

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.

Private credit growth hits 31-month low

- Private sector credit growth hit a 31-month low of 14.95% in August as investors shy away from business expansion due to the upcoming national election in December. The development will bring much cheer to the Bangladesh Bank as this is the first time in about a year that the growth rate has been below its ceiling. The private sector credit growth target for the second half of the year is 16.80 percent. Banks have enough money but investors are unwilling to take investment decisions ahead of the election, said managing director of Bank Asia.
- The central bank's decision to slash the loan-deposit ratio by 1.5% points to 83.5% was one of the main reasons behind the declining credit growth. Most of the banks have brought down their loan-deposit ratio in line with the central bank's instruction. As a result, credit growth has slowed recently. But the trend is normal as it remained within the central bank's ceiling. At the end of June, the average loan-deposit ratio stood at 76.66 percent.

<https://www.thedailystar.net/business/news/private-credit-growth-hits-31-month-low-1642783>

Bangladesh Bank sees growth, inflation outlook stable in FY '19

- The central bank assumes that political tensions centring on next general election in the country will be insignificant and hence economic growth and inflation are likely to remain stable in the current fiscal year (FY). Looking ahead, growth and inflation outlook would likely remain relatively favourable in FY 2018-19, assuming no significant pickup in election-related political tension. The World Bank (WB) however, views the upcoming election as a domestic risk factor that may affect business confidence and investment, if the polls are not inclusive.

<http://today.thefinancialexpress.com.bd/public/first-page/bb-sees-growth-inflation-outlook-stable-in-fy-19-1538674635>

Secondary bond market still elusive

- Bangladesh is far off from getting a much-needed secondary bond market as 96% of the securities issued by the government are owned by banks and insurers, which are tightly holding on to them to meet their regulatory requirements. As of June, the government issued treasury bills and bonds worth BDT 1.62 trillion. Banks have 77.12% or BDT 1.25 trillion of them with a view to maintaining the statutory liquidity ratio determined by the Bank Companies Act 1991. Similarly, life and general insurance companies possess treasury bills and bonds worth BDT 128.00 billion to fulfil their legal compliance. In the absence of a vibrant secondary bond market, bonds have become non-tradable assets. Had there been a functional bond market, the government could have easily mobilised funds to implement mega infrastructural projects.

<https://www.thedailystar.net/business/news/secondary-bond-market-still-elusive-1643662>

Confidence powers pharma exports

- The country's medicine export crossed the USD 100-million mark during the last fiscal, thanks to the growing recognition of Bangladeshi drugs in the global market. The local pharmaceutical industry fetched USD 103.46 million during fiscal year (FY) 2017-18. The amount was around 16% higher than the earning (USD 89.17 million) of FY 2016-17. The volume of export was USD 18.77 million in the first two months of the current fiscal year, which is 19% higher than that of the corresponding period of the last fiscal year. The sector is expected to grow at much higher rate in coming years as local companies are getting access to new export destinations, helped by required policy support from the government. Strong manufacturing base and skilled manpower are playing a crucial role for the positive growth in the sector.

<http://today.thefinancialexpress.com.bd/first-page/confidence-powers-pharma-exports-1538845204>

Buy handsets with ease

- The telecom regulator has finalised a directive that will soon allow those with no credit card to enjoy equal monthly instalment facility to purchase high-end smartphones from mobile operators. A longstanding demand of the carriers, the move is expected to boost 4G-enabled handset penetration in the market, enabling operators to better monetise their investment on 4G. The EMI will be for six months and the handsets will be locked to the network until then, said a senior official of Bangladesh Telecommunication Regulatory Commission related with the process.
- The handsets, which would carry the mobile operator's logo as well as the vendor's, can have no less than 1GB RAM and 8GB storage space and be compatible with 900, 1,800 and 2,100 spectrum bands. The handsets must not cost more than the regular market price, and the mobile operators can run advertising campaigns to market them, as per the

directive. The development is a cause for alarm for mobile operators as they built their network for the fastest mobile data by investing billion of dollars.

