

Weekly Market Update

Capital Market Overview

The market closed in red this week. The benchmark index DSEX (-0.09%) lost 4.98 points and closed the week at 5,321.41 points. The blue-chip index DS30 (-0.28%) lost 5.40 points and stood at 1,897.58 points. The shariah based index DSES (-0.45%) lost 5.61 points and stood at 1,227.62 points. DSEX posted negative YTD return of -1.19%. DS30 posted positive YTD return of +0.89 and DSES posted negative YTD return of -0.42%.

Total Turnover During The Week (DSE): BDT 12.3 billion (USD 148.3 million)
Average Daily Turnover Value (ADTV): BDT 3.1 billion (Δ% Week: -7.9%)

Daily Index Movement during the Week:

The market performed four sessions during this week. Market opened this week with a negative movement of -0.32% in the first session and continued to be negative in the second session (-1.14%) as well. The market turned positive in the third session (+0.20%) and ended in positive in the fourth session by (+1.18%).

Sectoral Performance:

- The financial sectors showed positive performance this week except NBF1 (-3.45%). General Insurance posted the highest gain of 3.03% followed by Mutual Funds (+0.52%), Banks (+0.47%) and Life Insurance (+0.14%).
- The non-financial sectors registered mixed performance this week. Engineering posted the highest gain of 1.01% followed by Telecommunication (+0.40%). Food & Allied experienced the highest loss of 2.91% followed by Pharmaceuticals (-1.52%) and Power (-0.96%).

Macroeconomic arena:

- Despite the poor state of tax-revenue collection, the government's net borrowing from the banking sector dropped to BDT 8.70 billion as of April 7 this year from BDT 882.58 billion as of June 30, 2018 as high sales of pricy national savings certificates helped the government meet deficit financing. Return rates offered by the NSCs are between 11.04% and 11.76%, while the government can take fund from the banks at less than 8% interest.
- The central bank has moved to form an asset management company to deal with the growing non-performing loans (NPLs) of banks, as part of its efforts to perk up the ailing sector. The company will purchase NPLs from banks and sell them off to individuals or corporate entities.
- Only 11% of women are registered users of Mobile Financial Services (MFS) in the country while 30% of men are using such services, a study has revealed. Lack of literacy, far distance, social and religious barriers and absence of innovation in product design are found as main hurdles for women to avail the services.
- Japan is set to provide the highest-ever amount of loan to Bangladesh under a new loan package to facilitate implementation of five large ongoing projects in the port, communications, and energy and power sectors. However, no new project has been listed for the funding.

Stock Market arena:

- The number of new beneficiary owner (BO) accounts has kept on growing despite the continued negative trends in both broad index and turnover. Around 69,500 accounts were opened over the last three months. The number of new companies coming to the market with initial public offering (IPO) was increasing so the number of BO account holders was also increasing according to market operators.
- It was decided at a telecom regulator meeting, Grameenphone's minimum call rate will be increased as part of the restrictions of being declared a significant market power (SMP) operator. However, Grameenphone is already charging higher than the market average at BDT 0.70. The meeting also decided to be tough on Grameenphone's audit issues.
- Prime Bank's managing director (MD) informed that the bank digital transformation and is planning massive transformation in its human resources along with technological improvement. The bank is preparing to start agent banking very soon to expand services in unbanked areas.

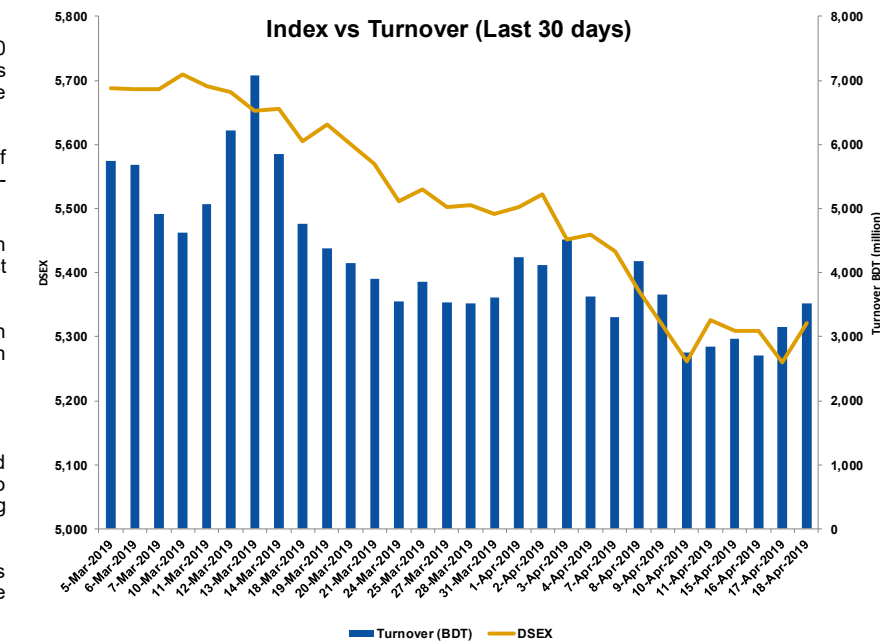
Table 1: Index

Index	Closing	Opening	Δ(Pts)	27-Dec-2018	Δ% Week	Δ%YTD
DSEX	5,321.41	5,326.39	-4.98	5,385.64	-0.09%	-1.19%
DS30	1,897.58	1,902.98	-5.40	1,880.78	-0.28%	0.89%
DSES	1,227.62	1,233.22	-5.61	1,232.82	-0.45%	-0.42%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	15,765,308.6	19,969,766.1	-21.1%
	Mn USD	189,646.4	240,223.3	
Turnover	Mn BDT	12,326.2	16,734.9	-26.3%
	Mn USD	148.3	201.3	
Average Daily Turnover	Mn BDT	3,081.6	3,347.0	-7.9%
	Mn USD	37.1	40.3	
Volume	Mn Shares	284.5	350.9	-18.9%

