

Weekly Market Update

Capital Market Overview

The market closed in red this week. The benchmark index DSEX (-0.37%) lost 16.70 points and closed the week at 4,452.96 points. The blue-chip index DS30 (-0.67%) lost 10.18 points and stood at 1,513.86 points. The Shariah-based index DSES (-0.09%) lost 0.88 points and stood at 1,027.41 points. The large cap index CDSET (-0.62%) lost 5.66 points and closed at 904.41 points. DS30, DSES, and CDSET all posted positive YTD return of +0.03%, +2.76%, and +0.52%, respectively while DSEX remained unchanged.

Total Turnover During The Week (DSE): BDT 22.2 billion (USD 267.3 million)

Average Daily Turnover Value (ADTV): BDT 4.4 billion ($\Delta\%$ Week: -0.2%)

Market P/E: 12.79x

Daily Index Movement during the Week:

The market performed five sessions during this week. Market opened this week with a positive movement of 0.32% in the first session. Then market turned around in the second session by -0.78% and reverted again in the third session by 0.40%. However, the market moved downward again by -0.64% in the fourth session and ended the week in negative at -0.27%.

Sectoral Performance:

- The financial sectors showed mixed performance during this week. Mutual Funds booked the highest gain of 2.94% followed by General Insurance (+0.75%). Life Insurance booked the highest loss of 2.08% followed by NBFIs (-1.91%) and Banks (-1.90%).
- Non-financial sectors too showed mixed performance during this week. Telecommunication booked the highest gain of 1.04% followed by Pharmaceuticals (+0.52%) and Power (1.01%). Food & Allied showed the highest loss of 0.33% followed by Engineering (-0.14%).

Macroeconomic arena:

- The country's first-ever "impact investment"-focused open-ended mutual fund will be launched in March. The initial size of the fund is BDT 250 million and will provide an investment opportunity to the country's around 5.0 million RMG workers with return.
- A central bank circular issued by the Bangladesh Bank specified a list of twenty documents which would be required to get its approval to repatriate money from the country by the shareholders.
- Bangladesh's merchandise shipments fell by 5.21% in the first seven months of the current fiscal year over that of the same period of last fiscal year (FY). The total export earnings during that time reached USD 22.19 billion against USD 24.17 billion earned in the same period of the last fiscal year.
- The country's trade deficit increased by 5.41% in the first half of the current fiscal year 2019-2020 as the import fall was overshadowed by the export fall. Trade deficit increased to USD 8.22 billion in July-December of FY20 from USD 7.8 billion in the same period of FY19.
- The government's net bank borrowing during the current month would be around BDT 46 billion, officials said. The net bank borrowing had reached BDT 508.42 billion until January 15 of the current fiscal year 2019-20.
- Remittance continued its upward trend last month, with migrant workers sending home 3% more than they did last year. In January, expatriate Bangladeshis sent home USD 1.63 billion to take the total thus far in the fiscal year to USD 11.04 billion.

Stock Market arena:

- Marico Bangladesh shelled out BDT 300 million to roll out a male grooming product line by the moniker of Studio X in order to diversify its product base.
- bKash has been persuading in different tiers of policymakers to re-fix Nagad's cash-out charge to BDT 18.50 on the ground of creating level playing field.
- Sonali Bank Limited, HomePay, signed a MoU with Skrill Limited to use Skrill Money Transfer as a fast and low-cost way to remit money to Bangladesh and to pay online merchants directly by using their Bangladeshi bank accounts.

Feb 06, 2020 (Week: Feb 02, 2020 - Feb 06, 2020)

Dhaka Stock Exchange

DSEX lost 0.37% in the week

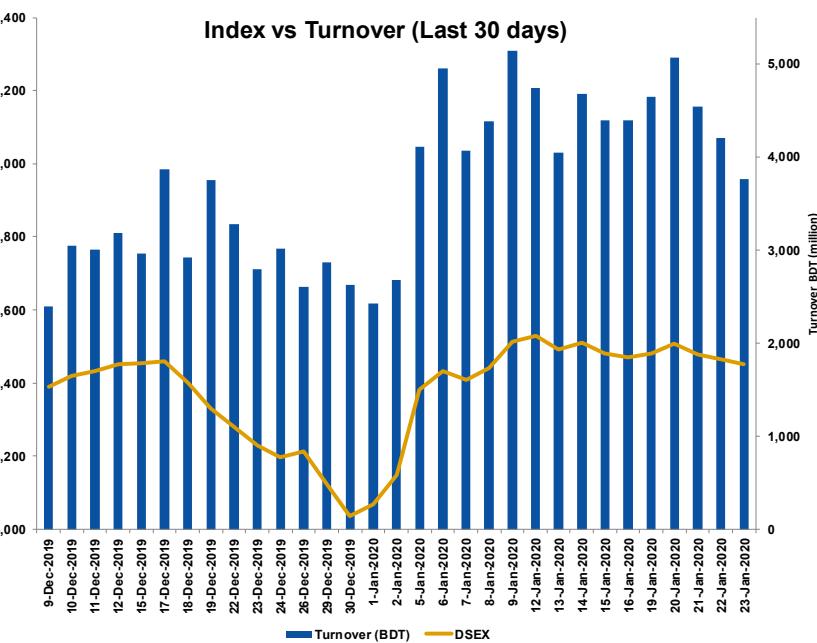
Table 1: Index

Index	Closing	Opening	Δ (Pts)	30-Dec-2019	$\Delta\%$ Week	$\Delta\%$ YTD
DSEX	4,452.96	4,469.66	-16.70	4,452.93	-0.37%	0.00%
DS30	1,513.86	1,524.04	-10.18	1,513.35	-0.67%	0.03%
DSES	1,027.41	1,028.29	-0.88	999.83	-0.09%	2.76%
CDSET	904.41	910.07	-5.66	899.76	-0.62%	0.52%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	17,097,378.3	17,173,199.7	-0.4%
	Mn USD	205,670.4	206,582.5	
Turnover	Mn BDT	22,220.6	22,254.6	-0.2%
	Mn USD	267.3	267.7	
Average Daily Turnover	Mn BDT	4,444.1	4,450.9	-0.2%
	Mn USD	53.5	53.5	
Volume	Mn Shares	821.6	764.0	7.5%

