

*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.*

### **Dhaka Stock Exchange (DSE) to launch new index to attract foreign investors**

- Dhaka Stock Exchange (DSE) is going to unveil a new index named CNI-DSE Select Index, or CDSET, coming Monday in an effort to attract foreign investors. However the new index, that includes 40 large companies of the market at present based on their market capitalization, profit and liquidity, would officially open for investors from January 1. Its base value is 1,000 points and base day is December 31 of 2015. The list of companies would be created anew every six months. The formation of the index is part of the technology support promised by the DSE's strategic partners, Shenzhen Stock Exchange (SZSE) and Shanghai Stock Exchange. Two other indexes would be kicked-off very soon to include small and medium companies.

<https://www.thedailystar.net/business/news/dse-launch-new-index-attract-foreign-investors-1845688>

### **Budget deficit goes over 5% boundary**

- Budget deficit, which is when spending exceeds revenue, is set to cross the sensible perimeter of 5% of GDP in fiscal 2018-19 for the first time in 12 years on the back of ebbing collections of the tax administrator. Revenue collection grew 10.67% last fiscal year against the target of about 46%, according to provisional data of the National Board of Revenue. But, data from the Comptroller and Auditor General office shows that the growth was less than 10%.

- As per the finance division's provisional data, the budget deficit last fiscal year was 5.2%. In the end, it may be even bigger, said a finance ministry official upon condition of anonymity. It takes at least six months to work out the actual deficit after the conclusion of the fiscal year. The final accounts are expected to be worked up within the next couple of days, he added.

- For developing countries a budget deficit is not unusual as the government needs to spend big on building infrastructure to shore up future economic activities. The government meets the gap between income and expenditure through domestic and foreign borrowing obtained as loans or grants. But keeping the deficit within 5% is recommended, and is in fact considered international best practice. In Bangladesh, when the budget is drafted a 5% deficit is projected. The actual deficit turns out to be about 4% every year as the ministries and divisions fail to use up their allocated funds.

- Fiscal deficit in 2018-19 increased due to both revenue shortfall and expenditure increases, said a former lead economist of the World Bank's Dhaka office. Usually, shortfall in expenditures buffers the revenue shortfall relative to the budget target, thus keeping the deficit below the original 5% of GDP budget target. Last fiscal year was an exception to this trend and it is most likely to continue this fiscal year as well. While the government can afford such temporary deviation from the target because of a low debt to GDP ratio, the financing of deficit is the real issue. If the financing came from concessional foreign sources as reimbursements to cover the accelerated investments in development projects, there will be no real reason to worry. Such increases in deficit are indeed welcome. But that may not have been the case as evident from cuts in foreign borrowing in the revised fiscal 2018-19's budget relative to the original budget.

<https://www.thedailystar.net/business/news/budget-deficit-goes-over-5pc-boundary-1846612>

### **Remittance flow to rise 18% in the outgoing year**

- The flow of inward remittance is set to jump more than 18% or USD2.80 billion in the outgoing calendar year 2019 as the government has provided incentive to the beneficiaries against inward remittance. Depreciation of the local currency against the US dollar has also jacked the inflow of remittances up in the recent months, bankers said. The inflow of remittance is set to reach at minimum USD 18.34 billion by the end of December 2019 from USD 15.54 billion in a year ago despite a falling trend in outbound jobs of Bangladeshis, according to the central bank's estimation.

- The country received USD 1.40 billion as remittances between December 01 and December 24 from Bangladeshi nationals who are working abroad, an Executive Director of the BB told on Friday. We expect that the inflow of remittances may cross USD 1.70 billion by the end of this month the central banker explained. Bangladesh received USD 16.64 billion in 11 months to November as remittances.

- Some 604,060 workers found jobs in the 11 months to November 2019 against the number of outflow workers was 684,962 in the same period of the last calendar year, according to the official figures. Some important destinations including the United Arab Emirates, Malaysia and Bahrain remained closed for Bangladeshi workers since long days, they explained.

<https://today.thefinancialexpress.com.bd/public/stock-corporate/remittance-flow-to-rise-18pc-in-the-outgoing-yr->

[1577461569](#)

### **Loan write-offs rocket**

- Loans written off by banks escalated 42.66% year-on-year to BDT 16.40 billion in the first nine months of the year as lenders, awash with default loans, endeavored to clean up their balance sheets. The upward trend of written-off loans will help lenders paint a rosy picture of their health only for the time being, said a former lead economist of the World Bank's Dhaka office.
- As of September, the banking sector's total written-off loans stood at BDT 550.55 billion, up 10% from a year earlier, according to data from the Bangladesh Bank. Banks have failed to recover 75% of the total written-off loans since January 2003, when the central bank introduced the policy. Unrealized delinquent loans stand at BDT 414.61 billion as of September.
- Earlier in February, with a view to cutting down the stockpile of defaulted loans, the BB relaxed the policy to allow banks to write off default loans that have been languishing in the bad category for three years, down from five years previously. Furthermore, lenders do not have to file any case with money loan courts to write off delinquent loans worth BDT 0.2 million, up from BDT 50,000 previously.

