

News Blaze of the Week:

July 05, 2020

Issue 04

The achievements of an organization are the results of the combined efforts of every individual. Happy 25th Anniversary. Dhaka Bank Limited - Excellence in banking.

Editorial Panel

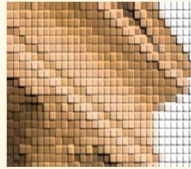
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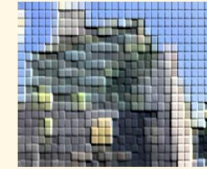
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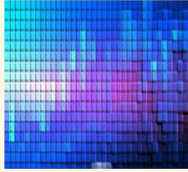
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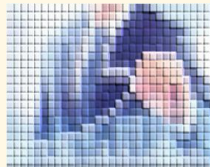
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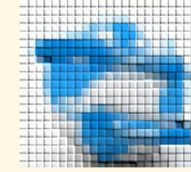
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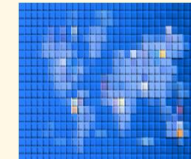
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Government Initiatives

Government may not hike SD on telecom services

- Finance Minister AHM Mustafa Kamal may scrap his plans to raise the supplementary duty (SD) on telecom services and double the deposit in VAT-related disputes following criticism and pleas from various quarters.
- While unveiling the budget for fiscal year 2020-21 on June 11, the minister has proposed hiking the SD on all kinds of telecom services to 15 per cent from the previous 10 per cent. Several other cabinet members and members of the parliament also requested the finance minister to scrap the SD.
- Apart from the latest hike in the supplementary duty, there is a 15 per cent value-added tax and 1 per cent surcharge on mobile phone bills from before, which make the total tax for mobile phone use 33.25 per cent now.
- Another area that may see change is the deposit needed for appealing against tax claims before VAT commissioners and appellate tribunals. Kamal has proposed to increase it from 10 per cent of the disputed amount at present to 20 per cent. The current practice is that firms file appeals for revision of VAT claims before commissioners by paying 10 per cent of the disputed amount.
- Then they can appeal before the VAT Appellate Tribunal of the NBR by paying another 10 per cent of the disputed amount. The Tk 568,000-crore budget and the Finance Bill 2020 would be passed in parliament on Tuesday.

[Source: https://www.thedailystar.net/business/news/govt-may-not-hike-sd-telecom-services-1921561](https://www.thedailystar.net/business/news/govt-may-not-hike-sd-telecom-services-1921561)



Central bank regulation

BB came to small businesses' rescue with a Tk 20,000cr package

- Last week, Jerome Powell, the Federal Reserve Chairman, waved the red flag on what is increasingly looking to be a legacy of the ongoing coronavirus pandemic: a wave of small business failures. The pandemic is presenting acute risks to small businesses.
- If a small or medium-sized business becomes insolvent because the economy recovers too slowly, we lose more than just that business. These businesses are the heart of our economy and often embody the work of generations. The sector incurred losses of about Tk 92,000 crore since the onset of the pandemic-induced economic slowdown, said the think-tank recently.
- Given their importance, the Bangladesh Bank on April 13 announced a Tk 20,000 crore-stimulus package for the sector. The package has to be implemented by banks but they will get 50 per cent of the fund disbursed to the borrowers from the BB. And yet, funds continue to elude the cottage, micro, small and medium enterprises (CMSMEs) for banks' reluctance to disburse loans to them for fear of losses. In short, this is a perfect catch-22 situation.
- As per the guideline of the stimulus package, the CMSMEs can take working capital at 9 per cent interest. Of the interest, 4 per cent will be borne by the borrowers and 5 per cent by the government. But only five banks have so far given out Tk 200 crore in loans under the package.
- The BB asked banks to disburse 50 per cent loans of the stimulus package in the manufacturing sector, 30 per cent in the service sector and 20 per cent in the trading sector, which is not favourable for lenders.
- Besides, a client of the trading sector will get a maximum loan of 25 per cent of its annual turnover from a bank. But, the majority of banks traditionally give out loans to the trading sector as the segment is the major part of the economy. Besides, the ratio of 25 per cent is too much little as the SME clients usually take out small-sized loans from banks. A fresh loan worth Tk 5 lakh is required urgently to run the business, she said, adding that she has furloughed half of her 26 member-strong roster.
- For instance, lenders disbursed Tk 167,971 crore in SME loans last year, so the amount of stimulus package is not large given the volume of the annual disbursed fund. But the lenders could show interest in investing on treasury bonds due to its higher interest rate, instead of disbursing funds to the SME sector. The interest rate on the 20-year Treasury bond stood at 8.94 per cent on June 24.
- Lenders will be able to make a profit by way of giving out SME loans if they could charge 12-13 per cent interest, Khan said.

Source: <https://www.thedailystar.net/business/news/bb-came-small-businesses-rescue-tk-20000cr-package-they-are-not-seeing-the-money-1923341>



Banks and Financial

Banks ready to invest Tk 1,650cr in stocks once floor price is lifted

- Fourteen banks have together formed a Tk 1,650 crore fund to invest in the stock market but they are now waiting for the lifting of the floor price that the market watchdog set for all stocks earlier.
- Bangladesh Securities and Exchange Commission set the floor price for all stocks based on the average price of the past five days on March 19, in order to stop the market slump amid the coronavirus pandemic. But the DSEX, the benchmark index of Dhaka Stock Exchange, plummeted 4.46 per cent to hit a seven-year low of 3,603 points on March 18, just a day before the floor price was set. T
- he 14 banks which have formed the special investment fund have taken approval from their boards and informed Bangladesh Bank but are yet to invest, confirmed a top official of the central bank preferring anonymity.
- On February 10, the banking watchdog announced a package for banks, allowing each to set up funds worth Tk 200 crore by taking the funds from the central bank through repo. Repo refers to a system of repurchasing treasury bills from banks to lend money.
- The banks will have to pay 5 per cent interest for the fund and the credit tenure will be until February 2025. The funds of Tk 200 crore would not be accounted in the market exposure, meaning the limit on banks' investment in the market, according to the Bangladesh Bank direction.

Source: <https://www.thedailystar.net/business/news/banks-ready-invest-tk-1650cr-stocks-once-floor-price-lifted-1922757>

BRAC Bank is the Best - Moody's reaffirms

- BRAC Bank has once again achieved the rating "Ba3" - highest for any Bangladeshi bank rated by Moody's Investor Service.
- This is for the fourth successive year that the internationally renowned rating agency Moody's Investor Service has confirmed the highest credit rating for BRAC Bank Limited. According to Moody's, the affirmation of the bank's rating reflects strong asset quality compared with those of its industry peers; robust profitability and capitalization, driven by its competitive advantage in the higher-yielding small and medium-sized enterprise (SME) segment; and stable funding profile and liquidity.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/brac-bank-is-the-best-moodys-reaffirms-1593448080>



Mercantile Bank launches Islamic Banking services

- Mercantile Bank Limited has launched 'TAQWA', Shariah-complied Islamic banking service. Morshed Alam MP, chairman of the bank, inaugurated the service on Monday through a virtual platform.
- Initially Mercantile Bank will offer this special service through Islamic banking window in its country-wide 10 branches besides their regular conventional banking.
- The Chairman expressed the hope that by fulfilling the special client demand of Islamic banking facility, all types of client services will be ensured.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/mercantile-bank-launches-islamic-banking-services-1593448032>

