

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 (BB) doubles deferred payment period for power companies

- The central bank has doubled the deferred payment period for import of raw materials only for the power generating enterprises to help ease the pressure on foreign exchange market. Under the relaxation, importers are now allowed up to 360 days instead of 180 days to settle the deferred payment for import of raw materials for power generation. To facilitate power sector industry, it has now been decided to enhance usance period up to 360 days from 180 days for import of raw materials in the case of power generating enterprises only, said a notification issued by the Bangladesh Bank (BB) on Wednesday.
- The central bank earlier permitted the import of industrial raw materials on deferred payment basis up to 180 days by industrial importers for their own use. They've relaxed the regulations for the benefit of power producers, particularly for those in the private sector," a senior BB official said. It will also help reduce pressure on the country's foreign exchange market, he added.
- Deferred payment arrangements are often used in retail settings where a person buys and receives an item with a commitment to start making payments at a future date. The latest move of the BB came against the backdrop of higher import of fuel oils, particularly for power generation, that created extra pressure on the country's foreign exchange market in recent months. During the period from January 03 to May 06, the Bangladesh taka (BDT) depreciated by 60 poisha against the US currency in the inter-bank forex market.
- The greenback was quoted at BDT 84.50 each in the market on May 06 as against BDT 83.90 on January 02 this year, according to the market operators. On Wednesday, the USD was quoted at BDT 84.50 each in the inter-bank foreign exchange market, remaining unchanged from the previous level, they added. The BB officials, however, said high sulfur fuel oil (HSFO), generally known as furnace oil, is being imported under the category of petroleum products as raw material for power generations, which also put pressure on the foreign exchange reserve.
- Foreign exchange pressure may ease now for the time being, a senior treasury official of a leading private commercial bank (PCB). Ultimately, accumulative payment pressure may go up for such relaxation, the private banker added. Meanwhile, higher import of fuel oils pushed up the overall import expenses during the July-March period of the current fiscal year (FY), 2018-19.

<http://today.thefinancialexpress.com.bd/first-page/bb-doubles-deferred-payment-period-for-power-companies-1558547989>

<http://www.newagebd.net/article/73246/power-cos-get-extended-deferred-payment-facility>

Government's bank borrowing hits six-year high

- The government has all on a sudden stepped up its borrowing from the banking system from this month as its revenue collection fell short of expectations, sending the cash-strapped banks into a state of panic. Until the end of April, the government did not borrow from banks; rather, it paid back BDT 10.83 billion, according to data from the Bangladesh Bank. But from this month it started borrowing; as of May 15, it has taken BDT 79.98 billion, which is the highest in six years. The government had earlier targeted to borrow BDT 27.25 billion from commercial banks in May. But in the second week of this month, it has revised the amount to BDT 67.25 billion.
- The change in stance comes as revenue collection is poised to fall short of target by a big margin this fiscal year, with receipts growing the lowest in five years in the first nine months due to sluggish collection of customs tariff and value-added tax. Between July last year and March this year, the National Board of Revenue managed about BDT 1.53 trillion in collections, up 7% from a year earlier, as per its provisional data. The amount missed the periodic target by nearly BDT 505.00 billion.
- The government has assigned the NBR to collect BDT 2.96 trillion in fiscal 2018-19, meaning the revenue authorities will have to collect more than BDT 1.42 trillion in the remaining three months to meet the target, which seems highly improbable. Amidst this, the government's need for funds has now gone up. The government will have to pay festival bonus before Eid-ul-Fitr, scheduled for the first week of the next month, to its thousands of employees and also release funds for development projects, the implementation of which accelerates towards the end of a fiscal year.
- So, it has now turned to the banking system. That has triggered panic amongst banks, said executive director of the Policy Research Institute. The government though has set a borrowing target of BDT 420.29 billion from the banking sector this fiscal year. But a little borrowing has left banks on edge as they are struggling to attract deposits, said a BB official. Savers continue to park their funds in national savings instruments for their higher returns. In the first nine months of the fiscal year, the government sold savings certificates amounting to BDT 397.33 billion, which is 66% higher than its full-year target.

