

*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.*

### **Trade deficit shrinks by 15.6% in July**

- The country's trade deficit fell by 15.6% year-on-year to USD 979 million in July of the current FY 2019-20, due mainly to a slowdown in import growth. According to the central bank data, trade deficit eased in July as import grew by only 2.26% against the 8.11% export growth during the period. Import payments in the month stood at USD 4.81 billion from USD 4.70 billion in the same period of last fiscal year. On the other hand, export earnings reached USD 3.83 billion in the first month of FY20 against USD 3.54 billion in the same month of last fiscal year. Of the export earnings, readymade garments that constitute 86.5% of the country's exports fetched USD 3.31 billion, a raise by 9.68% from USD 3.02 billion, according to the data.

- The fall in trade deficit is a positive sign for the economy but the slowdown in import growth is not always a good sign, either, experts have said. They say overall import, particularly import of capital machinery and raw materials is the fundamental basis for local industrialization, which subsequently transforms into enhanced export earnings for the economy. The deficit narrowed due to a slowdown in import growth, says a former lead economist of World Bank, Bangladesh. Food import in the month declined due to improved food production in recent time, he mentions, adding that import of capital machinery on the other hand declined for lack of a sound investment environment.

<https://www.dhakatribune.com/business/2019/09/19/trade-deficit-shrinks-by-15-6-in-july>

### **Government firm to buy NPLs by next year**

- The government plans to form an asset management company this fiscal year to buy distressed loans off banks as part of its efforts to clean up the financial sector. As per the roadmap, the government will draw up a special law to form a public asset management company (PAMC) in the lead up to the next budget for fiscal 2020-21. The law will empower the PAMC to purchase non-performing loans (NPLs) from banks and sell them off to individuals or corporate entities by way of sidestepping court instructions, said a finance ministry official. The PAMC will acquire default loans from banks after doing due diligence and also the sick institutions saddled with bad loans and restructure them. The restructured asset will be sold at a premium then, he added.

- The development means banks will soon get respite from the legal complexities to recovering their default loans. The government has recently formed a five-member committee comprising of officials from both the central bank and the finance ministry to speed up the process for formation of PAMC. The committee, which was formed following a feasibility study in June, is now working on framing the draft act, which may be enacted in the parliament session for next fiscal budget, according to the finance ministry official. Its member will attend an international conference organised by International Public AMC Forum (IPAF), an organisation of seven countries' PAMCs, in Seoul, South Korea later this month to gather more information.

- The IPAF members will also purchase the default loans from Bangladesh if the country's PAMC joins the organisation. Meanwhile, earlier in August, in a meeting with the finance ministry the Asian Development Bank showed interest in providing technical and financial support to the government for creation of the PAMC, he said. The Manila-based multilateral lender has extended similar support to a number of countries, which eventually helped them arrest their default loans.

<https://www.thedailystar.net/business/news/govt-firm-buy-npls-next-year-1803511>

### **Foreign affiliated entities allowed to remit profits without prior nod from Bangladesh Bank (BB)**

- All the entities affiliated with foreign companies and firms would be allowed to remit profits abroad without taking any prior approval from Bangladesh Bank. The BB issued a circular in this regard on Thursday. The circular was a clarification as the guidelines did not mention anything about the liaison office, reprehensive office and project office or presence of foreign entities in any other form except branch of foreign firms and companies in Bangladesh.

- Although there would be no requirement of taking BB's prior approval in remitting profits from Bangladesh to their head offices, the authorised dealers of the banks will have to file documents with the BB within 30 days of profit remittance for post-facto checking. However, the issue of remitting fund by the subsidiaries of any multinational or foreign company would be treated based on the respective guidelines, a BB senior official said. Besides, the BB also clarified that it would consider applications submitted by authorised dealers for outward remittances of residual balances after closing branch office, liaison office or representative office or any other places of business operating in Bangladesh and for refund of borrowing availed from their head offices.

<http://www.newagebd.net/article/85152/foreign-affiliated-entities-allowed-to-remit-profits-without-prior-nod-from-bb>

### MNP service subscription falters in July-August due to SIM tax

- Country's mobile phone subscribers' appetite for availing themselves of the mobile number portability service plummeted immediately after the announcement of the budget for the current fiscal year as the subscription cost increased by fivefold due to the government's new tax measures. The monthly average MNP dropped by 34.76% to 63,800 in July-August, the first two months of the fiscal year (2019-2020), compared with 97,796 in May-June, the last two months of the last fiscal year (2018-2019). Before the FY20 budget announcement, the MNP service had been attaining customers' attention when the MNP fee was only BDT 56.

- In the budget for FY20, the government, however, increased SIM tax to BDT 200 from BDT 100 without extending the waiver issued for the MNP service, taking the total cost of MNP to BDT 256 (including the newly imposed SIM tax) for each customer. Since the MNP launch, the customers' appetite for availing themselves of the MNP service reached the peak in May this year, as 1,11,127 mobile subscribers successfully changed their operators through MNP service while the figure was 44,312 in October last year, the first month of MNP launch. However, the number of MNP subscription fell to 69,885 and 57,715 respectively in July and August of FY20.

<http://www.newagebd.net/article/85151/mnp-service-subscription-falters-in-july-aug-due-to-sim-tax>

### International Monetary Fund's (IMF) panacea to retain trust in banking system

- The International Monetary Fund (IMF) has suggested the regulatory authorities adopt a comprehensive timely action plan to help maintain confidence in the banking system. It has recommended that the Bangladesh Bank (BB) tighten grip on criteria for rescheduling or restructuring of loans and avoid their repeated uses. The Washington-based lender observed that strict and prompt remedial actions should replace regulatory forbearance for banks as part of a broader plan.

- IMF made the recommendations against the backdrop of a rising trend in stressed assets in the banking sector. Stressed assets are defined as the sum of gross non-performing loans (NPLs) plus restructured and rescheduled advances. The stressed asset ratio climbed to 20.5% in 2018 from 19% in 2017 for the growing volume of non-performing assets and rescheduled advances, revealed BB's latest financial stability report. The IMF report also cited a growing trend of loan rescheduling and restructuring, including those granted by BB on an individual basis.

- The NPL ratio has increased from 9.3% at the end of 2017 to 10.3% at the end of 2018. Most NPLs are in SoCBs, with the end-2018 ratio standing at 30%. The published NPL ratio likely underestimates potential problems in the banking sector, IMF noted.

<http://today.thefinancialexpress.com.bd/first-page/imfs-panacea-to-retain-trust-in-banking-system-1568914981?date=20-09-2019>

### World Stock and Commodities\*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$58.09	-0.10	-0.17%
Crude Oil (Brent)*	\$64.28	-0.12	-0.19%
Gold Spot*	\$1,516.90	+17.87	+1.19%
DSEX	4,855.99	-32.03	-0.66%
Dow Jones Industrial Average	26,935.07	-159.72	-0.59%
FTSE 100	7,344.92	-11.50	-0.16
Nikkei 225	22,079.09	+34.64	+0.16%
BSE SENSEX	38,014.62	+1921.15	+5.32%

### Exchange Rates

**USD 1 = BDT 84.41\***  
**GBP 1 = BDT 105.27\***  
**EUR 1 = BDT 93.01\***  
**INR 1 = BDT 1.19\***

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

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