

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 may become 26th biggest economy in 2030: HSBC

- Bangladesh, which currently occupies the 42nd position among global economies, in terms of size, is likely to improve its ranking, becoming the 26th largest in 2030. A long-term projection of the HSBC Global Research, unveiled recently, showed the possible economic development of the country. Bangladesh is set to replace Austria in 2030. According to HSBC projection, Bangladesh will outshine the Philippines, the United Arab Emirates, Malaysia, Pakistan, Austria, Nigeria, Ireland, Israel, Colombia, Hong Kong, Taiwan, South Africa, Denmark, Singapore and Finland.

- HSBC's long-term growth model projections for real GDP growth also showed that Bangladesh is on top of the table in this regard. The country is projected to grow above 7.0% annually through 2030. As per the projection, Bangladesh is the only country to maintain 7.0-plus growth rate annually up to 2030 and even beyond. India is projected to maintain 6.0-plus growth rate but not 7.0 during the period under review. While set to make a remarkable progress on the economic front, the county is also one of the top five countries projected to be the most vulnerable to environmental disaster and climate change.

<http://today.thefinancialexpress.com.bd/last-page/bd-may-become-26th-biggest-economy-in-2030-hsbc-1538588838>
<https://www.thedailystar.net/business/news/bangladesh-be-26th-largest-economy-1642432>

Rise in local demand, product diversification have propelled economic growth: Finance Minister

- Finance Minister said on that effective rise in domestic demand and diversification of products helped boost Bangladesh's economic growth over the years. He also stressed the need for further acceleration in creating such demand in the coming days to reach the target of a poverty-free Bangladesh. The finance minister said one-third of the country's total population was poor when he took charge of the ministry in 2009, and now the number has declined to less than 25% . However, despite steady economic growth, around 35 million people are still under the poverty line, he added. In order to reduce the number of poor, the country needs to bring some of them into such a level, where they can add to the domestic demand.

<http://today.thefinancialexpress.com.bd/trade-market/rise-in-local-demand-product-diversification-have-propelled-economic-growth-muhith-1538585190>

Banks' capital base weakens further

- The banking sector's capital base weakened further in the second quarter this year on the back of deteriorating asset quality of banks, as per the Bangladesh Bank's latest data. As of June, banks' capital adequacy ratio (CAR), which determines the adequacy of banks' capital keeping in their risk exposures, stood at 10% , down from 10.11% a quarter earlier. Banks are required to keep at least 11.817% CAR including capital conservation buffer as per roadmap set by the central bank to implement Basel III. But the banking sector fell short of maintaining the regulatory requirement.

- The World Bank too expressed concern about the state of the banking sector. In a further indication of the progressively precarious state of the banking sector, ten banks, including seven state-owned ones, ended up with a capital shortfall of BDT 251.43 billion at the end of June. Since 2009 the government has injected BDT 145.05 billion into state banks but they are yet to show any sign of strengthening their capital base. Of the ten banks, BKB had the highest amount of capital shortfall of BDT 80.10 billion, followed by Sonali at BDT 66.02 billion, BASIC at BDT 31.06 billion and Janata at BDT 21.95 billion.

<https://www.thedailystar.net/business/news/banks-capital-base-weakens-further-1642429>

Dollar crawls up vs BDT after staying put for 3 months

- The inter-bank exchange rate of the USD against the BDT has started to inch up in last two days after remaining static for three months at BDT 83.75. The dollar started to strengthen in last few days amid increase in import payment. As per the central bank data, inter-bank exchange rate of a USD rose to BDT 83.80 on Tuesday from BDT 83.78 on Monday after staying static at BDT 83.75 since July 8. The rate of the BDT against the dollar in open market, however, was around BDT 84-BDT 85 on Wednesday.

- BDT was one of the regional currencies that lost least value in last two months with the Indian currency rupee slumping more than 10% . Amid the significant demand for dollar for more than a year from importers, the central bank has continued injecting the currency in the local market with a view to support the BDT. On the other hand, widening of current account deficit and trade deficit riding on huge import payments prompted the central bank to inject dollar in local market.

