

*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.*

### **Bangladesh second fastest growing economy: International Monetary Fund (IMF)**

- Bangladesh is among the three fastest growing economies in the world, according to the International Monetary Fund (IMF) - in yet another thumping endorsement of the country's extraordinary growth momentum. The economy will grow at 7.3% this year, which will be second highest in the world, as per the IMF report 'World Economic Outlook, April 2019: Growth Slowdown, Precarious Recovery'.
- Neighboring India will also grow at the same pace as Bangladesh but Rwanda will grow the fastest at 7.8%. The three countries would be the only ones in the world to log in more than 7% growth this year.
- The Asian Development Bank tipped Bangladesh to log in the fastest economic growth in the Asia-Pacific region in fiscal 2019-20. This fiscal year, the economy will grow at 8%. The two multilateral lenders' projections for this fiscal year, however, are lower than the prediction of the government: 8.13%.
- Inflation will be 5.4% this year, which was 5.6% last year. Current account deficit was rising in the last two consecutive years. The negative balance was 2.1% of GDP in 2017 and 2.8% in 2018. In 2019, the negative balance will narrow to 1.9% of the GDP.

<https://www.thedailystar.net/business/news/bangladesh-second-fastest-growing-economy-imf-1728289>

### **World Trade Organization (WTO) praises BD's trade policy**

- Members of the World Trade Organization (WTO) praised the country's trade policy that contributed to the nation's progress in different sectors over the last few years. The appreciation came during the fifth trade policy review (TPR) meeting on Bangladesh in Geneva.
- WTO lauded Bangladesh's achievements in reducing the rate of poverty, increasing the per capita income and volume of export and import, maintaining the favourable investment environment and registering the high growth rate.
- Commerce Minister also informed the WTO Director General that Bangladesh has already modified its trade policy to get success in the global trade as well as to cope with the challenges to come in the way of the country's transformation from the least developed country status to becoming a developing country.

<http://today.thefinancialexpress.com.bd/trade-market/wto-praises-bds-trade-policy-1554910504>

<http://www.newagebd.net/article/69688/intl-trading-partners-want-long-term-policy-on-trade-investment-tipu>

### **Swap getting popular in local financial market**

- Interest rate swap is gradually becoming popular in the country's financial market, as many firms are showing interest on such type of derivative to avoid interest rate volatility.
- Bankers said in recent period, two big swap deals have been signed, one by the Eastern Bank Limited and other by the BRAC Bank Limited, amounting to USD 140 million. The Eastern Bank inked an interest rate swap deal with the Summit Group, the first-of-its-kind agreement for a local bank, in October 2018.
- The deal struck up pertains to the interest payment on USD 71.25 million loans taken by the two Summit Group concerns-Summit Barisal Power Limited and Summit Narayanganj Power Unit II Limited-in December 2016. On the other hand, the BRAC Bank signed a swap deal with the Ace Alliance Power Limited (AAPL) in March.
- The BRAC Bank provided hedging for the AAPL's exposure to the London Inter-Bank Offered Rate (LIBOR) against its borrowing of USD 68.60 million for 10.3 years. BRAC said its deal is the highest-tenor interest rate derivative for any private commercial bank in the country.

<http://today.thefinancialexpress.com.bd/first-page/swap-getting-popular-in-local-financial-market-1554918758>

### **Banks plagued by liquidity crunch**

- Banks are now offering double-digit interest rates for deposits in a desperate attempt to prop up their liquidity base amid high default loans and heavy bank borrowing by the government. The majority of the banks are forced to take deposits at 10% or more to tackle their liquidity crunch said chairman of the Association of Bankers, Bangladesh.
- A large amount of funds in the form of non-performing loans is now stuck with defaulters -- hiking the banks' cost of

funds. At the end of 2018 the total amount of non-performing loans in the banking system stood at BDT 939.11 billion, up 26.38% from a year earlier.

