

*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.*

### **FY19 investment likely to exceed gross national savings**

- The country's gross investment is projected to exceed its gross national savings in this fiscal year (FY), 2018-19, apparently due to rise in the public sector investment, according to the International Monetary Fund (IMF). The gross investment is projected to stand at 32.3% of the gross domestic product (GDP), up by 2.3% points than that of gross national savings. The picture came up in IMF country staff report prepared for 2018.
- The gross national savings, consisting of public national savings and private national savings, usually remain above gross investment, and it has been a trend of Bangladesh's economy for long. But the trend reversed, as gross investment stands above gross national savings, in the past two fiscal years - FY 2017 and FY 2018.
- The Bangladesh Bank recently told the reporters that a group of businesses are reported to have been involved in capital flight, amounting to Tk 40 billion in the guises of import and export. It also asked the tax authority to take necessary actions regarding the matter by probing it. Public investment in terms of the GDP is estimated to be at 9.1% in this FY. It was less than 7.0% of the GDP even a few years back.

<http://today.thefinancialexpress.com.bd/first-page/fy19-investment-likely-to-exceed-gross-natl-savings-1535305256>

### **Foreign Direct Investment (FDI) inflow curve heads downward again**

- The foreign direct investment (FDI) in Bangladesh dropped again in the past fiscal year (FY) after three years of gaining, according to the latest statistics of the central bank. Provisional data of the Bangladesh Bank (BB) on the annual balance of payments (BoP) showed that the gross inflow of FDI declined by 7.90% to US\$ 2.79 billion in FY 2017-18 from \$3.03 billion in FY 2016-17. According to the BoP data, the net inflow of FDI also slipped to \$1.58 billion in the past fiscal year from \$1.65 billion in FY '17. Thus the rate of decline in the net FDI stood at 4.23%.
- The country last experienced a decline in FDI in FY '14, when the net inflow of FDI declined by 14.45% to \$1.48 billion from \$1.73 billion in FY '13. The decline in FDI in the past fiscal year also went against the ambitious projection made in the Seventh Five Year Plan (7FYP) of the country. For FY '18, the 7FYP projected an FDI inflow worth \$ 5.87 billion. But the gross inflow of FDI stood at \$ 2.79 billion. Thus the difference between the projection and the actual inflow hovered over \$ 3.0 billion. In FY '17, the actual inflow of FDI also stood well behind the projection of \$ 4.31 billion.
- According to the Metropolitan Chamber of Commerce and Industry (MCCI), Bangladesh's low labour costs are generally believed to be attractive to foreign investors, but yet they hesitate to make fresh investments in the country because of the country's underdeveloped infrastructure. It also mentioned other impediments like the shortage of power and energy, lack of consistency in policy and regulatory framework, scarcity of industrial land, corruption and political uncertainty.

<http://today.thefinancialexpress.com.bd/first-page/fdi-inflow-curve-heads-downward-again-1535305410>

### **Bangladesh Bank's operating profit soars on forex income**

- Bangladesh Bank's operating profit jumped 46% year-on-year to BDT 7.91 billion last fiscal year on the back of higher income from the investment of foreign exchange. The central bank will transfer BDT 6.90 billion as net profit to the state coffer -- the amount being more than double the target of BDT 2.80 billion. BB Governor and the auditors signed the balance sheet for 2017-18 at an internal meeting at the central bank headquarters in the capital yesterday.
- The central bank received interest from fixed deposits with foreign banks at an average of 2% in 2017-18, which was less than 1% in the previous year, the deputy Governor of Bangladesh Bank said. However, the income from domestic sources was insignificant because of higher spending on efforts to mop up money from the market, he added. The BB's income from reserve management has also seen a huge year-on-year rise—around 56%—last fiscal year.
- In the balance sheet, the BB showed around BDT 5.50 billion as asset out of the USD 81 million (around BDT 6.76 billion) reserve that hackers stole from its account at the New York Fed in February, 2016. Of the stolen amount, USD 15 million has been recovered. Bangladesh's foreign exchange reserve stood at USD 33.17 billion as of August 13, according to the central bank data.

<https://www.thedailystar.net/news/business/bbs-operating-profit-soars-forex-income-1625092>

### **No subsidy burden on power sector for LNG import, says State Minister for energy and power.**

- The country's power sector would not require any 'significant' amount of subsidy out of LNG imports as the existing dual fuel power plants would be converted into gas-fired ones, state minister for energy and power Nasrul Hamid said on Sunday. According to him, Oil-fired power plants would be shifted to gas-fired ones wherever necessary. A significant amount of additional money would be required for the power sector, he said while speaking at a post-Eid press conference at the secretariat on Sunday morning. Dual fuel power plants have provision to run on both diesel and gas, but such power plants were running on diesel for long due to gas crisis. Currently, Bangladesh has the capacity to consume around 75-100 million cubic feet per day (mmcf) equivalent of re-gasified LNG.
- Regarding the move to re-initiate electricity generation from Barapukuria coal-fired power plant, he also said a tender has been floated to import around 1.0 million tonnes of coal to generate electricity and resolve electricity crisis in the northern region. One unit of the Barapukuria power plant was kept operational over the past five days under special arrangements. Barapukuria coal-fired power plant would be fully operational by October.
- Electricity supply situation in the country's northern region has been facing a major setback over the past couple of months as all the three units of Barapukuria thermal power plant having total capacity of 525 megawatt (MW) are 'under force-closure' due to coal scarcity. 'Disappearance' of around 142,000 tonnes of coal worth around Tk 2.27 billion from BCMCL's coal storage yard a couple of weeks back pushed suspension of operation of the Barapukuria coal-fired power plant to uncertainty. State-run Barapukuria Coal Mining Company Ltd (BCMCL) could detect this anomaly only in mid-July when it initiated to measure out the overall coal stock in the yard.

