

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.

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 (khatiyani) 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>

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>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	USD 41.34	(USD 20.29)	-32.92%
Crude Oil (Brent)*	USD 43.34	(USD 25.10)	-36.67%
Gold Spot*	USD 1,902.02	USD 380.55	25.01%
DSEX	4,080.94	-371.99	-8.35%
S&P 500	3,215.63	-15.15	-0.47%
FTSE 100	6,123.82	-1463.23	-19.29%
BSE SENSEX	38,140.47	-3501.67	-8.41%
KSE-100	37,578.21	-3156.87	-7.75%
CSEALL	5,040.88	-1088.33	-17.76%

Exchange Rates

USD 1 = BDT 84.80*
 GBP 1 = BDT 108.51*
 EUR 1 = BDT 98.85*
 INR 1 = BDT 1.14*

*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
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	Head of International Trade & Sales	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