

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 orders slump

- International buyers are following a 'go-slow' policy in placing orders with apparel suppliers in Bangladesh because of fresh lockdowns and stricter restrictions in key markets amid a rise in coronavirus infections and piling up of unsold goods amid depressed sales. Local garment suppliers say there were receiving 20% fewer work orders for the next season beginning from June. The fewer order placements are taking place mainly in small and medium enterprises as they have less production capacity and weak financial strength, and a few trade partners or buyers abroad. Moreover, the demand for deferred payment is still as severe as it was in the initial months of Covid-19 in 2020. In a few cases, it has worsened as the situation in the Western market is dire, industry insiders say.

- The third wave of infections is sweeping through Europe, which accounts for 60% of garment exports from Bangladesh. Countries such as Italy, Germany, France and UK are reinstating stricter lockdowns, and many other countries across the world are following the suit. Previously, buyers used to give at sight, a form of payment due on demand. It requires the party receiving the good or service to pay a certain sum immediately upon being presented with the bill of exchange. Buyers are now requesting a deferred payment for 180 days, sometimes even more. So, the situation has not improved in terms of payment deferment, suppliers said.

<https://www.thedailystar.net/business/news/rmq-orders-slump-2067993>

Uncertainty may curb rising card spending

- Spending through credit cards maintained an upward trend in Bangladesh in January, but bankers say the rising coronavirus infections and deepening uncertainty may discourage credit-based purchases. Total card loans stood at BDT 15.79 billion in January, the highest on record in a single month. The figure is up 1.19% from a month earlier and 16.38% year-on-year, according to the latest Bangladesh Bank data.

- Banks have taken initiatives to encourage people to spend more online on the occasion of the two biggest shopping seasons: Pahela Baishakh, the first day of the Bengali calendar, and the Eid-ul-Fitr, the biggest spending season in Bangladesh. During the fasting month and Eid festivals, clients usually use credit cards two to three times higher than in other months. The transaction may face a blow this time as witnessed during the same period last year as spending fell owing to uncertainty at the height of the pandemic in the country.

- EBL has so far issued nearly 0.17 million credit cards. People usually buy a huge number of groceries during Ramadan. Such a trend will take a hit if the deadly flu spreads more, head of card and digital banking at EBL said. The head of retail banking at Brac Bank said the lenders were still feeling comfort thanks to a hefty return from the card businesses in recent months. Transactions through credit cards during Ramadan rises nearly three times compared to the average month, he said. But this will not be possible if infections spread further. We are working on the upcoming festivals to boost transactions, he said. Brac Bank now issues 6,000 to 7,000 credit cards per month, which is higher than before.

<https://www.thedailystar.net/business/news/uncertainty-may-curb-rising-card-spending-2067981>

Export development fund being raised to USD 5.5 billion

- Bangladesh Bank has decided to increase the size of its export development fund (EDF) as it reaches out to businesses tackling slowdowns from a recent resurgence in daily Covid-19 cases, the highest since last July. The fund will come to stand at USD 5.5 billion upon the addition of USD 500 million, said a central bank official. The fund last saw a raise in April 2020 from USD 3.50 billion soon after the coronavirus was first detected in the country. The increase is expected to help exports rebound, given the fund had been depleted recently amidst immense demand for loans from the fund. In addition, the central bank is allowing "Type-B" companies of export processing zones (EPZs) to avail foreign currency loans from the fund since last week.

- Loans from the fund had to be paid back within three months from the date of disbursement but the central bank recently increased the repayment tenure to six months. The extension is due to stay in effect until June this year. The central bank earlier also brought down the interest rate on the loans. Banks now receive the fund from the central bank at 0.75% interest rate and will be allowed to charge borrowers a maximum 1.75%. The previous rate was 2%.

<https://www.thedailystar.net/business/news/export-dev-fund-being-raised-55b-2067997>

City Bank wins AsiaMoney award

- City Bank has been honoured with an international award from AsiaMoney, leading global financial publication, for its

outstanding contributions in digital banking in Bangladesh. The UK-based financial publication recently awarded City Bank as 'Best Digital Bank in Bangladesh 2021', said a statement. The bank's state-of-the-art digital banking services City Touch, 'Ekhoni instant account opening' app, smart IVR call center, WhatsApp Banking etc helped it to gain the global attention. These services bring together all the conveniences of branch banking to the screen of internet-enabled devices.

