

*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.*

### **Soaring post office deposits to come crashing down**

- Savings accounts in post offices saw soaring deposits in recent years thanks to high interest rates offered by the government to tempt people in the suburbs and rural areas to use formal channels for parking their funds. Deposits in ordinary accounts in post offices more than doubled to BDT 29.30 billion in fiscal 2018-19 from BDT 13.25 billion four years earlier, according to data from the Department of National Savings (DNS). A similar trend has been seen in cases of fixed deposit accounts in post offices. Savers deposited BDT 139.50 billion in fiscal 2018-19 in fixed deposit accounts in post offices, which was more than two and half times the deposits received in fiscal 2014-15.
- Due to the government's crackdown over the last several years, there has been almost no presence of multi-level marketing (MLM) firms that used to offer exorbitantly high interest rates to attract deposits. The absence of these informal channels might be another reason behind people's interest in depositing money in post offices.
- However, the government's latest move to cut interest rates on savings in post offices has created frustration among savers and is likely to bring down savings and encourage the return of illegal MLMs. A former deputy governor of Bangladesh Bank said the latest move would discourage savings. The interest rate on banks' savings has been cut by force. Now, the interest rate on deposits in post offices has also been reduced. Such an action affecting the market mechanism will not bring any good to the economy, he said. The government's total outstanding liability stood at BDT 2.89 trillion as of June 2019. Of the amount, ordinary accounts and fixed deposit accounts in post offices were 13.97%, according to DNS data.

<https://www.thedailystar.net/business/news/soaring-post-office-deposits-come-crashing-down-1869106>

### **Interest rates of savings certificates not lowered**

- The government has clarified that interest rates of different savings schemes with Post Office Savings Bank were lowered, not that of any savings certificate. The Ministry of Finance issued the clarification on Sunday. The interest rate on three-year fixed deposit with the Post Office Savings Bank was cut down to 6% from 11.28% on maturity. The interest rate for the first year and second year of the deposit was reduced to 5% and 5.5% from previous 10.20% and 10.70% respectively for encashing before the maturity. However, the interest rates of government's savings certificates remain the same.

<https://thefinancialexpress.com.bd/economy/bangladesh/interest-rates-of-savings-certificates-not-lowered-1581865862>

### **Grameenphone to run out of SIM cards soon: CEO of GP**

- Grameenphone chief executive officer said that the operator feared that it would run out of SIM cards soon as the Bangladesh Telecommunication Regulatory Commission refrained from approving new number block to GP. The operator needs 50,000 new SIM cards per day to meet market demand, he said, adding that the existing customers of the operator would not face any problem due to the reason.
- The telecom regulator also denied the operator permission to recycle its existing 3 million SIMs, thus resulting in a SIM card shortage. The CEO of GP said that the operator had engaged in discussion with the regulator to end the ongoing regulatory embargo it had been facing for the last several months.

<https://www.newagebd.net/article/99806/gp-to-run-out-of-sim-cards-soon-yasir>

### **Generalized System of Preferences (GSP) suspension to Cambodia may increase RMG export to European Union (EU)**

- Cambodia's readymade garment (RMG) exporters are expecting that the suspension of the European GSP facility would lead to an increase in export orders for Bangladesh in the EU market. Buyers may shift their sourcing from Cambodia to other countries due to the rise in the prices of products manufactured in the Southeast Asian country because of payment of duties due to the suspension of the GSP facility. The European bloc generally provides the duty-free benefit to some least developed and developing countries under the 'Everything But Arms' deal to help boost trade and business.
- Bangladesh is the second largest exporter of RMG product to EU market with around \$21 billion of annual shipments as it gets GSP facility in the EU market. The GSP suspension would certainly put Cambodia's apparel industry in a challenging situation as they would now need to pay 9.0 to 12% duty on their exports to the EU. This benefits Bangladesh in the short term but in the longer term this would act as a significant signal for Bangladesh to prepare so that we can continue to have our market access either through extension of EBA negotiation or lobbying for the GSP

Plus, for which the labor narrative will be a predominant factor.

<https://thefinancialexpress.com.bd/trade/gsp-suspension-to-cambodia-may-increase-rmq-export-to-eu-1581851868>

### Bangladesh Bank spurns securities regulator's request

- The central bank has refused to grant the securities regulator the access to its database for scrutinizing the credit record of individuals or potential bond issuers. The Bangladesh Securities and Exchange Commission, or BSEC, sought the access as part of the government's efforts to develop the bond market and arrange long-term financing.
- The central bank has been providing the Commission with the credit record of possible bond issuers from time to time. Even more, the central bank declined to make available the list investors in bond, debenture and other types of debt instruments.

<https://www.today.thefinancialexpress.com.bd/first-page/bb-spurns-securities-regulators-request-1581873913>

### World Stock and Commodities\*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$51.99	-0.06	-0.12%
Crude Oil (Brent)*	\$57.14	-0.18	-0.31%
Gold Spot*	\$1,582.25	-1.81	-0.11%
DSEX	4734.15	+169.54	+3.71%
Dow Jones Industrial Average	29,398.08	-25.23	-0.09%
FTSE 100	7,409.13	-42.90	-0.58%
Nikkei 225	23,537.03	-150.56	-0.64%
BSE SENSEX	41,257.74	-202.05	-0.49%

### Exchange Rates

**USD 1 = BDT 84.97\***

**GBP 1 = BDT 110.86\***

**EUR 1 = BDT 92.10\***

**INR 1 = BDT 1.19\***

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

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