

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.

Rising trend of inward remittance continues in April.

- The upward trend of inward remittances continued in April following stable exchange of local currency against the USD. The remittance inflow was estimated at USD 1.33 billion in April 2018, up by USD 27.41 million from that of the previous month. In March 2018, the amount stood at USD 1.30 billion. It was USD 1.09 billion in April 2017. A senior official of the Bangladesh Bank (BB) said that they expect that the inflow of remittance may rise further in the coming months ahead of the Holy Ramadan.
- He also said the central bank has already strengthened its monitoring to keep the exchange of Bangladesh BDT (BDT) against the greenback stable. The inflow of overall remittance jumped by 17.51% or USD 1.80 billion to USD 12.09 billion during the July-April period of the ongoing fiscal year (FY) 2017-18 from USD 10.29 billion in the same period of the previous fiscal, the BB data showed.

<https://thefinancialexpress.com.bd/economy/bangladesh/rising-trend-of-inward-remittance-continues-in-april-1525352330>
<http://www.newagebd.net/article/40356/remittance-maintains-upward-trend-for-7-months>

Net foreign fund at Dhaka Stock Exchange (DSE) sinks in April

- The net foreign investment in the Dhaka bourse turned negative in April, after a month's break, as the foreign fund managers followed a 'go-slow' strategy. The overseas investors collected shares worth BDT 5.03 billion but sold shares worth BDT 5.28 billion last month, resulting in their net position negative by BDT 247 million, according to statistics available with the Dhaka Stock Exchange (DSE).
- In March, the foreign investors' net position was BDT 1.57 billion, as they purchased shares worth BDT 4.56 billion and sold shares worth BDT 2.99 billion, the DSE data shows. Meanwhile, the overseas investors' net position was also negative BDT 947 million in February, as they brought shares worth BDT 3.93 billion and sold shares worth BDT 4.88 billion, according to the DSE statistics.
- A stockbroker who deals with foreign investors, preferring anonymity said that the foreign investors followed a 'go-slow' strategy in April and slow in making the purchase while some booked profit. Managing director of Investment Promotion Services said that foreign investors were optimistic and willing to invest in the market as the market situation was improving after solving the liquidity problems. However, he said, the foreign investors were not the market drivers as their investment makes up less than 2.0% of DSE's total market cap.
- In 2017, the overseas investors bought shares worth BDT 65.76 billion while they offloaded stocks worth BDT 48.71 billion to take their net investment to BDT 17.05 billion, the DSE data shows. In 2016, the net foreign investment was BDT 13.41 billion, as the foreign investors collected shares worth BDT 50.57 billion and sold shares worth BDT 37.16 billion.

<http://today.thefinancialexpress.com.bd/stock-corporate/net-foreign-fund-at-dse-sinks-in-april-1525371850?date=05-05-2018>
<http://www.newagebd.net/article/40435/net-foreign-investment-at-dse-turns-negative-in-april>

Liquidity crisis brings cheer to state banks

- The ongoing liquidity crisis, which has become a bane for private banks and non-bank financial institutions, is turning out to be a boon for state lenders, which are flush with funds. Janata Bank could not provide liquidity support to the market during the crisis period as the bank already has a high loan-deposit ratio of 67.5%, said a senior executive of the bank. The bank declined borrowing proposals of BDT 27.00 billion made by 40 banks and financial institutions in February and March, according to a bank source. Its total deposits stood at BDT 627.00 billion as of December.
- Though the lowering of cash reserve ratio to 5.5% from 6.5% on April 3 has eased some liquidity stress, the scarcity of funds will continue in the long run, said managing director of Pubali Bank. The BB move poured in an additional BDT 100.00 billion to the banking system. As of January, the banking sector's total excess liquidity stood at BDT 777.00 billion, 43% of which were with the state banks.

