

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.

Import orders drop by 20% in August

- Bangladesh's import orders dropped by nearly 20% or USD713.01 million in August last due to lower demand particularly for apparel and clothing because of the ongoing Covid-19 pandemic. Opening of letters of credit (LCs), generally known as import orders, came down to USD2.88 billion in August from USD3.59 billion a month ago, according to the central bank's latest data. On the other hand, the settlement of LCs, generally known as actual import, in terms of value, fell by more than 4.0% to USD3.13 billion in August from USD3.27 billion in the previous month.
- The country's overall imports have maintained a falling trend in recent months mainly due to unexpected lower global economic recovery from the pandemic, a senior official of the Bangladesh Bank (BB) said. He also said the overall economic activities are improving gradually in Bangladesh but this improvement may depend on the global economic recovery. After analyzing the data for the last six months, it was found that the falling trend in imports started in April this year following the spread of coronavirus in different parts of Bangladesh.
- Imports increased in June just after reopening of the overall business activities across the country but the declining trend in imports started again from July 2020. Bangladesh's overall economic activities remained almost halted during the 66-day coronavirus shutdown that started from March 26. And it was lifted on May 31. Quoting the figures of the first two weeks of this month, another BB official said overall imports are expected to increase by the end of this month. Echoing the BB official, the managing director and chief executive officer of Pubali Bank Limited said that businessmen have already started discussion on receiving fresh loans for boosting their businesses.

<https://today.thefinancialexpress.com.bd/first-page/import-orders-drop-by-20pc-in-aug-1601400480>

Margin loan ratios revised

- The securities regulator has revised margin loan ratios which recently were defined keeping pace with the movement of benchmark index of Dhaka Stock Exchange (DSE). The Bangladesh Securities and Exchange Commission (BSEC) issued a directive on revised margin loan ratios which will come into effect from January 1, 2021. The BSEC issued the directive cancelling its previous directive, which included revised margin loan ratio, issued on September 21.
- As per revised ratio, margin loan will be distributed at a ratio of 1:0.75 if the DSE broad index DSEX exists below 4,000 points. The ratio 1:0.75 indicates that a client having margin account will be provided with margin loan of BDT 0.75 against his deposit of BDT 1.0 if the DSEX exists below 4000 points. The margin loan ratio will be 1:0.50 if the core index hovers between 4,001 points and 7,000 points.

<https://today.thefinancialexpress.com.bd/stock-corporate/margin-loan-ratios-revised-1601394587>
<https://www.newagebd.net/article/117651/bsec-revises-margin-loan-rules-again>

Recovery still a long way off for steel makers

- A return to normalcy for Bangladesh's steel manufacturing sector is still a far cry as factories have been forced to limit their operations due to declining demand amid the ongoing coronavirus pandemic, according industry insiders. Most of the steel makers are running below 50% capacity and selling 60-grade mild steel (MS), commonly used in construction, at prices lower than production cost in order to stay afloat during this difficult time, they said. Besides, manufacturers are facing a raw material shortage as the supply of steel scraps is inadequate despite a fall in demand.
- As much as 90% of the raw materials used by the sector is imported from the US, UK, Canada, Italy and Australia, all of whom are yet to fully resume their economic activities since declaring nationwide shutdowns in March to contain the coronavirus outbreak. Over the last six months, the sector's losses have amounted to around BDT 60.00 billion, said the president of the Bangladesh Steel Mill Owners Association (BSMOA). They are facing losses due to low demand and a 15% price hike for steel scraps in the global market, he added.
- Hossain, also managing director of the Anwar Group of Industries, went on to say that unhealthy competition in the domestic market has emerged as everybody wants to make a quick buck off their finished products. The price for 60-grade MS rods has declined by about 15% at the factory level, hitting BDT 53,500 per tonne while it was BDT 61,500 per tonne during the pre-pandemic era. Manufacturers have been compelled to sell at low prices in order to make up operational costs, the managing director said. However, this is not a suitable model for the long run and may cause many businesses to collapse.

<https://www.thedailystar.net/business/news/recovery-still-long-way-steel-makers-1969833>

Export readiness fund seeks applications for grants

- A government fund looking to boost exports from Bangladesh is seeking applications from prospective firms for grants to be used to improve their production capacity. To diversify exports, the commerce ministry is implementing the Export Competitiveness for Jobs (EC4J) Project, which is supported by the World Bank. The project is designed to enhance the growth and competitiveness of four sectors and to create more and better job opportunities: leather and leather goods, footwear, light engineering products and plastics.

- One of the components of the EC4J is the Export Readiness Fund (ERF), a USD10 million matching grant programme, which provides financial support to firms to identify gaps, catalyse investment and improve environmental, social and quality (ESQ) standards, and, thus, improve competitiveness in the export markets, said the project director of the EC4J. Launched in January, the ERF began providing support to Bangladeshi firms with ESQ compliance assessments under its funding Window 1. The fund will today roll out the Window 2 and Window 3, according to a media invitation.

