

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.

Exporters on the ropes

- Export earnings in February edged down 1.80% year-on-year to USD 3.32 billion mainly because of a slowdown in apparel shipment. The February earning is also 10.74% short of the USD 3.72 billion target set for the month, while overall exports in July-February, the first eight months of the current fiscal year, fell 4.79% to USD 26.24 billion. The July-February receipt is also 12.72% less than the periodic target of USD 30.06 billion.
- In July-February, garment shipment declined 5.53% year-on-year to USD 21.84 billion, which is also 13.45% less than the target of USD 25.24 billion set for the period. Of the earnings, some USD 10.89 billion came from knitwear export and USD 10.94 billion from woven garment. However, both knitwear and woven exports declined 5.17% and 5.88% respectively in the July-February period when the overall growth in apparel shipment stood at 5.53% negative.

<https://www.thedailystar.net/business/news/exporters-the-ropes-1876930>
<https://www.dhakatribune.com/business/economy/2020/03/07/exports-fall-by-1-8-in-february>
<https://today.thefinancialexpress.com.bd/public/first-page/july-feb-exports-drop-by-479pc-1583427560>

Bangladesh to enjoy existing trade preference in European Union (EU) till 2027

- The EU has offered to extend preferential market access for an additional three years from the graduation, meaning Bangladesh will enjoy the special treatment in EU market until 2027. Germany will continue its development cooperation with Bangladesh even after 2024.
- Bangladesh Investment and Development Authority (BIDA) Executive Chairman said they were working on providing all services an investor requires from the one stop service (OSS) center.

<https://thefinancialexpress.com.bd/economy/bd-to-enjoy-existing-trade-preference-in-eu-till-2027-1583475085>

Government learns its lesson on price controls

- The government has decided against setting floor or ceiling prices for mobile internet, much to the dismay of a couple of mobile carriers who were pushing for a price bound to make it a level playing field. The government's resistance comes after its earlier move to fix a price band for voice calls ended up hiking the cost for end users. In August last year the government fixed the floor price of BDT 0.45 per minute for all mobile calls. Previously, the minimum charge was BDT BDT 0.25 per minute for calls on the same network and BDT 0.60 per minute for calls to a different network. Before the price bound came, the average charge for calls to another mobile number for Grameenphone subscribers was BDT 0.64 per minute. This went up to BDT 0.73 per minute from the fourth quarter of 2019. It is the same scenario for other networks' users.
- Currently, there are about 94 million active mobile internet connections in the country and more than half of them are using regular packages and offers. About 35-40% of the internet users are using promotional packages, which are cheaper than the regular packages, according to a report presented at the meeting. The move would have also hampered internet penetration and hence the government's Digital Bangladesh agenda, said a senior official of the Bangladesh Telecommunication Regulatory Commission (BTRC). It will be state-run Teletalk that will be most hit by the price bound on data price and Grameenphone the most benefitted.

<https://www.thedailystar.net/business/news/govt-learns-its-lesson-price-controls-1877911>

Coronavirus stands to wipe USD 3 billion off Bangladesh economy: Asian Development Bank (ADB)

- Bangladesh's gross domestic product may contract by as much as 1.1% in the hypothetical worst-case scenario of a significant outbreak of coronavirus in the country, said the Asian Development Bank (ADB) in an analysis. That means, the novel virus, which is yet to arrive in Bangladesh, could wipe USD 3.02 billion off the USD 300 billion-plus economy. In such a scenario, 894,930 jobs will be lost, according to the ADB.
- China is the biggest trading partner of Bangladesh and the biggest source of raw materials. The world's second largest economy accounted for more than a fifth of the country's imports of USD 56 billion in fiscal 2018-19, Bangladesh Bank data showed. The world's second largest economy is also emerging as an export destination for Bangladesh. Bangladesh receives 0.5-0.6 million tourists every year and of them a major portion comes from China.

<https://www.thedailystar.net/business/news/coronavirus-stands-wipe-3b-bangladesh-economy-1877950>

Interest rate caps poised to shrink National Board of Revenue's (NBR) collections

