

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 Bank intervenes nominally in forex market in July

- The Bangladesh Bank's intervention in the interbank US dollar market has come to a very nominal level in July of the fiscal year 2019-2020, mainly due to slowdown in import payments against record inflow of remittance and export earnings. According to the Bangladesh Bank data, the central bank has injected only USD 36 million greenback into local market in July this year. In FY19, the BB injected USD 195 billion in a month on an average to contain the devaluation of Taka against US dollar. In total, BB injected USD 2.34 billion in the last fiscal year. In FY18, BB had injected USD 2.31 billion amid a significant increase in imports, especially the food items, following flash floods in the country's northeast region that had caused severe damage to crops. The amount of the dollar injected in the local market by the central bank in FY17 was only USD 175 million.
- Despite the injection of USD 4.65 billion in last two years, Taka devaluated by 7.36% against US dollar since January, 2017 when dollar was traded at BDT 78.7. Despite the lower amount of US dollar injection by the BB in the local market, exchange rate of a US dollar was BDT 84.5 On Thursday, same as it was in June this year.

<http://www.newagebd.net/article/80455/bangladesh-bank-intervenes-nominally-in-forex-market-in-july>

FY19 imports up by 6.0%

- The country's imports grew by more than 6.0% in fiscal year (FY) 2018-19 following higher imports of construction materials as intermediate goods, officials said. The actual import in terms of settlement of letters of credit (LCs) rose to USD 54.64 billion in the July-June period from USD 51.53 billion a year before, according to the central bank's latest data. Imports increased with a decreasing trend in FY '19 mainly due to lower imports of consumer goods, particularly food grains, a senior Bangladesh Bank (BB) official explained. The growth of imports was 11.39% in FY '18.
- Meanwhile, imports of intermediate goods like coal, hard coke, clinker and scrap vessel jumped by 34.50% to USD 5.53 billion in FY '19 from USD 4.11 billion in FY '18. Mega infrastructure projects, including Padma Bridge, Dhaka Metro Rail and Dhaka Elevated Expressway, are consuming the lion's share of such goods, according to BB officials. Even imports for nuclear power plant also pushed up the overall import expense in last fiscal, they stated.
- The central bank officials also cited higher imports of petroleum products, including liquefied natural gas, as factors in the higher import spending in FY '19. Imports of fuel oil increased by 11.69% to USD 3.74 billion in last fiscal year from USD 3.35 billion a year before, the official figures showed. According to the officials, fuel oil imports may rise further in FY '20 mainly due to the diversified use of gasoline products, particularly for power generation.

<http://today.thefinancialexpress.com.bd/first-page/fy19-imports-up-by-60pc-1564766903?date=03-08-2019>
<http://www.newagebd.net/article/80349/fy19-capital-machinery-import-drop-contradicts-gdp-growth>

Bangladesh's global share of RMG static

- When China has been rapidly losing its share in the global apparel export market for the past three years, Bangladesh's share remains static at around 6.40%. Chinese share in the global ready-made garment (RMG) market declined to 31.25% in 2018 from 34.90% in 2017 and 36.40% in 2016. Conversely, the share of Bangladesh was 6.43% in 2018, according to the latest statistics released by the World Trade Organization (WTO). It was 6.45% in 2017 and 6.36% in 2016.
- The annual export of Bangladeshi RMG products, however, posted the double-digit growth of 11% last year, breaking four years of single-digit growth. As per the World Trade Statistical Review 2019, the total value of Bangladeshi apparel exportable stood at USD 32.45 billion in 2018 against USD 29.33 billion in 2017. Bangladesh retained its position as the third-largest global exporter of clothing. China is the top exporter followed by the European Union (EU). Vietnam, however, registered 13.0% growth in garment export in 2018 and its share globally reached 6.20%. It was 5.90% in 2017 and 5.54% in 2016. Vietnam is the fourth-largest exporter of the apparel in the world followed by India whose share declined to 3.30% from 4.10% in 2017.
- The report also unveiled that annual imports of textile and textile products by Bangladesh crossed the USD 10-billion level last year. In 2018 alone, the country imported textile items worth around USD 11.0 billion from abroad to meet its growing demand which was USD 9.41 billion in 2017. It ranked as the fifth-largest textile importer and its share in global textile imports increased to 3.30% in 2018 which was 3.0% in 2017. The 28-nation EU is the world's leading importer of both textile and clothing followed by the United States.