- The country's trade deficit doubled in last fiscal year (2017-2018) compared with that of USD 9.47 billion in the previous fiscal year, hitting a record USD 18.25 billion. The current account deficit also hit a record USD 9.78 billion in FY18 as import payments rose and the foreign direct investment decreased. Although the bankers were pressing the central bank to inject more dollars in the market to facilitate import payments, the economists were suggesting that the central bank should allow the depreciation of local currency with a view to discourage import.

<http://www.newagebd.net/article/52237/dollar-crawls-up-vs-BDT-after-staying-put-for-3-months>

Saudi corporation to set up oil refinery plant in Chattogram with USD 6.0 billion investment

- Hi-Tech International Group (HTIG) of Saudi Arabia plans to set up an oil refinery plant in Chittagong with an investment worth USD 6.0 billion very soon. The project has already obtained green signal from the Bangladesh Investment Development Authority (BIDA). According to the proposal approved by BIDA, the refinery will produce 2632500 MT of Octane, 661500MT of LPG, 5413000 MT of HSD, 17555000 MT of Bitumin and 62160000 MT of Kerosene annually. The project will be co-financed by UAE-based Rashid Al Hadi Trading company.

- The Refinery will be set up at Khankhanbad area under Bashkhali upazila in Chittagong which will create employment opportunity for 3050 people. Cosmopolitan Oil Refinery Management Limited (CPORML) is the local partner for this 100% FDI-based project. The plant will import crude oil from Saudi Arabia. The entire final product will be exported to neighbouring counties. the production capacity of the proposed refinery will be more than three times of the state-run Bangladesh Eastern Refinery Limited (BERL), the lone refinery plant in the country.

<http://today.thefinancialexpress.com.bd/trade-market/saudi-co-to-set-up-oil-refinery-plant-in-ctg-with-60b-investment-1538585165>

Bangladesh Petroleum Corporation to propose oil price hike

- The Bangladesh Petroleum Corporation (BPC) is set to send a proposal to power, energy and mineral resources ministry for a substantial hike in the prices of petroleum products. It aims to avoid losses in oil trading due to the sky-rocketing oil prices in the international market. In February 2018, the BPC sought a 31% rise in the price of per-litre furnace oil to BDT 55. It also sought an 11% rise in diesel and kerosene prices to BDT 72 per litre. This time, it is unlikely to suggest any specific hike, putting the responsibility on the authorities concerned.

- The state-run BPC is currently incurring a loss of around BDT 270 million daily, according to the official. The loss is nearly BDT 17 per litre for trading in diesel and BDT 15 for furnace oil, considering the global oil prices on October 02. The BPC's annual loss in oil trade would be roughly BDT 97 billion if the current oil prices in the international market remain unchanged. After bagging hefty profits over the past three years since late 2014, the BPC started counting losses since November 2017 for rising prices globally. Oil prices soared due to cuts in production by some major exporters coupled with international political turmoil-especially in the oil-rich Middle East.

<http://today.thefinancialexpress.com.bd/first-page/bpc-to-propose-oil-price-hike-1538588511>

S Alam now sets sights on insurers

- After taking over a number of banks and financial institutions in the past few years, Chattogram-based S Alam Group has now set its sights on the insurance sector. As part of the plan to increase its influence on the insurance sector, the group has recently bought nearly 45% stakes in Padma Islami Life Insurance Company at an estimated cost of BDT 450 million.

- S Alam Group Chairman will hold 2.52% shares in his own name in Padma Islami Life Insurance, his wife 2.71% and his son 4.75% . The remaining 35% of the shares will be bought under the name of five companies -- Unitex Petroleum, Unitex LP Gas, Pavilion International, Affinity Assets and Crest Holdings -- with affiliation with S Alam Group. In the last one month, each share of Padma Islami Life traded between BDT 24 and BDT 26. The company was downgraded last year to the 'Z' category after it declared no dividend.