- As of January, the excess liquidity in banks stood at BDT 676.42 billion, down 11.45% from a month earlier and 13% year-on-year, according to data from the central bank.

<https://www.thedailystar.net/business/news/banks-plagued-liquidity-crunch-1728283>

### **Pay 15% VAT to claim rebate, says NBR chief**

- The National Board of Revenue (NBR) chairman has said a 15% VAT (Value Added Tax) would be applicable to businesses that claim VAT rebate. Multiple VAT rates lower than 15% would also be imposed on other products and services, he added.
- The chairman further added that the VAT and Supplementary Duty (SD) Act 2012 will take effect soon. The businesses should come out of informal transactions to use electronic cash registers for better record keeping of their sales he urged.
- BROA secretary general proposed that VAT rate for eateries (AC/non-AC) having BDT 30-million annual sales be fixed at 3.0%, down from existing 7.5%. He also proposed a 6.0-per cent VAT on restaurants with the yearly sales of BDT 60 million and 10% on those having sales more than BDT 60 million.
- But in the new VAT law, the NBR proposed a 3.0% VAT on the eateries having the annual sales of BDT 8.0 million. It slapped a 15% VAT on customers of the restaurants having more than BDT 8.0 million sales.

<http://today.thefinancialexpress.com.bd/trade-market/pay-15pc-vat-to-claim-rebate-says-nbr-chief-1554910580>

<https://www.thedailystar.net/business/news/no-vat-registration-no-business-1728280>

<http://www.newagebd.net/article/69682/no-business-without-vat-reg-nbr>

### **Bangladesh eyes duty benefits from eastern Europe**

- Bangladesh is going to sign a trade agreement with the Czech Republic mainly to enjoy duty benefits on exports of goods to countries of the Commonwealth of Independent States (CIS). With the signing, Bangladesh will enter a customs union of all the CIS countries, said the Commerce Minister. As a result, Bangladesh will enjoy the facility of paying lesser duties in some major countries, especially on garment item shipments, the minister said.
- Bangladesh is working to diversify both its export basket and destinations in attempts to promote sustainable business after the graduation by 2024, the final implementation of which would come by 2027.

<https://www.thedailystar.net/business/news/bangladesh-eyes-duty-benefits-eastern-europe-1728268>

### **Businesses sidestep BDT 10 billion in consumption tax during FY '18**

- The amount of VAT evasion has almost doubled in a year as the tax collector has intensified audits according to the officials. The VAT Audit, Intelligence and Investigation Directorate detected BDT 10.71 billion in evasion of such taxes during fiscal year 2017-18, up from BDT 5.67 billion a year ago.
- During the last 15 months, the wing unearthed VAT evasion worth BDT 20 billion and realized BDT 1.65 billion from businesses.
- Commissioner of the Directorate said the highest evasion took place in the manufacturing sector, followed by banks, insurers and financial institutions. The directorate realized BDT 574 million in VAT during the first seven months of the current fiscal year against BDT 449 million and BDT 99 million in FY 2017-18 and FY 2016-17 respectively.
- In FY 2017-18, the wing audited and inspected 287 businesses out of its selected 570 enterprises, including banks, insurance firms, manufacturing units, service providers, clubs and trading houses.

<http://today.thefinancialexpress.com.bd/first-page/businesses-sidestep-BDT-10b-in-consumption-tax-during-fy-18-1554918412>

### **Roads and Highways Department (RHD) unlikely to get World Bank funding this year**

- A slow progress in preparing the technical project on the start of the bus-based mass transit system in city's southern part has delayed getting the project's assistance from the World Bank by a year.
- They said a time gap between the start of Bus Rapid Transit (BRT) lines North and South will also widen due to the reason. BRT North is now at an implementation stage while BRT South is at a preparatory stage.

- Sources said the project preparation work of BRT South was supposed to be completed by October as agreed by the Ministry of Road Transport and Bridges (MoRTB) and its agency Roads and Highways Department (RHD) with the WB's mission who visited Bangladesh in September last.

