

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.

Bangladesh foreign exchange reserves rise to USD 33.11 billion

- Bangladesh's foreign exchange reserves rose to USD33.11 billion at the end of April, USD709 million higher than one month earlier. The central bank on Sunday also said the reserves were up nearly 2% from one year earlier, reports Reuters. They are sufficient to cover about 10 months' worth of imports for the country of 160 million people, according to the central bank. Steady garment exports and remittances from Bangladeshis working overseas - the key drivers of the country's economy - have helped foreign exchange reserves grow steadily in recent years.

<https://thefinancialexpress.com.bd/economy/bangladesh/bangladesh-foreign-exchange-reserves-rise-to-3311b-1525688695>

Foreign Direct Investment (FDI) from USA drops by 23.5% in 2017

- Net inflow of Foreign Direct Investment (FDI) from the United States of America (USA) to Bangladesh dropped by 23.50% in 2017. Latest statistics, released by Bangladesh Bank, showed that net inflow of FDI from the US declined to USD166.66 million in the past year, which was USD217.74 million in 2016. Disinvestment, repayments of loans and losses of the current multinational entities have been deducted from the gross inflow of FDI to calculate the net FDI. Gross inflow of FDI from the US also declined by around 26% to USD181.49 million in the past year from USD244.76 million in the year before. Gas and petroleum sector received USD95.23 million -- half of the US FDI in 2017

<https://thefinancialexpress.com.bd/economy/bangladesh/fdi-from-usa-drops-by-235pc-in-2017-1525592743>

Active mobile financial services (MFS) accounts slump 34% in August-March 'due to Bangladesh Bank restraint'

- The number of active mobile money accounts has declined drastically in the country in the recent months following the central bank's new regulations on mobile financial services (MFS). According to the latest data of Bangladesh Bank (BB), there are a total of 20.26 million active mobile account users in Bangladesh by the end of this March. This is a drastic decline from last August, when there were 30.73 million active mobile money accounts in the country. The data shows that the number of active MFS accounts has dropped by 10.47 million or more than 34% during August-March period of the current fiscal.

- Industry insiders pointed at the BB restriction on the number of accounts that can be opened with a single national ID card. BB, in a circular issued in January 2017, directed the MFS providers not to open more than one account with a single NID card. The decision is often seen as an attempt by the central bank to restrict the use of MFS platforms for digital 'hundi' against the backdrop of declining remittance inflow last year. Following the BB direction, they have moved to close thousands of accounts, as there cannot be more than one account against one NID, bKash officials said.

- The BB circular also brought down the daily ceiling of mobile cash-in to BDT 15,000 from BDT 25,000, and the maximum cash-out limit to BDT 10,000 from BDT 25,000. Besides, the monthly maximum cash-in limit was slashed to BDT 100,000 from BDT 150,000, while the monthly maximum cash-out limit to BDT 50,000 from BDT 150,000. In November, BB again put a limit on the total amount that can be kept deposited with an account, fixing it at BDT 300,000. Industry insiders, however, observed that such restrictions on transaction ceiling were creating 'negative impacts' on some particular segments of mobile money users.

- Nevertheless, BB statistics show that the declining number of mobile money accounts is apparently having little impact on the overall flow of MFS transactions in the country. According to the central bank figure, a total of 514,365,948 MFS transactions have taken place in Bangladesh during the first three months of 2018 (Jan-March), the total worth of which is around BDT 901.8 billion. The latest statistics also show that the number of registered MFS clients has increased from 58.8 million to 60.15 million during the Jan-March period of 2018.

<http://today.thefinancialexpress.com.bd/last-page/active-mfs-accounts-slump-34pc-in-aug-mar-due-to-bb-restraint-1525715742>

Next Annual Development Programme (ADP) size to reach BDT 1.73 trillion

- The government is set to approve BDT 1.73 trillion Annual Development Programme (ADP) for the next fiscal Thursday, with the transport sector receiving the highest funds. ADP outlay for the next financial year 2018-19 is 9.77% or BDT 154.06 billion higher than that of the revised allocation for the current fiscal year of FY2018. Commission officials said they had drafted a BDT 1.73 trillion worth of development budget for the next FY2019, where BDT 1.13 trillion will come from the government's internal resources.

