

British Chamber Financial Services Working Group – Market Update #001

April 2020

(All information is compiled from and as reported in public sources)

Government unveiled its [COVID19 Economic Relief Plan \(CERP\)](#) on 27 April, which covers mainly monetary, fiscal and other health related impact support. The highlights for the financial sector are:

- Central Bank of Myanmar cut interest rates for third time by 1.5% effective 01MAY2020 (total 3% reduction since 16MAR2020):
 - Policy Rate – 7%
 - Maximum Secured Lending Rate – 10%
 - Maximum Unsecured Lending rate – 14.5%
 - Minimum Savings Deposits Rate – 5%
- Central Bank reduced the Minimum Reserve Requirement (MRR) by 1.5% to 3.5%. This released liquidity of about MMK 600b:
 - State Owned Banks freed liquidity of about MMK 100b
 - Private Banks freed liquidity of about MMK 500b

Other measures:

Actions	Timeline	Responsibility
Conduct Credit Auctions	Immediate	CBM
CBM financing to increase	Dec-2020	CBM/MOPFI
Reduce Bonds/Bills	Dec-2020	CBM/MOPFI
Increase Low cost loans size to 200 billion to 500 Billion	Dec-2020	MOPFI
Merger of MEB/MAB to bring effectiveness	Dec-2020	MOPFI
Credit Guarantee Schemes by government	Dec-2020	MOPFI
Defer Tax Payments. Waive Withholding tax	Immediate	MOPFI
Exempt Lease Fees for affected ones	TBC	MOPFI
Support to Farmers and Agri Business for Planting	Dec-2020	MADB
Allow Banks to transfer NPLs to Asset Management Co.	TBC	CBM
Expedite Investment approval process	Immediate	MIFER /MOPFI
Call for Investments via Simplified procurement process	Immediate	MIFER
Expedite Gov spending in high impact projects	Immediate	MOPFI
Trade Financing Funds of 100 billion	Dec-2020	MOPFI/CBM

Facilitate Exports and Imports Process	Immediate	MOC
Promote use of Mobile payment systems	Immediate	CBM
Promote usage of Ecommerce	Immediate	MOC / MOTC
Reallocate Budget and Cut 10% budget of ministries	TBC	MOPFI

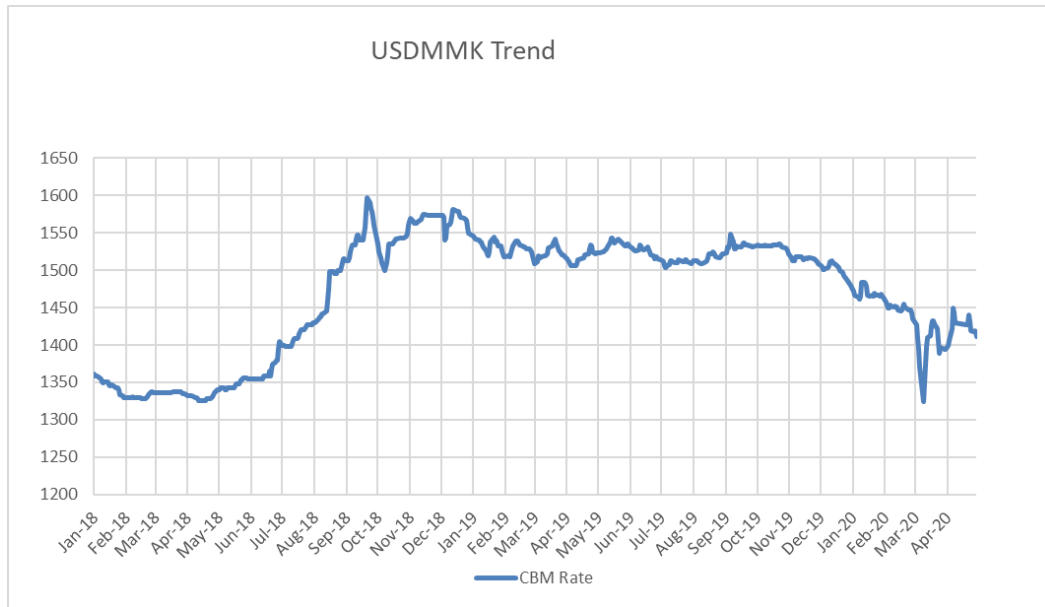
Two key subjects for banks to watch:

- Credit Auctions with immediate timeline.
- Establishment of Asset Management Company to take over Non-Performing Loans from Banks.

On April 6th the Financial Regulation Department (FRD) of MOPFI directed the MFIs to restrict field operations for collections and disbursements. This restriction was later extended to May 15th. Subsequently the FRD also relaxed the NPL classification and provisioning requirements. In March, SECM and CBM allowed the foreign resident and non-resident investors to trade on YSX though the volumes are low:

Name	FMI	MTSH	MCB	FPB	TMH
Issue Code	1	2	3	4	5
Foreign Shareholding Limit	2.00%	5.00%	0.00%	35.00%	0.00%
(Upper limit for Foreign Shareholding Amount)	(542,255 shares)	(1,946,458 shares)	(- shares)	(865,218 shares)	(- shares)
Foreign Buy Order Limit	1.80%	4.50%	0.00%	31.50%	0.00%
(Upper limit for Foreign Shareholding Amount)	(488,029 shares)	(1,751,812 shares)	(-shares)	(778,697 shares)	(- shares)
Total listed shares	27,112,747	38,929,150	10,400,986	2,472,053	12,823,224
	shares	shares	shares	shares	shares
Foreign shareholding amount as of (30/April/2020)	2,615	10,300	0	0	0
	shares	shares	shares	shares	shares
Foreign shareholding ratio as of (30/April/2020)	0.01%	0.03%	0.00%	0.00%	0.00%

The CBM WAR for USD closed March at MMK 1394.9 and strengthened to 1449.6 in the first week after Thingyan holidays to close April at 1410.9.



Source : CBM WAR Rate

The Myanmar Manufacturing PMI dropped to 45.3 in March 2020 from 49.8 in February. Longer supplier delivery times reflected shutdowns at Chinese suppliers, but this softened the fall in the headline PMI.