<http://today.thefinancialexpress.com.bd/first-page/no-subsidy-burden-on-power-sector-for-lng-import-says-nasrul-1535305458>

### **Number of Grameenphone subscribers crosses 70 million mark**

- The number of active mobile phone subscribers increased by 1.6 million in July this year with the subscriber base of Grameenphone crossing 70-million mark. The number of internet users also increased by 0.90 million in July, the Bangladesh Telecommunication Regulatory Commission data showed.
- The growth in subscriber bases of the mobile phone operators was lenient in the previous three months as all four operators — GP, Robi, Banglalink and Teletalk — managed to add only 0.66 million subscribers in the April-June period. On the eve of 4G launch on February 18, in the January-March quarter of the year 2018, the mobile phone operators managed to attain 5.17 million new subscribers. The number of active subscribers of four mobile phone entities increased to 152.5 million at the end of July from 150.9 million in June, 2018.
- Of the mobile phone operators, the number of active subscribers of Grameenphone, which held 45.91% of the market share of the country's telecommunication industry, increased to 7,00,23,000 at the end of July this year from 6,91,70,000 a month ago. Robi with its 45.3 million subscribers managed to become the second largest mobile phone operator with 29.72% market share of the country's telecom industry. The operator added 0.6 million new subscribers in July.

<http://www.newagebd.net/article/49152/no-of-gp-subscribers-crosses-7-cr-mark>

### **Investors suffer, sponsors stay unscathed**

- There is no law in Bangladesh to protect the general investors of a company, which got delisted from the stock market for the failure of the promoters or sponsors. Even there is no law to create pressure on the promoters of the junk companies to buy back the shares from the retail investors in case of a delisting.
- The issue has come to the fore when Dhaka Stock Exchange (DSE) delisted two companies—Rahima Food Corporation and Modern Dyeing and Screen Printing—for remaining closed for three years. About BDT 500 million of general investors' money got stuck because of the delisting and they are in the dark whether and how they will get their money back, according to data from the DSE. More investors could also find themselves in the similar situation as the DSE has recently sent notices to 15 companies and asked to explain why they failed to pay dividends for at least five years in a row. The issuance of the notices is the first step for delisting a company and the companies may get delisted if they cannot assure that they would soon start giving dividends, according to DSE officials. Stakeholders and analysts called for a similar protection rule regarding this in India for investors in Bangladesh. Otherwise, they said, nothing would be able to stop the errant promoters of companies.

<https://www.thedailystar.net/news/business/investors-suffer-sponsors-stay-unscathed-1625110>

### **Bangladesh Securities and Exchange Commission (BSEC) takes tough action against companies with unusual share prices**

- Bangladesh Securities and Exchange Commission (BSEC) is taking tough action to stop the unusual rise of small-cap companies shares especially the companies that are not in full-fledged production. In protecting investors' rights and curbing price manipulation, the regulator has suspended trade at the bourses and launched investigation against these companies.
- In the last six months, share prices of some companies showed continuous rise but these companies are not performing well and being traded under the A, B and Z category, Small cap shares have been seen to rise sharply in the last couple of months. Stock market stakeholders say a syndicate is controlling the shares of small capital companies. General investors are being affected while the syndicate is making great profits. The commission decided on the punitive measures after the watchdog detected anomalies in the trading of the companies' shares. The committee, headed by BSEC Deputy Director Shamsur Rahman, was asked to submit its report within 30 working days. The committee will investigate the reasons behind the unusual increase in the price of shares of these companies, and will look into possible insider trading, price manipulation, and securities violations

<https://www.dhakatribune.com/business/stock/2018/08/27/bsec-takes-tough-actionagainst-companies-with-unusual-share-prices>

### Silva Pharma IPO lottery draw Thursday

- The initial public offering (IPO) lottery draw of Silva Pharmaceuticals would be held on Thursday (August 30), officials said. After the lottery draw, results will be published on the websites of Dhaka and Chittagong stock exchanges, the issue managers and the company.
- The Silva Pharma raised capital worth BDT 300 million by issuing 30 million ordinary shares at an offer price of BDT 10 each under the fixed price method. The IPO subscription of the company was opened on July 29. It continued until August 05, according to the Dhaka Stock Exchange (DSE). The company's IPO was oversubscribed more than 25 times as the company received about BDT 7.73 billion against the IPO issue of BDT 300 million.
- The pharmaceutical company will purchase machinery, construct building, repay bank loans and bear the IPO expenses with the fund to be raised from the public. The company reported net asset value (NAV) of BDT 16.48 per share, (without revaluation), weighted average EPS worth BDT 1.03 as per the financial statement for the year ended on June 30, 2017.

<http://today.thefinancialexpress.com.bd/stock-corporate/silva-pharma-ipo-lottery-draw-thursday-1535300548>

### World Stock and Commodities\*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$75.78	-0.04	-0.06%
Crude Oil (Brent)*	\$75.78	-0.04	-0.05%
Gold Spot*	\$1,206.93	+1.58	+0.13%
DSEX	5596.91	+25.72	+0.46%
Dow Jones Industrial Average	25,790.35	+133.37	+0.52%
FTSE 100	7,577.49	+14.27	+0.19%
Nikkei 225	22,812.39	+210.62	+0.93%

### Exchange Rates

USD 1 = BDT 84.19\*  
 GBP 1 = BDT 108.23\*  
 EUR 1 = BDT 97.87\*  
 INR 1 = BDT 1.21

\*Currencies and Commodities are taken from Bloomberg.

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