- Experts apprehend that the delay may also increase public sufferings on Airport corridor as it gets highest traffic from almost all corners of the country. Currently, BRT North construction work has caused immense sufferings to the people.

<http://today.thefinancialexpress.com.bd/trade-market/rhd-unlikely-to-get-wb-funding-this-year-1554910479>

### **Bahrain-based Investcorp to invest in Bangladesh**

- Bahrain-based multinational financial institution Investcorp has expressed its interest to invest in Bangladesh's different sectors like infrastructure, consumer goods and technology.

- Executive Chairman of the Investcorp said the company is now expanding its footprints in Asian countries, following its successful investment in North America, Europe and Middle Eastern countries.

- The company makes an investment worth approximately USD 7.0 billion per year.

<http://today.thefinancialexpress.com.bd/trade-market/bahrain-based-investcorp-to-invest-in-bangladesh-1554910532>  
<https://www.thedailystar.net/business/news/bahrains-investcorp-keen-bangladesh-1728286>

### **Complex regulatory regime may hinder 5G: Banglalink CEO**

- Bangladesh's current complex telecom regulatory regime, which has already prevented the sector from achieving its full potential, is not conducive for efficient functioning of 5G service, said the top executive of Banglalink.

- The government is aiming to roll out the latest generation of cellular mobile communications by 2021 and has already carried out test runs in July last year, becoming the sixth country in the world do so.

- It will be almost impossible to deliver 5G service in a cost-efficient way with the current telecom regulatory regime said the CEO. There are so many telecom licences and regulations in Bangladesh that can't be found anywhere in the world.

- Like in many other countries, mobile operators in Bangladesh also want to offer free voice calls if users buy high volume of data. But the telecom regulator is not allowing that to happen.

<https://www.thedailystar.net/business/news/complex-regulatory-regime-may-hinder-5g-banglalink-ceo-1728298>

### **GE project to enhance Bangladesh's power generation capacity**

- GE (NYSE: GE) has announced the launch order for its new GT26 HE (high efficiency) gas turbine upgrade with Uniper for the utility's Enfield Power Station in greater London.

- Once completed, the project will provide a much-needed increase in power generation capacity for Bangladesh by adding more than 200 megawatts (MW) of power to the national grid.

<http://today.thefinancialexpress.com.bd/stock-corporate/ge-project-to-enhance-bds-power-generation-capacity-1554916700>

### **eGeneration to provide Microsoft Solutions to Robi**

- eGeneration Limited, Licensing Solutions Partner (LSP) of Microsoft Bangladesh, has recently signed an agreement with Robi Axiata Limited to provide Microsoft solutions.

- Managing Director, eGeneration Ltd. said: Global big companies have been implementing this kind of project like Robi's. But, eGeneration has transformed the trend by building capabilities in disruptive technologies and providing global standard services.

<http://today.thefinancialexpress.com.bd/stock-corporate/egeneration-to-provide-microsoft-solutions-to-robi-1554916650>

### **Trust Bank inks deal with Teletalk**

- Trust Bank Limited has signed an agreement with Teletalk Bangladesh Limited recently at Teletalk corporate office, Gulshan, said a statement.

- Under this agreement Teletalk Bangladesh Limited will act as a facilitator of USSD (Unstructured Supplementary Service Data) network to its subscribers for Trust Bank Mobile Financial Services 't-cash' through access code \*201#.