- The remaining BDT 600 billion will come from the external sources as the project aid. In the current fiscal, the government has revised the ADP in the third quarter, trimming the allocation to BDT 1.48 trillion from that of the original outlay of BDT 1.56 trillion due to the poor performance of the government executing agencies in project implementation. The government until April of the current fiscal spent 48% of the BDT 1.48 trillion revised ADP.
- A Commission official said the transport sector would get the highest BDT 454.49 billion funds, or 24.29% of the total outlay, in the proposed development budget for the next fiscal. The second-highest allocation to be offered for the power sector. This sector is likely to get BDT 229.30 billion, 13.25% of the total allocation. The infrastructure planning, water supply and housing sector may receive the third highest BDT 178.90 billion (10.34%), the rural development and rural institutions sector the fourth highest BDT 166.90 billion (9.65%) and the education and religion sector the fifth largest BDT 166.20 billion (9.61%) funds of the proposed ADP for the next fiscal.

<http://today.thefinancialexpress.com.bd/first-page/next-adp-size-to-reach-BDT-173t-1525714579>
<https://www.thedailystar.net/business/transport-power-take-centre-stage-budget-1573117>

Bangladesh Bank (BB) asks state-owned commercial banks (SoCBs) to submit action plans

- The central bank has asked the five state-owned commercial banks (SoCBs) to submit their action plans as early as possible to improve financial health through reducing the volume of classified loans. Recovery of classified loans through strengthening recovery drives along with the mechanism to improve capital shortfall by the end of this calendar year will be included in the plan. The state-owned banks have also been advised to use all type of options -recapitalise fund, issuing bonds, own profits and reducing amount of the risk weighted assets - to meet their capital shortfalls.
- The BB's latest instructions came against the backdrop of rising trend of the overall non-performing loans (NPLs) in the banking sector, particularly the SoCBs in December in the last calendar year. The total amount of NPLs with six SoCBs rose to BDT 373.26 billion as on December 31, 2017 from BDT 310.26 billion a year before. It was BDT 385.17 billion in the third quarter of 2017. The SoCBs have also been asked to meet their capital shortfall immediately using all type of options in this connection.
- The overall capital shortfall of the four SoCBs out of six rose to BDT 88.53 billion as on December 31 last year from BDT 76.26 billion three months before. Higher default loans are the main reason behind the rise in provisioning requirements, which ultimately pushed up their capital shortfall. The SoCBs have already been asked to strictly abide by the existing core risk-management guidelines for improving their efficiency.

<http://today.thefinancialexpress.com.bd/first-page/bb-asks-socbs-to-submit-action-plans-1525714660>
<https://www.thedailystar.net/business/bb-asks-state-lenders-hand-action-plan-1573096>

Economic and Social Commission for Asia and the Pacific (ESCAP) projects 7.4% growth in this fiscal

- The Economic and Social Commission for Asia and the Pacific (UNESCAP) of the United Nations projected that Bangladesh economy would grow by 7.40% in the current fiscal year. The UN organisation made the projection in its annual flagship publication 'Economic and Social Survey of Asia and the Pacific 2018' released on Monday in Bangkok. It also projected that inflation would come down to 5.9% at the end of FY18 and may likely to be lower further to 5.5% in FY19.
- The growth of the country's Gross Domestic Product (GDP) will remain static in the next fiscal year, according to the projection. The ESCAP's projections largely match with the country's national statistical agency's provisional estimate. The Bangladesh Bureau of Statistics (BBS) estimated that the GDP of the country would post 7.65% growth in FY18. The report, however, cautioned on the country's banking sector. It also pointed out that in the wake of upcoming national elections in several countries including Bangladesh, effective fiscal management is even more important.
- The report also pointed out that due to robust domestic demand and improved global economic prospects, developing economies in the region are projected to grow by 5.5% in both 2018 and 2019. United Nations Under-Secretary-General and ESCAP Executive Secretary said that rapid technological advancements, while promising immense opportunities are also posing considerable challenges in terms of job polarization and income and wealth inequalities.

