

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.

Circuit limits for listed securities from debut day

- The securities regulator has decided to apply circuit breaker system for the newly listed companies on their stock market debut to rein in unusual hike in share prices. As per the decision taken at its meeting on Tuesday, the Bangladesh Securities and Exchange Commission (BSEC) will now impose circuit limits on the trading of new securities in their first two sessions as well. Circuit breaker is a financial regulatory instrument used to prevent stock prices from crossing the upper circuit point or lower circuit point on a particular trading day.
- As per the existing system, no upper or lower circuits are applied for newly listed companies in their first two trading sessions. As a result, shares in many listed companies have witnessed a steep price hike as high as 550% on their debut trading. Taking this advantage, many investors who hold IPO (initial public offering) shares sell their shares at a high rate on the first trading day, said a BSEC official. But afterwards, the companies' shares fail to sustain their high price levels, leaving negative impacts on index and general investors as well. And the market loses its momentum, he explained.
- Under this circumstance, the BSEC has decided to put circuit breakers in place from the debut trading day of all securities, he added. As per the BSEC decision, the upper circuit will allow the price hike of shares up to 50% of the issue price on their debut trading day. Also on the second day, the share prices can jump up to 50% of the previous day's closing price or open adjusted price. From the third trading session of the newly listed companies, the existing circuit limits will be applicable.

<https://today.thefinancialexpress.com.bd/last-page/circuit-limits-for-listed-securities-from-debut-day-1572977537>

<https://www.dhakatribune.com/business/2019/11/05/bsec-puts-50-price-cap-on-first-two-days-of-debutant-stocks>

<http://www.newagebd.net/article/89863/circuit-breaker-on-cos-from-debut-trading-bsec>

Bangladesh Telecommunication Regulatory Commission (BTRC)'s Audit Claim: Robi may go to international body for arbitration

- Mobile carrier Robi yesterday hinted that it may move to an international arbitration body to settle the government's audit claim worth BDT 8.67 billion if the operator fails to get justice in Bangladesh. In an interview with a group of journalists at Robi headquarters in the capital, the Chief Executive Officer and Managing Director of the company said they may take the issue to the International Centre for Settlement of Investment Disputes, one of the five agencies of World Bank Group.
- Robi's shareholders invested in Bangladesh under the Foreign Private Investment Promotion and Protection Act, which allows the investors to move to an international court, he said. Currently, Malaysia-based Axiata holds 68.7% controlling stake of Robi while Indian Bharti Airtel holds 25% and NTT DOCOMO of Japan 6.3%.
- Robi had a plan to invest USD 248 million in 2019, but about USD 150 million may remain unused at the end of the year, he said, adding that shareholders might slash their next annual budget.

<https://www.thedailystar.net/backpage/news/btrcs-audit-claim-robi-may-go-intl-body-arbitration-1823659>

The National Board of Revenue (NBR) to slap VAT on unprocessed tobacco

- The National Board of Revenue (NBR) has decided to impose Value Added Tax (VAT) on unprocessed tobacco in a bid to offset the recent decline in its revenue earning from the sector. In July-August period, the Large Taxpayers Unit's (LTU) revenue collection from tobacco sector dropped by BDT 8.50 billion or 32% compared to that of the corresponding period last year, according to the meeting minutes. However, in a surprise move the Board in the middle of the last month slashed the supplementary duty (SD) rate by 5.0%. Following suggestions of the tobacco companies, the NBR has decided to request the Ministry of Health to consider opinions of the tobacco product producing associations before finalizing the National Tobacco Policy 2019.
- Unprocessed tobacco items, sold to the processors, have been enjoying VAT exemption facility since FY 2017-18. Officials said the VAT structure for low-tier and medium-tier tobacco should be revised to remove the existing inconsistencies in their prices. They said sales of low-tier cigarettes have increased due to the large price gap between low- and medium-tier cigarettes.

