

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.

Private credit bucks falling trend

- Private sector credit growth edged up in May after sliding since October last year but it is still well below the central bank's target for the second half of fiscal 2018-19. In May, credit growth stood at 12.16%, up from 12.07% a month earlier. But the credit growth is still 4.34% points less than the central bank's target of 16.50% for the second half of the just concluded fiscal year.
- The increase is insignificant and there is no possibility to escalate the growth in the upcoming months given the ongoing liquidity crunch in the banking sector, said economists and bankers. In the last two fiscal years, private sector credit growth hovered between 16% and 18%, only to dip at the turn of fiscal 2018-19. The credit growth will not get a boost if the deposit growth does not get a momentum, said executive director of Policy Research Institute.
- The investment in the private sector has remained rather static in recent times. The existing credit growth has just supported the ongoing businesses. And it is not adequate to expand the industrial sector further, executive director of Policy Research Institute added. The lending capability of the banking sector has been eroded in the recent period because of the upward trend in default loans, which has ultimately reflected in the lower credit growth, said a former governor of the central bank.
- Banks are now trying to continue their business by way of widening their trade-based financing, he added. Lenders have taken on a cautious approach in disbursing fresh loans given the ongoing liquidity pressure and high volume of default loans, said managing director of Jamuna Bank. Clients are still reluctant to keep their deposits with banks as the interest rate on the government savings tools is much higher than what the lenders offer for their deposit products, he said. There is chance of increasing the private sector credit growth rate within the next few months considering the ongoing liquidity pressure, said the chairman of the Association of Bankers.

<https://www.thedailystar.net/business/news/private-credit-bucks-falling-trend-1766386>

No handouts for state banks last fiscal year

- State banks did not get a single penny from taxpayers in the just concluded fiscal year to make up their capital deficit, in a clear sign from the government of its intent to stop pampering the errant lenders. Between fiscal years 2009-10 and 2017-18 the government had injected a total BDT 160.16 billion of taxpayers' money into the state-run banks -- without any tangible improvement in their governance and lending practices to show for. The aim of the state-run commercial banks is to provide funds to the government from their profits and the government will spend the money for welfare activities. But the banks were given money to meet their capital shortfall without any stringent performance improvement conditions, which defeats the purpose of their existence.
- Some BDT 15.00 billion was set aside in the budget for fiscal 2018-19 budget, but in the end BDT 1.51 billion was disbursed to Bangladesh Krishi Bank and Grameen Bank from the allocation. No money was given to banks facing capital shortfall due to ill lending practice, a finance ministry official. However, the government has allocated BDT 15.00 billion in this fiscal year's budget for state banks' recapitalisation.
- State-owned banks are at the heart of the default loan problem dogging Bangladesh's banking sector: at the end of 2018, they accounted for 52% of the total default loans in the industry. They remain severely under-capitalised despite capital injections every year over the past years. As of March this year the capital shortfall of the four state run commercial banks stood at BDT 63.34 billion, of which BDT 48.88 billion was of Janata Bank alone. Even a few years ago Janata Bank had no capital shortfall. But it plunged into capital crisis for irresponsible lending practices.

<https://www.thedailystar.net/business/banking/news/no-handouts-state-banks-last-fiscal-year-1766374>

Illegal, stolen handsets to be denied network access soon

- Illegal and stolen handset users would not get access to the mobile phone network, said a draft directives of Bangladesh Telecommunication Regulatory Commission on Wednesday. The directives titled Equipment Identity Register for Mobile Network Operators in Bangladesh would allow the telecom regulator to set up and maintain a National Equipment Identity Register. Mobile phone importers and manufacturers have long been demanding setting up of the NEIR for the prevention of illegal handset import and to protect them from illegal traders and smugglers.
- At present, neither the government nor the mobile phone operators or the mobile phone importers have any tool to check use of illegally imported handset, which is causing around BDT 10.00 billion losses to the government and eating away at sales of handsets imported by legal importers. However, the telecom regulator would allow all sort of mobile handsets and devices irrespective of whether they were legal or illegal to access to the mobile phone network

when the NEIR would be launched. The NEIR would preserve international mobile equipment identity to make it easier to extract information about legally imported or locally manufactured headsets.

- Mobile phone operators will get two months to get prepared to launch the NIR system after the issuance of final directive from the BTRC. Once the NEIR is established, the EIRs of the mobile phone operators will be connected with the NEIR. Maintaining safety of the EIR would be a vital responsibility for the mobile operators and they would face legal actions for violations of any of the provisions mentioned in the directives.
- According to a statement of Bangladesh Mobile Phone Importers Association, import of mobile handsets in Bangladesh dropped by 17.85% or 5.0 million units in January-September period of 2018 compared to that in the same period last year due to a boom in handset sales in grey market. Illegally imported handsets have already occupied more than 30% share of the handset market worth around BDT 30.00 billion, causing more than BDT 10.00 billion revenue losses for the government, severely impacting the authorised importers and manufacturers, said mobile handset importers.

<http://www.newagebd.net/article/77349/illegal-stolen-handsets-to-be-denied-network-access-soon>

ACME starts commercial production at steroid facility

- The ACME Laboratories has announced the start of commercial production at its state-of-the-art steroid and hormone facility in Dhamrai following successful completion of trial production. The steroid and hormone facility is one of the three projects for which the company raised funds through initial public offering (IPO), said an official disclosure on Tuesday. Recently, the company also started commercial production at its state-of-the-art Penicillin facility in Dhamrai following successful completion of trial production.
- The ACME Laboratories, the country's oldest pharmaceutical company, raised BDT 4.09 billion from the public through IPO under the book-building method in early 2016. The drug maker floated 50 million ordinary shares of BDT 10 each with a premium of BDT 67 for the general and affected investors and non-resident Bangladeshis. On Wednesday, each ACME share traded between BDT 74.40 and BDT 76 on the Dhaka Stock Exchange (DSE) before closing at 74.70 on the day, losing 0.80% over the previous session.
- In the last one year, its share traded between BDT 69 and BDT 100. The company disbursed 35% cash dividend for the year ended on June 30, 2018. The company's earnings per share (EPS) in nine months for July 2018-March 2019 stood at BDT 5.43 as against BDT 5.66 for July 2017-March 2018. The company's paid-up capital is BDT 2.11 billion and authorised capital is BDT 5.0 billion while the total number of securities is 211.60 million.

<http://today.thefinancialexpress.com.bd/stock-corporate/acme-starts-commercial-production-at-steroid-facility-1562174759>

Dhaka-Washington trade in last year stands at USD 8.2 billion

- US Ambassador to Bangladesh said that Bangladesh is one of the United States' most valued partners and one of the world's great development success stories. two-way trade between Bangladesh and the United States totalled USD 8.2 billion last year, double what it was only a few years ago.

<http://today.thefinancialexpress.com.bd/last-page/dhaka-washington-trade-in-last-yr-stands-at-82b-1562176398>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$56.98	-0.36	-0.63%
Crude Oil (Brent)*	\$63.38	-0.44	-0.69%
Gold Spot*	\$1,419.60	+0.82	+0.06%
DSEX	5,372.21	-12.71	-0.24%
Dow Jones Industrial Average	26,966.00	+179.32	+0.67%
FTSE 100	7,609.32	+50.13	+0.66%
Nikkei 225	21,699.93	+61.77	+0.29%

Exchange Rates

USD 1 = BDT 84.53*

GBP 1 = BDT 106.34*

EUR 1 = BDT 95.39*

INR 1 = BDT 1.23*

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

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