

Capital Market Overview

The market closed in red this week. The benchmark index DSEX (-1.29%) lost 61.55 points and closed the week at 4,710.37 points. The blue-chip index DS30 (-1.19%) lost 19.67 points and stood at 1,638.25 points. The Shariah based index DSES (-0.79%) lost 8.65 points and stood at 1,080.92 points. DSEX, DS30 and DSES all posted negative YTD return of -12.54%, -12.90%, and -12.32% respectively.

Total Turnover During The Week (DSE): BDT 14.0 billion (USD 168.2 million)
Average Daily Turnover Value (ADTV): BDT 3.5 billion (Δ% Week: +5.6%)

Market P/E: 13.63x

Daily Index Movement during the Week:

The market performed four sessions during this week. Market opened this week with a positive movement of 0.20% in the first session. The market turned around in the second session by -0.05%, and continued the downward trend in the third and fourth sessions by -0.88% and -0.57%, respectively.

Sectoral Performance:

- The financial sectors showed mixed performance during this week. NBFIs experienced the highest loss of 3.40% followed by Life Insurance (-1.81%) and Banks (-0.92%). General Insurance booked the highest gain of 4.42% followed by Mutual Funds (+1.27%).
- The non-financial sectors showed negative performance during this week except Power (+0.10%). Engineering experienced the highest loss of 3.48% followed by Food & Allied (-2.45%), Telecommunication (-2.21%), and Pharmaceuticals (-0.44%).

Macroeconomic arena:

- Foreign direct investment to Bangladesh surged 51% last fiscal year to its highest on record. In 2018-19, net FDI stood at USD 3.88 billion in contrast to USD 2.58 billion a year earlier.
- The International Finance Corporation (IFC) has floated taka bonds—Bangla Bond—in the London Stock Exchange (LSE). Bangla Bonds are taka-denominated bond on the LSE leveraging IFC's own AAA credit rating.
- Trade deficit narrowed slightly in the first quarter of the fiscal year. Between the months of July and September, trade deficit stood at USD 3.71 billion, down 3.50% year-on-year. During the period, imports declined 2.55% from a year earlier to USD 13.25 billion and exports 2.18% to USD 9.53 billion. Current account deficit also decreased 48.48% year-on-year to USD 678 million in the first quarter of fiscal 2019-20. Deficit in the overall balance stood at a negative of USD 204 million in the July-September period, up from USD 158 million in the negative. The balance in the financial account decreased 71% year-on-year to USD 380 million in the first quarter of the fiscal year.
- Expatriate Bangladeshis sent USD 6,154.22 million in remittance in the first four months of the current fiscal 2019-20, which is 20.48% higher than the amount of corresponding period of the preceding year. The country received USD 1,597.69 million in July; USD 1,444.75 million in August; USD 1,472.16 million in September and USD 1,639.62 million in October of the fiscal 2019-20. But in 2018-19, the country got USD 1,318.18 million in July; USD 1,411.05 million in August; USD 1,139.66 million in September and USD 1,239.11 million in October.

Stock Market arena:

- HeidelbergCement Bangladesh announced that the board of directors of the company has approved the acquisition of 100 percent of Emirates Cement Bangladesh and Emirates Power Company at a cost of nearly Tk 1.83 billion (\$21.59 million).
- LR Global Bangladesh, an asset management company, has filed a writ petition with the High Court (HC), seeking a direction for continuing its job as asset manager of two listed mutual funds (MFs).
- The Shenzhen Stock Exchange (SZSE) is going to introduce a new index at the Dhaka Stock Exchange this year to attract Chinese investors to the secondary market of Bangladesh's premier bourse. The index will be formed by the SZSE in association with the DSE where well-performing stocks will be included.

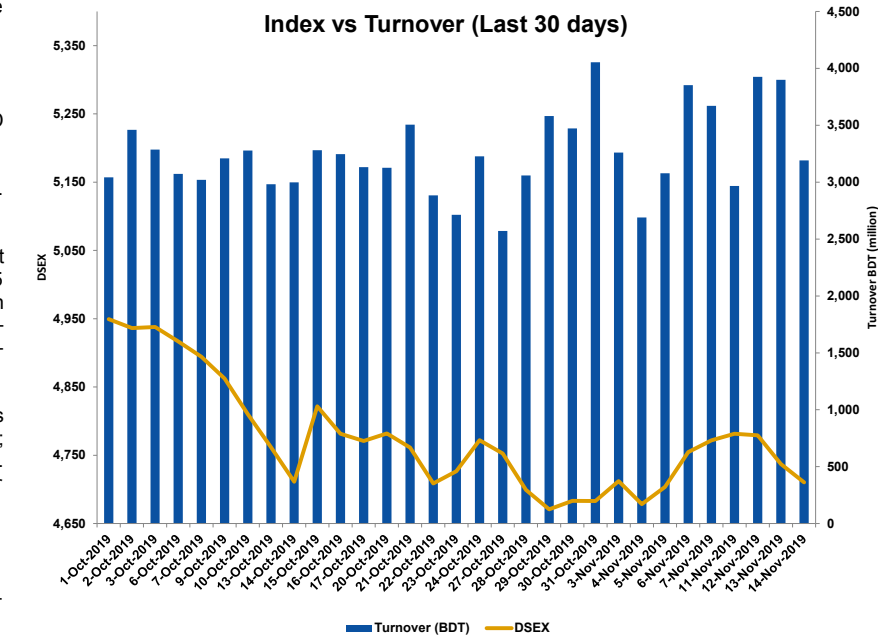
Table 1: Index

Index	Closing	Opening	Δ(Pts)	27-Dec-2018	Δ% Week	Δ%YTD
DSEX	4,710.37	4,771.92	-61.55	5,385.64	-1.29%	-12.54%
DS30	1,638.25	1,657.92	-19.67	1,880.78	-1.19%	-12.90%
DSES	1,080.92	1,089.57	-8.65	1,232.82	-0.79%	-12.32%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	14,319,578.1	17,845,205.8	-19.8%
	Mn USD	172,255.2	214,666.3	
Turnover	Mn BDT	13,981.9	16,551.3	-15.5%
	Mn USD	168.2	199.1	
Average Daily Turnover	Mn BDT	3,495.5	3,310.3	5.6%
	Mn USD	42.0	39.8	
Volume	Mn Shares	483.1	589.8	-18.1%

