

News Blaze of the Week

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Issue 15



Quotation Corner

Editorial Panel

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“Your time is limited, so don’t waste it living someone else’s life.”

– Steve Jobs

“The function of leadership is to produce more leaders, not more followers.”

– Ralph Nader

“We are what we repeatedly do. Excellence then is not an act but a habit.”

– Aristotle

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Govt Initiatives

Govt to reassess waiver of loans worth Tk 6.86b

- The government will scrutinise further a BGMEA proposal for waiving the entire bank loan liabilities of as many as 131 readymade garments (RMG) units. In 2019, BGMEA president Rubana Huq requested the finance minister AHM Mustafa Kamal for considering waiving the principal loan amount, interest and other costs of 133 RMG units, said a senior official of the ministry.
- In response to the BGMEA application, the finance ministry then had asked for the central bank's opinion on the issue. Receiving the finance ministry letter, Bangladesh Bank (BB) asked the banks to send the loan information about 131 out of the 133 factories.
- After the collection the loan data, the BB informed the finance ministry that the government would require over Tk 6.86 billion for repaying all existing liabilities to the banks concerned. Of the amount, the principal loan amount is over Tk 5.52 billion, according to the commerce ministry document.

Source: <https://today.thefinancialexpress.com.bd/first-page/govt-to-reassess-waiver-of-loans-worth-tk-686b-1601919390>

Govt eyes \$2.5b from WB

- Bangladesh may seek more than \$2.5 billion from World Bank in budgetary support, project financing and aid as it has to implement a major portion of the country's gigantic stimulus package to revive the economy. Its main target would be to secure \$500 million in budget support in the current fiscal year. Of the sum, \$250 million would be sought in the form of development support credit and another \$250 million from the development lender's fund for the poorest countries to combat the impacts of the coronavirus pandemic.
- The Washington-based lender has indicated that it would provide \$1.87 billion in the current fiscal year from its International Development Association (IDA), which lends to the poor countries. The WB approved \$2.27 billion in the just-concluded fiscal year. Of the sum, \$1.7 billion came after March, extending much-needed support to the country reeling from the pandemic.
- The government has undertaken a programme worth \$550 million to procure and distribute coronavirus vaccines. It is currently in negotiation with the WB and Asian Infrastructure Investment Bank for a loan of \$400 million for the programme. On September 29, World Bank President David Malpass said he was seeking board approval for a \$12 billion coronavirus vaccine financing plan to help poor and developing countries secure sufficient stocks once the solution was available in the coming months.

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Source: <https://www.thedailystar.net/business/news/govt-eyes-25b-wb-1973181>



Central Bank Regulation

BB resumes action after three years

- The central bank purchased US\$ 2.63 billion from the commercial banks directly in the first quarter (Q1) of the current fiscal year (FY), aiming to keep the inter-bank foreign exchange (forex) market stable. Official figures show the amount of purchasing the greenback was nearly three times higher than that of FY 2019-20 when the Bangladesh Bank (BB) bought \$ 877 million.
- The central bank resumed purchasing the US currency on March 09 last after around three years to keep the exchange rate of the local currency against the greenback stable. The BB's intervention came against the backdrop of appreciating mode of Bangladesh Taka (BDT) against the US currency mainly due to lower import payments recently.
- On the other hand, the central bank sold only \$ 200 million to the banks during the July-September period of FY '21 to meet their demand for the greenback. The US dollar was quoted at Tk 84.80 on the inter-bank forex market on Monday. The rate remained at the same level in the Q1 of FY '21. The inflow of remittances grew by more than 48 per cent to \$ 6.71 billion during the period under review from \$4.52 billion in the same period of the previous FY.
- The central bank injected Tk 222.77 billion in the market through buying \$2.63 billion from the banks in the first three months of FY'21. The weighted average rate (WAR) of call money came down to 2.47 per cent on Sunday from 2.63 per cent on the previous working day. It was 4.27 per cent on September 01.

