

News Blaze of the Week:

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Inside at a glance

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Considering the present COVID situation Bangladesh Government signed several credit agreement with World Bank. On the other hand, for addressing the adverse impacts of COVID-19, the World Bank (IDA) agreed to frontload this disbursement in FY 2019-2020 on request of the government of Bangladesh.

Government facilitates several loan facility and guarantee to the state organization named Biman Bangladesh Airlines, Bangladesh Power Development Board (BPDB), Bangladesh-India Friendship Power Company, Bangladesh Petroleum Corporation, Bangladesh Petroleum Corporation and Bangabandhu satellite project.

The central bank has re fixed the CRR to help the non-banks overcome liquidity constraints, amid the pandemic. Seventy-five companies, including some large groups, have secured approval from the central bank to receive low-cost loans under the stimulus package dedicated to big borrowers in the industrial and service sector. Banks have begun applying to the central bank seeking consent so that the companies can get the funds as they set off to make a turnaround from the ongoing economic fallout brought on by the coronavirus pandemic.

Mercantile Bank Limited (MBL) launched seven 'Agent Banking Outlet' across the country to provide basic banking services to the unbanked population of the country. LankaBangla Finance introduced two unique deposit schemes "Swasti" and "Protiva" with life insurance coverage free of cost in Bangladesh. And Padma Bank Limited launched a software 'Work from home' to facilitate their employees.

The coronavirus pandemic seems to have failed to create obstacles for certain big business initiatives taken by ambitious entrepreneurs, who are always on the lookout for ways to take their firms to the next level.

The Covid-19 pandemic is taking a heavy toll on the telecom operators, as they saw a decline in their client base in the past two months, according to data from the Bangladesh Telecommunication Regulatory Commission (BTRC). In March Grameenphone, Teletalk, Banglalink and Robi collectively lost about 12 lakh active connections for voice services but witnessed an increase in internet service usage at the same time.

Worldwide banks and other organizations taking several initiatives to face the adverse effect of corona. New Development Bank has approved a COVID-19 emergency loan to South Africa to help reduce the socio-economic impacts of the pandemic.

Hope in this crucial time our effort for publishing the weekly under the title "**News Blaze of the Week**" will help you in decision making and save your precious time.

May Almighty Allah Bless us with his Marcy and forgiveness.

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Government Initiatives

Government signs \$250m loan deal with World Bank

- The government signed on Sunday a loan agreement worth US\$ 250 million (budget support) with the International
- Development Association (IDA) of the World Bank Group to finance the "Second Jobs Development Policy Credit (DPC2)" programme, reports BSS.
- Economic Relations Division (ERD) Secretary Fatima Yasmin and Mercy Tembon, country director of the World Bank, signed the loan agreement on behalf of their respective sides, said an ERD press release.
- The credit amount, to be repaid in 30 years (with 5 years grace period), will have an interest rate of 1.25 per cent along with 0.75 per cent service charge on the outstanding amount. In this context, the government and the World Bank Group (WBG) have got engaged in a three-year programme of reforms for the period 2018-2021, and the World Bank Group
- (WBG) agreed to extend financial assistance of \$750 million in this regard. This DPC tranche-2 was due to be released in FY 2020-2021. In order to address the adverse impacts of COVID-19, the World Bank (IDA) agreed to frontload this disbursement in FY 2019-2020 on request of the government of Bangladesh.

Source: <https://today.thefinancialexpress.com.bd/trade-market/govt-signs-250m-loan-deal-with-world-bank-1592756852>

Govt-backed loans for state enterprises rise to Tk 60,653 Cr

- Taxpayer-guaranteed loans for Biman Bangladesh Airlines more than doubled to Tk 10,279 crore as the state-run carrier took credits to buy new Boeing aircraft. The guaranteed amount stood at Tk 4,937 crore last fiscal year. The carrier received guarantees from the government for the loans from JP Morgan, US Exim Bank, Sonali Bank and HSBC.
- The latest credit guarantee includes Tk 2,654 crore that Biman took from state-run Sonali Bank in December last year to buy Boeing 787-9 aircraft and spare engines. It took another Tk 977 crore for the purchase of the third Boeing 787-8 in July last year, according to a document of the finance ministry.



