

Economy

July trade deficit eases by 15.6pc

Country's trade deficit dropped by 15.6 per cent or \$181 million in July, the first month of the current fiscal year, compared with that in the same month of last fiscal year due mainly to a dismal state of imports. As per the Bangladesh Bank data released on Monday, the country's trade deficit decreased to \$979 million in July of FY 2019-20 against \$1.16 billion in the same month of FY 2018-19. The fall in trade deficit in July this fiscal was the continuation of the trend observed in last fiscal. In FY19, trade deficit fell by 14.76 per cent to \$15.49 billion from the record \$18.18 billion deficit in FY18. The fall in trade deficit can be considered as a positive sign for the economy but there is no scope for becoming complacent due to the sorry state of imports, especially those of the productivity generating items, capital machinery and industrial raw materials, experts and bankers said. Imports witnessed lenient 2.26 per cent growth in July against 8.11 per cent growth in export earnings, bringing down the trade deficit significantly. In July this year, import payments were \$4.81 billion against \$4.70 billion in the same month last year. On the other hand, export earnings reached \$3.83 billion in the first month of FY20 against \$3.54 billion in the same month of last fiscal year. Of the export earnings, export of readymade garments that constitute 86.5 per cent of the country's exports increased to 9.68 per cent to \$3.31 billion from \$3.02 billion.

For more: <http://www.newagebd.net/article/84760/july-trade-deficit-eases-by-156pc>

Economy

ঋণের সুদহার না কমে আরও বেড়েছে

বেসরকারি খাতের একটি বড় ব্যাংক গত মাসে ক্ষুদ্র, মাঝারি ও বৃহৎ শিল্পের সব ধরনের ঋণে সুদ নিয়েছে ৯ থেকে ১২ শতাংশ। এক মাস আগে ব্যাংকটি ৯ শতাংশ সুদে ঋণ বিতরণ করে। আরও কয়েকটি ব্যাংক আগস্টে শিল্প ঋণের সুদহার বাড়িয়েছে। জুলাইতেও কোনো কোনো ব্যাংক সুদহার বাড়িয়েছিল। কয়েক মাস ধরে ঋণের সুদহার কমাতে সরকার ও কেন্দ্রীয় ব্যাংক থেকে নতুন করে চাপ দেওয়া হচ্ছে। এর মাঝেই সুদহার না কমে উল্টো বাড়ছে। ঋণের সুদহার সিঙ্গেল ডিজিটে নামানোর প্রতিশ্রুতি দিয়ে সরকারের কাছ থেকে বিভিন্ন সুবিধা নিয়েছে ব্যাংকগুলো। তবে ঘোষণার এক বছর পেরিয়ে গেলেও প্রতিশ্রুতি রক্ষা করতে পারেনি। প্রধানমন্ত্রী শেখ হাসিনা ইতিমধ্যে তাদের প্রতিশ্রুতির কথা একাধিকবার স্মরণ করিয়ে দিয়েছেন। অর্থমন্ত্রী আ হ ম মুস্তফা কামাল ব্যাংকগুলোর চেয়ারম্যান ও এমডিদের নিয়ে কয়েক দফা বৈঠক করেছেন। বাংলাদেশ ব্যাংক থেকেও এ বিষয়ে নির্দেশনা দিয়ে চিঠি দেওয়া হয়েছে। তবে কোনো কিছুতেই কমছে না সুদহার। বরং ব্যাংকগুলো আগের তুলনায় সুদহার বাড়িয়ে চলেছে। এখন বিভিন্ন করপোরেশনের উদ্বৃত্ত টাকা সরকারি খাতে নেওয়ার জন্য আইন হচ্ছে। এর ফলে তারল্য সংকট তীব্র হয়ে সুদহার আরও বাড়তে পারে বলে মনে করছেন ব্যাংকাররা। ২০১৮ সালের ১ জুলাই থেকে সর্বোচ্চ ৬ শতাংশ সুদে আমানত এবং সর্বোচ্চ ৯ শতাংশ সুদে ঋণ বিতরণের ঘোষণা দেয় ব্যাংকের উদ্যোক্তাদের সংগঠন বিএবি। গত ৫ আগস্ট অর্থমন্ত্রী বাংলাদেশ ব্যাংকে বিভিন্ন ব্যাংকের চেয়ারম্যান ও প্রধান নির্বাহীদের সঙ্গে বৈঠক করেন। ই বৈঠকের আলোচনার ভিত্তিতে সর্বোচ্চ ৯ শতাংশ সুদে ঋণ এবং ৬ শতাংশ সুদে আমানত কার্যকরের পরামর্শ দিয়ে চিঠি দেয় বাংলাদেশ ব্যাংক। অবশ্য ব্যাংকাররা বলছেন, ব্যাংক খাতে তারল্যের ওপর যে চাপ রয়েছে, তাতে ৯ শতাংশ সুদে ঋণ দেওয়ার মতো পরিস্থিতি নেই। কারণ ৬ শতাংশ সুদে মেয়াদি আমানত পাওয়া যাবে না।

