

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.

Asian Development Bank (ADB) betting big on Bangladesh

- Bangladesh was the third highest recipient of loans from the Asian Development Bank (ADB) last year, in further testament to the development partners' enhanced opinion of the country.
- Of the USD 21.58 billion pledged by the Manila-based multilateral lender, USD 2.20 billion went to Bangladesh, dwarfed only by the amounts received by India (USD 3.52 billion) and China (USD 2.62 billion), the two largest economies of the region. The amount is the highest yet for Bangladesh from the ADB, which typically commits in the neighborhood of USD 1.5 billion every year, according to a presentation during its 52nd annual meeting.
- The ADB also arranges co-financing with other bilateral or multilateral development partners and in 2018 it arranged USD 35.81 billion for the Asia-Pacific nations, of which USD 4.48 billion went to Bangladesh -- the highest.
- If an economy is growing at 7-8% the whole world comes and invests, according to ADB's director general for South Asia operations. So, funding will never be an impediment to Bangladesh's growth ambitions, he said, adding that the ADB was willing to lend more provided the country was able to utilize it nimbly, effectively and with tangible end products.
- The ADB offers mainly two kinds of loans. One of them carries concessional interest rate of about 2% and is of 25 years' tenure with a five-year grace period. The other is at competitive rates connected to the LIBOR. Between 2019 and 2021, the bank is planning to lend USD 8.1 billion, which is 65.31% more than in the previous three years. About two-thirds of the 2019–2021 lending programme focuses on developing and improving infrastructure, according to the ADB's internal documents.

<https://www.thedailystar.net/business/news/adb-betting-big-bangladesh-1739320>

UK Government plans to invest USD 300 million in infrastructure over 3 years

- The UK-based Private Infrastructure Development Group (PIDG) plans to invest USD 300 million in Bangladesh's infrastructure sector over the next three years, focusing on renewable energy, affordable housing, transportation and logistics. The group is working on combating poverty in the poorest and most fragile countries through pioneering infrastructure.
- GuarantCo has just closed its first groundbreaking transaction in Bangladesh. With GuarantCo's guarantee, 28mw Technaf Solar Limited, which is mainly Bangladeshi owned, is the country's first and only operational utility-scale solar independent power producer, was able to access a 15-year USD and Taka financing from banks. With the first ever commercial loan in Bangladesh, this is the first of its kind transaction in the country, which helps create a framework for financing future projects under a similar structure.

<http://today.thefinancialexpress.com.bd/trade-market/uk-gr-plans-to-invest-300m-in-infrastructure-over-3-years-1557085260>

Lower private credit flow may slow economic growth

- The private-sector credit growth decelerated further in March as private banks faced liquidity pressure due mainly to lower deposits, bankers said.
- The growth in credit flow to the private sector came down to 12.42% in March 2019 on a year-on-year basis from 12.54% a month ago, the central bank's latest data showed. This growth was 4.08% points lower than the Bangladesh Bank (BB)'s target of 16.50% for the second half (H2) of this fiscal year (FY).
- Such declining trend in the private-sector credit growth may hamper economic growth in future, according to senior bankers. However, the senior banker said this may not hamper economic growth right now. But it may affect the economic activities in the medium term, he added.
- But a senior Bangladesh Bank official sounded upbeat, claiming that Bangladesh may easily achieve 7.8% GDP (gross domestic product) growth by the end of this fiscal with the private sector credit growth.
- Scarcity of funds to give loans with, shortage of greenbacks to meet import payments and disbursement of large amounts of loans for the mega infrastructure projects are responsible for the dwindling credit growth, according to Bangladesh Bank officials. Credit growth will decline further in the months to come if the existing unpleasant situation persists, they said.

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- Currently, banks are offering interest rates on term deposits ranging from 6.0% to 11%. However, most of the offered rates were fixed at 9.50-10.50%. On the other hand, yields on national savings certificates have been fixed at between 11% and 12%.

- But the Association of Bankers, Bangladesh (ABB) chief expressed the hope that the liquidity inflow in the market will improve in the near future as the interest rates on deposit are now maintaining an upward trend.

