BRAC EPL
STOCK BROKERAGE LTD

Important News Snippets

March 09, 2020

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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.

Strong remittance shrinks current account deficit

• The country's current account deficit declined by 61.37% in the first seven months of this fiscal year due to fall in imports and increase in inward remittances. According to the Bangladesh Bank data, from July to January of this financial year, the current account deficit stood at USD 1.51 billion, down from USD 4.04 billion for the same period a year ago. The country's trade deficit eased by 2.33% or USD 230 million in the first seven months of the current fiscal year 2019-2020 as import, specifically from China, contracted further in January due to the coronavirus outbreak.

• At the said time, net foreign direct investment increased by around 4%. Data show that in the said period, the country's trade deficit narrowed to USD 9.64 billion from USD 9.87 billion a year ago. The strong inflow of remittance spurred by the government's 2% cash subsidy contributed to reducing the pressure on the foreign exchange market. From July to February of FY20, remittance was up by 20% compared to the same period of FY19. The consequence of slow private sector credit growth and import expenditure was reflected in the piling up of excess liquidity and foreign exchange reserve. Foreign exchange reserve crossed the USD 33.36 billion mark in February, the highest in the last two-and-a-half years. The inter-bank foreign exchange rate remained stable for the last three months at BDT 84.90-84.95. Currently, banks' total foreign currency holdings are around USD 1 billion – which is considered sufficient for banks' daily transactions.

https://tbsnews.net/economy/trade/strong-remittance-shrinks-current-account-deficit-53629
https://www.newagebd.net/article/101633/trade-deficit-eases-23pc-in-7-months-as-import-from-china-slows

Mobile operators cool down on investment plans

• The mobile industry's combined investment fell 19% year-on-year to BDT 36.96 billion in 2019, the lowest in recent years, as the regulatory regime continues to spook the foreign owners of the top three carriers. Under the new licensing regime, only dedicated tower companies can establish mobile network infrastructure; mobile operators are barred from getting into the business.

• With the restriction on the two top operators -- Grameenphone and Robi -- coupled with the fact that the tower companies are yet to be operational, the carriers could not expand network during the period which affected the investment and service quality. Robi has cut back on its investment the most last year: about 32%. Grameenphone's investment declined more than 13% in 2019 from the previous year. The underlying reasons being strain on their capacity to invest put forth by the audit settlements combined with the less favorable regulatory environment.

https://www.thedailystar.net/business/news/mobile-operators-cool-down-investment-plans-1878208

The National Board of Revenue (NBR) toughens up on power plants

• The National Board of Revenue (NBR) has tightened the rules regarding duty-free import power plant equipment in a bid to curb abuse of the privilege through import of materials not directly related to power plant construction. The revenue administration listed 20 items -- including steel sheet, rod, cement, household goods, office furniture, dredger, anchor boat and vehicles -- that are outside the purview of zero-duty import benefit for power plants.

• Public and private companies will have to import plant and equipment before commercial production of electricity begins and notify the power division and customs about the commencement of power generation. Once commercial production starts, power plant operators can import spare parts worth up to 10% of their import value duty-free for up to 12 years. Erection materials, machinery and spare parts that are imported on a temporary basis should be returned abroad within six months of start of commercial production. And temporarily imported materials cannot be sold, rented or handed over without payment of import tariff and taxes.

https://www.thedailystar.net/business/news/nbr-toughens-power-plants-1878202

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World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	$30.55	-10.73	-25.99%
Crude Oil (Brent)*	$33.96	-11.31	-24.98%
Gold Spot*	$1,684.29	+10.46	+0.62%
DSEX	4287.38	-97.10	-2.21%
Dow Jones Industrial Average	25,864.78	-256.50	-0.98%
FTSE 100	6,462.55	-242.88	-3.62%
Nikkei 225	19,473.07	-1,276.68	-6.15%
BSE SENSEX	37,576.62	-893.99	-2.32%

Exchange Rates

USD 1 = BDT 84.76*
GBP 1 = BDT 110.76*
EUR 1 = BDT 96.47*
INR 1 = BDT 1.15*

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

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