

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 lowest internet using country in Asia Pacific: study

- Bangladesh, along with Pakistan, has the lowest level of mobile internet penetration in the Asia Pacific region, according to a report of GSMA, the global trade body of mobile operators. Only 21% of the population of both Bangladesh and Pakistan have mobile internet connection -- the lowest among regional peers. In 2017, one in five Bangladeshis subscribed to mobile internet services despite 3G networks covering in excess of 90% of the population. Even countries like Nepal and Myanmar, both of which have lower GDP per capita than Bangladesh, have higher mobile internet penetration: 28% and 35% respectively.
- The majority of subscribers in Bangladesh primarily use their phones for basic voice and SMS services. As a result of this low level of engagement, the country also generates one of the lowest subscriber average revenue per user (ARPU) levels in the world at USD 2.9. This is considerably below the averages for Asia Pacific and the world of USD 10.4 and USD 14.6 respectively, limiting the ability of operators to engender the required transition to mobile broadband technologies. In particular, the country scores below average on infrastructure and affordability enablers relative to its regional peers.
- At the end of 2017, just over 71% of connections were 2G, with 3G comprising the remainder. The number of mobile internet subscribers in Bangladesh is forecast to reach 73 million by the end of 2025, representing 41% of the population. However, approximately 106 million people will remain without access to the mobile internet, factoring in population growth. However, went on to state that the mobile industry in Bangladesh has scaled rapidly over the last decade to become the fifth largest mobile market in Asia Pacific, with 85 million unique subscribers in 2017, which is half the population.

<https://www.thedailystar.net/business/bangladesh-lowest-internet-using-country-asia-pacific-study-1566004>

Economy faces 'twin deficit'

- A sharp rise in current account deficit is aggravating the country's 'twin deficit' phenomenon that surfaced after many years. An economy is said to have a twin deficit, if it has a current account deficit along with a fiscal deficit. The country has both fiscal or budget deficit and current account deficit amounting to over USUSD 6.3 billion, more than 300% higher in a year. The government has a deficit target of 5.0% of the gross domestic product (GDP) to meet the budget funding.
- Traditional macro-economists predict that persistent double deficit in a country leads to currency devaluation or depreciation that can be severe and sudden. The nominal exchange rate, after keeping an upward trend over the past one year, is now standing at BDT 83 in inter-bank BDT-USD exchange (average) rate. This exchange rate was BDT 79.85 on April 18, 2017, according to the central bank statistics.
- Economists view that Bangladesh's fiscal deficit may not be a matter of big trouble, as the government agencies cannot spend their allocated budgets. But they view that current account balance may be a matter of concern for the country, as its deficit is widening every month. They said such big deficit in the current account balance may even hit the foreign exchange reserve significantly. On the other hand, another leading economist said the money market crisis along with the twin deficit has created a new dimension in the economy. He said it has happened due to two reasons - high yield of the national saving certificates and aggressive lending by some banks crossing advance-deposit ratio.

<http://today.thefinancialexpress.com.bd/first-page/economy-faces-twin-deficit-1524246058?date=21-04-2018>

Foreign Direct Investment (FDI) drops by 8.42% in 2017

- Net inflows of foreign direct investment in the country declined by 8.42% to USD 2.15 billion in 2017 from USD 2.33 billion a year ago, according to the final calculation of the Bangladesh Bank released on Thursday. Equity investment, which is considered as fresh investment directly from abroad, declined by more than 69% to USD 538.90 million in the year from USD 911.38 million in 2016, the report showed. Reinvested earnings and intra-company loans, however, increased to USD 1.28 billion and USD 333.24 million respectively in 2017, which were USD 1.22 billion and USD 205.95 million a year ago.
- According to the central bank latest report, Bangladesh received the highest net FDI of USD 657.32 million in the last quarter (October-December) of the year. The net FDI inflow in previous three quarters was USD 507.15 million, USD 491.25 million, USD 495.84 million respectively. The highest USD 312.98 million FDI came in from the United Kingdom, followed by USD 202.73 million from Singapore and USD 194.21 million from Norway. Bangladesh slipped down one notch to 177 in the Ease of Doing Business Index-2017 from 176 in 2016, which might give a negative signal to foreign investors. According to a government estimate, the country needs to attract an average annual FDI of USD 6.7 billion

to graduate to the upper middle-income status by 2021.