<https://www.thedailystar.net/business/news/loan-write-offs-rocket-1846609>

### **Dollar sales on to stabilize forex market**

- The central bank on Thursday further extended foreign exchange support to banks by selling US dollars to keep the market stable, officials said. As part of the move, the Bangladesh Bank sold USD8.0 million to a state-owned commercial bank, to meet the growing demand for the greenback.
- The central bank may continue providing such a support to the banks in line with the market requirement, the official added. A total of USD 291 million has been sold to the commercial banks so far this fiscal year. During FY 19, the central bank sold USD 2.34 billion to the banks on the same ground, according to the official data.

<https://today.thefinancialexpress.com.bd/public/first-page/dollar-sales-on-to-stabilise-forex-mkt-1577382506>

### **Cellular data users waning**

- The country's mobile operators lost an estimated 0.5-million internet users in November alone, thanks to the telecoms regulator's restrictions on network expansion, industry insiders said. The number of cellular data users dropped by more than 0.5 million in November, with active internet users dropping to 99.1 million from 99.6 million.
- The number of cellular connection dropped by 4,78,000 to 93.3 million at the end of November and WiMAX subscribers fell by 33,000 to 50,000. The number of broadband connection rose by 1,000 to 5.79 million during the period in question, the BTRC data showed.
- The number of subscribers increased by 6,62,000 in November as all four mobile operators managed to add customers in the month. The number of active cellphone connection increased to 164.8 million at the end of November from 164.2 million in October, the BTRC report showed.
- Robi Axiata managed to add the highest 3,93,000 subscribers in November, taking its subscriber base to 48.7 million from 48.3 million in October. State-owned Teletalk attained the second highest 1,56,000 subscribers in the same period, totaling 4.86 million from 4.70 million in October. Banglalink's subscriber base rose by 63,000 to 35.1 million in November from 35 million a month ago. However, telecoms giant Grameenphone managed to acquire the meagre 48,000 subscribers, taking its subscriber base to 76.1 million at the end of November.

<https://today.thefinancialexpress.com.bd/public/first-page/cellular-data-users-waning-1577382466>

### **Factory production slowing down**

- Major industrial sectors are suffering from a sluggishness as factory production slowed down to a great extent in the July-August period of 2019-20 thanks to a fall in shipments. Factory production saw a 2.2% year-on-year rise in the July-August period this year which was as high as 14.6% in the same period the previous year, according to the Bangladesh Bureau of Statistics (BBS).
- A fall in exports has mainly slowed the growth, said the managing director of DBL Group, one of the leading apparel manufacturers and exporters. In July-August of 2019-20, garment production declined 0.58% year-on-year to BDT 235 billion when knitwear manufacturing grew only at 0.65%, much lower from 5.42% in the previous year, according to the Quantum Index of Industrial Production (QIIP) by the BBS.

- Apart from apparels, production of cotton yarn, pharmaceuticals, rod and cement also dropped along with leather and leather goods. Rod production edged up only 0.43% year-on-year to 67,090 tonnes, whereas the growth was 5.47% in the same period last fiscal year. Cement output grew only at 2.28% in July-August this fiscal, which was 8.45% in the same period the previous year.

<https://www.thedailystar.net/business/news/factory-production-slowing-down-1845703>

### **Listed steel manufacturing companies struggling**

- The listed steel manufacturing companies have been struggling due mainly to volatility in raw-materials and utility cost, depreciation of local currency, high bank interest rate, bleak condition in banking sector, competition from new entrants and slow implementation of government projects. There are seven steel making companies listed on the country's stock exchanges and profits of all of them except one continued declining.

- Profit of Bangladesh Steel Re-Rolling Mills dropped by 33%, that of BSRM Steel 4%, that of Ratanpur Steel Re-Rolling Mills 20.85, that of S Alam Cold Rolled Steels decreased by 16% in the financial year ended on June 30, 2019 compared with that in the previous year. The companies also witnessed a fall in profits in the first quarter (July-September) of 2019 against the same period in the previous year. However, profit of GPH Ispat increased slightly in FY19 but dropped in Q1.

