

*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 fastest economy in Asia-Pacific: Asian Development Bank (ADB)**

- Bangladesh has achieved the fastest growth in the Asia-Pacific economies comprised of 45 countries, according to the Asian Development Bank (ADB). In the outgoing fiscal year of 2018-19, the ADB said, the country attained 7.9% growth which was fastest expansion since 1974. The bank predicted that the growth will be 8.0% in the FY2019 and FY2020, terming it a new record.
- The ADO, the annual publication of the ADB, evaluates and forecasts economic performance of the 45 Asian and Pacific countries. It said the growth will be moderate across most of developing Asia -- 5.7% in 2019 and 5.6% in 2020 from 6.2% in 2017 and 5.9% in 2018. South Asia will see buck trend of slowing growth in Asia -- 6.8% in 2019 and 6.9% in 2020.
- The ADO said the key attributors of this growth are strong leadership, good governance, stable government and continued political calm, sound macroeconomic policy and right development priorities. The drivers of the growth have been identified as higher public investment, stronger consumption demand, revival in exports, improved power supply and higher growth in private sector credit. The ADO pointed out that Bangladesh has favorable trade prospects despite a weaker global growth while exports and remittances are likely to increase further. It also mentioned that strong public investment due to continued policy environment and expeditious implementation of large infrastructure projects and higher tax collection with expanded tax base will move Bangladesh economy further. It said Bangladesh's banking system reforms will attract higher private investment which will support the growth.

<http://today.thefinancialexpress.com.bd/first-page/bd-fastest-economy-in-asia-pacific-ADB-1560966801>

<https://www.thedailystar.net/business/news/bangladesh-fastest-economy-asia-pacific-ADB-1759753>

<https://www.dhakatribune.com/business/economy/2019/06/19/ADB-bangladesh-fastest-growing-economy-in-asia-pacific>

### **National Board of Revenue (NBR) to get BDT 365 billion more from consumers with new VAT law**

- Consumers are set to face additional burden of price hike of many essential and consumer products due to the fallout of implementation of new Value-Added Tax and Supplementary Duty Act-2012 as the National Board of Revenue eyes collecting additional BDT 375.82 billion in VAT and SD in the next fiscal year. Of the VAT amount estimated, BDT 253.09 billion would come directly from imposition of VAT and SD at different rates on different sectors while another BDT 122.73 billion would come from normal business growth in the country. The tax authority, however, said that it would get BDT 10.60 billion less due to VAT exemption offered to various sectors including small and medium enterprises. So, the net collection from the measures would stand at BDT 365.22 billion in the next fiscal year (2019-20).
- The revenue board has targeted the VAT sector to achieve its huge revenue collection target set at BDT 3.25 trillion for FY20. Of the revenue amount targeted, the NBR has set the target of collecting the highest — BDT 1.17 trillion— from VAT.
- A flat 5% VAT has also been imposed on local supply of goods while 5% advance tax on import of goods. According to the provisional estimation of NBR, it would get additional BDT 81.25 billion in SD at local stages. The revenue board also estimated that BDT 20.92 billion would come from newly imposed VAT on goods and services and BDT 39.45 billion would come from imposition of VAT at 5% on various goods and services. It would get BDT 27.36 billion from sectors on which VAT has been proposed at the rate of 7.5% and BDT 110 million from sectors on which VAT has been proposed at the rate of 10%.
- Around BDT 7 billion would come from petroleum products, medicine, and land development organizations on which specific VAT has been imposed. The NBR also estimated that it would get BDT 50 billion from the retail sector due to use of electronic fiscal devices and BDT 15 billion from imposition of advance tax on import of all types of goods. In addition to that, BDT 12 billion would be realized from dues and by settling VAT disputes. The largest amount of SD worth BDT 70 billion would come from price hike of cigarettes, BDT 6 billion from price hike of bidi and BDT 500 million from gul and zarda. It would get another BDT 3 billion from 10% SD on obtaining and renewal of fitness certificates, route permit of all kinds of private vehicles excluding passenger bus, goods-carrying truck and lorry, ambulance and school bus. Another BDT 1 billion is estimated to come from increase in SD to 10% from 5% on mobile services including talk time and internet uses.

