

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.

Burgeoning economy lures Korean investors

- In a heartening development, more and more South Korean companies are coming to Bangladesh with investment plans, attracted by the country's tremendous growth momentum. Super Petrochemical teamed up with SK Group of South Korea last year to invest USD 2.5 billion for setting up a petrochemical complex and a liquefied petroleum gas terminal in Moheshkhali. More than 150 Korean companies have invested a total of USD 1.15 billion in Bangladesh, making the East Asian country the fifth highest investor, commerce counsellor at the Bangladesh embassy in Seoul.
- While most of the Korean investments are in the labour-intensive garment manufacturing sector, new funds are flowing in to power, shipbuilding, housing and banking sector. In the last six months about 20 big Korean companies showed their interest in Bangladesh as the investment climate is improving very fast, Chowdhury added. More and more Korean firms are coming in to the country with their investment plans and many of their products will be exported to Korea, said the president of the Korea-Bangladesh Chamber of Commerce and Industry.
- In fiscal 2008-09, Bangladesh's exports to Korea stood at USD 101.28 million, which soared to USD 254.84 million a decade later, according to data from the Export Promotion Bureau. And in the first 11 months of the last fiscal year it stood at USD 348 million. In contrast, Korea's exports to Bangladesh in fiscal 2017-18 stood at USD 1.2 billion, up from USD 864.78 million a decade earlier. Bangladesh mainly exports apparel, frozen food, agri-products, chemicals, leather, raw jute and jute goods to South Korea.

<https://www.thedailystar.net/business/news/burgeoning-economy-lures-korean-investors-1771189>

Apparel prices fall 1.61% in 4 years

- Prices of garment items exported from Bangladesh dipped by 1.61% over the last four years, a reflection of the pressure international clothing retailers and brands always put on the garment manufacturers for lowering prices. If the period between fiscal 2015-16 and 2018-19 are taken into consideration, price per unit of garment items increased only last year by 1.42%, according to data from Bangladesh Garment Manufacturers and Exporters Association (BGMEA). Per unit prices fell 2.12% in fiscal 2016-17 compared to the previous year and it experienced another fall of 4.07% in fiscal 2017-18.
- In fiscal 2018-19, Bangladesh exported 2,430.12 million kilogrammes (kgs) of garment items, registering a 10.43% year-on-year growth, states data of the National Board of Revenue (NBR) compiled by the BGMEA. In fiscal 2017-18, Bangladesh exported 2,200.51 million kgs of apparel, registering a 12.41% year-on-year growth, the data said, adding that in fiscal 2016-17 some 1,957.53 million kgs of garment items were shipped from the country.
- Many owners have even been running their units accepting prices lower than production costs hoping to just stay afloat and pay the workers as they cannot make profit, she said on different occasions over the last few months. Some 1,209 factories closed down in six years. We are making huge losses. Prices are dipping. Products are not improving, said the president of the BGMEA.

<https://www.thedailystar.net/business/news/apparel-prices-fall-161pc-4yrs-1771186>

Bangladesh lifts 19 million people out of poverty in 10 years : United Nations (UN)

- Bangladesh along with India and Cambodia has made the fastest reductions in poverty across the board, improving its standing in nine of the 10 indicators with poverty falling at the same speed in rural and urban parts of the country, said the UNDP in its 2019 global Multidimensional Poverty Index (MPI).
- The 2019 global MPI painted a detailed picture of poverty for 101 countries and 1,119 sub national regions covering 76% of the global population, going beyond simple income-based measures to look at how people experience poverty every day. This year's MPI results showed that more than two-thirds of the multidimensionally poor -- 886 million people -- live in middle-income countries. A further 440 million live in low-income countries. Over half of the 1.3 billion people identified as poor are children under the age of 18, and around a third are under the age of 10, according to the report. The vast majority of these children, around 85%, live in South Asia and Sub-Saharan Africa. But child poverty has dropped markedly faster than adult poverty in Bangladesh, Cambodia, Haiti, India and Peru, the report found.

