

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.

Bangladesh Securities and Exchange Commission (BSEC) orders firms to report on lending to sister concerns

- The stock market regulator has asked all listed companies to inform it whether they are lending to their associated and sister companies at the expense of general investors, in another bold step from the new top brass. The Bangladesh Securities and Exchange Commission (BSEC) has found that some of the listed companies are extending interest-free loans to their associated or sister concerns, ballooning the profits of the companies of sponsors and directors. What is more, some listed companies are borrowing from banks at a higher interest rate but are giving loans to sponsors' companies at cheaper rates.
- This compelled BSEC to write to all listed companies on 13 August asking them to submit a report within 10 working days about such transactions with sister concerns where sponsor shareholders and directors are common. Such lending reduces the listed companies' profits and dents general investors' confidence. The regulator has recently taken steps against some companies on the grounds. Some of the companies have shown substantial amounts in the mode of loans or advances with sister concerns, ignoring instructions from the regulator, the letter said.

<https://www.thedailystar.net/business/news/bsec-orders-firms-report-lending-sister-concerns-1947361>

Forex reserves cross USD 38 billion mark for the first time

- The country's foreign exchange reserve exceeded the USD 38 billion mark for the first time on Tuesday amid a surge in remittance inflow coupled with lower import payments. In July, the country achieved a record amount worth USD 2.6 billion in remittances on the eve of Eid-ul-Azha after posting USD 18.21 billion remittance inflow in the fiscal year 2019-2020. Although the inflow of remittance slowed down a bit in August with the banks fetching USD 863.10 million in the first two weeks of the month, the flow of remittance was more than enough to fulfil the import payment requirements of the banks.
- To keep the dollar exchange rate stable, the central bank has been purchasing the greenback heavily from the local market thus resulting in higher reserve of the country, an official of the central bank said. On the other hand, in the fiscal year 2019-2020, the country observed a significant drop in import payments due to the outbreak of the novel coronavirus that has impacted adversely over the global economy as well as on the country. The country's import payments dropped by 8.56% to USD 50.69 billion in FY20 from USD 55.44 billion in FY19. Although the export earnings dropped by 17.1% to USD 32.83 billion in FY20, the earnings rebounded in July. In July of FY21, the country's export earnings increased by 0.59% to USD 3.91 billion year-on-year. On top of these, the government's initiative to issue two% cash incentive against the inward remittance played a key role in the huge inflow of remittance.

<https://tbsnews.net/economy/banking/forex-reserves-cross-38b-mark-first-time-121261>

<https://www.newagebd.net/article/113837/forex-reserve-tops-38b>

<https://www.dhakatribune.com/business/2020/08/18/forex-reserves-reach-record-38-15bn>

Banks ordered to return to normal working hours

- The central bank yesterday ordered banks to run their branches like in normal times to give a boost to the economy although the COVID-19 caseload is showing no sign of coming down. The Bangladesh Bank lifted the curtailed roster arrangement that was put in place on 22 March to protect employees from the deadly virus. Now, lenders were asked to operate banking operations from 10:00 am to 6:00 pm like they did before the pandemic hit the country. The employees who contracted the virus will be allowed to stay home upon submitting a medical certificate. Similarly, pregnant female workers are spared. The central bank, however, instructed banks to ensure employees follow the social distancing guidelines while working in branches.

<https://www.thedailystar.net/business/news/banks-ordered-return-normal-working-hours-1947373>

Stocks likely to rebound due to expansionary Monetary Policy Statement (MPS): Bangladesh Bank report

- The Bangladesh Bank has said that the country's capital market is likely to rebound in the coming months due to the expansionary monetary policy announced by the central bank for the fiscal year 2020-2021 along with restoration of normal economic activities. The long downward trend in the country's capital market prompted the central bank to issue a number of policy supports to give some confidence to the stocks investors.
- The central bank has instructed all scheduled banks to create a special fund worth BDT 2 billion only for investment in the capital market which will help to prop up investors' confidence, the report said. Under the fresh arrangement, the

banks were allowed to form the special fund with their own resources or with fund received from the BB through repo or refinance mechanism but such loan will not be included in the ADR (advance-deposit ratio) calculation of the concerned banks and the lending will be of continuous and revolving in nature, it said. As per the BB data, 16 banks have so far invested BDT 2.64 billion on the stock market from their special funds.

<https://www.newagebd.net/article/113863/stocks-likely-to-rebound-due-to-expansionary-mps-bb-report>

Dhaka Stock Exchange (DSE) seeks stimulus package to offset Covid-19 fallout

- The Dhaka Stock Exchange (DSE) Limited has sought low-cost funds through a financial stimulus package to meet operational expenses of brokerage houses and merchant banks amid the Covid-19 pandemic. The central bank advised the DSE delegation to seek the support from the Ministry of Finance (MoF), according to meeting sources. A senior official at the BB said the central bank may provide a refinancing facility if the government announces a stimulus package for offsetting the adverse impact of the Covid-19 on their businesses.
- The DSE delegation also sought interest waiver on margin loans provided by the merchant banks and brokerage houses for six months to minimize the losses of the market participants, they added. The amount of such loans would be around BDT 15 billion. Regarding the interest waiver on margin loans, the BB official said that the central bank advised the delegation to discuss the issue with the Bangladesh Securities and Exchange Commission (BSEC).
- The meeting also discussed different other issues, including starting trade of the government securities at the DSE. The central bank along with Tata Consultancy Services (TCS) is now working to modify the market infrastructure (MI) module, an automated trading platform, to facilitate trading of the government securities in the country's prime bourse.

