

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.

Bangladesh Bank (BB) to give banks euro loans from reserves

- Bangladesh Bank is set to give loans to local banks' offshore banking units (OBU) to offset the negative returns that it now gets for its liquid euro assets -- a move that can be viewed as making the best out of a bad situation. Interest rates went negative in the eurozone in June 2014 and the European Central Bank is widely expected to lower the negative interest rates even further today. At present, the Euro Interbank Offered Rate (Euribor) ranges from -0.358% to -0.452%. This is causing erosion of euro liquid assets, said a former lead economist of the World Bank's Dhaka office.
- Meanwhile, OBUs of domestic banks have borrowed from banks in the eurozone at 2-5% interest rate, and the interest payments are counted as outflows of foreign exchange from Bangladesh. As of June, EUR 412 million has been borrowed by local banks' OBUs from the eurozone, according to data from the Bangladesh Bank. Subsequently, directors of the BB have decided to lend to the local banks' OBUs from the portion of its reserves it would invest in Euribor-linked products. A guideline will now be chalked out to execute the plan.
- The decision was taken for the good of the country, said an executive director of the BB. Banks are borrowing at 5-6% from the eurozone whereas the market rate is negative, he said. The central bank would lend to the OBUs at lesser interest rates, so importers would be benefitted. However, there are caveats. Doing so would amount to reducing official foreign exchange reserves, he said.

<https://www.thedailystar.net/business/banking/bangladesh-bank-give-banks-euro-loans-reserves-1798756>

Bangladeshi battery busting boundaries: 25 local companies now exporting to 70 countries

- A growing demand for automotive battery, fueled mostly by widespread use of battery-run three-wheelers in rural and semi-urban areas, has led to booming business of local firms now exporting to around 70 countries. Besides, appearance of hybrid and electric cars in local market, and scooters using battery in conjugation with fuels have further propelled the business the market of which has grown three to four times over the past ten years. To cater to the demand, currently around 25 local companies are manufacturing batteries for three-wheelers, hybrid and electric cars, scooters, commercial vehicles, cars, instant power supply (IPS), solar panels and batteries for use in various appliances, according to the industry people.
- The battery market the size of which is around BDT 80 billion is growing year on year. The market ballooned three to four times in the last ten years, registering a 10% to 12% growth in the last one year, according to the Bangladesh Accumulator and Battery Manufacturers' Association (BABMA). Although some local companies are capable of manufacturing valve regulated lead acid (VRLA) batteries used in the towers of mobile phone companies, imported batteries are dominating the segment as mobile phone operators are opting for the foreign batteries. Currently, there are 25% import duty, 20% supplementary duty and 3% regulatory duty on imported batteries, according to National Board of Revenue.

<https://www.dhakatribune.com/business/2019/09/12/bangladeshi-battery-busting-boundaries-25-local-companies-now-exporting-to-70-countries>

Source-tax on bank deposits up 16.18% in FY 2019

- The collection of tax at source from bank depositors posted a gain in fiscal year (FY) 2018-19, showing 16.18-per cent growth over that of the corresponding period in FY '18. This rise in the source-tax collection is attributable to an increase in the number of bank depositors and the rate of interest. The National Board of Revenue (NBR) collected BDT 65.77 billion in taxes at source in FY 2018-19 compared to that of BDT 56.61 billion in FY 2017-18. It received tax at a rate of 10% on the interest income of the bank depositors having a taxpayer identification number (TIN). However, the rate of tax at source is 15% in the case of depositors having no TIN.
- Mutual Trust Bank managing director said higher interest rates contributed to the hefty growth of taxes. They've offered 9.0 to 10% of interest rates on fixed deposits, he said. He said the number of depositors has been showing a significant rise with the expansion of agent banking. He said tax rate on interest income should not be more than 5.0% to encourage savings.

<http://today.thefinancialexpress.com.bd/first-page/source-tax-on-bank-deposits-up-1618pc-in-fy-2019-1568223365>
<http://www.newagebd.net/article/84219/bank-depositors-pay-BDT-6577cr-in-source-tax-in-fy19>

Bangladesh Bank extends BDT 21.83 billion liquidity support to nine commercial banks

• Nine commercial banks received BDT 21.83 billion liquidity support from Bangladesh Bank (BB) in the last couple of days, said a BB press release yesterday. The central bank said the liquidity support was provided at 6% flat annual interest rate under the REPO (Repurchase Agreement) facility. In separate REPO auctions, seven primary dealer (PD) banks received BDT 17.92 billion and two non-PD banks received BDT 3.92 billion, it said.

<https://www.dhakatribune.com/business/2019/09/12/bb-extends-BDT2-183cr-liquidity-support-to-nine-commercial-banks>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$56.22	+0.47	+0.84%
Crude Oil (Brent)*	\$61.21	+0.40	+0.66%
Gold Spot*	\$1,494.53	-2.67	-0.18%
DSEX	4,933.18	-75.79	-1.51%
Dow Jones Industrial Average	27,137.04	+227.61	+0.85%
FTSE 100	7,338.03	+70.08	+0.96%
Nikkei 225	21,778.04	+180.28	+0.83%
BSE SENSEX	37,332.87	+62.05	+0.17%

Exchange Rates

USD 1 = BDT 84.43*
GBP 1 = BDT 104.12*
EUR 1 = BDT 92.98*
INR 1 = BDT 1.18*

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

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