

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.

### Walton's IPO bidding approved

- Bangladesh Securities and Exchange Commission approved bidding for discovering cut-off price of Walton Hi-Tech Industries. When a company seeks a premium over its face value to go for initial public offering, institutional investors bid for discovering a price for them. General investors buy the shares at 10% lower than the price. Walton wants to raise BDT 1 billion to expand business and repay bank loans.

- Walton Hi-Tech Industries is the manufacturer of multi-staged refrigerator, freezer, air conditioner, television and motorcycles. As per the financial statement for the year ended on June 30, 2019 the company's net asset value (NAV) with revaluation reserve is BDT 243.16 per share, while the NAV without revaluation reserve stood at BDT 138.53 per share. For same period, the company's earnings per share (EPS) is BDT 28.42 as per weighted average calculated after tax.

<https://www.thedailystar.net/business/news/waltons-ipo-bidding-approved-1851040>

<https://today.thefinancialexpress.com.bd/stock-corporate/walton-to-raise-BDT-10-billion-under-book-building-method-1578419098>

<https://www.newagebd.net/article/95925/bsec-allows-walton-hi-tech-to-discover-ipo-price>

<https://www.dhakatribune.com/business/2020/01/07/walton-gets-bsec-nod-to-discover-ipo-cut-off-price>

### Inflation crawling up

- Bangladesh's average inflation crept up four basis points in 2019, which saw fluctuations throughout the year and a skyrocketing of the price of onion, an essential cooking ingredient. At the end of 2019, inflation stood at 5.59%, up from 5.55% a year earlier, according to data released yesterday by the Bangladesh Bureau of Statistics (BBS). Full-year inflation averaged 5.7% in 2017 and 5.55% in 2016. While there have been fluctuations, overall 2019 has turned out to be a year of rising inflation driven both by rise in food and non-food inflation, said a former lead economist of the World Bank's Dhaka office.

- This happened despite bumper rice crops, accelerating GDP growth as reported officially and generally slow monetary and private sector credit growth. In December last year, general inflation fell 30 basis points to 5.75% on the back of a steep fall in food inflation. Non-food inflation edged up eight basis points to 5.55%, BBS data showed. Rural inflation went down from 6.01% in November to 5.76% in December. Urban inflation declined to 5.73% from 6.12% a month earlier. The cost of living rose 5.50% year-on-year and the prices of goods and service went up by 6.08% last year, the CAB said. The government has targeted a 5.5% inflation rate for this fiscal year. It was able to contain it at 5.48% in fiscal 2018-19, which is comfortably below the target of 5.6%.

<https://www.thedailystar.net/business/news/inflation-crawling-1851058>

<https://www.newagebd.net/article/95924/inflation-drops-to-575pc-in-dec>

<https://today.thefinancialexpress.com.bd/first-page/average-inflation-up-marginally-in-2019-1578419613>

<https://www.dhakatribune.com/business/economy/2020/01/07/inflation-eases-to-5-75-in-december>

### Trade deficit tapering off

- Trade deficit narrowed 79.51% in November to USD 1.06 billion from the previous month on the back of sliding imports -- a worrying development as it suggests of sluggishness of the economy. November's figures were down 19.70% from a year earlier, according to data from the Bangladesh Bank. The decreasing trend of trade deficit is good for a strong economy but such a phenomenon is not a positive indicator at all for the growing economy like Bangladesh, experts said. During the period, imports declined 17% from a month earlier to USD 4.06 billion and exports nearly 1% to USD 3 billion.

- "Both falling exports and imports is a sign of an economic slowdown," said the executive director of the Centre for Policy Dialogue. Bangladesh's ranking in the World Bank's ease of doing business index is far from ideal and that has hit the confidence of businesses. On top of that, the government has recently taken a decision to fix the interest rate for lending at 9% from April 1 -- a move not welcomed by banks. Banks think that loan disbursement at that rate will not be viable for them in many cases. In November last year, private sector credit growth dropped to 9.87%, which is the lowest since 2008 at least. Bangladesh Bank's data goes as far back as 2008. They should give our all-out effort to bring back the confidence of businesspeople for the greater interest of the economy, said the managing director of Mutual Trust Bank.

- The overall trade deficit in the first five months of fiscal 2019-20, however, were higher by USD 28 million from a year earlier at USD 6.68 billion. But the upward trend will not be sustainable if imports maintain the declining stance, the executive director of the Centre for Policy Dialogue said. The deficit in current account balance, however, decreased

more than half to USD 1.09 billion in the first five months of the fiscal year due to a remarkable growth in remittance. Between July and November this fiscal year, remittance inflows stood at USD 7.71 billion, up 22.71% from a year earlier. This has brought relief for the government in management of the external sector of the economy, said a central bank official.

