

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.

Telenor serves legal notice on the President

- Grameenphone's parent company Telenor recently sent a legal notice to the President, demanding international arbitration to resolve the telecom regulator's disputed audit claim of BDT 125.8 billion, Posts and Telecommunications Minister said.
- On the other hand, mobile operator Robi, from which Bangladesh Telecommunication Regulatory Commission (BTRC) claimed BDT 8.67 billion, said it wanted to withdraw all the cases against the auditing process and sought arbitration to solve the matter, the Minister said. Robi had earlier filed two cases against the audit claims.
- BTRC sources said Allen & Overy LLP, a Singapore-based international law firm, sent the legal notice to the president on October 30, referring to the business protection treaty signed by Bangladesh and Singapore. The legal counsel for the BTRC said, we discussed the notice at a court hearing on November 18. We later replied to the Allen & Overy LLP, saying there is no scope for accepting any such notice as the matter is lying with the Supreme Court. The minister said Grameenphone could go for international arbitration anytime, but at the same time they needed to consider that they would have to follow the laws of Bangladesh to run their business here. Earlier, both Grameenphone and Robi hinted that they may take up the audit issue with the International Centre for Settlement of Investment Disputes -- one of the five agencies of the World Bank Group -- which settles international investment disputes.
- Meanwhile, Grameenphone yesterday served a statement of Telenor which said it was not a party to this notice. For Telenor Group, it is important to protect its assets in Bangladesh. Telenor has sent a notice to seek resolution of a dispute and invited the Government of Bangladesh to meet to discuss the matter and work towards a constructive solution, read the statement. The BIT (Bilateral Investment Treaty) process itself encourages dialogue, and Telenor still believes the best way forward is that the authorities and the operators agree on an amicable and transparent solution to the disputed audit, it said.

<https://www.thedailystar.net/frontpage/news/telenor-serves-legal-notice-the-president-1842655>
<http://www.newagebd.net/article/94035/gps-parent-co-sends-legal-notice-to-president-over-audit-dispute>
<https://www.dhakatribune.com/bangladesh/2019/12/19/telenor-sends-legal-notice-to-president>
<https://today.thefinancialexpress.com.bd/public/first-page/telenor-serves-legal-notice-to-president-1576777222>

Financial sector's input to GDP drops for second year

- Irregularities and problems of various nature in the country's banking and financial sector have hit its growth, as the sector's expansion rate has fallen in the last fiscal year (FY), 2018-19, for the second consecutive year, analysts said. The rate of the financial intermediation's contribution to the country's Gross Domestic Product (GDP) has dropped by 0.52 percentage points to 7.38% in last fiscal, official data showed. In the previous FY, the growth also maintained the same trend shedding 1.22 percentage points to 7.90% from that of an impressive growth in FY 17.
- Analysts and economists said the recent scams, irregularities, and people's mistrust on financial institutions severely affected growth of the sector, a key auxiliary to investment, employment and the GDP growth. The country's banking and financial sector has been hit hard, as its private sector credit growth has dropped, non-performing loans (NPLs) have been rising, and profit shrinking. Distinguish Fellow of the Centre for Policy Dialogue (CPD) said growth rate of the financial sector might even drop further, if the NPL provisioning method is followed perfectly. If the higher volume of NPL continues, the banks' paid-up capital will be affected, and they will suddenly fall, he said.

<https://today.thefinancialexpress.com.bd/public/first-page/financial-sectors-input-to-gdp-drops-for-second-year-1576864298>

Power generation cut to one-third of capacity

- Electricity generation across the country has been reduced to around one-third of the overall capacity under a 'rationing' system in view of the sagging demand in winter. Some power plants have been asked to suspend their operations, and some others to do maintenance work, a senior official said. According to the Bangladesh Power Development Board (BPDB) statistics, the countrywide electricity generation during the day-time peak hours on Wednesday (December 18) was 6,644 megawatts (MW), just 34.12% of the total installed capacity of 19,467 MW. However, available electricity at substation end, excluding transmission loss, was only 6,277 MW.
- A total of 17 new power plants, having the total generation capacity of 2,135 MW, came into operation over the past one year since February 2018. But, the country's overall electricity consumption increased marginally. With the increased electricity generation capacity, the BPDB will have to count a huge amount in capacity payment to the power plant owners. The total power generation capacity, including that from captive power plants owned by the private

sector as well as renewable energy sources, reached 22,787 MW, said officials. Over the past one decade, the installed capacity of power generation increased significantly, as a large number of power plants, mostly oil-fired ones, were set up during the period. The government also allowed private entrepreneurs to go for duty-free import of furnace-oil to run their power plants at a service charge of 9.0% along with import cost as an incentive.

