

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.

Current account deficit could snowball into financial sector

- The current account deficit soared to USD 1.7 billion in the second quarter of the current fiscal, up by USD 400 million from level in the first quarter, according to central bank statistics.
- The Bangladesh Bank (BB), in its latest quarterly publication, said this deficit is weakening the local currency against major currencies. The current account deficit has worsened due to the higher trade gap between the country and rest of the world.
- The report also said that the BB continued its intervention in the foreign exchange market by net selling of foreign currency to avoid excessive volatility during the quarter under review." Nominal exchange rate of the most peer countries appreciated, except Pakistan and Sri Lanka, the BB report said.
- Meanwhile, foreign exchange reserves are dwindling due to market intervention by the central bank to handle the exchange rate. The report said foreign exchange reserves slightly edged down to USD 32.2 billion at the end of Q2. Its coverage of import still remained at an adequate level of five months.
- Economists familiar with the matter said the observation made by the central bank is true and this is a matter of concern.

<http://today.thefinancialexpress.com.bd/first-page/current-account-deficit-could-snowball-into-financial-sector-1555695069>

USD 4.4 billion ADB loans likely for next three years

- The Asian Development Bank (ADB) has proposed providing USD 4.41 billion credit line through 2022 to support Bangladesh's key sectors. The sectors, which will get priority over the next three years, include energy, transport, education, agriculture, and finance. The financial assistance will come under its Country Operations Business Plan (COBP) for the next three years, according to a draft lending programme.
- Of the total amount, some USD 1.82 billion will be provided from its soft-lending provision--concessional OCR loans. The rest will come from its hard-term window - ordinary capital resources (OCR). An ADB team is now in Dhaka to prepare the country business plan. The Manila-based lender also said its support aims at reducing high transport and logistics costs and improving access to domestic, regional, and international markets.
- Last year the ADB, the country's second-largest development partner, confirmed some USD 2.1 billion funds. For 2019, the ADB has some USD 1.44 billion available for approval for Bangladesh, of which USD 835 million will come as hard loans and USD 612.45 million as soft loans.

<http://today.thefinancialexpress.com.bd/public/first-page/44b-adb-loans-likely-for-next-three-years-1555609893>

Garment exports in new destinations rise sevenfold in a decade

- Garment exports to new destinations grew sevenfold to USD 5 billion in the last one decade buoyed by market diversification drives and the government's stimulus package set aside for exploring opportunities in emerging markets, exporters said.
- The country's garment shipment to the emerging markets was USD 700 million in 2009, according to vice-president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA). India, China, Russia, Japan, South Africa, Turkey and Brazil are among the major non-traditional markets for the garment sector. Currently, the government gives 4% export incentive against garment shipments to new destinations.

<https://www.thedailystar.net/business/news/garment-exports-rise-sevenfold-decade-1731793>

Bangladesh Bank (BB) may go tough as farm credit flattens

- The central bank is likely to toughen its stance against the banks whose farm credit disbursement continues to weaken. The overall disbursement of agriculture loans has flattened. The farm loan disbursement grew by only 0.31% to BDT 162.63 billion in the July-March period of the current fiscal year (FY) from BDT 162.14 billion in the same period a year ago, according to the central bank's latest statistics.
- The disbursement of farm credit has not increased significantly yet due to the unwillingness of some banks in both

the public and private sectors, as per a BB official. He also said the central bank will take action against the banks, if they fail to achieve their farm credit target by the end of this fiscal.

- Therefore, BB may impose different policy restrictions on the banks if farm loan disbursement performance remains weak by the end of this fiscal for the expansion of their business, the central banker hinted. Of the total amount, BDT 77.57 billion was disbursed by eight public banks and the remaining BDT 85.07 billion by private commercial banks (PCBs) and foreign commercial banks (FCBs).

- All the banks have achieved more than 74% of their annual agricultural loan disbursement target for FY 2018-19. The target has been fixed at BDT 218 billion. The recovery of farm loans rose to BDT 170.14 billion during the period from BDT 153.95 billion, the BB data showed.

