

Capital Market Overview

The market closed in red this week. The benchmark index DSEX (-1.27%) lost 60.10 points and closed the week at 4,671.34 points. The blue-chip index DS30 (-2.54%) lost 41.89 points and stood at 1,605.82 points. The shariah based index DSES (-2.43%) lost 26.32 points and stood at 1,055.84 points. DSEX, DS30 and DSES all posted negative YTD return of -13.26%, -14.62% and -14.36% respectively.

Total Turnover During The Week (DSE): BDT 23.1 billion (USD 278.0 million)
Average Daily Turnover Value (ADTV): BDT 4.6 billion (Δ% Week: -2.7%)

Market P/E: 13.45x

Daily Index Movement during the Week:

The market performed five sessions during this week. Market opened this week with a positive movement of 0.58% in the first session and turned into negative in the second & third sessions by -0.51% and -0.79% respectively. Market rebounded in the fourth session by 0.12%. However, market ended with a negative movement of -0.67 in the fifth session.

Sectoral Performance:

- The financial sectors showed mixed performance during this week. General Insurance booked the highest gain of 2.24% followed by Banks (+1.58%) and Mutual Funds (+0.84%). Life Insurance experienced the highest loss of 2.35% followed by NBFIs (-0.94%).
- The non-financial sectors posted negative performance during this week. Telecommunication experience the highest loss of 3.51% followed by Engineering (-3.43%), Power (-2.79%), Pharmaceuticals (-2.15%) and Food & Allied (-1.85%).

Macroeconomic arena:

- The central bank has started working on bringing down the industrial lending rate to a single-digit aiming to spur the country's overall economic growth through job creation and increased investment. As part of the move, the Bangladesh Bank (BB) has sought information on outstanding industrial (manufacturing) loans from the scheduled banks within 48 hours which will end today (Wednesday).
- The entrepreneurs have made fresh investment to set up 58 new garment factories since January to October this year while 60 units faced shutdown. Of the new units, 43% have been set up by fresh entrepreneurs and the rest by the ones who are already in the business for a long period of time.
- The Bangladesh Bank on Monday raised the cash-in limit of mobile financial service (MFS) for inward remittances. Remittance up to BDT 125,000, including 2% incentive, brought through the banking channel now can be deposited to a MFS account, said a BB circular issued on the day. Customers are normally allowed to feed money into MFS account highest BDT 30,000 in five times a day, while the limits are BDT 0.2 million and 25 times a month.
- Remittance inflow rose by 22.54% year-on-year in July-November of this fiscal year of 2019-2020 amid a sharp growth in remittance receipts in last three months due to disbursement of incentive against remittance and appreciation of the dollar against the taka. In the five months of FY20, the country received USD 7.71 billion in remittance, up USD 1.42 billion on USD 6.29 billion in the same period of the previous fiscal year.
- The local currency has depreciated by BDT 1.0 against the US dollar so far this year in the inter-bank foreign exchange market as demand for the greenback grew. The dollar was quoted at BDT 84.90 each in the inter-bank forex market on November 27 against BDT 83.90 on January 02 this calendar year.

Stock Market arena:

- Leading mobile phone operator Grameenphone has deposited BDT 1 billion to the national exchequer as 'unpaid Value Added Tax (VAT)' after a long dispute with the National Board of Revenue. GP deposited in the last week this portion of money of the 'unpaid VAT' of a total amount of around BDT 7 billion.
- Stock brokers have submitted a work-plan for investment of BDT 100 billion funds, sought earlier from the government, to support the country's ailing capital market. They submitted the work-plan to the ministry of finance (MoF) on Wednesday, as the ministry demanded a plan following their plea of fund support for the capital market. They sought the fund at a flat interest rate of 3.0%.

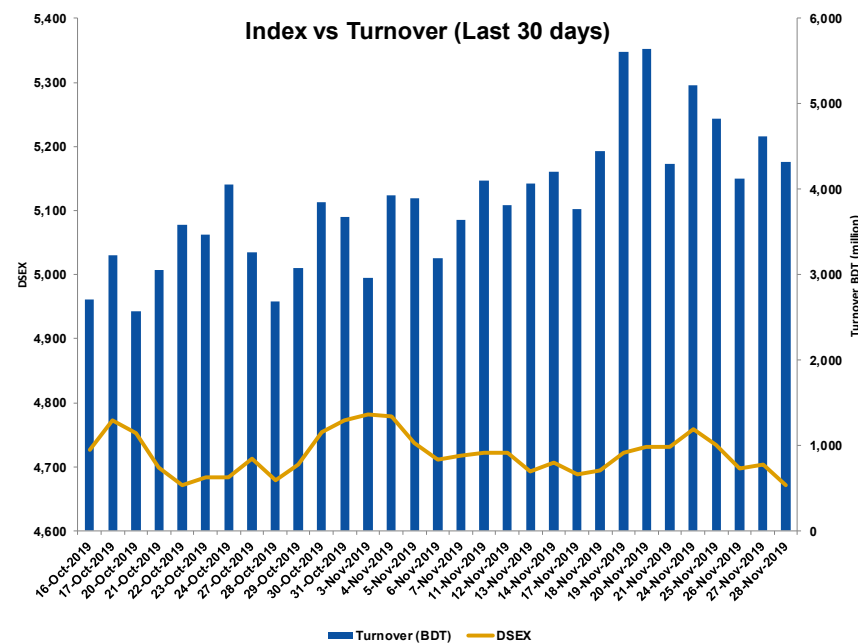
Table 1: Index

Index	Closing	Opening	Δ(Pts)	27-Dec-2018	Δ% Week	Δ%YTD
DSEX	4,671.34	4,731.44	-60.10	5,385.64	-1.27%	-13.26%
DS30	1,605.82	1,647.71	-41.89	1,880.78	-2.54%	-14.62%
DSES	1,055.84	1,082.16	-26.32	1,232.82	-2.43%	-14.36%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	17,726,551.3	17,776,989.6	-0.3%
	Mn USD	213,238.9	213,845.7	
Turnover	Mn BDT	23,109.9	23,760.7	-2.7%
	Mn USD	278.0	285.8	
Average Daily Turnover	Mn BDT	4,622.0	4,752.1	-2.7%
	Mn USD	55.6	57.2	
Volume	Mn Shares	1,002.9	924.8	8.4%

Figure 1: DSEX & Turnover in last four weeks



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Table 3: Top Ten Gainers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Paramount Insurance	36.40	26.30	38.4%	1,209.3	507.28	39.6x	2.8x
Zaheen Spinning Limited	10	8.00	28.8%	1,172.4	146.39	23.9x	0.9x
Samata Leather	137.90	115.20	19.7%	1,423.1	70.19	369.6x	9.5x
Prime Finance First MF	17.10	14.40	18.8%	342.0	137.95	NM	1.5x
Prime Insurance	27.40	23.50	16.6%	1,120.0	70.75	19.4x	1.6x
Daffodil Computers Ltd.	60.50	52.40	15.5%	3,019.7	246.69	39.1x	4.5x
Dulamia Cotton	48.40	42.10	15.0%	365.7	1.57	NM	NM
Evince Textile Limited	11.50	10.10	13.9%	2,003.8	66.11	12.3x	0.8x
Tung Hai Knitting & Dyeing Limited	2.50	2.20	13.6%	266.6	2.42	3.1x	0.2x
Information Services Network Ltd.	38.80	34.20	13.5%	440.6	16.38	93.2x	3.2x

