

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.

Taka losing value vs dollar

- The local currency has depreciated by BDT 1.0 against the US dollar so far this year in the inter-bank foreign exchange market as demand for the greenback grew. The dollar was quoted at BDT 84.90 each in the inter-bank forex market on November 27 against BDT 83.90 on January 02 this calendar year, according to the market operators. The demand for the greenback is gradually increasing, mostly driven by higher import payment, particularly for intermediate goods, oil and capital machinery for power plants.
- The Bangladesh Taka's erosion was equally blamed on the falling trend in the export income during the first four months of this fiscal. Bangladesh's export income dropped by nearly 7.0% to USD 12.72 billion during the July-October period of fiscal 2019-20, from USD 13.65 billion in the same period a year earlier.
- Meanwhile, the country's forex reserves stood at USD 31.69 billion on Thursday from USD 31.72 billion of the previous working day after selling of greenback to the banks. This means more than five months of import bills can be settled with the existing reserves.
- Senior bankers, however, predicted that the pressure on the country's foreign exchange market would increase in December due to the lower export income in recent months. The demand for greenback may increase further in near future unless the central bank offers its adequate foreign currency support, they said.
- Given the situation, the central bank has continued providing forex support to banks through the sales of US dollars to keep the market stable. As part of the initiative, the Bangladesh Bank, or BB, has supported three state-owned banks to help them meet the soaring demand. We sold USD 20 million more to the public banks at market rate in the last week to help them make import payment obligations, particularly for oil, a senior official of the central bank told the FE on Friday. A total of USD 299 million has been sold to the banks so far this fiscal, as part of the central bank's ongoing support. In FY'19, the BB sold USD 2.34 billion to the banks on the same ground, according to data available with the central bank.

<https://today.thefinancialexpress.com.bd/public/last-page/taka-losing-value-vs-dollar-1575047452>
<http://www.newagebd.net/article/92038/bb-allows-more-taka-slide-as-exports-drop>

Provisions shortfall soars in nine months

- The provisions shortfall against classified loans in the country's banking system swelled by nearly 23% or BDT 15.15 billion during the first nine months of the calendar year. The total shortfall soared to BDT 81.29 billion as on September 30 from BDT 66.15 billion on December 31 last year, according to the central bank's latest statistics. Talking to the FE, a senior official of the Bangladesh Bank (BB) said higher growth in non-performing loans pushed up the volume of provisioning shortfall with the banks during the period.
- The amount of classified loans in the country's banking sector jumped by nearly a quarter to BDT 1,162.88 billion as of September 30 last, from BDT 939.11 billion on December 31, 2018. The public sector banks have faced more provisioning shortfall than their private counterparts, the central banker noted.
- A total of 13 banks, out of 59, failed to keep the requisite provisions against mostly NPLs, in the third quarter (Q3) covering July-September period of 2019, the BB data showed. Three of the league are state-owned banks and others are private lenders.

<https://today.thefinancialexpress.com.bd/public/first-page/provisions-shortfall-soars-in-nine-months-1574963332>
<https://www.thedailystar.net/business/news/12-banks-face-provision-deficit-BDT-12000cr-1833256>
<http://www.newagebd.net/article/92037/banks-suffer-BDT-8129cr-provision-shortfall-till-q3>

High Court seeks explanation from Bangladesh Securities and Exchange Commission (BSEC) for extending mutual funds tenure

- The High Court (HC) sought explanation from the securities regulator after a British investment firm challenged a decision of the Bangladesh Securities and Exchange Commission (BSEC) that allowed close-end mutual funds' extension through flouting rules. The City of London Investment Management Company (CLIM) sued the BSEC as the regulator had issued a directive in September, last year allowing the country's asset management firms to extend tenures of closed-end mutual funds without unitholders approval. According to the Bangladesh Securities and Exchange Commission (Mutual Fund) Rules 2001, (rule 50B) the extension of mutual fund is subject to consent from owners of 75% unitholders. Among many other funds, the BSEC directive enabled the EBL First Mutual Fund, a 10-year closed-end fund, getting an extension without their unitholders' approval, which is mandatory under the Mutual

Fund Rules, 2001. CLIM is a unitholder of the EBL First Mutual Fund.

- The HC bench passed an order on October 21 asking BSEC why their latest extension decision would not be unlawful. The HC order also asked why the respondents would not be ordered to liquidate the closed-end fund and distribute all the proceeds among unitholders. The Investment Corporation of Bangladesh (ICB), as the trustee of the fund, and Bangladesh Race Management Private Company Ltd, as the asset manager of the fund, were also made respondents. BSEC and other respondents were asked to submit their replies before the court by November 18. The HC also ordered the asset manager not to take any asset management fee until the ruling was disposed off.