<http://today.thefinancialexpress.com.bd/public/last-page/bb-may-go-tough-as-farm-credit-flattens-1555610722>

Local car manufacturing to get fiscal support

- The National Board of Revenue (NBR) would provide necessary support to the investors who are interested in setting up of car manufacturing units in Bangladesh. NBR Chairman informed that formulation of a policy is underway to encourage car manufacturing in the country. Representatives from different associations of automobile assemblers and manufacturers, automobile workshops, automobile accessories, aviation operators, etc. placed their proposal ahead of upcoming budget for fiscal year 2019-20.

- Expressing the hope that the investors would take the advantage of manufacturing automobile, the NBR chief said the policy will help start manufacturing of cars which will be sold with 'made in Bangladesh' tagline. The motorcycle industry has grown in the country following the government incentives and tax benefits, he said, adding: the car manufacturers will also get such privileges.

- He pointed out that a breakthrough in the motorcycle manufacturing and assembling sector has been made in the last five to ten years and now chances are there for the sector to explore export markets. BAAMA secretary mentioned that the annual sales of motorcycles increased to 450,000 units in 2018 from 300,000 units in 2016 while the market may grow by 10% in the next fiscal.

<http://today.thefinancialexpress.com.bd/public/trade-market/local-car-manufacturing-to-get-fiscal-support-1555611652>

Belt and Road Initiative (BRI) fits into our national priorities: International affairs adviser to the Prime Minister

- Welcoming China's Belt and Road Initiative (BRI), international affairs adviser to the Prime Minister Gowher Rizvi said the objectives of the agenda 'fit' into the national priorities of Bangladesh.

- More than 150 countries, including Bangladesh and 90 organizations from various parts of the world have so far confirmed their involvement with the initiative.

<http://today.thefinancialexpress.com.bd/first-page/bri-fits-into-our-natl-priorities-gowher-1555777877>

Summit LNG terminal arrives, awaits commissioning

- Summit Group's LNG terminal reached the country Saturday and is now waiting for commissioning to initiate supply of re-gasified LNG to consumers.

- This is the country's second liquefied natural gas import terminal and both are floating, storage, re-gasification units (FSRUs). Known as Summit LNG, the vessel with the FSRU is moored six kilometres off the Moheshkhali Island in Cox's Bazar with around 138,000 cubic metre of Qatari lean LNG, the company said. Summit has chartered this vessel from the USA's Excelerate Energy, the contractor of the country's first LNG import terminal, for 15 years.

- The government, however, faces 'capacity payment' risk from the day one of the commercial operations of the country's second LNG import terminal. The risk emanates as necessary transmission pipeline to evacuate re-gasified LNG has not been installed as yet. Officials concerned fear that the pipeline is unlikely to get ready before the commissioning of the Summit's FSRU. It might take even several months to complete the pipeline for evacuation of the LNG, said a senior official at the Gas Transmission Company Ltd (GTCL).

- With the existing pipeline network, some 650 million cubic feet per day (mmcf) of LNG can be evacuated as against the total 1,000 mmcf a day capacity of two FSRUs.

<http://today.thefinancialexpress.com.bd/last-page/summit-lng-terminal-arrives-awaits-commissioning-1555778438>

The Financial Reporting (FRC) finds anomalies in companies' financials

- The Financial Reporting Council (FRC) has asked all listed companies and respective auditors to prepare 'accurate' and 'truthful' financial statements. The instruction followed some inconsistencies detected in the financial statements of at least 20 companies. The statements, allegedly, have been prepared 'violating' international standards on auditing.
- The companies and their auditors concerned have been requested to take effective steps to formulate accurate and truthful financial statements by the FRC. Otherwise, legal steps will be taken as per the Financial Reporting Act (FRA) 2015.
- The companies which came under FRC scrutiny prepared their statements for the year that ended on December 31, 2018. A number of listed banks, financial institutions, insurers and multinational companies prepare financial statements for the year ending on December 31.
- When asked, FRC chairman said that they had arranged a hearing for the companies and auditors while re-auditing their financial statements. The Chairman said that the FRC could go tough with companies and auditors concerned as per the FRA (Financial Reporting Act) 2015 for making financial statements in breach of standards on accounting.

