

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.

Important News Snippets

State-owned Banks (SoBs) defy Ministry of Finance (MoF) order on public display of top defaulters' list

- None of the state-owned banks (SoBs) and financial institutions have displayed the list of top loan defaulters on their notice boards and posted the same on websites, defying a directive of the ministry of finance (MoF). The directive was issued a year earlier.
- Most of the lenders said the matter is under process, but some bankers argued public display of the list is not possible since big loan defaulters may file defamation cases against them. The authorities of the banks and financial institutions are, deliberately, dragging their feet on implementing the ministry's directive.
- Until September, the amount of default loans in the country's banking sector reached BDT 1.0 trillion, an all-time high. This worries experts and bankers. In the first nine months of the current calendar year, the non-performing loans jumped by nearly 34% .
- People familiar with situation said since the state-owned banks and financial institutions were reeling from various problems, including capital shortage and growing volume of default loans. In August last year, the financial institutions division picked up 27 recommendations from them and asked the banks and financial institutions to implement those.

<http://today.thefinancialexpress.com.bd/first-page/sobs-defy-mof-order-on-public-display-of-top-defaulters-list-1544462887>

Banks' provisioning shortfall swells in nine months

- Overall shortfall in provisioning against loans in the country's banking system swelled by over 20% or BDT 13.60 billion during the first nine months of the year. The total amount of provisioning shortfall rose to BDT 81.27 billion as on September 30 from BDT 67.67 billion nine months ago, according to the central bank's latest statistics.
- The shortfall was BDT 79.80 billion as on June 30 this year. It was BDT 63.44 billion a year before. Higher growth in non-performing loans pushed up the amount of provisioning shortfall with the banks during the period under review, as per one of the Bangladesh Bank(BB) officials.
- The amount of classified loans rose by nearly 34% or BDT 250.67 billion to BDT 993.70 billion as on September 30, from BDT 743.03 billion as on December 31, 2017, the BB data showed. The public sector banks have faced more provisioning shortfall than that of the private commercial banks, the central banker explained.
- Lower profitability has also pushed up the amount of provisioning shortfall in the Q3 of 2018, another unnamed banker explained. A total of 12 banks, out of 57, failed to keep the requisite provisions against loans, particularly the NPLs, in the third quarter (Q3) covering July-September period of 2018, the BB data showed.

<http://today.thefinancialexpress.com.bd/first-page/banks-provisioning-shortfall-swells-in-nine-months-1544463074>
<https://www.thedailystar.net/business/news/12-banks-face-provision-shortfall-BDT-10834cr-1672093>
<http://www.newagebd.net/article/58565/12-banks-face-BDT-10833cr-provision-shortfall>

VAT rates to be multiple

- Finance Minister yesterday said the new value-added tax law would be fully implemented by 2021 and the rates would be multiple instead of a single one. The rates will be determined at the time of implementation and may be 15 percent, 7.5% and 5 percent, he said. There will be a lot of exemption, he added.
- In 2017-18, VAT accounted for 38% of the total tax collection of BDT 2.06 trillion. The NBR has been tasked with raising the collection by 39% in the current fiscal year.

<https://www.thedailystar.net/business/news/vat-rates-be-multiple-1672087>

Vibrant corporate bond market key to higher economic growth

- In Bangladesh, bond market and its developments are mostly confined to words than actions. However, government bond with 7.86% of GDP is relatively discernible. Thanks go to the Bangladesh Bank. The BB's concentrated efforts on

strengthening market infrastructure have enhanced the reliability of the government securities market.

- Barriers to the development of the bond market include: dominance of savings certificates in public debt collection, a lack of initiatives to issue bond for financing major infrastructure projects undertaken by the government, city and municipality corporations, captive bond market of Bangladesh with mandatory rules, and a lack of good reasons in fixing interest rate on savings and investment instruments.
- Consequently, the public bond market fails to offer a representative yield curve, which is being considered as essential for development of a long-term corporate bond market. On the other hand, the number and amount of corporate bonds in Bangladesh are required to be searched with a high powered binocular. At present, the size of the corporate bond market is very scanty -- only 0.2% of GDP, whereas China and India are having 18.63% and 2.89% respectively.
- It is heartening to know that Pran Group and Ashuganj Power Limited are coming up very soon with two debt securities with public placement. Additionally, banks have, although all are in private placement, issued a total of 57 subordinate bonds amounting to BDT 198.24 billion since 2009 to insert capital under tier II.
- This indicates that efforts are in place to entice funds through issuing debt securities. Also, the current and possible future structure of the economy deduces that a viable corporate bond market is needed.

<https://www.thedailystar.net/business/news/vibrant-corporate-bond-market-key-higher-economic-growth-1672081>

Investors lose confidence in mutual funds

- The extension of closed-end mutual funds' tenure further sapped investors' confidence in the sector, with almost BDT 4.30 billion lost since the decision came into effect on September 16. The sector has already been suffering from low investor confidence; the decision, which came following the government's order, could be another nail in the coffin. Thanks to the BSEC decision investors will now have to wait for another ten years to get profits from mutual funds.
- Since September 16, the closed-end mutual fund sector lost 11.63% of its market capitalization. Of the listed 37 funds, 33 traded at lower than their face value yesterday. The decision is a total violation of fund managers' commitment, and the Bangladesh Securities & Exchange Commission (BSEC) has created the opportunity to break their commitment, said the managing director of an asset management company, requesting anonymity.
- He went on to predict that the impact of the decision would be profound. The President of the DSE Brokers' Association, echoed the same. It is necessary to liquidate the funds within the committed time of their prospectuses to keep the confidence of investors, he added.
- As there is no research on it, no one can say that this is the sole reason behind the fall of market capitalization, BSEC spokesperson claimed. He, however, acknowledged that it affected the confidence of investors of closed-end mutual funds.

<https://www.thedailystar.net/business/news/investors-lose-confidence-mutual-funds-1672084>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$51.15	+0.15	+0.29%
Crude Oil (Brent)*	\$60.14	+0.17	+0.28%
Gold Spot*	\$1,245.84	+1.38	+0.11%
DSEX	5295.69	-10.53	-0.20%
Dow Jones Industrial Average	24,423.26	+34.31	+0.14%
FTSE 100	6,721.54	-56.57	-0.83%
Nikkei 225	21,100.30	-119.20	-0.56%

Exchange Rates

USD 1 = BDT 83.75*
GBP 1 = BDT 105.33*
EUR 1 = BDT 95.20*
INR 1 = BDT 1.16*

**Currencies and Commodities are taken from Bloomberg.*

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BRAC EPL Stock Brokerage Limited

Research

Ayaz Mahmud, CFA	Deputy Head of Research	ayaz.mahmud@bracepl.com	01708 805 221
Md. Sakib Chowdhury	Research Analyst	sakib.chowdhury@bracepl.com	01709 641 247
S. M. Samiuzzaman	Research Analyst	sm.samiuzzaman@bracepl.com	01708 805 224
Sadman Sakib	Research Associate	sadman.sakib@bracepl.com	01730 727 939
Ahmed Zaki Khan	Research Associate	zaki.khan@bracepl.com	01708 805 211
Md. Rafiqul Islam	Research Associate	mrafiquislam@bracepl.com	01708 805 229

International Trade and Sales

Ahsanur Rahman Bappi	Head of International Trade & Sales	bappi@bracepl.com	01730 357 991
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BRAC EPL Research www.bracepl.com

Symphony, Plot No. S.E. (F) - 9,
Road No. 142, Gulshan-1, Dhaka
Phone: +880 2 985 2446-50
Fax: +880 2 985 2451
E-Mail: research@bracepl.com