

Following is a summary of important business news published in the leading daily newspapers of Bangladesh. For the complete news, please follow the online link given below each news. Please note that the news summary doesn't reflect the opinion of BRAC EPL Stock Brokerage Limited.

Monetary Policy Statement (MPS) eyes higher growth

- The central bank announced on Wednesday "cautiously accommodative" monetary policy statement (MPS) for the current fiscal year aiming to achieve higher growth while taming inflationary pressures. The monetary policy stance for FY 20 also take due note of Bangladesh's momentum as a fast-growing developing economy pursuing soonest possible graduation to upper middle income country status, according to the MPS.
- The BB projects 8.20% GDP (gross domestic product) growth for FY '20, while the average inflation at 5.50% in June 2020 in line with the national budget projection. The policy rates, including CRR (cash reserve requirement), SLR (statutory liquidity ratio), Repo, and Reverse Repo, remained unchanged for this fiscal year, according to the MPS. The central bank, however, fixed domestic credit (DC) growth target at 15.9% for FY '20 while the targets for broad money (M2) supply and reserve money (RM) have been projected at 12.5% and 12% respectively. In the MPS, the central bank fixed private sector credit growth target at 13.20% and 14.8% respectively for the first half (H1) and the second half (H2) of the FY '20 while the public sector credit growth target has been set at 25.2% and 24.3% respectively.
- The central bank listed a couple of near-term domestic risk factors that may hamper attainment of the monetary programme objectives in the FY '20. The MPS also said recent upward revision of fuel gas prices and new VAT law implementation have already affected prices in the beginning of this fiscal, and linger effect over the coming months remains to be seen. If the monsoon flood now engulfing wide expanses of the country prolongs or recurs, agricultural output losses can be significant, the BB warned. It also said ongoing trade war and geopolitical tensions are uncertainties on the external front that may or may not impair attainment of the BB's monetary programme outcomes for the FY '20.
- Meanwhile, the central bank is set to shift its regime into interest rate targeting monetary policy instead of the existing monetary aggregate based policy to expedite monetary transmission mechanism in Bangladesh. The interest rate-based regime is in extensive use in middle income and advanced economies, the central bank chief added. Under the proposed monetary policy framework, the BB will announce a new policy interest rate for maintaining desired inflation and real economic growth, according to officials. Besides, the policy interest rate will be used for managing money supply through injection and withdrawal of liquidity from the market as required, they said. Under the mechanism, the central bank may monitor the inter-bank call money rate in between Repo and Reserve Repo rates.

<http://today.thefinancialexpress.com.bd/first-page/mps-eyes-higher-growth-1564595713>
<https://www.thedailystar.net/business/news/liquidity-crunch-dictates-new-monetary-policy-1780087>
<http://www.newagebd.net/article/80254/bangladesh-bank-cuts-credit-growth-target-for-pvt-sector-but-hikes-it-for-govt>
<https://www.dhakatribune.com/business/banks/2019/07/31/private-credit-growth-trimmed-down-to-14-8-for-fy20>
<https://www.dhakatribune.com/business/banks/2019/07/31/private-credit-growth-at-14-80-govt-s-borrowing-24-30>

Bangladesh Bank (BB) governor: No liquidity crisis in banks

- Bangladesh Bank (BB) Governor on Wednesday binned the notion of the liquidity crunch affecting the banks' lending, saying the country's banking sector had sufficient liquidity. There is no liquidity crisis. Rather, they found excess liquidity to the tune of BDT 866.16 billion at banks till June 2019 after maintaining CRR (cash reserve requirements) and SLR (statutory liquidity ratio) provisions, he added. The governor also said that the central bank took necessary measures from time to time to address liquidity shortfall of some weak private banks and the practice would continue in the coming days. The governor said a mismatch had been detected in liquidity status of banks as some banks had sufficient liquidity while some others did not.