Source: <https://today.thefinancialexpress.com.bd/first-page/bb-resumes-action-after-three-years-1601919261>

BB extends deadline for import payments

- The central bank yesterday issued multiple notices and extended the deadline of the relaxed rules for foreign exchange businesses in various sectors until March 31 next year. Banks have been asked to accept advance payments of up to \$500,000 from businesses seeking to import Covid-19-related lifesaving drugs and essential medical items until March 31, according to a notice of the Bangladesh Bank. The deadline expired on September 30.
- Importers are usually allowed to make advance payments of a maximum of \$10,000 for the import of general items, including raw materials meant for industrial purposes and consumer goods. Many exporters have already imported a good amount of raw materials to produce items meant for export, said a central bank official. But they are facing hurdles when attempting to export their products in the wake of a fall in global demand. Importers of agriculture equipment and chemical fertilizers will be allowed to get the support.

Source: <https://www.thedailystar.net/business/news/bb-extends-deadline-import-payments-1973861>



Banks and Financial Institutions

SCB first bank to issue Tk 8.50b zero coupon bond

- Standard Chartered has received all the regulatory approvals for issuing BDT 8.50 billion Zero Coupon Bond. This would be the first Zero Coupon Bond issued by a foreign bank in Bangladesh. It marks another trailblazing transaction for the Bank in Bangladesh and is an important milestone in the development of Bangladesh's debt capital market.
- The Zero-Coupon Bond will open up alternate investment avenues for corporates and individuals. With this offering, the Bank is leveraging strong investor confidence in its strategy and outlook, and the quality of its financial position, to increase its liquidity.
- The funds raised will support the Bank's overarching mission of being a partner in progress to the nation. Standard Chartered's issue is a non-convertible, unsecured, fully redeemable, zero coupon bond. The maturity period for the product will be 5 years from the date of issue. Green Delta Insurance Company Limited will act as the trustee for this issue.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/scb-first-bank-to-issue-tk-850b-zero-coupon-bond-1601734583>

The 35th annual general meeting of National Life Insurance Company Ltd

- The 35th annual general meeting (AGM) of National Life Insurance Company Ltd was held recently on a digital platform. Morshed Alam MP, Chairman of the company, presided over the meeting while Acting Chief Executive Officer Md. Kazim Uddin and Company Secretary Mohammad Abdul Wahab Mian were present. The AGM approved 28 per cent cash dividend for the year 2019.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/the-35th-annual-general-meeting-agm-of-national-life-insurance-company-ltd-was-held-recently-on-a-digital-platform-1601734693>

Banks and Financial Institutions

IDLC Finance to issue Tk 5.0b zero coupon bonds

- The board of directors of IDLC Finance has decided to issue unsecured non-convertible zero coupon bonds worth Tk 5.0 billion with four years tenure (in face value). The country's one of the leading non-bank financial institutions will issue the bond only through private placement, according to an official disclosure on Sunday.
- The bond issue is also subject to the approval of the regulatory authorities - Bangladesh Bank (BB) and Bangladesh Securities and Exchange Commission (BSEC). Each share of the company, which was listed on the Dhaka Stock Exchange (DSE) in 1992, closed at Tk 56.40 on Sunday, losing 1.74 per cent over the previous day. Its share traded between Tk 35 and Tk 60 in the last one year.
- The company's consolidated earnings per share (EPS) stood at Tk 0.99 for April-June, 2020 quarter as against Tk 1.31 for April-June, 2019. The company's paid-up capital is Tk 3.77 billion and authorised capital is Tk 10 billion, while the number of securities is 377.05 billion. The sponsor-directors own 56.66 per cent stake in the company, while institutional investors own 21.24 per cent, foreign 11.34 per cent and the general public 10.76 per cent as on August 31, 2018.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/idlc-finance-to-issue-tk-50b-zero-coupon-bonds-1601828783>

Citi contributes Tk 2.28cr to UNDP to help Bangladesh fight Covid-19

- Citibank NA has contributed Tk 2.28 crore to the United Nations Development Programme (UNDP) in Bangladesh to help the country mitigate the impact of Covid-19. The contribution has supported the distribution of food and hygiene kits through the Strengthening Women's Ability for Productive New Opportunities (SWAPNO) project in Bangladesh, reaching close to 9,000 marginalised women, the bank said in a statement.
- As a key social security project of the Local Government Division, the SWAPNO aims to tackle the impacts of Covid-19, cyclonic storm Amphan and the recent floods that have plunged the coastal areas into a humanitarian and financial crisis. With Citi's support, almost 9,000 women from 5,252 families in Kurigram and 3,744 families in Satkhira have received urgently needed food and hygiene packages.