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
Sonar Bangla Ins	49.60	42.30	17.3%	1,986.1	399.10	25.4x	3.2x
Sea Pearl Beach Resort & Spa Limited	26	22.20	14.9%	2,550.0	91.67	58.0x	2.4x
SEML FBLSL Growth Fund	13.30	11.60	14.7%	970.2	102.88	NM	1.3x
Agrani Insurance Co. Ltd.	32.60	28.70	13.6%	986.0	171.67	17.9x	2.0x
National Feed Mill Limited	8.90	7.90	12.7%	754.2	50.50	59.3x	0.7x
Rupali Life Insurance Co. Ltd.	51.20	45.60	12.3%	1,477.1	200.01	NM	5.1x
Samata Leather	113.40	101.20	12.1%	1,170.3	84.93	405.0x	7.8x
Global Insurance Ltd.	24.40	22.00	10.9%	942.3	187.92	34.6x	2.2x
Central Insurance	25.90	23.40	10.7%	1,219.4	63.60	11.3x	1.2x
Dacca Dyeing	3.20	2.90	10.3%	278.9	.38	NM	0.2x

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Ratanpur Steel Re-Rolling Mills Limited	26.00	30.50	-14.8%	2,630.9	25.26	4.7x	0.7x
Bashundhara Paper Mills Limited	45.90	53.00	-13.4%	7,977.0	36.99	27.3x	1.4x
Regent Textile Mills Limited	9.90	11.40	-13.2%	1,200.6	31.76	10.2x	0.4x
Miracle Ind.	16.50	19.00	-13.2%	558.7	24.92	71.7x	0.4x
Shaympur Sugar	20.60	23.70	-13.1%	103.0	.05	NM	NM
Prime Textile	19.50	22.40	-12.9%	744.9	16.82	50.6x	0.5x
BD Welding	15.30	17.50	-12.6%	656.7	1.81	6.9x	1.3x
Shinepukur Ceramics	9.30	10.60	-12.3%	1,366.8	7.32	21.6x	0.3x
Maksons Spinning Mills Limited	4.30	4.90	-12.2%	1,024.4	8.31	608.6x	0.2x
Gemini Sea Food	196.70	222.90	-11.8%	839.8	15.02	531.6x	18.4x

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
National Tubes	154.20	166.20	-7.2%	4,881.4	491.29	232.9x	0.9x
Sonar Bangla Ins	49.60	42.30	17.3%	1,986.1	399.10	25.4x	3.2x
Renata Ltd.	1,306.60	1,294.70	0.9%	105,227.9	315.79	28.0x	6.4x
Wata Chemicals Limited	598.80	602.40	-0.6%	7,100.6	308.64	51.5x	9.4x
Fortune Shoes Limited	30.70	30.70	0.0%	3,835.5	294.38	17.5x	2.3x
Square Pharmaceuticals	237.30	238.00	-0.3%	187,231.7	275.72	14.8x	3.0x
Shurwid Industries Limited	30.50	30.00	1.7%	1,749.7	233.49	17.5x	2.8x
Standard Ceramic	529.60	553.50	-4.3%	3,421.6	220.31	339.5x	41.7x
Khulna Power Company Limited	48.50	47.70	1.7%	19,274.5	209.36	13.9x	2.0x
Rupali Life Insurance Co. Ltd.	51.20	45.60	12.3%	1,477.1	200.01	NM	5.1x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Pragati Insurance	40.00	53.41%	2,623.6	12.6x
Marico Bangladesh Limited	1,722.30	43.50%	54,252.5	21.7x
Dutch-Bangla Bank	74.40	28.81%	37,200.0	7.6x
The Premier Bank	12.20	20.44%	11,273.9	4.1x
Power Grid Co. of Bangladesh Ltd.	57.80	20.42%	26,640.8	6.6x
Glaxo Smithkline	1,726.20	19.03%	20,794.6	71.5x
Pioneer Insurance	34.10	17.18%	2,386.3	7.6x
Bank Asia Ltd.	19.00	12.71%	22,152.2	8.9x
Linde Bangladesh Limited	1,334.10	11.32%	20,302.7	17.2x
Singer Bangladesh	185.80	9.20%	18,524.8	17.9x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1352.69	1365.29	1428.63	-0.92%	-5.32%
NBFIs	1577.53	1633.10	2087.55	-3.40%	-24.43%
Mutual Funds	604.16	596.59	644.52	1.27%	-6.26%
General Insurance	1963.50	1880.37	1488.77	4.42%	31.89%
Life Insurance	2015.76	2052.94	2251.96	-1.81%	-10.49%
Telecommunication	4292.28	4389.47	5088.05	-2.21%	-15.64%
Pharmaceuticals	2711.71	2723.76	2698.49	-0.44%	0.49%
Fuel & Power	1692.19	1690.57	1745.15	0.10%	-3.04%
Cement	1146.47	1156.83	1676.63	-0.90%	-31.62%
Services & Real Estate	899.08	900.53	1017.99	-0.16%	-11.68%
Engineering	2420.15	2507.34	2933.11	-3.48%	-17.49%
Food & Allied	13626.25	13968.84	15034.05	-2.45%	-9.36%
IT	1638.39	1688.02	1545.46	-2.94%	6.01%
Textiles	1031.36	1065.73	1461.18	-3.23%	-29.42%
Paper & Printing	5127.49	5872.91	9105.21	-12.69%	-43.69%
Tannery	1879.78	1950.64	2560.38	-3.63%	-26.58%
Jute	11902.91	12597.22	21417.92	-5.51%	-44.43%
Ceramics	468.06	478.42	579.64	-2.16%	-19.25%
Miscellaneous	1814.37	1848.35	1943.42	-1.84%	-6.64%