- The airline borrowed Tk 1,000 crore in working capital loans from state-run Sonali Bank under the stimulus packages unveiled by the government to tackle the impact of the coronavirus pandemic. In total, the publicly-guaranteed loans at Biman account for a sixth of the credit backed by the taxpayers in the current fiscal year.
- The government's guarantee and counter guarantee for the loans at state-owned enterprises (SoEs) stood at Tk 60,653 crore as of May, which is 2.16 per cent of the projected GDP of fiscal year 2019-20 and would account for 10.68 per cent of the government expenditure in 2020-21, according to the mid-term macroeconomic policy statement.
- The total amount is about 5 per cent higher than Tk 57,825 crore in the last fiscal year. Of the indirect debt, 58.61 per cent are in the power and energy sector, 16.98 per cent at Biman and 6.07 per cent in the agriculture sector. The power sector accounts for 55.63 per cent, or Tk 33,741 crore of the total taxpayer-guaranteed debt. It was Tk 33,777 crore in FY19. The guarantee covered Tk 2,458 crore secured by Ashuganj Power Station for a 450-megawatt power project and another Tk 1,188 crore for a 225MW power project.
- Bangladesh Power Development Board (BPDB) borrowed Tk 1,596 crore from Japan Bank for International Cooperation for Bibiyana-3 gas-based power plant and Tk 1,587 crore under a syndication for 300MW power project in Shahjibazar. Northwest Power Generation Company Ltd took two loans, respectively Tk 1,358 crore and Tk 1,487 crore for the second and third units of the 225MW combined cycle power plant in Sirajganj.
- Bangladesh-India Friendship Power Company borrowed Tk 3,902 crore from Exim Bank of India for the coal-based power plant in Rampal. Bangladesh-China Power Company Ltd secured Tk 12,447 crore from Exim Bank of China for the Payra 1,320MW thermal power plant. The government has also provided guarantee for loans handed out by Bangladesh Krishi Bank and Rajshahi Krishi Unnayan Bank of Tk 3,680 crore, up from Tk 3,143 crore a year ago.
- The guarantee in the energy sector was given as state-run Bangladesh Petroleum Corporation imported crude and refined oil worth Tk 1,198 crore, down from Tk 3,381 crore in FY19. The total guarantee also included Tk 1,168 crore for the Bangabandhu satellite project. The government has formulated a policy to monitor the indirect debt so that they don't turn into direct debts for the country.
- The guarantee in the energy sector was given as state-run Bangladesh Petroleum Corporation imported crude and refined oil worth Tk 1,198 crore, down from Tk 3,381 crore in FY19. The total guarantee also included Tk 1,168 crore for the Bangabandhu satellite project. The government has formulated a policy to monitor the indirect debt so that they don't turn into direct debts for the country.
- It is hoped that the sovereign guarantee and counter guarantee guidelines would help the government keep the indirect debt at a tolerable level. Public debt in Bangladesh was \$105 billion in FY2019, around 34.9 per cent of GDP, and the external public and publicly guaranteed (PPG) debt ratio was 14.5 per cent of GDP. Both are low, said the Asian Development Bank recently.
- The additional external debt of \$2.9 billion, as the government projected to tackle the impact of the coronavirus pandemic, will increase both the external PPG debt-GDP ratio and public debt-GDP ratio by 0.9 per cent in FY2020.

Source: <https://www.thedailystar.net/business/news/govt-backed-loans-state-enterprises-rise-tk-60653cr-1919037>



Central bank regulation

BB cuts CRR to help non-bank lenders

- The central bank has slashed cash reserve ratio or CRR by 100 basis points to 1.5 per cent from the existing 2.5 per cent for non-banks in a move to help the sector overcome liquidity constraints, amid the pandemic.
- Under the new rules, the non-bank financial institutions are required to maintain a minimum of 1.5 per cent CRR with the Bangladesh Bank on a biweekly average instead of 2.5 per cent earlier.
- The NBFIs will be allowed to maintain the reserves at 1.0 per cent instead of 2.0 per cent on a daily basis, according to a notice issued by the Bangladesh Bank on Sunday.
- The new CRR requirement will take effect from June 01, 2020. It will also help the NBFIs to get access to more than Tk 3.0 billion as lendable fund. Prime Minister Sheikh Hasina has so far announced a total of 19 economic relief packages worth Tk 1.03 trillion to offset the shock of the coronavirus pandemic on various sectors of the country.
- The packages, which are equivalent to 3.7 per cent of the country's gross domestic product, will be implemented under the supervision of the central bank and the ministry of finance.
- Meanwhile, statutory liquidity ratio for deposit-recipient and non-deposit recipient NBFIs has been kept unchanged at 5.0 per cent and 2.5 per cent respectively.

Source: <https://today.thefinancialexpress.com.bd/first-page/bb-cuts-crr-to-help-non-bank-lenders-1592761688>

75 firms get BB nod to borrow funds from stimulus package

- Seventy-five companies, including some large groups, have secured approval from the central bank to receive low-cost loans under the stimulus package dedicated to big borrowers in the industrial and service sector.



- Banks have begun applying to the central bank from May 4, seeking consent so that the companies can get the funds as they set off to make a turnaround from the ongoing economic fallout brought on by the coronavirus pandemic.
- The companies, which include Bangladesh Steel Re-Rolling Mills (BSRM), the largest steel-maker in the country, GPH Ispat, another steel-maker, Runner Automobiles and Shanta Holdings, have bagged approval to borrow nearly Tk 2,080 crore from the Tk 30,000-crore stimulus package.
- The central bank took a decision on April 12 to introduce the stimulus package, allowing banks to get an interest subsidy of 4.50 per cent on disbursed loans, which the end-users will get at 9 per cent. The banking regulator later formed a refinance scheme of Tk 15,000 crore for the large borrowers as well, much to the relief of the cash-strapped banking sector that had been fretting about implementing the large package.
- BSRM got the permission to borrow Tk 17.50 crore, GPH Ispat Tk 15 crore, Runner Automobiles Tk 10 crore, Shanta Holdings Tk 25 and Ifad Autos Tk 15 crore. The funds would be disbursed in the form of working capital and carry a maximum repayment tenure of one year.
- Only 10 companies had managed approval from the central bank last month, but the affected corporate entities have taken initiatives to secure the loans since the beginning of June. City Bank has accepted applications from 76 corporate organisations to provide loans worth Tk 1,023 crore. Of the applicants, 18 obtained the central bank's nod to borrow a combined of Tk 350 crore, said its managing director Mashrur Arefin.
- City Bank will get around Tk 500 crore from the central bank's scheme. "We will apply for this in the quickest possible time. Only one bank – IFIC – has so far requested the BB for the release of the fund against its lending, said a BB official. The private commercial bank has lent Tk 4.70 crore to three companies.
- Eastern Bank has selected a good number of clients for loans amounting to Tk 985 crore, said its managing director Ali Reza Iftekhar. The bank has obtained approval to give out Tk 354 crore in favour of 29 companies.

