

*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.*

### **Government's solid plan for single-digit interest rate: Loan-deposit ratio to increase**

- Bangladesh Bank is set to raise the loan-deposit ratio by another 1 percentage point as it looks to reduce the interest rate for manufacturing sector and increase lendable fund of banks. At the same time, the finance ministry is taking a measure to bar government entities from seeking more than 6% interest rate on deposits from banks.
- At present, the loan-deposit ratio is 85% for regular banks and 90% for Islamic banks. In other words, for every Tk 100 of deposit regular banks can lend Tk 85. But soon, they will be able to give out Tk 86 and Islamic banks Tk 91. This will cause a surge in loanable funds by about BDT 100 billion, Finance Minister said.
- The lift in loan-deposit ratio is a positive move of the government, the chairman of Agrani Bank said. Banks' loanable funds will increase as a result and their cost of funds will come down too. Their profit margin will not reduce significantly due to the single digit interest rate as banks will get benefits from the central bank and the government, he said. However, high officials of banks said if the interest rate comes down to single digit they will cut back on their lending to the industrial sector to safeguard their profit margin. But the finance minister said they will keep a close watch so that this scenario does not materialize.

<https://www.thedailystar.net/business/news/govts-solid-plan-single-digit-interest-rate-1846999>

### **Slower external trade may impact growth**

- The slowdown in its external trade might hurt the country's pace of economic growth in the current fiscal year. But a robust growth of workers' remittance is likely to act as counterweight in this regard. Bangladesh Bank (BB) made the observations in its quarterly report, released on Sunday.
- Exports from Bangladesh declined by 7.60% in the first five months of the current fiscal year while imports dropped by 3.20% in July-October. The central bank linked the reduction in external trade growth with the slowdown in global trade as well as the economy.
- The BB, however, expressed its optimism that workers' remittance would help maintain the current trend of the economic growth rate which has already crossed 8.0% mark. Inflow of remittances jumped around 23% in the first five months of the current fiscal year over that of the same period of last fiscal.
- Although food inflation moderated to 5.30% in September 2019 from 5.40% in June 2019 with the falling prices of rice and pulses, the possibility of the second-round effects arising from high prices of some food items such as onion, fish and vegetables warrants close attention, it said. The Bangladesh Bureau of Statistics (BBS) data showed that food inflation reached 6.41% in November this year. Headline inflation is likely to face upside risks in the near term arising from crop loss resulted from recent cyclonic storm Bulbul, the central bank report added. The annual average inflation rate was 5.49% in September which inched up to 5.56% in November.
- The BB also mentioned that from global front, persistent trade tensions pose an upside risk on the prices of some imported commodities. However, declining global energy prices are expected to reduce some inflation risks in the near future, it said.
- Focusing on the country's financial sector, the BB quarterly report pointed out that overall non-performing loan (NPL) in the banking industry increased to 11.99% in the first quarter of FY20 from 11.69% in the last quarter of FY19.
- On reviewing the overall economic performance in the first quarter of FY20, it said a mixed trend of economic activities were there where strong government expenditure, higher LNG import, favorable electricity generation and robust remittance inflow helped boost domestic demand. At the same time, weak export and import performance and an attenuated private credit growth pointed to some deceleration.

<https://today.thefinancialexpress.com.bd/first-page/slower-external-trade-may-impact-growth-1577642380>

### **Government debt edges up in FY'19**

- Public debt increased slightly in the last financial year (FY) due to the rise in fiscal deficit crossing the benchmark 5.0%. In a recent publication, the International Monetary Fund, or IMF, showed that the debt reached 33.5% of gross domestic product, GDP, from 33.2 at the end June 2019. Of the total, domestic debt accounted for 21.4%, mostly from the banking and non-banking sources. The IMF report also showed that the government debt as % of age increased to 34.1% at the end of August in 2019. It did not mention the reference period in 2018. Fiscal deficit reached 5.2% (excluding grant) in the past fiscal year, highest in 11 years.

<https://today.thefinancialexpress.com.bd/first-page/govt-debt-edges-up-in-fy-19-1577642437>

### **Social Islami Bank Ltd to raise BDT 5.0 billion through bonds issue**

- The board of directors of Social Islami Bank Ltd (SIBL) has decided to raise BDT 5.0 billion through issuance of mudaraba perpetual bonds, said an official disclosure on Sunday. The bank will issue the bond for raising fund as additional tier-1 (AT -1) capital to support the bank's Basel III compliance in line with Bangladesh Bank guidelines on risk bases capital adequacy, said the disclosure. The issuing of bonds is subject to the approval from concerned authorities - Bangladesh Bank (BB) and Bangladesh Securities and Exchange Commission (BSEC)-- and complying with regulatory requirements, the disclosure added.

