

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.

3 economic zones get USD 17.91 billion investment proposals

- Businesses from home and abroad have come up with investment proposals worth USD 17.91 billion in economic zones, which are now under construction. Around USD 5.78 billion will come as foreign direct investment from companies in China, South Korea, Japan, India, Singapore, the UK, Australia, Malaysia and the US. Over 60 local companies will invest the rest USD 12.13 billion, according to data from Bangladesh Economic Zones Authority (Beza).
- The domestic companies want to pour funds in pharmaceuticals and chemical, steel, textiles, garments, bicycle, automobile, tyre and tube, electronics and ceramic sectors. Both local and foreign businesses who will invest in the economic zones will enjoy the same facilities, said the executive chairman of Beza. Among the foreign ones, the highest investment proposal worth USD 2.83 billion came for the power sector from two Chinese companies.
- South Korean entity Super Petrochemical showed interest to invest USD 2.38 billion in petrochemicals, the second biggest amount. A Singaporean company stood third in the list with a fund of USD 400 million for the food processing sector. The executive chairman of Beza said that they hope the total investment in these zones will reach USD 50 billion by 2030. Mirsarai economic zone will get USD 25 billion and the other zones the rest USD 25 billion. India, Japan and China have not been included in this figure as those would come to special zones meant for their investors.

<https://www.thedailystar.net/business/news/3-economic-zones-get-1791b-investment-proposals-1769770>

Agricultural product exports fetch ever highest USD 909 million

- Bangladesh received all-time high earnings from agricultural product exports in the just-passed fiscal year (FY), 2018-19, riding on processed food shipments. Business insiders have attributed this to massive development in 'compliance issues' of the country which put a positive impact on export receipts. The country fetched USD 909 million, 35% up from that of FY '18, by exporting processed items like vegetable, betel leaf, tea, dry food, tobacco, fruit and foliage. According to the Export Promotion Bureau (EPB), earnings from farm produce in FY '19 are also 28% higher than the USD 711 million target. Dry and other processed food items fetched 77% or USD 700 million of the total earnings. Vegetable sector showed a tremendous performance by pulling in USD 100 million followed by tobacco USD 63 million and spices USD 42 million.
- The country could increase exports to over USD 2.0 billion within years if the government ensures more chilling facilities for fresh produce at major hubs, Bangladesh Fruit, Vegetable and Allied Products Exporters' Association president added. Currently, it has only one chilling and packaging center located at Shyampur in Dhaka district. He said that export earnings could touch USD 1.0 billion mark this fiscal if we could boost exports of fruit, betel leaf, flower and foliage. Fruit and flower-foliage export earnings were only USD 6.0 million. Fruit export was a paltry USD 0.33 million.

<http://today.thefinancialexpress.com.bd/last-page/agri-exports-fetch-ever-highest-909-million-1562782281>

Furniture export posts 18.5% growth

- The export earnings from the country's furniture industry witnessed an 18.53% growth in the last fiscal year (FY19) totaling USD 74.89 million. This figure was also 7.0% higher than the fiscal target of USD 70 million, according to the latest data of the Export Promotion Bureau (EPB). The country bagged USD 63.18 million from furniture exports in the FY18.
- Industry insiders said the Bangladeshi furniture is gradually becoming popular among the foreign buyers due to its qualitative standard, time befitting design while the furniture industry has moved much ahead over the last one decade due to modern designs and innovations. The demand of Bangladeshi furniture is high especially in the Middle Eastern countries side by side the export market of furniture is gradually expanding in the USA, the UK, Japan, Australia, Russia, and South East Asian countries.

<http://today.thefinancialexpress.com.bd/trade-market/furniture-export-posts-185pc-growth-1562781076>

Bangladesh exports to India cross USD 1 billion mark

- Bangladesh's exports to India, a non-traditional potential export destination, for the first time have reached the billion dollar mark, with goods worth USD 1.25 billion sold to the neighboring country in the just concluded fiscal year. According to Export Promotion Bureau (EPB) data, Bangladesh's exports to India stood at USD 1.25 billion, up by 42.91%, which was USD 873.27 million in the previous fiscal.

- Of the total amount, apparel sector earned USD 499.09 million in 2018-19 fiscal, which is 79.09% higher compared to USD 278.67 million in the previous year while knitwear products accounted for USD 369.43 million and woven items USD 129.66 million. Among other major products, Bangladesh exported to India vegetable textile fibre and paper yarn worth USD 141.84 million and animal and vegetable fat worth USD 158.57 million. It also earned USD 84.60 million and USD 33 million by exporting jute and jute goods and leather and leather goods respectively.

- Currently, there are 11 countries — the USA, Germany, the United Kingdom, Spain, France, Italy, Canada, Japan, the Netherlands, Poland and India, whose imports from Bangladesh is over USD 1 billion. India and Poland joined the club this year.

<https://www.dhakatribune.com/business/economy/2019/07/10/bangladesh-exports-to-india-cross-1bn-mark>

Don't panic

- The Bangladesh Bank yesterday assured the depositors of People's Leasing and Financial Services (PLFS) not to worry about their money as they would be getting it back within the shortest possible time. The central bank will act in line with the decision of the High Court to liquidate the non-bank financial institution so that depositors can get back their fund within a shortest possible time. When probed what would the BB do if PLFS's assets turn out to be worth less than what depositors are owed, an executive director of the central bank said the High Court would give a verdict to this end.

- Asked whether the central bank would follow the same liquidation process for some other NBFIs that are now unable to pay back their depositors, he said that some went through liquidity crunch but none failed to repay. The central bank is now working to protect the interest of all NBFIs depositors, said the spokesperson of the central bank and also an executive director.

