

*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.*

### **Most banks see EPS fall**

- Some 18 of the 30 listed banks saw their earnings per share (EPS) plummet in the first quarter of the year because of huge provisioning against default loans. One, AB, Al Arafah, City, Dhaka, Eastern, First Security, Islami, Mercantile, National, Prime, Rupali, Shahjalal, Southeast, Standard, Trust and Uttara saw their EPS decline, according to data from the Dhaka Stock Exchange. On the other hand, ICB Islami saw higher losses this quarter. Ten banks though saw their EPS grow. Pubali is yet to announce their EPS.
- A former deputy governor of the Bangladesh Bank said that the banking sector had to keep huge provisioning in the first quarter as the classified loans are soaring. Those with higher classified loans saw their EPS decline mostly. On the other hand, many banks could not disburse new loans in the first quarter as they have already reached their loan-deposit ratio, so profits were hampered, he added. Huge competition to attract deposits is another reason for the decline in banks' EPS in the quarter. Banks are offering higher interest on deposits but the lending rate is yet to rise proportionally, so the spread declined this quarter and with it, the EPS. For instance, in March banks' spread stood at 4.34 percent, in contrast to 4.62 percent a year earlier.

<https://www.thedailystar.net/business/most-banks-see-eps-fall-1580287>

### **Banks demand slash in interest rates on savings certificates**

- In an effort to address a liquidity crisis, private banks demanded that the government lower interest rates on savings certificates. Bangladesh Association of Banks (BAB), an organization of private bank owners, thinks the move will ease the liquidity crisis and reduce the double-digit lending rate. It has already sent a letter to Finance Minister in this regard. The association leaders are also expected to meet the minister soon to discuss the matter. According to a Bangladesh Bank report, interest rate on loans rose more in March than in February. Recently, in a letter to the finance ministry, the central bank said high interest rate on savings certificates is breaching discipline in the banking sector.
- Sources at the National Board of Revenue said the interest rates on savings certificates might be reduced to 2%. A number of changes are also being made in the regulations of investment in the savings certificates. The interest rates were lowered up to 2% in May 2015. However, economists say there is no guarantee that this move will revitalize the banking sector. According to Bangladesh Bank data, savings certificates worth BDT 601.25 billion were sold between July and March of the 2017-18 fiscal. During this period, the government took BDT 367.09 billion as net loan from the savings certificates, which is 121.75% of the target.

<https://www.dhakatribune.com/business/2018/05/22/banks-demand-slash-in-interest-rates-on-savings-certificates>

### **Bangladesh Bank okays manual for issuing new treasury bond**

- The central bank has approved a manual for the floating rate treasury bond (FRTB), paving the way for issuing such a debt instrument in the country. The maturity of the bond will be more than one year. The government will fix it from time to time. The coupon rate will be expressed as a summation of the BCR and the spread, which is determined through auction. The coupon rate determined in auction will be fixed for the first quarter and reset on every coupon payment day for the next quarter, according to the BCR of that day. On the basis of the bids received in auction, the cut off rate will be determined by the auction committee.

<http://today.thefinancialexpress.com.bd/print/bb-okays-manual-for-issuing-new-treasury-bond-1527010862>  
<http://www.newagebd.net/article/41866/bangladesh-government-to-issue-floating-rate-bond-for-deficit-financing>

**World Stock and Commodities\***

<b>Index Name</b>	<b>Close Value</b>	<b>Value Change</b>	<b>% Change</b>
Crude Oil (WTI)*	\$71.92	-0.28	-0.39%
Crude Oil (Brent)*	\$79.05	-0.52	-0.65%
Gold Spot*	\$1,292.50	+1.36	+0.11%
DSEX	5391.89	-21.40	-0.40%
Dow Jones Industrial Average	24,834.41	-178.88	-0.72%
FTSE 100	7,877.45	+18.28	+18.28
Nikkei 225	22,712.38	-247.96	-1.08%

**Exchange Rates**

USD 1 = BDT 84.07\*  
GBP 1 = BDT 112.78\*  
EUR 1 = BDT 98.89\*  
INR 1 = BDT 1.23\*

*\*Currencies and Commodities are taken from Bloomberg.*

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### BRAC EPL Stock Brokerage Limited

#### Research

Ayaz Mahmud, CFA	Deputy Head of Research	<a href="mailto:ayaz.mahmud@bracepl.com">ayaz.mahmud@bracepl.com</a>	01708 805 221
Md. Sakib Chowdhury	Research Analyst	<a href="mailto:sakib.chowdhury@bracepl.com">sakib.chowdhury@bracepl.com</a>	01709 641 247
S. M. Samiuzzaman	Research Analyst	<a href="mailto:sm.samiuzzaman@bracepl.com">sm.samiuzzaman@bracepl.com</a>	01708 805 224
Sadman Sakib	Research Associate	<a href="mailto:sadman.sakib@bracepl.com">sadman.sakib@bracepl.com</a>	01730 727 939
Ahmed Zaki Khan	Research Associate	<a href="mailto:zaki.khan@bracepl.com">zaki.khan@bracepl.com</a>	01708 805 211
Md. Rafiqul Islam	Research Associate	<a href="mailto:mrafiqulislam@bracepl.com">mrafiqulislam@bracepl.com</a>	01708 805 229

#### International Trade and Sales

Ahsanur Rahman Bappi	Head of International Trade & Sales	<a href="mailto:bappi@bracepl.com">bappi@bracepl.com</a>	01730 357 991
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