Table 7: Sector Trading Matrix

Sector Name	Daily average this week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Banks	319.0	252.8	26.15%	9.44%	7.3x	0.8x
NBFIs	111.7	91.2	22.49%	3.31%	76.7x	2.0x
Mutual Funds	98.6	87.0	13.27%	2.92%	NM	0.5x
General Insurance	545.8	382.4	42.73%	16.15%	14.2x	1.3x
Life Insurance	67.6	32.8	105.73%	2.00%	NM	8.4x
Telecommunication	89.8	50.2	78.97%	2.66%	12.2x	8.9x
Pharmaceuticals	475.3	390.9	21.59%	14.07%	18.5x	2.5x
Fuel & Power	214.5	213.5	0.47%	6.35%	11.1x	2.0x
Cement	28.8	34.5	-16.38%	0.85%	22.3x	2.1x
Services & Real Estate	67.7	30.3	123.18%	2.00%	NM	0.7x
Engineering	488.1	482.4	1.18%	14.45%	14.2x	1.4x
Food & Allied	139.8	119.6	16.88%	4.14%	26.1x	8.0x
IT	87.7	37.5	134.16%	2.60%	20.1x	2.5x
Textiles	290.2	388.1	-25.23%	8.59%	NM	0.8x
Paper & Printing	21.8	7.2	201.28%	0.64%	97.6x	1.3x
Tannery	123.1	75.1	63.96%	3.64%	22.9x	2.1x
Jute	9.6	65.2	-85.35%	0.28%	NM	5.4x
Ceramics	80.2	147.9	-45.75%	2.37%	21.9x	1.8x
Miscellaneous	119.7	152.8	-21.70%	3.54%	19.5x	1.0x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
IFAD Autos Limited	42.90	-60.42%	10,638.8	9.3x
International Leasing	5.30	-59.38%	1,175.6	29.8x
United Airways (BD) Ltd.	1.40	-51.72%	1,159.3	NM
Heidelberg Cement	170.80	-48.97%	9,650.8	60.9x
Aftab Automobiles Limited	25.70	-44.01%	2,460.3	20.6x
Beximco Limited	14.70	-37.45%	12,881.9	9.0x
Prime Finance	6.00	-36.84%	1,637.5	3.0x
AB Bank Limited	7.70	-35.83%	5,837.6	NM
Bata Shoe	748.90	-32.92%	10,245.0	21.2x
Agni Systems Ltd.	14.80	-29.52%	1,073.8	19.7x

Important News: Business & Economy

Pharma export sees strong growth

- Export earnings from the country's pharmaceutical sector continued its upward trend over the last seven years on the back of a conducive policy environment, skilled human resources and patent waiver, insiders said. Drug makers operating in Bangladesh have fetched US USD 46.85 million in July-October period of current fiscal year (FY) 2019-20, up 8.07% over the corresponding period of last fiscal, according to the Export Promotion Bureau of Bangladesh (EPB) data. The sector's earning from overseas market jumped 25.60% to USD 129.95 million in FY 2018-19 from USD 103.46 million in FY '18. The figure was USD 89.17 million in FY '17 and USD 48.25 million in FY 2011-12.

- Managing Director of One Pharma Limited said that the drug market in Bangladesh has the potential to grow further in the coming days. Increasing demand for drugs at home and abroad, growing acceptance of Bangladeshi medicines abroad and comparatively low production cost here are some of the key reasons for the growth of this sector, he said. Bangladeshi drug makers are now capable of meeting 98% of domestic demand, he added. About the future challenges for the pharmaceutical sector, he said there will be changes in terms of disease pattern, new diseases due to environmental degradation and increased lifespan of people.

- The global market for generic drugs is expected to reach USD 475 billion by 2024 from USD 340 billion in 2018, according to marketwatch.com. According to data presented at a seminar recently, the domestic market size of the pharmaceutical product is BDT 205.12 billion with annual growth rate of 10%. The sector's contribution to the gross domestic product (GDP) is estimated around 1.83%. The country exports drugs to 150 countries worth around USD 130 million, which is likely to cross billion-dollar mark in the next five years, experts said.

<https://today.thefinancialexpress.com.bd/trade-market/pharma-export-sees-strong-growth-1573228138?date=09-11-2019>

Ten banks fail to maintain minimum capital requirement

- Ten scheduled banks are highly vulnerable to reasonable amount of losses as the banks have failed to maintain minimum capital to risk-weighted assets ratio (CRAR), according to the Bangladesh Bank's Financial Stability Assessment Report for the period of April-June this year. The BB assessed 57 out of 59 scheduled banks in its report. In line with the Pillar 1 of the Basel III capital framework, all the scheduled banks are supposed to maintain minimum 10% CRAR. Maintaining CRAR, also known as capital adequacy ratio (CAR), is obligatory for the banks and financial institutions to protect depositors and promote the stability and efficiency of financial systems, BB officials said.

- Any bank or its depositors may fall into troubled water unless the minimum required CRAR is maintained, he said. The rest 47 banks have managed to comply with the provision of maintaining at least 10% or above as CRAR. The report, however, said that the overall CRAR of the banking sector increased to 11.7% at the end of June this year, up 80 basis points on last year. It also said that 30 banks' CRARs were within the range of 10-15% and their aggregate assets accounted for nearly 59.4% of the total banking industry's assets at the end of June this year.

- As 10 banks failed to maintain required CRAR, the rest 47 banks were considered for applying different stresses, the Financial Stability Assessment Report said. The report said that 22 of the 47 banks would fail to maintain the required CRAR if three large borrowers of each bank became loan defaulters. If seven large borrowers of each bank become loan defaulters, 34 banks would fail to maintain the required CRAR and loan defaulting by 10 large borrowers would result in 35 banks failing to maintain the required CRAR. Although the central bank has been pressing the banks to reduce the advance-deposit ratio (ADR), the overall ADR of the banking industry stood at 77.5%, up 0.8 percentage points on 78.5% a year ago.

