

News Blaze of the Week

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Quotation Corner

Editorial Panel

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“Chase the vision, not the money, the money will end up following you.”

— Tony Hsieh, CEO of Zappos

“The value of an idea lies in the using of it.”

— Thomas Edison, co-founder of General Electric

“Always deliver more than expected.”

— Larry Page, co-founder of Google

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Govt Initiatives

National Fisheries Week begins today

- The National Fisheries Week will begin in the country today (Tuesday) with the aim of conserving and developing the country's fisheries resources and creating awareness among mass people to boost fish production.
- Prime Minister Sheikh Hasina is scheduled to officially inaugurate the programme by releasing fishes at a lake of Ganabhaban tomorrow (Wednesday), the second day of the fisheries week. The slogan of this year's fisheries week is "Machh Utpadon Briddhi Kori, Sukhi Somriddho Desh Gori" (Let's Increase Fish Production, Build a Happy and Prosperous Country), according to a statement of the Ministry of Fisheries and Livestock.
- On the occasion, the ministry has chalked out different programmes at central, district and upazila level. District, hill district and upazila committees have been formed to implement the field-level programmes. To mark the week, government will decorate important street islands of Dhaka city with banners and festoons. The fisheries week will end on July 27.

Source: <https://today.thefinancialexpress.com.bd/trade-market/natl-fisheries-week-begins-today-1595262348>

Tk 18.31b cash incentives for exporters

- The government has released a sum of Tk 18.31 billion in favour of the Bangladesh Bank for the payment of cash incentives/subsidy to local exporters, officials said. It is the first instalment of cash incentives/subsidy for the July-September quarter of the current fiscal year (FY), 2020-21.
- Of the amount, Tk 1.25 billion will go to the jute sector while Tk 17.06 billion to other sectors, according to the finance division. A special 1.0 per cent cash incentive support fund for the readymade garment (RMG) industry has also been included in the 1st instalment, according to a letter of the ministry of finance (MoF) to the central bank.
- The government has yet to announce the rates of cash incentive/subsidy for the current fiscal. In the last fiscal, the government provided cash incentive/subsidy facility to exporters in 37 categories, including 1.0 per cent special incentive support for apparel items. An official of the finance ministry said the instalment fund has been released in favour of the central bank. The Office of the Controller General of Accounts (CGA) will issue debit authority over the released fund.

Source: <https://today.thefinancialexpress.com.bd/trade-market/tk-1831b-cash-incentives-for-exporters-1595349573>



Govt Initiatives

Govt makes setting up single-member companies easier

- The government has brought in a major amendment to the Companies Act allowing setting up of single-member companies, a move that is expected to give a boost to entrepreneurship, draw investors and support the growth of SMEs.
- The cabinet gave its approval to the amendment on Monday and it would be now placed in parliament to set it in motion. Allowing single-member companies would draw local and foreign investors and improve the country's ranking on the World Bank's Ease of Doing Business Index, Cabinet Secretary Khandker Anwarul Islam told reporters on Monday.
- The reform is a starting point to addressing a range of improvements in the regulatory regime that are needed to support the establishment and growth of microenterprises and small- and medium-sized enterprises, said Zahid Hussain, a former lead economist of the World Bank's office in Dhaka.
- The government is committed to moving rapidly from its current position of 168th in the Doing Business ranking to less than 100 within the next few years. Because of the new changes, 50,000 new firms would be set up in the country, according to an estimate.
- The changes to the Companies Act have been part of the \$250 million budget support the government has received from the WB recently. Usually, a country has to fulfil conditions before securing budget support from the WB. Bangladesh was also supposed to meet some conditions before availing the financing in June.
- Bangladesh's customs regime, which fails to exploit the opportunities of automation and risk-based approaches, is increasingly a binding constraint to the expansion of export-oriented industries. The country ranks 176th of 190 economies in the 2020 Doing Business "trading across borders" indicator, by far the worst-performing country in South Asia and far behind landlocked countries like Bhutan and Nepal, as well as India. To ensure quick clearance of goods and modernize the customs administration through trade facilitation, the government has formulated the new Customs Act.

Source: <https://www.thedailystar.net/business/news/govt-makes-setting-single-member-companies-easier-1934869>



Govt Initiatives

Four specialized tech centers in EZs soon

- Commerce ministry is set to establish four specialized technology centers (TCs) in economic zones (EZs) with an eye to boosting export earnings through adopting new technologies. Under a project, it will establish three state-of-the-art TCs at Bangabandhu Sheikh Mujib Shilpa Nagar in Chattogram and a specialized design and technology centre at Bangabandhu Hi-Tech City in Gazipur.
- BEZA executive chairman Paban Chowdhury and BHTPA managing director Hosne Ara Begum, among others, also joined the ceremony chaired by commerce secretary Dr Md Jafar Uddin. As per the agreement, the EC4J project has received an allocation of 10 acres of land at the Shilpa Nagar and 4.04 acres at the Hi-Tech City.
- The government is bringing in a wide range of reforms to enhance the country's position in the ease-of-doing business index prepared by the World Bank.

