

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY	
Flat	0.08%	\$1,516.90	\$66.03	41,306.02	Closed	Closed	Closed	83.95	93.32	110.71	0.75	
4,453.29	8,195.14	(per ounce)	(per barrel)					BUY TK	84.95	97.12	114.51	0.79

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SIBL Social Islami Bank Limited

Star BUSINESS

DHAKA THURSDAY JANUARY 2, 2020, POUISH 18, 1426 BS starbusiness@thedailystar.net

SINGLE-DIGIT INTEREST RATES

Banking stocks battered

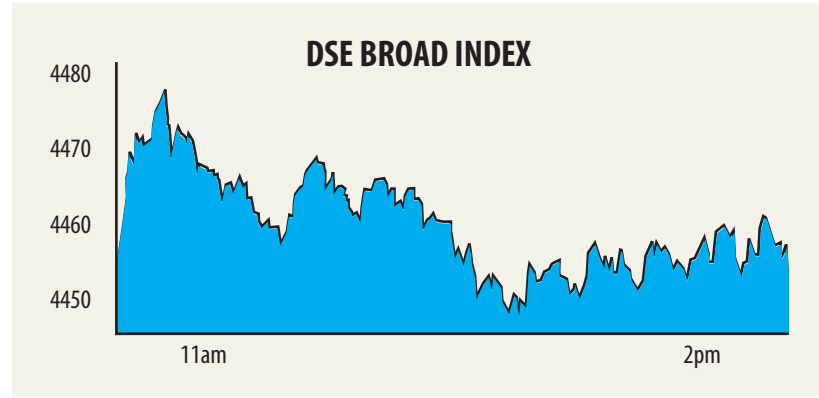
STAR BUSINESS REPORT

Banking stocks took a punch yesterday as investors reacted violently with the government move to fix the interest rates for lending and savings at 9 percent and 6 percent respectively, effectively clipping the lenders' ability to log in profits.

Of the 30 listed lenders, 19 declined and 4 remained unchanged after trading resumed yesterday after a recess the previous day for bank holiday.

Banks will have to implement the new interest rates from April 1 next year as per Prime Minister Sheikh Hasina's instruction -- a move taken to spur private investment, industrialisation and job creation.

The step though can go on to theoretically break down the market mechanism for funds. Banks' profits may contract by Tk 4,000-4,500 crore,



so its impact was seen in the banking stocks, said Khairul Bashar Abu Taher Mohammed, chief executive officer of MTB Capital.

"If banks' profit decline their stock price will come down," he said, adding that this expectation has impacted their current stock prices.

A 3 percent spread, which is the difference between interest rates of deposits and loans, cannot make banks profitable.

"However, it is still not confirmed that

banks profits will surely shrivel."

Because, if the government keeps its deposits with private banks too then their turnover may rise and it may compensate for this blow, said Bashar, who is a former secretary general of the Bangladesh Merchant Bankers' Association.

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IMPACT ON BANKS



NBR gets new chairman

STAR BUSINESS REPORT

The government yesterday appointed Senior Secretary Abu Hena Md Rahmatul Muneem as chairman of the National Board of Revenue (NBR) on a two-year contract.

He will also head the finance ministry's Internal Resources Division (IRD), which is responsible for raising domestic revenue for the government.

Muneem will continue to serve as senior secretary to the Energy and Mineral Resources Division till January 5. He was scheduled to go on post retirement leave from the next day.

He succeeds Md Mosharraf Hossain Bhuiyan, who was appointed in January 2018.

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WILL 2020 BE A VINTAGE YEAR FOR BUSINESSES?

The Daily Star spoke with a host of eminent business personalities to gauge their expectations from 2020. The International Monetary Fund in its last update projected Bangladesh's GDP growth slow down to 7.4 percent this year from 7.8 percent in 2019. But, how does 2020 look from businesses' vantage point?



SHEIKH FAZLE FAHIM

PRESIDENT OF FBCCI

Better management of fiscal and monetary policies in line with Prime Minister Sheikh Hasina's Vision 2021, Digital Bangladesh and 2041; consistent policies with updated revenue framework; a simple revenue system that better tax-GDP ratio by widening the net without arbitrary assessments; scanners at ports; simple single-digit interest rates without hidden bank charges; and minimise existing costs of doing business.



RUBANA HUQ

PRESIDENT OF BGMEA

New Year Resolution: We will try our best to turn the sector around, to initiate and sustain research on the sector and beyond, to provide a few pointers on long-term strategy, and to align workers' rights and issues with industry realities. Above all, we will try to create a safe work space of understanding, empathy and inclusion in the industry. One tag line will dominate the rest of my tenure: Go Human, Go Green



SYED MAHBUBUR RAHMAN

IMMEDIATE PAST CHAIRMAN OF ASSOCIATION OF BANKERS, BANGLADESH

The banking sector will feel discomfort at the beginning as lenders will have to fix the interest rate at 9 percent for lending and 6 percent for deposit. Credit growth will turn around because of new interest rate. The upward trend of credit growth will give a boost to imports. The balance of payments is now in a good shape, but the external sector will face pressure when imports rise.

Remittance soars to record \$18b

STAR BUSINESS REPORT

Remittance hit an all-time high of \$18.32 billion in 2019, much to the relief of the government that has been on edge for the lower foreign exchange earnings from declining export shipments.

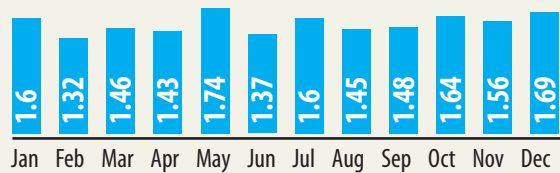
Export earnings contracted 7.59 percent year-on-year to \$15.77 billion in the first five months of fiscal 2019-20.