<https://www.thedailystar.net/business/banking/news/govts-bank-borrowing-hits-six-year-high-1747558>

Agent banking deposit grows by 20% in January-March

- Deposit in the agent banking accounts rose by 20% or BDT 6.22 billion in January-March 2019 amid banks' increased focus to the system. Customers can get services like cash deposits, withdrawals, remittance disbursement along with cash payments through agent banking window. Bangladesh Bank's latest quarterly report on agent banking released on Wednesday showed that total deposit in agent banking accounts increased to BDT 37.34 billion at the end of March this year from BDT 31.12 billion at the end of December last year.
- Of the 19 banks which have agent banking operation, deposits in Al-Arafah Islami Bank's agent banking accounts was the highest, BDT 10.24 billion at the end of March this year, up by 10% from BDT 9.28 billion at the end of December this year. Deposits in Dutch-Bangla Bank through its agent banking wing was BDT 9.55 billion, representing 26% of total deposits in the agent banks, and the figure was BDT 7.53 billion in the Bank Asia's agent banking wing, representing 20% of total deposits.
- Bangladesh Bank has so far licensed 21 entities to run the service under the agent banking guidelines in 2013. The entities, however, gradually started to function from 2016. Central bank officials said that the deposit growth in the agent banking accounts was mainly because of expansion of the service in the rural areas where people are deprived of banking service. The central bank data showed that the number of accounts with agents increased to 2.9 million at the end of March this year from 2.4 million in 2018. The figure was 1.2 million in 2017.
- Of the accounts, 2.5 million accounts were opened with the agents in the rural areas and the rest 0.3 million accounts were opened in the urban areas. At the end of March, the number of agents increased to 4,866 from 4,493 three months ago and the number of bank agent outlets also increased to 7,838 from 6,933 in the same period. Officials of the banks said that the agent banking have been moving fast across the country since the banks are providing all sorts of efforts to bring the grassroots people under the banking services.

<http://www.newagebd.net/article/73241/agent-banking-deposit-grows-by-20pc-in-jan-mar>

Bangladesh Bank asks banks to take step regarding High Court order

- Bangladesh Bank on Wednesday asked all scheduled banks for taking necessary action in connection with the High Court order halting till June 24 a circular that granted huge waivers to loan defaulters. On Wednesday, the central bank issued a circular in this regard to the managing directors and CEOs of the banks. The central bank in a circular on May 16 offered the waivers to the loan defaulters. Experts criticized heavily the latest Bangladesh Bank policy allowing defaulters to reschedule loans by paying 2.0% down-payment for a maximum period of 10 years.
- They think that offering such a benefit will increase the number of wilful defaulters and discourage good borrowers from repaying loans. On Tuesday, a writ was filed on behalf of a human rights organization, Human Rights and Peace for Bangladesh, seeking suspension of the circular. In response, the High Court on the day ordered a halt till June 24 to the Bangladesh Bank circular.

<https://www.thedailystar.net/business/news/two-operators-fail-deliver-promised-4g-speed-1747096>

<http://www.newagebd.net/article/73131/bl-teletalks-4g-service-below-standard-in-dhaka-btrc-study>

Bangladesh Telecommunication Regulatory Commission (BTRC) holds up audits into Banglalink, Airtel

- The telecom regulator is yet to appoint auditors to conduct financial and technical inspection of Banglalink and Airtel's system even though the formal process has started more than a year and a half ago due to irregularities within the institution itself. The Bangladesh Telecommunication Regulatory Commission (BTRC) had invited expression of interest (EOI) on December 2017 and a total of five companies -- one for Banglalink and four for Airtel -- put forward their proposals in January last year.
- The telecom watchdog wants to comb through Banglalink's books from the operator's inception in 1996 until 2017 and Airtel's from its start in 2006 until its merger with Robi in November 2016. After evaluating the audit firms' proposals, a section of the regulatory commission now wants to repeal the process and start afresh, said BTRC officials on condition of anonymity due to sensitivity of the matter. The bidders too have raised questions about the telecom watchdog's selection process, they said.
- The BTRC was supposed to first assess whether the bidders have the technical know-how to run the audit and then look at how much they were quoting for the job. But the process happened in reverse: it looked at the bidders' financial proposals and is yet to look at their technical capacity. Furthermore, the telecom authority included in the evaluation committee an individual who previously worked with one of the auditors that looked into the books of the other two operators, BTRC official said.