Figure 1: DSEX & Turnover in last four weeks



Associate:
Md. Rafiqul Islam
mrafiqulislam@bracepl.com

Associate:
Md. Mahirul Quddus
mmahirul.quddus@bracepl.com

Table 3: Top Ten Gainers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Standard Ceramic	209.10	156.30	33.8%	1,350.9	97.56	88.0x	16.5x
Imam Button	24	19.60	23.5%	186.3	3.07	NM	4.3x
Savar Refractories	115.40	94.40	22.2%	160.7	4.58	NM	18.4x
United Insurance	65.10	55.40	17.5%	2,896.8	55.19	26.8x	2.3x
Jute Spinners	106.80	91.00	17.4%	181.6	1.51	NM	NM
Mercantile Insurance	31.80	27.50	15.6%	1,370.4	20.87	24.1x	1.9x
Hakkani Pulp & Paper	66.70	58.20	14.6%	1,267.3	27.21	NM	2.4x
Active Fine Chemicals Limited	26.90	24.50	9.8%	6,454.3	80.30	6.9x	1.3x
Fine Foods Ltd	42.80	39.00	9.7%	598.1	97.15	150.7x	4.0x
Shaympur Sugar	30.20	27.60	9.4%	151.0	.78	NM	NM

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Reckitt Benckiser	2,294.30	3,268.80	-29.8%	10,840.6	180.81	30.1x	42.0x
Monno Ceramic	262.50	334.10	-21.4%	8,573.7	686.85	39.9x	3.7x
GSP Finance Company (Bangladesh) Limited	17.30	19.80	-12.6%	2,235.5	29.80	7.7x	0.8x
Monno Jute Staffers	1,275.20	1,443.50	-11.7%	2,639.7	223.55	227.0x	107.7x
Heidelberg Cement	264.70	287.20	-7.8%	14,956.5	29.08	23.1x	3.1x
Legacy Footwear	112.60	122.00	-7.7%	1,472.8	154.69	21.2x	7.4x
Islamic Finance & Inv	16.00	17.32	-7.6%	2,245.2	16.71	9.5x	1.1x
First Finance Limited	5.00	5.40	-7.4%	581.1	.68	NM	0.6x
United Airways (BD) Ltd.	2.60	2.80	-7.1%	2,153.1	7.58	NM	0.3x
Fareast Finance & Investment Limited	5.50	5.90	-6.8%	902.3	.70	NM	1.1x

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Fortune Shoes Limited	35.80	37.10	-3.5%	4,472.7	764.80	18.3x	2.6x
Monno Ceramic	262.50	334.10	-21.4%	8,573.7	686.85	39.9x	3.7x
Bangladesh Submarine Cable Company Limited	167.60	160.80	4.2%	27,638.2	644.27	92.3x	4.6x
United Power Generation & Distribution Company Ltd	328.00	339.50	-3.4%	157,140.5	479.69	25.9x	11.0x
Esquire Knit Composite Limited	41.40	42.90	-3.5%	5,584.7	245.91	16.2x	0.0x
Square Pharmaceuticals	259.00	262.40	-1.3%	204,353.2	239.59	17.0x	3.3x
Monno Jute Staffers	1,275.20	1,443.50	-11.7%	2,639.7	223.55	227.0x	107.7x
Grameenphone Ltd.	368.40	367.70	0.2%	497,450.5	219.82	14.1x	11.7x
Shurwid Industries Limited	37.60	37.10	1.3%	2,157.0	193.77	27.2x	3.5x
BRAC Bank	65.20	64.09	1.7%	80,416.1	185.33	15.4x	2.0x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Dutch-Bangla Bank	77.20	33.66%	38,600.0	12.6x
Berger Paints	1,751.70	30.33%	81,240.1	42.8x
BATBC	1,476.80	25.09%	265,824.0	27.6x
Rupali Bank	43.50	21.51%	16,378.5	31.5x
Power Grid Co. of Bangladesh Ltd.	57.90	20.63%	26,686.9	9.6x
Marico Bangladesh Limited	1,373.00	14.40%	43,249.5	22.8x
Eastern Bank	40.30	11.94%	29,741.4	14.2x
Atlas Bangladesh	134.90	10.66%	4,468.8	NM
The Premier Bank	12.90	10.26%	10,321.0	5.2x
DESCO	44.40	9.90%	17,652.1	20.5x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1433.21	1426.49	1848.21	0.47%	-22.45%
NBFIs	1931.99	2000.93	2714.85	-3.45%	-28.84%
Mutual Funds	645.55	642.24	788.81	0.52%	-18.16%
General Insurance	1767.09	1715.15	1592.30	3.03%	10.98%
Life Insurance	1935.88	1933.26	1834.85	0.14%	5.51%
Telecommunication	5224.40	5203.84	6494.31	0.40%	-19.55%
Pharmaceuticals	2732.12	2774.18	2821.05	-1.52%	-3.15%
Fuel & Power	1835.39	1853.15	1527.27	-0.96%	20.17%
Cement	1544.63	1571.46	2280.58	-1.71%	-32.27%
Services & Real Estate	967.16	968.74	1224.11	-0.16%	-20.99%
Engineering	2925.11	2895.84	3166.83	1.01%	-7.63%
Food & Allied	17943.04	18481.23	15304.34	-2.91%	17.24%
IT	1686.64	1647.23	1484.41	2.39%	13.62%
Textiles	1387.31	1376.75	1222.72	0.77%	13.46%
Paper & Printing	7278.20	7192.28	1013.11	1.19%	618.40%
Tannery	2562.20	2605.64	2642.41	-1.67%	-3.04%
Jute	18336.62	18945.04	8867.22	-3.21%	106.79%
Ceramics	547.33	585.14	597.46	-6.46%	-8.39%
Miscellaneous	2267.23	2302.06	1725.62	-1.51%	31.39%

