

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.

Liquidity glut raises banks' cost, lowers return

- Banks are flooded with excess liquidity after having made a record BDT 1.95 trillion in November 2020. The excess cash will raise banks' costs to safeguard their customers' money. The liquidity glut is invested in government treasury bills and bonds that give banks lower returns in comparison to their deposit costs. The interest rate of short-term treasury bills for three months came down to below 1% in December which was nearly 7% in June last year.
- Burdened with excess liquidity, banks are now actively looking for investment tools. Their participation in auctions for new Islamic bonds demonstrates their investment behaviour. At the first auction of BDT 40.00 billion Sukuk bonds held in December, the Bangladesh Bank received applications of BDT 150.00 billion from banks. High foreign currency inflow through remittances amid low import expenditures mainly shot up excess liquidity, said industry insiders. The central bank purchased USD 5 billion, worth BDT 465.63 billion, in the first six months of the current fiscal year – which was nearly seven times higher than its purchases in the entirety of Fiscal Year 2019-2020.
- The executive director (Research) of the Bangladesh Bank said that the decline in commodity prices globally amid the pandemic saved the import costs for Bangladesh, and as a result, though the imports declined in terms of value, they increased in volume instead. The Bangladesh Bank is not concerned about the excess liquidity as it will not put much pressure on inflation when global inflation is downward.

<https://tbsnews.net/economy/banking/liquidity-glut-raises-banks-cost-lowers-return-182491>

Anti-ulcerant drugs dominate sales chart

- Despite the poor pharma business growth, Sergel, an anti-ulcerant drug, has emerged as a top-selling product in the country. Top executives at the pharmaceutical companies said top products are usually anti-ulcerants in the country due to eating habits, especially consumption of adulterated foods. Currently, five out of 10 top-selling products are anti-gastric products valued at over BDT 18.3 billion a year. The top molecule, imported raw material, is also esomeprazole, which alone holds as much as 8.32% import share. They said the growth in the products would have been much higher if there were no pandemic.

<https://today.thefinancialexpress.com.bd/first-page/anti-ulcerant-drugs-dominate-sales-chart-1610213869>

Steel sector still in a shakeout

- Steel manufacturers registered around 40% less turnover last year compared to 2019 as they were forced to sell finished products at lower prices in the face of low consumption, according to industry insiders. The millers even had to offer additional commission for the dealers in order to make sure that they had enough liquidity to survive the ongoing coronavirus pandemic. During the pre-pandemic period, the production cost of 60 grade MS rod stood at about BDT 58,000 per tonne.
- But in the April-June quarter, the millers had to sell it at BDT 50,000 to BDT 52,000 per tonne due to low demand, which prevailed until September-October, said the secretary general of Bangladesh Steel Manufacturers Association. The millers were compelled to sell their finished steel for lower than the production cost in order to ensure liquidity. Meanwhile, previously imported stocks of raw materials were exhausted after demand picked up in July, when construction on all the government projects resumed, said the managing director of Metrocem Steel.
- The president of the Bangladesh Association of Construction Industry (BACI) said that the price of MS rod increased 25 to 30% in November-December last year. According to the deputy managing director of KSRM group, the industry will need at least three to four years to recover from the losses faced in 2020.

<https://www.thedailystar.net/business/news/steel-sector-still-shakeout-2025153>

434,000 BO accounts used only for IPO subscription

- As investments in the primary market are risk-free, a section of investors only opt for shares in initial public offerings (IPOs). After getting shares through a lottery, such investors, unwilling to take any risk, sell their shares in the secondary market with a good profit, and again they wait for new IPOs. Thus more than 434,000 or 17% of the total beneficiary owner (BO) accounts are used for IPO subscription only. Recently, Bangladesh Securities and Exchange Commission (BSEC) has issued a directive making it mandatory for investors to have at least BDT 20,000 investment each in the secondary market to apply for IPO shares.
- A top official at a brokerage house said if these BO account holders comply with the regulator's guideline, the stock

exchanges will get an investment of around BDT 8.64 billion in the secondary market. Despite having shares, 617,000 BO accounts are inactive which did not have any transactions of shares for a long time. Sources said that the equity of these accounts are negative and the account holders did not buy or sell shares for a long time.

<https://tbsnews.net/economy/stock/434-lakh-bo-accounts-used-only-ipo-subscription-182368>

DSE app goes haywire amid investor influx

- Stock investors faced problems executing trade through the Dhaka Stock Exchange (DSE) mobile app last week as the system was caving in to participation influxes. The problem was turning acute in the first and last few minutes of the designated trading period, for which the bourse has decided to keep mobile trading on halt from 10am to 10:30am and 2pm to 2:30pm. The mobile trading system was designed to execute around 800,000 trades in six hours but in the last few days it was more than double that, said a DSE official preferring anonymity.

<https://www.thedailystar.net/business/news/dse-app-goes-haywire-amid-investor-influx-2025149>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$52.24	\$3.72	7.67%
Crude Oil (Brent)*	\$55.99	\$4.19	8.09%
Gold Spot*	\$1,849.01	(\$46.09)	-2.43%
DSEX	5,621.77	219.70	4.07%
S&P 500	3,824.68	68.61	1.83%
FTSE 100	6,873.26	412.74	6.39%
BSE SENSEX	48,782.51	1,031.18	2.16%
KSE-100	45,654.34	1,898.96	4.34%
CSEALL	7,119.53	345.31	5.10%

Exchange Rates

USD 1 = BDT 84.83*

GBP 1 = BDT 115.10*

EUR 1 = BDT 104.67*

INR 1 = BDT 1.16*

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

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BRAC EPL Stock Brokerage Limited

Research

Ayaz Mahmud, CFA	Head of Research	ayaz.mahmud@bracepl.com	01708 805 221
Anika Mafiz	Research Analyst	anika.mafiz@bracepl.com	01708 805 206
Sadman Sakib	Research Associate	sadman.sakib@bracepl.com	01730 727 939
Md. Rafiqul Islam	Research Associate	mrafiqulislam@bracepl.com	01708 805 229
Md Mahirul Quddus	Research Associate	mmahirul.quddus@bracepl.com	01709 636 546

International Trade and Sales

Ahsanur Rahman Bappi	CEO (Acting)	bappi@bracepl.com	01730 357 991
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BRAC EPL Research www.bracepl.com

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