

Capital Market Overview

The market closed in red this week. The benchmark index DSEX (-3.75%) lost 155.00 points and closed the week at 3,974.96 points. The blue-chip index DS30 (-4.04%) lost 55.78 points and stood at 1,325.81 points. The Shariah-based index DSES (-4.00%) lost 38.35 points and stood at 919.44 points. The large cap index CDSET (-3.69%) lost 30.05 points and closed at 784.99 points. DSEX, DS30, DSES and CDSET all showed negative YTD returns of -10.73%, -12.39%, -8.04% and -12.76% respectively.

Total Turnover During The Week (DSE): BDT 12.6 billion (USD 148.1 million)
Average Daily Turnover Value (ADTV): BDT 3.1 billion ($\Delta\%$ Week: -24.7%)

Market P/E: 11.51x

Daily Index Movement during the Week:

The market performed four sessions during this week. Market opened this week with a negative movement of -3.89% and continued to be negative in the second session (-4.96%) and in the third session (-4.47%). The market then turned around due to a few measures taken by the Bangladesh Securities and Exchange Commission (BSEC) and ended in positive at 10.29%.

Sectoral Performance:

- All financial sectors showed negative performance during this week. NBFIs booked the highest loss of 6.20% followed by General Insurance (-4.76%), Mutual Funds (-3.80%), Banks (-2.91%), and Life Insurance (-1.81%).
- All the non-financial sectors showed negative performance during this week. Food & Allied booked the highest loss of 6.94% followed by Telecommunication (-5.06%), Pharmaceuticals (-3.89%), Engineering (-3.24%), and Power (-2.45%).

Macroeconomic arena:

- The coronavirus in Bangladesh has spread to the level of local transmission., the first death has been recorded today.
- Troubled four state-owned banks have initiated moves to take over around BDT 52.32 billion in loans of 17 subsidiaries of Navana Group from 51 banks and non-bank financial institutions as the group is struggling to repay debts.
- Global brands and retailers, who purchase clothing goods from Bangladesh, have cancelled work orders worth USD 133 million over the uncertainty of business triggered by coronavirus pandemic.
- The Bangladesh Bank injected around BDT 25.48 billion into the country's banking sector in the last seven days, which in turn would help bring some ease to the ongoing liquidity crisis in the sector.
- Banks are going to make investment in stock market from Wednesday from their special fund for reviving the ailing market.
- The ADB signed an agreement to provide USD 400 million, to upgrade the Dhaka-Northwest international trade corridor.
- BTRC, has decided not to collect VAT from the network operators, exposing the row with the tax authority.
- The country's budget deficit reached BDT 359 billion in the first 5 months to November, a 37% jump from last fiscal year.
- The World Bank and IFC's Boards of Directors have approved a USD 14 billion package of fast-track-financing to assist companies and countries in their efforts to prevent, detect and respond to the rapid spread of Covid-19.

Stock Market arena:

- Swiss wealth management firm Pictet is set to grab 0.525 million shares, or 0.29%, of market heavyweight British American Tobacco Bangladesh (BATBC) at the prevailing market price.
- The central bank asked Strategic Finance and Investments Limited to bring in major portion of its equity and fund from overseas financiers.
- Almost a month after payment of BDT 10 billion to telecom regulator in partial payment of audit claim, leading mobile phone operator Grameenphone is yet to receive suspension withdrawal on new service package and equipment import.