Source: <https://today.thefinancialexpress.com.bd/trade-market/four-specialised-tech-centres-in-ezs-soon-1595349522>

Number of e-GP tenders crosses 4 lakh

- The number of tenders invited online in Bangladesh has gone past four lakh in an indication of the country's race towards digitalization. This is a landmark achievement of the electronic government procurement (e-GP) system introduced by the Central Procurement Technical Unit (CPTU) of the Implementation Monitoring and Evaluation Division, according to a press release.
- Prime Minister Sheikh Hasina rolled out the e-GP portal in 2011 as part of digitalizing public services. Now, the total value of the tenders is Tk 410,000 crore. Currently, there are 1,365 procuring agencies in the country. As of yesterday, 1,343 agencies registered with the e-GP system. The number of tenderers registered with e-GP stood at 74,395.
- Both procuring agencies and tenderers embraced the ICT-based digital procurement system as it has reduced physical hassles. It also saves time and costs, the press release said. In Bangladesh, about 80 per cent of the annual development programme and 45 per cent of the national budget is spent on public procurement.
- The Washington-based lender has supported the government to put in place the e-GP. The country now has 60 national certified procurement trainers and 37,000 officials have been trained in procurement and the use of e-GP. A key transparency measure is a publication of 100 per cent of procurement notices and contract award information, the WB said.
- Procurement lead time (from invitation to contract signing) for all tenders decreased by 28 per cent, from 86.7 days in the fiscal year 2011-12 to 62.2 days in FY2018-19. A 2017 study by Wahid Abdallah, then a research fellow at the Brac Institute of Governance and Development, showed that the e-GP holds enormous potential benefits for the country. Each Tk 1 spent on such efforts will do a phenomenal Tk 663 of good, the study found.

Source: <https://www.thedailystar.net/business/news/number-e-gp-tenders-crosses-4-lakh-1934841>



Central Bank Regulation

BB makes lending easier to foreign companies

- Banks and non-bank financial institutions have been allowed to give out local currency loans to foreign companies against overseas guarantees without taking prior approval from the central bank. The central bank eased the rule yesterday given the ongoing coronavirus pandemic, according to a notice.
- The new rule will be in force until June 30, 2021. The rule relaxation aims at facilitating easy access to loans against external guarantees, a central bank official said. No fees will be payable against the guarantees.
- The central bank would have to be informed immediately in case of encashment of guarantees due to the payment default by borrowers. Permission from the central bank will be required in case of payment abroad of the amount encashed by lenders.

Source: <https://www.thedailystar.net/business/news/bb-makes-lending-easier-foreign-companies-1934321>



Banks and Financial Institutions

Banking sector's stressed asset figure, once unveiled annually, is now under wraps

- The central bank has stopped publishing the figure of stressed assets in its annual financial stability report with a view to painting a rosy picture of the banking sector at a time when lenders are facing one of their worst crises in living memory. This may create a confidence crisis among investors and commoners in the financial sector as they would be completely in the dark about the true financial strength of banks.
- The BB unveiled the Financial Stability Report 2019 on July 1 and it did not include the data on the stressed assets for the first time. Stressed assets, which include default loans, restructured and rescheduled advances, shot up 18.89 per cent to Tk 222,162 crore in the first half of 2019, central bank data showed. The ratio of stressed assets in the banking sector was 22 per cent of total loans as of June last year, up 16.10 per cent from four and a half years earlier.
- The stressed assets rose to a great extent last year as banks rescheduled defaulted loans on a wholesale basis. Last year, defaulted loans amounting to Tk 52,770 crore were regularised, the highest for a single year, according to BB data.
- The record amount of rescheduled loans has widened the volume of stressed assets. Defaulted loans would have increased alarmingly if the central bank had not taken a relaxed rescheduling policy, bypassing its own rules and regulations. At the end of 2019, defaulted loans hit Tk 94,313 crore, up 0.42 per cent year-on-year.
- The BB would implement a major portion of Tk 103,117 crore stimulus packages unveiled by the government to keep the battered economy on track and business, industries and farmers withstand the impacts of the coronavirus pandemic. Most banks' operating profits declined 20 to 30 per cent in the first half of 2020 because of the paralysed economy, giving the idea of how the sector is faring amid the pandemic.

Source: <https://www.thedailystar.net/business/banking/news/banking-sectors-stressed-asset-figure-once-unveiled-annually-now-under-wraps-1932641>

Modhumoti Bank holds 96th EC meeting

The 96th meeting of the Executive Committee (EC) of Modhumoti Bank Limited was held on Saturday with the assistance of Zoom technology. The meeting was presided over by EC Chairman Barrister Sheikh Fazle Noor Taposh.

Source: <https://today.thefinancialexpress.com.bd/trade-market/modhumoti-bank-holds-96th-ec-meet-1595085266>



Banks and Financial Institutions

Eastern Bank's profits rise on higher loan recovery, low NPL

- Eastern Bank's profits grew at a handsome rate in 2019 thanks to a higher recovery from written-off and classified loans, new client acquisition and deeper penetration both in retail and SME segments despite it being a challenging year for almost every financial institution.
- The profit after tax of the lender, which started operations in 1992, rose 30.1 per cent year-on-year to Tk 400 crore last year. The lender recovered Tk 63.6 crore from its written-off loans last year which was Tk 42.3 crore and Tk 50.1 crore in 2018 and 2017 respectively.
- Meanwhile its recovery from classified loans were Tk 94.7 crore, Tk 70 crore and Tk 85.8 crore respectively. Its non-performing loan (NPL) ratio was 3.35 per cent last year whereas the industry average was 9.32 per cent, according to its annual report.
- Though the NPL ratio was low compared to others in the industry last year, it was higher than 2.35 per cent in 2018 which was preceded by 2.50 per cent, 2.69 per cent and 3.27 per cent in the past successive years.
- A big contributor to the profit of 2019 was net interest income, which rose by 8.69 per cent to Tk 827.7 crore riding on a 10.87 per cent portfolio expansion in the retail and SME sectors, according to the financial report of 2019. Its credit card portfolio hit almost Tk 600 crore in 2019, which is a 9 per cent growth from that the previous year. Returns on asset and equity of the lender stood at 1.30 per cent and 16.52 per cent respectively.
- However, it declared 25 per cent cash dividend for shareholders whereas it was 20 per cent cash and 10 per cent stock dividends in 2018.

