

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.

Banks' deposit base expands slightly

- Banks' aggressive drive for funds has finally pushed up the deposit growth, easing the cash crunch that has crippled the banking sector in recent months. Yet, the growth in loans, which was nearly 17% in June this year, is still significantly higher than the deposit growth, creating a likelihood for asset-liability mismatch. The average deposit growth in the industry stood at 11.29% in June, in contrast to 10.62% in December last year, according to data from the Bangladesh Bank.
- At the end of June, deposits in the banking sector totalled BDT 105.7 trillion. Since June last year, the deposit growth ranged between 10% and 10.6% as banks were reluctant to take deposits amid huge excess liquidity. But aggressive lending and loan scams by some banks sparked a liquidity crisis in the sector at the turn of the year. To counter the situation, banks started to offer interest rates upwards of 10% to depositors, which, in turn, pushed up the interest rate on lending to past 13%.
- The deposit growth improved as banks are aggressively collecting deposits to bring down the loan-deposit ratio in line with new authorised limit of 83.5%, said the chairman of the Association of Bankers Bangladesh (ABB), a forum of chief executives of the private banks. According to managing director of Pubali Bank, Funds are now available in the banking system and there is no deposit crisis. Pubali Bank has brought down the interest rate on lending gradually, with most of the loans now being given at 9%.
- State banks mostly contributed to higher deposit growth in June as they still enjoy a certain level of confidence among the general public. The deposit growth of the state banks stood at 8.50% in June, up from 6.46% in December last year. Private banks' deposit growth was 12.73% in June, in contrast to 12.58% six months earlier.

<https://www.thedailystar.net/business/news/banks-deposit-base-expands-slightly-1638382>

Banks, Financial Institutions to disburse home loans to public servants

- Finance ministry will enter into an agreement with four banks and state-run financial institutions today to disburse home loans for public servants. Housing loan disbursements will take effect next month following Tuesday's agreement with four state entities, Bangladesh House Building Finance Corporation (BHBFC) officials said. Finance division and four disbursers BHBFC, Sonali, Rupali and Agrani banks are all set to sign a memorandum of understanding (MoU) to this end. According to BHBFC Managing Director, about the size of the funds the BHBFC is going to get to run the loan scheme, he said they have yet to get any instruction from the government.
- But the size of disbursements would be bigger in the current fiscal year after allocations from the government for housing loans, he added. The government offers a 20-year repayment period for public servants aged under 56 for buying houses or flats at 10% interest rate. However, the government will provide 5.0% subsidy to the rate while a loanee will bear the remainder. A total of BDT 3.0 billion has been allocated as subsidy from the government in the current fiscal year. Currently, there are 1.4 million government employees in the country who can enjoy the house building loan. The installments will be deducted from a borrower's salary per month.

<http://today.thefinancialexpress.com.bd/last-page/banks-fis-to-disburse-home-loans-to-public-servants-1537811779>

Government may increase gas prices next week

- Government is all set to hike gas prices next week. However, residential and commercial consumers will be spared from paying higher prices. The upward price revision will affect industrial consumers, power plants, fertilizer factories, captive power plants, and CNG refueling stations. Bangladesh Energy Regulatory Commission (BERC) sources hinted at a price hike of up to 40%. The move comes at a time when government started supplying high-cost imported LNG in national gas network to supplement to locally produced gas since August this year. Per unit (thousand cubic feet or mcf) LNG costs USD 11 as against locally produced gas price of only USD 2.9 per unit.

<https://thefinancialexpress.com.bd/economy/bangladesh/govt-may-increase-gas-prices-next-week-1537524096>

Bangladesh Telecommunication Regulatory Commission (BTRC) to assess impact of uniform call rate

- Bangladesh Telecommunication Regulatory Commission has decided to assess the impact of recently introduced uniform call rate that drew widespread criticism from the mobile phone customers. The telecom regulator made the decision at a recent meeting after noticing negative impact of the uniform call rate on the customers. Mobile phone operators from August 14 this year implemented the uniform floor rate at BDT 0.45 per minute by resetting the previous

floor rates (BDT 0.25 per minute for on-net and BDT 0.60 per minute for off-net) and keeping the upper ceiling unchanged at BDT 2 per minute.