Source: <https://www.thedailystar.net/business/news/75-firms-get-bb-nod-borrow-funds-stimulus-package-1919041>

Banks and Financial

MBL opens 7 'Agent Banking Outlets'

- Mercantile Bank Limited (MBL) launched seven 'Agent Banking Outlet' across the country to provide basic banking services to the unbanked population of the country.
- MBL chairman Morshed Alam M.P inaugurated the 'Agent Banking' Outlets. One can open an account at Mercantile Bank Agent Banking through biometric registration.
- Customer can enjoy any services like opening savings or current A/C, MSS, FDR, cash deposit or withdrawal, money transfer and remittance collect through biometric registration.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/mbl-opens-7-agent-banking-outlets-1592756266>

LankaBangla Finance introduces deposit schemes "Swasti" and "Protiva"

- LankaBangla Finance introduced two unique deposit schemes "Swasti" and "Protiva" with life insurance coverage free of cost in Bangladesh. The main objective of these two landmark deposit schemes is to build regular savings habits with an assurance of getting full maturity value for any unanticipated incident.

- LankaBangla Finance will pay the premium on behalf of the customers. In this regard, Senior Executive Vice President & Head of Retail Business, LankaBangla Finance Limited, Khurshed Alam said, "Thinking about the future of the customers, we come up with two innovative and new deposit schemes, "Swasti" and "Protiva" with insurance coverage. We are hopeful that the "Swasti" deposit scheme will ensure a carefree life for the customer and the "Protiva" deposit scheme will ensure the safety of future generations.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/lankabangla-finance-introduces-deposit-schemes-swasti-and-protiva-1592842728>

Padma Bank launches 'Work from Home' software

- Padma Bank Limited launched a software 'Work from home' which is being used now by 300 employees of the bank, working from home. The software was inaugurated at Padma Bank's Gulshan head office on Sunday by Padma Bank Deputy Managing Director Shahadat Hossain and Business Head Zabed Amin.

- The bank has recently assigned 300 employees to work from home with the view to ensure social distancing and a safe environment in branch premises. Employees at home now can open accounts, transfer funds initiate RTGS, BEFTN, process clearing cheques, process Loan files, record their daily activity etc.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/padma-bank-launches-work-from-home-software-1592842760>



