

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.

World Bank trims Bangladesh growth forecast

- The World Bank has cut its economic growth forecast for Bangladesh by 0.2 percentage points to 7.2% for the current fiscal year, but the country is still poised to clock in the highest growth in South Asia. The Washington-based multilateral lender, however, kept the growth outlook unchanged at 7.3% for the next fiscal year, according to its semi-annual Global Economic Prospects, which was released yesterday. The growth forecast -- which are revisions of the projections made in June last year -- still puts Bangladesh as one of the fastest growing nations in the world. A solid macroeconomic framework, political stability, implementation of planned public infrastructure projects and ongoing reforms to improve the business environment underlie this projection.
- Global growth is set to rise by 2.5% this year, a small uptick from 2.4% in 2019, as trade and investment gradually recover. Advanced economies are expected to slow as a group to 1.4% from 1.6%, mainly reflecting lingering weakness in manufacturing. Emerging market and developing economies will see growth accelerate to 4.1% from 3.5% last year.

<https://www.thedailystar.net/business/news/wb-trims-bangladesh-growth-forecast-1852180>
<https://www.newagebd.net/article/96104/world-bank-projects-again-fy20-gdp-growth-to-fall-to-72pc>
<https://thefinancialexpress.com.bd/economy/wb-projects-72pc-gdp-growth-for-bangladesh-in-fy20-1578654809>

Deficit financing widens by 130% in four months

- The government's deficit financing grew by 130% in the first four months of the current fiscal year compared to that of the same period of last fiscal, driven by a fall in resource mobilization, according to official documents. The Ministry of Finance said the resource gap for the four months amounted to BDT 362 billion, up from BDT 158 billion recorded in the corresponding period of the last fiscal year. The mobilization of total revenue during the period of July to October last was recorded at BDT 767 billion against the total expenditure of BDT 1,129 billion.
- Economists think the government should immediately cut unnecessary Annual Development Programme (ADP) projects in order to contain the deficit. If not, it will adversely affect the financial market, especially private investment. They suggest plugging the holes in the revenue collection process as they believe that a large amount of money mobilized from the people does not go to the public exchequer. An executive director at the privately-owned think-tank Policy Research Institute of Bangladesh (PRI) said the government borrowing from the banking system would even touch BDT 1.2 trillion or more at the end of the current fiscal year. The government had announced the annual budget for the year to June 30 next involving BDT 5.23 trillion with the overall deficit projected to be 5.0% of the Gross Domestic Product (GDP).

<https://today.thefinancialexpress.com.bd/public/first-page/deficit-financing-widens-by-130pc-in-four-months-1578679069>

National Savings Certificates (NSC) sales dip 76% in July-November, government rushes for bank loans

- The net sales of national savings certificates plunged by 76.24% or BDT 165.20 billion in the July-November period of the current fiscal year 2019-2020, leaving no room for the government but to borrow from banks to meet deficit financing. As per the Bangladesh Bank data, the net sales of NSCs dropped to BDT 51.42 billion in the first five months of FY20 against BDT 216.62 billion in the same period of FY19. In November last year, the net sales of NSCs dropped by 91.64% or BDT 35.13 billion to BDT 3.21 billion from BDT 38.33 billion in November, 2018. For the FY20, the government's budgetary target was to borrow BDT 270 billion by issuing NSCs.

<https://www.newagebd.net/article/96103/nsc-sales-dip-76pc-in-july-nov-government-rushes-for-bank-loans>

Grameenphone maintains it did nothing wrong

- Grameenphone maintains it has followed the prescribed process to release equipment from customs and did not violate any regulations in its official response yesterday to the show cause notice slapped by the telecom watchdog. The notice was issued on January 1 after the country's leading mobile operator took delivery of five lots of equipment without obtaining the approval of the regulator. The Bangladesh Telecommunication Regulatory Commission (BTRC) gave Grameenphone seven days to reply to the show cause notice. Yesterday was the last day for replying.
- The tussle began on July 22 last year, when the BTRC decided not to give any kind of approval to Grameenphone and Robi related to roll out of new package or service or import of network equipment as it looked to pile on pressure on the operators to clear their dues.