- The state coffer's receipts from the banking sector, which accounts for about one-third of the National Board of Revenue's Large Taxpayers Unit's (LTU) collections, are likely fall in the wake of interest rate caps on loans and deposits, said taxmen and bankers. Banks accounted for 35% of tax collection of Large Taxpayers Unit, the main tax collector for income tax under the NBR, in the first half of the current fiscal year. One of the reasons banks' profits will shrink is because of inclusion of consumer loans to the 9% interest rate bracket, the managing director of Trust Bank said.
- The LTU is responsible for collecting tax from 439 big companies, including banks and insurances, along with 720 individuals. Its total collection was nearly one-fourth the total income tax of BDT 730 billion collected by the NBR in fiscal 2018-19. On the surface it seems banks' income will decline for interest rate cuts, said a senior official of LTU seeking to remain unnamed. But if the demand for loans increases because of the lower interest rates and the amount of defaulted loans improves, there would be no effect on tax collection, he added. Tax collection from the banking sector will definitively reduce if there is no improvement in default loan situation, said a senior research fellow at the Centre for Policy Dialogue.
- The reduction of deposit rate though will hit the tax receipts on interest earnings from savings and fixed deposits. Deposit growth in banks saw a steep decline in January, in a development that can be viewed as the direct impact of the capping of interest rate on savings to 6%. The NBR collected BDT 65.77 billion tax on interest income of saving and fixed deposits last fiscal year, up 9% year-on-year, according to data from the field office.

<https://www.thedailystar.net/business/news/interest-rate-caps-poised-shrink-nbrs-collections-1877947>

Delta Hospital's share bidding begins Mar 22

- The bidding to determine the cut-off price for initial public offering (IPO) shares of Delta Hospital Ltd. through electronic subscription system will begin on March 22. Each eligible investor (EI) who intends to participate in the electronic bidding for the company's ordinary shares requires to maintain a minimum investment of BDT 10 million in the listed securities at market price as on March 11, 2020.
- As per the regulatory approval, the company will raise a capital worth BDT 500 million. As per the revised public issue rules, eligible investors and the mutual funds are allowed to purchase 40% and 10% shares respectively at the cut-off price. General public and non-resident Bangladeshis (NRBs) will get 40% and 10% of shares respectively at a 10% discount on the cut-off price through IPO lottery. The company will utilize the IPO proceeds for buying capital machinery, repay bank loans and bear the IPO expenses.

<https://today.thefinancialexpress.com.bd/public/stock-corporate/delta-hospitals-share-bidding-begins-mar-22-1583424231>

Government discourages Active Pharmaceutical Ingredient (API) export amid China supply snag

- The government has advised the local active pharmaceutical (API) manufacturers not to export the essential products until import of the basic raw materials for medicines resumed fully from the coronavirus-hit China and India. Local pharmaceutical product makers have started to look for alternative markets to source APIs as local manufactures can only meet 3-5% of the API demand.
- Bangladesh depends highly on imports to meet its demand for APIs as the country imports 97% of its annual requirements of the pharma raw materials. Roughly 60% of the country's pharmaceutical raw materials come from China while another 30% are imported from India. Shipments of APIs and other raw materials from China have remained suspended after the outbreak of the coronavirus epidemic.

<https://www.newagebd.net/article/101546/government-discourages-api-export-amid-china-supply-snaq>

Quality, compliance factors boost Bangladesh exports to US: United States Trade Representative (USTR)

- The top United States trade official for South and Central Asia said that Bangladeshi readymade garments in the United States had expanded their market in the recent years, attributing the development to improved product quality and compliance factors like workplace safety. They also added that Bangladesh has emerged as the third largest readymade garment (RMG) product supplier to the United States after China and Vietnam.
- The US trade official said US companies became enthusiastic for investing in Bangladesh as it appeared to be a large market with rapid growth and in many respects Bangladesh government's policy seemed worked in attracting foreign investments. He however added that US entrepreneurs were concerned about custom proceeding delay, difficulties in capital and profit repatriation as well as lack of transparency in issuing various trade related licenses.

- According to official figures the two-way Bangladesh-US trade volume in 2019 was around USD9 billion, an amount which was doubled in 10 years. Garment products account for 95% of Bangladesh's total exports to the US market while US imposes 15.62% duty for RMG imports inside their country. But Bangladesh's performance indicated that tariffs were no impediment in its ability for growing access to the US market.

<https://www.newagebd.net/article/101550/quality-compliance-factors-boost-bangladesh-exports-to-us-ustr>
<https://thefinancialexpress.com.bd/economy/bangladesh/bangladesh-third-largest-rmg-product-supplier-to-us-1583590112>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$41.28	-4.62	-10.07%
Crude Oil (Brent)*	\$45.27	-4.72	-9.44%
Gold Spot*	\$1,673.83	+1.60	+0.10%
DSEX	4384.48	-25.14	-0.57%
Dow Jones Industrial Average	25,864.78	-256.50	-0.98%
FTSE 100	6,462.55	-242.88	-3.62%
Nikkei 225	20,749.75	-579.37	-2.72%
BSE SENSEX	37,576.62	-893.99	-2.32%

Exchange Rates

USD 1 = BDT 84.96*
GBP 1 = BDT 110.84*
EUR 1 = BDT 95.92*
INR 1 = BDT 1.15*

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

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