

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.

National Economic Council (NEC) set to finalize BDT 1.93 trillion Revised Annual Development Programme (RADP)

- The government is going to revise the Annual Development Programme (ADP), trimming down the allocations by BDT 102 billion to BDT 1.93 trillion, officials said on Tuesday. Cutting the highest amount from available foreign aid funding, the National Economic Council (NEC) is likely to finalize the Revised Annual Development Programme (RADP) for the current fiscal year (FY), 2019-20, at a meeting in the capital tomorrow (Thursday). The NEC meeting is likely to approve revision of the current BDT 2.02-trillion ADP, following lower implementation rate of the development programmes.

- According to the Planning Commission (PC), transport sector will remain atop the list in the upcoming RADP, as it was in the ADP. The PC has revised allocation for the sector down to BDT 475.54 billion from the current allocation of BDT 528.06 billion. Infrastructure planning, water supply and housing sector has been proposed to get the second highest allocation of BDT 265.16 billion in the RADP. Power sector will receive the third highest allocation of BDT 237.65 billion from its current ADP outlay of BDT 260.17 billion. A PC official said they had to revise the ADP downward, as the ministries and agencies failed to perform efficiently in implementing the development programme.

<https://today.thefinancialexpress.com.bd/first-page/nec-set-to-finalise-BDT-193t-radp-1584467065>
<https://www.thedailystar.net/business/news/adp-outlay-trimmed-48pc-1881898>

Banks meet Basel III terms. But things are not as rosy as it seems.

- Most of the banks in Bangladesh have implemented the Basel III guidelines within the deadline of 2019. As per a roadmap issued by the Bangladesh Bank in 2014, banks were supposed to raise their minimum capital adequacy ratio (CAR) to 12.5% against their risk-weighted assets by December 2019 from the then 10%. Of the 58 banks, 43 have met the global regulatory standard within the deadline, according to data from the central bank.

- On the surface, it seems like a stroke of positive development from the sector that often comes under fire for its questionable corporate governance. But experts cautioned against rejoicing: the feat was achieved through artificial means, so the banks' capital bases are not truly healthy. Banks have raised their capital base by riding on the relaxed loan rescheduling policy offered by the central bank. The policy allowed defaulters to reschedule their classified loans with a down payment of just 2% of the outstanding amount instead of the existing 10-50%. Last year, a record BDT 501.86 billion was rescheduled. Despite that, 15 banks including the eight state-run lenders failed to implement the Basel III guidelines on time.

- Defaulted loans had not increased too much in the banking sector last year due to the central bank's relaxed rescheduling facility along with giving special permission to regularizing default loans, said an executive director of the Policy Research Institute. Defaulted loans stood at BDT 943.13 billion at the end of 2019, up 0.42% year-on-year. Risk-weighted assets decline when defaulted loans turn into unclassified loans, which narrows the requirement for capital, he said. Besides, the requirement for provisioning also comes down due to the unclassified loans, giving a boost to the capital base as well, he added.

<https://www.thedailystar.net/business/news/banks-meet-basel-iii-terms-things-are-not-rosy-it-seems-1881928>

GP yet to get NOC suspension withdrawal

- Almost a month after payment of BDT 10 billion to telecom regulator in partial payment of audit claim, leading mobile phone operator Grameenphone is yet to receive suspension withdrawal on new service package and equipment import. GP on February 23 deposited the amount to Bangladesh Telecommunication Regulatory Commission following an order from the Appellate Division of the Supreme Court. The Appellate Division of the Supreme Court on February 24, day after the operator deposited the money, ordered GP to pay another BDT 10 billion in dues to BTRC within the next three months. BTRC officials said because of delay in receiving the certified court order in this regard, the commission could not lift the suspension.

- After running an audit on GP, the BTRC in 2016 claimed BDT 125.79 billion from the mobile phone operator in taxes and late fees accumulated over years. The dispute about the audit intensified last year, with the company facing regulatory punishment, including suspension of service and expansion, for not clearing the audit claim. On November 24, 2019, the Appellate Division ordered GP to pay BDT 20 billion of the total dues within three months. Mobile operator Robi January 14, 2020 paid BDT 276 million to the BTRC as the first out of five installments of BDT 1.38 billion against the BTRC's audit claim as per a High Court order. Robi got the suspension on NOC lifted after the deposit as the operators paid as per court order. On July last year, the BTRC barred the two operators NOC for launching any package, importing equipment, and building new towers from the regulator.

<https://www.dhakatribune.com/business/regulations/2020/03/17/gp-yet-to-get-noc-suspension-withdrawal>

Bangladesh Bank (BB) circulates BDT 25.48 billion in money market against dollar

- The Bangladesh Bank injected around BDT 25.48 billion into the country's banking sector in the last seven days, which in turn would help bring some ease to the ongoing liquidity crisis in the sector. In the wake of the coronavirus outbreak across the globe, the central bank has purchased USD 300 million from the scheduled banks since March 10. An increased inflow of remittance and a fall in import payments have prompted the BB to purchase the US dollars from the market to keep the dollar price stable on the local market.
- The injection of fund in the money market by the central bank would also help the banks tackle the immediate impact of the 9-per cent lending rate implementation from April 1. To attain 14.8% private sector credit growth in the fiscal year 2019-2020, the government in the revised monetary policy has targeted to attain 13% broad money supply. However, the actual growth was 9.2% in January this year, much lower than the BB's projection, mainly due to the heavy borrowing by the government that lowered the banks' capacity to lend the businesses.
- The government's borrowing from the banking sector stood at BDT 530.55 billion on March 3, exceeding its annual projection to borrow BDT 473.64 billion from the banking system. Before March 10, the central bank for the last time purchased the dollars from the local market on January 4, 2017 and since then it had been injecting the US dollars into the local market. The interbank exchange rate of the dollar was BDT 84.95 on Monday. In FY20, the BB sold USD 489 million to the local market till Sunday after selling USD 2.34 billion in FY19.

