

*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.*

### **Deposit growth in banks hits 30-month high in October**

- Deposit growth in the country's banking sector hit a 30-month high of 12.19% in October this year as savers returned to banks after the government in the budget for the 2019-2020 fiscal doubled taxes on interest earnings from the national savings certificates.
- The growth in October was the highest after 12.43% growth in April, 2017. As per the BB data, deposits in the banking sector stood at BDT 11.06 trillion in October of FY20, increasing by BDT 1.2 trillion from BDT 9.86 trillion at the end of October of FY 2018-19. Since April, 2017, the deposit growth in the country's banking system has remained below 12% with the lowest of 8.57% in April, 2018.
- In July-October of FY20, the government's net sales of NSCs dropped by 69.08% or BDT 123.17 billion year-on-year. Government's net borrowing by issuing NSCs dropped to BDT 55.12 billion in July-October of FY20 against BDT 178.29 billion in the same period of FY19. Bankers said that the deposit growth in the banking sector had improved for two reasons — fall in NSC sales in recent months and increase in deposit rates in banks.
- The government's outstanding borrowing from the BB by issuing treasury bills rose to BDT 161.03 billion at the end of September, 2019 from BDT 144.78 billion at the end of June, 2019. Besides, its outstanding borrowing from the BB by issuing treasury bonds increased to BDT 162.82 billion on September 30 from BDT 133.67 billion on June 30.
- As per the BB data, deposit growth in the banking sector dropped to 9.93% in June of 2019. In July, the growth rate increased to 10.69%. The growth rate increased to 11.40% in August and 11.88% September. In December, 2018, the deposit growth in the banking sector had dropped to 9.04%.

<http://www.newagebd.net/article/93526/deposit-growth-in-banks-hits-30-month-high-in-october>

### **Telecom sector's revenue to cross USD 5 billion by 2023**

- The telecommunication industry's revenue will grow by 34% in the next five years to USD 5.08 billion from USD 3.8 billion at present, on the back of expanding user base and wide range of services, said the USAID in a new study. The industry employs about 760,000 people directly, of which 92.5% are unskilled and 7% are women, the Comprehensive Private Sector Assessment report said. The job growth rate in the sector will be 9% from 2016 to 2020.
- In 2016-17, the telecommunications sector accounted for 6.98%, or USD 29.6 billion, of the economy. The contribution of the sector is highly dominated by mobile operators with a direct impact of 58%, followed by distributors and retailers (25%), infrastructure providers (12%), and the handset industry, content applications and other services providers (5%).
- The report found that the total number of smartphone users was 48 million in 2017 and it will go up by threefold to 138 million in 2025. At the end of fiscal 2017, there were 85 million unique subscribers and it will be 107 million in 2025, making Bangladesh the fifth largest mobile market in the Asia Pacific and the ninth largest market in the world in terms of unique subscribers. Active mobile connections will reach 190 million at the end of 2025 and the number of 4G users will be 41%, the USAID report said, referring to the GSMA, a trade body that represents the interests of mobile network operators worldwide.

<https://www.thedailystar.net/business/news/telecom-sectors-revenue-cross-5b-2023-1840516>

### **Metropolitan Chamber of Commerce & Industry (MCCI) economic review: Inflation, low investment, slow export major risks in economy**

- Inflationary pressure, slower growth in the export and import, lack of investors' confidence and a lower rate of investment were the major risk factors for the country's economy in the first quarter, said the Metropolitan Chamber of Commerce & Industry (MCCI) on Thursday. MCCI said infrastructure deficits and gas and power supply problems were now undermining the performance of all productive sectors of the economy.
- According to the review, the agriculture sector grew at a lower rate of 3.51% in FY19 compared to 4.19% in FY18. The lower growth of the sector was also accompanied by its falling share in GDP, which declined to 13.60% in FY19 from 14.23% in FY18. The share of the industry sector in GDP increased to 35.14% in the first quarter of FY19 from 33.66% in the previous fiscal year. The sector grew at 13.02% in FY19 compared to 12.06% in FY18 in the period.
- In the power sector, the generation capacity rose to 19,428 megawatt (MW) in September 2019, which was 18,825 MW two months back (in July). The MCCI pointed out sectors like tourism, engineering, consultancy and infrastructure

needed technological advancement to boost their contribution to GDP.

- The country's merchandise export earnings in Q1 of FY20 decreased by 2.95% to USD 9.65 billion from USD 9.94 billion in the same period of the previous fiscal year. Export earnings also fell short of the strategic target (USD 10.85 billion) by 11.06%, showed the MCCI review. The inflow of remittances in the first three months of FY2019-20, increased by 17.58% to USD 4.55 billion from that of USD 3.87 billion in the corresponding period of the previous fiscal year. A main reason behind the increase was the government-announced 2% incentive on remittance receipts, said MCCI.
- In September 2019, the general point to point inflation in the country rose by 0.05 percentage points to 5.54% from 5.49% in August 2019. A year ago, in September 2018, the inflation rate was lower at 5.43%. A comparison of point to point inflation data for rural and urban areas in September of FY20 shows that the general and non-food price inflation was higher in urban areas than in rural areas. Food price inflation, however, was lower in urban areas than in rural areas, observed MCCI.

