

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.

Telcom Companies may be allowed in Mobile Financial Services (MFS)

- Mobile operators may be allowed to hold a maximum of 49% shares in companies that run mobile financial services, in what can be viewed as a U-turn from the Bangladesh Bank's previous stance. Along with the banks and non-bank financial institutions, non-governmental organizations, multinational companies, investment firms and fintech companies with experience of working in banking and finance will be allowed to form an MFS provider company, according to the BB's latest draft regulation. The draft regulation, however, said the MFS providers in the country will be led only by scheduled banks.

- It is not logical to allow any mobile operator to hold 49% shares in a PSP as the future financial system will largely depend on the mobile phone, said a central bank official. The branch-less banking is now becoming popular and the mobile operators will lead the trend if the latest draft regulation is approved, he said. Another BB official said a haphazard situation might be created in the MFS sector if the central bank approves the draft guidelines. Many disputed issues may emerge and a tussle will be created between the BB and the Bangladesh Telecommunication Regulatory Commission, he added.

<https://www.thedailystar.net/business/telcos-may-be-allowed-mfs-1583617>

Private credit growth nosedives in April

- Private sector credit growth saw a dramatic fall in April as banks put the brakes on their lending activities to adjust their loan-deposit ratio ceiling as per the central bank's instruction. Last month, credit growth stood at 13.6%, down 4.33% points from the previous month, according to data from the central bank. The growth rate was far below the monetary target of 16.3% set for the second half of the fiscal year -- and a stark contrast to the preceding nine months. At the end of April, total outstanding private sector credit stood at BDT 8.81 trillion.

- The steep fall in credit supply to the private sector was due to the banks not having the available funds to give out loans, said managing director of Bank Asia. The rising interest rate for lending also accounts for the slow credit growth, he said, adding that the chances of the rate coming down in the near future are slim. He went on to state that the supply shortage of credit will affect private sector investment. The high interest will make entrepreneurs reluctant to take on fresh loans, said managing director of Mercantile Bank. Moreover, maintaining the lower loan-deposit ratio will compel private banks to go slow with lending, he said.

- The interest rate on industrial loans went up to 16% in recent months, up 4% from last year, according to different banks. The interest rate on industrial loans went up to 16% in recent months, up 4% from last year, according to different banks. The interest rate on industrial loans went up to 16% in recent months, up 4% from last year, according to different banks. The interest rate on industrial loans went up to 16% in recent months, up 4% from last year, according to different banks. The interest rate on industrial loans went up to 16% in recent months, up 4% from last year, according to different banks.

<https://www.thedailystar.net/business/private-credit-growth-nosedives-april-1583629>

Bangladesh may surpass India in three years

- Per capital income of Bangladesh may surpass the same of India within three years, according to an analysis of the Business Standard on India. According to the report, per capita income (in dollar terms) in Bangladesh is now growing at nearly thrice the pace of income growth in India. At USD 1,355 in 2016, Bangladesh's per capita income was up 40% in three years against 14% growth in India and 21% growth in Pakistan. At this rate, Bangladesh's per capita income would top India's by the year 2020. It also said that a typical Indian has 25% higher income than a Bangladeshi now while in 2011, Indians earned 87% more.

- Business Standard analysis further added that during 2014 and 2016, Bangladesh's gross domestic product (GDP) grew at a compounded annual growth rate (CAGR) of 12.9%. At the same time, it was more than double of Indian GDP's CAGR of 5.6%. Over the same period, Pakistan grew faster than India too, at a CAGR of 8.6%, driven by a surge in investment and export. The Chinese economy expanded at an annualised rate of 5.2% during the period under review.

<http://today.thefinancialexpress.com.bd/last-page/bangladesh-may-surpass-india-in-three-years-1527615965>

Country's Net Foreign Assets (NFA) rises 3.51% in March

- The latest statistics of the Bangladesh Bank (BB) shows that the country's Net Foreign Assets (NFA) registered a

3.51% growth in March. The NFA used to expand at double-digit rates even two years back. According to economists, the fall in the NFA growth is mainly due to the high demand for the USD in the money market to meet import payments. Bangladesh's import has been increasing fast, and it was recorded around 26% in terms of opening up of letters of credit (LCs). The economists believe that the central bank's step to depreciate the local currency (BDT) against the USD may be an effective tool to raise NFA.

- A former chief economist at BB, said the authorities concerned should analyse further the reasons behind the weak external accounts. The country's current account deficit is now over USD 7.0 billion. Bangladesh's weighted average exchange rate between BDT and dollar has been increasing for last eight months. It was BDT 80.80 in September 2017. In December 2017, it was BDT 82.70, and in March 2018, it stood at BDT 82.96. Importers fail to predict the market scenario as a result of such volatile trend in the foreign exchange market. On the other hand, the exporters opined that the increasing trend in dollar rate is helping them to remain competitive in the global market.

