

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.

KL in talks with Bangladesh, other countries on hiring workers

- The Malaysian government is discussing with several countries to sign memorandum of understanding (MoU) on the entry of foreign workers to the Southeast Asian country. Previous agreements (signed) with Bangladesh, Indonesia, Nepal and India have already expired except that with Sri Lanka. The independent committee that coordinates the overall policies and management of foreign workers, would begin its work in the second week of this month (October). The committee would travel around the country to gain insights on the hiring of foreign workers. This independent committee will make recommendations to the government after gaining views on foreign workers so that a holistic decision can be reached

<http://today.thefinancialexpress.com.bd/trade-market/kl-in-talks-with-bangladesh-other-countries-on-hiring-workers-1538415447>

International Monetary Fund worried about bad loans, governance in State-owned Commercial Banks

- The visiting International Monetary Fund officials expressed concern over the growing non-performing loans in the state-owned commercial banks in absence of good governance. Bad loans in five state-owned banks including the scam-hit ones soared by 22 % in the first six months of the current year due to poor recovery.

- Bad loans in Sonali, Agrani, Janata, Rupali and BASIC stood at BDT 449.04 billion as of June 30, 2018, rising from BDT 366.26 billion as of December 31, 2017. Sonali Bank which suffered a loss of over BDT 36.00 billion to little known Hallmark Group due to scam in 2013 is carrying the highest amount of bad loans — BDT 131.74 billion — as of June, 2018. Janata has the second highest — BDT 97.02 billion — bad loans following BDT 12.00 billion loan scam by Bismillah Group in 2012 and recent disclosure of loan scams by AnonTex and Crescent Group. Once profitable, BASIC Bank has defaulted loans worth BDT 84.43 billion following extension of BDT 60.00 billion fictitious loans by the previous board of directors led by politically appointed chairman.

<http://www.newagebd.net/article/52116/imf-worried-about-bad-loans-governance-in-scbs>

Mobile Number Portability hits a snag

- A huge number of customers could not change operators on the inaugural day of the mobile number portability (MNP) service largely for a number of operators' reluctance to let their existing users go. About 1,000 users, however, were successful. The MNP is a service that empowers customers to switch to any operator keeping their existing mobile phone number. It helps improve service quality.

- Banglalink said more than 500 customers attempted to join its network from other operators, but the success rate is around 30 % from Robi and zero from Grameenphone. Since this was the first day, it believes there might have been some technical issues. However, it appreciates and thanks the customers who have decided to join the Banglalink family, said the senior director for corporate and regulatory affairs of the operator. Robi and Banglalink complained to the telecom regulator about the rejection issue. But the head of external communications of Grameenphone said that the MNP is an automated service, so there is no scope for non-cooperation.

- With the MNP, Bangladesh became the 72nd country in the world to make the service available. For the service, the government has fixed a fee of BDT 50, excluding 15 % value-added tax, and the service will be available within 72 hours. To do so within 24 hours, another BDT 100 has to be paid. In both cases, customers will require a visit to the customer care centres of recipient operators. Customers will also have to pay BDT 100 as SIM replacement tax. However, operators are giving subsidies to attract customers.

<https://www.thedailystar.net/business/news/mnp-hits-snag-1641505>

Five more sectors may get incentives under public-private partnership

- Projects under five more sectors are likely to be made eligible for government incentives under the public-private partnership (PPP). The finance minister has recently asked the authority concerned to take necessary steps in response to a proposal put forward by the PPP Authority (PPPA) under the Prime Minister's Office (PMO) in this regard. According to the finance minister, this is a good proposal and What need to be done should be done with regard to the proposal.

- The new sectors including, urban development, utilities, multi-modal transport hub, logistics and health, may get incentives like existing 14 other sectors. The new sectors including, urban development, utilities, multi-modal transport

hub, logistics and health, may get incentives like existing 14 other sectors. Tax exemption would be valid on capital gains derived from transfer of share capital of the companies, royalty, technical know-how and technical-assistance fees for foreign technicians.

<http://today.thefinancialexpress.com.bd/first-page/five-more-sectors-may-get-incentives-under-ppp-1538416918>

Separate unit to manage Multinational Companies tax

- The national revenue authorities have decided to open a dedicated unit to handle tax files of the multinational companies (MNCs) operating in Bangladesh. The International Tax Unit (ITU) at the National Board of Revenue (NBR) has been proposed to administer hassle-free services to the multinationals. All the foreign companies, including small and medium enterprises (SMEs), will be brought under the unit. The decision to form the ITU has been made following a recommendation made by Tax Working Group.
- It is alleged that many of the taxmen hardly have the expertise to handle the tax-related issues of the MNCs. Arbitrary disallowance of expenses often causes a rise in the effective rates of corporate tax. The ITU will be helpful in avoiding cases of arbitrary disallowances of expenses by tax officials. It will also support a more business-friendly environment for foreign SMEs to flourish.