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
Phoenix Finance 1st Mutual Fund	8.30	6.70	23.9%	498.0	63.30	NM	0.7x
BD Autocars	160	129.90	23.0%	691.3	65.27	97.8x	41.7x
Monno Jute Staffers	867.20	706.10	22.8%	2,154.1	211.54	447.8x	75.2x
Hakkani Pulp & Paper	53.70	44.50	20.7%	1,020.3	69.34	NM	2.0x
Mercantile Insurance	31.90	27.20	17.3%	1,374.7	137.17	41.6x	2.0x
Dragon Sweater & Spinning Ltd.	11.20	9.70	15.5%	1,955.2	191.67	10.5x	0.9x
Advent Pharma Limited	26.40	23.10	14.3%	2,191.4	249.53	13.3x	2.1x
Samata Leather	176.30	154.50	14.1%	1,819.4	69.14	472.6x	12.2x
Gemini Sea Food	177.00	156.10	13.4%	831.2	32.06	NM	16.7x
Metro Spinning	7.80	6.90	13.0%	481.2	51.76	26.3x	0.6x

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
United Airways (BD) Ltd.	1.60	1.90	-15.8%	1,325.0	20.32	NM	0.2x
C & A Textiles Limited	1.70	1.90	-10.5%	406.8	2.39	2.2x	0.1x
Dacca Dyeing	3.10	3.40	-8.8%	270.2	.40	NM	0.2x
Daffodil Computers Ltd.	50.80	55.60	-8.6%	2,535.5	9.85	35.4x	3.7x
Fu-Wang Ceramic	7.00	7.60	-7.9%	953.9	18.17	13.3x	0.7x
Dhaka Bank	10.80	11.70	-7.7%	9,214.7	29.64	6.4x	0.5x
Tosifa Industries Limited	11.00	11.90	-7.6%	729.6	4.38	NM	0.4x
LafargeHolcim Bangladesh Limited	46.60	50.30	-7.4%	54,120.0	1,564.78	30.1x	3.5x
City Bank	17.70	19.10	-7.3%	17,990.0	120.98	6.9x	0.7x
Sonargaon Textiles	29.80	32.10	-7.2%	788.7	48.20	30.6x	1.1x

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	46.60	50.30	-7.4%	54,120.0	1,564.78	30.1x	3.5x
Khulna Power Company Limited	52.10	50.60	3.0%	20,705.2	639.80	16.4x	2.1x
Summit Power	41.30	39.20	5.4%	44,103.3	597.86	8.1x	1.7x
ADN Telecom Limited	46.80	45.10	3.8%	3,025.7	591.18	18.3x	2.9x
Bangladesh Shipping Corporation	48.30	50.30	-4.0%	7,367.4	524.69	8.3x	0.4x
Grameenphone Ltd.	260.70	257.80	1.1%	352,023.2	477.17	10.2x	8.3x
BBS Cables Limited	64.40	62.70	2.7%	11,242.3	467.14	7.8x	3.2x
S. S. Steel Limited	12.80	12.90	-0.8%	3,606.4	410.68	5.3x	0.8x
Indo-Bangla Pharmaceuticals Limited	22.80	20.90	9.1%	2,542.4	400.90	13.5x	1.8x
Square Pharmaceuticals	197.10	198.20	-0.6%	166,399.5	380.24	12.6x	2.5x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
LafargeHolcim Bangladesh Limited	46.60	38.69%	54,120.0	30.1x
Olympic Industries	195.90	18.73%	39,168.0	19.6x
MJL Bangladesh Limited	75.10	18.64%	23,788.1	12.8x
Summit Power	41.30	13.77%	44,103.3	8.1x
Power Grid Co. of Bangladesh Ltd.	50.60	13.45%	23,322.2	5.8x
Khulna Power Company Limited	52.10	11.56%	20,705.2	16.4x
Mutual Trust Bank	29.30	10.57%	18,647.5	10.3x
British American Tobacco Bangladesh Company Limited	1,063.10	9.61%	191,358.0	22.2x
BBS Cables Limited	64.40	9.52%	11,242.3	7.8x
Shasha Denim Limited	27.00	9.31%	3,626.6	13.9x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1241.65	1265.72	1319.28	-1.90%	-5.88%
NBFIs	1518.53	1548.09	1565.13	-1.91%	-2.98%
Mutual Funds	603.64	586.43	591.17	2.94%	2.11%
General Insurance	1925.89	1911.54	1927.02	0.75%	-0.06%
Life Insurance	2065.01	2108.99	2194.70	-2.08%	-5.91%
Telecommunication	3669.50	3631.86	3993.59	1.04%	-8.12%
Pharmaceuticals	2547.34	2534.11	2492.51	0.52%	2.20%
Fuel & Power	1600.98	1585.04	1515.21	1.01%	5.66%
Cement	1379.78	1450.19	1132.29	-4.86%	21.86%
Services & Real Estate	984.00	990.43	886.70	-0.65%	10.97%
Engineering	2216.31	2219.31	2257.22	-0.14%	-1.81%
Food & Allied	13398.98	13443.07	12121.49	-0.33%	10.54%
IT	1950.21	2021.08	1823.13	-3.51%	6.97%
Textiles	1061.75	1036.89	1042.04	2.40%	1.89%
Paper & Printing	5039.35	5247.37	5233.20	-3.96%	-3.70%
Tannery	1878.78	1861.98	1826.45	0.90%	2.87%
Jute	9806.94	9518.30	11393.28	3.03%	-13.92%
Ceramics	464.92	451.23	459.10	3.03%	1.27%
Miscellaneous	1802.28	1791.83	1745.96	0.58%	3.23%

