

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.

Industrial imports drop in FY20 on dismal private sector

- The country's import payments for capital machinery and industrial raw materials, two major components of the private sector dynamism, dropped by 8.51% and by 9.42% respectively in the last fiscal year of 2019-2020. As per the Bangladesh Bank data on letter of credit settlement, payments against imports of capital machinery, a major component of economic expansion and a reflection of businesses enthusiasm of investments, dropped by USD 402.81 million year-on-year in FY20.
- In FY20, the country's payments for capital machinery imports dropped to USD 4.33 billion from USD 4.74 billion in FY19. The import of industrial raw materials dropped by USD 1.84 billion year-on-year in the last fiscal year. The fall in the imports of capital machinery and industrial raw materials was not unexpected,' Policy Research Institute executive director said, adding, 'It's tough to predict how long it would take to turn around the situation.
- Investors would not dare to make fresh investments unless the situation becomes normal, he said, adding, 'Even some investors were trying to phase out their existing business expansions and investments plans. Besides, a very few of them would go for business expansion as most of them already have excess capacity considering the present demand situation, said Ahsan, also the chairman of BRAC Bank.

<https://www.newagebd.net/article/112749/industrial-imports-drop-in-fy20-on-dismal-pvt-sector>

Listed banks to pay 77% more cash dividends this year

- In spite of a historic low private sector credit growth, mounting nonperforming loans and a tighter credit disbursement environment, the listed banks together have delivered a moderate growth in the bottom line for 2019. This has been possible largely because of the central bank that gave a hand to the banks in the form of relaxed provisioning, deferred recognition of nonperforming loans and the year-end loan rescheduling facilities approved for large borrowers.
- More good news for the shareholders of the publicly-traded Bangladeshi banks is that they together are going to disburse 77% more cash dividends for 2019, compared to that of a year ago, according to a BRAC EPL Research report. The analysts at the top-tier brokerage firm have compiled the most recently recommended dividends by the 30 listed banks. Of those, all but the struggling ICB Islamic Bank are paying dividends more or less, in cash or stock or a combination of both.
- The BRAC EPL Stock Brokerage report reveals that listed banks have declared to pay BDT 22.60 billion in cash dividends from their total net profit of BDT 70.50 billion in 2019. In 2018, they had paid BDT 12.80 billion dividends out of their net profit of BDT 61.8 billion. The dividend pay-out ratio – the percentage of net profit paid out to shareholders – of the sector has grown to 32.1 from 18.8 a year ago.

<https://tbsnews.net/economy/banking/listed-banks-pay-77-more-cash-dividends-year-115759>

Bangladesh emerges as 3rd largest apparel supplier to US

- Bangladesh has emerged as the third largest sourcing country for the US-based apparel and fashion companies in 2020, advancing from the last year's sixth position despite the Covid-19 pandemic, according to a latest study. Bangladesh was the fifth sourcing hotspot in 2016 and 2018 while seventh in 2017. Bangladesh's position has improved mainly because of the 'most competitive price' it offers and exports similar products over the years, the study revealed.
- China and Vietnam remained the first and second sourcing countries respectively. Meanwhile, Bangladesh faced more work orders cancellation or postponement than its one of the major competitors, Vietnam, during the corona virus pandemic by the US buyers, according to the '2020 Fashion Industry Benchmarking Study'. It still found Bangladesh and Vietnam as the significant players for primary apparel suppliers in the US market that would benefit more from the US companies' reduced sourcing from China.
- Around half of the respondents plan to modestly increase sourcing from a few Asian countries in the next two years including Bangladesh, Indonesia, Vietnam, and India. Citing US official data that also supports the trend-measured in value, the report said Bangladesh accounted for 9.4% of US apparel imports in the first five months of 2020, which was a record high and up from 7.1% in 2019.

<https://today.thefinancialexpress.com.bd/last-page/bd-emerges-as-3rd-largest-apparel-supplier-to-us-1596646428>

Another IPO cancelled

- The securities regulator has cancelled the IPO (initial public offering) proposal of BD Paints after finding some inconsistencies in the company's financial statement. The incongruities detected in the financial statement include overstated profit and excess receivables. The company's IPO proposal has been cancelled as many inconsistencies were detected in the financial statement," said also a BSEC spokesperson. He said the company's information on sales was also not authentic.

<https://today.thefinancialexpress.com.bd/stock-corporate/another-ipo-cancelled-1596642009>
<https://www.newagebd.net/article/112752/bsec-rejects-bd-paints-ipo-over-flaws>

Navana bailed out

- The government has decided to bail out Navana Group, a leading business conglomerate in the country, from the deep financial crisis it is in. The Financial Institutions Division (FID) under the Ministry of Finance has asked four state-owned commercial banks to lend Navana BDT 12 billion working capital from the BDT 300 billion incentive package announced for coronavirus-affected industries to help it continue to run its business that has almost stopped owing to a massive amount of bad loans.
- A recent meeting of representatives from the finance ministry, the Bangladesh Bank, Navana Group and the four state-owned banks has decided to provide Navana with BDT 5 billion in loans on an emergency basis against corporate and personal guarantees. Navana Group does not have much asset left to post as collateral against loans to the tune of BDT 12 billion. Almost the entire of its assets have been mortgaged to various banks and financial institutions. The FID has asked the four banks to create a pari-passu charge of BDT 12 billion on Navana's assets mortgaged to private banks before disbursing the remaining BDT 7 billion.

<https://tbsnews.net/companies/navana-bailed-out-115762>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$42.14	(\$19.49)	-31.62%
Crude Oil (Brent)*	\$45.26	(\$23.18)	-33.87%
Gold Spot*	\$2,043.20	\$521.73	34.29%
DSEX	4,307.15	(145.78)	-3.27%
S&P 500	3,327.77	96.99	3.00%
FTSE 100	6,104.72	(1,482.33)	-19.54%
BSE SENSEX	37,819.09	(3,823.05)	-9.18%
KSE-100	39,882.78	(852.30)	-2.09%
CSEALL	5,146.44	(982.77)	-16.03%

Exchange Rates

USD 1 = BDT 84.66*
 GBP 1 = BDT 111.18*
 EUR 1 = BDT 100.53*
 INR 1 = BDT 1.13*

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

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