

*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.*

### **Current account surplus posts 45% downturn on imports**

- On the back of a sharp rise in import costs, the country's current account surplus posted a 45% downturn in just one month. The surplus in the current account balance was USD 4.32 billion in July-December, which dropped to USD 2.24 billion in the July-January period — marking the decline of more than 45%. However, the current account balance in the seven months of the previous fiscal year was not in surplus, rather in a USD 1.8-billion deficit, according to data from the central bank published Monday. It shows the current account balance surplus declined in January due to higher import costs as well as a slight decline in exports.
- The import costs in the first six months of this fiscal year were USD 25.23 billion, while it rose to USD 31.92 billion by the end of January. In other words, January alone saw USD 6.69 billion rise in import costs. While contacted, an Economist said that import costs are rising due to the soaring prices of consumer items, fuel and soybean oil in the international market. On top of this, the high growth in remittances has declined. As a result, the current account balance surplus is declining. The country's imports of consumer items, rice, wheat and raw materials used in production have increased in the July-January period. But, imports of capital machinery during the seven months has declined.
- After a drastic fall owing to the virus-led situation, oil prices are surging up in the international market with the resumption of economic activities. Meantime, foreign direct investment (FDI) still remained sluggish in the first seven months of 2020-21 fiscal year. Net FDI in July-January fell by more than 27% to USD 530 million. The economist said that more factories are going into production as the virus infection rate drops and the vaccination campaign continues. Therefore, imports of industrial raw materials and consumer items are spiraling. But, the entrepreneurs are still not willing to go for new investments as the pandemic-led uncertainty prevails. Therefore, import of capital machinery and foreign investment show a downturn, he added.

<https://tbsnews.net/economy/trade/current-account-surplus-posts-45-downturn-imports-213169>

### **Number of MFS accounts crosses 100 million in Jan**

- The number of mobile financial service accounts surpassed 100 million at the end of January with the monthly transaction through the MFS reaching BDT 572.53 million. Data showed that the number of MFS accounts increased to 100.6 million at the end of January 2021 from 99.3 million a month ago. Active subscribers of the MFS operators increased by 0.3% to 32.4 million in January from 32.3 million a month ago. The number of MFS accounts reached the milestone after posting a 29.26-per cent growth in transactions during coronavirus-hit year 2020.
- In November 2020, the central bank allowed banks and mobile financial service operators to open personal retail accounts so that the micro-traders and service providers can be brought under the digital financial ecosystem. As per BB data, 15 MFS operators backed by banks are licenced to provide mobile financial service. Though the cash-in service attainment by subscribers of MFS operators dropped by 0.8% to BDT 172.12 million in January, MFS operators' cash-out transactions increased by 2.4% to BDT 158.08 million.

<https://www.newagebd.net/article/132150/number-of-mfs-accounts-crosses-10-crore-in-jan>

### **BTRC spectrum auction sets records**

- The spectrum auction of the telecoms regulator has broken all previous records as two leading market players stayed in the bid until 81st round for a block. The Bangladesh Telecommunication Regulatory Commission (BTRC) held on Monday the auction for nine blocks-five in 1800 megahertz (MHz) and four in 2100 MHz. The bidding fight brought USD 888 million or an estimated BDT 75-billion income for the BTRC, which is the highest ever in an auction by the regulator. However, the mobile operators are to pay BDT 30 billion or 25% of the total auctioned value, including value-added tax until 2027.
- The largest operator Grameen-phone bought a total of 10.4 MHz in both bands while Banglalink procured 9.4 MHz and Robi purchased 7.6 MHz for 15 years. The bidding for the last block of 2100 MHz started at USD 29 million and ended at USD 46.75 million, breaking all records. Telecoms operators jostle for a higher frequency of airwaves to improve services and stay competitive in the race for 3G, 4G and 5G networks. The telcos bought 15.6 MHz in three blocks while the rest of the spectrum (67% of the total), remained unsold for what they said a high price.

<https://today.thefinancialexpress.com.bd/last-page/btrc-spectrum-auction-sets-records-1615225594>

<https://www.thedailystar.net/business/news/spectrum-auction-fetches-885m-govt-2057409>

<https://www.newagebd.net/article/132133/gp-robj-join-intense-bidding-for-spectrum-in-btrc-auction>

<https://www.dhakatribune.com/business/2021/03/09/grameenphone-snaps-up-most-spectrum-in-auction>

### **BSEC defers directive of execution date**

- The securities regulator has deferred the implementation of its directive regarding the highest interest rate on margin loans. As per a fresh directive, the highest interest rate on margin loan will come into effect from July 1 instead of February 1, 2021. In a directive issued on January 14, the securities regulator fixed the highest interest rate at 12% on margin loan disbursed by stock brokers. The directive said the highest spread on the cost of margin loans will be 3.0%. This interest rate was supposed to come into effect from February 1, 2021. Finally, the securities regulator on Sunday said its directive on the highest interest rate will be effective from July 1 in lieu of February 1, 2021.

<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-defers-directive-of-execution-date-1615222230>

### **Intermediaries asked to prepare action plan to minimize negative equity**

- Stockbrokers and merchant banks have been asked to prepare their action plan on how they can minimize negative equity, which did not come down in line with the recent stock market rally. Upon instructions of Bangladesh Securities and Exchange Commission (BSEC), the two bourses wrote to their member firms that disburse margin loans and the firms' money is stuck due to the bad shape of investment portfolios. According to regulatory filings by brokers and merchant banks, the total negative equity in the stock market portfolios was BDT 127.00 million at the end of June last year when DSEX, the key index of the Dhaka Stock Exchange (DSE), was below the 4,000-mark.

