

## Capital Market Overview

The market closed in green this week. The benchmark index DSEX (+3.27%) gained 133.49 points and closed the week at 4,214.43 points. The blue-chip index DS30 (+3.35%) gained 46.05 points and stood at 1,420.64 points. The Shariah-based index DSES (+3.18%) gained 30.08 points and stood at 976.50 points. The large cap index CDSET (+3.00%) gained 24.19 points and closed at 830.28 points. DSEX, DS30, DSES and CDSET showed YTD returns of -5.36%, -6.13%, -2.33%, -7.72% respectively.

**Total Turnover During The Week (DSE):** BDT 22.3 billion (USD 262.9 million)  
**Average Daily Turnover Value (ADTV):** BDT 4.5 billion (Δ% Week: +80.5%)

Market P/E: 12.70x

### Daily Index Movement during the Week:

Market performed five sessions during this week. And market performed positively in all the five sessions by 1.18%, 0.39%, 0.27%, 0.35% and 1.04% respectively.

### Sectoral Performance:

- The financial sectors showed positive performance during this week except Mutual Funds (-0.27%). General Insurance booked the highest gain of 18.41% followed by Life Insurance (+11.55%), NBFIs (+1.77%), and Banks (+0.51%).
- The non-financial sectors also showed positive performance during this week. Pharmaceuticals reported the highest gain of 4.43% followed by Telecommunication (+3.53%), Power (+2.99%), Food & Allied (+1.81%), and Engineering (+1.70%).

### Macroeconomic arena:

- Bangladesh Bank slashed overnight repurchase agreement (repo) rate by 50 basis points to 4.75% while cut reverse repo rate to 4.00% from 4.75%. The BB's latest move came after slashing the cash reserve requirement (CRR) by 1.5 percentage points to 4.0% from 5.50% to help the banks implement the government-announced stimulus packages aimed at boosting investments in productive sectors.
- The deficit in trade balance widened to USD 17,861 million during this period amid a decline in exports and imports by 16.9% and 8.6% respectively owing mainly to sluggish domestic and international demand during H1 FY20, which was further aggravated by the worldwide outbreak of Covid-19. The exchange rate of taka against the dollar depreciated by 0.5% in FY20 which is markedly smaller than that of India and China but in line with other Asian competitors like Vietnam and Cambodia.
- Bangladesh's foreign exchange reserves have crossed the USD 37-billion mark for the first time on July 27. Earlier on July 2, the reserves had crossed the USD 36 billion mark for the first time. The country received USD 2.24 billion as remittance from expatriates between July 1 and July 27. Before this, the country had never received such a large amount of remittance in a single month. The single-month highest remittance was previously recorded at USD 1.83 billion in June this year.
- Bangladesh's banking sector witnessed the highest fall in asset yield in the Asia-Pacific region during the last six years despite the fact that the banks' funding cost declined by more than 2% during the same period, according to a report released by Moody's Investors Service. The report also said that the banking sector in the region would face deterioration in profitability as an impact of coronavirus pandemic.

### Stock Market arena:

- Reckitt Benckiser Bangladesh witnessed robust growth in sales and profits in the pandemic-ravaged first half of 2020 on the back of higher sales of hygiene products. Profits of the local subsidiary of the Anglo-Dutch multinational consumer goods soared 54.28% to BDT 271.7 million in the first half. Between January and June, sales grew 28.87% year-on-year to BDT 2.6 billion.
- The Bangladesh Securities and Exchange Commission on Tuesday rejected the initial public offering proposals of two companies — Beka Garments and Textile Limited and SF Textile Industries — for showing inflated revenues and profits. BSEC officials said that both companies 'doctored' their financial statements and presented rosy pictures to obtain IPO approvals.
- Footwear giant Bata Shoe has incurred losses for the first time in Bangladesh as it missed the country's main shopping season after people's income was wiped out by the coronavirus pandemic. Bata's sales dropped 85.37% to BDT 412.4 million in the second quarter of 2020.

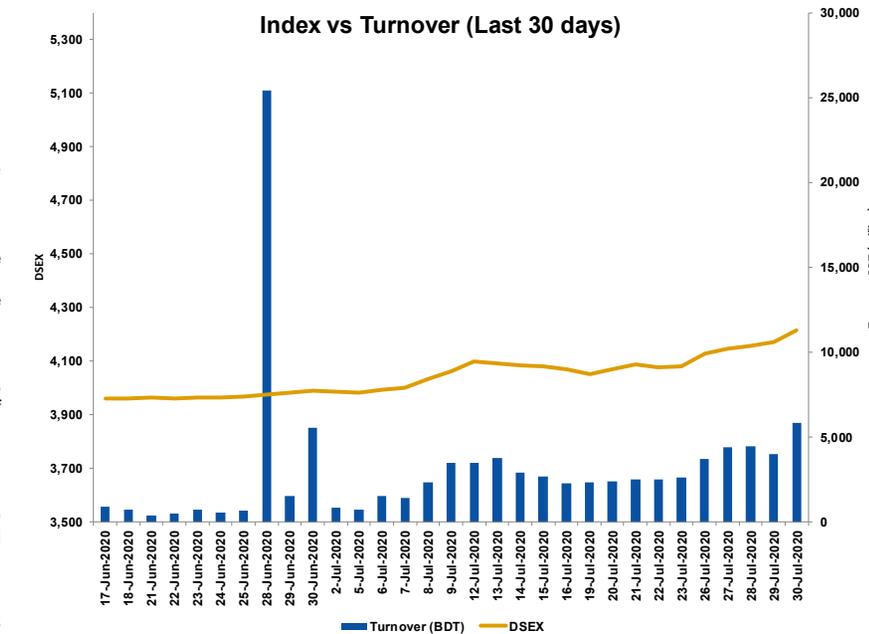
Table 1: Index

| Index | Closing  | Opening  | Δ(Pts) | 30-Dec-2019 | Δ% Week | Δ%YTD  |
|-------|----------|----------|--------|-------------|---------|--------|
| DSEX  | 4,214.43 | 4,080.94 | 133.49 | 4,452.93    | 3.27%   | -5.36% |
| DS30  | 1,420.64 | 1,374.59 | 46.05  | 1,513.35    | 3.35%   | -6.13% |
| DSES  | 976.50   | 946.42   | 30.08  | 999.83      | 3.18%   | -2.33% |
| CDSET | 830.28   | 806.09   | 24.19  | 899.76      | 3.00%   | -7.72% |

Table 2: Market Statistics

|                        |           | This Week    | Last Week    | %Change |
|------------------------|-----------|--------------|--------------|---------|
| Mcap                   | Mn BDT    | 16,156,920.4 | 15,828,833.4 | 2.1%    |
|                        | Mn USD    | 190,170.9    | 186,309.2    |         |
| Turnover               | Mn BDT    | 22,337.7     | 12,378.1     | 80.5%   |
|                        | Mn USD    | 262.9        | 145.7        |         |
| Average Daily Turnover | Mn BDT    | 4,467.5      | 2,475.6      | 80.5%   |
|                        | Mn USD    | 52.6         | 29.1         |         |
| Volume                 | Mn Shares | 653.1        | 411.2        | 58.8%   |

