

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.

Budget deficit grows in Q2 as revenue income tumbles

- The budget deficit widened to over BDT 162 billion during the second quarter (Q2) to December of the fiscal year, as increasing government spending overshoot revenue earnings.
- The shortfall was nearly BDT 14 billion-or a 1,000% rise-during the same period a year earlier. The revenue authorities mobilized some BDT 556 billion in the second quarter against a total expenditure of BDT 720 billion, prompting the government to meet the gap by borrowing from local and external sources.
- The share of banking and non-banking sources was almost the same during the second quarter. The net bank borrowing during October-December was BDT 79.98 billion while that of non-bank was BDT 78.75 billion. Revenue income faced a bump, as receipts were BDT 557 billion during the Q2, down from BDT 603 billion in Q1.
- The revenue mobilization remained slower than expected in the areas of 'taxes on income and profit,' 'other revenues,' 'sales of goods and services'. Some economists remained concerned over the growing debt burden, especially from the domestic sources, saying such a deficit may create crowding out risks for private borrowers.

<http://today.thefinancialexpress.com.bd/first-page/budget-deficit-grows-in-q2-as-revenue-income-tumbles-1552066312>

Exports jump 10% in February

- Export earnings jumped 10.12% year-on-year to USD 3.39 billion in February thanks to higher shipments of garment items. The figure is also 7.13% higher than the monthly target of USD 3.15 billion, according to data from the Export Promotion Bureau (EPB).
- In the first eight months of 2018-19, garment export rose 14.17% to USD 23.12 billion, of which USD 11.50 billion came from knitwear and USD 11.63 billion from woven garment. Export receipts during the period also increased 12.98% year-on-year to USD 27.56 billion, which is also 7.81% higher than the target of USD 25.56 billion.
- President of the Bangladesh Garment Manufacturers and Exporters Association said the export earnings may not increase at the same rate in the next two months. At the end of the current fiscal year, the garment export may post an average growth of 12%.

<https://www.thedailystar.net/business/news/exports-jump-10pc-feb-1711939>

<http://www.newagebd.net/article/66774/export-earnings-increase-by-13pc-in-july-feb>

<http://today.thefinancialexpress.com.bd/public/trade-market/export-earnings-rise-13pc-in-july-feb-riding-on-rmq-1551979739>

Trade deficit dips 4% in 7 months, but Jan drop slows

- The country's trade deficit dropped by 4.06% in the first seven months of the current fiscal year 2018-19 compared with that in the same period of the previous year but the drop in the deficit slowed down in January.
- According to Bangladesh Bank data, trade deficit — gap between imports payments and export receipts — stood at USD 9.68 billion in July-January of FY19, down by USD 393 million from USD 10.08 billion in the same period of FY18. Trade deficit reduction rate, however, slowed down in January, amid rising import payments.
- Before January, trade deficit in July-December was eased by 11.22% amid slowdown in import payment growth and strong export earnings. BB officials said that trade deficit increased by USD 2.02 billion in January alone as payment for imports rose after the national elections on December 30.
- In July-January, import and export grew by 7.41% and 12.81% respectively which was 5.73% and 14.01% respectively in July-December of the current fiscal year. BB officials said that the trade deficit might increase in the coming months if the ongoing trend continued.

<http://www.newagebd.net/article/66924/trade-deficit-dips-4pc-in-7-months-but-jan-drop-slows>

Bangladesh's domestic demand to expand at slower pace

- The Washington-based IIF said Bangladesh's broad-based domestic demand expansion would continue in the current fiscal year (FY), 2018-19, and also in the next FY, 2019-20, albeit at a slower pace.
- The global institution in its latest report on some frontier economies, including Bangladesh, said private consumption, buoyed by robust remittance inflow, and infrastructure-driven investment should remain the primary drivers of growth for this FY and the next. Besides, garment manufacturing continues to drive exports.
- But it noted that the budget and current account deficits remained the main structural challenges for the economy. They have forecasted a smaller balance of payments (BoP) deficit this year and in FY 2020, while international reserves (excluding gold) are expected to cover less than four months' import of goods and services.