Table 7: Sector Trading Matrix

Sector Name	Daily average this	Daily average last	% Change	% of Total Turnover	P/E	P/B
Banks	183.3	408.4	-55.12%	4.28%	6.7x	0.7x
NBFIs	96.2	79.1	21.53%	2.24%	88.4x	2.1x
Mutual Funds	65.4	40.9	59.68%	1.52%	NM	0.5x
General Insurance	315.9	287.7	9.80%	7.37%	13.6x	1.3x
Life Insurance	50.8	54.8	-7.37%	1.18%	NM	8.5x
Telecommunication	156.1	54.3	187.58%	3.64%	10.5x	7.6x
Pharmaceuticals	462.4	288.0	60.57%	10.79%	16.9x	2.2x
Fuel & Power	443.9	261.4	69.84%	10.36%	10.4x	1.9x
Cement	349.7	190.5	83.57%	8.16%	28.0x	2.6x
Services & Real Estate	63.2	19.8	219.88%	1.47%	58.8x	0.8x
Engineering	671.4	410.9	63.38%	15.66%	13.4x	1.3x
Food & Allied	189.6	98.2	93.03%	4.42%	24.0x	7.6x
IT	169.7	244.4	-30.57%	3.96%	17.4x	2.6x
Textiles	596.2	256.4	132.52%	13.91%	NM	0.8x
Paper & Printing	29.8	10.0	197.95%	0.69%	250.2x	1.3x
Tannery	52.9	36.5	44.93%	1.23%	22.6x	2.0x
Jute	50.8	48.2	5.45%	1.19%	NM	4.5x
Ceramics	97.4	98.8	-1.40%	2.27%	28.9x	1.8x
Miscellaneous	241.9	141.1	71.43%	5.64%	19.9x	1.0x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
BRAC Bank	47.30	-17.16%	58,338.7	11.4x
City Bank	17.70	-16.11%	17,990.0	6.9x
Runner Automobiles Limited	53.00	-10.92%	6,017.6	10.5x
Lankabangla Finance	16.20	-10.00%	8,313.5	14.7x
Prime Bank	16.40	-9.89%	18,569.4	7.5x
Grameenphone Ltd.	260.70	-8.78%	352,023.2	10.2x
Golden Harvest Agro Industries Ltd.	17.90	-8.67%	3,863.5	13.0x
Padma Oil Co.	176.60	-8.12%	17,347.9	6.3x
BSRM Steel	36.10	-7.91%	13,571.9	12.2x
Envoy Textiles Limited	23.10	-7.23%	3,874.7	8.4x

Important News: Business & Economy

Maiden 'impact investment' Mutual Fund launch next month

- The country's first-ever "impact investment"-focused open-ended mutual fund (MF) will be launched next month (March), targeting the ready-made garment (RMG) sector workers. ICL, an asset management company under Impress Group, said on Wednesday that the Esquire-ICL Apparel Fund will be introduced to provide an investment opportunity to the country's around 5.0 million RMG workers with return. The initial size of the fund is BDT 250 million.
- ICL officials said they will ensure impact of the investment through international standard matrix. Each garment worker may invest a minimum of BDT 500 in the fund, which can be bought and sold at net asset value (NAV).

<https://today.thefinancialexpress.com.bd/last-page/maiden-impact-investment-mf-launch-next-month-1580926560>

Bangladesh Bank issues policy for proceeds repatriation by foreigners

- The Bangladesh Bank on Wednesday issued an uniform policy for the repatriation of money by the foreign entities or individuals, which were holding shares of a company formed in the country, in case of business closure in the way of winding up. A central bank circular issued on the day specified a list of twenty documents which would be required to get its approval to repatriate money from the country by the shareholders. Although the central bank has uniform policies for repatriation of dividend, profit, royalty income, technical knowhow assistance fee, among others, there was no uniform policy of the BB in this regard, said BB officials. Besides, there was a BB policy in place for the repatriation of share sales proceeds by the foreign shareholders from the country. The BB has been issuing permission to repatriate fund from Bangladesh in case of winding up of a company of the foreigners on case-to-case basis evaluation.
- The officials said that the newly issued policy would help boost foreigners' confidence while considering Bangladesh as investment destination as many of them analyzed the exit policy or investments withdrawal policy of a country with same importance as like business climate.

<https://www.newagebd.net/article/98728/bb-issues-policy-for-proceeds-repatriation-by-foreigners>

Revamping Bangladesh's insurance sector

- Bangladesh's insurance sector is trailing behind. Overall insurance penetration (insurance premiums as a fraction of GDP) in Bangladesh was only 0.57% in 2018 and has been decreasing since 2009. Bangladesh's life insurance penetration rate falls behind compared to its contemporaries. While Bangladesh's life insurance penetration rate is only 0.41%, Vietnam's and India's rates are 1.58% and 2.74%, respectively in 2018. Globally, Bangladesh ranks 86th out 88 nations in terms of premium per capita (USD).
- Three out of five cities in Bangladesh would have more than 100,000 people as members of the middle and wealthy class in the upcoming decade. This could generate a market for insurance products as individuals and companies become increasingly risk-aware. In particular, the non-life segment is expected to grow at high rates exceeding the life segment by a 1% margin.

- The insurer-customer relationship is plagued by limited trust. Claims settlement problems hamper the relationship, as the process is arduous and long. In Bangladesh, the websites are poorly developed and there has been little utilization of modern technology in the process. Insurance companies have limited access to accurate and updated demographic statistics to use for actuarial computations. Lastly, regulatory reform is required. Regulatory reform in the insurance sector can stimulate Bangladesh's growth and generate savings by providing the tools for better risk management. Regulatory reform must satisfy a few crucial criteria. Insurance regulation needs to prevent the sale of unfair policies and mispricing to consumers.

<https://www.thedailystar.net/business/news/revamping-bangladesh-insurance-sector-1864063>

Country backpedals on growth goal

- Bangladesh backtracks from its ambitious economic growth target as it takes a 'conservative approach' amid possible local and global shocks. In its next eighth five-year plan (FYP), the government looks to expand gross domestic product (GDP) at an 8.5% rate in the terminal fiscal year (FY) 2024-25. In the Perspective Plan 2021, it set a target to the economy to expand at a 10% cent rate at the terminal FY 2021.
- As most local economic indicators are facing a bumpy ride amid a gloomy global economy, considering a realistic target instead of an ambitious one seems to be the way forward which is why the government has proposed to trim the GDP target in its macroeconomic framework in the next FYP to be implemented between FY 2021 and FY 2025. As per the draft FYP, economy will grow at 8.2% in FY 2021, 8.3% in FY 2022 and 2023, 8.4% in FY 2024 and 8.5% in FY 2025.

