

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.

Monetary policy to beef up capital market

- The central bank is set to unveil its first half-yearly (H1) monetary policy for the current fiscal year, 2019-20, on Wednesday, with the policy rates likely to remain unchanged. The monetary instrument is also expected to continue its policy support for the country's moribund stock market. Bangladesh Bank (BB) governor will announce the monetary policy statement (MPS) for the July-December period of the FY 2020 aimed at achieving sustainable economic growth by curbing inflationary pressures on the economy. The policy rates, including CRR (cash reserve requirement), SLR (statutory liquidity ratio), Repo and Reverse Repo, may remain unchanged for H1 of FY'20, according to central bank officials.
- The latest trend in inflationary pressures, particularly of core inflation, will be considered while determining the private sector credit growth ceiling for H1 of the FY '20, they noted. The sector's credit growth came down to 11.29% in June 2019 on a year-on-year basis from 12.16% a month ago, the BB's latest data showed. This growth was 5.21 percentage points lower than the BB's target of 16.50% for the H2 of FY '19.
- In the H1 MPS, the central bank is likely to maintain its cautious position on containing inflationary pressure on the economy, as the average core inflation has witnessed an upward trend in recent months. The core inflation rose to 5.48% on an annual average basis in June 2019 from 5.44% a month ago. It was 4.65% in December 2018. Currently, the central bank is measuring the core inflation, excluding non-food and non-fuel components from the consumer price index (CPI).
- The MPS is likely to focus on bringing down the volume of classified loans in the banking sector through strengthening recovery drives across the country. The volume of non-performing loans (NPLs) jumped by more than 18% to BDT 1,108.73 billion in the January-March period of this calendar year from BDT 939.11 billion in the preceding quarter.

<http://today.thefinancialexpress.com.bd/first-page/monetary-policy-to-beef-up-capital-mkt-1564335013>

BDT 10 billion non-concessional loans await approval

- More than BDT 10 billion worth of two non-concessional foreign loans for two projects awaits approval from the government's highest committee concerned. The Standing Committee on Non-Concessional Loan is likely to sit on Tuesday (July 30) at planning commission to give the go-ahead. The committee's approval is required as grant element of the two proposed loans is below 35%. The loans would be used in Sreepur 150-MW HFO (heavy fuel oil)-based Power Plant Project and Panguchi River Bridge Project in Bagerhat district.

<http://today.thefinancialexpress.com.bd/trade-market/BDT-10b-non-concessional-loans-await-approval-1564332086>

Foreign loan commitment reaches USD 9,795.86m in FY19

- The commitment of foreign loan to Bangladesh during the last fiscal year reached USD 9.795 billion whereas the disbursement of foreign aid totaled USD 6.210 billion. During the FY18, Bangladesh Bank provided Taka 6.89 billion to the government as dividend while the central bank provided Taka 21.767 billion to the government as loan.

<http://www.newagebd.net/article/79976/foreign-loan-commitment-reaches-979586m-in-fy19>

Non-leather footwear: an emerging export frontier

- Non-leather footwear has opened up a new avenue of export opportunity for the country when the second largest export earner after apparel — leather and leather goods — is going through crises over non-compliance issues and the need for product diversification is at its peak. Synthetic footwear and sports shoes have drawn the attention of global buyers and brands and earned USD 271.53 million registering a sharp rise by 11.24% in the fiscal year 2018-19. In the FY18, export earnings from the synthetic shoes were USD 244 million, as per Export Promotion Bureau. On the other hand, leather footwear export earnings rose by 7.50% to USD 608 million, while export earnings from leather and leather goods witnessed a 6.06% negative growth to USD 1.01 billion, which was USD 1.08 billion in last fiscal year. World renowned brands and buyers such as Hugo Boss, H&M, Decathlon, Steve Madden, Kappa, Skechers, Fila and Puma Bangladesh are sourcing different types of shoes, including sports shoes, sandals, flip-flops and boots from Bangladesh.

- Manufacturers attribute this to product quality, reasonable prices and new investment, which led to increased production capacity. In addition, US-China trade war and rise in production cost in china, which forced buyers and

entrepreneurs out of china, have helped to get more buyers sending the export earnings up, experts and makers have said. Since synthetic or non-leather footwear is cheaper than the leather ones, consumers are opting for the cheaper ones, which has pushed the demands up across the globe and Bangladesh has taken the advantage. Globally, about 60% to 75% demand for shoes are met by synthetic footwear where leather shoes cater for only 25% of the demand.

<https://www.dhakatribune.com/business/economy/2019/07/28/non-leather-footwear-an-emerging-export-frontier>

Export of plastic products rises as new markets emerge

- Shipments of plastic products rose 22% year-on-year to USD 120 million in fiscal 2018-19, something manufacturers and traders attribute to the emergence of new export destinations. In fiscal 2017-18, the export had seen a 16% year-on-year drop when China stopped importing PET (polyethylene terephthalate) bottle scrap, according to the Export Promotion Bureau. German buyers used to place orders with Chinese manufacturers but now they are sourcing from Bangladesh to avail cheaper, quality products, said the president of the Bangladesh Plastic Goods Manufacturers and Exporters Association (BPGMEA).
- Currently there are around 100 plastic product manufacturers who also aid export earnings of almost USD 800 million per year through direct and indirect backward linkage supplies to different sectors, especially the apparel sector, the president of the BPGMEA noted. The association president said the plastics sector was quite dependent on raw material import, for which global competitiveness had an influence on their business. According to the BPGMEA president, the sector's sales is growing by about 20% every year on the back of spiralling demand from domestic and export markets.
- According to his estimate, domestic market sales hit BDT 300.00 billion in fiscal 2018-19, up from BDT 250.00 billion in the previous year. However, a 5% advance tax during raw material import is pushing the sector towards difficulties as a huge amount of investment has to be made, he said. the director for marketing at Pran-RFL Group, said that south Asian countries have been witnessing an increase in plastic product export for the past four years.

<https://www.thedailystar.net/business/news/export-plastic-products-rises-new-markets-emerge-1778539>

Insurers agree not to give over 15% commission

- General insurance companies have decided not to provide over 15% commission to agents to comply with a regulatory notice issued in 2012. Moreover, they would also stay vigilant to ensure that the peers are compliant. When compliant insurers refuse to pay such amounts, parties go to others without considering the risks. The regulator recently decided to clamp down on the practice for the sake of the sector. This prompted the BIA to sit together and settle on implementing the decision.
- The president of the Bangladesh Insurance Association (BIA) said that the insurance sector has been suffering from an image crisis and the insurance companies would have to work together to clear their names. So, they will not provide higher commissions and they will stay alert so that everyone implements it. The association also decided to bar non-life insurers from employing anyone on the basis of commissions. Those that already have such staff would have to part with them by Wednesday. The insurers will provide commissions only to licensed agents of the Idra. It also decided that chiefs of insurance companies would immediately convey the decisions to branch in-charges.

<https://www.thedailystar.net/business/news/insurers-agree-not-give-over-15pc-commission-1778527>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$56.11	-0.09	-0.16%
Crude Oil (Brent)*	\$63.24	-0.22	-0.35%
Gold Spot*	\$1,420.77	+1.87	+0.13%
DSEX	5,133.93	+0.68	+0.01%
Dow Jones Industrial Average	27,192.45	+51.47	+0.19%
FTSE 100	7,549.06	+60.01	+0.80%
Nikkei 225	21,556.31	-101.84	-0.47%

Exchange Rates

USD 1 = BDT 84.45*

GBP 1 = BDT 104.40*

EUR 1 = BDT 93.98*

INR 1 = BDT 1.23*

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

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