

*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 Bank injects BDT 73.9 billion into banking system against dollars in 4 months**

■ The Bangladesh Bank has injected around BDT 73.9 billion in the country's banking system during the coronavirus pandemic by way of purchasing dollars from the banks. BB officials said that the central bank had purchased greenbacks worth around USD 870 million from the banking system in the outgoing fiscal year 2019-2020 as the banking system was flooding with excess dollars due mainly to a huge inflow of remittance and an import slump.

■ Due to the situation, the country's foreign exchange reserve has been growing rapidly with the volume reaching record USD 36.01 billion on July 2 after hitting the USD 34-billion and USD 35-billion marks on June 3 and on June 24 respectively. To keep the exchange rate of the dollar stable, there was no other option for the central bank but to purchase the dollars from the local market, said BB officials. On the other hand, the central bank also injected USD 835 million into the banking sector mostly before the pandemic began in the country in March. In the first eight months (July-February) of the just concluded fiscal year 2019-2020, the BB injected USD 489 million into the banking system when the country was free from coronavirus. The data showed that the BB pulled BDT 41.5 billion from the banking sector before the outbreak of coronavirus and another BDT 29.4 billion during the coronavirus outbreak. From March to June, the central bank's net local currency injection into the banking sector stood at BDT 44.5 billion given the BB's injection of BDT 73.9 billion during March-June period of FY20.

■ Apart from the injection of BDT 73.9 billion, the central bank has planned to inject BDT 507.4 billion in the banking system, mostly in the form of refinance, against the implementation of the government-announced stimulus packages worth around BDT 1.03 trillion. Before resuming purchase of the US dollar from the banking sector on March 8 this year, the central bank for the last time purchased the dollars from the local market on January 4, 2017 and since then it had been injecting the US dollars in the local market. The central bank sold USD 2.34 billion in FY19. The interbank exchange rate of the dollar was BDT 84.95 in March, but it dropped to BDT 84.8 on June 23. On July 2, the exchange rate increased a bit to BDT 84.9.

<https://www.newagebd.net/article/110630/bb-injects-BDT-7386cr-into-banking-system-against-dollars-in-4-months>

### **Export sector gets another BDT 27.0 billion soft loan to pay wages**

■ Export-oriented companies will be able to receive loans, at 2.0% interest, from another BDT 27.0 billion allocated to pay the wages of their workers. The Bangladesh Bank has allowed banks to disburse the loans to the exporting firms from the stimulus package of BDT 300.0 billion – as the BDT 50.0 billion fund, which was fully dedicated to them, could not meet the demand of the sector.

■ On March 26 this year, Prime Minister Sheikh Hasina announced a stimulus package of BDT 50.0 billion to pay the wages of workers at export-oriented factories impacted by the fallout of Covid-19. Of the fund, exporting firms can pay workers for three months – April, May and June. To channel the government funds, banks could charge exporting firms a maximum of two% as a service charge.

■ According to a senior official of the Bangladesh Bank, paying wages for two months, the BDT 50.0 billion fund ran out. Banks informed the central bank that there was demand for another BDT 27.0 billion to pay the wages of the exporting firms. So, the central bank instructed banks to disburse the loan from the stimulus package of BDT 300.0 billion for large industries and service sectors.

■ The central bank also instructed another 31 banks to disburse loans to the export sector companies to pay wages and allowances from the stimulus fund of BDT 300.0 billion. Thus, now the stimulus package for large industries and service sectors has decreased to BDT 273.0 billion and the stimulus fund to pay the wages of exporting firms has increased to BDT 77.0 billion, the official of the central bank said.

<https://tbsnews.net/economy/export-sector-gets-another-BDT2700cr-soft-loan-pay-wages-103774>

### **Garment work orders coming back slowly**

■ With the reopening of outlets of major clothing retailers and brands in the EU and US, the inflow of work orders at local garment factories has been on the rise, albeit on a limited scale. Local factory owners said most of them are running at 80.0% capacity as the buyers are coming back with work orders. The apparel suppliers also said the volume of fresh work orders is less as the buyers are either reclaiming goods already manufactured or executing old work orders.

■ Garment manufacturers now fear that retail sales in the EU and US will slow down again if a fresh wave of infection spreads at those major export destinations. A slump in sales in the western world for any reason will have an effect on the inflow of work orders for Bangladesh. The large units have been receiving a handsome volume of work orders, but

the country's small and medium apparel companies are still suffering.

