

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.

Exports shrink by 6.0% in H1

- Merchandise shipments fell by 5.84% during the first half of the current fiscal year, as export earnings continue to witness downtrend in recent months. Total export earnings from July to December of FY 2019-20 reached USD 19.30 billion against USD 20.49 billion fetched during the same period of the last fiscal. The income also fell short of the target by 12.77% set for the period, according to the latest data of the state-run Export Promotion Bureau (EPB). The single-month export earnings in December 2019, however, edged up by 2.89% to USD 3.52 billion.
- Clothing sector is the country's top foreign-currency earner accounting more than 84% of total overseas sales. Overall export earnings from the garment items-both knitwear and woven apparels- fell by 6.21% in the first half of this fiscal. The apparel sector fetched nearly USD 16.02 billion during the July-December period of FY '20 against USD 17.08 billion during the same period a year earlier. Earnings from woven garments fell by 7.28% to USD 7.81 billion in the first six months of this fiscal, the EPB figures show. Proceeds from knitwear exports during the period also fell by 5.16% to nearly USD 8.20 billion. Woven and knitwear brought in USD 8.43 billion and USD 8.65 billion respectively in July-December period of last fiscal.
- Earnings from other key sectors also fell during the first half of the fiscal, compared with the year-earlier period. The EPB data showed earnings from home textile stood at USD 370.1 million, down 9.5% from USD 408.94 million. Earnings from home textiles also fell short of the target by 14.59%.
- RMG exports grew by 15.66% during the first half of FY 2018-19 compared to the same period of 2017-18, she said, adding the growth is 6.21% negative in July-December of the current fiscal.
- According to the EPB data, earnings from leather and leather goods export fell by 10.61% to USD 475.83 million from USD 532.3 million. Jute and jute goods exports during the period, however, climbed by 21.55% to USD 511.73 million from USD 421.02 million. Agro-products like vegetables, fruits and spice exports stood at USD 523.90 million, recording a 1.21% growth. Pharmaceuticals exports grew by 5.71% to USD 73.69 million. Frozen and live fish exports hauled USD 290.5 million in the first six months of this fiscal, registering a 7.7% negative growth. Exports of engineering products fell by 2.35% to USD 168.04 million from USD 172.08 million.
- The country brought in USD 40.53 billion from goods exports during the last fiscal, of which some USD 34.13 billion came from textiles and clothing alone, the data shows.

<https://today.thefinancialexpress.com.bd/first-page/exports-shrink-by-60%-in-h1-1578245873>
<https://www.newagebd.net/article/95704/export-earnings-fall-by-584%-in-h1>

USD 10 million fund set up to boost exports

- A USD 10-million financial grant, Export Readiness Fund (ERF), was launched on Sunday to rev up export earnings of the country's four target sectors. The fund is rolling out under the Export Competitiveness for Jobs (EC4J) project implemented by the commerce ministry with support from World Bank Group. The sectors are leather and leather goods, footwear, plastics and light engineering products, said EC4J Project Director the ERF launch. Commerce Secretary said the project worth BDT 840 million would be helpful for the select sectors to diversify products, thus enhancing their competitiveness globally and rising export earnings.

<https://today.thefinancialexpress.com.bd/last-page/10m-fund-set-up-to-boost-exports-1578246291>
<https://www.newagebd.net/article/95723/export-readiness-fund-to-support-four-sectors-launched>

Country likely to earn over USD 20 billion remittance this year

- The country is likely to earn more than USD 20 billion remittance in the current year thanks to cash incentive benefits provided by the government to migrant workers, according to the expatriates' welfare ministry. The number of overseas jobs will also increase this year, it projected.
- Secretary to the expatriates' welfare and overseas employment (EWOE) ministry, on Sunday said inward remittance stood at more than USD 18 billion in 2019 which was 16.2% higher than that of 2018. He said Bangladesh sent 701,000 workers abroad with jobs in 2019. Of them, 111,000 were women workers. Among the workers, 44% was skilled and 22% semi-skilled. Addressing the press briefing, Minister for EWOE, said they would be able to send more than 750,000 workers this year.

