

*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.*

### **Remittances hit record USD 16.42 billion in FY'19**

- The flow of remittances grew by 9.65% to a record USD 16.42 billion in the just-concluded fiscal year (FY) as the exchange rate of local currency weakened against the US dollar. The figure jumped from USD 14.98 billion in FY 2017-18, according to the central bank's latest statistics. Strengthening supervision and monitoring by the central bank to check illegal 'hundi' transaction has also contributed to the increased flow of remittances, officials said.
- Meanwhile, the local currency depreciated by BDT 0.77 against the US dollar in the inter-bank foreign exchange market in FY'19 mainly due to higher demand for the greenback, according to market operators. The US currency was quoted at BDT 84.50 each in the inter-bank foreign exchange market on Sunday, the last working day of the fiscal, unchanged from the previous level. It was BDT 83.73 in June 2018. The higher demand for the greenback for settling the import obligations caused the depreciation.
- Bangladesh's current account deficit continues to pose risks to the macroeconomic stability despite its 35% fall in the July-April period of FY '19. The gap stood at USD 5.06 billion between July last year and April this year, the BB data showed. The country's forex reserve rose to USD 32.57 billion on Tuesday from USD 32.53 billion in the previous working day.

<http://today.thefinancialexpress.com.bd/last-page/remittances-hit-record-1642b-in-fy-19-1562090554>  
<https://www.thedailystar.net/business/news/remittance-hits-all-time-high-1765957>

### **10% tax on all savings tools**

- The higher tax on profits from national savings instruments from this fiscal year will be applied on both new and old certificates, in a blow to the fixed income population. In the budget for fiscal 2019-20, the government imposed a 5% tax at source on the profit on savings certificate along with the previous five%. So, the profit earners from saving instruments will now have to count 10% tax in total. Other than savers, the members of parliament had also requested the government to withdraw the 5% tax on profits from savings instruments.
- But the government resisted as it looks to reduce its heavy dependency on savings instruments to fund its budget as well as channel deposits towards banks, which are going through an extended liquidity crisis. At the beginning of fiscal 2018-19, the government had targeted to borrow BDT 260.00 billion from savings instruments but it ended up revising the target up to BDT 450.00 billion. This fiscal year, the government allocated BDT 527.97 billion as interest payment on its domestic borrowing.
- The high interest rate on saving certificates allured not only the fixed income group or pensioners but also many rich people, who tend to buy them in bulk, and institutional investors. The government has introduced the 'national savings scheme online management system' all over the country for checking the loopholes in the system that allows one person to own more than one savings certificates, the finance ministry official said.
- So, new investors will have to buy the savings certificates online from now onwards. But, it will take at least two years to transfer the record of existing savings certificates online, he said. The central bank also published a notice yesterday that called for checking the misuse of savings certificates by institutional investors.

<https://www.thedailystar.net/business/news/10pc-tax-all-savings-tools-1765954>

### **Bangladesh Bank (BB) warns organizations against misuse of scope**

- Bangladesh Bank on Tuesday warned entities or organizations not to misuse the investment scope in the national savings certificates from institutional funds. The central bank issued the instruction as it found huge investments in NSCs by different entities in the name of provident funds. The investment information from such funds came to the central bank's knowledge after the introduction of 'National Savings Scheme Online Management System' that became functional across the country from June 30 this year.
- According to the latest BB data, the net NSC sales increased to BDT 434.74 billion in the first 10 months of FY19 from BDT 400.63 billion in the same period of FY18, much higher than the government's initial target of collection — BDT 291.97 billion. On Tuesday, the BB in its circular also specified that the NSCs could be purchased with the money from the provident funds certified by the tax commissioner. However, such provident funds must fall under the definition mentioned in the Income Tax Rules 1984 (part-II).
- Besides, income generated from the agriculture-based farming could be invested in the NSCs for five years upon certification by the deputy Commissionerate, it said. The BB also asked the managing directors of all scheduled banks

to ensure compliance with the Savings Certificates Regulations 1977 while purchasing NSCs in favor of their clients. On June 13 this year, finance minister said that the maximum purchase limit of savings scheme could now be easily controlled and monitored through NID-linked digitised system.

- He said that the payments of principal amount and profits to the clients could be automatically made through Electronic Fund Transfer (EFT) that would ensure discipline in public financial management. Meanwhile, the government in the budget for the fiscal year of 2019-20 slapped an additional 5% points taxes on the interest income from NSCs, taking the total tax on NSCs' interest to 10%.

<http://www.newagebd.net/article/77249/bb-warns-orgs-against-misuse-of-scope>

### **Supreme Court chamber judge stays High Court order for offering privileges to loan defaulters**

- The Supreme Court (SC) on Tuesday stayed a High Court (HC) Division order for a week, which had earlier halted the special policy guidelines for offering privileges to loan defaulters. The Bangladesh Bank guidelines, issued on May 16, allowed defaulted borrowers to reschedule their loans by paying 2.0% down payment for the maximum of 10 years. The defaulters were also given the opportunity to avail the 'one time exit' facility by clearing all dues within 360 days after getting approval from the banks concerned. After the guideline was issued, the Human Rights and Peace for Bangladesh (HRPB) filed a writ petition before the HC and on May 21 the court stayed the guideline until June 24. On June 24, the HC extended its order for two more months.

