

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.

National Board of Revenue (NBR) moots no deal if trade gap is wide

- The revenue board has suggested refraining from signing any free trade or preferential trade agreements with the countries having huge trade gap with Bangladesh. Free trade agreement (FTA) or preferential trade agreement (PTA) with India, China, Thailand, Malaysia and Indonesia should be avoided to heighten the gap. According to NBR; FTA, PTA or comprehensive economic partnership agreement (CEPA) cannot affect revenue collection as import revenue still contributes over 30% of the total tax revenue.
- According to available data, trade deficit between Bangladesh and China stood at USD 12,808 million in fiscal year (FY) 2018-19. India's exports to Bangladesh in FY 2018-19 were USD 9.21 billion and imports during the period were USD 1.04 billion. In FY 2018, export from Bangladesh to Malaysia was USD 232.42 million and import to Bangladesh USD 1.41 billion. The NBR has thus recognised the need for conducting feasibility studies by the government and non-governmental organisations and vetting by the NBR and other stakeholders prior to signing such deals.
- The NBR proposed signing FTA and PTA with the countries where Bangladesh may lose the existing trade benefits after its graduation to a middle-income country. It said the government should try to sign agreements with the European Union or the Association of Southeast Asian Nations (ASEAN). Talking to the FE, a senior commerce ministry official said that they are planning to sign CEPA with India which is under process. PTA with Bhutan would be inked on December 06 as the first bilateral trade agreement of Bangladesh. The official said the government is prioritising deals with other countries to boost bilateral trade.

<https://today.thefinancialexpress.com.bd/first-page/nbr-moots-no-deal-if-trade-gap-is-wide-1605721953>

Bangladesh Bank (BB) extends both policy coverage, tenure

- Considering the Covid-19 pandemic, the central bank has allowed more time for the exporters to realise their export proceeds. The tenure has been extended up to seven months instead of existing six months, and the coverage of the relaxed policy widened to all export sectors. Under the relaxation, authorised dealer (AD) banks are empowered to allow all exporters to extend the tenure of realising the export proceeds up to 210 days instead of 180 days, according to officials.
- The extended period for realisation of the export proceeds will equally be applicable for all sectors, depending on the necessity, till March 31 next year, according to a notification issued by the Bangladesh Bank (BB) on Wednesday. Earlier on July 23 last, the central bank had extended such policy, but only for the readymade garment (RMG) and textile goods exporters.

<https://today.thefinancialexpress.com.bd/first-page/bb-extends-both-policy-coverage-tenure-1605722069>
<https://www.dhakatribune.com/business/banks/2020/11/18/small-relief-for-exporters-as-bb-extends-timeframe-to-receive-proceeds-from-abroad>
<https://tbsnews.net/economy/trade/all-exporters-now-have-210-days-bring-export-earnings-159700>
<https://www.thedailystar.net/business/news/exporters-get-210-days-repatriate-earnings-bb-1997377>
<https://www.newagebd.net/article/121964/all-sectors-get-addl-time-to-repatriate-export-proceeds>

USD 6.6 million RMG orders gone as second wave hits Europe

- With collapsed apparel demands owing to the Covid-19 second wave in Europe, three international buyers have cancelled and held up orders worth USD 6.6 million this month. The buyers are Swedish retail giant H&M, French sporting goods retailer Decathlon, and Irish retailer Primark, according to officials of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA). According to a top BGMEA official, some seven factories have reported order cancellation on the association's portal so far. They have reported USD 1.97 million in order cancellations and USD 4.63 million in suspension.
- When the first wave hit, H&M announced that it would not cancel any order placed with Bangladeshi apparel makers. It buys clothes worth about USD 3.0 billion a year from Bangladesh, which is about 10% of the country's apparel exports. Manufacturers claimed that international buyers had reduced order placements, prompting Bangladeshi factories to run at half their production capacity. At the same time, they also faced a drastic fall in product prices compared to the corresponding month last year, with the average price shrinking rate being 5.6%. Leading apparel suppliers and buyers' representatives said a number of buyers had halted order placements for up to six weeks. In some cases, they also cancelled some orders.

