

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.

Government-backed loans for state enterprises rise to BDT 606.5 billion

- Taxpayer-guaranteed loans for Biman Bangladesh Airlines more than doubled to BDT 102.8 billion as the state-run carrier took credits to buy new Boeing aircraft. The guaranteed amount stood at BDT 49.4 billion last fiscal year. The carrier received guarantees from the government for the loans from JP Morgan, US Exim Bank, Sonali Bank and HSBC.
- The latest credit guarantee includes BDT 26.5 billion that Biman took from state-run Sonali Bank in December last year to buy Boeing 787-9 aircraft and spare engines. It took another BDT 9.8 billion for the purchase of the third Boeing 787-8 in July last year, according to a document of the finance ministry.
- The government's guarantee and counter guarantee for the loans at state-owned enterprises (SoEs) stood at BDT 606.5 billion as of May, which is 2.16% of the projected GDP of fiscal year 2019-20 and would account for 10.7% of the government expenditure in 2020-21, according to the mid-term macroeconomic policy statement. The total amount is about 5.0% higher than BDT 578.3 billion in the last fiscal year.
- The government gives guarantees and counter guarantees for loans taken by the SoEs in the priority sectors such as power, energy and agriculture. If the SoEs fail to honour repayment, the government bears the responsibility. Of the indirect debt, 58.6% are in the power and energy sector, 17.0% at Biman and 6.07% in the agriculture sector. The power sector accounts for 55.6%, or BDT 337.4 billion of the total taxpayer-guaranteed debt. It was BDT 337.8 billion in FY19. The guarantee covered BDT 24.6 billion secured by Ashuganj Power Station for a 450-megawatt power project and another BDT 11.9 billion for a 225MW power project.
- Public debt in Bangladesh was USD 105.0 billion in FY2019, around 34.9% of GDP, and the external public and publicly guaranteed (PPG) debt ratio was 14.5% of GDP. The additional external debt of USD 2.9 billion, as the government projected to tackle the impact of the coronavirus pandemic, will increase both the external PPG debt-GDP ratio and public debt-GDP ratio by 0.9% in FY2020. In the coming years, Bangladesh's public debt-to-GDP ratio would swell to about 41.0% owing to increased borrowing to safeguard both lives and livelihoods, the International Monetary Fund said recently.

https://www.thedailystar.net/business/news/govt-backed-loans-state-enterprises-rise-BDT_-60653cr-1919037

No source tax on government securities, Bangladesh Bank urges Ministry of Finance

- The central bank has recommended the Ministry of Finance (MoF) not to impose the proposed source tax on the government securities, whose trading is set to start in the stock market within a couple of months. The government, in its Finance Bill 2020, has announced imposing a 5.0% source tax on profit of investment in the government securities, covering both treasury bills (T-bills) and bonds, from the upcoming fiscal year (FY), 2020-21.
- According to a senior official of the BB, this tricky situation may potentially discourage trading of these securities, leading to impeding the development of an efficient bond market in Bangladesh. On the one hand, the government has planned to impose such tax, whereas a tripartite committee is working to include the securities on trading platform of the Dhaka Stock Exchange (DSE), he added.
- The committee, consisting of representatives of the BB, the Bangladesh Securities and Exchange Commission (BSEC), and the DSE, has already submitted its recommendations to the authorities concerned. According to a member of the committee, their preparations are almost completed to start trading of the government securities on the DSE floor. But it's still dependent on lingering of the ongoing Covid-19 pandemic.
- The government's bank borrowing is set to climb 79.0% to BDT 849.8 billion in FY 21 from BDT 473.6 billion a year ago, according to the budget document, unveiled on June 11. Under the arrangement, the government will borrow BDT 536.5 billion by issuing long-term bonds, while the remaining BDT 313.3 billion will come through T-bills. The government has increased its bank borrowing target by more than 74.0% to BDT 824.2 billion in FY 20 from the original target of BDT 473.6 billion. Currently, three T-bills are being transacted through auctions to adjust the government's borrowings from the banking system. The T-bills have 91-day, 182-day and 364-day maturity periods.