<https://today.thefinancialexpress.com.bd/stock-corporate/city-bank-wins-asiamoney-award-1616859023>
<https://www.thedailystar.net/business/news/city-bank-wins-asiamoney-award-2067889>

Brokerages asked to ensure at least BDT 20,000 stocks investment each

- The Bangladesh Securities and Exchange Commission has asked brokerage houses to ensure at least BDT 20,000 in investment by the general investors in the stock market to be eligible for participating in any initial public offering from April 1. Earlier on December 31, 2020, the BSEC at a commission meeting decided to allot IPO shares among the general investors on pro rata basis instead of IPO lottery system. It also decided that the general investors must have at least BDT 20,000 in investment in the market to be eligible for participating in any IPO. The minimum value of application by a general investor for IPO subscription must also be BDT 10,000. The new system will come into effect on April 1.
- The regulator imposed the minimum investment requirement on investors as many investors who did not have any investment on the secondary market opened many BO accounts only to win IPO lottery, the officials said. The BSEC decided to scrap the lottery system to ensure that every applicant would get shares on pro rata basis. Pro rata basis means assigning an amount to one person according to his/her share/portion of the whole. This would be calculated by dividing the investment of each applicant by the amount of oversubscription and then multiplying the resulting fraction by the total value of floating shares allotted for the retail investors. If the IPO is not oversubscribed, every applicant would get shares according to their investments.

<https://www.newagebd.net/article/133828/brokerages-asked-to-ensure-at-least-BDT-20000-stocks-investment-each>

SME entrepreneurs to get BDT 1 billion loan in current fiscal to offset pandemic-induced loss

- The SME (Small and Medium Enterprise) Foundation will provide a loan of BDT 1 billion from the government stimulus package to its entrepreneurs in the current fiscal year to offset the damage caused by the coronavirus. He added that the remaining BDT 2 billion of the incentive package will be distributed in the next financial year. There will be a regular coordination with the Bangladesh Bank to ensure smooth disbursement of these loans among the actual affected entrepreneurs through banks and financial institutions, said a press release issued on 27 March.

<https://www.tbsnews.net/economy/industry/sme-entrepreneurs-get-BDT100cr-loan-current-fiscal-offset-pandemic-induced-loss>

BB removes First Finance MD over irregularities

- Ailing non-bank financial institution First Finance's insistence on having Md. Tuhin Reza, who has a track record of irregularities behind him, as its managing director and chief executive officer is rather baffling. Despite the Bangladesh Bank rejecting the NBF's application for his appointment once on January 20, First Finance applied again on March 4. On March 15, the central bank rejected the application for the second time.
- Reza joined First Finance as additional MD in 2016. A year later, some serious allegations against him came to light. It was surprising that the NBF then re-appointed Reza as the additional MD without the BB approval, which was a direct violation of rules, said a BB probe report. When the BB asked for an explanation about the issue, the board replied to the central bank that the allegations against Reza were misleading and unproven, which was why he was re-appointed.

<https://www.dhakatribune.com/business/banks/2021/03/28/bb-removes-first-finance-md-over-irregularities>

External debt keeps on rising, reaches record level in 2020

- Country's external debt soared to a record level in 2020 due to higher government borrowing. The overall external debt in December, 2020 stood at USD 70.7 billion, nearly 16% more than that of March last year, according to central bank statistics. Economists said the foreign loans increased due to the financing of mega projects, sluggish economic activities, poor revenue collection and the government's Covid-related spending. They, however, suggested proper utilisation of the borrowed funds to avert the risks of defaulting on debt repayment. Inability to repay foreign loans would affect the country's credit rating, they added.

- Of the total foreign debt, the public sector's share rose to USD 52.2 billion in December last from USD 44.8 billion in March, 2020. However, most of the public sector external borrowing are long-term in nature. The private sector external debt in December last surged to USD 14.8 billion, up by over 12% from March last year. Buyers' credit led in

the external borrowing.

- The executive director at the Policy Research Institute of Bangladesh (PRI) said that this (debt) is still low in terms of the GDP. But Bangladesh's resources are limited to meet the growing debt servicing requirement. He said that a large part of the debt was due to spending on mega projects that are being implemented across the country. Many big projects are being financed through the external debt, aggravating the situation, he added. The majority of big projects now under construction will have no financial returns. So, the debt will increase further, said the economist. Another economist said the debt surged in 2020 due to the Covid-19. Bangladesh in 2020 received around USD 2.0 billion from the International Monetary Fund (IMF) and other multilateral development partners, he said.

