

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.

Q1 sees surplus Balance of Payments BOP

- The country's overall Balance of Payments (BOP) posted a surplus at over USD 3.0 billion in the July-September period, according to the central bank of Bangladesh. Many economists believe the slow pace of imports and higher remittance and external fund inflows were the reasons for the surplus.
- According to the executive director at the Policy Research Institute of Bangladesh (PRI), this has occurred mainly because of slow import. The imports fell by nearly 12% in the period compared to the corresponding period a year back. On the other hand, shipments increased by nearly 3.0% in the period over the same period in 2019, meaning the net payment from trade surged during the period. The remittance inflow grew by nearly 49% in the period to USD 6.7 billion. The receipts in the form of MLT loans (medium- and long-term loans) were recorded at USD 1.3 billion, up by nearly 54% in Q1 of the fiscal year 2021. According to the central bank, the BOP position reflects a record high final gross international reserve or foreign exchange reserve level of USD 40 billion-plus in this October.

<https://today.thefinancialexpress.com.bd/first-page/q1-sees-surplus-bop-1603820095>

Global H1 Foreign Direct Investments (FDI) drops 49%

- Inflows of global foreign direct investment (FDI) fell 49.0% in the first half (H1) of the current year 'due to the economic fallout from Covid-19'. The UN agency estimated that inflow of FDI in Bangladesh declined by around 19% to USD 1164.30 million during the period under review from USD 1437.0 million in the same period of 2019. So far, Bangladesh Bank has unveiled the FDI figure of Q1 of 2020 which showed that net inflow of FDI in Bangladesh stood at USD 582.17 million, declined by 43.78% from USD 1035.56 million in Q1 of 2019. According to the report, developed economies saw the biggest fall as FDI reached an estimated USD 98 billion in January-June period, recording a decline of 75.0% compared to the same period of 2019.
- The government provided the loan to the apparel makers following their demand to help sustain competitiveness of the industry hit hard by coronavirus, a source said. RMG export earnings year-on-year declined by 20.14% to USD 2.25 billion in March'20, 85.25% to USD 374.67 million in April, and 62.06% to USD 1.23 billion in May, according to the official data. Export earnings have started regaining since June when RMG shipments reached USD 2.24 billion.

<https://www.dhakatribune.com/business/economy/2020/10/27/fdi-in-bangladesh-falls-by-32-in-h1-of-2020>

Pandemic casts gloom on greenfield investment

- The value of greenfield investment project announcements – an indicator of future foreign direct investment trend – fell by 78% in Bangladesh in the first eight months of 2020 because of the coronavirus pandemic, said the Unctad yesterday. Bangladesh received USD 2.49 billion in gross FDI in the July-March period of the last fiscal year, down from USD 3.97 billion in the same period a year ago, Bangladesh Bank data showed. FDI in South Asia fell 31% to USD 20 billion in the first half of the year. India, the largest FDI recipient in the region, saw FDI contracting by 33% to USD 17 billion as the country struggles with Covid-19 containment, the UN agency said.
- In other South Asian countries where investments are largely tied to export-oriented apparel manufacturing, greenfield investments have taken a severe hit due to activity stoppages and contracting global demand. Announced greenfield projects in Bangladesh fell by 78% and in Sri Lanka by 97%. Global FDI flows plunged 49% in the first half of 2020 compared to 2019, due to the economic fallout from the Covid-19. In the wake of the pandemic, lockdowns around the world slowed existing investment projects and the prospects of a deep recession led multinational enterprises to reassess new projects.
- According to the report, developed economies saw the biggest fall, with FDI reaching an estimated USD 98 billion in the six-month period – a decline of 75% compared to 2019. In the six months to June, developing countries in Asia accounted for more than half of global FDI. Flows to economies in transition were down 81% due to a strong decline in the Russian Federation.