<https://www.dhakatribune.com/business/2019/12/13/mcci-economic-reveiw-inflation-low-investment-slow-export-major-risks-in-economy>  
<https://www.thedailystar.net/business/news/economy-growing-well-challenges-remain-mcci-1839628>  
<http://www.newagebd.net/article/93464/mcci-says-economy-progressed-in-q1-despite-risk-factors>

### **Fund raising through IPOs falls in 2019**

- Fund raising by companies through initial public offerings declined by 14% in 2019 compared with that in the previous year. Only eight companies raised BDT 5.52 billion while 13 companies and a mutual fund raised BDT 6.46 billion in the previous year. The current commission has so far approved IPOs of around 90 companies since 2011 and the DSE raised reservations about 60 of them.
- Fourteen companies including one mutual fund collected BDT 6.46 billion through IPOs in 2018 while six companies including two mutual funds had raised BDT 2.49 billion in 2017. Esquire Knit raised BDT 1.5 billion, Runner Automobiles BDT 1 billion, ADN Telecom Limited BDT 570 million, New Line Clothings BDT 300 million, Silco Pharmaceuticals BDT 300 million, Coppertech Industries BDT 300 million, SEA Pearl and Resort BDT 150 million, and Ring Shine Textiles BDT 1.5 billion in 2019.
- Fund raising from the capital market totaled at BDT 2.19 billion in 2017, BDT 8.49 billion in 2016, BDT 8.31 billion in 2015 and BDT 12.64 billion in 2014. Fund raising through issuing rights shares sank further in 2019 as only one company collected BDT 899.3 million while two companies had collected BDT 2.69 billion in 2018.

<http://www.newagebd.net/article/93527/fund-raising-thru-ipos-falls-in-2019>

### **Reconditioned car importers in trouble as sales drop**

- Reconditioned car importers are in deep trouble as their sales dropped drastically in the first five months of the fiscal year because of a faulty tax structure and reduction in depreciation rate, said industry people yesterday. Duty structure for reconditioned cars has been set in a way that pushes up the prices of used cars more than the new ones, said President of the Bangladesh Reconditioned Vehicles Importers and Dealers Association (BARVIDA).
- According to the BARVIDA, only 3,438 units of reconditioned cars were imported from July to November. In fiscal 2018-19 that ended on June 30, a total of 12,502 units of reconditioned cars were imported, down 46% from a year ago, when 23,075 units were brought in. President of the BARVIDA said car import is declining continuously because of higher duties, a fall in price depreciation, currency devaluation, and higher bank interest rate. The government has brought down the maximum depreciation of imported reconditioned vehicles to 35% in 2018-19 from 45% in 2015-16, increasing the import duty and the price of cars. He said importers are entitled to a maximum 35% depreciation on the brand new price for four-year old cars but there is no depreciation for a one-year old car.
- The President said the interest on auto loans reached 14 to 16%, the highest in the world. Banks provide limited loan facility due to their own liquidity crisis. At present, customers can avail around 50% of the cost of a car as loans from banks, but it should be 90%, he said. According to the BARVIDA, used car importers invested around BDT 200 billion and about BDT 4000 billion in taxes are deposited to the government coffer every year.

<https://www.thedailystar.net/business/news/reconditioned-car-importers-trouble-sales-drop-1840510>  
<http://www.newagebd.net/article/93658/used-car-import-sales-plunge-barvida>  
<https://www.dhakatribune.com/business/2019/12/14/reconditioned-car-imports-slump-by-31>

### **Coal imports surge on rising demand for bricks**

- Coal imports are soaring to fuel hundreds of brick kilns that produce the key construction material to feed the growing demand from both public and private sectors. Imports of the fossil fuel rose 70% year-on-year to 5.75 million tonnes in

fiscal year 2018-19, customs data showed. In monetary terms, Bangladesh's private importers spent BDT 39.50 billion to buy coal in the last fiscal year, and the cost of import of the fuel was two and a half times the import cost three years ago.

- President of the Bangladesh Coal & Coke Importers Association (BCCIA) said 98% of the imported coal are used to burn bricks to support the increasing demand from public and private sector construction. The construction sector grew 10.25% in 2018-19, up from 9.92% the previous year, according to the Bangladesh Bureau of Statistics.
- The number of kilns will be between 7,000 and 10,000, producing 21 billion to 43 billion pieces of bricks annually, according to trade bodies representing brick makers. The Department of Environment (DoE) recorded 8,033 brick kilns in 2018.

<https://www.thedailystar.net/business/news/coal-imports-surge-rising-demand-bricks-1839634>

### **Investment Corporation of Bangladesh (ICB) proposes Citi as partner for issuance of USD 500 million bond**

- State-owned Investment Corporation of Bangladesh has proposed Citigroup Global Markets as its partner for raising USD 500 million from the international market by issuance of bond. Official said the ICB had been working on the issue since prime minister's power and energy adviser at a seminar in 2016 announced that USD 500 million would be raised for the PDB from Singapore capital market to finance projects for the state-run electricity generation and distribution company. State minister for power and energy said the government would require USD 30 billion to implement power sector projects till 2040.