<http://today.thefinancialexpress.com.bd/public/first-page/bds-domestic-demand-to-expand-at-slower-pace-1551981231>

National Board of Revenue (NBR) set to ease tax refund over excess payment

- Marginal taxpayers are set to get a maximum refund of BDT 25,000 directly from the taxmen in case they pay in excess of the payable amount. The move came after a National Board of Revenue (NBR) committee recently recommended that taxmen ease the process of tax refund and issue cheque containing the amount of refund.
- Tax officials have decided to resolve the complexities of cash refund to the small taxpayers and give them back extra payment within 15 days of their application. Currently, getting refund voucher from the taxmen is a time-consuming process and it involves harassment.
- The board's income tax wing will settle the issue with the Controller General of Accountants (CAG) on accounts and audit process of tax refund. Officials said that the NBR committee had recommended simplifying the procedures so that taxpayers could get back their taxes paid in excess of the payable amount.
- With the widened base of withholding tax, many of the taxpayers do pay taxes at source higher than that of their payable ones. Depositors with banks, irrespective of housewives or senior citizens, have to pay 10% to 15% tax at source on their profit gain.

<http://today.thefinancialexpress.com.bd/public/first-page/nbr-set-to-ease-tax-refund-over-excess-payment-1552149395>
<http://www.newagebd.net/article/66931/nbr-to-make-tax-refund-up-to-BDT-25000-easier>

Bangladesh 39th among 50 economies in Emerging Markets Logistics Index

- A weak regulatory framework and poor corruption prevention measures are undermining Bangladesh's potential as a big logistics market, says a new global report. At the same time, factors such as political uncertainty, long-standing risks of natural disasters and a struggling domestic banking system are casting a shadow over the long-term growth prospects of the country.
- Such cautionary observations have been made in the latest round of 'Agility Emerging Markets Logistics Index' that got out last week. Bangladesh has been ranked the 39th among 50 emerging economies (EMs), which were part of this logistics index this year.
- Only two other Asian nations including Cambodia and Myanmar have been placed behind Bangladesh in the ranking topped by India and China.
- A deeper look at the index, however, revealed Bangladesh has been undone mostly by 'Business Fundamentals' sub-index which deals with issues like regulatory environment, credit and debt dynamics as well as domestic stability and market accessibility.

<http://today.thefinancialexpress.com.bd/public/first-page/bd-39th-among-50-economies-in-em-logistics-index-1552149620>

Government in a fix over revised budget

- The finance division is facing a difficult situation in fixing the size of the revised budget as many ministries and divisions are demanding additional funds amid shortfall in revenue collection. The division has prepared a draft of the revised budget for the current fiscal year, leaving out the additional amount the ministries and divisions are demanding from the government coffer.

- According to the draft outlay, the budget size may be reduced to BDT 4500 billion, down 3.13% from the original budget of BDT 4645.73 billion. The amount of the budget cut will depend on the revised annual development programme (ADP), said a financial ministry official.

- The ministry has sent a resource allocation proposal to the planning ministry, which was working on the revised ADP. If the revised ADP size is set in line with the resource allocation, the budget size will be cut by about 3%. The ADP may revise down to BDT 1650 billion from the original BDT 1730 billion.

- The finance ministry may not be able to allocate funds as per the demand of the ministries and division, as it would have to keep the budget deficit within the standard practice of 5%. The government has set a revenue collection growth of 29% compared to that last fiscal year although it has been hovering around 16 to 20% for the last few years.

<https://www.thedailystar.net/business/news/govt-fix-over-revised-budget-1712923>

Savings tools sales cross FY target in 7 months as Jan amount hits record

- Net sales of the state-sponsored saving certificates hit a new monthly high of BDT 60.03 billion in January with the total sales in seven months superseding the fiscal year's target. With the rising sales of national savings tools, the government's interest payment for the tools is also rising, surpassing its target.

- According to a Bangladesh Bank update, the sales of national saving certificates in January bettered previous high of BDT 54 billion recorded in June, 2017. The update also shows that the sales receipts in July-January of the current fiscal year 2018-19 stood at BDT 309.96 billion against the target of BDT 261.97 billion for the year ending in June.

- The high sales of saving certificates in January have been attributed to the hints of bringing about changes in saving certificates' interest rates, creation of a database for preventing misuse and making Taxpayers' Identification Number mandatory for purchases of the tools in future.

- The government launched savings certificates online database named 'National Saving Certificates Online Management System' in early February to check violation of limit of savings certificates and identify the investors.

<http://www.newagebd.net/article/66929/savings-tools-sales-cross-fy-target-in-7-months-as-jan-amount-hits-record>

Consumers pay 70% higher for anti-competitive local market

- Former head of the International Trade and Regional Cooperation Section at Commonwealth Secretariat said Bangladeshi consumers paid 70% higher than international prices to buy goods in the domestic market and the lower income groups were the worst hit by the anti-competitive practice.