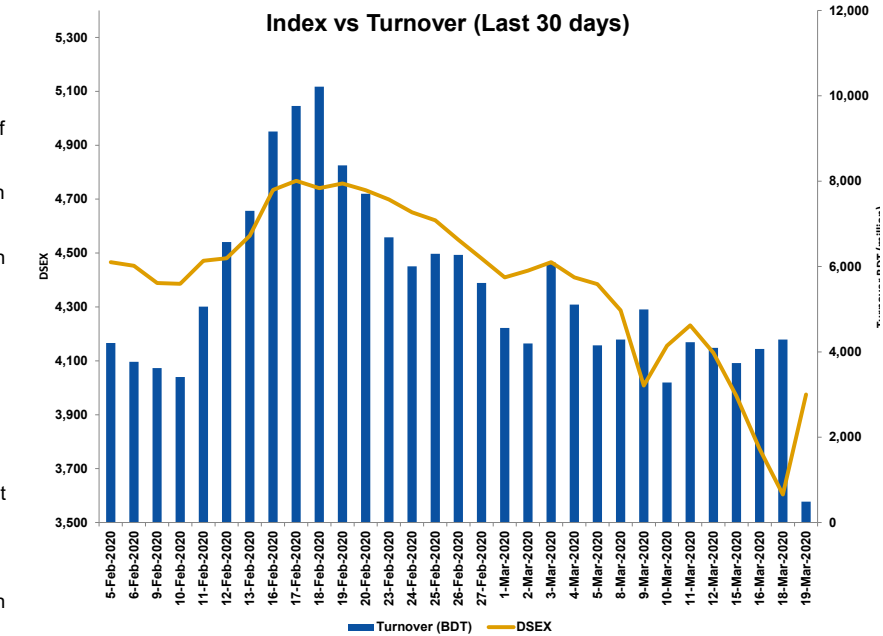
Table 1: Index

Index	Closing	Opening	Δ (Pts)	30-Dec-2019	$\Delta\%$ Week	$\Delta\%$ YTD
DSEX	3,974.96	4,129.96	-155.00	4,452.93	-3.75%	-10.73%
DS30	1,325.81	1,381.59	-55.78	1,513.35	-4.04%	-12.39%
DSES	919.44	957.79	-38.35	999.83	-4.00%	-8.04%
CDSET	784.99	815.04	-30.05	899.76	-3.69%	-12.76%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	12,081,228.8	16,178,907.5	-25.3%
	Mn USD	142,199.0	190,429.7	
Turnover	Mn BDT	12,584.9	20,885.5	-39.7%
	Mn USD	148.1	245.8	
Average Daily Turnover	Mn BDT	3,146.2	4,177.1	-24.7%
	Mn USD	37.0	49.2	
Volume	Mn Shares	547.0	831.6	-34.2%

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
In Tech Online Ltd.	20.70	13.20	56.8%	648.3	26.00	9.4x	2.0x
Orion Pharma Ltd.	42	27.80	52.2%	9,898.2	291.11	11.6x	0.6x
Hakkani Pulp & Paper	78.90	53.70	46.9%	1,499.1	47.42	NM	2.9x
Sea Pearl Beach Resort & Spa Limited	79.40	55.20	43.8%	9,587.6	157.71	217.9x	7.6x
Central Pharmaceuticals Limited	12.50	8.70	43.7%	1,497.5	86.64	3.0x	0.8x
Chittagong Vegetable	118.40	83.30	42.1%	2,989.0	77.04	NM	9.1x
ICB Employees Provident MF 1 Scheme 1	6.50	4.60	41.3%	487.5	7.74	NM	0.5x
Kohinoor Chemicals	483.30	345.90	39.7%	9,754.2	120.60	52.4x	10.4x
Orion Infusion	74.50	53.50	39.3%	1,516.8	165.57	37.3x	6.2x
Nahee Aluminium Composite Panel Ltd.	48.30	35.10	37.6%	3,085.8	102.55	13.9x	3.7x

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Far Chemical Industries Limited	10.10	368.40	-97.3%	2,202.7	129.19	14.4x	0.7x
Standard Ceramic	306.70	621.80	-50.7%	1,981.5	72.56	NM	24.2x
Delta Spinnings Ltd.	2.80	5.00	-44.0%	466.1	3.52	10.9x	0.2x
Samata Leather	109.50	176.30	-37.9%	1,130.0	46.15	283.9x	7.6x
Shepherd Industries Limited	15.30	24.30	-37.0%	2,299.4	41.84	26.6x	0.9x
Agrani Insurance Co. Ltd.	17.40	26.90	-35.3%	526.3	18.50	9.5x	1.1x
Northern Jute	332.20	508.90	-34.7%	711.6	59.74	14.9x	5.8x
Emerald Oil Industries Ltd.	9.80	15.00	-34.7%	585.2	2.67	86.1x	0.6x
United Insurance	33.90	51.10	-33.7%	1,508.5	4.66	10.0x	1.2x
BRAC Bank	31.40	47.30	-33.6%	38,728.0	210.70	7.5x	1.0x