Table 7: Sector Trading Matrix

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Banks	242.9	267.1	-9.06%	8.39%	9.9x	0.9x
NBFIs	73.5	114.9	-36.03%	2.54%	72.6x	1.8x
Mutual Funds	11.9	16.5	-27.56%	0.41%	NM	0.5x
General Insurance	223.3	139.7	59.80%	7.72%	13.4x	1.2x
Life Insurance	22.4	34.2	-34.56%	0.77%	NM	8.0x
Telecommunication	216.0	240.3	-10.09%	7.46%	14.8x	10.8x
Pharmaceuticals	322.5	369.3	-12.66%	11.14%	19.2x	2.5x
Fuel & Power	275.2	390.4	-29.50%	9.51%	12.9x	2.1x
Cement	35.3	54.9	-35.66%	1.22%	35.2x	2.9x
Services & Real Estate	33.0	29.0	13.91%	1.14%	NM	0.8x
Engineering	388.0	450.5	-13.86%	13.41%	15.2x	1.9x
Food & Allied	110.5	256.3	-56.89%	3.82%	30.4x	10.5x
IT	48.9	48.3	1.25%	1.69%	21.3x	2.6x
Textiles	291.4	340.0	-14.30%	10.07%	18.0x	1.1x
Paper & Printing	14.2	9.0	58.31%	0.49%	23.8x	1.9x
Tannery	241.6	187.4	28.92%	8.35%	17.1x	2.9x
Jute	15.9	11.8	34.72%	0.55%	NM	8.4x
Ceramics	200.5	127.7	57.02%	6.93%	20.8x	2.0x
Miscellaneous	126.7	99.0	28.01%	4.38%	29.9x	1.3x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
International Leasing	9.80	-28.47%	2,070.2	5.0x
IFAD Autos Limited	83.70	-22.79%	20,756.8	13.1x
Aftab Automobiles	36.00	-21.57%	3,446.4	18.1x
Heidelberg Cement	264.70	-20.91%	14,956.5	23.1x
City Bank	24.10	-20.20%	23,328.5	7.8x
RAK Ceramics Limited	33.30	-14.62%	12,955.8	15.0x
IDL Finance Ltd.	60.70	-12.91%	22,887.0	10.0x
United Airways (BD) Ltd.	2.60	-10.34%	2,153.1	NM
Delta Life Insurance	98.90	-9.93%	12,238.9	NM
Square Textile	42.80	-9.13%	8,442.4	17.2x

Important News: Business & Economy

India, Poland set to become USD 1 billion export markets of Bangladesh this FY

- India and Poland are on the track to become new billion-dollar export markets for Bangladesh in the current financial year 2018-19 due to extraordinary performance of readymade garment products. Exporters said that it was good news for Bangladesh as the country was getting two new billion-dollar markets, in addition to the nine billion-dollar markets.
- Country's export earnings from India in the first nine months of FY 19 stood at USD 985.32 million which was 59.72% higher than USD 616.90 million earnings in the same period of last fiscal, according to the statistics of Export Promotion Bureau.
- Readymade garment export to India grew by 96.50% to USD 401.14 million from USD 204.14 million in the period. Export to Poland in July-March of FY 19 grew by 27.88% to USD 924.85 million from USD 723.18 million in the same period of FY 18.
- Country's export earnings in last FY 18 stood at USD 36.66 billion and the earnings were mostly concentrated to the eight billion-dollar markets — United States, Germany, the United Kingdom, Canada, Spain, France, Italy, Netherlands and Japan.

<http://www.newagebd.net/article/69909/india-poland-set-to-become-1b-export-markets-of-bangladesh-this-fy>

Bhutan keen to import more medicines

- Bhutan has expressed its keen interest to import more pharmaceuticals from Bangladesh as well as taking more expert physicians. Bhutanese Prime Minister expressed the interest when Bangladesh Health Minister met.
- both the countries can work on boosting cooperation in the health sector and side by side cooperation can be made on medical tourism the minister said. The minister, in response to the request from the Bhutanese side, said the government has decided to raise the quota for Bhutanese students at the government medical colleges by five more seats.

<https://www.dhakatribune.com/business/2019/04/14/bhutan-keen-to-import-more-medicines>
<http://www.newagebd.net/article/69904/bhutan-keen-to-import-more-medicines>

Bangladesh eyes bilateral free-trade area (FTA) before LDC graduation

- The government is interested in striking several bilateral free-trade area (FTA) deals before the country leaves the club of poor countries. Bangladesh is expected to graduate from its present position of a least developed country (LDC) to the status of a developing country by 2024.
- Currently, the country is a member of two multilateral FTA and three preferential trade agreement (PTA) blocs. But it has no bilateral free trade agreement or PTA deals with any country.
- A senior commerce ministry official said the government is eager to ink bilateral free trade deals considering that Bangladesh would not qualify for existing trade benefits after its LDC graduation. The local exportables enjoy duty-free market access to 28 states of the

European Union and 10 other countries like Japan, Australia, New Zealand, Norway and Chile, he told the FE.

- Against this duty-free trade facility, Bangladesh does not need to provide duty waiver in case of importing goods from all 38 countries. But these states might scrap free access of Bangladeshi products after 2027 when the grace period after the LDC graduation is over. Bangladesh will have to enter into fresh agreements with the countries offering benefits reciprocally.

<http://today.thefinancialexpress.com.bd/public/last-page/bd-eyes-bilateral-ftas-before-ldc-graduation-1555175447>
<https://www.dhakatribune.com/business/2019/04/12/bangladesh-keen-to-sign-fta-with-south-american-trade-bloc-to-promote-export>

IMF for addressing NPL issue to ensure financial stability

- The International Monetary Fund (IMF) has put emphasis on addressing the issue of non-performing loans (NPLs) immediately for ensuring financial stability.
- Financial counselor and director, money and capital markets department of the IMF said many countries have tackled the issue by developing a secondary market for NPLs and by being aggressive in terms of writing off NPLs and provisioning for the non-performing loans.
- The IMF director explained there has been a change in accounting standards—international accounting standard—in terms of how NPLs are provisioned for and they expect that it is going to improve the situation over time.
- The volume of classified loans in the country's banking system jumped by over 26% or BDT 196.08 billion to BDT 939.11 billion as of December 31 in the last calendar year from BDT 743.03 billion in 2017. The share of NPLs in the total outstanding loans came down to 10.30% as of December 31 in 2018 from 11.45% three months back. It was 9.31% on December 31, 2017.

