

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 face liquidity pressure before polls

- The country's money market is now facing liquidity pressure following higher withdrawal of cash from the banks ahead of the national polls, bankers said. Some cash-hungry banks have also availed liquidity facilities from the central bank in the form of repo and special repo to meet their growing demand for money, they added.
- The weighted average call money rate rose to 4.50 % on Sunday from 4.08 % as on December 13, according to the central bank's latest statistics. The rate was 3.72 % a month back. Chairman of the Association of Bankers, Bangladesh (ABB) said that cash money withdrawal from the banks ahead of the election has created an extra pressure on the money market.
- Managing director and chief executive officer of Dhaka Bank Limited, added that such pressure may continue until distribution of deposit properly. He also said the bond market should be developed to facilitate the ongoing industrialisation process of the country. This will, indeed, address liquidity pressure to a great extent.
- A total of 1,848 candidates are now contesting the December 30 polls across the country, according to the Bangladesh Election Commission. As per electoral rules, each candidate is allowed to expend maximum BDT 2.5 million but not more than BDT 10 for each voter.
- After four years, a few number of banks received special repo facility worth BDT 3.04 billion with paying 9.0 % interest from Bangladesh Bank (BB) on December 17 to meet their liquidity requirements. Earlier on July 31 in 2015, a bank received BDT 300 million as special repo at 10.25 % from the central bank. Besides, selling of USD directly by the central bank to the commercial banks has also pushed up pressure on the money market in the recent days, they explained.

<http://today.thefinancialexpress.com.bd/first-page/banks-face-liquidity-pressure-before-polls-1545760198>

17 banks raise BDT 96.00 billion through bonds in 2018

- Seventeen listed banks have issued subordinated bonds worth BDT 96.00 billion in total in the outgoing year of 2018 to raise their capital base in line with the Basel III requirements as the banks have found the debt instrument cost-effective than issuing more shares or rights shares on the stock market. Issuance of subordinated debt by banks has been rising as 13 listed banks floated bonds worth BDT 55.00 billion in total in 2017, seven banks BDT 31.00 billion in 2016 and six banks BDT 23.50 billion in 2015.
- Subordinated debt has become the favourite form of capital raising instrument for banks in recent years as they now realise the benefits of the supplementary capital raising instrument, bankers said. NRBC Bank chief financial said that banks required to keep at least 11.817 % capital adequacy ratio, also known as capital to risk assets ratio, including capital conservation buffer as per the roadmap set by Bangladesh Bank to implement Basel III.
- Banks will have to maintain capital at fixed rate of 12.50 % of risk-weighted assets from 2019, according to the Basel III framework. He also said that a rise in the amount of non-performing loans also increased risk assets of banks and some of the banks failed to keep enough provisions against the NPLs that forced the banks to maintain higher amount of capital.
- In 2018, Eastern Bank floated bonds worth BDT 5.00 billion, United Commercial Bank BDT 8.00 billion, Shahjalal Islami Bank BDT 6.00 billion, Trust Bank BDT 5.00 billion, Islami Bank Bangladesh BDT 7.00 billion, Social Islami Bank BDT 5.00 billion, Dutch-Bangla Bank BDT 5.00 billion. One Bank issued bonds worth BDT 8.00 billion, Al-Arafah Islami Bank BDT 5.00 billion, City Bank BDT 7.00 billion, Mercantile Bank BDT 3.00 billion, Rupali Bank BDT 6.00 billion, Prime Bank BDT 7.00 billion, Dhaka Bank BDT 5.00 billion, Jamuna Bank BDT 5.00 billion, Southeast Bank BDT 5.00 billion and NCC Bank BDT 4.00 billion.

<http://www.newagebd.net/article/59854/17-banks-raise-BDT-9600cr-thru-bonds-in-2018>

India clears guideline on Bangladesh power import from Bhutan, Nepal

- Bangladesh will be able to import power from the neighbouring countries via India as the Indian government has approved the 'Guidelines for Import/Export (Cross Border) of Electricity- 2018' which was published on December 18, reports UNB. According to section 3.1 of the guideline of 'Cross-border Trade of Electricity', the cross-border transaction between India and the neighbouring countries will be approved by the Indian entity through an agreement.
- The Indian government has recently amended the 'Guidelines for Import/Export (Cross Border) of Electricity- 2018'

where it said two separate countries can trade electricity where India will take part through a tripartite agreement or giving approval. At the joint steering committee meetings, the issue of electricity import from Nepal and Bhutan via India was discussed on December 03 and December 04 in Kathmandu, Nepal. Already, a Memorandum of Understanding (MoU) was signed between Bangladesh and Nepal for the electricity import.