- BTRC Chairman acknowledged the delay and even expressed his frustration about it. He also found the process to be moving very slowly. And after noticing the issue recently He directed the responsible officials to complete the process as early as possible. After completing the audits into two mobile operators' books the telecom regulator is now confident about the process. The audits into Grameenphone and Robi's accounts were received by the BTRC in February last year and it has already made its claims to the two operators.
- Grameenphone's audit, which covered the years from its inception in 1996 through to 2015, initially found financial discrepancies of about BDT 115.30 billion and after a revision the amount claimed went up to BDT 125.79 billion. The other audit into Robi saw the BTRC claim BDT 8.67 billion as missed or under payments from the mobile operator over a 19-year period until 2015. Once Banglalink and Airtel's audits are done, the telecom watchdog would move to state-owned Teletalk and out-of-operation Citycell, BTRC Chairman said.

<https://www.thedailystar.net/business/telecom/news/btrc-holds-audits-banglalink-airtel-1747534>

Bangladesh Bank injects BDT 8.56 billion refinancing fund to shore up stock market

- In a frantic move to revive the moribund stock market, Bangladesh Bank on Wednesday injected BDT 8.56 billion in the state-run Investment Corporation of Bangladesh (ICB) with flexible terms and conditions, senior officials at the ICB have said. The liquidity has been injected under the capital market refinancing scheme. Bangladesh Securities and Exchange Commission (BSEC) Executive Director has said the BDT 8.56 billion has been sanctioned in favour of ICB to prop up the ailing capital market.
- Amid the continuous fall of stock indices that shed more than 700 points in the last three months, the Ministry of Finance has recently asked the central bank for the emergency fund to shore up the market. The fund involves only 4% interest, as both ICB and institutional investors will be eligible to invest the fund in the stock business. Initially the fund will be invested into the capital market through the ICB's own portfolio. The government on May 2 decided to sanction BDT 8.56 billion to the affected small stock investors through the ICB.

https://www.dhakatribune.com/business/stock/2019/05/22/bangladesh-bank-injects-BDT_856cr-refinancing-fund-to-shore-up-stock-market

Stakeholders decide to give list to Bangladesh Securities and Exchange Commission (BSEC)

- The capital market stakeholders will urge the securities regulator to take necessary measures against the sponsor-directors of the listed companies, who sold their shares without declaration and by evading tax. The decision of identifying such sponsor-directors was taken at a meeting, held at the Dhaka Stock Exchange (DSE) office on Wednesday.
- To implement the decision, the premier bourse authority has been given the responsibility of preparing the list of sponsor-directors, who sold shares without declarations. The decision of preparing the list of such sponsor-directors was taken unanimously. We will submit the list to the Bangladesh Securities and Exchange Commission (BSEC), seeking its necessary measures, said a director of the DSE. He said the list of the sponsor-directors, who earlier sold shares without declaration, will also be sent to the National Board of Revenue (NBR), as they evaded tax.
- The sponsor-directors are subject to payment of 5.0% tax on sales of their shares, following giving the declaration of selling shares within 30 days. Meanwhile, the Central Depository Bangladesh Limited (CDBL) has introduced 'Block Module' to enforce mandatory declaration by the sponsor-directors for selling their shares. A former president of the DSE, said a 12-member body has also been formed to facilitate the reform initiatives, taken by the securities regulator.

<http://today.thefinancialexpress.com.bd/first-page/stakeholders-decide-to-give-list-to-bsec-1558548035>
<https://www.thedailystar.net/business/news/dse-hunt-down-sponsors-who-sell-shares-without-notice-1747516>
<http://www.newagebd.net/article/73242/dse-to-take-action-against-co-directors-who-sold-shares-secretly>
<https://www.dhakatribune.com/business/stock/2019/05/22/action-to-be-taken-against-companies-selling-share-secretly>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$61.06	-0.36	-0.59%
Crude Oil (Brent)*	\$70.56	-0.43	-0.61%
Gold Spot*	\$1,273.22	-0.12	-0.01%
DSEX	5,250.95	+14.10	+0.27%
Dow Jones Industrial Average	25,776.61	-100.72	-0.39%
FTSE 100	7,334.19	+5.27	+0.07%
Nikkei 225	21,107.87	-175.50	-0.82%

Exchange Rates

USD 1 = BDT 84.55*

GBP 1 = BDT 106.92*

EUR 1 = BDT 94.27*

INR 1 = BDT 1.22*

*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	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	mrafiquislam@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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BRAC EPL Research 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