

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.

Current account deficit threatens macro stability

- A sizeable current account deficit along with changing global and domestic liquidity conditions has made the management of macro-financial stability challenging. Identifying the challenge, the central bank has stressed "continued careful calibration" of the management of macro-financial stability. According to latest Bangladesh Bank Quarterly (BBQ) for January-March 2018, managing macro-financial stability in the face of a sizeable current account deficit, changing global and domestic liquidity conditions would require continued careful calibration
- However, moderation of inflationary pressures needs to be closely monitored to ensure inflation expectations remain well-anchored, according to the BB Quarterly. It also mentioned that despite a large deficit, current account balance witnessed some improvements in Q3 of FY18, aided by a decline in trade deficit and strong remittance inflows. However, the overall balance remained negative and widened during the third quarter (Q3) of the just-concluded fiscal year (FY) of 2017-18. Bangladesh's overall balance of payments (BoP) slid to a deficit of USD 1.04 billion during the July-April period of the fiscal, which was a surplus of USD 2.30 billion in the same period of FY 17.
- On the other hand, the country's current-account deficit reached USD 8.51 billion in the first ten months of FY 18 against USD 1.80 billion in the same period of the FY 17, the BB latest data showed. The higher trade deficit pushed up the current-account deficit during the period under review despite an uptrend in inward remittances. It also said the lending, deposit, and call money rates showed some upward pressures due to shifting excess liquidity conditions as strong credit growth continued to outpace deposit growth.

<http://today.thefinancialexpress.com.bd/first-page/current-account-deficit-threatens-macro-stability-1531156803>

Bangladesh Bank (BB) for 'growth supportive' MPS

- The central bank has started preparations to formulate its next monetary policy, giving top priority to curb the rising trend of inflation and help the productive sectors achieve maximum economic growth. The meeting reviewed the country's overall economic situation and suggested that the next MPS for the first half (H1) of the current fiscal year should be 'growth-supportive', with keeping inflation at reasonable level. The MPS is likely to be announced in the last week of this month, a BB senior official hinted.
- The meeting also emphasised on ensuring the quality of credit through strengthening monitoring and supervision by both the BB and the commercial banks. The BB's latest move came against the backdrop of rising trend in the inflationary pressure on the economy in the just-concluded fiscal year (FY) 2017-18, following higher prices of food grains. The inflation rose to 5.78% in the FY 18 on annual average basis from 5.44% a year before, according to the Bangladesh Bureau of Statistics (BBS) data. Food inflation stood at 7.13% in the FY 18 as compared to 6.02% in the previous fiscal.
- The government had set the inflation target at 5.6% for the FY 19. In the next MPS, the central bank will put emphasis on boosting SMEs and agriculture loans along with micro-credit to create employment opportunities across the country, according to the BB officer. The latest situation of capital market along with both foreign exchange and money markets will be considered in the next MPS, they added.

<http://today.thefinancialexpress.com.bd/last-page/bb-for-growth-supportive-mps-1531157554>

Banks get battered

- The heavyweight banking sector lost BDT 197.40 million or 26.60% of its market capitalisation since the turn of the year in what can be viewed as a worrying development for the Dhaka Stock Exchange. On January 1, the 30 listed banks' market capitalisation stood at BDT 742.10 million; yesterday, it was BDT 544.70 million. This steep fall in the share prices of banks -- which account for about one-eighth of DSE's capitalisation, the highest -- has also dragged the benchmark index down 14.59% to 5,341 points in the last six months.
- Bank is the most trustworthy sector to investors, who felt letdown by the ballooning bad loans and a cut in dividend announcements. In 2017, banks' default loans surged 19.51% to BDT 743.03 million, as the Bangladesh Bank's efforts to rein in bad loans went in vain. Of the 30 listed banks, 13 had announced lower dividends last year than a year earlier. And AB Bank even failed to offer any dividend and has subsequently become a junk stock. Since January this year, market capitalisation of most sectors declined but the financial sector was hit particularly hard: non-bank financial institutions too shed 21.10%.
- During the period, telecommunication lost 16.97%, pharmaceuticals 4.10%, engineering 6.55%, cement 15.12%, textile 1.89% and life insurance 6.30%. Conversely, miscellaneous and fuel and power saw gains of 11.07% and

10.09% in market capitalisation respectively. The banking sector lost the most among the major sectors yesterday too, declining 1.35%. It was followed by financial institutions at 0.84%, life insurance at 0.58% and fuel and power at 0.54%.