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
ACI Limited	218.70	271.90	-19.6%	12,547.4	48.30	NM	1.0x
Progressive Life Ins	78.40	94.00	-16.6%	1,008.7	14.49	NM	7.8x
Bangas Ltd.	174.00	207.20	-16.0%	1,263.5	164.07	80.2x	8.7x
Active Fine Chemicals Limited	16.40	19.10	-14.1%	3,935.0	147.12	5.5x	0.8x
Salvo Chemical Industry Limited	10.10	11.60	-12.9%	656.7	2.64	16.6x	0.8x
First Finance Limited	3.90	4.40	-11.4%	453.3	42	NM	0.7x
Coppertech Industries Limited	25.20	28.20	-10.6%	1,587.6	142.17	23.8x	2.1x
Orion Pharma Ltd.	28.10	31.40	-10.5%	6,575.4	18.45	7.2x	0.4x
Olympic Industries	164.30	183.20	-10.3%	32,850.0	33.48	16.8x	5.2x
Meghna Petroleum	175.60	193.80	-9.4%	19,002.7	46.61	5.1x	1.6x

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
LafargeHolcim Bangladesh Limited	36.20	38.50	-6.0%	42,041.7	751.91	23.3x	2.8x
Sonar Bangla Ins	45.70	48.20	-5.2%	1,829.9	595.28	23.4x	3.0x
Paramount Insurance	36.40	26.30	38.4%	1,209.3	507.28	39.6x	2.8x
Fortune Shoes Limited	24.70	26.80	-7.8%	3,548.8	456.53	13.5x	1.9x
SK Trims & Industries Limited	49.60	45.40	9.3%	4,201.1	447.70	21.0x	4.3x
United Finance Limited	18.60	17.40	6.9%	3,480.3	441.17	14.3x	1.1x
Dutch-Bangla Bank	70.80	71.70	-1.3%	35,400.0	402.15	7.2x	1.4x
Sinobangla Industries	77.00	69.60	10.6%	1,539.7	363.38	44.4x	3.5x
The Premier Bank	13.00	13.10	-0.8%	12,013.2	359.31	4.4x	0.7x
Lankabangla Finance	19.00	19.50	-2.6%	9,750.4	347.44	17.2x	1.1x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Marico Bangladesh Limited	1,716.80	43.04%	54,079.2	21.6x
Reckitt Benckiser	2,879.70	33.96%	13,606.6	29.8x
Golden Harvest Agro Industries Ltd.	19.60	22.92%	4,318.6	17.6x
Dutch-Bangla Bank	70.80	22.58%	35,400.0	7.2x
Glaxo Smithkline	1,751.90	20.80%	21,104.2	72.6x
Bank Asia Ltd.	18.90	12.12%	22,035.6	8.9x
Renata Ltd.	1,161.00	11.87%	102,852.1	26.1x
IPDC	25.60	8.85%	9,047.6	14.5x
Linde Bangladesh Limited	1,284.40	7.18%	19,546.4	16.5x
Singer Bangladesh	179.90	5.73%	17,936.5	17.3x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1365.58	1344.35	1428.63	1.58%	-4.41%
NBFIs	1660.77	1676.53	2087.55	-0.94%	-20.44%
Mutual Funds	604.09	599.05	644.52	0.84%	-6.27%
General Insurance	1989.35	1945.82	1488.77	2.24%	33.62%
Life Insurance	2061.62	2111.16	2251.96	-2.35%	-8.45%
Telecommunication	4291.83	4447.92	5088.05	-3.51%	-15.65%
Pharmaceuticals	2613.06	2670.39	2698.49	-2.15%	-3.17%
Fuel & Power	1597.95	1643.84	1745.15	-2.79%	-8.43%
Cement	1203.18	1258.05	1676.63	-4.36%	-28.24%
Services & Real Estate	941.36	930.26	1017.99	1.19%	-7.53%
Engineering	2368.85	2452.92	2933.11	-3.43%	-19.24%
Food & Allied	13147.88	13395.65	15034.05	-1.85%	-12.55%
IT	1804.65	1692.18	1545.46	6.65%	16.77%
Textiles	1101.32	1105.08	1461.18	-0.34%	-24.63%
Paper & Printing	5427.64	5420.06	9105.21	0.14%	-40.39%
Tannery	1826.45	1848.48	2560.38	-1.19%	-28.66%
Jute	13106.35	12319.66	21417.92	6.39%	-38.81%
Ceramics	471.64	488.92	579.64	-3.53%	-18.63%
Miscellaneous	1821.88	1816.56	1943.42	0.29%	-6.25%

Table 7: Sector Trading Matrix

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Banks	703.9	259.1	171.71%	15.46%	7.4x	0.8x
NBFIs	353.7	143.1	147.27%	7.77%	80.7x	2.0x
Mutual Funds	104.9	276.2	-62.01%	2.31%	NM	0.5x
General Insurance	741.2	503.5	47.20%	16.28%	14.4x	1.3x
Life Insurance	52.8	47.8	10.58%	1.16%	NM	8.5x
Telecommunication	72.4	137.1	-47.20%	1.59%	12.2x	8.9x
Pharmaceuticals	412.5	408.8	0.90%	9.06%	17.8x	2.3x
Fuel & Power	211.0	262.9	-19.74%	4.64%	10.3x	1.8x
Cement	159.6	16.7	853.35%	3.51%	23.1x	2.2x
Services & Real Estate	63.1	34.0	85.98%	1.39%	113.6x	0.8x
Engineering	374.5	521.0	-28.12%	8.23%	14.0x	1.4x
Food & Allied	113.1	92.3	22.46%	2.48%	25.2x	7.5x
IT	127.7	64.0	99.54%	2.80%	21.4x	2.7x
Textiles	560.7	284.1	97.32%	12.32%	NM	0.8x
Paper & Printing	18.5	10.9	68.65%	0.41%	306.8x	1.4x
Tannery	125.8	108.1	16.40%	2.76%	22.2x	2.0x
Jute	18.8	23.2	-18.88%	0.41%	NM	6.0x
Ceramics	48.8	147.6	-66.93%	1.07%	24.2x	1.8x
Miscellaneous	289.0	176.7	63.61%	6.35%	20.1x	1.1x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
IFAD Autos Limited	39.20	-63.84%	9,721.2	11.1x
Shasha Denim Limited	26.60	-53.83%	3,572.9	16.2x
Heidelberg Cement	167.70	-49.90%	9,475.7	59.8x
Active Fine Chemicals Limited	16.40	-41.84%	3,935.0	5.5x
M.I. Cement Factory Limited	41.90	-39.63%	6,222.2	23.4x
Bata Shoe	700.30	-37.27%	9,580.1	19.8x
Khulna Power Company Limited	39.20	-33.90%	15,578.6	12.2x
Envoy Textiles Limited	24.00	-33.88%	4,025.6	8.4x
Confidence Cement	106.80	-31.54%	7,957.6	17.5x
The ACME Laboratories Limited	59.00	-31.32%	12,484.5	8.6x

