

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.

Inflation edges down in August

- Inflation declined 13 basis points to 5.49% in August, helped by the downward movement of both food and non-food prices. Food inflation edged down 15 basis points from 5.62% in July to 5.49% last month while non-food inflation came down to 5.82%, down 12 basis points from 5.94% a month ago.
- In rural areas inflation dropped to 5.34% from 5.48% in July. Food and non-food inflation declined to 5.38% and 5.25% from 5.60% and 5.27% respectively in July. Inflation also fell in urban areas, to 5.75% from 5.88%. Food and non-food inflation were down to 5.02% and 6.60% in August from 5.03% and 6.84% respectively a month ago.
- The government has targeted a 5.5% inflation rate in the current fiscal year. It was able to contain it at 5.48% last fiscal year, comfortably below the target of 5.6%.

<https://www.thedailystar.net/business/news/inflation-edges-down-august-1795228>
<http://today.thefinancialexpress.com.bd/first-page/aug-inflation-declines-marginally-1567532384>
<https://www.dhakatribune.com/business/2019/09/04/inflation-falls-in-august-bbs>

NPL buildup, high cost of fund remain major potential risks: Bangladesh Institute of Bank Management (BIBM)

- The country's banking sector is now moderately competitive and stable. But, there are some potential risks for the sector, including further increase in the volume of non-performing loans (NPLs), insolvency, growing urban and rural discrepancy, and high cost of fund, a study by BIBM opined. The study found a significant relationship between the banks' total asset and volume of NPLs. It implies that if the banks can reduce NPLs, they can increase their asset portfolio in a prudent manner, which eventually will reduce credit risk. The estimated coefficient for total asset implies that increase in bank assets will reduce Z-score.
- The notable upward concentration in fixed deposit should remain as a point of worry in the market, as it causes high cost on deposit and cost of fund, the study opined. It also observed that dependency on high cost deposit may cause high possibility of liquidity crisis, as there will be no space to offer higher profit to depositors. The study found that the volume of rural deposit has increased from 15.9% in 1980 to 20.6% in 2018. But the volume of rural advance has reduced from 11.8% in 1980 to 10.4% in 2018.
- Over the last four decades, the share of industrial loan (in the total volume of disbursed loan) has experienced regular ups and downs. But agricultural credit has declined to 4.6% in 2018 from 17.5% in 1980.

<http://today.thefinancialexpress.com.bd/first-page/npl-buildup-high-cost-of-fund-remain-major-potential-risks-1567532287>
<https://www.dhakatribune.com/business/2019/09/04/pulling-out-tk2-12-100cr-idle-money-from-banks>

Deadline extended for rescheduling loans

- The central bank yesterday extended the deadline for defaulters for sending in rescheduling proposals under its relaxed policy to October 20. Earlier in August, Bangladesh Bank said defaulters would get the scope to apply until September 7 in line with the High Court order. But it extended the deadline again as per another court order on August 29. Under the policy, defaulters can make a 2 percent down payment to reschedule their loans for 10 years, including one year's grace period, at 9 percent interest rate.
- The borrowers, who will get the rescheduling facility under the policy, will not be allowed to get fresh loans from banks, according to a central bank notice sent out to all lenders yesterday. The relaxed policy was made available in May to allow defaulters to clear their loans. The High Court issued a status quo, putting the effectiveness of the notice on hold until June 23, barring rescheduling of default loans under the policy. However, the Supreme Court on July 8 issued a stay on the High Court order for two months. The BB will allow defaulters to reschedule their classified loans until the fresh date, a central bank official said.

<https://www.thedailystar.net/business/news/deadline-extended-rescheduling-loans-1795225>
<https://www.newagebd.net/article/83467/banks-to-accept-pleas-till-oct-20>

Confidence Cement acquires 51% stake of Zodiac Power

- Confidence Cement has purchased 51% stake of Chattogram-based Zodiac Power Chittagong Ltd and made it a

subsidiary of the company. The board of directors of Confidence Cement has approved the purchase of 5.1 million ordinary shares of BDT 10 each of Zodiac Power Chittagong with effect from August 06, 2019 which is 51% stake in the equity of the Zodiac Power, according to an official disclosure on Tuesday. The Zodiac Power Chittagong Ltd is an Independent Power Producer company having 54.363 MW HFO based power plant located at Kolagao at Patiya in Chattogram, said the disclosure.

- The Confidence Cement also informed that upon successful testing and commissioning the Zodiac Power Chittagong has started commercial operation of its HFO based, net 54.363 MW Power Plant consisting of the Unit of MAN Engines supplied along with related auxiliaries by Germany with effect from August 30, 2019 to sell the whole production of electricity to the Bangladesh Power Development Board (BPDB).