<https://samakal.com/economics/article/19091344/%E0%A6%B8%E0%A7%81%E0%A6%A6%E0%A6%B9%E0%A6%BE%E0%A6%B0-%E0%A6%A8%E0%A6%BE-%E0%A6%95%E0%A6%AE%E0%A7%87-%E0%A6%86%E0%A6%B0%E0%A6%93->

For more:

Economy

Govt set to import 1.4m mts refined fuel oil for six months

The government will import 1.4 million metric tonnes of refined petroleum oil for a six-month period (July-Dec) of the current year from seven state-owned companies of six countries through negotiations, reports UNB. The supplying companies are PTLCL of Malaysia, PTTT of Thailand, BSP Zapin of Indonesia, Enoc of United Arab Emirates (UAE), KPC of Kuwait and two companies from China - Petrochina and Unipet. According to official sources, state-owned Bangladesh Petroleum Corporation (BPC) has already completed the negotiations with the suppliers and the Cabinet Committee on Public Purchase (CCPP) also gave its nod to the procurement proposal on August 21 placed by the Energy and Mineral Resources Division. They said a similar quantity of petroleum products will be imported from international companies through an open tender process. The annual demand for the fuel oil in the country is about 6.5 million metric tonnes of which about 5.6 million tonnes is imported refined fuel, the sources said.

For more: <http://today.thefinancialexpress.com.bd/trade-market/govt-set-to-import-14m-mts-refined-fuel-oil-for-six-months-1568654589>

Banks & NBFIs

Banks board reluctant to take effective risk management programme: study

The board of directors and top management of banks are yet to understand the need of effective risk management programme as they consider it merely a regulatory mandate, according to a research report of Bangladesh Institute Bank Management. The report was presented in a workshop on 'Effectiveness of Risk Management Division of Banks-An assessment', organised by BIMB in the capital on Monday. BIMB professor Md Nehal Ahmed, who presented the research paper, said that ideally, effective risk management programme of banks started with the board and top management. Banks are yet to be habituated to risk-focused culture despite the fact that a strong culture of risk management and ethical business practices is less likely to experience potentially damaging risk events, it said. The report said that the use of software was also considered important in improving effectiveness of risk monitoring in the industry best practices.

For more: <http://www.newagebd.net/article/84764/banks-board-reluctant-to-take-effective-risk-management-programme-study>

Banks & NBFIs

Credit flow to new SMEs dries up

Credit flowing to new small entrepreneurs fell significantly in the first-half of the year as risk-averse bankers were unwilling to offer such loans. The total lending to the fresh small and medium enterprises sector decreased by more than 15 per cent to Tk 112.93 billion in the January-June period of the year from Tk 132.90 billion in the same period of 2018, according to the central bank latest statistics. All banks and non-banking financial institutions together disbursed the loans to new enterprises in the SME sector. Meanwhile, the number of new enterprises slipped by more than 17 per cent to 65,350 in the first half of 2019 from 78,822 in the same period last year. Most banks prefer to avoid investing in the new enterprises considering the lack of experience, documents and transactions, banking sector people said. Indeed, the banks do not take risk in providing loans to new entrepreneurs, they added.