<https://tbsnews.net/economy/rmg/66m-rmg-orders-gone-second-wave-hits-europe-159877>

Container handling at Chittagong (CTG) port goes up

- Export-import trade through the Chittagong port is showing a positive trend this month compared to last month, despite fear of the second wave of Covid-19 pandemic. Until November 15, some 31,844 TEUs (twenty-foot equivalent units) of containers were shipped through the country's prime seaport, up from 28,853 TEUs in the same period of the last month, data showed. On the other hand, until mid-November, some 57,124 TEUs of containers arrived in the Chittagong port compared with 50,919 TEUs came by mid-October.

- Data of the Export Promotion Bureau (EPB) shows that export earnings fell by 17.19% in October compared to the same month of last year, deepening concern among the exporters. Former president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) told that the work orders suspended now by global buyers are supposed to be shipped next month or later this month. The shipment will fall next month as the apparel being the main export item mainly goes to America and Europe, where a grave situation now persists due to the pandemic. Import of raw materials may not fall next month, but export may decline at least to some extent, he added.

<https://today.thefinancialexpress.com.bd/last-page/container-handling-at-ctg-port-goes-up-1605722507>

Switzerland likely to extend duty-free access beyond 2027

- Switzerland is likely to provide Bangladesh with preferential market access past its graduation from the least-developed country bracket, following the lead of the EU, said Commerce Secretary. At present, Bangladesh gets duty-free market access to Switzerland as an LDC, as it does to the EU under its Everything but Arms scheme. But the EU has verbally agreed to allow Bangladesh to enjoy the duty-free market access beyond 2027. Now, Commerce Secretary has expressed hope that Switzerland would extend it, too. In fiscal 2019-20, Bangladesh exported goods worth USD 106.9 million to Switzerland and imported goods worth USD 288.5million, according to data from the Export Promotion Bureau.

<https://www.dhakatribune.com/business/economy/2020/11/19/switzerland-likely-to-extend-duty-free-access-beyond-2027>

Banks finally open purse on stocks

- The Bangladesh Bank's long effort to bring banks back to the stock market has finally started to pay off with cheap money having encouraged banks to invest fresh BDT 6.2 billion in their portfolio in the eight months since February. Banks injected the new funds into stocks under a BDT 2.0 billion special liquidity support scheme for each bank offered by the central bank in February this year.

- Under the stock market investment scheme, the banks built up a fund of BDT 20.9 billion till September. Thirty percent of the fund has been invested already. The rest are being invested gradually. Of the invested amount, BDT 5.4 billion went to the banks' own portfolio, BDT 590 million to their subsidiaries and BDT 150 million in loans to merchant banks, according to Bangladesh Bank data. Earlier on 10 February, the central bank in a circular asked the banks to form a special fund of BDT 2.0 billion each to invest in the capital market for the next five years. Banks can build up the fund from their own source or take the money from the central bank through a repurchase agreement (repo) at 4.75% rate.

<https://tbsnews.net/economy/stock/banks-finally-open-purse-stocks-159889>

IPO of NRB Commercial Bank approved and explanations from the eligible investors of Lub-ref

- The securities regulator has approved the IPO (initial public offering) proposal of NRB Commercial Bank under the fixed price method. The bank will raise a capital worth BDT 1.2 billion issuing 120 million ordinary shares of BDT 10 each. The company will utilise the IPO proceeds to purchase government securities, invest in the secondary market and bear the IPO expense.

- NRB Commercial Bank became the first BSEC-approved bank being the fourth-generation commercial bank. As per the half yearly audited financial statement for the period ended on June 30, 2020, the Bank's NAV without revaluation stood at BDT 13.86, while the weighted average EPS of five years was BDT 1.55. Asian Tiger Capital Partners Investment and AFC Capital are working as issue managers of the NRB Commercial Bank.

