

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.

China bourse to launch index at Dhaka Stock Exchange

- The Shenzhen Stock Exchange (SZSE) is going to introduce a new index at the Dhaka Stock Exchange this year to attract Chinese investors to the secondary market of Bangladesh's premier bourse. The index will be formed by the SZSE in association with the DSE where well-performing stocks will be included, a Director of the Shenzhen exchange, told yesterday.
- By the end of 2018, the SZSE had listed 2,134 listed companies, with a total market capitalization of USD 2.4 trillion. The total capital raised in the equities market in 2018 was USD 57 billion. There are 4,909 listed bonds, including asset-back securities products, and 517 listed funds, according to the exchange's website.

<https://www.thedailystar.net/business/news/china-bourse-launch-index-dse-1824571>

<http://www.dhakatribune.com/business/stock/2019/11/07/wooing-chinese-investors-szse-keen-to-introduce-new-index-at-dse>

<https://today.thefinancialexpress.com.bd/first-page/shenzhen-dhaka-bourses-joint-index-by-dec-1573207695?date=08-11-2019>

Pharma export sees strong growth

- Export earnings from the country's pharmaceutical sector continued its upward trend over the last seven years on the back of a conducive policy environment, skilled human resources and patent waiver, insiders said. Drug makers operating in Bangladesh have fetched US USD 46.85 million in July-October period of current fiscal year (FY) 2019-20, up 8.07% over the corresponding period of last fiscal, according to the Export Promotion Bureau of Bangladesh (EPB) data. The sector's earning from overseas market jumped 25.60% to USD 129.95 million in FY 2018-19 from USD 103.46 million in FY '18. The figure was USD 89.17 million in FY '17 and USD 48.25 million in FY 2011-12.
- Managing Director of One Pharma Limited said that the drug market in Bangladesh has the potential to grow further in the coming days. Increasing demand for drugs at home and abroad, growing acceptance of Bangladeshi medicines abroad and comparatively low production cost here are some of the key reasons for the growth of this sector, he said. Bangladeshi drug makers are now capable of meeting 98% of domestic demand, he added. About the future challenges for the pharmaceutical sector, he said there will be changes in terms of disease pattern, new diseases due to environmental degradation and increased lifespan of people.
- The global market for generic drugs is expected to reach USD 475 billion by 2024 from USD 340 billion in 2018, according to marketwatch.com. According to data presented at a seminar recently, the domestic market size of the pharmaceutical product is BDT 205.12 billion with annual growth rate of 10%. The sector's contribution to the gross domestic product (GDP) is estimated around 1.83%. The country exports drugs to 150 countries worth around USD 130 million, which is likely to cross billion-dollar mark in the next five years, experts said.

<https://today.thefinancialexpress.com.bd/trade-market/pharma-export-sees-strong-growth-1573228138?date=09-11-2019>

Ten banks fail to maintain minimum capital requirement

- Ten scheduled banks are highly vulnerable to reasonable amount of losses as the banks have failed to maintain minimum capital to risk-weighted assets ratio (CRAR), according to the Bangladesh Bank's Financial Stability Assessment Report for the period of April-June this year. The BB assessed 57 out of 59 scheduled banks in its report. In line with the Pillar 1 of the Basel III capital framework, all the scheduled banks are supposed to maintain minimum 10% CRAR. Maintaining CRAR, also known as capital adequacy ratio (CAR), is obligatory for the banks and financial institutions to protect depositors and promote the stability and efficiency of financial systems, BB officials said.
- Any bank or its depositors may fall into troubled water unless the minimum required CRAR is maintained, he said. The rest 47 banks have managed to comply with the provision of maintaining at least 10% or above as CRAR. The report, however, said that the overall CRAR of the banking sector increased to 11.7% at the end of June this year, up 80 basis points on last year. It also said that 30 banks' CRARs were within the range of 10-15% and their aggregate assets accounted for nearly 59.4% of the total banking industry's assets at the end of June this year.
- As 10 banks failed to maintain required CRAR, the rest 47 banks were considered for applying different stresses, the Financial Stability Assessment Report said. The report said that 22 of the 47 banks would fail to maintain the required CRAR if three large borrowers of each bank became loan defaulters. If seven large borrowers of each bank become loan defaulters, 34 banks would fail to maintain the required CRAR and loan defaulting by 10 large borrowers would result in 35 banks failing to maintain the required CRAR. Although the central bank has been pressing the banks to

reduce the advance-deposit ratio (ADR), the overall ADR of the banking industry stood at 77.5%, up 0.8 percentage points on 78.5% a year ago.