For more: <http://today.thefinancialexpress.com.bd/trade-market/credit-flow-to-new-smes-dries-up-1568654555>

Capital Market

Pre- and post-IPO earnings raise questions

Earnings of many companies drop even after three-four years of their listing in the bourses, whereas stock investors expect it will rise with the investment of the proceeds from the initial public offering. Once their earnings slide, their stock price follow suit, leaving a hole in the stock investors' portfolio. Between 2012 and 2016, 63 companies withdrew capital from the stock market to go for further investment and loan repayment -- with the promise that their earnings will rise. Of them, earnings of 45 companies fell, 17 rose and one has been merged with another listed company and so its data was not available. The data of companies that raised funds between 2017 and 2019 have not been considered for comparison as a company generally needs two to three years to make profit from an investment. "It's a good finding that investors suffer with newly listed companies," said Abu Ahmed, a stock market analyst. Most of the companies come to the market and show higher earnings per share (EPS) until the sponsors keep their stake. Once they sell off their shares EPS starts to fall.

For more: <https://www.thedailystar.net/business/news/pre-and-post-ipo-earnings-raise-questions-1801120>

Capital Market

Special committee to heal stock ills

The government is set to form a special committee to take definitive actions against listed companies that have shuttered and overvaluation of stock price, as part of efforts to win back investors' confidence. The Bangladesh Securities and Exchange Commission (BSEC) will form an audit-based committee that will work in tandem with the Financial Reporting Council (FRC). "The committee will investigate the shuttered factories' real scenario and the balance sheet of companies going for initial public offering (IPO) so that it can detect distortion," Finance Minister AHM Mustafa Kamal said yesterday at a press briefing after a meeting with the stakeholders of the stock market. In the last one month, the stock market slid over 300 points and has been on the downturn in the last few months. Subsequently, the finance ministry organised the meeting, which was chaired by Md Asadul Islam, senior secretary to the Financial Institutions Division.

For more: <https://www.thedailystar.net/business/news/special-committee-heal-stock-ills-1801105>

Insurance

Insurance coverage in Bangladesh lowest in emerging Asia

It took weeks before Mohammad Tuhin, an agent of a life insurance company, could finally make M Rahman understand why he should open an insurance policy for a secure life for him and his family. When first told about life insurance, Rahman gave a blank look, not knowing what a policy was all about and why one would be needing it. Total ignorance and lack of trust hung heavy on him. But, later, when told how an insurance policy could ensure a secure life for the next generation and how it could come to a great help in cases of emergency such as diseases and accidents, the necessity of having a policy at last dawned on him. This is how tens of thousands of insurance agents and executives working in the country's life and non-life insurance sector are still struggling to dispel the smoky screen of mistrust and information gap. This goes a long way to explain why Bangladesh's insurance penetration is the lowest among the emerging Asian countries — a situation, which does not tally with the country's economic growth and GDP size.

For more: <https://www.dhakatribune.com/business/2019/09/16/insurance-coverage-in-bangladesh-lowest-in-emerging-asia>

Telecommunication

Mobile phone operators data revenue surges

Data revenue for the top three mobile phone operators surged 23 percent to Tk 2,862 crore in the first half of the year on the back of fast-expanding 4G coverage. In February 2018, Grameenphone, Robi and Banglalink rolled out the fourth-generation service. State-run Teletalk followed suit in December but it does not make data public. In the last 20 months, the 4G service has grown from strength to strength, pushing data consumption up significantly. A subscriber consumes more than 1.5GB of data every month on an average, up from below 1GB at the end of the second quarter last year. "Nowadays, lots of digital services are available on mobile platforms, which are boosting data consumption," said Shahed Alam, chief corporate and regulatory officer at Robi. "4G has definitely given the industry a fillip and changed the customers' data usage pattern." People use data to buy products from online shops, hire rideshares, call plumbers and get appointments online and all of these have made people's life easier, experts say. Grameenphone, the largest operator, earned Tk 1,410 crore from January to June in data revenue, up from Tk 1,190 crore a year ago. The second largest operator, Robi, took home Tk 1,062 crore, according to its parent company's quarterly report, which was Tk 799 crore during the same period last year. Banglalink, the third biggest operator, made Tk 429 crore up from Tk 341 crore in the same period in 2018.

