

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 widens

- Trade deficit widened slightly in the first four months of the fiscal year when exports fell more than imports, a development that has exposed the sluggishness of the economy. Between July and October, trade deficit, a situation when imports exceed exports, stood at USD 5.62 billion, up 5.58% year-on-year, according to data from the central bank. During the period, imports declined 3.17% from a year earlier to USD 18.13 billion and exports dropped 6.65% to USD 12.51 billion. Current account deficit, however, decreased 36.88% year-on-year to USD 1.30 billion in the first four months of 2019-20.

<https://www.thedailystar.net/business/news/trade-deficit-widens-1838269>

Economy facing headwinds as key indicators in red zone

- The economy is going to get into a quagmire as shortfall in revenue collection and excessive bank borrowing are set to thwart its growth target, economists fear. Continuing fall in export earnings has aggravated the already sagging economy, they add. Wobbly stock market, low confidence of private sector and negative import growth that signals poor factory activities put a dent on the macro economy that suggests a bleak outlook for economic expansion.

- As of November 17, the government borrowed BDT 434.11 billion or 92% of its full-year target of BDT 473.64 billion from the banking sector, according to Bangladesh Bank data. The National Board of Revenue (NBR) faced a revenue shortfall of BDT 202.20 billion during the first four months (July-October) of the current fiscal year, according to the latest data of the revenue board. The government has set a target to collect BDT 3.26 trillion in tax revenues for the entire fiscal year starting on July 1.

- Besides, the net national saving certificate (NSC) sales slumped by 64.97% or BDT 87.13 billion year-on-year in July-September of the current fiscal year because of the tightened sale process and the hike in tax on interest. The net sales of NSCs dropped to BDT 46.98 billion in July-September of the FY20 against BDT 134.12 billion during the same period of the FY19.

- The export earnings of the country also declined 6.82% to USD 12.71 billion in July-October period compared with the same period of the previous year, according to Export Promotion Bureau data.

- The Implementation Monitoring & Evaluation Division data show that the government has implemented only 14.25% of its development projects in the July-October period of the current fiscal year against a BDT 2.15 trillion development program for the FY20.

- According to BB data, the soaring non-performing loans are at 11.69% in the country.

- Among the major economic indicators only remittance showed positive growth as expatriate Bangladeshis sent USD 7.71 billion in the first five months of FY 2019-20, which is 22.67% higher than same period of last year.

<https://www.dhakatribune.com/business/2019/12/09/economy-facing-headwinds-as-key-indicators-in-red-zone>

Bangladesh Bank body explores options to cut lending rate

- The Bangladesh Bank (BB)'s high-powered committee is trying to explore different options to bring down the industrial lending rate to single-digit from the existing level. Different issues including possible impact on the banking sector following slashing the interest rates on industrial loans were also discussed at the second meeting of the committee, held at the central bank headquarters in the city on Monday. Earlier on December 01, the central bank formed the seven-member high-powered committee to find out ways for bringing down the industrial lending rate to single-digit.

- After a meeting of the chairmen and managing directors of both public and private sector banks on December 01, the Finance Minister told the reporters that the single-digit interest rate on such lending will come into effect from January 01, 2020. The government had taken a move to bring down the lending rates to single digit to facilitate job creation and private investment in Bangladesh. On the other hand, the central bank is now preparing a report on the basis of information, provided by all the scheduled banks earlier, focusing impact on the banking sector after slashing interest rates on industrial loans. Possible profitability loss of the banks will be included in the report, according to sources.

<https://today.thefinancialexpress.com.bd/first-page/bb-body-explores-options-to-cut-lending-rate-1575912922>

Garment exporters demand 5% cash incentive against dollars

- The finance ministry will send four officials to India, Thailand, Vietnam and Indonesia to assess the feasibility of the demand made by the country's readymade garments exporters for five% cash incentive against dollars they earn. Finance ministry officials said that the officials, each of them whom would visit one country, were mainly tasked with assessing the measures taken by India, Thailand, Vietnam and Indonesia in providing incentives to their respective apparel sectors.
- On Sunday, Bangladesh Garments Manufacturers and Exporters Association (BGMEA) president placed the demand for cash incentives against dollars at a meeting with the finance minister against the backdrop of falling export incomes for the last four consecutive months. The decline in export income in the July-November period of FY20 compared to USD 15.77 billion from USD 17.07 billion in the same period of FY19 has been attributed to the negative performance of the RMG sector, which accounts for more than 80% of the country's annual export earnings.
- Industry experts blamed the fall in demand in the eurozone, the country's main market for RMG products, and a slump in business competitiveness of the sector for its sorry state. Vietnam has matched Bangladesh at the second position as a leading international apparel exporter in terms of export value after Bangladesh lost its global market share in apparel exports by 0.1%age point to 6.4%. According to the World Trade Statistical Review 2019 recently released by the World Trade Organization (WTO), Bangladesh grabbed USD 32 billion in export earnings in 2018, which amounted to USD 29 billion in 2017. On the other hand, Vietnam also grabbed USD 32 billion in 2018, which was USD 27 billion in the previous year when the total global apparel export market was worth USD 421 billion. China still remains the top exporter of apparel products with earnings worth USD 158 billion. India's market share has come down to 3.3% from 4.1%.

<http://www.newagebd.net/article/93172/garment-exporters-demand-5pc-cash-incentive-against-dollars>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$58.96	-0.06	-0.10%
Crude Oil (Brent)*	\$64.19	-0.06	-0.09%
Gold Spot*	\$1,460.37	-1.31	-0.09%
DSEX	4,533.75	-62.25	-1.35%
Dow Jones Industrial Average	27,909.60	-105.46	-0.38%
FTSE 100	7,233.90	-5.76	-0.08%
Nikkei 225	23,428.67	-2.03	-0.01%
BSE SENSEX	40,588.81	+101.38	+0.25%

Exchange Rates

USD 1 = BDT 84.85*
GBP 1 = BDT 111.60*
EUR 1 = BDT 93.92*
INR 1 = BDT 1.19*

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

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