■ According to the managing director of DBL Group, another leading garment exporter, up till August, the current inflow of work orders will make due at my factories. But September onwards, the volume of confirmed work orders is reducing. He is negotiating with his buyers for new work orders. The inflow of work orders is not steady now. He can achieve nearly 80% of my annual target of export at the end of this year.

<https://www.thedailystar.net/business/news/garment-work-orders-coming-back-slowly-1927253>

### **Exporters fear more trade barriers over India's new customs rules**

■ India's move to introduce a stringent customs provision empowering customs officials to administer rules of origin under preferential trade agreement may appear as a new non-tariff barrier to Bangladesh's export to the country, experts and trade leaders said. They said that Bangladesh's export which had been facing numerous NTBs, including testing, standardisation and product specific barriers, to India might face a blow due to the new provision called administration of rules of origin under trade agreement.

■ Indian move came at a time when Bangladesh's export, particularly readymade garment products, to the country is set to get momentum and the overall export to India for the first time exceeded the USD 1-billion mark and stood at USD 1.25 billion in the fiscal year 2018-2019, they said. Such provision which ultimately would turn into an NTB will further widen the existing huge trade imbalance worth more than USD 7.5 billion against Bangladesh, they added.

■ India's commerce and industry ministry has requested the finance ministry to introduce stringent provisions related to rules of origin, to empower customs officers for checking the abuse of FTAs, and stricter scrutiny of goods coming from Bangladesh, Sri Lanka, South Korea and the ASEAN bloc amid fears of Chinese imports increasingly being routed through these countries, according to a report of the Economic Times.

<https://www.newagebd.net/article/110627/exporters-fear-more-trade-barriers-over-indias-new-customs-rules>

### **Hotel projects put on ice**

■ Bangladesh could see more star hotels in the next five years than what it has seen in the last five decades. But the Covid-19 pandemic has made all that uncertain. Now, many of the upcoming hotel projects would be delayed by a year or more due to the ongoing coronavirus onslaught – a development that will also have a negative effect on the entrepreneurs' bearing loan instalments. It is estimated that the launch of nearly one and a half dozen hotels that are now under construction will be delayed by one or two years. Most of the hotels have stopped work amid the pandemic.

■ Even though works have restarted in some projects after the end of the shutdown that lasted more than two months, a lack of funds and uncertainty about businesses remain a big worry for the investors. At least two hotels that were supposed to open at the end of March could not do so because of the coronavirus crisis. Four months into the Covid-19 pandemic, they are still not sure about when they will be able to go into operation – each of which was built at the expense of BDT 4.0 billion-BDT 5.0 billion.

■ Unique Hotel and Resorts Limited had a plan to launch a 5-star Sheraton Hotel in the capital's Banani by March 2020. But the pandemic hit the company so hard that it has not been able to stick to their plan. The company also plans to launch the 7-star St Regis Hotel and the 5-star Hyatt Centric Dhaka Hotel in Gulshan by 2025. Best Western Hotels and Resorts, a US-based global chain, was about to launch its franchise Maya Corporation in the name of the "Best Western PLUS Maya" at Nikunja in the city. Work on the hotel started three years back and it was scheduled to start operating within March this year. But they had to suspend its launch.

■ According to industry insider, a round 17-star hotels, of which 13 are 5-star ones, involving around BDT 60.0 billion in investments, had plans to hit the market within 2025. These hotels will have more than 30.0 billion rooms creating a minimum of 6,000 job openings. More than half of the building cost of the hotels, around 60-70%, are borne with bank loans and the remaining part comes from their equities, industry players said.

■ A 5-star category hotel recruits 1.7 to 1.8 employees against a room. The interior design of a room in a five-star hotel costs around BDT 3.0 million. On average, a five-star hotel with 250 rooms costs more or less BDT 5.0 billion to build, said Md Al Amin, general manager at Six Seasons Hotel in Gulshan. He added that, Covid-19 has messed up everything and created uncertainty over the timely launch of upcoming hotels.