<https://www.thedailystar.net/business/banking/news/dont-panic-1769782>

<http://www.newagebd.net/article/78108/bb-says-plfs-liquidation-for-depositors-interest>

<https://www.dhakatribune.com/business/banks/2019/07/10/bb-depositors-to-get-back-their-money>

<http://today.thefinancialexpress.com.bd/first-page/peoples-leasing-depositors-to-get-back-money-bb-1562781657>

Worries among 15 banks, NBFIs over BDT 8.50 billion deposit

- Some 15 banks and non-bank financial institutions (NBFIs) that have BDT 8.50 billion stuck with People's Leasing Financial Services (PLFS) are on edge over the government's decision to liquidate the ailing NBFIs as they stand to lose a large portion of the sums. Of the institutions, International Leasing and Financial Services (ILFS), another NBFIs, alone has deposited BDT 2.27 billion in PLFS, which is more than its paid-up capital of BDT 2.11 billion. ILFS may be in serious trouble if it has to write off the sum.

- Four state-owned commercial banks also have huge deposits with PLFS. In the event of liquidation external creditors are paid off first and then the depositors, debenture holders and preferential shareholders in that sequence, according to an executive director of Financial Reports Monitoring Division at Financial Reporting Council. But given the dire position of PLFS, there is unlikely to be much to salvage from liquidation. For instance, in the first nine months of 2018 the NBFIs' operating expenses stood at BDT 224.8 million against the operating income of BDT 20.5 million.

- It has failed to repay depositors' money despite the maturity of funds, found a central bank report. PLFS sometimes failed to pay its employees' wages because of severe liquidity crunch. In the event of liquidation, the general shareholders' turn comes in the end, once all the parties have been paid off. They get a sum if the net asset value (NAV) per share is positive. But in PLFS's case its net asset value was BDT 67.66 in the negative as of March 31, so the chances of retail investors getting anything are next to nil. Dawned with the possibility, PLFS's retail investors yesterday tried to dump their shares but in vain.

<https://www.thedailystar.net/business/banking/news/worries-among-15-banks-nbfis-over-BDT-850cr-deposit-1769779>

Bangladesh Securities and Exchange Commission (BSEC) may allow any firm with BDT 50 million paid up capital to become DSE TREC holder

- The Bangladesh Securities and Exchange Commission is going to propose that a firm having BDT 50 million in paid up capital would be eligible for brokerage operation in the capital market, allowing financially-weak companies to be TREC holders of the stock exchanges. A BSEC body headed by its executive director submitted its proposal before the commission in May to frame BSEC (trading right entitlement certificate) rules, 2019. The body previously proposed BDT 10 million in paid up capital, but it changed it to BDT 50 million after the risk-based capital adequacy rules were published.

- The regulator will soon seek public opinions on the matter after approving the recommendations of the committee. The eligibility criteria proposed by the body didn't focus on the financial health of a company except the paid-up capital requirement. The proposed rules said that any firm would be eligible for TREC if its paid-up capital was at least BDT 50

million. It tagged condition that the net asset value of the firm must be 75% of its paid-up capital. There is no other specific requirement set in the rules for becoming a TREC holder.

- It didn't propose minimum capital reserve requirement to understand its business capacity. The requirement would ease competition and would depress the good companies including the foreign firms who have already expressed their interest to be DSE TREC holder. UK-based EFG Private Bank, CDF London, Black Rock and Aberdeen Asset Management, China-based CITIC CLSA Securities and USA-based Goldman Sachs Group have expressed their intention to get DSE brokerage licence.
- The rules will also facilitate a huge number of companies to apply for the licence that might create a chaotic environment as the bourse by law cannot deny companies who fulfil the requirements. Market experts said the BSEC body should propose auction system so that the bourse could pick up some of the best companies according to its need. DSE officials said that the bourse had recommended that the commission introduce the auction system. It had also proposed BDT 100 million in minimum paid-up capital for becoming TREC holder and additional BDT 150 million for the scope for dealer operation. The BSEC would also set BDT 0.1 million as TREC licence fee while the DSE had requested the commission to set it at BDT 10 million.

<http://www.newagebd.net/article/78110/bsec-may-allow-any-firm-with-BDT-5cr-paid-up-capital-to-become-dse-trec-holder>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$60.69	+0.26	+0.43%
Crude Oil (Brent)*	\$67.21	+0.20	+0.30%
Gold Spot*	\$1,424.47	+5.45	+0.38%
DSEX	5230.63	-49.41	-0.94%
Dow Jones Industrial Average	26,860.20	+76.71	+0.29%
FTSE 100	7,530.69	-5.78	-0.08%
Nikkei 225	21,630.48	+97.00	+0.45%

Exchange Rates

USD 1 = BDT 84.16*
 GBP 1 = BDT 105.48*
 EUR 1 = BDT 94.90*
 INR 1 = BDT 1.23*

*Currencies are taken from XE Currency Converter 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

Ayaz Mahmud, CFA	Deputy Head of Research	ayaz.mahmud@bracepl.com	01708 805 221
Md. Sakib Chowdhury	Research Analyst	sakib.chowdhury@bracepl.com	01709 641 247
Sadman Sakib	Research Associate	sadman.sakib@bracepl.com	01730 727 939
Ahmed Zaki Khan	Research Associate	zaki.khan@bracepl.com	01708 805 211
Md. Rafiqul Islam	Research Associate	mrafiqulislam@bracepl.com	01708 805 229
Md. Mahirul Quddus	Research Associate	mmahirul.quddus@bracepl.com	01709 636 546

International Trade and Sales

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

BRAC EPL Research www.bracepl.com

121/B Gulshan Avenue
Gulshan-2, Dhaka
Phone: +880 2 881 9421-5
Fax: +880 2 881 9426
E-Mail: research@bracepl.com