- The industry, at the end of December, reported a quarter-on-quarter reduction in total negative equities in investment accounts – from BDT 123.55 million at the end of September to BDT 122.50 million at the end of December – but the progress is not satisfactory, BSEC said in a letter to the bourses and the association of merchant bankers last week. BSEC wants the bourses to guide their member firms on how brokers would minimise their portion in handicapped assets.

<https://tbsnews.net/economy/stock/intermediaries-asked-prepare-action-plan-minimise-negative-equity-213106>

### **Companies must float at least 10% of paid-up capital in IPO**

- The Bangladesh Securities and Exchange Commission has moved to make it mandatory for an initial public offering intending company to float at least 10% of its paid-up capital on the stock market. BSEC officials said that the stock market regulator took the move after facing a spate of criticisms when Walton Hi Tech Industries floated only 0.93% of its total paid-up capital to raise BDT 1.00 million through an IPO. According to the draft amendments, an IPO intending company must ensure the size of public offer on the basis of post-IPO paid-up capital. The size of the public offer must be at least 30% of the paid-up capital, including the intended offer, if the size of post-IPO paid-up capital is up to BDT 750 million.

- If the post-IPO paid up capital is between BDT 750 million and BDT 1.50 billion, the IPO size must be at least 20% of the paid-up capital. If the post-IPO paid up capital crosses BDT 1.50 billion, the company must float 10% of the paid-up capital, including intended offer. The rules also allowed an IPO intending company to issue placement shares up to 15% of the size of its IPO at par value under the fixed price method or at cut-off price under the book-building method to anyone, which must be treated as part of the IPO.

- According to the draft rules, general investors would enjoy 65%, non-resident Bangladeshi 5%, eligible investors 20% and mutual funds 10% of the IPO shares under the fixed price method. Under the book building method, general investors will enjoy 65%, NRB 5% and eligible investors 30%.

<https://www.newagebd.net/article/132149/cos-must-float-at-least-10pc-of-paid-up-capital-in-ipo>

### **Golden Harvest stepping into e-commerce ring**

- Golden Harvest Agro Industries, the pioneer in Bangladesh's frozen food business, is stepping into the e-commerce sector that got a massive boost amid the pandemic. The e-commerce platform will sell food, grocery and medicine and will also provide bookings and ticketing. Golden Harvest will own 45% of the venture equivalent to BDT 50 million.

- The pandemic has been a mixed bag for us, said the managing director of Golden Agro Industries. The demand for its frozen parathas and bread shot through the roof, but its other frozen food items like nuggets, sausages, samosas, chips as well as ice cream were hardly sought after by consumers.

<https://www.dhakatribune.com/business/2021/03/09/golden-harvest-stepping-into-e-commerce-ring>

### **UCB plans to set up separate MFS subsidiary “upay”**

- With the aim to expand business in the mobile financial services (MFS) market, United Commercial Bank (UCB) is

planning to set up a separate subsidiary named "upay" replacing the existing "Ucash". upay will debut by this month and will be the second subsidiary the bank is going to set up through United Fintech Company Limited after bKash. UCB is the sole owner of upay while bKash has multiple investors. Currently, Ucash is being operated for providing MFS as a product of the bank, said a senior executive of UCB. After forming the subsidiary, the MFS platform will be a completely separate company with a separate CEO and board, he said.

- The restarting of MFS as a separate company will allow existing customers to get more services. Officials said UCB's existing MFS brand Ucash will be replaced by upay while Ucash customers will be migrated to the new platform and they will enjoy all kinds of services.

<https://tbsnews.net/economy/banking/ucb-plans-set-separate-mfs-subsiary-upay-213115>

#### World Stock and Commodities\*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$65.43	\$16.91	34.85%
Crude Oil (Brent)*	\$68.71	\$16.91	32.64%
Gold Spot*	\$1,688.18	(\$206.92)	-10.92%
DSEX	5,604.38	202.31	3.75%
S&P 500	3,821.35	65.28	1.74%
FTSE 100	6,719.13	258.61	4.00%
BSE SENSEX	50,441.07	2,689.74	5.63%
KSE-100	45,051.05	1,295.67	2.96%
CSEALL	7,318.43	544.21	8.03%

#### Exchange Rates

**USD 1 = BDT 84.80\***  
**GBP 1 = BDT 117.28\***  
**EUR 1 = BDT 100.51\***  
**INR 1 = BDT 1.16\***

*\*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	<a href="mailto:ayaz.mahmud@bracepl.com">ayaz.mahmud@bracepl.com</a>	01708 805 221
Anika Mafiz	Research Analyst	<a href="mailto:anika.mafiz@bracepl.com">anika.mafiz@bracepl.com</a>	01708 805 206
Sadman Sakib	Research Associate	<a href="mailto:sadman.sakib@bracepl.com">sadman.sakib@bracepl.com</a>	01730 727 939
Md. Rafiqul Islam	Research Associate	<a href="mailto:mrafiqulislam@bracepl.com">mrafiqulislam@bracepl.com</a>	01708 805 229
Md Mahirul Quddus	Research Associate	<a href="mailto:mmahirul.quddus@bracepl.com">mmahirul.quddus@bracepl.com</a>	01709 636 546

#### International Trade and Sales

Ahsanur Rahman Bappi	CEO	<a href="mailto:bappi@bracepl.com">bappi@bracepl.com</a>	01730 357 991
----------------------	-----	--	---------------

#### BRAC EPL Research [www.bracepl.com](http://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](mailto:research@bracepl.com)