

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.

MFS deals rise 26% in Q3 to BDT 1.5 trillion

- Transactions through mobile financial services (MFS) grew by over 26% in the third quarter (Q3) of 2020, as general people, businessmen and the government agencies preferred to use digital services more amid the nationwide Covid-19 pandemic. Total MFS transaction volume rose to BDT 1,535.24 billion during the July-September period of the current calendar year, from BDT 1,214.61 billion three months before, according to the central bank's latest statistics. It was BDT 1,232.23 billion during the January-March period of 2020.

- In September 2020, MFS transactions grew by 18.6% to BDT 491.21 billion, from BDT 414.04 billion a month ago. It was BDT 629.99 billion in July 2020. Official data showed that transactions through the country's 15 MFS providers hit an all-time high in July. An increasing number of people, businesses and the government agencies used MFS services then to avoid serious health hazards, caused by the ongoing Covid-19 pandemic.

<https://today.thefinancialexpress.com.bd/last-page/mfs-deals-rise-26pc-in-q3-to-BDT-153524b-1604512544>
<https://www.thedailystar.net/business/news/mfs-transactions-rebound-strongly-1989649>
<https://tbsnews.net/economy/banking/transactions-salary-payment-through-mobile-banking-increases-september-153874>

The future looks bright as the sun for MFS

- Transactions through the mobile financial services platform soared 38.6% year-on-year to BDT 491.2 billion, with the payment channel now emerging as one of the big winners of the pandemic. September's figure, which is up 18.6% from a month earlier, is the second-highest since MFS was introduced nearly a decade ago. While the platform has always been popular among the unbanked population for sending and receiving money, it has turned out to be particularly handy in making payment at a point-of-sale terminal, salary disbursement and utility bill payment during the pandemic. In September, merchant payment through the channel stood at BDT 12.92 billion -- the highest yet. It hovered below BDT 6.00 billion until June, when the economy was reopened.

- The stimulus packages announced by the government for the payment of salary of garment workers also boosted MFS transactions. Salary disbursement through the platform, which hovered was less than BDT 12.50 billion until April, shot past the BDT 20.00 billion-mark from May. In September, it was BDT 19.54 billion. In September, 1.85 million new accounts were opened to take the total to 95 million.

<https://www.dhakatribune.com/business/commerce/2020/11/04/the-future-looks-bright-as-the-sun-for-mfs>

Most listed banks see rise in profits

- Most of the listed banks logged higher profits in the first nine months of 2020 despite a lower net interest income amid the business slowdown caused by the coronavirus pandemic. Lower provisioning was the main driver behind the higher profits. All the 30 banks listed with the Dhaka Stock Exchange declared their third quarterly earnings. Eighteen out of the 27 posted a year-on-year rise in profits during the January to September period. They logged 3.49% higher profits of BDT 48.88 billion in the nine months.

- Their combined net interest income, the biggest source of revenue, dropped 25% to BDT 103.01 billion thanks to two steps introduced by the central bank -- 9% interest cap in April and a payment holiday after the Covid-19 outbreak. Provisioning of the listed banks also dipped 47% year-on-year to BDT 20.09 billion. The banking sector witnessed higher income because of the policy support on provisioning from the central bank, said the managing director of Pubali Bank. The stock market was also vibrant this year, so many banks did not need to keep provision. This ultimately boosted the profits of the banking sector, he added.

- Banks should be more careful in booking profit this year and paying dividends because if they disburse dividend on unearned profits, they will be in trouble next year, said the managing director of Mutual Trust Bank. As the banks' profit rose riding on the lower provisioning and despite experiencing a reduction in the net interest income, they can announce dividend but it should not be much higher, he said.