Stock Market Update

Entire stock trading will be automated: BSEC chief

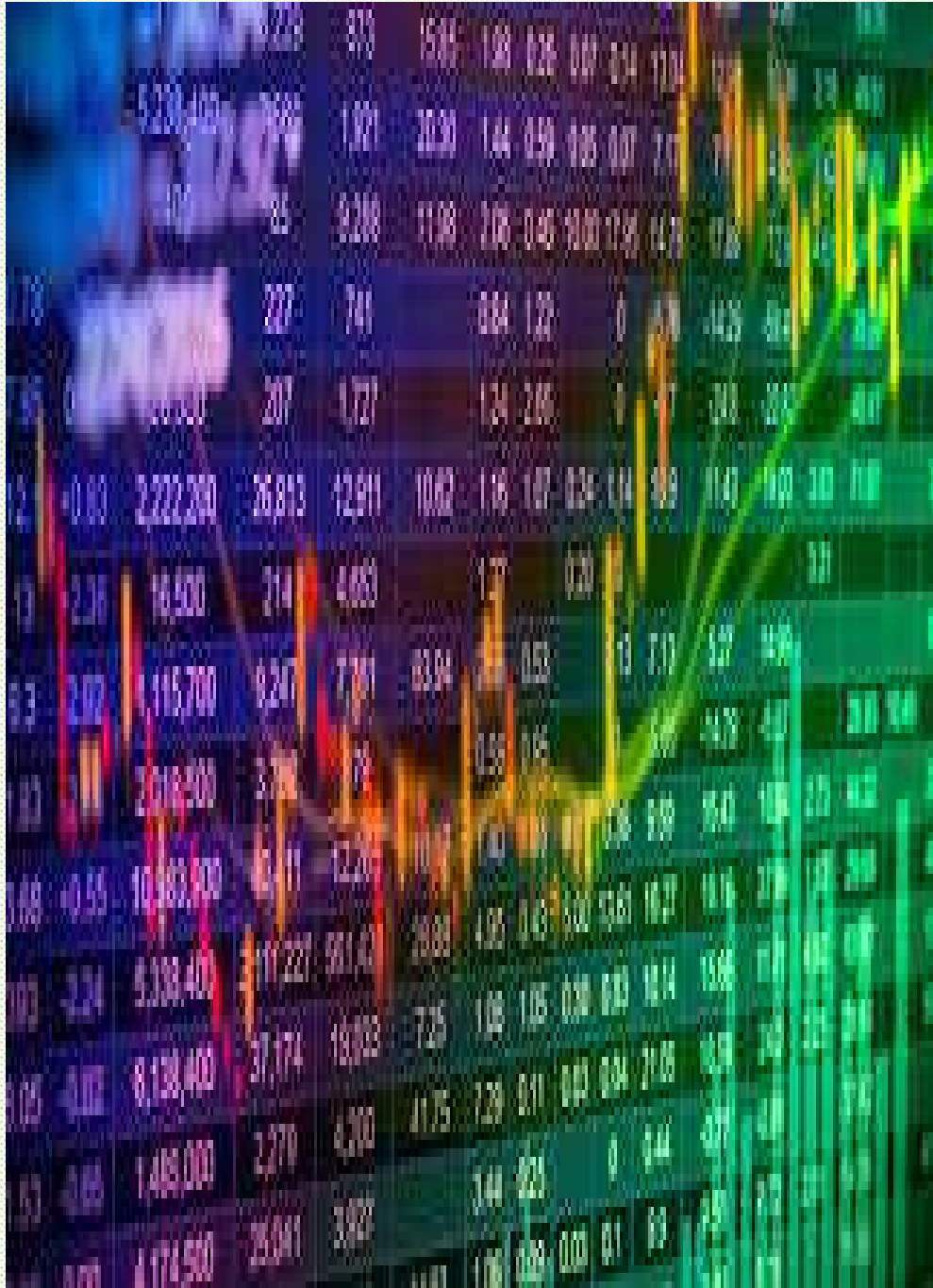
- The trading platform of the stock exchanges is being wholly digitalized and automated by the stock market regulator so that all activities can be run without human assistance, said Shibli Rubayat Ul Islam, chairman of Bangladesh Securities and Exchange Commission.
- Settling share trade in the platform currently requires manual intervention. Only 2 per cent of beneficiary owner (BO) accounts registered for online trading, according to DSE data.
- The tax gap between listed and non-listed companies was suggested to be reduced from 10 per cent to 7.5 per cent in the proposed budget for fiscal year 2020-21. The dispute is over the BTRC's audit claim of Tk 12,579.95 crore in revenue sharing, taxes and late fees accumulated until December 2014 from the mobile phone operator.
- The capital market needs a strong bond market to increase its depth, said Ershard Hossain, managing director of City Bank Capital. The bond market can be an easy way out for sustainable long-term financing and a source of revenue in the coming days, but initially some incentives need to be provided to popularize it.

Source: <https://www.thedailystar.net/business/news/entire-stock-trading-will-be-automated-bsec-chief-1917941>

ETF still eludes investors

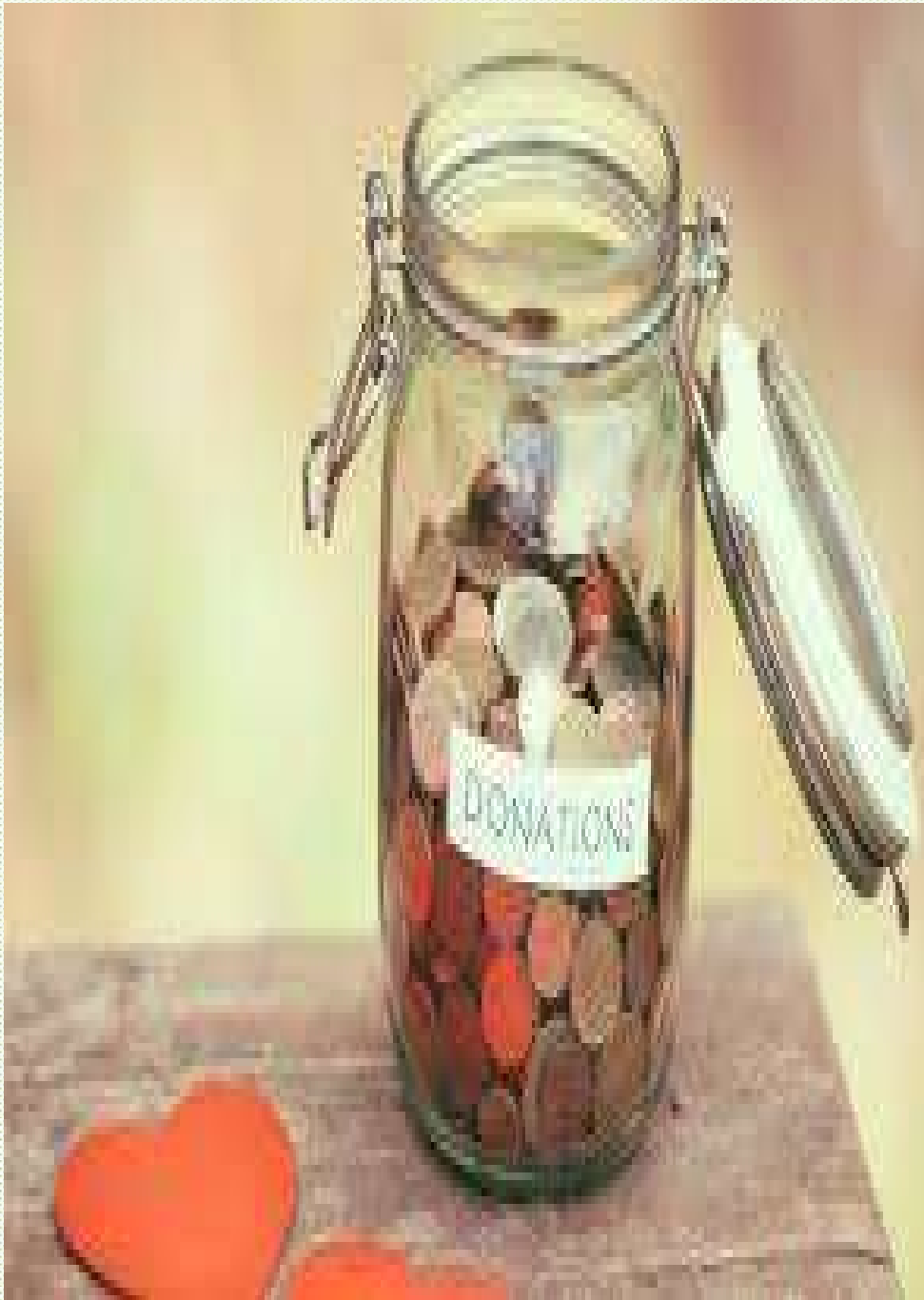
- Dhaka Stock Exchange (DSE) is yet to launch the Exchange Traded Fund (ETF) despite the gazette on the rules of this fund was published three years back.
- In case of offloading the mutual fund, a portion of the fund is raised through the public offering. But, in case of the ETF no fund is raised through public offering as the authorized participants (APs) such as banks, broker dealers, professional trading houses and institutional firms contribute funds to create the ETF units and sell those in the secondary market.
- Dhaka stocks posted a modest gain on Sunday although investors were mostly inactive due to pandemic fears and disappointment over the proposed budget.
- DSEX, the key index of the Dhaka Stock Exchange, went up slightly by 2.41 points or 0.06 per cent to settle at 3,962 during the three-hour trading session. The core index is hovering between 3,950 and 3,970 points in the past 14 sessions as most of the sellers find almost no buyers due to floor price limitation and worsening virus situation.