<https://today.thefinancialexpress.com.bd/first-page/no-source-tax-on-govt-securities-bb-urges-mof-1592846874>

75 firms get Bangladesh Bank nod to borrow funds from stimulus package

- Seventy-five companies, including some large groups, have secured approval from the central bank to receive low-cost loans under the stimulus package dedicated to big borrowers in the industrial and service sector. Banks have begun applying to the central bank from May 4, seeking consent so that the companies can get the funds as they set

off to make a turnaround from the ongoing economic fallout brought on by the coronavirus pandemic. The companies, which include Bangladesh Steel Re-Rolling Mills (BSRM), the largest steel-maker in the country, GPH Ispat, another steel-maker, Runner Automobiles and Shanta Holdings, have bagged approval to borrow nearly BDT 20.8 billion from the BDT 300.0 billion stimulus package.

- The central bank took a decision on April 12 to introduce the stimulus package, allowing banks to get an interest subsidy of 4.5% on disbursed loans, which the end-users will get at 9.0%. The banking regulator later formed a refinance scheme of BDT 150.0 billion for the large borrowers as well, much to the relief of the cash-strapped banking sector that had been fretting about implementing the large package. Under the refinance scheme, lenders will get funds in the form of working capital at 4% interest from the BB and the end-users will get at 9.0%. In order to receive the refinance scheme, banks will have to give at least 50.0% of each loan to industrial and service sector borrowers from their own sources.

- Only 10 companies had managed approval from the central bank last month, but the affected corporate entities have taken initiatives to secure the loans since the beginning of June. City Bank has accepted applications from 76 corporate organisations to provide loans worth BDT 10.2 billion. Of the applicants, 18 obtained the central bank's nod to borrow a combined of BDT 3.5 billion, according to its managing director.

<https://www.thedailystar.net/business/news/75-firms-get-bb-nod-borrow-funds-stimulus-package-1919041>

Bangladesh Bank tightens monitoring on banks, NBFIs

- The Bangladesh Bank (BB) has tightened its monitoring over the banks and nonbanks financial institution regarding disbursement of loans to cottage, micro, small and medium enterprises under the stimulus package. The BB on Monday in a circular asked all the banks and NBFIs to submit fortnightly reports on disbursement of the stimulus package to its SME and special programmes department. Earlier in another circular, the central bank asked the schedule banks to submit reports on disbursing stimulus to the CMSMEs on a monthly basis.

- The BB on Monday said that it urgently needed to tighten its monitoring to assess if the banks had failed to maintain the required pace in disbursing loans to the CMSMEs under the stimulus package. It said that the banks and NBFIs would have to submit reports on disbursement of the stimulus package within five days after one fortnight. The banks would have to submit the report for the first fortnight within the 20th day of the respective month and the report for the second fortnight within the fifth day of the next month.

- On March 25, the government announced a BDT 200.0 billion stimulus package for the CMSMEs so that the businesses can resume their operations after the coronavirus pandemic, setting the interest rate at 9.0%. Of the interest, the government would bear 5.0 percentage points and the remaining 4.0 percentage points would borne by the CMSMEs. Following the government's announcement, the BB on April 13 issued the complete guideline on disbursement of the stimulus package. Furthermore, the BB also announced that it would contribute 50.0% of the loans which the banks and NBFIs would disburse to the CMSMEs under the stimulus package.

<https://www.newagebd.net/article/109135/bangladesh-bank-tightens-monitoring-on-banks-nbfis>
<https://tbsnews.net/economy/banking/banks-are-not-disbursing-sme-loans-expected-bb-96682>

Tax receipts keep falling as pandemic lingers

- Revenue collection fell massively for the second consecutive month in May as incomes and demand for goods and services crashed because of the lengthy shutdown put in place to battle the Covid-19 pandemic. The general closure, from March 26 to May 31, forced the National Board of Revenue (NBR) to post a negative growth in collection. In May, it generated BDT 135.3 billion which was 33% down from BDT 201.1 billion a year ago. The collection had crashed 50.0% year-on-year to BDT 99.8 billion in April.

