

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.

Classified loans cross BDT 1.0 trillion mark

- The amount of classified loans in the banking sector surpassed BDT 1.0 trillion-mark for the first time in March 2019, apparently defying close monitoring of the central bank. The volume of non-performing loans (NPLs) jumped by more than 18% to BDT 1,108.73 billion in the first quarter (Q1) of the year from BDT 939.11 billion in the preceding quarter, according to the latest statistics of Bangladesh Bank (BB).
- The share of NPLs also rose to 11.87% of the total outstanding loans in the Q1 of 2019 from 10.30% in the previous quarter. Similarly, the amount of classified loans soared by more than 25% or BDT 222.84 billion in the Q1 of 2019 compared to that of the same period in the previous calendar year. The amount of NPLs was BDT 885.89 billion as on March 31, 2018.
- A Bangladesh Bank spokesperson said the amount of classified loans normally rises during the first quarter of each calendar year and will decline in the foreseeable future.
- The classified loans cover substandard, doubtful and bad/lost part of total outstanding credits, which stood at BDT 9,337.27 billion as on March 31. It was BDT 9,114.30 billion three months before.
- Senior bankers, however, said the amount of NPLs increased significantly during the period due to low rescheduling and lower recovery. Besides, a portion of rescheduled loans has turned into default once again mainly due to the lack of enforcing repayment schedule properly, they argued. They said some borrowers, particularly large ones, have maintained a 'go slow' policy to clear their installments for taking the advantage of policy relaxation.
- Another banker said that the amount of NPLs is expected to fall significantly in the Q2 when the revised policy on loan classifications is implemented.

<http://today.thefinancialexpress.com.bd/first-page/classified-loans-cross-tk-10-trillion-mark-1560183498>

May exports climb to single-month high

- The country's export earnings in May 2019 hit a record single-month high of USD 3.81 billion, with the readymade garment sector contributing more than 85% to the export receipts. The export earnings in May '19 posted a 14.78% increase, compared to the same month in the previous year, which saw export earnings of USD 3.32 billion.
- The earnings in May also surpassed its monthly target by 9.23%, according to official data released on Monday.
- Out of the USD 3.81 billion earnings for May, about USD 3.24 billion came from the readymade garment (knit and woven items) exports.
- During the July-May period of the current FY, the readymade garments (RMG) exports fetched USD 31.73 billion, up 12.82% from USD 28.12 billion in the corresponding period of the last fiscal. The earnings also exceeded the 11-month target by 6.95%.
- A director of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), termed the overall growth 'optimistic'. The Eid festival might have an impact on the export performance, as exporters made timely shipments, even early shipments in some cases, before the long Eid vacation started, he said. He also said the ongoing trade war between the US and China offers an opportunity to local exporters, as the US buyers see Bangladesh as one of several Asian countries that can be potential sourcing alternative to China.

<http://today.thefinancialexpress.com.bd/last-page/may-exports-climb-to-single-month-high-1560184041>
<https://www.thedailystar.net/business/news/highest-ever-export-earnings-may-1755154>

Bangladesh eyes USD 1.7 billion Chinese loan for power projects

- Bangladesh is set to sign at least two loan agreements involving US\$ 1.7 billion for two power grid projects during the upcoming visit of Prime Minister (PM) Sheikh Hasina to China. During the visit, the PM will meet Chinese President Xi Jin Ping, and the loan deals will be signed in presence of both the leaders, high officials told.
- The number of projects with Chinese loan may increase, as the line ministries concerned are still brushing up details of the PM's visit. Funding of eight other projects, for which China has pledged support, is pending, the officials added. The total amount involving these projects is around USD 5.0 billion, a senior official of the Economic Relations Division (ERD) said.

- The key projects are - Expansion and strengthening of power sector network under DPDC area, worth USD 1.1 billion, and Power grid network strengthening project under PGCB, worth USD 690.30 million, according to a senior official of the ERD.