Al-Arafah Islami Bank recommends 13pc cash dividend

- Al-Arafah Islami Bank Ltd recommended 13 per cent cash dividend for the year ended on 31st December 2019 subject to the approval of the 25th Annual General Meeting (AGM).
- The decision was taken in the 348th meeting of the board of directors of the bank, held on Sunday via video conference.
- Alhajj Abdus Samad Labu, Chairman of the Board, presided over the virtual meeting also decided that the 25th Virtual Annual General Meeting (AGM) of the bank would be held on 3rd September 2020 and the record date will be on 30 July 2020.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/al-arafah-islami-bank-recommends-13pc-cash-dividend-1593448120>

Pubali Bank gets new AMD

The Board of Directors of Pubali Bank Limited has recently promoted Mohammad Ali as Additional Managing Director (AMD) & Chief Operating Officer (COO) of the Bank. Prior to his promotion Mohammad Ali was Deputy Managing Director of the Bank. He joined in Pubali Bank Ltd. as General Manager and Chief Technical Officer in 2008.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/pubali-bank-gets-new-amd-1593533496>

IDLC approves 35pc cash dividend-

- The 35th Annual General Meeting (AGM) of the shareholders of IDLC Finance Limited was held on Saturday virtually by using digital platform in compliance with the directives set by Bangladesh Securities and Exchange Commission (BSEC).
- In line with the proposal by the Board of Directors, the AGM approved 35% cash dividend (Taka 3.50 per share) for the company`s shareholders for the year 2019; a robust feat against the market trend and the prevalent pandemic adversity.
- At the end of 2019, the IDLC Group's total loan book increased by 10% reaching BDT 92.35bn (5 year Cumulative Average Growth Rate (CAGR) of 14.43%), with an NPL ratio of only 3.07% in 2019 where the mark

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/idlc-approves-35pc-cash-dividend-1593361566>



Community Bank holds 15th board meeting

The 15th board meeting of Community Bank Bangladesh Limited was held at the Police Headquarters in Dhaka on Tuesday. The meeting was chaired by Inspector General of Bangladesh Police and Chairman of Community Bank Bangladesh Limited Dr. Benazir Ahmed BPM (Bar). During the meeting important decisions were taken on the business operation and policies of the bank.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/community-bank-holds-15th-board-meeting-1593627280>

EBL signs MoU with Tradewind

To offer secure and innovative trade finance solutions to Bangladeshi manufacturers and traders involved in foreign trade on sales contract terms, Eastern Bank Limited (EBL) has signed a Memorandum of Understanding with Germany-based trade finance provider Tradewind GmbH. Ali Reza Iftekhar, Managing Director and CEO of EBL and Peter Maerevoet, Global CFO and Regional CEO of Tradewind Asia signed the documents through an online conference on Wednesday.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/eb-signs-mou-with-tradewind-1593626874>

Modhumoti Bank holds 49th board meeting

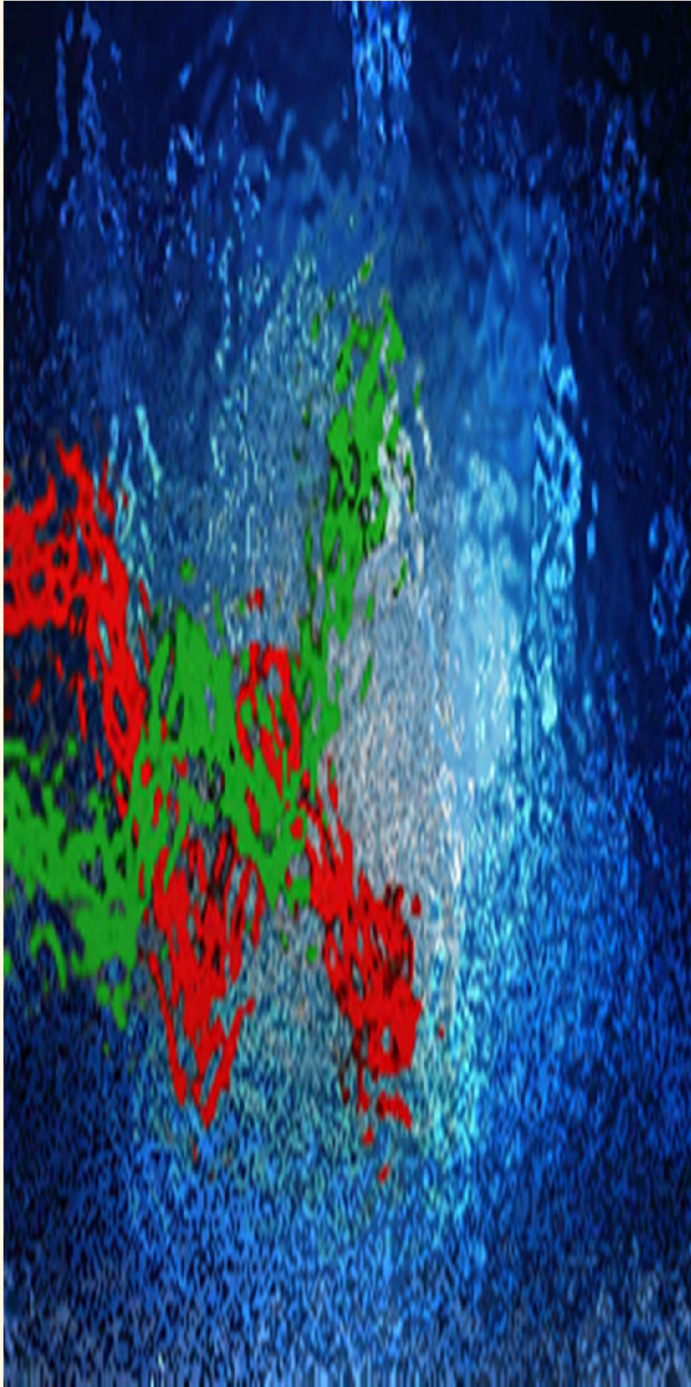
The 49th Meeting of the Board of Directors of Modhumoti Bank Limited was held on Saturday on digital platform. Mr. Humayun Kabir, Chairman of the Board of Directors, Mr. Shaikh Salahuddin, MP, Vice-Chairman Board of Directors, Barrister Sheikh Fazle Noor Taposh, Chairman, Executive Committee of the Board, among the members of the Board of Directors, Mr. Md. Shafiul Azam, Managing Director & CEO of the Bank and many others were present.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/modhumoti-bank-holds-49th-board-meeting-1593270294>

NRBC re-elects Chairman

NRB Commercial Bank Limited held its 100th Meeting of Board of Directors on Saturday. Managing Director & CEO Mr. Md. Mukhter Hossain in presence of the Board of Directors through video conference. Mr. S M Parvez Tamal was re-elected as the Chairman of the Board of Directors of the Bank.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/nrbc-re-elects-chairman-1593270409>