<https://www.thedailystar.net/business/news/buy-handsets-ease-1642789>

Most of banks don't have budget for compliance units

- Around 70% of the surveyed banks don't have separate budget for their compliance units that deal with both internal and external issues. But 91% believe compliance costs help to reduce banking business risks. Besides, private and public commercial banks have to submit a total of 263 reports annually to the central bank to comply with various issues. As Bangladesh Bank (BB) is the main regulatory authority of the banking sector, it has 15 acts/laws, 46 guidelines, 10 regulations and 478 circular/circular letters as regulatory requirements. But these regulations also incur a cost on banks. With the increasing regulatory compliance requirements for banks over the years in the country, costs of complying with the requirements are also increasing.

<http://today.thefinancialexpress.com.bd/public/last-page/most-of-banks-dont-have-budget-for-compliance-units-1538675325>
<https://www.thedailystar.net/business/news/too-many-compliance-reports-raise-costs-banks-paper-1642786>

Janata seeks FID nod to raise deposit rate amid crisis

- State-owned Janata Bank, reeling from loans scams, has sought consent from the Financial Institutions Division for offering more than six% interest rate on deposit against the backdrop of sharp decline in its deposits. Deposits of over BDT 30.00 billion were withdrawn from the bank since the implementation of a government decision to set the interest rate for lending at nine % and deposit at six per cent. Janata that suffered loan scams of BDT 12.00 billion involving Bismillah Group in 2012, BDT 55.00 billion involving Crescent Group and over BDT 50.00 billion by AnonTex in the last one year is facing severe liquidity crisis following withdrawal of deposits.

- Although all the state-owned commercial banks have complied with the directive, only a couple of private banks have implemented it. Most of the private banks and non-bank financial institutions were offering more than 6% interest on deposits. As a result, the state-owned banks are facing an uneven competition and suffering from falling deposit which forced Janata to appeal for increasing the interest rate by at least 0.5% points to 6.5 per cent.

<http://www.newagebd.net/article/52526/janata-seeks-fid-nod-to-raise-deposit-rate-amid-crisis>

January-July RMG export to European Union low in value

- The country's ready-made garment export to the European Union (EU) during the last January-July period was much lower in terms of value than that of volume. Exporters and experts attributed sluggish global demand, depreciation of euro and market shift from China to the declining trend of apparel prices. The EU's apparel import from Bangladesh in terms of value grew by 3.92% to €9.52 billion from €9.16 billion for the seven months. The same in terms of volume rose by 15.75% to 749.20 million kilograms, up from 647.23 million kilograms of last year. The data showed the EU's overall apparel import from across the globe during the period increased by 5.58% to 2.73 billion kg. In terms of value, it witnessed a meagre 0.06% growth with earnings of €46.66 billion.

<http://today.thefinancialexpress.com.bd/last-page/jan-july-rmg-export-to-eu-low-in-value-1538844555>
<http://www.newagebd.net/article/52529/rmg-export-volume-growth-outpaces-value-in-eu-market-as-price-falling>

World Bank approves USD 515 million for three projects

- The World Bank has approved USD 515 million for three projects in Bangladesh to aid improvement in the areas of coastal and marine fisheries, forest management, and rural roads. The financing will benefit rural people by reducing poverty and creating new livelihood opportunities, including for local communities in Cox's Bazar district hosting Rohingya people who fled violence in Myanmar. These three projects will create opportunities for the rural population and especially help the vulnerable people come out of poverty. At the same time, they will improve the country's resilience to climate change.

- Under the project trees will be planted on about 79,000 hectares of forest, including a coastal green belt that will also help increase climate change resilience. The project will support increasing income through alternative income generation activities for about 40,000 households in the coastal, hill and central districts of the country. The project will particularly help the host communities through its income generation activities, improving the availability of wood for fuel in a sustainable way and reducing human-wild elephant conflict which has affected parts of the district.

