

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.

Default loans denting confidence: Bangladesh Institute of Development Studies (BIDS)

- The rise in default loans stemming from financial scams and weak supervision by the central bank are eroding the confidence of customers in the banking sector, according to a paper of the Bangladesh Institute of Development Studies. In the recent past, corporate governance in the banking sector improved a lot, but the financial health of many banks has started to deteriorate alarmingly, analysts said yesterday. Rising inequity and the declining trend of poverty reduction have raised question about the high GDP growth figure being recorded in recent years, they said.
- The banking sector should be taken to global standards as the country heads towards the middle-income bracket, said a noted economist and also a former adviser to a caretaker government. The cost of foreign transactions for local banks will increase unless global standards are established in the banking sector, he said. Reforms were made in the past to take the banking sector to global level, he added. "But it appears that we are switching away from global standard," he said, citing undue interference in bank operation, loan restructuring and recent changes in loan classification rules.
- "And if the loan classification criteria are changed without research, it will appear to us that these are done amid pressure from businessmen. And it will not bring any good for the banking sector," he added. Default loans in the banking sector stood at BDT 9.33 trillion as of December last year, which is 10.33% of the total outstanding loans. The central bank has recently allowed more lenders, taking the total number of banks to 59, but the new ones are not in a good position.

<https://www.thedailystar.net/business/news/default-loans-denting-confidence-bids-1736185>

CEO of Padma bank says special asset management company to deal with non-performing loans.

- Padma Bank Ltd, formerly Farmers Bank Limited has planned to cut at least 40% classified loans in 2019 as the bank is expediting its loan recovery process.
- Managing Director and Chief Executive Officer (CEO) of Padma Bank Ltd said that the bank was getting positive responses in core businesses (deposit and recovery).
- The CEO said that the bank is in the process in lockstep with the central bank move to form an asset management company to deal with the growing non-performing loans (NPLs) of banks, as part of its efforts to perk up the ailing sector. The company will purchase NPLs from banks and sell them off to individuals or corporate entities. The company would take the NPLs off the banks' hands in exchange for special bonds that would have certain maturity, thus enabling lenders to provision for the bad loans, he said.

<http://today.thefinancialexpress.com.bd/stock-corporate/padma-bank-vows-to-bounce-back-1556469152>

Banking sector fragile, says The Finance Minister

- Finance Minister AHM Mustafa Kamal on Sunday said the capital market of the country is not under government control while its banking sector is now in a fragile condition.
- The minister said the strength of the economy of a country is reflected on the capital market first. In the whole world, the capital market and economy are related this way, the Finance Minister said.
- The Finance Minister said that the government has identified the problems in the capital market and it will resolve those one after another, further adding that the Finance Minister has already held meetings with the stakeholders of the market and will have more in the coming days. The Minister also said that the government will try to run the market as it is run in other countries. The loopholes of the market will surely be removed, according to the Finance Minister. He assured that the government will do whatever is needed to run the capital market strongly.
- Responding to another ruling party MP, the minister said the country's banking sector is now in a delicate position. He mentioned that such a situation may be there in every country as it is not possible all the time in a developing country to run all the sectors in a balanced way. In this situation, the Finance Minister said he would not say that the banking sector was doing bad
- He said the interest rate on bank loan in the country is comparatively higher than other countries. "In the whole world, no country has the 14-15% interest rate." "We'll formulate a rate integrating system with the other countries of the world. If we can implement that interest rate, it'll be a turning point for the history of the economic sector of Bangladesh," the Finance Minister said.

- The Finance Minister mentioned that if the interest rate cannot be brought down to single a digit one there will be repeated write-off loans increasing non-performing loans.
- The Finance Minister also told Parliament that the government paid some BDT 819 billion against foreign loans in the last 10 fiscal years. Of the amount, BDT 658.66 billion was paid as the principal amount.

<http://today.thefinancialexpress.com.bd/first-page/banking-sector-fragile-says-kamal-in-js-1556473982>

Seek actions on placement shares, stock dividends - Stockbrokers meet Bangladesh Securities and Exchange Commission (BSEC) top brass

- The securities regulator has assured top stockbrokers of taking market supportive measures including making a provision for setting a ceiling on shares issued through IPO (initial public offering) and private placements. Top stockbrokers, representatives of DSE Brokers Association (DBA) and Bangladesh Merchant Bankers Association (BMBA) attended the meeting chaired by BSEC chairman where they demanded changes from the securities regulator.
- Dhaka Stock Exchange (DSE) Brokers Association (DBA) President said that the companies willing to go public issue a larger amount of shares through private placements compared to that of the amount of shares issued through IPOs. On completion of one-year lock-in-period, the market faces huge selling pressure as most of the placement holders offload shares at a time. That's why the amount of IPO shares must be higher than that of placement shares, demanded by the President of DBA.
- The stockbrokers also proposed effectiveness of one-year lock-in on placement shares from the date of debut trading instead of the date for approving the IPO prospectus.

<http://today.thefinancialexpress.com.bd/first-page/seek-actions-on-placement-shares-stock-dividends-1556473870>

US wants Bangladesh to regains GSP facility according to US ambassador to Bangladesh

- The US envoy has expressed the hope that Bangladesh would regain its Generalized System of Preferences (GSP) facility in the US market provided a 16-point plan of actions prescribed by US Trade Representative (USTR) is implemented.
- Giving importance on the solution to the existing problems linked with cotton, US ambassador to Bangladesh said that it is vital for the advancement of trade relations for the two countries. Trade relation between the US and Bangladesh is good, he added. Commerce minister called for ensuring proper prices of Bangladeshi ready-made garment (RMG) products in the US market.

<http://today.thefinancialexpress.com.bd/last-page/us-wants-bd-regains-gsp-facility-miller-1556474316>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$63.00	-0.30	-0.47%
Crude Oil (Brent)*	\$71.90	-0.25	-0.35%
Gold Spot*	\$1,285.98	-0.18	-0.01%
DSEX	5,238.20	-27.98	-0.53%
Dow Jones Industrial Average	26,543.33	+81.25	+0.31%
FTSE 100	7,428.19	-5.94	-0.08%
Nikkei 225	22,258.73	-48.85	-0.22%

Exchange Rates

USD 1 = BDT 84.84*
GBP 1 = BDT 108.42*
EUR 1 = BDT 93.56*
INR 1 = BDT 1.20*

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

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