Source: <https://www.thedailystar.net/business/news/citi-contributes-tk-228cr-undp-help-bangladesh-fight-covid-19-1972637>

Banks and Financial Institutions

EBL launches new product for women entrepreneurs

- Women Banking Division of Eastern Bank Ltd. (EBL) has introduced a new banking product- EBL Ovilashi for the women entrepreneurs of the country. This is an interest bearing business current account featuring all-inclusive product suite with 360 banking services. The launching event was followed by a discussion on how to develop a business friendly environment for women entrepreneurship in Bangladesh.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/ebel-launches-new-product-for-women-entrepreneurs-1601913846>

Rupali Bank gets new DMD

- Mohammad Jahangir has been appointed Deputy Managing Director in Rupali Bank Ltd. Before joining as Deputy Managing Director of Rupali Bank Limited, he served in Rupali Bank Ltd as General Manager in Dhaka south and Divisional office, Chattogram. Mohammad Jahangir joined Rupali Bank Limited as Officer in 1990.

Source: <https://today.thefinancialexpress.com.bd/trade-market/rupali-bank-gets-new-dmd-1601915304>



Stock Market Update

Tax receipts from DSE jump 63pc in Jul-Sept

- The government revenue earnings from the Dhaka bourse jumped 63 per cent in the first quarter (Q1) of the current fiscal year (FY) compared to the same quarter last fiscal as trading volume on the rise. Market operators attributed the rise to the revenue from the Dhaka Stock Exchange (DSE) as buoyant investors took part in the trading with fresh enthusiasm.
- The government bagged revenue worth about Tk 709 million in July-September quarter of the FY 2020-21, which was Tk 435 million in the same quarter of the previous fiscal year. The daily average turnover on the DSE soared to Tk 10.12 billion in September, which was only Tk 9.80 billion in August, 2020, the DSE data shows.
- DSEX, the prime index of the DSE, surged a cumulative 974 points or 24 per cent in July-September, 2020 quarter while the DSE market-cap recovered Tk 877 billion during the period under review. The DSE paid tax worth Tk 2.72 billion in FY 2011-12, Tk 1.27 billion in FY 2012-13, Tk 1.54 billion in FY 2013-14, Tk 1.74 billion in FY 2014-15, Tk 1.58 billion in FY 2015-16, Tk 2.46 billion in FY 2016-17, Tk 2.33 billion in FY 2017-18 and Tk 2.51 billion in FY 2018-2019 on TREC holders' commission and share sales by sponsor-directors and placement holders.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/tax-receipts-from-dse-jump-63pc-in-jul-sept-1601828586>

Regulator asks DSE to improve its IT platform

- The Bangladesh Securities and Exchange Commission (BSEC) has ordered the country's premier bourse to improve its IT services so that investors can easily trade their stocks online. The existing online trading platform of the Dhaka Stock Exchange is problematic as investors are often unable to view updated data on stocks and trade, which is a cause for concern, said Professor Shibli Rubayet Ul Islam, chairman of the BSEC.
- Turnover, an important indicator of the market, currently hovers around the Tk 1,000 crore mark but the BSEC intends to increase this value to Tk 1,500 crore within the current year. Bangladesh needs huge investment in the coming years to achieve the government's development goals and this may impact the stock market. And so, market capitalisation will increase significantly by 2030. In a separate event organised by the BSEC on Monday, Islam said they have rusticated the directors who did not hold at least a 2 per cent stake in their own company. Now, the BSEC has turned its sights to take action against companies where the directors do not collectively hold a 30 per cent stake.

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Source: <https://www.thedailystar.net/business/news/regulator-asks-dse-improve-its-it-platform-1973849>

Stock Market Update

Brokerage licence now just Tk 6 lakh

- The Bangladesh Securities and Exchange Commission (BSEC) has finalised new regulations regarding issuance of brokerage licence allowing such businesses to be opened at a cost of just Tk 6 lakh. The same licence was selling anywhere between Tk 30 crore to Tk 100 crore when the market was going bullish in 2010, according to a top Dhaka Stock Exchange (DSE) official.
- According to the new regulations, a company or individual will have to spend Tk 1 lakh in applying for a Trec licence and once they get the approval, they will have to provide another Tk 5 lakh as registration fee. The DSE's daily average turnover now ranges from Tk 350 crore to Tk 400 crore, which was around Tk 1,200 crore to Tk 1,500 crore on an average during the late 2010 bullish period to mid-2011. On the other hand, the lower paid-up capital for the new Trec holders may give rise to risks for stock investors, the broker added.
- According to the new regulations, new Trec holders will need to keep Tk 5 crore as paid-up capital and an extra Tk 3 crore as deposit money. Stock brokers who are also owners of the stock exchange are bound to keep a paid-up capital of Tk 15 crore as per a risk-based capital adequacy notification of the BSEC. At present, there are 250 Trec holders. Of them 238 are active.