- Turnover, a crucial indicator of the market, however, tumbled to a fresh 13-year low to Tk 386 million, which was 45 per cent lower than previous day's turnover of Tk 696 million. Of the issues traded, 214 remained unchanged while only 17 issues advanced and 14 declined on the DSE floor.
- Two other indices also edged up. The DS30 index, comprising blue chips, advanced 1.40 points to finish at 1,326 and the DSE Shariah Index saw a fractional gain of 0.34 point to close at 918. A total number of 10,530 trades were executed in the day's trading session with a trading volume of 18.09 million shares and mutual fund units.
- Linde Bangladesh topped the turnover chart with shares worth Tk 30 million changing hands, followed by Central Pharma, Beximco Pharma, Reckitt Benckiser and Bangladesh Submarine Cable Company.
- Eastern Lubricants was the day's best performer for the third straight day, posting a gain of 5.84 per cent while ICB Employees Provident Mutual Fund One was the worst loser, losing 4.61 per cent.
- However, the Chittagong Stock Exchange edged lower with its All Shares Price Index (CASPI)-losing 3.38 points to close at 11,250 and the Selective Categories Index - CSCX -shedding 1.88 points to finish at 6,816.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/dhaka-stocks-edge-up-1592755850>



FDI \$ Grants

JICA, IFC to give \$2.1b for private seaport, industrial park

- The coronavirus pandemic seems to have failed to create obstacles for certain big business initiatives taken by ambitious entrepreneurs, who are always on the lookout for ways to take their firms to the next level. Such is the case with Sojitz Corporation and Energypac, who managed to secure a substantial amount of funds from the Japan International Cooperation Agency (JICA) and International Finance Corporation (IFC) to establish Bangladesh's first private seaport in Chattogram.
- Sojitz, a leading Japanese business group, and Energypac, a local conglomerate, will also construct an industrial park on over 1,000 acres of land at Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) in Chattogram. Initially, JICA will provide the necessary funding for a final feasibility study on the seaport. The organisation will then finance up to \$2 billion for the port's infrastructure development.
- Besides, IFC will provide \$100 million in funding for the port's construction as well. As per the initial feasibility study, both Sojitz and Energypac will need to invest about \$1.2 billion within 2024 to complete the first phase of development of the seaport.
- To fully complete the project, an estimated \$2.5 billion will be invested. The port will be economically viable and will be used by the BSMSN to handle bulk quantity of products after operations start in full swing in the zone in 2030," Aktar told The Daily Star.
- The existing Chattogram port will not be able to handle the increase in import and export activities when the economic zone becomes fully functional in 2030. This is why a modern and efficient seaport is essential for the proper handling of export and import activities at the zone, he added.
- Once complete, the seaport will be able to house 30,000 to 40,000-tonne cargo vessels, which is far greater than the present 10,000-tonne capacity of Chattogram port. At present, there is no scope to build additional jetties at Chattogram port. The Bangladesh Economic Zones Authority (Beza) have already allocated a 1,000-acre plot for the project.
- Earlier, Humayun Rashid, managing director of Energypac, told The Daily Star that initially, \$500 million would be invested in the project while a further \$2 billion will be added in phases to establish the country's maiden private seaport. The joint venture is also interested in keeping the government involved in their \$2-billion plan to build a seaport and energy industrial park in Chattogram under a public-private partnership (PPP).
- The new port and industrial park could create up to 100,000 jobs and business opportunities for different sectors, including logistics and shipping. Sojitz has been working in Bangladesh since 1951 and was the contractor for a number of major construction projects, including the Pan Pacific Sonargaon Dhaka and an integrated steel plant in Chattogram.
- Back in 1951, the corporation opened liaison offices in both Dhaka and Chattogram but offices were eventually closed down in 2004. In June 2018, however, Sojitz opened a new office in Dhaka.