- The middle and affluent consumer class in Bangladesh is on the rise. It has been estimated that Bangladeshi consumers pay 70% higher than the international prices for buying consumers goods in the domestic market with resultant excessive cost estimated at more than USD 14 billion.

- The income share received by the bottom 40% of the population fell from more than 17% to 13% and the share of bottom 5% of population got squeezed to just 0.23% from 1% in last 25 years, according to the • Former head.

- He added that if prices of daily necessities fell by 10% along with a rise of monthly government transfer to poor households by BDT 500, more than 16.5 million people from around 4 million households would be lifted out of poverty.

<http://www.newagebd.net/article/66925/consumers-pay-70pc-higher-for-anti-competitive-local-market>

Efforts on to make arbitration law 'business-friendly'

- The flow of remittances rose by nearly 10% in the first eight months of the current fiscal year, despite significant falloff in February year-on-year. senior secretary of the Legislative and Parliamentary Affairs Division of the Ministry of Law and Parliamentary Affairs said they are working to update the existing arbitration act.

- He added his ministry was working with the Bangladesh International Arbitration Centre (BIAC) to make necessary amendments to the arbitration act. But they need the green light from the chief justice to bring changes to the Code of Civil Procedures

- The current arbitration act was formulated back in 2001, but there are reasons why it is still not well accepted. It does

have some shortcomings.

<http://today.thefinancialexpress.com.bd/first-page/efforts-on-to-make-arbitration-law-business-friendly-1552066367>

USD 165 million World Bank grant for Rohingya

- The World Bank (WB) has approved a USD 165-million grant to help Bangladesh provide basic services and build disaster and social resilience for the Rohingya. The persecuted Muslim refugees have fled violence in Myanmar and sought shelter in Teknaf and Ukhia of Cox's Bazar.
- The 'Emergency Multi-Sector Rohingya Crisis Response Project' would help Bangladesh cope with the world's fastest-growing exodus, said WB. The Rohingya outnumber the local community more than threefold in the two areas of Cox's Bazar.
- The project would help build and rehabilitate basic infrastructure, improve community resilience and help prevent gender-based violence. It includes building a water supply system comprising community standpoints, rainwater harvesting and piped water supply systems as well as improved sanitation.

<http://today.thefinancialexpress.com.bd/public/first-page/165m-wb-grant-for-rohingya-1552149509>

Banks get six months more to lower ADR

- Banks have got another six months to lower their advance-deposit ratio, a move that is expected to tame the current volatility in the money market. In a circular issued, the central bank extended the deadline to September 30 this year to adjust the ratio. This is the third extension since January 2018.
- Bankers welcomed the move, saying it would give some breathing space to banks to adjust the ratio without hunting deposits at higher cost. Banks will also get funds to disburse fresh loans, they said.
- This is a time-befitting decision as only four to five banks, out of 59, have been able to follow the central bank instruction on the ADR, according to the managing director of Southeast Bank.
- On January 30 last year, the central bank had set the June 2018 deadline to lower the ADR to 83.5% from 85% for conventional banks and to 89% from 90% for Shariah-based banks as part of efforts to control aggressive lending practices.

<https://www.thedailystar.net/business/banking/news/banks-get-six-months-more-lower-adr-1711978>

<http://www.newagebd.net/article/66776/banks-given-six-more-months-to-adjust-adr>

<https://www.dhakatribune.com/business/2019/03/07/bangladesh-bank-again-extends-deadline-to-adjust-adr-ratio>

Energy sector warrants priority attention: World Bank

- The World Bank (WB) conducts a mid-term review of the implementation progress of its ongoing Country Partnership Framework (CPF) with Bangladesh. The Bangladesh framework for 2016-20 focuses on three issues-growth and competitiveness, social inclusion, and climate and environmental management.
- The WB officials will seek views of the government officials on what the multilateral lender needs to accomplish during the remaining period. Officials said there is a proposal is for an extension of the current framework until 2021.
- The current framework focuses on removing constraints to growth and competitiveness by addressing the infrastructure bottlenecks. The International Finance Corporation (IFC) of the World Bank is contributing to the implementation of the framework by focusing on building sustainable infrastructure, expanding financial access and inclusion, and improving transport/logistics while seeking the opportunities for promoting climate-smart solutions.
- The framework document said Bangladesh has sustained impressive growth rates over the last decade, fuelled by a young population, jobs in manufacturing, increased agricultural productivity, and remittances from overseas workers.