<http://www.newagebd.net/article/39378/fdi-drops-by-842pc-in-2017>

Import tax on raw materials to go down to boost exports: National Board of Revenue (NBR)

- The government will reduce high tax rate on import of raw materials to boost local production. The facilities will be provided on import of raw materials for products which the local producers are able to produce. It will be ensured in the upcoming national budget. The Chittagong Chamber of Commerce & Industry boss suggested that the tax rate on publicly traded companies be reduced from 25% to 20% and that of private limited companies be reduced from 35% to 25%. The expenditure on the CSR (corporate social responsibility) should be shown in the profit and loss account and be given 10% rebate on the CSR.

<http://today.thefinancialexpress.com.bd/last-page/import-tax-on-raw-materials-to-go-down-to-boost-exports-nbr-1524329369>.

USD 2.5 billion investment round the corner

- Super Petrochemical Pvt Ltd (SPPL), a concern of BDT Group, and SK Group of South Korea plan to invest USD 2.5 billion jointly to establish a petrochemical complex and an LPG terminal in Moheshkhali. Under the joint venture, a full-fledged petrochemical, chemical storage facilities and liquefied petroleum gas (LPG) terminal will be set up in the island. The Beza would hand over the letter of land allocation to Super Petrochemical today so that it can start construction work as soon as possible, according to the executive chairman of the authority.

- SPPL is the largest producer of petroleum and petrochemical products in the private sector in Bangladesh. It produces and supplies fuel oil to state-run Bangladesh Petroleum Corporation. The company caters for 60% of local demand for octane. Besides, it produces petrochemical products such as toluene and xylene used in making paints, inks and adhesive. The project—which will produce a lot of raw materials for plastic goods—will also encourage many small and medium enterprises to invest in the plastic sector, he said. Local investors will be able to use raw materials to set up LPG-based or dual fuel power plants, he said.

<https://www.thedailystar.net/business/25b-investment-round-the-corner-1565998>

52,700 new BO accounts in 3 and half months

- The number of beneficiary owners' accounts increased by 52,700 in last three and a half months this year. As on April 15, 2018, the number of BO accounts stood at 27,80,161, which was 27,27,400 as on December 31, 2017. Of the new entries, the number of BO accounts owned by female investors was 13,425. An abnormal rise in the share prices of newly listed companies in the first few days after their debut on the stock exchanges lured people to open BO accounts for gaining quick profits from the market, market operators said.

- Individual investors operate 17,56,148 BO accounts, investors jointly operate 10,11,886 BO accounts and 12,127 accounts are operated by different companies including institutional investors, the CDBL data showed. Of the accounts (excluding the company-owned BO accounts), 26,05,117 BO accounts are owned by Bangladeshi investors and 1,62,917 accounts owned by non-resident Bangladeshi investors, the data showed.

- Market operators said investors usually open new BO accounts or revive their suspended BO accounts when they find the primary (initial public offering) market vibrant and the secondary market bullish. The IPO market was dull in the year 2017 with six companies raising only BDT 2.19 billion while this year the primary market looked bullish. Six companies are waiting to be listed with the market soon while two companies have already got listed this year. Of the two companies, the share prices of Advent Pharmaceuticals and Queen South Textiles Mills soared by 384% and 274% respectively on their debut following the footsteps of the debutant companies in the year 2017.

<http://www.newagebd.net/article/39456/52700-new-bo-accounts-in-3-and-half-months>

Grameenphone Q1 profit drops after six quarters

- Quarterly net profit of the country's leading mobile operator Grameenphone dropped after six quarters in January-March in 2018. The company's profit in Q1 of this year inched down 2.48% compared with the same period of 2017 due to additional operating expenses for spectrum charges and licence fees for 4G services and depreciation and amortisation costs, according to the company's financial statement released on Thursday. In the un-audited financial statements, GP showed that its profit after tax declined to BDT 6.39 billion in January-March from BDT 6.56 billion in the same period of last year. GP's net profit grew by 17.85% to BDT 6.56 billion in the first quarter of 2017 over the same period of the previous year.