<https://www.thedailystar.net/business/banking/banks-get-battered-1602712>

Government cuts minimum investment limit to attract small projects

- The government has decided to reduce the minimum investment ceiling for projects to be implemented under the public private partnership (PPP) on a government to government (G to G) basis. Under the existing policy, the lowest investment under such arrangement has to be USD250 million. The board of governors of the PPP Authority at a recent meeting decided to lower the ceiling to USD 150 million to raise the number of such projects. In this connection, the PPP Authority has been asked to take necessary steps to amend the relevant clause of the PPP policy.
- According to another PPP official, Bangladesh has so far signed memorandum of understanding (MoU) with Japan and Singapore for implementing PPP projects under G to G basis. Later, a list of projects was forwarded to Japan for implementing those under G to G basis in the light of PPP concept. From the list, Japan is now reviewing eight projects which are: the construction of new inland container depot (ICD) near Dhirasram, multimodal hub at Kamalapur, multimodal hub at Dhaka airport station of Bangladesh railway, and the outer ring road.
- Meanwhile, after signing the MoU, Singapore has also outlined possible investment areas including port, tourism, infrastructure, and ICT. Now the PPP Authority has requested the ministries and departments concerned to forward projects in those arena, which can be implemented under Singapore's funding on G to G basis. Countries such as the United Kingdom, Turkey, South Korea, Egypt, and the Kingdom of Saudi Arabia have responded with positively to the concept.

<http://today.thefinancialexpress.com.bd/first-page/govt-cuts-minimum-investment-limit-to-attract-small-projects-1531156948>

Second unit of N-power plant gets licence

- The Bangladesh Atomic Energy Commission (BAEC) received the design and licence for the construction of second unit of Rooppur Nuclear Power Plant (RNPP). Bangladesh Atomic Energy Regulatory Authority (BAERA) chairman formally handed over the licence for the 1,200-megawatt (MW) unit to BAEC chairman at a function on Sunday. With the implementation of the RNPP project at Ishwardi in Pabna, Bangladesh would be the 32nd or 33rd nuclear power plant-owning country, he said.
- The minister also said that the project is being implemented under the monitoring of International Atomic Energy Agency (AEA), Russian nuclear regulator and Indian nuclear regulator. Russia will provide 90 per cent of the upfront cost of the project, he added.

<http://today.thefinancialexpress.com.bd/trade-market/second-unit-of-n-power-plant-gets-licence-1531158572>

Mobile VAS providers should have licences

- A good number of foreign mobile value-added services companies that repatriate a significant amount of funds from Bangladesh will face regulatory bar as the telecom regulator is set to introduce licensing for the business. Bangladesh Telecommunication Regulatory Commission (BTRC) has finalised a guideline to bring the valued-added service providers under its regulatory framework. The telecom ministry has also given its approval. Once licensing is put in place, no foreign entities will be allowed to run business without establishing joint ventures in Bangladesh. In the joint venture, foreign companies will be allowed to hold a maximum 70 percent stake.
- The acting chairman of the regulator said that the BTRC has taken the initiative to provide licences to VAS-providers as there are irregularities in the market. The size of the country's telecom-related VAS market is more than BDT 1.00 billion and it is growing significantly. At the moment, about 100 entities, including 15 foreign ones, offer VAS such as welcome tunes, music and health tips through mobile operators.

<https://www.thedailystar.net/business/telecom/mobile-vas-providers-should-have-licences-1602721>

Esquire Knit's share bidding starts

- The bidding for shares of Esquire Knit Composite Limited (EKCL) by the eligible investors started on Monday for discovering the cut-off price. Esquire Knit Composite, a unit of Esquire Group, will raise a capital worth BDT 1.50 billion from the capital market under the book building method for its business expansion. The bidding of shares of the company through the uniform and integrated electronic subscription system of the stock exchanges will be continued till July 12.
- The offer period for eligible investors (EIs) will start at 10:30am on July 15 and continue till 10:30pm on July 16,

according to a disclosure posted on the Dhaka Stock Exchange (DSE) on Monday. The EIs shall submit their valuation report along with workings and calculations to the exchange through electronic subscription system from 10:31am on July 16 to 10:30am on July 18. According to the disclosure, the EIs, who will not participate in the bidding during the bidding period, will not be able to participate in the offer period.

- The EIs, who will participate in the bidding period above the face value, will be able to participate in the offer period irrespective of cut-off price. The export-oriented knit garments factory held a road show in April 2017 as part of its plan for the initial public offering (IPO). As per the book-building method, the institutional investors will get 60% shares at the cut-off price which will be set by the EIs through electronic bidding. Prime Finance Capital Management is the issue manager of the Esquire Knit IPO. Currently, the company's paid-up capital is BDT 1.0 billion and authorised capital is BDT 2.0 billion. The company's weighted average earnings per share (EPS) was BDT 2.52 and net asset value (NAV) per share (with revaluation reserve) BDT 45.83 at the end of June 30, 2017.

<http://today.thefinancialexpress.com.bd/stock-corporate/esquire-knits-share-bidding-starts-1531153742>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$74.04	+0.19	+0.26%
Crude Oil (Brent)*	\$78.42	+0.35	+0.45%
Gold Spot*	\$1,259.25	+1.56	+0.12%
DSEX	5341.27	-24.74	-0.46%
Dow Jones Industrial Average	24,776.59	+320.11	+1.31%
FTSE 100	7,687.99	+70.29	+0.92%
Nikkei 225	22,248.20	+196.02	+0.89%

Exchange Rates

USD 1 = BDT 84.37*
GBP 1 = BDT 111.70*
EUR 1 = BDT 99.12*
INR 1 = BDT 1.23*

*Currencies and Commodities are taken from Bloomberg.

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