Source: <https://www.thedailystar.net/business/news/brokerage-licence-now-just-tk-6-lakh-1973837>

Corporate Market Update

Unilever Bangladesh launches 11th edition of BizMaestros

- Unilever Bangladesh yesterday announced the start of the 11th edition of its flagship business case competition "BizMaestros 2020" to encourage the youth of the country to join the company to create a better business and a better world. The fast-moving consumer goods (FMCG) company organises the competition every year aiming to provide final year undergraduates with the "thrill of real business".
- This year's theme of the competition is "Power the Future". The first round of the competition focuses on 'Thriving in the New Normal' with the help of Unilever's purpose-led brands, said Unilever Bangladesh, a subsidiary of Unilever, one the world's leading suppliers of consumer packaged goods in more than 190 countries. In 2020, Unilever engaged with more than 50 universities all over Bangladesh to ensure learning opportunities for the students and reach diverse talent. Through a series of campus connects and skill-building sessions, over 7,000 students could learn from the leading FMCG company.

Source: <https://www.thedailystar.net/business/news/citi-contributes-tk-228cr-undp-help-bangladesh-fight-covid-19-1972637>

Export Import

Q1 exports up by 2.58pc, cross target by 2.45pc

- The country's merchandise shipments during the first quarter (Q1) of current fiscal year (FY), 2020-21, grew by 2.58 per cent to US\$ 9.89 billion over that of the same period of last fiscal. The July-September export earnings also surpassed the target set for the period by 2.45 per cent, according to provisional data of the Export Promotion Bureau (EPB). Bangladesh fetched \$9.64 billion in July-September period of FY 2019-20.
- The single month income in September 2020 grew by 3.53 per cent to \$3.01 billion, which was \$2.91 billion in September 2019. The September 20 earnings also surpassed the target by 5.92 per cent, the provisional data showed. The July earnings grew by 0.59 per cent year-on-year to \$3.91 billion after a continuous fall in shipments in the previous months of the current calendar year amid the coronavirus outbreak. The August 2020 earnings grew by 4.32 per cent to \$2.96 billion.
- The country earned \$4.46 billion from knitwear exports in Q1 of FY 21, registering a growth of 7.04 per cent. Knitwear exports fetched \$4.17 billion in July-September of last fiscal. Earnings from export of woven garments, however, declined by 5.78 per cent to \$3.66 billion during the first three months of this fiscal, from \$3.88 billion in the correspondent period of last fiscal, according to data. Knitwear export earnings surpassed the target set for the months by 13.44 per cent, but woven export missed the target by 9.01 per cent. Besides, earnings from home textile exports grew by 40.74 per cent to \$252.35 million. The achievement exceeded the target by 11.75 per cent.

Source: <https://today.thefinancialexpress.com.bd/first-page/q1-exports-up-by-258pc-cross-target-by-245pc-1601834698>

Registration of new firms hits an all-time high

- Registration of new firms in Bangladesh rose to an all-time high of 11,110 in the last fiscal year, highlighting the expansion of business activities and people's enthusiasm about setting up fresh ventures. The figure is 24.32 per cent higher from the fiscal year of 2018-19, when 8,936 registrations were taken, according to data from the Office of the Registrar of Joint Stock Companies and Firms (RJSC).
- Registration obtained for setting up new companies rose 50 per cent to 9,010 in FY20 from 6,945 a year ago. Some 250 registrations were taken to establish societies and 1,827 for partnership firms, respectively up from 229 and 1,740 a year ago. In the first two months of the current fiscal year, 2,279 registrations were obtained from the RJSC, including 1,892 for companies, 45 for societies and 228 for partnership firms. Some 245,655 registrations were secured from the RJSC so far.
- They include 3,532 for public limited companies, 175,932 for private limited companies, 932 for foreign firms, 49,180 for partnership firms, 1,121 for trade bodies and 14,958 for societies. A data centre and a data recovery centre should be established as soon as possible to keep electronic records. It also issues certified copies of files and records. Companies need to secure permission from the agency if they want to wind up operations.