<http://today.thefinancialexpress.com.bd/first-page/frc-finds-anomalies-in-companies-financials-1555777558>

Dhaka Stock Exchange (DSE) proposes ceiling on pre-IPO placement shares

- The country's premier bourse has made a set of proposals including a provision for putting a cap on issuing pre-IPO (initial public offering) placement shares to ensure discipline in the country's capital market. The DSE made their proposals in four categories-pre-IPO placement process, sale of shares by sponsor-directors, supply of securities having good fundamentals, and revision of the limit of banks' exposure to the capital market.
- The DSE proposed a ceiling--25% of a company's paid-up capital--on pre-IPO placement shares. It also proposed one-year lock-in on the shares of the placement holders from the date of debut trading, instead of the date of approving the IPO prospectus. The number of pre-IPO placement shareholders should be limited to 50, the DSE proposal mentioned. The DSE made the proposal to avert any sudden sale pressure from the placement holders after their lock-in period.
- According to the DSE managing director, presently a company can issue shares up to 50% of the paid-up capital to the sponsors and placement holders. For different reasons, the lock-in system on placement shares almost ends just after debut trading. As a result, the market faces a sale pressure from the placement holders, he added. In its proposal the DSE also said there had been reports about unhealthy practices in issuing private placement shares in recent times.
- To prevent share sales without declaration by sponsor-directors and private placement holders, the DSE sought flagging the system for identification of such shares. The category of a listed company should be changed, if its sponsor-directors fail to hold the minimum amount of shares as per the securities rules, the DSE proposed.

<http://today.thefinancialexpress.com.bd/public/stock-corporate/dse-proposes-ceiling-on-pre-ipo-placement-shares-1555612440>

<https://www.thedailystar.net/business/news/dse-wants-curbs-sponsors-share-sale-1731805>

<https://www.dhakatribune.com/business/stock/2019/04/18/dse-proposes-five-point-action-plans-for-turnaround-in-stock-market>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$64.00	+0.24	+0.38%
Crude Oil (Brent)*	\$71.97	+0.35	+0.49%
Gold Spot*	\$1,275.52	-0.30	-0.02%
DSEX	5,321.41	+62.00	+1.18%
Dow Jones Industrial Average	26,559.54	+110.00	+0.42%
FTSE 100	7,459.88	-11.44	-0.15%
Nikkei 225	22,200.56	+110.44	+0.50%

Exchange Rates

USD 1 = BDT 84.45*
GBP 1 = BDT 109.74 *
EUR 1 = BDT 94.97 *
INR 1 = BDT 1.22*

**Currencies and Commodities are taken from xe.com.*

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BRAC EPL Stock Brokerage Limited

Research

Ayaz Mahmud, CFA	Deputy Head of Research	ayaz.mahmud@bracepl.com	01708 805 221
Md. Sakib Chowdhury	Research Analyst	sakib.chowdhury@bracepl.com	01709 641 247
S. M. Samiuzzaman	Research Analyst	sm.samiuzzaman@bracepl.com	01708 805 224
Sadman Sakib	Research Associate	sadman.sakib@bracepl.com	01730 727 939
Ahmed Zaki Khan	Research Associate	zaki.khan@bracepl.com	01708 805 211
Md. Rafiqul Islam	Research Associate	mrafiquislam@bracepl.com	01708 805 229
Md. Mahirul Quddus	Research Associate	mmahirul.quddus@bracepl.com	01709 636 546

International Trade and Sales

Ahsanur Rahman Bappi	Head of International Trade & Sales	bappi@bracepl.com	01730 357 991
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BRAC EPL Research www.bracepl.com

121/B Gulshan Avenue
Gulshan-2, Dhaka
Phone: +880 2 881 9421-5
Fax: +880 2 881 9426
E-Mail: research@bracepl.com