<https://www.thedailystar.net/business/liquidity-crisis-brings-cheer-state-banks-1572208>

Asian Development Bank (ADB) to continue support for Bangladesh, says its chief

- Asian Development Bank (ADB) President has said the Bank will continue its support for Bangladesh for its future

economic development. Also lauding Bangladesh's ongoing economic growth, the ADB head said the country's success story could be 'good example' for some other Asian countries. He again added that Bangladesh's economy has been growing at an average rate of 7.0% over the years. And the progress that Bangladesh has made in its economic front can be a good example for some other Asian countries.

- Mr president also said that the ongoing and future lending arrangements for Bangladesh would be discussed during his meeting with finance minister which is scheduled for next Sunday. The ADB has so far provided Bangladesh with a total of USD 20 billion in loans, grants, and technical assistance.

<https://thefinancialexpress.com.bd/economy/bangladesh/adb-to-continue-support-for-bd-says-its-chief-1525406515>

Asian Development Bank (ADB) pushed to raise lending rates for middle-income Asia

- Members of the Asian Development Bank urged the lender to charge higher lending rates for middle-income countries and to start working with these countries more as partners and less as mere aid recipients. Countries said the ADB should embrace more private financing, implement projects more quickly and work more with other institutions as the global financial landscape changes.

- China's rise has drawn attention because its new programmes could become serious rivals to the ADB, some economists say. There are also concerns that trade friction between the United States and China will affect how international lenders work with China. Most members of the ADB said it should use more private sector money and court institutional investors to lower the burden on its own finances.

<http://www.newagebd.net/article/40492/adb-pushed-to-raise-lending-rates-for-middle-income-asia>

<https://www.thedailystar.net/business/countries-push-adb-raise-lending-rates-middle-income-asia-1572193>

Listed cement companies see moderate fall in Jan-Mar quarter earnings

- The earnings of listed cement companies declined moderately for January-March quarter of 2018 as compared to the same period of previous year as profit margins squeezed due to multiple reasons included increased prices of raw materials. Manufacturers said the price of cement has not increased as compared to increased manufacturing cost. That's why the earnings of the listed cement companies declined during the quarter despite the sales volume increased by 12%, they added.

- Of the seven listed companies, one witnessed loss while the earnings per share (EPS) of five others declined moderately for the period compared to same period of the previous year. Only one company reported increased EPS for the January-March quarter. Chief executive officer of MI Cement, said increased prices of raw materials have mainly squeezed the profit margins of the cement companies. He also said that the price of one ton of clinkers rose to USD 53 from USD 40 while the transport cost rose 66%, leaving an adverse impact on the profit margins.

- He also added that the depreciation of local currency against USD is also a reason behind the decline in last quarter earnings. He mentioned that the earnings of cement companies would increase in the next quarter as the manufacturers increased the cement price by some extent. Confidence Cement Officials said that for deviation in comparison to the same period of previous year, continuous increase of raw material price without rational increase in the finished goods price is attributable to the financial performance, and increase in payment against imports, interest and advance income tax paid, is attributable to the cash flow position.

<http://today.thefinancialexpress.com.bd/stock-corporate/listed-cement-cos-see-moderate-fall-in-jan-mar-quarter-earnings-1525534800>

Prime Bank changing business model

- Prime Bank is bringing major changes to its business model for wholesale, retail and SME banking in order to diversify its operations by 2021. Under the plan, the second generation bank will raise its investment in retail and small and medium enterprises (SMEs) to 40-45% in the next four years from 20% now. Prime Bank MD said that they will double their loan disbursement in retail and SMEs as part of the bank's roadmap for 2021. Last year, SME and retail loans accounted for 9.29% and 10.90% respectively of the bank's total disbursed loans.

- He also added that will disburse loans to the dealers, distributors and suppliers of the corporate groups under our SME programme. The corporate groups will benefit from the supply chain financing initiative as their distributors will get necessary financing to run businesses, he said. The bank also plans to strengthen its corporate and commercial banking wings to cater large and mid-level businesses. The bank has recently launched a relationship model for corporate banking and appointed a relationship manager for every corporate group following in the footsteps of global banking models.