Source: <https://www.thedailystar.net/business/banking/news/eastern-banks-profits-rise-higher-loan-recovery-low-npl-1933209>

Mercantile Bank gets new vice chairman

M Amanullah has recently been elected vice chairman of Mercantile Bank. The election took place at the bank's 367th board meeting on Thursday, says a press release. Amanullah is a sponsor director of the bank and its former chairman. He is the founder and chairman of all of the companies under the conglomerate Aman Group of Companies.

Source: <https://www.thedailystar.net/business/news/mercantile-bank-gets-new-vice-chairman-1933181>



Banks and Financial Institutions

Pandemic has buffed and shined great potential of Agent banking

- The ongoing pandemic, no doubt, has been a sucker punch to both lives and livelihoods like no other in recent memory. But, amidst the catastrophe, there are a few bright spots. And one such bright spot has been the lenders' agent banking window, which has been in operation since 2016.
- If harnessed well, the digital banking channel -- thanks to its reach to the remotest parts, where banks have not set their foot in yet -- can make it an important cog in the wheels of the economic locomotive that would pull the country out of the ongoing crisis. It could help lenders give out loans and mobilise deposits in tandem in the days ahead.
- As of March, accounts in the agent banking platform, where 22 banks now give banking services to people, stood at 64.97 lakh accounts, which is more than double that from a year earlier, according to data from the central bank.
- Deposits soared 129 per cent year-on-year to Tk 8,535 crore at the end of March, while loan disbursement grew 306 per cent to Tk 853 crore. The central bank issued agent banking guidelines in 2013 as part of its effort to bring the unbanked population under the banking umbrella to widen the financial inclusion.
- Before that, the Bangladesh Bank took a wide range of financial inclusion programmes to take banking services to farmers, marginal people and the extreme poor. They were allowed to open accounts with an initial deposit as low as Tk 10. As of March, the total number of accounts, which could be opened with deposits ranging from Tk 10 to Tk 100, under the programme stood at 2.13 crore and aggregate deposits Tk 2,385 crore. By 2021, the lender hopes to disburse at least Tk 2,000 crore in loans through the window.
- Agents are also encouraged to expand their business as banks provide them with a hefty amount of commission for their services. For lending, agents enjoy a commission of 1 per cent of the sum; for bringing in deposits, they get 2 per cent the sum; and for remittance, they get Tk 50 for per payment.
- Branch-led banking will lose its importance gradually due to the growing popularity for virtual banking, said Abul Kashem Md Shirin, managing director of Dutch-Bangla Bank (DBBL). Lenders have to spend at least Tk 5 lakh to 7 lakh per month to operate a branch. Besides, banks now spend less amount of funds to collect deposit through the agent banking window than their branches. This is applicable for lending as well.

Source: <https://www.thedailystar.net/business/news/agent-banking-was-rough-diamond-pandemic-has-buffed-and-shined-its-great-potential-1933797>



Banks and Financial Institutions

Prime Bank wins Euromoney award

- Prime Bank Limited has earned international recognition as Asia's one of the best in its proactive response to COVID-19 pandemic.
- London-based reputed media publication, Euromoney, has conferred 'Excellence in Leadership in Asia 2020 Award' to Prime Bank in recognition of the bank's large scale initiative to safeguard interests of the customers and safety of the employees in the wake of COVID-19.
- Euromoney's Awards for Excellence are the awards that matter to the banks and bankers who matter. More than 1,000 corporate organizations from five continents vie for the international accolade.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/prime-bank-wins-euromoney-award-1595260497>

EBL to get \$40m from German, Dutch lenders

- Eastern Bank Ltd (EBL) has recently signed a term loan agreement for \$40 million with German Investment Corporation - DEG and Netherlands Development Finance Company - FMO. DEG-FMO will fund EBL in foreign currency to provide financing to corporate, green businesses and SME customers at competitive pricing, the bank said in a statement.
- The funds will be routed through EBL's offshore banking. EBL as a leading bank in Bangladesh continues funding infrastructural, sustainable and environment focused projects nationwide through strong support from major development finance (DFI) partners, including DEG and FMO.

Source: <https://www.thedailystar.net/business/news/ebl-get-40m-german-dutch-lenders-1933777>

D Money signs deal with LankaBangla Finance for digital payment collection

D Money Bangladesh Limited and LankaBangla Finance Limited recently signed an agreement for digital payment collection. Under the agreement, D Money users can make payment of LankaBangla credit card bills and DPS through the Dmoney App.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/d-money-signs-deal-with-lankabangla-finance-for-digital-payment-collection-1595349072>



BANK

Banks and Financial Institutions

Dhaka Bank to change the age-old banking structure

- Dhaka Bank Limited (DBL) has planned to introduce diversified financial technology (FinTech) based-services to ensure uninterrupted banking services for their customers, the bank's top executive has said. "We're committed and focused on making our bases stronger in order to stave-off any crisis as well as to ensure uninterrupted banking services through introducing diversified FinTech- based services for our valued customers," Emranul Huq, managing director (MD) and chief executive officer (CEO) of DBL disclosed while sharing his future business strategies in an exclusive interview with the Financial Express (FE) recently.
- "Cash withdrawal tendency has created an immense pressure on the overall liquidity condition of the banks mainly due to the slowdown in the recovery along with lower deposit growth. If this situation is covered accordingly, our banking sector will be able to handle the situation," the CEO said while replying to a query Prime Minister Sheikh Hasina has so far announced a total of 19 stimulus packages worth Tk 1.03 trillion to offset the shock of novel coronavirus (COVID-19) pandemic on various sectors of the country.
- The board of directors of DBL promoted Mr. Huq as the MD & CEO with effect from February 22, 2020. Prior to this role, he was serving the second generation PCB as the Additional Managing Director & Chief Business Officer. Mr. Huq started his career with Bank of Credit & Commerce International (BCCI) in Dhaka as Management Trainee in 1986. The senior banker predicted that the banks and other financial institutions might face liquidity pressure in the near future mainly due to lower cash flow in the recent months.
- The Bangladesh Bank (BB) had already relaxed its policy asking the banks to suspend adverse classification of any loans till September 30 from the status of January 01, 2020 to facilitate business activities that have been adversely affected by coronavirus outbreak. The Dhaka Bank received 9th IFC Trade Award 2019 as a Best Issuing Bank in South Asia for best utilization and performance of the Global Trade Finance Programme limit maintained with IFC (International Finance Corporation), a member of the World Bank Group.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/dhaka-bank-to-change-the-age-old-banking-structure-1595348902>

