

*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-import gap may cause addl shocks: Bangladesh Bank (BB) chief**

- The central bank governor has said the growing mismatch in export-import growth could trigger 'additional shocks' in the troubled banking system. He hinted that the mismatch could create scope for money laundering, thus damaging financial institutions and the economy as a whole. To avert such dire consequences, Bangladesh Bank [BB] chief urged both public and private commercial banks to be cautious about the matter. He also said that import grew by 25% over the past six months against around 6.0% export growth. He said the situation could create "additional shocks or risks", which could remain for long. BB deputy governor said that it is now positioned as the 82nd riskiest country.

<http://today.thefinancialexpress.com.bd/first-page/export-import-gap-may-cause-addl-shocks-bb-chief-1531588140>

### **Current account deficit crosses USD 9.0 billion in 11 months**

- The country's current account deficit crossed USD 9.0 billion in the first eleven months of the fiscal year just gone by. Bangladesh Bank data showed that the current account deficit reached USD 9.37 billion in July-May period of Fiscal Year (FY) 2018, which was USD 2.21 billion in the same period of the FY'17. The widening current account deficit put the external balance of payments with the rest of the world under substantial pressure. Economists have been cautioning against the potential risks of widening deficit in the last few months.

- Executive director of the Policy Research Institute of Bangladesh (PRI), said the current account deficit is likely to swell to USD 10 billion by the end of FY'18. The amount is equivalent to almost 3.75% of the country's gross domestic product (GDP). Managing macro-financial stability becomes "more challenging" in the face of a sizeable current account deficit, according to the BB report. According to Bangladesh Bank Quarterly, about 60% of current account balance deficit was financed by capital and financial account surplus.

- Central bank statistics also showed that in July-May period of FY'18, financial account balance recorded a surplus of USD 8.03 billion, which is almost double over the same period of FY'17. Overall balance of payments (BoP) posted a deficit of USD 0.97 billion, which was a surplus of USD 2.68 billion in the first 11 months of FY'17. Merchandise trade gap stood at USD 17.22 billion, up from USD 9.36 billion in the same period of FY'17. Service trade gap also crossed USD 4.0 billion during the period.

<http://today.thefinancialexpress.com.bd/public/first-page/current-account-deficit-crosses-90b-in-11-months-1531417866>

### **Government's bank borrowing surges in June**

- Government's borrowing from the banking sector increased sharply by BDT 13,946 crore in June, the last month of just concluded fiscal year of 2017-2018, because of hasty expenditure by the government to attain annual development programme implementation target set for the fiscal year. As per the central bank data, the government's net borrowing from the banking sector increased to BDT 90,642 crore at the end of June, while the figure was BDT 76,696.70 crore a month ago. The net borrowing from the banking sector had declined to BDT 76,696.70 crore in the first 11 months of FY'18 from BDT 89,716.5 crore at the end of the previous fiscal year.

- In the first 10 months of FY'18, the government's spending for the implementation of ADP was slow and that's why government refrained from borrowing from the banking sector, instead it paid back banks loans. In the first 10-11 months in the fiscal year, earnings of National Board of Revenue and proceeds from national savings certificates' sales were well above the government's requirement to fulfil the need for money. The government's ADP spending jumped sharply in last couple of months, so did the fund requirement and that's why government's borrowing increased sharply in June.

- As per the planning ministry data, the government's ADP implementation was 52.42%, or BDT 82,603 crore, in the first 10 months of FY'18. ADP implementation, however, at the end of FY'18 increased to 93.1% of the government's revised target of BDT 1,57,591 crore for the fiscal year. In the fiscal budget for FY'19, the government initially planned to collect BDT 28,203 crore from the banking system, which was later revised at BDT 19,917 crore as it managed to meet deficit financing from other sources including sales of NSCs.

<http://www.newagebd.net/article/45946/govts-bank-borrowing-surges-in-june>

### **Lingerie export hits billion-dollar mark**

- Lingerie has now become one of the major export items of the readymade garment (RMG) basket, with the earnings from its export exceeding the billion-dollar mark. Exporters have set their sights on this value-added product to maximise their earnings amid growing demand for it. In fiscal year (FY) 2017-18, the export earnings from lingerie items

-- women's innerwear and nightwear -- stood at USD 1.15 billion, up 7.84% from the previous fiscal year. The figure for FY 2016-17 was USD 1.07 billion, according to the Export Promotion Bureau (EBP) data.

