

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.

Mighty taka puts Bangladesh Bank in a bind

- For exporters desperately trying to keep up the latest robust run of merchandise sales abroad and cement the recovery from the coronavirus pandemic, an old problem has raised its head: a rising taka against a falling US dollar. The situation has prompted the experts to call on the central bank and the government to take initiatives to shield exporters from the appreciating trend of the local currency. Although the export volume has increased in recent months defying the uncertainty stemming from the ongoing economic slowdown, exporters are still facing hurdles due to the relatively higher exchange rate of the taka against its peers.
- As part of its efforts to halt the appreciation of the taka, the central bank has started purchasing the dollar from banks soon after the recession hit the country. Between July 1 and October 4, the Bangladesh Bank bought the dollar worth USD 2.62 billion, up 200% from the last fiscal year. Still, the interbank exchange rate fell slightly to BDT 84.80 per USD in contrast to BDT 84.95 on March 25, a day before the country declared the countrywide lockdown to contain the coronavirus pandemic. The central bank, however, has managed a bit of success in stemming the massive appreciation of the local currency by intervening in the foreign exchange market.
- The inter-bank exchange rate has been hovering between at BDT 84.80 and BDT 84.90 since July. Had the central bank not intervened in the foreign exchange market, the local currency would have risen to a great extent. But this is not good enough given the exchange rate in other countries. For instance, the Indian rupee was at 73.26 per dollar on October 5, up from 71.37 on January 1, according to data from the Reserve Bank of India. The Bangladesh Bank will face a challenge to depreciate the local currency in the next couple of months given the ongoing global economic situation, said the managing director of Mutual Trust Bank.

<https://www.thedailystar.net/business/news/mighty-taka-puts-bb-bind-1974345>

Mobile phone subscribers nearly back to pre-pandemic level

- The number of mobile phone subscribers in Bangladesh almost returned to the pre-Covid-19 level in August, signalling the strengthening of the economic recovery underway from the devastating crisis. The number of mobile phone subscribers stood at 166.0 million in August which is almost close to the February level when it was 166.1 million. August's figure is also the highest among that of the last six months and 2.12% up from that of the same month a year ago.
- Grameenphone, the largest mobile phone operator in the country, had 77 million mobile phone subscribers as of August, up 1.45% from 75.9 million in February and 1.85% from 75.6 million in August last year. Second-placed Robi Axiata had 49.8 million subscribers in August, which was 0.40% higher from 49.6 million in February and 4.18% higher from 47.8 million in August in 2019. Banglalink and state-run Teletalk are yet to fully recoup from the pandemic's detrimental effects.
- Since the lifting of the nationwide shutdown, life has started returning to normalcy. As a result, economic activities have resumed gradually, said the chief corporate and regulatory affairs officer of Banglalink. The industry is also trying to cope with the situation, which is a good sign. They are still assessing the effects of the pandemic and trying to provide customers with the digital facilities that can truly cater to their needs under the existing circumstances.

<https://www.thedailystar.net/business/news/mobile-phone-subscribers-nearly-back-pre-pandemic-level-1974329>

Government debts to scheduled banks rise, to Bangladesh Bank (BB) drop

- The government's borrowing from the country's scheduled banks grew by BDT 263.03 billion in July-September of this fiscal year of 2020-21 but it repaid the Bangladesh Bank BDT 232.70 billion in the three months. So, the net borrowing of the government from the banking system came down to BDT 30.32 billion in July-September of FY21 against BDT 266.56 billion in the same period in FY20.
- The government's borrowing from the BB dropped to BDT 210.83 billion at the end of September from BDT 443.53 billion three months ago but its borrowing from the scheduled banks increased to BDT 1.59 trillion from BDT 1.33 trillion. Bangladesh Bank officials said that the government's net borrowing from the banking system dropped due mainly to an increase in sales of national savings certificates and improvement in revenue collection situation. A Bangladesh official further added that, the government's payment to the central bank against its debts would lower the money circulation on the market.

<https://www.newagebd.net/article/118386/govt-debts-to-scheduled-banks-rise-to-bb-drop>

Ministry sits with banks Thursday over dismal small loan disbursement

- Nine private and foreign banks – which are supposed to loan BDT 1.80 billion – have not yet begun disbursements from the BDT 200.00 billion stimulus package announced for the pandemic-affected cottage, micro, small and medium enterprise (CMSME) sector. As of 15 September, Brac Bank has disbursed only BDT 929.0 million against its target of BDT 11.00 billion; First Security Bank distributed only BDT 4.0 million against BDT 3.00 billion, and Southeast disbursed BDT 322.2 million out of its target of BDT 10.00 billion. The performance of the state-owned banks appears to be worse as they have given only BDT 83.7 million out of BDT 10.37 billion to 21 entrepreneurs, which is 0.81% of the target.
- In the last five months, 22 out of 56 local and foreign banks have disbursed only 10% of their targets while 22 others could distribute less than 5% of their targeted amounts. Moreover, till September 15, all the banks could distribute only BDT 33.30 billion from the BDT 200.00 billion bailout package, which is 16.65% of the total fund. Some 14,302 out of over 20.0 million CMSME enterprises have so far have got loans – the rate is 0.07%.

<https://tbsnews.net/economy/banking/ministry-sits-banks-today-over-dismal-small-loan-disbursement-142528>

Government releases BDT 2.14 billion for jute mill's pay arrears

- The government has released BDT 2.14 billion as operating loan to pay workers' arrears of closed state-owned Platinum Jubilee Jute Mills Ltd, officials said. They further added that, 50% of total arrears of mill's workers will be paid to their respective bank accounts while the rest of 50% through 3-monthly profit-bearing Sanchayapatra.
- There were a total of 3,836 permanent workers in the state-owned jute mill which was shut down recently. Of them, 3,800 workers will get their dues from loan while 36 others will get their arrears as per the merit of case results.

