

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.

Fall in remittance from Italy likely this year

- Remittance inflow may see a significant fall this calendar year for taxing expats' cash transfer by Italy, a major source of remittance earnings for Bangladesh.
- Bangladeshi migrants send home USD 550-670 million every fiscal year from the European country.
- The country bagged USD 662 million from Italy, the ninth-largest amount of such money among 30 nations in fiscal year (FY) 2017-18.
- The Italian government introduced a 1.5% tax on the hard-earned remittance back home by expatriates which took effect on January 01, 2019.
- Bangladesh received USD 374.11 million during the July-December period in the ongoing fiscal.

<http://today.thefinancialexpress.com.bd/trade-market/fall-in-remittance-from-italy-likely-this-year-1547827315>

Export earnings from jute, jute goods fall 26% in H1

- Export earnings from jute and jute goods declined by 26% in the first half of the current fiscal year (July-December 2018) compared to the corresponding period of last fiscal year (FY).
- Lower demand for jute and jute products in the global market was mainly responsible for the sluggish trend.
- The country exported jute and jute products worth USD 421 million in July-December period of the FY'19 which was USD 574 million in the first half of the last FY, according to the latest figures of Export Promotion Bureau (EPB).
- Country's jute mills were struggling hard to get quality jute this year according to the secretary general of Bangladesh Jute Mills Association (BJMA).

<http://today.thefinancialexpress.com.bd/trade-market/export-earnings-from-jute-jute-goods-fall-26pc-in-h1-1547911398>

Financial sector woes to weigh on GDP growth

- The troubled financial sector will pose a big challenge to the government's goal of achieving higher economic growth in future.
- According to a member of the General Economics Division of the planning commission the performance of the financial sector is deteriorating and a reform is needed. He added, interest rate, which plays a key role in stimulating investment, was still not determined by the market.
- Former governor of Bangladesh Bank, said the economy remained stable amid the global financial crisis riding on the developmental role of the central bank in the last one decade.

<https://www.thedailystar.net/business/news/financial-sector-woes-weigh-gdp-growth-1690042>

Per capita debt crosses USD 200

- Bangladesh's per capital external debt now stands at USD 204.85 thanks to the large loans the government has taken from China and Russia for some transformational projects.
- In fiscal 2016-17 the per capita debt was USD 177.12, according to the Economic Relations Division.
- In the last five years, especially in the last two years, huge foreign aid commitment was received, which led to the spike in outstanding debt and per capita debt.

<https://www.thedailystar.net/business/news/capita-debt-crosses-200-1689145>

Enacting deposit protection law drags on for years

- The enactment of deposit protection law is getting delayed as the government is yet to take any concrete step in this connection.
- Deposit insurance is a system established by the government to protect depositors against the loss of their deposits in the event of failure of a bank to meet its obligations,
- Currently such a deposit insurance system has been in operation since 2013 but it has limited coverage, even it has excluded many financial institutions including the non-bank financial institutions (NBFIs).
- Currently, if any bank goes bust or fails to meet liabilities, then depositors will get back BDT 100,000 regardless of how large the size of deposits with bank is.

<http://today.thefinancialexpress.com.bd/first-page/enacting-deposit-protection-law-drags-on-for-years-1547832774>

Private credit growth edges down in December

- Private sector credit growth dropped significantly in December mainly due to the lower demand for loans, due mainly to the elections.
- It is expected that the growth in credit flow to the private sector to pick up slightly in March as preparation for complying with the central bank's revised advance-deposit ratio (ADR) rules by some banks are underway.
- The sector's credit growth came down to 13.20% in December 2018 on a year-on-year basis from 14.01% a month ago, according to the Bangladesh Bank (BB)'s latest statistics.
- The credit growth to the private sector may rebound after March when banks comply with the central bank's revised ADR rules, said the chairman of the Association of Bankers, Bangladesh (ABB).

<http://today.thefinancialexpress.com.bd/first-page/private-credit-growth-edges-down-in-dec-1547746765>
<https://www.thedailystar.net/business/banking/news/credit-growth-hits-39-month-low-1689157>

Bangladesh Bank's (BB) new policy aims to curb default loan

- Bangladesh Bank has introduced a new guideline to put a lid on rising default loans.
- The new guideline will help reduce the risk of default loans in the banking sector once it is implemented," said The Governor of Bangladesh Bank.
- The guideline on credit risk management was released at a time when non-performing loans in the banking sector continued to rise.

<http://today.thefinancialexpress.com.bd/last-page/bbs-new-policy-aims-to-curb-default-loan-1547747134>
<https://www.thedailystar.net/business/banking/news/bb-moves-curb-bad-loans-1689160>
<http://www.newagebd.net/article/62090/new-bb-guidelines-on-rating-borrowers-to-contain-npls>

Bangladesh Telecommunication Regulatory Commission (BTRC) to adopt new IP addressing system

- Bangladesh Telecommunication Regulatory Commission has initiated a move to adopt latest version of IP (internet protocol) addressing system that would allow the regulatory body along with other government agencies to monitor internet users more accurately.
- Scarcity of IP addresses under the existing version of IP addressing system along with the gradual adaptation of new version of IP addressing system to end the IP address scarcity were among other reasons for the government's move to implement the news IP addressing system.
- To implement the new version of IP addressing system, the telecom regulator has already formed a study group headed by its director general Brigadier General.
- The telecom regulator has already asked all the MNOs and ISPs to submit by January 28, 2019 individual roadmap in implementing IPv6.