<http://www.newagebd.net/article/90144/ten-banks-fail-to-maintain-minimum-capital-requirement>

Remittance inflow went up by 20% in 4 months

- Expatriate Bangladeshis sent USD 6,154.22 million in remittance in the first four months of the current fiscal 2019-20, which is 20.48% higher than the amount of corresponding period of the preceding year, according to Bangladesh Bank data. The country received USD 5,108 million in remittance during July-October period in 2018-19 fiscal year.
- According to their data, the country received USD 1,597.69 million in July; USD 1,444.75 million in August; USD 1,472.16 million in September and USD 1,639.62 million in October of the fiscal 2019-20. But in 2018-19, the country got USD 1,318.18 million in July; USD 1,411.05 million in August; USD 1,139.66 million in September and USD 1,239.11 million in October.
- In July this fiscal, six state-owned commercial banks -- Agrani, Janata, Rupali, Sonali, BASIC and BDBL-- received USD 353.15 million while one state-owned specialized bank -- Bangladesh Krishi Bank -- received USD 30.24 million. Of the state-owned banks, Agrani Bank received USD 147.12 million; Janata Bank USD 75.94 million; Rupali Bank USD 20.76 million; Sonali Bank USD 109.23 million and BASIC Bank USD 0.10 million, according to Bangladesh Bank.
- Besides, expatriates have sent USD 1,240.41 million through private commercial banks. On the other hand, the expatriates have sent USD 15.82 million through foreign commercial banks.

<https://www.thedailystar.net/city/news/remittance-inflow-went-20pc-4-months-1825027>

<http://www.dhakatribune.com/business/economy/2019/11/09/remittance-inflow-increases-by-20-in-first-4-months-of-fy2019-20>

Trade deficit shrinks in first quarter

- Trade deficit narrowed slightly in the first quarter of the fiscal year as both exports and imports declined, a development that can be construed as symptoms of an economic slowdown. Between the months of July and September, trade deficit, a situation when imports exceed exports, stood at USD 3.71 billion, down 3.50% year-on-year, according to data from the central bank. During the period, imports declined 2.55% from a year earlier to USD 13.25 billion and exports 2.18% to USD 9.53 billion.
- Along with trade deficit, current account deficit also decreased 48.48% year-on-year to USD 678 million in the first quarter of fiscal 2019-20.
- Deficit in the overall balance stood at a negative of USD 204 million in the July-September period, up from USD 158 million in the negative.
- Financial account of the balance of payments includes private sector foreign loan. The balance in the financial account decreased 71% year-on-year to USD 380 million in the first quarter of the fiscal year.

<https://www.thedailystar.net/business/news/trade-deficit-shrinks-first-quarter-1824568>

<http://www.dhakatribune.com/business/2019/11/07/trade-deficit-drops-by-3-50-in-q1>

Bangladesh pays USD 987 million to Asian Clearing Union (ACU) for Sept-Oct imports

- Bangladesh has made a routine payment of more than USD 987 million to the Asian Clearing Union (ACU) against imports during the September-October period of this calendar year. After the payment, foreign exchange (forex) reserves fell to USD 31.60 billion on Thursday from USD 32.60 billion on the previous working day, according to the central bank officials. A senior official of the Bangladesh Bank (BB) said the country will be able to settle import bills for more than five months with existing forex reserves. He also said the amount of ACU payment came down to USD 987 million during the period under review from USD 1.04 billion earlier mainly due to lower imports from the ACU member countries, particularly from India.
- Bangladesh is now importing different consumer items, cotton, raw materials and capital machinery from the ACU member countries, especially from neighboring India, according to the central banker. The ACU is an arrangement involving Bangladesh, Bhutan, India, Iran, Myanmar, Nepal, Pakistan, Sri Lanka and the Maldives through which intraregional transactions among the participating central banks are settled on a multilateral basis.

