

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.

Neutral panel to evaluate Bangladesh Telecommunication Regulatory Commission (BTRC)'s audit findings

- The government has proposed forming a committee comprising neutral and subject-related experts to evaluate the audit findings of Grameenphone and Robi that have led to fiercely contested claims of BDT 134.46 billion.
- The meeting has decided on five points and formation of a committee is one of them. The committee would have members approved by the two operators and the Bangladesh Telecommunication Regulatory Commission. The committee will also fix the methodology for evaluation and the operators will have to accept the report, said a top-placed source of the meeting. And before the committee gets to work, the mobile operators will have to put in certain deposits.
- The committee also decided that the mobile operators will withdraw the cases that they have filed in the lower court and the telecom regulator will also withdraw the show-cause notice.

<https://www.thedailystar.net/business/news/neutral-panel-evaluate-btrcs-audit-findings-1810864>

Japanese company buys 22% stake of Summit Power

- Japan's JERA Co has acquired a 22% stake in Summit Power International for USD 330 million, the companies said on Monday, to enable the establishment of major energy infrastructure projects in Bangladesh, reports Reuters. That means Summit Power International's total equity value is USD 1.5 billion. Singapore-based Summit Power International is the holding company for all power assets of Bangladesh's Summit Group, while JERA is a joint venture between Tokyo Electric Power and Chubu Electric Power Co.
- The partnership will support Summit Group's investment plan of USD 3.0 billion by 2022 in Bangladesh, Summit Group's chairman said in the statement. Summit Power, the largest independent power producer in the country, owns and operates power generation facilities that produce approximately about 12% of the country's capacity. The company is currently constructing power generation facilities with a capacity of approximately 590 megawatts and, with several new projects also being planned, significant growth is expected in the future. Bangladesh currently has a capacity to produce 18,000 megawatts of electricity per day, said the country's junior minister of power, energy and mineral resources, adding that it aims to increase it to 24,000 megawatts per day by 2021.
- JERA said in a separate statement that it has positioned Bangladesh as a priority country for investment due to an expected rapid rise in electricity demand along with steady economic growth in the South Asian country. In September, JERA agreed to acquire stakes in a gas-based combined cycle power project in Bangladesh now under development by Reliance Power. Under the agreement, signed with India's Reliance Power, it will acquire 49% of the project with combined capacity of 750MW. The project will be set up in Narayanganj's Meghnaghat, 40km southeast of Dhaka.

<http://today.thefinancialexpress.com.bd/first-page/japanese-co-buys-22pc-stake-of-summit-power-1570471239?date=08-10-2019>

<https://www.dhakatribune.com/business/2019/10/07/jera-invests-330m-to-buy-22-stake-in-summit>

<https://www.thedailystar.net/business/news/japans-jera-acquires-22pc-stake-summit-power-330m-1810849>

Loan recovery slows in Q2

- Banks' loan recovery momentum slowed down in the second quarter of 2019 as many defaulters showed unwillingness to pay back loans to enjoy the central bank's relaxed rescheduling facility. Between the months of April and June, BDT 54.54 billion was recovered, down 7.22% year-on-year, according to data from Bangladesh Bank.
- As of June 30, total default loans in the banking sector stood at BDT 1124.25 billion, up 25.83% year-on-year.
- Besides, the insufficient recovery has also hit the ongoing liquidity crisis in the banking sector, eroding the banks' capacity to disburse fresh loans, he said. Besides, the central bank's relaxed policy for loan rescheduling had not been in force on time due to the stay order given by the High Court, which also put an impact on the recovery process.

<https://www.thedailystar.net/business/banking/news/loan-recovery-slows-q2-1811266>

Bangladesh Securities and Exchange Commission (BSEC) body suggests freezing shares of Z-category companies' directors

- A Bangladesh Securities and Exchange Commission committee has proposed freezing shares of sponsor-directors of

the companies that have remained for years in the 'Z' category, which groups low-profile companies. A company must reconstitute its board if it remains in the 'Z' category for more than one year as per a BSEC notification issued in 2002, but the exiting companies in the category are yet to implement the BSEC order, the committee observed. BSEC officials said that the commission might give a short period of time to the sponsor-directors of 'Z' category companies to reconstitute their boards as per securities rules to avoid the penalty.