<https://today.thefinancialexpress.com.bd/first-page/country-backpedals-on-growth-goal-1580839113>

China coronavirus epidemic poses a threat to Bangladesh trade

- Bangladesh's trade and economy may suffer badly due to the ongoing Coronavirus contagion in China, as nearly 28% of the country's import comes from China. China supplies mostly fabrics and garment accessories to local clothing manufacturers, on which Bangladesh's major export sector is highly dependent. More than 40% of its textile and textile-related goods come from China. Nearly 30% machinery comes from there. The country's import from China also includes agricultural machinery, mobile phone sets, electrical and electronics goods, fruits, and essential spices etc.
- Currently, China is observing New Year, the country's biggest festival, and almost all its factories are closed. But after the vacation, supply of goods and raw materials from China may be trimmed, and thus affect Bangladesh's export sectors that are struggling in recent months.
- At present, a number of Chinese people are working in different large infrastructure projects in Bangladesh, including the Padma multipurpose bridge, and they are also contributing to the country's tourism sector as well. However, there is an opportunity for Bangladesh to grab a share of Chinese clothing market, as many foreign buyers will search for alternative sourcing of their products.

<https://thefinancialexpress.com.bd/economy/china-coronavirus-epidemic-poses-a-threat-to-bd-trade-1580705385>

RMG hiccups pull down July-Jan export receipts

- The country's merchandise shipments fell by 5.21% in the first seven months of the current fiscal year over that of the same period of last fiscal year (FY). The total export earnings during the July-January period of the fiscal year (FY) 2019-20 reached USD 22.19 billion against USD 24.17 billion earned in the corresponding period of the last fiscal year. The earnings also fell short of the target by 13% set for the period, according to the latest data of the state-run Export Promotion Bureau (EPB).
- The ready-made garment (RMG) sector is the country's top foreign currency earner, accounting for more than 84% of the total overseas sales. Exporters and officials concerned attributed the overall fall in overseas sales to the declining export receipts from mainly apparel items. Overall export earnings from the garment items, both knitwear and woven, fell by 5.71% during the seven-month period of the current fiscal year. The apparel sector fetched nearly USD 19.06 billion during the July-January period of FY '20 against USD 20.21 billion during the same period a year earlier.
- Unit prices of locally-made garment items declined by 2.49% to USD 13.65 per kg in January last from USD 14.0 per kg in January 2019, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President said citing data. The volume of RMG exports, however, increased by 2.48% in January last, compared to that a year earlier, the BGMEA chief added.
- According to the EPB data, export earnings from leather and leather goods fell by 10.78% to USD 558.9 million during the period under review from USD 626.42 million of the corresponding period of last FY. Jute and jute goods exports during the period, however, climbed by 20.82% to USD 602.49 million from USD 498.66 million. Agro-products like vegetables, fruits and spice fetched USD 603.91 million, up by 4.19%. Pharmaceuticals exports grew by 8.11% to USD 85.70 million. Frozen and live fish exports fetched USD 337.33 million in the first seven months of this fiscal, registering a negative growth of 6.58%. Export of engineering products fell by 2.28% to USD 194.82 million from USD 199.36 million.

<https://today.thefinancialexpress.com.bd/first-page/rmg-hiccups-pull-down-july-jan-export-receipts-1580838995>
<https://www.thedailystar.net/business/news/exports-remain-sluggish-1863658>
<https://www.newagebd.net/article/98599/export-earnings-slump-by-126b-in-july-jan>

Trade deficit widens by 5.41% in H1 FY'20

- The country's trade deficit increased further in the first half of the current fiscal year 2019-2020 by 5.41% or USD 422 million as the import fall was overshadowed by the export fall. According to the Bangladesh Bank data released on Tuesday, trade deficit increased to USD 8.22 billion in July-December of FY20 from USD 7.8 billion in the same period of FY19. In July-December of FY20, imports fell by 2.72% to USD 27.07 billion from USD 27.82 billion in the same period last year. On the other hand, the country's export earnings dropped by 5.89% to USD 18.84 billion in the first half of FY20 against USD 20.02 billion in the same period of FY19.
- Experts, however, said the fall both in export and import at the same time indicated a

slowdown in the country's economy. Considering the import dependency of the country's economy, the fall in import cannot be treated as a positive indication, they said. On the other hand, the slowdown in global economy contributed to the fall in the country's export earnings during the first half of FY20.

- The current account deficit, however, dropped by 60.24%, or USD 2.04 billion, to USD 1.35 billion in July-December of FY20 from USD 3.39 billion in the same period of FY19. The BB data also showed that the country's net foreign direct investments increased by 2.57% to USD 1.36 billion in July-December of FY20 from USD 1.33 billion in the same period of last fiscal year. The net portfolio investment, meant for the investment in the country's capital market, dropped by 48.61%, or USD 35 million, to USD 37 million from USD 72 million.

<https://www.newagebd.net/article/98600/trade-deficit-widens-by-541pc-in-h1>

Defaulted Loans: BDT 501.86 billion rescheduled last year

- Banks rescheduled a record amount of defaulted loans last year as part of their efforts to contain bad debt and show hefty profit. Last year, defaulted loans amounting to BDT 501.86 billion were regularized, the highest on record for a single year, according to Bangladesh Bank data. Of the sum, BDT 185.84 billion was regularized under the central bank's relaxed policy announced on May 16 last year, allowing defaulters to reschedule their classified loans with a down payment of only 2% of the outstanding amount instead of the existing 10-50%. Banks recovered only BDT 4.79 billion as down payment from the loans rescheduled under the relaxed policy.

- The rescheduled loans will become defaulted again as banks regularized those on a wholesale basis without verifying the defaulters' ability to repay, said an executive director of the Policy Research Institute. In fact, BDT 132.84 billion of the soured loans, regularized last year, has already become defaulted, show BB data. This means nearly one-fourth of the rescheduled loans has turned bad again. Actually, this is just an eyewash to camouflage the actual situation of defaulted loans, he said. In November last year, defaulted loans dropped to BDT 969.86 billion from BDT 1.16 trillion two months earlier, as defaulters jumped at the BB offer to reschedule loans under relaxed conditions.

