

*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.*

### **RMG export to US grows 11.8% in Jan-Aug period**

- The country's readymade garment (RMG) export to the US during first eight months of 2019 registered 11.81% growth to USD 4.08 billion compared to that of 2018, according to official data. Bangladesh fetched USD 3.65 billion during January-August period of 2018, according to data of the Office of Textiles and Apparel under the US Department of Commerce released on Friday. Experts and exporters have attributed the growth to shifting work orders from China due to the rising cost there and ongoing trade war between the US and China.
- A recent study of Asian Development Bank also said that the trade war between China and the US has become a boon for Bangladesh and the country has started benefiting since 2017 when the trade tensions between the world's two largest economies flared up. The US imported a total of USD 4.23 billion in textile and apparel items from Bangladesh during January-August period of 2019, it showed.
- On the other hand, the US import of apparel from China was still high though witnessed a sluggish 1.99% growth to USD 17.55 billion during the period. Meanwhile, the garment exports of Vietnam grew by 12.17% to USD 9.06 billion and India witnessed 8.19% rise to USD 2.94 billion during the same period. Indonesian apparel exports registered a 0.37% negative growth to USD 3.0 billion during the period. Apparel exports of Cambodia to US in January-August period of 2019 grew by 8.58% to USD 1.72 billion while the exports of Mexico fell by 3.58% to USD 2.17 billion, the OTEXA data showed.

<http://today.thefinancialexpress.com.bd/trade-market/rmg-export-to-us-grows-118pc-in-jan-aug-period-1570286428>  
<http://www.newagebd.net/article/86729/rmg-exports-to-us-grow-118pc-in-jan-aug>

### **96% bikes made locally**

- Today, around 96% of the two-wheelers plying on the roads are either locally manufactured or assembled, industry people said. Seven firms – Japanese brands Honda, Suzuki, Yamaha, India's Bajaj, TVS and Hero, and Runner Automobiles of Bangladesh – have made the country almost self-sufficient in motorbike manufacturing or assembly in the fast growing market.
- Operators now predict that the market would grow many folds in the next two-three years because of rising incomes, steady growth of economy and favorable policy and tariff structure. Around 1,600 units of motorbikes are sold every day in the country, nearly doubling from 900 units in 2016, according to market players. Last year, about 480,000 bikes were sold, up from 387,000 units in 2017 and 270,000 units in 2016. Assuming the price of a motorbike is BDT 100,000 on an average, the total sales figure would be around BDT 50 billion a year, almost equivalent to the market size of four-wheelers.
- Runner Automobiles showed the courage to set up the country's first automobile manufacturing plant in 2007 at Bhaluka in Mymensingh. The bike manufacturing began in 2010. The chairman of Runner Automobiles and also the president of the Bangladesh Motorcycle Manufacturers and Exporters Association, said the plant is manufacturing bikes in 14 models. Runner Automobiles makes almost all components needed to produce a bike except for some basic parts of the engine, he said, emphasizing on developing backward linkage, which is vital to expand capacity.
- Hero, one of the fastest growing brands in Bangladesh, established an assembly plant four years ago under a joint venture with Nitol-Niloy Group. The facility was upgraded to a manufacturing unit in 2018. The plant manufactures 125,000 units per year although it has capacity to manufacture more than 200,000 units.

<https://www.thedailystar.net/business/news/96pc-bikes-made-locally-1809223>

### **Taka weakens as demand for dollar soars**

- The exchange rate of Bangladesh Taka depreciated significantly against the US dollar on Thursday, accelerated by the higher demand for the greenback to settle import bills. The local currency lost its value by 15 poisha in the inter-bank foreign exchange market after nearly four months, according to market operators. The US dollar was quoted at BDT 84.65 each in the inter-bank forex market on the day against BDT 84.50 of the previous working day, they said.
- Senior bankers predicted the exchange rate of taka would be depreciated in the near future to ensure competitiveness of the exporters in the global market. India, Pakistan, Vietnam and China treated as main competitors of Bangladesh in the international market have already depreciated their currencies substantially against the greenback, they said.

<http://today.thefinancialexpress.com.bd/first-page/taka-weakens-as-demand-for-dollar-soars-1570126331?date=04-10->

[2019](#)

### **Exports to India remain dismal**

• Despite sharing a long border, Bangladesh is still a very tiny source for merchandise for India due to a lack of diversification of products and non-tariff barriers. India's annual merchandise import amounts to USD 500 billion, in which Bangladesh's share is only 0.2%, or a little above USD 1 billion, even though duty-free facilities have existed since 2011 for all local products save for 25 alcoholic and beverage items. In fiscal 2018-19, Bangladesh's merchandise shipments to India were USD 1.24 billion, crossing the USD 1 billion-mark for the first time, according to data from the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI). Garment items dominate Bangladesh's exports to India as its demand among the growing middle-income customers is high. Bangladesh also exports home textile, processed food, cement, furniture, leather and leather goods, but the volume is very small.

