

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.

Parliament okays finance bill

- Parliament approved on Saturday the finance bill-2019 with amendments made by lawmakers and suggestions from businesses. On cash dividend, the Prime Minister said the government wanted to encourage cash dividend to boost the capital market but financial institutions objected it on many grounds. She said from now on, the ratio of stock dividend and cash dividend will be same and if the stock dividend becomes higher than the cash dividend then 10%tax shall be payable on the full amount. On the retained earnings, the premier said listed companies can transfer up to 70%of their net profits as reserve or surplus. They will have to pay a 10%dividend on the remaining 30%. She said if any company fails to do so then 10%tax shall be payable each year.
- About the textile industry, the premier said VAT on cotton at a fixed rate of BDT 4.0 each kilogram will be imposed instead of proposed VAT at the rate of 5.0%.
- The Finance Minister said this budget is not intended to be for a single fiscal year, but it will lay the foundation for all the future fiscal blueprints, which would help the country achieve the developed nation status by 2041. He added that Bangladesh has the lowest debt-to GDP ratio in the world as the country's% of loan is only 34%, compared with China's 285%.

<http://today.thefinancialexpress.com.bd/first-page/parliament-okays-finance-bill-1561825736>

Export Promotion Bureau (EPB) proposes USD 44.40 billion export target for FY'20

- The Export Promotion Bureau (EPB) has proposed setting a USD 44.40 billion export target for fiscal year (FY) 2019-20, officials have said. More than 84%or USD 37.42 billion of the proposed export earnings is expected to come from the readymade garment (RMG) sector. The EPB has also projected an additional USD 6.60 billion in earnings from the services export, raising the next FY's aggregate target to USD 51.0 billion.
- The Bureau expects the export receipts to reach USD 47.41 billion -- USD 41.58 billion from goods and USD 5.83 billion from services export -- by the end of the current fiscal year. This would represent a 15.63%increase over that of the previous fiscal. The proposed export target of USD 44.40 billion is 6.76%or USD 2.81 billion higher than the USD 41.58 billion expected to be earned in the current fiscal year. The initial target for the outgoing FY was worth USD 39.00 billion.
- Leaders of the export-oriented sectors, including RMG, have opined that the target is achievable, provided the government extend the necessary policy support. They, however, said continuation of the existing cash support and hike of the same in some cases, stable political situation and a justifiably devalued local currency will help attain the target.

<http://today.thefinancialexpress.com.bd/first-page/epb-proposes-4440b-export-target-for-fy-20-1561825940>

Bangladesh Bank sells highest ever USD 2.34 billion in FY '19

- The central bank sold a record amount of USD 2.34 billion to the banks directly in the outgoing fiscal year (FY), but the local currency keeps losing its value against the greenback. Officials said dollar was supplied to commercial banks from July 01 to June 24 in FY '19 as part of its ongoing liquidity support to settle import payment obligations. Such sale was USD 2.31 billion in FY '18.
- The central bank had to provide more than USD 100 million to the banks, particularly the state-owned commercial banks (SoCBs), per month to clear import bills for LNG, a senior official of Bangladesh Bank (BB) said while explaining higher sale of the greenback in FY '19 than a year before.
- Market operators, however, said the value of taka against dollar keeps falling, despite the BB's continued foreign currency support in FY '19. Taka depreciated by BDT 0.77 against dollar in the inter-bank foreign exchange market in FY '19 mainly due to higher demand for the greenback, they added. Dollar was quoted at BDT 84.50 each in the inter-bank foreign exchange market on Thursday, the last working day of this fiscal, unchanged from the previous level. It was BDT 83.73 in June 2018.

<http://today.thefinancialexpress.com.bd/last-page/bb-sells-highest-ever-234-billion-in-fy-19-1561744223?date=29-06-2019>

Banking sector in free fall, warns International Monetary Fund (IMF)

- Highlighting financial stability risks, the International Monetary Fund (IMF) said on Thursday the banking sector keeps deteriorating even as growth remains robust. The volume of NPLs climbed 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 previous quarter, according to the central bank's latest statistics. The IMF official said the situation in the banking sector should be improved immediately because good and efficient banking sector is important to keep the economic growth momentum.

- The IMF projected gross domestic product (GDP) growth at around 7.5%, lower than the government's estimates of 8.2% for the FY 2019-20. Also, the country's macroeconomic performance is set to remain strong in FY2019-20, with growth projected at above 7.5% and inflation close to the central bank's target at 5.50%, according to the IMF official. Continuous efforts to control the issuance of national savings certificates should support deepening of the capital market and reduce budget interest payments, according to the IMF.