<https://www.thedailystar.net/backpage/news/defaulted-loans-BDT-50186cr-rescheduled-last-year-1863562>

Over 165 million mobile phone subscribers in country: Bangladesh Telecommunication Regulatory Commission (BTRC)

- The total number of mobile phone subscribers has reached 165.572 million as of December 2019, according to data by telecom regulator. They also revealed that there were 157.54 million subscribers as of the end of January 2019, according to Bangladesh Telecommunication Regulatory Commission (BTRC). Among them, the subscribers of Grameen Phone Ltd (GP) stood at 76.462 million while Robi Axiata Limited (Robi) has 49.004 million, Banglalink Digital Communications Limited has 35.239 million and Teletalk Bangladesh Ltd (Teletalk) has 4.868 million, the regulator added.

<https://thefinancialexpress.com.bd/trade/over-165m-mobile-phone-subscribers-in-country-btrc-1580739006>

Export diversification hinges on access to bonded warehouse

- Easing access of non-RMG sectors to bonded warehouse benefit, an opportunity to

ensure duty-free import of raw materials of export items, is vital to diversify the country's export basket. The National Board of Revenue (NBR) provides duty-free import benefit to exporters under the bonded warehouse scheme and benefit is mostly enjoyed by apparel exporters. Around 84% of Bangladesh's export basket of USD 40.5 billion in fiscal year 2018-19 was filled up by ready-made garments while the rest 16% failed to reap the bonded warehouse privilege fully.

- Non-RMG exports ranged between USD 5 billion to USD 7 billion a year during fiscal year 2013-17. Effective bonded warehouse benefits could have boosted non-RMG exports by approximately USD 1.5 billion a year. Bangladesh's source of cost competitiveness is low-cost labor but raw materials and intermediate goods are subject to tariffs. To be competitive, Bangladeshi exporters need to be guaranteed imported inputs at world prices. That is, imports must be available at duty-free prices upfront. Bonded warehouse benefits ensure duty-free imports, creating a level playing field on the global market.

<https://www.thedailystar.net/business/news/export-diversification-hinges-access-bonded-warehouse-1863307>

Government net bank borrowing may hit BDT 600 billion mark

- The government's net bank borrowing during the current month would be around BDT 46 billion, officials said. The net bank borrowing had reached BDT 508.42 billion until January 15 of the current fiscal year 2019-20, according to a BB's internal report. Such borrowing may well cross the BDT 600 billion mark at the end of the current fiscal, sources expressed the fear.
- The ministry of finance is now working on a revised bank borrowing target for FY'20, in view of the falling trend in sales of national savings instruments, an official familiar with the debt-management activities said. He also said the government is going to raise the bank borrowing target significantly for this fiscal while the target for non-bank borrowing, particularly from national savings schemes, will be drastically reduced to narrow down its budget deficit.

- The gross bank borrowing may hit BDT 127 billion for the month. The amount to be collected through the issuance of treasury bills and bonds, according to the auction calendar, issued by the Bangladesh Bank (BB) recently. The auction calendar includes the schedule and amount of T-bills and bonds to be issued through the auction for raising funds from the market. The net bank borrowing may reach BDT 46 billion in February, after deducting BDT 81 billion against the government securities that will be matured.

<https://today.thefinancialexpress.com.bd/first-page/govts-net-bank-borrowing-may-hit-BDT-600b-mark-1580665621>

Remittance floating uphill

- Remittance continued its upward trend last month, with migrant workers sending home 3% more than they did last year. In January, expatriate Bangladeshis sent home USD 1.63 billion to take the total thus far in the fiscal year to USD 11.04 billion. The seven-month receipts are up 21.43% year-on-year, according to data from the Bangladesh Bank. If the trend continues, remittance will hit a benchmark of USD 20 billion come the end of the fiscal year.

- The government's move to provide a 2% cash subsidy for remitters from fiscal 2019-20

was the main reason for the spike. The favorable exchange rate of taka against the dollar and a strong stance taken by the central bank to fight illegal money transfers have also had a positive impact on remittance. The favorable exchange rate of taka against the dollar and a strong stance taken by the central bank to fight illegal money transfers have also had a positive impact on remittance.

- But the upward trend of remittance may face slight hiccups in the months ahead when banks will implement the 6% interest on deposit and 9% on lending. Depositors will not get much benefit from the 6% interest rate given the inflation and service charge imposed by lenders.

<https://www.thedailystar.net/business/news/remittance-floating-uphill-1862845>

<https://www.dhakatribune.com/business/2020/02/02/remittance-hits-1-64-billion-in-january>

Association of Bankers, Bangladesh (ABB): Keep small enterprises outside 9% lending scheme

- Association of Bankers, Bangladesh (ABB) on Sunday demanded keeping the interest rates for small enterprises outside the planned 9% lending rate planned from April 1. Businesses having capital base as high as BDT 150 million are categorized as small enterprises in manufacturing sector, while enterprises with capital up to BDT 20 million in the services sector are treated as small enterprises.
- ABB sought to keep interest on small loan higher than 9%. But the BB governor asked them for a written proposal regarding their demand.

<https://www.thedailystar.net/business/news/remittance-floating-uphill-1862845>

Mobile Financial Services (MFS) losing steam

- Last year, about 30 million users transacted BDT 4.34 trillion through mobile financial service by, up 14.68% year-on-year, according to data from the Bangladesh Bank. It is decent growth but, it pales in comparison to those experienced in previous years.
- At the end of last year, the total number of MFS accounts stood at 79.6 million. But just 34.8 million were active, in a testament of the cooling interest on MFS. A lack of confidence and proper knowledge on online payment platforms is a major challenge faced by the market. Another reason behind the dip in usage is that in recent times other digital payment channels have come up, while regular banks have also come up with convenient application-based platforms in a bid to make online transactions more appealing.

- But, bKash, the market leader for online payment systems, maintains that their growth rate is steady. The transaction volume has increased manifold thanks to customers signing up in droves and roll out of various MFS products. The market is still widely dominated by vanilla transactions like deposits and withdrawals, which accounts for about 72.60% of the total MFS transaction volume. For bKash, innovation seems to be the key to its survival.

