

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.

### **National Savings Certificate (NSC) sales slump by 60% in July-Aug on tightened process, interest tax hike**

- The net sales of national savings certificates dropped by 59.59% year-on-year in the July-August period of the current fiscal year of 2019-2020 because of tightening of sales process and hike in tax on interest. In July-August of FY20, the government sold NSCs worth BDT 113.05 billion against repayment of BDT 76.46 billion, taking the net sales of the government's borrowing tools to BDT 36.6 billion against BDT 90.57 billion in the same period last year, according to a report of the Department of National Savings. In August this year, the net sales of NSCs dropped by 62.71% year-on-year to BDT 14.99 billion after declining by 57.1% to BDT 21.60 billion in July this year.
- Officials of the banks said that the launch of the NSC online management system might be a reason for the fall in NSC sales. Although the system brought transparency to the NSC management and convenience for the beneficiaries, it forced another section of people especially the high net worth individuals to refrain from excessive purchase of NSCs. Besides, increased rate of source tax on savings tools might be another reason for the sharp drop in NSC sales. In the budget for FY20, the government increased the tax rate by two fold to 10%. However, the tax rate would be 5%, with an effect from August 28 this year, on interest income from investment on NSCs worth up to BDT 0.5 million.
- With the borrowing in 86 days of FY20, the government's outstanding bank borrowing increased to BDT 1287.53 billion on September 24 this year against BDT 894.22 billion on September 24 last year.

<http://www.newagebd.net/article/87160/nsc-sales-slump-by-60pc-in-july-aug-on-tightened-process-interest-tax-hike>  
<https://www.dhakatribune.com/business/2019/10/09/sale-of-savings-tools-falls-by-62-72-in-august-due-to-higher-tax>

### **GDP growth rate likely to reach targeted 8.20% in FY20: Bangladesh Bank (BB)**

- Bangladesh Bank is expecting that the growth rate of the country's Gross Domestic Product (GDP) will achieve 8.20% target in the current fiscal year (FY20). The Bangladesh Bank Quarterly, released on Wednesday, made the prediction despite mentioning a number of downside risks. Looking ahead, economic growth outlook is expected to remain strong at the targeted level (8.2%) and inflation remains at below the targeted level (5.5%) in FY20, said the central bank's report.
- The report, however, pointed out that some external and internal factors are the likelihood of downside risk of economic growth prospect. The external risk factors include sluggish global growth, disrupting supply chain by the escalating trade war, Brexit-related uncertainty, and rising geopolitical tension. According to the central bank, domestic risk factors are managing high Non-Performing Loan (NPL) and tight liquidity condition mainly due to slower growth of deposit.

<http://thefinancialexpress.com.bd/economy/gdp-growth-rate-likely-to-reach-targeted-820pc-in-fy20-bb-1570604790>

### **Bangladesh economy still least competitive**

- Bangladesh has slipped two spots, dropping to the 105th as competitive economy in an index produced by the World Economic Forum (WEF). Last year, Bangladesh ranked the 103rd out of 140 countries, scoring 52.1. The global competitiveness index means the ability of a country to achieve sustained high rates of economic growth in per capita GDP. Bangladesh's per capita income now stands at USD 1,744.5.
- The Centre for Policy Dialogue (CPD) said institutions and governance are the weakest areas in the business competitiveness, where majority of indicators have deteriorated. A research director at the CPD said the extent of corruption has further increased this year, which has squeezed the scope for doing business, especially by the new entrants. He also said Bangladesh position has fallen because other countries have advanced much faster than it has.

<http://today.thefinancialexpress.com.bd/first-page/bd-economy-still-least-competitive-1570639184>  
<https://www.thedailystar.net/business/news/bangladesh-slips-global-competitiveness-ranking-1811671>  
<http://www.newagebd.net/article/87121/bangladesh-slips-two-notches-in-business-competitiveness>  
<https://www.dhakatribune.com/business/2019/10/09/bangladesh-slips-2-notches-in-global-competitiveness-report>

### **Alhaj Textile Mills laid off, shares tumble**

- Publicly listed company Alhaj Textile Mills Limited has stopped its production for an indefinite period amid a severe fall in yarn sales. The board of directors of Alhaj Textile Mills decided to lay off the factory for an indefinite period. The company also decided to lay off its workforce, added the declaration. Earlier, the textile mill's production was

suspended for four times for different durations. They still have unsold yarns worth BDT 28 crore lying in the warehouse, said a senior official. Alhaj Textile Mills' management decided to retrench the staff and workers of the mills with effect from October 8, 2019 as per Bangladesh Labor Law section 16(7) and 20(2) (KA)

- The disclosure also informed that the mills would reopen subject to improvement of the market situation. Yarn manufactures blamed the devaluation of the Taka against the US dollar, misuse of bonded warehouse facility, smuggled yarn, and cheap Indian yarn that is often imported through trade misinvoicing for the present dismal situation of Alhaj. They said more textile mills would follow suit, if situation did not improve.

<https://www.dhakatribune.com/business/2019/10/09/alhaj-textile-mills-laid-off-shares-tumble>

#### World Stock and Commodities\*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$52.47	-0.12	-0.23%
Crude Oil (Brent)*	\$58.19	-0.13	-0.22%
Gold Spot*	\$1,508.97	+3.40	+0.23%
DSEX	4,862.26	-32.05	-0.65%
Dow Jones Industrial Average	26,346.01	+181.97	+0.70%
FTSE 100	7,166.50	+23.35	+0.33%
Nikkei 225	21,555.67	+99.29	+0.46%
BSE SENSEX	38,037.38	-140.57	-0.37%

#### Exchange Rates

**USD 1 = BDT 84.59\***

**GBP 1 = BDT 103.44\***

**EUR 1 = BDT 92.96\***

**INR 1 = BDT 1.19\***

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

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