

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.

Imports drop by over 10% in April

- Bangladesh's overall imports dropped by more than 10% or USD 509.03 million in April last mainly due to the second wave of the Covid-19 pandemic, bankers said. Settlement of letters of credit (LCs), generally known as actual import, in terms of value, came down to USD 4.36 billion in April from USD 4.86 billion a month ago, according to the central bank's latest statistics. It was USD 4.23 billion in February 2021. On the other hand, opening of LCs, generally known as import orders, fell by nearly 14% or USD 801.02 million to USD 5.02 billion in April from USD 5.82 billion a month before. It was USD 3.94 billion in February 2021.
- Our non-funded earnings from the foreign trade covering both export and import dropped significantly in the month of April mainly due to the second wave of the pandemic, an employee of a leading private commercial bank said. The private banker also said that most of the businessmen started to expand their business activities in February that continued until the middle of March because of lower coronavirus infection in Bangladesh. A central bank official said that the overall import dropped slightly in April because of the second wave of the pandemic.

<https://today.thefinancialexpress.com.bd/first-page/imports-drop-by-over-10pc-in-april-1622049867>

Bangladesh becomes a lender for first time

- The Bangladesh Bank is going to provide a USD 200 million loan to debt-ridden Sri Lanka from the foreign exchange reserve, deviating from its internal treasury investment guideline as the borrowing country does not comply with the standard rating requirement for receiving such an investment. This is the first time that the central bank is going to make such an investment in a country through a currency swap deal. The board of the Bangladesh Bank recently approved the agreement under special consideration in response to a request for liquidity support from Sri Lanka.
- The central bank made the investment decision at a time when Sri Lanka is at risk of defaulting according to global rating agencies. The internal treasury investment guideline says the Bangladesh Bank can invest its foreign exchange reserve in high-rated bills and bonds of different countries like the US treasury bills. Global rating agency S&P cut Sri Lanka's long-term foreign currency credit rating to CCC+ from B- for 2020, which exposed the risk of default for the island nation. Sri Lanka's credit score is now the same as the one assigned to Argentina, Mozambique, and Belize.
- Another global rating agency Moody's, which the Bangladesh Bank mostly considers in case of making investments, also downgraded the Sri Lankan government's long-term foreign currency issuer and senior unsecured ratings to Caa1 from B2 in September last year. Under the swap deal, the Bangladesh Bank will provide the fund at 2% interest, which is higher than other current global rates. The deal will be for one year during which the fund will be provided. After getting the fund, Sri Lanka will have to repay it by three months.

<https://www.tbsnews.net/economy/bangladesh-becomes-lender-first-time-250924>

<https://www.dhakatribune.com/business/banks/2021/05/26/bangladesh-s-forex-reserves-to-sri-lanka-s-rescue>

Current account surplus drops in March as imports surge

- The country's imports were rising as economic activities continued to be normal over a few months before the onset of the second wave of coronavirus. Consequently, the surplus in the current account balance started to decrease and in March, the surplus dropped sharply on the back of imports of rice and industrial raw materials. In the July-March period of the current fiscal year, the current account surplus has dropped to just USD 125 million, from USD 1.36 billion in the July-February period. In February, the surplus dropped by USD 652 million. During the July-March period, imports increased by 6% to USD 42.76 billion, compared to the same period in the last fiscal year.
- The government's spending on increasing rice imports to enhance food stocks has played a role in increasing imports. In addition, imports of intermediate raw materials used in industrial production, including crude oil, have also increased significantly. In the first nine months of the current fiscal year, the government has spent about USD 2 billion on rice imports, 41% up from the same period in the last fiscal year. At the same time, consumer goods imports rose 4.39% to USD 2.86 billion. Imports of cement clinker among industrial raw materials have declined.

<https://www.tbsnews.net/economy/trade/current-account-surplus-drops-march-imports-surge-248557>

Amount of MFS transaction rises to BDT 596.42 billion in March

- The amount of transactions through mobile financial services rose by 49.91% or BDT 198.57 billion year-on-year in March. In March 2021, the amount of MFS-based transactions reached BDT 596.42 billion from BDT 397.85 billion in the same month of 2020, showed the latest Bangladesh Bank data. The growth in transactions through MFS in March

was higher than the growth in the previous two months. The year-on-year growth in transactions through MFS in January and February was 35.99% and 33.2% respectively.