<http://today.thefinancialexpress.com.bd/last-page/wb-approves-515m-for-three-projects-1538844513>

Transshipment deal with India likely this month

- Bangladesh and India are expected to sign this month the much-talked-about transshipment agreement that would allow the latter to use Chittagong and Mongla ports to transport goods to its north-eastern states. The cabinet recently gave its seal of approval for the proposed agreement. The bilateral deal is expected to be signed during the shipping secretary-level meeting between the two countries. The meeting is scheduled to be held later this month. The agreement will remain effective for a period of five years with a provision of auto-renewal for another five years. Either of the countries, however, could cancel the deal giving six months' notice. This will affect the manufacturing sector as we export a lot of goods to the north eastern states of India.

<http://today.thefinancialexpress.com.bd/first-page/transshipment-deal-with-india-likely-this-month-1538844886>

Investment in Export Processing Zones grows threefold in 10 years

- Investment under the Bangladesh Export Processing Zone Authority (BEPZA) increased around three times in the last 10 years due to the government's business-friendly initiatives. According to the BEPZA, the flow of investment soared to USD 4,724.92 million in August 2018 from USD 1509.14 million in December 2008. Due to different measures taken by the BEPZA, the flow of investment in the country's eight Export Processing Zones (EPZs) showed an upward trend in the last couple of years, said BEPZA General Manager. She said a total of 476 industries under the eight EPZs also made better performance in the fields of export and employment generation as the two components increased 2.5 times and two times respectively in the last 10 years.

- Official data shows that the cumulative investment stands at USD 1,643.02 million in Chittagong EPZ up to June 2018 while USD 1,360.81 million in Dhaka EPZ, USD 315.51 million in Comilla EPZ, USD 59.01 million in Mongla EPZ, USD 159 million in Uttara EPZ, USD 136.77 million in Ishwardi EPZ, USD 471.70 million in Adamjee EPZ and USD 535.03 million in Karnaphuli EPZ. In order to stimulate rapid economic growth of the country, particularly through industrialisation, the government has adopted an 'Open Door Policy' to attract foreign investment to Bangladesh. The BEPZA is the official organ of the government to promote, attract and facilitate foreign investment in the EPZs.

<http://today.thefinancialexpress.com.bd/public/trade-market/investment-in-epzs-grows-threefold-in-10-years-1538673903>

Bangladesh Energy Regulatory Commission (BERC) likely to declare new gas tariff next week

- The country's energy regulator has waived a total of 122% tax on locally-produced natural gas at the consumer end to keep the blended gas price rational with imported re-gasified LNG. The tax includes 93.25% supplementary duty (SD) and 15% value added tax (VAT) thereafter. National Board of Revenue (NBR), however, slapped 15% VAT on the import of LNG (liquefied natural gas). The actions came with issuance of three separate statutory regulatory orders (SROs).

- NBR waived 5.0% customs duty (CD) on LNG import last week, but slapped 2.0% advance income tax (AIT) in April 2018. With the issuance of these SROs the 'indecisive stage' of the energy regulator in this regard came to an end. It also paves the way for announcing a fresh hike in gas tariff. It is almost eminent that the declaration of a fresh gas price will come next week.

<http://today.thefinancialexpress.com.bd/public/first-page/berc-likely-to-declare-new-gas-tariff-next-week-1538674826>

Energy costs to double by 2031: Japan International Cooperation Agency

- Energy costs in the industrial and transport sectors will stand at USD 20 billion by 2031, double that of 2021, said chief representative at the Bangladesh office of Japan International Cooperation Agency (Jica). He said efficient use of energy in Bangladesh is very crucial as the country has been importing power alongside going for low-cost natural gas-based electricity generation. To minimise costs, the power tariff has also been increased, he added.