<https://today.thefinancialexpress.com.bd/last-page/power-generation-cut-to-one-third-of-capacity-1576945935>

Dhaka Stock Exchange (DSE) market cap-GDP ratio hits 13-year low

- The ratio of the Dhaka Stock Exchange's market capitalization to the country's gross domestic product has hit a 13-year low this month due to a sharp fall in share prices and lack of capital raising by issuing initial public offerings and rights shares. The ratio of DSE market capitalization to GDP came down to around 12% on December 19 this year, hitting its lowest after 2006 when the figure was 6.73%. The ratio was 17.21% in 2018 and 21.62% in the year before.
- Market operators said that the market cap-GDP ratio declined due to a sharp fall in the indices, lack of new issues and rights offers in 2019. Only eight companies raised BDT 5.52 billion in 2019 while 13 companies and a mutual fund raised BDT 6.46 billion in the previous year. Fund raising through issuing rights shares sank further in 2019 as only one company collected BDT 899.3 million while two companies had collected BDT 2.69 billion in 2018.
- The DS30 index, a composition of 30 large capitalized companies, performed badly in 2019 as the contribution of DS30 to the total market capitalization dropped to 42.63% while the figure was 54.62% in December, 2018.
- The foreign investors withdrew around BDT 9.7 billion from the country's capital market in last 10 months.
- The ratio of DSE market capitalization to GDP is also the lowest among the emerging Asian-Pacific countries. The ratio was at its peak at 50.67% in 2010, and it slumped to 33.23% within a year after the biggest market crash in the country's history in 2010-11.

<http://www.newagebd.net/article/94156/dse-market-cap-gdp-ratio-hits-13-yr-low>

3 reasons behind stock slide: Bangladesh Securities and Exchange Commission (BSEC) chief

- The chief of Bangladesh Securities and Exchange Commission has blamed the recent plunge in stocks on the ongoing tussle between Grameenphone and the telecom regulator as well as a huge selloff by foreign investors. A piece of news in April that the revenue administration is making tax identification number (TIN) mandatory for opening beneficiary owners' accounts also played a part, BSEC Chairman said. Besides, apprehension is doing the rounds in the market that the local currency may devalue, prompting foreign investors to go for massive selloffs, he added.
- The dispute between Grameenphone, the largest listed company in terms of capitalization, and the telecom regulator began to impact the structure of the market because foreign investors pour funds largely looking at the fundamentals of companies, the BSEC chief said.
- Foreign investors sold off the shares of Grameenphone along with Olympic Industries, United Power Generation, British American Tobacco Bangladesh (BATB), and Square Pharmaceuticals, he said. The fall of the five companies accounted for 80% of the market slide, he said, pointing out that the DSEX shed around 174 points in the last two months only because of the mobile operator and BATB.

<https://www.thedailystar.net/business/news/3-reasons-behind-stock-slide-bsec-chief-1843567>

Export growth may slow to 7.3% next year

- Bangladesh's exports will grow 7.3% next year, down 1.8 percentage points from that in 2019, as the ongoing global trade tension continues to hurt business in Asia and the Pacific, a new United Nations report said. Still, the projected export growth of Bangladesh will be the highest among some select countries, according to the Trade in Goods Outlook 2019/2020 of the United Nations Economic and Social Commission for the Asia and Pacific (UNESCAP). The countries include Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Pakistan, the Philippines, South Korea, Singapore, Sri Lanka, Thailand, Turkey and Vietnam, according to the report released on Wednesday. At the end of 2019, Bangladesh's overseas sales will see a growth rate of 9.1%, also the highest among the countries.
- The report said Bangladesh will enjoy price benefit for exports next year. The price increase will double to 5.1% in 2020 compared to 2.6% in the outgoing year. The volume of exportable goods will go up by 2.1% next year from 6.3% in 2019, data showed.