<https://www.thedailystar.net/business/news/most-listed-banks-see-rise-profits-1989665>

Inflation rises to 5-year high

- Inflation rose to 6.44% in October, the highest in at least five years, driven by a sharp increase in the price of food items. This was the third consecutive monthly increase in inflation as recent floods and rains damaged crops and pushed up the price of rice and vegetables. October's CPI is 97 basis points higher than it was in the same month last year. General inflation has been on the upward trend since July. Food inflation made a sharp rise, climbing by 84 basis

points to 7.34%, largely due to the increase in the price of rice.

- Non-food inflation declined 12 points to 5% last month. Rural inflation jumped by 71 points to 6.67% from 5.96% a month ago. Food inflation surged 1.12% points to 7.73% from 6.61% in September. Inflation in the urban areas edged up five basis points to 6.03%. Food inflation rose 22 basis points to 6.48% but non-food inflation dropped 14 basis points to 5.51%. The wage rate rose to 6.03% from 5.95% in September.

<https://www.thedailystar.net/business/news/inflation-rises-5yr-high-1989653>

Mobile subscriber numbers hit a record in September. But Teletalk was a big loser

- Since then, 5.6 million subscribers came on board, to take the subscriber base to a record 167 million at the end of September, according to data from the Bangladesh Telecommunication Regulatory Commission (BTRC). During the period, all operators added users save for Teletalk: at the end of May, the state-owned mobile operator had 4.87 million subscribers, which came down to 4.61 million towards the end of September. Inconsistent network coverage and weak signal strength were the key reasons behind people jumping from Teletalk, according to telecom industry insiders. The network crisis in some areas forced subscriber numbers to drop, said by the telecommunications and information technology minister.

<https://www.dhakatribune.com/business/2020/11/04/mobile-subscriber-numbers-hit-a-record-in-september-but-teletalk-was-a-big-loser>

Half the stimulus funds not disbursed yet

- Banks disbursed 48% of BDT 760.00 billion funds they have been entrusted with lending to the sectors creaking under the pressure of the coronavirus pandemic as of September, official data showed. This means, BDT 366.24 billion has been disbursed by banks. Since the Covid-19 hit Bangladesh on March 26, the government has unveiled about 20 stimulus packages involving BDT 1.20 trillion, which is 4.3% of the country's gross domestic product. Banks have been given most of the responsibility to disburse the funds in the form of working capital loans, small loans and salary support under the packages.
- The export-oriented sector, mainly the readymade garments, is ahead of all so far. Initially, they were given BDT 50.00 billion. When the sector demanded for more when the funds exhausted, the government allocated another BDT 30.00 billion to keep the important sector afloat. The second tranche has also been distributed. Significant progress was made in dispensing the BDT 330.00 billion funds to the affected large industries and services at 9% interest to be repaid equally by the borrowers and the government as subsidy.
- The government announced BDT 200.00 billion as the working capital support to the pandemic-hit small businesses at 9% interest -- 4% to be paid by the borrower and 5% by the government as subsidy. Fifty-six banks and 20 non-banks disbursed BDT 48.22 billion from the package and nearly half of the amount was given in September alone. Some 21,642 male entrepreneurs and 1,124 female entrepreneurs received the loans.

<https://www.thedailystar.net/business/news/half-the-stimulus-funds-not-disbursed-yet-1989673>

The Bangladesh Garments Manufacturer and Exporter Association (BGMEA) seeks 10-year moratorium on loans

