

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 Bank (BB) releases MPS aiming to spur growth, curb inflation

- The central bank announced a new monetary policy statement (MPS) on Tuesday for promoting job-centric growth with a restraining approach to curb inflationary pressure on the economy. Bangladesh Bank (BB) unveiled the MPS for the July-December period of the fiscal year (FY) 2018-19 at a press conference at the central bank headquarters in Dhaka. The MPS for the first half (H1) of the FY focuses on helping the sectors, particularly the productive ones, in achieving sustainable economic growth by reining in inflation.
- According to BB governor, the monetary policy will be a restrained one like the previous one to facilitate economic growth and curb inflation. The central bank, however, kept unchanged its domestic credit (DC) target at 15.9% for FY 19. The target of broad money (M2) supply rose to 10.2% for H1 of FY 19 and 12% for H2, from 9.2% of FY 18. Such monetary targets of domestic credit and broad money are sufficient to accommodate real gross domestic product (GDP) growth of up to 7.8% and average annual inflation of up to 5.8% in FY 19, according to the MPS.
- The BB projected the GDP growth ranging between 7.5% and 7.7% in FY 19, assuming a continuation of calm domestic political situation and no further escalation of global trade-related conflicts. On the other hand, the central bank estimated the average inflation to be around 5.4-5.8% in December 2018, while the government set the inflation target at 5.6% for FY 19. Meanwhile, the inflation as measured by consumers' price index (CPI) rose to 5.78% in FY 18 on annual average basis from 5.44% a year before, according to the Bangladesh Bureau of Statistics (BBS) data.

<http://today.thefinancialexpress.com.bd/first-page/bb-releases-mps-aiming-to-spur-growth-curb-inflation-1533059069>

Government servants to get upto BDT 7.5 million as home loan

- Government employees will get home loan as much as BDT 7.5 million at 5.0% simple interest rate. The lowest amount of home loan for them is BDT 2.0 million. This was stated in the policy rules, issued by the Ministry of Finance (MoF) on Monday, regarding home loans for government employees through banking system. "The interest rate of home loan will be 10%. The borrower will pay loan as bank rate (presently 5.0%). The government will pay the rest as subsidies," a notification of the policy said.
- However, the government will be able to re-fix the interest rate of bank loan through discussion with the implementing agencies. The fresh rate will be effective for new borrowers only. According to the policy, government employees after five years of regularisation of their job will be entitled to the home loan. Employees aged up to 56 years will remain eligible to secure home loan. The tenure of the repayment of home loan is 20 years. Both the civil and non-civil servants employed in ministries, divisions, departments, and authorities having a regular job will be eligible for the home loan.
- Employees of state-owned enterprises, autonomous bodies, state-owned companies, and people employed in government enterprises which were established under separate or specialised laws will remain out of the purview of the home loan policy. A borrower will have to invest at least 10% from his or her own for buying a flat or constructing a building on his own land. In case of buying an apartment, the entire loan amount will be released at one go. However, the loan amount will be released in four installments for the construction of a building.

<http://today.thefinancialexpress.com.bd/last-page/govt-servants-to-get-upto-BDT-75m-as-home-loan-1533059637>

Overall trade deficit may cross USD 22 billion by the end of this fiscal

- Country's overall trade deficit may cross USD 22 billion by the end of the current fiscal year (FY) 2018-19, the central bank said. Bangladesh Bank official said that their trade deficit may create new record in this fiscal year mainly due to higher import payments against lower export receipts. He also said that the upward trend of import continues in this fiscal because of high import of fuel oils and capital machinery for implementation of different infrastructure development projects, including Padma Bridge.
- The gap in merchandise trade with the rest of the world is projected to reach at USD 22.20 billion in the FY 19 from USD 18.37 billion in the outgoing FY 18, according to the BB's latest estimation. The higher trade deficit may push the current-account deficit further up in the FY 19 despite an uptrend in inward remittances. Bangladesh's current-account deficit is projected to reach USD 10.16 billion in the FY 19 against USD 9.18 billion a year ago. The widening current account deficit led to a reversal of the liquidity injections due to a decline in net foreign assets (NFA) at negative 4.3% in June 2018, well below the initial FY 18 target of 5.4%, accompanied by exchange rate depreciation, and sales of foreign exchange reserves.
- The BB also projected the negative growth of NFA at 1.2% for H1 of the FY 19 and 1.6% for H2 of this fiscal

respectively. The country's overall balance of payments (BoP) may turn into positive territory by the end of this fiscal from the existing negative level. The central bank estimated that the BoP would reach USD 379 million in the FY 19 from estimated negative USD 691 million in the FY 18.