<https://www.thedailystar.net/business/news/export-growth-may-slow-73pc-next-year-1842850>

Bangladesh Bank asks banks, non-bank financial institutions (NBFIs) not to press for more than one guarantee

- The Bangladesh Bank on Thursday asked the scheduled banks and non-bank financial institutions to restrain from taking more than one personal guarantee against loans for cottage, small and medium enterprises. The central bank's move came after it found that the banks and NBFIs pressed the small entrepreneurs to provide more guarantees against their loans.
- Moreover, the circular had said the banks and NBFIs had to keep at least 25% of loans and advances for the small and medium enterprises by 2024 and they had to increase the amount by one% every year. At least 50% of the loans and advances for the sector has to be kept for cottage, micro and small enterprises and 15% lending has to go to the women entrepreneurs.
- The circular also said the banks and NBFIs would have to keep minimum 40% of CMSME lending for manufacturing sector, 25% for service sector and a maximum 35% for trading.
- The highest ceiling on credit for cottage entrepreneurs is BDT 1.5 million, for manufacturing micro industries BDT 10 million, for micro service industries BDT 2.5 million and for micro entrepreneurs BDT 5 million. The small manufacturing industries will get maximum BDT 200 million while the small service industries and small entrepreneurs BDT 50 million. The medium manufacturing industries will get BDT 750 million while the medium service industries BDT 500 million, the circular said.

<http://www.newagebd.net/article/94065/bb-asks-banks-nbfis-not-to-press-for-more-than-one-guarantee>

E-commerce trade still poor in Bangladesh: World Bank report

- The rate of online sales through different e-commerce platforms accounts for a very limited portion of the total retail sales in Bangladesh, according to a World Bank (WB) study. Global online purchases account for about 16% of total purchases, and the figure is more than 60% in developed markets like Korea and the United States. But South Asian countries like Bangladesh stand at only 1.0%, revealed the study.
- South Asia lags behind the rest of the world in activating the potential benefits from e-commerce, the report said. In 2015, online sales as a percentage of total retail sales were more than 15% in China and in the United Kingdom and more than 11% in Korea. But online sales were 1.6% in India and around 0.7% in Bangladesh, the report cited. Highlighting the prospects of regional e-commerce, it said cross-border online trade faces obstacles like cross-border logistics, taxes and export barriers. Firms in Pakistan and Bangladesh cite connectivity and IT (information technology) backbone as significant hurdles for cross-border e-commerce. Digital regulations appear to be a concern for firms in all countries, the report added.
- In Bangladesh, the WB report said the slow pace of liberalization and banking practices seem to be holding back a change in the e-commerce sector. For example, e-retailers are not keen on accepting even national payments through cards because of a 3.0-4.0% commission to banks, relative to the cash-on-delivery mode, it stated. Bangladesh Bank's two-factor authentication system works, but in practice most banks do not allow cardholders for online transactions unless they call the banks to open internet for a specific duration. The report said regional businesses can expect substantial benefits in exports, employment and production growth if the key hindrances to e-commerce are resolved. Bangladesh could have gained 20-per cent growth in employment generation, and nearly 23% growth in export sales, it mentioned.

<https://today.thefinancialexpress.com.bd/public/last-page/e-commerce-trade-still-poor-in-bd-wb-report-1576864871>

Nine public-private partnership (PPP)- government-to-government (G2G) projects: Scope aplenty for USD 10 billion investment

- Scope abounds for a whacking USD 10-billion investment in nine projects under public-private partnership (PPP) with the government-to-government (G2G) arrangement. The PPP Authority (PPPA) has so far signed memorandum of understanding (MoU) with four nations and made some progress with Japan and Singapore to this end. Sources said the PPPA inked such memoranda with Japan and Singapore in 2017 and 2018 and finalized nine projects under the G2G arrangement.
- Since the MoU with Japan on June 15, 2017, Bangladesh Railway, and Roads and Highways Department are working on six projects selected by Japanese land, infrastructure, transport and tourism ministry. Officials said the projects, picked during Bangladesh-Japan joint platform meetings and negotiations, are expected to bring an estimated USD 6.5-billion investment. The PPPA also expects a USD 3.5-billion investment by Singapore in three projects of shipping and housing ministries after signing a MoU on March 12, 2018.

