

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 sector credit growth exceeds target in June

- Private sector credit growth exceeded the target, set by the central bank earlier, in June despite a declining trend in recent months. The growth in credit flow to private sector came down to 16.95% in June 2018 on a year-on-year basis from 17.60% a month ago. It was 15.66% in June 2017, according to the Bangladesh Bank (BB) statistics. The central bank in its outgoing monetary policy had set a target for the private sector credit growth at 16.80% at the end of June, 2018.
- The BB is now formulating the next monetary policy statement (MPS) for the first half (H1) of the current fiscal year (FY) 2018-19 aiming to achieve a maximum economic growth with curbing inflation. According to Bangladesh Bank official, the private sector credit growth will be fixed for H1 of the FY 19, considering achievement of the growth with containing the inflationary pressure on the economy. private sector credit growth normally increases slightly in June each year because of charging quarterly interest on loans and advances.
- Managing director (MD) and chief executive officer (CEO) of Pubali Bank Ltd. said that private sector credit growth is marginally higher than the BB's target by the end of June as booking interest on loans. He also said that higher import payments particularly for trade financing have contributed to exceeding the private credit growth target. Bangladesh's overall imports grew by nearly 17% in the first 11 months of the FY 18 mainly due to higher import of food grains and fuel oils. The settlement of letters of credit (LCs), in terms of value, rose to USD 47.79 billion during the July-May period in the FY 18 from nearly USD 41 billion during the same period in the FY 17, the BB data showed.

<http://today.thefinancialexpress.com.bd/first-page/pvt-sector-credit-growth-exceeds-target-in-june-1532282239>

State banks allowed to lend more

- Bangladesh Bank has given the go-ahead to four state banks to disburse more loans this year in the wake of shrinking lending activities of private commercial banks. The credit ceiling of Sonali, Janata, Agrani and Rupali was enhanced in the latest meeting that the banking watchdog organises once every three months to review the performance of public banks. The largest of the four, Sonali, saw the ceiling increase to 17% for 2018, up from 14% set for last year. The bank sat on huge deposits due to slow lending after the Hallmark loan scam.
- The bank's credit growth was only 8% in 2017, far below the ceiling set in a memorandum of understanding signed between BB and the state banks. Sonali's credit-deposit ratio was the lowest—35%—in December last year, which improved to 40% in April this year, according to central bank data. Bangladesh Bank suggested the bank go for moderate lending to meet up the loan demand in the market. Sonali's total deposit stood at BDT 1,000 trillion as of April this year against BDT 433.38 trillion in the loan book.
- Agrani and Rupali were allowed to let their ceilings hit 20% this year, which is much higher than the industry average for private credit growth of 18% last year. Agrani's limit was increased—which was 17% last year—as the bank is investing in three power projects of the government. The bank's loan-deposit ratio was 55.48% as of April this year. Janata wanted a higher ceiling, but the central bank did not pay heed to the call as the bank has been going through a lot of trouble due to irregularities in lending.

<https://www.thedailystar.net/business/state-banks-allowed-lend-more-1609648>

Economist, bankers see little scope for banks in Bangladesh to cut interest rate

- A leading economist and top bank executives said that it would be difficult for banks to bring down interest rate on deposit to 6% and lending rate to 9% given the country's inflation situation and banks' non-performing loans. They also added that it would be difficult for banks to cut down deposit rate to 6% as the inflation rate in the country was around 6%. Besides, they again added that with over 10% non-performing loans, it will be tough for the banks to cut the interest rate.
- Chairman of Bankers' Association said that move to cut the deposit and lending rate to 6-9% had created a tricky situation in the banking sector. Prime Bank deputy managing director said that the bank owners' directive about cut in interest rate was not clear. The bank CEOs have been asked to cut lending rate to 9%, but it is not clear for which sector the lending rate would be 9%, he also added.

