

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.

Export earnings fall 11.74% in August

- The single-month export earnings from merchandise shipments fell by 11.74% to USD 3.21 billion in August. Bangladesh raked in USD 3.64 billion in the corresponding month of the calendar year 2017. The August earnings also fell short of target slightly by 0.60% set for the month. The overall earnings from goods exports, however, witnessed a sluggish 2.51% growth, showed the Export Promotion Bureau (EPB) data. The earnings posted USD 6.79 billion in the first two months of the current fiscal year (FY), 2018-19, surpassing the August target by 3.24%.
- The country fetched USD 6.62 billion in the corresponding period last fiscal. Earnings from garment exports during the July-August period grew by 3.82% to USD 5.73 billion. It was USD 5.52 billion in the corresponding period last fiscal, according to the EPB data. The earnings thus surpassed the target by 3.96%. The country earned USD 2.91 billion from knitwear exports during the period, a meagre growth of 1.53% compared with last fiscal's USD 2.86 billion. The earning from woven garments in the first two months of FY '19 grew by 6.28% to USD 2.82 billion, from USD 2.65 billion for the same month of FY '18.

<http://today.thefinancialexpress.com.bd/trade-market/export-earnings-fall-1174pc-in-aug-1536686844>

<https://www.thedailystar.net/business/news/export-falls-august-1632682>

<http://www.newagebd.net/article/50380/bangladesh-exports-fall-by-1174pc-in-aug-on-eid-holidays>

13 banks face BDT 109.71 billion provision deficit

- Thirteen banks faced a combined provisioning shortfall of BDT 109.71 billion in the second quarter of 2018 which not only exposed their worsening financial health but also raised the possibility of lending rate hike. The banks are Sonali, Agrani, Rupali, BASIC, AB, Bangladesh Commerce, IFIC, Mutual Trust, First Security Islami, National, Premier, Social Islami and Standard, according to data from the Bangladesh Bank. Some of the lenders have been facing the provision shortfall for a long time as they disbursed loans flouting rules, said BB officials. First Security Islami Bank faced the provision shortfall for the first time in recent years.
- A shortfall is an amount by which a financial obligation or liability exceeds the amount of cash that is available. The shortfall can be temporary, arising out of a unique set of circumstances, or it can be persistent, which may indicate poor financial management practices. In the first quarter, the provisioning shortfall stood at BDT 105.96 billion at 12 banks. At the end of June, default loans in the banking sector totalled BDT 893.40 billion, up 20.23% from six months ago. The capital base of the 13 banks will erode significantly if they kept provisioning as per the central bank rules, said a BB official. The overall shortfall in provisioning against general and defaulted loans in the banking sector widened to BDT 79.90 billion in June, up from BDT 67.67 billion last December.

<https://www.thedailystar.net/business/banking/news/13-banks-face-BDT-10971cr-provision-deficit-1632697>

Most banks renege on promises despite availing benefits

- The majority of the banks have not brought down the lending rate to single digits despite availing both policy and fiscal supports offered by the government. More than three dozen banks did not re-fix their rates on lending at 9.0%. Four banks offered more than 6.0% interest rate on three-month term deposits, according to the central bank's monitoring reports on lending and deposits rates for July 2018. However, only seven private commercial banks, mostly Shariah-based Islamic lenders, implemented the decisions of the Bangladesh Association of Banks (BAB) by cutting both lending and deposit rates.
- Twelve more banks including foreign lenders have brought down the lending rate to the single-digits, particularly for term loans and working capital. Earlier on June 20, the BAB decided to cut back on the interest rates on both lending and deposit at 9.0% and 6.0% respectively from July 01. The number of banks, which brought down the lending rates at single digits, particularly for the productive sector may go up in August 2018, a senior official of the Bangladesh Bank (BB) said. They are now preparing the reports on both lending and deposits rates for August 2018.
- Meanwhile, influential large borrowers have already taken the advantage from the BAB's decisions by securing loans at 9.0%, according to the banking sector insiders. But small borrowers have not yet benefited from the much-talked about BAB move, they said. A BB senior official said that the central bank has already expedited monitoring and supervision to assess the overall interest rates on both lending and deposits in the banking sector

<http://today.thefinancialexpress.com.bd/first-page/most-banks-renege-on-promises-despite-availing-benefits-1536687549>

Japan to assess funding scope for five large infrastructure projects

- Japan is set to field a fact-finding mission to assess whether it will extend loans to five large infrastructure projects in Bangladesh. The objective of the mission is to verify and consolidate necessary data or information, review the current status of preparation, and discuss further details of the projects with authorities concerned. In a recent letter to the Economic Relations Division (ERD), the Japan International Cooperation Agency (JICA) said that the projects are still subject to consideration by the government of Japan.
- However, JICA did not make commitment to extend the loans for the projects under the 40th ODA (official development assistance) loan package for Bangladesh. The five projects the mission will assess are Matarbari port development project, Matarbari coal-fired power project, Dhaka mass rapid transit development project, foreign direct investment promotion project, and energy efficiency and conservation promotion financing project. Bangladesh received 152.5 billion Japanese Yen (US\$ 1.54 billion) worth of fund during the last Japanese fiscal year (April 2017 to March 2018), becoming the second-largest ODA recipient in Asia.