Source: <https://www.thedailystar.net/business/news/jica-ifc-give-21b-private-seaport-industrial-park-1919013>



Export Import

Frozen food exporters' demand cut in corporate tax

- Exporters of frozen food products, especially shrimp, have demanded that the government reduce corporate tax from 32.5 per cent to 15 per cent in the proposed national budget to help the sector recover from a significant fall in international sales.
- The demand for frozen shrimp and similar luxury food items has fallen drastically in western countries, Bangladesh's main export market, due to the ongoing novel coronavirus pandemic. Not only did this lead to a decline in shipments but also got international buyers, who were mostly European, to either return or cancel several consignments of frozen food items amounting to Tk 460 crore in value.
- Traders have been exploring Russia and China as potential export destinations over the past few years but the Covid-19 outbreak has laid waste to consumer demand in both nations. Before the Covid-19 pandemic began, the price for a kilogramme (kg) of shrimp was between \$12.50 and \$13.
- Now it is down to \$10.50 or \$11.0. During June, his peak time for sales, Das ships up to 12 containers of shrimp. This is dThis June however Das can at most expect to ship seven containers due to the 30 per cent fall in demand in western countries.
- For the last five years, the total value of his shipments ranged between Tk 101 crore and Tk 108 crore annually. At this rate, the company might be able to make a little more than half of his usual export earnings at Tk 70 crore through shrimp and other fish by the end of the year.
- Typically, Modern Seafood exports about Tk 320 crore-worth shrimp each year. This year however, the company would be happy if it makes half of that. Modern Seafood has already lost Tk 25 crore in order cancellations while the company's single fish farm in Khulna was badly damaged by last month's cyclone.

Source: <https://www.thedailystar.net/business/news/frozen-food-exporters-demand-cut-corporate-tax-1917949>

Allow import of CKD parts for next five years: BMAMA

- Bangladesh Motorcycle Assemblers and Manufacturers Association (BMAMA) has urged the government to allow them to import painted CKD parts for next five years following a decline in trade during the coronavirus pandemic. It also demanded extension of the VAT exemption facility until 2025 from June 2020. The motorcycle makers requested the government to reduce the cost of registration to help boost sales of motorbikes.
- BMAMA president Matiur Rahman said the industry showed a 200 per cent growth in last five years thanks to joint efforts of the government and private sector. The sector has been enjoying VAT exemption facility under SRO 175 which will expire in June 2020. Currently, the registration cost is 25 per cent of motorcycle price or almost Tk 22,000 per unit, it added.
- The government imposed 10 per cent supplementary duty on total fees including registration, road tax and other charges in the outgoing fiscal year. Such high registration cost hinders the growth of the sector, according to BMAMA.
- The association demanded fixation of Tk 4,000 for registration per motorcycle to attract buyers. Motorcycle sales increased to 0.5 million units a year which was 0.15 million units three years back.
- The sector employed 0.2 million people directly or indirectly with an investment of Tk 80 billion. It also generates revenues worth Tk 20 billion annually.

Source: <https://today.thefinancialexpress.com.bd/trade-market/allow-import-of-ckd-parts-for-next-five-yrs-bmama-1592666039>



Telecommunication Sector

Telcos in a tight spot

- The Covid-19 pandemic is taking a heavy toll on the telecom operators, as they saw a 2 per cent decline in their client base in the past two months, according to data from the Bangladesh Telecommunication Regulatory Commission (BTRC).
- In March, Grameenphone, Teletalk, Banglalink and Robi collectively lost about 12 lakh active connections for voice services but witnessed an increase in internet service usage at the same time.
- In April, with the sales of new connections having considerably slowed, the situation spiralled out of control with all four carriers losing a total of around 24 lakh and 20 lakh users for voice and internet services respectively.
- Customers will now have to pay Tk 133.25 to avail services worth Tk 100 due to the tax hike. The number of active connections dropped from 16.53 crore in March to 16.29 crore in April, according to BTRC data published on Friday.
- In April, the number of active voice connections lost by Grameenphone, Robi, Banglalink and the state-owned Teletalk were 9.7 lakh, 8.7 lakh, 4.9 lakh and 73,000 respectively.
- Although the carriers have endured a declining trend for active connections for a few months now due to regulatory issues, the combined total number of users slumped drastically from 7.65 crore at the end of January to 7.44 crore as of April.
- By the end of the month, Robi was left with 4.88 crore active voice service users despite being close to the 5 crore landmark back in March. Meanwhile, the number of customers for Banglalink stands at 3.49 crore and Teletalk 48.40 lakh.
- Similarly, the number of active internet connections declined from 10.33 crore in March to 10.12 crore in April. By the end of April, there were a total of 9.31 crore active mobile internet subscribers, 2,000 WiMAX users and 80.84 lakh broadband service users.