Source: <https://www.thedailystar.net/business/news/registration-new-firms-hits-all-time-high-1972097>

EU trade benefits may continue even after LDC graduation

- Bangladesh may continue to enjoy duty-free trade benefits in the European Union for a few more years even after its graduation from the group of least developed countries (LDCs) as the pandemic fallouts have ravaged the economy. The EU is set to review its duty-free facilities under the Everything but Arms (EBA) agreement in November. Under the EBA, all imports to the EU from the LDC are duty- and quota-free, with the exception of armaments.
- Earlier, Bangladesh joined hands with its peer LDCs to appeal to the WTO for a continuation of the trade benefits they currently enjoy following graduation to developing nations considering the pandemic's ill-effect on economies. If the UN CDP finds the assessment positive, Bangladesh will graduate to the status of a developing country in 2024.
- Bangladesh's export will decline 5.7 per cent annually if the EU's EBA initiative is not extended as local exporters will then have to face an 8.7 per cent duty on exports to the EU. So, there is a possibility of losing more than \$2 billion worth of export business annually after graduation, according to the United Nations Industrial Development Organisation.

Source: <https://www.thedailystar.net/business/news/eu-trade-benefits-may-continue-even-after-ldc-graduation-1972057>

Airbnb aims to raise roughly \$3b in IPO

- Home rental company Airbnb Inc is aiming to raise around \$3 billion in its upcoming initial public offering (IPO), people familiar with the matter said on Friday, taking advantage of the unexpectedly sharp recovery in its business after the COVID-19 pandemic roiled the travel industry.
- Airbnb will be one of the largest and most anticipated US stock market listings of 2020 which has already been a blockbuster year for IPOs, featuring the likes of record label Warner Music Group, data analytics firm Palantir Technologies and data warehouse company Snowflake Inc. This would be substantially higher than the \$18 billion Airbnb was valued at in April when it raised \$2 billion in debt from investors. Airbnb's most recent independent appraisal of the fair market value of its stock pegged its worth at around \$21 billion.

Source: <https://www.thedailystar.net/business/news/airbnb-aims-raise-roughly-3b-ipo-1972025>

US oil refiners look to leapfrog Canadians in making renewable diesel

- US oil refineries are moving aggressively to produce renewable diesel, partly to cash in on Canada's greener fuel standard before Canadian refiners modify their own plants. Canadian Prime Minister Justin Trudeau's government intends to present its Clean Fuel Standard this year, aiming to cut 30 million tonnes of emissions by 2030. Renewable diesel is a niche market, making up just 0.5 per cent of the 430-billion gallon per year global diesel market, according to investment bank Morgan Stanley.
- Greenhouse gas emissions from renewable diesel and traditional biodiesel are typically 50% to 80% lower than conventional diesel. Suncor Energy Inc, Canada's second-biggest oil producer, has been considering a renewable diesel plant in Montreal, but the pandemic slowed its progress, said Chief Sustainability Officer Martha Hall Findlay.

Source: <https://www.thedailystar.net/business/news/us-oil-refiners-look-leapfrog-canadians-making-renewable-diesel-1972605>

International Business

RBI widely seen holding rates at policy meeting ending Friday

- The Reserve Bank of India is widely expected to keep rates steady when its two-day monetary policy committee (MPC) meeting concludes on Friday. The RBI said it will hold the MPC meeting from Oct. 7 to Oct. 9, having delayed it by a week in order to give the government time to appoint three new external members to the panel.
- The government named its nominees late on Monday. Ashima Goyal is currently a member of Indian Prime Minister Narendra Modi's economic advisory council, while Shashanka Bhide is a senior advisor at the National Council for Applied Economic Research - a New Delhi-based think - and Jayanth Varma is currently a finance and accounting professor at the Indian Institute of Management, Ahmedabad. All 66 respondents in a Reuters poll conducted ahead of the originally scheduled MPC meeting said they expect the repo rate to remain unchanged at 4.0 per cent and a large majority saw no cuts until the January-March quarter.

Source: <https://www.thedailystar.net/business/news/rbi-widely-seen-holding-rates-policy-meeting-ending-friday-1973765>



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