Figure 1: DSEX & Turnover in last four weeks



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**Table 3: Top Ten Gainers**

| Company Name         | Close  | Open   | Δ%    | Mcap (mn BDT) | Vol (mn BDT) | P/E    | P/B  |
|----------------------|--------|--------|-------|---------------|--------------|--------|------|
| Eastern Insurance    | 75.80  | 52.10  | 45.5% | 3,267.7       | 407.61       | 20.2x  | 2.5x |
| Paramount Insurance  | 95     | 68.70  | 37.6% | 3,139.6       | 180.35       | 140.1x | 7.4x |
| Pragati Insurance    | 49.30  | 36.20  | 36.2% | 3,233.6       | 156.36       | 21.2x  | 1.0x |
| Pioneer Insurance    | 55.00  | 41.40  | 32.9% | 3,848.9       | 717.92       | 8.6x   | 2.7x |
| Agni Systems Ltd.    | 17.60  | 13.80  | 27.5% | 1,277.0       | 77.77        | 28.0x  | 1.6x |
| Sandhani Life Ins    | 25.20  | 19.90  | 26.6% | 2,764.4       | 49.47        | NM     | 2.5x |
| United Insurance     | 51.30  | 40.60  | 26.4% | 2,282.7       | 84.65        | 26.3x  | 1.8x |
| Federal Insurance    | 14.70  | 11.70  | 25.6% | 994.6         | 115.41       | 27.2x  | 1.3x |
| GQ Ball Pen          | 128.00 | 103.50 | 23.7% | 1,142.8       | 193.70       | NM     | 0.9x |
| Delta Life Insurance | 71.40  | 58.00  | 23.1% | 8,835.8       | 93.57        | NM     | 7.1x |

**Table 4: Top Ten Losers**

| Company Name                           | Close  | Open   | Δ%    | Mcap (mn BDT) | Vol (mn BDT) | P/E     | P/B  |
|--|--------|--------|-------|---------------|--------------|---------|------|
| Metro Spinning                         | 8.60   | 9.40   | -8.5% | 530.6         | 41.11        | 1205.0x | 0.6x |
| CAPM IBBL Islamic Mutual Fund          | 6.90   | 7.50   | -8.0% | 461.3         | 9.87         | NM      | 0.7x |
| Hwa Well Textiles (BD) Limited         | 31.90  | 33.60  | -5.1% | 1,786.4       | .99          | 13.2x   | 1.1x |
| ICB AMCL First Agrani Bank Mutual Fund | 6.30   | 6.60   | -4.5% | 618.4         | 9.83         | NM      | 0.6x |
| Phoenix Finance                        | 22.70  | 23.70  | -4.2% | 3,361.9       | 5.68         | 12.9x   | 1.1x |
| SEML FBLSL Growth Fund                 | 7.90   | 8.20   | -3.7% | 576.3         | 17.09        | NM      | 0.8x |
| Prime Finance First MF                 | 13.40  | 13.90  | -3.6% | 268.0         | 39.61        | NM      | 1.2x |
| Kay and Que                            | 210.60 | 218.00 | -3.4% | 1,032.5       | 36.39        | 254.6x  | 2.8x |
| Tallu Spinning                         | 2.90   | 3.00   | -3.3% | 259.1         | .24          | NM      | 0.2x |
| Golden Harvest Agro Industries Ltd.    | 17.30  | 17.80  | -2.8% | 3,734.0       | 263.77       | 12.6x   | 1.1x |

**Table 5: Top Ten Most Traded Shares**

| Company Name  | Close  | Open   | Δ%    | Mcap (mn BDT) | Vol (mn BDT) | P/E    | P/B  |
|---|--------|--------|-------|---------------|--------------|--------|------|
| Beximco Pharmaceuticals                             | 80.70  | 74.80  | 7.9%  | 32,728.4      | 870.66       | 9.6x   | 1.2x |
| Pioneer Insurance                                   | 55.00  | 41.40  | 32.9% | 3,848.9       | 717.92       | 8.6x   | 2.7x |
| Grameenphone Ltd.                                   | 258.50 | 250.80 | 3.1%  | 349,052.6     | 616.13       | 10.3x  | 8.2x |
| Square Pharmaceuticals                              | 181.00 | 174.70 | 3.6%  | 152,807.3     | 580.87       | 11.1x  | 2.3x |
| British American Tobacco Bangladesh Company Limited | 907.60 | 907.60 | 0.0%  | 163,368.0     | 533.72       | 18.9x  | 6.7x |
| Bangladesh Submarine Cable Company Limited          | 104.10 | 91.50  | 13.8% | 17,166.7      | 444.33       | 20.6x  | 2.8x |
| Eastern Insurance                                   | 75.80  | 52.10  | 45.5% | 3,267.7       | 407.61       | 20.2x  | 2.5x |
| Khulna Power Company Limited                        | 47.30  | 45.30  | 4.4%  | 18,797.6      | 396.59       | 15.6x  | 1.9x |
| Sonar Bangla Ins                                    | 42.10  | 39.90  | 5.5%  | 1,685.7       | 374.05       | 15.1x  | 2.7x |
| Beacon Pharmaceuticals Limited                      | 77.60  | 75.00  | 3.5%  | 17,925.6      | 373.63       | 156.0x | 6.1x |

**Table 8: Most Appreciated YTD in BRAC EPL Universe**

| Top 10 Most Appreciated Stocks            | Close    | Δ% YTD | Mcap (mn BDT) | P/E   |
|---|----------|--------|---------------|-------|
| ACI Limited                               | 242.30   | 33.50% | 13,901.4      | NM    |
| Glaxo Smithkline                          | 2,163.60 | 23.19% | 26,063.7      | 45.7x |
| Baraka Power Limited                      | 27.80    | 22.47% | 6,117.7       | 11.8x |
| MJL Bangladesh Limited                    | 74.80    | 18.17% | 23,693.1      | 12.9x |
| Beximco Pharmaceuticals                   | 80.70    | 16.28% | 32,728.4      | 9.6x  |
| Bangladesh Steel Re-Rolling Mills Limited | 56.30    | 15.37% | 13,290.6      | 10.1x |
| M.I. Cement Factory Limited               | 44.00    | 12.82% | 6,534.0       | NM    |
| Reckitt Benckiser                         | 3,569.00 | 11.77% | 16,863.5      | 25.6x |
| Summit Power                              | 39.10    | 7.71%  | 41,754.0      | 7.4x  |
| LafargeHolcim Bangladesh Limited          | 35.90    | 6.85%  | 41,693.3      | 23.2x |

**Table 6: Sector Indices**

| Sector Name            | Week Close | Week Open | Year Open | %Δ Week | %Δ YTD  |
|------------------------|------------|-----------|-----------|---------|---------|
| Banks                  | 1141.78    | 1135.96   | 1319.28   | 0.51%   | -13.45% |
| NBFIs                  | 1416.90    | 1392.23   | 1565.13   | 1.77%   | -9.47%  |
| Mutual Funds           | 571.24     | 572.76    | 591.17    | -0.27%  | -3.37%  |
| General Insurance      | 2178.24    | 1839.55   | 1927.02   | 18.41%  | 13.04%  |
| Life Insurance         | 2059.92    | 1846.63   | 2194.70   | 11.55%  | -6.14%  |
| Telecommunication      | 3643.72    | 3519.60   | 3993.59   | 3.53%   | -8.76%  |
| Pharmaceuticals        | 2623.54    | 2512.20   | 2492.51   | 4.43%   | 5.26%   |
| Fuel & Power           | 1492.99    | 1449.60   | 1515.21   | 2.99%   | -1.47%  |
| Cement                 | 1197.32    | 1182.07   | 1132.29   | 1.29%   | 5.74%   |
| Services & Real Estate | 972.79     | 955.03    | 886.70    | 1.86%   | 9.71%   |
| Engineering            | 2073.85    | 2039.12   | 2257.22   | 1.70%   | -8.12%  |
| Food & Allied          | 11561.61   | 11356.54  | 12121.49  | 1.81%   | -4.62%  |
| IT                     | 1969.12    | 1865.25   | 1823.13   | 5.57%   | 8.01%   |
| Textiles               | 1004.05    | 971.56    | 1042.04   | 3.34%   | -3.65%  |
| Paper & Printing       | 5784.29    | 5036.64   | 5233.20   | 14.84%  | 10.53%  |
| Tannery                | 1667.26    | 1667.26   | 1826.45   | 0.00%   | -8.72%  |
| Jute                   | 8051.14    | 7932.25   | 11393.28  | 1.50%   | -29.33% |
| Ceramics               | 391.40     | 389.73    | 459.10    | 0.43%   | -14.75% |
| Miscellaneous          | 1704.08    | 1682.82   | 1745.96   | 1.26%   | -2.40%  |