- Only BDT 101.89 billion has been disbursed as salaries, which is just 2% of MFS's total transaction value. This is not at all satisfactory. Currently, about 0.36 million garment workers are paid through bKash. Payments for educational institutions and utility bills can also be done through the MFS. The net worth of transactions is just BDT 50.23 billion. Merchant payments could be a major sector for MFS transactions as that value was only BDT 54.65 billion last year.

<https://www.thedailystar.net/business/news/mfs-losing-steam-1862848>

Deposit growth in banks rises further in Nov as National Savings Certificate (NSC) sales plunge

- The growth in deposit in the country's banking sector increased to 12.88% in November last year as savers returned to banks after the government in the budget for the 2019-2020 fiscal doubled tax on interest earnings from the national savings certificates. Besides, automation of the NSC sales system prevented a section of savers including institutions and high net worth individuals from purchasing NSCs beyond the allowable limit. As a result, those high net worth individuals and entities channeled their funds into bank deposits, Bangladesh Bank officials said.

- Bankers and economists, however, cautioned that the deposit growth might face a slowdown in the coming days as the bankers have recently agreed to bring down interest rate against deposits to 6% from February 1. The decision was made as part of the government's initiative to bring down lending rate to 9% from April 1.

- In November of FY20, deposits in the banking sector stood at BDT 11.19 trillion, increasing by BDT 1.28 trillion from BDT 9.92 trillion at the end of November of FY 2018-19, as per BB data. In July-November of FY20, the government's net sales of NSCs dropped by 73.03% to BDT 58.42 billion from BDT 216.62 billion in the same period of FY19. The government in the first three months of FY20 borrowed BDT 45.39 billion from the central bank by issuing treasury bills and bonds.

<https://www.newagebd.net/article/98209/deposit-growth-in-banks-rises-further-in-nov-as-nsc-sales-plunge>

Smartphone Market: Local assembling takes lead over imports

- Local assembling of smartphones has increased manifold while their import has declined significantly, thanks to the new tax regime aimed at boosting employment and investment. As per the latest data of Bangladesh Telecommunication Regulatory Commission (BTRC), in 2019 the number of locally assembled smartphone increased to 2 million from 0.7 million in the previous year. Contrarily, the number of smartphone import fell to 0.97 million last year from 2.44 million in the previous year.

- Industry insiders said that the tax benefit for local handset assemblers turned the tide against importers within a short time. Currently, there is 57% customs duty on smartphone import while the duty on components of locally assembled smartphones is 15%. As per BTRC officials, a large number of smartphones come through illegal channel. We have already built an IMIE database and will soon launch a new system to detect and disable fake or illegal handset, a senior BTRC official said.

- Local brand Walton was the first in the country to assemble mobile phone handset in its own plant in October 2017. In 2018, the government allowed nine companies to assemble mobile phone handsets locally. The companies are Walton Digi-Tech Industries, Fair Electronics, EDISON Industries, Carlcare Technology BD, Alamin and Brothers, Anira International, OK Mobile, Transsion Bangladesh and Best Tycoon (BD) Enterprise.

- According to the Bangladesh Mobile Phone Manufacturing Association (BMPMA) data, global brand Samsung's plant assembles 96% of the products it sells locally. It imports only

the flagship products and plans to stop importing from the first quarter of the current year. Fair Group is assembling more than 0.15 million pieces of Samsung smartphones in its plant in Narasingdi. Currently, 0.8 million units of smartphones are sold in Bangladesh every month. Transsion assembled 1.84 million handsets last year including 0.56 million smartphones. In July 2019, Vivo inaugurated its new manufacturing plant in Rupganj Upazila, Narayanganj, which is their 5th manufacturing plant. Chinese smartphone manufacturer Vivo will put together at least one million smartphones every year. Currently, six assemblers-cum-importers out of the total nine are meeting more than 40% handset demand in the country and it will reach 55% after Vivo's products hit the market, according to BMPMA data.

<https://www.dhakatribune.com/business/2020/02/01/smartphone-market-local-assembling-takes-lead-over-imports>

Yet another bewildering decision from Bangladesh Telecommunication Regulatory Commission (BTRC)

- The telecom regulator is being tight-fisted with the allocation of second mobile numbering scheme for the top three carriers, which are close to exhausting their original allotment. Each numbering scheme is 100 million slots, meaning the operator can issue as many connections with that numbering prefix.
- Grameenphone, which started out with the 017 prefix, have exhausted it and in October 2018 was allocated 0130 and 0131 number series, each with 10 million slots. It is close to using up the recently assigned number series and the Bangladesh Telecommunication Regulatory Commission is refusing to give it any further number series.
- Banglalink was allocated a 0140 number series with 10 million slots after it had run up its original 019 prefix. The BTRC has decided not to give it any new series. Robi, which started out with 018 number series, was close to exhausting it, but in 2016 it got a number series when it merged with Airtel that had 016 number series with 100 million slots.
- When Robi and Airtel merged, the regulator put a condition said that Robi can use the 016 prefix for two years and they will also have to migrate all their 016 numbers to 018 code in that time. After two years, Robi informed the regulator that it is next to impossible to convert all the 016 numbers to 018. The telecom regulator learnt that Robi frequently pushed to use the Airtel number as much possible. However, Robi said the 016 number code was part of the merger as Airtel got allocation of that code with its licence. In its letter to the BTRC, they said as the regulator allocated two other carriers additional number codes, it needs to let Robi use two codes too. On that ground, the 016 series needs to continue.

<https://www.thedailystar.net/business/news/yet-another-bewildering-decision-btrc-1861516>

Government announces 15% cash incentive against rice export

- The government has announced 15% cash incentive against the export of rice for the current fiscal year 2019-20. The amount of cash subsidy at the rate of 15% will be determined on the FOB (freight on board) value, the BB circular said, adding that the exporters or processing entities, who will process locally produced rice in their own mills, would be entitled to the subsidy. Also, the exporters who would ship rice after the issuance of the BB circular and within the current fiscal year would be entitled.
- The exporters will have to submit all the required documents to the banks along with proof

of exports and government's approval on export to secure the benefit. The banks would verify the documents before forwarding the cash subsidy applications to the central bank for approval. The BB, however, said that the entities located in the special zones including export processing zones and economic zones would not be considered for the facility.

