

*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.*

### **Government's borrowing from banks may go up this month**

- The government is set to raise bank borrowing significantly in September as part of financing its budget deficit for the current fiscal year (FY), officials said. It may borrow upto BDT 130 billion from the banking system this month by issuing treasury bills (T-bills) and bonds, according to the auction calendar of the Bangladesh Bank (BB) released recently.
- The gross bank borrowing figure was BDT 18 billion for August, but it was BDT 138 billion in July. The net bank borrowing is set to reach BDT 30.50 billion by the end of this month after deducting BDT 99.50 billion as maturity of the government securities from the gross borrowing, according to BB officials. The government will have to pay BDT 90 billion out of BDT 99.50 billion against the maturity of its securities, particularly 91-Day T-bills in September, the officials said. The government's net bank borrowing was nearly BDT 40.39 billion as on August 19, according to a BB report.
- The central bank officials said the government has already availed partially both overdraft (OD) drawing facilities and ways and means advances (WMAs) from the central bank to meet its budgetary expenses. The government is now empowered to borrow up to BDT 40 billion from the central bank under the advances to meet its day-to-day expenditures without issuing any securities. Besides, the government's limit for overdraft drawing from the central bank has been capped at BDT 40 billion.
- Currently, the government is holding negative balance amounting to nearly BDT 45 billion in its accounts, a senior official familiar with the government debt-management activities told the FE. The ministry of finance had set a bank-borrowing target of BDT 420.29 billion for the FY 2018-19 to finance the budget deficit. Under the proposed bank borrowing, the government will borrow BDT 239.65 billion issuing long-term bonds while the remaining BDT 180.64 billion through T-bills.

<http://today.thefinancialexpress.com.bd/first-page/govts-borrowing-from-banks-may-go-up-this-month-1536170337>

### **Private credit growth hits 18-month low**

- Private sector credit growth dropped to an 18-month low of 15.87% in July, as banks have adopted a "go slow" policy for loan disbursement to comply with the central bank's newly set loan-deposit ratio. This growth was 1% point less than the central bank's target of 16.8% for the first half of the current fiscal year. In February last year, private sector credit growth hit 15.61% , which continued to rise till November when the growth reached 19.06% .
- In continuation of the declining trend, the credit growth dropped sharply in the last three months, from 17.60% in May to 16.94% in June. The central bank's decision to slash the loan-deposit ratio by 1.5% points to 83.5% was one of the main reasons for the declining credit growth, bankers and experts told The Daily Star. The central bank took the decision on January 30 and instructed banks to implement the new ratio by March next year.
- Some banks have already adjusted their loan-deposit ratio through their cautious approach to disbursing loans, said the managing director of Dhaka Bank. The decision taken by banks to bring down the lending rate to a single digit has also put an impact on the credit growth, he said. On June 21, the Bangladesh Association of Banks, a forum of directors of private banks, decided to lower the interest rates on lending and deposit to 9% and 6% respectively from July 1.

<https://www.thedailystar.net/news/business/private-credit-growth-hits-18-month-low-1629907>

### **KSA moves to 'fix' recruiters to hire BD workers**

- The Kingdom of Saudi Arabia (KSA) embassy in Dhaka has taken a new move to 'select' a number of local recruiting agencies to submit visas to the embassy for hiring manpower from Bangladesh. Under the new 'Drop Box' system, all the manpower recruiters here will have to go through a certain number of agencies for getting all the visa-related services from the Saudi embassy. Meanwhile, the leaders of Bangladesh Association of International Recruiting Agencies (BAIRA) and a number of manpower recruiters have expressed grave concern over the move. They said the new system may create a syndicate in sending workers to KSA. Besides, large-scale irregularities may take place in the agency selection process by a section of embassy officials, they also claimed.

<http://today.thefinancialexpress.com.bd/last-page/ksa-moves-to-fix-recruiters-to-hire-bd-workers-1536171226>

### **World Bank (WB), Asian Infrastructure Investment Bank (AIIB) to extend USD 260 million**

- The World Bank and the Asian Infrastructure Investment Bank (AIIB) are teaming up to fund a water supply and sanitation project in Bangladesh, officials have said. Both the Washington-based lender and the Beijing-based lender will finance USD 130 million each to the USD 270 million scheme. The remaining USD 10 million will come from the state coffers to fund the five-year project from next March. It aims to improve access to piped water supply and sanitation services in selected municipalities of the country, officials concerned said recently. The public health engineering department under the local government, rural development and cooperatives ministry will implement the project.