Stock Market Update

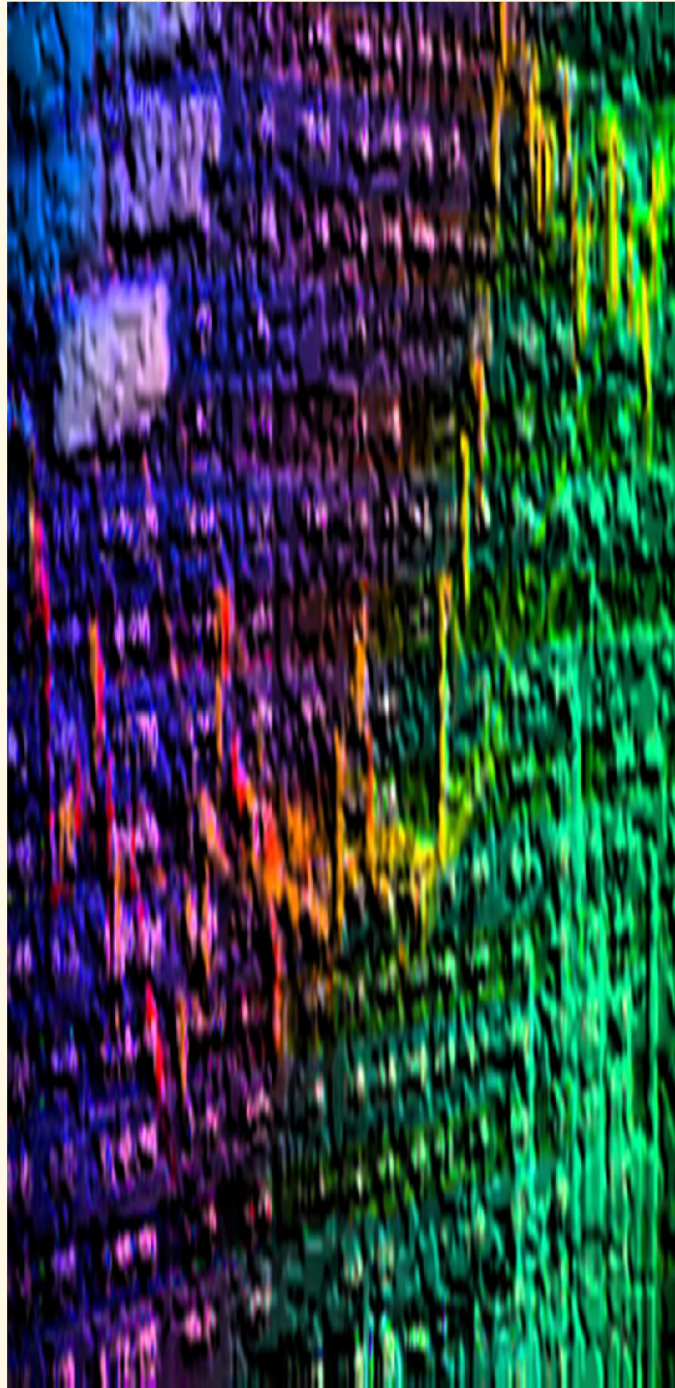
Sonali Paper is back on DSE mainboard. But its return is not without controversy.

- Small capital-based Sonali Paper & Board Mill's re-listing on the mainboard of the Dhaka Stock Exchange has raised questions as the regulator granted an exemption to it to pave the way for the resumption of its trading. Sonali Paper will start trading on the mainboard from Thursday, said the premier bourse yesterday.
- The stock market regulator amended the listing regulations in July last year so that companies, whose paid-up capital is less than Tk 30 crore, can't be listed with the mainboard as gamblers target the companies to make a quick buck.
- However, the previous commission of the Bangladesh Securities and Exchange Commission (BSEC), whose tenure ended recently, approved the re-listing of Sonali Paper by exempting it from fulfilling the condition on the paid-up capital. Sonali Paper's paid-up capital stood at Tk 16.63 crore in 2019, according to DSE data. The company did not declare a dividend in 2017 and 2018. It announced a 10 per cent stock dividend last year.
- The company's annual report has not been published on the website of the DSE and its website. But DSE data showed it made a profit of Tk 6.34 crore in 2019. Sonali Paper would be traded as a "Z" category company and the status would continue until it holds its annual general meeting, the DSE said.
- The floor price of the company will be the last closing price on the over-the-counter (OTC) market on January 30, when it was Tk 273. The price is almost seven times that of Bashundhara Paper Mills, the leading peer company. Yesterday, Bashundhara Paper's shares traded at Tk 39.
- The company was sent to the OTC market 10 years ago after it failed to comply with rules. The previous commission decided to re-list it as per its consideration and the current commission can't say anything now, said a top official of the BSEC.

Source: <https://www.thedailystar.net/business/news/sonali-paper-back-dse-mainboard-its-return-not-without-controversy-1922793>

DSE turnover crosses Tk 25b-mark on huge block trade of GSK shares

- Daily trade turnover on Dhaka Stock Exchange (DSE) crossed Tk 25 billion-mark on Sunday after nine and a half years, thanks to block transaction worth Tk 22.25 billion of GlaxoSmithKline (GSK) Bangladesh shares. Turnover, a crucial indicator of the market, stood at Tk 25.43 billion on the country's premier bourse which was Tk 683 million in the previous session.
- It happens to be the biggest single-day transaction in the past nine and a half years since December 6, 2010, when the turnover totaled a record Tk 27.10 billion. Sales of entire shares of SETFIRST Ltd, one of the corporate directors of the GSK Bangladesh, to Unilever Overseas Holdings B.V on block market at Tk 2,046.30 each, was the main reason behind the sudden jump in turnover on DSE.
- The GSK Bangladesh accounted for 87.9 per cent to the day's total turnover as 10.87 million shares of the company worth Tk 22.25 billion changing hands in the block market. On June 25, SETFIRST Ltd, one of the



corporate directors of the GSK Bangladesh, expressed its intention to sell its entire holding (more than 9.87 million shares) of the company at prevailing market price in block market.