- The amount of transactions in March was the second highest after the BDT 629.99 billion in transaction value in July 2020 when the government made salary disbursements through MFS mandatory for the export-oriented industries a must for receiving stimulus fund from the government. The export-oriented industries received over BDT 105.00 billion in stimulus fund at the cost of 2% interest to pay salaries of their workers after the onset of Covid outbreak on March 8, 2020. Apart from the stimulus fund disbursement, the MFS has been attracting additional public attention gradually as MFS operators are coming up with new services and offers, officials of MFS operators said.

- With a new multinational telecom operator in association with Trust Bank set to launch its MFS service in the country, the existing active MFS operators are trying to strengthen their market grip with attractive offers and services. However, the customers acquired by the MFS operators in March dropped sharply compared with the number of customers acquired by the MFS operators in recent months. With the acquisition of 427,000 new customers in March, the total number of MFS users rose to 102.8 billion. The acquisition of customers in March 2021 was the lowest after August 2019 when the MFS operators added 494,000 customers.

<https://www.newagebd.net/article/138894/amount-of-mfs-transaction-rises-to-BDT-59642cr-in-march>

MFS interoperability by December

- People will be able to transfer funds from their mobile wallets to other accounts belonging to another carrier and banks by December in a development that would give the mobile financial service (MFS) industry a massive boost. Bangladesh Bank has already completed the necessary tasks to ensure interoperability of the service, which was rolled out in 2011. Interoperability refers to the basic ability of different computerised products or systems to readily connect and exchange information with one another, in either implementation or access, without restriction. The upcoming system will allow clients to transfer funds from banks to MFS providers and vice versa.

- The number of registered accounts with MFS providers spurted to 102.7 million at the end of March this year. Transactions rose 50% year-on-year to BDT 596.42 billion. The interoperability will eliminate the charging of fees for sending money. As a result, users will not count any fee in transferring funds within the same carrier and from one carrier to another. A former central bank governor, welcomed the move, saying interoperability would positively impact the entire financial sector. The managing director of Dutch-Bangla Bank, which pioneered MFS in Bangladesh, said MFS would be more convenient for users when the central bank made the service interoperable.

<https://www.thedailystar.net/business/news/mfs-interoperability-december-2099629>

Government's net borrowing target likely at BDT 320 billion

- The government is set to enhance, by over 50%, the net borrowing target from National Savings Schemes to BDT 320 billion in the new fiscal year, up from the current fiscal's BDT 200 billion, sources said. In the new budget for the fiscal year 2021-22, the government is lowering dependence on bank borrowing, while enhancing borrowing from savings instruments and foreign sources for nearly 6.2% deficit financing. Earlier this month, the government revised the net borrowing target for the outgoing fiscal year at BDT 300 billion from the original BDT 200 billion after a massive spike in sales of savings instruments.

- Officials said that the government had launched the online database system for selling the savings instruments in February 2020 and later implemented this countrywide in July last year. Following making some documents mandatory for buying the savings instruments, the sale of the certificates faced a blow at the preliminary stage. However, the savers got accustomed to the new system in the meantime and the sales picked up.

- Due to the upward trend in sales of the instruments, the government, while revising the budget for the current fiscal year, set the new target of net borrowing at BDT 300 billion. A finance ministry official said that the selling of savings instruments is now monitored online to avert any misuse of the facility and to ensure that the benefit goes to the targeted people.

<https://today.thefinancialexpress.com.bd/public/last-page/govts-net-borrowing-target-likely-at-BDT-320-billion-1621962006>

Foreign aid pledge up 40.42% in July-April of FY21

- Aid commitment from development partners increased by 40.42% in the first 10 months of the current financial year compared to the same period of the previous fiscal year. But disbursements did not increase much during this period compared to the same period of the last fiscal year. USD 5,275.43 million was pledged by development partners between July and April of the fiscal year 2020-21. Of this, 88.75% was pledged as loans and the rest was grants. During the same period of the previous fiscal year, development partners committed USD 3,756.94 million.

- On the other hand, USD 4,819.66 million was disbursed in foreign aid till April, which was almost the same amount disbursed during the same period of the previous fiscal year (USD 4,819.47 million). The financial year of development partners depends on project implementations. If implementation is fast, so is disbursement. Officials said that aid commitment had been increasing since the previous financial year primarily due to budget allocations announced by development partners during the ongoing pandemic.