- They said that the commission might make decision on the proposal soon. The committee has recently placed the recommendation before the commission. According to the notification issued in 2002, the existing board of directors of the issuer company of a listed security which remains in the 'Z' category for one year or more must be reconstituted by holding an extraordinary general meeting within six months. The board of directors of 'Z' category companies so far have not reconstituted the boards, and dissolving board of a company and appointing administrator to the board are not within the jurisdiction of the BSEC, BSEC officials said. Hence, the regulator has to think differently to implement its notification.
- BSEC officials also said that the commission might impose more restrictions on the boards of directors of the 'Z' category companies along with freezing their beneficiary owners' accounts. They said the BSEC would discuss the issue with the stock exchanges and the Central Depository Bangladesh Limited. A 'Z' category company may avoid the restrictions if it declares dividend for the financial year 2018-19 as such declaration would upgrade its status, they said.

<http://www.newagebd.net/article/87041/bsec-body-suggests-freezing-shares-of-z-category-cos-directors>

Interest rate spread drops to 4%

- The overall weighted average interest rate spread in the country's banking sector has come down to 4% points amid a deposit rate rise triggered by liquidity crisis in the sector. The weighted average interest rate is the difference between the weighted average lending rate and the weighted average deposit rate of banks. Although the overall spread in the banking sector dropped, 30 banks still have the spread above the Bangladesh Bank-set limit of 4% points. However, the spread in 36 banks was above 4% points in March last year when the Bangladesh Bank reduced it by 1% points from 5% points as part of the government's move to bring down the lending and deposit rates to 9% and 6% respectively.
- The average spread in the private commercial banks dropped to 4.12% points on Monday from 4.42% points in January this year. The average interest rate spread in the state-owned banks fell marginally to 2.19% points from 2.22% points. In the specialized banks, the average spread dropped to 1.84% points from 1.85% points. The average spread in the foreign commercial banks, however, increased to 6.73% points on Monday from 6.22% points in January this year. Association of Bankers, Bangladesh chairman said that although the banks were forced to increase deposit rate, there was no scope for increasing the lending rate. As a result, the weighted average interest rate spread in the banking sector dropped to 4% points.
- Besides, a rise in the non-performing loans in the country's banking sector might be another reason for the decrease in spread, he said. However, the rate has come down to the BB-set limit, he added. Around 20 banks have been hunting for deposits aggressively since January last year when the BB instructed to bring down advance deposit rate to 83.5%. Due to the instruction, many banks had offered even more than 10% interest rate to attract depositors, contradicting the government move to bring down deposit rate to 6%.

<http://www.newagebd.net/article/87039/interest-rate-spread-drops-to-4pt>

Dhaka Stock Exchange (DSE), Shenzhen Stock Exchange (SZSE) joint initiative: V-Next launched to facilitate Chinese investment

- Dhaka Stock Exchange (DSE) and Shenzhen Stock Exchange (SZSE) jointly launched cross-border match-making platform called V-Next, a one-stop pitching mechanism among qualified investors, intermediaries and start-ups to promote the Small and Medium Enterprise Board. V-Next Alliance platform is designed to facilitate Chinese investment into prospective companies in Bangladesh through information dissemination, online live road show and face-to-face business seminars.
- This is an excellent opportunity for new entrepreneurs to get finance, the Acting Managing Director of DSE said, adding that the platform would facilitate auto-matchmaking. The objective was to build an ecosystem across the two countries to integrate financial intermediary services, institutional investors and projects, he said in his presentation.
- The V-Next so far achieved remarkable success in China, with over 11,000 institutional qualified investors registered and in excess of a 20% success rate in matching projects to capital, SZSE officials said.
- At Monday's programme, the BSEC chairman said some 10 small cap companies were in the pipeline to be listed with the DSE's SME platform. An SME company will get the listing approval soon, BSEC chairman added.

