

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.

H1 net sales cross fiscal year target

- Net sales of the state-run savings instruments in the first half surpassed the target set for entire fiscal year (FY) 2020-21. The net sales of savings certificates were BDT 204.87 billion during the July-December period. The government's net borrowing target from savings tools is BDT 200 billion for this fiscal. Officials said the yield rates of different savings certificates are attractive. So, savers are investing more in these schemes. Many savers have reinvested in savings instruments as their schemes reached maturity. It is another reason for increased sales, they added.
- The gross sales of savings schemes were BDT 549.76 billion during the July-December period of FY '21, whereas encashment was BDT 344.89 billion. On the other hand, the net sales of savings schemes were BDT 54.33 billion in the same period of FY 2019-20. The gross sales were BDT 342.11 billion and encashment was BDT 287.78 billion during the period. Data shows the payment of yield was BDT 162.63 billion in the first six months of FY '21. It was BDT 156.95 billion in the same period of FY '20.

<https://today.thefinancialexpress.com.bd/last-page/h1-net-sales-cross-fiscal-year-target-1612203450>
<https://www.dhakatribune.com/business/banks/2021/02/02/savings-tools-sales-crosses-fy-target-in-just-6-months-2>

BD gets USD 1.962 billion in remittance in Jan

- The country's remittance inflow recorded a significant growth, reaching USD 1.962 billion in this January, compared to USD 1.638 billion in the same month last year. During the July-January period of the current fiscal year, 2020-21, the remittance inflow totaled USD 14.907 billion, up from USD 11.046 billion in the same period of last fiscal, registering a 34.95% growth. The country's foreign exchange reserve now stands at USD 42.910 billion, according to a release of the Ministry of Finance.

<https://today.thefinancialexpress.com.bd/last-page/bd-gets-1962b-in-remittance-in-jan-1612203546>
<https://www.thedailystar.net/business/news/remittance-stays-robust-2037761>
<https://tbsnews.net/economy/remittances-grow-32417m-january-195229>
<https://www.newagebd.net/article/128935/remittance-drops-below-2b-in-jan>

Banks fare well on govt borrowing, halted classification

- It was feared that the banking sector would face a double-whammy, stemming from Covid-19 and lending rate cap. But what the end of 2020 shows is an entirely different picture with two major performance indicators – profitability and loan recovery – being far better than expected. Waiver on classifying loans relieved banks of setting aside funds from their profits for provisioning. Banks were further helped by the government's borrowing and they could safely invest in treasury bills. All these factors cushioned the pandemic impact on banks.
- Total operating profits in the banking sector declined by only 7.16% last year from the previous year when industry insiders had assumed that the 9% lending rate cap will erode profits by 40%. The calculation of year-end net profits has not been done yet, but the September-based figure shows the trend of rising real earnings of banks. The high bank borrowing of the government amid revenue shortfall pushed up the yield of bills and bonds above 9% last year, helping banks to make good earnings. In the fiscal 2019-20, the government borrowed 97.35% or BDT 802.38 billion of its target.
- In the first four months of the current fiscal year from July to October, the government's bank borrowing stood at only BDT 10.63 billion, down from BDT 360.00 billion in the same period of the last fiscal year, with no pressure of expenses owing to Covid-19. Low private sector credit growth and high investment in government bills and bonds took excess liquidity in the banking sector to above BDT 2.0 trillion in December last year, the highest in the history.

<https://tbsnews.net/economy/banking/banks-fare-well-govt-borrowing-halted-classification-195337>

Banks 'delaying' payment to local textile makers

- Banks are holding up payments to local textile manufacturers against purchase of raw materials by readymade garment exporters under back-to-back letters of credit, textile manufacturers alleged. The Bangladesh Textiles Mills Association has recently sent a letter to Bangladesh Bank governor to resolve the issue saying that the local fabric and yarn manufacturers had been incurring financial losses due to unusual delays made by the banks in paying buyers on the premise of lame excuses. The BTMA alleged that the RMG exporters were buying yarns and fabrics from both local and external sources under back-to-back LCs.
- The banks made payments to foreign suppliers just after submission of the Bill of Lading as per the conditions of LCs

but they had been deferring payments to the local suppliers for five to six months. The BTMA in its letter said that country's spinning, weaving and dying mills had been working as deemed exporters through supplying yarns and fabrics to the RMG exporters.