- The Bangladesh Garments Manufacturer and Exporter Association (BGMEA) has sought a 10-year moratorium on the outstanding loans of its members to help them ride out the corona crisis. The Association also urged the government to keep the apparel plants' bank liabilities out of the single borrower exposure limit. Due to Covid-19, many global brands and retailers, especially in the European Union (EU), USA and China have seriously been affected and as a result many of them like Sears, Debenhams, La Halle, La Camaieu, JC Penny and Nygard have declared themselves bankrupt, she noted. Work orders worth USD 3.0 billion have been affected, she said, adding none could be blamed for the crisis surfaced due to the Covid-19, the BGMEA chief said.
- According to the BGMEA, the sector received a total of BDT 105 billion to pay four months' (April to July) wages of the workers. The scheme requires factories to clear the debt in 18 equal installments in two years, with a grace period of six months. The BGMEA demanded extending the grace period for up to one year. RMG exports year-on-year fell by 20.14% to USD 2.25 billion in March, 85.25% to USD 374.67 million in April and 62.06% to USD 1.23 billion in May last. The export recovery has started since June and continued until September last with highest USD 3.24 billion earnings in July. The BGMEA has demanded that the outstanding loans of the Covid-hit factories be kept in block account for 10 years and also keep their liabilities out of the purview of the single borrower exposure limit.

<https://today.thefinancialexpress.com.bd/first-page/bgmea-seeks-10-year-moratorium-on-loans-1604512031>

Forex reserves to hit USD 50 billion in next 14 months

- Bangladesh's foreign exchange reserve will hit USD 50 billion within the next 14 months, Finance Minister said. They are thinking about how they can utilise this reserve to secure commercial benefits while keeping it in the country, he said. Besides, the reserve which is now more than USD 40 billion is expected to increase further, according to the minister. Asked about the country's economic recovery amid the Covid-19 fallout, he said Bangladesh has handled the situation well. As a result, both the International Monetary Fund and the World Bank have praised the country's indicators for recovery. He said that the USD 14 billion stimulus package announced by Prime Minister Sheikh Hasina helped the economy bounce back at a pace which was previously unimaginable.

<https://www.thedailystar.net/business/news/forex-reserves-hit-50b-next-14-months-1989661>
<https://tbsnews.net/economy/forex-reserves-cross-50b-next-year-kamal-153754>

IPO of Mir Akhter Hossain approved

- The securities regulator has approved the proposal of the prospectus of Mir Akhter Hossain as part the process of raising capital worth BDT 1.25 billion from the capital market under book building method. The approval came Wednesday at a meeting held at the office of the Bangladesh Securities and Exchange Commission (BSEC). The company will utilise the fund to purchase machinery, repay bank loan, and bear the IPO (initial public offering) expense. As per the regulatory approval, Mir Akhter Hossain will offload above 20.77 million shares. Of 20.77 million shares, 10.38 million shares will be issued to eligible investors (EIs) at respective prices offered by EIs at the bidding. As the financial statement for the year ended on June 30, 2019, the company's net asset value (NAV) with revaluation reserve is BDT 34.71 per share, while the value is BDT 33.63 per share without revaluation reserve. The company's weighted average EPS stood at BDT 6.21 based on financials of five years.

<https://today.thefinancialexpress.com.bd/stock-corporate/ipo-of-mir-akhter-hossain-approved-1604507053>
<https://www.dhakatribune.com/business/stock/2020/11/04/mir-akhter-hossain-s-ipo-gets-the-green-light>

BRAC allowed to purchase 25 million shares of BRAC Bank

- BRAC, the globally reputed NGO will purchase 25 million shares of BRAC Bank. The Bangladesh Securities and Exchange Commission (BSEC) on Wednesday waived the BRAC, a sponsor of BRAC Bank to a section of the securities rules to facilitate the execution of purchasing shares. BRAC is a leading sponsor of BRAC Bank and holds above 44% shares of the bank as per the financial statement for the year ended on December 31, 2019. At Wednesday's meeting, the securities regulator waived the BRAC from the compliance of the section 4(2) of the Bangladesh Securities and Exchange Commission (prohibition of insider trading) Rules, 1995. The section bars the sponsors, directors, among others, of listed companies to purchase or sell shares within two months ahead of the year-end.

- But it has now become difficult to repay the loan instalments with the funds received as lease money from the investors of economic zones, according to the letter. A huge amount of fund is being spent to acquire, develop and improve different infrastructure at the economic zones, but the source of income of the authority is limited, the letter explained.

