

Capital Market Overview

The market closed in red this week. The benchmark index DSEX (-1.58%) lost 79.12 points and closed the week at 4,933.89 points. The blue-chip index DS30 (-1.20%) lost 21.14 points and stood at 1,737.07 points. The shariah based index DSES (-0.88%) lost 10.28 points and stood at 1,156.79 points. DSEX, DS30 and DSES all posted negative YTD return of -8.39%, -7.64% and -6.17% respectively.

Total Turnover During The Week (DSE): BDT 16.9 billion (USD 202.8 million)
Average Daily Turnover Value (ADTV): BDT 4.2 billion (Δ% Week: +6.8%)

Daily Index Movement during the Week:

The market performed four sessions during this week. Market opened this week with a positive movement of 0.41% in the first session and continued to be negative in the second & third sessions by -0.49% and -1.51% respectively. Market ended with a flat movement of 0.01% in the fifth session.

Sectoral Performance:

- The financial sectors showed negative performance during this week. Mutual Funds experienced the highest loss of 4.36% followed by General Insurance (-3.96%), Life Insurance (-3.21%), NBFIs (-1.68%), and Banks (-1.73%).
- The non-financial sectors posted negative performance during this week except Telecommunication (+2.96%). Power experience the highest loss of 5.10% followed by Food & Allied (-3.01%), Engineering (-1.71%), and Pharmaceuticals (-0.10%).

Macroeconomic arena:

- The US-China trade war is directly benefitting Bangladeshi exporters, with garment shipments to the US increasing over 3% this year compared to that last year. Though Bangladesh will continue to benefit from the trade skirmishes, the biggest gainer is Vietnam which has received more work orders.
- Country's export earnings in August this year fell 26.27% short of government-set target of USD 3.85 billion due to the lower shipment of readymade garment products as production in the factories was suspended for 7-9 days for Eid-ul-Azha holidays. Export earnings in the second month of the current financial year 2019-20 fell by 11.49% to USD 2.84 billion from USD 3.21 billion in the same month of the last fiscal. Exporters said that readymade garment exports in August 2019 fell by more than 11% due to Eid vacation as most of the factories remained close for at least seven days
- The banking sector's capital base strengthened on paper in the second quarter of the year after some banks were allowed to keep their provisioning against default loans in phases. Besides, some lenders also recovered a good amount of fund from defaulted loans, which has made their capital base stronger than a quarter earlier. As of June this year, banks' capital adequacy ratio (CAR), which determines the adequacy of banks' capital in keeping with their risk exposure, stood at 11.74%, up from 11.41% three months earlier and 10.11% a year earlier, according to data from the central bank.
- The country's banking sector saw deposits swell in July as savers turn away from putting money into the national savings instruments. The growth in deposits leaped more than 12% year-on-year as of July 31, up from 11.48% a month ago, according to the central bank statistics. Excluding inter-bank balance, all banks' deposits rose to around BDT 12 trillion as of July 31 from BDT 11.81 trillion a month ago. Meanwhile, the net sales of national savings tools plunged by more than 57% to BDT 21.60 billion in July 2019 from BDT 50.36 billion during the same period of the last calendar year. The net sales of saving certificates dropped drastically during the period as the government imposed tax along with some conditions on purchasing savings instruments.
- Finance minister said that Germany had proposed setting up a plant for assembling BMW or Mercedes-Benz cars in the country. The largest economy of Europe also expressed willingness to work on jute with Bangladesh. The minister said that Germany had assured that it would help Bangladesh retain generalized system of preference facility in the European Union market. He said the German businesses wanted to establish car assembling plant and follow progressive method like their plant in Thailand to assemble cars.

Stock Market arena:

- Norwegian telecom operator Telenor said Friday talks on merging its Asian operations with Malaysian telecom group Axiata have ended due to complexities with the transaction. The companies announced in May that they had entered talks on creating a new company to serve nearly 300 million customers in nine Asian countries. Due to some complexities involved in the Proposed Transaction, the parties have mutually agreed to end the discussion, Telenor said in a statement. They did not rule out the possibility of a "future transaction", according to the statement.