<http://today.thefinancialexpress.com.bd/first-page/bds-global-share-of-rmg-static-1564681783?date=02-08-2019>

Bangladesh RMG exports to US grow fastest among competitors in H1

- Country's apparel exports to the US in the first half of 2019 registered highest growth among the competitor countries as US buyers shifted orders from China to Bangladesh and other countries due to the on-going US-China trade tension. Experts and exporters said that the country's RMG export to the US might rise further in coming months following US president Donald Trump's threat issued on Thursday to impose tariffs on more China products including apparel items. Bangladesh's earnings from readymade garment exports to the US in January-June grew by 14.49% to USD 3.08 billion from USD 2.69 billion in the same period of 2018, according to data of the Office of Textiles and Apparel under the US Department of Commerce released on Friday.

- Vietnam's RMG export to the US in the January-June in 2019 grew by 11.74% to USD 6.36 billion from USD 5.69 billion in the same period of 2018, US data showed. The US apparel import from India in the first half of 2019 stood USD 2.26 billion with 10.43% growth while the import from Indonesia grew by 2.35% to USD 2.27 billion in the period.

<http://www.newagebd.net/article/80569/bangladesh-rmg-exports-to-us-grow-fastest-among-competitors-in-h1>

No verification for remittance below USD 1,000

- Bangladesh Bank plans to allow remitters to receive the government-announced 2% incentive directly in their accounts without any verification if they send amounts below USD 1,000. However, sources of income and other documents will be verified in case of remittance above USD 1,000 to avoid misuse of the fund. The banking regulator has prepared a draft guideline in this regard and sent it to the finance ministry for approval, said the deputy governor of Bangladesh Bank.

- For the first time, the government has introduced an incentive, which is 2%, on the money remitted by expatriate Bangladeshis with a view to encouraging the inflow of remittance through legal channels. The government has allocated BDT 30.60 billion for the purpose in the current fiscal year. The official said that banks will pay an additional 2% to the remitters when they disburse the money to the bank accounts of the recipients. For example, if an expatriate sends BDT 100, the respective bank will disburse BDT 102 in favor of the beneficiary account. Later, the bank will claim the additional payment with the central bank. At present, commercial banks disburse incentives to exporters when their earnings enter the country.

<https://www.dhakatribune.com/business/banks/2019/07/31/bb-governor-no-liquidity-crisis-in-banks>

Net foreign investment remains negative for fifth straight month

- Net foreign portfolio investment in Dhaka Stock Exchange (DSE) remained negative for the fifth consecutive month in July due to higher outflow of equity fund. Market analysts said foreign investors continued to pull their funds from equities like local investors amid concerns over the country's financial sector, depreciation of taka against dollar and dearth of quality stocks. The government's move to liquidate People's Leasing and Financial services Limited, imposition of penalty tax on listed companies and the ongoing tussle between Grameenphone and the telecom regulator also dampened the foreign buyers' confidence, they added. In July, foreign investors bought shares worth BDT 3.09 billion and sold off shares worth BDT 4.74 billion, forcing the net position to reach a negative BDT 1.65 billion, according to the DSE data.

- However, a local stockbroker said, the foreign investors are not the market drivers, as they account for less than 2.0% of DSE's total market capitalization, also the lowest among South Asian countries. In the last seven months (January-July) of 2019, DSEX, the benchmark index of the premier bourse, also slumped 247 points or 4.58%.

<http://today.thefinancialexpress.com.bd/stock-corporate/net-foreign-investment-remains-negative-for-fifth-straight-month-1564677999?date=02-08-2019>

<http://www.newagebd.net/article/80352/foreign-investors-running-for-exit-from-capital-market>

11.12% drop in number of active BO (beneficiary owner's) accounts in two months

- The number of active BO (beneficiary owner's) accounts declined by 11.12% in last two months mainly because of non-submission of annual fees and removal of irregularities found in case of opening many accounts. On August 1, the number of active BO accounts stood at over 2.53 million which was 2.84 million as of May 30 last. As a result, the number of active BO accounts declined 11.12% to 0.31 million in last two months. The market operators said many BO accounts remained suspended every year at the end of June for not submitting maintenance fees.

- A representative of the DSE Brokers Association (DBA) said the number of BO accounts has also declined because of another move of removing irregularities found in case of opening BO accounts. On June 20 last, the Bangladesh Securities and Exchange Commission (BSEC) has issued a circular to submit a report on the compliances maintained in opening BO accounts. The securities regulator moved to ensure compliances following many regularities found in case of opening accounts.