<http://www.newagebd.net/article/93656/icb-proposes-citi-as-partner-for-issuance-of-500m-bond>

### **Hard-term loan kitty set to be bigger**

- The volume of the country's hard-term loan is likely to go up in the coming days as the government has amended the foreign borrowing terms, officials said. The government has recently relaxed its foreign borrowing terms to help execution of development projects successfully, officials said. It will now be able to take more costly loans like the suppliers' credit after relaxation of the relevant terms. However, analysts have criticized the sudden move of the government, saying that it might make Bangladesh's foreign debt burden difficult.
- In a gazette on December 01, the Economic Relations Division (ERD) said the loans having less than 25% of grant element will be treated as non-concessional loans. Earlier, the percentage was 35. The hard loan proposals are approved by the "standing committee on non-concessional loan (SCNCL)". The finance minister is the chief of SCNCL.
- The government usually takes concessional loans from different bilateral and multilateral lenders like World Bank, Asian Development Bank (ADB), Japan, Islamic Development Bank, United Nations Development Programme, China and India. It also takes some non-concessional loans from them on comparatively harder terms and conditions due to constraints of internal resources.

<https://today.thefinancialexpress.com.bd/public/first-page/hard-term-loan-kitty-set-to-be-bigger-1576254351>

### **The Public Private Partnership Authority (PPPA) secures USD 5.0 billion deals to develop infrastructure**

- The Public Private Partnership Authority (PPPA) has signed 16 contracts worth USD 5.0 billion with local and foreign investors to develop Bangladesh's infrastructure and social services. We have lined up 74 projects involving USD 25.0 billion for investment under PPP arrangement. Among them, 16 contracts worth USD 5.0 billion have already been inked, said Chief Executive Officer (CEO) of PPP Authority. The CEO said the PPPA had created opportunities for lending partners of investors to sit with them for discussion on security of investments in Bangladesh.

<https://today.thefinancialexpress.com.bd/public/trade-market/pppa-secures-50b-deals-to-develop-infrastructure-1576253169>

### **USD 20 million laundered abroad: AB Bank sues 15, including former chairman, 2 Managing Directors**

- AB Bank has filed a case against 15 persons, including a former chairman and two managing directors, over their alleged involvement in laundering USD 20 million abroad. The laundering process started off when the bank's board of directors approved an investment of USD 20 million in December 2013. The investment was set to be made in a Singapore-based fundraising and investment company, Pinnacle Global Fund Pte Ltd (PGF).
- In February 2014, the bank's offshore banking unit transferred the money to an account of UAE-based Abu Dhabi

Commercial Bank (ADCB). The first generation private bank was also found to have signed the investment deal with the PGF on a white paper, raising questions about the deal's effectiveness, according to a central bank investigation of 2017. AB Bank in its press release said the USD 20 million was withdrawn without its knowledge.

<https://www.thedailystar.net/business/news/20m-laundered-abroad-ab-bank-sues-15-including-former-chairman-2-mds-1840513>

### Online VAT project fated to miss its Dec'20 deadline

- A Vietnamese firm that has been assigned to automate the VAT administration is set to miss the deadline because of its incapacity and the required back-up administrative reform. About BDT 2.76 billion or 40% of the fund of the VAT Online Project (VOP) has so far been spent without any significant outcome in the last five years, sources said. The only significant outcome the Vietnamese contractor FPT could produce is the online VAT registration system. But economists say the online VAT registration process is also not that successful, as VAT officials are taking a long time for verification.
- Businesses have to wait, in some cases, for more than one month, to get their respective Business Identification Numbers (BINs) from the VAT offices. Although the VAT authority has claimed that the Online VAT return module is ready for use under the project, none of the businesses could access or enjoy the facility so far.
- The government launched the VOP in 2014. It is scheduled to expire on December 30 next year. The cost of the project is around BDT 6.90 billion borne jointly by both the World Bank (WB) and the government of Bangladesh. The NBR signed an agreement with the Vietnamese contractor FPT Information Systems on September 16, 2015 for implementing the VOP. The WB is expected to provide USD 60 million for the project. But out of the amount, it released about USD 35 million so far, sources said.

<https://today.thefinancialexpress.com.bd/first-page/online-vat-project-fated-to-miss-its-dec-20-deadline-1576339424>

### World Stock and Commodities\*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$60.07	+0.89	+1.50%
Crude Oil (Brent)*	\$65.22	+1.02	+1.59%
Gold Spot*	\$1,476.34	+6.54	+0.44%
DSEX	4,514.45	+2.06	+0.05%
Dow Jones Industrial Average	28,135.38	+3.33	+0.01%
FTSE 100	7,353.44	+79.97	+1.10%
Nikkei 225	24,023.10	+598.29	+2.55%
BSE SENSEX	41,009.71	+428.00	+1.05%

### Exchange Rates

**USD 1 = BDT 84.98\***  
**GBP 1 = BDT 113.32\***  
**EUR 1 = BDT 94.50\***  
**INR 1 = BDT 1.20\***

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

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