• Bangladesh's garment export to India is on the rise thanks to the presence of global retail giants like H&M, Zara, Mango, Wal-Mart in the neighboring country. All the retailers source from Bangladesh heavily. However the President of the India Bangladesh Chamber of Commerce and Industry, said some 40 Indian companies have their operations in Bangladesh and they send back the goods produced here to India, especially to the Northeastern states.

<https://www.thedailystar.net/business/news/exports-india-remain-dismal-1809211>

### **Omera Petroleum to float IPO**

• Omera Petroleum Ltd. (OPL), a leading operator in the country's LPG sector, has moved to raise capital through IPO (initial public offering) under the book building method. The company will raise capital for the purpose of repaying loans, purchasing an ocean going ship and infrastructure development. As part of the process of going public, the OPL will hold an IPO road show on October 20.

• The OPL is also a subsidiary of MJL Bangladesh with a combined capacity of 100,000 MT per year. In partnership with European energy giant BB Energy, the company has installed state-of-the-art LPG import and storage terminal with capacity of 3600 MT at Mongla, Bagerhat, according to the company's website. Apart from the main installation in Mongla, the OPL has established three other satellite filling and bottling stations located at Ghorashal (Central), Bogra (Northern Belt) and Chittagong (Southern Belt) respectively to ensure convenience and availability of LPG to its distributors and customers.

• IFC, a member of the World Bank Group, has already invested USD 20 million as a long-term loan in Omera Petroleum to help the company double its capacity and increase the availability of liquefied petroleum gas (LPG), especially in rural areas. The IFC loan is part of its project to double its capacity and make LPG available in nearly all sub-districts of the country. This will expand LPG access to 350,000 additional households (around 12% of total market potential) over the life of the loan. It will also help reduce greenhouse gas emissions by replacing kerosene, wood, and other hazardous cooking fuels, and allowing the limited reserves of natural gas to be diverted to power generation and industries.

<http://today.thefinancialexpress.com.bd/stock-corporate/omera-petroleum-to-float-ipo-1570287860>

### **Sonali receives 1,000 pleas for rescheduling BDT 33.17 billion**

• State-owned Sonali Bank has received almost 1,000 applications for rescheduling defaulted loans worth BDT 33.17 billion under a government-announced special rescheduling facility on easy terms. The country's largest state-owned bank got only BDT 609.5 million as down payment from the applicants for rescheduling the loans, said bank officials. With another 20 days remaining for the application submission to avail the bailout facility, the bank has already received proposals for rescheduling one-fourth of its defaulted loans. Under the policy, defaulters are allowed getting loans rescheduling for a period of 10 years with one year grace period with just 2% down payment, much lower rate than the usual.

• Besides, the policy also facilitated settlement of defaulted loans under 'one time exit' scheme, allowing the defaulters to enjoy interest waiver for the preceding period of rescheduling. Of the 933 applications, 617 applications were for loan rescheduling and the rest 316 were for one-time exit. The applications have involved BDT 33.17 billion in defaulted loans including BDT 5.29 billion in written off loans. Sonali Bank has received BDT 609.5 million as down payment against the loan rescheduling from 869 borrowers for defaulted loans worth BDT 21.17 billion.

<http://www.newagebd.net/article/86727/sonali-receives-1000-pleas-for-rescheduling-BDT-3317cr>

### **Golden Harvest's rights subscription to begin Dec 8**

• Rights shares subscription of Golden Harvest Agro Industries is set to begin on December 08, aiming to raise a capital worth BDT 899.32 million. Rights subscription of the "Food & Allied" sector company will continue until

December 30 this year, officials said. As per the BSEC approval, the Golden Harvest will issue three rights shares against four existing shares (3R:4) at an offer price of BDT 10 each. The purposes of rights issue are to raise further paid-up capital for expansion of existing production and distribution channels and pay off bank loan of the company.

<http://today.thefinancialexpress.com.bd/stock-corporate/golden-harvests-rights-subscription-to-begin-dec-8-1570204520?date=05-10-2019>

### **IPO subscription of ADN Telecom begins November 4**

- The initial public offering (IPO) of ADN Telecom Limited begins on November 4, with the company aiming to raise BDT 570 million from the capital market through Book Building method. The IPO will stay open for both resident and non-resident Bangladeshis till November 11 this year. The market lot is consisted of 100 shares while each IPO share is priced at BDT 27. The cut-off price on the Initial Public Offering of ADN Telecom was set at BDT 27 per share, as the company aims to raise BDT 570 million from the capital market.

- Under the public issue rules, of the 19.7 million IPO shares of ADN, 11.8 million will be allocated to EILs, 7.9 million shares will be offered to the general and NRB investors. ADN Telecom will use the IPO proceeds on its infrastructure development, instilling data centre, paying back bank loans and meeting the IPO expenses.