**Table 7: Sector Trading Matrix**

| Sector Name            | Daily average this Week | Daily average last week | % Change  | % of Total Turnover | P/E    | P/B  |
|------------------------|-------------------------|-------------------------|-----------|---------------------|--------|------|
| Banks                  | 101.4                   | 17.9                    | 467.27%   | 2.62%               | 6.3x   | 0.6x |
| NBFIs                  | 54.4                    | 6.2                     | 775.77%   | 1.40%               | 120.9x | 1.9x |
| Mutual Funds           | 54.4                    | 15.7                    | 246.76%   | 1.40%               | NM     | 0.4x |
| General Insurance      | 801.6                   | 80.3                    | 897.92%   | 20.70%              | 15.4x  | 1.4x |
| Life Insurance         | 163.0                   | 7.9                     | 1974.82%  | 4.21%               | NM     | 8.5x |
| Telecommunication      | 212.1                   | 43.5                    | 387.64%   | 5.48%               | 10.5x  | 7.6x |
| Pharmaceuticals        | 731.7                   | 82.3                    | 789.08%   | 18.89%              | 16.7x  | 2.3x |
| Fuel & Power           | 325.6                   | 25.9                    | 1155.00%  | 8.41%               | 10.1x  | 1.7x |
| Cement                 | 34.8                    | 0.1                     | 45036.10% | 0.90%               | 32.8x  | 2.2x |
| Services & Real Estate | 38.5                    | 3.1                     | 1137.27%  | 0.99%               | 89.4x  | 0.8x |
| Engineering            | 289.0                   | 44.2                    | 553.71%   | 7.46%               | 14.7x  | 1.2x |
| Food & Allied          | 272.2                   | 22.5                    | 1110.27%  | 7.03%               | 20.9x  | 6.6x |
| IT                     | 201.2                   | 24.0                    | 736.78%   | 5.19%               | 17.3x  | 2.6x |
| Textiles               | 316.9                   | 65.9                    | 381.00%   | 8.18%               | NM     | 0.7x |
| Paper & Printing       | 38.5                    | 7.0                     | 453.13%   | 0.99%               | 234.4x | 1.2x |
| Tannery                | 4.2                     | 0.4                     | 868.02%   | 0.11%               | 25.2x  | 1.8x |
| Jute                   | 6.0                     | 0.4                     | 1427.44%  | 0.15%               | NM     | 3.7x |
| Ceramics               | 39.6                    | 0.8                     | 4905.13%  | 1.02%               | 168.2x | 1.5x |
| Miscellaneous          | 188.4                   | 23.1                    | 713.72%   | 4.86%               | 20.1x  | 1.0x |

**Table 9: Least Appreciated YTD in BRAC EPL Universe**

| Top 10 Least Appreciated Stocks | Close  | Δ% YTD  | Mcap (mn BDT) | P/E   |
|---------------------------------|--------|---------|---------------|-------|
| BRAC Bank                       | 31.90  | -39.94% | 42,295.5      | 9.4x  |
| Eastern Cables                  | 140.40 | -29.52% | 3,369.6       | NM    |
| Lankabangla Finance             | 12.90  | -24.75% | 6,951.0       | 13.5x |
| City Bank                       | 16.20  | -23.22% | 16,465.5      | 6.3x  |
| Runner Automobiles Limited      | 46.20  | -22.35% | 5,245.5       | 9.1x  |
| Prime Bank                      | 14.40  | -20.88% | 16,304.9      | 9.5x  |
| Singer Bangladesh               | 147.00 | -18.51% | 14,656.3      | 14.4x |
| Heidelberg Cement               | 137.30 | -16.69% | 7,757.9       | NM    |
| IFAD Autos Limited              | 39.10  | -15.37% | 9,696.4       | 16.7x |
| Shahjalal Islami Bank           | 19.20  | -13.85% | 18,817.8      | 10.5x |

## Important News: Business & Economy

### Bangladesh Bank (BB) cuts key policy rates

■ The central bank unveiled on Wednesday an expansionary monetary policy for the current fiscal year aiming to speed up recovery of the pandemic-hit economy. As part of the expansionary policy stance, the Bangladesh Bank slashed overnight repurchase agreement (repo) rate by 50 basis points to 4.75% while cut reverse repo rate to 4.00% from 4.75%. The central bank cut the policy rates to ensure the availability of cheaper funds for banks and greater flow of funds into the economy. Besides, the bank rate has been re-fixed at 4.0% from 5.0% to rationalise it with the current interest rate regime.

■ The BB's latest move came after slashing the cash reserve requirement (CRR) by 1.5 percentage points to 4.0% from 5.50% to help the banks implement the government-announced stimulus packages aimed at boosting investments in productive sectors. The BB slashed the overnight repo to 4.75% from 5.25% and reverse repo to be 4.0% from the 4.75%. The BB projects GDP (gross domestic product) growth of 8.20% for FY '21 while 12-month average inflation to be 5.4% in June 2021 in line with the projection made in the national budget.

■ The central bank, however, fixed domestic credit growth target at 19.3% for FY '21 while goals of broad money (M2) supply and reserve money have been projected at 15.5% and 13.5% respectively. The private sector credit growth target has been set at 11.5% and 14.8% respectively for the first half (H1) and the second half (H2) of the FY '21 while the public sector credit growth target at 35.6% and 44.8% respectively.

■ The country's average inflation as measured by consumer-price index (CPI) rose to 5.65% in June last from 5.61 a month before. It was 5.48% in June 2019. The central bank recommended monitoring of domestic price developments continuously to curb the possible inflationary pressure on time.

<https://today.thefinancialexpress.com.bd/first-page/bb-cuts-key-policy-rates-1596045914>  
<https://today.thefinancialexpress.com.bd/first-page/economists-heap-praise-on-monetary-policy-1596045981>  
<https://tbsnews.net/economy/banking/bangladesh-bank-slashes-policy-rates-support-banks-113122>  
<https://tbsnews.net/analysis/monetary-policy-supportive-situation-not-113374>  
<https://tbsnews.net/analysis/fy21-monetary-policy-conventional-one-just-numbers-figures-113377>  
<https://www.thedailystar.net/business/news/monetary-policy-meets-the-test-time-1938529>  
<https://www.thedailystar.net/business/news/bb-throws-kitchen-sink-downturn-its-latest-monetary-policy-1938533>  
<https://www.newagebd.net/article/112413/bb-cuts-key-rates-in-expansionary-accommodative-monetary-policy>

### Bangladesh Bank sees further deterioration of current account deficit

■ Even though the foreign exchange market is stable with a surplus balance of payment, the Bangladesh Bank anticipates further deterioration of the current account deficit in the near future due to negative export earnings and job losses among Bangladeshi migrant workers. In the latest monetary policy announced on Wednesday for the current fiscal year, the deficit in the current account is anticipated to slightly deteriorate with moderate receipts in financial accounts as compared to the previous year. The balance of payment witnessed a surplus of USD 3,655 million in FY20, contributed to by a decline in the current account

deficit on the back of robust remittance inflows along with higher inflows of Foreign Direct Investment (FDI) and somewhat healthy inflows of medium and long-term loans.

■ The deficit in trade balance widened to USD 17,861 million during this period amid a decline in exports and imports by 16.9% and 8.6% respectively owing mainly to sluggish domestic and international demand during H1 FY20, which was further aggravated by the worldwide outbreak of Covid-19, according to the monetary policy statement. The export growth fell by 16.9% in last fiscal year when import expenditure declined by 8.6%, central bank data shows. Despite an economic slowdown in most of the remittance source countries, the government's 2.0% cash incentive was instrumental to achieving a 10.9% growth of inward remittances in FY20, reasonably higher than the 9.6% growth recorded in FY19.

