

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.

A mixed bag of recovery

- The country's economy has been experiencing mixed levels of recovery since businesses reopened on May 31. The market for daily essentials and consumer goods that made a turnaround in July plummeted by 10-15% in August, and sales of steel, cement and electronics saw some nuggets of hope with a surge in demand. But the service sector was still going with less than half the pace at normal times. Businesspeople link the growth in some sectors to people's venturing out to fulfil their demands that were pent up during the shutdown period. Changing circumstances, triggered by the coronavirus pandemic, have also created demands for new products, contributing to the surge, they say.
- Private airlines, transport, tourism and businesses of restaurants, shopping malls and luxury products, etc, which reeled the most under the effects of Covid-19, are now going through a very slow recovery. The country's fuel consumption, which dropped to 6,000 tonnes per day during the shutdown from 14,000 tonnes in usual times, has now increased to 11,000 tonnes, according to data from the Bangladesh Petroleum Corporation. The export sector witnessed a positive trend in June-July because buyers took shipments of goods against old work orders. Some new export orders are also coming for the next season. However, exports again nosedived by 19% in August, said exporters.
- Sales of clothing brands, such as DehsiDosh, Western Fashion, Artisan, Cats Eye and Aarong are still down by 50% than usual. Footwear brands are also going through a similar selling condition. They are not getting more than 60-65% of buyers compared to pre-pandemic times. Although economic activities resumed at the end of the shutdown, not more than 20% of restaurants reopened before July. In August, all restaurants resumed their businesses but no one witnessed the presence of more than 50% of customers compared to the figures in usual times.
- Sales of consumer goods made 70% recovery in June after economic activities resumed, which later reached 90% in July, riding on growing demand ahead of Eid-ul-Adha. Again, the demand for such products nosedived by 10-15% in August. Sales of air conditioners in June witnessed at least a 10% rise compared to the figure in June last year. Television sales grew at the same rate as well. Refrigerator sales recorded an increase too because of Eid-ul-Adha and hot weather conditions, according to data from a top company. However, sales of those products decreased in August over the same time a year before. Sales of motorbikes dropped by 96% in March-May. The sector made a turnaround in June and sales rose by 12% over the same period last year. In July, sales fell slightly and again registered negative growth in August.
- Sales of computers and laptops grew by about 50% at the retail level, and mobile phones saw a 25% surge in sales in June over the same period last year. According to data, sales of cement and rods rose 11% and 9% respectively in June over the same month last year. In July, sales dropped a bit but again picked up in August. When it comes to recovery in sales, jewellers still remain far behind. Their sales are down by 70-75% than usual.

<https://tbsnews.net/economy/mixed-bag-recovery-130252>

Government plans to allow exporters to invest abroad

- The government is going to award the local exporters a big opportunity to invest abroad subject to an adequate balance in their export retention quota – a portion of export earnings they have saved as foreign currency. An exporter will be able to invest, in the form of equity, an amount which is the lowest between the 20% of his five-year average annual export earnings and the 25% of the net assets shown in the latest audited annual financial report.
- Bangladesh Bank officials said there is no law on foreign investments by Bangladeshis. If an interested businessman applies to the Bangladesh Bank for investing abroad, it is sent to the Cabinet Committee on Economic Affairs for approval. With the committee's approval, the central bank allows him to invest abroad, but subject to various conditions. Since 2013, the Bangladesh Bank has given 8 Bangladeshi companies an opportunity to invest abroad.

<https://tbsnews.net/economy/govt-plans-allow-exporters-invest-abroad-130225>

Bourses learnt a lesson: all-out digitalization is a must

- The Covid-19 outbreak has showed clearly how poorly Bangladesh's stock market was digitally prepared to fight a pandemic like this. The Dhaka and Chattogram stock exchanges had to pay the price of not having a functioning digital platform to settle trades online during the pandemic and keep their doors closed for a record of 66 days. Bangladesh's stock market was the only one in the world to remain closed for over two months due to the pandemic. Only Jordan and Sri Lanka stopped trading for a few days while others kept capital markets open as usual.
- A data of the DSE and the Central Depository Bangladesh, which shows only 2% of all beneficiary owner's accounts

are registered for online trading. Now, the DSE is forming a company to ease the trade settlement process to comply with the regulatory instruction to automate its IT platform, said a top DSE official. The new company, Central Counterparty Bangladesh Ltd, will be added to DSE's operations to handle digital share trading, the official said.