<https://today.thefinancialexpress.com.bd/first-page/nbr-to-slap-vat-on-unprocessed-tobacco-1572976502>

<http://www.newagebd.net/article/89861/vat-exemption-on-unprocessed-tobacco-to-go>

July-Oct export receipts drop by 6.8%

- The country's export earnings declined by 6.82% during the July-October period of the current fiscal year, compared to the corresponding period of the last fiscal year (FY). The aggregate export earnings for the first four months of FY 2019-20 stood at USD 12.72 billion, which also fell short of the strategic target of nearly USD 14.33 billion, according to the Export Promotion Bureau (EPB) data.
- Such a drop in export receipts during the July-October period resulted from the decline in the export value of readymade garment (RMG) products, the country's top foreign currency earning sector, the EPB figures revealed. The overall export earnings from RMG items -- both knitwear and woven garments -- fell by 6.67% during the first four months of the current fiscal year. The country's RMG sector fetched nearly USD 10.58 billion during July-October period of FY 2019-20 as against USD 11.33 billion during the same period of FY '19. The export earnings from other key sectors also declined considerably during this July-October period over the corresponding period of last fiscal.

<https://today.thefinancialexpress.com.bd/first-page/july-oct-export-receipts-drop-by-68pc-1572976652>

<https://www.dhakatribune.com/business/economy/2019/11/05/export-earnings-declines-by-almost-7>

<https://www.thedailystar.net/business/news/exports-slump-17pc-oct-1823812>

October inflation cools despite onion woes

- The point-to-point inflation in October last fell by 0.07 percentage points to 5.47%, although the price of onion jumped by nearly 110% in the last one month, officials said Tuesday. The Bangladesh Bureau of Statistics (BBS) data showed that the inflation dropped to 5.47% in October last from 5.54% in the previous month.
- The Planning Minister said that inflation in the last month dropped as the prices of fishes and some vegetables had fallen. When asked about the higher onion price and its impact, he said although onion rose sharply, many vegetable items and fishes got cheaper last month, leading to a downward trend of the Consumer Price Index. According to the BBS, the non-food inflation at the national level fell to 5.45% in October from 5.92% in September. However, the food inflation increased to 5.49% last month from 5.30% in the previous month.

<https://today.thefinancialexpress.com.bd/first-page/oct-inflation-cools-despite-onion-woes-1572976701>

<https://www.dhakatribune.com/business/2019/11/05/inflation-eases-to-5-47-in-october-despite-hike-in-food-prices>

<http://www.newagebd.net/article/89857/food-inflation-up-in-oct-on-onion-prices>

<https://www.thedailystar.net/business/news/oct-inflation-declines-8-month-low-1823800>

Overproduction weighs on cement makers

- Cement manufacturers are going through a very challenging time because of an unhealthy competition caused by overproduction, market players said yesterday. There are 37 active cement factories in Bangladesh with a combined production capacity of 58 million tonnes per year against a demand of 33 million tonnes, meaning the capacity exceeds the demand by about 43%.
- While moderating different sessions, the Chief Executive Officer of Intercem said the demand for cement in Bangladesh has grown 10% year-on-year in the last one decade, but per capita consumption was still at a relatively low level of 166 kilograms. It will take at least four years to get rid of the unhealthy competition as the demand will increase, he said, adding that per capita cement consumption will stand at 250kg in 2020.
- Managing Director of Confidence Cement said the industry was running at 55 to 57% of the capacity which is below the level needed to reach break-even. Managing Director of Shun Shing Group, Hong Kong, said, the under construction Padma bridge project will consume 3 million tonnes of cement alone. Other mega projects will also need a huge amount of the key construction material.
- The market size of the sector is around USD 3 billion, or BDT 255 billion. Manufacturers have invested more than BDT 300 billion in the sector. Local companies are dominating the market. Of the total consumption, individuals account for 25%, real estate companies and developers 30% and the government 45%.

<https://www.thedailystar.net/business/news/overproduction-weighs-cement-makers-1823797>

Bangladesh Securities and Exchange Commission (BSEC) imposes 3-year lock-in on Ring Shine's shares held by Universe Knitting

- The Bangladesh Securities and Exchange Commission on Tuesday extended the lock-in to three years on the shares held by Universe Knitting in Ring Shine Textile Limited which was awaiting enlistment at the stock exchanges.
- As per the BSEC rules, shares of sponsors and director of any IPO-seeking companies are subject to three year lock-in while the lock-in period on placement shares is one year. The commission, however, extended the lock-in period on

Ring Shine shares held by Universe Knitting following observations from the Dhaka Stock Exchange and an online media report.

• Although a media report claimed that Managing Director of Ring Shine Textile's share in Ring Shine Textile and his affiliation with the company was not specified in the IPO prospectus of Ring Shine Textile, the information of his affiliation with Universe Knitting was incorporated in the IPO prospectus, the BSEC press release said. This was why the commission had found no deviation of rules in this connection, it said, adding that the decision to extend the lock-in, however, was taken in the greater interests of the investors and the market.