<https://www.thedailystar.net/business/news/trade-deficit-tapering-1851055>  
<https://www.newagebd.net/article/95923/trade-deficit-inches-up-in-july-nov>  
<https://www.dhakatribune.com/business/2020/01/07/trade-deficit-widens-in-july-nov>

### **Annual Development Programme (ADP) execution 26% in H1**

- The government agencies' execution of projects in the first half of this fiscal is poor as they spent only 26% of the annual development programme (ADP). They utilized 27% of the BDT 1.80-trillion ADP outlay in the corresponding period (July-December) in fiscal year (FY) 2018-19, according to officials. In the same period of FY '18 and FY '17, the ADP implementation rates were recorded at 27% each. The Implementation Monitoring and Evaluation Division (IMED) showed project implementers spent BDT 567.12 billion out of BDT 2.15-trillion ADP in H1 of FY '20. Of the total outlay, the government allocated BDT 1.31 trillion from internal resources and BDT 718 billion from external resources as project aid. The remaining BDT 123.93 billion came from funds of autonomous and semi-autonomous bodies.
- Of the highest 15 development budget holders, railway, health, industries and energy ministries are the worst performers in the first five months of FY '20. The government ministries and agencies are implementing some 1,617 projects under the ongoing ADP.
- Meanwhile, the ECNEC approved on Tuesday seven projects-six new and a revised one-at a combined total of BDT 110.42 billion.

<https://today.thefinancialexpress.com.bd/last-page/adp-execution-26pc-in-h1-1578419951>  
<https://www.newagebd.net/article/95926/adp-implementation-hits-four-year-low-in-h1>

### **Living in Dhaka became 6.5% dearer last year**

- Living costs in Dhaka soared 6.5% in 2019 on the back of spiraling prices of essential commodities and services, said Consumers Association of Bangladesh (CAB) yesterday. CAB President cited the hike in prices of liquefied petroleum gas cylinder just on the first day of the 2020 and beginning of the process of hike in electricity tariff. The cost of goods and services edged up one percentage point year-on-year to 6.08% last year from 2018, thanks to increasing prices of onions and other spices, vegetables, fish, meat, milk, tea, clothes, house rents and piped water. The only respite for people was the fall in overall prices of rice, pulse, edible oil, sugar and soap in 2019 from the previous year.
- The prices of vegetables soared 81.3% with pointed gourd rising the most. At the event, CAB Energy Adviser said that the prices of LPG cylinder were hiked again this month after increasing in November last year. And the government plans to revise the law pertaining to increasing the prices of electricity and energy: the prices can be hiked any time of the year from once a year. The CAB president also urged the government to take steps to improve the standard of medical care in Bangladesh by establishing a healthcare town and encouraging private and foreign investment there.

<https://www.thedailystar.net/business/news/living-dhaka-became-65pc-dearer-last-year-1851061>  
<https://www.newagebd.net/article/95880/living-cost-up-by-65pc-cab>

### **H1 corporate taxes from large units miss target by BDT 5.67 billion**

- At least five large commercial banks paid less in corporate tax in the last fiscal year than that of the previous year, thus, adding to the woes of the National Board of Revenue (NBR). The five were among the top nine highest corporate tax-paying banks in the country. The banks are Islami Bank, National Bank, Agrani Bank, BRAC Bank and Sonali Bank. This downtrend in tax payments was reflected in the tax returns submitted by banks within the deadline of September 15, 2019. However, tax payments by City Bank, Dutch-Bangla Bank, Hongkong and Shanghai Banking Corporation (HSBC) and Standard Chartered Bank in the FY '19 were more than that of the previous fiscal.
- Officials said the declining trend in tax payments by some top banks is also continuing this fiscal. Due to the decline in payment by top tax-paying banks, the LTU is lagging behind the target by BDT 5.67 billion set for the first half (H1) of this fiscal. However, the aggregate tax payment by big banks was 13.49% more in the July-December period compared to that in the corresponding period of the last fiscal.
- The unit collected BDT 82.0 billion in income tax in the first half of the current FY compared to that of BDT 72.25 billion in the corresponding period last year. A senior LTU official said the banking sector accounts for 35% of the aggregate tax collection of the NBR's income tax wing.
- Although tax payments by large commercial banks fell, officials said, overall collection from all 59 scheduled banks

increased in H1. According to the LTU data, Islami Bank paid BDT 6.25 billion, down by BDT 2.6 million, in its tax return submitted for FY 2019-20. National Bank paid BDT 3.07 billion in tax against BDT 3.17 billion during the period under review. Agrani paid BDT 2.66 billion against BDT 3.08 billion followed by BRAC BDT 2.53 billion against BDT 2.84 billion and Sonali BDT 2.46 billion against BDT 2.73 billion. Tax payment by Standard Chartered Bank went up by BDT 1.0 billion as per its tax return. HSBC also paid higher amount of taxes worth BDT 3.32 billion against BDT 3.05 billion in the same period. City Bank paid BDT 850 million more in taxes on their income in FY 2018-19.