- The biggest revenue collector for the state logged BDT 1.9 trillion in the July-May period of the current fiscal year, down 2.0% from BDT 1.9 trillion a year ago, showed provisional data of the NBR. With just a month remaining of FY20, it is likely that the NBR's collection would be less than the previous year's receipt of BDT 2.2 trillion. It would have to generate BDT 354.0 billion in June to equal last year's total. In June last year when the situation was normal along with regular economic activities, the revenue board collected around BDT 310.0 billion.

- In a letter to Finance Secretary, NBR Chairman said he expected that total revenue collection might be about BDT 2.2 trillion in FY20, owing to the massive fall in tax receipts caused by the pandemic and consequent stoppage of economic activities. Until May, only income tax grew marginally while the rest two areas – value-added tax and customs tariff -- declined year on year. VAT collection dropped to BDT 759.0 billion in the 11-month period, from BDT 768.7 billion a year ago. Collection from customs duty dipped 6.0% to BDT 548.2. Income tax receipts stood at BDT 578.0 billion, slightly above BDT 576.7 billion generated by the segment from July to May last year, according to the NBR.

<https://tbsnews.net/companies/apex-footwear-sales-drop-50-local-market-96340>

National Board of Revenue (NBR) sets sight on additional BDT 20.0 billion from furnace oil import

- The National Board of Revenue's (NBR) Customs Wing is eyeing an additional BDT 20.0 billion import duty with the withdrawal of fiscal incentives on furnace oil import. In the Finance Bill 2020, the finance minister proposed imposition of 12.0% import duty on furnace oil. The measure came into effect from June 11, 2020 as per Provisional Collection of Taxes Act 1931.
- According to the NBR data, the government has lost revenue worth BDT 101.8 billion since 2011 due to offering tax exemption on furnace oil import. Officials said the facility has been withdrawn following substantial increase in the government's subsidy for power sector in fiscal year (FY) 2018-19.
- According to a report of Institute of Energy Economics and Financial Analysis (IEEFA), the amount of power sector subsidy accounts for BDT 80.0 billion in that year, although 57.0% of power production capacity remained unutilised. The country's existing power generation capacity is 19,788 megawatts (MW) against the demand for 12,893 MW (May 29, 2020). Total production capacity of the furnace oil-based power plants is currently 5,434 MW. Each kilowatt power of these plants costs BDT 13.77, which is BDT 2.72 for gas-run power plants.

<https://today.thefinancialexpress.com.bd/last-page/nbr-sets-sight-on-addl-BDT-20b-from-furnace-oil-import-592847169>
<https://www.thedailystar.net/business/news/no-more-duty-exemption-furnace-oil-1919029>
<https://www.newagebd.net/article/109136/nbr-expects-BDT-2000cr-as-it-scraps-duty-waiver-on-furnace-oil-import>

Lull in stocks investment though 14 banks form BDT 17.0 billion funds

- The trend of investment in the country's stock market has remained very pessimistic amid the coronavirus pandemic though 14 banks have formed special funds involving around BDT 17.0 billion for investing the funds in the market. Of the banks, Sonali Bank, Janata Bank, Agrani Bank, National Credit and Commerce Bank, One Bank, United Commercial Bank and Mercantile Bank have formed BDT 2.0 billion in stocks fund each, an official of Bangladesh Bank said. Besides, Pubali Bank and City Bank have formed BDT 500 million in special fund each, while EXIM Bank has formed BDT 800 million stock market fund for the purpose. Of the funds formed by the banks, the central bank has provided BDT 1.3 billion to two banks while the rest of the funds have come from the banks concerned.
- Stockbrokers said that investors had remained pessimistic about the market due mainly to the outbreak of coronavirus that brought business activities and trade almost to a halt for around two months. Although the government withdrew shutdown on May 31, normalcy is yet to be restored due to a rapid increase in coronavirus cases and deaths, they said.
- Besides, the imposition of floor price system by the BSEC to check free fall on the market amid the pandemic was another reason for the fall in transaction volume and a very limited movement of share prices. Amid prolonged market fall, the central bank in February this year allowed each bank to form BDT 2.0 billion in special fund for the stock market either by their own fund or by taking money for the central bank. The BB also allowed the banks to keep their investments in the stock market from the fund facility outside the banks' stock market exposure calculation.