<https://thefinancialexpress.com.bd/economy/nine-ppp-g2g-projects-scope-aplenty-for-10b-investment-1576815070>

Trade experts stress taka devaluation, product diversification for RMG sector competitiveness

- Trade experts and businesses on Saturday stressed the devaluation of taka and diversification of products and market to remain competitive in the global readymade garment market. At the event, BGMEA data showed that 73% of the country's total USD 34.13 billion readymade garment exports is concentrated on five items, prices of 83% of exports range up to USD 15 per kg while 74.14% of the exports are cotton based. It showed that about 83.34% of the total RMG exports go to the European Union and North America.

- Devaluation of the local currency, attracting foreign direct investment and adaptation of new technology were important factors that could help to keep the country's RMG sector competitive in the global market, Policy Research Institute Executive Director said.

<http://www.newagebd.net/article/94251/trade-experts-stress-taka-devaluation-product-diversification-for-rmg-sector-competitiveness>

Six countries keen to invest in Teletalk, 5G: Posts and Telecommunications Minister

- The government has received proposals from half a dozen foreign companies which want to invest in Teletalk and fifth-generation (5G) service, Posts and Telecommunications Minister said. In a meeting with the Telecom Reporters' Network Bangladesh (TRNB) at his office, he declined to reveal the names. He said that the companies were from Japan, China, South Korea, Russia, Saudi Arabia and the United Arab Emirates.

- According to the minister, Grameenphone has so far invested about BDT 400 billion and Teletalk only BDT 36 billion. We have placed a proposal with the government to invest another BDT 32 billion in Teletalk and it will expand the operator's coverage level to 80% of the geographical location, which is now about 30% only.

<https://www.thedailystar.net/business/telecom/news/six-countries-keen-invest-teletalk-5g-jabbar-1842856>

Private LNG terminals to keep getting tax waiver on imports

- The National Board of Revenue has exempted the two private floating liquefied natural gas import terminals from payment of value-added tax, supplementary duty and advance tax on goods and services required for installation and activation of their floating storage regasification unit (FSRU). Value-added tax wing of the revenue board on Wednesday issued two separate orders, offering the exemption to local Summit LNG Terminal Co (Pvt) Ltd and US-based Excelerate Energy Bangladesh Ltd for their FSRU located at Moheshkhali in Cox's Bazar.

<http://www.newagebd.net/article/94070/pvt-lng-terminals-to-keep-getting-tax-waiver-on-imports>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$60.44	-0.74	-1.21%
Crude Oil (Brent)*	\$66.14	-0.40	-0.60%
Gold Spot*	\$1,481.64	+2.84	+0.19%
DSEX	4,456.84	+38.88	+0.88%
Dow Jones Industrial Average	28,455.09	+78.13	+0.28%
FTSE 100	7,582.48	+8.66	+0.11%
Nikkei 225	23,816.63	-48.22	-0.20%
BSE SENSEX	41,681.54	+7.62	+0.02%

Exchange Rates

USD 1 = BDT 84.98*

GBP 1 = BDT 110.49*

EUR 1 = BDT 94.14*

INR 1 = BDT 1.20*

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

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BRAC EPL Stock Brokerage Limited

Research

Ayaz Mahmud, CFA	Head of Research	ayaz.mahmud@bracepl.com	01708 805 221
Sadman Sakib	Research Associate	sadman.sakib@bracepl.com	01730 727 939
Md. Rafiqul Islam	Research Associate	mrafiqulislam@bracepl.com	01708 805 229
Md. Mahirul Quddus	Research Associate	mmahirul.quddus@bracepl.com	01709 636 546

International Trade and Sales

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

121/B Gulshan Avenue
Gulshan-2, Dhaka
Phone: +880 2 881 9421-5
Fax: +880 2 881 9426
E-Mail: research@bracepl.com