■ The exchange rate remained broadly stable and competitive in FY20 aided by the timely interventions of the Bangladesh Bank, it added. During the first half of FY20, the exchange rate of taka against dollar faced a little depreciating pressure, which disappeared gradually during the second half due mainly to shrinking growth of imports and a significant amount of receipt in the financial accounts along with a good inflow of workers' remittances. However, the exchange rate of taka against the dollar depreciated by 0.5% in FY20 which is markedly smaller than that of India and China but in line with other Asian competitors like Vietnam and Cambodia.

<https://tbsnews.net/economy/bangladesh-bank-sees-further-deterioration-current-account-deficit-113392>

### Foreign firms get three more months to borrow from parent companies

■ The Bangladesh Bank has extended by three months the validity of a policy relaxation that allows foreign-owned companies operating in Bangladesh to get short-term working capital loans from their parent companies or shareholders abroad. As per the extended validity, the foreign-owned companies will get the scope till December 31 this year. In May, the central bank granted the policy relaxations for five months ending on September 30. The central bank extended the validity of the facility based on the ongoing coronavirus situation in the country.

■ In May, a BB circular issued in this regard said, 'Given the prevailing COVID-19 pandemic related disruptions, it has been decided that foreign-owned or controlled companies operating in Bangladesh irrespective of sectors may access short-term working capital loans, for the tenure of one year extendable to another one year, from their parent companies or shareholders abroad.'

■ The foreign-owned or controlled companies can take the loans to meet actual needs for payments of three months' wages and salaries to staff regardless of their length of engagement in manufacturing or services output activities.

<https://www.newagebd.net/article/112424/foreign-firms-get-3-more-months-to-borrow-from-parent-cos>

### Income erosion slows down mobile banking

■ Mobile banking registered negative growth in terms of transactions in June, with a significant number of people losing their incomes as a result of the coronavirus pandemic.

Many people have gone back to their villages after losing jobs during the last two to three months. They thus lost the ability and need for using mobile financial services. According to central bank data, in June, person-to-person transactions made through mobile phones decreased by 11.4% compared to those in May. The number of transactions dropped by 9.1% and the total amount of transactions fell by 5.8% in the month.

■ According to the head of Corporate Communications and Public Relations at bKash Limited, in May, Eid-ul-Fitr was one of the reasons for an increase in transactions. In June, mobile banking activities, especially person-to-person money transfers, slowed down a bit due to many people's income losses at this time of the pandemic. Average daily transactions made through mobile phones came down to BDT 14.9 billion in June from BDT 15.4 billion a month earlier, according to the latest data from Bangladesh Bank. However, in June the number of active users of mobile financial services increased by 8.8% to around 38.6 million.

■ Sector insiders said the country's mobile banking service providers had come by a fresh 6.2 million registered clients due to transfer of wages of export-oriented factories under the stimulus package of BDT 50.0 billion – which later increased to BDT 75.0 billion – in the last three months (April to June). Although there was a countrywide shutdown from March 26 to May 31, the number of fresh registered clients reached 6.9 million, a tremendous growth in account opening, during the period. In June, salary disbursement through mobile banking increased by 7.2%, payments of utility bills by 66% and merchant payment by 73%, according to the central bank data.

<https://tbsnews.net/economy/banking/income-erosion-slows-down-mobile-banking-112942>

### **Government allows rawhide export to ensure fair prices**

■ The government has decided to allow export of rawhide and wet-blue of sacrificial animals on a case-to-case basis to ensure their fair prices during this Eid-ul-Azha. To this effect, the commerce ministry issued a circular on Wednesday relaxing a section of existing export policy 2018-21. In line with the ministry's instructions, the office of Chief Controller of Imports and Exports has also issued a public notification in this regard.

■ The export facility has been provided as per the decisions taken at the meeting of Prime Minister's Office, and task force meeting on recommendations and work plan for the development of the leather sector by the cabinet division and discussion with the stakeholders concerned of the leather sector recently. It appears that the existing ban (Section 9.15 of export policy 2018-21, Annex-1) on export of rawhide and wet-blue needs to be temporarily relaxed to ensure the demand and supply of such hide during the upcoming Eid-ul-Azha, according to the ministry circular. In such circumstances, it was decided to allow export of rawhide and wet-blue leather on a case-to-case basis, if necessary, following the recommendations of the committee formed by the commerce ministry.

<https://today.thefinancialexpress.com.bd/last-page/govt-allows-rawhide-export-to-ensure-fair-prices-1596046927>  
<https://www.thedailystar.net/business/news/rawhide-export-allowed-select-businesses-and-limited-time-1938505>  
<https://www.newagebd.net/article/112419/ban-on-rawhide-export-lifted>  
<https://tbsnews.net/economy/industry/leather-gets-raw-deal-112870>

### **Current account deficit improves slightly**

■ Despite an increase in the country's merchandise trade gap with the rest of the world in the last fiscal year, current account deficit eases slightly, thanks to robust incoming remittances. Moreover, higher inflow of medium and long-term foreign debts helped the financial account balance post a big surplus in FY'20. As a result, overall balance of payments (BoP) of the country hit a record surplus of USD 3.65 billion in the last fiscal year, which was only USD 179 million in FY'19. The latest BoP table, released by Bangladesh Bank on Tuesday, showed that gap in merchandise trade stood at USD 17.86 billion in FY'20, posting 12.83% growth over the trade imbalance worth USD 15.83 billion in FY'19.

■ Receipts from exports, in terms of Free on Board (FoB) value, declined by 17.10% to USD 32.83 billion in the past fiscal year while payments for imports dropped by 8.56% to USD 50.69 billion during the same period. Deficit in trade in services, however, declined moderately to USD 2.98 billion in FY'20 from USD 3.17 billion in FY'19. Still, the inflow of remittance surged around 11.0% to USD 18.20 billion in the last fiscal year over the previous fiscal. Thus, it helped ease some pressure on current account deficit, which reached USD 4.84 billion in the last fiscal year, falling by around 5.0% from the gap of USD 5.10 billion in FY'19.

■ Bangladesh Bank statistics showed that surplus in financial account jumped by around 35.0% in the last fiscal year to USD 7.95 billion from USD 5.90 billion in FY'19. Despite the decline in foreign direct investment (FDI), as per the provisional BoP of FY'20, there was a big jump in medium and long-term loans in the last fiscal year, which contributed significantly to the surplus in financial account. Central bank statistics showed that medium and long-term loans increased by 11.70% in FY'20 to USD 6.99 billion, which was USD 6.26 billion. It means the country financed its current account deficit largely by foreign credit.

<https://today.thefinancialexpress.com.bd/first-page/current-account-deficit-improves-slightly-1595958727>  
<https://www.dhakatribune.com/business/2020/07/28/trade-deficit-widens-to-12-79-in-fy20>

### **Forex reserves cross USD 37.0 billion for the first time**

■ Bangladesh's foreign exchange reserves have crossed the USD 37-billion mark for the first time. According to the central bank, the country's foreign exchange reserves rose to USD 37 billion on July 27. Earlier on July 2, the reserves had crossed the USD 36 billion mark for the first time. According to central bank data, the country received USD 2.24 billion as remittance from expatriates between July 1 and July 27. Before this, the country had never received such a large amount of remittance in a single month. The single-month highest remittance was previously recorded at USD 1.83 billion in June this year.

■ In the 2019-20 fiscal year, USD 18.20 billion came into the country as remittance, which was 10.87% higher than inward remittance in FY2018-19. Bangladesh received USD 16.49 billion in remittances from migrant workers in the 2018-19 fiscal year. Moreover, the country recently received mission funds and some project loans from the World Bank, the Asian Development Bank, Japan International Cooperation Agency (JICA) and others. Funds from the IMF were received just two weeks ago.

■ Another reason behind the increase in remittance is the government's decision to provide 2% incentive on inward remittance from the current fiscal year to discourage migrant workers from sending money through Hundi (illegal channels), said the official. Currently, there are over 10.2 million Bangladeshis working in 174 countries across the world.

