

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.

Bangladesh Bank (BB) blames banks' misrepresentation of trade policy amid Foreign Direct Investment (FDI) fall

- The Bangladesh Bank on Wednesday blamed authorised dealer banks for misrepresenting the country's trade policy and putting Bangladesh's economy at stake even after adoption of a liberal trade policy in the 1990s. A BB circular issued by its executive director Mohd Humayun Kabir on the day raised the allegation at a time when many global businesses were exploring their options to shift their manufacturing units elsewhere from China amid the mounting US-China trade war. Besides, the 56.0% fall in foreign direct investments last year could be another reason behind issuing the BB circular. The country's FDI inflow dropped to USD 1.6 billion in 2019 from USD 3.6 billion in the previous year.
- According to an official of the central bank said that the banks were mostly unaware of the government's policy on foreign direct investment attraction which was why many of the banks, dealing with foreign customers, failed to provide them with the required guidelines. As a result, many potential clients got the wrong idea about the country's liberal trade policy, prompting the central bank to come up with the circular.
- The BB circular said that the liberal trade policy adopted in the 1990s was still in place and the central bank had been issuing guidelines to the authorised dealers based on demands. It was observed in recent times that the authorised dealer banks had been providing confusing information to customers without being aware of the updates on the country's foreign exchange system.
- Mentioning foreign exchange transaction as a means to get connected with the global economy and as a gateway to attract foreign direct investment, the BB circular said that the banking system and its associates played a vital role in doing so.

<https://www.thedailystar.net/business/news/some-sectors-get-relief-advance-tax-1915813>

National Board of Revenue (NBR) moves to realise VAT from streaming site subscriptions

- The National Board of Revenue has moved to realise value-added tax from subscriptions of online streaming sites such as Netflix, Amazon Prime, ZEE5, Hoichoi and HBO Now. A 15.0% VAT is applicable on the fees that subscribers pay to the online entertainment sites.
- As part of the move, the NBR's VAT intelligence and Investigation Directorate has requested the Bangladesh Bank to instruct the commercial banks to deduct the applicable VAT from the fees while remitting it abroad on behalf of the subscribers.
- According to the VAT intelligence director general, the subscribers of the online streaming sites paid the fees from the country in foreign currency and in most cases, they used personal credit cards to make the payment. As per the VAT and Supplementary Duty Act-2012, subscription to such channels is considered a service which is subject to VAT payment under the service code 099.20. But the revenue board is not able to generate any revenue from the sector.
- The commercial banks can deduct 15.0% VAT while making the payment and the payment is completed using credit card, he wrote to the central bank. However, the VAT intelligence was informed that the banks were not deducting the VAT as they had received no such instruction from the Bangladesh Bank in this regard. Under the circumstances, the BB has been requested to give the necessary instructions to the commercial banks for deducting the VAT from the sector.

<https://www.newagebd.net/article/108655/nbr-moves-to-realise-vat-from-streaming-site-subscriptions>
<https://today.thefinancialexpress.com.bd/last-page/no-more-free-lunch-1592415433>

Bangladesh Bank (BB) prods banks over stimulus

- The central bank has asked the commercial banks to take effective measures to implement the government-announced stimulus packages immediately to help revamp the country's overall economic activities. The advice was given at a meeting of the bankers online on Wednesday with Bangladesh Bank (BB) Governor Fazle Kabir in the chair. According to an executive director of the central bank, the central bank assured the bankers of all-out support for implementation of the packages. Bangladesh Bank is ready to disburse funds from our refinancing schemes to help the banks in implementation of the packages
- Prime Minister Sheikh Hasina has so far announced a total of 19 stimulus packages worth BDT 1.03 trillion to offset the shock of the novel coronavirus (Covid-19) pandemic on various sectors of the country. The packages, which are 3.7% of the country's gross domestic product (GDP), will be implemented under the supervision of the central bank

and the ministry of finance.

■ Most of the bankers are now working to provide loans under different stimulus packages, announced by the government and the central bank to help the business community amid the pandemic, according to the private banker.