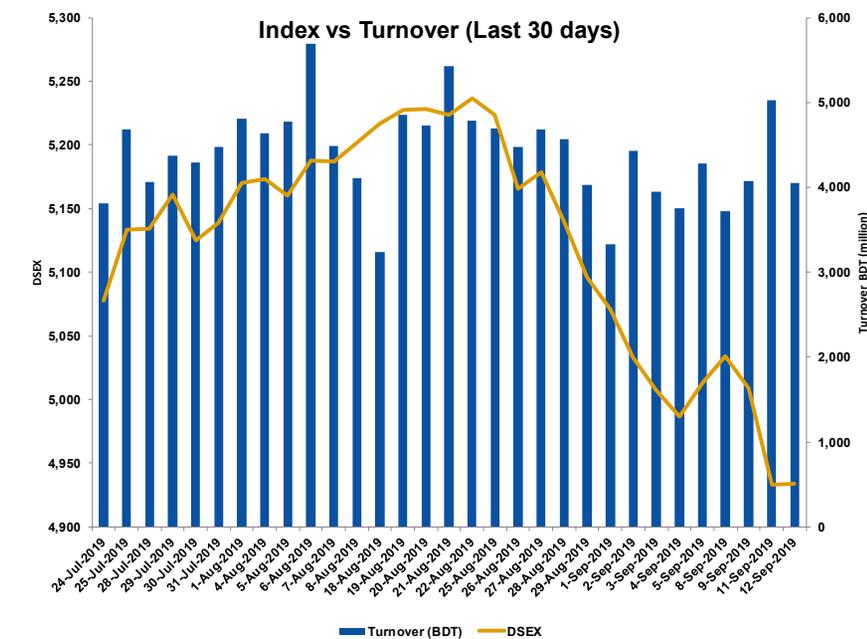
Table 1: Index

Index	Closing	Opening	Δ(Pts)	27-Dec-2018	Δ% Week	Δ%YTD
DSEX	4,933.89	5,013.02	-79.12	5,385.64	-1.58%	-8.39%
DS30	1,737.07	1,758.20	-21.14	1,880.78	-1.20%	-7.64%
DSES	1,156.79	1,167.07	-10.28	1,232.82	-0.88%	-6.17%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	14,897,881.9	18,776,129.1	-20.7%
	Mn USD	179,211.9	225,864.7	
Turnover	Mn BDT	16,861.8	19,733.1	-14.6%
	Mn USD	202.8	237.4	
Average Daily Turnover	Mn BDT	4,215.5	3,946.6	6.8%
	Mn USD	50.7	47.5	
Volume	Mn Shares	410.7	480.0	-14.4%

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
National Tubes	167.90	128.30	30.9%	5,315.1	1,017.30	NM	1.0x
Khulna Printing & Packaging Limited	15	12.10	24.0%	1,095.6	6.64	NM	1.0x
Usmania Glass	104.60	89.70	16.6%	1,821.2	77.94	NM	15.2x
Gemini Sea Food	314.50	272.50	15.4%	1,342.7	131.55	NM	29.5x
Atlas Bangladesh Ltd.	139.80	125.40	11.5%	4,631.2	30.56	NM	1.1x
Monno Jute Staffers	1,967.90	1,777.60	10.7%	4,073.6	559.59	350.4x	166.1x
Beacon Pharmaceuticals Limited	28.70	26.20	9.5%	6,629.7	592.23	37.8x	2.3x
Standard Ceramic	444.30	409.30	8.6%	2,870.5	132.07	169.8x	35.0x
Wata Chemicals Limited	652.40	603.00	8.2%	7,736.2	384.20	40.9x	10.2x
Shepherd Industries Limited	37.90	35.10	8.0%	5,178.1	13.52	31.3x	2.1x

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
United Power Generation & Distribution Company Ltd	321.10	388.70	-17.4%	169,218.3	321.28	22.8x	11.5x
VFS Thread Dyeing Limited	24.90	30.00	-17.0%	2,320.3	230.35	16.2x	1.4x
M.L. Dyeing Limited	22.70	27.20	-16.5%	4,369.6	11.50	14.0x	1.2x
Global Insurance Ltd.	20.00	23.20	-13.8%	772.4	96.99	42.7x	1.8x
Aramit Cement Limited	15.50	17.90	-13.4%	525.1	.66	NM	4.4x
Phoenix Finance 1st Mutual Fund	5.90	6.80	-13.2%	354.0	26.92	NM	0.5x
Northern Jute	1,101.60	1,268.40	-13.2%	2,359.6	65.69	2842.9x	19.3x
Silco Pharmaceuticals Limited	30.80	35.20	-12.5%	2,906.6	314.20	27.6x	0.0x
Coppertech Industries Limited	28.80	32.80	-12.2%	1,728.0	75.10	42.1x	2.4x
Simtex Industries Limited	18.30	20.70	-11.6%	1,387.2	28.36	9.1x	1.1x