<https://www.newagebd.net/article/98142/govt-announces-15pc-cash-incentive-against-rice-export>
<https://today.thefinancialexpress.com.bd/public/first-page/15pc-incentive-for-rice-exporters-1580408008>

Bangladesh Bank warns banks of regulatory measures for import payments delay

- The Bangladesh Bank on Wednesday warned the scheduled banks of tough regulatory measures unless the import payments were made in due time. The BB also asked the scheduled banks to clear import bills issued by them against letters of credit in due time. Unnecessary delay by several scheduled banks in making payments against import bills has prompted the central bank to issue the warning.
- Delay in payments against import bills resulted in additional payment burden along with a hike in conformation fees for the Bangladeshi banks in foreign trade. The additional payment burden also makes imports costlier for the country along with distortion of the country's image. Such increase in import payments also impacts negatively on the country's foreign trade balance.

<https://www.newagebd.net/article/98041/bb-warns-banks-of-regulatory-measures-for-import-payments-delay>

Many plots ready to host industrial units: Bangabandhu Shilpa Nagar

- The Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) is partially ready with key infrastructure and utility services to host industrial units now, according to a spot account. Several investors have already started setting up their factory buildings and few of them are expecting to start production by June next while many ready plots with necessary facilities awaiting investors, officials have said.
- Chinese Yabang Chemical Group recently got allocation for 100-acres of land in the EZ, but later they sought 500 acres in total considering the future prospect of investment, he added. The BSMSN is an industrial hub comprising three conjoining EZs - Mirsarai and Sitakunda in Chattogram district and Sonagazi in Feni district, according to Bangladesh Economic Zones Authority (BEZA). According to the sources, the BSMSN is expected to generate over 1.5 million direct and another 3.5 million indirect employments drawing an investment worth USD 30 billion. The BEZA is even planning to develop a dedicated sea port for the industrial city.

<https://today.thefinancialexpress.com.bd/trade-market/many-plots-ready-to-host-industrial-units-1580570331>

Initial Public Offering (IPO) proceeds spent on business expansion shrink

- The publicly listed companies last year spent smaller amount of initial public offerings (IPOs) proceeds in business expansion compared to previous year amid economic volatility and low-quality IPOs. The nine private firms raised BDT 5.4 billion through the IPOs last

year. They spent BDT 4.1 billion or 76% of the total takings for expanding their businesses.

Important News: Capital Market

The amount collected in 2018 through IPOs was BDT 4.95 billion, of which 85.25% was spent on their business expansion.

- The companies followed two methods, fixed price and book-building, while issuing IPOs in the capital market. Of them, two companies raised BDT 2.5 billion using the book building method, while the rest seven collected BDT 2.9 billion under the fixed price method.

<https://www.dhakatribune.com/business/stock/2020/02/04/ipo-proceeds-spent-on-business-expansion-shrink>

Sonali Bank inks deal with global payments firm Skrill

- Sonali Bank Limited, HomePay, which enables payment platforms to tap into Bangladesh, signed a memorandum of understanding (MoU) with global payments firm Skrill Limited at a function in London on Monday. The collaboration will allow Bangladeshis to use Skrill Money Transfer as a fast and low-cost way to remit money to Bangladesh as well as use Skrill to pay online merchants directly by using their Bangladeshi bank accounts.
- Skrill has been making digital payments simple, secure and quick since 2001. It's an acknowledged world-leader in developing global payment solutions for people's business and personal needs, whether they are buying online or sending money to family and friends. It also meets the needs of businesses worldwide, helping them to build a global customer base and drive growth.

<https://www.newagebd.net/article/98608/sonali-bank-inks-deal-with-global-payments-firm-skrill>

GP network likely to face major setback

- The Grameenphone (GP), country's largest cellphone operator, will not be able to provide new connections after two weeks due to restrictions imposed by the telecom regulator. The stock of new SIMs of the operator will be exhausted within two weeks and the service quality may also face major problem if the regulator does not give approval for network expansion within four weeks.
- GP had started its journey with 017 prefix, but that has been exhausted. In October 2018, it was allocated 0130 and 0131 number series, each with 10 million slots. The operator is close to using up recently-assigned number series and the BTRC is refusing to give it any further number series. A BTRC official said the commission suspects that lots of numbers are still vacant on GP's existing number series. GP's CEO said almost three million numbers could be renewed from the existing number series, but the regulator is not allowing that also.

- The mobile operators have to obtain NOCs from the BTRC before launching any package for users, importing radio equipment, and building new towers. Due to the restrictions imposed by the Bangladesh Telecommunication Regulatory Commission (BTRC) on import of network equipment and network expansion since July last year, GP's customers had been facing problems.

<https://today.thefinancialexpress.com.bd/first-page/gp-network-likely-to-face-major-setback-1580752649>

<https://www.thedailystar.net/business/news/if-we-face-any-challenges-customers-will-suffer-1863304>

<https://www.thedailystar.net/frontpage/grameenphone-faces-crisis-over-sim-sales-1863115>

<https://www.newagebd.net/article/98526/gp-running-out-of-new-sims-due-to-btrc-restriction-new-ceo>

bKash in persuasion to raise Nagad's cash-out charge

- Mobile Financial Services (MFS) operator bKash is in persuasion to raise the cash-out charge of digital financial service provider Nagad on the ground of creating level playing field, reports BSS. To this end, the MFS operator sent a letter to the Posts and Telecommunications Division, seeking policy support from the government for their smooth business operation. Posts and Telecommunications Minister has said that Nagad, being an entity of Bangladesh Post Office, will run operation with own style considering business case.

- Officials familiar with the process said bKash has been persuading in different tiers of policymakers to re-fix Nagad's cash-out charge to BDT 18.50 and as part of this process it also met high ups of government. They said if the new charge is set, MFS transaction cost of mass people would be increased, resulting bKash would get business benefit by extending its monopoly stake further in the market.