<http://today.thefinancialexpress.com.bd/first-page/banking-sector-in-free-fall-warns-imf-1561655983?date=28-06-2019>

Islami Bank's default loans double in three months

- Despite rescheduling huge amount of loans, the default loans of Islami Bank Bangladesh Ltd (IBBL) more than doubled to BDT 69.16 billion between the months of January and March, raising concerns about the financial health of the country's biggest private bank. In 2018, the bank rescheduled default loans worth BDT 48.13 billion -- the highest among all banks -- 55% more than it did a year earlier, according to data from the central bank. The bank managed at least 600 special approvals from the central bank to reschedule default loans on relaxed conditions such as waiver from the required down payment of at least 10% of outstanding amount.

- Some clients who earlier enjoyed rescheduling facility have become defaulter between January and March, which has pushed up the bank's default loans, said the deputy managing director and spokesperson of IBBL. Notwithstanding, the bank is aggressively pushing to lend more. As of last year, the bank's loans stood at BDT 758.85 billion, up 15% year-on-year. In contrast, its deposit base expanded only 8%. Corporate governance of the bank is on the decline after its ownership and management started to change in 2016, said the executive director of the Policy Research Institute.

- A Chattogram-based business group bought more than 16% stakes in the bank under different names, unheard of in Bangladesh. On January 5 in 2017, in a sudden change, IBBL's chairman, several directors, managing director and heads of different committees resigned and new people took charge. If not handled properly the bank may go the same way as BASIC Bank, which is saddled with default loans of more than half of its total outstanding loans because of scams. But the impact of IBBL going bad would be 3 to 4 times more, said a former senior economist of the International Monetary Fund.

- Meanwhile, Yeahia said the bank's default loans will come down in the second quarter of the year as a number of initiatives have been taken to recover and reschedule the default loans once again.

<https://www.thedailystar.net/business/news/islami-banks-default-loans-double-three-months-1764481>

Government's guarantees against loans drop

- The volume of the government's guarantees provided against loans, negotiated by its different enterprises and valid beyond this fiscal year (FY), 2018-19, has declined. The list provided with the budget document showed that the volume now stands at BDT 578.3 billion, down by BDT 136.7 billion from that of last FY.

- It happened, mainly, as financial health of the Bangladesh Petroleum Corporation (BPC) has strengthened in recent times due to low price of various fuel oils in the international market. The state-owned BPC now meets its import bills mostly from its own coffer. But, earlier, during higher prices of fuels it had to take loans from various local and international financiers, and needed the government's guarantees for that. Apart from this, loans of many power plants installed under such type of guarantees expired, leading to decline in the total volume of guarantees, officials concerned opined.

- Dr Ahsan H Mansur, executive director at the Policy Research Institute of Bangladesh (PRI), said that the volume of public debt is rising for executing different mega projects, and it is one of the reasons behind the decline in the volume of guarantees.

<http://today.thefinancialexpress.com.bd/last-page/govts-guarantees-against-loans-drop-1561744287?date=29-06-2019>

Savers in haste to draw government savings tools' yields

- The proposed rise in source tax on yields from national savings tools has prompted investors in large numbers to draw profits before June 30 next to avoid higher taxation. Currently, the National Board of Revenue (NBR) imposes a 5.0% source tax on yields on all types of savings tools. The Finance Bill 2019 has proposed to raise the rate to 10%.

Officials argued that a rise in source tax would help reduce discrimination between investors in savings tools and bank depositors. An official at a national savings bureau here said they are receiving at least three times more applications than any other time to draw profits.

<http://today.thefinancialexpress.com.bd/last-page/savers-in-haste-to-draw-govt-savings-tools-yields-1561744336?date=29-06-2019>

Yarn exports hold potential

- Yarn and fabrics export rose 20.46% year-on-year to USD 141.12 million between July and May, an indication that Bangladesh can become a major source for the raw materials if higher production is facilitated. Currently, local spinners are able to meet 85% of the demand for the raw materials for the knitwear sector and 40% for the woven sector. Bangladesh imports yarn from China and India to meet the local demand. However, the export of yarn, especially cotton yarn, has grown recently.
- At least six large spinning mills have started exporting specialised cotton yarn, which is very fine, to Indonesia, Sri Lanka and Turkey, said the secretary of Bangladesh Textile Mills Association, a platform for spinners, weavers and cotton millers. Bangladesh has a lot of potential to export yarn and fabrics to some other countries, said the managing director of DBL Group, a leading spinner and garment exporter. His company has been exporting yarn and fabrics to Sri Lanka for the last couple years.
- Foreign companies are coming to Bangladesh to buy yarn because the country is very strong in production of cotton yarn and many other countries have started manufacturing mixed yarn. In case of the mixed yarn, millers use other ingredients with cotton. However, Bangladesh faces higher duty on the export of apparel and apparel-related raw materials to Turkey as the two have not yet signed any free trade agreement or preferential trade deal, exporters said. Bangladesh also faces higher duty on yarn export to other potential countries.
- For the higher production of yarn and fabrics, the local industry needs more investment in the primary textile sector, industry insiders say. Nearly USD 8 billion has been invested in the primary textile sector. There are 450 spinning mills and nearly 1,300 small and medium weaving mills in Bangladesh.