Source: <https://www.thedailystar.net/business/news/telcos-tight-spot-1917957>

Robi CEO becomes Nepal's leading carrier Ncell's director

- Mahtab Uddin Ahmed, managing director and CEO of Robi, has recently been appointed as a director of Nepal's leading mobile carrier Ncell Pvt Ltd.
- It is a first for a Bangladeshi corporate leader to be included in a foreign company's board of directors.
- The appointment allows Ahmed to share his expertise in digital leadership with Ncell, as he has been leading from the front in Bangladesh's digital transformation as the top official of Robi.
- The appointment also signifies the growing reliance on Bangladeshi talents in Axiata Group, which holds controlling stake in both Robi and Ncell, according to a statement released by Robi yesterday. He had worked for Robi earlier also - as chief financial officer from September 2010 to 2014 and as chief operating officer from April 2014 to March 2016.
- Before joining Robi, Ahmed spent 17 years of his career with Unilever.

Source: <https://www.thedailystar.net/business/news/robi-ceo-becomes-nepals-leading-carrier-ncells-director-1919017>

International business

Russia's central bank cuts key rate to historic low

- Russia's central bank on Friday announced a 1.0-percentage-point cut to its key interest rate, taking it to 4.5 percent, the lowest level in decades, in a bid to revive the economy after a virus shutdown.
- The bank has abided by a conservative monetary policy for years, targeting four percent inflation, but said Friday that the rate decision was taken because this figure may dip "significantly" below the target next year.
- It said the negative effect of the economic lockdown has been "more extended" than previously assumed, hitting investment and incomes and increasing unemployment.
- The bank predicted that the contraction of the economy in the second quarter "could prove more sizeable than expected," after growth of 1.6 percent in the first quarter.
- It predicted the GDP for the year 2020 would shrink by four to six percent, and a return to pre-coronavirus levels of economic growth only in 2022.

Source: <https://www.thedailystar.net/business/news/russias-central-bank-cuts-key-rate-historic-low-1917897>

New Development Bank provides S Africa with \$1b COVID-19 loan

- The New Development Bank established by the BRICS group of emerging nations has approved a \$1 billion COVID-19 emergency loan to South Africa to help reduce the socio-economic impacts of the pandemic, the National Treasury said on Saturday.
- South Africa was already in recession before the pandemic wreaked further havoc in Africa's most industrialised economy.
- Finance minister Tito Mboweni is expected to unveil an emergency budget with major changes to spending and revenue forecasts in parliament on Wednesday.
- The government this week further relaxed two months of tough restrictions as it looks to support the economy.
- After detecting its first case in March, infections and deaths have spread across South Africa. As of Friday the country had 87,715 confirmed COVID-19 cases and 1,831 deaths.

- Brazil, Russia, India, China and South Africa are members of the New Development Bank.

Source: <https://www.thedailystar.net/business/news/new-development-bank-provides-s-africa-1b-covid-19-loan-1917917>





Fed officials signal rising caution on US economic recovery

- Two US Federal Reserve officials sounded increasing pessimism on Friday on the swiftness of any economic recovery from the novel coronavirus epidemic and warned the unemployment rate could rise again if the disease is not brought under control.
- The central bank already made clear it expects a full economic healing from the impact of the virus to take years as it kept interest rate near zero at its policy meeting last week.
- But nascent signs of recovery in US economic data, with better-than-expected job gains and retail sales for the month of May, had fuelled some hopes that the United States could bounce back more quickly.
- Fed officials pushed back on that view on Friday and cautioned against reopening the economy too hastily after the end of state lockdowns aimed at containing the virus, which has killed more than 118,000 Americans.
- Congress has allocated nearly \$3 trillion for coronavirus-related economic aid and the Fed has pumped trillions of dollars of credit into the economy to cushion it from the fallout from the epidemic.
- But some Republicans have been resistant to doing more quickly, especially given recent positive economic data.

Source: <https://www.thedailystar.net/business/news/fed-officials-signal-rising-caution-us-economic-recovery-1917905>

India's May crude oil imports post biggest decline since at least 2005

- India's crude oil imports in May fell 22.6 per cent from a year earlier, it's biggest drop since at least 2005, as fuel demand and refinery production was hurt by a country-wide lockdown to curb the spread of coronavirus.
- Crude oil imports fell to 14.61 million tonnes, it's lowest since 2015, Petroleum Planning and Analysis Cell data showed on Friday.
- Oil products imports eased 0.8 per cent to 3.57 million tonnes year-on-year, while exports rose by 5.9 per cent to 5.75 million tonnes, gaining for a ninth straight month in May as slowing demand at home prompted companies to ship more oil overseas.
- The country has relaxed coronavirus-led restrictions in lower risk areas, which is expected to improve demand and scale up crude processing.



- The latest data bolstered those expectations with India's fuel demand jumping nearly 50 per cent in May from the previous month, signalling a slow revival of economic activity.
- Diesel exports, which continued to account for a major share of exports, increased by nearly 33 per cent to 2.79 million tonnes.
- India revised down its crude oil imports figure for April to 16.55 million tonnes- a decline of 16 per cent year-on-year, from 17.28 million tonnes reported earlier, the data showed.

