

*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.*

### **Liquidity shortage pushes up private banks' deposit rates**

- The ongoing liquidity crunch has forced many private commercial banks to raise their deposit rates, particularly that of term deposits. The hike has made the government move to lower the lending rates to single digit almost untenable. The deposit rates started creeping up from September last year and the same have gathered pace in recent months. Some private commercial banks (PCBs) are now offering a maximum interest 11.50%, which is higher than the yield rate of the national savings tools. Most PCBs are now charging interest on lending for medium- and large-scale industries at rates ranging between 11.50% and 15.50% instead of 9.0%, the rate their sponsors had promised earlier. On June 20, 2018, the Bangladesh Association of Banks (BAB) decided to cut interest rates on lending and deposit to 9.0% and 6.0% respectively from the first day of the immediate past fiscal year (FY) 2018-19. The bankers, however, said the single-digit interest rate on lending is not possible right now because of the rising deposit rates.
- Adherence to the policy on offshore banking operation will also put pressure on liquidity in the near future, a senior executive of a PCB added. As per the policy, issued by the central bank on February 25, the banks will have to keep 13% of their total liabilities as statutory liquidity ratio (SLR) and 5.50% as cash reserve requirement (CRR) from September 01. Besides, availability of liquidity will also depend on pattern of the government's bank borrowing in the coming months, another banker explained. He also said liquidity inflow has slightly increased in the market this month after disbursement of the government funds for implementation of the Annual Development Programme (ADP) for the current FY. But most of the bankers are not sure about continuation of the liquidity inflow, saying that liquidity pressure may rise further in the near future.
- The interest rate spread has been maintaining a downward trend since fiscal year (FY) 2014-15, as the central bank has been persuading the banks continuously for bringing down the spread to 4.0%. The data from FY 2009 to May of FY 2019 show that the spread was hovering between maximum 5.60% (in FY 2012) and minimum 4.04 (in April of FY 2019).

<http://today.thefinancialexpress.com.bd/first-page/liquidity-shortage-pushes-up-private-banks-deposit-rates-1564245454>

### **Suspension of approvals to affect other businesses also: Grameenphone**

- Grameenphone (GP), the country's largest mobile phone operator, has protested the telecom regulator's decision to withhold issuing any kind of approvals, including NOCs (no-objection certificate), to the operator. The GP requires such approvals for its regular operations. The operator termed the decision an extreme measure, which does not account for customer interests. The decision would affect customer experience with phone calls, Internet browsing and digital media accessibility, it said.
- On July 18, the Bangladesh Telecommunication Regulatory Commission (BTRC) decided to refrain from issuing any kind of approval related to service and maintenance to Grameenphone and Robi to create pressure on the operators to clear dues. GP's CEO said the interests of consumers and the economy as well as the reputation of the country should never be used as currency in the resolution of commercial disputes. The impact on others caused by the actions of the regulator is material and deeply regrettable, he added. He also highlighted that stopping operational approvals would lead to a forced freeze on additional investments in network expansion, which will hamper the digitalization journey of the nation.

<http://today.thefinancialexpress.com.bd/stock-corporate/suspension-of-approvals-to-affect-other-businesses-also-1564073053?date=26-07-2019>  
<http://www.newagebd.net/article/79639/grameenphone-says-btrcs-noc-suspension-over-audit-claim-unacceptable>

### **Private credit growth target may be 15%**

- The central bank may set a 1.5 percentage points lower private sector credit growth target for the second half of the year amid the shrinking demand for credit. For instance, private sector credit growth hit a six-year low of 11.29% in June, according to data from the Bangladesh Bank. The central bank though was hoping it would be 16.50% when it had set the target earlier in January in its monetary policy for the first half of 2019.
- The country has achieved 8.13% GDP growth in fiscal 2018-19 with private sector credit growth of 11.29%, so a credit growth target ranging from 14% to 15% is enough to achieve 8.20% growth for the current year, according to a central bank official. The BB may not revise its policy rates and statutory and cash reserve ratio in the upcoming monetary policy, which will be unveiled on July 30 at its headquarters in the capital. Cautious lending by banks and low confidence among the business community are to blame for the existing low trend of credit growth, economists said.