<http://today.thefinancialexpress.com.bd/last-page/bangladesh-lifts-19m-people-out-of-poverty-in-10-years-un-1562954719?date=13-07-2019>

Internet use to be pricier for VAT: Internet Service Providers Association of Bangladesh (ISPAB)

- The government's recent move to cut bulk internet bandwidth price has failed to make expected impact at the user-end, as Internet Service Providers (ISPs) are terming the price cut a fuzzy math. Rather, internet price might go up due to imposition of new value added tax (VAT) on Nationwide Telecommunication Transmission Network (NTTN) service in the budget for fiscal year 2019-20, the Internet Service Providers Association of Bangladesh (ISPAB) President said. Posts and Telecommunications Minister said Bangladesh's total bandwidth usage was 7.5 gigabits per second (gbps) in 2008. Now it stands at over 1,100 gbps due to various effective and innovative decisions of the government.
- On June 27, the government reduced the bulk bandwidth price by 41% on an average, to be effective from July 1, in a move to provide low-cost internet service across the country. The price cut was supposed to reduce the end-users' internet bandwidth price. But the users in Dhaka and elsewhere are yet to get any benefit of the move. The ISPAB president, however, said bulk internet price has been reduced at international internet gateways (IIGs)-end by BDT 40 to BDT 50 per gigabits per second (gbps). The president of ISPAB said the end-users would not get any benefit from the new price. The ISP providers do not use the BTCL rout only. Internet price will be higher for providing quality bandwidth, for which the IIGs use multiple routs.

<http://today.thefinancialexpress.com.bd/trade-market/end-users-yet-to-get-any-benefit-1562949296?date=13-07-2019>

Businesses, taxmen differ on corporate tax rates

- Businesses and tax-officials are holding opposite views over the existing corporate tax rates, taking into consideration the country's poor tax-GDP (gross domestic product) ratio and investment scenario. The businesses have long been claiming that the country's corporate tax rates are among the highest in this sub-continent, which, according to them, is an impediment to trade and investment. On the other hand, the taxmen have come up with a new analysis showing that the existing corporate tax rates, in real sense, are far below those of the imposed rates due to higher tax exemption and reduced rates of tax facility offered to various sectors.
- In a recent internal analysis, the National Board of Revenue (NBR) Income Tax Wing has found that effective corporate tax rates hover from 3.78% to 6.10%, while the existing corporate tax rates range from 25% to 45%. In Bangladesh, corporate tax rate for listed companies is 25%, and it is 35% for non-listed companies. However, financial institutions (FIs), tobacco companies, and mobile phone operators pay tax at higher rates. Apart from these large taxpayers, the NBR receives corporate tax from majority of the companies at a rate of 35%.
- Dr Ahsan H Mansur, Executive Director of the Policy Research Institute (PRI), said the existing corporate tax rates are giving a negative signal to the investors, as they compare the rates with other competitor countries. He suggested the government bring down the corporate tax rates by cutting back on the prevailing tax exemption and reduced tax rate facility.
- Currently, corporate tax rate in India is 30% for the local companies having above Rs 2.50 billion turnover, while it is 25% for the same having a turnover below the ceiling. For the foreign companies, corporate tax rate is 40%, while tax rate for royalty income is 50%. In Sri Lanka, corporate tax rate is 28%; in Pakistan 30%; in China 25%; and in the Philippines 30%.

<http://today.thefinancialexpress.com.bd/first-page/businesses-taxmen-differ-on-corporate-tax-rates-1562867568?date=12-07-2019>

LNG re-gasification faces bump on rough sea

- Re-gasification in the country's floating LNG terminals is facing a setback as the cargoes struggle to get connected with the FSRUs for inclement weather over the past week. The combined supply of re-gasified LNG from the two operational LNG (liquefied natural gas) terminals dropped to as low as 192 million cubic feet per day (mmcf) on Wednesday, which is 19.2% of their capacity of 1,000 mmcf, according to Petrobangla.
- LNG re-gasification in US's Exceleerate Energy is now almost suspended as the fuel-carrying cargo was yet to get connected with it due to rough sea, a senior Petrobangla official told the FE on Thursday. Countrywide natural gas supply faced disruption in consequence. Summit's LNG terminal, however, started re-gasifying at almost full capacity of around 500 mmcf from Thursday after struggling for a week, said the Petrobangla official. He hoped that Exceleerate's FSRU (floating, storage, re-gasification unit) might be fully operational once the stranded LNG cargo can get connected with it.

<http://today.thefinancialexpress.com.bd/trade-market/lng-re-gasification-faces-bump-on-rough-sea-1562866475?date=12-07-2019>

Foreign brand stores branching out into Bangladesh

- Leading global brands that source textile and garment products from Bangladesh are setting their footprints with their own-label stores here. They are branching out into the country targeting the sizeable and rising middle-class and young generation, especially sports lovers, insiders said. The latest move came with the opening of a flagship store by

the French sporting goods and manufacturer and retailer Decathlon at Uttara-6 on Friday. This is third of its kind after German sportswear giant Puma's penetration here in April. The world's third-largest Japanese 'Fast Retailing Co' launched its brand 'Grameen Uniqlo' through joint venture with Grameen Bank Group in 2013. Since 2013, according to its officials, there are 16 Grameen Uniqlo stores in the country.