<http://today.thefinancialexpress.com.bd/stock-corporate/trust-bank-inks-deal-with-teletalk-1554916744>

**World Stock and Commodities\***

<b>Index Name</b>	<b>Close Value</b>	<b>Value Change</b>	<b>% Change</b>
Crude Oil (WTI)*	\$64.25	-0.36	-0.56%
Crude Oil (Brent)*	\$71.39	-0.34	-0.47%
Gold Spot*	\$1,306.61	-1.38	-0.11%
DSEX	5261.61	-57.15	-1.07%
Dow Jones Industrial Average	26,157.16	+6.58	+0.03%
FTSE 100	7,421.91	-3.66	-0.05%
Nikkei 225	21,643.06	-44.51	-0.21%

**Exchange Rates**

**USD 1 = BDT 84.34\***

**GBP 1 = BDT 110.50\***

**EUR 1 = BDT 95.11\***

**INR 1 = BDT 1.22\***

*\*Currencies and Commodities are taken from xe.com.*

## IMPORTANT DISCLOSURES

**Analyst Certification:** Each research analyst and research associate who authored this document and whose name appears herein certifies that the recommendations and opinions expressed in the research report accurately reflect their personal views about any and all of the securities or issuers discussed therein that are within the coverage universe.

**Disclaimer:** Estimates and projections herein are our own and are based on assumptions that we believe to be reasonable. Information presented herein, while obtained from sources we believe to be reliable, is not guaranteed either as to accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation of the purchase or sale of any security. As it acts for public companies from time to time, BRAC-EPL may have a relationship with the above mentioned company(s). This report is intended for distribution in only those jurisdictions in which BRAC-EPL is registered and any distribution outside those jurisdictions is strictly prohibited.

**Compensation of Analysts:** The compensation of research analysts is intended to reflect the value of the services they provide to the clients of BRAC-EPL. As with most other employees, the compensation of research analysts is impacted by the overall profitability of the firm, which may include revenues from corporate finance activities of the firm's Corporate Finance department. However, Research analysts' compensation is not directly related to specific corporate finance transaction.

**General Risk Factors:** BRAC-EPL will conduct a comprehensive risk assessment for each company under coverage at the time of initiating research coverage and also revisit this assessment when subsequent update reports are published or material company events occur. Following are some general risks that can impact future operational and financial performance: (1) Industry fundamentals with respect to customer demand or product / service pricing could change expected revenues and earnings; (2) Issues relating to major competitors or market shares or new product expectations could change investor attitudes; (3) Unforeseen developments with respect to the management, financial condition or accounting policies alter the prospective valuation; or (4) Interest rates, currency or major segments of the economy could alter investor confidence and investment prospects.

### BRAC EPL Stock Brokerage Limited

#### Research

Ayaz Mahmud, CFA	Deputy Head of Research	<a href="mailto:ayaz.mahmud@bracepl.com">ayaz.mahmud@bracepl.com</a>	01708 805 221
Md. Sakib Chowdhury	Research Analyst	<a href="mailto:sakib.chowdhury@bracepl.com">sakib.chowdhury@bracepl.com</a>	01709 641 247
S. M. Samiuzzaman	Research Analyst	<a href="mailto:sm.samiuzzaman@bracepl.com">sm.samiuzzaman@bracepl.com</a>	01708 805 224
Sadman Sakib	Research Associate	<a href="mailto:sadman.sakib@bracepl.com">sadman.sakib@bracepl.com</a>	01730 727 939
Ahmed Zaki Khan	Research Associate	<a href="mailto:zaki.khan@bracepl.com">zaki.khan@bracepl.com</a>	01708 805 211
Md. Rafiqul Islam	Research Associate	<a href="mailto:mrafiquislam@bracepl.com">mrafiquislam@bracepl.com</a>	01708 805 229
Md. Mahirul Quddus	Research Associate	<a href="mailto:mmahirul.quddus@bracepl.com">mmahirul.quddus@bracepl.com</a>	01709 636 546

#### International Trade and Sales

Ahsanur Rahman Bappi	Head of International Trade & Sales	<a href="mailto:bappi@bracepl.com">bappi@bracepl.com</a>	01730 357 991
----------------------	-------------------------------------	--	---------------

#### BRAC EPL Research [www.bracepl.com](http://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](mailto:research@bracepl.com)