<http://www.newagebd.net/article/75904/nbr-to-get-BDT-36500cr-more-from-consumers-with-new-vat-law>

<https://www.thedailystar.net/business/news/new-vat-system-bring-BDT-11000cr-more-1759729>

### **Budget positive for motorcycle makers**

- The continuation of concessionary duties on raw material import for motorcycle manufacturers into fiscal 2019-20 would help the fast-growing sector, said market players. Furthermore, Finance Minister added three new raw materials into the list for concessionary duty, which has been around since fiscal 2017-18. This is great news for the automobile sector," said the chairman of Runner Automobiles, one of the leading motorcycle manufacturers. He, however, called for a long-term policy for the sector, as the constant change in rules leaves investors in a state of confusion and scares off potential ones.
- The government's move to declare it a thrust sector would help expand motor bike assemblers and manufacturers' business, said one of the former presidents of the Dhaka Chamber of Commerce and Industry. "I think entrepreneurs will invest in this sector and foreign investors come to invest in this sector. The demand of motor bike, three wheelers and four wheeler is increasing gradually, so the government's initiative is really positive." the chairman of Nitol-Niloy Group that manufactures the Indian brand Hero's motorcycles in Bangladesh, echoed the same.
- About 0.4 million units of motorcycles were sold last year, and the annual sales figure will cross 1.5 million units by 2025. The motorcycle market size reached approximately BDT 40.00 billion in 2018, according to an estimate of the market players. At present, local manufactures caters to 40% of the total demand for motorcycles in Bangladesh.

<https://www.thedailystar.net/business/bangladesh-budget-2019-20-is-positive-motorcycle-makers-1759726>

### **The International Monetary Fund (IMF) seeks clarification of 'willful defaulters'**

- The International Monetary Fund (IMF) has expressed interest to know about the definition of willful loan defaulters, which will be used for identifying them legally. The BB officials said that the central bank has initially set four criteria to identify the willful loan defaulters who might face stern action. For example, if a borrower who has the ability to repay the loan, but avoids repayment will be treated as willful defaulter. Similarly, if the borrower sells the mortgaged property without consent of the banks, he or she will deemed willful loan defaulter.
- Senior bankers, however, urged the authorities concerned to issue a guideline defining habitual or willful loan defaulter immediately. Currently, there is no guideline to detect willful or habitual loan defaulter legally, according to bankers.
- The volume of defaulted loans climbed by more than 18% to BDT 1.11 trillion in the first quarter (Q1) of the year from BDT 939.11 billion in the earlier quarter, according to figures available with the central bank.

<http://today.thefinancialexpress.com.bd/first-page/imf-seeks-clarification-of-wilful-defaulters-1560966759>

### **Bangladesh Mobile Phone Business Association (BMBA) fears cut in smartphone usage**

- The government proposed to hike supplementary duty on imported smartphones to 25% from existing 10% in the budget. Duty rise in smartphones from fiscal year 2019-20 will cut handset use and consequently affect the 'Digital Bangladesh' vision, according to industry watchers. The proposed duty would push up illegal imports as neighboring India has less tax on smartphone handsets, they observed. According to stakeholders, illegal imports will divert an estimated BDT 20 billion per annum from Bangladesh. Once this budget is passed, the BMBA leader said, they will have to pay around 57.31% in taxes.
- Five plants now assemble 30% of the country's total annually demand for 30 million handsets. The BMBA leaders said the country has more than 90 million active internet users. Of them, about 95% are using internet through mobile phones.

