

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.

Export earning post 36.21% growth: Non-traditional markets for RMG growing

- Bangladesh's apparel shipments to new export destinations have posted robust growth of 36.21% in the first half of the current fiscal year, riding mainly on enhanced cash incentive and initiatives of exporters to diversify their markets.
- In the July-December period of the current FY2018-19, earnings from apparel products from non-traditional countries reached USD 2.90 billion, up from USD 2.12 billion in the previous fiscal year (FY2017-18).
- Knitwear products earned USD 1.44 billion, which was 29.52% higher than USD 1.11 billion in the corresponding period of FY2017-18. Woven goods fetched USD 1.45 billion, up by 43.58% from USD 1.01 billion in the first half of the previous fiscal year.
- Total apparel exports of the country saw a 15.65% growth to USD 17.08 billion in the same period of the current fiscal year.
- Bangladesh's government raised cash incentives against export to non-traditional markets to 4% this fiscal year from 3% in FY2017-18, with an aim to boost exports to new markets.

<https://www.dhakatribune.com/business/2019/01/17/export-earning-post-36-21-growth-non-traditional-markets-for-rmg-growing>

Government's borrowing from banks on track to rise

- The government's higher borrowing from both the central bank and commercial banks is set to pick up mainly due to revenue shortfall in recent months.
- The government's net bank borrowing will reach BDT 23.58 billion by the end of this month, after deducting BDT 108.42 billion as maturity amount of the government securities from the gross borrowing amount.
- The government's overall net bank borrowing increased by over BDT 2.62 billion in a week to nearly BDT 51.10 billion as on January 03 from BDT 38.48 billion as on December 27 last.
- Under the proposed bank borrowing, the government will borrow BDT 239.65 billion by issuing long-term bonds, while the remaining BDT 180.64 billion through T-bills.

<http://today.thefinancialexpress.com.bd/first-page/govts-borrowing-from-banks-on-track-to-rise-1547661335>
<https://www.thedailystar.net/business/news/govt-borrowing-shoots-amid-sluggish-revenue-1688563>

Banks in a fix over effective date of slashed source tax

- The majority of the banks are in confusion over the effective date of reduced source tax on export proceeds as it remains unclear in the revenue board's order.
- On January 01, the National Board of Revenue (NBR) slashed the source tax for all exporters including readymade garments and leather, except jute, to 0.25 % from 0.60 % by issuing a Statutory Regulatory Order (SRO).
- In the budget for Fiscal Year (FY) 2018-19, the source tax for export proceeds was fixed at 1.0 %. Later, on September 5, 2018, the NBR reduced the rate to 0.60 % with retrospective effect from July 1.
- A senior tax commissioner said the taxmen would not refund the deducted tax to the banks as there is a provision for deducting minimum tax, which is not refundable. Banks will have to adjust their collected taxes in the new rates

<http://today.thefinancialexpress.com.bd/first-page/banks-in-a-fix-over-effective-date-of-slashed-source-tax-1547661384>

Bangladesh Bank (BB) received 5,731 complaints against banks in 2018

- Bangladesh Bank (BB) received 5,731 complaints from bank clients last year. According to BB data, 3,058 complaints were received over telephone, 2,404 were written and 233 were sent online.
- While most of the complaints were related to loans and advances, clients also complained about card services,

remittance, and other services.

- Out of the total complaints, 1,972 were general banking-related, 381 were service-related, 135 were related to bank guarantees, 502 were card-related and 431 were trade bill-related.
- Bangladesh Bank's Financial Integrity and Customer Services Department (FICSD) officials said that they received the complaints through their call centre, postal mails, emails, faxes, and their social media page.

<https://www.dhakatribune.com/business/banks/2019/01/17/bb-received-5-731-complaints-against-banks-in-2018>

Lending rates edging up

- The interest rate on lending is on the rise amid high import pressure and hunt for deposits at the end of last year.
- In November, the weighted average interest rate stood at 9.5 %, up from 9.47 % the previous month, according to data from the Bangladesh Bank.
- Though the average remained within single digits, 28 out of the 40 private banks are lending at double digits. The interest rate on lending will continue its upward trend due to expansion of business activities after the December 30 election.
- Despite the slow credit growth before the election the interest rate kept rising as banks mobilised deposits at higher rates to adjust their loan-deposit ratio ahead of the March deadline.

<https://www.thedailystar.net/business/news/lending-rates-edging-1688560>

Edible oil import grows 10%

- The import of edible oil has been showing an increasing trend in Bangladesh alongside other commodities, resulting in 10 % increase in import in 2018, reports BSS.
- During January-December period of 2018, import quantity of total oil and fat was over 2.9 million tonnes, which was an ever highest quantity imported in the country in a year and about 10 % higher compared to the corresponding period of 2017.
- In 2018, palm oil dominated the edible oil market of Bangladesh. In that year total import of palm oil and palm oil products was over 1.72 million tones, registering an increase by 17.40 % compared to the corresponding period of 2017.
- It is expected that by 2019, total annual import of oil and fat would cross the 3.0 million tonnes mark. Consumption of oil and fat in the country is in increasing trend in pace with economic growth of the country.

<http://today.thefinancialexpress.com.bd/trade-market/edible-oil-import-grows-10-pc-1547663844>

Second liquefied natural gas (LNG) terminal to start operations in March

- Bangladesh's second liquefied natural gas (LNG) terminal is expected to start operations in mid-March though domestic pipeline constraints mean it will be unable to fully supply gas demand to the country's capital Dhaka.
- Summit Corp, a subsidiary of Bangladesh's Summit Holdings, and partner Mitsubishi Corp are expected to start operations at their floating storage and regasification unit (FSRU) off the country's coast by the middle of March and ahead of schedule, a source familiar with the matter told Reuters on Tuesday.
- The FSRU will handle about 300 million cubic feet per day (mmcf) of gas which will be supplied to the Chattogram area.
- Once the pipeline is completed, state-owned energy company Petrobangla will be able to send up to 1,000 mmcf from both the Summit FSRU and a vessel operated by US company Excelerate that started up in August.