- Bangladesh Cell Phone Costumers Association immediately after the implementation of the uniform call rate formed human chain in capital Dhaka demanding scrapping of the decision. The association also said that the BTRC decision was an undemocratic one as the telecom regulator imposed the order keeping people in the dark. A number of senior officials of the mobile phone operators said that they noticed an increase in their revenues after the uniform call rate came into force. They, however, said that call volumes also declined after August 14 as mobile phone customers reduced call volumes to keep their bills within budget.

- The telecom regulator before the execution of new rate before the launch of mobile network portability service had informed the government high-ups that the setting floor price at BDT 0.45 per minute would facilitate mobile phone operators making increased revenues. A BTRC estimation showed that three leading mobile operators — Grameenphone, Robi and Banglalink — would earn additional monthly revenues of around BDT 3.87 billion in total by introducing the uniform minimum rate of BDT 0.45 per minute.

<http://www.newagebd.net/article/51410/btrc-to-assess-impact-of-uniform-call-rate>

Chinese investors keen on power sector

- Chinese investors are keen to park their funds in Bangladesh's power sector as there is a huge room for investment, said a top diplomat. The Chinese government, financial institutions and the companies are quite interested to provide support in the power sector of Bangladesh believes the economic and commercial counsellor of the embassy of China in Bangladesh. China has changed its financing policy: a separate organisation like the Japan International Cooperation Agency and US Aid has been formed to deal with the financing issue. Called the China Aid, the body will deal the government-to-government financing. Financing though will depend on the satisfaction of the Exim Bank of China over project proposal. There are two ways to receive funds from China -- preferential buyer's credit and government concessional loan for power plant establishment.

- As per the power sector master plan, Bangladesh needs USD 9 billion investment every year until 2041. The government has set a target to increase power generation to 60,000 megawatt (MW) by 2041, 40,000 MW by 2030 and 24,000 MW by 2021 and there is scope for independent power producers and the government has created a favourable investment environment on this front.

<https://www.thedailystar.net/business/news/chinese-investors-keen-power-sector-1638376>

United States wants to invest in telecom sector

- The United States has expressed its interest to investment in telecommunication sector of Bangladesh. US envoy in Dhaka conveyed the interest of her country during a meeting with Telecommunication and ICT Affairs Minister. She praised Bangladesh's progress in telecom sector and sought Bangladesh's support for the US in upcoming International Telecommunication Union (ITU) election.

<https://thefinancialexpress.com.bd/economy/bangladesh/us-wants-to-invest-in-telecom-sector-1537796870>

Bangladesh offers duty benefit to five Asia Pacific Trade Agreement (APTA) states

- Bangladesh has offered duty benefit on import of 602 products from five countries under Asia Pacific Trade Agreement (APTA). APTA member countries - India, China, Lao PDR (Laos), Republic of Korea (South Korea) and Sri Lanka - will enjoy concessional rates of Customs Duty (CD) ranging from 10% to 70%. Mainly imported products, including intermediate goods, basic raw materials, capital goods and machinery, and industrial parts, will enjoy the concessional duty benefit. Bangladesh for the first time offered the duty benefit for the APTA member countries as per the agreement.

- The duty benefit will bring some negative impact on revenue mobilisation of the government, as major importing countries like India and China will enjoy the concessional duty. China and India constitute for around 50% of annual import of Bangladesh. The benefit will affect the government's revenue earning to some extent. Out of its total USD 51.50 billion import, Bangladesh brought goods worth around USD 16 billion from China and Hong Kong and USD 9.0 billion from India in last fiscal year (FY), 2017-18.

- Of the 602 products under concessional duty, 598 products are for all member countries. Laos, as a least developed country, will enjoy additional benefit for the remaining four products. India announced that it will provide tariff concession on 3,142 products to the APTA member states including Bangladesh. Also, China in general slashed duty on 2,191 products, South Korea on 2,797, Sri Lanka on 598 and Laos on 999 products. Besides, India waived tariff on 48 products, China on 181 products, and Sri Lanka on 75 products for both Bangladesh and Laos. Meanwhile, South Korea has cut duty up to 100% on 951 products for Bangladesh.