<http://today.thefinancialexpress.com.bd/trade-market/bmba-fears-cut-in-smartphone-usage-1560968484>  
<http://www.newagebd.net/article/75906/scrap-addl-tax-on-smartphone-save-customers-from-price-shock-bmba>

### **The Bangladesh-China-India-Myanmar (BCIM) hits speed bump as Sino-Indian geopolitics stalks**

- The Bangladesh-China-India-Myanmar (BCIM) economic corridor has been put on the back burner because of the clash between China and India over their geopolitical interest. The multilateral initiative is aimed at facilitating trade in the region. The 2,800-kilometre corridor has been proposed linking Kunming in China's Yunnan province with the Indian city of Kolkata, passing through points such as Mandalay in Myanmar and Dhaka in Bangladesh. The BCIM economic corridor is a sub-regional initiative, earlier known as "Kunming Initiative", or BCIM Regional Economic Cooperation. The was launched in August 1999 in Kunming, capital of China's south-western Yunnan province by the leaders of China, India, Bangladesh and Myanmar. Experts said the strengthening of the Belt and Road (BR) initiative in recent years and India's isolation from the China-led scheme might have made the BCIM less of a priority.
- But state minister for foreign Affairs felt that the issues to be dealt under the BCIM are being handled bilaterally. The

main spirit of the BCIM was to promote trade and commerce in the region through expanding regional connectivity, he said. Now, we are doing this bilaterally. We have strengthened our connectivity with India, and we have taken initiative to expand Dhaka-Yunnan connectivity, he added.

<http://today.thefinancialexpress.com.bd/first-page/bcim-hits-speed-bump-as-sino-indian-geopolitics-stalks-1560966674>

**World Stock and Commodities\***

<b>Index Name</b>	<b>Close Value</b>	<b>Value Change</b>	<b>% Change</b>
Crude Oil (WTI)*	\$54.43	+0.67	+1.25%
Crude Oil (Brent)*	\$62.60	+0.78	+1.26%
Gold Spot*	\$1,380.24	+19.86	+1.46%
DSEX	5,411.40	+11.17	+0.21%
Dow Jones Industrial Average	26,504.00	+38.46	+0.15%
FTSE 100	7,403.54	-39.50	-0.53%
Nikkei 225	21,451.78	+117.91	+0.55%

**Exchange Rates****USD 1 = BDT 84.25\*****GBP 1 = BDT 106.89\*****EUR 1 = BDT 94.96\*****INR 1 = BDT 1.21\***

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

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### BRAC EPL Stock Brokerage Limited

#### Research

Ayaz Mahmud, CFA	Deputy Head of Research	<a href="mailto:ayaz.mahmud@bracepl.com">ayaz.mahmud@bracepl.com</a>	01708 805 221
Md. Sakib Chowdhury	Research Analyst	<a href="mailto:sakib.chowdhury@bracepl.com">sakib.chowdhury@bracepl.com</a>	01709 641 247
S. M. Samiuzzaman	Research Analyst	<a href="mailto:sm.samiuzzaman@bracepl.com">sm.samiuzzaman@bracepl.com</a>	01708 805 224
Sadman Sakib	Research Associate	<a href="mailto:sadman.sakib@bracepl.com">sadman.sakib@bracepl.com</a>	01730 727 939
Ahmed Zaki Khan	Research Associate	<a href="mailto:zaki.khan@bracepl.com">zaki.khan@bracepl.com</a>	01708 805 211
Md. Rafiqul Islam	Research Associate	<a href="mailto:mrafiquislam@bracepl.com">mrafiquislam@bracepl.com</a>	01708 805 229
Md. Mahirul Quddus	Research Associate	<a href="mailto:mmahirul.quddus@bracepl.com">mmahirul.quddus@bracepl.com</a>	01709 636 546

#### International Trade and Sales

Ahsanur Rahman Bappi	Head of International Trade & Sales	<a href="mailto:bappi@bracepl.com">bappi@bracepl.com</a>	01730 357 991
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#### BRAC EPL Research [www.bracepl.com](http://www.bracepl.com)

121/B Gulshan Avenue  
Gulshan-2, Dhaka  
Phone: +880 2 881 9421-5  
Fax: +880 2 881 9426  
E-Mail: [research@bracepl.com](mailto:research@bracepl.com)