<https://www.newagebd.net/article/109133/lull-in-stocks-investment-though-14-banks-form-BDT-1700cr-funds>

Bangladesh Securities and Exchange Commission (BSEC) asks bourses to launch digital data exchange platform soon

- The Bangladesh Securities and Exchange Commission on Monday directed the stock exchanges to immediately launch an integrated online data-gathering, information submission and dissemination platform. The commission issued an order regarding the issue on the day.
- Companies would be allowed to submit any kind of information, including applications, shareholding reports, declarations, corporate actions, financial disclosures, publication and dissemination of Price Sensitive Information (PSI) and material information, to the platform.
- The regulator also asked the stock exchanges to notify all listed companies and issuers of securities and mutual funds about the provisions of this order. BSEC also asked the stock exchanges to submit a report regarding the commencement of digital submission and dissemination platform to the commission within 15 working days. All listed companies must continue to submit the shareholding position as per the listing regulation within 15 days of the end of each quarter to the commission. Besides, the stock exchanges must prepare and submit a summary of the shareholding position within 15 days of the end of each month to the commission.

<https://www.newagebd.net/article/109139/bsec-asks-bourses-to-launch-digital-data-exchange-platform-soon>

Initial Public Offering (IPO) subscription of Express Ins extended until July 2

■ The public subscription of Express Insurance Ltd has been extended until July 2 with the permission of securities regulator, company officials said. The IPO (initial public offering) subscription of the non-life insurer, which took place between June 14 and June 18, will now continue until July 02, according to an official announcement on Monday. According to the company official, due to poor response from the investors within the scheduled time amid ongoing Covid-19 crisis, the stock market regulator gave consent to extend the subscription period until July 2.

■ The non-life insurer will raise a fund worth BDT 260.8 million from the capital market using the fixed price method. Bangladesh Securities and Exchange Commission approved the IPO proposal of the company on February 18 of this year. As per the approval, the insurer will offload more than 26.1 million ordinary shares at an offer price of BDT 10.0 each under the fixed price method.

<https://today.thefinancialexpress.com.bd/stock-corporate/ipo-subscription-of-express-ins-extended-until-july-2-1592842805>

Omera's cylinder hits global market

■ Omera has started exporting LPG cylinders. The renowned LPG giant manufactured and exported the first consignment of its world-class LPG cylinders to a few companies based in Africa recently, said a press release. Since the inception of Omera Cylinders Limited in 2015, the company has been catering to the need of many local LPG operators offering them with a wide range of cylinders meeting the international standards.

■ Omera's state-of-the-art European machinery and sophisticated technology, skilled human resources and the highest safety, health and environmental standards has boosted the company's growth in a short span of time, the release said.

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	USD 40.46	(USD 21.17)	-34.35%
Crude Oil (Brent)*	USD 42.57	(USD 25.87)	-37.80%
Gold Spot*	USD 1,756.24	USD 234.77	15.43%
DSEX	3,962.05	-490.88	-11.02%
S&P 500	3,117.86	-112.92	-3.50%
FTSE 100	6,244.62	-1342.43	-17.69%
BSE SENSEX	34,731.73	-6910.41	-16.59%
KSE-100	33,438.94	-7296.14	-17.91%
CSEALL	4,990.42	-1138.79	-18.58%

Exchange Rates

USD 1 = BDT 84.93*

GBP 1 = BDT 105.71*

EUR 1 = BDT 95.47*

INR 1 = BDT 1.12*

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

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