

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.

Private sector credit growth increases, but too slowly

- Even though banks are offering loans at cheap rates amid huge excess liquidity, private sector credit growth is rebounding too slowly as investors are still sticking to survival strategies instead of going for expansions after the reopening of the economy. The provisional data of the Bangladesh Bank shows that credit flow growth to the private sector improved slightly - 9.48% in September this year vs 9.36% in the previous month - but the growth rate is far below the monetary target of 14.8% set by the central bank for this fiscal year.
- In July, the credit flow started to increase as banks started to implement government-announced stimulus packages. However, the demand for credits still remained low, taking excess liquidity to a record high of BDT 1.70 trillion in August. It will be challenging to achieve the expected credit growth this year as businesses are still struggling to survive, said a senior executive of a private bank.

<https://tbsnews.net/economy/banking/private-sector-credit-growth-increases-too-slowly-149701>

Government's bank borrowing dips amid slow spending

- The government's bank borrowing plunged 90% to BDT 30.33 billion in the first quarter of the fiscal year because of the slower development activities and lower than expected spending on subsidies and paddy and rice procurement. The figure was BDT 279.51 billion in the July-September period a year ago, Bangladesh Bank data showed. Higher sales of savings instruments, lower disbursement of funds from the annual development programme and the subsidy budget and the lower purchase of rice in the last boro season largely contributed to the drastic fall in the government's borrowing from the banking sector.
- The commercial banks are sitting on huge liquidity amid depressed demand for loans caused by the slowdown in economic activity, allowing the government to borrow at a far lower rate. Additional liquidity in the banking sector stood at BDT 1.61 billion as of August, bringing down the call money rate. The weighted average call money rate, the rate at which banks lend other lenders, fell to 2.70% on October 14, down 41.43% from 4.61% on the same day a year ago, BB data showed.

<https://www.thedailystar.net/business/news/govts-bank-borrowing-dips-amid-slow-spending-1984417>

Yields on treasury bills drop further

- The yields on two types of Treasury Bills (T-bills) dropped further on Sunday as banks preferred to invest their excess funds in the risk-free government securities. The cut-off yield, generally known as interest rate, on 91-day T-bills came down to 0.84% on the day from 0.94% of the previous auction held on October 18. On the other hand, the yield on 182-day T-bills also fell to 1.35% on the day from 2.00% earlier, according to the auction results.
- The falling trend in yields on T-bills and bonds may continue until mop up the excess liquidity from the market by the central bank using its monetary instruments, according to market operators. The overall excess liquidity with the commercial banks hit an all-time high of around BDT 1.60 trillion in August 2020 from BDT 1.41 trillion a month before. The demand for such securities has increased gradually mainly due to lower interest rates on call money in the inter-bank market along with inter-bank repo, they explained.

<https://today.thefinancialexpress.com.bd/last-page/yields-on-treasury-bills-drop-further-1603647648>

Bangladesh Bank favors bond issuance by market intermediaries

- The central bank has suggested that the securities regulator allow stock market intermediaries to issue bonds for improving the inflow of liquidity in the country's capital market. At the meeting, the BB said that there was scope to improve the liquidity situation of the market intermediaries if the BSEC allowed them to issue bonds by solving the negative equity issue of the business entities. Under the existing policy of BSEC, brokerage houses or merchant banks were not allowed to issue bonds. The central bank also expressed its positive views about formation of a special fund for the capital market operators having negative equity created due to disbursement of margin loans.

<https://today.thefinancialexpress.com.bd/first-page/bb-favours-bond-issuance-by-market-intermediaries-1603646723>

Square Pharma plans BDT 2.5 billion expansion

- Square Pharmaceuticals is planning to invest BDT 2.50 billion to expand its business in the face of rising demand for drugs. The drug maker at a board meeting decided to utilise the fund for balancing, modernisation, rehabilitation and

expansion (BMRE) and to purchase machineries and lands.

<https://www.thedailystar.net/business/news/square-pharma-plans-BDT-250cr-expansion-1984413>

Dutch Bangla Bank to issue BDT 5 billion bond

• The Dutch Bangla Bank Ltd is going to issue a bond worth BDT 5 billion and use its proceeds to increase the bank's Tier 2 capital base. Issuing a non-convertible unsecured subordinated bond is expected to help the commercial bank fulfil its Basel III requirements. The decision was taken at its board meeting on 24 October.

<https://tbsnews.net/economy/stock/dutch-bangla-bank-issue-BDT500-crore-bond-149719>

BSRM to invest BDT 500 million in cashew nut processing plant

• Bangladesh Steel Re-Rolling Mills (BSRM) will invest BDT 500 million to set up a cashew nut processing plant at the Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN), a move that will boost the local economy and encourage farmers. The country's leading steel maker has already applied to the Bangladesh Economic Zones Authority (Beza) to take a 15-acre plot on lease for the processing plant. This BDT 500 million investment is just for the preliminary stage as the total investment could increase as needed in the future, deputy managing director of BSRM said.

With people becoming more and more health conscious, the cashew nut cultivation has increased in line with the growing demand in local markets. According to the Department of Agricultural Extension (DAE) office in Bandarban, cashew nuts were cultivated on around 1,797 hectares of land this year while farming increases everyday. The deputy director of the DAE's Bandarban office said about 1,323 tonnes of cashew nut was produced this year in Bandarban. According to the deputy director, at least BDT 3.50 billion is currently being spent to import cashew nuts for local consumption.

<https://www.thedailystar.net/business/news/bsrm-invest-BDT-50cr-cashew-nut-processing-plant-1984409>

Allotment for traders under CMSME package increasing by 10%

• Traders will be given 10% more loans from the BDT 200 billion stimulus package announced by the government for entrepreneurs of small and medium-sized enterprises. The central bank has decided to distribute 30% of the package among traders as their demand for loans is higher while the distribution in the manufacturing and services sectors is not at the desired level. Previously, this rate was 20%. Economists, however, have opposed the government's move, saying poor cottage and micro-industry entrepreneurs are the worst affected by the Covid-19 pandemic and they need the credit support more than traders do.

<https://tbsnews.net/economy/allotment-traders-under-cmsme-package-increasing-10-149752>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$39.13	(\$22.50)	-36.51%
Crude Oil (Brent)*	\$41.05	(\$27.39)	-40.02%
Gold Spot*	\$1,899.02	\$377.55	24.81%
DSEX	4,892.01	439.08	9.86%
S&P 500	3,465.39	234.61	7.26%
FTSE 100	5,860.28	(1,726.77)	-22.76%
BSE SENSEX	40,632.14	(1,010.00)	-2.43%
KSE-100	41,266.00	530.92	1.30%
CSEALL	5,768.94	(360.27)	-5.88%

Exchange Rates

USD 1 = BDT 84.77*
 GBP 1 = BDT 110.42*
 EUR 1 = BDT 100.34*
 INR 1 = BDT 1.15*

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

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