<https://tbsnews.net/economy/forex-reserves-cross-37bn-first-time-112801>  
<https://www.dhakatribune.com/business/economy/2020/07/28/forex-reserve-hits-record-high-of-37-1-billion>

### **Bangladesh banks face highest asset yield erosion in Asia-Pacific region: Moody's**

■ Bangladesh's banking sector witnessed the highest fall in asset yield in the Asia-Pacific region during the last six years despite the fact that the banks' funding cost declined by more than 2% during the same period, according to a report released by Moody's Investors Service. The report also said that the banking sector in the region would face deterioration in profitability as an impact of coronavirus pandemic. Besides, it said that the efficiency gains from digitalisation would be small as banks were rechanneling cost savings to technology investment while operating expenses of the banks in the region would grow faster as coronavirus outbreak accelerated digital transformation. Moody's Investors Service, an US-based credit rating entity, published the sector in-depth report titled 'Banks – Asia-Pacific: Structural changes hurt profitability, hitting laggard banks harder'.

■ In its evaluation on Bangladesh's banking sector, the report showed that the country's banking sector had witnessed around 1.25% decline in yield against asset. The net interest margin shrank across most APAC systems between 2014 and 2019 as declines in asset yields, a result of accommodative monetary policy adopted by many central banks in the region, were greater than reductions in funding costs, the report mentioned.

■ About the fall in asset yield in the last six years, Mahbubur, also a former chairman of the Association of Bankers, Bangladesh, said that the interest rate in the country's banking sector dropped significantly during the period and so did the asset yield. Many banks had previously charged up to 20% interest against loans to the small and medium entrepreneurs and the rate has now come down to as low as 9% from April this year as the central bank set the lending rate ceiling for all the sectors at 9%. For around two years, businesses had mounted pressure on the government for introducing single-digit lending rate that prompted the government to instruct the central bank to set the ceiling. In 2014, many banks had issued credit to the SMEs at the rate of 18% and the rate came down to 11% in 2019.

<https://www.newagebd.net/article/112333/bangladesh-banks-face-highest-asset-yield-erosion-in-asia-pacific-region-moodys>

### **Bangladesh Bank (BB) releases monetary policy tomorrow**

■ The central bank unveils its monetary policy for this fiscal year tomorrow (Wednesday) aiming to help revamp the economic activities through the implementation of stimulus packages. Bangladesh Bank will announce the monetary policy statement (MPS) for the fiscal year 2020-21 on its website to withstand the adverse impact of the Covid-19 pandemic on the economy, officials said. Other officials said the next MPS will be an expansionary instead of the existing accommodative one to help the banks manage their funds smoothly amid the Covid-19 pandemic.

■ The central bank has already cut repo rate, considered policy rate, by 75 basis points to 5.25% in two phases from 6.0% earlier while the reverse repo rate remains unchanged at 4.75%. Besides, the BB is set to emphasise boosting micro, small and medium enterprises and agriculture loans along with microcredit to help create employment opportunities. The central bank has already taken a series of measures, including reduction of the cash

reserve requirement (CRR) by 150 basis points to 4.0% from 5.50% earlier to facilitate the banks to implement the government's stimulus packages through boosting investment in different productive sectors, the officials said.

■ For FY '21, the government has set the GDP growth target at 8.2% aiming to keep inflation within 5.4%. The private sector credit growth target is likely to be fixed considering the overall economic situation along with fund requirement for the government to finance budget deficit, according to the officials. The latest trend in inflationary pressures on the economy will be considered to determine the private sector credit growth ceiling for FY '21, they added. The private sector credit growth came down to 8.61% in June 2020 on a year-on-year basis from 8.85% a month ago, the BB data showed. This growth was 6.19 percentage points lower than the BB's target of 14.80% for FY '20. The country's average inflation as measured by consumer-price index edged up to 5.65% in June from 5.61 a month earlier. It was 5.48% in June 2019.

<https://today.thefinancialexpress.com.bd/first-page/bb-releases-monetary-policy-tomorrow-1595873037>  
<https://www.dhakatribune.com/business/banks/2020/07/27/bb-to-unveil-monetary-policy-on-wednesday>

### **Remittance hits record high in July**

■ The monthly inflow of remittance hit an all-time high in July ahead of Eid-ul-Adha, with the figure reaching almost USD 2 billion in the first three weeks. According to data from the Bangladesh Bank, the country received USD 1.96 billion in remittance from expatriates from July 1 to 23. In June, the last month of fiscal year 2019-20, USD 1.83 billion came in. Officials of the central bank said the inflow of remittance in July would reach around USD 2.5 billion if the trend continues in the last week.

■ The record remittance figure in July came as a continuation of that in the immediate past fiscal year 2019-20 when the country received USD 18.20 billion amid the coronavirus pandemic. It was a record until then as the country had never received this much in a fiscal year before. According to Brac Migration Programme, around 2.5 lakh migrants have returned from different countries amid the pandemic. As a result of remittance inflow and slowdown in imports, the country's foreign exchange reserve increased to USD 34 billion in June, reaching USD 36 billion on July 2.

<https://tbsnews.net/economy/remittance-hits-record-high-july-112366>  
<https://www.newagebd.net/article/112268/monthly-remittance-hits-record-196b-in-3-weeks-of-july>

### **Call money transactions increase ahead of Eid-ul-Adha**

■ Banks and non-bank financial institutions (NBFIs) do not have to worry about a cash withdrawal spree before Eid-ul-Adha this year as they have sufficient liquidity and demand for sacrificial animals is low. According to the latest central bank data, banks and NBFIs on Sunday transacted BDT 95.2 billion among them at the call money market – BDT 1.9 billion higher than the transaction on Thursday.

■ Bankers said that before Eid every year, corporate clients need cash to pay bonuses and other allowances to employees. Moreover, depositors also come to branches for cash withdrawal as they have to buy cattle. To meet the immediate demand for cash, banks with a liquidity shortage go to those banks with extra cash and avail short-term loans, just for a

night, with an interest rate based on demand and supply. In the last few years, the central bank unofficially intervened to fix the call money interest rate. Now the highest interest rate at the call money market is 5.50% and on Sunday, the average interest rate was 4.32%.

■ On August 4 last year, banks and NBFIs transacted the highest amount of BDT 88.9 billion at the call money market before Eid-ul-Adha. At that time, the highest call money rate was five%. Prior to intervention by the Bangladesh Bank, the call money rate fluctuated a lot. In 2010, interest rate for call money increased to around 200% before Eid-ul Adha. That year, a private bank took a big amount of cash from another bank at 190% interest rate to meet the demand for money withdrawals. No such big jumps in interest rates have been observed in the banking sector since then. In 2012, the highest interest rate was 15% and in 2014, the rate was nine%. In recent years, it has dropped to three to four% on average.

<https://tbsnews.net/economy/banking/call-money-transactions-increase-ahead-eid-ul-adha-112378>

<https://www.newagebd.net/article/112271/transactions-of-call-money-rise-ahead-of-eid>

### Japan to dispense USD 1.0 billion in budget aid

■ Bangladesh for the first time is expected to secure USD 1.0 billion worth of budget support from Japan next week. The support would help the government weather the impact of the COVID-19 on the economy, officials said on Monday. The possible USD 1.0 billion budgetary support could be disbursed in two tranches in fiscal year 2020-21 and in FY2021-22, said a senior finance official.

■ In May, the IMF confirmed USD 732 million balance of payments support, the ADB USD 500 million budgetary support and the WB disbursed the USD 250 million and the second tranche of the pending USD 750 million budget support recently. The ADB has also assured the government of another USD 1.0 billion budgetary support for Bangladesh, which could be confirmed soon. Besides, the Beijing-based AIIB and the Jeddah-based IsDB are also expected to provide some USD 350 million worth of budget support for Bangladesh.