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
National Tubes	167.90	128.30	30.9%	5,315.1	1,017.30	NM	1.0x
JMI Syringes & Medical Devices Ltd	520.80	488.30	6.7%	5,728.8	600.08	68.7x	7.3x
Beacon Pharmaceuticals Limited	28.70	26.20	9.5%	6,629.7	592.23	37.8x	2.3x
Monno Ceramic	209.20	222.60	-6.0%	6,832.8	569.29	31.8x	3.0x
Monno Jute Staffers	1,967.90	1,777.60	10.7%	4,073.6	559.59	350.4x	166.1x
Stylecraft Limited	879.60	870.80	1.0%	4,441.1	528.68	102.0x	14.1x
Wata Chemicals Limited	652.40	603.00	8.2%	7,736.2	384.20	40.9x	10.2x
United Power Generation & Distribution Company Ltd	321.10	388.70	-17.4%	169,218.3	321.28	22.8x	11.5x
Silco Pharmaceuticals Limited	30.80	35.20	-12.5%	2,906.6	314.20	27.6x	0.0x
The Ibn Sina	268.00	263.50	1.7%	8,373.3	294.18	17.3x	6.3x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Pragati Insurance	38.70	48.42%	2,538.3	12.1x
Marico Bangladesh Limited	1,761.60	46.78%	55,490.4	29.3x
Power Grid Co. of Bangladesh Ltd.	59.90	24.79%	27,608.7	8.5x
Glaxo Smithkline	1,784.80	23.07%	21,500.5	NM
Singer Bangladesh	204.20	20.01%	20,359.3	22.6x
Berger Paints	1,578.50	17.44%	73,207.5	38.6x
Dutch-Bangla Bank	66.30	14.79%	33,150.0	8.2x
Atlas Bangladesh Ltd.	139.80	14.68%	4,631.2	NM
Pioneer Insurance	33.00	13.40%	2,309.4	8.1x
Linde Bangladesh Limited	1,314.40	9.68%	20,002.9	19.7x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1330.44	1351.20	1428.63	-1.54%	-6.87%
NBFIs	1676.31	1704.93	2087.55	-1.68%	-19.70%
Mutual Funds	591.60	618.54	644.52	-4.36%	-8.21%
General Insurance	1741.72	1813.53	1488.77	-3.96%	-16.99%
Life Insurance	2030.21	2097.44	2251.96	-3.21%	-9.85%
Telecommunication	4277.03	4154.27	5088.05	2.96%	-15.94%
Pharmaceuticals	2824.53	2827.29	2698.49	-0.10%	4.67%
Fuel & Power	1820.19	1918.04	1745.15	-5.10%	4.30%
Cement	1331.68	1356.11	1676.63	-1.80%	-20.57%
Services & Real Estate	955.70	976.93	1017.99	-2.17%	-6.12%
Engineering	2890.05	2940.39	2933.11	-1.71%	-1.47%
Food & Allied	14290.52	14734.51	15034.05	-3.01%	-4.95%
IT	1842.28	1860.56	1545.46	-0.98%	19.21%
Textiles	1198.89	1256.69	1461.18	-4.60%	-17.95%
Paper & Printing	6508.52	6744.15	9105.21	-3.49%	-28.52%
Tannery	2352.08	2370.47	2560.38	-0.78%	-8.14%
Jute	17817.05	19464.65	21417.92	-8.46%	-16.81%
Ceramics	503.96	522.87	579.64	-3.62%	-13.06%
Miscellaneous	2068.83	2093.12	1943.42	-1.16%	6.45%

Table 7: Sector Trading Matrix

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Banks	217.9	210.5	3.52%	5.30%	8.0x	0.7x
NBFIs	127.0	107.9	17.77%	3.09%	63.5x	1.6x
Mutual Funds	104.2	99.7	4.46%	2.53%	NM	0.5x
General Insurance	165.9	147.3	12.62%	4.03%	13.1x	1.1x
Life Insurance	56.5	64.3	-12.16%	1.37%	NM	8.4x
Telecommunication	101.2	79.8	26.77%	2.46%	11.3x	8.9x
Pharmaceuticals	917.4	748.9	22.50%	22.29%	19.7x	2.6x
Fuel & Power	293.2	430.2	-31.85%	7.12%	12.0x	2.1x
Cement	14.5	15.0	-3.32%	0.35%	26.5x	2.5x
Services & Real Estate	45.3	46.4	-2.32%	1.10%	NM	0.8x
Engineering	786.1	660.0	19.11%	19.10%	14.7x	1.7x
Food & Allied	220.9	121.2	82.26%	5.37%	24.8x	8.4x
IT	105.4	138.3	-23.77%	2.56%	23.0x	2.9x
Textiles	399.9	356.7	12.12%	9.72%	15.8x	0.9x
Paper & Printing	14.7	14.4	1.84%	0.36%	20.5x	1.7x
Tannery	120.4	153.4	-21.49%	2.93%	19.6x	2.6x
Jute	44.9	36.1	24.46%	1.09%	NM	8.1x
Ceramics	180.7	257.3	-29.77%	4.39%	19.5x	1.9x
Miscellaneous	198.8	179.6	10.70%	4.83%	27.3x	1.2x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
International Leasing	5.60	-57.08%	1,242.1	3.0x
IFAD Autos Limited	63.50	-41.42%	15,747.4	11.2x
Heidelberg Cement	200.60	-40.07%	11,334.6	16.2x
United Airways (BD) Ltd.	1.90	-34.48%	1,573.4	NM
IDLC Finance Ltd.	45.80	-34.29%	17,268.9	7.5x
Aftab Automobiles Limited	31.30	-31.81%	2,996.4	15.7x
AB Bank Limited	8.30	-30.83%	6,292.5	1853.5x
Lankabangla Finance	16.20	-29.26%	8,313.5	8.7x
Prime Finance	7.10	-25.26%	1,937.7	NM
RAK Ceramics Limited	29.60	-24.10%	11,516.2	13.4x

Important News: Business & Economy

Trade war helps raise apparel export to US

- The US-China trade war is directly benefitting Bangladeshi exporters, with garment shipments to the US increasing over 3% this year compared to that last year, said the leaders of Bangladesh Garment Buying House Association yesterday. Last year the shipments to Bangladesh's largest export destination decreased 2% year-on-year, said the association's President at a press conference at its office in Dhaka. Though Bangladesh will continue to benefit from the trade skirmishes, the biggest gainer is Vietnam which has received more work orders, he said. The biggest challenges are fast adoption of automation and exploration of marketing avenues alongside meeting shortages of skilled mid-level manpower, he added.

