

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.

Remittances to reach USD 20 billion by December, says World Bank (WB)

- Bangladesh's remittance inflow is projected to grow by 8.0% this year, bucking the falling trend in the world and the region, the World Bank (WB) says. The country's external income from the migrant workers could reach USD 20 billion by December this year from the current level of USD 16 billion, the WB report said. In contrast, the Washington-based lender has said the global remittance flow to low and middle-income countries is projected to fall by 7.0% to USD 508 billion in 2020, followed by a further decline of 7.5%, to USD 470 billion in 2021. Although the remittances inflow to South Asia is projected to suffer a protracted decline of around 4.0% in 2020 and 11% in 2021, Bangladesh's foreign exchange income will be in a better position, the bank said.

- Describing reasons for the higher remittance forecast for Bangladesh, the WB said that the "Hajj effect" in Saudi Arabia seems to have affected the flows in July 2020 before it recovered further. A more important reason for a stunning 53.5% year-on-year increase in remittance flows in Q3 (Jul-Sep) could be the damage from the floods, affecting nearly 1.0 million homes and 4.7 million people. Other plausible explanations include pent up remittances after the shutdown in Q2 (Apr-Jun) and a shift in flows from informal to the formal channels, the bank stated.

<https://today.thefinancialexpress.com.bd/first-page/remittances-to-reach-20b-by-dec-says-wb-1604164274>
<https://www.dhakatribune.com/business/2020/10/31/remittances-continue-to-paint-bangladesh-s-economic-resilience>
<https://tbsnews.net/economy/bangladeshs-remittance-inflow-increase-8-fy20-despite-global-decline-world-bank-151843>

BD beats India, Pakistan in sustainable trade

- Bangladesh has surpassed India and Pakistan in terms of sustainable trade on the back of better performance in economic and social areas, says the Economist Intelligence Unit (EIU), reports thepolicytimes.com. The EIU is the research and analysis division of the Economist Group providing forecasting and advisory services. The country jumped five places up in the index scoring 49.3 out of 100 and ranked 12th among 20 Indo-Pacific economies.

<https://today.thefinancialexpress.com.bd/trade-market/bd-beats-india-pakistan-in-sustainable-trade-1604156432>

Low return on deposits lifts interest rate spread

- The interest rate spread in the country's banking system increased further in September 2020 as banks slashed rates on deposits more than those of lending. The weighted average spread between lending and deposit rates offered by commercial banks rose to 3.0% in September from 2.87% a month ago. It was 4.07% in March. The weighted average rate on deposits came down to 4.79% in September from 4.95% in August, while such rate on lending fell to 7.79% from 7.82%, revealed the Bangladesh Bank (BB)'s latest statistics.

Expansionary monetary policy of the central bank along with the implementation of the government's stimulus packages aiming to speed up recovery of the pandemic-hit economy have pushed up higher inflow of liquidity in the banking system. Meanwhile, the overall excess liquidity with the commercial banks hit all time high at around BDT 1.60 trillion in August 2020 from BDT 1.41 trillion a month before. Former chairman of the Association of Bankers, Bangladesh (ABB), said that the interest rates on lending will be decreased in the coming months mainly due to higher liquidity in the market.

<https://today.thefinancialexpress.com.bd/first-page/low-return-on-deposits-lifts-interest-rate-spread-1604164214>

Financial sector at risk from high default loans: IMF

- Ballooning defaulted loans have exposed Bangladesh's financial sector to greater risks, says the International Monetary Fund (IMF). Banks in Bangladesh conceal their defaulted loans, the report says, adding that the actual size of defaulted loans in the country's banking system is much higher than the figure released by the Bangladesh Bank. The IMF has suggested the banks to refrain from providing repeated loan restructuring facilities to large borrowers. It also mentioned that loan defaulters are taking undue advantage by obtaining stay orders from higher courts.

- The IMF, which promotes global economic growth and financial stability, believes that lending too much to some specific well-connected groups has also given rise to some kind of a risk in the overall financial sector. The organisation has urged the government to form a financial council to thoroughly review the risks in the financial sector and take necessary remedial measures. Economists and experts in Bangladesh largely agreed with the IMF while the finance ministry and the central bank disagreed with parts of the report.

- Officials from the finance ministry and the central bank spoke in favour of adopting reform measures to address some

of the risks identified in the IMF report. Bangladesh, however, does not agree with most of the IMF observations, according to meeting sources.