• Earlier, the DSE had asked for details about Universe Knitting from the company which it bypassed and led to dissatisfaction among the DSE management, said an official of the bourse. He said that it was unethical for a MD or sponsor director of a company to buy huge amounts of placement shares of the company through another entity he was affiliated with without proper declaration. DSE sources said that the owner of a company usually bought placement shares of its own company to dump the shares on the public in the secondary market. In Ring Shine's case, it has offloaded almost 68.46% to the public, including placement shares, keeping around the mandatory 30% shares in hand.

<http://www.newagebd.net/article/89859/bsec-imposes-3-year-lock-in-on-ring-shines-shares-held-by-universe-knitting>

Reduce dependence on RMG, focus more on potential others: United States Agency for International Development (USAID) report

• A report on the country's private sector has suggested lending greater attention to the growth of at least six sectors which have the potential to earn more than USD 60 billion by 2023. The sectors are agri-business, light engineering, information and communications technology (ICT), tourism, pharmaceuticals and healthcare. The report also suggested systematic diversification towards productive, value-added and export-oriented sectors to address the issue of unemployment and help boost inclusive growth. Explaining the prospects of selected six sectors, the report said presently these sectors together contribute around 10% of the country's GDP. The six sectors are also generating 3.5 million jobs, it said.

<https://today.thefinancialexpress.com.bd/last-page/reduce-dependence-on-rmg-focus-more-on-potential-others-1572977488>

<https://www.dhakatribune.com/business/economy/2019/11/05/us-keen-to-help-bangladesh-diversify-its-economy>

Sustainable production to boost ready-made garment (RMG) orders: Western retailers say

• Western retailers yesterday said they would opt for long-term sourcing of apparel items from Bangladesh in increased volumes provided there is sustainability in production here. Praising Bangladesh's entrepreneurs for increasingly adopting green garment factories, they urged the manufacturers and government for continuation of such drives for better sustainability in the sector.

• Currently, Bangladesh has 101 garment factories certified by the Leadership in Energy and Environmental Design (LEED), an internationally recognized green building certification system. More than 500 garment factories are waiting for the LEED certification.

Bangladesh is a very important sourcing destination for the H&M, but the country should also focus more on sustainability practices in water consumption, labor practices and future safeguarding of the world, said the Group Head of Sustainability at H&M. Currently, the Swedish retail giant H&M buys more than USD 3 billion worth of garments from Bangladesh in a year. Echoing the views was the Country Manager of Bangladesh and Myanmar for British retail giant Marks & Spencer.

<https://www.thedailystar.net/business/news/sustainable-production-boost-rmg-orders-1823806>

<http://www.newagebd.net/article/89858/transparency-sharing-responsibility-stressed-for-sustainable-rmg-sector>

The Executive Committee of the National Economic Council (ECNEC) approves BDT 34.49 billion project

• Presided over by the Prime Minister, a meeting of the Executive Committee of the National Economic Council (ECNEC) endorsed the project on Tuesday along with five others at a combine cost of BDT 44.48 billion. The government has approved a physical protection system project for ensuring security of the Rooppur Nuclear Power Plant (NPP) at a cost of BDT 34.49 billion. Among the six approved projects, five are new, and one is revised. Of their total cost, BDT 44.40 billion will come from the government's internal resources, while the rest BDT 79.0 million will come from the implementing agencies' own fund, the Planning Minister said.

<https://today.thefinancialexpress.com.bd/last-page/ecnec-approves-BDT-3449b-project-1572977421>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$56.96	-0.27	-0.47%
Crude Oil (Brent)*	\$62.64	-0.32	-0.51%
Gold Spot*	\$1,486.83	+3.22	+0.22%
DSEX	4,703.70	+25.34	+0.54%
Dow Jones Industrial Average	27,492.63	+30.52	+0.11%
FTSE 100	7,388.08	+18.39	+0.25%
Nikkei 225	23,263.83	+11.84	+0.05%
BSE SENSEX	40,314.69	+66.46	+0.17%

Exchange Rates
USD 1 = BDT 84.64*
GBP 1 = BDT 109.06*
EUR 1 = BDT 93.78*
INR 1 = BDT 1.20*

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

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