<https://www.dhakatribune.com/business/2019/11/28/hc-seeks-explanation-from-bsec-for-extending-mutual-funds-tenure>

National Savings Certificate (NSC) sales slump for 4th month

- The net sales of national savings certificates dropped for the fourth consecutive month in October because of tightening of sales process and hike in tax on interest, forcing the government to rely heavily on bank funds to meet deficit financing. As per the Bangladesh Bank data released on November 28, the net sales of NSCs plunged by 81.37% or BDT 3,593.76 year-on-year in October. In October, the net sales of NSCs dropped to BDT 8.23 billion against BDT 44.17 billion in the same month of the last year. In July-October of FY20, the government's net sales of NSCs dropped by 69.08% or BDT 123.17 billion year on-year. Government's net borrowing by issuing NSCs dropped to BDT 55.12 billion in July-October of FY20 against BDT 178.29 billion in the same period of FY19.
- In FY19, the government's net sales of savings certificates reached BDT 499.39 billion against the net sales of BDT 465.30 billion in FY18. The government is giving interest at the rates between 11.04% and 11.76% against the NSCs. At the end of October, the outstanding NSC sales stood at BDT 2.91 trillion.

<http://www.newagebd.net/article/92137/nsc-sales-slump-for-4th-month>

Bangladesh Bank waives rules for Mutual Trust Bank (MTB) share sales to Norwegian investment fund

- The Bangladesh Bank has waived a section related to shareholding of banking company act, paving way for Mutual Trust Bank to sell 10% of its shares to a Norwegian investment fund. Norfund, a private equity company owned by the Norwegian foreign affairs ministry, intended to buy 10% of the bank's shares but was unable to do so because of the restriction laid down in sub-section 14(1)(f) of the bank company law. The investment would meet the bank's capital adequacy requirement. The board of directors of MTB has decided to issue fresh 6,37,07,004 shares of the bank to Norfund to facilitate the investment. MTB has settled that Norfund would buy the MTB shares at BDT 27.19 each including a premium of BDT 17.19.

<http://www.newagebd.net/article/92138/dse-profits-hit-7-yr-low-on-market-woes-poor-business-activity>

Brac Bank retains Moody's highest credit rating

- Brac Bank has retained the highest credit rating of Moody's Investor Service, Ba3, for the third consecutive year since 2017. It is the only Bangladeshi bank with the rating which is equivalent to sovereign rating of Bangladesh as per Moody's affirmation on November 21, the bank said in a statement yesterday. According to Moody's, the affirmation of Brac Bank's rating reflects the bank's strength in the SME segment that has led to superior asset quality and profitability when compared to its rated peers in Bangladesh, according to the statement. The bank is also less vulnerable to asset risks arising from corporate credit exposures, because of the high proportion of SME loans in its portfolio, it said.
- The bank's SME segment constituted 45% of its total loans as on September 30, 2019, the statement added. Good governance, compliance, ethics and transparency are the pillars of our business model, said CEO of Brac Bank.

<https://www.thedailystar.net/business/news/brac-bank-retains-moodys-highest-credit-rating-1834126>

RMG exports face major setback as more factories shutter

- Export earnings from the country's apparel sector have suffered a debacle recently as more factories are being shut day by day, making thousands of workers jobless. The ready-made garments (RMG) sector is not in good shape and it has created a huge negative impact on the economy. Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President said: A total of 60 factories, members of the association, have been closed from January to October due to financial crisis. As a result, some 29,594 workers have lost their jobs. Bangladesh is the world's second largest ready-made garments (RMG) exporter after China, with the sector accounting for more than half of manufacturing employment and around 84% of export earnings of the country. The growing financial crisis in RMG indicates that the sector, on which our export earnings depend heavily, is gradually deteriorating. No sign of

improvement can be seen yet, the president of BGMEA added.

- A Bangladesh Bank report also shows evidence that the export sector of the country is facing a major blow. Export declined by 17.19% in October this year compared to October last year. Export earnings was around USD 3.72 billion in October 2018, which declined to USD 3.08 billion in October this year. Industrialists involved in RMG sector said the export earnings declined mainly because of the decrease in foreign orders to buy apparel products. Additionally, Bangladesh is facing some new competitors like Myanmar, India, Pakistan and Vietnam in the global market.

<https://www.dhakatribune.com/business/2019/11/28/rmg-exports-face-major-setback-as-more-factories-shutter>

Dhaka Stock Exchange (DSE) profits hit 7-year low on market woes, poor business activity

- The net profit of Dhaka Stock Exchange dropped to around BDT 980 million in last financial year (2018-19), the lowest after FY 2011-12 due mainly to prolonged bearish trend at the market and poor business activities by the country's premier bourse. According to DSE sources, the profit of DSE declined to BDT 980 million in FY19 from BDT 1.05 billion in FY18. Considering 1.80 billion shares of the DSE, its earnings per share decreased to BDT 0.54 in FY19 from BDT 0.58 in FY18. The profit in FY19 was the lowest after FY12 when it fetched BDT 944 million.

<http://www.newagebd.net/article/92138/dse-profits-hit-7-yr-low-on-market-woes-poor-business-activity>

Foreign investors pull out funds from stocks for record 9th month

- Foreign investors at the Dhaka Stock Exchange withdrew investments for the record ninth month in November, pulling out BDT 8.76 billion from the market in nine months, mainly due to a lack of confidence in the market, pressure on the exchange rate and volatility of the financial sector. Net foreign investment dipped to BDT 990 million negative in November after investors had withdrawn BDT 969.2 million in October. The overseas investors sold shares worth BDT 3.21 billion against their purchase of shares worth BDT 2.22 billion in November.