<https://www.thedailystar.net/business/news/pandemic-casts-gloom-greenfield-investment-1985373>

<https://www.dhakatribune.com/business/economy/2020/10/27/unctad-fdi-flows-to-developing-economies-decrease-16>

<https://tbsnews.net/economy/bangladeshs-greenfield-investment-project-drops-78-unctad-150451>

Mobile data speed: Bangladesh only ahead of Afghanistan in South Asia

- Bangladesh has fared badly in mobile data speed, ranking below all South Asian nations except for Afghanistan, at a quality listing of global mobile and broadband internet networks. Bangladesh ranked 133rd out of 138 countries on Ookla's Speedtest Global Index for mobile internet speeds with 10.76 megabits per second (Mbps) for downloads in

the month of September, considerably lower than the global average of 35.26 Mbps. Bangladesh's average mobile upload speed stood at 6.96 Mbps and latency was 39 milliseconds (ms). The global averages are 11.22 Mbps and 42 ms. The Maldives topped the chart among South Asian nations, ranking 57th with a download speed of 35.70 Mbps, a little over the global average.

- Sri Lanka came 102nd with 19.95 Mbps, Pakistan 116th with 17.13 Mbps, Nepal 117th with 17.12 Mbps, India 131st with 12.07 Mbps and Afghanistan 138th with 7.26 Mbps. In fixed line broadband internet speeds, Bangladesh fared better, ranking 98th out of 175 nations with a download speed of 29.85 Mbps, upload speed of 45.74 Mbps and latency of 21 ms. This is still far behind the global average download speed of 85.73 Mbps. Among the South Asia peer nations, Bangladesh came after India (70th, 46.47 Mbps) and Sri Lanka (94th, 31.42 Mbps).

- However, spectrum allocation, which is one of the lowest in the world in a country where there are over 160 million mobile subscribers, is one of the main reasons for the poor internet service, an official of a telecom operator said. Optical fibres of Nationwide Telecommunication Transmission Network are also not up to the mark and that is another reason for low data transmission, he added. During the pandemic, suddenly use of the mobile internet increased manifold which might have impacted the service, said the secretary general of the Association of Mobile Telecom Operators of Bangladesh (AMTOB).

<https://www.thedailystar.net/business/news/mobile-data-speed-bangladesh-only-ahead-afghanistan-south-asia-1985365>

Post-moratorium NPL real headache for banks: Fitch Solutions

- Banks' profitability will further worsen as soon as the facility of paying loan instalments expires because the banks will have to keep aside a huge amount from their earnings as a provision against default loans. A report released by Fitch Solutions said non-performing loans will increase following the deferment facilities given by the Bangladesh Bank, especially when it comes to a weak economic environment. As part of its crisis mitigation strategy, the Bangladesh Bank, on 19 March, primarily directed banks to provide instalment deferment facility to all borrowers for six months – from 1 January to 30 June. Later, the facility was extended in two phases till December.

- However, banks did not get a waiver from maintaining required provision against default loans. Bankers said default loans in the banking sector will be stable this year, but it is likely to jump in the next year when banks will restart loan classification. The rise in default loan will hike the provisioning cost for the banks which will ultimately hit their profitability. Default loans in the banking sector increased by BDT 36.06 billion during the April-June quarter of the current year despite a waiver of loan repayments during the pandemic.

- Bankers said default loans will spike further in the third quarter when banks will accumulate the due instalments of borrowers who will not repay loans using an extension of the waiver on loan repayments. According to the central bank's recently approved data, the total amount of default loans stood at BDT 961.16 billion at the end of June, which was 9.16% of the total disbursement and outstanding loan of 59 banks operating in the country.

<https://tbsnews.net/economy/default-loans-worsen-banks-profits-further-fitch-solutions-150574>

BDT 18.31 billion incentives released for exporters

- The government has released a sum of over BDT 18.31 billion in favour of the Bangladesh Bank for the payment of cash incentives to local exporters, officials said. It is the second installment of cash incentives/subsidy for the October-December quarter of the current financial year (FY21). Of the amount, BDT 1.25 billion will go to the jute sector while BDT 17.06 billion to other sectors, according to the finance division. A special 1.0% cash incentive support fund for the readymade garment (RMG) sector has also been included in the second instalment, according to a letter of the ministry of finance (MoF) to the central bank.