- Meanwhile, at Wednesday's meeting the securities regulator took a decision of seeking explanations from the EIs who offered prices above BDT 50 for each shares of Lub-ref (Bangladesh) at the bidding. Those EIs will have to explain whether they participated at the bidding in line with the securities rules. At Wednesday's meeting, the securities regulator took another decision of imposing penalties on the chairman and three executives, among others, of the listed company Stylecraft for securing profits through unlawful process.

<https://today.thefinancialexpress.com.bd/stock-corporate/ipo-of-nrb-commercial-bank-approved-1605718333>
<https://www.dhakatribune.com/business/stock/2020/11/18/nrb-commercial-bank-ipo-get-the-green-light-from-bsec>
<https://www.newagebd.net/article/121936/nrb-banks-BDT-120cr-ipo-approved>
<https://www.thedailystar.net/business/news/nrb-commercial-bank-gets-nod-go-public-1997409>

Capital market slump weighs on Mutual Fund (MF) industry

• The country's mutual fund (MF) industry remains smaller than many regional countries, including neighbouring India. For instance, India's MF industry has outsized Bangladesh's gross domestic product (GDP), thanks to top-notch professionalism of the Indian fund managers and aggressive marketing. The GDP of Bangladesh is estimated at USD 330 billion, lower than India's USD 368.41 billion mutual-fund industry as of October, 2020.

• The MF industry of Bangladesh is worth USD 1.65 billion only, which is much lower than those of Pakistan, Thailand and Malaysia. Local fund managers held the prolonged erosion in the capital market and inadequate publicity campaign responsible for the insignificant growth of the country's MF industry. According to information available with the Association of Mutual Funds in India (AMFI), the assets managed by the Indian MF Industry was 6.46 trillion rupees as on October, 2010 and the amount rose to 28.34 trillion rupee by October, 2020, a four-fold jump in a decade.

On the other hand, assets managed by MFs in Bangladesh were US USD 1.65 billion or BDT 137.24 billion as of September, 2020. In 2010, an amount of BDT 41.69 billion was managed under the portfolios of closed-end MFs. Among other regional countries, the size of MF is US USD 178.20 billion in Thailand, USD 5.60 billion in Pakistan, and USD 197.57 billion in Malaysia, according to information of the associations of fund managers of the respective countries. Presently, the number of listed MFs (closed-end) in Bangladesh is 37 while the number of open-ends is 61, according to the BSEC.

<https://today.thefinancialexpress.com.bd/first-page/capital-market-slump-weighs-on-mf-industry-1605721717>

In a turbocharged digital world, most IT companies are not minting money

• Of the 10 listed IT companies, eight have disclosed their numbers for the first quarter of their 2020-21 financial year and profit of five have declined. During the period, Daffodil Computers saw its profit tumble the most: 65.4% year-on-year to BDT 8.1 million, according to its unaudited financial statement. After Daffodil Computers, Aamra Technologies saw its profit shrink the most: 22.5%. The company, which provides the financial industry with hardware, software and connectivity solutions, posted a profit of BDT23 million. Aamra Technologies blames the unavailability of products and constraints in the import channel for the slump in profit.

• Genex Infosys, the leading outsourcing provider of customer experience management, though posted profit growth of 16%. ADN Telecom, the leading ISP, MPLS, IPLC, and IP Telephony service provider in the country, also turned in profit growth between July and September.

<https://www.dhakatribune.com/business/stock/2020/11/19/in-a-turbocharged-digital-world-most-it-companies-are-not-minting-money>

GPH Ispat exports billet worth USD 10.0 million to China

• GPH Ispat Limited on Tuesday shipped 25,000 tonnes of MS billet worth USD 10.17 million out to China. It would be the largest ever consignment of the item in terms of volume and value from Bangladesh to any export destination, according to the local steel manufacturer. The achievement has enhanced Bangladesh's image to global steel sector through the shipment, said the GPH Group Chairman. He also said the country's steel sector can export to different destinations after meeting the local demand as many of the plants' full capacity remain unutilised.