<https://www.dhakatribune.com/business/stock/2019/10/08/dse-szse-joint-initiative-v-next-launched-to-facilitate-chinese>

[-investment](#)

Higher yield entices foreigners back to bond market

- Foreign nationals have renewed their interest in investing in the country's treasury bonds as the yield rates have gone up on the back of government's rising appetite for funds. The overseas investors until recently stayed away from investing in the fixed income instruments as the yield rates were much lower, central bankers said. But the volume of their investment came to zero in December last which people familiar with the development believe that the low yield rate was the main reason behind it. The yield rates shot up significantly in recent times, he said, adding that the foreigners' interest is growing mainly for higher yield rates.

- Economists viewed that the bonds had lost its appeal not only for lower yield rates, but also for "exchange rate loss." If local currency depreciates foreigners get lower return. They also said many don't show interest in such an instrument because it is "illiquid" in nature. An executive director at Policy Research Institute of Bangladesh (PRI), said the treasury bond market in real sense has no secondary market and investors cannot encash before maturity. Currently, there is a "managed" secondary bond market managed by around 40 banks and financial institutions.

- Noting the instrument is illiquid a former lead economist of the World Bank in Dhaka said that If the local currency appreciates, investors cannot sell immediately due to lack of a secondary market. This inherent problem should be addressed, he added. Bonds purchased by a non-resident may freely be resold to any resident or non-resident person. Non-resident individuals and institutional investors are eligible for purchasing the bonds through primary dealers.

<http://today.thefinancialexpress.com.bd/first-page/higher-yield-entices-foreigners-back-to-bond-market-1570557293>

Overseas jobs decline 15% in Q3

- The overseas jobs declined by more than 15% in the third quarter (Q3) of the current calendar year than that of the corresponding period of previous year, according to official figures. During the January-September period in 2019, some 469,275 Bangladeshis found jobs abroad. The number of outbound workers was 555,393 in the nine-month period in 2018, Bureau of Manpower Employment and Training (BMET) data said.

- However, the inflow of remittances grew by more than 16% in the first quarter (Q1) of current fiscal year (FY). The flow of inward remittances rose to USD 4.51 billion during the July-September period of FY 2019-20 from USD 3.87 billion in the same period of the previous fiscal, according to the central bank's latest statistics.

<http://today.thefinancialexpress.com.bd/trade-market/overseas-jobs-decline-15pc-in-q3-1570470565?date=08-10-2019>

Jute goods makers get a shot in the arm

- Jute goods makers have got a shot in the arm from the National Board of Revenue, which has extended reduced tax benefit to them until fiscal 2022-23. At present, jute goods manufacturers pay 10% tax on their export income instead of 35%. But that privilege was due to expire in June next year. Now, the revenue authority has extended the benefit not only by three years but has also expanded it to those who do not export. In other words, jute goods makers would now pay 10% tax on their income.

- Backed by the availability of raw jute for domestic cultivation, the industry depends largely on exports as the domestic market for jute goods such as sacks and bags is not big enough. In recent years, export of jute and jute goods has been oscillating thanks to the crisis in the Middle East and the anti-dumping duty slapped by India in January 2017. In fiscal 2018-19, jute and jute goods exports dropped 20%. In the first quarter of the fiscal year, it edged up 2%, according to data from the Export Promotion Bureau (EPB). Taxmen said the reduced tax benefit has been provided so that the sector recovers from its present situation.

<https://www.thedailystar.net/business/news/jute-goods-makers-get-shot-the-arm-1811263>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$52.46	-0.17	-0.32%
Crude Oil (Brent)*	\$58.05	-0.18	-0.31%
Gold Spot*	\$1,505.93	+0.42	+0.03%
DSEX	4,894.31	-22.37	-0.46%
Dow Jones Industrial Average	26,164.04	-313.98	-1.19%
FTSE 100	7,143.15	-54.73	-0.76%
Nikkei 225	21,442.98	-144.80	-0.67%
BSE SENSEX	37,616.64	+84.66	+0.23%

Exchange Rates**USD 1 = BDT 84.59*****GBP 1 = BDT 103.35*****EUR 1 = BDT 92.75*****INR 1 = BDT 1.19***

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

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