Important News: Business & Economy

National Board of Revenue (NBR) revenue falls 24% short of July-Oct target

- The first four months of the current fiscal year saw a tax revenue shortfall of around BDT 202.20 billion against the target. However, the volume of tax revenue collection registered a poor 4.33% growth, compared to the same period of the last fiscal. The National Board of Revenue (NBR) collected BDT 650.96 billion in taxes in July-October period of fiscal year (FY) 2019-20 against its target of BDT 853.17 billion, according to NBR provisional data. The NBR had collected BDT 623.93 billion tax revenue during the same period of last fiscal.
- The income tax wing posted the highest growth of 12.90% while VAT wing 1.79% and the customs wing 0.09% over the corresponding period of last fiscal. But all of the three wings missed their targets for the July-October period of the current FY.
- Such a significant shortfall in tax revenue collection has led to the escalation of the government's bank borrowing to meet its budget deficit. According to Bangladesh Bank data, the government's net borrowing stood at BDT 426.07 billion as of November 21 of the FY 2019-20, meeting around 90% of the bank borrowing target for this fiscal.

<https://today.thefinancialexpress.com.bd/first-page/nbr-revenue-falls-24pc-short-of-july-oct-target-1575482488>

<https://www.thedailystar.net/business/news/sluggish-revenue-worsen-credit-crunch-1835941>

<http://www.newagebd.net/article/92692/tax-receipts-BDT-20221cr-short-of-target-in-july-october>

Nagad keen on Mobile Financial Service (MFS) interoperability without taking Bangladesh Bank's (BB) license

- Mobile financial service operator Nagad wants to be connected with the interoperability service, expected to be launched by the Bangladesh Bank in January, without taking a license from the central bank. On different occasions, the entity has expressed interest to be part of the service but denied coming under the central bank's regulatory framework designed for the MFS operators. Nagad, a joint venture company of Bangladesh Post Office and Third Wave Technologies Limited, formally launched its service in March this year after several months of test-run across the country.
- The interoperability service designed for the MFS operators would facilitate subscribers of any MFS operator transferring money to the subscribers of other MFS operators in real time. Besides, MFS accountholders would be able to send money to any bank account as well. Similarly, MFS accountholders would also get scope for receiving money from bank accounts also. As Nagad has been running its services for more than a year under the Bangladesh Postal Act and it has denied becoming a licensee of the BB, the central bank has planned to launch the interoperability service, leaving the MFS operator.
- Nagad operates under the Post Office Act and it's not an illegal entity. That's why there is no logic behind launching of interoperability service excluding Nagad, posts and telecommunications minister said. Asked whether the BB would consider Nagad for its interoperability service as it was not providing service illegally, BB general manager (payment systems department) said, Nagad is not a BB's licensee and none would be incorporated in the service unless it has a licence from the BB. However, Nagad is very much welcome from our end, he said, adding, If they (Nagad) can address our concerns, there will be no objection in accommodating Nagad in interoperability service. The operator

should approach the BB if they want to come under the service and then the decision would be made by the highest authority, he said.

<http://www.newagebd.net/article/92694/nagad-keen-on-mfs-interoperability-without-taking-bbs-licence>

Government likely to cut foreign aid allotment in Revised Annual Development Programme (RADP)

- The government is likely to slash foreign aid allocation in the upcoming revised development budget, as many ministries and divisions have sought lower funds, officials said on Wednesday. The Economic Relations Division (ERD) is now consulting with the government agencies to determine their actual fund demand for the remaining period of the current fiscal year (FY), 2019-20. The government in FY 20 has allocated BDT 718 billion funds as project aid (foreign aid) in the original BDT 2.027-trillion ADP. Since some ministries are seeking lesser funds than their allocations, the overall size of project aid in the revised ADP (RADP) could be slashed, an ERD official added.
- According to the official data, the ministries and agencies have spent BDT 76.37 billion, 10.64% of the BDT 718-billion project aid outlay, in the first four months (July-October) of the current ADP. The rate of project aid spending was 14% higher than the same period in FY 19.

<https://today.thefinancialexpress.com.bd/first-page/govt-likely-to-cut-foreign-aid-allotment-in-radp-1575482763>

Insurance mandatory for expats from Dec 19

- The government is going to enforce mandatory insurance coverage for Bangladeshis working abroad from December 19 this year, officials have said. To this effect, expatriates' welfare and overseas employment ministry has recently issued a gazette. The workers will be offered two insurance products to choose from. Both policies will be for a two-year term. However, the tenure could be extended if the job contract is extended. A senior official said the ministry has introduced insurance for the protection of migrant workers with benefits in cases of their death or disability.
- Jibon Bima Corporation (JBC) is covering insurances under a pilot project being supervised by Wage Earners' Welfare Board (WEWB). The Policy One will be of BDT 200,000 with a premium of BDT 990 and the Policy Two of BDT 500,000 with a premium of BDT 2,475. The premium will be paid as a single instalment for the entire two-year term. But the workers will bear BDT 490 for policy one and BDT 1,975 for policy two. WEBW will subsidize each premium by BDT 500 from its fund. However, each outbound worker pays BDT 3,500 as emigration clearance fee that contributes to WEBW. The existing fee remains unchanged.
- The Insurance Development and Regulatory Authority drafted the policy with a provision that a nominee will get 100% benefit in case of a policyholder's death during coverage period. In case of accidental disability, a worker will get an amount between 10% and 100% depending on the degree of injuries.

<https://today.thefinancialexpress.com.bd/last-page/ins-mandatory-for-expats-from-dec-19-1575482952>

Industrial lending rate cut: Bangladesh Bank (BB) gets down to work

- The central bank has started working on bringing down the industrial lending rate to a single-digit aiming to spur the country's overall economic growth through job creation and increased investment. As part of the move, the Bangladesh Bank (BB) has sought information on outstanding industrial (manufacturing) loans from the scheduled banks within 48 hours which will end today (Wednesday). Large industrial (manufacturing) loans include credit to the readymade garment (RMG), textile, ship building and ship breaking, agro-based industry and other sectors.
- The central bank will prepare an assessment report on the possible impact on the country's banking industry after slashing the interest rates on industrial loans, according to sources. On the other hand, a committee of the BB is trying to find out an acceptable policy that would be implemented by all the banks without affecting their profitability largely.

<https://today.thefinancialexpress.com.bd/first-page/bb-gets-down-to-work-1575395270>
<http://www.newagebd.net/article/92553/committee-to-assess-sector-before-making-proposals>

Government to go slow on fattening next budget

- The government is likely to go slow in increasing the size of the national budget for next fiscal year owing to the sluggish pace of revenue collection. The size of the national budget was initially planned at more than BDT 6 trillion. It may end up at BDT 5.8 trillion for the next fiscal year, up about 11% year-on-year from BDT 5.23 trillion in the current year, said finance ministry officials.
- With revenue receipt growth remaining sluggish, we have to rethink the size of the next budget to keep deficit within a tolerable level, said a top finance ministry official who attended the meeting. The GDP growth target too might see no significant hike, said the official. Another participant of the meeting said the government was framing the 8th five-year plan for FY2021-2025 and broader macro targets which had initially been planned to be set at a higher level might be revised down because of the slow pace of tax collection.