<https://today.thefinancialexpress.com.bd/last-page/dse-seeks-stimulus-package-to-offset-covid-19-fallout-1597773688>
<https://tbsnews.net/economy/stock/bsec-allow-foreign-outlets-brokerage-firms-121276>
<https://tbsnews.net/economy/stock/brokerage-firms-need-BDT1000cr-stimulus-fund-survive-121210>
<https://www.newagebd.net/article/113864/dse-requests-bb-to-issue-stimulus-loans-to-stocks-intermediaries>

42% drop in June-July income though economy reopens

- Income recovery of people is still very fragile despite a resumption of economic activities as household income in June-July has remained on average 42% below the pre-COVID-19 level, according to survey findings. Urban slum dwellers experienced the highest income drop — 43% — followed by rural people 41% in June-July though 84.18% of urban households and 83.05% of rural households came back to economic activities in the period, said the findings released at a virtual press briefing on Tuesday. Around 17% households were still out of work in the month while around 7% employed people shifted to another job while 76% remained in the same job, according to the survey.

<https://www.newagebd.net/article/113817/42pc-drop-in-june-july-income-though-economy-reopens>

Pragati Life's rights share subscription to open Sept 24

- Rights shares subscription of Pragati Life Insurance is set to begin September 24, aiming to raise BDT 230.27 million. The subscription period for the life insurer will be continued until October 20, 2020, according to an official disclosure on Tuesday. The record date for entitlement of rights share is on September 7. The company will issue one rights share against existing one share (1R:1). The stock market regulator - Bangladesh Securities and Exchange Commission-- approved the Pragati Life Insurance's application to raise BDT 230.27 million through rights issue on August 13.

<https://today.thefinancialexpress.com.bd/stock-corporate/pragati-lifes-rights-share-subscription-to-open-sept-24-1597768002>

Bangladesh Securities and Exchange Commission (BSEC) for freezing bank account of C & A Textiles, Tung Hai Knitting directors

- The securities regulator has requested the central bank to freeze bank account of all directors, including managing directors, of two listed companies as they sold shares unlawfully. The Bangladesh Securities and Exchange Commission (BSEC) made the plea on Tuesday through a letter sent to Bangladesh Financial Intelligence Unit (BFIU) of Bangladesh Bank. The companies whose directors sold shares without complying with the securities rules are C & A Textiles and Tung Hai Knitting & Dyeing.
- Apart from selling shares unlawfully, the companies also did not submit reports on share sales to the securities regulator and stock exchanges. The commission has decided to freeze the bank accounts of all directors, including managing director, of the companies for the interest of investors, according to BSEC's letter sent to BFIU.

<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-for-freezing-bank-account-of-c-a-textiles-tung-hai-knitting-directors-1597768131>

BDT 8.48 billion project approved to widen road to boost Indo-Bangla trade

- The government yesterday took up a BDT 8.48 billion project to widen a road that would broaden bilateral trade between India and Bangladesh. It came as the Executive Committee of the National Economic Council (EcneC) approved seven projects involving BDT 34.61 billion. India would provide BDT 5.81 billion for the project from its third line of credit extended to Bangladesh, which would bear the rest of the cost.
- The project would contribute to establishing road network between the Chattogram port and the Ramgarh land port and open the door for two-way trade between Bangladesh and India through Sabram/Ramgarh land port, according to the project documents. The proposed road is 72 km off from the Chattogram port and 201km off from Dhaka.

<https://www.thedailystar.net/business/news/BDT-848cr-project-approved-widen-road-boost-indo-bangla-trade-1947389>
<https://www.dhakatribune.com/business/2020/08/18/ecnec-clears-846c-road-project-to-boost-trade-with-india>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$42.73	(\$18.90)	-30.67%
Crude Oil (Brent)*	\$45.22	(\$23.22)	-33.93%
Gold Spot*	\$1,994.79	\$473.32	31.11%
DSEX	4,720.10	267.17	6.00%
S&P 500	3,389.78	159.00	4.92%
FTSE 100	6,154.34	(1,432.71)	-18.88%
BSE SENSEX	38,528.32	(3,113.82)	-7.48%
KSE-100	40,184.01	(551.07)	-1.35%
CSEALL	5,279.92	(849.29)	-13.86%

Exchange Rates

USD 1 = BDT 84.69*

GBP 1 = BDT 112.18*

EUR 1 = BDT 101.12*

INR 1 = BDT 1.13*

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

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