<https://www.thedailystar.net/business/news/export-readiness-fund-seeks-applications-grants-1969841>

Apex Tannery reports higher loss per share

- Apex Tannery Limited has reported a loss per share at BDT1.19 for the year ended June 30,2020 , resulting in a BDT.022 loss compared to BDT1.41 in earnings per share in the previous year. During the period, the company's earnings per share (EPS) fell compared to the same period last year due to sales dropping as a result of the Covid-19 pandemic. Amid declining profitability, the company's board of directors on Monday declared only a 12% cash dividend for the last fiscal year, which was their lowest in six years. Meanwhile, they have also decided to sign a deal with three companies for selling its finished leather.

- The three companies are FB Footwear Ltd, Footbed Footwear Ltd, and Nuovo Shoes (BD) Ltd, as some directors of Apex Tannery are also directors in those three companies, according to the disclosure. Net profit and earnings per share decreased mainly due to collapse in export demand for leather and an 80% sales drop from April to June period earlier this year due to the pandemic, said the company.

This crash in sales revenue was much higher that could not be overcome by cost reduction, and thus resulted in negative earnings.

<https://www.dhakatribune.com/business/stock/2020/09/29/apex-tannery-reports-higher-loss-per-share>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$38.95	(\$22.68)	-36.80%
Crude Oil (Brent)*	\$40.71	(\$27.73)	-40.52%
Gold Spot*	\$1,890.74	\$369.27	24.27%
DSEX	4,982.37	529.44	11.89%
S&P 500	3,335.47	104.69	3.24%
FTSE 100	5,897.50	(1,689.55)	-22.27%
BSE SENSEX	37,973.22	(3,668.92)	-8.81%
KSE-100	41,204.36	469.28	1.15%
CSEALL	5,993.55	(135.66)	-2.21%

Exchange Rates

USD 1 = BDT 84.61*

GBP 1 = BDT 108.71*

EUR 1 = BDT 99.32*

INR 1 = BDT 1.15*

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

IMPORTANT DISCLOSURES

Analyst Certification: Each research analyst and research associate who authored this document and whose name appears herein certifies that the recommendations and opinions expressed in the research report accurately reflect their personal views about any and all of the securities or issuers discussed therein that are within the coverage universe.

Disclaimer: Estimates and projections herein are our own and are based on assumptions that we believe to be reasonable. Information presented herein, while obtained from sources we believe to be reliable, is not guaranteed either as to accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation of the purchase or sale of any security. As it acts for public companies from time to time, BRAC-EPL may have a relationship with the above mentioned company(s). This report is intended for distribution in only those jurisdictions in which BRAC-EPL is registered and any distribution outside those jurisdictions is strictly prohibited.

Compensation of Analysts: The compensation of research analysts is intended to reflect the value of the services they provide to the clients of BRAC-EPL. As with most other employees, the compensation of research analysts is impacted by the overall profitability of the firm, which may include revenues from corporate finance activities of the firm's Corporate Finance department. However, Research analysts' compensation is not directly related to specific corporate finance transaction.

General Risk Factors: BRAC-EPL will conduct a comprehensive risk assessment for each company under coverage at the time of initiating research coverage and also revisit this assessment when subsequent update reports are published or material company events occur. Following are some general risks that can impact future operational and financial performance: (1) Industry fundamentals with respect to customer demand or product / service pricing could change expected revenues and earnings; (2) Issues relating to major competitors or market shares or new product expectations could change investor attitudes; (3) Unforeseen developments with respect to the management, financial condition or accounting policies alter the prospective valuation; or (4) Interest rates, currency or major segments of the economy could alter investor confidence and investment prospects.

BRAC EPL Stock Brokerage Limited

Research

Ayaz Mahmud, CFA	Head of Research	ayaz.mahmud@bracepl.com	01708 805 221
Sadman Sakib	Research Associate	sadman.sakib@bracepl.com	01730 727 939
Md. Rafiqul Islam	Research Associate	mrafiqulislam@bracepl.com	01708 805 229
Md Mahirul Quddus	Research Associate	mmahirul.quddus@bracepl.com	01709 636 546

Management

Ahsanur Rahman Bappi	CEO (Acting)	bappi@bracepl.com	01730 357 991
----------------------	--------------	--	---------------

BRAC EPL Research www.bracepl.com

Symphony, Plot No.: S.E.(F) – 9(3rd Floor), Road No.: 142
 Gulshan Avenue, Dhaka – 1212
 Phone: + (880)-2-9852446-50
 Fax: + (880)-2-9852451-52
 E-Mail: research@bracepl.com