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Square Pharmaceuticals	170.40	197.10	-13.5%	143,858.3	531.28	10.9x	2.2x
Monno Ceramic	131.40	119.20	10.2%	4,720.9	493.15	NM	2.0x
Grameenphone Ltd.	235.50	260.70	-9.7%	317,995.7	368.53	9.2x	7.5x
Orion Pharma Ltd.	42.30	27.80	52.2%	9,898.2	291.11	11.6x	0.6x
LafargeHolcim Bangladesh Limited	36.50	46.60	-21.7%	42,390.1	230.95	23.5x	2.8x
British American Tobacco Bangladesh Company Limited	893.60	1,063.10	-15.9%	160,848.0	220.37	18.7x	6.6x
BRAC Bank	31.40	47.30	-33.6%	38,728.0	210.70	7.5x	1.0x
Orion Infusion	74.50	53.50	39.3%	1,516.8	165.57	37.3x	6.2x
Beximco Limited	12.90	15.00	-14.0%	11,304.5	159.70	9.4x	0.2x
Sea Pearl Beach Resort & Spa Limited	79.40	55.20	43.8%	9,587.6	157.71	217.9x	7.6x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
M.I. Cement Factory Limited	47.80	22.56%	7,098.3	NM
Bangladesh Steel Re-Rolling Mills Limited	59.70	22.34%	14,093.3	8.8x
Glaxo Smithkline	2,045.70	16.48%	24,643.4	84.8x
LafargeHolcim Bangladesh Limited	36.50	8.63%	42,390.1	23.5x
Bata Shoe	745.00	7.02%	10,191.6	21.1x
MJL Bangladesh Limited	64.90	2.53%	20,557.2	11.1x
Apex Footwear Limited.	228.00	2.20%	2,565.0	22.7x
ACI Limited	181.70	0.11%	10,424.6	NM
Titas Gas	30.80	-0.32%	30,468.0	7.4x
Khulna Power Company Limited	46.50	-0.43%	18,479.7	14.6x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1077.00	1109.34	1319.28	-2.91%	-18.36%
NBFIs	1354.67	1444.25	1565.13	-6.20%	-13.45%
Mutual Funds	568.90	591.39	591.17	-3.80%	-3.77%
General Insurance	1551.07	1628.64	1927.02	-4.76%	-19.51%
Life Insurance	1791.09	1824.14	2194.70	-1.81%	-18.39%
Telecommunication	3292.72	3468.36	3993.59	-5.06%	-17.55%
Pharmaceuticals	2402.46	2499.60	2492.51	-3.89%	-3.61%
Fuel & Power	1443.17	1479.39	1515.21	-2.45%	-4.75%
Cement	1209.05	1252.91	1132.29	-3.50%	6.78%
Services & Real Estate	950.76	985.51	886.70	-3.53%	7.23%
Engineering	2071.36	2140.76	2257.22	-3.24%	-8.23%
Food & Allied	11152.85	11985.05	12121.49	-6.94%	-7.99%
IT	1796.37	1863.96	1823.13	-3.63%	-1.47%
Textiles	952.64	1016.35	1042.04	-6.27%	-8.58%
Paper & Printing	5312.44	5418.03	5233.20	-1.95%	1.51%
Tannery	1758.83	1749.21	1826.45	0.55%	-3.70%
Jute	8100.28	8670.86	11393.28	-6.58%	-28.90%
Ceramics	399.03	408.65	459.10	-2.35%	-13.09%
Miscellaneous	1670.54	1732.45	1745.96	-3.57%	-4.32%