- Tax collection by the National Board of Revenue (NBR) rose 3% year-on-year to BDT 473.88 billion in the July-September period of FY2019-20. Significant gains in collection were seen in the first three years in the context of the government's Perspective Plan 2010-2021. The buoyancy in tax revenue later disappeared and witnessed a declining trend in the following years until FY2017, causing the tax-GDP ratio to remain below 10%. The tax-GDP ratio, a measure of the capacity of the state to finance its own expenditure, was 9.2% in FY2019.

<https://www.thedailystar.net/business/news/govt-go-slow-fattening-next-budget-1835491>

State-owned banks account for 51% NPLs

- All nine state-run banks accounted for 51.27% of total non-performing loans (NPLs) of BDT 1.16 trillion in the banking sector as of September this year. At the end of September, the non-performing loans of Agrani, Rupali, Sonali, Janata, BASIC, Bangladesh Krishi Bank, Rajshahi Krishi Unnayan Bank, Bangladesh Development Bank and Probashi Kallyan Bank stood at BDT 596.23 billion, up BDT 11.79 billion from the previous quarter, according to the latest data of the Bangladesh Bank.

- Economists and senior bankers said the culture of impunity enjoyed by loan defaulters, political interference in approving loans, and lack of experience among bankers in dealing with pressing issues, weakened the already battered banking sector, particularly those of public sector banks. A former lead economist of World Bank in Bangladesh said the political interference in approving loans was wide spread in state-run banks than private banks. He said that in the last decade, the country did not encounter any disaster that could have prevented businessmen from repaying their loans. The state run banks cannot avoid blame and responsibility for the soaring default loans, as they are approving loans without "due diligence" or "considering the repayment capacity of borrowers, he pointed out.

<https://www.dhakatribune.com/business/2019/12/03/state-owned-banks-account-for-51-npls>

58 new RMG units set up in Jan-Oct 2019

- The entrepreneurs have made fresh investment to set up 58 new garment factories since January to October this year while 60 units faced shutdown, according to BGMEA information. Industry insiders said the new ones are coming up with safety compliance and modern, green technology while the small and non-compliant ones are failing to sustain in the highly competitive market. Of the new units, 43% have been set up by fresh entrepreneurs and the rest by the ones who are already in the business for a long period of time, according to Bangladesh Garment Manufacturers and Exporters Association (BGMEA). Some 29,594 workers have lost their jobs due to the closure of the 60 units while the new units created employment for 51,359 people.

- The BGMEA presently has around 4,500 member factories. Around 40% of BGMEA member factories are knitwear and sweater manufacturers, and the rest 60% are woven garment manufacturers, according to the trade body. The country earned USD 34.13 billion from exports of knit and woven items in the last fiscal year, according to official data. RMG exports, however, witnessed a negative growth of 6.67% to USD 10.57 billion during the July-October period of the current fiscal year (FY 2019-20).

<https://today.thefinancialexpress.com.bd/trade-market/58-new-rmg-units-set-up-in-jan-oct-2019-1575394460>

Income tax collection grows by 13.3% in July-Nov

- Income tax collection in July-November period of the current fiscal 2019-2020 grew by 13.30% to BDT 248.36 billion compared with the corresponding period of 2018-2019. The revenue board claimed on various occasions that the number of income tax returns had finally reached to around 2.2 million in FY19. NBR data showed that more than half of 4.6 million electronic taxpayers' identification number (e-TIN) holders did not file their tax returns this year. The number of e-TIN holders was 3.8 million till November 30 last year. Tax authorities expected that at least 3 million e-TIN holders would file their tax returns as a result of intensive campaigns and policy interventions taken by the NBR to boost the number of returns filed. In FY18, a total of 1.84 million taxpayers filed their tax returns, the data showed.

<https://www.thedailystar.net/business/news/china-offers-213b-fresh-loans-two-projects-1835029>

Government almost exhausts bank borrowing target in five months

- The government is set to make a net borrowing of more than BDT 45 billion from the

country's banking system in December to partly meet its budget deficit, officials said. The government's gross borrowing may reach up to BDT 215 billion from the banking system in December. It is expected to issue treasury bills (T-bills) and bonds, according to the auction calendar, issued by the Bangladesh Bank (BB) recently. The amount is the highest during the first half of this fiscal. Thus, the government's net bank borrowing may reach BDT 45.55 billion in a single month (December), after deducting BDT 169.45 billion against the government securities that would be mature in the month, according to the officials.

- The government's account deficit stood at BDT 59 billion as on November 28 that was mitigated by using ways and means advances (WMAs) facility from the central bank. Under the existing rules, the government is empowered to borrow up to a maximum amount of BDT 60 billion from the BB using WMAs facility without issuing any securities.

- Meanwhile, the government's net bank borrowing stood at BDT 426.07 billion, which was around 90% of the total target, as of November 21 of FY 2019-20, according to the BB's confidential report. Of the total, the government borrowed BDT 380.65 billion from the scheduled banks by using T-bills and bonds, and the remaining BDT 45.42 billion from the central bank. Market operators, however, said liquidity pressure on the market may intensify in near future, if the government's higher bank borrowing continues. Besides, the central bank's continuous selling of the US dollar to the commercial banks to help set their import payment obligations may push up liquidity pressure on the market in the coming months, they added.

<https://today.thefinancialexpress.com.bd/first-page/govt-almost-exhausts-bank-borrowing-target-in-five-months-1575308575>
<https://www.thedailystar.net/frontpage/news/govts-aggressive-bank-borrowing-finding-money-will-be-hard-private-sector-1834981>

Bangladesh Bank hikes Mobile Financial Service (MFS) cash-in limit for remittance receivers

- The Bangladesh Bank on Monday raised the cash-in limit of mobile financial service (MFS) for inward remittances. Remittance up to BDT 125,000, including 2% incentive, brought through the banking channel now can be deposited to a MFS account, said a BB circular issued on the day. Customers are normally allowed to feed money into MFS account highest BDT 30,000 in five times a day, while the limits are BDT 0.2 million and 25 times a month.

- BB officials said that the central bank relaxed the cash-in limit specifically for the remittance beneficiaries in rural areas. As the remittance beneficiaries are mostly live in rural areas, the MFS is considered as one of the quickest way of proving them with financial services, prompting the central bank to ease the limit only for the purpose, they said.

- As per the BB rules, remittance beneficiaries are entitled to get 2% cash incentive against receipt of USD 1,500 without providing any document. For receiving the incentive for any higher amount, beneficiaries must provide documents. However, other MFS transactions limit including the regular withdrawal will remain unchanged.

<http://www.newagebd.net/article/92466/bangladesh-bank-hikes-mfs-cash-in-limit-for-remittance-receivers>
<https://www.dhakatribune.com/business/2019/12/02/remittance-to-mfs-single-transaction-ceiling-BDT1-25-lakh>

China offers USD 2.13 billion fresh loans for two projects

- China will sign agreements by next June to provide USD 2.13 billion in loans for two more projects, including one on the construction of the Dhaka-Ashulia elevated expressway. This was finalized at the maiden meeting of a Bangladesh-China joint working group. The joint working group was formed to probe slow progress of 27 projects involving around USD 20 billion that China had agreed to provide during its President's Dhaka visit in October 2016. Until November, loan agreements -- which is the last step before the release of funds -- for six projects involving USD 5.71 billion were signed and USD 1.09 billion was disbursed.