<https://today.thefinancialexpress.com.bd/first-page/bd-pays-987m-to-acu-for-sept-oct-imports-1573230907?date=09-11-2019>

Bangladesh receives more than 1% global LNG in first year

- Bangladesh received more than one% of total global LNG production in the first 12 months after entering the LNG import marketplace as the 39th country in 2018, said a statement. Bangladesh joined the LNG import marketplace through the delivery of the country's first LNG import terminal, Moheshkhali Floating LNG (MLNG) last year.
- In its first year of LNG imports, Bangladesh has successfully delivered 60 cargoes (equivalent to 3.6 million tons of LNG) imported from eight countries, providing over 180 million MMBtu of gas into the Chattogram region of the country. LNG imports represent a 15% uplift in gas supply for the country, allowing for several power plants, fertilizer factories, and industries that had previously been shut down due to a lack of feedstock, resume production.

<https://today.thefinancialexpress.com.bd/stock-corporate/bd-receives-more-than-one-per-cent-global-lng-in-first-year-1573223436?date=09-11-2019>
<https://www.thedailystar.net/business/news/bangladesh-bought-over-1pc-global-lng-first-year-1824577>

LR Global files writ to keep job as asset manager of two Mutual Funds

- LR Global Bangladesh, an asset management company, has filed a writ petition with the High Court (HC), seeking a direction for continuing its job as asset manager of two listed mutual funds (MFs). LR Global filed the writ petition on Tuesday as a number of unit holders of the MFs made a proposal recently to change the asset manager of Green Delta Mutual Fund and DBH 1st Mutual Fund. In its writ petition, the LR Global said the application for removal or termination of LR Global is designed by some persons against whom the petitioner raised the allegation of fraudulent activities and made a request to the BSEC to take action in this regard. But the respondents did not take any steps on the plea and simply sat over the matter, the petitioner said.
- At the end of October, over two-thirds of unit holders of the two mutual funds applied to the Bangladesh General Insurance Company (BGIC), the trustee of the MFs, to change the asset manager.

<https://today.thefinancialexpress.com.bd/stock-corporate/lr-global-files-writ-to-keep-job-as-asset-manager-of-two-mfs-1573142806?date=08-11-2019>

39% ready-made (RMG) exporters supply at losses, a study finds

- As many as 39% of the Bangladeshi garment exporters accept prices below their production costs for the sake of business relations with international retailers, according to a study by the Fair Wear Foundation (FWF). Apart from the threat of severed business ties, the suppliers accepted work orders from foreign buyers at rates lower than their production costs for mistakes in cost calculation or to one-up their competitors, the study also found.
- Some 33% think they will face the risk of closure and 29% will face difficulties in wage payment to workers, the study also said. Only 13% of the buyers who source from Bangladesh increased the prices of garment items after the minimum wage hike in 2013.
- Globally, the picture is almost similar to Bangladesh. During that time, only 25% of the global buyers had increased the prices of the garment items after the wage hike, FWF's Country Manager for Bangladesh and Myanmar said.
- Between 2011 and 2016, the overall prices of Bangladeshi garment items declined 7.79%. The picture of price hike by buyers following the latest round of the minimum wage increase in December last year is worse than that of 2013: only one out of the 20 buyers increased the prices.

<https://www.thedailystar.net/business/news/39pc-rmg-exporters-supply-losses-study-finds-1824583>

USD 300 million Asian Development Bank (ADB) loan to expand power lines

- The Asian Development Bank has approved a €271.84 million, or USD 300 million, loan for a project to expand transmission lines in greater Dhaka and the western zone of Bangladesh. Besides, the Asian Infrastructure Investment Bank is considering USD 200 million in co-financing to finance transmission lines, substations, and an enterprise resource planning system. The assistance also comprises a USD 750,000 grant from China's Poverty Reduction and Regional Cooperation Fund (PRC Fund), the Manila-based lender said in a statement on Friday.
- The new project will continue to fund high-level advanced conductors, which were used in the 2018 project, to allow more power transfer at lower energy losses. With assistance from the PRC Fund, the project will introduce drone technology to Bangladesh as an innovative new technology to improve operational efficiency and safety. The project will construct 40 kilometers of transmission lines and 4,450 megavolt-ampere (MVA) of substations in greater Dhaka, as well as 368km of transmission lines, 3,070 MVA of substations, and 20 bay extensions in the western zone, the statement said. It will also establish an enterprise resource planning system, and a drone inspection center to improve operation efficiency and enhance workspace safety in the executing agency, the Power Grid Company of Bangladesh.