- The total export volume in the RMG sector was USD 30.66 billion in the just concluded fiscal year. Presently, trousers are the top garment item that fetched the highest amount of foreign currency, followed by T-shirt, jackets, sweater and shirts. These five items accounted for nearly 75% of the total export earnings from the RMG sector, according to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA). Local manufacturers are now making fresh investments in this segment as they try to grab a bigger share of the global market.

<http://today.thefinancialexpress.com.bd/trade-market/lingerie-export-hits-billion-dollar-mark-1531583909>

### **Chinese co to invest USD 2.3 billion in steel plant**

- Chinese steel giant Kunming Iron and Steel Holding Company (KISC) is all set to invest USD 2.3 billion in a steel manufacturing project in Mirersarai. This will be the largest investment in manufacturing sector in the country. KISC will make the investment through its subsidiary company Chinese Yunnan Yongle Overseas Investment Co Limited. The company aims to produce 2.0-million-tonnes integrated iron and steel production annually. A consortium of 17 private players named Star Infrastructure Development Consortium Limited is acting as the local partner of Kunming.

- Seventeen reputed companies including Nitol group, Unique Group and BSRM, have joined hands to form the consortium. Kunming completed its feasibility study for site selection last month. They were given two options- Mirersarai or Maheshkhali to establish the plant. BEZA will give 1,000 acres of land for the project at a rate of BDT 4.8 million per acre. The project will create jobs for 30,000 people.

<http://today.thefinancialexpress.com.bd/first-page/chinese-co-to-invest-23b-in-steel-plant-1531588099>

### **FY '18 foreign aid flow up by 66%**

- The flow of foreign aid into Bangladesh surged by a whopping 66% to a record USUSD 6.12 billion during the last fiscal year (FY). During FY 2016-17, foreign development partners disbursed USD 3.67 billion in concessional medium- and long-term assistance. According to the Economic Relations Division (ERD)'s provisional data, the government received USD 5.78 billion worth of concessional loan and USD 340.05 million in grant during the period between July 2017 and June 2018.

- The commitment of foreign assistance during the last fiscal stood at USUSD 14.61 billion, the ERD data showed. Some big credit deals including a USD 4.5 billion loan package agreement with India, a contract with China for USD 2.7 billion in loan for the Padma bridge railway link project, and a USD 1.83 billion package from Japan contributed to the rise in commitment of aid. During the same period of FY2017, the commitment was USD 17.96 billion as the government signed a large USD 11.38 billion loan deal with Russia for the Rooppur nuclear power plant project.

- An ERD joint secretary said that the foreign aid that flowed into the country in the last fiscal was the highest. Since the commitment of the external aid is rising year-on-year, the foreign aid inflow to Bangladesh would also be increasing resulting in more investments for developing infrastructure. The amount of foreign aid inflow was almost close to the revised target of USD 6.40 billion during FY 2018.

<http://today.thefinancialexpress.com.bd/public/first-page/fy-18-foreign-aid-flow-up-by-66pc-1531417768>

### **State banks' loss-making branches shrink**

- State-run banks saw a significant decline in the number of loss-making branches last year as Bangladesh Bank's plan to reinvigorate the institutions is at long last bearing fruit. At the end of December last year, the total number of loss-making branches of Sonali, Janata, Agrani, Rupali and BASIC banks stood at 335, down from 474 a year earlier, according to data from the BB. Save for Janata, all state banks have managed to reduce the number of loss-making branches last year by way of expanding their business activities, said Agrani's managing director and chief executive officer.

- Earlier, branches outside of Dhaka would try to make profit through deposit collection. But last year, those were allowed to lend, which enabled them to log in profits, he said. Sonali, Bangladesh's largest bank, cut down its loss-making branches by 52 last year to 181. Its loan-deposit ratio crept up to 35.78% last year from 33.22% a year earlier. During the course of 2017, Agrani's loss-making branches shrunk to 43 from 78. Its loan-deposit ratio rose to 54% last year from 48%. Rupali brought down the number of loss-making branches to 33 from 87, with its loan-deposit ratio crawling up 1.52% to 62% last year. Scam-hit BASIC Bank too cut down its loss-making branches in 2017 to 21 from 28.