- In its letter yesterday, Grameenphone said it had approached customs based on this HC order and the equipment were released based on previously issued approval by the BTRC. Despite the stay order by the HC, the BTRC has not issued any approval to date and all applications from Grameenphone are pending since May 27 last year, said the letter from the operator, which was signed by its Chief Corporate Affairs Officer. Then on November 24 last year the Supreme Court restrained the BTRC from taking any action on Grameenphone based on the disputed audit demand, the letter also said. Subsequently, the operator asked the BTRC to withdraw the show cause notice as it disregards orders provided by the highest court of the country.

<https://www.thedailystar.net/business/news/gp-maintains-it-did-nothing-wrong-1852168>

Robi starts move to get listed, raise BDT 5 billion through initial public offering (IPO)

- Robi, the second largest mobile operator in Bangladesh, has begun a process to raise around BDT 5 billion from the capital market through an initial public offering, Securities and Exchange Commission officials said. The BSEC has suggested that the company should opt for the fixed price method of floating shares so that the general investors can be benefited, a senior official of the commission said. Robi Axiata Ltd, a subsidiary of the Malaysia-based Axiata Group, has recently signed a memorandum of understanding with IDLC Investment Limited to appoint it as issue manager to the IPO, he said.

- After preparing the December-end annual financial statements and IPO prospectus, the company might submit the IPO proposal by June this year, they said. As per the current public issue rules, a company must float at least an amount of 10% of its paid up capital. Robi has a paid up capital of around BDT 50 billion, and to comply with the rules, the company would float 10% of its paid up capital or around 500 million shares at BDT 10 per share through the IPO, said the BSEC official. If enlisted, the number of free float shares of Robi would be the highest among all the listed companies except few banks. According to the new public issue rules amended in September last year, a company can apply for IPO if it has been in commercial operation having positive net profit after tax at least for the latest financial year. Robi would be the largest company in terms of paid up capital to be enlisted on the country's capital market.

- Robi expects that the company would make profits in its last financial year ended on December 31, 2019 and expects to submit the IPO proposal to the BSEC as soon as possible, the BSEC officials said. Robi incurred losses of BDT 246 million in the first quarter (January-March) and BDT 322 million in the second quarter (April-June) of the year 2019, but its business turned around significantly in the third quarter, posting BDT 1.71 billion in profits. Therefore, the company made profits of BDT 1.14 billion in the last nine months (January-September). At the end of September, 2019, the net asset value of the company was BDT 60.46 billion while cash and cash equivalent was BDT 2.76 billion. The subscriber base of the operator increased to 48.1 million at the end of September last year, representing almost 30% of the market share.

<https://www.newagebd.net/article/96271/robi-starts-move-to-get-listed-raise-BDT-500cr-through-ipo>

Exports to all major markets fall in H1

- The country's readymade garment exports to the European Union in the first half of the current financial year 2019-20 fell by 6.75% while the export earnings from the United States decreased by 3.67% due to the on-going slowdown of the global economy.

- RMG export to the EU in the July-December period of FY20 decreased to USD 9.82 billion from USD 10.53 billion in the same period of FY19, according to the Export Promotion Bureau data. It showed that earnings from the RMG export to the US, the single largest export destination for Bangladeshi products, in the first half of FY20 fell to USD 2.98 billion from USD 3.09 billion in the same period of the last fiscal. Overall export earnings from the US in the period fell by 3.43% to USD 3.33 billion from USD 3.45 billion in the last fiscal. Export earnings from Germany, the second largest export destination for Bangladesh, in the first half of FY20 decreased by 9.46% to USD 2.83 billion from USD 3.12 billion in the same period of FY19. RMG export to Germany in the period fell by 10.33% to USD 2.65 billion from USD 2.95 billion, the data showed. Export earnings from the UK, the third largest export destination for Bangladeshi products, in the July-December period of FY20 decreased by 0.83 to USD 2.02 billion from USD 2.04 billion in the same period of FY 19.

- According to the EPB data, apparel exports to Poland, however, grew by 16.35% to USD 584.74 million in the first half of this fiscal from USD 502.58 million in the same period of the last fiscal. Overall export to India grew by 4.44% to USD 695.53million in the first six months of FY20 while RMG export to the market grew by 4.91% to USD 284.15 million. RMG export to Spain fell by 1.69%, France by 7.95%, Canada by 11.47%, Italy by 13.13% and Japan by 3.29% in July-December of FY20.