<https://www.tbsnews.net/economy/foreign-aid-pledge-4042-july-april-fy21-250936>

BSEC, insurers to explore ways of covering risks

- A move is underway to cover the risks associated with fixed-income financial instruments being approved by the securities regulator. The Bangladesh Securities and Exchange Commission (BSEC) has approved a number of bonds, including perpetual bonds, and preference shares in favour of corporate houses. They have approved bonds worth BDT 450 billion over the last five years, a BSEC official said. Many non-governmental organisations (NGOs) also raised such funds upon approval by the regulator. The BSEC approved a fund worth BDT . 13.5 billion for BRAC, a leading global non-government organisation, he said. But the bonds and such other types of instruments are considered not secured, he added.

- Officials said that the subordinate or junior bonds are the examples of such market where the investors do not have the priority to get the money back in case of liquidation of a company. The companies or NGOs, which raise such funds under the fixed-income mechanism, may default and, under such circumstances, the investors might face financial losses, they explained. The insurance products usually protect the interest of investors in cases when the borrowers default. Meanwhile, the insurance regulator has undertaken a move to find appropriate insurance products to protect the interest of the investors.

- BSEC spokesperson said that a mechanism would be proposed at the meeting that the issuer of any instrument will pay the insurance premium and in case of any default on its part, the relevant insurance companies will settle the claims on its behalf. The managing director at the SBC said that he thinks such funds need to be secured with insurance coverage. He said that providing risk coverage for the bonds will help spur the bond market in the country as many will show interest in the instruments.

<https://today.thefinancialexpress.com.bd/public/first-page/bsec-insurers-to-explore-ways-of-covering-risks-1621961482>

Investment in BEXIMCO Debentures - Institutional investors' dues paid: trustee

- The Investment Corporation of Bangladesh, trustee of the three debentures issued by the Bangladesh Export Import Company Limited, has declared that no institutional investor, including the ICB, has claims on debentures against their investments as BEXIMCO has cleared all of their dues. The trustee has recently issued a certificate regarding the matter. The trustee also said that documents and charge documents mortgaged by BEXIMCO are also in the process of being release. The debentures — Beximco Textiles Limited, Beximco Denims Limited and Beximco Synthetics Limited — were issued in 1994 and had fund sizes of BDT 240 million, BDT 300 million and BDT 375 million respectively.

- Earlier on April 29, 2021, BEXIMCO wrote to the ICB informing it that the company had already adjusted all of its debenture liabilities and requested the trustee to issue a 'no due certificate' against its debenture liabilities. It also requested the trustee to release all charge documents, along with personal guarantees, mortgaged assets and vacant charges with the Registrar of Joint Stock Companies and Firms. On Monday, the trustee of the debentures issued a notice saying that BEXIMCO had taken the necessary steps to settle the investor liabilities of its three debentures.

<https://www.newagebd.net/article/138893/institutional-investors-dues-paid-trustee>

Nialco Alloys oversubscribed by 17.91 times

- The first SME of stock market Nialco Alloys has received a subscription of BDT 1.34 billion against the shares worth BDT 75 million offered for the qualified investors. As a result, the Nialco Alloys's issue is oversubscribed by 17.91 times. According to issue manager, a total of 309 eligible investors took part in the subscription of the Nialco's qualified investors offer (QIO). According to the prospectus, the company's net proceeds will be used for developing land, purchasing machinery and catering the QIO expenses. Nialco Alloys has reported the EPS (earnings per share) of BDT 0.91 and NAV (without revaluation reserve) of BDT 12.43 for the year ended on September 30, 2020.

<https://today.thefinancialexpress.com.bd/public/stock-corporate/nialco-alloys-oversubscribed-by-1791-times-1621957864>

<https://www.dhakatribune.com/business/stock/2021/05/25/bangladesh-s-first-sme-ipo-s-rakes-in-134c-against-7-5c-demand>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$65.80	\$17.28	35.61%
Crude Oil (Brent)*	\$68.43	\$16.63	32.10%
Gold Spot*	\$1,895.33	\$0.23	0.01%
DSEX	5,884.79	482.72	8.94%
S&P 500	4,195.99	439.92	11.71%
FTSE 100	7,026.93	566.41	8.77%
BSE SENSEX	51,017.52	3,266.19	6.84%
KSE-100	46,812.31	3,056.93	6.99%
CSEALL	7,278.24	504.02	7.44%

Exchange Rates

USD 1 = BDT 84.79*

GBP 1 = BDT 119.61*

EUR 1 = BDT 103.34*

INR 1 = BDT 1.17*

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

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