<http://today.thefinancialexpress.com.bd/first-page/energy-sector-warrants-priority-attention-wb-1552066528>

Japanese power firm to expand in Bangladesh

- Japan's Mitsubishi Hitachi Power Systems (MHPS) plans to expand its footprint in Bangladesh in a bid to grab more

market shares. As part of the move, the thermal power generation company, which has operations in America, Europe and Asia, has opened its full-fledged office in Dhaka.

- The chief of the Asia-Pacific region of the MHPS, said the company has already set up five mega gas turbine plants in Bangladesh, with a total power generation capacity of 2,000 megawatts. Presently, Bangladesh's power generation capacity stands at around 20,000MW and the government has set a target to increase it to 24,000MW by 2021 and to 40,000MW by 2030.
- Growing industrialization and urbanization has made Bangladesh one of the power-hungry countries in the world, drawing attention of many global companies. In 1966, the company installed a steam turbine for Karnaphuli Paper Mill, which is still operating. The MHPS provided the country's first gas turbine in 1987 for the old Haripur gas turbine.

<https://www.thedailystar.net/business/news/japanese-power-firm-expand-bangladesh-1712917>

Mobile, Internet Use: Women far behind men

- Some 58% of adult women in Bangladesh own mobile phones while only 13% use the internet, a new study found, exposing the wide gender gap in the digital sphere. In Bangladesh, 86% of men use mobile phones and 30% are connected to the internet, according to the GSMA's 2019 Mobile Gender Gap Report released recently.
- Its survey covered 18 countries, with six countries each from Asia, Africa and South America. The findings are sourced primarily from the 2018 GSMA Intelligence Consumer Survey, which has more than 20,000 respondents from the markets.
- Bangladesh is found to have the second widest mobile ownership gender gap among the countries covered, with 33% of women less likely to own a mobile phone than men. Pakistan has the widest gap at 37%, the study showed.
- Telecom and ICT Minister said the core reason for women lagging behind in internet use and mobile phone ownership was rooted in the social structure.

<https://www.thedailystar.net/business/telecom/news/mobile-internet-use-women-far-behind-men-1711996>

International Finance Corporation (IFC) for aggressive marketing to raise global share

- The International Finance Corporation (IFC) said that attaining the leather export target of USD 5.0 billion by 2021 would not be possible for Bangladesh. In an export roadmap, the IFC, based on natural growth and historical trend, predicted that export of leather, leather goods and footwear would reach half the target set by the government over the next two years.
- The recent trend in export growth indicates that the target of USD 5.0 billion by 2021 will be very difficult, stated by the World Bank's private lending arm. The IFC roadmap, prepared for a period until 2025, said Bangladesh has a share of only 0.5% in the world leather trade.
- It outlined the strategy for enhancing leather sector exports and set a vision of ranking Bangladesh amongst the top 10 leather export countries in the world by 2025 from the present minuscule share.
- Bangladesh needs to transform production and export of tannery raw materials to high end and compliant leather, attract massive domestic investment, and enhance capacity of private sector manufacturers, the IFC said.

<http://today.thefinancialexpress.com.bd/public/last-page/ifc-for-aggressive-marketing-to-raise-global-share-1551982038>

Norway's government fund raises stakes in Bangladesh stock market

- Norway's sovereign wealth fund (SWF), the world's biggest fund, and raised stakes in the Bangladesh's capital market for the third consecutive year in 2018, despite the market remaining bearish in the year due to the December 30 national polls-centric political uncertainties.
- The government pension fund of Norway increased its ownership in nine companies, kept unchanged its holdings in three and lowered in five firms in 2018 compared with that in the previous year, according to a web site post of Norges Bank Investment Management Company which manages SWF.
- It offloaded its stakes in three companies to invest in three new firms. SWF has been increasing its stake in the Bangladesh stock market every year since its start of investment in the country in 2015 with around USD 19 million.

<http://www.newagebd.net/article/66833/norways-govt-fund-raises-stakes-in-bangladesh-stock-market>

Investors active to hit the jackpot

- Around 220,766 new BO accounts were opened in the past seven months as investors were more confident in pouring funds into the primary market rather than the secondary one. Market analysts welcomed the new BO (beneficiary owner's) account holders and suggested them to be cautious while investing in the market.
- The total number of BO accounts stands at 2,837,721 as on Thursday which was 2,616,945 in August 01, 2018, according to the CDBL, which preserves electronic data of all individual and institutional investors. Of the total number of BO accounts right now, male investors own 2,071,164 accounts while female investors 753,592 and company 12,965 as of March 8, 2019.
- There are currently 1,782,361 individual accounts, 1,042,395 joint accounts and 12,965 company accounts. Despite the secondary market witnessed volatility, the primary market was bullish during the period under review.
- Some eight companies raised funds through issuing IPO shares during the period under review and all companies' IPO oversubscribed many times. The merchant banker noted that all the IPOs were oversubscribed manifolds, as investors rushed for primary shares, expecting good returns from the investment.

