

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.

Bangladesh Bank to unveil Monetary Policy Statement (MPS) today cutting private sector credit growth target

- Bangladesh Bank announces today the monetary policy statement for the first half (July-December) of the current fiscal year (2019-2020), slashing the private sector credit growth target due to the poor credit growth in the January-June period. Besides, the central bank may declare that it would continue to provide policy support for the development of the country's capital market, said BB officials.
- In the MPS, the central bank may also stress strengthening its regulatory pressure on the banks for the recovery of defaulted loans as well as ensuring good governance to improve the situation in the country's troubled banking sector. The BB is likely to set the private sector credit growth target at 15–15.5% for July-December, slashing the target from 16.5% set for January-June. The year-on-year private sector credit growth hit a six-year low at 11.29% in June this year against the BB's forecast of achieving 16.5% growth. Lower rate of deposit growth in the country's banking sector that has resulted in liquidity crisis was the main reason for the poor private sector credit growth.
- To support the capital market from the recent freefall, the BB in May this year issued a policy relaxation facility by excluding banks' investments in the non-listed securities from their capital market exposure, resulting in an increase in banks' capacity to invest in the securities listed on the stock exchanges. Apart from that, the BB last week advised 19 banks to support the struggling stock market with their increased investment capacity of around BDT 20 billion.

<http://www.newagebd.net/article/80156/bangladesh-bank-to-unveil-mps-today-cutting-pvt-sector-credit-growth-target>

Loan recovery falters in first quarter

- Banks' loan recovery in the first quarter of 2019 was 9.68% higher than a year earlier, but given the extraordinary rate at which default loans are increasing it seems below par. Between January and March, banks recovered BDT 24.48 billion bad loans, according to data from the Bangladesh Bank. At the end of March, total default loans in the banking sector stood at BDT 1108.73 billion, up 18% from the previous quarter and 25.15% from a year earlier.
- The reason for the spiral is that many shunned servicing their loans after they had heard of the central bank's forthcoming rescheduling policy that had favorable terms for them, according to analysts. As per the new policy, defaulters will be allowed to reschedule their classified loans by providing only 2% down payment instead of existing 10-50%. A maximum of 9% interest rate will be charged on the rescheduled loans, which is much lower than the existing interest rate of 12-16%. The tenure for repayment is 10 years with a grace period of one year, which is much longer than the existing duration for most of the loans at present. Besides, the insufficient recovery has also hit the ongoing liquidity crisis in the banking sector, eroding the banks' capacity to disburse fresh loans, analysts said.
- The bail-out offer for defaulters has created a moral hazard for good borrowers as they can be tempted to turn bad too, said an executive director of the Policy Research Institute of Bangladesh. Against the backdrop, loan recovery will be trailing further in the days to come. And once the grace period ends, the default loan total will rocket and the banks' feeble recovery efforts will be showed up, said the executive director of the Policy Research Institute of Bangladesh.

<https://www.thedailystar.net/business/news/loan-recovery-falters-first-quarter-1779496>

Unit price of US apparel imports from Bangladesh up 25.6%

- Prices of per unit apparel items exported from Bangladesh to its single largest destination -- the USA -- have increased by 25.6% in the first five months of the current year, according to a recent study. Industry leaders, however, differed on the information about the price hike identified by the United States Fashion Industry Association (USFIA) on July 22. As companies are moving sourcing orders to Bangladesh, Vietnam, and India, the average price of US apparel imports from these countries -- the main alternatives to China -- have all gone up by more than 20% in 2019 (January-May) year-on-year, it said.
- Citing one of the surveyed executive's comments, the report said, there is not enough capacity outside China and capacity will start to come at a higher premium in other countries such as Bangladesh and Vietnam. Regarding Bangladesh, the report said the surveyed US-based brands' executives still see Bangladesh not as attractive as many of its competitors regarding speed to market, flexibility and agility and risk of compliance. The study also held responsible the narrow categories of products Bangladesh can make, saying that during last 10 years, 60% of Bangladesh's apparels exported to US was cotton-based items.
- When asked, BGMEA president said USFIA report doesn't match with the data published on the website of Office of

Textiles & Apparels (OTEXA). The data as per USFIA report looks faulty or may have a different calculation which is not understandable, she said. Citing the OTEXA data, she said unit price of per square metre has increased by 6.19% during the January-May period of 2019 year-on-year. She also suggested taking account of the price trend for the past few years when Bangladesh had weaker price base.