<https://www.thedailystar.net/business/news/yarn-exports-hold-potential-1764490>

World Bank gives USD 100 million to boost public service delivery

- The World Bank will provide Bangladesh with a USD 100 million fund to help improve public service delivery through an effective, efficient and transparent public financial management system. The Strengthening Public Financial Management (PFM) programme will improve fiscal forecasting and public budget preparation and execution and enhance financial reporting and transparency in education and health ministries and finance and local government divisions. Having improved its PFM systems with prudent fiscal management in the past two decades, Bangladesh still has a few bottlenecks in public resource allocation, availability and use for social service delivery, the WB said.
- The programme will help Bangladesh use its own systems to address these bottlenecks. It will help strengthen the capacity of budget management committees in the line ministries, including the timely release of budgetary allocations, it said.

<https://www.thedailystar.net/business/news/wb-gives-100m-boost-public-service-delivery-1764466>

<https://www.dhakatribune.com/business/2019/06/29/world-bank-helps-bangladesh-strengthen-public-financial-management>

Mobile subscriber growth slows in May

- The number of mobile phone subscribers increased by 0.2 million in May this year but the growth slowed compared with that in the previous month as two out of the four active mobile phone operators in the country lost subscribers in the month. As per the Bangladesh Telecommunication Regulatory Commission data, the number of mobile phone subscribers increased to 160.8 million at the end of May from 160.6 million in April this year. The growth in subscriber acquisition by the mobile phone operators dropped in May considering the 0.8 million subscriber growth in the previous month.
- Although the number of connections issued by the mobile phone operators has reached near to the country's total population, the unique number of subscribers is yet around 55% of the population, said officials of the mobile phone operators. They also said that the number of mobile phone connections could be double of the country's population as many smart devices and home appliances have started to be connected with internet through SIM cards. Operators has been demanding a scrap of a budget proposal of the government for fiscal year 2019-20 that increased SIM tax to BDT 200 from existing BDT 100.
- Two mobile operators — Banglalink and Teletalk — lost 0.18 million subscribers in May, while the other two

operators — Grameenphone and Robi — managed to add 0.4 million subscribers in the month. Leading mobile phone operator Grameenphone got 0.31 million new subscribers, taking its subscriber base to 74.8 million in May from 74.5 million a month ago. The second largest operator, Robi, managed to add 0.12 million subscribers, taking the number of its subscribers to 47.7 million. The number of subscribers of state-owned Teletalk dropped by 17.7 million in May this year to 3.82 million from 4.0 million a month ago, while Banglalink's subscriber base dropped by 8,000 to 34.5 million. The number of active internet users in the country increased by 0.7 million in May to 94.4 million from 93.7 million a month ago.

<http://www.newagebd.net/article/76844/mobile-subscriber-growth-slows-in-may>

Fund raising through IPOs rises slightly in FY19

- Fund raising by companies through issuing initial public offering slightly increased by 5.50% or BDT 297.5 million in the financial year of 2018-19 compared with that in the previous fiscal year. Fourteen companies including one mutual fund raised BDT 5.71 billion in FY19, while 11 companies including two mutual funds had raised BDT 5.41 billion in the previous fiscal year. In FY19, two companies have raised BDT 2.50 billion under the book building method of IPO, while three companies had raised BDT 3.36 billion under the method in FY18.

- The primary market was vibrant in the first half of the financial year of FY19 with huge interest from investors in the IPOs. However, the investors' interest dried up in the second half of the financial year as they lost confidence over the market. The subscription of three companies' IPOs was oversubscribed by only 10 times while the subscription in the first half of FY19 was oversubscribed by 30 times on average. Besides, the newly listed companies also failed to attract investors in the secondary market in the period.

- Market operators said that investors sensed abnormal activities with the IPO process that hit their appetite for the new companies. Besides, the Bangladesh Securities and Exchange Commission faced huge criticisms as it failed to bring good companies to the capital market. Most of the companies that issued IPOs were little known and fundamentally weak.