<https://www.thedailystar.net/business/news/s-alam-now-sets-sights-insurers-1642435>

Reforms underway for green industries

- The government has undertaken widespread reforms towards greening of the existing and future industries in Bangladesh, including the leather and readymade garment industry, along with prioritising a low-carbon economy, Industries Minister said. The government has set up 100 eco-friendly special economic zones with government sponsored green industrial standards for ETP (effluent treatment plant) and water treatment plants, he said. The government is also pursuing a green financing and green banking policy to finance low-carbon and resource-efficient small and medium enterprises and the supply value chains of our RMG industry.

<https://www.thedailystar.net/business/news/reforms-underway-green-industries-1642423>

<https://www.dhakatribune.com/business/2018/10/03/5th-green-industry-conference-in-bangkok>

Image aboard, government officials' attitude challenges to Foreign Direct Investment

- Both local and foreign investors said that Bangladesh's image abroad and attitude of government officials towards investors were the biggest challenges for attracting foreign direct investment to the country. The investors also said that the government should make the OSS initiative effective fast to serve potential investors in an expedited, simplified and easier manner to achieve the country's FDI goals.
- Foreign Investors' Chamber of Commerce and Industry president said that Bangladesh was one of the lowest FDI recipient country compared with its competitors like Vietnam, Thailand and Malaysia despite its remarkable achievement in GDP growth and many human development indices. Lack of improvement in ease of doing business is one of the barriers, he said. But, image as a nation abroad as FDI destination and attitude of implementation-level government officials [towards the investors] are the biggest challenges, he added.
- Grameenphone chief executive officer said that Bangladesh as investment opportunity could be termed as 'the glass is far behind to be considered half full'. Weak governance, corruption, regulatory instability, unpredictable taxation policy, over regulation, and weak infrastructure are not new problems, he said, adding that the country was trying to improve the situation but not doing fast to make a difference. Development of democratic institutions is a very critical criterion the foreign investors now look for.

<http://www.newagebd.net/article/52236/image-aboard-govt-officials-attitude-challenges-to-fdi>

Dhaka Stock Exchange seeks permission to open brokerage branches outside Dhaka

- The DSE (Dhaka Stock Exchange) Brokerage Association (DBA) sought permission from the securities regulator to open brokerage house branches across the country to cater to more investors. After the stock market crash in 2010, the Bangladesh Securities and Exchange Commission (BSEC) put a bar on opening brokerage house branches beyond the capital.
- The association said the capital market would develop and grow by covering new market areas and the inclusion of potential investors outside the capital city. The move will be fruitful after the Chinese strategic partner consortium of the Shenzhen Stock Exchange and Shanghai Stock Exchange teamed up with the DSE. It also said that the capital market has experienced a bearish trend most of the time due to money market regulatory constraints as we depend on institutions and money markets to supply fund flows into the capital market.
- To overcome such an unwanted situation, the network that includes branches, customer service points, and digital marketing points may be enhanced in the municipal areas of divisional headquarters [outside Dhaka] to enable us to create new investors and fund flows into the capital market. DSE Brokerage Association president said that Brokerage houses, especially bank subsidiaries want to open branches outside the capital city to increase their clients.

<https://www.dhakatribune.com/business/stock/2018/10/03/dse-seeks-permission-to-open-brokerage-branches-outside-dhaka>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$76.23	-0.18	-0.24%
Crude Oil (Brent)*	\$86.16	-0.13	-0.15%
Gold Spot*	\$1,196.81	-0.54	-0.05%
DSEX	5422.66	+41.73	+0.78%
Dow Jones Industrial Average	26,828.39	+54.45	+0.20%
FTSE 100	7,510.28	+35.73	+0.48%
Nikkei 225	24,054.80	-56.16	-0.23%

Exchange Rates

USD 1 = BDT 84.28*

GBP 1 = BDT 108.98*

EUR 1 = BDT 96.66*

INR 1 = BDT 1.14*

**Currencies and Commodities are taken from Bloomberg.*

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