<http://today.thefinancialexpress.com.bd/trade-market/wb-aiib-to-extend-260m-1536172962>

### **Nitol-Niloy to start assembling Tata pickups this month**

- A growing demand for commercial vehicles has encouraged Nitol-Niloy Group to start assembling Tata pickup trucks in Bangladesh from this month. According to the Chairman of the group, from now they will assemble the pickup, but they have a target to manufacture at least 25% of the components locally by 2020. The group initially plans to assemble 800 pickup trucks every month at a plant of Nita Company Ltd, a joint venture of Nitol and Tata, located in Jessore. Currently, chassis of trucks, buses and minibuses are imported in completely knocked down (CKD) condition and assembled at this plant.

- Bangladesh Road Transport Authority (BRTA) data showed that the demand for pickup trucks was over 1,000 units per month last year and the growth rate was over 18% . BRTA gave registration to 13,512 units of pickup trucks of different manufacturers in 2017, up from 11,371 units in 2016; 10,257 in 2015 and 9,554 in 2014.

- Nitol-Niloy Group has a diversified profile with exposure to assembling of vehicles, bus body making, after sales support, transport and aviation services, financial institutions, manufacturing industries, real state, properties development and sports promotion. The group's annual turnover was USD 128 million, equivalent to over BDT 10.00 billion, last year, according to its website. It has so far invested around USD 260 million and employs 3,170 people.

<https://www.thedailystar.net/news/business/nitol-niloy-start-assembling-tata-pickups-month-1629904>

### **IDB to fund USD 1.0 million cotton dev scheme**

- The Islamic Development Bank (IDB) is set to finance a USD 1.0 million project in Bangladesh under its newly innovated 'reverse linkage' modality. The Jeddah-based lender will sign a memorandum of understanding with the government during its president Bandar Al Hajjar's upcoming Dhaka visit this weekend. The economic relations division (ERD) additional secretary said that The project is aimed at enhancing the country's capacity to develop high-yielding cotton varieties. Under the modality, the IDB will bear 27 % and Nazalli 53 % of the total project cost.

- This is the first time that that IDB is going to finance any project in Bangladesh under its 'reverse linkage' modality. Reverse linkage is a South-South Cooperation mechanism aimed at knowledge sharing, technology transfer and cross-border investment among its member countries. The IDB usually provides a certain amount of grant along with the borrowing and receiving entity while acting as the coordinating entity of the entire scheme. The IDB is the only multilateral agency whose membership is drawn entirely from developing countries.

<http://today.thefinancialexpress.com.bd/last-page/idb-to-fund-10m-cotton-dev-scheme-1536171279>

### **Runner Automobiles to make upto 500cc bikes for export market**

- Runner Automobiles has moved to produce motorcycles of 165cc to 500cc based on imported parts and raw materials, said a company statement. The commerce ministry gave its consent to import parts and raw materials on August 30 last. Under a move to diversify the export basket, Runner has set a target of exporting 165cc to 500cc motorcycles to Bhutan, Myanmar, north-eastern states of India, Africa and the Middle East. As per the ministry's condition, the imported parts cannot be handed over or sold in the domestic market. Another condition was that the motorcycles above 165cc also cannot be sold in the domestic market for the time being.

- Meanwhile, the securities regulator allowed Runner Automobiles on July 10 last to determine the cut-off price required to go public under the book building method. The company will float IPO (initial public offering) under the book building method to raise a capital worth BDT 1.0 billion. Runner Automobiles will utilise the IPO fund for research and development works, purchasing machinery, repaying bank loans and bearing the IPO expense.

- According to financial statements for the year ended on June 30, 2017, the company's net asset value (NAV) per share is BDT 55.70, with revaluation reserve. The value is BDT 41.94 without revaluation reserve. And the weighted average of the EPS (earnings per share) is BDT 3.31. The company manufactures 12 different types of motorcycles ranging between 80cc and 150cc.

<http://today.thefinancialexpress.com.bd/stock-corporate/runner-automobiles-to-make-upto-500cc-bikes-for-export->

[market-1536171982](#)

### **Danish Arla Foods to plough BDT 9.0 billion into Bangladesh**

- Global dairy giant Arla Foods plans to further strengthen its footprint in Bangladesh reaching out to uncovered segment of the population while supporting them with affordable and better nutrition. With the objective, the world's fourth-largest dairy producer through its brand, Dano, wants to invest BDT 9.0 billion in the coming years in Bangladesh, where a 51 % daily deficit in the consumption of milk was recorded by the World Health Organisation (WHO)
- Terming Bangladesh a key market for the Scandinavian company, Vice president and head of Southeast Asia Arla Foods Ltd Mark Boot said that Arla has been operating its business in this country for the last 57 years and developed a great distribution network with a strong team of people. At the same time, some macro-economic factors like GDP (gross domestic products) growth, population growth and the growing need for dairy products is turning Bangladesh into a "fertile ground" for business, he said. He again said that Dano has been adjudged as the best milk brand in Bangladesh in the last three consecutive years.