<http://www.newagebd.net/article/46608/economist-bankers-see-little-scope-for-banks-in-bangladesh-to-cut-interest-rate>

Telcom companies not welcome in mobile financial services

- The central bank continues to flip-flop over letting mobile operators have a slice of the mobile financial services pie, with its latest decision being that carriers cannot hold any shares in companies that provide MFS. In the board meeting on July 15 that saw the MFS regulation get the green light, the Bangladesh Bank directors decided against letting the mobile operators in the MFS field. But in the draft Bangladesh Mobile Financial Services Regulations, 2018 the central bank allowed mobile operators to hold a maximum of 49% shares in MFS providers.
- Many disputed issues may also emerge and a tussle will be created between the BB and the Bangladesh Telecommunication Regulatory Commission if the mobile operators were to get the approval to provide the service. According to BB officials, the branch-less banking is now becoming popular and mobile operators will hijack the industry if they were allowed to provide MFS. Earlier in 2017, the central bank had prepared another draft regulation where it also stated that no mobile operator can hold any share in an MFS provider.

<https://www.thedailystar.net/business/telcos-not-welcome-mobile-financial-services-1609666>

Global RMG retailers sourcing more from Bangladesh due to factory remediation: Alliance

- Vice-president of VF Corporation, a US-based large global apparel company, said that global retailers and brands have increased their import of apparel products from the compliant factories in Bangladesh as the country's RMG sector has become one of the safest places for workers in the world thanks to remediation work of Alliance, Accord and national action plan. He also added that Bangladesh's RMG industry has transformed over last five years. It has become one of the safest places for the workers in the world.

<http://www.newagebd.net/article/46648/global-rmg-retailers-sourcing-more-from-bangladesh-due-to-factory-remediation-alliance>

Beximco Pharma commences export of fourth product to US market

- Beximco Pharmaceuticals Limited announced that it has commenced export of extended release Metformin Hydrochloride (500mg and 750mg) to the US market. This is Beximco's fourth product for the US market following the successful launches of Carvedilol, Sotalol and Methocarbamol. Beximco Pharma received US Food and Drug Administration (FDA) approval for Metformin Hydrochloride, a generic equivalent to Bristol-Myers Squibb's anti-diabetic drug Glucophage, in December 2016. According to IQVIA market data, the US market for Metformin Hydrochloride is currently valued at USD 456.08 million.

- In August 2016, Beximco Pharma became the first Bangladeshi pharmaceutical company to export medicine to the US market following its manufacturing site approval by the US FDA in June 2015. Beximco Pharma currently exported product to more than 50 countries and has been accredited by the leading global regulatory authorities namely US FDA, AGES (EU), TGA (Australia), Health Canada, GCC (Gulf) and TFDA (Taiwan).

<http://today.thefinancialexpress.com.bd/stock-corporate/beximco-pharma-commences-export-of-fourth-product-to-us-market-1532280542>

Zaheen Spinning to submit revised rights issue proposal

- The securities regulator has asked Zaheen Spinning, a listed company, to submit revised proposal of issuing rights shares. At the same time, the Bangladesh Securities and Exchange Commission (BSEC) has cancelled the schedule of rights share subscription. The company secretary said that they have decided to bring changes in rights issue proposal due to some internal complexities. The company was supposed to complete rights share subscription during July 29 to August 26, 2018. Earlier, the securities regulator approved the proposal of issuing rights shares on March 7 last. The company was supposed to issue one rights share against one existing share at an offer price of BDT 10 each to raise a capital worth above BDT 985.52 million.

<http://today.thefinancialexpress.com.bd/stock-corporate/zaheen-spinning-to-submit-revised-rights-issue-proposal-1532280426>

<http://www.newagebd.net/article/46650/bsec-calls-off-subscription-of-zaheen-spinnings-right-offer>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$68.16	-0.10	-0.15%
Crude Oil (Brent)*	\$72.90	-0.17	-0.23%
Gold Spot*	\$1,232.13	+2.60	+0.21%
DSEX	5339.18	+1.76	+0.03%
Dow Jones Industrial Average	25,058.12	-6.38	-0.03%
FTSE 100	7,678.79	-5.18	-0.07%
Nikkei 225	22,403.45	-294.43	-1.30%

Exchange Rates

USD 1 = BDT 84.00*
GBP 1 = BDT 110.45*
EUR 1 = BDT 98.63*
INR 1 = BDT 1.22*

**Currencies and Commodities are taken from Bloomberg.*

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BRAC EPL Stock Brokerage Limited

Research

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

International Trade and Sales

Ahsanur Rahman Bappi	Head of International Trade & Sales	bappi@bracepl.com	01730 357 991
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