

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.

Sukuk, derivatives and short-sale rules approved

- The Bangladesh Securities and Exchange Commission approved three separate rules on issuing sukuk bond, exchange traded derivatives and short-sale. After getting comments and recommendations from all the stakeholders, the commission approved the rules, a gazette will be published very soon. The approval came in a commission meeting yesterday.

<https://www.thedailystar.net/business/news/sukuk-derivatives-and-short-sale-rules-approved-1743784>

Government bond yield rises sharply

- Yield on government treasury bonds (T-bonds) increased significantly on Tuesday following an upward trend in interest rates particularly on bank deposits. High yield on the government securities may continue till July due to higher demand for liquidity ahead of Eid-ul-Fitr festival along with impact on closing of the fiscal year, according to officials and bankers.
- The cut-off yield, generally known as interest rate, on 05-Year Bangladesh Government Treasury Bonds (BGTBs) rose to 7.46% on the day from 6.99% of the previous auction held on April 09, according to the auction results, published by Bangladesh Bank (BB). The government borrowed BDT 7.0 billion through reissuing its 05-Year BGTBs on Tuesday. Senior bankers, however, said higher rates on deposits have pushed up the yield on the government securities that may continue in the coming months. Currently, the interest rates on term deposits are now hovering between 9.0% and 11.50%, they added.

<http://today.thefinancialexpress.com.bd/last-page/govt-bond-yield-rises-sharply-1557855831>

Liquidity crisis grips leasing companies

- About 60% funding of leasing companies comes from the banking sector, of them 40% are fixed deposits of banks and 20% funding comes from call money market. Highly bank dependency has made the leasing companies in crisis, according to related people. Now the banking sector is facing huge liquidity pressure. As a result, the non-banking financial institutions are not getting deposits from banks, said a Bangladesh Bank senior official.
- According to a stress test report of the central bank, 12 out of 34 non-banking entities were in the red zone that denotes high vulnerability. Of the rest 22 NBFIs, 18 were in the yellow zone that indicates less risky state, and only four entities were in the green zone or safe state. Of the NBFIs in the red zone, 95.31% outstanding loans of Bangladesh Industrial Finance Corporation had become defaulted. The amount of defaulted loans in First Finance was 37.5%, Bay Leasing, Fareast Finance, FAS Finance, International Leasing and Financial Services, People's leasing and Financial Services, Premier Leasing, Prime Finance, Reliance Finance and Union Capital were the entities in the red zone, according to BB officials.

<https://www.dhakatribune.com/business/economy/2019/05/14/liquidity-crisis-grips-leasing-companies>

Pause in approval to new power plants likely

- The government is likely to stop giving permission to set up new power plants for now, considering that the existing plants are enough to meet the demand for power until 2030. The committee stated that the existing power plants, including those under construction, are enough to meet the country's electricity demand over the next one decade.
- The committee headed by state-run Power Cell Director General Mohammad Hossain revealed that the country's electricity demand would be around 29,619 megawatt (MW) by 2030 with the efficient use of energy. On the other hand, the Power Division under the Ministry of Power, Energy and Mineral Resources (MPEMR) had projected the power demand at 40,000 MW by 2030. Currently, the country's overall electricity generation from a total of 127 power plants is hovering around 11,500 MW against their de-rated generation capacity of 17,701 MW. If all the power plants, now in the pipeline, come on line, some 30,000 MW of electricity would be available with the national grid by 2030, said officials. However, power plants with 10,000 MW generation capacity, now in operation, would retire by 2030, they added. The total power generation capacity, including that from the captive power plants, owned by industry owners, and renewable energy, has now reached 20,343 MW.

<http://today.thefinancialexpress.com.bd/first-page/pause-in-approval-to-new-power-plants-likely-1557855631>

Mobile financial services (MFS) likely to come under close watch

- Mobile financial services (MFS) like bKash and UCash are likely to be brought under close monitoring by the government soon, officials said. The government is moving towards such regular screening after it finds concrete evidence of criminal activities being carried out by using digital financial service, they added. Earlier, the National Telecommunication Monitoring Centre (NTMC) has requested the home ministry to take next course of action in this regard. NTMC started its operation on January 01, 2017. According to NTMC, mobile financial services such as bKash, UCash and Nagad should also be included in the NTMC database.
- Currently, they (MFS) provide several services including inward remittance, cash-in transaction, cash-out transaction, person-to-person (P2P), salary disbursement, utility bill payment, merchant payment, government payment, purchasing from brands or outlets. Presently, some 16 banks are providing mobile financial services in the country. There were 919,191 agents till March last.

<http://today.thefinancialexpress.com.bd/trade-market/mfs-likely-to-come-under-close-watch-1557854896>

'Block Module' to strictly reinforce declarations on transferring shares

- The Central Depository Bangladesh Limited (CDBL) introduced the Block Module following a BSEC's instruction in the wake of many transfers of these types of shares without required declarations. As per existing rules, the sponsor-directors and placement holders of the listed companies have to make declaration before selling or transferring their shares. The transactions of such shares are executed within 30 days of making declarations through block or public market subject to payment of stipulated amount of tax. As per Tuesday's decision, all listed companies will keep the shares of their sponsors, directors and placement holders blocked using the module introduced by the CDBL.