<https://www.dhakatribune.com/business/banks/2019/07/31/bb-governor-no-liquidity-crisis-in-banks>

Tax receipts fall short of target by 20%

- Tax collection fell short of target by 20% in fiscal 2018-19, with the National Board of Revenue (NBR) blaming exemptions and discounts given to various sectors, election and state-run agencies' reluctance to pay arrears for the slowing receipts. Last fiscal year it collected BDT 2.24 trillion against the target of BDT 2.80 trillion, up 10.7% year-on-year, which is the lowest in six years. The NBR said it gave BDT 186.94 billion as exemptions and waivers from value-added tax (VAT), tax and customs tariff to: liquefied natural gas (LNG) import, apparel and other export sectors, power plants, capital machinery and some other sectors last fiscal year to facilitate industrialisation and infrastructure development.
- If the tax benefits were not given and arrears were collected, total revenue collection would have grown 25% year-on-year, said NBR Chairman yesterday at a press conference at his office. A number of mega infrastructure projects --

Rooppur nuclear power plant, Padma bridge and Dhaka metro rail -- are being developed and tax breaks have been given to construction materials and machineries. But they have no regret. Development is taking place in the country and we will get benefit of the development later, he added.

- The NBR organized the event to share revenue collection figures in fiscal 2018-19 and measures taken to accelerate total tax receipts, which stood at 8.83% of the GDP, making it one of the lowest in the world. VAT, a type of consumption tax paid by the final consumer, accounted for 39% of the total tax collection, followed by income tax at 32.6% and tariff from imports at 28.3%. However, the NBR said total collection might increase to some extent in the final count. This fiscal year, the NBR has been tasked to collect BDT 325,600 crore, which is 45% higher than the actual collection in fiscal 2018-19.

<https://www.thedailystar.net/business/news/tax-receipts-fall-short-target-20pc-1780081>

<http://www.newagebd.net/article/80256/nbrs-revenue-collection-falls-BDT-57171cr-short-of-fy19-target>

<http://today.thefinancialexpress.com.bd/first-page/tax-revenue-collection-misses-target-by-BDT-571b-1564595870>

ACI to set up joint-venture company with Danish CO-RO

- ACI Limited will set up a joint-venture company with renowned Danish juice manufacturing company CO-RO A/S, said an official disclosure on Wednesday. In this regard, the board of directors of the ACI has approved a joint-venture arrangement to form and establish a joint-venture company with CO-RO A/S named -- ACI CO-RO Bangladesh Ltd. The CO-RO A/S is a renowned Danish juice manufacturing company having its operation in 80 countries across the world and market leader in several Asian countries. The ACI will invest BDT 499 million over a period of next two years against its 49.9% holding in the company, according to the disclosure.

<http://today.thefinancialexpress.com.bd/stock-corporate/aci-to-set-up-joint-venture-company-with-danish-co-ro-1564591100>

Ring Shine Textile's subscription opens on August 25 to raise BDT 1.50 billion

- The public subscription of Ring Shine Textiles Ltd is set to begin on August 25, aiming to raise a capital worth BDT 1.50 billion from the stock market. The company's initial public offering (IPO) subscription will continue until September 9, officials said. The major activities of the company is manufacturing and marketing of gray and finished fleece fabrics of various qualities, and dyed yarn to the ready-made garment (RMG) industry in Bangladesh.

- As per the BSEC approval - under the fixed price method - Ring Shine Textiles will float 150 million ordinary shares at an offer price of BDT 10 each to raise BDT 1.50 billion. The company will utilize the IPO proceeds for purchasing and installation of machinery for the existing factory unit, partial repayment of bank loans of the company and to meet the IPO expenses, within 18 months of receiving the IPO funds.

<http://today.thefinancialexpress.com.bd/stock-corporate/ring-shine-textiles-subscription-opens-on-aug-25-to-raise-BDT-150b-1564591405>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$57.93	-0.65	-1.11%
Crude Oil (Brent)*	\$65.17	+0.45	+0.70%
Gold Spot*	\$1,410.25	-3.53	-0.25%
DSEX	5,138.79	+13.77	+0.27%
Dow Jones Industrial Average	26,864.27	-333.75	-1.23%
FTSE 100	7,586.78	-59.99	-0.78%
Nikkei 225	21,532.11	+10.58	+0.05%

Exchange Rates

USD 1 = BDT 85.04*

GBP 1 = BDT 103.11*

EUR 1 = BDT 93.92*

INR 1 = BDT 1.23*

*Currencies are taken from XE Currency Converter and Commodities are taken from Bloomberg.

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