<https://tbsnews.net/economy/hotel-projects-put-ice-103768>

### **Government revenue from DSE hits 10-year low**

■ The government's revenue earnings from the Dhaka Stock Exchange (DSE) hit more than 10 years low to BDT 1.04 billion in the just concluded fiscal year (FY) 2019-20 due to bearish market trend. Market operators said the sluggish market turnover coupled with trading suspension for more than two months due to Covid-19 outbreak hit the

government's revenue earnings from the prime bourse.

- Trading on the bourses remained shut for 66 days (March 26 to May 30), the longest closure of the market since the Liberation War, due to government holidays as part of its efforts to contain the spread of the deadly Covid-19 virus. The government bagged revenue worth BDT 1.04 billion in the FY 2019-20, which was BDT 2.51 billion in the FY 2018-19, registering a decline of 58%, according to statistics from the DSE. It was also the lowest revenue earnings from the DSE since the stock market debacle in the FY 2010-11.

- Of the total earnings in the FY2019-20, BDT 689 million came from the TREC (trading right entitlement certificate) holders' commission, popularly known as brokerage commission. And BDT 346 million came from the share sales by sponsor-directors and placement holders, the DSE data shows. The DSE, on behalf of the government, collects the tax as TREC holders' commission at a rate of 0.05% and from sponsor-directors' and placement holders' shares sales at a rate of 5.0%. The bourse then deposits the amount to the public exchequer.

- The daily turnover, the important gauge, came down to BDT 3.81 billion on average in the FY 2019-20, down 38.0% over the previous fiscal's average of BDT 6.1 billion. The daily turnover at the DSE also tumbled to a 13-year low twice in June as nervous investors were unwilling to buy shares even at the lowest possible prices amid growing concerns over the Covid-19 pandemic and floor price limitation. Market capitalisation of the prime bourse also shed 22% in the outgoing financial year to BDT 3,119 billion.

<https://today.thefinancialexpress.com.bd/stock-corporate/govt-revenue-from-dse-hits-10-year-low-1594224790>  
<https://tbsnews.net/economy/stock/govts-earnings-dse-fall-more-50-last-year-103684>  
<https://www.newagebd.net/article/110629/tax-collection-from-dse-halves-in-fy20>

### 96.0% of Covid-19 patients recover in Beacon pharma's Favipira trial

- A clinical trial of Beacon Pharmaceuticals' Favipira tablet, to treat Covid-19 patients, has yielded a 96% success rate. Associate Professor of the medicine department of Dhaka Medical College Hospital Syed Ghulam Mogni Mowla announced the trial results at a seminar at the Westin Hotel in the capital on Wednesday. The medication did not result in any side effects to the patients' livers, kidneys or carbohydrates in the blood. Moreover, neither the experimental group nor the placebo group suffered any significant side effects. Each Favipira tablet costs BDT 400. Patients have to complete a course of seven to 10 days based on doctors' advice and the stage of the disease.

- Favipiravir is the generic name of Favipira, which is known as Avigan in Japan. Beacon pharma brought it to Bangladesh in April. Favipira was trialled among 50 patients in four hospitals in Dhaka: the Kuwait Bangladesh Friendship Government Hospital, Dhaka Mahanagar General Hospital, Kurmitola General Hospital, and Mugda Medical College and Hospital. Syed Ghulam said 48.0% of patients recovered or tested negative for the virus four days after taking Favipira, and 96.0% did so after 10 days. For the placebo group, this rate was zero% after four days, and 52.0% after 10 days.

### World Stock and Commodities\*

Index Name	Close Value	Value Change	% Change YTD
Crude Oil (WTI)*	USD 40.76	(USD 20.87)	-33.86%
Crude Oil (Brent)*	USD 43.20	(USD 25.24)	-36.88%
Gold Spot*	USD 1,809.27	USD 287.80	18.92%
DSEX	4,034.65	-418.28	-9.39%
S&P 500	3,169.94	-60.84	-1.88%
FTSE 100	6,156.16	-1430.89	-18.86%
BSE SENSEX	36,674.52	-4967.62	-11.93%
KSE-100	35,373.35	-5361.73	-13.16%
CSEALL	5,081.78	-1047.43	-17.09%

### Exchange Rates

USD 1 = BDT 84.50\*  
 GBP 1 = BDT 106.44\*  
 EUR 1 = BDT 95.88\*  
 INR 1 = BDT 1.13\*

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

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