<http://today.thefinancialexpress.com.bd/last-page/danish-arla-foods-to-plough-BDT-90b-into-bangladesh-1536171148>

### **Mega projects lift demand for steel**

- The rising demand for long and flat steel products is helping the steel sector expand fast thanks to the ongoing large infrastructure projects and construction of several economic zones, experts said yesterday. They also underscored the need for the government's policy support to protect the local industry in the wake of a new global trend of gated globalisation. Now, some countries are going for free trade agreements, eliminating tariff barriers among themselves while outsiders continue to facing higher tariffs. Economists call this gated globalisation. The experts spoke at the inaugural session of a two-day international conference on steel titled "Bangladesh Steel 2018".
- Per capita steel consumption in Bangladesh has grown to 45 kilogrammes (kg) last year from 25 kg in 2012, according to the chairman of PHP Family, said after inaugurating the event. Per capita steel consumption is much higher in developed countries—400 kg in South Korea, 600 kg in the USA and 1,000 kg in Japan—compared to Bangladesh, he said. The amount of steel consumption is an important ingredient to understanding the economic growth of a country.

<https://www.thedailystar.net/news/business/mega-projects-lift-demand-steel-1629871>

### **Government earnings from Dhaka bourse slump 37% in August 2018**

- The government's revenue earnings from the Dhaka bourse fell 37% month-on-month in August this year on the back of falling trade volume and value. Market insiders said sluggish trading activities coupled with lower trading days due to Eid vacation affected the government's earnings from the prime bourse as the earning is related to turnover. There were only 18 trading days in August as against 22 in the month of July.
- The daily turnover, the important gauge, came down to BDT 6.38 billion on average in August which was BDT 8.48 billion in July, falling 25% . The government bagged tax worth BDT 142 million in August which was BDT 225 million in July 2018, registering a decline of 37% , according to statistics from the Dhaka Stock Exchange. Of the total earnings in August this year, BDT 115 million came from the TREC (trading right entitlement certificate) holders' commission, popularly known as brokerage commission and BDT 27 million came from the share sales by sponsor-directors and placement holders, the DSE data shows.
- The DSE, on behalf of the government, collects the tax as TREC holders' commission at a rate of 0.05% and from sponsor-directors' and placement holders' shares sales at a rate of 5.0% . The DSE then deposits the amount to the public exchequer. The DSE paid tax worth BDT 2.72 billion in FY 2011-12, BDT 1.27 billion in FY 2012-13, BDT 1.54 billion in FY 2013-14, BDT 1.74 billion in FY 2014-15, BDT 1.58 billion in FY 2015-16, BDT 2.46 billion in FY 2016-17 and BDT 2.33 billion in FY 2017-18 on TREC holders' commission and share sales by sponsor-directors and placement holders. However, the DSE paid tax worth BDT 4.47 billion in the fiscal year 2010-11, the highest in its history, when the market witnessed a wild trend before crashing.

<http://today.thefinancialexpress.com.bd/stock-corporate/govt-earnings-from-dhaka-bourse-slump-37pc-in-august-2018-1536171936>

**World Stock and Commodities\***

<b>Index Name</b>	<b>Close Value</b>	<b>Value Change</b>	<b>% Change</b>
Crude Oil (WTI)*	\$68.62	-0.10	-0.15%
Crude Oil (Brent)*	\$77.23	-0.04	-0.05%
Gold Spot*	\$1,198.48	+1.75	+0.15%
DSEX	5562.24	+9.43	+0.17%
Dow Jones Industrial Average	25,974.99	+22.51	+0.09%
FTSE 100	7,383.28	-74.58	-1.00%
Nikkei 225	22,516.12	-64.71	-0.29%

**Exchange Rates**

**USD 1 = BDT 83.75\***  
**GBP 1 = BDT 108.18\***  
**EUR 1 = BDT 97.46\***  
**INR 1 = BDT 1.17\***

*\*Currencies and Commodities are taken from Bloomberg.*

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