

*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.*

### **Bangladesh has stable economic outlook: Three Rating Agencies**

- Bangladesh has held on to its stable credit profile from three global rating agencies, in what can be viewed as an endorsement of the way the central bank and the government are steering the economy. For the ninth year in a row Moody's and Standard & Poor's gave Bangladesh 'Ba3' and 'BB-' ratings respectively. Fitch gave a 'BB-' for the fifth time. However, the agencies have identified the banking sector, especially the state-owned banks, and the prospect of political uncertainty surrounding the upcoming general election as major risks.
- S&P said that the stable outlook reflects their expectation that Bangladesh's consistent economic growth trajectory and strong donor support will continue to raise average income and broadly sustain the country's external profile over the next 12 months. The rating agency may raise the ratings if measures targeted at growing the revenue base and boosting collection efficiency materially improve Bangladesh's fiscal performance. It may also upgrade Bangladesh if the government significantly reduces energy, infrastructure and administrative bottlenecks, resulting in higher investment and eventually a sustained increase in trend growth for real per capita GDP.
- Conversely, S&P may downgrade Bangladesh if fiscal slippages result in rising public debt and external donor support declines materially. Low economic development, as represented by per capita GDP of USD 1,620 for 2018, is one of Bangladesh's main rating constraints. This income level offers a weak and narrow revenue base, in turn limiting the fiscal and monetary flexibility needed to respond to exogenous shocks. Nevertheless, Bangladesh's real per capita GDP growth of about 5.4% over the 2012-2021 period indicates consistently strong real GDP growth despite numerous structural impediments, in particular the shortage of power, S&P added.

<https://www.thedailystar.net/business/bangladesh-has-stable-economic-outlook-1610527>  
<http://www.newagebd.net/article/46813/global-rating-agencies-retain-stable-outlook-for-bangladesh>

### **Private sector credit growth falls in June, but remains above Bangladesh Bank (BB) target**

- The private sector credit growth declined further in June, the last month of the just concluded fiscal year of 2017-2018, to come down to near the Bangladesh Bank-set target of 16.8% for the second half of FY18. As per the central bank data, the private sector credit growth stood at 16.95% in June while the growth rate was 17.60% a month ago. Bangladesh Bank (BB) officials said that it might be the central bank's tightened monitoring of the disbursement of loans by the banks to contain classified loans and advance-deposit ratio that slowed down loan disbursement as a whole.
- The credit growth rate was 17.93% in March and 17.65% in April. The rate was 18.36% in January and 18.49% in February. The BB data also showed that the amount of outstanding loans to the private sector from banks stood at BDT 90.8 trillion in June this year from BDT 89.2 trillion in May. It was BDT 77.61 trillion in June, 2017. The private sector credit growth was higher compared with the BB's projected 16.3% growth for the first half of the 2017-18 fiscal that prompted the central bank to set a bigger growth target for the second half.
- In FY18, the credit growth was above BB estimation in 10 month, while the growth was below 17% for two months— in June, 2018 and in July, 2017 (16.94%). The domestic credit growth, however, was below the projected 15.8% in the fiscal year 2017-2018 due mainly to the government's 2.52% negative borrowing from banks. The total domestic credit grew by 12.84% to stand at BDT 102.18 trillion at the end of June.

<http://www.newagebd.net/article/46814/pvt-sector-credit-growth-falls-in-june-but-remains-above-bb-target>

### **Bangladesh Bank (BB) eases rules to attract dollar deposits**

- The central bank has relaxed regulations, allowing banks to pay interest on resident foreign currency deposit (RFCD) accounts at Eurocurrency rates to encourage savings in such accounts. Eurocurrency is a kind of currency held in banks located outside the country that issues it. One of the central bank officials said that they have relaxed their regulations to increase the inflow of cash USD through providing market-based interest rates on the deposit of foreign currency account
- He also said that the central bank took the latest measures in line with the recommendations of the Association of Bankers, Bangladesh (ABB). The central bank issued a circular in this connection on Tuesday and asked all authorised dealers in foreign exchange in Bangladesh to follow the latest instruction related to pay interest on RFCD accounts. Eurocurrency is not related to either the euro currency or the eurozone. Earlier, the rate of interest on the balances of RFCD account was fixed at one quarter% (0.25%) less than the rate at which interest is paid on balances of bank in their foreign currency clearing accounts maintained with the BB.

<http://today.thefinancialexpress.com.bd/print/bb-eases-rules-to-attract-dollar-deposits-1532454749>

### **Bangladesh seeks big Indian investment in 13 sectors**

- Bangladesh has identified 13 sectors where it is seeking 'mega investment' from India in joint venture projects. The sectors include agro-processing, automobiles, ceramics, chemicals, gems and jewellery, light engineering, ICT, hospital and medical equipment, pharmaceuticals, and textiles. Bangladesh's high commissioner to India, pointed out the sectors and urged Indian companies to make mega investment by taking advantage of the country's impressive economic growth.
- He also added that the most practical cause of action would be to set up a series of buy-back projects where Indian investors will set up industries in Bangladesh and re-export to India and some other neighbouring countries. He advised the Indian businesses to take advantage of Bangladesh's competitive labour costs and closer proximity to India's north-eastern markets.
- The envoy said that today, Bangladesh is one of the fastest growing economies in the world with a record 7.28% GDP growth. Our growth rate is expected to reach 7.65% in the current fiscal year. The country which was once ridiculed as bottomless basket is now globally considered as a 'development miracle', Ali said, adding that Bangladesh's socio-economic achievement is a global role model.