IDLC Investments wins "Best Investment Bank in Bangladesh" award for the third consecutive time

- IDLC Investment won "Euromoney Awards for Excellence" for the third time in a row as the "Best Investment Bank in Bangladesh".
- IDLC Investments has been awarded by Euromoney for its ability to adapt and tailor its offerings in adverse conditions, superior financial performance compared to peers, unique deals, its legacy of delivering tailored and innovative solutions to local and international clients across a range of products and services. Established in 1992, Euromoney's Awards for Excellence is the first of its kind in the global banking industry. IDLC won the award twice earlier in 2017, 2018.

Source: <https://www.thedailystar.net/business/news/idlc-investments-wins-best-investment-bank-bangladesh-award-the-third-consecutive-time-1932605>



Banks and Financial Institutions

'Digital Loan' launched on pilot basis by City Bank, bKash

- City Bank has launched a collateral-free Digital Loan, whereby users can request and receive loans of up to Taka 10,000 instantly through bKash. This is a pilot initiative targeting a limited group of selected bKash users. Under the pilot initiative, bKash users can request a loan from City Bank from the bKash App, receive the loan disbursement into their bKash accounts as well as repay the loan from their bKash accounts.
- City Bank has initiated this pilot scheme with the approval of Bangladesh Bank, and aims to expand access to finance to unbanked populations and contribute towards the journey of financial inclusion, according to a statement. Upon successful completion of the project, City bank will commercially launch the Digital Loan to eligible bKash users, subject to approval from Bangladesh Bank for commercial launch.
- City Bank will closely monitor users' loan payment behaviour and determine whether users will be eligible for loans in the future, along with fulfilling City bank's regulatory obligations to report any loan defaulters to the Bangladesh Bank.
- To avail the loan under the pilot initiative, eligible users will need to click the 'Loan' icon on the bKash app and enter the desired loan amount within the loan limit approved by City Bank, as well as accept the loan terms and conditions. Users will also have to give consent to share their KYC information, available with bKash, with City Bank before availing the Digital Loan. After successfully entering the bKash PIN, the loan amount will be instantly disbursed into the user's bKash account.

Prime Bank, Computer Samity join hands to finance SMEs in ICT sector

- Bangladesh's ICT sector will play an important role in diversifying the country's export basket in the coming days, according to Salman F Rahman, the prime minister's private industry and investment adviser.
- In regards to the IT industry, Rahman said that around 95 per cent of the country's IT entrepreneurs fall under the SME category. According to the prime minister's adviser, Bangladesh Bank will announce another Tk 2,000 crore package, from which BCS members in the SME sector can avail loans.
- However, Rahman urged the BCS to ensure that its members do not fail to continue their businesses or become defaulters in the process. He also said the move will be a big boost for the country's booming ICT/ITES industry as eligible BCS members can now avail collateral-free loans of up to Tk 50 lakh alongside other tailor-made financing solutions. BCS President Munir said that the IT sector has created around 60,000 opportunities for direct employment and is trying to develop skilled manpower.

Source: <https://www.thedailystar.net/business/news/prime-bank-computer-samity-join-hands-finance-smes-ict-sector-1934293>



Banks and Financial Institutions

BIAC, Accord Chambers to promote institutional ADR

- Bangladesh International Arbitration Centre (BIAC), the country's first and only, licensed and registered ADR institution and Accord Chambers, a law firm have recently entered into a cooperation agreement to promote institutional Alternative Dispute Resolution (ADR) in the country and abroad, said a statement.
- Pursuant to this, the parties will promote use of institutional ADR clause in all commercial contracts, organize joint outreach and advocacy programs, work with different stakeholders, encourage capacity building, etc. The cooperation agreement was signed in Dhaka by Muhammad A. (Rume) Ali, CEO of BIAC and Suhan Khan, Managing Partner and Lead Counsel, of Accord Chambers.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/biac-accord-chambers-to-promote-institutional-adr-1595175582>

EBL to get USD 40m from DEG and FMO

- Eastern Bank Limited (EBL) recently signed a term loan agreement for USD 40 million with German Investment Corporation - DEG and Netherlands Development Finance Company - FMO, said a statement.
- Ali Reza Iftekhhar, Managing Director and CEO of EBL signed the agreement with Petra Kotte, DEG Senior Director of FI and German Business and Huib-Jan de Ruijter, Member of FMO's Executive Committee and Director FI.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/eb1-to-get-usd-40m-from-deg-and-fmo-1595175522>

Bangladeshi bankers at IICMR-India

- Mr. Anis A Khan- former Managing Director and CEO of Mutual Trust Bank Ltd (MTBL) and Mr. Md Mazadul Hoque - economic analyst and officer of Social Islami Bank Ltd (SIBL) shared their views in a webinar, organized by Indian Institute of Contemporary Management & Research (IICMR).
- The program titled "Online Case Based Teaching Pedagogy: Challenges and Opportunities" was held Sunday. The Chairman & CEO of Acasia Global Consulting LLP and Chairman & Managing Trustee of IICMR - Prof. Arup Choudhuri presented the keynote paper in the session.