<https://www.thedailystar.net/business/news/trade-war-helps-raise-apparel-export-us-1797202>

Export earnings dip in August on Eid holidays

- Country's export earnings in August this year fell 26.27% short of government-set target of USD 3.85 billion due to the lower shipment of readymade garment products as production in the factories was suspended for 7-9 days for Eid-ul-Azha holidays. Export earnings in the second month of the current financial year 2019-20 fell by 11.49% to USD 2.84 billion from USD 3.21 billion in the same month of the last fiscal, according to the provisional data of Export Promotion Bureau to be released today.

- Exporters said that readymade garment exports in August 2019 fell by more than 11% due to Eid vacation as most of the factories remained close for at least seven days. Country's overall export earnings in July-August, the first two months of FY20 fell by 0.92% to USD 6.73 billion from USD 6.79 billion in the same period of FY19, data showed. Export earnings from the RMG sector in the first two months of FY20 decreased by 0.33% to USD 5.71 billion from USD 5.73 billion in the same period of FY19.

<http://www.newagebd.net/article/83889/export-earnings-dip-in-aug-on-eid-holidays>

Banks' capital base strengthens

- The banking sector's capital base strengthened on paper in the second quarter of the year after some banks were allowed to keep their provisioning against default loans in phases. Besides, some lenders also recovered a good amount of fund from defaulted loans, which has made their capital base stronger than a quarter earlier. As of June this year, banks' capital adequacy ratio (CAR), which determines the adequacy of banks' capital in keeping with their risk exposure, stood at 11.74%, up from 11.41% three months earlier and 10.11% a year earlier, according to data from the central bank.

- The country's banking sector has failed to maintain CAR as per the roadmap set by the central bank for implementation of Basel III this year, said a central bank official with strong knowledge on the matter. From the first quarter of the year, banks were asked to maintain CAR at 12.50% in line with the global best practices. But the banking sector has failed to achieve the global benchmark for CAR thanks to 11 banks, including seven state-owned lenders.

<https://www.thedailystar.net/business/news/banks-capital-base-strengthens-1798189>

Banks find fresh fortune as savers swarm

- The country's banking sector saw deposits swell in July as savers turn away from putting money into the national savings instruments. The growth in deposits leaped more than 12% year-on-year as of July 31, up from 11.48% a month ago, according to the central bank statistics. Excluding inter-bank balance, all banks' deposits rose to around BDT 12 trillion as of July 31 from BDT 11.81 trillion a month ago. The figure was BDT 11.20 trillion as of March 28.

- Some savers are now switching over to banks from savings certificates, a senior executive of a leading private bank said explaining the recent uptrend in banking deposits. He also said the private banks, particularly the fourth generation lenders, are now offering double-digit interest rate to attract term deposits from individuals to meet their growing requirements for cash. The banks are now offering interest on fixed deposit schemes, particularly of three-month, six-month and one-year, at rates ranging from 2.0% to 11.50%, according to the central bank's latest monitoring report.

- Meanwhile, the net sales of national savings tools plunged by more than 57% to BDT 21.60 billion in July 2019 from BDT 50.36 billion during the same period of the last calendar year. It was BDT 32.08 billion in June this year, according to official figures. The net sales of saving certificates dropped drastically during the period as the government imposed tax along with some conditions on purchasing savings instruments.

- A senior official of the Bangladesh Bank (BB) said higher inflow of remittances in recent months also helped improve deposit growth in the banking sector. He also expects the upward trend in deposits to continue in the coming months.

<http://today.thefinancialexpress.com.bd/first-page/banks-find-fresh-fortune-as-savers-swarm-1567704586?date=06-09-2019>

Germany plans to set up Mercedes, BMW assembling plant in Bangladesh

- Finance minister said that Germany had proposed setting up a plant for assembling BMW or Mercedes-Benz cars in the country. The largest economy of Europe also expressed willingness to work on jute with Bangladesh. The minister said that Germany had assured that it would help Bangladesh retain generalised system of preference facility in the European Union market. He said the German businesses wanted to establish car assembling plant and follow progressive method like their plant in Thailand to assemble cars.

- He noted that the proposal for the assembling plant was good since the price of BMW and Mercedes-Benz would come down in the country. He also said that the German businesses delegation would have a meeting with prime minister to win a green signal to their proposal on establishing the car assembling plant. He said that Germany's other proposal of working on jute was welcome news for the government since the management of jute industry had become difficult. He said the German auto giants were utilising environment-friendly jute in car's interior.