- He said Prime Bank is now enjoying an excellent financial health as it has not faced any liquidity crunch in recent months like most of its peers. Now the bank's major challenge is to get rid of the inherited non-performing loan (NPL),

which has created a burden for the lender.

<https://www.thedailystar.net/business/prime-bank-changing-business-model-1572199>

Olympic Industries boosts production capacity

- Olympic Industries -- the country's oldest consumer goods manufacturing company - has enhanced its capacity of cartoon, noodles and bakery manufacturing lines to the growing demand for its products. Commercial operation of the company's cartoon manufacturing line completed with corrugation and printing with an estimated annual capacity of 66 million cartoons and the commercial production started from Tuesday at the company's Kutubpur factory.
- Commercial operation of the company's noodles manufacturing line with an estimated annual capacity of 9,000 metric tons also started from Tuesday at the company's Kutubpur factory. Commercial operation of an additional tunnel oven to increase the company's annual bakery capacity by 1,800 metric tonnes started from Tuesday at the company's Madanpur factory. The company has also informed that it also plans to enter into a third-party manufacturing agreement with Lucerne Cocoa & Chocolate Products, to have its Chocolate products manufactured by Lucerne.
- The agreement will be for an initial period of two years, commencing from June 2018 for an estimated monthly production of 20 metric tons.

<http://today.thefinancialexpress.com.bd/stock-corporate/olympic-industries-boosts-production-capacity-1525371757?date=05-05-2018>

IBN Sina completes sale of IBBL stake

- IBN Sina Trust, one of the corporate sponsors of Islami Bank Bangladesh Limited (IBBL), has completed sale of its entire holdings in the company. Earlier on April 26, the trust expressed its intention to offload the entire holdings in the IBBL. On May 3, the IBBL made a disclosure on completion of selling out the entire holdings by the trust. As per the declaration, the trust sold above 36.07 million shares of the IBBL at prevailing market price through the stock exchanges. According to information of Dhaka Stock Exchange (DSE), the sponsor-directors hold 46.70% shares while institutions 9.16%, foreigners 26.37% and general shareholders 17.77% as on March 31, 2018.

<http://today.thefinancialexpress.com.bd/stock-corporate/ibn-sina-completes-sale-of-ibbl-stake-1525533401>

Investment in City Bank's subsidiary

- As against the offer of City Brokerage Ltd, a subsidiary of the City Bank Limited, the board of directors of the company has decided to invest in share capital for an amount of BDT 300 million (equivalent shares of 30 million @ BDT. 10 each) of the subsidiary, subject to obtaining approval from the regulatory bodies and compliances with the rules and regulations.

<http://today.thefinancialexpress.com.bd/stock-corporate/investment-in-city-banks-subsiadiary-1525533452>

No loan to buy AB Bank stocks

- The stock brokers and merchant bankers are requested to abstain from providing loan facilities to purchase securities of AB Bank Limited with effect from today (Sunday) as per a BSEC directive. The bank will be placed in "Z" category from existing "A" category with effect from today (Sunday) as the company has recommended no dividend for the year ended on 31 December 2017.

<http://today.thefinancialexpress.com.bd/stock-corporate/no-loan-to-buy-ab-bank-stocks-1525533436>
<http://www.newagebd.net/article/40357/stocks-slip-as-banks-whipped-over-ab-bank-downgrade>

BRAC Bank's Q1 post-tax profit grows by 9.0%

- BRAC Bank's profit after tax during the first quarter (Q1) of 2018 increased by 12% to BDT 1,247 million on the solo basis against BDT 1,118 million in the corresponding period of last year. During the January-March period of the current calendar year the consolidated profit after tax was recorded at BDT 1,383 million, up by 9.0% compared to BDT 1,267 million in the first three months of 2017.
- During the first three months of the current calendar year, the bank's Earnings Per Share (EPS) on the solo basis were registered at BDT 1.45 against BDT 1.13 in the corresponding period of 2017. The consolidated EPS also rose to BDT 1.48 from BDT 1.34. At the end of March, 2018 the net asset value (NAV) of the bank on the solo basis was BDT 31.90, up from BDT 26.41 in the first three months of 2017. Similarly the consolidated NAV rose to BDT 32.64 in the first quarter (Q1) of 2018 from BDT 27.41 in the corresponding period of 2017.