Source: <https://today.thefinancialexpress.com.bd/trade-market/bangladeshi-bankers-at-iicmr-india-1595176200>



Stock Market Update

Banking sector dominates the turnover chart

- Stocks broke the five-day losing streak on Monday as the buoyant investors showed their buying binge on major sectors' issues at the lowest possible prices amid the floor price system. The market opened on positive note and remained upbeat throughout the session as investors showed buying spree on sector specific stocks after five-day price fall. DSEX, the key index of the Dhaka Stock Exchange, went up by 19.50 points or 0.48 per cent to settle at 4,050, after losing 49 points in the past five straight sessions. Two other indices also edged higher.
- The DS30 index, comprising blue chips, advanced 8.04 points to finish at 1,364 and the DSE Shariah Index rose 5.06 points to close at 944. Market operators said investors showed buying appetite on the selective issues riding on optimism owing to gradual reopening of the economy and revival of some specific sectors' activity. Turnover, another important indicator of the market, remained low and amounted to Tk 2.40 billion on the country's prime bourse, which was 2.56 per cent higher than the previous day's turnover of Tk 2.26 billion.
- The banking sector dominated the turnover chart, grabbing 25 per cent of the day's total transaction, followed by general insurance with 20 per cent and pharmaceuticals 18 per cent. Most of the shares remained stuck at the trading. Of the issues traded, 203 remained unchanged while 113 issues advanced and 17 declined on the DSE floor.
- The Chittagong Stock Exchange also ended higher with its All Shares Price Index (CASPI)-advancing 62 points to close at 11,577 and the Selective Categories Index - CSCX -gaining 37 points to finish at 7,016. Of the issues traded, 66 gained, 15 declined and 97 remained unchanged on the CSE. The port city bourse traded 2.13 million shares and mutual fund units with turnover value of Tk 63 million.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/banking-sector-dominates-the-turnover-chart-1595260343>

Stocks post modest gain for second day

- Stocks posted a marginal gain for the second straight session on Tuesday as bargain hunters continued to show their appetite on major sectors' issues at the lowest possible prices. The market opened on positive note and remained upbeat throughout the session amid ongoing virus scare and amid floor price mechanism.
- At the end of the session, DSEX, the key index of the Dhaka Stock Exchange, went up by 15.64 points or 0.38 per cent to settle at 4,085. Two other indices also edged higher. The Chittagong Stock Exchange also ended higher with its All Shares Price Index (CASPI)-advancing 44 points to close at 11,621 and the Selective Categories Index - CSCX -gaining 28 points to finish at 7,044. Of the issues traded, 75 gained, 27 declined and 101 remained unchanged on the CSE. The port city bourse traded 2.19 million shares and mutual fund units with turnover value of Tk 59 million.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/stocks-post-modest-gain-for-second-day-1595349146>

Stock Market Update

Stocks back in the red amid low turnover

- Stocks snapped a two-day gaining streak on Wednesday, as risk-averse investors went for short-term profit booking on sector specific shares ahead of Eid festival. The retail investors sold shares to pull out money ahead of Eid festival as only six trading days are left before Eid-ul-Azha vacation, said a leading broker. DSEX, the key index of the Dhaka Stock Exchange, went down by 9.0 points or 0.22 per cent to settle at 4,076, after adding 35 points in the past two sessions. Two other indices also edged lower.
- The DS30 index saw a fractional loss of 0.18 point to finish at 1,371 and the DSE Shariah Index shed 2.93 points to close at 945. Share prices flickered between green and red amid existence of floor price and gradual reopening of the economy, commented UCB Capital Management. Market analysts said investors remained worried about the ongoing Covid-19 pandemic and its impact on the country's economy.
- The daily turnover is hovering around Tk 2.50 billion in the past few days as some of the investors refrained themselves from taking fresh position due to ongoing virus scare and floor price system, he said. Turnover, another important indicator of the market, remained low and amounted to Tk 2.47 billion on the country's prime bourse, which was Tk 2.52 billion in the previous session.
- A total number of 65,829 trades were executed in the day's trading session with a trading volume of 85.38 million shares and mutual fund units. The market-cap on the premier bourse also fell to Tk 3,168 billion on Wednesday, from Tk 3,171 billion in the previous session.
- Pioneer Insurance topped the turnover chart with shares worth Tk 117 million changing hands, closely followed by Grameenphone, Nahee Aluminum, Fine Foods and Bangladesh Shipping Corporation. The Chittagong Stock Exchange also backed to the red with its All Shares Price Index (CASPI)-losing 14 points to close at 11,607 and the Selective Categories Index - CSCX - shedding 8.0 points to finish at 7,036. Of the issues traded, 43 gained, 54 declined and 99 remained unchanged on the CSE. The port city bourse traded 2.27 million shares and mutual fund units with turnover value of Tk 58 million.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/stocks-back-in-the-red-amid-low-turnover-1595439249>

RMG Sector



RMG export earnings in July 1-18 total \$1.57b

- The country's ready-made garment (RMG) export earnings in the first 18 days of July stood at US\$1.57 billion despite the Covid-19 pandemic, which local manufacturers consider as a good sign of reviving new or cancelled work orders.
- Bangladesh fetched \$1.78 billion during the same period of July 2019. The July 2020 earnings over that of last year declined by 11.74 per cent, according to Bangladesh Garment Manufacturers and Exporters Association (BGMEA) data. The country fetched \$2.25 billion, \$374.67 million, \$1.23 billion and \$2.24 billion in March, April, May and June of this year respectively.
- Subsequently, growth declined by 20.14 per cent, 85.25 per cent, 62.06 per cent and 6.63 per cent from March to June over the corresponding months of last year, according to data. Responding to a question, BGMEA president Dr Rubana Huq said RMG exports is around \$210 million lower than the 18 days' earnings of last July. The Swedish retailer annually sources more than \$3.0 billion worth of RMG items from Bangladesh. It has recently announced a plan to close a total of 170 stores permanently in 2020.