<https://www.newagebd.net/article/96273/exports-to-all-major-markets-fall-in-h1>

Small and Medium Enterprise (SME) loan release up 3.16% in July-September

- The amount of loans received by small and medium entrepreneurs from banks and non-bank financial institutions inched up by 3.16% or BDT 36.66 billion in the January-September period of the year 2019 compared with that in the same period of the year 2018. According to a recently released Bangladesh Bank report, the banks and NBFIs disbursed BDT 1.19 trillion in loans to the SME sector in nine months of the year 2019, while the disbursement figure was BDT 1.16 trillion in the same period of the year 2018.
- Of the BDT 1.19 trillion credit, service and trading businesses received BDT 772.70 billion against the receiving of BDT 420.51 billion by the manufacturing segment. Of the total SME credit, women entrepreneurs received BDT 45.44 billion in nine months, up 9.59% or BDT 3.98 billion on BDT 41.46 billion in the same period of the year 2018.
- In the July-September quarter of the year 2019, the issuance of credit by the banks and NBFIs to the SMEs increased by 2.44% or BDT 23.76 billion. The SMEs received BDT 392.90 billion in the July-September quarter of last year while the figure was BDT 369.13 billion in the same period in the previous year. The number of beneficiary entrepreneurs also increased by 10%, or 16,690, to 1,82,099 in July-September of 2019 from 165,409 in the same period of the year 2018.

<https://www.newagebd.net/article/96208/sme-loan-release-up-316pc-in-july-sept>

Dhaka stocks' price-to-earnings (PE) ratio hits all-time low

- The price-to-earnings ratio of the country's premier bourse, Dhaka Stock Exchange, has hit an all-time low due mainly to continued plunges in the share prices in recent months. The P/E ratio of the market on January 9 fell below 11, the lowest ever. Bank scrips became the cheapest among the all sectors as its P/E ratio stood at only 7.5, followed by energy sector 9.3 and textile sector 12.9. Many mid-caps and small-caps were also corrected badly in the recent plunges. The P/E ratio was 15.19 in 2018, 17.28 in 2017 and 14.29 in 2016.

<https://www.newagebd.net/article/96207/dhaka-stocks-pe-ratio-hits-all-time-low>

Shrinking returns hurt bank depositors' interest

- The return on depositors' money in banks has been shrinking gradually, mainly due to regulatory and fiscal measures. A bank depositor receives a minuscule slice of profits or a negative return after deduction of source tax on interest, excise duty on the principal amount every year and other forms of charges and fees realized by the banks. Although the National Board of Revenue (NBR) instructed the banks to collect excise duty once in a financial year, a bank depositor has to pay it twice for fixed deposit rate, or FDR, with one-year tenure. Bank depositors said they are getting negative returns if the rate of inflation is taken into account.
- In the budget for fiscal year 2017-18, the NBR increased the excise duty on bank deposits amounting to BDT 1.0 million deposits. According to NBR officials, it has been found that excise duty collection climbed to BDT 8.89 billion during FY 2018-19, up from BDT 7.39 billion during FY 2017-18. Until November 2019, the government received excise duty worth BDT 632 million. Officials said excise duty collection will be increased in the month of December as banks deduct a large amount of the tax in the last month of the calendar year.
- Bank depositors will be discouraged to keep their money in banks if such tax burden remains in place, a former finance adviser said. People may divert their investment to other sectors, keep money at home or send money abroad, he added.

<https://today.thefinancialexpress.com.bd/first-page/shrinking-returns-hurt-bank-depositors-interest-1578760742>

Bangladesh Bank's stimulus for stock market flops

- Only City Bank took up the Bangladesh Bank's package for banks to invest in stocks, as yet another initiative of the government to prop up the flagging bourse falls flat. The development suggests that the problems causing the stock market to slide are deep-rooted and cannot be fixed with stop-gap measures. Earlier on September 22, with the view to shoring up the capital market the central bank announced a package for banks that would let them borrow money through repo for six months at 6% interest to invest in stocks. The window to avail the package closed on December 22 last year and only City Bank borrowed BDT 500 million, according to data from the Bangladesh Bank.
- The six-month duration and the capital market uncertainty made banks decide against taking loans from the BB, said a merchant banker who is one of the leaders of the Bangladesh Merchant Bankers' Association (BMBA). Either the Bangladesh Bank did not do any research before offering the loan or it wanted to offer the stimulus just for eyewash. They know banks will not take loans for such a short time and that too by keeping their treasury bonds, he said requesting not to be named to speak candidly on the matter. Besides, it is a complex process, he added. The banks that are taking the loan would have to open a separate beneficiary owners' account to utilize the fund, according to the

central bank notice.