<http://today.thefinancialexpress.com.bd/first-page/bd-eyes-17b-chinese-loan-for-power-projects-1560183544>

Tax holiday may continue for infrastructure, industries

- The government is likely to extend the tax exemption benefit on income from investment in infrastructure and industries in lagging regions for five years to encourage private investment and job creation. The move to continue the facility up to June 2024 is being considered as the existing offer expires on June 30.
- Private investment has been hovering between 22 and 23.4% of the gross domestic product (GDP) for the last several years for reasons such as inadequate infrastructure and poor investment climate. It rose by only 1.37%age points since 2013-14 when it was 22.03%, according to Bangladesh Bureau of Statistics.
- In the face of infrastructure deficit, the government in 2011 offered the tax-break for five years to 10 years to investors on condition that infrastructures and industries should be established between July 2011 and June 2019.
- For physical infrastructure, namely deep seaport, elevated expressway, export processing zone, flyover, gas pipeline, hi-tech park, ICT village and LNG (liquefied natural gas) terminal, renewable energy (energy-saving bulb and solar plant), toll or bridge, the tax exemption was granted for 10 years.

<https://www.thedailystar.net/business/news/tax-holiday-may-continue-infrastructure-industries-1755142>

Telecom service quality to drop over tower row

- Crores of mobile phone users can brace themselves for poorer network quality as the carriers and tower licence holders have failed to get on the same page seven months into the new arrangement.
- With a view to rationalizing the number of towers in the country and giving smaller operators a fair shot, the government last year decided to separate the network business from telecom services. And in October last year, Bangladesh Telecommunication Regulatory Commission awarded the licences for tower operation to four companies: edotco Bangladesh, Summit Tower Limited, Kirtonkhola Tower Bangladesh and AB Hightech Consortium. The four companies were supposed to take over the towers from the mobile operators and also build new ones. But they have been unable to do either seven months since getting their licences, leaving the mobile operators in limbo.
- Since the awarding of tower licences in October, the mobile operators were forbidden from setting up any new towers of their own as this exercise would be taken over by the four new tower companies.
- But, three of the four tower licence holders have failed to start their operations within the deadline of May 1, meaning virtually no new towers were set up in the country in the past seven months amidst a fast-growing demand.

<https://www.thedailystar.net/business/news/telecom-service-quality-drop-over-tower-row-1755178>

Local mobile call apps mushroom

- Home-grown apps for voice, video call and instant messaging services are making inroads into the market, posing a threat to telecom operators' dominance over the same, industry insiders said. Seven internet protocol telephony service providers (IPTSPs) recently sought licence to launch mobile phone application-based call services, sources in the regulator confirmed.
- Last year, the government granted licences to five IPTSPs to earn money through delivering app-based services. Brilliant Connect was one of the apps that drew a lot of attention in the market, with calls growing many times in just six months after its launch.
- According to the Bangladesh Telecommunication Regulatory Commission (BTRC), telcos formally made an appeal to the regulator against such licensing.
- Instant messaging, video, audio and other services with an open internet connection can be delivered without any infrastructure investment and other requirements on the part of the provider, they argued. On the other hand, a telecom operator requires massive investment.

<http://today.thefinancialexpress.com.bd/first-page/local-mobile-call-apps-mushroom-1560183719>

French firm keen to bag oil refinery contract

- French Technip has shown interest to build the proposed crude oil refinery as the engineering, procurement and construction (EPC) contractor.
- It has already proposed state-run Bangladesh Petroleum Corporation (BPC) to be the EPC contractor of the plant, which will have the capacity of 3.0 million tonnes per year (mtpa).
- The proposal requires to be scrutinised before taking a final decision on building the USD 1.15 billion (BDT 89.49 billion) refinery in Chattogram, BPC Chairman said.
- The French firm had earlier carried out the front-end engineering and design (FEED) for the proposed refinery at a cost of BDT 2.57 billion (USD 32.10 million).

<http://today.thefinancialexpress.com.bd/first-page/french-firm-keen-to-bag-oil-refinery-contract-1560183660>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$58.47	-0.67	-1.13%
Crude Oil (Brent)*	\$69.56	-0.55	-0.78%
Gold Spot*	\$1,279.86	+0.53	+0.04%
DSEX	5328.76	+75.22	+1.43%
Dow Jones Industrial Average	25,347.77	-237.92	-0.93%
FTSE 100	7,268.95	-8.78	-0.12%
Nikkei 225	21,020.72	-239.42	-1.13%

Exchange Rates

USD 1 = BDT 84.63*
GBP 1 = BDT 107.15*
EUR 1 = BDT 94.50*
INR 1 = BDT 1.21*

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

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