<https://www.thedailystar.net/business/news/china-offers-213b-fresh-loans-two-projects-1835029>

Banks agree to cut industrial loan rate to single-digit soon

- Top managements of the country's banks have agreed to bring down their industrial lending rate to single-digit and lessen the amount of classified loans shortly. The consensus came in a meeting of the chairmen and managing directors of both public and private sector banks with the Finance Minister. The finance minister, flanked by Prime Minister's Private Industry and Investment Adviser and the Bangladesh Bank (BB) Governor, expressed hope that the amount of classified loans in banking sector will come down by December 31.

- Meanwhile, hours after the meeting, the central bank formed a seven-member high-powered committee, headed by its deputy governor, to find out ways for bringing down the industrial lending rate to single-digit shortly. Representatives from the stakeholders concerned, including the BB as well as the public and private sector banks, will be included in the committee.

- Regarding the amount of non-performing loans (NPLs), the minister expected that it will decrease by the end of December following implementation of the BB's recent circular relating to special policy on loan rescheduling and one-time exit. On May 16, the central bank offered a special facility to loan defaulters, allowing them to reschedule their loans for a maximum period of 10 years by paying 2.0% down-payment. The minister also said the single-digit interest rate on lending will also help bring down the amount of NPLs. The volume of default loans jumped by nearly 24% to BDT 1,162.88 billion, as on September 30, from BDT 939.11 billion, as on December 31, 2018, despite the BB's close monitoring.

<https://today.thefinancialexpress.com.bd/first-page/banks-agree-to-cut-industrial-loan-rate-to-single-digit-soon-1575221951>
<http://www.newagebd.net/article/92400/bangladesh-bank-appoints-committee-to-reduce-interest-rate-at-single-digit>
<https://www.thedailystar.net/frontpage/bangladesh-bank-may-cap-industrial-loans-interest-rates-1834498>
<https://www.dhakatribune.com/business/2019/12/01/bb-forms-body-on-reducing-npls>

Remittance soars 22.5% in July-Nov on incentive

- Remittance inflow rose by 22.54% year-on-year in July-November of this fiscal year of 2019-2020 amid a sharp growth in remittance receipts in last three months due to disbursement of incentive against remittance and appreciation of the dollar against the taka. In the five months of FY20, the country received USD 7.71 billion in remittance, up USD 1.42 billion on USD 6.29 billion in the same period of the previous fiscal year.

- Bangladesh Bank officials said that the inflow of remittance had witnessed a significant growth recently amid the government's move to issue 2% cash incentive against the inward remittances. The government's move has prompted many expatriates to send money through the banking channel instead of sending through the illegal channel known as 'hundi', increasing the volume significantly in last couple of months, they said. Apart from the incentive factor, depreciation of the local currency taka has become another incentive for the expatriates. The interbank exchange rate of a US dollar increased to BDT 84.90 on Sunday from BDT 83.9 at the beginning of January this year.

<http://www.newagebd.net/article/92371/remittance-soars-225pc-in-july-nov-on-incentive>

Economic woes grow as private sector credit growth hits fresh 9 year low

- The private sector credit growth hit a fresh nine-year low of 10.04% in October this fiscal year (2019-2020), reflecting a gloomy state of the country's economy. Besides, a sharp rise in the government's borrowing from the banking system and sluggish business activities in the country were other reasons for the plunge in credit flow to the private sector. The private sector credit growth in October was the lowest since the 6.09-per cent growth in September of the fiscal year of 2010-2011. As per the Bangladesh Bank data, the amount of credit to the private sector stood at BDT 10.26 trillion in October this year against BDT 9.32 trillion in October last year.

- Like the other indicators, the private sector credit growth is showing the same downward trend, and it only reconfirms that the economy has weakened and continues weakening, Policy Research Institute executive director said. The country's export earnings in the first four months (July-October) of FY20 posted a negative growth, while import payments also dipped in the first quarter (July-September) while tax revenue collection also languished in the first quarter. As of now, there is no sign of reversal, he said, adding that the economy still continued declining in terms of private sector credit growth and the situation could not be good for investment, private sector development and employment generation. As the government continues borrowing from the banking system, the outlook for the private sector credit appears grim, he added.

<http://www.newagebd.net/article/92369/economic-woes-grow-as-private-sector-credit-growth-hits-fresh-9-yr-low>

Cement sector in trouble: Manufacturers blame non-adjustable advance income tax, source tax

- The cement sector has fallen into deep trouble for a "non-adjustable" clause incorporated on a 5% advance income tax (AIT) and 3% source tax, say Bangladesh Cement Manufacturers Association (BCMA). The AIT is basically tax calculated on income but paid in advance instead of at a year's end. Cement manufacturers previously could adjust the figure later on based on the final tally of their income. They pay the AIT during import of raw materials and source tax during local sales of the product.

- The National Board of Revenue has proposed making the two forms of taxes non-adjustable from the current fiscal year considering those to be the minimum tax that the makers have to pay. The sum has turned into a reason for losses for the cement industry, said BCMA President.

- The manufacturers also pay a 5% customs duty and 15% value added tax. According to the BCMA, the industry sold 26.2 million tonnes of cement from January to October in 2018,

which was 15.69% growth year-on-year. In comparison, there has been a 6.38% drop this year with 27.87 million tonnes being sold.

- There are 37 active cement factories in Bangladesh with a combined production capacity of 58 million tonnes per year against a demand for 33 million tonnes, meaning the capacity exceeds the demand by about 43%. According to him, the sector's annual sales are worth around USD 3 billion, or BDT 255 billion. Of the consumption, individuals account for 25%, real estate companies and developers 30% and the government 45%.

<https://www.thedailystar.net/business/news/cement-sector-trouble-1834522>

Economic slowdown in India to impact Bangladesh: Former Finance Minister

- A former finance minister has said Bangladesh's economic growth might be impacted by the slowing down of neighboring India's economy. He opined that Bangladesh should be worried about the falling trend of Indian economy as it is the largest trade partner of Bangladesh. He, however, said Bangladesh's economy may remain buoyant in the next 2-3 years.

- The Indian GDP has been continuing its downward spiral for the seventh consecutive quarter, falling to 4.5% in the second quarter (July-September) of the fiscal year (FY) 2019-20. The GDP growth of last quarter, ending in September, was the slowest in more than six years. Indian economy previously achieved a 4.3% GDP growth in the final quarter (January-March) of FY 2012-13.

<https://today.thefinancialexpress.com.bd/first-page/economic-slowdown-in-india-to-impact-bd-fears-muhith-1575221899>

Taka losing value vs dollar

- The local currency has depreciated by BDT 1.0 against the US dollar so far this year in the inter-bank foreign exchange market as demand for the greenback grew. The dollar was quoted at BDT 84.90 each in the inter-bank forex market on November 27 against BDT 83.90 on January 02 this calendar year, according to the market operators. The demand for the greenback is gradually increasing, mostly driven by higher import payment, particularly for intermediate goods, oil and capital machinery for power plants.