<http://today.thefinancialexpress.com.bd/public/stock-corporate/investors-active-to-hit-the-jackpot-1552147741>

Sonali's profit hits 7-year high

- Sonali Bank logged the highest net profit in seven years thanks to its deposits with different banks and massive drives to recover funds from loan defaulters. The state-owned financial institution's net profit rose 41.60% year-on-year to BDT 10 billion in 2018. Of the total profit, more than 40% came from the investment in short-term deposits with different banks.
- The liquidity crunch in private banks throughout 2017 opened up the opportunity for cash-rich Sonali to make some profits from the money market. The bank had an investment of more than BDT 530 billion in the market as of December.
- Some other state banks—which had been suffering from fund crisis because of loan scams—also borrowed money from Sonali. Sonali is the biggest source of fund now as it sat on a deposit base of BDT 1086.29 billion last year, according to the bank statement.
- The advance-deposit ratio (ADR) of the bank was 42.69% last year, far below compared to the regulatory ceiling of 85%. Last year, the loan growth of Sonali was about 9% whereas the average private sector credit growth was more than 14% throughout the year.

<https://www.thedailystar.net/business/news/sonalis-profit-hits-7-year-high-1712926>

Exim, IFIC Bank stop mobile banking

- The Export Import Bank of Bangladesh (Exim Bank) and IFIC Bank have closed their mobile banking services due to poor customer service, following an instruction from Bangladesh Bank. According to Bangladesh Bank data from January this year, Exim Bank Ltd and IFIC Bank Ltd have closed all their MFS (Mobile Financial Services) accounts.
- Bangladesh Bank Executive Director said they closed the two services because they could not perform as expected. The services were called "Exim Cash" and "IFIC Mobile Banking".
- After the closure of the two services, the number of MFS providers in the country now stands at 16. Both Exim and IFIC had very small numbers of subscribers, and the closure of the services had almost no impact.
- According to the central bank's latest data, the number of active MFS accounts in the country has decreased by 10.3% to 33.49 million in January from a month earlier. In January, the number of mobile banking agents stood at 898,996, as compared to 886,473 in the previous month.

<https://www.dhakatribune.com/business/2019/03/07/exim-ific-bank-stop-mobile-banking>

BBS Cables posts steady revenue growth in 5 years

- BBS Cables witnessed a steady growth in revenue earning, net profit and earnings per share in last five consecutive years through effective cost management. For the year ended on June 30, 2018, the company has attained the highest revenue growth to BDT 6,588 million, registering an increase of more than 87% over the previous year.
- The company's net profit after tax also jumped 169% to BDT 1114 million in FY 2018, from BDT 413 million in the previous year. The company's total asset has increased nearly 16% year-on-year in the FY 2017-18 due to addition of new fixed assets, according to company's latest annual report.
- This increase was driven by sales volume growth, smart pricing, increase market shares, effective cost management and productivity initiatives across the company said the managing director of the company, in its latest annual report.
- Recently, the company has enhanced its production capacity 37% by installing new machinery which was purchased through initial public offering fund. The company started commercial operation from the new machinery on January 12, 2019.

<http://today.thefinancialexpress.com.bd/public/stock-corporate/bbs-cables-posts-steady-revenue-growth-in-5-yrs-1552147957>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$56.07	-0.59	-1.04%
Crude Oil (Brent)*	\$65.74	-0.56	-0.84%
Gold Spot*	\$1,298.30	+12.69	+0.99%
DSEX	5688.46	+ 2.07	+0.04%
Dow Jones Industrial Average	25,450.24	-22.99	-0.09%
FTSE 100	7,104.31	-53.24	-0.74%
Nikkei 225	21,025.56	-430.45	-2.01%

Exchange Rates

USD 1 = BDT 83.80*
 GBP 1 = BDT 109.07*
 EUR 1 = BDT 94.15*
 INR 1 = BDT 1.19*

*Currencies and Commodities are taken from Bloomberg.

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BRAC EPL Stock Brokerage Limited

Research

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

International Trade and Sales

Ahsanur Rahman Bappi	Head of International Trade & Sales	bappi@bracepl.com	01730 357 991
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Fax: +(8802) 9852451-52
E-Mail: research@bracepl.com