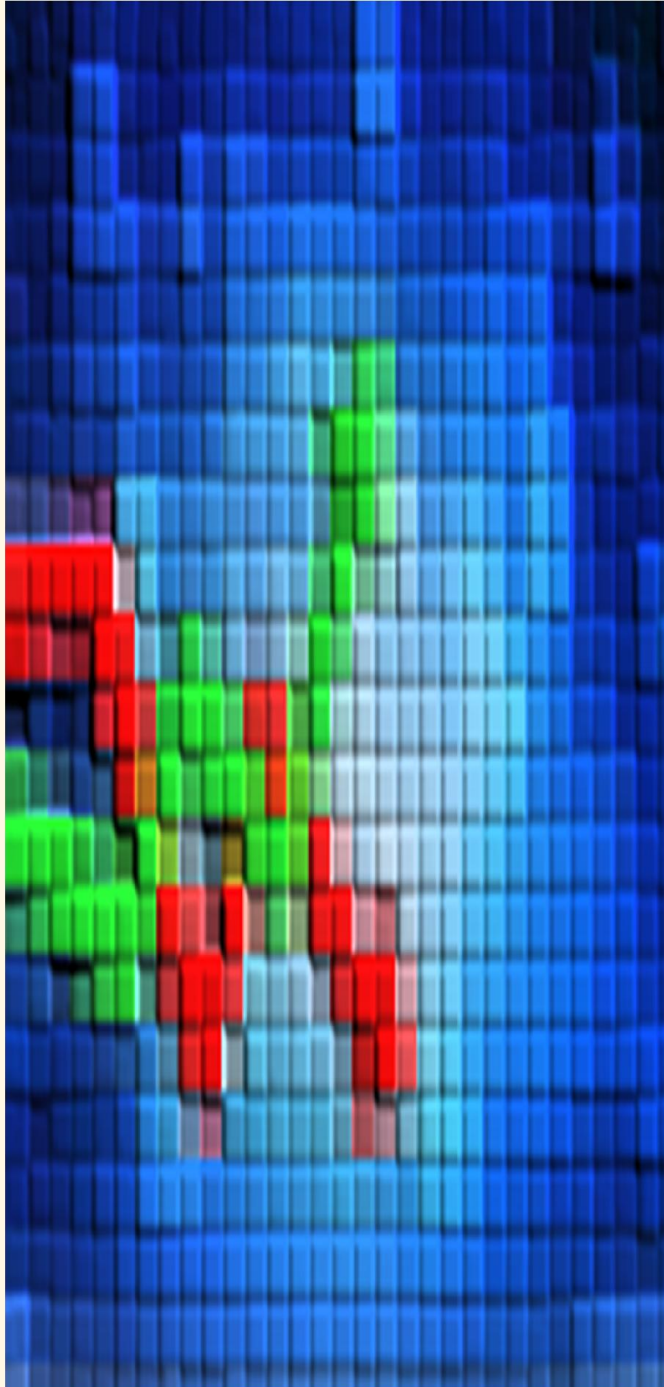
- As per the disclosure, Unilever Overseas Holdings B.V. purchased the entire holding of SETFIRST Ltd, which is more than 9.87 million or 81.98 per cent shares of the total number of shares of GSK Bangladesh. The GSK Bangladesh's shares traded between Tk 2,046.30 and Tk 2,148.60, before closing at Tk 2,084.10 on Sunday. GSK Bangladesh, which was listed on the Dhaka bourse in 1976, made a Tk 986 million net profit in 2019 thanks to closure of its unprofitable pharmaceuticals business in Bangladesh. United Power Generation & Distribution Company also contributed 8.70 per cent to the total day's turnover as 10 million shares of the company worth Tk 2.20 billion were traded on the block mark on Sunday.
- "The turnover stood at Tk 25.43 billion, the highest since December 6, 2010 thanks to the huge block transactions of GSK Bangladesh and United Power which contributed 87.9 per cent and 8.7 per cent respectively to the total trade," commented International Leasing Securities.
- Along with huge turnover, DSEX, the key index of the DSE, went up by 4.94 points or 0.12 per cent to settle at 3,974 during the three-hour trading session. DSEX, the key index of the Dhaka Stock Exchange, went up by 4.94 points or 0.12 per cent to settle at 3,974 during the three-hour trading session. The core index added 12 points in the past four consecutive sessions.
- Two other indices also saw modest gain. The DS30 index, comprising blue chips, advanced 1.41 points to finish at 1,331 and the DSE Shariah Index rose 2.24 points to close at 921. The Chittagong Stock Exchange also edged higher with its All Shares Price Index (CASPI)-advancing 22 points to close at 11,284 and the Selective Categories Index - CSCX -gaining 12 points to finish at 6,830.
- Of the issues traded, 29 gained, 9 declined and 99 remained unchanged on the CSE. The port city bourse traded 14.96 million shares and mutual fund units. The port city bourse's turnover also jumped to Tk 2.51 billion, from Tk 936 million on Thursday last.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/dse-turnover-crosses-tk-25b-mark-on-huge-block-trade-of-gsk-shares-1593361366>

BSEC takes a tough line on IPO scrutiny

- The securities regulator is scrutinising the IPO proposals very carefully for the sake of investors and the capital market. The securities regulator in last week imposed a penalty worth Tk 1.0 million on Al Faruque Bags for violating rules in case of submitting IPO proposal.
- According the BSEC, the issuer company, auditor and issue managers breached the public issue rules in case of submitting the IPO proposal. Along with fining the issuer company, the securities regulator fined the two issue managers Tk 0.5 million and auditor Tk 0.2 million.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/bsec-takes-a-tough-line-on-ipo-scrutiny-1593270211>



DSEX tumbles 26pc in outgoing fiscal year

- The stock market passed yet another gloomy year as the core index of the Dhaka Stock Exchange (DSE) eroded more than 26 per cent in the outgoing Financial Year (FY) 2019-20. After the stock market crash in 2010-2011, the government came up with some instant market supportive measures.
- The market even after 10 years of a fragile journey failed to get a strong foothold, as investors were discouraged by one issue after another. Market operators said the market has been in the doldrums throughout the FY 2019-20 amid investors' confidence crisis while liquidity crunch in the banking sector, gloomy macroeconomic outlook and Covid-19 outbreak exacerbated the situation.
- The stock market stepped into the new FY 2020-21 amid concern over the depressing macroeconomic outlook, unprecedented economic uncertainties with a little hope of an immediate market recovery amid ongoing Covid-19 crisis.
- The DSE key index reached highest at 5,384 while dipping to 3,603 on March 18, 2020 which prompted the securities regulator to set floor price of all stocks on March 19 to prevent free-fall of the index amid the Covid-19 pandemic. Between July 01, 2019 and June 30, 2020, DSEX, the prime index of the DSE, lost 1,432 points or 26.56 per cent to close at 3,989 on Tuesday. Most surprising that the large-cap stocks, considered as blue chips, suffered most during the outgoing financial year as foreign investors' pulling funds out of the market that worsened the situation.
- The blue-chip index DS30, which groups 30 prominent companies, lost 589 points or 30.50 per cent to come down to 1,340 on Tuesday. The DSE Shariah compliant Index also plunged 319 points or 25.68 per cent to close at 925.
- Market capitalisation of the prime bourse also shed 22 per cent in the outgoing year to Tk 3,119 billion. The daily turnover, another important gauge, stood at Tk 3.81 billion on an average, down by 47 per cent year-on-year, in the FY 2019-20.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/dsex-tumbles-26pc-in-outgoing-fiscal-year-1593627044>