<http://www.newagebd.net/article/90144/ten-banks-fail-to-maintain-minimum-capital-requirement>

Remittance inflow went up by 20% in 4 months

- Expatriate Bangladeshis sent USD 6,154.22 million in remittance in the first four months of the current fiscal 2019-20, which is 20.48% higher than the amount of corresponding period of the preceding year, according to Bangladesh Bank data. The country received USD 5,108 million in remittance during July-October period in 2018-19 fiscal year.

- According to their data, the country received USD 1,597.69 million in July; USD 1,444.75 million in August; USD 1,472.16 million in September and USD 1,639.62 million in October of the fiscal 2019-20. But in 2018-19, the country got USD 1,318.18 million in July; USD 1,411.05 million in August; USD 1,139.66 million in September and USD 1,239.11 million in October.

- In July this fiscal, six state-owned commercial banks -- Agrani, Janata, Rupali, Sonali, BASIC and BDBL-- received USD 353.15 million while one state-owned specialized bank -- Bangladesh Krishi Bank -- received USD 30.24 million. Of the state-owned banks, Agrani Bank received USD 147.12 million; Janata Bank USD 75.94 million; Rupali Bank USD 20.76 million; Sonali Bank USD 109.23 million and BASIC Bank USD 0.10 million, according to Bangladesh Bank.

- Besides, expatriates have sent USD 1,240.41 million through private commercial banks. On the other hand, the expatriates have sent USD 15.82 million through foreign commercial banks.

<https://www.thedailystar.net/city/news/remittance-inflow-went-20pc-4-months-1825027>
<http://www.dhakatribune.com/business/economy/2019/11/09/remittance-inflow-increases-by-20-in-first-4-months-of-fy2019-20>

Trade deficit shrinks in first quarter

- Trade deficit narrowed slightly in the first quarter of the fiscal year as both exports and imports declined, a development that can be construed as symptoms of an economic slowdown. Between the months of July and September, trade deficit, a situation when imports exceed exports, stood at USD 3.71 billion, down 3.50% year-on-year, according to data from the central bank. During the period, imports declined 2.55% from a year earlier to

USD 13.25 billion and exports 2.18% to USD 9.53 billion.

- Along with trade deficit, current account deficit also decreased 48.48% year-on-year to USD 678 million in the first quarter of fiscal 2019-20.
- Deficit in the overall balance stood at a negative of USD 204 million in the July-September period, up from USD 158 million in the negative.
- Financial account of the balance of payments includes private sector foreign loan. The balance in the financial account decreased 71% year-on-year to USD 380 million in the first quarter of the fiscal year.

<https://www.thedailystar.net/business/news/trade-deficit-shrinks-first-quarter-1824568>
<http://www.dhakatribune.com/business/2019/11/07/trade-deficit-drops-by-3-50-in-q1>

Bangladesh pays USD 987 million to Asian Clearing Union (ACU) for Sept-Oct imports

- Bangladesh has made a routine payment of more than USD 987 million to the Asian Clearing Union (ACU) against imports during the September-October period of this calendar year. After the payment, foreign exchange (forex) reserves fell to USD 31.60 billion on Thursday from USD 32.60 billion on the previous working day, according to the central bank officials. A senior official of the Bangladesh Bank (BB) said the country will be able to settle import bills for more than five months with existing forex reserves. He also said the amount of ACU payment came down to USD 987 million during the period under review from USD 1.04 billion earlier mainly due to lower imports from the ACU member countries, particularly from India.
- Bangladesh is now importing different consumer items, cotton, raw materials and capital machinery from the ACU member countries, especially from neighboring India, according to the central banker. The ACU is an arrangement involving Bangladesh, Bhutan, India, Iran, Myanmar, Nepal, Pakistan, Sri Lanka and the Maldives through which intraregional transactions among the participating central banks are settled on a multilateral basis.

<https://today.thefinancialexpress.com.bd/first-page/bd-pays-987m-to-acu-for-sept-oct-imports-1573230907?date=09-11-2019>

Bangladesh receives more than 1% global LNG in first year

- Bangladesh received more than one% of total global LNG production in the first 12 months after entering the LNG import marketplace as the 39th country in 2018, said a statement. Bangladesh joined the LNG import marketplace through the delivery of the country's first LNG import terminal, Moheshkhali Floating LNG (MLNG) last year.
- In its first year of LNG imports, Bangladesh has successfully delivered 60 cargoes (equivalent to 3.6 million tons of LNG) imported from eight countries, providing over 180 million MMBtu of gas into the Chattogram region of the country. LNG imports represent a 15% uplift in gas supply for the country, allowing for several power plants, fertilizer factories, and industries that had previously been shut down due to a lack of feedstock, resume production.

<https://today.thefinancialexpress.com.bd/stock-corporate/bd-receives-more-than-one-percent-global-lng-in-first-year-1573223436?date=09-11-2019>
<https://www.thedailystar.net/business/news/bangladesh-bought-over-1pc-global-lng-first-year-1824577>

39% ready-made (RMG) exporters supply at losses, a study finds

- As many as 39% of the Bangladeshi garment exporters accept prices below their production costs for the sake of business relations with international retailers, according to a study by the Fair Wear Foundation (FWF). Apart from the threat of severed business ties, the suppliers accepted work orders from foreign buyers at rates lower than their production costs for mistakes in cost calculation or to one-up their competitors, the study also found.
- Some 33% think they will face the risk of closure and 29% will face difficulties in wage payment to workers, the study also said. Only 13% of the buyers who source from Bangladesh increased the prices of garment items after the minimum wage hike in 2013.
- Globally, the picture is almost similar to Bangladesh. During that time, only 25% of the global buyers had increased the prices of the garment items after the wage hike, FWF's Country Manager for Bangladesh and Myanmar said.
- Between 2011 and 2016, the overall prices of Bangladeshi garment items declined 7.79%. The picture of price hike by buyers following the latest round of the minimum wage increase in December last year is worse than that of 2013: only one out of the 20 buyers increased the prices.