- Market insiders said bKash has been charging BDT 20 for per BDT 1,000 since long while Nagad is currently offering customers the most "value for money" cash-out charge in the industry which is BDT 14.50 for per BDT 1,000. In addition, Nagad is also offering of BDT 5 cash back for per BDT 1,000 cash-in, they mentioned.

<https://today.thefinancialexpress.com.bd/trade-market/bkash-in-persuasion-to-raise-nagads-cash-out-charge-1580751379>

Marico Bangladesh staying ahead of the curve

- Marico Bangladesh shelled out BDT 300 million to roll out a male grooming product line by the moniker of Studio X in order to diversify its product base. The line, which was launched last week, currently consists of shampoo, face wash and hair gel, all made in Bangladesh. Bangladesh's male grooming market is now worth BDT 1 billion but it has the potential to grow further. FMCG industry insiders said male grooming is on the rise globally and the movement will catch on Bangladesh due to multiple factors: a growing economy, a young population, the desire to look their best and aspiration to latch on to global trends.

- Today, Marico Bangladesh has a portfolio of 24 brands in the personal care and food categories. The company's flagship brand, Parachute, has maintained its leadership position and now holds the highest ever market share in the branded coconut oil category. Almost 70% of Marico Bangladesh's revenue came from this product alone, according to its latest annual report. On the other hand, its value-added hair oil portfolio, consisting of Parachute Advanced and Nihar Naturals, has shown robust growth and now contributes 36% to its business turnover..

<https://www.thedailystar.net/business/news/marico-bangladesh-staying-ahead-the-curve-1862839>

Japan Tobacco International (JTI) plea for cigarette import rejected

- The government has turned down a proposal put forward by Japan Tobacco International (JTI) to commercially import finished cigarette into Bangladesh, officials said. JTI has recently requested the commerce ministry to issue import registration certificate (IRC) for bringing in finished cigarette, they added. International tobacco manufacturer, JTI, signed a USD 1,476 million deal last year to acquire the tobacco business of Akij Group, the second largest tobacco company in Bangladesh, and enter the country's BDT 330 billion cigarette market. In response to the request, the ministry has rejected the proposal considering protecting the public health, said a high official who deals with the issues. More recently, the National Board of Revenue has also asked the commerce ministry not to issue IRC in favor of JTI for commercial import of cigarette.

- According to Progotir Jonno Gyan (PROGGA), an anti-tobacco research organization, tobacco kills over 162,100 people in Bangladesh a year. According to the Global Adult Tobacco Survey 2017, 35.3% of adults in Bangladesh consume tobacco on smoked or in smokeless form. Besides, 39% adults at home and 44% people at their workplaces are exposed to second-hand smoke. Nearly seven% schoolchildren also use tobacco. According to the draft National Tobacco Control Policy, annual financial losses from tobacco use in the fiscal year 2017-18 were over BDT 300 billion, much higher than revenue income of BDT 228 billion from the sector the same year.

<https://today.thefinancialexpress.com.bd/trade-market/jti-plea-for-cigarette-import-rejected-1580662131>

Valuation of seven state-owned energy firms by April

- The government has asked seven state-owned energy firms to complete the valuation of their assets in two months for the divestment of shares in the bourses. The directive was issued as part of the government's efforts to boost supplies of good shares in the stock market, the finance minister said. After the completion of valuation of the assets in current prices, the government will divest 10% to 25% shares of the companies gradually, the minister said.

- The companies are: Titas Gas Transmission and Distribution Company Ltd, Power Grid Company of Bangladesh, North-West Power Generation Company Ltd Electricity Generation Company of Bangladesh, Ashuganj Power Station Company Ltd, B R Powergen Ltd, and Gas Transmission Company Ltd. Titas and Power Grid are already listed on Dhaka and Chittagong exchanges. They will divest an additional 10% shares in the capital market, officials said.

<https://today.thefinancialexpress.com.bd/first-page/valuation-of-seven-state-firms-by-apr-1580665749>

<https://www.newagebd.net/article/98425/7-soes-asked-to-revalue-asset-by-2-months-for-share-offloading>

Allegation brought against S S Steel

- Shore Cap Holdings Limited, a private limited company has brought allegation against a listed steel company's involvement in its placement share forgery. At a press conference the Shore Cap Holdings Limited alleged that the listed steel company S. S. Steel has also not implemented the regulator's 'instruction' earlier issued to 'resolve' the issue.

- Following a writ petition filed by Shore Cap Holdings Limited, the High Court (HC's) issued a stay order on January 15 last on any sale procedure for the said amount of placement shares, the company secretary of Shore Cap Holdings Limited said. Later, the Chamber Judge stayed the HC's order on January 20.
- The chairman of the S. S. Steel said the allegation brought against them is completely 'false'. The shares were allotted two years back. So far no one made allegation of such share forgery. It means that the allegation is completely false, he said.

<https://today.thefinancialexpress.com.bd/stock-corporate/allegation-brought-against-s-s-steel-1580664822>

All is well at Ring Shine Textiles

- Rumors have been running rife over the past two weeks that Ring Shine's foreign staff, directors and MD were abandoning it and leaving the country for good. This precipitated the slide of the stock, which made its debut just last month at BDT 15 and has more or less been on a downward spiral since. The company raised BDT 1.5 billion from the stock market, as per the DSE. The MD returned to Dhaka yesterday and will join the factory today, said a general manager of the company. The directors did leave the country following an internal misunderstanding but the factory is running as normal, said a general manager of the DEPZ, on January 23.
- A bank that had given loans to the company had liquidation plans on cards. The bank wrote a letter to Brac Bank, with which Ring Shine kept its initial public offering account, informing that it would go for legally liquidating the entity to recoup its investment if the rumors did turn out to be true. The managing director will not return to Bangladesh and he does not want to run the factory, added the bank quoting the textile company's chief financial officer (CFO). However, Ring Shine claimed that it had no CFO of that name. Brac Bank then wrote a letter to the stock market regulator to inform the matter and the regulator relayed it to the Bangladesh Bank.

<https://www.thedailystar.net/business/news/all-well-ring-shine-textiles-1861519>