

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 hits fresh 6 year low in July

- The descending trend in private sector credit growth has remained unchanged with the growth rate hitting fresh six-year low in July this year amid heavy borrowing from the banking sector by the government, reflecting stagnant private investment state. As per the latest Bangladesh Bank data, the private sector credit growth slumped to 11.26% year-on-year in July this year, much lower than the BB's cautious projection for the fiscal year 2019-2020. Taking into consideration about the 6 year low credit growth in June this year, 11.29%, the central bank reduced the private sector growth projection to 14.8% for the FY20 after failure to achieving 16.5% growth target in the FY19. In June this year, the private sector credit growth was 11.29%, lowest since June, 2013 when it was 11.04%.
- An official of the central bank has said that the Bangladesh Bank's stricter monitoring over the banks for ensuring quality of credit to containing defaulted loans could be the reason behind the slowdown. Otherwise, banks could have disbursed higher amount of credit to the private sector, the official said. Besides the tight monitoring, growing volume of defaulted loans and slower rate of recovery was also holding banks from ensuring adequate credit to the private sector, they said. Apart from these, high sales of national savings certificates also slowed down the deposit growth in the banking sector, another reason to lessening banks' capacity to lend.

<http://www.newagebd.net/article/83284/private-sector-credit-growth-hits-fresh-6-year-low-in-july>

Banks hardly lend via agent banking

- Banks are showing reluctance in lending through the agent banking window based in rural areas despite mobilizing large sums through the platform. As of June, BDT 52.84 billion was collected through the window, up from BDT 20.13 billion a year earlier, according to data from the Bangladesh Bank. But only BDT 2.37 billion was lent through the window, up 72% year-on-year. The year-on-year lending growth was apparently good last quarter, but it hardly had any impact on rural entrepreneurs because the amount is little, said a Bangladesh Bank official.
- The trend of deposit mobilization and lending indicates banks are more interested in collecting funds from rural areas than extending lending facilities to them. This has created an imbalanced situation between the urban and rural areas. Banks are mopping up money from rural areas and giving out loans in urban areas, the central banker said. Nineteen banks have so far commenced agent banking services, but only seven give out loans.
- Of the total disbursed loans, Bank Asia accounts for 89% of the sum and has plans to bump up its lending even more. The managing director of Bank Asia said his bank was now focused on accelerating loan disbursement through the agent banking window. Through the window, Bank Asia, one of the pioneers in agent banking, disburses loans ranging from BDT 20,000 to BDT 2 million. In some cases, it disbursed even BDT 5 million to a single client, he said.

<https://www.thedailystar.net/business/banking/news/banks-hardly-lend-agent-banking-1794220>

5% tax on National Savings Certificates (NSC) up to BDT 0.5 million from August 28

- The National Board of Revenue (NBR) has made 5.0% reduced rate of tax at source on the yields of savings certificates in case of investments up to BDT 0.5 million. The decision was to take effect from August 28, 2019 and onwards. But if the investment goes beyond BDT 0.5 million, the investors will have to pay 10% tax at source on total amount of yields. The lower tax rate has been offered irrespective of the purchasing period of savings tools by the investors. However, the interest on pensioners and wage earners' bond is exempted from the payment of taxes if the amount is within BDT 0.5 million.
- Currently, interest rate against bank deposits ranges from 6.5 to 11% while investors of the savings certificates get return on their investment up to 11.04 to 11.76%. Bank depositors, who have Taxpayer Identification Number, have to pay 10% tax at source on their interest amount while the tax rate is 15% if depositors have no TIN. The Directorate of National Savings (DNS) has made TIN mandatory for purchasing savings certificates. The high yield rate of savings tools encourages investors to buy savings tools instead of depositing money in the banks.

<http://today.thefinancialexpress.com.bd/first-page/small-savers-to-cheer-as-source-tax-slashed-1567359601>
<http://www.newagebd.net/article/83285/5pc-tax-on-nscs-up-to-BDT-5-lakh-from-aug-28>

Reliance inks final deals with Bangladesh entities

- The Reliance Bangladesh LNG and Power Ltd, owned by the Reliance Power Ltd of India, signed final deals with three Bangladeshi entities concerned on Sunday to construct a 718-megawatt (MW) combined cycle power plant.

Under the agreement, the power plant project will be implemented within 36 months of inking the deal (August 31, 2022). The Re-Gasified Liquefied Natural Gas (RLNG)-based plant will be located at Meghnaghat in Narayanganj.

- The BPDB will purchase electricity from the Reliance's power plant for 22 years at a levelized tariff rate of 7.312 US cents (BDT 5.85, per kilowatt-hour) with 82% plant factor and 12% discount factor as per the PPA, according to a fact-sheet made available to the newsmen and guests who attended the event. However, the fact-sheet did not mention the rate, at which the Titas would supply gas to the proposed power plant.

<http://today.thefinancialexpress.com.bd/last-page/reliance-inks-final-deals-with-bangladesh-entities-1567359839>
<https://www.thedailystar.net/business/news/deals-signed-reliance-718mw-plant-1794214>
<http://www.newagebd.net/article/83289/reliance-awarded-power-plant-contract-without-bidding>
<https://www.dhakatribune.com/business/2019/09/01/reliance-india-inks-deals-to-set-up-718-mw-power-plant>

Net foreign fund in stocks remains negative for sixth straight month

- Net foreign investment in Dhaka Stock Exchange (DSE) remained negative for the sixth straight month in August as the overseas investors continued to pull out their fund amid lack of confidence. Market analysts said the foreign investors are selling off their shares due to the lack of confidence, depreciation of local currency against the US dollar and concern over the country's financial sector. The telecom regulator's strict stance towards Grameenphone (GP) coupled with the government move to liquidate People's Leasing and Financial Services also dampened the foreign investors' confidence, said a leading broker.

- In August, the foreign investors bought shares worth nearly BDT 1.77 billion while they sold BDT 2.79 billion worth of shares, taking the net position of negative BDT 1.02 billion, according to the DSE data.

<http://today.thefinancialexpress.com.bd/stock-corporate/net-foreign-fund-in-stocks-remains-negative-for-sixth-straight-month-1567355125>
<http://www.newagebd.net/article/83286/foreign-investment-at-dse-negative-for-six-months>
<https://www.dhakatribune.com/business/stock/2019/09/01/foreign-investment-at-capital-market-falling-for-six-months>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$55.11	+0.01	+0.02%
Crude Oil (Brent)*	\$59.00	-0.25	-0.42%
Gold Spot*	\$1,525.75	+5.37	+0.35%
DSEX	5,070.69	-25.09	-0.49%
Dow Jones Industrial Average	26,403.28	+41.03	+0.16%
FTSE 100	7,207.18	+22.86	+0.32%
Nikkei 225	20,632.57	-71.80	-0.35%
BSE SENSEX	37,332.79	+263.86	+0.71%

Exchange Rates

USD 1 = BDT 84.85*
GBP 1 = BDT 103.17*
EUR 1 = BDT 93.26*
INR 1 = BDT 1.18*

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

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