<https://today.thefinancialexpress.com.bd/stock-corporate/sibl-to-raise-BDT-50b-through-bonds-issue-1577640903>

### **Dhaka Stock Exchange (DSE) profits contract as investors flee**

- Dhaka Stock Exchange's profits dropped 6.70% year-on-year to BDT 974 million in fiscal 2018-19 as a narrow product range and lackluster stock market ward off investors. This is the lowest in 10 years, said a stock market analyst.

- The premier bourse is heavily dependent on bank interest income: about 43% of its revenue in fiscal 2018-19 came from bank deposits. The DSE's second highest income came from transaction fees, which was BDT 723.2 million. The bourse's daily average turnover also fell 5.25% to BDT 6.13 billion though the number of shares rose. The total number of beneficiary owners' account is 2.6 million, which is about 1.50% of the total population of about 170 million, according to the Central Depository Bangladesh.

<https://www.thedailystar.net/business/news/dse-profits-contract-investors-flee-1846996>

### **Overseas jobs to fall by 10% this year**

- The overseas jobs for Bangladeshi workers would fall by 10% at the end of 2019 compared to that of the previous year as estimated by a new study. The amount of inward remittance, however, is expected to rise by about 17.05% over the last year to stand at USD 18.19 billion by the year end.

- The overseas jobs for Bangladeshi workers shrank mainly due to the closure of Malaysian labor market, RMMRU Founding Chair said while presenting the report. Only 400 workers went to Malaysia until November 2019. A total of 604,060 Bangladeshi workers went abroad with jobs from January to November period of 2019, according to the report. About 89% workers migrated to Arab and Gulf countries while 11% to other countries. More than 0.7 million workers migrated abroad in the last year. Bangladeshi expatriates sent home a total of USD 16.67 billion in remittance till November this year - highest 19.87% from Saudi Arabia, followed by 14.99% from the UAE and 11.25% from the US, the report said.

<https://today.thefinancialexpress.com.bd/trade-market/overseas-jobs-to-fall-by-10pc-this-year-1577641448>

### **Business registration up 18%**

- A record 10,963 companies and firms have been registered with the Registrar of Joint Stock Companies and Firms (RJSC) during the last 11 months to November this year, up by 1,660 or around 18% over last year. Of the total, private sector enterprises were 8,911, public sector firms 47, foreign ones 44 and partnership companies 1961, according to RJSC latest data. Last year a total of 9,303 companies and firms were registered at RJSC. Of the total, private sector firms were 7,344, public firms 33, foreign 42 and partnership companies were 1884.

- The number of newly registered companies and firms in 11 months is higher than any time in the last 10 years, when the automation or electronic registration (e-registration) was launched in 2009. Earlier, a single year's highest number of companies and firms registered with the RJSC was 9,986 in 2011.

- In October 2019, the RJSC received a total of 1,490 applications seeking registration. Of them, the agency has granted approval to 1421 firms, while another 248 applications are now being processed and 36 applications were rejected for lacking required documents. Meanwhile, with the inclusion of the latest number between January and November 2019, total figure of companies and firms registered with RJSC stood at 239,311 since 1947 to November 2019, according to RJSC data.

<https://www.dhakatribune.com/business/2019/12/29/business-registration-up-18>

**World Stock and Commodities\***

<b>Index Name</b>	<b>Close Value</b>	<b>Value Change</b>	<b>% Change</b>
Crude Oil (WTI)*	\$61.74	+0.02	+0.03%
Crude Oil (Brent)*	\$68.28	+0.12	+0.18%
Gold Spot*	\$1,515.49	+4.93	+0.33%
DSEX	4,433.95	+15.11	+0.34%
Dow Jones Industrial Average	28,645.26	+23.87	+0.08%
FTSE 100	7,644.90	+12.66	+0.17%
Nikkei 225	23,714.68	-123.04	-0.52%
BSE SENSEX	41,637.67	+62.53	+0.15%

**Exchange Rates****USD 1 = BDT 84.80\*****GBP 1 = BDT 111.20\*****EUR 1 = BDT 95.02\*****INR 1 = BDT 1.19\***

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

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