For more: <https://www.thedailystar.net/business/telecom/mobile-phone-operators-data-revenue-surges-1801117>

Telecommunication

BTRC may face investment arbitration soon

With the serving of show-cause notices on Robi and Grameenphone as to why their licences will not be cancelled for not paying the so-called 'dues', the Bangladesh Telecommunication Regulatory Commission (BTRC) has come further closer to facing investment lawsuits. In July last year, the BTRC demanded Tk 867 crore in taxes from Robi Axiata Ltd. Earlier this year, the commission claimed Tk 12,579 crore from Grameenphone Ltd, the largest mobile phone operator in the country. Both Robi and Grameenphone have described the claims as ill-founded. Robi is a subsidiary of Kuala Lumpur-based Axiata Group Berhad. Other significant shareholders in Robi include Bharti Airtel International (Singapore) Pte Ltd and NTT DOCOMO Inc, respectively based in Singapore and Japan. On the other hand, Telenor Mobile Communications AS (TMC) holds the majority shares in Grameenphone. TMC, which is an indirectly wholly-owned subsidiary of Telenor ASA, is listed on the Oslo Stock Exchange and owns 55.80 percent of the entire stock of Grameenphone. Among other shareholders of the operator, Grameen Telecom holds 34.20 percent shares and the rest 10 percent shareholding includes general public and other institutions. The BTRC's decision to serve the notices on Robi and Grameenphone did not come about out of the blue. In a previous attempt to realise the dues, the commission restricted the internet bandwidth capacity of Robi and Grameenphone by 15 percent and 30 percent respectively.

For more: <https://www.thedailystar.net/business/telecom/btrc-may-face-investment-arbitration-soon-1801063>

Telecommunication

Telecos to run TVAS without foreign partnership

The Bangladesh Telecommunication Regulatory Commission (BTRC) will give permission to mobile phone operators under the proposed unified licence to run telecommunication Value Added Services (VAS) on their own and without entering into any partnership with foreign firms. All telecom operators will get the opportunity to provide VAS services directly under the draft guidelines on cellular mobile services licensing, which is currently being reviewed by the telecom regulator. The BTRC included TVAS directives in its draft guideline on cellular mobile service licencing, which was published during a public hearing last month. It initiated the move to unify the licences of mobile phone operators to reduce operational complexities. Earlier, the BTRC had decided to give licences to foreign firms for VAS, provided they gave at least 30 per cent ownership to local firms. Now, the mobile phone operators under the unified telcos' licensing guideline will be able to run the VAS with 100 per cent ownership.

For more: <http://m.theindependentbd.com/post/215714>

Fuel & Power

Government eyes 300MW rooftop solar power

The government is looking to use the rooftops of factories and public agencies to generate about 300MW of clean electricity through solar photovoltaics (PV) -- a move that can slash emissions and dependency on fossil fuel. The move comes at a time when the government is falling behind its target of generating 10 percent of electricity by renewable energy by 2020. The share of renewable energy is just 2.83 percent, according to Sreda. Bangladesh's current power generation capacity is 20,834 MW, with the country remaining heavily dependent on fossil fuels and conventional energy resources to meet its energy demand for a growing economy. To increase generation of renewable energy, the government signed power purchase agreements with 11 private firms that took initiatives to establish solar parks. But thus far, only two have started operations. A lack of availability of suitable land has been blamed the most for the sluggish progress, according to officials.

For more: <https://www.thedailystar.net/business/government-eyes-300mw-rooftop-solar-power-1801123>

Engineering & Construction

Rod price falls on low demand, scrap price slump

In a surprise development, prices of mild-steel rod fell in Bangladesh owing to lower demand, the fall of raw material prices in global market, and the slow start of development projects in the first quarter of the current fiscal year. When the budget for the current fiscal year was unveiled in June, steel millers had been apprehending an average increase of retail price of rod by Tk 9,000 per tonne, owing to a number of new VAT and tax measures and gas price hike. They had predicted that the price would go up to Tk 70,000 to Tk 72,000 per tonne. But yesterday, the popular 60-grade rod was selling at Tk 65,000 to Tk 70,000 in markets in Dhaka, whereas the 40-grade MS rod was selling between Tk 57,000 and Tk 60,000, according to the state-run Trading Corporation of Bangladesh. But a month ago, the 60-grade rod had been selling at Tk 67,000 to Tk 70,000 and the 40-grade rod at Tk 58,000 to Tk 60,000. The price of scrap, the key raw material for steel, came down to \$361 per tonne from \$389 globally, according to a miller.

For more: <https://www.thedailystar.net/business/news/rod-price-falls-low-demand-scrap-price-slump-1801084>

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