<http://today.thefinancialexpress.com.bd/public/first-page/imf-for-addressing-npl-issue-to-ensure-financial-stability-1555003590>
<http://today.thefinancialexpress.com.bd/public/first-page/act-early-on-banking-sector-issues-imf-1555174960>

World Bank suggests merger of problem banks

- The World Bank (WB) has suggested that the government of Bangladesh merge the problem banks with their better-performing peers. The global lender also suggested that the country revamp its almost-moribund capital market.
- The finance minister welcomed the suggestions and said the government would conduct necessary reforms in the banking sector. The minister is now leading a delegation to the spring meetings of the Breton Woods institutions, where he took part in a discussion on Bangladesh's financial sector, organised jointly by the WB and the International Monetary Fund (IMF).
- The WB said since the public banks have many branches to serve the general people, their troubled loans could be a little higher. The government needs to operate public banks,

even though it requires recapitalisation, the minister said.

- The minister told them the number is not a factor, since they have decided to increase the paid-up capital of the commercial banks to BDT 10 billion. That's why, the weak banks will be offered to merge with the better-performing ones.

<http://today.thefinancialexpress.com.bd/public/first-page/wb-suggests-merger-of-problem-banks-1555174498>

<http://www.newagebd.net/article/69906/weak-banks-to-merge-with-strong-ones-kamal>

Interest rate on loans for industrial sector surging

- Lending rate in several banks for the industrial sector has been increasing gradually, topping 16% in some cases, amid growing liquidity crisis in the country's banking sector. Country's businesses fear that the rising rate would hit trade and investment hard.
- Interest rate in several banks has increased to 1-3% points while some of the banks are charging up to 16% interest on the businesses. Mutual Trust Bank managing director and chief executive officer said banks are suffering from a severe liquidity crisis ahead of the adjustment of advance deposit ratio by September 30 this year to comply with the regulatory instruction.
- In December last year, banks' weighted average rate of deposits was 5.26% that increased to 5.34% in January this year. If high return on national savings certificates is considered a reason for the fund scarcity, reducing the interest rate on NSCs could help improve diversion of funds to the banking sector he added.

<http://www.newagebd.net/article/69773/interest-rate-on-loans-for-industrial-sector-surging>

Tax collection posts slight growth in eight months

- Tax collection grew by only 7.0% during the first eight months of the current fiscal year widening the shortfall against target. Officials said that the National Board of Revenue (NBR) might see a large deficit against its total target of BDT 2.96 trillion by year-end if this pace continues.
- Until February, the NBR mobilised a BDT 1.33 trillion revenue, leaving a BDT 400 billion shortfall against its target, according to provisional figures with the NBR. Income tax, VAT and customs duty collection grew by 12.13%, 6.28% and 3.74% respectively in the period.
- The shortfall in revenue collection by NBR aggravated in July-February period. It was BDT 344 billion until January of the current fiscal. The NBR will have to collect BDT 1.62 trillion more to achieve the original target BDT 2.96 trillion. The revenue income has slowed this year compared to the NBR's average collection growth rate of 14% during the last five years.
- Officials said huge tax exemption ate up a major share of revenue this fiscal. Ambitious target, non-implementation of the VAT law, pending revenue with court cases are the other major reasons. Officials said the tax revenue collection might be revised to BDT 2.80 trillion for the current fiscal following the shortfall.

<http://today.thefinancialexpress.com.bd/public/last-page/tax-collection-posts-slight-growth-in-eight-months-1555175361>

<https://www.dhakatribune.com/business/2019/04/14/revenue-at-hili-land-port-falls-short-of-target>

<https://www.thedailystar.net/business/news/growth-slows-five-year-low-1729747>

<http://www.newagebd.net/article/69907/nbr-revenue-receipts-in-8-months-only-45pc-of-target>

Government eyes BDT 377 billion non-tax revenue in next budget

- The government is set to fix the target for non-tax revenue (NTR) at BDT 377 billion in the forthcoming budget. The amount is up by BDT 43 billion from current fiscal's original target and by BDT 107 billion from the revised target. For the current fiscal year, the original target of such revenue was BDT 333 billion, which was slashed to BDT 270 billion during the recent revision.
- The source of non-tax revenue of the government includes: dividends and profits, interest, fines, penalties and forfeiture, service fees, rents and lease, tolls, non-commercial sales, and capital receipts.
- Sector wise, the railway department, postal department, Bangladesh Telecommunications Regulatory Commission (BTRC), Petrobangla, Bangladesh Petroleum Corporation (BPC), the Department of Immigration and Passports, and Bangladesh Road Transport Authority (BRTA) are the major sources of non-tax revenue.
- In the current budget, total revenue earnings target has been set at BDT 3.39 trillion, of which BDT 2.96 trillion is supposed to come from the National Board of Revenue (NBR). The rest will be collected as non-NBR tax and non-tax revenue.

<http://today.thefinancialexpress.com.bd/public/first-page/govt-eyes-BDT-377b-non-tax-revenue-in-next-budget-1555003920>

Businesses call for pacing up energy exploration

- Businessmen urged the government to expedite hydrocarbon exploration, check pilferage and snap illegal gas connections to streamline the country's energy sector. They also called proper utilisation of the country's surplus electricity and more state involvement in transmission and distribution.
- The government has been providing annual subsidies of around BDT 60 billion to the power sector. State-run Petrobangla received government subsidies worth BDT 10 billion last month. Besides, the unpaid amount of gas consumers will be BDT 60 billion, while that of electricity users will be BDT 66.62 billion.
- If the natural gas tariff is hiked the production costs in industries would increase by 2-3%. Proposals from Petrobangla and other state-run gas marketing and distribution companies to raise natural gas tariff by around 102.85% is currently pending with the Bangladesh Energy Regulatory Commission (BERC).
- Currently per capita electricity generation in Bangladesh is only 464 kilowatt-hour, which is 13,000 kilowatt-hour in many developed countries like Singapore.

