

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.

Trade gap soars to USD 17 billion, current account deficit USD 9 billion in 11 months

- Country's trade deficit soared by 84% to USD 17.2 billion in the July-May period of the just concluded fiscal year (2017-2018) as import payments surged past USD 50 billion in the 11 months. Current account balance also reached negative USD 9.3 billion in the first 11 months of FY18, according to the latest Bangladesh Bank data. The gap in trade balance and current account balance was USD 9.3 billion and USD 2.2 billion respectively in the same period of the previous fiscal year (2016-2017), the data showed.
- Overall balance also remained in the negative zone with USD 970 million in the period of FY18, which was USD 2.6 billion in the same period of FY17. Terming the situation a matter of concern for both external and internal sectors of the economy, economists and experts stressed prompt and required steps to address the causes of the situation. They said that continuation of ascending deficit in trade balance and current account balance would affect the macroeconomic stability and put pressure on foreign exchange reserve.
- They also suspected that money laundering might have taken place through import payments. According to the central bank data, import payments grew by 25.52% to USD 50.5 billion in July-May of FY18 against USD 40.2 billion in the same period of FY17. On the other hand, export earnings grew only by 7.79% to USD 33.3 billion in the period of last fiscal year compared with that of USD 30.9 billion in the same months of the previous fiscal year. The deficit in current account balance may cross USD 10.5 billion in FY18 if the annual export earnings are considered.

<http://www.newagebd.net/article/45692/trade-gap-soars-to-17b-current-account-deficit-9b-in-11-months>

SME loans dip by 10% in Q1 as liquidity crisis bites

- SME loan disbursement by banks and non-bank financial institutions declined by 10.34% or BDT 4.20 billion in the first three months (January-March) of the year 2018 compared with that in the same period of the previous year. As per a recently released central bank report, banks and NBFIs disbursed BDT 36,4.20 billion in loans to the SME sector in the first quarter of the year 2018, while the figure was BDT 406.21 billion in the same quarter last year. Bangladesh Bank officials said that banks and NBFIs might have reduced lending fund to the SME sector mainly because of liquidity crisis that surfaced from January this year.
- Beside, adjustment of advance-deposit ratio following the imposition of new ratio by the central bank in January this year might be another reason for the reduced lending by the banks to the SME sector, they said. They, however, said that the figure might increase gradually depending on the liquidity situation at the banks. The BB on January 30 reduced the advance (loan)-deposit ratio for conventional banks to 83.5% from 85% and IDR (income-deposit ratio) for Islamic banks to 89% from 90% and the entities are supposed to adjust the ratio by March, 2019.
- Association of Bankers, Bangladesh chairman said that the SME loan disbursement situation might improve gradually depending on the overall liquidity situation at banks. Although SME loan disbursement to the service and manufacturing sectors increased in January-March, loans to entrepreneurs associated with the trade sector fell sharply by 34.03% or BDT 904.6 billion.

<http://www.newagebd.net/article/45695/sme-loans-dip-by-10pc-in-q1-as-liquidity-crisis-bites>

Bangladesh Bank (BB) faces tough task to lower inflation after spike

- The central bank may face a challenge to bring down the average annual inflation to 5.6% in the current fiscal year (FY) after it exceeded the target in the last fiscal. The average annual inflation exceeded the government target of 5.5% in FY 2017-18 mainly due to higher prices of food grains, according to Bangladesh Bank (BB) officials. Now the BB and other concerned authorities would face a tough task to lower the inflation, they opined. The inflation rose to 5.78% in FY '18 on the annual average basis from 5.44% a year before, according to the latest data of the Bangladesh Bureau of Statistics (BBS).
- The figure was 5.92% in FY '16. Food inflation stood at 7.13% in FY '18 as compared to 6.02% in the previous fiscal. On the other hand, non-food inflation came down to 3.74% from 4.61%. Another BB official said that prices of food grains, particularly rice, increased significantly in FY '18 following flashfloods and incessant rain in different parts of the country. A BB board of directors meeting will be held in the central bank on Sunday mainly to discuss issues concerning the next monetary policy statement (MPS).
- BB might make clear its policy measures for curbing the inflationary pressure on the economy in the upcoming MPS. On Monday, the BB started preparations for formulating its next MPS. The BB is giving top priority to curbing the rising trend of inflation and helping the productive sectors achieve maximum economic growth.

<http://today.thefinancialexpress.com.bd/first-page/bb-faces-tough-task-to-lower-inflation-after-spike-1531245133>

The City Bank going to launch non-convertible subordinated bond to raise BDT 7.0 billion

- Meanwhile, the regulator also approved the proposal of issuing subordinated bond worth BDT 7.0 billion by The City Bank. The tenure of the non-convertible floating rate subordinate bond will be seven years. Different financial institutions and high net worth individuals will be allowed to purchase the units of the bond, which is fully redeemable within seven years.

<http://today.thefinancialexpress.com.bd/stock-corporate/bsec-allows-runner-automobiles-to-explore-cut-off-price-for-ipo-1531241480>

Bangladesh Securities & Exchange Commission (BSEC) allows Runner Automobiles to explore cut-off price for IPO

- The securities regulator has allowed Runner Automobiles to determine the cut-off price required to go public under book building method. The approval came at a meeting at Bangladesh Securities and Exchange Commission (BSEC) on Tuesday. The company will float IPO (initial public offering) under the book building method to raise a capital worth BDT 1.0 billion. Under the book building method, institutional investors purchase shares of a company at a cut-off price determined through electronic bidding. And general investors get the shares at 10% discount of the cut-off price.