- The Bangladesh Taka's erosion was equally blamed on the falling trend in the export income during the first four months of this fiscal. Bangladesh's export income dropped by nearly 7.0% to USD 12.72 billion during the July-October period of fiscal 2019-20, from USD 13.65 billion in the same period a year earlier.

- Meanwhile, the country's forex reserves stood at USD 31.69 billion on Thursday from USD 31.72 billion of the previous working day after selling of greenback to the banks. This means more than five months of import bills can be settled with the existing reserves.

- Senior bankers, however, predicted that the pressure on the country's foreign exchange market would increase in December due to the lower export income in recent months. The demand for greenback may increase further in near future unless the central bank offers its adequate foreign currency support, they said.

- Given the situation, the central bank has continued providing forex support to banks

through the sales of US dollars to keep the market stable. As part of the initiative, the Bangladesh Bank, or BB, has supported three state-owned banks to help them meet the soaring demand. We sold USD 20 million more to the public banks at market rate in the last week to help them make import payment obligations, particularly for oil, a senior official of the central bank told the FE on Friday. A total of USD 299 million has been sold to the banks so far this fiscal, as part of the central bank's ongoing support. In FY'19, the BB sold USD 2.34 billion to the banks on the same ground, according to data available with the central bank.

<https://today.thefinancialexpress.com.bd/public/last-page/taka-losing-value-vs-dollar-1575047452>

<http://www.newagebd.net/article/92038/bb-allows-more-taka-slide-as-exports-drop>

Provisions shortfall soars in nine months

- The provisions shortfall against classified loans in the country's banking system swelled by nearly 23% or BDT 15.15 billion during the first nine months of the calendar year. The total shortfall soared to BDT 81.29 billion as on September 30 from BDT 66.15 billion on December 31 last year, according to the central bank's latest statistics. Talking to the FE, a senior official of the Bangladesh Bank (BB) said higher growth in non-performing loans pushed up the volume of provisioning shortfall with the banks during the period.

- The amount of classified loans in the country's banking sector jumped by nearly a quarter to BDT 1,162.88 billion as of September 30 last, from BDT 939.11 billion on December 31, 2018. The public sector banks have faced more provisioning shortfall than their private counterparts, the central banker noted.

- A total of 13 banks, out of 59, failed to keep the requisite provisions against mostly NPLs, in the third quarter (Q3) covering July-September period of 2019, the BB data showed. Three of the league are state-owned banks and others are private lenders.

<https://today.thefinancialexpress.com.bd/public/first-page/provisions-shortfall-soars-in-nine-months-1574963332>

<https://www.thedailystar.net/business/news/12-banks-face-provision-deficit-BDT-12000cr-1833256>

<http://www.newagebd.net/article/92037/banks-suffer-BDT-8129cr-provision-shortfall-till-q3>

National Savings Certificate (NSC) sales slump for 4th month

- The net sales of national savings certificates dropped for the fourth consecutive month in October because of tightening of sales process and hike in tax on interest, forcing the government to rely heavily on bank funds to meet deficit financing. As per the Bangladesh Bank data released on November 28, the net sales of NSCs plunged by 81.37% or BDT 3,593.76 year-on-year in October. In October, the net sales of NSCs dropped to BDT 8.23 billion against BDT 44.17 billion in the same month of the last year. In July-October of FY20, the government's net sales of NSCs dropped by 69.08% or BDT 123.17 billion year on-year. Government's net borrowing by issuing NSCs dropped to BDT 55.12 billion in July-October of FY20 against BDT 178.29 billion in the same period of FY19.

- In FY19, the government's net sales of savings certificates reached BDT 499.39 billion against the net sales of BDT 465.30 billion in FY18. The government is giving interest at the rates between 11.04% and 11.76% against the NSCs. At the end of October, the outstanding NSC sales stood at BDT 2.91 trillion.

<http://www.newagebd.net/article/92137/nsc-sales-slump-for-4th-month>

RMG exports face major setback as more factories shutter

- Export earnings from the country's apparel sector have suffered a debacle recently as more factories are being shut day by day, making thousands of workers jobless. The ready-made garments (RMG) sector is not in good shape and it has created a huge negative impact on the economy. Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President said: A total of 60 factories, members of the association, have been closed from January to October due to financial crisis. As a result, some 29,594 workers have lost their jobs. Bangladesh is the world's second largest ready-made garments (RMG) exporter after China, with the sector accounting for more than half of manufacturing employment and around 84% of export earnings of the country. The growing financial crisis in RMG indicates that the sector, on which our export earnings depend heavily, is gradually deteriorating. No sign of improvement can be seen yet, the president of BGMEA added.

- A Bangladesh Bank report also shows evidence that the export sector of the country is facing a major blow. Export declined by 17.19% in October this year compared to October last year. Export earnings was around USD 3.72 billion in October 2018, which declined to USD 3.08 billion in October this year. Industrialists involved in RMG sector said the export earnings declined mainly because of the decrease in foreign orders to buy apparel products. Additionally, Bangladesh is facing some new competitors like Myanmar, India, Pakistan and Vietnam in the global market.

<https://www.dhakatribune.com/business/2019/11/28/rmg-exports-face-major-setback-as-more-factories-shutter>

Troubled loans to top agenda

- Finance minister will sit with chiefs of private and public sector banks to discuss the issues of non-performing loans and banking sector volatility, officials said. The minister will mainly discuss the soaring soured loans, interest rates and merger of some troubled banks, the officials said.

- In January, after a meeting with the Bangladesh Association of Banks, or BAB, the finance minister said the troubled loans would not increase from that day. Besides, the government offered special facilities for the payment of defaulted credit aimed at reducing the amount of bad loans. In May this year, the central bank offered a special facility to the defaulters allowing them to reschedule loans by paying a 2.0% down-payment on their arrears. Under the facility, the defaulters can repay their loans at 9.0% for a maximum 10 years.

- The volume of troubled loans has hit a record high of BDT 1.16 trillion until September this year, which has resulted in the vulnerability of banking operations in the country. Such loans have swelled by some 24% to BDT 1.16 trillion until the first quarter of the current fiscal year 2020, from BDT 939.11 billion a quarter ago, the Bangladesh Bank statistics showed. The amount of classified loans was BDT 993.71 billion a year ago, the BB said.