<http://today.thefinancialexpress.com.bd/first-page/escap-projects-74pc-growth-in-this-fiscal-1525714971>

Dhaka Stock Exchange (DSE) refuses to perk up despite Bangladesh Bank (BB) move

- The daily average turnover of the premier bourse, an important indicator of its vitality, dropped 24.95% in April to BDT 5.47 billion from a year earlier even after the central bank took a host of measures to ease the flow of money into the stock market. Recently, the Bangladesh Merchant Bankers Association along with DSE Brokers Association identified liquidity crunch in the financial sector as one of the reasons behind the lower turnover in the market. Subsequently, the two associations and directors of some banks last month requested the Bangladesh Bank to loosen the noose, which the central bank obliged to.

- Furthermore, fear of political uncertainty in the coming months and lower dividend declarations by the heavyweight banking sector are making investors stall. The main problem with the stock market is the lack of investor confidence, said managing director of a merchant bank requesting anonymity. The BB has lowered the cash reserve ratio by 1% point to 5.5% and made funds cheaper for all banks by reducing the repo rate by 75 basis points to 6% . Both the initiatives become effective from April 15. The banking regulator extended the deadline for banks to lower their advance-deposit ratio (ADR) to March 31 next year from June 30 this year.
- In a separate move, the central bank on April 17 allowed state enterprises to deposit 50% of their funds with private banks, up from the previous ceiling of 25% . President of the DSE Brokers Association said that dividend declaration by listed companies this year is not at the expected level, so turnover has been affected.

<https://www.thedailystar.net/business/dse-refuses-perk-despite-bb-move-1573093>

Premier Cement sees marginal fall in earnings

- Premier Cement Mills reported its consolidated earnings per share (EPS) of BDT. 2.04 for January-March 2018 as against BDT. 2.05 for January-March 2017. The company's consolidated EPS was BDT. 2.56 for July 2017-March 2018 as against BDT. 3.93 for July 2016-March 2017. The company has also reported its consolidated net operating cash flow per share (NOCFPS) of BDT. 2.23 for July 2017-March 2018 as against BDT. 7.78 for July 2016-March 2017.
- The consolidated net asset value (NAV) per share was BDT. 41.27 as on March 31, 2018 and BDT. 40.71 as on June 30, 2017. The company's share trading Monday closed at BDT 80.10 each with a marginal loss of 1.0% or BDT 0.8 per share. According to DSE information, the company's sponsor-directors hold 55.13% shares, whereas institutions hold 17.07% shares, foreign shareholders 0.01% shares and public shareholders 27.79% shares as of March 31, 2018.

<http://today.thefinancialexpress.com.bd/stock-corporate/premier-cement-sees-marginal-fall-in-earnings-1525709237>

Aman Cotton's IPO subscription to begin June 3

- Public subscription of Aman Cotton Fibrous is set to begin on June 03 for raising BDT 800 million from the capital market under the book-building method. The public subscription of Aman Cotton will continue till June 10. Aman Cotton, which already received Bangladesh Securities and Exchange Commission's approval, will float 20.83 million ordinary shares to raise the amount. Of the total 20.83 million shares, 12.50 million will be issued to eligible investors at the cut-off price of BDT 40 each which was set by the eligible investors through the electronic bidding in November last year.
- Remaining 8.33 million shares will be sold to general shareholders, including non-resident Bangladeshis, at 10% discount on cut-off price of BDT 40, meaning the general investors will get each share of the company at BDT 36 each. Aman Cotton will use the IPO (initial public offering) fund as part of its efforts to buy machinery, repay bank loans and meet the IPO expenses. The net asset value of the company was BDT 35.63 as of June 2016 and weighted average earnings per share (EPS) was BDT 3.49. ICB Capital Management is the issue manager of the IPO.

<http://today.thefinancialexpress.com.bd/stock-corporate/aman-cottons-ipo-subscription-to-begin-june-3-1525708899>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$69.85	-0.88	-1.24%
Crude Oil (Brent)*	\$75.41	-0.76	-1.00%
Gold Spot*	\$1,311.19	-3.02	-0.23%
DSEX	5683.54	-10.74	-0.19%
Dow Jones Industrial Average	24,357.32	+94.81	+0.39%
FTSE 100	7,567.14	+64.45	+0.86%
Nikkei 225	22,541.65	+74.49	+0.33%

Exchange Rates

USD 1 = BDT 83.85*

GBP 1 = BDT 113.60*

EUR 1 = BDT 99.89*

INR 1 = BDT 1.25*

**Currencies and Commodities are taken from Bloomberg.*

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