<https://tbsnews.net/economy/banking/financial-sector-risk-high-default-loans-imf-152098>

Q1 public spending enters slow lane

- The public expenditure increased in the first quarter (Q1) of the current fiscal year (FY2020-21) but at its slowest pace in many years. Officials blamed the Covid-19 pandemic for the decline in the usual pace of economic activities, officials said. The budget spending in the July-September quarter stood approximately at BDT 895 billion, which was only 1.4% higher than the same quarter a year earlier, according to official sources.

- The overall size of the budget for the current financial is larger by nearly 13% than that of the last FY. Economists said restricting the unnecessary expenditure is a prudent step during the ongoing Covid-19 pandemic, but essential spending and implementation of job-creation projects should continue to prevent possible adverse impact on the economy. Traditionally, the government spending largely contributes to the economic growth. People familiar with the development told the FE that the government is releasing funds only for the top-priority development projects. Moreover, the contingency expenditure of different ministries and divisions has been cut by 50%, said one of the economists

<https://today.thefinancialexpress.com.bd/first-page/q1-public-spending-enters-slow-lane-1604164051>

Chittagong Stock Exchange (CSE) offers free bulk, foreign trade to members

- In order to encourage more transactions in bulk and foreign windows, the Chittagong Stock Exchange (CSE) has declared a three-month long promotional program. In a statement, the port-city bourse on Thursday said its member brokers will not have to pay any charge to the exchange authority for bulk and foreign trades they execute in November and December of this year as well as January of next year. The promotional offer is aimed at increasing the number of bulk and foreign portfolios on the capital market. The CSE firmly believes the new offer will be a pioneering business opportunity for its brokerage members and authentically motivate them to augment the amount of bulk and foreign turnover at the country's second bourse.

<https://tbsnews.net/economy/stock/cse-offers-free-bulk-foreign-trade-members-152038>

Index Agro bidding begins today

- The bidding to explore the cut-off price of shares of Index Agro Industries Limited will begin today (Sunday). Only the eligible investors (EIs) can participate in the price bidding which will continue until 5:00pm on November 4 (round the clock), according to a disclosure posted on the website of Dhaka Stock Exchange (DSE).

- The company will raise a capital worth BDT 500 million from the capital market. The company's IPO proceeds will be utilised for constructing buildings, purchasing machinery and bearing the IPO-related expenses. According to the financial statement for the year ended on June 30, 2019, the company's net asset value (NAV) per share stood at BDT 45.03 (with revaluation reserve) while the earnings per share (EPS) was BDT 7.07. The company also reported the weighted average EPS of BDT 5.60 based on financials of the last five years. Incorporated in 2000, Index Agro Industries commenced operations with a poultry hatching and breeder facility to cater to the growing demand for quality pullets for the promising local poultry industry.

<https://today.thefinancialexpress.com.bd/stock-corporate/index-agro-bidding-begins-today-1604156100>

<https://www.dhakatribune.com/business/stock/2020/10/31/index-agro-share-bidding-begins-sunday>

Zeal Bangla's share trading resumes today

- The Bangladesh Securities and Exchange Commission (BSEC) has decided to resume the trading of Zeal Bangla Sugar Mills Ltd shares from today. Earlier on September 14, the stock market regulator had suspended share trading of the company after the watchdog detected anomalies in the trading of the companies' shares.

- Recently, prices of junk and low capital stocks have also kept rising abnormally at the DSE. Prices of quality stocks such as Grameenphone, British American Tobacco Bangladesh, Square Pharma, and Brac Bank falling. On the other hand, share prices of fundamentally weak and low cap company Zeal Bangla rose significantly. The government holds 51% share of Zeal Bangla, while other institutions hold a stake of 13.93%, and general investors the remaining 35.07% of shares in the company.

<https://www.dhakatribune.com/business/stock/2020/10/31/zeal-bangla-s-share-trading-resumes-on-sunday>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$35.79	(\$25.84)	-41.93%
Crude Oil (Brent)*	\$37.94	(\$30.50)	-44.56%
Gold Spot*	\$1,878.81	\$357.34	23.49%
DSEX	4,846.10	393.17	8.83%
S&P 500	3,269.96	39.18	1.21%
FTSE 100	5,577.27	(2,009.78)	-26.49%
BSE SENSEX	39,614.07	(2,028.07)	-4.87%
KSE-100	39,888.00	(847.08)	-2.08%
CSEALL	5,726.59	(402.62)	-6.57%

Exchange Rates

USD 1 = BDT 84.85*

GBP 1 = BDT 109.80*

EUR 1 = BDT 99.01*

INR 1 = BDT 1.14*

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

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