<http://today.thefinancialexpress.com.bd/public/last-page/businesses-call-for-pacing-up-energy-exploration-1555004365>

<https://www.thedailystar.net/business/news/gas-price-hike-hit-industries-1728841>

<http://www.newagebd.net/article/69771/bangladesh-businesses-urge-govt-not-to-raise-gas-price>

Bangladesh seeks US investments in energy sector

- Bangladesh has sought US investment, especially in the energy sector under the Indo-Pacific Business Forum. The Forum is seen as a counter mechanism to China's much-hyped Belt and Road (BR) initiative. The US has concerns about the BRI, but Bangladesh wants to be associated with both, foreign minister said.
- the foreign minister said during the meeting he urged the US Secretary of State to invest in Bangladesh's energy sector under the Indo-Pacific Business Forum. The foreign minister also proposed the US to offer duty-free access to the readymade garment's products of Bangladesh, which will use US cotton. The US Secretary of State liked the idea and said that he would discuss the issue with the people concerned.

<http://today.thefinancialexpress.com.bd/public/first-page/bd-seeks-us-investments-in-energy-sector-1555090316>

Battery manufacturers target to raise annual export to USD 250 million

- The battery manufacturers of the country have set a target to raise their annual export to USD 250 million over the next five years from the current amount of USD 57 million. The target was communicated to the government by Accumulator Battery Manufacturers and Exporters' Association of Bangladesh (ABMEAB) while placing their national budget-related proposals to the National Board of Revenue (NBR).
- ABMEAB officials said they are currently exporting their batteries to over 70 countries across the globe while regular exports are made to 51 countries after meeting the internal demands. Calling upon the revenue board for keeping the current tax ratio on battery import unchanged, they said the battery industry has been a very potential sector for export-oriented products as it avails of the government's policy support.
- Currently, there are 25% import duty, 20% supplementary duty and 3% regulatory duty on import batteries. Claiming that the battery factories have employed about 100,000 people directly and indirectly across the country, the ABMEAB said they have introduced a new advanced technology --Sealed Maintenance Free (SMF)-in the battery manufacturing which now enjoys the status of light engineering sector.

<https://www.dhakatribune.com/business/2019/04/14/battery-manufacturers-target-to-raise-annual-export-to-250m>

Government has no net bank borrowing in 9 months as NSC sales soar

- The government had no net borrowing from the banking sector in nine months (July-March) of the current fiscal year (2018-2019) as high sales of pricy national savings certificates helped the government meet deficit financing, Bangladesh Bank officials said. Instead, the government paid back BDT 12.56 billion to banks in the nine months of the current fiscal year. Despite the poor state of tax-revenue collection, the government's net borrowing from the banking sector dropped to BDT 8.70 billion as of April 7 this year from BDT 882.58 billion as of June 30, 2018.

- Policy Research Institute of Bangladesh executive director said that the government's move to borrow high-cost fund by the sales of NSCs and to pay back low-cost fund of the banks was a political decision. A major portion of the budget is being spent for debt payment and the amount would increase if such trend continues, he said. High borrowing from the sales of NSCs would finally increase interest payment burden and reduce the government's capacity to finance for social safety purposes including health education, he said.

- Return rates offered by the NSCs are between 11.04% and 11.76%, while the government can take fund from the banks at less than 8% interest. Former finance minister announced the BDT 4.65 trillion fiscal budget for 2018-2019, setting BDT 2.96 trillion as revenue collection target and 4.9% as deficit. The pace of revenue collection in July-February of FY19 was poor considering the government's budget projection.

<http://www.newagebd.net/article/69996/govt-has-no-net-bank-borrowing-in-9-months-as-nsc-sales-soar>

Move to rid banks of NPL burden

- The central bank has moved to form an asset management company to deal with the growing non-performing loans (NPLs) of banks, as part of its efforts to perk up the ailing sector. The development comes following recommendation from a six-member committee formed two months ago. The committee came up with the recommendation after conducting an extensive analysis of seven Southeast Asian countries on how they had brought down their large amounts of NPLs after facing a major recession -- widely known as Asian financial crisis -- between 1997 and 1999.
- Each of the seven countries -- Vietnam, South Korea, Indonesia, Malaysia, Thailand, Taiwan and the Philippines -- successfully brought down their classified loans by way of implementing this formula. For instance, NPLs in Indonesia went up to nearly 50% of its outstanding loans during the financial crisis, but it came down to less than 3% in 2017, said a member of the committee.
- The company will purchase NPLs from banks and sell them off to individuals or corporate entities. At the end of 2018, the total amount of NPLs in the banking sector stood at BDT 939.11 billion, which is 10.30% of total outstanding loans. Many banks have been failing to maintain the requisite capital and provisioning against bad loans, which are eating up their profits.
- The company would take the NPLs off the banks' hands in exchange for special bonds that would have certain maturity, thus enabling lenders to provision for the bad loans, according to a report prepared by the committee. The committee also called for the creation of a secondary market for NPL, where people would be allowed to sell and purchase default loans.

<https://www.thedailystar.net/business/news/move-rid-banks-npl-burden-1730224>

Banks' return on assets narrows by 57% in 2018

- Banks' return on assets (ROA) narrowed by 57% in 2018, as a result of the high amount of non-performing loans (NPLs) in the sector. In 2018, net profit of banks stood at only BDT 0.30 against assets worth BDT 100, down from BDT 0.70 per BDT 100 of assets in 2017, according to the Bangladesh Bank. In 2018, state-owned commercial banks lost BDT 1.30

against assets worth BDT 100. In 2017, these banks had made profits of BDT 0.20 against assets worth BDT 100. On the other hand, private commercial banks made net profit of BDT 0.80 per BDT 100 of assets last year. However, in 2017, banks had earned a higher net profit of BDT 0.90 per BDT 100 of assets, according to central bank data.

- The non-performing loans (NPLs) of banks rose by BDT 196.08 billion in December 2018, compared to the same period in 2017. The amount stood at BDT 939.11 billion or 10.30% of total disbursed loans as of December 2018.

<https://www.dhakatribune.com/business/2019/04/15/banks-return-on-assets-narrows-by-57-in-2018>

Only 11% women using Mobile Financial Services (MFS) in Bangladesh: Study

- Only 11% of women are registered users of Mobile Financial Services (MFS) in the country while 30% of men are using such services, a study has revealed. Volume or frequency of need, influencers and convenience are the main three factors that motivate women to use Mobile Financial Services (MFS), found the research, styled 'Gender Centrality of Mobile Financial Services (MFS) in Bangladesh'. Lack of literacy, far distance, social and religious barriers and absence of innovation in product design are found as main hurdles for women to avail the services.