<https://today.thefinancialexpress.com.bd/trade-market/gph-ispate-exports-billet-worth-10m-to-china-1605717730>
<https://www.thedailystar.net/business/news/gph-ispate-starts-billet-export-china-1997349>

Overpriced bidding puts small investors at risk of loss

• Some rogue institutional investors are jeopardising the way prices are determined for stocks for their launch in the stock market, detrimentally affecting general investors. Their modus operandi: placing inflated price bids in the book-building process. This simple tampering disrupts the whole process designed to determine cut-off prices of initial public offerings properly. The book-building method comes to play when a company wants to issue stocks at a price higher than the face value.

• The process involves an underwriter, usually an investment bank, inviting institutional investors such as fund managers to submit bids for the number of shares they want along with the prices they are willing to pay for it. Apart from the book building method, there is also a "fixed pricing" method where the price is set prior to investor participation. Here the face value is taken as the issue price. If the bids are inflated, it unnecessarily raises the stock prices, forcing general investors to pour in more money than they would have otherwise to obtain the shares, explained stock investor Arifur Rahman, who has a decade's experience of the market.

• One recent instance of the blatant malpractice took place in the IPO price determination of Index Agro. The stock had a face value of BDT 10 and many renowned asset managers with good performance records bid with offers ranging from BDT 15 to BDT 20. However, 38 institutional investors bid more than BDT 70. Of them, 21 were of mutual funds.

Some went as far as BDT 100. The BSEC recently formed a two-member investigation committee to identify anomalies in the IPO bidding of Index Agro. The regulator has long been irritated by such manipulation, for which it had issued a notification last year stipulating that bidders would have to purchase the stocks at the respective price they had placed in the bid. General investors in Bangladesh are allowed to buy stocks at prices 10% lower than the cut-off price. Though the notification brought some institutional investors to their senses, there were others who never flinched, presumably because they were not bidding with their own money.

<https://www.thedailystar.net/business/news/overpriced-bidding-puts-small-investors-risk-loss-1997417>

0.14 million BO accounts opened in a month amid IPO subscription binge

- Around 0.14 million new beneficiary owners' accounts were opened in the last one month as investors eyed the initial public offerings of companies, including Robi Axiata Limited. The number of active BO accounts stood at 24,52,831 on November 17, while the figure was 23,17,696 on October 15 this year, according to the Central Depository of Bangladesh Limited data. In the last 10 trading sessions, the number of BO accounts shot up by around 74,000. The subscription of Robi's IPO started on November 17 and will continue till November 23. Robi will raise BDT 5.2 billion through the IPO under fixed price method. This will be the largest IPO on the country's capital market. The Bangladesh Securities and Exchange Commission approved the Robi Axiata's IPO on September 23.

- The number of BO accounts plunged to 22,84,802 on September 30. However, investors started opening or renewing BO accounts from the first day of October this year keeping an eye on Robi's IPO. Opening a BO account with the CDBL through a depository participant is a must for trading shares on the Dhaka and Chittagong stock exchanges. Of the current active BO accounts of 24,52,831, individual investors operate 15,69,944 accounts, investors jointly operate 8,69,316 accounts and 13,571 accounts are operated by different companies, the CDBL data showed.

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<https://www.newagebd.net/article/121966/135-lakh-bo-accounts-opened-in-a-month-amid-ipo-subscription-binge>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	USD 41.50	(USD 20.13)	-32.66%
Crude Oil (Brent)*	USD 44.34	(USD 24.10)	-35.21%
Gold Spot*	USD 1,869.22	USD 347.75	22.86%
DSEX	4,887.12	434.19	9.75%
S&P 500	3,567.79	337.01	10.43%
FTSE 100	6,385.24	(1,201.81)	-15.84%
BSE SENSEX	44,180.05	2,537.91	6.09%
KSE-100	40,514.67	(220.41)	-0.54%
CSEALL	6,108.22	(20.99)	-0.34%

Exchange Rates

USD 1 = BDT 84.74*
GBP 1 = BDT 112.16*
EUR 1 = BDT 100.34*
INR 1 = BDT 1.14

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

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