% from eight years to 10 years. This fund will be in operation under a standard structured mechanism where the banks and financial institutions (FIs) will require maintaining capital adequacy, provision maintenance, CRR and SLR as determined by the central bank.
- Some 32 types of industries and 11 types of operations including readymade garment factories, pharmaceuticals, software and IT-enabled services, jute goods and, footwear and leather goods will be able to replace their outdated technologies to increase productivity. The participating FIs will have to sign a participation agreement with the central bank to avail of the facility. It said the tenure of the refinancing facility would range from three years to 10 years with a grace period to be fixed in accordance with bank-client relationship, but not more than one year. A 70:30 debt to equity ratio will have to be maintained to be eligible for availing of the loan.

<https://today.thefinancialexpress.com.bd/last-page/interest-spread-up-slightly-in-nov-1610904959>  
[https://tbsnews.net/economy/trade/BDT\\_1000cr-refinancing-fund-introduced-export-oriented-industries-187336](https://tbsnews.net/economy/trade/BDT_1000cr-refinancing-fund-introduced-export-oriented-industries-187336)  
<https://www.newagebd.net/article/127460/BDT-1000-crore-fund-formed-for-export-oriented-units-tech-development>  
<https://www.dhakatribune.com/business/2021/01/17/bb-forms-BDT-1-000cr-fund-for-industries-tech-upgrade>

### **BB buys record USD 5.49 billion to keep taka stable**

- The central bank purchased greenback worth a record USD 5.49 billion in the first half of the current fiscal year to keep stable the exchange rate of the local currency. The previous highest was recorded in 2013-14 when the Bangladesh Bank bought USD 5.15 billion from local banks. The central bank was forced to smash all previous records of dollar purchase in just six months in the wake of higher flow of remittance and lower imports caused by the economic slowdown brought on by the coronavirus pandemic.
- Although the dollar purchase is helping the export sector and swelling the foreign exchange reserve, the buying spree has flooded the financial sector with excess liquidity. But lower credit demand from borrowers amid the slowdown in business has put an adverse impact on the cost of funds for banks as liquidity has largely remained idle. The excess liquidity in the banking industry stood at BDT 1.82 trillion in October, up 202% year-on-year, data from the central bank showed. Despite the massive dollar purchase, the central bank has failed to devalue the taka against the American greenback.
- The central bank has been intervening in the foreign exchange market since July after the local currency had lost some weight against the dollar. The interbank exchange rate has been hovering around BDT 84.80 per USD since July. The rate was BDT 84.95 on March 25, a day before the country declared a countrywide lockdown to contain the virus.

<https://www.thedailystar.net/business/news/bb-buys-record-549b-keep-taka-stable-2029681>

### **Interest spread up slightly in Nov**

- The interest rate spread increased slightly in November 2020, as the banks slashed their deposit rates more than the lending ones, bankers have said. The interest on deposit decreased at comparatively higher rates than that on credit in November, as the banks collected deposits at lower rates because of availability of funds in the market, they added. The weighted average spread between the lending and the deposit rates offered by the commercial banks rose to 2.98% in November from 2.94% a month ago. It was 4.07% in March.
- The bankers also predicted that the interest rates on fresh deposit might fall further in the coming months, if the upward trend of excess liquidity in the banking system continues. The banks' excess liquidity hit the all-time high of nearly BDT 2.0 trillion in November mainly due to lower private sector credit growth in the recent months. Private sector credit growth decelerated continuously in the recent months following lower-than-usual credit demand due to supply chain disruption amid the ongoing coronavirus pandemic, according to the bankers.
- Expansionary monetary policy of the central bank along with implementation of the government's various stimulus packages to speed up recovery of the pandemic-hit economy also pushed up higher inflow of liquidity in the banking system. Surplus liquidity surged by more than 15% to BDT 1,951.66 billion as on November 30, from BDT 1,696.59 billion two months before. Most of the banks already slashed their interest rates on all types of deposit because of the higher liquidity inflow in the market, according to the bankers.

<https://today.thefinancialexpress.com.bd/last-page/interest-spread-up-slightly-in-nov-1610904959>

### **BSEC to sign market-dev deal with London Stock Exchange**

• The Bangladesh Securities and Exchange Commission may sign an agreement with the London Stock Exchange to improve the country's capital market and pull foreign investments to the market. The commission made the move in a meeting with British high commissioner Robert Chatterton Dickson during the envoy's visit to the commission on Sunday, BSEC officials said. They said that the envoy discussed strengthening the Bangladesh stock market through collaboration with the LSE.

<https://www.newagebd.net/article/127502/bsec-to-sign-market-dev-deal-with-lse>

### **Energypac to begin share trading from 19 January**

• Energypac Power Generation Ltd will start trading its shares on both the stock exchanges from 19 January (Tuesday) under the 'N' category. Meanwhile, the company's shares were credited to respective beneficiary owners' accounts on 17 January. Energypac will invest its total IPO fund of BDT 1.50 billion mainly to expand its liquefied petroleum gas (LPG) business. The company will spend a minor portion of the funds on repaying some expensive bank loans and paying the cost of the IPO process.

• At the end of the fiscal year 2019-20, the company posted a consolidated revenue of BDT 10.97 billion, which was 24% lower compared to the previous fiscal year. However, its net profit grew by 21% to BDT 581.8 million and earnings per share stood at BDT 3.83 in the last fiscal year.

<https://tbsnews.net/economy/stock/energypac-begin-share-trading-19-january-187315>

### **Desh General Insurance's IPO subscription to begin 14 February**

• Desh General Insurance Company's public subscription for an initial public offering (IPO) is due to kick off on 14 February and will continue till 18 February. The company aims to raise BDT 160 million from the stock market to expand its business, issuing shares at BDT 10 each through the IPO. It says it will invest the IPO funds in the capital market, fixed deposit receipts (FDRs) and treasury bonds. Prime Finance Capital Management is working as the issue manager of Desh General Insurance for the IPO process.

• According to the company's IPO prospectus, it borrowed BDT 84.4 million from different banks and three companies of Bengal Group for claim settlement till 31 December, 2019. Until that period, it had BDT 220 million in FDRs. According to the audited financial report for the year ending on 31 December, 2019, the earnings per share (EPS) of the company stood at BDT 1.36 while net asset value per share was BDT 11.62, excluding revaluation.

<https://tbsnews.net/economy/stock/desh-general-insurances-ipo-subscription-begin-14-february-187312>  
<https://today.thefinancialexpress.com.bd/stock-corporate/ipo-subscription-of-desh-general-ins-to-begin-february-14-1610899606>

**World Stock and Commodities\***

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$51.84	\$3.32	6.84%
Crude Oil (Brent)*	\$54.54	\$2.74	5.29%
Gold Spot*	\$1,825.49	(\$69.61)	-3.67%
DSEX	5,850.44	448.37	8.30%
S&P 500	3,768.25	12.18	0.32%
FTSE 100	6,735.71	275.19	4.26%
BSE SENSEX	49,034.67	1,283.34	2.69%
KSE-100	45,931.00	2,175.62	4.97%
CSEALL	7,734.57	960.35	14.18%

**Exchange Rates**

**USD 1 = BDT 84.87\***

**GBP 1 = BDT 115.32\***

**EUR 1 = BDT 102.53\***

**INR 1 = BDT 1.16\***

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

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