<https://www.thedailystar.net/business/news/second-lng-terminal-start-operations-march-1688545>

4G mobile service loses steam

- Despite a lot of hype surrounding the high-tech network for smartphones throughout the last year, the number of 4G subscribers reached only 11.7 million in the first 10 months of introducing it in the country.
- Only about 7.43 % of the mobile subscribers are currently using the 4G network while around 40.47 % using the 3G

network.

- Top mobile operators such as Grameenphone, Robi and Banglalink said they have been able to extend the 4G network up to the upazila level. However, as the latest BTRC data suggest, the vast majority of mobile subscribers still remain beyond the spectrum of high-speed Internet.
- Top mobile operators such as Grameenphone, Robi and Banglalink said they have been able to extend the 4G network up to the upazila level. However, as the latest BTRC data suggest, the vast majority of mobile subscribers still remain beyond the spectrum of high-speed Internet.

<http://today.thefinancialexpress.com.bd/last-page/4g-mobile-service-loses-steam-1547661655>

No voice, data pack below 7-day validity after Jan 27

- There would be no voice and data packages and offers of the mobile phone operators having validity below seven days after January 27.
- Bangladesh Telecommunication Regulatory Commission on Wednesday reissued its directive that was first issued on December 6, 2018 with the instruction that the mobile phone operators must close such packages and offers by December 9.
- BTRC director said that the commission reissued the directive asking the mobile operators to close the services by January 27.

<http://www.newagebd.net/article/61973/no-voice-data-pack-below-7-day-validity-after-jan-27>

Move to bring quality IPOs

- The stakeholders have moved jointly to bring 'quality' IPOs (initial public offering) for enhancing the depth of the country's capital market.
- A 12-member body will be formed comprising the representatives of DBA and BMBA for preparing work plan on quality IPOs.
- A company willing to go public get due-diligence certificate from the issue manager. A third party should provide due-diligence certificate to avoid conflict of interest.
- The General Secretary of the BMBA, said the representatives of BDA and BMBA will also sit with the central bank to settle some pending issues including the revising of bank's exposure to the capital market.

<http://today.thefinancialexpress.com.bd/stock-corporate/move-to-bring-quality-ipos-1547660652>

Rupali Bank's loss-making branches now only eight

- Rupali Bank Limited (RBL), a state-owned commercial bank (SoCB) has reduced the number of loss-making branches drastically in 2018.
- They have reduced the number to only eight which was 33 in 2017 calendar year and 143 in 2016 and it was possible only for their concerted efforts to improve the overall governance in the state-owned bank
- According to provisional calculation, RBL earned a total of BDT 3.70 billion as operating profit in 2018 against BDT 5.41 billion in 2017.
- With the launching of this mobile financial service, Rupali Bank has been able to save BDT 4.0 billion annually as there remains some room for forgery and cheating in the age-old manual system.

<http://today.thefinancialexpress.com.bd/stock-corporate/rupali-banks-loss-making-branches-now-only-eight-1547660822>

Bangladesh to connect with third submarine cable: telecom minister

- The government has decided in principle to connect Bangladesh with the third submarine cable with a view to addressing rapidly growing data consumption in the country.
- The country's total bandwidth usage was below 500 gigabits per second before the launch of 4G (fourth generation) mobile service and it had already reached around 1,000 Gbps. Considering the rapid growth in data consumption in the country, the existing capacity of the two submarine cables along with other service providers would be exhausted within

2020 or before that.

- Formation of another consortium for launching SEA-ME-WE-6, which would be the third submarine cable for Bangladesh, is already underway and the government has decided to join the consortium with a view to meeting rapidly growing data consumption.

<http://www.newagebd.net/article/61974/bangladesh-to-connect-with-third-submarine-cable-telecom-minister>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$52.02	-0.29	-0.55%
Crude Oil (Brent)*	\$61.02	-0.30	-0.49%
Gold Spot*	\$1,292.67	-1.00	-0.08%
DSEX	5839.48	-23.79	-0.41%
Dow Jones Industrial Average	24,207.16	+141.57	+0.59%
FTSE 100	6,862.68	-32.34	-0.47%
Nikkei 225	20,425.02	-17.73	-0.09%

Exchange Rates

USD 1 = BDT 83.73*

GBP 1 = BDT 107.91*

EUR 1 = BDT 95.45*

INR 1 = BDT 1.18*

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**

Khandakar Safwan Saad, CFA	Head of Research	safwan@bracepl.com	01730 357 779
Ayaz Mahmud, CFA	Deputy Head of Research	ayaz.mahmud@bracepl.com	01708 805 221
S. M. Samiuzzaman	Research Analyst	N/A	N/A
Farah Tasnim Huque	Research Associate	farah.tasnim@bracepl.com	01730 727 913
Kazi Raquib-UI Huq	Research Associate	raquib.huq@bracepl.com	01730 727 931
Ahmed Zaki Khan	Research Associate	zaki.khan@bracepl.com	01708 805211
Sadman Sakib	Research Associate	sadman.sakib@bracepl.com	01730 727 939

International Trade and Sales

Ahsanur Rahman Bappi	Head of International Trade & Sales	bappi@bracepl.com	01730 357 991
----------------------	-------------------------------------	--	---------------