<http://www.newagebd.net/article/84112/germany-plans-to-set-up-mercedes-bmw-assembling-plant-in-bangladesh>

<https://www.thedailystar.net/business/news/germany-set-bmw-assembly-plant-kamal-1798171>

Bangladesh Bank updates loan limits for enterprises

- Bangladesh Bank (BB) has issued a master circular for financing in the cottage, micro, small and medium enterprise (CMSME) sector. The central bank, in a circular on Thursday, updated the definition of CMSME in line with the National Industrial Policy and set a limit to the amount of credit the enterprises can avail. Moreover, the circular said, banks and financial institutions (FIs) have to keep at least 25% loan and advance balance by 2024 and they have to increase minimum one% loan and advance balance every year. At least 50% has to be kept for cottage, micro and small enterprises and minimum 15% lending has to go to women entrepreneurs. The circular also said banks and FIs have to keep minimum 40% CMSME lending to manufacturing sector, 25% for service sector and a maximum 35% for trading.
- The highest ceiling of credit for cottage entrepreneurs is BDT 1.5 million while BDT 10 million for manufacturing micro industries, BDT 2.5 million for micro service industries and BDT 5.0 million for micro entrepreneurs. Small manufacturing industries will get maximum BDT 200 million while Taka 50 million for small service industries and small entrepreneurs. Medium manufacturing industries will get BDT 750 million while BDT 500 million for medium service industries, the circular said.

<http://today.thefinancialexpress.com.bd/last-page/bangladesh-bank-updates-loan-limits-for-enterprises-1567704869?date=06-09-2019>

Bangladesh Bank (BB) to give banks euro loans from reserves

- Bangladesh Bank is set to give loans to local banks' offshore banking units (OBU) to offset the negative returns that it now gets for its liquid euro assets -- a move that can be viewed as making the best out of a bad situation. Interest rates went negative in the eurozone in June 2014 and the European Central Bank is widely expected to lower the negative interest rates even further today. At present, the Euro Interbank Offered Rate (Euribor) ranges from -0.358% to -0.452%. This is causing erosion of euro liquid assets, said a former lead economist of the World Bank's Dhaka office.
- Meanwhile, OBUs of domestic banks have borrowed from banks in the eurozone at 2-5% interest rate, and the interest payments are counted as outflows of foreign exchange from Bangladesh. As of June, EUR 412 million has been borrowed by local banks' OBUs from the eurozone, according to data from the Bangladesh Bank. Subsequently, directors of the BB have decided to lend to the local banks' OBUs from the portion of its reserves it would invest in Euribor-linked products. A guideline will now be chalked out to execute the plan.
- The decision was taken for the good of the country, said an executive director of the BB. Banks are borrowing at 5-6% from the eurozone whereas the market rate is negative, he said. The central bank would lend to the OBUs at lesser interest rates, so importers would be benefitted. However, there are caveats. Doing so would amount to reducing official foreign exchange reserves, he said.

<https://www.thedailystar.net/business/banking/bangladesh-bank-give-banks-euro-loans-reserves-1798756>

Bangladeshi battery busting boundaries: 25 local companies now exporting to 70 countries

- A growing demand for automotive battery, fueled mostly by widespread use of battery-run three-wheelers in rural and semi-urban areas, has led to booming business of local firms now exporting to around 70 countries. Besides, appearance of hybrid and electric cars in local market, and scooters using battery in conjugation with fuels have further propelled the business the market of which has grown three to four times over the past ten years. To cater to the demand, currently around 25 local companies are manufacturing batteries for three-wheelers, hybrid and electric cars, scooters, commercial vehicles, cars, instant power supply (IPS), solar panels and batteries for use in various appliances, according to the industry people.
- The battery market the size of which is around BDT 80 billion is growing year on year. The market ballooned three to four times in the last ten years, registering a 10% to 12% growth in the last one year, according to the Bangladesh Accumulator and Battery Manufacturers' Association (BABMA). Although some local companies are capable of manufacturing valve regulated lead acid (VRLA) batteries used in the towers of mobile phone companies, imported batteries are dominating the segment as mobile phone operators are opting for the foreign batteries. Currently, there are 25% import duty, 20% supplementary duty and 3% regulatory duty on imported batteries, according to National Board of Revenue.

<https://www.dhakatribune.com/business/2019/09/12/bangladeshi-battery-busting-boundaries-25-local-companies-now-exporting-to-70-countries>

Source-tax on bank deposits up 16.18% in FY 2019

- The collection of tax at source from bank depositors posted a gain in fiscal year (FY) 2018-19, showing 16.18-per cent growth over that of the corresponding period in FY '18. This rise in the source-tax collection is attributable to an increase in the number of bank depositors and the rate of interest. The National Board of Revenue (NBR) collected BDT 65.77 billion in taxes at source in FY 2018-19 compared to that of BDT 56.61 billion in FY 2017-18. It received tax at a rate of 10% on the interest income of the bank depositors having a taxpayer identification number (TIN). However, the rate of tax at source is 15% in the case of depositors having no TIN.
- Mutual Trust Bank managing director said higher interest rates contributed to the hefty growth of taxes. We've offered 9.0 to 10% of interest rates on fixed deposits, he said. He said the number of depositors has been showing a significant rise with the expansion of agent banking. He said tax rate on interest income should not be more than 5.0% to encourage savings.