<https://www.newagebd.net/article/128979/banks-delaying-payment-to-local-textile-makers>

GP hasn't set aside funds against govt's audit claim: auditor

- Grameenphone has not set aside any funds against the government's claim of BDT 125.80 billion in unpaid taxes and fees, prompting its auditor to include it as an emphasis of matter paragraph in the financial statement. An auditor's emphasis of matter paragraph indicates that the auditor's opinion is not modified with respect to the matter emphasised. The Dhaka Stock Exchange (DSE) disclosed the view of the auditor of the listed telecom company on its website yesterday. The Bangladesh Telecommunication Regulatory Commission (BTRC) in 2019 asked the operator to pay BDT 125.80 billion in dues concerning the audit conducted by the commission from the period from the company's inception in 1997 to December 31, 2014.

- The management of GP has contested the demands in the court. Pending final outcome of the court proceedings, the management has concluded that significant uncertainty exists to enable any reliable estimation of a potential obligation, the auditor said. No provision for these demands and consequential interest thereon has been made in the accompanying financial statement.

<https://www.thedailystar.net/business/news/gp-hasnt-set-aside-funds-against-govts-audit-claim-auditor-2037753>

EIs to join in IPO bidding thru' committee

- The eligible investors (EIs) will have to take part in the initial public offering (IPO) bidding through a committee, which will unbiasedly recommend quantity and price of the shares concerned, based on some criteria. The Bangladesh Securities and Exchange Commission (BSEC) introduced a valuation method for the EIs on Monday to curb the alleged manipulation that took place while recommending share prices under the book building method. In its directive, the BSEC said the EIs will have to form a bidding recommendation committee, comprising at least two members having relevant knowledge, skill, qualification and experience.

- The BSEC mentioned some methods, including net asset method, which must be followed while mentioning quantity and price of the shares of a company, to be listed under book building method. The bidders must not bid over 1.2 times of the price determined through the method.

<https://today.thefinancialexpress.com.bd/first-page/eis-to-join-in-ipo-bidding-thru-committee-1612202910>

<https://tbsnews.net/economy/stock/bsec-sets-upper-limit-institutional-investors-bidding-195307>

<https://www.newagebd.net/article/128976/bsec-sets-ipo-bidding-methods-for-eis>

BSEC to launch audit of BD Welding

- The Bangladesh Securities and Exchange Commission (BSEC) has appointed independent directors at Bangladesh Welding and decided to run a special audit on the company to protect the interests of general investors holding 65% of its stakes. The stock market regulator has nominated and appointed two distinguished persons as independent directors of the company, said the Dhaka Stock Exchange yesterday in a disclosure.

<https://www.thedailystar.net/business/news/bsec-launch-audit-bd-welding-2037737>

Only Sea Pearl Beach Resort rebounds, others still reel

- The Covid-19 pandemic has confronted the hospitality industry with an unprecedented challenge. All luxury hotels, especially five-star ones, are still trying to turn around with their businesses introducing a new strategy. There are 17 five-star hotels across the country. Among them, only Sea Pearl Beach Resort and Spa Limited has managed to register growth in its revenue in the second quarter of fiscal 2020-21, while others are still reeling. Sea Pearl, situated at Inani in Cox's Bazar, reported a 52% year-on-year growth with a revenue of BDT 236.3 million in the second quarter of this fiscal year. Its revenue dropped by 78% in the April-June quarter in the last fiscal year due to the 66-day countrywide shutdown.

- The company secretary of Sea Pearl, told The Business Standard, their hotel has a larger area than other hotels in Cox's Bazar have. Besides, they are also far from a chaotic environment in the town. That is why their resort is the first choice among guests. But, they did not receive any foreign guests because of the pandemic. Still, their occupancy rate is more than 80%. They have taken a new strategy in terms of health safety at the pandemic time. When guests arrive at the airport, they escort them with proper sanitization and take them to the hotel. If any guest is found with Covid-19 symptoms, they have a quarantine facility for them.

<https://tbsnews.net/economy/only-sea-pearl-beach-resort-rebounds-others-still-reel-195340>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$54.05	\$5.53	11.40%
Crude Oil (Brent)*	\$56.87	\$5.07	9.79%
Gold Spot*	\$1,860.52	(\$34.58)	-1.82%
DSEX	5,599.80	197.73	3.66%
S&P 500	3,773.86	17.79	0.47%
FTSE 100	6,466.42	5.90	0.09%
BSE SENSEX	48,600.61	849.28	1.78%
KSE-100	46,248.45	2,493.07	5.70%
CSEALL	8,567.07	1,792.85	26.47%

Exchange Rates

USD 1 = BDT 84.72*

GBP 1 = BDT 115.94*

EUR 1 = BDT 102.30*

INR 1 = BDT 1.16*

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

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