- The low private sector credit growth figure raises questions about the veracity of the economic growth figure given by the government, said executive director of the Centre for Policy Dialogue, a think tank. The private sector credit growth target is immaterial as it will have little impact on the investment scenario. A lack of power supply, bureaucratic complexities and corruption are discouraging investors from taking up fresh investment plans or expanding their existing units, she said.

- Many banks are facing a liquidity crisis mainly due to high volume of default loans. This has lessened their capability of distributing loans. This will create a roadblock in implementing the monetary policy. A large number of businesspeople is going through a confidence crisis because of the haphazard situation on the country's socioeconomic front. Unless the situation improves, the central bank will face the same problem this time in materializing its monetary policy, a former adviser to the caretaker government.

<https://www.thedailystar.net/business/banking/news/private-credit-growth-target-may-be-15pc-1777996>  
<https://www.dhakatribune.com/business/banks/2019/07/27/bankers-beg-for-bangladesh-bank-tips-to-avoid-looming-stalemate>

### **Savers switch over to FDR from savings tools: Bangladesh Bank**

- The majority of savers prefer fixed deposit schemes of the banks to national savings schemes while making investment decisions. Only a few of them would be involved in business activities instead. The findings came from a survey commissioned by the Bangladesh Bank, which was released this month.

- Currently, the authorities tightened the rules or compliance requirement for investing in savings tools including, increasing tax on the yields by a 5.0 percentage point to 10%, effective from fiscal year 2020. The authorities now ask for national identity cards (NIDs) of the investors and the persons whose income is used. The tightened measures by the government appear to be reducing the dependency from this expensive source.

<http://today.thefinancialexpress.com.bd/last-page/savers-switch-over-to-fdr-from-savings-tools-bb-1564245913>

### **Bangladesh has laid down exemplary digital foundation: United Nations Conference on Trade and Development (UNCTAD)**

- The country's ICT industry has been growing at a rate of 40% annually since 2010, according to a new report. United Nations Conference on Trade and Development (UNCTAD) unveiled it in an assessment on Thursday, saying that the progress has come as a result of government and private efforts. The enormous growth in its information and communications technology sector and its young, dynamic and IT savvy population can only make things better, the report indicated.

- The report is expected to inform the Bangladesh government's ongoing efforts to realize the vision of its digital strategy and to build a robust, safe and business-friendly e-commerce ecosystem. The ICT sector is a natural fit in the country's development goal to create jobs for 110 million Bangladeshis under the age of 35, in a country of 160 million, according to the report. The report also identified challenges that need to be addressed to ensure a better digital future. An estimated 65% of the population reside in rural areas, which poses significant hurdles for both providing government services to citizens as well as integration of the rural population with the cities, it said. Also, last mile delivery challenges and security concerns make operations difficult in the remotest areas, pointing to the needs for improvements in trade logistics. Efforts to tackle these and other barriers to e-commerce development should be scaled up, the report recommended.

<http://today.thefinancialexpress.com.bd/last-page/bd-has-laid-down-exemplary-digital-foundation-unctad-1564163334?date=27-07-2019>

### **World Bank likely to give USD 4.5 billion aid to Bangladesh in three years**

- The World Bank (WB) is likely to provide some USD 4.5 billion assistance to Bangladesh in next three years, officials said early this week. The Economic Relations Division (ERD) officials said the Washington-based lender is going to finalize its global aid package (IDA-19) by this year-end. In the package, the WB is expected to increase Bangladesh's aid volume by USD 200 to USD 300 million to USD 4.5 billion for the tenure ranging from fiscal year (FY) 2020-21 to FY 2022-23. The WB has already kept aside USD 4.2 billion aid for Bangladesh in its ongoing three-year International Development Association (IDA)-18 package, whose tenure will end in June 2020.