<https://today.thefinancialexpress.com.bd/first-page/japan-to-dispense-10b-in-budget-aid-1595872730>

### Furnace oil consumption rises on strong power demand

■ Consumption of furnace oil has increased after the easing of the nationwide lockdown as electricity generation is on the rise to meet the mounting domestic demand. The country expects to import around 280,000 tonnes of furnace oil in August, up by 12% than in July, due to strong demand from its power sector, industry sources said recently.

■ According to the president of Bangladesh's Independent Power Producers' Association (BIPPA), It has almost doubled its furnace oil import since June to around 220,000 tonnes per month, compared with 100,000 tonnes per month in April and May, as businesses resumed operations, albeit limited in scale following the three-month long lockdown due to the coronavirus pandemic. The country's furnace oil import in FY2019-20 was almost similar to its import during FY2018-19.

■ Bangladesh imported around 3.2 million tonnes of furnace oil in the fiscal year, or FY, 2019-20, of which 2.90 million tonnes were imported by the private sector to run their power plants while the remaining 300,000 tonnes by state-run Bangladesh Petroleum Corporation, or BPC.

<https://today.thefinancialexpress.com.bd/last-page/furnace-oil-consumption-rises-on-strong-power-demand-1595873512>

### Remdesivir saved the day for pharma industry

■ Over the four decades of its journey, Bangladesh's pharmaceutical sector has evolved as a strong industry that is capable of meeting 98% of local demand that amounted to around USD 3 billion in 2019. Bangladesh is now the only least-developed country among 47 nations that has a well-developed pharmaceutical sector that can produce medicines for cancer diseases and biological products such as insulin and vaccines. The country is also doing well in exports in recent years and exported medicines worth USD 136 million to 151 countries in the just-concluded fiscal year.

■ In early May, the Directorate General of Drug Administration gave permission to six pharmaceutical companies to produce remdesivir, a potential Covid-19 drug. The companies are Beximco, Beacon, Eskayef (SK-F), Incepta, Square and Healthcare. However, Beximco produced the drug first in the country. It has a history to work well against the SARS and Ebola virus. Three among these six companies have already begun exporting the drug, which is being used on Covid-19 patients in several countries, including the United States. Beximco has already exported the medicine to at least to six countries – Azerbaijan, Pakistan, Nigeria, the Philippines, Venezuela and Lebanon.

■ According to industry insiders, the export price for per vial remdesivir stands at USD 55 to USD 65, which is BDT 5,500 (maximum retail price) in the local market. So, Beximco's export earnings would stand at around USD 3 million. To boost exports, local drug makers are conducting clinical studies for more and more products so that their exports become easy.

<https://tbsnews.net/companies/pharma/bangladesh-made-remdesivir-high-export-demand-112387>

### Sluggish refrigerator sales frustrate brands

■ Sales of refrigerators ahead of Eid-ul-Azha have frustrated both local and foreign brands as domestic demand is not picking up, although electronic appliance companies attempt to woo customers with attractive offers amid the rampaging coronavirus. Showroom owners of electronic products in the capital have said their sales declined by as much as 40% this season compared to the same period last year. The virus has led to the bad decline in purchasing capacity. To rope in customers, a few brands are offering deep discounts of up to 50%, while others are giving cash back and health insurance facilities.

■ The electronics giant Walton is offering an array of refrigerator models, cash prizes and guaranteed cash vouchers as part of a mega sales campaign ahead of the holy festival of Eid-ul-Azha. According to the Chief Executive Officer of Walton Fridge, Walton is giving customers the chance to win cash prizes worth BDT 10 lakh and guaranteed cash vouchers upon purchase of its refrigerators. Walton's 50- to 556-litre capacity refrigerators are priced between BDT 12,200 and BDT 106,000 and 50- to 350-litre capacity chest freezers go for around BDT 22,400 to BDT 37,300.

■ Showroom owners of refrigerators and other electronics products have said the Covid-19 pandemic has been hurting their business as they have enough products in stocks, but nowhere to sell them. Refrigerator manufacturers say due to the pandemic situation the

purchasing powers of everyone, especially the middle class and lower middle class, have decreased a lot. Retail and medium traders are having a difficult time because no one was able to do business for the last 3/4 months due to the lockdown.

<https://www.dhakatribune.com/business/commerce/2020/07/27/sluggish-refrigerator-sales-frustrate-brands>

### **Bangladesh Bank (BB) to unveil FY21 monetary policy July 29 aiming to raise private sector credit**

■ The Bangladesh Bank has scheduled to unveil the monetary policy statement for the fiscal year 2020-2021 on July 29 with the aim to support economic revival through acceleration of private sector credit growth, said officials. The BB would publish the monetary policy for FY21 on its web site this year instead, the official said. For FY21, the government has set the gross domestic product growth target at 8.2% with an aim to keep inflation within 5.4%.

■ The BB is going to announce the monetary policy at a time when the country is set to observe sharp economic fall due to the coronavirus outbreak in the country. Private sector credit growth plunged as low as 8.61% in June this year while the BB's target was to take the growth rate to 14.8% in the fiscal year 2019-2020. BB officials said that the central bank would set a supportive monetary policy for FY21 so that the private sector gets adequate loans to help reopen businesses and match operation levels before the shutdown.

■ In FY20, the dismal growth in the private sector growth was attributed to the BDT 852.3 billion the government borrowed from the banks. The same trend may be observed in FY21 as the government fixed a BDT 849.8 billion bank borrowing target for the fiscal year. Economists have cautioned that the government's high bank borrowing would be a barrier in accelerating private sector credit growth.

<https://www.newagebd.net/article/112169/bb-to-unveil-fy21-monetary-policy-july-29-aiming-to-raise-pvt-sector-credit>  
<https://tbsnews.net/economy/bangladesh-bank-preparing-supportive-monetary-policy-111898>

### **Banks are slowly seeing back the cash withdrawn in panic in March**

■ Back in March, when the country was gripped by the fear of the novel coronavirus, people were streaming to banks to take out money from their accounts, in what was viewed as a puzzling occurrence. Cashless payment was encouraged then to limit the risk of catching the highly contagious virus. Still, people were withdrawing cash but not necessarily spending more of it. The breathtaking spike in cash withdrawals left bankers restive: how they would run their banks in the days to come if the depositors continued to take out funds at this rate.

■ Many countries are yet to get relief from the onslaught as currency held outside of banks in the US is still shooting up. In June, currency outside of banks in the US was 13% higher than the same time one year earlier, and up 8% from February. Historically, the trend had been on the decline as the US nationals have long been opting for paperless transactions. But banks in Bangladesh have started to get respite from the tremendous withdrawal pressure as people are now depositing their money once again, overcoming their fear of coronavirus.

■ For instance, currency outside of banks in Bangladesh stood at BDT 1.9 trillion in June, up from 19% from February. But the figure in June declined nearly 1% from May. This indicates that deposits in banks are on the rise. Deposits in the banking sector registered a growth of 2.07% in June from May when the growth stood at 0.83%. June's growth is the highest in the last fiscal year. In March, bank deposits recorded negative growth of 0.65% in March, which slightly increased in April and May. The outstanding deposit of the commoners excluding the government and inter-bank stood at BDT 118.1 trillion as of June, according to data from the central bank.

■ The growth of reserve money, which creates fresh currency in the financial sector, stood at 15.56% in June against the growth of 5.32% a year earlier. Both the central bank and the government has already announced several stimulus packages of more than BDT 1.0 trillion, which amounts to nearly 3.7% of the country's gross domestic product, to cushion the possible economic shock stemming from the pandemic.

<https://www.dhakatribune.com/business/2020/07/24/only-35-of-apparel-makers-production-capacity-booked-for-july-december-2020>

### **Lifting private investment would be a tall order**

■ The government is aiming to lift private investment to GDP ratio to a record 25.3% this fiscal year although the coronavirus-induced uncertainty showed no signs of abating and structural challenges are largely unaddressed. The ratio is just doubling of the revised private investment-to-GDP ratio of 12.72% in the just-concluded fiscal year. In the wake of the devastating coronavirus pandemic, the government was compelled to revise down the private investment target, from 24.2%, as the economy came to a screeching halt, rendering factories, industries and offices closed. The target is only a percentage point higher than the actual private investment ratio last fiscal year. But private investment's historical trend even during normal times also did not show much hope: it has been ranging between 22 and 24% for more than a decade.