- Net profit of the company also grew in the previous six quarters, year-on-year basis, mainly due to a healthy growth in data service. According to the statement, earnings per share of the entity also declined to BDT 4.74 during January-

March 2018 from BDT 4.86 in the same period of 2017. The gross revenue of GP, however, increased to BDT 31.24 billion in the quarter with a 2.02% growth from BDT 30.62 billion of the same period of last year. GP spent BDT 2.49 billion as revenue sharing, spectrum charges and licence fees in the quarter against BDT 2.38 billion in the same quarter of last year.

- Its operating expenses in the head of depreciation and amortisation also increased to BDT 6.22 billion in January-March this year against BDT 5.64 billion for the same period of last year causing decline in net profit, the statement showed. The operator also had to pay 10% of disputed BDT 3.79 billion claimed by the Large Taxpayers Unit of the National Board of Revenue for filing appeal against the claim. It hoped that it would win the case and recover the payment.

<http://www.newagebd.net/article/39587/grameenphone-q1-profit-drops-after-six-quarters>

Grameenphone staff seek raise

- Grameenphone employees yesterday placed a seven-point demand, including ones for salary hike and an immediate stop to “illegal” job terminations. Despite leaps in yearly revenue growth, the market leader among mobile operators has stopped providing different benefits, said the general secretary of Grameenphone Employees Union (GPEU). The GPEU also urged the general secretary of Grameenphone Peoples Council, an organisation of its employees, who was terminated from his job on April 16 over a sexual harassment allegation of 2016. Terming it a conspiracy, the union said the issue was resolved two years back. Grameenphone issued a statement refuting the claims, saying they practised “zero tolerance” for cases of sexual harassment.

<https://www.thedailystar.net/business/gp-staff-seek-raise-1565989>

<http://www.newagebd.net/article/39586/employees-union-accuses-gp-of-denying-rights>

Titas Gas Q3 EPS erodes substantially

- The earnings per share (EPS) of Titas Gas Transmission & Distribution Company Limited declined substantially in the January-March quarter of 2018 from the same period of previous year. According to the company's quarterly disclosure, the EPS declined 95% in the third quarter (Q3) from the same quarter of 2017. As per the un-audited quarterly statement, the company's EPS stood at BDT 0.66 in the Q3 as against BDT. 1.45 in the Q3 of 2017. According to information of Dhaka Stock Exchange (DSE), the government holds 75% shares of Titas Gas Transmission & Distribution Company while institutions 13.41% and general shareholders 9.45% shares.

<http://today.thefinancialexpress.com.bd/stock-corporate/titas-gas-q3-eps-erodes-substantially-1524327825>

Modern Steel holds IPO road show today

- Modern Steel Mills Limited holds the IPO (initial public offering) road show today (Sunday) for the eligible institutional investors. The company will hold the road show as part of going public under the book building method. The steels maker is set to raise BDT 2.0 billion from the capital market through IPO for repaying the bank loans, purchasing machinery and meeting IPO expenses. Under the book building method, eligible investors will be allowed to purchase 50% shares of the company at cut-off price, while mutual funds will purchase 10% of shares at the same price. General public and non-resident Bangladeshis (NRBs) will get 30% and 10% shares respectively at 10% discount from the cut-off price, according to the revised public issue rules.

<http://today.thefinancialexpress.com.bd/stock-corporate/modern-steel-holds-ipo-road-show-today-1524327696>

World Stock and Commodities*

| Index Name | Close Value | Value Change | % Change |
|------------------------------|--------------------|---------------------|-----------------|
| Crude Oil (WTI)* | \$68.40 | +0.07 | +0.10% |
| Crude Oil (Brent)* | \$74.06 | +0.28 | +0.38% |
| Gold Spot* | \$1,336.36 | -9.17 | -0.68% |
| DSEX | 5843.47 | +20.47 | +0.35% |
| Dow Jones Industrial Average | 24,462.94 | -201.95 | -0.82% |
| FTSE 100 | 7,368.17 | +39.25 | +0.54% |
| Nikkei 225 | 22,162.24 | -28.94 | -0.13% |

Exchange Rates

USD 1 = BDT 83.50*

GBP 1 = BDT 116.90*

EUR 1 = BDT 102.61*

INR 1 = BDT 1.26*

**Currencies and Commodities are taken from Bloomberg.*

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