<https://today.thefinancialexpress.com.bd/last-page/external-debt-keeps-on-rising-reaches-record-level-in-2020-1616778157>

Government allows subcontracting in textile sector

- Spinning and weaving companies, that have higher export demand than their production capacity, will be able to manufacture goods at other companies on a subcontracting basis and export them as their own goods. The Ministry of Commerce recently introduced this facility because some large companies have a huge volume of export orders, while some medium and small companies do not have enough orders to utilise their capacity and sustain themselves. The secretary of the Bangladesh Textile Mills Association (BTMA) said that as a result of this decision, the mills in the spinning and weaving sector that do not have any orders will get work, while the country's exports will increase.

- The textile sector is playing a major role as a deemed exporter by supplying yarn and cloth to the garment industry – the country's main export sector. Additionally, the sector is also playing a big role in meeting the textile demand of the local people. According to the BTMA, the investment in the textile industry is around BDT 700 billion. The sector's contribution to the country's GDP is about 13%. It ensures supply of about 90% of the country's knitwear and about 40% of the raw material for woven garments. The number of BTMA member factories is 1,488. Of these, 433 are yarn manufacturing mills, 809 are fabric manufacturing mills and 246 are dyeing, printing and finishing mills.

<https://www.tbsnews.net/economy/rmg/govt-allows-subcontracting-textile-sector-222586>

BB fixes new commission for shipping agents

- The Bangladesh Bank has fixed a new commission for shipping agents for import and export in a bid to save foreign currency. The new commission rate will take effect on 1 April this year. In case of export, the commission would be the same as before. However, in case of import, the commission rate has been fixed in two phases at 2.5% and 5%, instead of earlier 2%. A BB senior official said the central bank had revised the policy in line with the stockholders' opinions. It will help reduce the cost of doing business in Bangladesh, the central banker noted.

<https://today.thefinancialexpress.com.bd/stock-corporate/bb-revises-agency-commission-policy-1616768836>

<https://www.tbsnews.net/economy/trade/bb-fixes-new-commission-shipment-agents-222124>

<https://www.newagebd.net/article/133680/shipping-agents-to-get-higher-commission>

Bangladesh out of India's vaccine export ban

- Bangladesh will remain out of the purview of India's export ban on the Oxford-AstraZeneca vaccine and will get supplies as per demand whenever necessary, said the prime minister's private industry and investment adviser. India on Wednesday night announced a temporary halt to all exports of the Oxford vaccine made by Serum to meet domestic demand as infections have surged.

- Directorate General of Health Services (DGHS) Director General (DG) said that they hope there will be no problem in continuing the first dose. But they need to keep enough vaccines in stock for the second dose. Giving the second dose of vaccine is scheduled to start from 8 April. The previous plan was to continue giving the second dose as well as the first dose simultaneously.

- Bangladesh has already administered over 5.1 million doses, out of 9.0 million, till date. The DG health further said that the Indian Prime Minister will bring 1.2 million doses of vaccine as a gift tomorrow during his Dhaka visit. A special flight from India's Mumbai carrying the vaccines is expected to land at the Hazrat Shahjalal International Airport on 26 March. As per a deal with India's Serum Institute and Beximco, the Bangladesh government was supposed to get 5.0 million doses of the Oxford-AstraZeneca vaccine every month. Bangladesh has received two shipments of 7.0 million doses so far. Apart from that, a consignment of 2.0 million doses as gifted from India reached Dhaka on 21 January.

<https://www.tbsnews.net/coronavirus-chronicle/covid-19-bangladesh/bangladesh-out-indias-vaccine-export-ban-222190>

Daunting challenges ahead for Bangladesh

- Bangladesh needs to improve infrastructure and standard of education, equip the youth population with market-oriented skills and uproot corruption to become a high-income country, experts say. Once a byword for disasters, Bangladesh is now a development role model. And experts believe it needs to step up the efforts to transform the economy as Bangladesh today celebrates its 50 years of independence.
- We will have to help the private sector expand further, give it more space and attract more foreign investment, said the executive director of the Policy Research Institute of Bangladesh. The problem facing investors in securing land could be sorted as the government has moved to set up 100 economic zones. Bangladesh has made major strides in electricity generation in the last decade. The government is set to bring 100% of the population under power coverage. But a credible supply of electricity is still a far cry. We will not be able to attain Sustainable Development Goals with this low level of tax to GDP ratio, he said. At less than 10%, Bangladesh has one of the lowest tax-to-GDP ratios in the world.
- A former finance adviser of a caretaker government said Bangladesh needed to diversify exports in terms of products and markets. Today, 85% of export earnings come from garment shipment. And the income is concentrated in a few markets such as the United States and the European Union. Diversification is also needed in the case of remittance, which is a key pillar of the economy. The country mainly sends unskilled and semi-skilled workers abroad, so their salaries are low. If we can develop their skills and send them abroad, our remittance earnings will go up, he said.