<https://www.newagebd.net/article/102486/bb-circulates-BDT-2548cr-in-money-market-against-dollar>

Postal savings return to old interest rates

- The government yesterday restored the old rate of interest rates on ordinary and fixed deposits in Post Office Savings Bank, according to a notice from the finance ministry. From today, savers at the postal saving bank will get 11.28% on their three-year term deposit and 7.5% on ordinary deposits, up from the reduced rates of 6% and 5% respectively. The reinstatement comes less than a week after the government initiated the automation of ordinary and fixed deposit accounts of postal savings bank to ensure transparency and prevent affluent people from abusing the high interest-bearing tools designed for marginal and low-income groups.
- In a sudden move in the middle of last month, the Internal Resources Division under the finance ministry slashed the interest rates on deposits, sparking criticism and outcry from various quarters as marginal and low-income people from rural and suburban areas mostly park their savings in postal savings bank because of proximity and ease in maintaining accounts.
- Under the automated system, depositors will have to provide national identification numbers to deposit funds. And the submission of tax identification number will be required for keeping more than BDT 0.2 million.

<https://www.thedailystar.net/business/news/postal-savings-return-old-interest-rates-1881922>

<https://today.thefinancialexpress.com.bd/public/last-page/profit-rate-returns-to-past-level-1584387630>

Special fund for stock market: Banks to invest soon

- Banks are going to make investment in stock market from Wednesday from their special fund planned for reviving the ailing market. Finance minister told reporters that a policy had already been formulated to allow each bank to form a BDT 2 billion special fund for the stock market investment. The necessity of immediate investment by the banks became imperative to avert the recent continuous fall in share prices amid fear of coronavirus.

<https://www.newagebd.net/article/102444/banks-to-invest-in-stocks-from-tomorrow>

<https://www.dhakatribune.com/business/banks/2020/03/16/special-fund-for-stock-market-banks-to-invest-soon>

RMG sector in a fix, as buyers cancelling orders

- Local apparel sector has started bearing the brunt of the ongoing coronavirus outbreak, as some buyers, especially those from the affected countries, are gradually cancelling their import orders. Some 20 factories have faced cancellation of work orders amounting to at least USD17 million, while orders worth more than USD 1.0 million have been withheld in recent days.
- Buyers are taking information about production and asking local suppliers to hold off cutting fabric. Those who have already produced items are being asked to hold shipments, as global consumption is coming to a halt. With the global shutdown now affecting the business of brands and retailers, more than 4.0 million local RMG workers are facing an uncertain time.

- The European Union (EU) and the US are the major destinations for locally produced ready-made garment (RMG) items. Italy, Spain, France and many US cities have already enforced a complete lockdown to limit further spreading of the COVID-19. Besides, major retailers in North America have already announced that they would shut down stores or reduce store hours for all locations in the US and Canada.

<https://today.thefinancialexpress.com.bd/last-page/rmg-sector-in-a-fix-as-buyers-cancelling-orders-1584467820>

Bangladesh to gain more trade benefits from China as an LDC

- Bangladesh wants to secure more trade benefits from China as a least developed country (LDC) instead of signing a free trade agreement with the Asian economic giant. The commerce ministry has already accepted China's offer for the duty-free import of 97% of all Bangladeshi products under the LDC category, effectively rejecting the benefits the country would have received under the Asia-Pacific Trade Agreement (APTA).
- In 2015, China, Bangladesh's largest bilateral trade partner, offered various LDCs extensions on the trade benefits for up to 97% of their goods. However, nations that took up the offer were no longer allowed to enjoy the benefits under the APTA. Since Bangladesh was late in its response, China will now send a fresh offer for 95% of the country's goods.
- Incoming goods from China amount to more than USD 14 billion and earn Bangladesh BDT 230 billion as import duty each year. The import duty levied on the Chinese products accounts for 30% of the total revenue collected from import duties annually. Bangladesh's woven garment makers import nearly 60% of all the fabrics they require directly from China as local weavers cannot supply adequate raw materials. Currently, there are about 65 Bangladeshi goods that are allowed duty-free access to the Chinese market under the APTA while more than 5,000 goods enjoy the same benefit under the LDC coverage. If Bangladesh is granted the 97% package, exports to China will increase manifold.

<https://www.thedailystar.net/business/news/bangladesh-gain-more-trade-benefits-china-ldc-1882324>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$27.04	+0.09	+0.33%
Crude Oil (Brent)*	\$29.06	+0.33	+1.15%
Gold Spot*	\$1,531.18	+2.88	+0.19%
DSEX	3,772.56	-196.75	-4.95%
Dow Jones Industrial Average	21,237.38	+1,048.86	+5.20%
FTSE 100	5,294.90	+143.82	+2.79%
Nikkei 225	17,266.84	+255.31	+1.50%
BSE SENSEX	30,789.31	+210.22	+0.69%

Exchange Rates

USD 1 = BDT 84.96*
GBP 1 = BDT 102.94*
EUR 1 = BDT 93.69*
INR 1 = BDT 1.15*

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

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