<https://today.thefinancialexpress.com.bd/first-page/h1-corporate-taxes-from-large-units-miss-target-by-BDT-567b-1578419500>

<https://www.newagebd.net/article/95928/corporate-tax-receipt-grows-by-135pc-in-h1>

### **Bangladesh Bank supplements duty drawback with special cash incentive for apparel exporters**

- The Bangladesh Bank declared that apparel and textile exporters, entitled to receive duty drawback facility or bonded warehouse facility, would also be eligible for one% special cash incentive, an extended benefit amid a fall in the country's export earnings. Exporters would be entitled to get the cash incentive against the readymade garment or textile items which were already shipped in the current fiscal year. In case of the expiry of the date for filing applications for getting the incentive, the entities would be able to file application in 45 days of the issuance of the BB circular.
- The country's export earnings in the first half of FY20 fell by 5.84% to USD 19.30 billion from USD 20.50 billion in the same period of FY19. RMG export earnings, which constitute more than 80% of the country's total export, also fell by 6.21% in the first half of FY20 to USD 16.02 billion from USD 17.08 billion in the same period of FY19.
- In FY20, the government allocated BDT 28.25 billion to provide 1% cash incentive for the apparel sector against their demand for 5% cash incentive.

<https://www.newagebd.net/article/95929/bb-supplements-duty-drawback-with-spl-cash-incentive-for-apparel-exporters>

<https://www.dhakatribune.com/business/banks/2020/01/07/bb-relaxes-cash-incentive-for-apparel-textile-exports>

<https://www.thedailystar.net/business/news/apparel-exports-finally-get-promised-cash-incentive-1851052>

### **Government sets target to export USD 50 billion RMG in FY '21**

- The government has set a target of exporting USD 50 billion readymade garment (RMG) in 2020-21 fiscal year (FY '21), Secretary of Ministry of Textiles and Jute said at a press conference in the capital on Tuesday, reports BSS. He said the USD 50 billion RMG export target has been set in line with the government's commitment to enhance earnings from this sector which is also manifested in the ruling party's election manifesto.

<https://today.thefinancialexpress.com.bd/stock-corporate/govt-sets-target-to-export-50b-rmq-in-fy-21-1578419308>

### **Integrated savings tools policy in the offing**

- The government is close to formulating a new policy on national savings instruments with setting an investment ceiling of BDT 10 million on three schemes, according to Department of National Savings (DNS). The three schemes are: 5-year Bangladesh Sanchayapatra, 3-monthly profit-bearing Sanchayapatra and Poribar Sanchayapatra (Family Savings Certificate). However, the government has raised the ceiling on savings tools to BDT 15 million for its employees including pensioners, it said. Under the existing rules, an investor can invest up to BDT 16.5 million in three separate schemes-Bangladesh Sanchayapatra, 3-monthly profit-bearing Sanchayapatra and Poribar Sanchayapatra. But a government employee can invest maximum BDT 5.0 million in pensioners' scheme.
- The Director General (additional secretary) at DNS said that they've finalized the policy and are expecting to release it sometime in June next. She said an investor will be able to invest BDT 5.0 million singly and BDT 10 million jointly in three savings instruments--5-year Bangladesh Sanchayapatra, 3-monthly Sanchayapatra and Poribar Sanchayapatra.

<https://today.thefinancialexpress.com.bd/trade-market/integrated-savings-tools-policy-in-the-offing-1578418185>

### **Expiry of deadline: Half a million corporate SIM users risk losing connection**

- Half a million corporate SIM users may face partial network suspension as the telecom regulator is going to take action against those who failed to update their information within the December 31 deadline. The Bangladesh Telecommunication Regulatory Commission (BTRC) said the mobile operators failed to update information regarding their corporate SIM users despite several extensions for the job. According to BTRC data, leading mobile phone operator Grameenphone submitted 8% of their corporate SIM users' updated information while Robi provided 10%, Banglalink 16% and state-run Teletalk 4.5%.
- The telecom regulator in early November issued a notice asking all four mobile phone carriers to provide information of all their corporate SIM users by November 30. Otherwise, it warned, the SIM connections would be terminated

permanently. Later following the request from mobile phone companies, the BTRC extended the deadline until December 31.

