

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.

Core inflation up 1.0% in 2018

- The country's core inflation rose by more than 1.0% point last year, posing a challenge for the next monetary policy of the central bank.
- The core inflation expanded to 4.65% on annual average basis in December last from 3.59% in January 2018, according to the latest report of Bangladesh Bank (BB).
- The central bank may maintain its cautious position on containing inflationary pressure on the economy in the upcoming MPS, as the average core inflation witnessed an upward trend in 2018.
- The government had set the average annual inflation target at a maximum of 5.6% for the current fiscal year (FY) 2018-19.

<http://today.thefinancialexpress.com.bd/last-page/core-inflation-up-10%-in-2018-1548697337>

USD 5.9 billion flows out from BD in 2015: Global Financial Integrity (GFI)

- At least USD 5.90 billion flew out from Bangladesh illicitly in 2015 through misinvoicing in international trade with the advanced economies. Washington-based Global Financial Integrity (GFI), in its latest report on illicit financial flows to and from the developing countries, unveiled the data on Monday.
- Illicit financial inflows from other countries to Bangladesh stood at USD 2.8 billion in 2015.
- Annual average illicit capital outflow from Bangladesh stood at USD 7.58 billion during 2005-2014, and the amount was USD9.10 billion in 2014.
- The latest report only focused on trade misinvoicing and trade with the developed nations. Around 90% of Bangladesh's export trade takes place with the advanced economies, while around 70% of import trade with the developing countries. Trade misinvoicing is accomplished by misstating the value or volume of an export or import consignment on a customs invoice.

<http://today.thefinancialexpress.com.bd/first-page/59b-flows-out-from-bd-in-2015-gfi-1548696383>

Bangladeshis in US pay highest remittance fee

- Bangladeshi expatriates in the United States pay highest 5.3% fees while Bangladeshi expatriates in Singapore pay lowest 2.61% fees for sending remittance back home.
- Bangladesh was committed to bringing down the fees for remittance below 3% to achieve one of the sustainable development goals by 2030.
- Remittance plays a vital role in meeting of payment in a trade-deficit country like Bangladesh, they said.

<http://www.newagebd.net/article/63147/bangladeshis-in-us-pay-highest-remittance-fee>

Bangladesh 7 places up in economic freedom

- Bangladesh has moved seven notches up in a global index of economic freedom making its economy the 121st freest among 180 countries.
- The country's overall score increased with higher scores on factors including property rights and government integrity countering declines in investment freedom and fiscal health.
- Bangladesh falls under the category of mostly unfree in terms of economic freedom despite the progress in the year.

<http://www.newagebd.net/article/63146/bangladesh-7-places-up-in-economic-freedom>

Bangladesh Bank (BB) to crack down on habitual defaulters

- The central bank has moved to reform the existing acts to clamp down on habitual defaulters, whose tendency to go

to courts to stall paying back loans has sent the sector's non-performing loans to an alarming level.

- As of September last year, the ratio of NPLs stood at 11.45% of the total outstanding loans. In terms of amount, it is BDT 993.70 billion.
- As per the act, the courts issue decrees in favour of banks to float tenders to sell the mortgaged assets when defaulters fail to make payment in line with verdicts, according to Bhuiyan. In most of the cases, the banks fail to find buyers for the mortgaged assets, fearing it may invite trouble for them in future.
- Lenders have been demanding for long to reform the acts in order to recover the default loans.

<https://www.thedailystar.net/business/news/bb-crack-down-habitual-defaulters-1694404>

Ex-Rizal Commercial Banking Corp (RCBC) manager appeals conviction over Bangladesh Bank (BB) heist

- Former Rizal Commercial Banking Corp (RCBC) bank manager Maia Deguito sought the reversal of the Makati court's money laundering conviction over the Bangladesh bank heist.
- On January 10, Makati Regional Trial Court Branch 149 Judge Cesar Untalan sentenced Deguito to a prison term of up to 56 years after the court found her guilty of money laundering.
- The court also noted that Deguito has 16 years of experience in banking yet she "proceeded deliberately and transacted with haste of these remittances, which are crystal clear big amounts above the 'covered transactions' by the AMLA Law!"
- But Deguito's camp argued that the court "misunderstood" the definition of money laundering under RA 9160 or the Anti-Money Laundering Act of 2001.