Source: <https://today.thefinancialexpress.com.bd/trade-market/rmg-export-earnings-in-july-1-18-total-157b-1595175968>

Corporate Market Update

Berger Paints launches disinfection services

- Berger Paints Bangladesh yesterday launched disinfection services to help people and business houses steer clear of any infections amid the ongoing Covid-19 pandemic. The Berger Expert Sanitization Service is a convenient and effective way to give businesses and homeowners the confidence that their places will be safe for all the members and customers, said Md Mohsin Habib Chowdhury, senior general manager for sales and marketing at Berger Paints Bangladesh, a listed company.
- The service cost is Tk 3.50 per square feet if the premise is less than 5,000 square feet. It is Tk 3 for premises between 5,000 and 10,000 square feet. The service charge is Tk 2.5 when the premise is larger than 10,000 square feet.

Source: <https://www.thedailystar.net/business/news/berger-paints-launches-disinfection-services-1933201>

IDCOL finances green energy projects

- Infrastructure Development Company Limited (IDCOL) has financed the first Rooftop Solar project of FORTIS Group. The 428.22 kWp project will be implemented on the rooftop of K A Design Ltd, an RMG manufacturing concern of FORTIS Group, located at Boro Beraid, Badda, Dhaka, said a statement.
- The rooftop solar project is a part of the on-going green initiatives of FORTIS group to use more environment-friendly technology and become less dependent on grid electricity by using renewable energy sources. Electricity produced from this project will not only reduce electricity bills of K A Design Ltd., but also reduce the diesel consumption during load-shedding.
- In addition, the project owners can export unutilized electricity generated from the project to national grid through Net Metering Guideline 2018. Currently the unit cost of electricity from rooftop solar falls below Tk 8 and this makes the investment very lucrative.
- The project will be implemented at a total project cost of Tk 29.9 million. Under the facility agreement, IDCOL is providing concessional loan of Tk 23.9 million. IDCOL has completed the first disbursement of the loan amount for the project and the project is expected to be completed very soon.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/idcol-finances-green-energy-projects-1595439465>



Corporate Market Update

Marico Bangladesh holds 20th AGM

- The 20th Annual General Meeting (AGM) of Marico Bangladesh Limited (MBL) was held virtually on Wednesday, said a statement. Saugata Gupta, Chairman of the board of directors of Marico Bangladesh Limited, presided over the meeting. A large number of shareholders attended virtually at the meeting wherein all proposed agenda were unanimously passed as per notice.
- The major agenda of the AGM were: adoption of the Director's Report and Auditor's Report along with the Audited Financials of 2019-2020, declaration of Final Dividend for the year ended March 31, 2020, re-election and appointment of the directors and appointment of Statutory Auditors. During the AGM, a final cash dividend of 200 per cent (equivalent to Tk. 20 per share) was confirmed and approved.
- This was preceded by three interim cash dividend of 750 per cent (equivalent to Tk. 75 per share) declared and paid by the company quarterly in this financial year - bringing the total cash dividend to 950 percent (equivalent to Tk. 95 per share) for the year ended March 31, 2020. Speaking about the performance of the company, Saugata Gupta said that the Company's net profit after tax stood at Tk 2.65 billion with a topline of Tk 9.80 billion. Consequently, the earnings per share (EPS) stood at Tk 84.01.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/marico-bangladesh-holds-20th-agm-1595439321>



International Business

India to reduce number of state-owned banks to five

- India is looking to privatize more than half of its state-owned banks to reduce the number of government-owned lenders to just five as part of an overhaul of the banking industry, government and banking sources said.
- The first part of the plan would be to sell majority stakes in Bank of India, Central Bank of India, Indian Overseas Bank, UCO Bank, Bank of Maharashtra and Punjab & Sind Bank, leading to an effective privatization of these state-owned lenders, a government official said.
- The government is working on a privatization plan to help to raise money by selling assets in non-core companies and sectors when the country is strapped for funds due to lack of economic growth caused by the coronavirus pandemic. Several government committees and the Reserve Bank of India have recommended that India should have not more than five state-owned banks.
- India expects bad loans at its banks could double after the crisis brought the economy to a standstill. Indian banks already had 9.35 trillion rupees (\$124.38 billion) of soured loans, equivalent to about 9.1% of their total assets at the end of September 2019.

Source: <https://today.thefinancialexpress.com.bd/trade-market/india-to-reduce-number-of-state-owned-banks-to-five-1595262386>

China regulator encourages brokerages, mutual funds to merge, media says

- China's top securities regulator is encouraging mergers and acquisitions among brokerages and mutual fund houses, the state-run China Securities Journal reported on Saturday.
- The China Securities Regulatory Commission (CSRC) aims to solve the problem of competition among industry peers with the move, and the top securities watchdog supports launching employee stock ownership and equity incentive plans, the newspaper said.
- "In order to achieve the effect of mergers and acquisitions and realize the coordinated development of parent companies and their subsidiaries, the CSRC supports the institutions setting up more flexible business scope on the premise of effectively managing unfair competition, preventing conflicts of interest and transferring interests," the newspaper said, citing a notice sent out by the regulator.
- Earlier this month, Bloomberg News reported that China's largest broker, Citic Securities Co, and smaller rival China Securities Co (CSC) had secured informal agreement to merge, although the two companies said they were not aware of such a merger plan.