Table 7: Sector Trading Matrix

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Banks	261.4	272.7	-4.12%	9.14%	5.8x	0.6x
NBFIs	102.4	98.8	3.57%	3.58%	78.8x	1.8x
Mutual Funds	46.4	70.6	-34.28%	1.62%	NM	0.4x
General Insurance	86.9	113.4	-23.41%	3.04%	10.9x	1.0x
Life Insurance	36.7	54.6	-32.85%	1.28%	NM	7.4x
Telecommunication	110.9	111.0	-0.11%	3.88%	9.4x	6.8x
Pharmaceuticals	616.4	882.3	-30.14%	21.55%	15.9x	2.1x
Fuel & Power	215.9	324.2	-33.40%	7.55%	9.4x	1.7x
Cement	83.9	131.0	-36.00%	2.93%	24.5x	2.2x
Services & Real Estate	68.5	97.2	-29.61%	2.39%	56.8x	0.8x
Engineering	351.0	568.1	-38.21%	12.27%	12.5x	1.2x
Food & Allied	139.7	168.1	-16.91%	4.88%	20.0x	6.3x
IT	60.3	102.5	-41.20%	2.11%	16.0x	2.4x
Textiles	281.4	476.6	-40.95%	9.84%	NM	0.7x
Paper & Printing	37.2	110.6	-66.32%	1.30%	263.7x	1.4x
Tannery	57.6	79.9	-27.98%	2.01%	21.7x	1.9x
Jute	20.2	36.0	-43.93%	0.71%	NM	3.7x
Ceramics	145.9	106.2	37.36%	5.10%	24.8x	1.5x
Miscellaneous	137.7	193.5	-28.82%	4.81%	18.4x	1.0x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
BRAC Bank	31.40	-45.01%	38,728.0	7.5x
Eastern Cables	135.00	-32.23%	3,240.0	NM
Lankabangla Finance	12.80	-28.89%	6,568.7	11.6x
City Bank	16.20	-23.22%	16,465.5	6.3x
Runner Automobiles Limited	46.60	-21.68%	5,291.0	9.2x
Dutch-Bangla Bank	56.00	-21.46%	28,000.0	5.7x
Prime Bank	14.40	-20.88%	16,304.9	6.6x
Heidelberg Cement	135.00	-18.08%	7,628.0	48.1x
Singer Bangladesh	148.00	-17.96%	14,756.0	14.3x
Grameenphone Ltd.	235.50	-17.60%	317,995.7	9.2x

Important News: Business & Economy

Bourses cut one-hour trading due to virus scare

• Following the free-fall of stocks prices, Dhaka Stock Exchange and the Chittagong Stock Exchange have decided to cut by one hour trading time effective from Thursday. Trading at the bourses will begin at 10:30am and continue until 1:30pm instead of 2:30pm. The new schedule will be continued until further notice. Normally, the capital market sees a four-hour trading from 10:30am to 2:30pm.

<https://thefinancialexpress.com.bd/stock/bangladesh/bourses-cut-one-hour-trading-due-to-virus-scare-1584539039>

Bangladesh coronavirus reaches local transmission level: Institute of Epidemiology, Disease Control and Research (IEDCR)

• The coronavirus in Bangladesh has spread to the level of local transmission the Institute of Epidemiology, Disease Control and Research (IEDCR) said. Bangladesh today reported its first death from the novel coronavirus. The total number of coronavirus infected persons in the country has now risen to 14.

<https://tbsnews.net/international/coronavirus-chronicle/coronavirus-now-reaches-community-transmission-level-bangladesh>

4 state-owned banks (SoBs) may take over BDT 52.32 billion Navana loans with 51 banks, NBFIs

• Troubled four state-owned banks have initiated moves to take over around BDT 52.32 billion in loans of 17 subsidiaries of Navana Group from 51 banks and non-bank financial institutions as the group is struggling to repay debts. The initiatives of the banks, which are suffering from high non-performing loans, came following instruction of the finance ministry. The SoBs which are going to take over Navana loans are Sonali, Rupali, Agrani and Janata. The entities which issued credit to Navana Group include 32 banks and 19 NBFIs. I Agrani Bank has been working as the lead bank and overseeing the entire process.

• Agrani Bank managing director and chief executive officer said that it would be similar to a bailout programme for Navana Group. He added that the SoBs would take over a portion of those loans of Navana and the rest of the loans will remain with the existing banks. The banks may take over BDT 10 billion each of Navana Group's loans with other banks and financial institutions, he said, adding that the issue was yet to be finalized.

• Although the government has initiated to provide Navana Group a bailout with the state-owned banks' fund, the SoBs themselves are struggling with a huge amount of defaulted loans. Of the four banks, the amount of defaulted loans in Janata Bank is the highest, 29.15% of its outstanding loans. The amount in Sonali Bank is 21.55%, while in Rupali Bank and Agrani Bank 15.25% and 14.56% respectively. Disbursement of such a huge amount of loans would also be a violation to the single borrower exposure limit as specified by the central bank in line with the Bank Companies Act, 2013.