<https://www.thedailystar.net/business/banking/state-banks-loss-making-branches-shrink-1605472>

### **Farmers Bank fails to pay import bills**

- Farmers Bank is now under pressure to settle its overdue payments for import, with a number of foreign missions dangling the threat of blacklisting the troubled lender if it does not pay back immediately. At present, the bank has overdue payments amounting to BDT 109 crore to foreign and local businesses. The scam-hit bank had depleted its capacity to make import payment because of a liquidity crisis, which prompted the central bank in January last year to forbid it from opening any letters of credit. But, the instruction was audaciously ignored.
- On July 12, the bank wrote to the Bangladesh Bank requesting it to allow the settlement of overdue payment to foreign and local exporters, even if it means creating forced loans or realising the fund from importers. Earlier this year, four state-owned banks and the Investment Corporation of Bangladesh, acting on the government's instruction, injected BDT 7.15 billion in fresh equity into Farmers Bank to rescue it from the liquidity crisis.

<https://www.thedailystar.net/business/banking/farmers-bank-fails-pay-import-bills-1605478>

### **Bangladesh Securities & Exchange Commission (BSEC) to replace OTC with ATB**

- The Bangladesh Securities and Exchange Commission is going to replace over-the-counter market with alternative trading board where the shares of companies delisted from the stock exchanges' main board and any public limited companies of any size would be traded. The BSEC has recently framed the ATB rules and published the rules for public opinions. BSEC officials said that any equity, corporate bond, derivatives and open-end mutual fund would be traded on the ATB platform.
- They said that the companies at the ATB would enjoy various facilities including relaxed rules and penalties. This would be a trusted platform where any company could sell its ownership to another company or individual. There would not be any minimum or maximum paid-up capital requirement and the companies would not require declaring dividend and quarterly earnings disclosure. Besides, any new products including sukuk could be traded on the platform. The issuer will apply to the stock exchange rather than the BSEC for trading the shares of the company on the ATB. The exchange would accept or reject the application within 30 working days of receipt of such application.
- The exchange would discontinue the ATB facilities for any securities with the request of the issuer company concerned. According to the proposed ATB rules, buying or sales of securities at the ATB must be conducted by or through a stock-dealer or stockbroker of a stock exchange. The stock dealer or stockbroker would place order in the system and settle the contract following the applicable settlement procedure, the rules said.

<http://www.newagebd.net/article/45948/bsec-to-replace-otc-with-atb>

### **Monno Ceramic to double production capacity**

- Monno Ceramic Industries, a flagship company of Monno Group, is set to modernise its factory for doubling the production capacity. As part of the modernisation, the company is importing 100% brand new Biscuit Firing Roller Kiln from Modena Technology Ltd, 100 brand new Glost Firing Tunnel Kiln from Riedhammer GmbH Germany. Director Finance of the company said that the brand new machinery has already been made shipment and will arrive shortly
- He also added that the company has invested about BDT 760 million for the factory modernization. After installation of the new line completely, the production capacity of the company will be doubled from the existing capacity. He noted that the production from the new machinery will hit the market in the end of the July-September quarter. Currently, the country's leading ceramic manufacturer's production capacity for Porcelain would be around 1.5 million pieces and Bone China 500,000 pieces per month. The company's turnover will increase substantially after increasing the production capacity as it would be able to meet a substantial demand for both export and domestic markets.

<http://today.thefinancialexpress.com.bd/public/stock-corporate/monno-ceramic-to-double-production-capacity-1531412094>

### **SK Trims & Industries makes trading debut today**

- SK Trims & Industries makes its shares trading debut today (Sunday) on the bourses under "N" category. DSE trading code for SK Trims & Industries is "SKTRIMS" and company code is 99,642 while the CSE scrip Id is 32,023 and scrip code is "SKTRIMS". The company, which received IPO approval from the Bangladesh Securities and Exchange Commission (BSEC) on February 20, floated 30 million ordinary shares at an issue price of BDT 10 each. The garments accessories and packaging company raised a fund worth BDT 300 million from the capital market through initial public offering (IPO) under the fixed price method.
- The company will use the IPO fund for acquisition of machinery and equipment, construction of building and other civil works and bear the IPO expenses, according to the IPO prospectus. For January-March, 2018, the company's net profit after tax was BDT 16.06 million, pre-IPO earnings per shares (EPS) was BDT 0.40 and post-IPO EPS was BDT 0.23. In the nine months period from July, 2017 to March, 2018, the company's net profit stood at BDT 43.11 million, pre-IPO earnings per share (EPS) was BDT 1.08 and post-IPO EPS was BDT 0.62.