<http://today.thefinancialexpress.com.bd/first-page/unit-price-of-us-apparel-imports-from-bd-up-256pc-says-study-1564509297>

Coppertech makes trading debut on August 5

- Trading of the shares of Coppertech Industries will commence on the bourses on Monday (August 5) under 'N' category, officials said. The Coppertech, which received regulatory approval from the Bangladesh Securities and Exchange Commission (BSEC) on December 26, 2018, raised a fund worth BDT 200 million under the fixed price method.

- Located in Hobiganj, the Coppertech Industries is a copper pipe, tube, bus bar, strip, and wire manufacturer in Bangladesh. The company started its commercial operation in June 2014. The core markets for the product of the company are power plants, AC fridge manufacturing factory and workshop, engineering workshop, electronic product producer and other local customers, according to IPO prospectus.

<http://today.thefinancialexpress.com.bd/stock-corporate/coppertech-makes-trading-debut-on-august-5-1564504561>
<http://www.newagebd.net/article/80159/bourses-allow-trading-of-controversial-coppertechs-shares-from-aug-5>

Bangladesh now on World Bank's 'Gap Country' list

- A World Bank (WB) team is coming to Bangladesh next week to apprise the country of its various loan options, as the country graduated to the lower-middle-income country status few years ago, officials said on Tuesday. Bangladesh is no longer on the list of recipients of International Development Association (IDA) only country. Now it has been placed as a 'Gap Country' under which it will get loans both concessional and hard terms. Within a shorter period, the country will be enlisted as the 'blend country'. And as a blend country, Bangladesh will have to borrow funds with harder terms and conditions.

- Until FY2017-18, Bangladesh received soft loans from the WB's concessional lending arm - IDA -- as the "IDA-only" country. Officials said the WB has now classified Bangladesh as the "Gap Country" in FY 2019 and is lending funds on "Blend terms". According to the Washington-based lender, if a country's GNI per capita crosses operational threshold for two consecutive years, the borrower will be treated as the "Gap country" for getting its funds. The 'Blend terms' means the borrowing country will get loans at both concessional and harder terms. It means Bangladesh will be getting loans from IDA at 0.75% interest rate as well as the interest rates will be varied from 2.0 to 2.62% per annum. Among the South Asian nations, India and Sri Lanka have already been classified as "graduate countries" and Pakistan as the "Blend country".

<http://today.thefinancialexpress.com.bd/first-page/bd-now-on-wbs-gap-country-list-1564509253>

Bangladesh Securities and Exchange Commission (BSEC) seeks fiscal concessions to help develop bond market

- The Bangladesh Securities and Exchange Commission (BSEC) has sought a number of fiscal concessions, including tax waivers, to help develop the country's moribund bond market, officials said. The commission has put forward a set of proposals to the National Board of Revenue (NBR) for consideration, they added.

- Currently, tax waiver facility is conditionally available in case of zero coupon bond, wrote BSEC chairman in the letter sent to NBR. The facility needs to be made available for all types of corporate bonds and investors concerned, he continued. He also suggested rationalizing tax at source in case of the transaction of corporate bonds. Presently, 0.10% tax at source is applicable to a broker, depending on the transaction price, he said. The BSEC chairman proposed that tax be realized based on the number of transactions instead. He also requested rationalization of stamp duty on corporate bonds. The BSEC chairman found the 'high' stamp duty as a barrier to the growth of bond market.

<http://today.thefinancialexpress.com.bd/first-page/bsec-seeks-fiscal-concessions-to-help-develop-bond-mkt-1564509119>

Germany to give 200 million euros for development projects

- Germany is going to provide 200 million euros, or BDT 18.47 billion, to Bangladesh to implement a number of development projects, the Economic Relations Division (ERD) said in a statement. Of the fund, 172 million euros will be provided as economic cooperation and 28 million euros as technical cooperation. As per the agreements, projects in the renewable energy and energy efficiency area will receive 156 million euros, climate change adaptation in urban

areas 26 million euros, the textile sector 7.5 million euros, water resource management 4.5 million euros, and the Sundarbans mangrove management plan 4 million euros.

<https://www.thedailystar.net/business/news/germany-give-200m-euros-development-projects-1779481>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$58.45	+0.40	+0.69%
Crude Oil (Brent)*	\$65.21	+0.49	+0.76%
Gold Spot*	\$1,428.01	-2.87	-0.20%
DSEX	5,125.02	-35.73	-0.69%
Dow Jones Industrial Average	27,198.02	-23.33	-0.09%
FTSE 100	7,646.77	-39.84	-0.52%
Nikkei 225	21,550.97	-158.34	-0.73%

Exchange Rates**USD 1 = BDT 84.44*****GBP 1 = BDT 102.60*****EUR 1 = BDT 94.18*****INR 1 = BDT 1.23***

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

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