Export Import

EPB moots \$37b export target

- The Export Promotion Bureau (EPB) has proposed setting a \$37.44-billion export target for fiscal year (FY) 2020-21, predicting 13-per cent growth. The EPB has also projected an additional \$7.6 billion in earnings from the export of services.
- More than 82 per cent of the proposed export earnings are expected to come from the ready-made garment (RMG) sector. The bureau expects the export receipts to reach \$33 billion by the end of the current fiscal year.
- The proposed export target is 13 per cent higher than the \$33 billion expected to be earned this fiscal. The initial target for the outgoing fiscal was \$45.50 billion. The single-month merchandise shipments in April and May this year witnessed 82.85 per cent and 61.57 per cent negative growth compared to last year's April and May.
- In April and May, exports stood at only \$520.01 million and \$1.46 billion. The overall export earnings during the July-May period fell by 17.99 per cent to \$30.95 billion against \$37.75 billion in the corresponding period of last fiscal.
- The EPB, however, projected that export would reach \$33 billion at the end of June. Bangladesh fetched \$34.13 billion from RMG export in FY '19 marking 11.49-per cent growth over that in FY '18. The compound annual growth rate of apparel export in the past five years has been 6.86 per cent. We're almost at the end of this fiscal. Until June 27, the total RMG export reached \$27.50 billion, which was \$34.13 billion during the same period last year.
- By the end of June, the year-end export figure might reach \$27.60 to \$27.65 billion, which would indicate more than 19-per cent fall in RMG export. The decline in export this fiscal in actual amount is \$6.6 billion, which is around one fifth of last year's. Out of \$6.6-billion lost export, \$1.0-billion export was lost in the first half of 2019 and the remaining \$ 5.6 billion was lost in the last half. The RMG sector lost 4.8 billion worth of export just in three months from April to June 2020, showing the severity of COVID's impact on the industry.

Source: [https://today.thefinancialexpress.com.bd/first-page/epb-moots-37b-export-target-1593367203Apparel Sector](https://today.thefinancialexpress.com.bd/first-page/epb-moots-37b-export-target-1593367203Apparel%20Sector)



Corporate Market Update

Unilever buys 82pc stake in GSK's health food division in Bangladesh

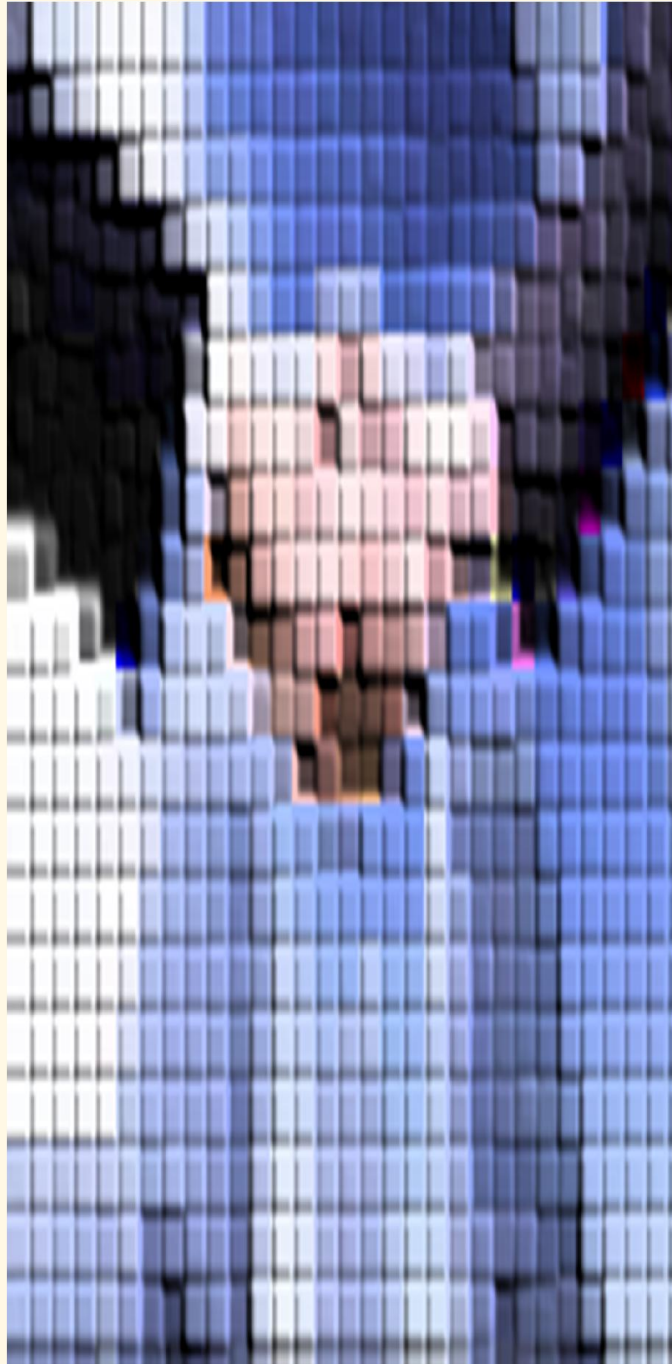
- Unilever bought more than 82 per cent stakes in GlaxoSmithKline's health food and drinks business in Bangladesh from Setfirst yesterday through the block market in its push to further its footprint in Asia's fast-growing economies.
- The block market is a platform of a stock exchange where a large number of securities are traded in a single transaction at a negotiated price. Some 9,875,144 shares of GSK Bangladesh were traded on the block market worth Tk 2,020.75 crore at Tk 2,046.30 each, data from the Dhaka Stock Exchange showed.
- The remaining 18 per cent shares are held by general investors and institutional investors. Of them, institutional investors own 15.53 per cent share, general investors 2.12 per cent and foreign investors 0.37 per cent as of February 29 this year, according to the DSE.
- Setfirst, one of the corporate directors of the multinational company, expressed its intention to sell its entire holding of 98.75 lakh shares to Unilever Overseas Holdings BV in compliance with the stock market regulator, the company said last week on the DSE website.
- When the primary agreement was inked in 2018, GSK's stock was trading at Tk 1,084, but it traded Tk 2,110 yesterday.
- The history of GSK Bangladesh goes back to almost seven decades, and following a number of mergers and acquisitions, GSK Bangladesh, a subsidiary of the British multinational company GSK Plc, started its journey in 2002. GSK Bangladesh's products include nutrition and oral healthcare products, led by brands like Horlicks and Sensodyne.
- The consumer healthcare business delivered a compound annual growth rate of 6.8 per cent in the last two years. GSK continued to outperform competitors in both health food drinks and toothpaste, with the company's share increasing to 95.8 per cent in the health food drink category, a gain of 0.3 per cent over 2017. The share of GSK traded 3.11 per cent, or 63.7 points, higher on the DSE yesterday, helping the market end in positive territory.

Source: <https://www.thedailystar.net/business/news/unilever-buys-82pc-stake-gsks-health-food-division-bangladesh-1922009>

Minhaj named MD of new Unilever entity in BD

Unilever announced Wednesday that KSM Minhaj, currently Customer Development Director of Unilever Bangladesh Limited, has been appointed the Managing Director of the newly acquired company, says a media release. Unilever successfully completed acquiring 81.98 per cent shares of GlaxoSmithKline Bangladesh Limited (GSKBD) from Set first and has proposed to rename the company as Unilever Consumer Care Limited subject to necessary approvals. KSM Minhaj's new role as Managing Director will be in effect from July 01, 2020.