<http://today.thefinancialexpress.com.bd/trade-market/foreign-brand-stores-branching-out-into-bd-1562949401?date=13-07-2019>

Foreign funds in stocks slip into negative territory

- Net foreign investment in Dhaka Stock Exchange tipped into negative territory for the first time in eight years last fiscal year as overseas investors sold more stocks than they purchased. Analysts attributed the fall to the depreciation of the local currency against the American greenback and regulators' sudden decision aimed at listed companies. The net foreign investment dropped to BDT 1.83 billion in the negative in 2018-19 after foreign investors bought shares amounting to BDT 40.18 billion and sold issues worth BDT 42.02 billion. In 2017-18, the investment was BDT 717.6 million in the positive, data from the DSE showed.

- On July 10, the exchange rate was BDT 84.50 per USD, up from BDT 83.50 on the same day a year ago, Bangladesh Bank data showed. Foreign investors think that the taka will come under pressure because of the widening deficit in the balance of payments and huge foreign debt, according to brokerage houses that deal with external portfolio investment. Investors anticipate a further depreciation of the taka as the central bank is artificially preventing the devaluation of the currency. The overall balance of payment stood at USD 682 million in the negative during the July-May period of 2018-19, which was USD 970 million in the negative year-on-year.

- Bangladesh received USD 5.7 billion in medium and long-term foreign debt in 2017-18, up from USD 3.2 billion a year ago. A top official of another brokerage house blamed some of the sudden regulatory moves aimed at listed companies that spooked the confidence of foreigners.

<https://www.thedailystar.net/business/news/foreign-funds-stocks-slip-negative-territory-1771177>

Dhaka Stock Exchange (DSE) board decides on Coppertech listing

- The board of the country's premier bourse has asked its management to take an initiative for the listing and trading of the shares of much-talked-about Coppertech Industries on the Dhaka Stock Exchange (DSE) as per existing rules and regulations. Following the decision, the stalemate over the listing of the Coppertech Industries, mired in controversies over its financial statements, has finally been resolved.

- The Bangladesh Securities and Exchange Commission (BSEC) had approved the Coppertech's IPO proposal on December 26, 2018 for raising a capital of BDT 200 million under the fixed-price method. But after controversies over the financial statement of the company surfaced, the DSE scrutinized the financial statement and sought a guideline from the securities regulator regarding the listing of the company.

<http://today.thefinancialexpress.com.bd/first-page/dse-board-decides-on-coppertech-listing-1562867946?date=12-07-2019>

Six directors of banks flout minimum shareholding requirement

- A total of six directors of four listed banks do not hold a minimum 2% share in their own companies. As per a stock market regulator directive, every director other than an independent director of a listed company will hold a minimum of 2% shares of the paid-up capital. Otherwise, there shall be a casual vacancy of director. Any individual holding 5% or more shares will be entitled to be a director in their place. Meanwhile, as per rules all sponsors or promoters and directors of a listed company shall all time jointly hold minimum 30% shares of the paid-up capital of the company.

- Till date, a total of 179 directors of 59 listed companies do not meet this requirement and are not eligible to be directors. Among them are six directors of four listed banks who do not hold a minimum 2% share, as per Dhaka Stock Exchange data. They are Md Fakhrul Islam, director of Dutch-Bangla Bank Limited. He holds 10,000 shares or 0.01% share of his company. Md Abdul Mannan, vice-chairman of the Board of Directors of Exim Bank, holds only 0.55% share of this Bank. Sirat Monira, director of Southeast Bank from "B" Group i.e. public shareholders, holds 00.01% share of the bank. Badrunnesa Sharmin Islam, Faruque Alamgir and Col Engr MS Kamal (Retd). They respectively hold 5,552,748 shares or 1.39%, 3, 339 shares or 0.00% and 40,074 or 0.00%.

- BSEC Executive Director has said that the commission already took a number of measures against the sponsor-directors of a number of companies who violated the commission's order regarding minimum shareholding by the sponsor-directors.

<https://www.dhakatribune.com/business/stock/2019/07/13/six-directors-of-banks-flout-minimum-shareholding-requirement>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$60.21	+0.01	+0.02%
Crude Oil (Brent)*	\$66.72	+0.20	+0.30%
Gold Spot*	\$1,415.75	+11.94	+0.85%
DSEX	5,222.30	-8.33	-0.16%
Dow Jones Industrial Average	27,332.03	+243.95	+0.90%
FTSE 100	7,505.97	-3.85	-0.05%
Nikkei 225	21,685.90	+42.37	+0.20%

Exchange Rates

USD 1 = BDT 84.52*

GBP 1 = BDT 106.29*

EUR 1 = BDT 95.26*

INR 1 = BDT 1.23*

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

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