<https://www.thedailystar.net/business/news/39pc-rmg-exporters-supply-losses-study-finds-1824583>

USD 300 million Asian Development Bank (ADB) loan to expand power lines

- The Asian Development Bank has approved a €271.84 million, or USD 300 million, loan for a project to expand transmission lines in greater Dhaka and the western zone of Bangladesh. Besides, the Asian Infrastructure Investment Bank is considering USD 200 million in co-financing to finance transmission lines, substations, and an enterprise resource planning system. The assistance also comprises a USD 750,000 grant from China's Poverty Reduction and Regional Cooperation Fund (PRC Fund), the Manila-based lender said in a statement on Friday.
- The new project will continue to fund high-level advanced conductors, which were used in the 2018 project, to allow more power transfer at lower energy losses. With assistance from the PRC Fund, the project will introduce drone technology to Bangladesh as an innovative new technology to improve operational efficiency and safety. The project will construct 40 kilometers of transmission lines and 4,450 megavolt-ampere (MVA) of substations in greater Dhaka, as well as 368km of transmission lines, 3,070 MVA of substations, and 20 bay extensions in the western zone, the statement said. It will also establish an enterprise resource planning system, and a drone inspection center to improve operation efficiency and enhance workspace safety in the executing agency, the Power Grid Company of Bangladesh.

- The government and the executing agency will contribute USD 249.25 million for the USD 750 million-project, which is due for completion at the end of June 2024.

<https://www.thedailystar.net/business/news/300m-ADB-loan-expand-power-lines-1825291>

Bangla Bond debuts on London Stock Exchange tomorrow

- A USD 19 million taka-denominated bond is set to make its debut on the London Stock Exchange tomorrow, in a landmark moment for the country. The debt certificate—the Bangla Bond—is being backed by the International Finance Corporation (IFC), the private sector arm of the World Bank Group.

- The government expects to draw USD 1 billion from the Bangla Bond, with the rest of the amount to be floated in phases. The floatation of the bond comes as the government looks to mobilize the hordes of expatriate Bangladeshis towards nation building and draw in foreign investors too.

- The IFC has been working with the government for four years for the Bangla bond. While initial feedback from investors has signaled appetite for shorter tenures (2-5 years), the IFC's intent is to build a longer yield curve over time. Proceeds from longer tenure bonds could be utilized in infrastructure projects within Bangladesh, it said.

- The primary objective of the bond issuance is to mobilize capital to fund IFC investments in projects in the country. This will be done by converting the dollar proceeds of the bonds into taka and then using the resulting taka funds to provide financing for projects in Bangladesh.

<https://www.thedailystar.net/business/news/bangla-bond-debuts-london-stock-exchange-today-1825297>

Mobile Financial Services (MFS) interoperability in a year: State Minister for Information Communication & Technology (ICT)

- Transactions for mobile financial services from one operator to another will be possible within a year as the government is working to introduce a platform, State Minister for ICT said. Currently there are 16 banks and financial institutions providing MFS in the country with transactions reaching about BDT 12 billion a day. As of September, MFS transactions amounted to BDT 354.33 billion, according to Bangladesh Bank.

<https://www.thedailystar.net/business/news/mfs-interoperability-year-palak-1825282>

Dhaka Chamber of Commerce and Industries (DCCI): High lending rates pushing up production costs

- Dhaka Chamber of Commerce and Industries (DCCI) President on Saturday said that high interest rates of credits were raising the production costs, reducing the competitiveness in global market. The DCCI president said the bank interest rates were still high – hovering around 11-15% on an average – though the government also emphasized lowering the

rates as early as possible.

- The country's economy and businesses are growing but entrepreneurs, especially small and medium ones, are struggling due to unavailability of loans at affordable rates, he said, warning that the situation might worsen if the trend continued. He said the current inflation rate, liquidity crisis at banks and growing non-performing loans (NPL) were the reasons behind the high lending rates.

- DCCI president underscored good governance at banks, amendment to banking laws, checking inflation and reducing savings certificate interest rates for strengthening banking sector so that businesses could get easy financing. He also recommended that the government mobilize domestic revenue rather than depend on banks and saving tools for meeting the fiscal deficit.

<http://www.dhakatribune.com/business/2019/11/09/dcci-high-lending-rates-pushing-up-production-costs>

Ready-made garment (RMG) exports to US grow by 9.96% in 9 months

- The growth in Bangladesh's readymade garment exports to the United States continued decreasing in nine months (January-September) of 2019 as global consumption of RMG products dropped amid economic woes and some of the competing countries grabbed more market share, experts and exporters said. Bangladesh's RMG exports to the US in January-September of this year grew by 9.96% while the export growth to the market was 14.49% in the first half (January-June) and 16.12% in the first quarter (January-March), according to the data released by the Office of Textiles and Apparel (OTEXA) under the US Department of Commerce on Saturday.

- Bangladesh's earnings from RMG exports to the US in January-September of this year grew to USD 4.56 billion from USD 4.15 billion in the same period of last year. Earlier, Bangladesh achieved 14.49% growth in RMG export to the US in January-June and it was the highest growth among the competing countries.

<http://www.newagebd.net/article/90374/rmg-exports-to-us-grow-by-996pc-in-9-months>

Bangladeshi businesses more bullish than global peers: Hong Kong and Shanghai Banking Corporation (HSBC)

- Business confidence in Bangladesh is significantly higher than the global and Asian average, according to a new global report of HSBC. The Hongkong and Shanghai Banking Corporation's 'Navigator: Now, next and how' captured business sentiment from 9,131 companies globally, including 193 Bangladeshi companies, shedding light on their investment priorities, decision-making drivers, and plans to implement change and growth expectations.

- The report mentioned that 74% of Bangladeshi businesses are more optimistic about their business prospect than a year ago while the Asian average is only 43%. The HSBC report showed that 97% of Bangladesh businesses, surveyed for the report, are bullish on growth over the next year while the global and Asian average is 79% and 77%. Moreover, 50% of Bangladeshi businesses are expecting growth of 15%, which would be about twice the rate

of expected GDP growth rate in Bangladesh, the bank said on Monday in a statement accompanied with the report.