Source: <https://today.thefinancialexpress.com.bd/trade-market/minhaj-named-md-of-new-unilever-entity-in-bd-1593627637>



Omera gets \$20m from IFC to meet funding needs

- The International Finance Corporation will lend \$20 million to Omera Petroleum in order to help the Bangladeshi company meet funding requirements to face the challenges posed by the coronavirus pandemic.
- The funding will help Omera, a subsidiary of Mobil Jamuna Bangladesh, enhance storage and filling capacity and overcome challenges resulting from the ongoing limited access to foreign currency. The loan's tenure is four years and it will be paid back on a quarterly basis by Omera, which has been engaged in import, storage, bottling and distribution of liquefied petroleum gas (LPG) since 2015.
- It is the second loan from the IFC, the private sector lending arm of the World Bank, disbursed through its Covid-19 fast-track financing support package. The Washington-based financial institution announced a \$8 billion global fast-track financing package in March to support business activity and preserve jobs in the face of the coronavirus outbreak.
- In 2018, the IFC invested \$20 million as a long-term loan in Omera Petroleum to help the company double its capacity and increase the availability of LPG, especially in rural areas. The loan was for five years. The Omera has a plan to raise Tk 238.43 crore from the stock market as well to expand its LPG business.
- It has already completed its road show to go public. It will purchase an ocean-going vessel with a capacity of 4,000 tonnes of LPG with the proceeds of the IPO. Tk 46.75 crore will be spent to repay bank loans. Omera conducts its business activities through four LPG plants located in Ghorashal, Mirsharai, Bogura and main terminal in Mongla. Its current storage capacity is almost 10,000 tonnes with a bottling capacity of 60,000 cylinders per day.

Source: <https://www.thedailystar.net/business/news/omera-gets-20m-ifc-meet-funding-needs-1923293>

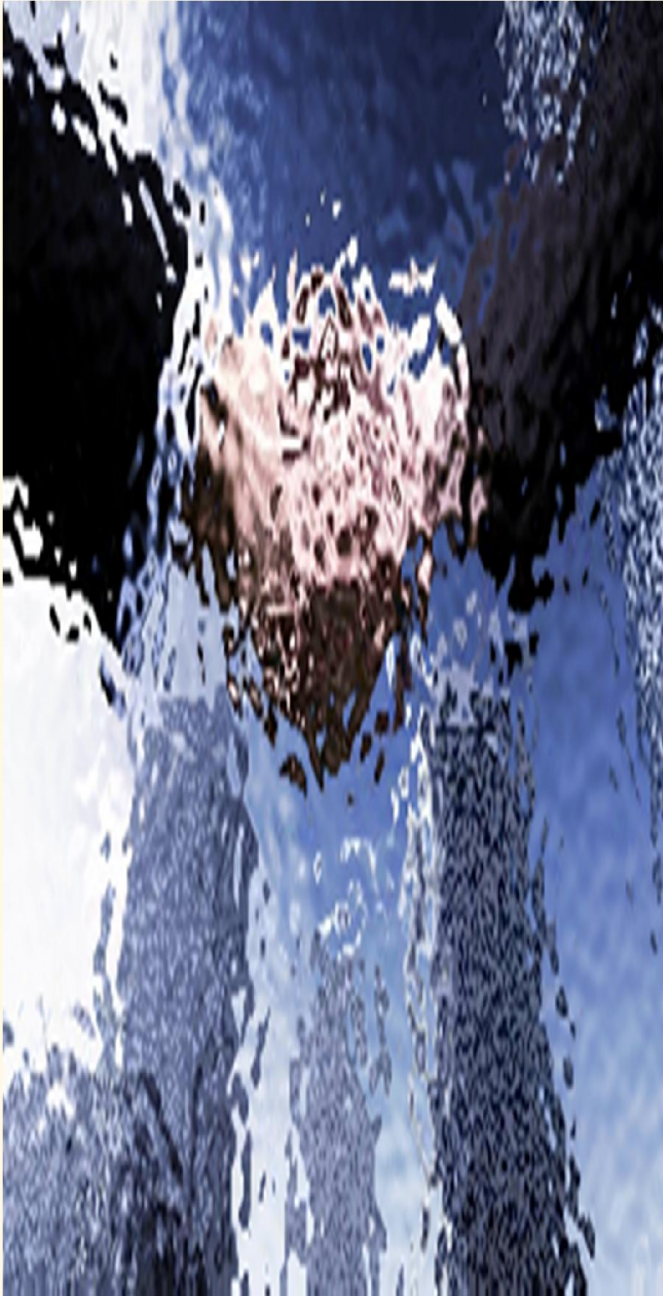
Chevron Bangladesh gets new president

- Eric M. Walker has been appointed President of Chevron Bangladesh companies based in Dhaka, commencing his position in July 2020. Eric succeeds Neil Menzies, who will be taking on a new position with the company in the United States.
- Eric began his Chevron career in 1987 as a petroleum engineer and has held numerous technical and management positions of increasing responsibility. Eric holds a Bachelor's degree in Petroleum Engineering from Texas A&M University and a Master's degree in Business Administration from the University of Louisiana.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/chevron-bangladesh-gets-new-president-1593533420>

Apparel sector for 0.25pc source tax

- Leaders of the country's apparel sector urged the government to continue the existing 0.25 per cent source tax for next five years. Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Bangladesh



Knitwear Manufacturers and Exporters Association (BKMEA) on June 24 in a joint letter to Finance Minister AHM Mustafa Kamal reiterated their demands saying the ongoing Covid-19 has severely affected the RMG sector.

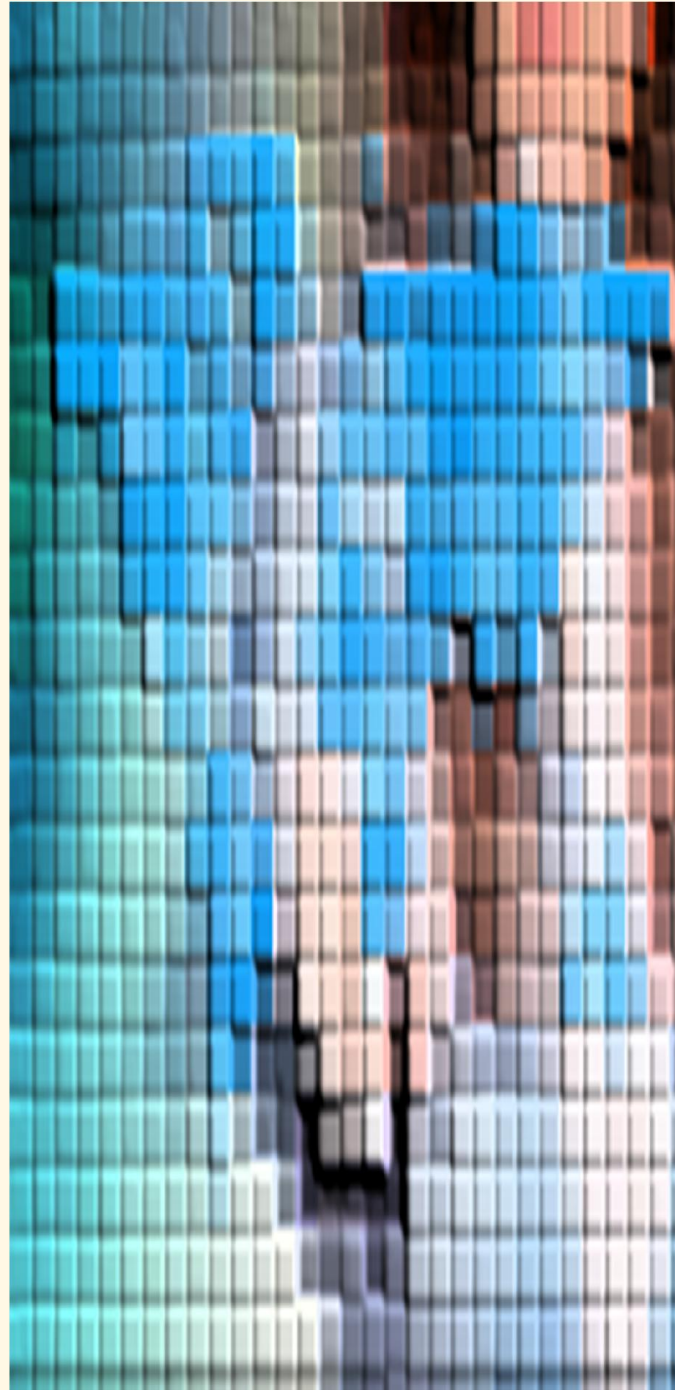
- International buyers have already cancelled or put on hold work orders worth more than US\$ 3.0 billion. They said the amount was increasing day by day. The government has proposed 0.50 per cent source tax for export-oriented sectors for the upcoming fiscal which is not a wise decision in view of the overall situation they noted. Both the trade bodies requested the government to keep the source tax unchanged at 0.25 per cent for five years and consider it as a final settlement.
- Earlier the government proposed 1.0 per cent source tax for export-oriented sectors for the fiscal year of 2019-20. Later, the National Board of Revenue (NBR) through a statutory regulatory order slashed the source tax on export proceeds for all sectors, including RMG, to 0.25 per cent effective from October 21, 2019 to June 30, 2020.