Source: <https://www.thedailystar.net/business/news/china-regulator-encourages-brokerages-mutual-funds-merge-media-says-1932581>

International Business

Japan plans to invite TSMC to build joint chip plant

- Japan is aiming to invite Taiwan Semiconductor Manufacturing Co Ltd or other global chipmakers to build an advanced chip manufacturing plant jointly with domestic chip equipment suppliers, the Yomiuri daily reported on Sunday.
- The Japanese government hopes to tap the expertise of global chipmakers to rejuvenate the lagging domestic chip industry as advanced chip technologies have become a focal point in national security issues, Yomiuri said.
- The government is planning to offer a total of several hundred billion yen, or equivalent to several billion dollars, over multiple years to overseas chipmakers who join the project, the daily said, without citing sources. The report gave no timeline for the project.
- TSMC did not immediately respond to an email inquiry on Sunday. The Japanese industry ministry did not answer calls.
- TSMC, the world's largest contract chipmaker, in May unveiled plans for a \$12 billion plant in the United State in an apparent win for the Trump administration's efforts to wrestle global technology supply chains back from China.

Source: <https://www.thedailystar.net/business/news/japan-plans-invite-tsmc-build-joint-chip-plant-1933173>

US deficit soars to record amid pandemic relief payments

- Amazon.com Inc's total exports from small and medium sellers in India, part of a company programme to export products to global markets, have crossed the \$2 billion mark, two company executives said on Monday.
- Amazon's "Global Selling" programme was launched in India, a key growth market for the company, in 2015. The programme, also operational in other markets, has helped more than 60,000 Indian sellers export products to 15 Amazon websites, the company said.
- During a visit to India in January, Amazon boss Jeff Bezos said the U.S. e-commerce company would invest \$1 billion in digitizing small- and medium-businesses in India and expected to export Indian-made goods worth \$10 billion by 2025.
- Current sales are still a fraction of India's total exports of goods and services, which are estimated at nearly \$530 billion in the financial year that ended on March 31.

Source: <https://www.thedailystar.net/business/news/amazon-says-exports-india-based-sellers-cross-2b-1933753>

International Business

Germany's Merkel warns of summit failure on EU recovery fund

- European Union leaders toiled in search of a coronavirus stimulus deal for a third day on Sunday but German Chancellor Angela Merkel said that the mounting acrimony over the level of spending might not easily be overcome.
- Germany and France, the EU's powerbrokers, are seeking a deal on a 1.8 trillion euro (\$2.06 trillion) economic recovery package to rescue the bloc's economies that are facing their worst recession since World War Two.
- Sticking points are the size of the new recovery fund and what proportion should be in grants and loans, with some "frugal" richer states led by the Netherlands pushing to limit it, underscoring the depth of the EU's north-south split.
- Separately, the summit faces difficulties in agreeing the scale of EU budget rebates for richer countries, as well as a dispute over a proposed new rule of law mechanism, which could freeze EU funding to countries flouting democratic principles.
- Greece's Prime Minister Kyriakos Mitsotakis, whose country was only just recovering from its 10-year debt crisis when the pandemic hit, made a plea for unity, saying the EU could not afford to look "divided or weak". Macron said there was a willingness to compromise, but it should not deter "from the legitimate ambition that we need to have," referring to the level of money available in the planned 750 billion euro recovery fund, which is to be funded by money raised on capital markets.
- Dutch Prime Minister Mark Rutte, who faces parliamentary elections by March 2021, was frank about the divisions with France and Germany on Saturday night. "They walked away annoyed," Rutte said of Merkel and Macron.

Source: <https://www.thedailystar.net/business/news/germanys-merkel-warns-summit-failure-eu-recovery-fund-1933165>

India in talks with EU for trade deal, open to pact with UK

- A \$4.5 billion deal under which Alphabet's Google will collaborate with India's Reliance Industries on a new smartphone likely heralds a big shake-up for the world's second-largest mobile market, industry executives and analysts say.
- Reliance boss Mukesh Ambani, announcing the partnership at his company's annual meeting last week, said Google would build an Android operating system (OS) to power a low-cost "4G or even 5G" smartphone that Reliance would design. The new phone is set to pose a major challenge to Chinese vendors such as Xiaomi and BBK Electronics, owner of the Realme, Oppo and Vivo brands, which currently dominate a \$2 billion market for sub-\$100 smartphones in India. The alliance will see Google invest \$4.5 billion in Reliance's digital unit.
- Jio Platforms has also since April won the backing of global financial and tech investors including Intel and Qualcomm, which could bolster its smartphone ambitions.
- While Reliance has given no details on the specifications or price of the new smartphone, the timing of its launch, or who might build it, the Jio network's 387 million subscribers and the Google brand name will give it a big leg up.

Source: <https://www.thedailystar.net/business/news/reliance-google-smartphone-deal-india-threatens-chinese-firms-1933697>

International Business

Chevron picks Noble in biggest US energy deal since oil crash

- Chevron Corp said on Monday it would buy Noble Energy Inc in a \$5 billion all-stock deal, bolstering its shale presence as a plunge in crude prices have made assets cheaper.
- The deal, the largest in the US energy sector this year, comes more than a year after Chevron abandoned its offer for Anadarko Petroleum Corp, outmaneuvered by Occidental Petroleum Corp's higher bid.
- The offer values Noble at \$10.38 a share or 0.12 Chevron share, a 7.5 per cent premium to Noble's Friday close. The deal would value Noble at roughly \$13 billion, including debt.
- Noble's assets will expand Chevron's presence in the DJ Basin of Colorado and the Permian Basin across West Texas and New Mexico. The deal would yield potential annual cost savings of \$300 million.
- Noble shareholders will own about 3 per cent of the combined company.
- The deal will add to Chevron's free cash flow and earnings per share one year after closing, at \$40 Brent LCOc1, Chevron said.
- Chevron had walked away with a \$1 billion fee after Occidental clinched a deal last May to buy Anadarko for \$38 billion.

