

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.

Loan write-off policy to be eased again

- The central bank is set to relax the loan write-off policy once again in a space of nine months, bowing down to pressures from an influential quarter. This time, banks are likely to be allowed to write off defaulted loans that have been hovering in the bad category for one year from their balance sheet, down from three years previously, said officials of the Bangladesh Bank. On February 6, banks were allowed to write off defaulted loans that were marked bad for three years in a row instead of earlier five years, as the central bank wanted to show lower amounts of sour loans.
- As of June, total defaulted loans in the banking sector stood at BDT 1.12 trillion, up 20% from six months earlier, according to data from the BB. As of June, BDT 414.78 billion of the written off amount has remained outstanding, which is 76.15% of the sum.
- The latest central bank move comes after the Association of Bankers, Bangladesh (ABB), a platform of private banks' managing directors, sent a letter to the BB in the last week of August with a request for further easing of loan write off policy. But banking sector insiders said the ABB was forced to send the proposal after getting instructions from influential sponsors of a handful of banks.

<https://www.thedailystar.net/business/news/loan-write-policy-be-eased-again-1824250>
<http://www.newagebd.net/article/89977/banks-to-look-for-restoration-of-loan-write-off-policy>

Minister blames manufactures, port congestion for RMG export slump

- Commerce minister said that country's readymade garment export posted a negative growth for three months in a row as the country had been losing its competitiveness in the global market due to price undercut among manufacturers, high value of the local currency against the dollar and congestion in Chattogram port.
- Country's export earnings in the July-October period of FY20 fell by 6.82% while the earnings in October dropped by 17.19%. According to the EPB data, the earnings from the RMG exports in the four months of FY20 fell by 6.67% to USD 10.57 billion from USD 11.33 billion in the same period of FY19.
- At the meeting with the commerce minister, Bangladesh Garment Manufacturers and Exporters Association president showed in a presentation the current challenges the RMG sector is facing. The presentation showed that the prices of RMG products declined by 1.61% in last five years while the cost of production increased by 30.10% in the period. The BGMEA president demanded compensation for the sector through additional provision of BDT 2-5 against each dollar on the value they retained. She also demanded withdrawal of 10% source tax on cash incentive and bringing down the bank loan interest rate to single digit.

<http://www.newagebd.net/article/89978/minister-blames-manufactures-port-congestion-for-rmg-export-slump>
<https://www.dhakatribune.com/business/2019/11/06/tipu-munshi-blames-owners-for-rmg-sector-s-setbacks-2>

Spot market to remain closed for 2 days

- The share trading on the spot market will remain closed on November 7 and 11 on Dhaka Stock Exchange (DSE). The Bangladesh Securities and Exchange Commission (BSEC) took the decision on Wednesday following a plea made by the DSE. The DSE made the proposal as all services of The City Bank will remain closed from November 8 to 11 because of development works. A DSE official said the clearing and settlement of normal transactions of November 11 will also be shifted to following trading day.

<https://today.thefinancialexpress.com.bd/stock-corporate/spot-mkt-to-remain-closed-for-2-days-1573056843>

Banking commission soon: Finance Minister

- The government has agreed to form a banking commission to review the health of the sector and take necessary reform measures, finally heeding to a long demand of various quarters, think-tanks and experts, said Finance Minister yesterday. We will form a commission within a short time under the leadership of the Bangladesh Bank, he said.
- The government is also going to amend the Bank Company Act in a bid to facilitate merger and reconstruction of weak banks, the minister said, without elaborating.