Source: <https://today.thefinancialexpress.com.bd/trade-market/apparel-sector-for-025pc-source-tax-1593445744>

RMG exports drop 19pc in FY'20

- The country's readymade garment (RMG) exports declined by 18.84 per cent to US\$ 27.70 billion in the just concluded fiscal year (FY 2019-20). The sector had fetched \$ 34.13 billion in the FY 2018-19. In the month of June 2020, the earning stood at \$ 1.99 billion, showing an 8.56 per cent decline over that of the corresponding month of last calendar year, according to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).
- The BGMEA made the disclosures, quoting the National Board of Revenue (NBR) data from June 01 to 29 last. The RMG fetched \$1.23 billion and \$374.67 million from RMG export in the months of April and May respectively in the just concluded fiscal year. During March to May this calendar year, apparel exports recorded 54.79 per cent decline over that of the corresponding period of 2019.
- Going forward, the industry might see sales picking up seasonally during Christmas, Ms Huq said adding but a full recovery might take place as late as middle of 2021. The Export Promotion Bureau (EPB), however, has proposed setting a \$37.44-billion export target for fiscal year (FY) 2020-21, predicting a 13-per cent growth.
- The state-owned EPB has also projected an additional \$7.6 billion in earnings from the export of services. More than 82 per cent of the proposed \$37.44 billion export earnings are expected to come from the RMG sector. The bureau that is yet to publish the overall export earnings data of FY 2019-20, expects the export receipts to reach \$33 billion in the final count.

Source: <https://today.thefinancialexpress.com.bd/last-page/rmg-exports-drop-19pc-in-fy20-1593625664>



International business

India to end central control of gas prices, lift LNG transport use

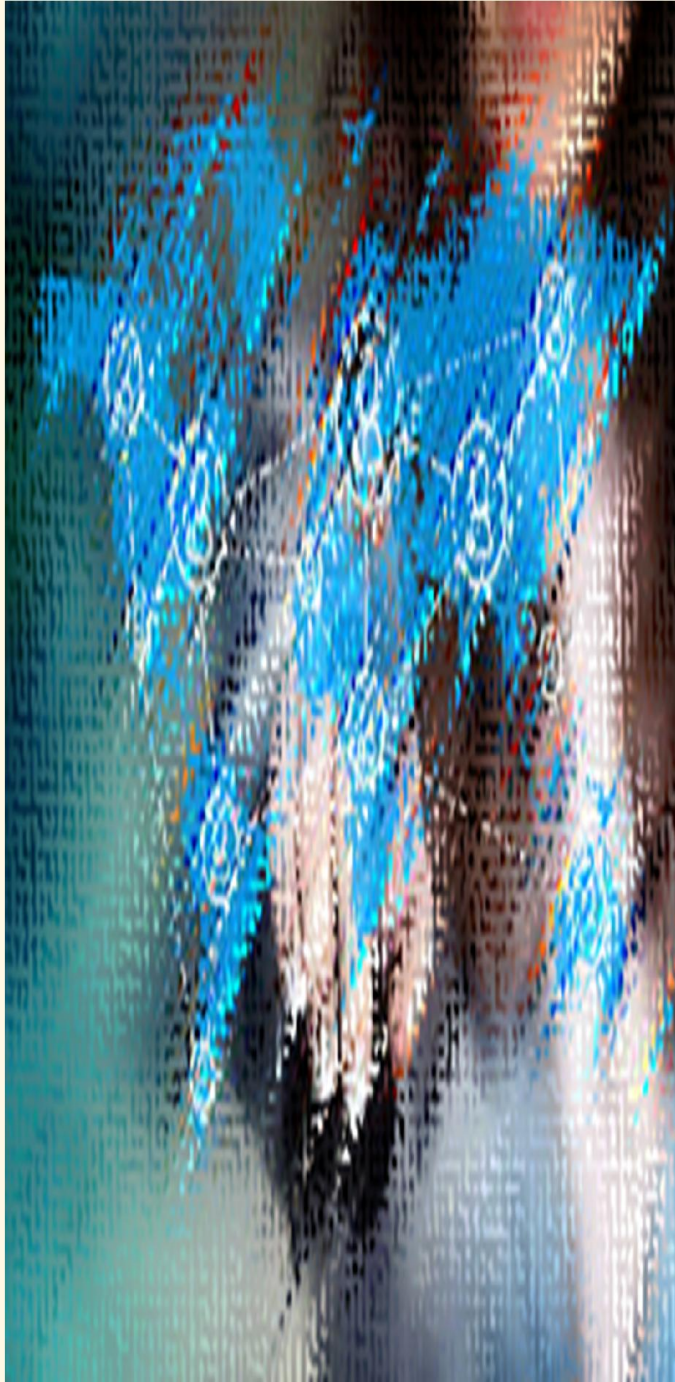
- India will gradually end central controls on gas pricing as it seeks to attract foreign investment and technology to lift local output, oil minister Dharmendra Pradhan said on Friday.
- India, which is a large emitter of greenhouse gases and has multiple gas pricing regimes, aims to raise the share of gas in its energy mix to 15 per cent by 2030, from 6.2 per cent. Petronet wants to set up 5 LNG stations in the fiscal year ending March 2021, and 300 by 2023. It eventually aims to have 1,000 LNG stations across India, it said on its website.
- Meanwhile, Indian Oil Corp, the country's top refiner and fuel retailer, said this week it wants to start LNG retailing through its fuel pumps.
- GAIL (India) Ltd's executive director Rajeev Mathur said his firm is looking for partners to set up LNG dispensing facilities. Mathur said India's gas demand is expected to rise by 3 per cent-4 per cent between October 2020 and March 2021, after witnessing a huge fall in April-May due to a coronavirus lockdown.
- Imported LNG accounted for about half of India's 60.8 billion cubic meters of gas consumption in the fiscal year to March 2019.