<http://today.thefinancialexpress.com.bd/last-page/overall-trade-deficit-may-cross-22b-by-the-end-of-this-fiscal-1533059706>

Half of listed banks show lower EPS in H1

- The earnings of half of the country's 30 listed banks declined during the first half of this year (H1) as compared to the same period of previous year, mainly due to increased non-performing loans (NPLs). According to the un-audited financial statements for January-June 2018, the consolidated earnings per share (EPS) of the other half, however, increased during the period under review. EPS is the portion of a company's profit allocated to each outstanding share of common stock. In short, it serves as an indicator of a company's profitability.

- Mutual Trust, Pubali, Bank Asia, Jamuna, Southeast, National, NCC, Dutch-Bangla, Social Islami, Brac, Premier, Islami, Shahjalal, Dhaka and Mercantile registered increased EPS in January-June 2018. Of them, Mutual Trust Bank's EPS posted the highest rise of 105% to BDT 1.52 in January-June 2018 period.

- On the other hand, ONE, Standard, Exim, Al-Arafah, AB, Trust, First Security, Rupali, Uttara, IFIC, City, Eastern, UCB, Prime and ICB Islami Bank saw their EPS decline, according to statistics from the Dhaka Stock Exchange (DSE). ONE Bank's EPS declined the most, by 78% year-on-year to BDT 0.40 in January-June period 2018. Meanwhile, ICB Islami Bank saw higher losses in January-June 2018 period.

<http://today.thefinancialexpress.com.bd/stock-corporate/half-of-listed-banks-show-lower-eps-in-h1-1533050290>
<https://www.thedailystar.net/business/monetary-policy-remains-unchanged-1614139>
<http://www.newagebd.net/article/47382/bb-unveils-cautious-monetary-policy-ahead-of-natl-polls>

Cap deposit rates for cheaper loans

- The interest rate on lending did not come down to single digit as promised by banks as the rate on deposits remained sticky upwards. Earlier on June 20, banks, both public and private, have pledged to lower the interest rate for lending to single digits from July 1 provided there is a cap on the interest rate for deposits. Private banks then announced they would lower the interest rate on deposits at 6%; the state banks did not make any such announcement but their interest rate was expected to shadow the private banks'.

- But, neither of the rates has come down one month on. Currently, the private banks' lending rates hover between 10% and 16% while deposit rates are below 6%. But the rates on fixed deposit schemes for three months to three years range between 5% and 10%; the rates are above 10% in a few banks. However, the interest rates on all types of deposit schemes at state banks are between 3% and 6%. Their lending rates vary from 11% to 13%.

- Subsequently, the directors of the private banks yesterday met with Finance Minister at the Economic Relations Division headquarters in the capital. According to meeting sources the bank directors informed that since the interest rate on deposits has not come down, the rate on lending could not be lowered. They also said the government agencies withdraw deposits from a bank if they get higher rates elsewhere. Subsequently, they urged the BB to fix a rate. But a central banker present at the meeting said it cannot be done in a market economy as it would give a wrong signal to the rest of the world.

<https://www.thedailystar.net/business/cap-deposit-rates-cheaper-loans-1614136>

Asian Development Bank (ADB) to give USD 357 million to develop two power lines

- The Asian Development Bank (ADB) has approved an assistance package of over USD 357 million for a project to develop two power lines to help Bangladesh reach its national goal of ensuring electricity for all by 2021. The investments comprise a USD 350 million ADB loan and a USD 7 million grant from the Japan Fund for the Joint Crediting Mechanism (JFJCM) to partially finance new high-technology energy efficient conductors. It also includes a USD 500,000 grant from the Republic of Korea e-Asia and Knowledge Partnership Fund (EAKPF) to promote socially inclusive growth with gender equality, the Manila-based donor said in a statement.

- The Southwest Transmission Grid Expansion Project builds on ADB's previous work, including the recently approved Rupsha 800 megawatt Combined Cycle Power Plant in the southwest region. The project will develop a 126-kilometre 230 kilovolt (kV) transmission line from Barisal to Faridpur and a 104 km 400 kV transmission line from Bogra to Rohanpur along with substations, transformers and associated extensions and connections. The new transmission lines are a new type of high temperature conductor to allow more power transfer at lower energy losses.

