

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.

UltraTech to sell Bangladesh's unit to Heidelberg Cement

- UltraTech Cement Limited, a major market player in India's cement market, is in the final stage of selling its stake in Emirates Cement Bangladesh that produces cement under the brand name of 'UltraTech Cement'. UltraTech Cement Middle East Investments Limited, a subsidiary of UltraTech Cement Limited, owns the cement maker in Bangladesh. The move of the entity has come within nine years of acquiring Emirates Cement Bangladesh amid extensive business competition along with rising operation cost in the country.
- UltraTech has sought approval from the Bangladesh's central bank as the transaction would be completed in Bangladesh and the entity would repatriate sell proceeds from Bangladesh. Heidelberg Cement would clear the entire sell proceeds in Bangladesh to UltraTech, sources said. As per the BB sources, UltraTech has proposed selling shares at BDT 17.09 each, setting the total sales value of its stake in Emirates Cement Bangladesh at BDT 2.71 billion. The central bank has been scrutinizing the proposal and would finalize its decision soon, BB officials said.
- Asked about the probable cause of the UltraTech's move, Crown Cement Group chief adviser to the board said that the country's cement manufacturers had excess production capacity against the market demand and it had become a major problem for the industry. The total market demand for cement was 31 million tonnes against the production capacity of 58 million tonnes in last year, leaving manufacturers in severe competition and forcing sales of cement at a very low margin, he said, also a former chief financial officer of multinational company Lafarge Surma Cement. At present, there are 75 cement producers in the country and around 35 of them are active in business. He also said that the latest budgetary measures that slapped 5% source tax on turnover had become another burden for the sector along with the apprehension of increasing freight costs.
- According to the market insiders, the country's cement market would expand at the rate of around 10% in 2019 riding on the heavy government expenditure for infrastructure development projects like Padma Multipurpose Bridge.

<http://www.newagebd.net/article/83573/ultratech-to-sell-bangladeshs-unit-to-heidelbergcement>

Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) fears 6.0% inflation in September

- A spike in inflationary pressure is projected for September on the back of a rising trend in the prices of key commodities in the international market. Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) predicted the overall point-to-point inflation close to 6.0% at the end of this month. However, Bangladesh Bureau of Statistics (BBS) earlier estimated the overall inflation at 5.52% for June 2019.
- MCCI, the country's premier trade body, also said the foreign exchange reserve is likely to fall at the end of the Jul-Sept quarter by more than USD 200 million. It sought to attribute this fall to payments to the Asian Clearing Union (ACU) against imports. MCCI also forecasts an increase in the volume of export, import and remittance. It said the monthly shipment in September will expand to USD 3.3 billion, up by USD 125 million from last August. The trade organization said the import will hike by USD 70 million to USD 5.4 billion at the end of September. Foreign remittance may swell to approximately USD 1.7 billion at the end of this month, up by USD 90 million from the August volume.

<http://today.thefinancialexpress.com.bd/trade-market/mcci-fears-60pc-inflation-in-sept-1567621628>

Overall economic achievements remain below true potentials: Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI)

- The Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) has listed inadequate infrastructure, lack of investors' confidence, and shortage of power and energy as major impediments to the country's desired economic growth. Besides, weak implementation and ambiguity of regulatory and policy frameworks are also responsible for the situation, said the MCCI in its Review of Economic Situation in Bangladesh for April-June period of 2019 (Q4 of fiscal year or FY 2018-19). The country's oldest trade body also said Bangladesh's overall economic achievements remain below the level of inherent potentials despite varied imprints of positive performances in certain areas. Creditable performance of the economy in certain areas notwithstanding, overall achievements remain below their true potentials, opined the MCCI.
- The power supply situation improved in Q4 of FY 19, but the demand for power increased as well, it mentioned. The overall electricity production remained low because of gas shortage, and also some power stations were shut down for maintenance. Transmission capacity appears to be a limiting factor in the supply of power to consumers.
- The MCCI quarterly review, however, termed the country's overall economic situation as positive, as indicated by

steady improvement in the major economic indicators. According to it, the quarter under review saw a steady progress in the agriculture sector, and a moderately good growth in the industry sector, despite having crisis in the power sector, and decline in the inflation rate.

<http://today.thefinancialexpress.com.bd/first-page/overall-economic-achievements-remain-below-true-potentials-1567619509>

<https://www.thedailystar.net/business/global-business/news/economy-faces-risks-despite-high-growth-1795711>

<http://www.newagebd.net/article/83574/economic-growth-faces-some-risks-mcci>

<https://www.dhakatribune.com/business/2019/09/04/mcci-review-economic-situation-positive-despite-downside-risks>

Institutions backing off from stocks too

- Institutional investors, who were supposed to be cool heads in the sea of jittery retail investors, are selling off more shares than they are buying and in so doing causing a slump. In the last 15 days, institutions -- which include merchant banks, financial institutions and state-owned Investment Corporation of Bangladesh -- have sold stocks amounting to BDT 10 billion and bought stocks worth BDT 8 billion, according to the Dhaka Stock Exchange. During the period, DSEX, the benchmark index of the DSE, slid 237 points to close at 4,986.37 points yesterday. It lost BDT 159.71 billion in market capitalization. Some of the institutions were forced to sell shares to adjust their margin loans, said a senior merchant banker.

- Meanwhile, analysts said measures taken by the regulator in May this year to boost the stock market did not work as they ignored the key problem: the liquidity crisis. The regulator also brought 21 changes in the primary market and some changes in the secondary market. The government also provided some incentives through the budget, including doubling the tax-free limit of dividend income to BDT 50,00 for general investors. What is more, the Bangladesh Bank came forward to enhance the investment scope of financial institutions by easing the market exposure conditions. After taking the steps, the index soared to 5,475 points on June 11, up from 5,175 on April 24. However, the trend continued for a few days and then plunged again.

- A top official of a leading asset management company said the main problem of the market is not addressed yet, which led to a communication gap among the regulators as witnessed in case of Grameenphone recently. Liquidity crisis among the financial institutions is also a big problem for the market and it is not solved yet, he said. The official pointed out another problem: the non-stop gambling in the market.

<https://www.thedailystar.net/business/news/institutions-backing-stocks-too-1795783>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$56.25	-0.01	-0.02%
Crude Oil (Brent)*	\$60.67	-0.03	-0.05%
Gold Spot*	\$1,545.27	-7.28	-0.47%
DSEX	4986.37	-20.69	-0.41%
Dow Jones Industrial Average	26,355.47	+237.45	+0.91%
FTSE 100	7,311.26	+43.07	+0.59%
Nikkei 225	21,161.12	+511.98	+2.48%
BSE SENSEX	36,827.86	+103.12	+0.31%

Exchange Rates

USD 1 = BDT 84.33*

GBP 1 = BDT 103.22*

EUR 1 = BDT 92.99*

INR 1 = BDT 1.17*

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

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