<http://www.newagebd.net/article/62178/btrc-to-adopt-new-ip-addressing-system>

National Board of Revenue (NBR) gets down to work on tax rate rationalization

- The National Board of Revenue (NBR) has initiated the process of rationalising the tax rates after being directed by

finance minister.

- The existing tax rates for corporate and individual taxpayers will be reviewed, looking at the possible impact on the revenue in case taxes are raised or lowered next year.
- A committee will submit its report with a detailed analysis to the tax-collecting authority within a month. The body will also examine the necessity for rationalised and balanced tax rates for the expansion of tax net, suggest the formation of smart tax administration for improving country's investment scenario and work on revising the existing tax rates in line with international best practices.
- Until November, tax revenue collection fell short of its target by 21.60% as three of the NBR wings experienced deficit. The NBR posted 7.15% growth in tax collection in the July-November period compared with the same period a year ago.

<http://today.thefinancialexpress.com.bd/first-page/nbr-gets-down-to-work-on-tax-rate-rationalisation-1547914954>
<http://www.newagebd.net/article/62305/fin-min-wants-nbr-proposal-on-corporate-tax-rate-rationalisation>

The business process outsourcing (BPO) showing great promise

- The business process outsourcing (BPO) sector grew 20% year-on-year to about USD 300 million last year riding on a few government services.
- The National Board of Revenue has opened up its back office to the private sector.
- Although the private sector is running the popular government calling services 999 and 333, there are other call-based services that have not been offered to it yet,
- The BPOs' expertise might reduce the banks' costs. Notably in 2018, the BPO industry earned about USD 300 million.
- By 2021, the sector is expected to employ 100,000.

<https://www.thedailystar.net/business/news/bpo-showing-great-promise-1690048>

VAT cut for internet backward linkages

- The National Board of Revenue (NBR) has reduced value-added tax (VAT) on backward linkages of internet service providers to 5% from 15%.
- The development followed a letter from the ICT ministry in November last year which sought the slashing of the VAT rate on backward linkage service providing entities to reduce the cost of internet usage for more than 90 million internet users.
- The NBR reduced VAT on internet use to 5% from July 1 in the face of appeals from service providers to withdraw the indirect tax that ultimately falls on consumers.
- In absence of the zero rate of VAT for all along the supply chain, mobile phone operators and others would be unable to claim rebates on VAT they pay for purchase of bandwidth from these service providers.

<https://www.thedailystar.net/business/news/vat-cut-internet-backward-linkages-1689130>
<http://www.newagebd.net/article/62093/vat-on-internet-infrastructure-cos-services-cut-to-5pc>

India keen on closer trade ties with neighbours

- India is keenly promoting the trade potential of its northeastern states because it would not only give an economic boost to the region but also enable closer engagement with Bangladesh, Myanmar and Bhutan.
- Minister of State in the Indian Prime Minister's Office said it is important to reinforce the growth and trade potential of India's northeastern regions which were close to the borders.
- Prime Minister's personal intervention has seen tremendous activities in business and trade sectors in the northeastern region of India as well as a greater interest in trade with the neighbouring countries.

<https://www.thedailystar.net/business/news/india-keen-closer-trade-ties-neighbours-1690036>

Motorbike market to race faster in 2019

- The motorcycle market is set to be around 0.6 million units by the end of 2019 thanks to price cuts, increasing

purchasing capacity and thrust for faster mobility.

- The executive director of ACI Motors said about 480,000 units of bikes were sold in 2018, posting 24% year-on-year growth. Overall, the market is expected to be close to 600,000 units by the end of 2019
- The market began to expand fast from fiscal 2016-17, when the government slashed the supplementary duty by 25% age points to 20% on the import of the two-wheeler's components to encourage domestic manufacturing.
- It is expected that the annual market size would grow to 1 million units within three to four years

<http://today.thefinancialexpress.com.bd/stock-corporate/walton-holds-ipo-road-show-1547660999>

Largest private economic zone to be ready this year

- The country's largest private economic zone, Sirajganj Economic Zone Ltd (SEZL), may open for entrepreneurs within this year.
- The zone is expected to create employment opportunities for 0.5 million people and bring in over USD 2 billion in investments. Its architectural layout designates space for 400 industries.
- The SEZL spent BDT 3.5 billion to acquire 1,035.93 acres of land, which was now being readied and levelled with sand.
- The zone's development cost, minus the power and steam plants and the CETP, is projected to be about BDT 28 billion. It is being borne by a consortium of nine companies and two businesspersons.