<http://today.thefinancialexpress.com.bd/stock-corporate/brac-banks-q1-post-tax-profit-grows-by-90pc-1525371725?date=05-05-2018>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$69.72	+1.29	+1.89%
Crude Oil (Brent)*	\$74.87	+1.25	+1.70%
Gold Spot*	\$1,314.50	+2.44	+0.19%
DSEX	5698.69	-40.54	-0.71%
Dow Jones Industrial Average	24,262.51	+332.36	+1.39%
FTSE 100	7,567.14	+64.45	+0.86%
Nikkei 225	22,472.78	-35.25	-0.16%

Exchange Rates

USD 1 = BDT 83.85*
GBP 1 = BDT 113.46*
EUR 1 = BDT 100.29*
INR 1 = BDT 1.25*

**Currencies and Commodities are taken from Bloomberg.*

IMPORTANT DISCLOSURES

Analyst Certification: Each research analyst and research associate who authored this document and whose name appears herein certifies that the recommendations and opinions expressed in the research report accurately reflect their personal views about any and all of the securities or issuers discussed therein that are within the coverage universe.

Disclaimer: Estimates and projections herein are our own and are based on assumptions that we believe to be reasonable. Information presented herein, while obtained from sources we believe to be reliable, is not guaranteed either as to accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation of the purchase or sale of any security. As it acts for public companies from time to time, BRAC-EPL may have a relationship with the above mentioned company(s). This report is intended for distribution in only those jurisdictions in which BRAC-EPL is registered and any distribution outside those jurisdictions is strictly prohibited.

Compensation of Analysts: The compensation of research analysts is intended to reflect the value of the services they provide to the clients of BRAC-EPL. As with most other employees, the compensation of research analysts is impacted by the overall profitability of the firm, which may include revenues from corporate finance activities of the firm's Corporate Finance department. However, Research analysts' compensation is not directly related to specific corporate finance transaction.

General Risk Factors: BRAC-EPL will conduct a comprehensive risk assessment for each company under coverage at the time of initiating research coverage and also revisit this assessment when subsequent update reports are published or material company events occur. Following are some general risks that can impact future operational and financial performance: (1) Industry fundamentals with respect to customer demand or product / service pricing could change expected revenues and earnings; (2) Issues relating to major competitors or market shares or new product expectations could change investor attitudes; (3) Unforeseen developments with respect to the management, financial condition or accounting policies alter the prospective valuation; or (4) Interest rates, currency or major segments of the economy could alter investor confidence and investment prospects.

BRAC EPL Stock Brokerage Limited

Research

Ayaz Mahmud, CFA	Deputy Head of Research	ayaz.mahmud@bracepl.com	01708 805 221
S. M. Samiuzzaman	Research Analyst	sl.samiuzzaman@bracepl.com	01708 805 224
Ahmed Zaki Khan	Research Associate	zaki.khan@bracepl.com	01708 805 211
Sadman Sakib	Research Associate	sadman.sakib@bracepl.com	01730 727 939
Md. Rafiqul Islam	Research Associate	mrafiquislam@bracepl.com	01708 805 229

International Trade and Sales

Ahsanur Rahman Bappi	Head of International Trade & Sales	bappi@bracepl.com	01730 357 991
----------------------	-------------------------------------	--	---------------

Fax: +(8802) 9852451-52
E-Mail: research@bracepl.com