<https://today.thefinancialexpress.com.bd/first-page/troubled-loans-to-top-agenda-1575131125>

<https://www.dhakatribune.com/business/banks/2019/11/30/govt-goes-for-banks-financial-health-check-up>

China co to invest USD 10 million in Mongla EPZ

• A Chinese healthcare firm will invest USD 10 million at Mongla Export Processing Zone (EPZ) to produce diversified products in medical sector, reports BSS. Officials said Chinese company M/s. Y & F Healthcare Limited will make the investment at the Mongla EPZ. The company is going to establish a Surgical Products Manufacturing Industry at Mongla EPZ. A new multi-diversified product has been added in the export basket of Bangladesh through BEPZA, according to a press release. This 100% foreign-owned company will produce annually six million pieces of PE Sleeve & Thumb Gown, CPE Shoes Cover and Thumb Gown, PVC Sleeve Cover, Lab Coat, Isolation Gown, Doctor Cap, Surgical Gown, Coveralls, Scrub suit, Surgical Drapes and Packs. M/s Y & F Healthcare Company will create employment opportunity for 2,930 Bangladeshi nationals,

<https://today.thefinancialexpress.com.bd/public/trade-market/china-co-to-invest-10-million-in-mongla-epz-1574962432>

Important News: Capital Market

GP pays BDT 1 billion as 'unpaid VAT'

• Leading mobile phone operator Grameenphone has deposited BDT 1 billion to the national exchequer as 'unpaid Value Added Tax (VAT)' after a long dispute with the National Board of Revenue. GP deposited in the last week this portion of money of the 'unpaid VAT' of a total amount of around BDT 7 billion unearthed through a 'special audit' of NBR, said officials. Talking to BSS, a senior official of the Large Taxpayer Unit (LTU) said GP did not deposit the VAT amount during their payment to different organizations against receiving services. Now, a portion of the total unpaid VAT amount was deposited by GP after the audit claim, he added.

• The official, however, said GP raised a few observations regarding the audit although they deposited BDT 1 billion as 'unpaid VAT'. Meanwhile, NBR has formed a committee led by an additional commissioner of LTU to scrutinize the GP's observations. The committee would revise the audit report if any accuracy of the GP's observations is found, he added. Replying to a query, the official said, they hope GP would pay the remaining 'unpaid VAT' amounting to BDT 6 billion within the shorted possible of time. NBR officials said as per the VAT Act any organization has to pay 15% VAT during making payment against receiving any service, but GP did not pay any VAT for four years since 2015.

<http://www.newagebd.net/article/92697/gp-pays-BDT-100cr-as-unpaid-vat>

Brokers seek BDT 100 billion government funds

• Stock brokers have submitted a work-plan for investment of BDT 100 billion funds, sought earlier from the government, to support the country's ailing capital market. They submitted the work-plan to the ministry of finance (MoF) on Wednesday, as the ministry demanded a plan following their plea of fund support for the capital market. They sought the fund at a flat interest rate of 3.0%.

• The brokers will invest the fund in shares of the listed companies, which have the record of disbursing at least 10% cash dividend, said the CEO of a brokerage firm. Besides, the listed companies having a growth record for at least three years, out of last five years, will

be chosen for investing the fund. The listed companies should also have at least 10% return on equity (ROE), he added. According to the work-plan, the stock brokers will invest the BDT 100 billion fund in shares of the listed companies having a market capitalization of at least BDT 5.0 billion.

• It said the first year will be the moratorium period, while only the interest will be paid in the second year. The government's loan will be repaid in last four years. The stock brokers also made the proposal of disbursing the loan by keeping their portfolios as collateral.

<https://today.thefinancialexpress.com.bd/first-page/brokers-seek-BDT-100b-govt-funds-1575482701>

Bangladesh Securities and Exchange Commission (BSEC) okays alternative trading board rules

• The securities regulator has approved the rules for alternative trading board keeping the scope of transaction of all type of non-listed securities. The Bangladesh Securities and Exchange Commission (BSEC) approved the rules at a meeting held on Tuesday at the BSEC office. As per the rules titled 'Bangladesh Securities and Exchange Commission (Alternative Trading Board) Rules, 2019', all non-listed securities can be included in the board for trading purpose. The rules will come into effect after publishing gazette notification.

• The non-listed securities which can be transacted are the shares of non-listed companies, any kind of bond, debenture, sukuk, open-ended mutual fund, and alternative investment fund. All kinds of de-listed securities can also be included in the alternative trading board on condition for the purpose of trading. The existing companies of the OTC (over-the-counter) market will also allowed in the alternative trading board on condition to conduct their share trading, according to the rules on alternative trading board. The transactions of the said securities will be executed in the form of dematerialized only.

<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-okays-alternative-trading-board-rules-1575393663>

<https://www.thedailystar.net/business/news/alternative-trading-board-regulations-okayed-1835497>

<http://www.newagebd.net/article/92554/bsec-okays-atb-rules-to-allow-trading-of-unlisted-securities>

<https://www.dhakatribune.com/business/stock/2019/12/03/new-trading-board-approved-for-non-listed-firms>

Norfund will have voting right at Mutual Trust Bank (MTB)

• Mutual Trust Bank (MTB) now has no bar to execute the share purchase deal with Norfund, a Norwegian investment fund, as the central bank has waived a section regarding the shareholders' voting rights. Earlier, in September, 2018 the MTB approved a proposal to sell 10% or above 63.70 million fresh shares to the Norfund for strengthening the capital adequacy and corporate governance. Later, on April 30, the Bangladesh Securities and Exchange Commission (BSEC) allowed the bank to increase its paid-up capital by selling shares to the Norfund.

• But the execution of the share purchase deal was delayed due to a restriction earlier included in a sub-section of the banking company act. Then the MTB sought exemption from the sub-section 14(1)(f) of the banking company act. As per the act, no banking

company incorporated in Bangladesh, except new banks and special banks, will commence its business in Bangladesh unless it satisfies the condition that the voting rights of any individual shareholder, except those of the government, do not exceed 5% of the total voting rights of all the shareholders. Finally, the central bank waived the sub-section in last week paving the way of executing the share purchase deal earlier signed between the MTB and the Norwegian investment fund Norfund. As a result, the Norfund will have voting right at the MTB for its entire shareholding. The MTB will sell 10% or above 63.70 shares at a price of BDT 27.19 each including a premium of BDT 17.19 for each ten taka share at a total value of above BDT 1.73 billion.

- The company's sponsor-directors hold 41.08% shares, institutes 22.48% and general shareholders 36.44% as of October 31, 2019. After the execution of the share purchase agreement, Norfund will be entitled as foreign share holder.

<https://today.thefinancialexpress.com.bd/stock-corporate/norfund-will-have-voting-right-at-mtb-1575307471>

Dhaka Stock Exchange (DSE) declares 5% cash dividend amid poor earnings

- The board of directors of Dhaka Stock Exchange on Monday declared 5% cash dividend for its shareholders for the financial year of 2018-19. The board also declared profits of BDT 975 million in the financial year of 2018-19 after it had netted BDT 1.04 billion in the previous financial year. The financial accounts and dividend will be approved by the shareholders at the annual general meeting scheduled to be held on December 30. Considering 180,37,76,500 shares of the DSE, its earnings per share decreased to BDT 0.54 in FY19 from BDT 0.58 in FY18.

- The profits in FY19 were the lowest after FY12 when the bourse fetched BDT 944 million. The bourse became demutualized in November, 2013. The bourse witnessed a continued profit fall due mainly to prolonged bearish trend at the market and poor business activities by the country's premier bourse. There was no product diversification at the market and only equity-based market failed to attract different groups of investors, market experts said.