<https://today.thefinancialexpress.com.bd/last-page/BDT-1831b-incentives-released-for-exporters-1603821077>

Bangladesh Bank halts launching of interoperable MFS transaction

- Bangladesh Bank on Tuesday decided to postpone the launching of interoperable transaction among mobile financial service (MFS) providers and banks, citing incomplete technical issues. Bangladesh Bank officials said attempts to connect mobile banking and bank accounts were not yet successful. The main reason for the postponement, they said, was that some technical works such as debugging, could not be completed, as there were still errors in some places. But they also remained hopeful that the service would be launched soon. Spokesman and executive director of Bangladesh Bank acknowledged this to the media, adding that it was not possible to enable transaction between MFS and bank accounts.

<https://www.dhakatribune.com/business/banks/2020/10/27/bangladesh-bank-halts-launching-of-interoperable-mfs-transaction>
<https://tbsnews.net/economy/banking/launch-mobile-banking-interoperability-service-halted-150589>

Ministry seeks steps to extend loan repayment period

- The commerce ministry has sought necessary steps from the finance ministry to extend the existing loan repayment tenure to six years with one-year grace period. The country's apparel owners took out the loan from the government's stimulus package for payment of wages and allowances to their workers. An inter-ministerial meeting has decided to extend the loan repayment period to six years from existing two years. It has also decided to send the recommendation to the finance ministry for execution of the tenure.
- Earlier, the Bangladesh Bank set the loan repayment period to two years with six-month grace period at 2.0% service charge. The RMG sector received over BDT 105 billion to pay April to July wages and allowances from the government as soft loan. The government provided the loan to the apparel makers following their demand to help sustain competitiveness of the industry hit hard by coronavirus, a source said. RMG export earnings year-on-year declined by 20.14% to USD 2.25 billion in March'20, 85.25% to USD 374.67 million in April, and 62.06% to USD 1.23 billion in May, according to the official data.

<https://today.thefinancialexpress.com.bd/first-page/ministry-seeks-steps-to-extend-loan-repayment-period-1603820450>

Titas Gas faces BDT 7.36 billion shortfall in pension fund

- The state-run Titas Gas has a provision shortfall of BDT 7.36 billion in its pension fund, according to the company's audit report. Besides, the listed natural gas distribution company did not keep any provision against its fixed deposit receipts (FDRs) with Padma Bank and ICB Islamic Bank, it said. In its financial statements, Titas Gas showed that it is owed about BDT 1.68 billion as cumulative penal interest since 2002, which was doubtful to the auditor. The company also did not comply with an order from the Financial Reporting Council on transferring share money deposits to share money capital. Against this backdrop, the company's auditor provided a qualified opinion on its financial reports for the year that ended on June 30, 2020.

<https://www.thedailystar.net/business/news/titas-gas-faces-BDT-736cr-shortfall-pension-fund-1985357>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$38.94	(\$22.69)	-36.82%
Crude Oil (Brent)*	\$40.69	(\$27.75)	-40.55%
Gold Spot*	\$1,905.84	\$384.37	25.26%
DSEX	4,867.97	415.04	9.32%
S&P 500	3,390.68	159.90	4.95%
FTSE 100	5,728.99	(1,858.06)	-24.49%
BSE SENSEX	40,522.10	(1,120.04)	-2.69%
KSE-100	41,381.83	646.75	1.59%
CSEALL	5,680.28	(448.93)	-7.32%

Exchange Rates

USD 1 = BDT 84.78*
GBP 1 = BDT 110.44*
EUR 1 = BDT 99.88*
INR 1 = BDT 1.15*

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

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