<http://today.thefinancialexpress.com.bd/first-page/japan-to-assess-funding-scope-for-five-large-infrastructure-projects-1536687600>

Super rich grow exponentially in Bangladesh: Global report

- The number of ultra-rich people in Bangladesh is growing at the fastest rate in the world, said the latest edition of the Wealth-X World Ultra Wealth Report. The country of 160 million has seen its ultra-wealthy population surge by around 17.3% in between 2012 and 2017. Asian economic giant China, on the other hand, has seen its ultra rich population grow by 13.4% during the same period. Vietnam, another major emerging Asian economy, has seen an increase of 12.7% in its Ultra High Net Worth (UHNW) population, the third highest increase in the list.
- Bangladesh's giant neighbour India, on the other hand, has seen its ultra rich population rise by 10.7% during the same period, the fifth highest increase in the world. Kenya, Hong Kong, Ireland, Israel, Pakistan and United States are the other names that are among the list of top 10 fastest growing UHNW countries. Individuals with a net worth above USD 30m has been classified as ultra high net worth while preparing this study, Wealth-X said. While analysing the reasons for such a startling growth of the ultra rich population in countries like Bangladesh, the report attributed it to the growth of manufacturing, infrastructure investment and rapid urbanisation in these countries.

<http://today.thefinancialexpress.com.bd/last-page/super-rich-grow-exponentially-in-bangladesh-global-report-1536687865>

<https://www.thedailystar.net/online/news/fastest-growing-rich-population-country-bangladesh-report-1632385>

Cash incentives for export of pharma, motorcycle, 33 other items announced

- The government on Monday announced cash incentives in favour of exporters of 35 products for the current fiscal year of 2018-19, adding nine new items to the product list. In the FY 2017-18, exporters enjoyed the benefit for 26 products. The government on Monday also raised cash incentive to 4% from 3% for this fiscal year for export of new textile and garment products and expanding export of textile items to new markets — markets other than the United States, Canada and the European Union.
- According to a Bangladesh Bank circular issued on Monday, exporters of nine new products including pharmaceuticals, photovoltaic modules, motorcycles, chemical products, razors and razor blades, ceramic products, caps, crabs, mud eels and galvanised sheets/coils would get 10% cash incentive in FY19. The government kept unchanged the cash incentive at 4% for apparel products export for the small and medium industries of the textile sector.

<http://www.newagebd.net/article/50309/cash-incentives-for-export-of-pharma-motorcycle-33-other-items-announced>

Banking loopholes limit potential of stock market: Chairman of the Bangladesh Securities and Exchange Commission (BSEC)

- Bangladesh's stock market is being held back from reaching its potential because of the indiscipline in the banking sector, which has spoiled companies' attitude, said chairman of the Bangladesh Securities and Exchange Commission (BSEC). To raise funds from the public, only submission of financial reports is required, he said. But big companies prefer to go to banks for their financial needs to avoid complying with the rule of having transparent financial transactions and maintaining corporate governance, he added. Stricter banking rules should be introduced now to punish the defaulters, so that the big companies are encouraged to come to the stockmarket for future financing, he again said.
- As is practice, unethical businesses take huge loans from banks and avoid paying them back by getting stay orders from court on their defaulter status. Although banks take huge collateral against the loans, they cannot confiscate the

property because of the stay order. Besides, in Bangladesh regulator cannot compel multinational companies to come to the stock market due to lack of rules. But in India it is mandatory for every multinational to be listed with stock market if it wants to do business in that country. The existing rule of giving 10% tax benefit to every listed company has failed to attract the global firms, he said.

<https://www.thedailystar.net/business/banking/news/banking-loopholes-limit-potential-stockmarket-1632718>

Bourses extend trading time by 30 minutes for today

- Stocks ended almost flat amid volatile trading on Tuesday as investors booked profits with cautious positioning. The securities regulator planned to celebrate the occasion through organising weeklong programmes starting today (Wednesday). Meanwhile, the management of both the Dhaka and Chittagong stock exchanges decided to extend trading hours by 30 minutes only for today (Wednesday) due to the inaugural ceremony. The trading will open at 10:30 am and continue till 3:00 pm on the day. The regular trading hours from 10:30 am to 2:30 pm will be reverted from tomorrow (Thursday).

<http://today.thefinancialexpress.com.bd/stock-corporate/bourses-extend-trading-time-by-30-minutes-for-today-1536685891>

Indo-Bangla Pharma to allocate 20 million shares

- Indo-Bangla Pharmaceuticals will allocate 20 million ordinary shares among the successful applicants as the company's IPO lottery draw was held on Tuesday. The initial public offering (IPO) result has been published on the websites of Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE) and the company. Indo-Bangla Pharma raised a fund worth BDT 200 million by issuing 20 million ordinary shares at an offer price of BDT 10 each under the fixed price method. According to Chittagong Stock Exchange (CSE) website, the company's IPO is oversubscribed by more than 34 times as it received about BDT 6.85 billion against the public issue of BDT 200 million.

<http://today.thefinancialexpress.com.bd/stock-corporate/indo-bangla-pharma-to-allocate-20m-shares-1536685924>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$68.09	+0.34	+0.50%
Crude Oil (Brent)*	\$77.27	+0.44	+0.57%
Gold Spot*	\$1,194.91	-2.02	-0.17%
DSEX	5549.78	-24.46	-0.44%
Dow Jones Industrial Average	25,916.54	-79.33	-0.31%
FTSE 100	7,277.70	-41.26	-0.56%
Nikkei 225	22,317.8	+10.79	+0.05%

Exchange Rates

USD 1 = BDT 83.71*
 GBP 1 = BDT 108.18*
 EUR 1 = BDT 96.70*
 INR 1 = BDT 1.17*

*Currencies and Commodities are taken from Bloomberg.

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