<https://today.thefinancialexpress.com.bd/first-page/bb-prods-banks-over-stimulus-1592415192>

Achieving GDP target for FY 2020-21 almost impossible: Economist AB Mirza Azizul Islam

■ According to AB Mirza Azizul Islam, an economist and a former adviser to the caretaker government, if the government borrows too much from private banks, it will affect the inflow of funds into the private sector and investment. The government has targeted borrowing BDT 850.0 billion from the banking sector to meet the deficit in the proposed budget for the fiscal year 2020-21. However, this will hamper flow of money to private investors who are already in a crunch due to the coronavirus outbreak, the economist said.

■ The noted economist also added that achieving 8.2% GDP growth during this pandemic is almost impossible as GDP growth and revenue collection will be lower this year because of slow business. According to Ahsan H Mansur, executive director of Policy Research Institute (PRI), the country needs to be realistic and pragmatic in budget proposal. The government must bring drastic reforms in tax administration. The former chairman of National Board of Revenue (NBR) suggested that the government not increase tax on mobile talk time and not impose tax on use of reconditioned cars as many lower income people use such cars.

■ Planning Minister said the government has been working to protect people's jobs by introducing different stimulus packages. The government's target is to bring down poverty level to 20.0% from 35.0%, a number that increased due to the coronavirus pandemic.

<https://www.thedailystar.net/business/news/achieving-gdp-target-fy-2020-21-almost-impossible-1916349>
<https://today.thefinancialexpress.com.bd/first-page/budget-fictional-lower-gdp-growth-inevitable-1592414976>

Factories continue job cut amid virus

■ Industrial units across the country barring those in Dhaka metropolitan area terminated nearly 11,000 workers in the past two weeks, according to reliable sources. The factory owners took recourse to shedding jobs as part of their move to dilute the adverse impact of the Covid-19 pandemic on their businesses.

■ According to Industrial Police (IP), a total of 129 industrial units under its jurisdiction of six industrial zones, except Dhaka Metropolitan area, terminated more than 21,000 workers until Wednesday. Of them, the job duration of 13,942 workers was less than one year. The number of total terminated workers was 10,493 until June 01 last, according to IP data.

■ Eighty-six member mills of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) have shed 16,853 jobs and 16 units of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) 2,298 jobs. Four mills under Bangladesh Textile Mills Association (BTMA) have also cut 258 jobs.

<https://today.thefinancialexpress.com.bd/first-page/factories-continue-job-cut-amid-virus-1592414902>

Bourses revise trading time from Thursday

■ The Dhaka Stock Exchange (DSE) and the Chittagong Exchange (CSE) have revised the trading time as the central bank changed the banking hours ahead of fresh imposition of lockdown in the red-zone areas. Now, trading will take place from 10:00am to 1:00pm, instead of 10:30am to 1:30pm, effective from today (Thursday), officials said. Earlier, bourses cut one-hour trading time to three hours, from usual four hours due to Covid-19 outbreak.

<https://today.thefinancialexpress.com.bd/stock-corporate/bourses-revise-trading-time-1592408175>
<https://bbsnews.net/economy/stock/bourses-change-trading-hours-94627>
<https://www.dhakatribune.com/business/stock/2020/06/17/bourses-change-trading-hours-from-thursday>

Bangladesh Securities and Exchange Commission (BSEC) to withdraw floor price mechanism soon

■ The BSEC will withdraw the floor price mechanism soon in a bid to ensure free price movements of stocks. Prof. Md. Mizanur Rahman, a commissioner of the securities regulator, disclosed this while joining a virtual press briefing on budget reactions of Chittagong Stock Exchange (CSE) on Wednesday. He added that the incumbent commission is unanimous with the stakeholders about free price movements of the listed securities. The floor price will be withdrawn soon.

■ Trading on both the bourses remained dull as the majority number of sale orders placed above the 'floor prices' kept the buyers at bay since March 19 last. As per exiting system, the market prices of the listed securities have no scope to

go below individual floor prices to contain abnormal price fall. Before setting floor prices, the country's both the bourses witnessed free fall in broad index following the outbreak of Covid-19.

■ As per the BSEC directive, opening price of any listed security shall be set at the average of the closing price of immediate preceding five trading days of March 19, and this average price calculated for each security shall be considered as floor price and the lowest limit of the circuit breaker. And the upper limit of the circuit breaker and other conditions shall remain unchanged. As a result, the market prices of the listed securities have no scope to go below the individual floor prices set on March 19. The BSEC, however recently relaxed the floor price limit for block market trading which only benefitted the big investors.