<http://thefinancialexpress.com.bd/economy/only-11pc-women-using-mfs-in-bd-study-1555324101>

Summit's FSRU (floating, storage, re-gasification unit) likely to reach Bangladesh next week

- The country's second liquefied natural gas (LNG) import terminal is expected to arrive at Moheshkhali Island in the Bay Bengal next week to initiate supply of re-gasified LNG (RLNG) to end users. The Rupantarita Prakritik Gas Company Ltd (RPGCL) has already informed the terminal contractor - the Summit Group - about its readiness to carry out test as soon as the FSRU arrives in the country. The RPGCL, a wholly-owned subsidiary of the Petrobangla, is responsible to look after LNG trading. The Summit Group has also informed its readiness to the state-run Petrobangla and the RPGCL for commissioning of the FSRU on April 20.

- The Summit's LNG import terminal will be located near the currently operational maiden FSRU, owned by the US's Excelerate Energy at Moheshkhali having the same 3.75 million tonnes per year (Mtpa) capacity. The Excelerate Energy's FSRU - Excellence - is currently re-gasifying around 500 million cubic feet per day (mmcf) of LNG.

<http://today.thefinancialexpress.com.bd/last-page/summits-fsru-likely-to-reach-bd-next-week-1555350542>

Finance minister seeks enhanced World Bank support

- Finance minister has sought increased funds from the World Bank (WB) for completing ongoing development projects as the portfolio has almost finished before the deadline. The Bank's portfolio for Bangladesh under its current aid package has almost been finished, which has resulted in the delay of implementing some ongoing and proposed development

projects, officials said. They said under the three-year IDA-18 package, only USD 30 million fund has remained in the hand of the Bank for disbursement to Bangladesh. The tenure of ongoing IDA-18 package will end by June 2020.

- The finance minister also sought the Bank's financial support for the stranded Rohingya in Bangladesh. The lender has agreed to provide adequate assistance for the refugees, he said.

<http://today.thefinancialexpress.com.bd/first-page/finance-minister-seeks-enhanced-wb-support-1555350189>

Bangladesh Telecommunication Regulatory Commission (BTRC) audit claim unfounded: Grameenphone

- Grameenphone yesterday demanded that the telecom regulator withdraw its recent claim of BDT 125.8 billion from the operator, terming the unpaid amount unearthed by audit as "unfounded and without any legal basis".

- Earlier on April 2, the Bangladesh Telecommunication Regulatory Commission (BTRC) issued a demand letter against Grameenphone claiming BDT 84.94 billion and another BDT 40.85 billion for the National Board of Revenue, to be paid within 10 working days. The claim came after the information and systems audit, conducted by Toha Khan Zaman & Co., on the country's leading operator's books from its inception in 1997 until June 2015.

- The telecom regulator's position on the claim remains ambiguous: it is neither withdrawing the claim nor pressing for the payment. It has remained mum on the matter to date. Now, the BTRC has raised fresh claim for a period that overlaps with the earlier demand, Grameenphone said in a statement. Subsequently, the operator has requested that the demand be withdrawn and discussions be held with a view to finding an amicable resolution.

- About the NBR's portion of the demand, representing approximately 32% of the total claim, Grameenphone also pointed out that the BTRC has no authority to raise any demand on behalf of the NBR.

- Grameenphone also keeps the right to apply before the commission to revise the process and to find an amicable solution but from the BTRC's perspective it has completed all the formalities.

- A senior official of the telecom regulator said Grameenphone was not cooperative with the auditing firm and even barred the auditors from entering into its system. But the CEO of Grameenphone said the operator extended "full cooperation" to the auditors.

<https://www.thedailystar.net/business/telecom/news/btrc-audit-claim-unfounded-gp-1730818>

<http://www.newagebd.net/article/70090/gp-refrains-from-paying-govts-audit-demand>

Savings certificates become a headache: Bangladesh Institute of Bank Management

- Astronomical sales of national savings certificates has become a grave concern for policymakers and bankers, as their high interest means the government's interest burden is soaring and banks are being deprived of deposits, said the Bangladesh Institute of Bank

Management. The government's savings tools are now offering interest rates between 11.04% and 11.76% in contrast to 5% to 8% rate given by banks.

- This has prompted savers to flock to NSCs, so much that the government's target of borrowing BDT 261.97 billion from the tool this fiscal year was met in just the first seven months. Between July and February, the net sales of the savings tools stood at BDT 356.02 billion, up 7.49% year-on-year, according to data from the Department of National Savings.
- The above market interest rate on NSCs may make government borrowing from the channel unsustainable, said the BIBM report. It is also impacting the growth of bank deposits, which in turn may create liquidity problem for the banking sector.
- The report, which was unveiled yesterday at a seminar, went on to suggest a floating rate based on the average interest rate of government securities (treasury bills and bonds) along with some additional basis points for the savings instruments.
- A portion of wealthy people may be parking their money heavily in the instruments, forcing the government to borrow more from the tools than its budgetary target, according to deputy governor of the central bank.

<https://www.thedailystar.net/business/news/savings-certificates-become-headache-bibm-1730803>

Corporate tax: Bangladeshi entrepreneurs pay highest in South Asia

- As per direction of the current budget, a company doing business in Bangladesh has to pay 35% corporate tax, which is 25% for a publicly traded company while the maximum rate extends up to 45% for some sectors. Bangladeshi entrepreneurs pay the highest corporate tax among the South Asian countries, which they point out as an impediment in the way of attracting new investments. Businesses in other South Asian countries are paying corporate tax ranging between 6% and 15% whereas Bangladesh's corporate tax rate is higher than the global average as well as the Asian average rate.
- According to Tax Foundation data, a Washington-based think tank on US tax policies, the worldwide average statutory corporate income tax rate, measured across 208 jurisdictions, is 23.03% and the Asian average corporate tax rate is 20.65%. Vietnamese entrepreneurs pay 20% corporate tax while it is 24% in Malaysia, 25% in China, 25% in Indonesia, 25% in Myanmar, 29% in Pakistan, 30% in India and 30% in Philippines, according to data of Dhaka Chamber of Commerce and Industry (DCCI).

