Important News Snippets

August 07, 2018

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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.

Inward remittances may cross USD 17 billion this fiscal

• The central bank expects the overall inward remittance to cross the USD 17 billion mark by the end of fiscal year (FY) 2018-19. Multiple moves are already in place to spur inflows.

• In FY '18, remittance flow jumped by more than 17% or USD 2.21 billion following higher fuel oil prices in the global market. This may grow by more than 16% to USD 17.43 billion from last FY's USD 14.98 billion, says the latest Monetary Policy Statement (MPS) of the Bangladesh Bank (BB). Remittance inflows and export growth may sustain their recent performances, driven by global output growth and stronger economic activity in the Middle East for higher oil prices, it projected. The government and the central bank have taken measures to reduce the cost of remittance transfer.

• The global average cost of sending USD 200 was 7.1% in the first quarter of 2018, more than twice the Sustainable Development Goal (SDG) target of 3.0%. According to World Bank's Migration and Development brief, major barriers to reducing remittance costs are de-risking by banks and exclusive partnerships between national post offices and money transfer operators. These factors constrain the introduction of more efficient technologies like internet and smartphone apps and the use of cryptocurrency and blockchain in remittance services.

• Meanwhile, remittances to South Asia grew a moderate 5.8% to USD 117 billion in 2017. In 2018, the volume is likely to grow modestly by 2.5% to USD 120 billion, the WB added. More than 2.32 million workers went abroad with jobs in 2015, 2016 and 2017 calendar years, according to the official figure. Remittance flows from Saudi Arabia are affected mainly due to regulatory changes in the kingdom. The official said most of banks are now offering higher rates for remittances to encourage non-resident Bangladeshis to send money through official channels. Meanwhile, inward remittances fell by more than 5.0% in July, the first month of FY '19, following the Eid-ul-Fitr celebrations.

• The remittances from Bangladeshis working abroad were estimated at more than USD 1.32 billion in July, down by USD 67.45million from the level of June. In June, the amount stood at USD 1.38 billion, according to the central bank statistics. It was USD 1.11 billion in July 18.

http://today.thefinancialexpress.com.bd/trade-market/inward-remittances-may-cross-17-billion-this-fiscal-bb-1533578632

Government to set new rates of export incentive, cash subsidy

• Like in the last fiscal year, the goods and products under export categories will get cash incentive or subsidy against shipments during the current fiscal year. The government is likely to sit tomorrow (Wednesday) to set new rates of cash incentive/subsidy and also re-fix the existing ones against export items for fiscal year 2018-19 (FY '19).

• New traditional and non-traditional export items are going to get cash incentive/subsidy in the FY '19, sources said. The government has taken the initiative to bring new potential and diversified items under the facility with the view to boosting the country's export basket, they said. Some 27 export-oriented sectors enjoyed export subsidy or cash incentive facilities in fiscal year 2017-18.

• For FY '19, the government earmarked some BDT 45 billion as cash incentives/subsidy for the country's export-oriented sectors, according to a ministry official. The amount was same for the last fiscal year, according to ministry data. In the FY '18, export-oriented sectors enjoyed cash incentives from 2.0% to 20%.

http://today.thefinancialexpress.com.bd/trade-market/govt-to-set-new-rates-of-export-incentive-cash-subsidy-1533578790

Recapitalising state banks poses biggest downside risk to economy- Dhaka Metropolitan Chamber of Commerce and Industry.

• A leading chamber was critical on Monday of recpitalising the state lenders, saying it is one of the biggest downside risks to the economy. The Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) was also critical of the growing requirement for subsidy payments by the state to different public sector agencies, most of which have remained inefficient for years. The government has allocated BDT 15 billion as recaptilisation for state-owned banks for the current fiscal year. It has been keeping the provision for quite a number of fiscal years as the state-owned banks lack fund. The views of the MCCI came in the quarterly report prepared for April-June period of the fiscal year 2017-18.

• In the quarter (Q4 of FY18), some risk factors such as power and gas shortage and weak infrastructure appeared as major obstacles to the expansion of economic activity as they disrupt industrial production and also discourage new investment. However, the overall economic situation is positive as indicated by steady improvements in the major economic indicators. The average annual inflation in the just-concluded financial year (FY18) increased by 0.34% point to 5.78% from 5.44% in the previous fiscal year. The rate of annual average inflation also remained higher than the government's target of 5.5% in FY18. The chamber predicted that the foreign exchange reserves would fall in July and September due to the payment to the Asian Clearing Union (ACU) against imports.

http://today.thefinancialexpress.com.bd/first-page/recapitalising-state-banks-poses-biggest-downside-risk-to-economy-says-mcci-1533576883

Japan Tobacco to buy Akij tobacco in Bangladesh for USD 1.48 billion

• International tobacco manufacturer, Japan Tobacco Group, is going to acquire the tobacco business of Akij Group, the second largest tobacco company in Bangladesh. The two entities signed an agreement in this regard in Dhaka on Monday. The total worth of the deal is around USD 1,476 million (BDT 124.8 billion), the biggest-ever involving a Bangladeshi company, according to the Thomson Reuters data. This transaction will add around 17 billion units to the JT Group's overall volume and will be part of the company's continuous drive to expand in the emerging markets, the Japanese tobacco giant said in a statement.

• Akij holds about a 20% share of the cigarette market in Bangladesh, the eighth largest cigarette market in the world, with volumes exceeding 86 billion units and growing by about 2.0% year-on-year, according to the figures coming from JT. Akij currently occupies the number two position in both the value and base segments, together covering up to 90% of Bangladesh's cigarette market, with brands such as Navy and Sheikh respectively.

• Japan Tobacco on the other hand was formed when JT Group acquired the non-US operations of RJ Reynolds. In 2007, it acquired UK-based Gallaher. Currently, it has presence in 130 countries dealing with nine flagship brands and employing 40,000 people across the globe. JT entered the Bangladesh market back in 2016 and until now, it has only tobacco brand in Bangladesh market named Winston.

http://today.thefinancialexpress.com.bd/last-page/japan-firm-to-buy-akij-tobacco-for-1476m-1533577556

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	$69.09	+0.08	+0.12%
Crude Oil (Brent)*	$74.03	+0.28	+0.38%
Gold Spot*	$1,209.74	+2.10	+0.17%
DSEX	5353.42	-3.61	-0.07%
Dow Jones Industrial Average	25,502.18	+39.60	+0.16%
FTSE 100	7,663.78	+4.68	+0.06%
Nikkei 225	22,628.07	+120.75	+0.54%

Exchange Rates

USD 1 = BDT 84.21*
GBP 1 = BDT 108.99*
EUR 1 = BDT 97.33*
INR 1 = BDT 1.22*

**Currencies and Commodities are taken from Bloomberg.*

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