<https://www.thedailystar.net/business/news/banking-commission-soon-kamal-1824247>
<https://today.thefinancialexpress.com.bd/first-page/kamal-slams-some-banks-for-failure-to-cut-interest-rate-1573059321>

USAID study identifies 16 alternatives to readymade garment (RMG)

- Bangladesh has 16 emerging sectors, which could contribute a lot to the country's economic development, beyond that facilitated by the readymade garment (RMG) sector, a latest assessment funded by the USAID identified. Currently Bangladesh's economy is overdependent on a single sector, the RMG, which typically accounts for over 84% of the national exports and nearly 20% of the national GDP. The Comprehensive Private Sector Assessment was carried out by a research team of private Bangladeshi entity Inspira Advocacy and Consultancy Limited.
- The emerging sectors are agri-business, automotive/truck/ bus assembly, ceramics, entrepreneurship, healthcare, ICT and outsourcing, leather and leather goods, light engineering, medical equipment, pharmaceuticals, plastic, renewable energy and energy efficient technology, shipbuilding, shrimp and fish, telecommunications and tourism.
- The assessment was designed to have a rigorous analysis of the 16 sectors, which together account for over six million jobs and revenue close to USD 50 billion from the domestic and international markets annually in Bangladesh.
- Agribusiness (food processing), light engineering, ICT and outsourcing, tourism, pharmaceuticals and healthcare were recognised as key sectors for supporting sustainable economic growth in Bangladesh and for future USAID intervention. Having ensured strong and steady market fundamentals, these sectors are poised to earn more than USD 60 billion at the end of 2023.
- Among them, agribusiness (food processing) is thriving on a strong base of domestic backward linkage, having generated around USD 4.8 billion last fiscal year. In coherence with the government's Digital Bangladesh vision, the ICT and outsourcing industry earned USD 1.7 billion last fiscal year. The tourism industry, logging a robust annual revenue of USD 5.3 billion last year, boasts around seven million domestic travellers per annum. The light engineering industry, standing at USD 3.1 billion, has the highest multiplier impact potential as it was the backward linkage vertical for almost all production and manufacturing sub-sectors.
- Bangladesh is the only least developed economy featuring a well-developed pharmaceuticals sector, which earned USD 2.5 billion last fiscal year. The healthcare sector is expected to reach annual revenues of over USD 11 billion by 2023 if the private sector actors could address longstanding growth barriers, including infrastructure gaps and a severe shortage of medical professionals.

<https://www.thedailystar.net/business/news/usaid-study-identifies-16-alternatives-rmg-1824253>

Bangladesh Petroleum Corporation (BPC) to borrow USD 800 million from International Islamic Trade Finance Corporation (ITFC) to import petroleum products in 2020

- State-run Bangladesh Petroleum Corporation (BPC) has decided finally to borrow around USD800 million from International Islamic Trade Finance Corporation (ITFC) to import petroleum products in 2020. The amount is similar to what the corporation had borrowed in the current year. BPC will borrow the loan at an interest rate (ITFC calls it as a 'mark-up rate') of 4.05%, lower by 10% from the existing year's markup rate of 4.50%, a senior BPC official told the FE. The official said the corporation will have the option to increase the loan amount by up to USD 100 million more from the ITFC to cover up any contingency fund requirement, if any. ITFC is currently the lone external lender of BPC to purchase petroleum products from international market.
- The BPC utilizes ITFC loan mainly to import crude oil from Saudi Aramco and Abu Dhabi National Oil Company (ADNOC), to refine in its wholly-owned subsidiary Eastern Refinery Ltd (ERL) in Chittagong. The ERL has been importing round 1.40 million tonnes of crude oil every year for refining over the past several years.

<https://today.thefinancialexpress.com.bd/trade-market/bpc-to-borrow-800m-from-itfc-to-import-petroleum-products-in-2020-1573053400>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$56.29	-0.06	-0.11%
Crude Oil (Brent)*	\$61.65	-0.09	-0.15%
Gold Spot*	\$1,491.40	+0.83	+0.06%
DSEX	4,754.70	+51.00	+1.08%
Dow Jones Industrial Average	27,492.56	-0.07	-0.01%
FTSE 100	7,396.65	+8.57	+0.12%
Nikkei 225	23,294.26	-8.86	-0.04%
BSE SENSEX	40,668.71	+198.93	+0.49%

Exchange Rates**USD 1 = BDT 84.78*****GBP 1 = BDT 108.89*****EUR 1 = BDT 93.76*****INR 1 = BDT 1.19***

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

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