<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-to-withdraw-floor-price-mechanism-soon-1592408038>

Krishibid Feed plans to go public for BDT 300.0 million

■ Krishibid Feed, a sister concern of Krishibid Group, has deisgns to go public to raise Tk 300.0 million to expand its business to meet the growing demand for feeds in the livestock sector. The poultry, fish and cattle feed producer has already applied to the stock market regulator for its initial public offering.

■ One-third of the IPO proceeds will be used to repay bank loans. About Tk 180.0 million would be used for business expansion purposes and the rest to foot IPO expenses. It will set up two factories in Bogra and Panchagarh as it makes a push towards grabbing the feed market of the country's northern region and also expand its existing factories in Bhaluka of Mymensingh. The building and other civil construction works would cost Tk 70.0 million and the new machinery Tk 40.8 million. The company will also shell out Tk 40.6 million to buy 13 delivery vans to strengthen its supply chain and Tk 28.5 million to buy two diesel generators.

■ According to the IPO prospectus, the industry's current turnover is more than Tk 100.0 million and a growth rate of about 10.0% a year. Since the 2015-16 financial year, the company has witnessed handsome growth in its turnover every year. But Krishibid Feed's profits did not increase at the same rate. The company's turnover rose 133.0% to Tk 899.2 million in its 2018-19 financial year compared with the 2015-16 financial year, but its net profit rose 45.0% to Tk 51.0 million during the time.

<https://www.thedailystar.net/business/news/krishibid-feed-plans-go-public-tk-30cr-1915841>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	USD 37.34	(USD 24.29)	-39.41%
Crude Oil (Brent)*	USD 40.26	(USD 28.18)	-41.17%
Gold Spot*	USD 1,726.74	USD 205.27	13.49%
DSEX	3,961.90	-491.03	-11.03%
S&P 500	3,113.49	-117.29	-3.63%
FTSE 100	6,253.25	-1333.8	-17.58%
BSE SENSEX	33,605.22	-8036.92	-19.30%
KSE-100	34,019.12	-6715.96	-16.49%
CSEALL	4,915.56	-1213.65	-19.80%

Exchange Rates

USD 1 = BDT 84.98*

GBP 1 = BDT 106.53*

EUR 1 = BDT 95.51*

INR 1 = BDT 1.12*

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

IMPORTANT DISCLOSURES

Analyst Certification: Each research analyst and research associate who authored this document and whose name appears herein certifies that the recommendations and opinions expressed in the research report accurately reflect their personal views about any and all of the securities or issuers discussed therein that are within the coverage universe.

Disclaimer: Estimates and projections herein are our own and are based on assumptions that we believe to be reasonable. Information presented herein, while obtained from sources we believe to be reliable, is not guaranteed either as to accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation of the purchase or sale of any security. As it acts for public companies from time to time, BRAC-EPL may have a relationship with the above mentioned company(s). This report is intended for distribution in only those jurisdictions in which BRAC-EPL is registered and any distribution outside those jurisdictions is strictly prohibited.

Compensation of Analysts: The compensation of research analysts is intended to reflect the value of the services they provide to the clients of BRAC-EPL. As with most other employees, the compensation of research analysts is impacted by the overall profitability of the firm, which may include revenues from corporate finance activities of the firm's Corporate Finance department. However, Research analysts' compensation is not directly related to specific corporate finance transaction.

General Risk Factors: BRAC-EPL will conduct a comprehensive risk assessment for each company under coverage at the time of initiating research coverage and also revisit this assessment when subsequent update reports are published or material company events occur. Following are some general risks that can impact future operational and financial performance: (1) Industry fundamentals with respect to customer demand or product / service pricing could change expected revenues and earnings; (2) Issues relating to major competitors or market shares or new product expectations could change investor attitudes; (3) Unforeseen developments with respect to the management, financial condition or accounting policies alter the prospective valuation; or (4) Interest rates, currency or major segments of the economy could alter investor confidence and investment prospects.

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
----------------------	-------------------------------------	--	---------------

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