

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.

Banks' deposit growth contracts in anticipation of interest rate cap

- Deposit growth in banks saw a steep decline in January, in a development that can be viewed as the direct impact of the capping of interest rate on savings to 6%. In January, banks' deposits stood at BDT 11.39 trillion, up 0.06% from the previous month, according to data from the central bank. January's deposit growth is the lowest since February last year. However, in January last year the deposit growth was 0.07% in the negative. Between February and December last year, deposit growth hovered between 0.46% and 2.38%.
- The Association of Bankers, Bangladesh (ABB), a forum of managing directors of banks, though took the decision to provide not more than 6% for FDRs from February 1. Between January and February this year, customers withdrew about BDT 6 billion from the bank because of the lower interest rate. We should spend more time to understand the impact of the 6% interest cap on deposits, said the managing director of Mutual Trust Bank. Lenders usually try to show a strong balance sheet in December given the year end, so they take it easy in the new year.

<https://www.thedailystar.net/business/news/banks-deposit-growth-contracts-anticipation-interest-rate-cap-1876570>

Most Private Commercial Banks (PCB) still remain undecided

- The central bank's special fund proposal for investment in the capital market has not seen much progress, as most of the private commercial banks (PCBs) are yet to make any concrete decision to that end. The Bangladesh Bank (BB) issued a circular on February 10 last, allowing all the scheduled banks to create a BDT 2.0 billion special fund each for a period of five years for investment in the capital market.
- Some PCBs are yet to take any decision on availing such a funding facility from the BB and some are still weighing the proposal while few others are continuing investing in the market in line with the existing scope. The City Bank Limited, the only PCB that got the BB support, received BDT 500 million through the repo facility for forming the special fund.

<https://today.thefinancialexpress.com.bd/first-page/most-pcbs-still-remain-undecided-1583341318>

The Metropolitan Chamber of Commerce and Industry (MCCI) portrays a mixed picture, lists challenges

- Outlining multiple challenges facing the country on business and fiscal fronts, the Metropolitan Chamber of Commerce and Industry (MCCI), Dhaka, a leading trade body, has suggested that the government take steps to overcome those and help achieve the desired economic growth. According to the MCCI, the challenges that need to be addressed properly are inflationary pressure, slower growth in export and import, shortfall in tax collection, slow private-sector credit growth, a fall in the key indexes of the capital market, lack of investors' confidence and a lower rate of foreign investment and vulnerability of the banking sector.
- One of the major objectives of the government is to transform the country into a middle-income country by 2021. The MCCI thus suggests that the government accelerate the economic growth rate to about 10% from the present 8.15%, expand exports and stimulate investment.

<https://today.thefinancialexpress.com.bd/first-page/mcci-portrays-a-mixed-picture-lists-challenges-1583340415>
<https://www.newagebd.net/article/101260/major-economic-indicators-on-uncomfortable-ride-mcci>

Capital flight through trade mis-invoicing staggeringly high

- Bangladesh lost a staggering USD 7.53 billion on an average between 2008 and 2017 to trade mis-invoicing during its foreign commerce with its 135 trading partners. The loss accounted for 17.95% of Bangladesh's international trade with all trading partners during the period.
- Bangladesh's loss to trade mis-invoicing with the 36 advanced economies averaged USD 3.29 billion during the decade, which is 14.62% of the country's global trade. In 2017, the most recent year for which data are available, the total value gap in trade between advanced economies and developing countries was USD 817.6 billion.

<https://www.thedailystar.net/business/news/capital-flight-through-trade-mis-invoicing-staggeringly-high-1876546>

Ibn Sina Pharma to set up backward linkage

• Ibn Sina Pharmaceuticals is set to invest in a polymer manufacturing plant that would primarily supply pet bottles, bottle caps and other pharma-related plastic products to the drug maker. The plant, which would be situated at Gazipur's Maowna, would be under a subsidiary named Ibn Sina Polymer. Ibn Sina Polymer's paid-up capital would be BDT 100 million and authorized capital of BDT 400 million. The drug maker will invest BDT 65 million in Ibn Sina Polymer and the remaining BDT 35 million would come from Ibn Sina Trust.

<https://www.thedailystar.net/business/news/ibn-sina-pharma-set-backward-linkage-1876540>

Bangladesh Securities and Exchange Commission (BSEC) for allowing Trading Right Entitlement Certificate (TREC) to foreign firms

• The securities regulator has moved to issue fresh TREC (Trading Right Entitlement Certificate), to any firms, including foreign ones, for conducting trading operations in the country's capital market. The move came in line with the demutualization act which said the TRECs will be opened after five years of completing the exchanges' demutualization process. As part of its move, the securities regulator has formulated the draft rules and has already sought opinions on it from both the bourses and DSE Brokers Association (DBA).

• Presently, there are 250 TREC holders in the DSE while 148 TREC holders are conducting trading operations in the Chittagong Stock Exchange (CSE). The existing TREC holders are also the shareholders of the stock exchanges. The fresh TREC holders, if allowed, will only be allowed to get license for conducting trading operations in the capital market.

<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-for-allowing-trec-to-foreign-firms-1583336558>

South Korean company to invest USD 6 million in Mongla Export Processing Zone (EPZ)

• South Korean Company Ms Jong Hyun Hi-Tech Industries Company Limited is going to establish a polyester staple fiber (PSF) manufacturing industry with an investment of USD 6.0 million in Mongla Export Processing Zone (MEPZ). The product, which will be produced in the factory, would be used as inner lining of jackets and raw materials of polyester yarn, that will be helpful for export oriented forward linkage industries in reducing lead-time. This foreign owned company will produce annually 10,000 metric tonnes of polyester staple fiber and create employment opportunities for 313 Bangladeshi nationals.

<https://thefinancialexpress.com.bd/economy/bangladesh/south-korean-company-to-invest-60m-in-mongla-epz-1583319191>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$47.39	+0.61	+1.30%
Crude Oil (Brent)*	\$51.86	+0.73	+1.43%
Gold Spot*	\$1,639.76	+2.83	+0.17%
DSEX	4409.62	-56.45	-1.26%
Dow Jones Industrial Average	27,090.86	+1,173.45	+4.53%
FTSE 100	6,815.59	+97.39	+1.45%
Nikkei 225	21,299.56	+199.50	+0.95%
BSE SENSEX	38,409.48	-214.22	-0.55%

Exchange Rates

USD 1 = BDT 84.76*
GBP 1 = BDT 109.10*
EUR 1 = BDT 94.42*
INR 1 = BDT 1.16*

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

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