It said the average rate of interest was 12% or more in the country when the BEZA took the loans from the state-run financial institution. In view of the interest-rate regime at the time, the BIFFL provided loans to BEZA at 6-9% interest rates.

<https://today.thefinancialexpress.com.bd/stock-corporate/brac-allowed-to-purchase-25m-shares-of-brac-bank-1604507103>
<https://www.dhakatribune.com/business/stock/2020/11/04/brac-to-raise-its-stake-in-brac-bank>
<https://www.thedailystar.net/business/news/brac-buy-25cr-brac-bank-shares-1989657>

Stockbrokers can open booths at upazilas

- The Bangladesh Securities and Exchange Commission (BSEC) on Wednesday approved the 'Digital Booth (Stockbroker/TREC holder) Rules, 2020', allowing stockbrokers to set up digital booths under the supervision of its respective head office or branch offices. The booth can be opened at union centres at upazilas, business centres at district level and also commercial areas overseas. The decision was taken to expand stockbrokers' businesses and make it easier for investors to avail stock-related services.

<https://www.dhakatribune.com/business/stock/2020/11/04/stockbrokers-can-open-booths-at-upazilas>

Robi IPO subscription begins on Nov 17

- Robi Axiata is set to hit the market with the country's biggest ever initial public offering this month and the leading telecom operator has urged eligible investors to participate in its subscription process. The IPO subscription will start on November 17 and will continue till November 23. To become an eligible investor for the IPO, one has to show that he or she has at least BDT 10 million investment in market value as of November 9. During this period, general investors and non-resident Bangladeshis will also be allowed to subscribe to get the IPO.

- The country's second largest mobile phone operator will raise BDT 5.23 billion by issuing 523.7 million ordinary shares at face value. Of the amount, BDT 3.87 billion would be raised from stock investors and the rest BDT 1.36 billion from its officials. The IPO proceeds will be used to expand the network. IDLC Investments is the issue manager of the IPO. The telecom company received the go-ahead from the Bangladesh Securities and Exchange Commission to go public on September 23. The company's paid-up capital was BDT 47.14 billion and turnover BDT 74.81 billion in 2019, according to the draft prospectus.

<https://www.thedailystar.net/business/news/robi-ipo-subscription-begins-nov-17-1989669>

Alltex Industries shuts factory for 45 days

- The board of directors of Alltex Industries has decided to temporarily shut down the factory for 45 days starting from Monday to carry out the refurbishment and reinstallation of underground gas lines. During the reconstruction of the gas line work, all production activities will remain suspended in the factory, said the company through a disclosure posted on the Dhaka Stock Exchange (DSE) website on Tuesday. Upon completion of the factory's gas line work and recommencement of production, the company will provide an update in this regard, according to the disclosure.
- The Alltex Industries, which was listed on the DSE in 1996, is now being traded under the 'Z' category as the company failed to declare dividend for the last five years. The Alltex Industries' net loss stood at Tk 237.77 million in nine months for the period of July 2019-March 2020, according to information from the Dhaka bourse.

<https://today.thefinancialexpress.com.bd/stock-corporate/alltex-industries-shuts-factory-for-45-days-1604418765>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$38.87	(\$22.76)	-36.93%
Crude Oil (Brent)*	\$41.23	(\$27.21)	-39.76%
Gold Spot*	\$1,906.24	\$384.77	25.29%
DSEX	4,919.60	466.67	10.48%
S&P 500	3,443.44	212.66	6.58%
FTSE 100	5,883.26	(1,703.79)	-22.46%
BSE SENSEX	40,616.14	(1,026.00)	-2.46%
KSE-100	40,281.96	(453.12)	-1.11%
CSEALL	5,905.91	(223.30)	-3.64%

Exchange Rates

USD 1 = BDT 84.87*
 GBP 1 = BDT 110.02*
 EUR 1 = BDT 99.58*
 INR 1 = BDT 1.14*

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

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