<http://today.thefinancialexpress.com.bd/stock-corporate/confidence-cement-acquires-51pc-stake-of-zodiac-power-1567529130>

<https://www.thedailystar.net/business/news/confidence-cement-buys-51pc-stakes-zodiac-power-1795222>

<https://www.dhakatribune.com/business/2019/09/04/confidence-cement-buys-51-stake-in-zodiac-power>

ADN Telecom to issue shares under book building

- The securities regulator has allowed ADN Telecom to issue shares to eligible investors (EIs) and general public under the book building method. As per the BSEC approval, the company will issue over 11.87 million shares to EIs at a price of BDT 30 each, the cut off price. Over 7.91 million shares will be issued to general investors at a price of BDT 27 each. The company will utilize the IPO (initial public offering) fund worth BDT 570 million to develop infrastructure, establish data center, repay bank loans and bear the IPO expenses.

- The securities regulator has also approved the proposal of issuing registration to Build Bangladesh Social Entrepreneurs Fund, an impact fund. The size of the fund will be BDT 830 million and the tenure will be 10 years.

<http://today.thefinancialexpress.com.bd/stock-corporate/adn-telecom-to-issue-shares-under-book-building-1567529338>

<https://www.newagebd.net/article/83472/bsec-okays-adn-telecoms-tk-57cr-ipo>

<https://www.dhakatribune.com/business/2019/09/04/bsec-approves-adn-telecom-ipo-tk83-cr-impact-fund>

Open-end Mutual Funds interest fund managers more

- Most of the fund managers now prefer floatation of open-end mutual funds (MFs) to closed-end ones, as they consider options of the open-end ones more viable and investor-friendly than the latter ones. As a result, the number of open-end MFs has gradually increased over the last five years, while the number of closed-end ones has declined during the period.

- An official of the Bangladesh Securities and Exchange Commission (BSEC) said a number of factors, including small size, prompted the fund managers to float more open-end MFs than closed-end ones. The minimum size of a closed-end MF is BDT 500 million, whereas the minimum size of an open-end fund is BDT 100 million. According to the BSEC information, two open-end MFs were floated in 2014, three in 2015, 13 in 2016, seven in 2017, and 14 in 2018. Presently, the number of this type of funds stands at 53. On the other hand, only seven closed-end MFs were floated in last five years, and the total number of such funds is presently 37.

<http://today.thefinancialexpress.com.bd/first-page/open-end-mfs-interest-fund-managers-more-1567532337>

BTRC starts work on 5G guideline

- Bangladesh is homing in on a 2022 roll-out of the fifth generation (5G) cellular network technology, with the telecom regulator now working on a guideline for the next generation of mobile internet connectivity that comes with super-fast speeds. With 5G, mobile users can expect average download speeds of at least 1 Gigabits per second, in contrast to 7.5 Megabits per second under 4G.

- 5G networks are already starting to appear and are expected to launch across the world by 2020. The Bangladesh government has initially targeted to launch 5G service by the end of 2022 or early 2023. But leading mobile phone operators said the market ecosystem is not ready yet to reap the full benefits of 4G, let alone the next generation 5G. Their total investment on 3G was upwards of BDT 360.00 billion but they have registered only BDT 70.00 core in revenue against it.

- For rolling out 4G services, operators have invested about BDT 110.00 billion and have also paid BDT 50.00 billion to the regulator. But the impact on revenue has been negligible. From the operators' side there is no business case for 5G, the managing director of Robi, said in February 2019.

<https://www.thedailystar.net/business/5g-mobile-internet-service-guideline-btrc-starts-work-1795237>

<http://today.thefinancialexpress.com.bd/last-page/btrc-to-prepare-guideline-for-5g-network-by-january-1567532828>

<https://www.newagebd.net/article/83469/government-forms-body-to-frame-5g-guidelines>

Japanese company to acquire 49% of Reliance's Bangladesh power project

- Reliance Power signed a partnership agreement with JERA, one of the largest power utilities of Japan, for jointly setting up 750 MW gas based combined cycle power project (Phase-1) at Meghnaghat in Bangladesh, report agencies. Reliance Power will hold 51% stake while JERA will hold 49% stake in the joint venture company. The project will be set up within 36 months of signing the agreements. The transaction will result in debt reduction for Reliance Power of Rs. 8.35 billion (USD 116 million) payable to US-Exim.
- The gas-based combined cycle power project will be set up in Narayanganj's Meghnaghat, 40km southeast of Dhaka. The Bangladesh Power Development Board will buy electricity from the project for 22 years. Reliance plans to invest about USD 1 billion to set up the plant by 2022, Reuters reported. The combined-cycle power plant will be fueled by gas and liquefied natural gas.

<http://today.thefinancialexpress.com.bd/last-page/japanese-co-to-acquire-49pc-of-reliances-bd-power-project-1567532762>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$54.91	-0.19	-0.34%
Crude Oil (Brent)*	\$58.73	+0.07	+0.12%
Gold Spot*	\$1,524.18	-5.11	-0.33%
DSEX	5,033.54	-37.15	-0.73%
Dow Jones Industrial Average	26,403.28	+41.03	+0.16%
FTSE 100	7,281.94	+74.76	+1.04%
Nikkei 225	20,634.85	+14.66	+0.07%
BSE SENSEX	37,009.55	-323.24	-0.81%

Exchange Rates

USD 1 = BDT 84.48*
 GBP 1 = BDT 101.65*
 EUR 1 = BDT 92.41*
 INR 1 = BDT 1.17*

*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
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
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