

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.

### **Current account deficit shrinks 35% to USD 5 billion**

- Bangladesh's current account deficit continues to pose risks to macroeconomic stability despite its 35% fall in the first 10 months of the outgoing fiscal year. The gap stood at USD 5 billion between July last year and April this year, according to central bank data.
- The government should explore solutions immediately on how to stop the large deficit in the current account, or else it will face a wide range of crisis to keep the economy stable in the years ahead, said an executive director of the Policy Research Institute of Bangladesh. If the trend is maintained in the remaining two months of the fiscal year, the overall deficit may hit nearly USD 8 billion, he said. The government has to borrow from external sources to manage the deficit in the current account, which is not a good indication for the economy, he added. To tackle the situation, the government has to either increase exports or decrease imports, he said, adding that remittance can also play a good role in reducing the gap. But, there is a little scope for decreasing imports as it increased 3.88% year-on-year to USD 47.10 billion during the July-April period. Last fiscal year, imports posted 16% growth, which is highly abnormal considering the volume of the country's economy. A large amount of money might have been laundered in the form of over-invoicing, which ultimately fueled the import figure in the last fiscal year. Between July and April, trade deficit also narrowed 10.43% year-on-year to USD 13.67 billion.
- Despite the downward trend of both trade gap and current account deficit, there is no breathing space for the government, said another executive director of the Centre for Policy Dialogue. Any country must maintain foreign exchange reserves to make import payments for at least three months and Bangladesh's reserves now are good for at most 5.3 months' bills, down from 5.9 months a year ago, she said.
- The decline in imports is good for the economy, said a former adviser to a caretaker government. The government should maintain the trend with a view to narrowing down the deficit in trade and current account. But the heavy decline in industrial raw material imports is not a good sign as it will have a negative impact on industrial expansion and employment generation.

<https://www.thedailystar.net/business/news/current-account-deficit-shrinks-35pc-5b-1761562>

### **Proposed VAT, tax hike to hit steel industry hard: Bangladesh Steel Manufacturers' Association (BSMA)**

- The price of rod is likely to go up by 10,350/- per MT, if the proposed VAT and tax is implemented as per 2019-20 budget proposal. Bangladesh Steel Manufacturers' Association (BSMA) said at present BDT 1400/- per MT VAT is applicable on MS rod sales and BDT 200/- on retail sales. But as per new proposal it will be BDT 9050/- per MT (5% on billet price of around BDT 35000/- per MT, BDT 2000/- on billet sales, BDT 2000/- on MS rod sales, 5% on retail sales price of around 65000/-); increase is BDT 7600/- per MT.
- New imposition of tax will add further BDT 2700/- per MT. At present average AIT is BDT 1950/- per MT (3% on sales price of BDT 65000/-). As per new proposal, it will be BDT 4650/- per MT (3% on scrap purchase, 3% on billet sales price and again 3% on MS rod sales price). Moreover, all manufacturers will need more 5% working capital as 5% advance tax (AT) will be deducted at raw material procurement stage which will aggravate liquidity crisis in the financial sectors, he added.
- Vice President of the BSMA said that the proposed income tax will be collected as minimum tax based on transaction value. This is contradictory to the fundamental principle of income tax which is payable on net profit assessed by tax authorities. For steel industry it should be maximum BDT 350/- per MT as average profit is BDT 800-1200/- per MT; highest BDT 1400/-. The association leaders urged the government to withdraw the advance tax from scrap purchase and revise the proposal on increased VAT keeping BDT 750/- on per MT scrap and BDT 750/- on per MT billet.

<http://today.thefinancialexpress.com.bd/stock-corporate/proposed-vat-tax-hike-to-hit-steel-industry-hard-1561312199>

### **10 companies in capital market make up loan defaulters' list**

- As many as 10 companies in the capital market and one brokerage firm are among the top 300 loan defaulters, whose names were revealed in parliament on Saturday. These 11 companies have swallowed a total of BDT 19.80 billion in default loans and one of them is among top 25 loan defaulters. The Finance Minister disclosed the list of top 300 defaulters in parliament on Saturday. Of the 11 companies, seven are listed with the stock exchanges, while three are being traded on the OTC (over-the-counter) market. And the remaining one is a brokerage firm -- Far East Stock & Bond. The companies which are listed with the stock exchanges are The Dacca Dyeing & manufacturing Company,

United Airways (BD), Emerald Oil Industries, Keya Cosmetics, Appollo Ispat Complex, Bangladesh Industrial Finance Company, and FAS Finance & Investment.

<http://today.thefinancialexpress.com.bd/first-page/10-cos-in-capital-market-make-up-loan-defaulters-list-1561312814>

### **Target to increase motorcycle production to 1.0 million yearly**

- The government has set a target to increase the capacity of yearly motorcycle production to 10 million in 2027 which will also create an employment opportunities for 1.5 million people. State minister for Industries asked the motorcycle producing companies to send the list of sold motorcycle to the local district administration, Bangladesh Road Transport Authority (BRTA) and industries ministry to remove tax evasion in the motorcycle registration sector.