- For revenue, stock brokers mostly depend on brokerage charges. So they were earning almost nothing during the closure, said the chief executive officer of UCB Capital. Share trading is a two-pronged system: share transfer and money transfer, he said. The Central Depository Bangladesh executes share transfers while money transfers are handled by a department of the DSE, he said. The money transfer process is mostly manual, so brokers fell in hot water when trading stopped, he said. The prolonged closure also had a negative impact on the global image of the domestic stock market, he added.

<https://www.thedailystar.net/business/news/bourses-learnt-lesson-all-out-digitalisation-must-1958257>

E-commerce: a bright spot amid the gloom

- Despite some ups and downs, the country's e-commerce industry has ballooned by about 100% ever since the first Covid-19 infection in the country was announced in March. However, the growth witnessed during this six-month period still falls short of previous projections. While a number of e-commerce platforms that mainly retail essential goods are overwhelmed by an unprecedented number of orders, those that sell lifestyle and luxury items saw the demand for their products plummet to rock bottom.

- The Chaldal CEO pointed out the inadequacy of their existing delivery mechanisms and absence of a smooth supply chain as the main obstacles for growth in the overall industry. In an effort to meet the excessive number of orders made each day, Chaldal has had to make some technological and strategic changes to its organisation, including replacing old servers and automating the refund process.

- Before the coronavirus pandemic emerged, the top selling product range for Daraz, a subsidiary of e-commerce giant Alibaba, was electronics. Since then though, the demand for those items has dropped drastically while incoming orders for daily necessities and hygiene products has increased exponentially, according to the managing director. The company's overall sales fell significantly in the April-May period but business has been on the rebound since June. In a testament to the country's economic recovery from the Covid-19 fallout, the number of orders made daily surged to 55,000 in August, up 20% when compared to pre-pandemic levels. To provide customers with a better shopping experience amid the coronavirus crisis, Daraz has completely revamped its logistics technology, he said. As such, the company improved its integration with bKash, the largest mobile financial service (MFS) provider in Bangladesh, to streamline its payment system.

<https://www.thedailystar.net/business/news/e-commerce-bright-spot-amid-the-gloom-1958261>

Beximco Synthetics seeks delisting from stock market

- The stock market regulator suspended share trading of Beximco Synthetics after the company applied for delisting from the stock exchanges due to incurring losses for years. The Bangladesh Securities and Exchange Commission (BSEC) suspended trading of the shares of the company from Tuesday so that no one could manipulate prices of the company's shares, said a BSEC official.

- The commission may set a price for the sponsor-directors to buy shares of the company, which could be higher than the current market price so that investors' interest could be upheld, he added. Share prices of Beximco Synthetics, a polyester filament yarn manufacturer, closed at BDT 8.50 per share on Monday. The company failed to declare dividend in the last seven years since 2013 due to accumulating huge losses. Finally, the company was forced to close down the plant. It retrenched all the workers and most of the officers and staffs after paying all their dues as per law. Then the board of directors decided to delist itself from the DSE and CSE.

<https://today.thefinancialexpress.com.bd/stock-corporate/beximco-synthetics-seeks-delisting-from-stock-market-1599582290>

<https://www.newagebd.net/article/115650/bsec-suspends-beximco-synthetics-shares-trading-as-co-seeks-delisting>
<https://www.dhakatribune.com/business/stock/2020/09/08/reasons-why-beximco-synthetics-sought-delisting>

Investors in dilemma about rights share adjustment of Pragati Life

- Investors became confused about the adjustment of the right share price of the publicly listed company Pragati Life Insurance Ltd on Tuesday. The Dhaka Stock Exchange (DSE) has not yet adjusted the right share price of the company, while the Chittagong Stock Exchange (CSE) has done so. The range of the company's share price on Tuesday at the DSE was BDT 113.70 to BDT 114, while at CSE it was BDT 97 to 105. Real adjustment of the company's right share price was BDT 70.65 in normal time. But due to floor price, it is not possible for the stock exchanges to adjust the right share price, said sources.