<https://www.thedailystar.net/business/adb-give-357m-develop-two-power-lines-1614130>

Bangladesh Bank (BB) bars mobile companies from holding stake in MFS companies

- Bangladesh Bank on Monday issued a set of regulations on mobile financial services, barring mobile phone companies from holding any stake in an MFS providing company. The new Bangladesh Mobile Financial Services (MFS) Regulations, 2018 replaced the previously issued guidelines titled 'Mobile Financial Services for the Banks', said a BB circular issued on Monday, adding that the new regulations would come into effect immediately. The central bank, however, in its draft on MFS regulations had allowed mobile operators to hold maximum 49% stake in an MFS providing entity.
- The provision of allowing mobile phone operators in the MFS business was scrapped in an anticipation of conflict of interest between the BB and telecom regulator Bangladesh Telecommunication Regulatory Commission, BB officials said. They said that suspicion of conflict of interest in providing MFS services by mobile operators was among the other reasons for the central bank's decision. The central bank in the finalised guidelines allowed bank-led MFS, a model where a scheduled bank may run the MFS as a product of the bank or a bank may form an MFS providing subsidiary with at least 51% of the share held by the bank with control of the board.

<http://www.newagebd.net/article/47276/bb-bars-mobile-cos-from-holding-stake-in-mfs-cos>

Local pharma market set to hit USD 5.11 billion by 2023

- Bangladesh's pharmaceuticals sector will grow 15% year-on-year to reach USD 5.11 billion by 2023, propelled by high investments by local companies as they seek to grab a bigger share of the global market, said a new study yesterday. By 2022, the market size will be more than doubled to USD 4.44 billion from USD 2.02 billion now, it said. According to chairman and managing director of Incepta, a local medicine producer and exporter, Bangladesh will soon become a major global hub for high quality and low-cost generic medicine and vaccine.
- Bangladesh's pharmaceutical industries aim to capture 10% of the global generic market as 5 to 7 companies have received approval from top regulatory bodies, he again said. These include the UK's Medicines and Healthcare products Regulatory Agency and the United States Food and Drug Administration, he added. Bangladesh exports medicinal products to 144 countries after meeting 97% of the domestic demand. Pharmaceuticals exports fetched USD 103.46 million in the last fiscal year, up 16.03% year-on-year, according to the Export Promotion Bureau.
- Currently, Bangladesh has the facilities for producing advanced medicine like active pharmaceuticals ingredients, biosimilars, vaccines, and oncology products alongside medical devices. Bangladesh has a surplus of pharmaceutical industry-focused human resources, managing director of Incepta said that the formulation industry is well-developed and investing heavily for future growth. Bangladesh's pharmaceutical industries aim to capture 10% of the global generic market as 5 to 7 companies have received approval from top regulatory bodies, he again said.

<https://www.thedailystar.net/business/local-pharma-market-set-hit-511b-2023-1614133>
<http://www.newagebd.net/article/47383/raising-regulators-standards-stressed-for-global-acceptance-of-bdesh-pharma-items>

Japan wants to invest more in Bangladesh RMG sector: Commerce Minister

- Commerce minister said that Japan showed interest to invest more in Bangladesh especially in the textile sector. The minister said that the Japanese ministers assured that Japan would continue duty-free market access for Bangladeshi products even after the graduation of Bangladesh from a least developed country to a developing one. He also said that he requested the Japan government to withdraw the "Level-2" travel restriction the country imposed on its citizen following the Holey Artisan tragedy in Dhaka. The Japanese ministers are convinced that the law and order situation in Bangladesh is very good and they assured that the Japan government would take initiative to withdraw the security alert,' he said.
- The commerce minister said that he offered a special economic zone in Bangladesh for Japan and the Japanese government showed interest to make investment in the SEZ. He hoped that the bilateral trade and investment relations between the two countries would increase in the coming years and the Bangladesh's export to Japan would reach USD 2-billion mark within a short time. Commerce minister again said that the government was going to set a USD 44-billion export target for the financial year of 2018-19.
- Of the USD 44 billion, USD 39 billion would come from products while USD 5 billion from services, he said. The commerce minister said that export earnings from the country's leather sector fell short of its target by 12% in FY18 due to various reasons. Tanneries have been relocated to Savar, on the outskirts of Dhaka, but factory owners are yet to get the registration of land and at the same time the effluent treatment plant in the tannery village is not fully operational, he said.