<http://www.newagebd.net/article/76317/target-to-increase-motorcycle-production-to-10-lakh-yearly>

### **The National Board of Revenue (NBR) to lose BDT 4 billion for pampering tobacco companies: Former NBR Chairman**

- The National Board of Revenue's move to change the VAT and Supplementary Duty Act 2012 to offer input tax credit to cigarette companies is likely to bleed about BDT 4 billion annually from the state coffer, said one of its former chairman. The benefit was left out when the new VAT law was formulated back in 2012. But now, the revenue collector has proposed the change in the Finance Bill 2019. The change has been proposed at a time when the NBR is routinely lagging far behind its revenue collection target. In the first nine months of this fiscal year, the tax collector missed its periodic target by BDT 500 billion.

- Bangladesh has 37.8 million adult tobacco users and 161,000 people die every year for tobacco related disease. The economic cost of use of tobacco was BDT 305.6 billion in fiscal 2017-18, which was higher than the total receipts from tobacco at BDT 228.1 billion, said PROGGA (Knowledge for Progress) and Anti-Tobacco Media Alliance (ATMA) citing a study.

<https://www.thedailystar.net/business/bangladesh-budget-2019-20-nbr-lose-BDT-400cr-pampering-tobacco-companies-1761067>

### **Bangladesh, Nepal agree to use Indian grid for power trade**

- Bangladesh and Nepal have agreed to use the existing setup of Indian transmission lines to trade power in the short run, according to a report by The Kathmandu Post. Both countries have also planned to make joint investments in hydropower projects in Nepal. The secretary level meeting between energy officials of both countries also decided to study the prospect of building dedicated power lines in the long term in line with the Memorandum of Understanding signed by the two countries on 'Cooperation in the Field of Power Sector' last August.

- Bangladesh, one of the fastest growing economies aided by its manufacturing sector, is an energy-hungry nation which makes it a lucrative market for power produced in Nepal. To satisfy its power demand, Bangladesh has floated plans to import around 9,000 MW from Nepal over the course of a decade.

<http://today.thefinancialexpress.com.bd/last-page/bangladesh-nepal-agree-to-use-indian-grid-for-power-trade-1561313475>

### **Coppertech listing time with Dhaka Stock Exchange (DSE) expires**

- The scheduled time for listing of little-known Coppertech Industries Ltd with the Dhaka Stock Exchange expired on Sunday amid controversy over fabrication of the company's financial statements, said DSE officials. The DSE on Thursday requested the Bangladesh Securities and Exchange Commission to extend the time for making a decision on listing Coppertech until the investigation of Institute of Chartered Accountant Bangladesh into its financial anomalies ends. The bourse also requested the commission to provide necessary directive regarding listing of Coppertech, a senior DSE official said.

- The time for listing Coppertech ended on Sunday as per the securities rules that stipulate that the stock exchange must give listing approval within 75 days from closure of IPO subscription of a company, he said. The subscription of Coppertech shares closed on April 9. The DSE official also said that the DSE made the move to wait for the ICAB report to uphold the interest of the general investors. The listing of Coppertech has remained pending with DSE amid allegations that the company's financial data was fabricated to give rosy picture of the company in the initial public offering documents.

<http://www.newagebd.net/article/76316/coppertech-listing-time-with-dse-expires>

**World Stock and Commodities\***

<b>Index Name</b>	<b>Close Value</b>	<b>Value Change</b>	<b>% Change</b>
Crude Oil (WTI)*	\$57.80	+0.37	+0.64%
Crude Oil (Brent)*	\$65.45	+0.25	+0.38%
Gold Spot*	\$1,403.65	+4.02	+0.29%
DSEX	5,383.90	-11.73	-0.22%
Dow Jones Industrial Average	26,719.13	-34.04	-0.13%
FTSE 100	7,407.50	-16.94	-0.23%
Nikkei 225	21,293.61	+34.97	+0.16%

**Exchange Rates****USD 1 = BDT 84.02\*****GBP 1 = BDT 107.11\*****EUR 1 = BDT 95.63\*****INR 1 = BDT 1.21\***

*\*Currencies are taken from XE Currency Converter 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
Md. Mahirul Quddus	Research Associate	<a href="mailto:mmahirul.quddus@bracepl.com">mmahirul.quddus@bracepl.com</a>	01709 636 546

#### 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
----------------------	-------------------------------------	--	---------------

#### BRAC EPL Research [www.bracepl.com](http://www.bracepl.com)

121/B Gulshan Avenue  
Gulshan-2, Dhaka  
Phone: +880 2 881 9421-5  
Fax: +880 2 881 9426  
E-Mail: [research@bracepl.com](mailto:research@bracepl.com)