<http://today.thefinancialexpress.com.bd/first-page/lower-pvt-credit-flow-may-slow-economic-growth-1557081450>
<https://www.thedailystar.net/business/news/credit-growth-falls-the-fifth-month-1739317>

Bangladesh Bank revises interest rate policy on short term foreign currency loans

- The central bank has revised interest rate policy on short-term foreign currency loans linked with global bench mark rate, officials said. Under the revised policy, the banker are allowed to fix the interest rates on buyers/suppliers' credit at six-month LIBOR (London Inter-bank Offered Rate) plus maximum 3.50% instead of earlier maximum 6.0%.
- A Bangladesh Bank (BB) senior official said that the central bank revised its policy on usance interest rate against import under suppliers/ buyers credit to facilitate the country's business community. The official said that the BB expects that businessmen will be able to receive such foreign currency loan with lower interest rate in the near future following the revised policy
- Currently, such loans are being received in foreign currency from overseas sources on the basis of local bank guarantees mostly at an interest rate ranging between 5.50 per and 6.00%.

<http://today.thefinancialexpress.com.bd/last-page/bb-revises-interest-rate-policy-on-short-term-foreign-currency-loans-1557081993>

Bangladesh Bank seeks fresh financing from World Bank

- The central bank has sought fresh financing from the World Bank as its long-term funding under the Financial Sector Support Project (FSSP) is drying up. The Bangladesh Bank (BB) is implementing the project under the Financial Institutions Division (FID) with the financial assistance of the World Bank (WB). The tenure of the project ends in March 2021.
- The total allocation for the long-term financing facility (LTF) under financial sector component of FSSP was USD 291.25 million. Of which, USD 273.84 million has already been sanctioned for the manufacturing entities of various sectors, leaving the fund balance to only USD 17.41 million to cater to the loan applications at hand worth more than USD 350 million from 31 participatory financial institutions (PFI) latest by September 2018.
- In 2015, the government has entered into a loan agreement with the WB to provide long-term financing in foreign currency to the manufacturing industries for a period of three to ten years. The goal of this long-term financing facility is to reduce the gap and mismatch between short-term deposits and mid-to-long-term financing prevalent in the banking sector of Bangladesh. At present, local commercial banks provide long-term loans to the sector using the source of short-term deposit.
- It has become necessary to increase the funds by a minimum of USD 350 million to cater to the funding requests already at hand, said a BB official. Otherwise, the private-operated long-term investment flow to the productive sector of Bangladesh would be hampered, affecting the growth in the private sector, he mentioned. In this context, the BB has requested for topping up of the LTF with at least USD 350 million and an extension of the LTF agreement for two more years, the official said.

<http://today.thefinancialexpress.com.bd/trade-market/bb-seeks-fresh-financing-from-wb-as-long-term-funding-drying-up-1557085172>

App-based wallet boosts transaction

- More than 10 million people currently use app to carry out transaction in Bangladesh, both in the mobile financial services segment and the banking segment, according the managing director and chief executive officer of Dutch-Bangla Bank Ltd. Alongside the fast-expanding mobile financial services (MFS), bank cards are being used through mobile app, making carrying cards almost irrelevant. Using cards and the MFS on apps is very convenient and this is the recent trend in the banking sector.
- Customers can use Dutch-Bangla Bank's card Nexus and other cards through apps on its MFS brand Rocket. About 2.0 million customers of the private commercial bank are using it, while it is 25% for Rocket. bKash, one of the largest MFS players in the world, introduced an app last year and about 5 million users are currently using it for regular transaction. The app channels 15% to 20% of the total transacted amount involved, said a senior official of the company. Recently, bKash has enabled its customers who are using the app for transaction to add money directly from any banking accounts of six commercial banks and Mastercard in a boost to the country's mobile app-based transaction.
- Nagad, the latest entrant to the country's MFS scenario, is getting positive response from the market as its users are

mostly using mobile app. Its majority share is held by state-run Bangladesh Post Office and it is run by a private management.

<https://www.thedailystar.net/supplements/cashless-shopping-and-dining/news/app-based-wallet-boosts-transaction-1739371>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$60.44	-1.50	-2.42%
Crude Oil (Brent)*	\$69.25	-1.60	-2.26%
Gold Spot*	\$1,282.94	+3.83	+0.30%
DSEX	5,394.90	+108.15	+2.05%
Dow Jones Industrial Average	26,504.95	+197.16	+0.75%
FTSE 100	7,380.64	+29.33	+0.40%
Nikkei 225	22,258.73	-48.85	-0.22%

Exchange Rates**USD 1 = BDT 84.44*****GBP 1 = BDT 111.18*****EUR 1 = BDT 94.69*****INR 1 = BDT 1.22***

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

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