Source: <https://www.thedailystar.net/business/news/chevron-picks-noble-biggest-us-energy-deal-oil-crash-1933689>

Tesla's Musk qualifies for \$2.1 billion payday

- Tesla Chief Executive Elon Musk qualified on Tuesday for a payout worth an unprecedented \$2.1 billion, his second jackpot since May from the electric car maker following its massive stock surge.
- Tesla's stock was down 3% in afternoon trading, eroding a recent rally that has elevated the company's market capitalization to almost \$300 billion, larger than any other carmaker.
- Despite Tuesday's stock dip, and importantly for Musk's personal finances, Tesla's six-month average market capitalization for the first time has reached \$150 billion. That triggers the vesting of the second of 12 tranches of options granted to the billionaire in his 2018 pay package to buy Tesla stock at a discount.
- Musk, who is also majority owner and CEO of the SpaceX rocket maker, receives no salary. Each tranche gives Musk the option to buy 1.69 million Tesla shares at \$350.02 each, less than a quarter of their current price.
- At Tesla's current stock price of \$1,594, Musk would theoretically be able to sell the shares related to the tranche that vested in May and the current tranche for a combined profit of \$4.2 billion, or almost \$2.1 billion per tranche.
- Musk's first tranche was worth about \$700 million in May, when it vested, but its value has since increased along with Tesla's stock price.
- The median compensation for Tesla employees last year was about \$58,000, according to a company filing.

Source: <https://www.thedailystar.net/business/news/teslas-musk-qualifies-21-billion-payday-1934821>

International Business

China's e-payments giant Ant Group nears mammoth IPO

- Ant Group, the online payments giant affiliated to Chinese e-commerce leader Alibaba, said Monday it had taken the first steps toward a blockbuster dual listing in Shanghai and Hong Kong that could be among the biggest in years.
- The IPO by Ant Group -- whose Alipay platform dominates the country's thriving e-commerce market -- also would mark a major step forward in a Chinese government initiative to get its big domestic tech companies to list their shares at home instead of abroad.
- A company announcement said the shares will be listed on the Stock Exchange of Hong Kong and on a Nasdaq-styled tech board called STAR that was set up on the Shanghai Stock Exchange last year.
- The announcement did not give any details on the timing or size of the issue, saying only that Ant Group had "commenced the process" for launching an eventual listing.
- But the company, based like Alibaba Group in the eastern city of Hangzhou, was valued at around \$150 billion in its most recent round of fund-raising. It is seeking a valuation of at least \$200 billion, Bloomberg news agency reported, citing unidentified sources. Last month Alibaba's Chinese rival JD.com raised almost \$4 billion in an initial public offering in Hong Kong that was the world's second-biggest of the year.
- Tech analysts say Ant Group controls more than half of China's huge mobile-payments sector, which it fiercely contests with Chinese rival Tencent.
- Ant Group -- spun off from Alibaba years ago -- has expanded recently into lending, wealth management, travel and a range of other services, and this year changed its name to Ant Group from the previously Ant Financial Services Group to reflect its expanded portfolio.
- It generated \$2 billion in profit in the most recent quarter, Bloomberg said, basing that on calculations made from Alibaba figures.

Source: <https://www.thedailystar.net/business/news/chinas-e-payments-giant-ant-group-nears-mammoth-ipo-1934273>

International Business

Euro, euro zone bond markets hold out hope for recovery fund; stocks higher

- The euro and euro zone bond markets held out hope European Union leaders would strike a deal on a recovery fund for the bloc's pandemic-ravaged economy on Monday, while the region's stock markets inched cautiously higher as talks paused.
- The single currency hit its highest levels against the dollar since March 9, at \$1.1467 after reports of progress following three days of negotiations towards the proposed 750 billion-euro fund.
- Bond markets also cheered the progress, with the risk premium investors pay for holding Italian government debt over Germany's - the bloc's benchmark - falling to 161 basis points, its lowest level since March 27.
- Stock markets were more reserved in their optimism, however. The pan-European index was 0.1 per cent higher by mid-morning trade in London, with a risk-off tone expressed in sectoral gainers and losers. An attempt to reach a compromise failed on Sunday. A deal envisaging 400 billion euros in grants - down from a proposed 500 billion euros - was rejected by the north, which said it saw 350 billion euros as the maximum.
- Discussions over the grants has since narrowed, with EU summit Chairman Charles Michel saying they would be based on 390 billion euros combined with smaller rebates. Chinese markets rose more than 2 per cent after regulators raised the equity investment cap for insurers and encouraged mergers and acquisitions among brokerages and mutual fund houses.
- Australia's S&P/ASX 200 index dropped 0.5 per cent after authorities warned that a surge in COVID-19 cases in the country's second most populous state could take weeks to tame.
- More than 14 million people have been infected by the novel coronavirus globally and nearly 602,000 have died, according to a Reuters tally.
- South Korea's KOSPI pared gains to fall 0.1 per cent. Japan's Nikkei was also down 0.1 per cent after data showed the country's exports suffered a double-digit decline for the fourth month in a row in June. The virus has claimed over 140,000 US lives since the pandemic started, and Florida, California, Texas and other southern and western states shatter records for new cases every day.
- In currencies, the dollar climbed 0.2 per cent against the Japanese yen to 107.22. Sterling gained 0.2 per cent to trade at \$1.2589. The risk-sensitive Australian dollar was down 0.1 per cent at \$0.6989.
- In commodities, spot gold traded flat at \$1,809.58 an ounce, still near a nine-year top.
- Oil prices fell, unnerved by the prospect of rising coronavirus cases halting a recovery in fuel demand. US crude and Brent were both down 1 per cent each to \$40.14 per barrel and \$42.71 per barrel, respectively.

Source: <https://www.thedailystar.net/business/news/euro-euro-zone-bond-markets-hold-out-hope-recovery-fund-stocks-higher-1933741>

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