<https://www.thedailystar.net/business/news/daunting-challenges-ahead-2066945>

Macroeconomic performances of Bangladesh over the past 50 years

- This is a proud moment for a nation, which was once termed as a development "basket case" has now emerged as a "development surprise" at its 50 with particular progress in per capita income as well as social and development sectors. The per capita income in 2020 has surpassed India with impressive economic growth of over 7% in the decade. Poverty has halved now from around 50% in 2000. It has achieved lower middle-income country status in 2015 and the UN has confirmed Bangladesh's graduation from LDC status in 2021 to be effective from 2026. The impressive economic performance of Bangladesh, however, has been achieved despite various struggles, such as devastating floods, famines, cyclones, coups, political unrests that have also influenced the diffusion of economic policies and reforms.
- The growth of GDP, which averaged 3.7% annually during the 1980s, increased to 4.4% in the first half of the 1990s, and further to 5.2% in the second half of the 1990s. During the 2000s, the country achieved impressive economic growth, about 6% on average, and in the 2010s the growth rate was even higher. The recent higher growth episodes after 2010 point to a structural break given the fact that the share of remittance and RMG export has been on a declining trend. A higher degree of public investments in this decade in various mega infrastructure projects, as well as a widespread digital transformation under the Digital Bangladesh programme can be thought to be the drivers that have uplifted the economy from the low-growth trap of 2000s.

<https://www.thedailystar.net/business/news/macroeconomic-performances-bangladesh-over-the-past-50yrs-2066897>

Desh General Insurance share debut Mar 29

- Desh General Insurance will make its shares trading debut on March 29 on the Dhaka Stock Exchange (DSE) and the Chittagong Stock Exchange (CSE) under "N" category. The DSE trading code for the non-life insurer is "DGIC" and the DSE company code is 25,750 while the CSE scrip ID is 11,042 and scrip code is "DGIC", according to filing with the bourses on Thursday. Desh General Insurance, which raised BDT 160 million by issuing 16 million ordinary shares at face value of BDT 10 each under the fixed-price method, received approval from the Bangladesh Securities and Exchange Commission (BSEC) on December 2, 2020.

<https://www.tbsnews.net/economy/stock/desh-general-insurance-make-debut-bourses-monday-222154>
<https://today.thefinancialexpress.com.bd/stock-corporate/desh-gen-ins-share-debut-mar-29-1616691890>

Draft prospectus of two open-ended funds approved

- The Bangladesh Securities and Exchange Commission (BSEC) on Thursday approved the draft prospectus of two open-ended funds with a target of BDT 200 million. The funds are Joytun First Unit Fund and LankaBangla Gratuity Wealth Builder Fund. The target of the LankaBangla gratuity Wealth Builder Fund is BDT 100 million, of which Lanka Bangla Finance Limited Employees Gratuity Fund Trust, as an entrepreneur, will provide BDT 20 million. The remaining BDT 80 million will be open to general investors. The price of each unit of the fund will be BDT10.
- The target of Joytun First Unit Fund is BDT 100 million, of which Joytun Asset Management will provide BDT 30 million as the entrepreneur. The remaining BDT 70 million will be open to general investors. The unit price of the fund will be BDT10.

<https://www.tbsnews.net/economy/stock/draft-prospectus-two-open-ended-funds-approved-222160>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$60.97	\$12.45	25.66%
Crude Oil (Brent)*	\$64.57	\$12.77	24.65%
Gold Spot*	\$1,732.52	(\$162.58)	-8.58%
DSEX	5,327.21	(74.86)	-1.39%
S&P 500	3,974.54	218.47	5.82%
FTSE 100	6,740.59	280.07	4.34%
BSE SENSEX	49,008.50	1,257.17	2.63%
KSE-100	45,521.63	1,766.25	4.04%
CSEALL	7,097.39	323.17	4.77%

Exchange Rates

USD 1 = BDT 84.73*
GBP 1 = BDT 116.84*
EUR 1 = BDT 99.77*
INR 1 = BDT 1.17*

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

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