- The government and the executing agency will contribute USD 249.25 million for the USD 750 million-project, which is due for completion at the end of June 2024.

<https://www.thedailystar.net/business/news/300m-adb-loan-expand-power-lines-1825291>

Bangla Bond debuts on London Stock Exchange tomorrow

- A USD 19 million taka-denominated bond is set to make its debut on the London Stock Exchange tomorrow, in a landmark moment for the country. The debt certificate—the Bangla Bond—is being backed by the International Finance Corporation (IFC), the private sector arm of the World Bank Group.
- The government expects to draw USD 1 billion from the Bangla Bond, with the rest of the amount to be floated in phases. The floatation of the bond comes as the government looks to mobilize the hordes of expatriate Bangladeshis towards nation building and draw in foreign investors too.
- The IFC has been working with the government for four years for the Bangla bond. While initial feedback from investors has signaled appetite for shorter tenures (2-5 years), the IFC's intent is to build a longer yield curve over time. Proceeds from longer tenure bonds could be utilized in infrastructure projects within Bangladesh, it said.
- The primary objective of the bond issuance is to mobilize capital to fund IFC investments in projects in the country. This will be done by converting the dollar proceeds of the bonds into taka and then using the resulting taka funds to provide financing for projects in Bangladesh.

<https://www.thedailystar.net/business/news/bangla-bond-debuts-london-stock-exchange-today-1825297>

Mobile Financial Services (MFS) interoperability in a year: State Minister for Information Communication & Technology (ICT)

- Transactions for mobile financial services from one operator to another will be possible within a year as the government is working to introduce a platform, State Minister for ICT said. Currently there are 16 banks and financial institutions providing MFS in the country with transactions reaching about BDT 12 billion a day. As of September, MFS transactions amounted to BDT 354.33 billion, according to Bangladesh Bank.

<https://www.thedailystar.net/business/news/mfs-interoperability-year-palak-1825282>

Dhaka Chamber of Commerce and Industries (DCCI): High lending rates pushing up production costs

- Dhaka Chamber of Commerce and Industries (DCCI) President on Saturday said that high interest rates of credits were raising the production costs, reducing the competitiveness in global market. The DCCI president said the bank interest rates were still high – hovering around 11-15% on an average – though the government also emphasized lowering the rates as early as possible.
- The country's economy and businesses are growing but entrepreneurs, especially small and medium ones, are struggling due to unavailability of loans at affordable rates, he said, warning that the situation might worsen if the trend continued. He said the current inflation rate, liquidity crisis at banks and growing non-performing loans (NPL) were the reasons behind the high lending rates.
- DCCI president underscored good governance at banks, amendment to banking laws, checking inflation and reducing savings certificate interest rates for strengthening banking sector so that businesses could get easy financing. He also recommended that the government mobilize domestic revenue rather than depend on banks and saving tools for meeting the fiscal deficit.

<http://www.dhakatribune.com/business/2019/11/09/dcci-high-lending-rates-pushing-up-production-costs>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$56.84	-0.40	-0.70%
Crude Oil (Brent)*	\$62.01	-0.50	-0.80%
Gold Spot*	\$1,461.57	+2.57	+0.18%
DSEX	4,771.92	+17.22	+0.36%
Dow Jones Industrial Average	27,681.24	+6.44	+0.02%
FTSE 100	7,359.38	47.03	-0.63%
Nikkei 225	23,343.92	-47.95	-0.20%
BSE SENSEX	40,382.54	+58.93	+0.15%

Exchange Rates**USD 1 = BDT 84.82*****GBP 1 = BDT 108.50*****EUR 1 = BDT 93.49*****INR 1 = BDT 1.19***

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

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