<https://today.thefinancialexpress.com.bd/trade-market/country-likely-to-earn-over-20b-remittance-this-year-1578240839>

Bangladesh exports earnings rise by 2.89%

• Bangladesh exports earnings have risen by 2.89% to USD 3.52 billion in last December, breaking the negative growth for the fourth consecutive months. According to Export Promotion Bureau data, Bangladesh earned USD 3.52 billion in December, 2019, up by 2.89%, which was USD 3.43 billion in December, 2018. In November, 2019, the country's export earnings have declined by 10.70% to USD 3.05 billion for the fourth consecutive month compared to the corresponding period of 2018.

<https://www.dhakatribune.com/business/2020/01/05/bangladesh-exports-earnings-rises-by-2-89>
<https://www.dhakatribune.com/business/2020/01/05/exports-break-losing-streak-in-december>

Widening revenue shortfall raises alarm

• Revenue collection deficit from target widened further in November despite the pace of overall collection growth last month compared with October, according to provisional data of the National Board of Revenue (NBR). The tax collector logged nearly BDT 837 billion in July-November of the current fiscal year, trailing the target by BDT 270 billion. Until October, the NBR was BDT 200 billion behind its target -- a situation that has already forced the government to depend more on bank borrowing, raising concerns of a credit crunch and slowdown in implementation of development projects.

• Overall, tax receipt growth slowed by 5% year-on-year in July-November of fiscal 2019-20 from BDT 797 billion in the same period a year ago. The NBR's collection had grown 7% in July-November of 2018-19. Executive Director of the Policy Research Institute of Bangladesh said the 5% revenue collection growth was not good enough to meet the country's huge demand for resources and for financing the budgetary plans. He said the trend of collection shows that the government was on track to a record fiscal deficit and its subsequent bank financing.

• During July-November of fiscal 2019-20, income tax collection grew 13% faster year-on-year to BDT 248 billion. Collection of VAT, the biggest source of revenue, soared 4% year-on-year to BDT 328 billion. Import tariff collection remained flat at BDT 260 billion on suffering a fall of imports.

<https://www.thedailystar.net/business/news/widening-revenue-shortfall-raises-alarm-1850101>
<https://www.newagebd.net/article/95706/nbrs-5-month-revenue-receipt-BDT-26876cr-short-of-target>

12 banks suffer BDT 176.58 billion capital shortfall till September-end

• The capital base of the country's banks deteriorated as 12 banks suffered BDT 176.58 billion in capital shortfall as of September 30 in 2019 thanks to soaring defaulted loans. At the end of April-June quarter last year, 11 banks suffered BDT 160.01 billion in capital shortfall. Apart from the increase in number of provision shortfall-hit banks, the overall capital-to-risk weighted assets ratio in the country's banking sector dropped to 11.65% as of September 30 last year from 11.74% three months ago. The sector's CRAR increased to 11.41% in March last year from 10.5% in December, 2018. The Bangladesh Bank has been pressing the banks to maintain CRAR at 12.5% as part of the implementation of Basel III in the country's banking sector.

• The 12 banks that faced capital shortfall in the July-September quarter are Community Bank of Bangladesh, Sonali Bank, ICB Islami Bank, Janata Bank, Agrani Bank, BKB, RAKUB, BCBL, AB Bank, BASIC Bank, Rupali Bank and National Bank of Pakistan. All the banks except Community Bank of Bangladesh were on the list in the previous quarter.

• As per the BB data, the amount of defaulted loans in the country banking sector increased by 23.83 % or BDT 223.77 billion in the first nine months of the year 2019, taking the NPL figure to BDT 1.16 trillion on September last year from BDT 939.11 billion in December, 2018.

• Of the 12 banks, capital shortfall in Bangladesh Krishi Bank was the highest, BDT 90.78 billion, against its risk weighted asset worth BDT 186.21 billion. Another state-owned bank Sonali suffered the second highest, BDT 20.56 billion, capital shortfall against its risk weighted asset worth BDT 568.65 billion. ICB Islami Bank suffered BDT 15.91 billion in capital shortfall against its risk weighted asset worth BDT 9.08 billion. Capital shortfall of Janata Bank stood at BDT 9.33 billion against RWA worth BDT 530.65 billion. Agrani suffered BDT 7.88 billion in capital shortfall whereas its RWA was worth BDT 396.78 billion. Against BDT 186.21 billion RWA, Rajshahi Krishi Unnayan Bank suffered BDT 7 billion in capital shortfall. Bangladesh Commerce Bank Limited, AB Bank, BASIC Bank and Rupali Bank suffered over BDT 5 billion in capital shortfall each, according to the BB statement. National Bank of Pakistan suffered BDT 587.1 million in capital shortfall. Newly launched Community Bank of Bangladesh suffered BDT 27 million in capital shortfall.