<https://www.dhakatribune.com/business/2019/10/04/ipo-subscription-of-adn-telecom-begins-november-4>

### **Foreign loan fuels bank liquidity: Bangladesh Bank (BB)**

- The growth of liquidity in the country's banking system is positively linked with the change in foreign credit flow, according to a study conducted by some researchers of the Bangladesh Bank (BB). The study also finds that the difference between real return of savings certificates rate and real bank deposit rate negatively influences liquidity in the banking sector. Their exercise showed that the banking system liquidity may increase by 1.87% for 1.0% growth in foreign credit inflow. According to the BB statistics, total outstanding foreign credit or external debt of the country stood at USD 55.16 billion at the end of December 2018, which was USD 50.31 billion at the end of December 2017. Thus net inflow of external debt stood at USD 4.85 billion last year.

- Again, as per the exercise, if the gap between the real government savings certificate rate and the real bank deposit rate expands by 1.0 percentage point, bank liquidity may drop by 24 basis points. Average yield rate of different savings certificates now stands at around 11.40%, while average bank deposit rate is 5.60%. Moreover, average yield rates of the government treasury bonds with different maturity range between 5.30% and 8.40%. They also showed that call money rate has inverse association with bank liquidity. Some 1.0 percentage point increase in call money rate may reduce bank liquidity by 4.0 basis points.

<http://today.thefinancialexpress.com.bd/first-page/foreign-loan-fuels-bank-liquidity-1570126210?date=04-10-2019>

### **Sluggish turnover hits government earning from DSE**

- The government's revenue earnings from the Dhaka bourse slumped 25% year-on-year in first quarter (Q1) of the fiscal year (FY) 2019-20 as trading volume was on the decline. Market analysts said sluggish trading activities coupled with low share sales by sponsor-directors affected the government's earnings from the Dhaka Stock Exchange in July-September quarter. The government bagged revenue worth about BDT 435 million in July-September period of the current fiscal year which was BDT 582 million in the same quarter in the previous fiscal, according to data from the DSE.

<http://today.thefinancialexpress.com.bd/stock-corporate/sluggish-turnover-hits-govt-earning-from-dse-1570124766?date=04-10-2019>

### **Sanofi says no plan to exit, employees state otherwise**

- Sanofi has sent out a letter to medical professionals reassuring them that the French pharma giant was not leaving Bangladesh -- a move that its 1,000 employees say is nothing more than an eyewash. Despite some speculative comments made in the media recently, it is not our intention to shut down in Bangladesh, said the letter signed by the Country Chairman and General Manager of Sanofi Bangladesh, and the Managing Director.

- The letter went on to cite the launch of Toujeo (insulin glargine 300U/ml), Sanofi's original product for diabetes management, last month as proof of the company's commitment to Bangladesh.

<https://www.thedailystar.net/business/news/sanofi-says-no-plan-exit-employees-state-otherwise-1809226>

**Source tax on export to be slashed**

- The National Board of Revenue is likely to reduce source tax on proceeds from all export items, including apparels, to 0.25% to help increase competitiveness of local products in international markets, said a senior official yesterday.
- The move followed demands from garments and knitwear manufacturers and exporters after the withholding tax on export earnings went up to 1% on the first day of July because of expiry of reduced source tax benefit on June 30 this year. The tax authority reduced advance or source tax on export earnings of readymade garments twice last fiscal year -- from 1% to 0.60% to 0.25%-- in the face of demands from apparel makers.

<https://www.thedailystar.net/business/news/source-tax-export-be-slashed-1809208>

**World Stock and Commodities\***

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$52.81	+0.36	+0.69%
Crude Oil (Brent)*	\$58.37	+0.66	+1.14%
Gold Spot*	\$1,504.65	-0.54	-0.04%
DSEX	4,937.82	+1.45	+0.03%
Dow Jones Industrial Average	26,573.72	+372.68	+1.42%
FTSE 100	7,155.38	+77.74	+1.10%
Nikkei 225	21,410.20	+68.46	+0.32%
BSE SENSEX	37,673.31	-433.56	-1.14%

**Exchange Rates**

**USD 1 = BDT 84.41\***  
**GBP 1 = BDT 104.11\***  
**EUR 1 = BDT 92.67\***  
**INR 1 = BDT 1.19\***

*\*Currencies are taken from XE Currency Converter 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	<a href="mailto:ayaz.mahmud@bracepl.com">ayaz.mahmud@bracepl.com</a>	01708 805 221
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
Md. Mahirul Quddus	Research Associate	<a href="mailto:mmahirul.quddus@bracepl.com">mmahirul.quddus@bracepl.com</a>	01709 636 546

#### 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
----------------------	-------------------------------------	--	---------------

#### BRAC EPL Research [www.bracepl.com](http://www.bracepl.com)

121/B Gulshan Avenue  
Gulshan-2, Dhaka  
Phone: +880 2 881 9421-5  
Fax: +880 2 881 9426  
E-Mail: [research@bracepl.com](mailto:research@bracepl.com)