- In the last 23 months, foreign investors became the net sellers for 18 months, indicating extreme negative sentiments for the market, said market operators. Before this year's record, the overseas investors withdrew BDT 6.77 billion from the market in 2010-2011 when the market crashed. The continuous foreign investment flight this year from the capital market has become a heavy drag on the market as overseas investors withdrew BDT 5.93 billion last year.

- In the last 23 months, overseas investment was positive only in two months — January and February — this year and three months — January, March and September — last year. Total foreign turnover on the DSE declined to BDT 5.44 billion in November from that of BDT 5.60 billion in the previous month. Net foreign investment was negative in 2018 with a nine-month decline based on political uncertainties over the December 30 national election.

<http://www.newagebd.net/article/92256/foreign-investors-pull-out-funds-from-stocks-for-record-9th-month>

Troubled loans to top agenda

- Finance minister will sit with chiefs of private and public sector banks to discuss the issues of non-performing loans and banking sector volatility, officials said. The minister will mainly discuss the soaring soured loans, interest rates and merger of some troubled banks, the officials said.

- In January, after a meeting with the Bangladesh Association of Banks, or BAB, the finance minister said the troubled loans would not increase from that day. Besides, the government offered special facilities for the payment of defaulted credit aimed at reducing the amount of bad loans. In May this year, the central bank offered a special facility to the defaulters allowing them to reschedule loans by paying a 2.0% down-payment on their arrears. Under the facility, the defaulters can repay their loans at 9.0% for a maximum 10 years.

- The volume of troubled loans has hit a record high of BDT 1.16 trillion until September this year, which has resulted in the vulnerability of banking operations in the country. Such loans have swelled by some 24% to BDT 1.16 trillion until the first quarter of the current fiscal year 2020, from BDT 939.11 billion a quarter ago, the Bangladesh Bank statistics showed. The amount of classified loans was BDT 993.71 billion a year ago, the BB said.

<https://today.thefinancialexpress.com.bd/first-page/troubled-loans-to-top-agenda-1575131125>

<https://www.dhakatribune.com/business/banks/2019/11/30/govt-goes-for-banks-financial-health-check-up>

ADN Telecom holds IPO lottery draw

- The lottery draw for the allotment of initial public offering (IPO) of ADN Telecom Ltd., which raised a fund of BDT 570 million through book-building method, was held on Thursday. The Bangladesh Securities and Exchange Commission, the securities regulator, approved the company's IPO proposal on September 3. The cut-off price on the IPO was BDT 30 per share, which was set through bidding by the institutional investors.

• Under the book-building method, the company will issue a total of 19.71 million ordinary shares. Sixty percent of the total or 11.87 million shares will be reserved for eligible institutional investors, including mutual funds, at the cut-off price. And 7.91 million (40%) shares will be issued to the general and non-resident Bangladeshis at BDT 27 each, a 10% discount on cut-off price, according to the book-building method. ADN Telecom will use the IPO proceeds to develop infrastructure, install a data centre, and pay bank loans.

<https://today.thefinancialexpress.com.bd/public/stock-corporate/adn-telecom-holds-ipo-lottery-draw-1574961191>

China co to invest USD 10 million in Mongla EPZ

• A Chinese healthcare firm will invest USD 10 million at Mongla Export Processing Zone (EPZ) to produce diversified products in medical sector, reports BSS. Officials said Chinese company M/s. Y & F Healthcare Limited will make the investment at the Mongla EPZ. The company is going to establish a Surgical Products Manufacturing Industry at Mongla EPZ. A new multi-diversified product has been added in the export basket of Bangladesh through BEPZA, according to a press release. This 100% foreign-owned company will produce annually six million pieces of PE Sleeve & Thumb Gown, CPE Shoes Cover and Thumb Gown, PVC Sleeve Cover, Lab Coat, Isolation Gown, Doctor Cap, Surgical Gown, Coveralls, Scrub suit, Surgical Drapes and Packs. M/s Y & F Healthcare Company will create employment opportunity for 2,930 Bangladeshi nationals,

<https://today.thefinancialexpress.com.bd/public/trade-market/china-co-to-invest-10-million-in-mongla-epz-1574962432>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$55.17	-2.94	-5.06%
Crude Oil (Brent)*	\$60.49	-2.78	-4.39%
Gold Spot*	\$1,463.97	+7.70	+0.53%
DSEX	4,731.44	+1.09	+0.02%
Dow Jones Industrial Average	28,051.41	-112.59	-0.40%
FTSE 100	7,346.53	-69.90	-0.94%
Nikkei 225	23,293.91	-115.23	-0.49%
BSE SENSEX	40,793.81	-336.36	-0.82%

Exchange Rates

USD 1 = BDT 84.93*

GBP 1 = BDT 109.80*

EUR 1 = BDT 93.56*

INR 1 = BDT 1.18*

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

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