Source: <https://www.thedailystar.net/business/news/indias-may-crude-oil-imports-post-biggest-decline-least-2005-1918417>

Poorest countries to save \$12b in 2020 debt relief: World Bank

- The world's poorest countries could save over \$12 billion (9.71 billion pounds) owed to sovereign and other creditors this year through their participation in a debt-relief program, with Angola alone saving some \$3.4 billion, according to estimates published Friday in a new database from the World Bank.
- The savings under the COVID-19-linked Debt Service Suspension Initiative (DSSI) will be short-term, since the initiative only provides for suspension of debt payments through the end of the year. It postpones those payments until a later date but does not cancel them outright.
- The second-largest saver among eligible DSSI countries would be Pakistan, with \$2.4 billion, followed by Kenya with \$802 million, according to the data. In terms of savings compared with gross domestic product, Bhutan would reap the most benefits from the plan with 7.3 per cent of GDP savings, followed by Angola at 3.7 per cent and Djibouti at 2.5 per cent.
- The Jubilee Debt campaign has estimated the cancellation of poor countries' debt payments, including to private creditors, would free over \$25 billion for the countries this year, or \$50 billion if extended through 2021.

Source: <https://www.thedailystar.net/business/news/poorest-countries-save-12b-2020-debt-relief-world-bank-1918413>

British Finance Minister Sunak plans emergency cut in value-added tax

- British Finance Minister Rishi Sunak is ready to cut the value-added tax (VAT) as part of the government's latest efforts to tackle economic fallout from the coronavirus outbreak, the Sunday Times newspaper reported.



- Sunak has ordered officials to prepare options for reducing the sales tax, including a cut in the headline rate, and zero rating more products for a fixed period, the newspaper reported.
- The finance minister may announce lowering the VAT and business rates in a speech in early July, the report added, citing officials.
- Britain temporarily cut its value-added tax in 2008 during the global financial crisis, and Germany will do the same from July 1 for six months.

Source: <https://www.thedailystar.net/business/news/british-finance-minister-sunak-plans-emergency-cut-value-added-tax-1918397>

China's steel sector boom points to bumpier economic recovery

- Behind the boom in China's steel production since March - and hopes for a quick economic recovery - is a tale of two diverging sectors: construction demand for infrastructure projects has been strong, while manufacturing has been slower to bounce back.
- That highlights the challenge facing policymakers as Beijing and local governments can control the pace of spending on projects like roads, rails and reservoirs, but have very limited options to support exports or domestic demand for machinery and appliances.
- The soft underbelly in China's steel revival following the coronavirus outbreak is about to be thrown into stark relief by a seasonal downturn at building sites, analysts say, and points to a more protracted recovery for the world's second-largest economy from a once-in-a-century pandemic.
- The economy shrank 6.8 per cent in the first quarter, the first contraction in decades, hit by the new coronavirus which emerged in China late last year.
- Demand for the main steel products used in construction - rebar and wire rod - has accounted for an average over 53 per cent of total steel demand since late March, according to calculations based on figures from data-tracking firm Mysteel.
- That compares to an average of 47.5 per cent for all of 2019, and 51 per cent for the same period in 2019.

Source: <https://www.thedailystar.net/business/news/chinas-steel-sector-boom-points-bumpier-economic-recovery-1918985>



Toyota sees July vehicle output down 10pc on initial plan

- Toyota Motor Corp said on Monday it would make 10 per cent fewer vehicles next month than originally planned, as it gradually resumes output following factory closures earlier this year due to the coronavirus pandemic.
- The Japanese automaker said it planned to make 71,000 fewer vehicles globally in July than its original goal of about 700,000. While production has yet to return to normal, the July reduction is smaller than the 20% output cut for June.

Source: <https://www.thedailystar.net/business/news/toyota-sees-july-vehicle-output-down-10pc-initial-plan-1918989>

Gold hits one-month peak

- Gold jumped to its highest in more than a month on Monday as investors sought the safe-haven metal after surging coronavirus cases intensified concerns over a delay in global economic recovery.
- Spot gold was up 0.5 per cent at \$1,751.63 per ounce by 0650 GMT after hitting its highest since May 18. U.S. gold futures rose 0.7 per cent to \$1,764.50.
- Indicative of sentiment, SPDR Gold Trust holdings rose 2 per cent to 1,159.31 tonnes on Friday, while speculators increased their bullish positions in COMEX gold and silver contracts in the week to June 16.
- Spot gold may test a resistance at \$1,767 per ounce, a break above which could lead to a gain to \$1,796, said Reuters technical analyst Wang Tao.
- Elsewhere, silver rose 1.5 per cent to \$17.86 per ounce to its highest in more than a week.
- Palladium eased 0.1 per cent to \$1,908.08, while platinum jumped 0.8 per cent to \$812.27.

Source: <https://www.thedailystar.net/business/news/gold-hits-one-month-peak-1918977>

Quotation Corner

“Winning doesn’t always mean being first. Winning means you’re doing better than you’ve done before”.

-- Bonnie Blair

“It always seems impossible until it is done”.

-- Nelson Mandela

“Our worst moments can be the seeds of our best moments. They have an amazing power to transform us”.

-- David Kessler



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