<http://today.thefinancialexpress.com.bd/first-page/ex-rcbc-manager-appeals-conviction-over-bb-heist-1548696871>

Banks' dependence on central bank for USDs continues

- High demand for the USD by commercial banks remained unchanged for nearly one and a half years now as they continue to buy dollars from Bangladesh Bank (BB) to meet enhanced import payments.
- The central bank has sold USD 1.33 billion to banks as of yesterday. The amount in the last fiscal year was to the tune of USD 2.31 billion, meaning banks bought USD 190 million per month on average from the central bank.
- Economists and bankers said the reasons behind the high sales of the USD are the several mega projects being implemented in the country, and an increase in import of raw materials and other commodities.
- During the July-November of FY2018-19, import of capital machinery was to the tune of USD 1.92 billion, textile fabrics and accessories for garments USD 3.30 billion, intermediate goods USD3.19 billion, while the value of raw cotton and synthetic fibre stood at USD 1.14 billion.

<https://www.dhakatribune.com/business/2019/01/28/banks-dependence-on-central-bank-for-us-dollars-continues>

Export Processing Zone (EPZ) labour law gets final nod from cabinet

- The cabinet yesterday gave the final approval to amendments to the Bangladesh EPZ Labour Act, which relaxed the labour law for the export processing zones to ensure better rights for workers employed in factories housed inside the special industrial parks.
- The amendment will allow the officials of the Department of Inspection for Factories and Establishments to inspect the factories housed inside the EPZs apart from the officials of Bangladesh Export Processing Zones Authority (Bepza).
- The amended law allowed formation of WWAs in new industrial units within three months of their operation. Previously the workers had to go through 12 steps to form Workers' Welfare Associations (WWA), which the amended law has reduced to only three steps so that they can enjoy the freedom of association and bargaining. The amended law guarantees job security to the elected leaders of WWAs in case of strikes and lockouts.

<https://www.thedailystar.net/business/news/epz-labour-law-gets-final-nod-cabinet-1694398>

Dhaka Stock Exchange (DSE) plans to diversify products

- The country's stock market lacks diversified products, leaving investors with limited opportunities for exploration.
- DSE is going to introduce the ETF for professional brokers and this can be attractive to foreign investors as well.
- The exchange plans to launch an SME board soon so that the growth engine of the country's economy gets easy access to the financial system. It is also going to roll out an alternative trading board or ATB, a unique platform where non-listed companies can participate to attract investors.
- Other plans of the DSE include putting in place a long-term infrastructure bond such as the ABS or asset-backed securities with the help of a Chinese consortium.

<https://www.thedailystar.net/business/news/dse-plans-diversify-products-1694392>

Standard Bank to raise BDT 5.0 billion

- Standard Bank will raise a capital worth BDT 5.0 billion to strengthen its capital base as part of Tier-II Regulatory Capital requirement.
- The fund will be collected issuing coupon bearing non-convertible fully redeemable unsecured 3rd subordinated debt for a period of seven years with floating rate.
- The company's board of directors has taken the decision of issuing subordinated debt through private placement subject to the approval of the regulatory authorities.

<http://today.thefinancialexpress.com.bd/stock-corporate/standard-bank-to-raise-BDT-50b-1548693273>

IFAD Autos acquires 49% holding of Gulf Oil

- IFAD Autos has acquired 49% holding of Gulf Oil (BD) at a cost of above BDT 119.07 million.
- Gulf Oil (BD), a subsidiary company of Gulf Oil International Limited (UK), is engaged in importing and selling its renowned brands of lubricant, grease and car care products in Bangladesh.
- IFAD Autos has acquired above 2.38 million ordinary shares of Gulf Oil Bangladesh at a price of BDT 50 each.
- Their investment in Gulf Oil Bangladesh is expected to contribute a profit of BDT 43.6 million in the next year towards overall profitability of the company (approximately).