<https://www.thedailystar.net/business/bangladesh-bank-stimulus-for-stock-market-flops-1852183>

Prime Minister's Office (PMO) body finds LNG cheaper, favors piped gas supplies

- Re-gasified liquefied natural gas, LNG, is cheaper and safer than liquefied petroleum gas, LPG, for cooking in cities, a committee has found. The government should import required quantity of LNG, build sufficient terminals coping with the rising demand for natural gas to supply re-gasified LNG in houses through pipelines. The decision of the meeting and the findings of the committee report clash with the current standpoint of the energy ministry. The ministry favors LPG instead of piped gas connections for urban domestic consumers. Rights groups and energy experts also supported the findings of the committee report and viewed re-gasified LNG supply in households in areas having the pipe networks.

- The committee found that the price of LPG is 65% higher than that of LNG for cooking. One cubic metre of LNG is priced at BDT 35.40, while price of one cubic meter of LPG is BDT 58.50, it revealed taking into the consideration of average international price of LNG and LPG in 2018. During 2018, average LNG price was USD11.60 per million British thermal unit, or mmBtu, the highest over the past several years. Average LPG price was USD19.2 per mmBtu in 2018, the committee found.

<https://today.thefinancialexpress.com.bd/last-page/pmo-body-finds-lng-cheaper-favours-piped-gas-supplies-1578758779>

Bangladesh must comply with International Labor Organization (ILO) standards for Generalized Scheme of Preferences (GSP) Plus: European Union (EU) ambassador says

- The European Union wants a guarantee from Bangladesh that its factories would ensure fair practice and comply with the International Labor Organization standards if the country wants to enjoy continued trade privilege from the bloc following graduation to the developing country bracket. We have to make sure that all these [goods] are ILO-compliant and of course, compliant with our own standards, said the EU ambassador to Bangladesh.

- Bangladesh is set to lose its current trade privilege of zero-duty export benefit under the EU's Everything but Arms (EBA) scheme when the country makes the transition in 2024. As the EU will give three years to Bangladesh as a grace period to ensure a smooth transition, the country will finally lose the Generalized Scheme of Preferences (GSP) in 2027. Once the country loses the preferential treatment, Bangladesh will have to face nearly 12.50% duty on exports to the EU as a developing country.

- In 2018, Bangladesh exported USD 19.32 billion worth of garment items to the EU, up 11.17% year-on-year, making it the second largest apparel exporter to the bloc.

<https://www.thedailystar.net/business/news/bangladesh-must-comply-ilo-standards-gsp-plus-1852927>

Facebook, Robi drop plan to set up 10,000 Wi-Fi hotspots

- Facebook and Robi Axiata have recently scrapped a plan to set up about 10,000 Wi-Fi hotspots for educational institutions in remote areas by partnering with local internet service providers (ISPs) as the telecom regulator is stalling on giving the go-ahead to the venture. Link3 Technologies, a leading ISP, was their connectivity partner. Both Facebook and Robi had tried a lot and the regulator did not allow it. I have no clear idea about the regulator's viewpoint, said chief technical officer of Link3 Technologies.

<https://www.thedailystar.net/business/facebook-robi-drop-plan-to-set-up-10000-Wi-Fi-hotspots-in-bangladesh-1852177>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$59.04	-0.52	-0.87%
Crude Oil (Brent)*	\$64.98	-0.39	-0.60%
Gold Spot*	\$1,562.34	+10.02	+0.65%
DSEX	4,197.39	-30.97	-0.73%
Dow Jones Industrial Average	28,823.77	-133.13	-0.46%
FTSE 100	7,587.85	-10.27	-0.14%
Nikkei 225	23,850.57	+110.70	+0.47%
BSE SENSEX	41,559.72	+147.37	+0.36%

Exchange Rates**USD 1 = BDT 84.90*****GBP 1 = BDT 110.90*****EUR 1 = BDT 94.41*****INR 1 = BDT 1.20***

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

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