<https://www.thedailystar.net/business/news/energy-costs-double-2031-jica-1642792>

NBR revenue receipt 20% short of target in July-August

- Revenue collection by National Board of Revenue fell BDT 72.74 billion or 20.45% short of target in the first two months of the current fiscal year 2018-2019. Taxmen managed to collect only BDT 283.03 billion in July-August against the collection target of BDT 355.77 billion for the period, according to the provisional data of NBR. Tax mobilisation also witnessed very insignificant growth at 1.53% in July-August of the current FY 2019 compared with that of the same period of last FY 2018 due mainly to negative growth in value-added tax and customs duty collections.

- VAT collection declined by 2.33% and customs duty by 2.35% in two months compared with the same period of last year. Income tax collection grew by 13.83% in the period. Of the total revenue collection, the highest BDT 109.86 billion came from customs duty, BDT 97.14 billion from VAT and BDT 76.03 billion came as income tax. NBR had collected BDT 278.77 billion in the first two months of the last FY 18. NBR has set a target of realising BDT 2.96 trillion revenue in the current fiscal year.

<http://www.newagebd.net/article/52527/nbr-revenue-receipt-20pc-short-of-target-in-jul-aug>

Big firms still staying away from stock market: Bangladesh Securities and Exchange Commission

- Big companies in Bangladesh are reluctant to get listed on the stock market in spite of tax benefits to avoid coming under the regulators' scanners. With a view to attracting much-needed quality stocks to the market, the government is extending 5 to 10% tax waiver to listed companies. But, listed companies have to comply with certain rules and regulations -- a daunting prospect for many.

<https://www.thedailystar.net/business/news/big-firms-still-staying-away-stock-market-bsec-1642765>

Kattali Textile to allocate 34 million primary shares

- Kattali Textile will allocate 34 million ordinary shares among the successful applicants as the company's IPO lottery draw was held on Thursday. The initial public offering (IPO) lottery result has been published on the websites of Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE) and the company. Kattali Textile, which received the IPO approval from the Bangladesh Securities and Exchange Commission (BSEC) on June 26 last, raised a fund worth BDT 340 million from the capital market under the fixed price method.

- During FY '18, the LTU collected BDT 168.70 billion, mostly corporate tax, achieving 22% per cent growth over that of the previous year. Of the total collection, 12 banks paid BDT 36.40 billion last year. Although income tax wing lagged behind its annual revised target, the unit met its goal against its revised target for BDT 164.12 billion. However, the target for the unit has been set BDT 215 billion for the current fiscal expecting 31% growth.

<http://today.thefinancialexpress.com.bd/public/stock-corporate/kattali-textile-to-allocate-34m-primary-shares-1538670519>

Runner Auto appoints distributor in Bhutan

- Runner Automobiles has appointed authorised distributor in Bhutan as part of exporting motorcycles in that country. The State Trading Corporation of Bhutan (STCB), a state-owned subsidiary company, will play the role of authorised distributor for the Runner brand in Bhutanese market. For Runner Automobiles, Bhutan is the second international market after Nepal where they have already established Runner branded bikes that were launched in December 2017.

<http://today.thefinancialexpress.com.bd/public/stock-corporate/runner-auto-appoints-distributor-in-bhutan-1538670542>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$76.23	-0.18	-0.24%
Crude Oil (Brent)*	\$86.16	-0.13	-0.15%
Gold Spot*	\$1,196.81	-0.54	-0.05%
DSEX	5422.66	+41.73	+0.78%
Dow Jones Industrial Average	26,828.39	+54.45	+0.20%
FTSE 100	7,510.28	+35.73	+0.48%
Nikkei 225	24,054.80	-56.16	-0.23%

Exchange Rates

USD 1 = BDT 84.28*
 GBP 1 = BDT 108.98*
 EUR 1 = BDT 96.66*
 INR 1 = BDT 1.14*

*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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