• Although the 12 banks suffered capital shortfall, the rest 46 banks managed to maintain adequate capital against their risk weighted assets as the banking sector maintained BDT 142.47 billion in capital surplus.

<https://www.newagebd.net/article/95707/12-banks-suffer-BDT-17658cr-capital-shortfall-till-sept-end>
<https://www.dhakatribune.com/business/2020/01/05/banking-sector-faces-BDT17-659cr-capital-shortfall>

Private sector to be allowed to set up finance companies

- The government is preparing a new law that will allow establishment of finance companies in the private sector in the country. Such finance companies will mainly focus on 'development financing' and 'securitisation'. Besides, they will finance industries, agriculture, infrastructure projects and venture capitals.
- The new act named 'Finance Company Act-2019' will replace the Financial Institutions Act-1993. The state-owned finance companies, however, will remain outside the purview of the proposed act. According to the draft act, the finance companies will be able to collect deposits from people as per the guidelines of the central bank. But they will not be allowed to transact in gold and foreign exchanges.

<https://today.thefinancialexpress.com.bd/first-page/pvt-sector-to-be-allowed-to-set-up-finance-cos-1578246007>

Lending, deposit interest rates: Bangladesh Bank asks committee for fresh report

- A central bank committee has been reassigned to prepare a fresh report on single-digit interest rates on both lending and deposit after reviewing the overall banking situation. It has also been asked to submit the report to the governor within 10 working days from the date of reassignment, officials said. On December 31, 2019, the committee was asked to prepare the report applying their knowhow, practical knowledge and ability within the timeframe.

<https://today.thefinancialexpress.com.bd/first-page/bb-asks-committee-for-fresh-report-1578246170>

Investment Corporation of Bangladesh (ICB) caving in under burden to prop up stocks

- Investment Corporation of Bangladesh is metamorphosing into a loss-making concern for making supporting the stock market its chief objective rather than making money, fattening the list of unprofitable state-owned enterprises. In the first quarter of fiscal 2019-20 the listed investment bank incurred losses of BDT 1.34 billion, when it had not seen losses in the last 12 years at least, as per its available annual reports.
- The problem started from the last fiscal year, when its profits plunged to a 12-year-low of BDT 601.3 million due to a big blow from capital gain, its biggest income source. Capital gain, which refers to the profit earned by selling shares at a price higher than their buying price, had dropped about 42% year-on-year to BDT 4.63 billion.
- ICB's portfolio value stood at BDT 126.25 billion at the end of fiscal 2018-19. Had the company sold off its holdings on June 30 last year it would have garnered losses of about BDT 10.18 billion. Even after the market crash of 2010 ICB logged in more than BDT 3 billion profits in every year until fiscal 2018-19.

<https://www.thedailystar.net/business/news/icb-caving-under-burden-prop-stocks-1850110>

Bottled LPG prices go up 20% abruptly

- Retail prices of liquefied petroleum gas, or LPG, shot up by 20% this week, the highest level in years. Privately-owned LPG importers and marketers increased the price as energy prices surged in the global market in the wake of killing of top Iranian General in Iraq on Friday, a senior official of an LPG firm told on Sunday. He feared that the LPG price in the domestic market would spiral further with the uptrend in oil, gas and other energy prices in the international market.
- Currently over 1.0 million tonnes of LPG are consumed annually, which was around 250,000 tonnes in 2015. Bangladesh consumed around 650,000 tonnes of LPG in 2017, up from around 400,000 tonnes in 2016, market players said. A senior official of energy and mineral resources division under the ministry of power, energy and mineral resources said Bangladesh's actual demand for LPG would be around 2.0 million tonnes, double the current consumption, where consumers are still using kerosene and wood as alternatives to LPG due to the lack of availability. Currently, some two dozens of LPG operators are actively involved in trading in the country, which was just six in 2015. Some 60 firms have obtained licences from the ministry to run LPG business, said the energy ministry official. Bangladesh's LPG market is import-dominated as more than 60% of cylinders and 95% of the country's total requirement are met with imports, he added.