<http://today.thefinancialexpress.com.bd/stock-corporate/1112pc-drop-in-number-of-active-bo-accounts-in-two-months-1564847638>

Finance minister threatens to fold losing branches of BASIC Bank

- Finance minister AHM Kamal on Thursday lashed out at the officials of the BASIC Bank for their failure to improve the financial health of the troubled state lender. As the scandal-hit bank is struggling to control bad loans, the minister said they have decided to shut down the branches that have incurred losses for three consecutive years, including the current year. The finance minister also hinted at launching special audit and inquiry into the officials who approved and disbursed bad loans.
- Established in 1989, the state-run commercial bank had been one of the good performing banks in the country until 2009 but things started deteriorating afterwards when a string of loan scandals were exposed. The volume of non-performing loan was only 4.8% in 2009, which jumped to 67% in 2014. Then it went down to 54%, but it again climbed to 59%, officials said.

<http://today.thefinancialexpress.com.bd/first-page/finance-minister-threatens-to-fold-losing-branches-1564681503?date=02-08-2019>
<http://www.newagebd.net/article/80350/loss-making-basic-bank-branches-to-face-closure>

Japan's business presence in Bangladesh growing fast

- The number of Japanese companies in Bangladesh increased by 50% over the last five years as they want to continue their stronger presence here, says a senior official at the Japanese Ministry of Foreign Affairs. The spokesperson for the Japanese Foreign Minister said that Bangladesh is set to become the second largest recipient of Japanese assistance right after India in Japanese fiscal year 2019 while it was the third largest recipient in fiscal year 2018. Japan has been the single biggest bilateral development partner for Bangladesh and the amount of Official Development Assistance (ODA) to Bangladesh from Japan last year marked USD 1.8 billion.

<http://today.thefinancialexpress.com.bd/trade-market/japans-business-presence-in-bangladesh-growing-fast-1564678453?date=02-08-2019>

Banglalink's revenue sees 5.4% growth in Q2 2019

- Banglalink, a leading telecom operator in Bangladesh, has incurred a total revenue of BDT 11.50 billion in the second quarter of 2019, which is a growth of 5.4% from the first quarter of the year. Most of this growth has been due to the success of their data revenue. According to a VEON report published on Thursday, Banglalink's total revenue was BDT 10.90 billion in the previous quarter and this quarter's growth is driven by an acceleration of mobile service revenue, increasing by 7.8% year on year (YoY) to BDT 11.30 billion. Data revenue increased by 27.9% to BDT 2.3 billion, which was BDT 1.8 billion in the previous quarter, driven by increased smartphone penetration and doubled data usage YoY to 1,250 MB, along with 9.8% YoY growth in active data users, the report showed.
- The increase in revenue represents a continuation of the positive trend seen in the first quarter in 2019, despite the gap in Banglalink's 3G network coverage in comparison to its competitors, said the report. Service revenue also increased by 2.5% quarter on quarter (QoQ) in the second quarter 2019. The revenue increase was mainly driven by a continued improvement in data revenue, following enhanced network availability, with the continued expansion of Banglalink's coverage.
- Chief Executive Officer of Banglalink said that Banglalink's YoY customer-base grew by 3.1% in this quarter as well. They are confident of keeping the up this momentum throughout the rest of the year. However, as the SIM tax, the supplementary duty on voice and data services, and the minimum tax on a mobile operator's turnover have been increased in the recent budget, it will be challenging for them to maintain the expected growth rate, he added.

<https://www.dhakatribune.com/business/2019/08/01/banglalink-s-revenue-sees-5-4-growth-in-q2-2019>
<https://www.thedailystar.net/business/telecom/news/banglalinks-revenue-54pc-q2-1780576>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$55.66	+1.71	+3.17%
Crude Oil (Brent)*	\$61.89	+1.39	+2.30%
Gold Spot*	\$1,440.83	-4.35	-0.30%
DSEX	5,169.74	+30.95	0.60%
Dow Jones Industrial Average	26,485.01	-98.41	-0.37%
FTSE 100	7,407.06	-177.81	-2.34%
Nikkei 225	21,087.16	-453.83	-2.11%

Exchange Rates**USD 1 = BDT 84.42*****GBP 1 = BDT 102.66*****EUR 1 = BDT 93.79*****INR 1 = BDT 1.21***

**Currencies are taken from XE Currency Converter and Commodities are taken from Bloomberg.*

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