- Runner Automobiles will utilise the IPO fund for research and development works, purchasing machineries, repaying bank loans and bearing the IPO expense. According to financial statement for the year ended on June 30, 2017, the company's net asset value (NAV) per share is BDT 55.70, with revaluation reserve. The value is BDT 41.94 without revaluation reserve. And the weighted average of the EPS (earnings per share) is BDT 3.31. Runner Automobiles is a motorcycle manufacturer in Bangladesh. The company manufactures 12 different types of motorcycles ranging between 80 CC and 150 CC. it has 15% market share in the country's auto industry. The company also assembles three-wheelers and four-wheelers.

- IDLC Investments is working as the issue manager. At Tuesday's meeting, the BSEC also revised minimum shareholding provision for sponsor/promoter group while issuing private placement of shares. As per exiting provision, sponsor/promoter group is required to hold minimum 30% shares of the company for at least three years. In the revised condition, the regulator has included directors in the sponsor/promoter group to facilitate 30% shareholding condition.

<http://today.thefinancialexpress.com.bd/stock-corporate/bsec-allows-runner-automobiles-to-explore-cut-off-price-for-ipo-1531241480>

<http://www.newagebd.net/article/45701/runner-auto-gets-bsec-nod-to-discover-ipo-cut-off-price>

VAML to launch BDT 100 million open-end mutual fund

- Vanguard Asset Management Limited (VAML) has initiated a process of adding a new open-ended mutual fund named 'Vanguard AML Growth Fund' to its existing portfolio. In this regard, A 'Trust Deed' signing ceremony was held at the head office of the Investment Corporation of Bangladesh (ICB) on Monday, according to a statement. VAML is the sponsor and asset manager of the 'Vanguard AML Growth Fund' while ICB will act as the trustee and custodian of the fund. The initial target of this fund will be BDT 100 million and the sponsor will provide BDT 10 million, which is 10% of the initial fund size.

- As an open-end mutual fund, the size of the fund will be increased from time to time by the AMC on requisition from the investors with due approval of the trustee and notification to the BSEC. Vanguard AML Growth Fund is an open-ended fund to be launched with an aim to long-term capital appreciation, money market return from a portfolio of predominantly equity, equity-related instruments and fixed income instruments and/or securities for increasing the value of unit-holders (investors) wealth.

<http://today.thefinancialexpress.com.bd/stock-corporate/vaml-to-launch-BDT-100m-open-end-mutual-fund-1531241452>

11 listed firms remain traceless

- Eleven companies listed on the Dhaka Stock Exchange have made off with at least BDT 421.9 million of investors' money, in what can be described as a stunning instance of swindling. Neither the capital market regulator nor the DSE has taken any step to trace the companies and retrieve the money. The companies are Amam Sea Food, Bangladesh Electricity Meter (BEMCO), Chic Tex, German Bangla J V Food, M Hossain Garments, Metalex Corporation, Pharmaco International, Rangamati Food Products, Raspit Data Management, Raspit Inc Bd and Saleh Carpet.

- Listed on the over-the-counter market of the DSE for years, the companies are now untraceable. As per the face value of the stocks gathered from the DSE, general investors lost BDT 421.9 million. But DSE documents indicate none

purchased the shares at face value: all paid at least five times more, so the total losses would be about BDT 2.00 billion.

<https://www.thedailystar.net/business/11-listed-firms-remain-traceless-1603312>

Process on to make Bangladesh Petroleum Corporation (BPC) a public company

• State minister for power, energy and mineral resources on Tuesday said that his ministry is working on drawing the Bangladesh Petroleum Corporation (BPC) into the capital market. At the forum, he called upon the firms of the Southeast Asian nation to invest in the power and energy sector of Bangladesh. He also added that the biggest company in Bangladesh is BPC and its turnover has crossed USD 6.0 billion. Describing the nine-year-long "challenging" journey of power and energy sector, he said that the country's power generation capacity has risen to over 17,000 megawatts (MW) from 3,000 MW since 2009 and thanked to freeing up the industry. For establishing more plants, the ministry has already acquired 7,000 acres of land at Moheskhal in Cox's Bazar to build the energy hub there, he also added.

<http://today.thefinancialexpress.com.bd/first-page/process-on-to-make-bpc-a-public-co-1531244980>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$73.56	-0.55	-0.74%
Crude Oil (Brent)*	\$78.09	-0.77	-0.98%
Gold Spot*	\$1,250.94	-4.60	-0.37%
DSEX	5371.30	+30.03	+0.56%
Dow Jones Industrial Average	24,919.66	+143.07	+0.58%
FTSE 100	7,692.04	+4.05	+0.05%
Nikkei 225	21,891.20	-305.69	-1.38%

Exchange Rates

USD 1 = BDT 83.49*
 GBP 1 = BDT 111.70*
 EUR 1 = BDT 97.91*
 INR 1 = BDT 1.21*

*Currencies and Commodities are taken from Bloomberg.

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