<http://www.newagebd.net/article/47385/japan-wants-to-invest-more-in-bangladesh-rmg-sector-tofail>

Foreign investment allowed in alternative investment fund

- Bangladesh Bank on Monday allowed non-resident or foreign investors to make investments in alternative investment funds with a view to widening the scope for foreign investment in the country. To this end, the central bank on the day issued a circular stating that the AIFs must be registered with the Bangladesh Securities and Exchange Commission to attain foreign investments. Under the existing rules, non-residents are also allowed to make direct investments or portfolio investments in Bangladesh.

- Monday's BB circular, however, said that eligible investors in terms of the BSEC (Alternative Investment) Rules, 2015 might invest in units of the AIFs registered with the BSEC. The transactions related to such investments may be made through non-resident investor's BDT account with Bangladeshi banks, it said. The payment against purchase of AIF units by eligible non-resident investors must be made by inward remittance through the normal banking channels including by debit to NITAs, permissible FC accounts, non-resident BDT accounts (Vostro) of overseas branches and corresponding NRTA, the BB circular said.

- BB's foreign exchange investment department must be informed within 14 days of issuance, transfer or redemption of units of AIFs in favour of non-residents or by non-resident investors with necessary documents. Payment on account of dividend may be remittable abroad and/or may be credited to NITAs, permissible FC accounts, NRTAs (Vostro) of overseas branches and correspondents subject to deduction of applicable taxes, duties/levies, commission etc. Foreign investors holding units of AIFs would be allowed to sell or transfer or redeem the units as per rules or directions issued by the BSEC.

<http://www.newagebd.net/article/47277/foreign-investment-allowed-in-alternative-investment-fund>

PKB inducted as scheduled specialised bank

- Bangladesh Bank has inducted state-run Probashi Kallyan Bank, which was initially set up as a financial institution for non-resident Bangladeshis, as a scheduled specialised bank. Banking regulation and policy department of the central bank on Monday issued a circular in this connection and asked officials concerned to take necessary measures.

- According to a separate circular issued on Monday, the central bank, as per the Section 121 of Bank Company Act 1991, exempted the PKB from the subsection 14 ka (1) in holding shares by the Wage Earners' Welfare Board. The BB's decision came after the finance ministry had given its consent in favour of allowing the migrants' welfare fund to hold 95% stake in the specialised PKB. The PKB started its operation in April, 2011 with BDT 1.00 billion in capital to provide collateral-free loans to overseas Bangladeshis as well as to give loans for rehabilitation of expatriate workers on their return home to engage them in various income-generating activities

<http://www.newagebd.net/article/47386/pkb-inducted-as-scheduled-specialised-bank>

Singer's profit up 23.5% in Q2

- Singer Bangladesh Ltd's profit after tax rose 23.5% to BDT 0.40 billion in the second quarter of the year on the back of stable trading conditions and a number of new marketing initiatives. Earnings per share increased 22% as per the company's earnings meeting. Turnover in the April-June period went up by 26.2% to BDT 6.40 billion. Gross margins were 26.7%, slightly lower than the corresponding period a year ago on account of price promotions to boost air conditioner sales following the persistent inclement weather. The company brought down expenses to 15.1% of the revenue in the quarter from 15.9% from a year ago.

- The chairman of Singer Bangladesh, said that Singer continued to enjoy significant unit sales increases in many product categories, in particular panel televisions by 50% on account of the FIFA World Cup. He also added that their factory operations have also been further augmented with 55% of first half sales being generated by products manufactured or assembled in-house. Singer's financial service offerings such as Western Union, bKash and Grameenphone airtime reloads and utility bill payments increased in value by 23% in the first half of the year, bringing over 120,000 additional customers to its stores during the period.

<https://www.thedailystar.net/business/singers-profit-235pc-q2-1614127>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$68.41	-0.35	-0.51%
Crude Oil (Brent)*	\$73.96	-0.25	-0.34%
Gold Spot*	\$1,221.72	-2.43	-0.20%
DSEX	5302.64	39.72	0.75%
Dow Jones Industrial Average	25,415.19	+108.36	+0.43%
FTSE 100	7,748.76	+47.91	+0.62%
Nikkei 225	22,687.45	+133.73	+0.59%

Exchange Rates

USD 1 = BDT 84.23*
GBP 1 = BDT 110.45*
EUR 1 = BDT 98.40*
INR 1 = BDT 1.23*

**Currencies and Commodities are taken from Bloomberg.*

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