<http://today.thefinancialexpress.com.bd/first-page/wb-likely-to-give-45b-aid-to-bd-in-three-years-1564077175?date=26-07-2019>

### **Unit prices of SEML-managed Mutual Funds increase abnormally**

- The prices of three mutual funds, which are managed by Strategic Equity Management Limited, unusually shot up recently. Stock market experts said the record breaking run of one of them — SEML FBLSL Growth Fund — stunned

investors. They said investors' rumor-based investments were a major reason for the abnormal hike in the prices of the three funds. Lack of effective action by regulator Bangladesh Securities and Exchange Commission against manipulators and rumor-mongers also contributed to the unusual hike in share prices at the stock market, they said. The unit price of SEML FBLSL Growth Fund shot up by 344% in last 16 trading sessions from BDT 10 a unit to close at BDT 44.4 on July 25. The fund's net asset value was BDT 10.68 per unit on July 4, 2019 and earnings per unit was just BDT 0.03 in January- March, 2019. The fund made its debut on the country's stock exchanges on March 4 this year. The price hike broke all the previous records in the mutual funds sector.

<http://www.newagebd.net/article/79730/unit-prices-of-semi-managed-mfs-increase-abnormally>

### **Bangladesh's position remains unchanged**

- Bangladesh was placed 116th out of 129 countries in this year's Global Innovation Index, unchanged from last year's ranking. The country scored 23.31 in 100 in a survey of innovative capacity of the countries by the World Intellectual Property Organization (WIPO). In South Asia, India was placed 52nd, Sri Lanka 89th, Pakistan 105th and Nepal 109th, showed the survey report, which was released in New Delhi on Wednesday.

- Bangladesh was ranked 124th on institutions pillar, 127th on human capital and research, 86th on infrastructure, 96th on market sophistication, 120th on business sophistication, 91st on knowledge and technology outputs, and 115th on creative output. The GII 2019 also looks at the economic context: Despite signs of slowing economic growth, innovation continues to blossom, particularly in Asia, but pressures are looming from trade disruptions and protectionism.

<https://www.thedailystar.net/business/news/bangladeshs-position-remains-unchanged-1777963>

<http://www.newagebd.net/article/79634/bangladesh-makes-no-progress-in-global-innovation-index>

### **53 business houses to invest USD 12 billion in Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN)**

- Bangladesh Economic Zones Authority (BEZA) has already allocated over 6,000 acres of land among the 53 business houses in the Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) in Chattogram for setting up their factories. BEZA Executive Chairman Paban Chowdhury said the BEZA already got a total of USD 12.373 billion worth of investment proposals from 53 industrial units. Paban Chowdhury said China-based Zhuzhou Jinyuan Chemical Industry Company Limited, Japan-based world renowned Nippon Steel and Bangladeshi MacDonald Steel Building Product Limited (Joint Venture), Indian Asian Paints BD Limited, Mango Teleservices Limited and Modern Syntex Limited have already started their factory construction work in the industrial park.

<http://today.thefinancialexpress.com.bd/trade-market/53-business-houses-to-invest-12b-in-bsmsn-1564156235?date=27-07-2019>

### **Leather park to be set up at Belpukur in Rajshahi**

- A modern leather and tannery industrial park will be established in Rajshahi aiming to improve socio-economic condition of the region through flourishing the leather sector. A site of 100 acres of land has already been selected in Belpukur and Baneshwar areas for the purpose, reports BSS. Regional office of the Bangladesh Small and Cottage Industries Corporation (BSCIC) is working in this regard.

<http://today.thefinancialexpress.com.bd/trade-market/leather-park-to-be-set-up-at-belpukur-in-rajshahi-1564242159>

**World Stock and Commodities\***

<b>Index Name</b>	<b>Close Value</b>	<b>Value Change</b>	<b>% Change</b>
Crude Oil (WTI)*	\$56.20	+0.18	+0.32%
Crude Oil (Brent)*	\$63.46	+0.07	+0.11%
Gold Spot*	\$1,418.90	+4.32	+0.31%
DSEX	5,133.26	+55.96	+1.10%
Dow Jones Industrial Average	27,192.45	+51.47	+0.19%
FTSE 100	7,549.06	+60.01	+0.80%
Nikkei 225	21,658.15	-98.40	-0.45%

**Exchange Rates****USD 1 = BDT 84.53\*****GBP 1 = BDT 104.60\*****EUR 1 = BDT 94.21\*****INR 1 = BDT 1.27\***

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

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