<https://www.thedailystar.net/business/economy/news/largest-private-economic-zone-be-ready-year-1690039>

Stockbrokers seek liquidation rules for delisted firms

- Dhaka Stock Exchange Brokers Association has requested market regulator Bangladesh Securities and Exchange Commission to set liquidator with the task of liquidating a delisted company, paying back its loans and buying back its public shares.
- DBA mentioned that India's market regulator, Securities and Exchange Board of India, has regulations to liquidate delisted companies and keep the companies' sponsors away from the capital market for a specific period of time.
- Former BSEC chairman said if BSEC could not bring in liquidation law immediately, it should find out other options to force the companies' sponsors to buy back shares at least at face value before delisting.

<http://www.newagebd.net/article/62307/stockbrokers-seek-liquidation-rules-for-delisted-firms>

Foreign exchange market going through volatility

- The foreign exchange market has been going through volatility owing of the extending demand-supply gap of US dollars. To stabilize the foreign exchange market, Bangladesh Bank has continued to sell dollars to banks.
- The inter-bank exchange rate of the USD stood at BDT83.95, up from BDT78.88 two years earlier, increasing almost by BDT6.
- To stabilize the foreign exchange market, the central bank has sold USD 1.22 billion to banks this fiscal year, as of January 14, 2019.
- The devaluation of the local currency puts pressure on the liquidity market as the settlement of letters of credit will require more money.

<https://www.dhakatribune.com/business/2019/01/19/foreign-exchange-market-going-through-volatility>

IDLC to raise bond issue size to BDT 7.55 billion

- IDLC Finance has now decided to increase the issue size of its non-convertible zero coupon bond to BDT 7.55 billion from BDT 5.0 billion.
- Earlier on November 25, the board of directors of the non-bank financial institution decided to issue the zero coupon bonds of BDT 5.0 billion in face value.
- The denomination of the bonds is BDT 1.0 million each with tenure up to five years.

- The IDLC Finance will issue the bond only through private placement.

<http://today.thefinancialexpress.com.bd/stock-corporate/idlc-to-raise-bond-issue-size-to-BDT-755b-1547745237>

Nine shares downgraded to 'Z' category

- Nine listed companies were downgraded to “Z” category in 2018 because of their poor performance, which inflicted losses on the retail investors who are holding their shares.

• The companies are Emerald Oil Industries, Tung Hai Knitting & Dyeing, Fareast Finance & Investment, AB Bank, Eastern Cables, Padma Islami Life Insurance, Evince Textiles, Northern Jute Manufacturing Company, and GBB Power.

- They were downgraded for failing to recommend dividends, remaining out of operation for more than six months, or failing to hold annual general meetings (AGMs).

<https://www.thedailystar.net/business/news/nine-shares-downgraded-z-category-1689127>

Agrani seeks BDT 20 billion in sovereign guarantee

- Agrani Bank has sought sovereign guarantee worth BDT 20 billion to maintain its required risk-based capital adequacy.

• According to the managing director, banks need to maintain an additional capital conservation buffer to comply with the Basel-III Guidelines.

- The risk-based capital of banks found to be much lower than required.

<http://today.thefinancialexpress.com.bd/first-page/agrani-seeks-BDT-20b-in-sovereign-guarantee-1547832838>

MI Cement looks to expand production capacity

- The board of directors of MI Cement Factory Ltd., which produces Crown brand cement, has decided to expand its production capacity.

• The company will set up its 6th cement unit at Muktagachha in Munshiganj at a cost of BDT 6.0 billion.

• The new production line with a capacity of 8,400 tonnes per day is expected to go into commercial operation by 2021.

• After completion of the new unit, the total production capacity of the company would increase by 76% to 19,400 tonnes per day from 11,000 tonnes.

<http://today.thefinancialexpress.com.bd/stock-corporate/mi-cement-looks-to-expand-production-capacity-1547828803>

AMCL (Pran) sees steady growth

- Agricultural Marketing Company Ltd. (Pran) posted a steady growth in revenue earnings in last five fiscal years (FYs).

• The revenue was above BDT 1.88 billion in 2014-15, above BDT 2.09 billion in 2015-16, above BDT 2.38 billion in 2016-17 and above BDT 2.53 billion in 2017-18.

• According to directors' report, the company ensured optimisation of equipment usage to maximise actual production to keep consumers' faith 'intact'.

• The dividend disbursed by the AMCL (Pran) remained static during last five FYs. The company's board of directors declared recommended 32% cash dividend for the year ended on June 30, 2018.

<http://today.thefinancialexpress.com.bd/stock-corporate/amcl-pran-sees-steady-growth-1547912838>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$53.80	+1.73	+3.32%
Crude Oil (Brent)*	\$62.70	+1.52	+2.48%
Gold Spot*	\$1,282.11	-9.94	-0.77%
DSEX	5825.57	-13.91	-0.24%
Dow Jones Industrial Average	24,706.35	+336.25	+1.38%
FTSE 100	6,968.33	+133.41	+1.95%
Nikkei 225	20,666.07	+263.80	+1.29%

Exchange Rates

USD 1 = BDT 83.63*

GBP 1 = BDT 107.65*

EUR 1 = BDT 95.03*

INR 1 = BDT 1.17*

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