- As a result, the investors have been facing confusion in the trading of the company's shares. Some investors made a

loss and some profit by trading the company's shares. A source at the CSE said that, they cannot really adjust the company's shares due to floor price. That is why it has been adjusted at the level of the floor price. The managing director of DSE said that DSE did not adjust the right shares of Pragati Life Insurance due to floor price. But they will adjust the price very soon after getting direction from the regulator.

- An official of the Bangladesh Securities and Exchange Commission told The Business Standard that the commission was already aware of this issue. The commission will seek an explanation from the stock exchanges in this regard very soon. He also said the commission will take necessary steps so that this situation does not arise again.

<https://tbsnews.net/economy/stock/investors-dilemma-about-rights-share-adjustment-pragati-life-130237>
<https://www.newagebd.net/article/115724/dse-fails-to-adjust-share-prices-of-31-cos-after-bonus-right-issue>

Investors in mutual fund in distress

• A total of 31 mutual fund units out of 37 are being traded below their face value and Net Asset Value (NAV) on the Dhaka Stock Exchange(DSE), frustrating both local and portfolio investors. Considered as a relatively safe haven in the risky stock business globally, investors in mutual fund units at DSE often curse themselves for losing their capital in disproportionate ways. Only six mutual funds whose units were traded on Monday above face value are: Prime Finance First Mutual Fund, CAPM IBBL Islamic Mutual Fund, Grameen One : Scheme Two, NLI First Mutual Fund, Southeast Bank 1st Mutual Fund and SEML FBLSL Growth Fund.

• The unit holders have even failed to get benefits as they had to sell bonus units of BDT 10 at prices much below the issued prices. On Sunday, the stock market regulator, Bangladesh Securities and Exchange Commission (BSEC), recommended bringing about transparency in mutual funds by making it mandatory for every portfolio-related statement to be made public. A top official of an asset management company said that typically prices of mutual fund units remained very close to their net asset value (NAV). However, they were unusually lower in Bangladesh, making investors dissatisfied with the returns of investment from mutual fund units.

• Moreover, investors had lost confidence in mutual funds as fund managers had not liquidated funds within the deadline, as fund management lacked transparency, he added. Lack of efficiency in fund management is another reason for poor performance, which brings down unit prices, he said.

<https://www.dhakatribune.com/business/stock/2020/09/08/investors-in-mutual-fund-in-distress>

Five industrial parks for light engineering on cards

• The government will set up five light engineering industrial parks in Dhaka, Narayanganj, Jashore, Bogura and Narsingdi to utilise the potential of the growing domestic sector. At the same time, a light engineering training institute will be established to provide the industrial parks with skilled workforce.

• Around BDT 300 billion worth of light engineering products are sold every year in Bangladesh. Of the sum, products worth BDT 90 billion are produced locally while the rest are imported. Bangladesh exports USD 349 million worth of light engineering products a year while the annual global demand hovers around USD 6 trillion.

<https://www.thedailystar.net/business/news/five-industrial-parks-light-engineering-cards-1958189>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$36.54	(\$25.09)	-40.71%
Crude Oil (Brent)*	\$39.61	(\$28.83)	-42.12%
Gold Spot*	\$1,925.97	\$404.50	26.59%
DSEX	4,978.33	525.40	11.80%
S&P 500	3,331.84	101.06	3.13%
FTSE 100	5,930.30	(1,656.75)	-21.84%
BSE SENSEX	38,365.35	(3,276.79)	-7.87%
KSE-100	41,985.19	1,250.11	3.07%
CSEALL	5,316.05	(813.16)	-13.27%

Exchange Rates

USD 1 = BDT 84.83*

GBP 1 = BDT 109.92*

EUR 1 = BDT 99.90*

INR 1 = BDT 1.15*

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

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