<http://today.thefinancialexpress.com.bd/first-page/source-tax-on-bank-deposits-up-1618pc-in-fy-2019-1568223365>
<http://www.newagebd.net/article/84219/bank-depositors-pay-BDT-6577cr-in-source-tax-in-fy19>

Bangladesh Bank extends BDT 21.83 billion liquidity support to nine commercial banks

- Nine commercial banks received BDT 21.83 billion liquidity support from Bangladesh Bank (BB) in the last couple of days, said a BB press release yesterday. The central bank said

the liquidity support was provided at 6% flat annual interest rate under the REPO (Repurchase Agreement) facility. In separate REPO auctions, seven primary dealer (PD) banks received BDT 17.92 billion and two non-PD banks received BDT 3.92 billion, it said.

<https://www.dhakatribune.com/business/2019/09/12/bb-extends-BDT2-183cr-liquidity-support-to-nine-commercial-banks>

Bangladesh Bank (BB) rejects telcos' inclusion in agent banking service

- Bangladesh Bank has rejected a plea of Bank Asia, a private commercial bank, to run its agent banking service through outlets of two mobile phone operators — Grameenphone and Robi. A BB official said that the decision was made based on a policy of the central bank regarding the telecom operators. Ensuring safety and security of banking information was another reason for the rejection, he said. Apart from these, allowing GP and Robi to tie up with Bank Asia in running agent banking could create a state of uneven competition for the other agent banking operators in the country, he said.

- Facilities like cash deposit and withdrawal, remittance and small-scale loan disbursement, recovery of loans and cash payments under the government's social safety net programme were proposed to be offered through the agent banking wings if GP and Robi were allowed to operate the service. Earlier, the telecom operators had expressed their eagerness to run mobile financial service but the central bank issued the MFS guidelines, barring the telecom operators from becoming part of MFS. A customer can send BDT 1,000 with BDT 2.5 as charge through agent banking whereas transferring same amount of money through mobile financial service costs up to BDT 18.

- Due to the cost-effectiveness, deposits in agent banking accounts and number of the accounts have been growing rapidly. The amount of deposits by agent banking account holders increased by 162.54% to BDT 52.84 billion at the end of June of FY19 from BDT 20.13 billion a year ago. Besides, the number of accounts rose by 92.22%, or 1.64 million, to 3.42 million in FY19 from 1.78 million in the previous fiscal year. The BB has so far allowed 21 banks to run agent banking service under the agent banking guidelines in 2013. Of them, 19 banks have already started running the service.

<http://www.newagebd.net/article/84114/bangladesh-bank-rejects-telcos-inclusion-in-agent-banking-service>

The Belt and Road Initiative (BRI) to enhance trade, beef up infrastructure: Experts

- The Belt and Road Initiative (BRI) by China provides opportunity for Bangladesh to improve its infrastructure, increase investment, trade and enhance connectivity with countries in South Asia, but it also raises concerns of debt trap and environmental damage, said experts yesterday. To reap benefits from the BRI, Bangladesh should engage in conversations with China to negotiate terms of loans and other issues, fix priority in selection of projects, ensure transparency and accountability as well as focus on ensuring governance related to the BRI schemes, they said.

- Launched by Chinese President Xi Jinping in 2013, the BRI initiative, also known as the New Silk Road, aims to connect Asia with Africa and Europe via land and maritime networks through infrastructure and other connectivity related investments. By the end of July 2019, 136 countries and 30 international organizations signed cooperation document in this regard. The BRI spans across the territories of 72 countries, which covered 66.09% of

world population and 33.65% of global GDP as of 2018. The initiative has generated a lot of discussion and speculation across the world and China has established a Silk Road Fund with USD 40 billion.

- Bangladesh is connected with the BRI initiative through the BCIM economic corridor that covers 1.65 square kilometers and includes 440 million people. It connects China's Yunnan province with Bangladesh, Myanmar and India through road, rail, water and air linkages, according to CPD Executive Director. The Kunming-Kolkata corridor can reduce the costs of transport and benefit Bangladesh through enhanced trade and investment. Bangladesh has become a part of the BCIM and China promised to provide USD 40 billion investment in Bangladesh in bilateral assistance for infrastructure projects and joint ventures. Until now, the largest proportion of the BRI projects have been taken in the energy and transport sectors, she said.

<https://www.thedailystar.net/business/news/bri-enhance-trade-beef-infrastructure-1797631>
<http://today.thefinancialexpress.com.bd/first-page/bri-can-speed-up-bd-attaining-goals-experts-1567963972>

Remittance receivers to get incentive in arrears

- The beneficiaries of inward remittances would get cash incentive in arrears as the government is yet to start providing the benefit for which the beneficiaries became entitled since July 1 this year. In the fiscal budget for the year 2019-2020, the government announced to issue 2% cash incentive to the beneficiaries of inward remittances. In line with the government's budgetary announcement, the BB has already issued guidelines in this regard, stating that no document would be required for receiving the incentive against remittance worth up to USD 1,500. The BB guidelines mentioned that the incentive would come into effect from July 1, 2019, creating the scope for getting it in arrears against the inward remittance.

- The government in the budget for the fiscal year 2019-2020 allocated BDT 30.6 billion for providing the incentive in an expectation that the incentive would significantly increase the remittance flow through the legal channels and discourage the illegal channels like 'hundi' business. In FY 2005-06, the country's remittance earnings were USD 4.9 billion, which grew by three times to reach USD 16.4 billion in FY19.