<http://www.newagebd.net/article/94810/listed-steel-manufacturing-companies-struggling>

### **Light engineering: Potential to bloom into USD 12 billion market**

- The lack of investment and infrastructure support disrupts the growth momentum of the light engineering sector, which has the potential to have a market size of USD 12 billion by five years, industry insiders and experts said. According to the latest statistics, the domestic market size of the sector is estimated at USD 3.12 billion with a 30% annual growth. However, exports from the sector that comprises 50,000 macro and 10,000 medium enterprises almost halved-from fiscal year USD 688 million to USD 355.9 million in fiscal 2017-18.

- In the Munshiganj park, an area of 25 acres has been allocated for the light engineering sector, but it will take at least three years to hand over the plots to the entrepreneurs, officials said.

- Among the exportable items of this sector, bicycle has made a strong footprint in the EU market, becoming the third largest -non-EU bicycle exporting country to the EU market after Taiwan and Cambodia.

- Currently the sector is meeting 30% of the local demand of the country. The sector comprises bicycle, agro-machinery, automotive spare parts, foundry, machine shops and repairing workshops. According to a USAID research, domestic light engineering manufacturers can supply essential machines for the garment sector at 25% lower prices than imported machinery. A locally-made machine like DLPG film blowing machine costs around USD 50,00, but for an imported one the cost will be at least USD 70,000, the report said.

<https://today.thefinancialexpress.com.bd/public/last-page/potential-to-bloom-into-12b-market-1577467897>

### **GPH Ispat's Sitakunda plant opens on Jan 8**

- GPH Ispat, a steel manufacturer, is all set to start production in its newly built plant in Sitakunda on January 8. The company has invested around BDT 24 billion for the expansion project and the fund has been arranged from the owners' equity and loans. The company has used quantum electric arc furnace technology for the first time in the country as well as in Asia, the managing director said.

<https://www.thedailystar.net/business/news/gph-ispats-sitakunda-plant-opens-jan-8-1845685>

### **DBL Pharma acquires GSK's cream-ointment line**

- DBL Pharma has recently signed an agreement with GlaxoSmithKline (GSK) Bangladesh Ltd. to acquire some dermatological product manufacturing and quality control equipment used in GSK's recently closed Chittagong factory. GSK used to manufacture popular brands like Betnovate, Dermovate & Neobacrin using this facility, which was declared to be shut down late last year.

<https://today.thefinancialexpress.com.bd/public/stock-corporate/dbl-pharma-acquires-gsks-cream-ointment-line-1577461979>

### National Board of Revenue (NBR) to halve source tax on export cash incentive

- The National Board of Revenue is set to slash the source tax on cash incentive given by the government to exporters on export earnings by half following exporters' demands. The rate of source tax may be reduced to 5% from the current 10% to boost export earnings of the country's exporters.
- Export earnings in the July-November period of FY20 fell by 7.59% to USD 15.77 billion from USD 17.07 billion in the same period of FY19, according to the data of the Export Promotion Bureau.
- The government offers cash incentive to exporters at various rates for export performance, mainly in new markets, and for new and non-traditional export items to promote and diversify the country's export basket. In addition, the government in the budget for the current FY20 introduced cash incentive at the rate of 1% for all readymade garment exporters, irrespective of export products and destinations.

<http://www.newagebd.net/article/94719/nbr-to-halve-source-tax-on-export-cash-incentive>

### Bangladesh, Vietnam aim to double bilateral trade

- Bangladesh and Vietnam have agreed to make efforts to expand the volume of bilateral trade to USD2.0 billion within the next two years, officials said. Presently, the annual bilateral trade volume stands at around USD 1.0 billion.
- The two sides have also identified 11 priority areas including export of pharmaceuticals from Bangladesh to Vietnam and agriculture trade, according to a statement of the Bangladesh embassy in Vietnam received on Friday. Other potential areas the two countries have discussed are trade and investment, information and communication technology (ICT), textiles and garment, trade in halal food, banking cooperation and tourism (including Buddhist tourism) and potato export from Bangladesh to Vietnam. Besides, the issues of direct air connectivity and trade in jute and jute goods also came up for discussion.

<https://today.thefinancialexpress.com.bd/public/trade-market/bangladesh-vietnam-aim-to-double-bilateral-trade-1577464544>

### World Stock and Commodities\*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$61.72	+0.04	+0.06%
Crude Oil (Brent)*	\$68.16	+0.24	+0.35%
Gold Spot*	\$1,510.56	-0.97	-0.06%
DSEX	4,418.84	+28.17	+0.64%
Dow Jones Industrial Average	28,645.26	+23.87	+0.08%
FTSE 100	7,644.90	+12.66	+0.17%
Nikkei 225	23,837.72	-87.20	-0.36%
BSE SENSEX	41,575.14	+411.38	+1.00%

### Exchange Rates

**USD 1 = BDT 84.95\***  
**GBP 1 = BDT 111.11\***  
**EUR 1 = BDT 94.92\***  
**INR 1 = BDT 1.19\***

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

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