<https://www.thedailystar.net/business/bangladesh-seeks-big-indian-investment-13-sectors-1610497>

### **Bangladesh Securities & Exchange Commission (BSEC) approves BDT 100 million Shariah Unit Fund**

- The securities regulator has approved the draft prospectus of CAPITEC Padma P.E. Shariah Unit Fund. The regulator also imposed a penalty worth BDT 0.1 million on each of the directors, other than independent and nominated ones, of Keya Cosmetics for not submitting quarterly statement for the period ended on September 30, 2017. As per the BSEC approval, the initial size of the CAPITEC Padma P.F. Shariah Unit Fund will be of BDT 100 million, said a statement.
- The sponsor of the unit fund will contribute BDT 10 million and remaining BDT 90 million will be collected from public through sales of units. Padma Life Insurance Limited Employees Provident Fund is the sponsor of the unit fund, while CAPITEC Asset Management is the fund manager. Investment Corporation of Bangladesh (ICB) is working as trustee and custodian of the CAPITEC Padma P.F. Shariah Unit Fund. The securities regulator has also decided to issue warning letters to three stock brokers of Dhaka Stock Exchange (DSE) for not submitting audited financial statements for the year ended on June 30, 2017.
- The stock brokers are Unique Share Management, AB & Company, Alliance Securities and Management. As per existing rules, the ICB Capital Management Limited (ICML) was supposed to apply for 18,582 rights shares of Saif Powertec on behalf of 25 investors. But without taking investors' consent, the ICB Capital Management applied for the shares to include in the own portfolio of ICML through renunciation. That's why the securities regulator cancelled the application of rights shares and decided to warn the ICML as it breached the securities rules, said the statement.

<http://today.thefinancialexpress.com.bd/stock-corporate/bsec-approves-BDT-100m-shariah-unit-fund-1532456320>

### **GSK employees protest production closure process**

- Employees of GlaxoSmithKline (GSK) Bangladesh, a British pharmaceuticals giant, protested on Tuesday the process of shutting down the company's production in the country. They made the protest at a press conference in the city.

<http://today.thefinancialexpress.com.bd/first-page/gsk-employees-protest-production-closure-process-1532454384>

### **VIPB announces div for two MFs**

- VIPB Asset Management Company has announced 13% and 14% cash dividend for Southeast Bank 1st Mutual Fund and NLI First Mutual Fund respectively for the financial year 2017-18. The audited financial reports of both of the mutual funds (MFs) were reviewed and approved in the trustee committee meeting on July 24, 2018. Southeast Bank 1st Mutual Fund made a profit of BDT 141 million. Its earning per unit was BDT 1.41. NLI First Mutual Fund made a profit of BDT 82 million and its earnings per unit was BDT 1.63.
- The dividend record date for both the funds is on August 14, 2018. Initially the dividend will be sent to the unit holders via Bangladesh Electronic Fund Transfer Network (BEFTN). Later cheques will be issued for those who won't receive the dividend via BEFTN. The unit-holders would be able to collect the cheques from the office of VIPB Asset Management. The dividend of margin category unit holders will be sent to their respective DPs.

<http://today.thefinancialexpress.com.bd/stock-corporate/vipb-announces-div-for-two-mfs-1532456224>

### **Bangladesh Securities & Exchange Commission (BSEC) fines Keya Cosmetics shareholding directors BDT 0.1 million each for rules violation**

- The Bangladesh Securities and Exchange Commission on Tuesday slapped BDT 0.1 million in fine on each of the shareholding directors of Keya Cosmetics Limited as the company breached repeatedly securities rules in regards to submission of financial reports to the commission on due time. Keya Cosmetics Limited breached securities rules by not submitting to the commission financial reports for the first quarter ending on September 30, 2017 on due time,.
- As the company made similar offences earlier, the commission imposed BDT 0.1 million in fine on each of the directors, excepting nominated and independent directors. The commission also warned three brokerage firms — Unique Share Management, AB and Company and Alliance Securities and Management — as they failed to submit financial reports for the year ending on June 30, 2017 on due time.
- The commission also found that ICB Capital Management Limited broke securities rules by applying for 18,582 rights shares of Saif Powertec against its own portfolio through renunciation instead of applying in favour of 25 investors without the consent of the investors. Therefore, the commission cancelled the ICBML's rights shares and warned it for the malpractice.

[http://www.newagebd.net/article/46815/bsec-fines-keya-cosmetics-shareholding-directors-BDT\\_-1-lakh-each-for-rules-violation](http://www.newagebd.net/article/46815/bsec-fines-keya-cosmetics-shareholding-directors-BDT_-1-lakh-each-for-rules-violation)

### **World Stock and Commodities\***

<b>Index Name</b>	<b>Close Value</b>	<b>Value Change</b>	<b>% Change</b>
Crude Oil (WTI)*	\$68.75	+0.23	+0.34%
Crude Oil (Brent)*	\$73.96	+0.52	+0.71%
Gold Spot*	\$1,224.47	-0.05	0.00%
DSEX	5335.38	-12.69	-0.24%
Dow Jones Industrial Average	25,241.94	+197.65	+0.79%
FTSE 100	7,709.05	+53.26	+0.70%
Nikkei 225	22,634.86	+124.38	+0.55%

### **Exchange Rates**

USD 1 = BDT 84.09\*  
 GBP 1 = BDT 110.52\*  
 EUR 1 = BDT 98.22\*  
 INR 1 = BDT 1.22\*

\*Currencies 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	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
----------------------	-------------------------------------	--	---------------