- The survey report found nine in 10 Bangladeshi businesses believe international trade to be a force for good, which will drive innovation and improve efficiency. Asia remains the main arena where Bangladeshi firms trade, with more than four in five (83%) companies citing its importance, the press statement said. In Asia, the largest trading partners of Bangladeshi firms are mainland China (43%), Japan (36%) and India (27%).
- Only 42% of Bangladeshi firms feel protectionism is on the rise in 2019, compared to 93% in 2018, it added.

<https://today.thefinancialexpress.com.bd/first-page/bd-businesses-more-bullish-than-global-peers-hsbc-1573494385>
<http://www.newagebd.net/article/90373/business-confidence-in-bangladesh-higher-than-global-average>
<https://www.thedailystar.net/business/news/businesses-expect-robust-growth-next-year-1825984>

Bangla Bond Launched: Acid test for Bangladesh growth story

- The International Finance Corporation (IFC) has floated taka bonds—Bangla Bond—in the London Stock Exchange (LSE). Bangla Bonds are taka-denominated bond on the LSE leveraging IFC's own AAA credit rating. Issued by the International Finance Corporation, the Bangla Bond will give global investors the chance to make a profit from Bangladesh's growth process, from which they have been shut out thus far for the rudimentary state of the local bond market, cumbersome registration processes, foreign exchange administrative procedures and capital controls. IFC eventually plans to float USD 1 billion in Bangla bonds, but the private sector arm of the World Bank Group is testing the waters by issuing just USD 9.5 million for now. Based on the response of this tranche, more amounts would be raised.
- The success of the Bangla Bond is important for another reason too: it opens up a handy financing avenue for Bangladeshi companies. Interested parties will be snapping up the bond in dollars. The bond proceeds would be converted to taka and lent out to Bangladeshi companies by the IFC. After the end of the three-year tenor of this tranche the investors would be paid back the taka amount they signed up for at the going rate of the dollar. So, the currency risk lies with the investor and not the issuer, unlike offshore borrowing.
- IFC would be lending out the proceeds of the first tranche of Bangla Bond -- about BDT 800 million-- to Pran Group to boost their processing capacities and deepen the rural distribution reach. The interest rate for the local agro processor would be 11 to 11.5%, which, according to a director of Pran-RFL Group, is lower than what they would have to count were the borrowing made from local banks.

<https://www.thedailystar.net/backpage/news/bangla-bond-launched-acid-test-bangladesh-growth-story-1825930>
<https://www.thedailystar.net/business/news/bon-voyage-bangla-bond-1825975>
<https://today.thefinancialexpress.com.bd/first-page/first-taka-bond-listed-on-london-stock-exchange-1573494140>

<https://www.dhakatribune.com/business/stock/2019/11/11/bangla-bond-listed-on-london-stock-exchange-2>

Foreign Direct Investment hits all time high

- Foreign direct investment to Bangladesh surged 51% last fiscal year to its highest on record, riding largely on Japan Tobacco Inc's acquisition of Akij Group's tobacco business for USD 1.47 billion. In 2018-19, net FDI stood at USD 3.88 billion in contrast to USD 2.58 billion a year earlier, according to data from the central bank.
- The rise in the FDI last fiscal year will not bring any positive impact for the country. This will not create any fresh investment or give a boost to exports, said the Executive Director of the Policy Research Institute of Bangladesh.
- Bangladesh Bank calculates the FDI in three categories: equity, reinvestment of earnings, and intra-company loan. The FDI posted a significant jump in equity capital, or new investment, climbing 94% year-on-year to USD 1.19 billion. Intra-company loans rose 87% to USD 1.33 billion and reinvestment of earnings by existing foreign companies grew 8.77% to USD 1.36 billion.

<https://www.thedailystar.net/business/news/fdi-hits-all-time-high-1826473>

Reliance on energy import delays fresh tender launching

- The government's delay in launching fresh bidding for hydrocarbon exploration is pushing Bangladesh to rely heavily on energy imports, thus putting mounting pressure on economy, industry insiders said. Petrobangla has recently finalized the latest model production-sharing contract (PSC) after three years' rigorous work since 2017. The formula was aimed at launching the bidding round for oil and gas exploration at unexplored blocks. But the state entity is still to invite bidders from interested international oil companies (IOCs) to explore the yet untapped hydrocarbon potential.
- Currently, Bangladesh imports around 580 million cubic feet per day (mmcf) equivalent of LNG at USD 8.0-USD 10 per mmBtu (million British thermal unit) to meet the mounting local demand. The annual import of LPG (liquefied petroleum gas) has also reached an estimated 1.0 million tonnes at the retail price of around BDT 85 per kilogram.
- Coal import in bulk has just started since this September for power generation. The import of this fossil fuel will skyrocket with the initiation of power generation from coal-fired plants. A 1320-megawatt coal-fired power plant will require importing annually around 4.0 million tonnes of coal, said a senior power division official. Bangladesh has been importing coal at around USD 51 per tonne, he added.
- Petroleum product import is currently hovering around 6.50 million tonnes annually. The country's natural gas output is hovering around 3,140 mmcf, some 557 mmcf of it is regasified LNG.

<https://today.thefinancialexpress.com.bd/last-page/reliance-on-energy-import-delays-fresh-tender-launching-1573579673>

BDT 1 billion more NBFIs loans become defaulted in Q2

• The amount of defaulted loans in the non-bank financial institutions increased further by Tk 100 crore to Tk 7,320 crore in the second quarter (April-June) of 2019 from Tk 7,220 crore in the January-March quarter, reflecting more deterioration of the sector that witnessed massive irregularities. Earlier, the non-performing loans of People's Leasing and Financial Services (PLFS) Limited was included in calculating NPLs in the NBFIs sector. But, the Bangladesh Bank excluded the figure from its latest report as the liquidation of PLFS was underway as its 70 per cent loans turned defaulted. Out of the PLFS' Tk 1,131 crore disbursed loans, Tk 748 crore had become defaulted, as per the BB data. If the figure was included, the amount of defaulted loans in the NBFIs sector would have been Tk 8,068 crore.