<http://today.thefinancialexpress.com.bd/first-page/bd-offers-duty-benefit-to-five-apta-states-1537811396>
<http://www.newagebd.net/article/51409/bangladesh-cuts-duty-on-602-products-for-apta-states>

Bangladesh economy performing well, claims Finance Minister

- Expecting another decade of vibrant economic activities, Finance Minister said that Bangladesh's economy has been performing well for the last 10 years. In the last 10 years, the minister said that the government is working for increasing the effective demand in the economy as it is the only way to take forward economy. He also added that Bangladesh is achieving success in poverty alleviation by increasing the demand (of economy) as it is expanding the market and trade. In order to increase trade, the finance minister said, the government is working for enhancing trade relations all over the world, including in the South Asian region, reports BSS.

<http://thefinancialexpress.com.bd/economy/bangladesh/bangladesh-economy-performing-well-claims-muhith-1537698697>

India plans to use Bangladesh waterway for a freight corridor

- The Indian government is working on a plan to set up a waterway freight corridor to connect the mainland with the northeastern states via Bangladesh at a cost of Indian rupees 50 billion. The move would substantially reduce the time taken to transport goods to the eight northeastern states of India and costs. The proposed 900-km waterway would be used to transport freight from the northern and eastern states to the northeast and would start near Haldia in West Bengal, go to the Sundarbans, merge into the Padma river in Bangladesh and then join up with the Brahmaputra in Assam.
- Currently, highway connectivity to the Indian northeastern states is patchy and transportation of goods by road entails a high cost and takes time. The waterway could help reduce the cost of transportation by about 70%. The Indian government is already developing a waterway along the Ganga river between Haldia and Allahabad (1,620 km) at a cost of Rs 45 billion. This link will also be utilised for trade between India and Bangladesh.
- Bangladesh plans to use Indian ports as transshipment hubs instead of using Colombo or Singapore as a transhipment hub. The shipping ministry recently allowed foreign vessel operators to transport containerised cargo meant for import or export within ports located in Indian territory to ensure cargo doesn't land up in foreign hubs such as Singapore and Colombo. In the long term, India plans to develop two ports each on the west and east coasts as transhipment hubs.

<http://today.thefinancialexpress.com.bd/first-page/india-plans-to-use-bd-waterway-for-a-freight-corridor-1537811221>

Stock investors lose BDT 68.76 billion in 3 days

- Stock investors lost BDT 68.76 billion in the last three days' slump that saw the DSE benchmark index shed more than 147 points or 2.67%. DSEX, the benchmark index of Dhaka Stock Exchange, yesterday slid by 57.69 points, or 1.06%, to finish the day at 5,357.54. Market insiders said that investors have been gripped by a fear of political unrest ahead of the upcoming national election. Another expert said the continuous fall of blue chip stocks, which are of the best quality, and rise in junk shares have also made investors disappointed.
- The overall situation has dampened investors' sentiment, which is also reflected not only on the index but also on turnover, an important indicator of the stock market. Turnover declined by nearly 22% to BDT 5.80 billion compared to the previous session.

<https://www.thedailystar.net/business/news/stock-investors-lose-BDT-6876cr-3-days-1638388>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$72.26	+0.18	+0.25%
Crude Oil (Brent)*	\$81.43	+0.23	+0.28%
Gold Spot*	\$1,198.88	-0.15	-0.01%
DSEX	5357.55	-57.70	-1.07%
Dow Jones Industrial Average	26,562.05	-181.45	-0.68%
FTSE 100	7,458.41	-31.82	-0.42%
Nikkei 225	23,909.91	+39.98	+0.17%

Exchange Rates
USD 1 = BDT 83.75*
GBP 1 = BDT 109.73*
EUR 1 = BDT 98.30*
INR 1 = BDT 1.15*
**Currencies and Commodities are taken from Bloomberg.*

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