<http://today.thefinancialexpress.com.bd/stock-corporate/ifad-autos-acquires-49%-holding-of-gulf-oil-1548693199>

Cabinet approves law enhancing BSC's stake in overseas shipment

- The cabinet approved on Monday the draft of Bangladesh Flag Carrying Vessels (Protection) Act, 2019 enhancing state-run Bangladesh Shipping Corporation's (BSC) stake in overseas shipment.
- The proposed law suggested a mandatory provision under which the BSC ship would carry at least 50% of goods to be exported and imported.
- The law would equip EPZ workers with rights to enforce work stoppage and factory lock-outs while it also accommodated some ILO recommendations and several observations of Canada and the United States to make it more labour-friendly.

<http://today.thefinancialexpress.com.bd/last-page/cabinet-approves-law-enhancing-bscs-stake-in-overseas-shipment-1548697496>

<https://www.dhakatribune.com/business/2019/01/28/50-seaborne-cargoes-in-foreign-trade-must-be-carried-by-bsc-vessels>

<http://www.newagebd.net/article/63143/cabinet-okays-bill-to-boost-bangladesh-flag-carrying-vessels-stake>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$52.12	+0.13	+0.25%
Crude Oil (Brent)*	\$60.05	+0.12	+0.20%
Gold Spot*	\$1,303.89	+0.53	+0.04%
DSEX	5904.23	-35.23	-0.59%
Dow Jones Industrial Average	24,528.22	-208.98	-0.84%
FTSE 100	6,747.10	-62.12	-0.91%
Nikkei 225	20,495.20	-153.80	-0.74%

Exchange Rates

USD 1 = BDT 83.87*

GBP 1 = BDT 110.30*

EUR 1 = BDT 95.87*

INR 1 = BDT 1.18*

**Currencies and Commodities are taken from Bloomberg.*

IMPORTANT DISCLOSURES

Analyst Certification: Each research analyst and research associate who authored this document and whose name appears herein certifies that the recommendations and opinions expressed in the research report accurately reflect their personal views about any and all of the securities or issuers discussed therein that are within the coverage universe.

Disclaimer: Estimates and projections herein are our own and are based on assumptions that we believe to be reasonable. Information presented herein, while obtained from sources we believe to be reliable, is not guaranteed either as to accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation of the purchase or sale of any security. As it acts for public companies from time to time, BRAC-EPL may have a relationship with the above mentioned company(s). This report is intended for distribution in only those jurisdictions in which BRAC-EPL is registered and any distribution outside those jurisdictions is strictly prohibited.

Compensation of Analysts: The compensation of research analysts is intended to reflect the value of the services they provide to the clients of BRAC-EPL. As with most other employees, the compensation of research analysts is impacted by the overall profitability of the firm, which may include revenues from corporate finance activities of the firm's Corporate Finance department. However, Research analysts' compensation is not directly related to specific corporate finance transaction.

General Risk Factors: BRAC-EPL will conduct a comprehensive risk assessment for each company under coverage at the time of initiating research coverage and also revisit this assessment when subsequent update reports are published or material company events occur. Following are some general risks that can impact future operational and financial performance: (1) Industry fundamentals with respect to customer demand or product / service pricing could change expected revenues and earnings; (2) Issues relating to major competitors or market shares or new product expectations could change investor attitudes; (3) Unforeseen developments with respect to the management, financial condition or accounting policies alter the prospective valuation; or (4) Interest rates, currency or major segments of the economy could alter investor confidence and investment prospects.

BRAC EPL Stock Brokerage Limited

Research

Khandakar Safwan Saad, CFA	Head of Research	safwan@bracepl.com	01730 357 779
Ayaz Mahmud, CFA	Deputy Head of Research	ayaz.mahmud@bracepl.com	01708 805 221
S. M. Samiuzzaman	Research Analyst	sm.samiuzzaman@bracepl.com	01708 805 224
Farah Tasnim Huque	Research Associate	farah.tasnim@bracepl.com	01730 727 913
Kazi Raquib-UI Huq	Research Associate	raquib.huq@bracepl.com	01730 727 931
Ahmed Zaki Khan	Research Associate	zaki.khan@bracepl.com	01708 805211
Sadman Sakib	Research Associate	sadman.sakib@bracepl.com	01730 727 939

International Trade and Sales

Ahsanur Rahman Bappi	Head of International Trade & Sales	bappi@bracepl.com	01730 357 991
----------------------	-------------------------------------	--	---------------