■ The Bangladesh Bureau of Statistics has not published the actual private investment figure for the last fiscal year. However, everything would depend on where the coronavirus rampage hits the brakes. The infections from the deadly pathogen are growing rapidly in Bangladesh and many parts of the world. Some 2,275 people tested positive for COVID-19 in the last 24 hours, said the Directorate General of Health Services yesterday. Some 54 people died, taking the total death toll to 2,928.

■ In Bangladesh, the job creation rate is lower than the proportion of the people entering the workforce. The unemployment rate is 4.2%, according to the Bangladesh Labour Force Survey of 2016-16. Bangladesh has been maintaining the same unemployment rate for many years and it would remain the same in the coming years, said the macroeconomic policy statement of the finance ministry. The government has, however, taken some commendable steps to woo investment.

<https://www.thedailystar.net/business/news/lifting-private-investment-would-be-tall-order-1936889>

### **Adequate spectrum essential for telco services: Bangladesh Telecommunication Regulatory Commission (BTRC) chief**

■ Bangladesh Telecommunication Regulatory Commission (BTRC) Chairman Jahurul Haque on Saturday said that standard telecom service for mobile users cannot be ensured

without adequate spectrum, reports UNB. Bangladesh Mobile Phone Consumers Association organised the programme virtually where BTRC Chairman was the Chief Guest. According to BSEC chairman, Desired telecom service can't be provided with shortage of spectrum. He requested operators to acquire adequate spectrum so that clients can avail proper service

- The Commission can't reduce the price of spectrum as it is a government decision, he stated, urging them to sit for more dialogue over the matter. Meanwhile, different mobile operators including Robi, sought government incentives centering spectrum, price of optical fibre, and tax to enhance quality of service.

<https://today.thefinancialexpress.com.bd/trade-market/adequate-spectrum-essential-for-telco-services-btrc-chief-1595780807>

### **RMG buyers placing orders, but at heavy bargain prices**

- The work orders for the country's struggling readymade garment (RMG) industry have started coming in, though not in a large amount, at heavy bargain prices. The price on average witnessed 14% fall as reflected from the orders confirmed so far this month (July) for delivering during the period from July to December this year, according to a latest survey conducted by the Bangladesh Garment Manufacturers and Exporters Association (BGMEA). The industry has so far booked orders that would constitute only 35% of its total production capacity for the first half of the current fiscal year (FY 2020-21). In July, the industry has received 56.0% work orders compared to that of the last year, claimed the trade body.

- According to the findings, in July, the percentage of booking is 56% of the industry's total production capacity. Considering the consolidated booking status for the second half of 2020 calendar year, only 35% of the total capacity has been booked. It showed that the surveyed members, in July'20, have received confirmed work orders worth 34.46 million pieces against their production capacity of 61.32 million pieces. In July'19, Bangladesh fetched USD 3.31 billion from RMG exports, according to BGMEA data. RMG export earnings stood at USD 1.97 billion until July 22 which was 2.15 billion in the corresponding period of last July. The export data until July 22 showed that the RMG export during the period declined by 8.43% or around USD 200 million.

<https://today.thefinancialexpress.com.bd/first-page/rmg-buyers-placing-orders-but-at-heavy-bargain-prices-1595696409>

### **National Board of Revenue (NBR) yet to get land ministry opinion on VAT imposition after 3 years**

- The National Board of Revenue has decided to again request the land ministry to give its opinion on whether value-added tax should be imposed on fees for land mutation and relevant services. The NBR has been deprived of legitimate revenue from the sector as the ministry has not given its decision on the issue in the last three years, officials of the revenue board said. They said that the revenue board was unable to collect VAT at the rate of 15% on fees people paid for land mutation and other related services.

- According to a Cabinet Division decision taken on April 2017, the land ministry was supposed to provide recommendations on applicability of VAT on the fees after holding consultations with the ministries, divisions and other agencies concerned. The Cabinet Division decided that the land ministry would examine the rationality and legality of

imposing VAT on the fees for the services, including land mutation, updating of land records and obtaining of records of rights (khatiyon) after acquiring ownership of the land.

- According to the NBR, VAT on the fees is applicable under the VAT and Supplementary Duty Act-2012 that came into effect in July 2019. The VAT was also applicable under the old VAT Act-1991. As per the VAT Deduction at Source Rules-2019, the agencies concerned for providing services such as registration, permit, licence issuance and renewal are responsible for deducting VAT on payable fees against the services.

<https://www.newagebd.net/article/112101/nbr-yet-to-get-land-ministry-opinion-on-vat-imposition-after-3-years>

### **Only 35.0% of apparel makers' production capacity booked for July-December 2020**

- Only 35.0% of the production capacity of Bangladeshi apparel manufacturers has been booked for the consolidated period of July-December this year, according to a survey by the Bangladesh Garment Manufacturers and Exporters Association (BGMEA). The BGMEA survey examined the responses of over 100 manufactures to determine the impact of the Covid-19 pandemic on work orders for the second half of 2020.

- The manufacturers confirmed work orders for 127.50 million pieces in the July-December period of 2020, while 365.78 million pieces can be produced at full capacity. December is the worst month in the second half of the year, with only 17% of total production capacity having been booked (10.27 million pieces out of 60.56 million). In July, 56.0% of the total production capacity has been booked. Men's undergarments saw the biggest decline in price of 43.0%, followed by babies' garments with a 35% fall. Only the price of knit bottoms rose this year, by 6.0%.

<https://www.dhakatribune.com/business/2020/07/24/only-35-of-apparel-makers-production-capacity-booked-for-july-december-2020>

### **Bangladesh Bank (BB) creates BDT 30.0 billion loan fund for workers' July wages**

- Bangladesh Bank has created a loan fund of BDT 30.0 billion for the July wages of export-oriented industry workers. Of the BDT 30.0 billion stimulus package, BDT 15.0 billion would be financed by the central bank itself, while the rest will be disbursed from the funds of various disbursing banks, said a top central bank official. The lending rate of the fund would be at 9.0%, out of which 4.5% will be subsidized by the government, as per a letter Bangladesh Bank sent to the various designated banks disbursing the loans.

- The Bangladesh Bank was set to release the funds as salaries for workers and employees of export-oriented factories through equal instalments in the three months from April to June. However, nearly the entire fund —BDT 4,821 crore — was disbursed in just two months. As many as 1,992 export-oriented firms borrowed the funds in April and May through 47 banks. The central bank requested the government for additional funds to clear wages for June. However, the central bank disbursed the June wages from the BDT 300.0 billion stimulus loan package for industries and the services sector.

[https://www.dhakatribune.com/business/banks/2020/07/24/bb-creates-BDT\\_3-000cr-loan-fund-for-workers-july-wages](https://www.dhakatribune.com/business/banks/2020/07/24/bb-creates-BDT_3-000cr-loan-fund-for-workers-july-wages)

## Important News: Capital Market

### Monetary Policy Statement (MPS) for enhancing depth of stock market

■ Bangladesh Bank (BB) has said coordinated initiatives should be taken to enhance the market capitalisation through the listing of companies having good fundamentals. According to MPS, to enhance the market capitalisation, listing of quality companies, especially profitable state-owned and multinational entities, is required. It said the securities regulator, merchant banks and stock exchanges should take coordinated initiatives to ensure the listing of good companies for enhancing the market capitalisation.

■ The bourses' market cap to GDP ratio still remains insignificant compared to that of other countries including neighbouring ones. Criticising the low market cap to GDP ratio, experts repeatedly said the country's capital markets are not expanding in tandem with the growth of the economy. The DSE's market cap to GDP ratio is only 12% while the ratios of the neighbouring countries are up to 74%.