<http://today.thefinancialexpress.com.bd/first-page/countrys-nfa-rises-351pc-in-march-1527615495>

Credit growth slowdown imminent: Mercantile Bank CEO

- The rising interest rate will put the brakes on the runaway private sector credit growth this year as entrepreneurs will be reluctant to take on high-cost funds. Moreover, maintaining the lower loan-deposit ratio will compel private banks to go slow with lending, said managing director of Mercantile Bank. However, the slow credit growth will not affect private sector investment as banks will focus on quality loans, he added. Last year, private sector credit growth was more than 18%. But thanks to the central bank's efforts to curb aggressive lending by banks, it started decelerating from March.

- The credit growth was 17.93%, down 0.56% points from the previous month, according to data from the central bank. He mentioned that the lending rate will come down to single digit in the near future as there is enough liquidity in the banking system. Liquidity crisis in some banks created panic in the market. Talking about the capital market, he said that Bangladesh's capital market is now a mature platform and the addition of the two bourses from China as the strategic partner of Dhaka Stock Exchange will bring more transparency to the stock market.

<https://www.thedailystar.net/business/banking/credit-growth-slowdown-imminent-1583050>

Reduction in number of VAT rates likely

- The government is likely to reduce the existing nine different rates of Value Added Tax (VAT) to six in the budget for fiscal year (FY) 2018-19. It may also revise the existing rate of Advance Trade VAT (ATV) upward by one% point to 5.0%. All imports are subjected to ATV barring a few, including the essential ones. Finance Minister is set to announce these two major changes on June 07 when he unwraps the budget for the next fiscal year. The existing VAT rates above 10% would remain unchanged in the budget. The tax authorities may merge some of the VAT rates that are between 1.5% and 10%.

- Earlier, Finance Minister had instructed the NBR to explore the possibility of merging the existing VAT rates with two rates. In line with the instruction, the VAT policy wing conducted a detailed analysis on this issue. The wing found the job too difficult to accomplish. Making only two VAT rates may affect the businesses as a number of sectors still deserve the concessional rates of VAT. Tax on tobacco items would increase significantly in the upcoming budget. The government would try to bring down the rates of VAT in phases to ensure the smooth implementation of the new law. In the new VAT law, there is a uniform rate of VAT at 15% on all products and services.

<http://today.thefinancialexpress.com.bd/first-page/reduction-in-number-of-vat-rates-likely-1527615139>

<http://www.newagebd.net/article/42392/bangladesh-govt-may-hike-advance-trade-vat-on-imports-in-budget>

Deposit money duly in RMG central fund

- Bangladesh Bank on Tuesday asked all banks to ensure deduction of 0.03% of the encashed export value from the export-oriented readymade garment factories for the RMG sector central fund. The BB issued the instruction as a number of banks refrain from deducting the portion of export value for the central fund. The amount of deposit in the central fund is not satisfactory due to non-collection of the fund by the banks, the BB instruction said. It also asked banks to report to the labour ministry's central fund director general within seven day after completion of a month on how much money they have deposited in the fund

- The labour ministry letter mentioned that as many as 1,336 families of injured or dead labourers of different factories received BDT 263.9 million from the fund since its inception. Labourers of another apparel factory received BDT 1.03 million from the fund as their outstanding salaries, it said. According to the labour rules that came into effect on September 15, 2015, the export-oriented factories must contribute 0.03% of their freight on board prices to the fund while the contributions from the government and the buyers are voluntary. The government started collection at the rate of 0.03% of FoB prices from the RMG factory owners from July 1, 2016 for depositing the money in the central fund.

- The money is deposited equally in the two accounts — one is beneficiary account and the other is contingency account. From the beneficiary account, workers receive up to BDT 0.3 million for death or permanent disability due to

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$66.47	-0.26	-0.39%
Crude Oil (Brent)*	\$74.94	-0.45	-0.60%
Gold Spot*	\$1,298.83	+0.06	0.00%
DSEX	5409.70	-7.72	-0.14%
Dow Jones Industrial Average	24,361.45	-391.64	-1.58%
FTSE 100	7,632.64	-97.64	-1.26%
Nikkei 225	21,958.01	-400.42	-1.79%

Exchange Rates

USD 1 = BDT 83.41*

GBP 1 = BDT 110.55*

EUR 1 = BDT 96.21*

INR 1 = BDT 1.23*

**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

International Trade and Sales

Ahsanur Rahman Bappi	Head of International Trade & Sales	bappi@bracepl.com	01730 357 991
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