<http://today.thefinancialexpress.com.bd/first-page/sc-chamber-judge-stays-hc-order-1562089831>

### **Ashuganj Power to float IPO worth BDT 1.0 billion**

- Ashuganj Power Station Company will raise a capital worth BDT 1.0 billion to conduct different development works including the land development. The company will raise the capital by issuing bond through initial public offering (IPO). The characteristics of the bond will be non-convertible, fully redeemable and coupon bearing with a face value of BDT 5000 per unit. The tenure of the bond will be seven years. The company will raise the capital to bear the costs of land development, civil works, initial fuel, engineering and consultant service, and the purchase of vehicles.

- As per the financial statement for the year ended on June 30, 2017 the company's net asset value (NAV) is BDT 265.96 per share and weighted average of the earnings per share (EPS) of five years is BDT 10.63. ICB Capital Management and BRAC EPL Investments are the issue managers of the bond to be issued by Ashuganj Power Station Company. The ICB Capital Management is also the trustee of the bond.

<http://today.thefinancialexpress.com.bd/stock-corporate/ashuganj-power-to-float-ipo-worth-BDT-10-billion-1562086858>  
<https://www.dhakatribune.com/business/stock/2019/07/02/bsec-approves-ashuganj-power-bond-ipo-premier-bank-bond-of-BDT-500cr>  
<https://www.thedailystar.net/business/news/ashuganj-powers-bond-approved-1765933>

### **Net foreign funds see negative trend after seven fiscal years (FY)**

- Net foreign fund in stocks witnessed negative trend in the outgoing fiscal year (FY) after seven fiscals as overseas investors booked profit by selling shares. Foreign investors bought shares worth BDT 40.17 billion while they sold BDT 42.01 billion worth of shares in the FY 2018-19, taking the net position of BDT 1.84 billion negative, according to data available with the Dhaka Stock Exchange (DSE). The net foreign investment in DSE was also negative in nine months out of 12 in the outgoing fiscal year as overseas investors were mostly on selling mood. In the FY 2017-18, the overseas investors' net position was BDT 717 million, as they purchased shares worth BDT 59 billion and sold shares worth BDT 58.28 billion, the DSE data shows.

- Market analysts said the foreign investors sold shares in line with the local investors amid lack of confidence and dearth of quality stocks. A local stockbroker, who deals with foreign investors, said depreciation of local currency against the US dollar was another reason for withdrawal of funds by the foreign investors. He noted that the telecom regulator's move declaring Grameenphone as a Significant Market Power (SMP) also played a big role in dampening the confidence of the foreign investors. However, he said, the foreign investors are not the market drivers of the country's capital market as they make up less than 2.0% of DSE's total market-cap, also lowest among South Asian countries.

<http://today.thefinancialexpress.com.bd/stock-corporate/net-foreign-funds-see-negative-trend-after-seven-fys-1562086905>  
<https://www.dhakatribune.com/business/stock/2019/07/02/net-foreign-investment-at-dse-lowest-in-eight-years>  
<http://www.newagebd.net/article/77251/dse-to-obey-bsec-order-to-give-coppertech-ipo-money>

### **Premier Bank's BDT 5.00 billion bond gets nod**

- The stock market regulator has approved a proposal of Premier Bank, which is seeking to raise BDT 5.00 billion by

issuing non-convertible floating rate subordinated bonds. The proceeds will be used to strengthen the bank's capital base. The offer price will be BDT 10 million per unit.

<https://www.thedailystar.net/business/news/premier-banks-BDT-500cr-bond-gets-nod-1765936>

### **Dhaka Stock Exchange (DSE) to obey Bangladesh Securities and Exchange Commission (BSEC) order to give Coppertech IPO money**

- Dhaka Stock Exchange board of directors decided to comply with a Bangladesh Securities and Exchange Commission order to pay the controversial Coppertech Industries its initial public offering subscription fund even before the listing of the company. A DSE director said that they had no other option but to carry out the market regulator's order.

<http://www.newagebd.net/article/77251/dse-to-obey-bsec-order-to-give-coppertech-ipo-money>

### **World Stock and Commodities\***

<b>Index Name</b>	<b>Close Value</b>	<b>Value Change</b>	<b>% Change</b>
Crude Oil (WTI)*	\$56.52	+0.27	+0.48%
Crude Oil (Brent)*	\$62.66	+0.26	+0.42%
Gold Spot*	\$1,425.70	+7.05	+0.50%
DSEX	5384.93	-36.70	-0.68%
Dow Jones Industrial Average	26,786.68	+69.25	+0.26%
FTSE 100	7,559.19	+61.69	+0.82%
Nikkei 225	21,608.73	-145.54	-0.67%

### **Exchange Rates**

**USD 1 = BDT 84.53\***

**GBP 1 = BDT 106.44\***

**EUR 1 = BDT 95.43\***

**INR 1 = BDT 1.23\***

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

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