<http://www.newagebd.net/article/83999/remittance-receivers-to-get-incentive-in-arrears>

Agent banking deposit crosses BDT 52 billion, accounts 3.4 million

- According to the quarterly data of April-June, 2019, of Bangladesh Bank (BB), deposit collection through the agent banking was more than BDT 52.28 billion which was 42% higher from over BDT 37.34 billion in the period from January to March 2019. At the end of April to June quarter, the number of agent banking accounts across the country also increased by 18% or around 0.51 million compared to the previous quarter. The number of accounts with agents increased to over 34,16,672 from 29,06,655 in April to June period of 2019. At the end of April-June quarter, the number of agents increased to 6,013 from 4,886 of the previous quarter and the number of bank agent outlets also increased to 8,671 from 7,838 in the same quarter. Official data shows that banks distributed over BDT 93.49 billion remittances through the agent banking channel, which was over BDT 71.82 billion in the January to March quarter of 2019.

<http://today.thefinancialexpress.com.bd/trade-market/deposit-crosses-BDT-52b-accounts-34-million-1567704039?date=06-09-2019>

Non-bank entities can soon set up ATMs

• The central bank will allow non-bank entities to set up automated teller machines (ATMs) and point of sale (POS) terminals as it ramps up efforts to promote card-based transactions across the country. At present, only banks are allowed to set up ATM and POS, but they are now showing little interest in expanding the facilities given the high maintenance cost, additional manpower and high security measures. The central bank has been working on the issue for long and has almost completed all relevant work to roll out the service. A guideline will be issued within the next couple of months, the BB official added.

• The intended companies, which will set up ATMs and POS, will have to take licenses from the central bank to act as a payment system provider (PSO). The PSOs will have to deposit BDT 5 million with the central bank. As of June, banks have installed 10,722 ATMs and 52,846 POS terminals while they issued 1.2 million credit cards and 15.7 million debit cards, according to data from the central bank. As per the central bank's guideline, the non-bank entities will have to set up ATMs evenly between rural and urban areas but with a view to deepening financial inclusion, the BB official said.

<https://www.thedailystar.net/business/news/non-bank-entities-can-soon-set-atms-1797208>

Exports to India set to hit bumps after onsite inspection criterion

• Neighboring India wants to inspect Bangladeshi factories before it imports goods under a regional free trade deal in what local exporters see it as a non-tariff barrier. With Bangladesh's exports to India exceeding USD 1.0 billion, New Delhi has attempted to impose a curb the entry of Bangladeshi goods to its market, according to exporters and analysts. In November 2011, India granted duty and quota-free market access to all but tobacco and alcohol under the South Asian Free Trade Area deal for the least developed country members of the South Asian Association for Regional Cooperation. But Bangladesh's exports to India did not grow much despite the trade benefits and non-tariff and para-tariff barriers imposed by Delhi were seen as the binding constraint. In contrast, Indian exports to Bangladesh grew to over USD 8.0 billion.

• Under the SAFTA clauses, goods from poorer countries need 30% value addition to be eligible for duty-free access to India. Officials said India has recently claimed that Bangladesh is exporting edible oil to Indian states without proper value addition making it ineligible for enjoying duty-free benefit. Trade officials said in this case, India is asking Bangladeshi exporters to furnish required bank guarantee, equivalent to applicable duty and taxes, to get goods released from the ports.

<http://today.thefinancialexpress.com.bd/first-page/exports-to-india-set-to-hit-bumps-after-onsite-inspection-criterion-1567792348?date=07-09-2019>

Government sits with China September 09 to confirm USD 5.4 billion loan

• Bangladesh is likely to seek confirmation of USD 5.40 billion Chinese loan for 11 priority projects, whose implementation has been delayed for years due to lack of foreign assistance, officials said on Wednesday. The government officials concerned are going to

sit with Chinese officials in Dhaka next week for getting concrete assurance of financial support for the 11 projects.

• The Bangladesh government sought financial support amounting to some USD 20 billion from Beijing more than four years ago for bankrolling a total of 27 development projects. According to the plan, Bangladesh would implement the projects between 2016 and 2020 with the fund. In the meantime, China has confirmed loan for five projects only. The rest of the 27 projects are still struggling due to fund shortage, the officials noted. They further said that implementation of most of these projects has been delayed due to absence of funding assurance. Now the government will talk with China for funding the 11 priority projects.

<http://today.thefinancialexpress.com.bd/first-page/govt-sits-with-china-sept-09-to-confirm-54b-loan-1567704740?date=06-09-2019>

Important News: Capital Market

GP, Robi's parent companies back off from Asian merger

• Norwegian telecom operator Telenor said Friday talks on merging its Asian operations with Malaysian telecom group Axiata have ended due to complexities with the transaction. The companies announced in May that they had entered talks on creating a new company to serve nearly 300 million customers in nine Asian countries. Telenor would have controlled 56.5% of the shares and Axiata the remaining 43.5%. Due to some complexities involved in the Proposed Transaction, the parties have mutually agreed to end the discussion, Telenor said in a statement. They did not rule out the possibility of a "future transaction", according to the statement.