• Amid growing public distrust and series of scams in the financial sector, the outstanding loans and leases of NBFIs dropped to around Tk 66,545 crore at the end of June this year from around Tk 70,106 crore in the previous quarter. As per the BB's Financial Stability Assessment Report released last week, the amount of defaulted loans in the NBFIs sector was 11 per cent of loans and advances, up 0.7 percentage points. The NPLs in the NBFIs sector were 7.9 per cent and 10.3 per cent respectively in October-December and January-March quarters respectively.

• The entities, which are suffering from high non-performing loans, should be brought under tight supervision, the CEO of IDLC said, adding that the board and the management of those entities also should act properly to make improvement. However, there are some entities which hold very nominal amount of NPLs, he said. For instance, IDLC's NPLs have been around 2.5 per cent, he added. He, however, mentioned that the NPLs in NBFIs were 7-8 per cent against around 11 per cent NPLs in the banking sector but, the rate increased in recent times and it was usual in the current context in the country.

<http://www.newagebd.net/article/90550/tk-100cr-more-nbfi-loans-become-defaulted-in-q2>

Inefficient logistics cut Bangladesh's competitiveness: Congestion-free roads to cut costs by 7-35%, says World Bank report

• Logistics costs are high in most of the sectors in Bangladesh, ranging from 4.5 per cent to nearly 48 per cent of the businesses' aggregate sales, said a World Bank report released on Wednesday at a city hotel. It said such costs are as high as 47.9 per cent in horticulture and as low as 4.5 per cent in the leather sector. The report on 'Moving Forward: Connectivity and Logistics to Sustain Bangladesh's Success' said such high costs make it difficult for businesses to compete in the global market due to the low-margin like that in the clothing sector.

• If there was no congestion on roads, logistics costs would have been at least 7-35 per cent lower, according to the report. It noted that the current average dwell times at the Chattogram seaport are four days for an export container and 11 days for an import container.

<https://today.thefinancialexpress.com.bd/first-page/inefficient-logistics-cut-bds-competitiveness-157366895>

SME loans via NGOs: Bangladesh Bank Governor

• The Bangladesh Bank will order banks to lend to small and medium enterprises through non-governmental organizations for a rapid growth of the SME sector, BB Governor said yesterday. State-run Palli Karma-Sahayak Foundation (PKSF) provides Tk 1 lakh to Tk 10 lakh SME loans through 250 partner NGOs in order to create entrepreneurs and jobs in rural areas. Currently, banks distribute farm loans through NGOs. The governor said only 7 to 10 percent of large default loans were recovered whereas the recovery rate is 95 percent in case of small loans. The state minister for information, said the government is emphasizing the SME sector to promote businesses.

<https://www.thedailystar.net/business/news/sme-loans-ngos-1826965>

Important News: Capital Market

China bourse to launch index at Dhaka Stock Exchange

• The Shenzhen Stock Exchange (SZSE) is going to introduce a new index at the Dhaka Stock Exchange this year to attract Chinese investors to the secondary market of Bangladesh's premier bourse. The index will be formed by the SZSE in association with the DSE where well-performing stocks will be included, a Director of the Shenzhen exchange, told yesterday.

• By the end of 2018, the SZSE had listed 2,134 listed companies, with a total market capitalization of USD 2.4 trillion. The total capital raised in the equities market in 2018 was USD 57 billion. There are 4,909 listed bonds, including asset-back securities products, and 517 listed funds, according to the exchange's website.

<https://www.thedailystar.net/business/news/china-bourse-launch-index-dse-1824571>
<http://www.dhakatribune.com/business/stock/2019/11/07/wooing-chinese-investors-szse-keen-to-introduce-new-index-at-dse>
<https://today.thefinancialexpress.com.bd/first-page/shenzhen-dhaka-bourses-joint-index-by-dec-1573207695?date=08-11-2019>

LR Global files writ to keep job as asset manager of two Mutual Funds

• LR Global Bangladesh, an asset management company, has filed a writ petition with the High Court (HC), seeking a direction for continuing its job as asset manager of two listed mutual funds (MFs). LR Global filed the writ petition on Tuesday as a number of unit holders of the MFs made a proposal recently to change the asset manager of Green Delta Mutual Fund and DBH 1st Mutual Fund. In its writ petition, the LR Global said the application for removal or termination of LR Global is designed by some persons against whom the petitioner raised the allegation of fraudulent activities and made a request to the BSEC to take action in this regard. But the respondents did not take any steps on the plea and simply sat over the matter, the petitioner said.

• At the end of October, over two-thirds of unit holders of the two mutual funds applied to the Bangladesh General Insurance Company (BGIC), the trustee of the MFs, to change the asset manager.

<https://today.thefinancialexpress.com.bd/stock-corporate/lr-global-files-writ-to-keep-job-as-asset-manager-of-two-mfs-1573142806?date=08-11-2019>

Bangladesh Telecommunication Regulatory Commission (BTRC) ‘forcing us to pay’: Grameenphone

- Grameenphone yesterday alleged that the telecom regulator was trying to extort the company for BDT 125.8 billion, which according to the regulator was public money. We do not want to be extorted, we do not want to be under pressure, we do not want to be in the frontpage in the newspaper globally, Grameenphone CEO said. The Bangladesh Telecommunication Regulatory Commission is trying to collect the money by intimidating the company, he added. The money doesn't belong to the regulator, he said.

- In an audit conducted by the BTRC in 2016, it was claimed that the company owes the government BDT 125.8 billion in revenue shares, late fees and taxes. GP's CEO yesterday said that the audit process was incorrect, but did not explain how. Grameenphone is still seeking a clear, transparent and fair assessment of the audit claim, he added. The company in August filed an appeal with a lower court in Dhaka seeking an injunction on the realization of the money by the BTRC, but the court turned down the petition. Grameenphone then moved the appeal to the High Court in October this year. The HC issued a two months' injunction. The BTRC then moved to the Appellate Division seeking a stay on the injunction order. Hearing of the appeal is scheduled for Thursday. GP's CEO hinted that the company might move to an international arbitration body to settle the government's audit claim.