<https://www.dhakatribune.com/business/2019/04/17/corporate-tax-bangladeshi-entrepreneurs-pay-highest-in-south-asia>

Japan Bank for International Cooperation (JBIC) proposes financing urea factory in northern region

- The Japan Bank for International Cooperation (JBIC) has proposed to finance the first ever urea fertilizer factory to be established in the northern part of Bangladesh. If it is implemented, farmers of the country's biggest crop and vegetable hub will get hassle-free and timely delivery of the important agriculture input, officials said. The production capacity of the proposed factory will be equivalent to the under-construction Ghorasal Polash Urea Fertilizer Plant.

<http://today.thefinancialexpress.com.bd/trade-market/jbic-proposes-financing-urea-factory-in-northern-region-1555438651>

Currency swaps rule forex market, protect foreign exchange reserve

- Interbank currency swaps under agreements to exchange cash flows at later dates dominate the country's foreign exchange market shielding the forex reserve to a great extent from any pressure. Bangladesh Bank, the central bank of the country, recently prepared a note on it elaborating the nature of the forex market. BB is encouraging banks to operate
- It said currency swaps, a kind of derivatives, accounted for around 86% of the forex market. The spot market derivatives accounted for 11% with the forward derivatives grabbing the remaining 3.0%.
- People at different commercial banks familiar with the matter have told the FE that this dominance helps fend off pressure from the country's foreign exchange reserve to a great extent. Otherwise, the banks in need of dollars could turn to the central bank to meet their requirements putting pressure on the foreign currency reserve.
- The people mostly acting as treasury heads at the commercial banks have said the state-owned banks usually face dollar shortfalls and they meet the demand through such currency swaps.
- The cost of the swap or the interest rate varies depending on the demand and supplies. It usually ranges between 2.0% (annualised) and 3.0% (annualized). But it climbs as high as 8.0% (annualised) at a time when the supply of dollars against any other currency remains low.

<http://today.thefinancialexpress.com.bd/first-page/currency-swaps-rule-forex-mkt-cushion-reserve-1555522744>

Japan set to give largest-ever loan to Bangladesh for five ongoing projects

- Japan is set to provide the highest-ever amount of loan to Bangladesh under a new loan package to facilitate implementation of five large ongoing projects in the port, communications, and energy and power sectors. However, no new project has been listed for the funding. The officials, in this regard, said no demand was placed for new projects during the negotiation, as the existing projects have huge work volume.
- Besides, issues like lowering interest rate of concessional loans as well as increasing grace and loan repayment periods are still under negotiation. These issues will be finalised during the next visit of the JICA mission, expected to take place next month (May).
- The JICA provided US\$ 1.83 billion loan under its 39th ODA package, signed in June 2018, for six projects. The government will have to repay the loan in 30 years at 1.0 per cent interest rate with a 10-year grace period.

<http://today.thefinancialexpress.com.bd/last-page/japan-set-to-give-largest-ever-loan-to-bd-for-five-ongoing-projects-1555523135>

Excelerate sees Bangladesh as growing LNG hub

- The US energy giant Excelerate sees Bangladesh as an LNG (liquefied natural gas) market poised for exponential growth to meet the needs of its fast-growing economy.
- Excelerate delivered the first floating LNG import facility at Moheshkhali Island in August 2018, some two years after deals were done.
- The Vice-President of the company said that the maiden project came on line and reached its full capacity far quicker than many other countries globally. Since the introduction of LNG into its energy system, the country has gradually ramped up its LNG imports with the FSRU reaching its full capacity. Around 500 million cubic feet per day (mmcf) of gas was delivered in late January 2019 after more than five months into its formal launch, according to Excelerate. Other regional markets, such as Pakistan that began operations in 2015, did not reach full utilisation until over a year into their operations.

<http://today.thefinancialexpress.com.bd/last-page/excelerate-sees-bd-as-growing-lng-hub-1555523291>

More tax benefits for electrical and electronic goods makers

- Manufacturers of electrical and electronic goods will get more tax benefits than the assemblers of such products in the next budget for financial year 2019-20, National Board of Revenue (NBR) Chairman said on Wednesday. To promote export diversification, the revenue authority will also offer the potential export-oriented industries similar tax benefits as enjoyed by the garment sector.
- The NBR would offer different duty benefits and incentives for manufacturers and assemblers of mobile handset, refrigerator and other electrical products to encourage entrepreneurs to invest in the manufacturing sector. Presently, many large brands, who are mainly assemblers, have been obtaining similar tax benefits as manufacturers do, he said, adding that the manufacturers should get more benefits than others.
- Bangladesh Refrigerator Manufacturers Association (BRMA) suggested laying out a clear definition of manufacturers and assemblers and also creating a significant difference between tax benefits for the two groups. The Bangladesh Electrical Merchandised Manufacturers Association urged the NBR to provide duty-free raw material import facility for the LED light industry for five years.

<http://today.thefinancialexpress.com.bd/trade-market/more-tax-benefits-for-electrical-and-electronic-goods-makers-1555526653>

Important News: Capital Market

Grameenphone users set to pay more

- It was decided at a telecom regulator meeting, which was attended by Prime Minister's ICT Advisor, that Grameenphone's minimum call rate will be increased as part of the restrictions of being declared a significant market power (SMP) operator. Currently, the minimum call rate for operators is BDT 0.45 for each minute and after adding the value-added tax and other duties the charge goes up to BDT 0.54 for a minute to any operator. However, Grameenphone is already charging higher than the market average at BDT 0.70. The data charges might also be increased for Grameenphone.

- The meeting also decided to demand an improvement in service quality from Grameenphone, or else they will have to face a bar on acquiring new customers.
- The meeting also decided to be tough on Grameenphone's audit issues, just a day after the operator demanded the telecom watchdog withdraws claims of BDT 125.8 billion as they are "unfounded and without any legal basis".
- The ICT advisor also asked the telecom regulator to take preparations to launch 5G by 2021.