<http://today.thefinancialexpress.com.bd/last-page/india-clears-guideline-on-bd-power-import-from-bhutan-nepal-1545760729>

Digital services hit by election nerves

- Digital service business has shrunk unexpectedly ahead of the 11th general election on December 30, in a puzzling development for the industry that was anticipating a spike amid the growing tendency towards digital campaigns. December has been the worst month this year from a business point of view, said mobile operators, broadband providers, mobile handset companies and wholesale bandwidth suppliers.
- Data usage, both through mobile network and broadband, has drastically declined, said chief technology officer of Fiber@Home, the leading wholesale bandwidth supplier. For instance, usage of Facebook, the most widely used social media platform in Bangladesh, dropped about 30 % compared to last month. Facebook data usage was about 28 Gbps in November, but as of this week Fiber@Home recorded 18 Gbps.
- One of the reasons for the drop in usage of Facebook could be that people are nervous of putting something out on the medium that might land them on the wrong side of the Digital Security Act 2018. Mobile operators said they observed 5 to 7 % drop in revenue in December from both the voice and data segment from a year earlier. Traditionally, the final quarter of a year is the revenue harvesting one, but this year has been different.

<https://www.thedailystar.net/business/news/digital-services-hit-election-nerves-1678975>

Three shoemakers shell out BDT 1.77 billion for new plants

- The footwear sector is set to get a fresh investment of BDT 1.77 billion through three companies seeking to grab a share of the country's growing domestic market. One of the companies is Walkar, a sister concern of Pran-RFL Group, which would be putting in BDT 1.50 billion to expand its existing manufacturing facilities. The group's marketing director said that they already set up six footwear manufacturing units at Danga Industrial Park in Narsingdi and another four units will be set up next year to raise production on a massive scale.
- He also said that some 1.2 million pairs can be manufactured per month at the existing factory and the capacity would increase fourfold next year. Moreover, the number of people it employs directly would also double from around 500. The other two companies are separate ventures of president of the Leathergoods and Footwear Manufacturers and Exporters Association of Bangladesh, in partnership with two Indian shoemakers.
- Of his joint ventures, Footsteps Bangladesh came about in association with VKC Footwear, which would be investing USD 2 million. VKC is the second largest footwear manufacturer and marketer in India with an annual turnover of Rs 30.00 billion. Islam said Footsteps plans to export to the Middle East and other new markets. The other joint venture, Sanghavi Shoe Accessories Bangladesh, is with Sanghavi Shoe Accessories Pvt Ltd, which would be investing around BDT 100 million to cater to both the local and foreign markets.

<https://www.thedailystar.net/business/news/three-shoemakers-shell-out-tk-177cr-new-plants-1677598>

Fund raising through rights hits three-year low

- Funds raised by listed companies through issuance of rights shares fell sharply by 76 % year-on-year in 2018, hitting three years low. Two listed firms netted about BDT 2.68 billion by issuing more than 268 million rights at par in the outgoing calendar year, according to statistics available from the Dhaka Stock Exchange (DSE).
- A rights issue is an issue of additional shares by a listed company to raise capital from existing shareholders. With a rights issue, existing shareholders get the privilege to buy a specified number of new shares from the company at a particular price within a specified time. The companies intended to issue rights shares to either strengthen their capital structure or use funds for business expansion and loan repayment.
- Market insiders said securities regulator's go slow policy in giving approvals, insufficient documents and a downward trend in the secondary market were the major factors behind the significant fall of rights issue. An anonymous analyst said that the regulator was conservative in allowing listed companies to raise funds through rights shares, as a downward trend prevailed in the secondary market in the outgoing fiscal year.

<http://today.thefinancialexpress.com.bd/stock-corporate/fund-raising-through-rights-hits-three-year-low-1545757887>

Esquire Knit's IPO subscription to begin January 06

- The public subscription of Esquire Knit Composite will open on January 06, as the company is set to raise a capital of over BDT 562 million through IPO. The initial public offering (IPO) subscription period for the Esquire Knit Composite, a business unit of the Esquire Group, will continue up to January 20, 2019. The company will issue some 34.89 million ordinary shares under the book-building method to raise a total capital worth BDT 1.50 billion.
- Of the total shares, 60 % or 20.83 million shares (worth BDT 937 million) are reserved for eligible investors at cut-off price. The cut-off price of Esquire Knit share was fixed at BDT 45 each on July 14 by the institutional investors through bidding under a book-building method. The remaining 40 % or 14.06 million shares will be available for the IPO participants, including affected small investors and non-resident Bangladeshis.
- The general investors will get IPO shares at 10 % discount on cut-off price, meaning they will get each share of the company at BDT 40. The proceeds will be used to buy machinery, construct buildings and to meet the IPO expenses. The company's weighted earnings per share (EPS) was BDT 2.52 and net asset value (NAV) per share (with revaluation reserve) BDT 45.83 at the end of June 30, 2017.

<http://today.thefinancialexpress.com.bd/stock-corporate/esquire-knits-ipo-subscription-to-begin-january-06-1545758144>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$42.79	+0.26	+0.61%
Crude Oil (Brent)*	\$50.38	-0.09	-0.18%
Gold Spot*	\$1,272.68	+4.14	+0.33%
DSEX	5300.09	+18.32	+0.34%
Dow Jones Industrial Average	21,792.20	-653.17	-2.91%
FTSE 100	6,685.99	-35.18	-0.52%
Nikkei 225	19,291.43	+135.69	+0.71%

Exchange Rates

USD 1 = BDT 83.75*
GBP 1 = BDT 106.42*
EUR 1 = BDT 95.59*
INR 1 = BDT 1.20*

*Currencies and Commodities are taken from Bloomberg.

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