<https://www.thedailystar.net/business/news/gp-robis-parent-companies-back-asian-merger-1797196>

<http://today.thefinancialexpress.com.bd/last-page/telenor-axiata-end-asia-telecom-jv-talks-1567792809?date=07-09-2019>

<http://www.newagebd.net/article/83779/gp-robis-parent-cos-turn-back-on-merger-talks>

<https://www.dhakatribune.com/business/2019/09/06/axiata-telenor-ends-merger-talks>

GP, Robi get BTRC notice

• The telecoms regulator served on Thursday show-cause notice to mobile operators Grameenphone and Robi for non-payment of dues to the state exchequer. Bangladesh Telecommunication Regulatory Authority (BTRC) asked them to explain within 30 days "why their licenses should not be cancelled" for not paying the government dues. As per a BTRC audit claim, GP has BDT 125.79 billion in dues to the government, including BDT 40.85 billion to the National Board of Revenue (NBR). Another telecoms giant Robi owes BDT 8.67 billion to the government, including BDT 1.97 billion to the revenue board.

• However, terming the audit claims disputed, both the companies had been urging BTRC to settle the issue through arbitration. But BTRC said of no scope to go to arbitration as existing law does not allow for it.

<http://today.thefinancialexpress.com.bd/last-page/gp-robi-get-btrc-notice-1567705045?>

[date=06-09-2019](#)

<https://www.thedailystar.net/business/telecom/grameenphone-gp-robi-2g-3g-licences-move-to-withdraw-1796137>

<http://www.newagebd.net/article/83667/btrc-tightens-screws-on-gp-robi-to-pay-audit-claims>

<https://www.dhakatribune.com/business/2019/09/05/btrc-issues-show-cause-notices-on-gp-robi-for-licence-cancellation>

Ookla recognizes Grameenphone as country's fastest network

- Ookla, a global internet testing and analysis provider, has once again recognized Grameenphone as the fastest mobile network in Bangladesh for January-June this year, said a GP press release on Sunday. The analysis provider measures all operators download and upload speed to rank network speed performance, it said. GP became the fastest with a speed score of 9.25 in 2018, and continuous improvement since then raised the score to 10.60 in 2019, said the release. According to the analysis, Airtel, Robi, Banglalink, and Teletalk had speed score of 9.93, 9.63, 6.84, 4.78 respectively.

<http://www.newagebd.net/article/84002/ookla-recognises-grameenphone-as-countrys-fastest-network>

<https://www.dhakatribune.com/business/2019/09/09/ookla-speedtest-recognizes-gp-as-fastest-mobile-network-in-bd>

Teletalk adds 0.4 million, Robi loses 0.2 million users in July

- Robi Axiata, the country's second largest mobile phone operator, lost 0.2 million subscribers while state-owned Teletalk added 0.39 million subscribers in July this year. A Bangladesh Telecommunication Regulatory Commission report showed that the number of mobile phone subscribers increased by 0.35 million to 162.1 million at the end of July this year from 161.8 million a month ago. Out of the four active mobile phone operators, the number of subscribers of three operators — Teletalk, Grameenphone and Banglalink — increased in July and the rest one, Robi, lost subscribers in the month. As a result, the subscriber base of Robi dropped to 47.7 million from 47.9 million.

- Teletalk's subscriber base, however, remained the smallest among the four operators despite the gain in July. The number of subscribers of the operator increased to 4.23 million at the end of July this year from 3.84 million a month ago. With addition of 0.10 million subscribers in July, the subscriber base of Grameenphone, the largest operator, increased to 75.4 million from 75.3 million. Banglalink's subscriber base increased by 49,000 to 34.7 million from 34.6 million. Another BTRC report showed that the number of country's internet subscribers dropped by 23,000 in July, bringing down the number to 96.1 million. The number of active internet subscribers of mobile phone operators remained almost static at 90.4 million due to a fall in subscriber base by 7,000 the BTRC report showed.

<http://www.newagebd.net/article/84116/teletalk-adds-4-lakh-robi-loses-2-lakh-users-in-july>

Jahaji mobile app launched to facilitate inland navigation

- A new mobile phone application called "Jahaji" was launched yesterday to facilitate the renting, booking and tracking of lighter vessels operating inside the country. The app will especially benefit ship owners, goods suppliers, agents and brokers and it will also make possible the purchase of goods like sand or stones from moving vessels, according to a press release. No other country offers this kind of service for lighter vessels, Jahaji's Co-founder and CEO said. According to government estimates, there are less than 7,000

lighter vessels in the country but in reality the number exceeds 30,000, he said. In the conventional system, it is almost impossible to verify the rent, capacity or position of the vessels. The Jahaji app will help these people, he said. Former president of Bangladesh Cargo Vessel Owners Association said that he thinks Jahaji app is going to be a game changer in the sector.

<https://www.thedailystar.net/business/jahaji-mobile-app-launched-facilitate-inland-navigation-1797592>

<http://www.newagebd.net/article/84003/app-for-hiring-cargo-vessels-launched>