<http://www.newagebd.net/article/76843/fund-raising-thru-ipos-rises-slightly-in-fy19>

Chinese loan won't be debt trap for Bangladesh: Foreign Minister

- Chinese loan will not be a debt trap for Bangladesh as the country examines the feasibility of the loan project cautiously, foreign minister said on Friday. The minister made the remark when his attention was drawn to criticism that loans taken under the Chinese Belt and Road projects flung many South Asian countries into the debt trap. He said due to this caution many loan agreements were dropped as those were not found feasible for Bangladesh.

- The foreign minister said that five loan agreements and three MoUs will be signed during the Prime Minister's Beijing trip. The minister said the amount of the loans for which agreements will be signed during the visit is yet to be finalized.

<http://today.thefinancialexpress.com.bd/first-page/chinese-loan-wont-be-debt-trap-for-bd-1561743758?date=29-06-2019>

Government cuts bulk internet bandwidth price

- The government has reduced the bulk bandwidth price in a move that aims to provide low-cost internet service. The internet price has been set at maximum BDT 400 per megabits second (Mbps) and minimum BDT 180 Mbps, a Bangladesh Telecommunications Company Limited BTCL official said citing the statement. The government gradually reduced the internet price in different time. The maximum price was set BDT 960 Mbps and minimum BDT 360 Mbps in 2015.

<http://today.thefinancialexpress.com.bd/last-page/govt-cuts-bulk-internet-bandwidth-price-1561657022?date=28-06-2019>

Dhaka Stock Exchange (DSE) seeks time extension from Bangladesh Securities and Exchange Commission (BSEC) for listing of Coppertech

- The country's premier bourse has sought time extension from the securities regulator for listing of Coppertech Industries. The Dhaka Stock Exchange (DSE) has sought the time extension as the Financial Reporting Council (FRC) is yet to complete its report on the company's financial statement. The time frame for listing of Coppertech Industries ended on June 23 last.

- Before expiry of the timeframe for listing, the FRC sought opinion from the Institute of Chartered Accountants of Bangladesh (ICAB) regarding accounting standards followed in preparing the company's financial statement. Meanwhile, the company got listing approval from the Chittagong Stock Exchange (CSE) on May 23 last. The port city

bourse said they gave consent to listing of the Coppertech Industries to comply with the exchange's listing regulations. In favour of their listing, the CSE also said they had not found any proof of the alleged anomalies that could hinder the listing of the Coppertech Industries. The CSE's listing came at a time when the DSE sought a guideline from the securities regulator on the company's listing amid alleged 'anomalies' in the financial statement. After examining the company's financial statement, the DSE sought the regulatory instruction as per the board decision.

<http://today.thefinancialexpress.com.bd/stock-corporate/dse-seeks-time-extension-from-bsec-1561821890>

Beach Hatchery to set up plant for koral farming

- The farming of a sea bass variety—popularly known as koral or veBDTi—is set to begin in Bangladesh as Beach Hatchery Ltd plans to establish a BDT 2.50 billion plant to grow the fish locally. The local company will establish the farm on 24 bighas of land in Teknaf. The plant will have a capacity to grow 2,400 tonnes of the fish annually. Initially, it will produce 1,200 tonnes, according to the chairman of Beach Hatchery. The produce will be sold both in the local and foreign markets.
- The chairman said that the plant would use the recirculating aquaculture system (RAS), a greenhouse technology, and the water from the Bay of Bengal. The businessman is going to open the letter of credit (LC) within three months to bring in the technology and all necessary equipment. The farming may start within eight to nine months of the LC opening, he added.
- Beach Hatchery has signed an agreement with AquaOptima, a Norwegian company, to bring in the technology. In the first year, the Norwegian company's technicians will look after the farming and train local people so that the latter can run the operations of the farm on their own. The feed and medicine for sea bass will also be imported from Norway. Beach Hatchery will borrow the fund from external sources in two phases. In the first phase, it targets to borrow BDT 1.25 billion. In order to process the export-oriented fish, the company will set up a processing plant as well as storage facilities, said Islam, also the chairman of Meghna Sea Foods Ltd.

<https://www.thedailystar.net/business/news/beach-hatchery-set-plant-koral-farming-1764484>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$58.47	-0.96	-1.62%
Crude Oil (Brent)*	\$64.74	-0.93	-1.42%
Gold Spot*	\$1,409.55	-0.23	-0.02%
DSEX	5,430.05	19.35	0.36%
Dow Jones Industrial Average	26,599.96	+73.38	+0.28%
FTSE 100	7,425.63	+23.30	+0.31%
Nikkei 225	21,275.92	-62.25	-0.29%

Exchange Rates

USD 1 = BDT 84.52*
 GBP 1 = BDT 107.33*
 EUR 1 = BDT 96.09*
 INR 1 = BDT 1.23*

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

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