- Grameenphone's Deputy CEO and Chief Marketing Officer said they intended to invest BDT 15.5 billion in 2019, but could only spend about two thirds of the amount as the regulator has not allowed it to expand its network or maintain its existing infrastructure since July 22. The top executives said they were interested in settling the matter out of court and were showing respect to the decisions made at a meeting on October 21 with Prime Minister's ICT Affairs Adviser. But the telecom regulator is not complying with the advisor's directive, said GP's CEO. He said that at that meeting, it was decided that that Grameenphone would deposit BDT 2 billion in BTRC's bank account while the audit claim would be reviewed by a committee, which would consist of seven members from the regulatory body, national board of revenue and the carriers. And no case proceeding would move forward, he added.

<https://www.thedailystar.net/backpage/news/btrc-forcing-us-pay-1825909>

<https://today.thefinancialexpress.com.bd/first-page/regulator-bullying-to-extort-money-gp-1573494333>

<http://www.newagebd.net/article/90372/gp-alleges-btrc-disobeying-court-order>

UltraTech says it will sell stake in Bangladesh units to HeidelbergCement

- UltraTech Cement Ltd on Tuesday announced that it would sell its entire stake in Bangladesh-based Emirates Cement Bangladesh Ltd (ECBL) and Emirates Power Company Ltd (EPCL) to Germany's HeidelbergCement for an enterprise value of USD 29.5 million (about Rs 2.11 billion). UltraTech Cement Middle East Investments Limited, UltraTech's UAE-based wholly-owned subsidiary, has entered into a 'binding agreement with HeidelbergCement Bangladesh Ltd for divesting its entire shareholding in ECBL and

EPCL', the Aditya Birla Group firm said in a regulatory filing.

- UltraTech Cement had a revenue of Rs 357.03 billion in 2018-19 financial year. The company has a consolidated grey cement capacity of 117.35 million tonnes per annum. UltraTech Cement has 23 integrated plants, 1 clinkerisation plant, 27 grinding units and 7 bulk terminals. Its operations span across India, UAE, Bahrain, Bangladesh and Sri Lanka.

<http://www.newagebd.net/article/90488/ultratech-says-it-will-sell-stake-in-bdesh-units-to-heidelbergcement>

Main bourse suspends one for uploading wrong Earnings Per Share (EPS) of ACI

- The Dhaka Stock Exchange (DSE) has suspended an official for uploading wrong earnings per share (EPS) of ACI for July-September quarter. The main bourse of the country also formed a three-member body headed by General Manager of Internal Audit Department for further investigations.

- On Tuesday morning, ACI's consolidated EPS was published at BDT 5.19 for July-September 2019 as against BDT 5.24 for July-September 2018. Actually, consolidated EPS was BDT 5.99 in the negative instead of BDT 5.19 (solo) for July-September 2019 as against consolidated EPS of BDT 0.97 instead of BDT 5.24 (solo) for July-September 2018. Following the news, the company's share price jumped to BDT 270 each, which was BDT 229.20 on Monday. After publishing the correct EPS, the company's share price fell to BDT 233.70 each. However, the company's share price closed at BDT 242.50 on Tuesday.

<https://today.thefinancialexpress.com.bd/stock-corporate/main-bourse-suspends-one-for-uploading-wrong-eps-of-aci-1573575708>

<https://www.thedailystar.net/business/news/aci-share-gains-17pc-dse-blunder-1826455>

<https://www.dhakatribune.com/business/stock/2019/11/12/dse-suspends-official-for-wrong-disclosure-posting>

Heidelberg to snap up Ultratech

- Fierce competition among too many producers has forced Emirates Cement Bangladesh, the owning company of Ultratech, to sell its entire stakes in Bangladesh to Germany's HeidelbergCement. HeidelbergCement Bangladesh in a statement yesterday announced that the board of directors of the company has approved the acquisition of 100 percent of Emirates Cement Bangladesh and Emirates Power Company at a cost of nearly Tk 1.83 billion (\$21.59 million). The company also said transaction is subject to completion of the necessary regulatory formalities and approvals in compliance with the laws of Bangladesh.

- Bangladesh has the capacity to produce 60 million tonnes of cement, exceeding a market demand of 35 million tonnes, according to industry people. Of the 75 cement manufacturers in Bangladesh, around three dozens are actively making cement. Producers often blamed overcapacity of plants and competition in the market on selling cement at lower prices.

<https://www.thedailystar.net/business/news/heidelberg-snap-ultratech-1826983>

MI Cement to form three subsidiary companies

- MI Cement Factory Ltd has approved formation of three subsidiary companies -- Ocean Voyager Shipping Lines, Ocean Victory Shipping Lines and Ocean Vision Shipping Lines. The board of directors of the company has also okayed transfer of the three mother vessels owned by the MI Cement to its three fully owned subsidiary companies, according to an official disclosure on Wednesday. At the moment, the performance and profit and loss from shipping operations is getting merged into the core business of cement, said the disclosure.
- It is imperative that the three mother vessels may be transferred to MI Cement's three separate fully owned subsidiaries companies, -- Ocean Voyager Shipping Lines, Ocean Victory Shipping Lines and Ocean Vision Shipping Lines at a valuation of Tk 568.50 million, Tk 384.60 million and Tk 706.10 million respectively.
- In addition, it has a number of sister concerns or associate companies that are engaged in the supply chain of inbound and outbound logistics and forward and backward linkage, said the disclosure.

<https://today.thefinancialexpress.com.bd/stock-corporate/mi-cement-to-form-three-subsiary-cos-1573665200>

<https://www.thedailystar.net/business/news/mi-cement-segregates-shipping-business-1826971>

