

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.

Banks' provision shortfall swells by 18% in Q1

- Overall shortfall in provision against both classified and unclassified loans in the country's banking system swelled by nearly 18% or BDT 11.91 billion in the first quarter (Q1) of the current calendar year. The aggregate amount of provisioning shortfall rose to BDT 79.58 billion during the January-March period of 2018 from BDT 67.67 billion three months ago, according to the central bank's statistics. According to Bangladesh Bank (BB) official, fresh classified loans pushed up the volume of provision shortfall with the banks. During the period under review, the volume of non-performing loans (NPLs) in the banking system jumped by over 19% to BDT 885.89 billion from BDT 743.03 billion in the preceding quarter.
- The BB official also said that public banks have faced more provisioning shortfall than that of private commercial banks. Twelve out of 57 banks have failed to keep requisite provisions against loans, particularly classified ones in the first quarter of 2018, according to the BB data. Managing director and chief executive officer of Pubali Bank Ltd, said a portion of rescheduled loans has already turned into classified ones again. It has also pushed up the volume of provisioning shortfall. He banker expects that both the volume of NPLs and provisioning shortfall will come down in the second quarter of this calendar year.

<http://today.thefinancialexpress.com.bd/first-page/banks-provision-shortfall-swells-by-18pc-in-q1-1528133803>
<https://www.thedailystar.net/business/banking/12-banks-face-provision-deficit-BDT-10596cr-1586470>

Banking commission by next month: Finance Minister

- Finance Minister said that on Monday the upcoming budget will see increase in taxes in a few areas as the national election looms. He also added that the new taxes are a very few. The rate of increase will also be very low. The minister also ruled out the possibility of any immediate impact of the announcement of the fiscal blueprint on the market. He again said that the corporate tax for cigarette and cellphone companies will remain unchanged at 45%. For other sectors, the highest rate will be 37.5%. Presently, income tax is the second-highest source of revenue income after Value Added Tax (VAT). Government's target was 1.5 million to 2.0 million tax returnees. But now it has already crossed 3.3 million. The minister said a bank commission will be set up by this month. The last banking commission was set up in 2004. Regarding CPD's comment on the banking sector, the minister said that that was nonsense.

<http://today.thefinancialexpress.com.bd/first-page/banking-commission-by-next-month-muhith-1528133613>

Islamic banks see faster credit growth: survey

- Shariah-based banks secured as much as 22.31% credit growth last year, way higher than the whole banking industry's average of 18.66%, a survey found. The loan growth of private commercial banks was 21.72%, showed the "Islamic Banking Operations of Banks" survey conducted by the Bangladesh Institute of Bank Management (BIBM). The survey showed the market share of credit provided by Islamic banks was 24% whereas that of private commercial banks was 75.10%. The Islamic banks were also ahead in deposit collection, registering a 12.79% growth, compared to 10.75% by all banks. Due to the lack of a sharing mode of investment, Islamic banks are also favouring the concentration of wealth within the rich.

<https://www.thedailystar.net/business/banking/islamic-banks-see-faster-credit-growth-survey-1586449>
<http://www.newagebd.net/article/42896/islamic-banking-growth-affected-in-absence-of-act>
<http://today.thefinancialexpress.com.bd/last-page/call-to-frame-islamic-banking-law-1528134036>

Urban inflation 11-month high in May last

- The rate of point-to-point inflation in urban areas last month jumped to 6.48%, the highest in 11 months since June last year. The month-on-month inflation rate in urban areas increased by 0.78% point in May last from 5.70% in April, Bangladesh Bureau of Statistics (BBS) data showed. The point-to-point inflation in urban areas was 6.49% in June last year. However, inflation started easing from the next month — July, 2017. In contrast to the rise in urban areas, inflation dropped in the rural areas during the period under review. World Bank (WB) Lead Economist said that since the Bangladesh BDT depreciated significantly over the last few months, the cost of import of many items, mostly consumed by the urban people, has gone up.

<http://today.thefinancialexpress.com.bd/first-page/urban-inflation-11-month-high-in-may-last-1528133697>
<http://www.newagebd.net/article/42898/inflation-inches-down-to-557pc-in-may>
<https://www.thedailystar.net/business/inflation-lowest-13-months-1586473>

BDT 2.1 trillion wiped out in a month

- A selling spree over fears of political uncertainty centering the upcoming parliamentary elections and declining foreign funds in Dhaka led to stocks wiping out BDT 2.0 trillion of investors' money in the last one month. During the period, Dhaka Stock Exchange witnessed a fall of 384.98 points and lost 5.18% in market value as it continued falling, albeit for three days. Most of the institutional investors also remained inactive in the period because of their struggle to comply with the exposure limit. As per secretary general of Bangladesh Merchant Bankers Association, Bangladesh Bank is yet to respond to the call of institutional investors to count the market exposure of the subsidiaries separately from their parent banks and financial institutions.

<https://www.thedailystar.net/business/BDT-20662cr-wiped-out-month-1586461>
<http://www.newagebd.net/article/42783/foreign-investors-running-for-exit-from-stock-market>

Government allows import of cleaner furnace oil for power plants

- The government has allowed import of cleaner-graded furnace oil for consumption in the power plants to generate electricity. The official circular gave directive for consumption of furnace oil with 2.0% sulfur instead of 3.5% in the power plants. The Ministry of Power, Energy and Mineral Resources (MPEMR) subsequently instructed the state-run Bangladesh Petroleum Corporation (BPC) and the Bangladesh Standards and Testing Institution (BSTI) to take necessary actions to implement the directive. At present, cleaner furnace oil is easily available compared to dirty furnace oil due to the global campaign for increasing the use of cleaner fuels across the world. The import cost of furnace oil would, however, be a bit higher, up by around USD 5.0 per ton.

<http://today.thefinancialexpress.com.bd/trade-market/govt-allows-import-of-cleaner-furnace-oil-for-power-plants-1528129919>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$65.10	+0.35	+0.54%
Crude Oil (Brent)*	\$75.40	+0.11	+0.15%
Gold Spot*	\$1,292.25	+0.23	+0.02%
DSEX	5313.71	-3.26	-0.06%
Dow Jones Industrial Average	24,813.69	+178.48	+0.72%
FTSE 100	7,741.29	+39.52	+0.51%
Nikkei 225	22,497.89	+21.95	+0.10%

Exchange Rates

USD 1 = BDT 84.02*
 GBP 1 = BDT 111.86*
 EUR 1 = BDT 98.24*
 INR 1 = BDT 1.25*

*Currencies and Commodities are taken from Bloomberg.

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