<http://www.newagebd.net/article/92470/dse-declares-5pc-cash-dividend-amid-poor-earnings>
<https://today.thefinancialexpress.com.bd/stock-corporate/dse-recommends-50pc-cash-div-1575307406>

Chamber judge freezes LR Global stay order

- An Appellate Division chamber judge has frozen a stay order till Thursday on a replacement appeal by two mutual funds to change their asset manager, LR Global Bangladesh. The lawyer of IDLC Asset Management Ltd, a unitholder of the mutual funds, said that the seven institutional investors holding units in the Green Delta Mutual Fund and the DBH First Mutual Fund had filed the petition against the High Court Division stay order. So the Bangladesh Securities and Exchange Commission (BSEC) has no bar to changing the asset manager of both funds as per the unitholders' wish, he said.

<https://www.dhakatribune.com/business/2019/12/01/chamber-judge-freezes-lr-global-stay-order>

High Court seeks explanation from Bangladesh Securities and Exchange

Commission (BSEC) for extending mutual funds tenure

- The High Court (HC) sought explanation from the securities regulator after a British investment firm challenged a decision of the Bangladesh Securities and Exchange Commission (BSEC) that allowed close-end mutual funds' extension through flouting rules. The City of London Investment Management Company (CLIM) sued the BSEC as the regulator had issued a directive in September, last year allowing the country's asset management firms to extend tenures of closed-end mutual funds without unitholders approval. According to the Bangladesh Securities and Exchange Commission (Mutual Fund) Rules 2001, (rule 50B) the extension of mutual fund is subject to consent from owners of 75% unitholders. Among many other funds, the BSEC directive enabled the EBL First Mutual Fund, a 10-year closed-end fund, getting an extension without their unitholders' approval, which is mandatory under the Mutual Fund Rules, 2001. CLIM is a unitholder of the EBL First Mutual Fund.

- The HC bench passed an order on October 21 asking BSEC why their latest extension decision would not be unlawful. The HC order also asked why the respondents would not be ordered to liquidate the closed-end fund and distribute all the proceeds among unitholders. The Investment Corporation of Bangladesh (ICB), as the trustee of the fund, and Bangladesh Race Management Private Company Ltd, as the asset manager of the fund, were also made respondents. BSEC and other respondents were asked to submit their replies before the court by November 18. The HC also ordered the asset manager not to take any asset management fee until the ruling was disposed off.

<https://www.dhakatribune.com/business/2019/11/28/hc-seeks-explanation-from-bsec-for-extending-mutual-funds-tenure>

Bangladesh Bank waives rules for Mutual Trust Bank (MTB) share sales to Norwegian investment fund

- The Bangladesh Bank has waived a section related to shareholding of banking company act, paving way for Mutual Trust Bank to sell 10% of its shares to a Norwegian investment fund. Norfund, a private equity company owned by the Norwegian foreign affairs ministry, intended to buy 10% of the bank's shares but was unable to do so because of the restriction laid down in sub-section 14(1)(f) of the bank company law. The investment would meet the bank's capital adequacy requirement. The board of directors of MTB has decided to issue fresh 6,37,07,004 shares of the bank to Norfund to facilitate the investment. MTB has settled that Norfund would buy the MTB shares at BDT 27.19 each including a premium of BDT 17.19.

<http://www.newagebd.net/article/92138/dse-profits-hit-7-yr-low-on-market-woes-poor-business-activity>

Brac Bank retains Moody's highest credit rating

- Brac Bank has retained the highest credit rating of Moody's Investor Service, Ba3, for the third consecutive year since 2017. It is the only Bangladeshi bank with the rating which is equivalent to sovereign rating of Bangladesh as per Moody's affirmation on November 21, the bank said in a statement yesterday. According to Moody's, the affirmation of Brac Bank's rating reflects the bank's strength in the SME segment that has led to superior asset quality and profitability when compared to its rated peers in Bangladesh, according to the statement. The bank is also less vulnerable to asset risks arising from corporate credit

exposures, because of the high proportion of SME loans in its portfolio, it said.

- The bank's SME segment constituted 45% of its total loans as on September 30, 2019, the statement added. Good governance, compliance, ethics and transparency are the pillars of our business model, said CEO of Brac Bank.

<https://www.thedailystar.net/business/news/brac-bank-retains-moodys-highest-credit-rating-1834126>

Dhaka Stock Exchange (DSE) profits hit 7-year low on market woes, poor business activity

- The net profit of Dhaka Stock Exchange dropped to around BDT 980 million in last financial year (2018-19), the lowest after FY 2011-12 due mainly to prolonged bearish trend at the market and poor business activities by the country's premier bourse. According to DSE sources, the profit of DSE declined to BDT 980 million in FY19 from BDT 1.05 billion in FY18. Considering 1.80 billion shares of the DSE, its earnings per share decreased to BDT 0.54 in FY19 from BDT 0.58 in FY18. The profit in FY19 was the lowest after FY12 when it fetched BDT 944 million.

<http://www.newagebd.net/article/92138/dse-profits-hit-7-yr-low-on-market-woes-poor-business-activity>

Foreign investors pull out funds from stocks for record 9th month

- Foreign investors at the Dhaka Stock Exchange withdrew investments for the record ninth month in November, pulling out BDT 8.76 billion from the market in nine months, mainly due to a lack of confidence in the market, pressure on the exchange rate and volatility of the financial sector. Net foreign investment dipped to BDT 990 million negative in November after investors had withdrawn BDT 969.2 million in October. The overseas investors sold shares worth BDT 3.21 billion against their purchase of shares worth BDT 2.22 billion in November.

- In the last 23 months, foreign investors became the net sellers for 18 months, indicating extreme negative sentiments for the market, said market operators. Before this year's record, the overseas investors withdrew BDT 6.77 billion from the market in 2010-2011 when the market crashed. The continuous foreign investment flight this year from the capital market has become a heavy drag on the market as overseas investors withdrew BDT 5.93 billion last year.

- In the last 23 months, overseas investment was positive only in two months — January and February — this year and three months — January, March and September — last year. Total foreign turnover on the DSE declined to BDT 5.44 billion in November from that of BDT 5.60 billion in the previous month. Net foreign investment was negative in 2018 with a nine-month decline based on political uncertainties over the December 30 national election.

<http://www.newagebd.net/article/92256/foreign-investors-pull-out-funds-from-stocks-for-record-9th-month>

ADN Telecom holds IPO lottery draw

- The lottery draw for the allotment of initial public offering (IPO) of ADN Telecom Ltd., which raised a fund of BDT 570 million through book-building method, was held on

Thursday. The Bangladesh Securities and Exchange Commission, the securities regulator, approved the company's IPO proposal on September 3. The cut-off price on the IPO was BDT 30 per share, which was set through bidding by the institutional investors.

- Under the book-building method, the company will issue a total of 19.71 million ordinary shares. Sixty% of the total or 11.87 million shares will be reserved for eligible institutional investors, including mutual funds, at the cut-off price. And 7.91 million (40%) shares will be issued to the general and non-resident Bangladeshis at BDT 27 each, a 10% discount on cut-off price, according to the book-building method. ADN Telecom will use the IPO proceeds to develop infrastructure, install a data centre, and pay bank loans.

<https://today.thefinancialexpress.com.bd/public/stock-corporate/adn-telecom-holds-ipo-lottery-draw-1574961191>