<https://today.thefinancialexpress.com.bd/first-page/bottled-lpg-prices-go-up-20%-abruptly-1578246056>

High Court asks Robi: Pay Bangladesh Telecommunication Regulatory Commission (BTRC) BDT 1.38 billion in five months

- The High Court on Sunday ordered the Robi Axiata Limited to pay BDT 1.38 billion to Bangladesh Telecommunication Regulatory Commission's (BTRC) out of its claim of BDT 8.67 billion in five equal instalments in five months. The court also asked the mobile phone operator to pay the first instalment within January 30.

- The Barrister who appeared for Robi said, the HC has issued an injunction upon the BTRC initiatives to realize the money of its audit claim of BDT 8.67 billion from Robi subject to payment of BDT 1.38 billion to BTRC in five equal instalments in five months. It also ordered the BTRC to give NOC to Robi immediately for buying its equipments. The lawyer also said if Robi fail to pay the instalments the HC order would be vacated automatically.

<https://today.thefinancialexpress.com.bd/last-page/pay-btrc-BDT-138b-in-five-months-1578246505>

<https://www.thedailystar.net/frontpage/news/pay-BDT-138cr-5-months-1849966>

<https://www.thedailystar.net/business/news/hc-asks-robi-pay-btrc-BDT-138cr-1850098>

<https://www.newagebd.net/article/95705/high-court-directs-robi-to-pay-BDT-138cr-to-btrc>

<https://www.newagebd.net/article/95685/pay-btrc-BDT-138-cr-in-5-months-hc-asks-robi>

<https://www.dhakatribune.com/bangladesh/court/2020/01/05/hc-asks-robi-to-settle-BDT138cr-of-btrc-audit-claim>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$64.46	+1.41	+2.24%
Crude Oil (Brent)*	\$70.45	+1.85	+2.70%
Gold Spot*	\$1,578.80	+26.60	+1.71%
DSEX	4,400.14	-59.15	-1.33%
Dow Jones Industrial Average	28,634.88	-233.92	-0.81%
FTSE 100	7,622.40	+18.10	+0.24%
Nikkei 225	23,173.35	-483.27	-2.04%
BSE SENSEX	41,338.45	-126.16	-0.30%

Exchange Rates

USD 1 = BDT 84.95*

GBP 1 = BDT 111.15*

EUR 1 = BDT 94.88*

INR 1 = BDT 1.18*

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

IMPORTANT DISCLOSURES

Analyst Certification: Each research analyst and research associate who authored this document and whose name appears herein certifies that the recommendations and opinions expressed in the research report accurately reflect their personal views about any and all of the securities or issuers discussed therein that are within the coverage universe.

Disclaimer: Estimates and projections herein are our own and are based on assumptions that we believe to be reasonable. Information presented herein, while obtained from sources we believe to be reliable, is not guaranteed either as to accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation of the purchase or sale of any security. As it acts for public companies from time to time, BRAC-EPL may have a relationship with the above mentioned company(s). This report is intended for distribution in only those jurisdictions in which BRAC-EPL is registered and any distribution outside those jurisdictions is strictly prohibited.

Compensation of Analysts: The compensation of research analysts is intended to reflect the value of the services they provide to the clients of BRAC-EPL. As with most other employees, the compensation of research analysts is impacted by the overall profitability of the firm, which may include revenues from corporate finance activities of the firm's Corporate Finance department. However, Research analysts' compensation is not directly related to specific corporate finance transaction.

General Risk Factors: BRAC-EPL will conduct a comprehensive risk assessment for each company under coverage at the time of initiating research coverage and also revisit this assessment when subsequent update reports are published or material company events occur. Following are some general risks that can impact future operational and financial performance: (1) Industry fundamentals with respect to customer demand or product / service pricing could change expected revenues and earnings; (2) Issues relating to major competitors or market shares or new product expectations could change investor attitudes; (3) Unforeseen developments with respect to the management, financial condition or accounting policies alter the prospective valuation; or (4) Interest rates, currency or major segments of the economy could alter investor confidence and investment prospects.

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
----------------------	-------------------------------------	--	---------------

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