<http://today.thefinancialexpress.com.bd/last-page/separate-unit-to-manage-mnc-tax-1538417642>
<https://www.thedailystar.net/business/news/nbr-plans-dedicated-unit-multinationals-1641490>
<http://www.newagebd.net/article/52117/nbr-to-set-up-tax-unit-for-foreign-cos>

Net foreign fund in stocks rebounds after five months

- Net foreign fund in stocks turned positive last month after remaining negative over the period of last five months as overseas investors were putting fresh funds to take advantage of 'lucrative' price level. The overseas investors bought shares worth BDT 2.47 billion and sold stocks of BDT 2.12 billion, to take their net investment to BDT 0.35 billion in September. In August, the overseas investors collected shares worth BDT 1.76 billion, but sold shares worth BDT 1.82 billion, resulting in their net position negative by BDT 57 million.
- In nine months from January to September, the foreign investors bought shares worth BDT 36.41 billion and sold stocks worth BDT 39.10 billion, taking their net position negative BDT 2.69 billion. Market insiders said the overseas investors started to make fresh investments in September, taking the opportunity of purchasing shares at low prices. Foreign investors may continue to invest in stocks in the coming months in anticipation of steady economic growth coupled with discounted rate of many fundamental stocks. Banks shares were the top choice of foreign investors, who also seemed interested in power and energy, non-banking financial institutions, telecom, pharmaceuticals, multinational companies and IT companies.

<http://today.thefinancialexpress.com.bd/stock-corporate/net-foreign-fund-in-stocks-rebounds-after-five-months-1538414809>
<https://www.thedailystar.net/business/news/foreign-funds-rise-stocks-1641496>
<http://www.newagebd.net/article/52121/net-foreign-investment-at-dse-rises-after-5-months>

Eastern Bank Limited, Summit Group fix USD 71.25 million interest rate SWAP deal

- Eastern Bank Limited (EBL) and Summit Group have fixed an interest rate SWAP derivative deal worth USD 71.25 million for two power plant projects. They are: Barisal Power Limited and Summit Narayanganj Power Unit II Limited. Interest rate SWAP works as insurance to protect the buyer from adverse price movement. Interest rate SWAP enables corporate entities to arrest cost of long-term financing cost against market volatility.
- These two power plants of Summit Group were financed by External Commercial Borrowing, with USD 3 Months LIBOR rate. Since USD 3 Months LIBOR is floating in nature and is exposed to market risk, EBL has structured an interest rate SWAP transaction to hedge the market risk. The deal will help Summit protection against adverse upward price movement of USD 3 Months LIBOR, which might adversely increase the cost of financing of the project.

<http://today.thefinancialexpress.com.bd/stock-corporate/ebi-summit-group-fix-7125m-interest-rate-swap-deal-1538414723>
<https://www.thedailystar.net/business/news/ebi-summit-strike-interest-rate-swap-deal-1641493>

GE wins order to develop 600 Mega Watt power plant at Meghnaghat

- GE Power announced on Monday that local Unique Group selected the company to develop a 600-megawatt (MW) natural gas-based combined cycle power plant at Meghnaghat near the capital. Unique Meghnaghat Power Limited (UMPL) will be executing the project. The power plant will produce power equivalent to the electricity needed to supply to about 700,000 homes in the region.

- Unique Group is among the most diversified business entities in Bangladesh, having successful ventures in hospitality, real estate, manpower management and infrastructure sectors. The order value is approximately USD 350 million as per the contract. GE will be developing the project on a turnkey basis which includes one 9HA.01 gas turbine, one heat recovery steam generator (HRSG), one steam turbine generator, condensers and associated systems. The power plant is expected to go into commercial operation by 2021.

<http://today.thefinancialexpress.com.bd/trade-market/ge-wins-order-to-develop-600mw-power-plant-at-meghnaghat-1538415493>

Home textile exporters in a tight corner

- At a time when home textiles, especially terry towels, promise both enhanced earnings and diversity to Bangladesh's export basket, many mills are shutting down unable to compete at international markets. At least 10 small and medium factories have shuttered in the past two years while another three to five are struggling to survive, according to data from the Bangladesh Terry Towel & Linen Manufacturers & Exporters Association.

- Mark Terry's factory was closed six months ago as it was in trouble due to pressure from international buyers to reduce the price. The buyers had the upper hand as they had competitive prices of Pakistan as a second option. A production unit of Alltex Group faced the same fate in November last year failing to keep up with international competition.

- At least 70,000 workers lost their jobs due to the closure of those factories. The sector was just starting to grow, bolstered with some BDT 20.00 billion in investments. In fiscal 2017-18, export of Bangladesh's home textiles, including terry towels, bedsheets, linen, curtains and pillow covers, grew 9.95 % year-on-year to reach USD 878.68 million. The sector's growth started to witness a decline from January 2014, when the European Union (EU) allowed zero-duty benefit to Pakistan under its GSP Plus scheme, on export of home textiles and some other products.

<https://www.thedailystar.net/business/news/home-textile-exporters-tight-corner-1641502>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$75.53	+0.23	+0.31%
Crude Oil (Brent)*	\$85.01	+0.03	+0.04%
Gold Spot*	\$1,191.58	+2.59	+0.22%
DSEX	5369.91	+0.96	+0.02%
Dow Jones Industrial Average	26,651.21	+192.90	+0.73%
FTSE 100	7,495.67	-14.53	-0.19%
Nikkei 225	24,245.45	-0.31	0.00%

Exchange Rates

USD 1 = BDT 83.75*
 GBP 1 = BDT 109.18*
 EUR 1 = BDT 96.92*
 INR 1 = BDT 1.15*

*Currencies and Commodities are taken from Bloomberg.

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