<https://today.thefinancialexpress.com.bd/first-page/govt-releases-BDT-214b-for-jute-mills-pay-arrears-1602093320>

Japanese companies eye business expansion

- Around 50 Japanese companies are expected to arrive in Bangladesh every year with their investment plan, Country Representative of Japan External Trade Organisation (JETRO) said. 70% of Japanese companies surveyed by JETRO under its annual programme last year showed interest in expanding investment in Bangladesh. The rate is the highest among other countries surveyed. He, however, said there exists scope of relocating businesses in Bangladesh from China, but ASEAN countries are getting priority in this case.

<https://today.thefinancialexpress.com.bd/first-page/japanese-cos-eye-business-expansion-1602093043>

Metro Spinning directors to buy shares to ensure 30% holding

- Two sponsor directors of Metro Spinning Limited, a sister concern of Maksons Group, will buy shares of the company to comply with the 30% shareholding rules. As per the DSE data, the board of directors jointly hold 26.20% shares of the company. So, the two directors will buy 3.88% shares to meet the 30% shareholding criterion, according to the Dhaka Stock Exchange (DSE) website. Sponsor directors, Mohammad Ali Khokon, also managing director of Metro Spinning, and Laila Ali will buy 1.16 million and 1.23 million shares of the company respectively at the prevailing market price through the DSE by October 29, 2020.
- As per a directive from the Bangladesh Securities and Exchange Commission (BSEC), sponsors or promoters and directors must jointly hold a minimum 30% shares of the paid-up capital of a company at all times. The directors decided to buy the shares after a warning issued by the BSEC chief. He also warned that no concessions would be made in this regard.

<https://tbsnews.net/economy/stock/metro-spinning-directors-buy-shares-ensure-30-holding-142447>

Securities regulator to investigate Aman Feed's financial statements

- The Bangladesh Securities and Exchange Commission (BSEC) recently decided to form an inquiry committee to investigate the financial position of Aman Feed Limited. That committee will verify all the information in Aman Feed's audited financial statements from 2015 to 2020 as per International Accounting Standards and International Financial Reporting Standards. Sources at the regulator said the commission has decided to form a committee very soon to examine if there are any irregularities in the company's financial statements.
- The committee will also examine the issue of AB Bank's loan to the company. In September, the AB Bank arranged an auction for the sale of the company's land and factory. After that, Aman Feed secured a stay order from the High Court, which ordered the company to pay BDT 600 million to AB Bank by December 2020. Previously, on 8 August, 2020 the AB Bank Limited issued a notice through a newspaper regarding the auction of Aman Feed's land. According to the notification, Aman Feed owed around BDT 2.68 billion, including loans and interest, to AB Bank till 31 July this

year.

<https://tbsnews.net/economy/stock/securities-regulator-investigate-aman-feeds-financial-statements-142444>

Associated Oxygen to allot 15 million shares among successful applicants

- Associated Oxygen will allocate 15 million ordinary shares among the successful applicants as the company held IPO lottery draw on Wednesday. Earlier on July 16, the stock market regulator - Bangladesh Securities and Exchange Commission (BSEC)- approved the company's proposal to raise BDT 150 million from the capital market through initial public offering. BD Finance Capital Holdings Ltd is working as the issue manager of the company's IPO process. The company supplies oxygen and nitrogen in liquid and gaseous forms to industries and hospitals through its own sales network.

<https://today.thefinancialexpress.com.bd/stock-corporate/associated-oxygen-to-allot-15m-shares-among-successful-applicants-1602087659>

The Bangladesh Securities and Exchange fines Prime Islami Life Insurance Limited's sponsor Sabiha BDT 40 million

- The Bangladesh Securities and Exchange Commission on Wednesday fined Prime Islami Life Insurance Limited's sponsor Sabiha Khaleque BDT 40 million for breaching insider trading rules. The stock market regulator found that Sabiha sold off shares during prohibition and without any prior declaration breaching provision 4(2), BSEC (prohibition of insider trading) Rules, 1995. The regulator also fined all directors of Quasem Silk Mills Limited and Quasem Textile Mills Limited BDT 0.1 million each for breaching securities rules.

<https://www.thedailystar.net/business/news/bsec-fines-directors-listed-firms-bending-rules-1974285>

<https://www.newagebd.net/article/118392/bsec-fines-piilils-sponsor-sabiha-BDT-4cr>

<https://www.dhakatribune.com/business/stock/2020/10/07/bsec-slaps-4c-fine-on-prime-islami-life-sponsor>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$40.01	(\$21.62)	-35.08%
Crude Oil (Brent)*	\$42.12	(\$26.32)	-38.46%
Gold Spot*	\$1,886.48	\$365.01	23.99%
DSEX	4,934.47	481.54	10.81%
S&P 500	3,419.45	188.67	5.84%
FTSE 100	5,946.25	(1,640.80)	-21.63%
BSE SENSEX	39,878.95	(1,763.19)	-4.23%
KSE-100	39,849.96	(885.12)	-2.17%
CSEALL	5,553.22	(575.99)	-9.40%

Exchange Rates

USD 1 = BDT 84.76*

GBP 1 = BDT 109.62*

EUR 1 = BDT 99.77*

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	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	CEO (Acting)	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