■ In its MPS, the central bank said bringing quality IPOs (initial public offering), ensuring good governance, upgrading information technology, and disseminating/disclosing standard industry information is the vital policy priority for market development in the medium to longer term. The central bank said despite favorable policy support by the BB and related regulatory bodies, falling prices and trade volume with much volatility continued in the capital market during H2FY20 due to investors' disquiet stemmed mainly from the COVID-19 pandemic compared to H1FY20.

<https://today.thefinancialexpress.com.bd/stock-corporate/mps-for-enhancing-depth-of-stock-mkt-1596047716>

### bKash offers payment service in buying sacrificial animal online

■ Mobile financial service (MFS) provider bKash offers payment service in buying sacrificial animal online. The company in a media release yesterday said that the consumers now can purchase their chosen sacrificial animal from 11 digital cattle markets, and make their payments directly using the bKash service. Customers from all districts can buy sacrificial animals from Ajkerdeal.com and Bikroy.com under the offer, while only the capital residents can take the opportunity on Amar Hutt, Barendra Traders (Goruchai.com), Fish Expert Limited (Bhalojinish.com), HungryNaki, Priyoshop, Sadeeq Agro, SobjibazaarGoruHaat and FarmHut, it reads. Besides, the bKash offers the payment service on Daraz for Chittagong and Khulna people as well.

■ The release also said that the payment service is not available for purchasing sacrificial animals only, but also for home delivery service payments. By clicking on <https://www.bkash.com/qurbani-hat> any one can get a list of all the digital cattle markets which are accepting bKash payment, the press release mentions.

<https://www.dhakatribune.com/business/2020/07/29/bkash-offers-payment-service-in-buying-sacrificial-animal-online>

### Bangladesh Securities and Exchange Commission (BSEC) rejects Beka Garments, SF Textile IPOs for data manipulation

■ The Bangladesh Securities and Exchange Commission on Tuesday rejected the initial

public offering proposals of two companies — Beka Garments and Textile Limited and SF Textile Industries — for showing inflated revenues and profits. BSEC officials said that both companies 'doctored' their financial statements and presented rosy pictures to obtain IPO approvals. The commission found that the companies inflated revenues and profits and overstated inventories and assets in their financial statements. The company showed BDT 131.9 million in profits in its financial year 2019. It also showed BDT 2.2 billion in sales and BDT 2.7 billion in total assets in the financial year.

■ SF Textile showed net profit after tax of BDT 213.3 million for the year 2019 and BDT 217 million for the year 2018. It also showed BDT 1.8 billion in sales and BDT 3.2 billion in total assets in the year 2019. The principal activities of SF Textile are to carry on the business of spinning mills to manufacture all types of cotton, viscose and CVC yarn for export to 100% export-oriented dyeing or textiles industries and export thereof, according to the company's IPO prospectus. Chartered accountant Shiraz Khan Basak and Co is the auditor of the two companies.

<https://www.newagebd.net/article/112334/bsec-rejects-beka-garments-sf-textile-ipos-for-data-manipulation>

### Bata Shoe sinks into losses for the first time in its 58-year stay in Bangladesh

■ Footwear giant Bata Shoe has incurred losses for the first time in Bangladesh as it missed the country's main shopping season after people's income was wiped out by the coronavirus pandemic. The sales collapse of the shoes, a basic item, indicated the deep scar the pathogen has created for the economy and its people since the government revealed the country's first coronavirus cases on March 8.

■ Earnings of 51.0% households in the country plunged to zero while a massive 95.0% people suffered losses in income due to the coronavirus outbreak, a recent study of Brac found. The ongoing flood has added another blow. Bata's sales dropped 85.37% to BDT 412.4 million in the second quarter of 2020. Sales dropped 55.37% to BDT 2.0 billion in the first half of the year. Due to the collapse in sales, Bata Shoe sank into losses in the April-June period, giving up BDT 735.1 million, whereas it had netted a profit of BDT 216.8 million a year earlier. Half-yearly loss stood at BDT 706.8 million against a profit of BDT 261.4 million year-on-year.

■ About 25% of Bata Shoe's business comes during the Eid festivals, according to the financial report of the company. So, it ramped up stock three months before Eid-ul-Fitr, the largest religious festival in Muslim-majority Bangladesh. The hope soon dashed after the government imposed a countrywide lockdown on 26 March to contain the soaring cases of coronavirus infections. By the time, the economy was partially opened on 31 May, the shopping season has gone. Eid-ul-Fitr was celebrated on 25 May. Though the government had allowed the limited opening of shops ahead of Eid-ul-Fitr, the turnout of the panicked people was low, so were the sales, said a store manager of the company in Dhaka, requesting anonymity. The store normally posts revenue of BDT 3.0 million in Eid-ul-Fitr during normal times, but it was BDT 0.2 million this year. According to the company secretary, the sales are rising centring Eid-ul-Azha, which is only three days away, but it cannot match the revenue stream recorded during normal times before the pandemic hit.

<https://www.thedailystar.net/business/news/bata-shoe-sinks-losses-the-first-time-its-58-year-stay-bangladesh-1937989>  
<https://www.newagebd.net/article/112335/bata-declares-huge-losses-as-covid-19-hits-sales>

### **Reckitt Benckiser profits off people's heightened hygiene habits amid pandemic**

■ Reckitt Benckiser Bangladesh witnessed robust growth in sales and profits in the pandemic-ravaged first half of 2020 on the back of higher sales of hygiene products. Profits of the local subsidiary of the Anglo-Dutch multinational consumer goods soared 54.28% to BDT 271.7 million in the first half. Between January and June, sales grew 28.87% year-on-year to BDT 2.6 billion.

■ Owing to the pandemic, the company sees quite a few short-term challenges, such as supply chain disruptions, the volatility of international trade and currencies markets, general economic downturn across the world and Bangladesh impacting consumer confidence and affecting consumption patterns. Sourcing of raw materials has been a problem because of the global lockdown but the company has had a stock of enough raw materials to produce products for Bangladesh. Like others, Reckitt Benckiser faced challenges to market products during the pandemic-induced shutdown. However, it managed to keep the supply smooth. The huge demand for hygiene products may peter out once an effective virus to treat the virus is available, according to the company secretary of Reckitt Benckiser Bangladesh.

■ Incorporated in Bangladesh in 1961, the company is engaged in manufacturing and marketing household and toiletries sanitisation products, pharmaceuticals and food products. Its brands include Finish, Lysol, Veet, Dettol, Air Wick, Durex, Mortein, Strepsils, Woolite, Vanish and Harpic. In Bangladesh, the most popular product of Reckitt Benckiser was soap and Dettol. In 2019, Reckitt Benckiser widened its market shares in the bar soap category and is holding the top position in the toilet cleaner category.

<https://www.thedailystar.net/business/news/reckitt-benckiser-profits-peoples-heightened-hygiene-habits-amid-pandemic-1937369>

### **Bangladesh Securities and Exchange Commission (BSEC) cautious about Robi's IPO approval**

■ The securities regulator is likely to approve the IPO (initial public offering) proposal of the country's second largest mobile operator Robi Axiata streamlining its demands in line with the existing rules. Robi has urged the securities regulator and the government to fulfill a set of demands including an exemption from public issue rules so that the company can issue shares to its employees after listing with stock exchanges.

■ Under the book building method, a company goes public with premium while a company is listed at the value of BDT 10 under the fixed price method. Robi Axiata has submitted its IPO proposal to float 10.0% or 523.8 million shares under the fixed price method. Of 523.8 million shares, 387.7 million shares will be issued through IPO, according to the company's IPO proposal. The company wants to issue remaining 136.1 million shares to employees under the Employee Share Purchase Plan (ESPP) at an offer price BDT 10.0 each.

<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-cautious-about-robis-ipo-approval-1595689135>