<https://www.dhakatribune.com/business/2020/01/07/expiry-of-deadline-several-lakh-corporate-sim-users-risk-losing-connection>

### Islamic Finance's BDT 3.00 billion bond gets nod

- The stock market regulator has approved a proposal of Islamic Finance and Investment Ltd to raise BDT 3.00 billion by issuing Mudaraba redeemable non-convertible subordinated bonds. Banks, corporates, insurance companies, non-bank financial institutions and any eligible investors would be allowed to buy the bond through private placement. The bond will have a tenure of seven years and the proceeds will be used for business expansion, loan repayment and other purposes. The offer price will be BDT 2.5 million per unit.

<https://www.thedailystar.net/business/news/islamic-finances-BDT-300cr-bond-gets-nod-1851043>

### World Stock and Commodities\*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$63.55	+0.85	+1.36%
Crude Oil (Brent)*	\$69.23	+0.96	+1.41%
Gold Spot*	\$1,592.65	+18.28	+1.16%
DSEX	4,281.44	-50.52	-1.17%
Dow Jones Industrial Average	28,583.68	-119.70	-0.42%
FTSE 100	7,573.85	-1.49	-0.02%
Nikkei 225	23,114.64	-461.08	-1.96%
BSE SENSEX	40,559.52	-309.95	-0.76%

### Exchange Rates

**USD 1 = BDT 84.90\***

**GBP 1 = BDT 111.44\***

**EUR 1 = BDT 94.71\***

**INR 1 = BDT 1.18\***

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

## IMPORTANT DISCLOSURES

**Analyst Certification:** Each research analyst and research associate who authored this document and whose name appears herein certifies that the recommendations and opinions expressed in the research report accurately reflect their personal views about any and all of the securities or issuers discussed therein that are within the coverage universe.

**Disclaimer:** Estimates and projections herein are our own and are based on assumptions that we believe to be reasonable. Information presented herein, while obtained from sources we believe to be reliable, is not guaranteed either as to accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation of the purchase or sale of any security. As it acts for public companies from time to time, BRAC-EPL may have a relationship with the above mentioned company(s). This report is intended for distribution in only those jurisdictions in which BRAC-EPL is registered and any distribution outside those jurisdictions is strictly prohibited.

**Compensation of Analysts:** The compensation of research analysts is intended to reflect the value of the services they provide to the clients of BRAC-EPL. As with most other employees, the compensation of research analysts is impacted by the overall profitability of the firm, which may include revenues from corporate finance activities of the firm's Corporate Finance department. However, Research analysts' compensation is not directly related to specific corporate finance transaction.

**General Risk Factors:** BRAC-EPL will conduct a comprehensive risk assessment for each company under coverage at the time of initiating research coverage and also revisit this assessment when subsequent update reports are published or material company events occur. Following are some general risks that can impact future operational and financial performance: (1) Industry fundamentals with respect to customer demand or product / service pricing could change expected revenues and earnings; (2) Issues relating to major competitors or market shares or new product expectations could change investor attitudes; (3) Unforeseen developments with respect to the management, financial condition or accounting policies alter the prospective valuation; or (4) Interest rates, currency or major segments of the economy could alter investor confidence and investment prospects.

### BRAC EPL Stock Brokerage Limited

#### Research

Ayaz Mahmud, CFA	Head of Research	<a href="mailto:ayaz.mahmud@bracepl.com">ayaz.mahmud@bracepl.com</a>	01708 805 221
Sadman Sakib	Research Associate	<a href="mailto:sadman.sakib@bracepl.com">sadman.sakib@bracepl.com</a>	01730 727 939
Md. Rafiqul Islam	Research Associate	<a href="mailto:mrafiqulislam@bracepl.com">mrafiqulislam@bracepl.com</a>	01708 805 229
Md. Mahirul Quddus	Research Associate	<a href="mailto:mmahirul.quddus@bracepl.com">mmahirul.quddus@bracepl.com</a>	01709 636 546

#### International Trade and Sales

Ahsanur Rahman Bappi	Head of International Trade & Sales	<a href="mailto:bappi@bracepl.com">bappi@bracepl.com</a>	01730 357 991
----------------------	-------------------------------------	--	---------------

#### BRAC EPL Research [www.bracepl.com](http://www.bracepl.com)

121/B Gulshan Avenue  
Gulshan-2, Dhaka  
Phone: +880 2 881 9421-5  
Fax: +880 2 881 9426  
E-Mail: [research@bracepl.com](mailto:research@bracepl.com)