But, remittance brought ample cheer: inflows were up 18 percent from 2019, according to data from the central bank.

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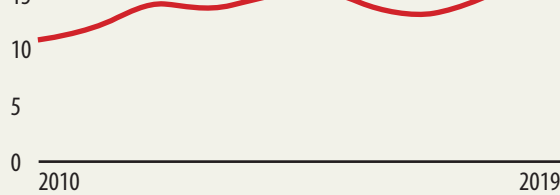
REMITTANCE IN 2019

(in billion \$)

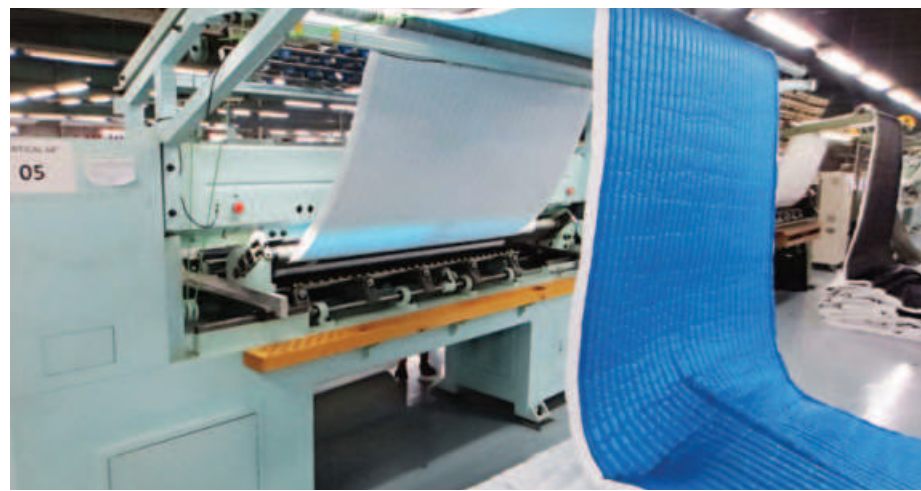


REMITTANCE OVER DECADE

(in billion \$)



SOURCE: BB



DEBONAIR

Synthetic padding being manufactured at a factory of Debonair Group in Bhaluka.

Debonair Group to turn plastics into jackets

To set up Tk 240cr synthetic fibre plant

REFAYET ULLAH MIRDHA

Debonair Group is set to establish a recycling facility to turn discarded plastic into yarn and fibres for manufacturing jackets, paddings and quilts, keeping in tune with rising global demand for manmade fibres and growing environmental awareness.

Synthetic fibres made up about 45 percent of apparel traded globally in 2017,

amounting to some \$150 billion. It has witnessed a compound annual growth rate (CAGR) of 5 percent between 2007 and 2017.

Bangladesh had just 5 percent share of the pie whereas Vietnam, its closest competitor in apparel trade, managed 10 percent.

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DITF OPENS, YET MANY STALLS NOT READY



JAGARAN CHAKMA

Around a quarter of the stalls and pavilions have missed the inauguration of Dhaka International Trade Fair in the capital's Agargaon yesterday and are apparently a long way off from opening to the public.



SYED ALMAS KABIR

PRESIDENT OF BASIS

We can see an explosion of blockchain in the financial technology and service industries. Virtual reality will play an exponential role. As the government has targeted to roll out 5G service, we can start the Internet of Things from this year. The industry has a target to earn \$5 billion by 2021 from software exports. To achieve that, at least three to four hi-tech parks need to be launched within the next few months.



SM FARHAD

SECRETARY GENERAL OF AMTOB

Last year was a topsy-turvy year for the telecom sector as a number of regulatory issues made the environment volatile and uncertain. Now that the regulator is working on 5G guidelines, we envisage the government will revisit tax policy and spectrum price positively to encourage mobile operators to invest for the upcoming service roll-out. To be in line with Vision 2021, smartphone penetration is another aspect that needs to be considered.



RUPALI CHOWDHURY

MANAGING DIRECTOR OF BERGER PAINTS BANGLADESH

Economic growth will continue this year as some infrastructure projects will be completed in time, which will fuel the economy. The projects will bring positive impact for businesses and the economy. Stable policies on value-added tax, customs duty on import and consistency in other laws and regulations are needed. Frequent changes to policies and laws affect businesses and bring hassles. Fair treatment for all sectors is needed.



ASIF IQBAL

DMD OF MEGHNA GROUP OF INDUSTRIES

Commodity prices depend on global market, which was steady the last several years. But from the end of 2019 we saw instability. This may be temporary. But if this prolongs, it will affect the domestic market. Already, consumers started feeling the pinch of higher prices of edible oil after importers and processors hiked prices from the end of 2019. There will be impact on prices if the taka depreciates against the dollar.



ABDUL MATLUB AHMAD

PRESIDENT OF INDIA-BANGLADESH CHAMBER OF COMMERCE

Though 2019 started impressively the ending left business frustrated. But 2020 will be better as foreign direct investment will come to special economic zones. The banking sector and capital market will hopefully bounce back. The garment sector will make an earnest push towards high-value products, so shipments will pick up.



SABBIR HASAN NASIR

EXECUTIVE DIRECTOR OF SHWAPNO

The impact of the interest rate cuts on business should be positive. But if the banks suffer in terms of profitability that might create a balancing loop. There are concerns regarding the possibility of global economic recession as it might impact businesses here.