<https://www.thedailystar.net/business/news/gp-users-set-pay-more-1731343>

ACI Motors introduces Yanmar Combine Harvester

- ACI Motors has introduced 'Yanmar' Combine Harvester with advanced technology in the country, says a statement.
- ACI Motors has brought the new modern combine harvester from renowned Japanese agriculture machinery manufacturer Yanmar as the company has been working relentlessly since 2007 to mechanise and modernise the agriculture sector of Bangladesh, said the statement.
- To reach the machine and the technology directly the farmers, ACI Motors conducted a field demonstration programme. At the same time, another combine harvester named ACI Combine Harvester 4LBZ-120-Plus was demonstrated alongside 'Yanmar' for the farmers.

today.thefinancialexpress.com.bd/trade-market/aci-motors-introduces-yanmar-combine-harvester-1555526821

New DMD of Al-Arafah Islami Bank

- Md. Shafiqur Rahman joined Al-Arafah Islami Bank Limited as Deputy Managing Director on Tuesday, said a statement. Prior to his joining he was the Senior Executive Vice President of Islami Bank Bangladesh Limited.

<http://today.thefinancialexpress.com.bd/stock-corporate/new-dmd-of-al-arafah-islami-bank-1555525320>

No TIN required to open BO accounts

- National Board of Revenue (NBR) chairman said on Tuesday the taxpayers' identification number (TIN) will not be made mandatory for stock market investors to open beneficiary owner (BO) accounts.
- He said this at a pre-budget meeting held at the NBR headquarters against a backdrop of the confusion arisen after publication of a news story that stated, "NBR would make TIN obligatory to open BO accounts."

<http://today.thefinancialexpress.com.bd/last-page/no-tin-to-open-bo-accounts-1555436934>
<https://www.thedailystar.net/business/tax-and-customs/news/tin-not-mandatory-bo-accounts-nbr-1730812>
<http://www.newagebd.net/article/70089/tin-not-must-for-all-stock-investors-nbr>

<https://www.dhakatribune.com/business/2019/04/17/nbr-chairman-tin-not-mandatory-for-opening-bo-account>

Prime Bank to see 'total change' in two years, says the bank's CEO

- Prime Bank Limited will be a totally new and different bank within the next two years trailblazing innovative retail and wholesale products, new business model, and digital transformation, the bank's managing director (MD) said in an interview.
- He said the country's banks and financial institutions are undergoing through digital transformation, and Prime Bank is also not away from digital wave. He said Prime Bank is designing unique digital products for wholesale, large corporate and commercial clients.
- Speaking on the transformation, he said among other changes, the bank is planning massive transformation in its human resources.
- As part of the bank's digital transformation, the bank launched a new savings instrument - Prime DiGi - in February, which allows customers to open accounts online and without any initial deposit. Prime DiGi offers various services, including balance inquiry, account statement, fund transfer, credit card payment, utility bill payment, mobile recharge, insurance premium payment, and transaction history. Rehal Ahmed said the beginning of Prime DiGi was very successful. In the first month, thousands of people opened accounts without coming to the bank branches physically.
- The CEO said that the bank was devising new consumer and SME (small and medium enterprises) products to materialize the potentials. The bank is planning to start agent banking very soon to expand services in unbanked areas.
- The Prime Bank MD further said the bank has been going through consolidation phases during the last three year.

<http://today.thefinancialexpress.com.bd/stock-corporate/prime-bank-to-see-total-change-in-two-years-1555437857>

Doreen Power acquires 99.90% shares of Chandpur Power

- The board of Directors of Doreen Power Generations and Systems Limited in its board meeting held recently has decided to acquire 99.9% shares of Chandpur Power Generations Limited. The company had 60% ownership before this decision, said a statement.
- Due to lower demand of electricity in national grid, both production and supply of electricity have reduced. As a result, EPS has slightly decreased in the current period compared to last year, as per company source.
- Currently, the company is supplying 176 MW electricity in the national grid from its existing five power plants. Chandpur Power, a 115 MW under construction power plant will commence its commercial operation in next financial year. The management of the company expects that it will generate yearly sales revenue of about BDT 6,000 million to BDT 7,000 million by utilizing only 70% of its installed capacity and company will earn about BDT 800 million net profit from this revenue. And 99.99% of this net profit will be added with Doreen Power's current profit.

<http://today.thefinancialexpress.com.bd/stock-corporate/doreen-power-acquires-9990pc-shares-of-chandpur-power-1555437938>

S. S. Steel Limited included in DSEX

- S. S. Steel Limited has been included in DSEX, the core index of the prime bourse effective from April 23.

<http://today.thefinancialexpress.com.bd/stock-corporate/s-s-steel-limited-included-in-dsex-1555437905>

BO accounts on rise amid free fall of stocks

- The number of new beneficiary owner (BO) accounts has kept on growing despite the continued negative trends in both broad index and turnover. Around 69,500 accounts were opened over the last three months, according to the Central Depository Bangladesh Ltd (CDBL) data. Market operators said that the number of new companies coming to the market with initial public offering (IPO) was increasing so the number of BO account holders was also increasing.

<https://www.dhakatribune.com/business/stock/2019/04/12/bo-accounts-on-rise-amid-free-fall-of-stocks>

Bangladesh Bank suggests Bangladesh Securities and Exchange Commission (BSEC) to ensure governance, quality IPOs

- Bangladesh Bank has suggested that Bangladesh Securities and Exchange Commission should ensure good corporate governance in the country's capital market and bring good companies to the market to attract investments. The central bank made the suggestion in its recently published quarterly report titled 'Capital Market Developments in Bangladesh' for the October-December period last year.
- Mentioning the capital market's role in economic development as vital, the BB report said, 'BSEC may undertake some necessary pragmatic steps with appropriate regulatory support to create eagerness of the fund owners to make investments in the capital market.'
- Dhaka University's Centre for Corporate Governance and Finance Studies director told although ensuring good corporate governance is a common issue, we have to take it seriously as the call has come from the central bank.
- The external and institutional forces held the regulator back from implementing the rules, he said. Irregularities are taking place in a large scale but no serious regulatory measure has far been taken though the market has been facing a deep trouble he added.

<http://www.newagebd.net/article/69846/bangladesh-bank-suggests-bsec-to-ensure-governance-quality-ipos>