- The net asset value (NAV) per share was BDT 13.86 as of March 31, 2018. The company's pre-IPO paid-up capital is BDT 400 million and authorised capital is BDT 1.0 billion. SK Trims & Industries, which started its commercial operation in 2014, is engaged in manufacturing all kinds of sewing thread, elastic, poly, carton, photo card, back board, bar code etc for export-oriented garments industry. Imperial Capital Limited and BMSL Investment Limited are jointly working as issue manager of the company's IPO.

<http://today.thefinancialexpress.com.bd/stock-corporate/sk-trims-industries-makes-trading-debut-today-1531585473>

### BDT 45 fixed as Esquire Knit's cut-off price

- The cut-off price of Esquire Knit Composite share has been fixed at BDT 45 each, as discovered by institutional investors through bidding under a book-building method. Esquire Knit Composite, a business unit of Esquire Group, will raise a capital worth BDT 1.50 billion under the book building method for its business expansion. The proceeds will be used for buying machinery, constructing building and civil works, and to meet the IPO expenses. The bidding for discovering the cut-off price of Esquire Knit's shares by eligible institutional investors was held between July 9 and July 12.
- A total of 508 registered eligible institutional investors took part in bidding at different price levels between BDT 15 and BDT 53 for Esquire Knit Composite shares. Of them, some 104 eligible institutional investors bet for buying Esquire Knit shares at BDT 45 or above BDT 45. Finally, the company's cut-off price has been fixed at BDT 45 each as per the book-building method. According to book-building method, the institutional investors will get 60% shares at the cut-off price of BDT 45 each. The remaining 40% shares will be opened for the initial public offering (IPO) participants, including affected small investors and non-resident Bangladeshis.

<http://today.thefinancialexpress.com.bd/public/stock-corporate/BDT-45-fixed-as-esquire-knits-cut-off-price-1531497158>

### World Stock and Commodities\*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$71.01	+0.68	+0.97%
Crude Oil (Brent)*	\$75.33	+0.88	+1.18%
Gold Spot*	\$1,244.32	-3.07	-0.25%
DSEX	5358.91	-20.33	+0.38%
Dow Jones Industrial Average	25,019.41	+94.52	+0.38%
FTSE 100	7,661.87	+10.54	+0.14%
Nikkei 225	22,597.35	+409.39	+1.85%

### Exchange Rates

USD 1 = BDT 83.76\*  
 GBP 1 = BDT 110.75\*  
 EUR 1 = BDT 97.87\*  
 INR 1 = BDT 1.22\*

\*Currencies and Commodities are taken from Bloomberg.

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### BRAC EPL Stock Brokerage Limited

#### Research

Ayaz Mahmud, CFA	Deputy Head of Research	<a href="mailto:ayaz.mahmud@bracepl.com">ayaz.mahmud@bracepl.com</a>	01708 805 221
Md. Sakib Chowdhury	Research Analyst	<a href="mailto:sakib.chowdhury@bracepl.com">sakib.chowdhury@bracepl.com</a>	01709 641 247
S. M. Samiuzzaman	Research Analyst	<a href="mailto:sm.samiuzzaman@bracepl.com">sm.samiuzzaman@bracepl.com</a>	01708 805 224
Sadman Sakib	Research Associate	<a href="mailto:sadman.sakib@bracepl.com">sadman.sakib@bracepl.com</a>	01730 727 939
Ahmed Zaki Khan	Research Associate	<a href="mailto:zaki.khan@bracepl.com">zaki.khan@bracepl.com</a>	01708 805 211
Md. Rafiqul Islam	Research Associate	<a href="mailto:mrafiquislam@bracepl.com">mrafiquislam@bracepl.com</a>	01708 805 229

#### International Trade and Sales

Ahsanur Rahman Bappi	Head of International Trade & Sales	<a href="mailto:bappi@bracepl.com">bappi@bracepl.com</a>	01730 357 991
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