<http://today.thefinancialexpress.com.bd/stock-corporate/block-module-to-strictly-reinforce-declarations-on-transferring-shares-1557854347>

<https://www.thedailystar.net/business/news/block-module-sale-shares-sponsors-and-directors-1743778>

<http://www.newagebd.net/article/72437/bsec-okays-cdbl-module-to-bar-directors-secret-share-sales>

Disagreement over new VAT law ends, finally

- Finance Minister said on Tuesday the new value added tax (VAT) law will be implemented from the next fiscal year as the businesses and the government sank differences over it. Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) President said the minister had assured them that the VAT rates would not be raised on any item, rather those might decline in some areas.
- The FBCCI in a letter to the NBR in early May said the VAT law in its new form might fuel inflation and create unrest in the society, if implemented from July 1 without adequate "readiness". In reply, the NBR accused the country's apex trade body of trying to block implementation of the law again. The revenue authority said it made enough preparations before going for implementation of the new law from the upcoming fiscal year.

<http://today.thefinancialexpress.com.bd/first-page/disagreement-over-new-vat-law-ends-finally-1557855673>

<https://www.dhakatribune.com/business/2019/05/14/mustafa-kamal-nbr-and-fbcci-settled-differences-over-vat-law>

<http://www.newagebd.net/article/72434/misunderstanding-between-businesses-tax-officials-about-vat-law-ends-kamal>

Mirsharai Economic Zone to create employment for 0.5 million people

- As many as 350 industrial units are being built at a cost of USD 4.5 billion at Mirsharai economic zone (EZ) near the costal line of the Bay of Bengal in Chattogram, aimed at creating employment opportunities for 0.5 million people. In the first phase, some 250 industrial plots will be developed at a cost of USD 1.25 billion by June, 2021 which is expected to create employment opportunities for 150,000 people, Bangladesh Export Processing Zones Authority (BEPZA) General Manager said. At present, investors of 38 countries have a total investment worth USD 4.11 billion in eight export processing zones (EPZ) under BEPZA. Among 588 factories of the eight EPZs, 462 are functioning and the rest will be operational within a few years. The Mirsharai economic zone has got allocation of 1,150 acres of land which is half of the total area of 2,308.98 acres of eight EPZs of BEPZA.

<http://today.thefinancialexpress.com.bd/trade-market/mirsharai-economic-zone-to-create-employment-for-05m-people-1557855032>

Suspicious transactions go up 64%

- Banks and financial organizations sent a record number of suspicious transaction and activities reports to the Bangladesh Financial Intelligence Unit last fiscal year, in an indication of their commitment to fight money laundering. In fiscal 2017-18, the BFIU received a total of 3,878 suspicious transaction reports (STR) and suspicious activity reports (SAR) from reporting agencies, up 64.50% year-on-year, according to the BFIU's annual report, which was released last week. This is a good sign that banks and other reporting agencies concerned had given more attention to the

suspicious transaction and activities as part of their fight against money laundering and terrorist financing, bankers said. The quality of STRs and SARs submitted by reporting agencies also improved, said the chief of the intelligence unit.

- Last fiscal year, BFIU disseminated a total of 677 STRs and SARs to different investigations and law enforcement agencies in contrast to 121 the previous year, according to the report. The BFIU initially analyses and investigates the complaints submitted by reporting agencies. If any anomaly is found, it forwards the reports to the Anti-Corruption Commission, Bangladesh Police and other government agencies for further investigation, the chief of the intelligence unit said.

<https://www.thedailystar.net/business/news/suspicious-transactions-go-64pc-1743793>
<http://www.newagebd.net/article/72433/suspicious-financial-transaction-rises-64pc>

Peninsula Balanced Fund gets go-ahead

- The draft prospectus of Peninsula Balanced Fund, an open-ended mutual fund, has been approved by the stock market regulator yesterday. The primary target of the fund is BDT 200 million. Of which, BDT 20 million would be funded by the sponsors and remaining BDT 180 million will come from the general investors through selling its unit.

<https://www.thedailystar.net/business/news/peninsula-balanced-fund-gets-go-ahead-1743781>

Financial Reporting Council (FRC) seeks opinion from Institute of Chartered Accountants of Bangladesh (ICAB) on Coppertech Industries

- Financial Reporting Council (FRC) has sought opinion from the Institute of Chartered Accountants of Bangladesh (ICAB) regarding accounting standards followed in preparing the financial statement of Coppertech Industries. The FRC has sought the opinion following criticisms over alleged 'anomalies' in the financial statement of the Coppertech Industries. Coppertech Industries got the IPO approval from the securities regulator on December 26 last. On May 9, the Dhaka Stock Exchange (DSE) decided to scrutinize the financial statement of Coppertech Industries following a plea made by the DSE Brokers Association of Bangladesh (DBA). Meanwhile, the Coppertech Industries has defended itself from the criticism over alleged manipulation through publishing a media statement.

<http://today.thefinancialexpress.com.bd/stock-corporate/frc-seeks-opinion-from-icab-on-coppertech-industries-1557854652>
<http://www.newagebd.net/article/72436/frc-asks-icab-to-re-audit-coppertechs-financial-reports>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$61.42	-0.36	-0.58%
Crude Oil (Brent)*	\$71.07	-0.17	-0.24%
Gold Spot*	\$1,295.59	-1.33	-0.10%
DSEX	5217.91	-29.91	-0.57%
Dow Jones Industrial Average	25,532.05	+207.06	+0.82%
FTSE 100	7,241.60	+77.92	+1.09%
Nikkei 225	21,051.24	-15.99	-0.08%

Exchange Rates

USD 1 = BDT 84.66*
 GBP 1 = BDT 109.30*
 EUR 1 = BDT 94.88*
 INR 1 = BDT 1.20*

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

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