Source: <https://www.thedailystar.net/business/news/india-end-central-control-gas-prices-lift-lng-transport-use-1921477>

IMF's Georgieva says virus crisis could ultimately test \$1tr war chest

- International Monetary Fund Managing Director Kristalina Georgieva said on Friday that the global economic crisis spurred by the coronavirus could ultimately test the Fund's \$1 trillion in total resources, "but we're not there yet."
- Georgieva told a Reuters Newsmaker webcast event that it was now clear that an economic recovery would have to get underway without a medical breakthrough and the virus' presence still widespread throughout the world. IMF member countries were standing by to provide more support to the Fund if necessary, she said.
- The IMF on Tuesday forecast a deeper global recession than initially anticipated, as business closures, travel restrictions and social distancing measures persist in most countries. It now anticipates a global GDP contraction of 4.9 per cent this year and a total output loss of \$12 trillion through the end of 2021. The IMF has been rapidly deploying some \$100 billion in emergency financing and has now provided loans and grants to 72 countries in just over seven weeks, Georgieva said.
- The Fund later on Friday approved a new, \$5.2 billion 12-month loan program aimed at helping Egypt to cope with the coronavirus and plug budget and balance of payment gaps.

Source: <https://www.thedailystar.net/business/news/imfs-georgieva-says-virus-crisis-could-ultimately-test-1tr-war-chest-1921497>



IMF approves emergency funding for pandemic-hit Myanmar

- The International Monetary Fund said Friday it will provide Myanmar with \$356.5 million in emergency funding, as the southeast Asian country battles an economic slump due to the coronavirus pandemic.
- "The Myanmar economy is being impacted by the outbreak of COVID-19 through a sharp decline in tourism and remittances and supply chain disruptions," Mitsuhiro Furusawa, IMF deputy managing director, said in a statement.
- The fund "will help address Myanmar's urgent financing needs related to COVID-19 shock, and catalyze support from development partners.
- "The money comes from two programs put into place to ensure rapid disbursement of funding without the need for lengthy negotiations over a reform program by Myanmar.
- Some \$118.8 million will come from the Rapid Credit Facility and the remaining \$237.7 million will draw from the Rapid Financing Instrument.

[Source: https://www.thedailystar.net/business/news/imf-approves-emergency-funding-pandemic-hit-myanmar-1921509](https://www.thedailystar.net/business/news/imf-approves-emergency-funding-pandemic-hit-myanmar-1921509)

Boeing 737 MAX certification flight tests begin today

- Pilots and test crew members from the US Federal Aviation Administration and Boeing Co are slated to begin a three-day certification test campaign for the 737 MAX on Monday, people familiar with the matter told Reuters.
- The test is a pivotal moment in Boeing's worst-ever corporate crisis, long since compounded by the COVID-19 pandemic that has slashed air travel and jet demand.
- The grounding of the fast-selling 737 MAX in March 2019 after crashes killed 346 people in Ethiopia and Indonesia triggered lawsuits, investigations by Congress and the Department of Justice and cut off a key source of Boeing's cash.

[Source: https://www.thedailystar.net/business/news/boeing-737-max-certification-flight-tests-begin-today-1921981](https://www.thedailystar.net/business/news/boeing-737-max-certification-flight-tests-begin-today-1921981)

China's big three airlines take delivery of domestically made ARJ21 aircraft

- China's three biggest state-owned airlines on Sunday took delivery of their first ARJ21 aircraft, a short haul 90-seater aircraft made by state-run Commercial Aircraft Corporation of China (COMAC).
- COMAC said in a statement on Sunday that Air China Ltd, China Eastern Airlines Corp Ltd and China Southern Airlines Co Ltd had received the aircraft, which has a 90-seat capacity, and would each take delivery of three ARJ21 aircraft this year.
- Last August, the three carriers announced on the same day deals to each purchase 35 ARJ21-700 regional jets from COMAC, with deliveries scheduled from 2020 through 2024. The C919 is a much more high-profile programme, that will place COMAC in direct competition with Airbus and Boeing in the single-aisle market. The United States earlier this year considered whether or not to block the sales of LEAP-1C engines to the programme, but it later relented.
- The impact of the coronavirus pandemic on international travel has decimated the order books of both Airbus and Boeing.

[Source: https://www.thedailystar.net/business/news/chinas-big-three-airlines-take-delivery-domestically-made-arj21-aircraft-1921969](https://www.thedailystar.net/business/news/chinas-big-three-airlines-take-delivery-domestically-made-arj21-aircraft-1921969)



UK economy suffers worst quarterly slump since 1979

- Britain's economy has suffered its biggest quarterly contraction for more than 40 years as the coronavirus pandemic slashed activity, revised official data showed Tuesday.
- Gross domestic product shrank 2.2 percent in the first quarter, or January-March period, compared with the prior three months, the Office for National Statistics said in a statement giving a second estimate.
- The initial figure given by the ONS showed a GDP contraction of 2.0 percent in the first quarter, or worst reading since the global financial crisis in 2008.
- Second-quarter data will show the full impact of coronavirus because Britain's nationwide coronavirus lockdown was only imposed on March 23.
- Recent official figures had showed UK economic activity crashed by a record 20.4 percent in April.

Source: <https://www.thedailystar.net/business/news/uk-economy-suffers-worst-quarterly-slump-1979-1923265>

Saudi Arabia's economy contracts by 1pc in Q1 amid oil plunge

- Saudi Arabia's economy contracted by 1% in the first quarter, official data showed on Tuesday, but the figures only marginally captured the collapse in oil prices and the coronavirus crisis, which deteriorated in March.
- "This negative growth originated mainly from the contraction in the oil sector by 4.6%, while the non-oil sector recorded a positive growth rate of 1.6%," the General Authority for Statistics said, citing preliminary estimates.
- The world's largest oil exporter is facing its worst economic decline this year after the COVID-19 pandemic dampened global crude demand and measures to contain the coronavirus hurt the kingdom's non-oil economy.
- "The coronavirus crisis means that this is somewhat old news and the figures for Q2 will almost certainly be terrible," James Swanston, MENA economist at Capital Economics said.
- In the first quarter, the value of Saudi Arabia's oil exports plunged by about \$11 billion year on year, and in April alone the drop was of about \$12 billion, official data showed this month.

Source: <https://www.thedailystar.net/business/news/saudi-arabias-economy-contracts-1pc-q1-amid-oil-plunge-1923261>

Quotation Corner

"Courage is knowing what not to fear".

-- Plato

"If we don't take care of our customers, someone else will."

-- Edgar Mitchell

"The best way to cheer yourself is to try to cheer somebody else".

-- Mark Twin



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