• Of the 17 subsidiary or associated companies of Navana Group, Navana Limited and Aftab Automobiles were named in the list of 8,238 defaulters, placed by the finance minister in parliament. As of September 30 last year, loans worth around BDT 660 million of Navana Limited became defaulted while loans worth BDT 800 million of Aftab Automobiles Limited turned defaulted.

<https://www.newagebd.net/article/102578/4-sobs-may-take-over-BDT-5232cr-navana-loans-with-51-banks-nbfis>

Global buyers cancel work orders worth USD 133 million

• Global brands and retailers, who purchase clothing goods from Bangladesh, have cancelled work orders worth USD 133 million over the uncertainty of business triggered by coronavirus pandemic. According to Bangladesh Garment Manufacturers and Exporters and Association (BGMEA), a total of 69 apparel makers have faced order cancellation worth USD 93 million. Meanwhile, 13 members of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) have also work orders worth USD 40 million cancelled, which continues to rise every day.

• The USD 34 billion apparel sector is very crucial for Bangladesh economy, which contributes 84.20% to the total exports and employs about four million people, mostly women. Further deterioration in the situation may lead to job cuts in the sector as the factory owners would not be able to pay workers' wages. Though Bangladesh has seen less infection cases and only one death, the coronavirus has spread widely in its major export destinations such as the United States, Germany, the United Kingdom, Spain, Italy, France and Canada.

<https://www.dhakatribune.com/business/economy/2020/03/18/global-buyers-cancel-work-orders-worth-133m>

<https://www.thedailystar.net/business/news/garment-exporters-voice-concerns-1882741>

World Bank approves USD 14 billion package for Covid-19

• The World Bank and IFC's Boards of Directors have approved a USD 14 billion package of fast-track-financing to assist companies and countries in their efforts to prevent, detect and respond to the rapid spread of Covid-19. The World Bank group said this package will strengthen national systems for public health preparedness, including for disease containment, diagnosis, and treatment, and support the private sector.

• Previously, Bangladesh sought for USD 100 million in assistance to combat the health and economic impacts of the coronavirus pandemic from the World Bank. The Asian Development Bank (ADB) on Wednesday also announced a USD 6.5 billion initial package to address the immediate needs of its developing member countries (DMCs) as they respond to the novel coronavirus (COVID-19) pandemic.

<https://www.dhakatribune.com/business/banks/2020/03/18/world-bank-approves-14bn-package-for-covid-19>

The Power Development Board (PDB) among top coal power expansion cos in world: study

• The Power Development Board has ranked among the top coal power expansion companies in the world in a report released globally on Wednesday. The PDB has placed 13th among the 16 major coal power expansion companies with 4,700 megawatts capacity under development. The report said that HSBC was not known to be financing project building coal-based power plant in Bangladesh but still patronizing coal power expansion in the country. HSBC has been leading a consortium of banks since the beginning of 2019 for the expansion of Payra Port in southern Bangladesh, said the report. The Payra Port will

import 20 million tonnes of coal every year for potential use in as many as eight new coal power plants planned in Bangladesh, said the report.

<https://www.newagebd.net/article/102579/pdb-among-top-coal-power-expansion-cos-in-world-study>

National Economic Council (NEC) set to finalize BDT 1.93 trillion Revised Annual Development Programme (RADP)

- The government is going to revise the Annual Development Programme (ADP), trimming down the allocations by BDT 102 billion to BDT 1.93 trillion, officials said on Tuesday. Cutting the highest amount from available foreign aid funding, the National Economic Council (NEC) is likely to finalize the Revised Annual Development Programme (RADP) for the current fiscal year (FY), 2019-20, at a meeting in the capital tomorrow (Thursday). The NEC meeting is likely to approve revision of the current BDT 2.02-trillion ADP, following lower implementation rate of the development programmes.
- According to the Planning Commission (PC), transport sector will remain atop the list in the upcoming RADP, as it was in the ADP. The PC has revised allocation for the sector down to BDT 475.54 billion from the current allocation of BDT 528.06 billion. Infrastructure planning, water supply and housing sector has been proposed to get the second highest allocation of BDT 265.16 billion in the RADP. Power sector will receive the third highest allocation of BDT 237.65 billion from its current ADP outlay of BDT 260.17 billion. A PC official said they had to revise the ADP downward, as the ministries and agencies failed to perform efficiently in implementing the development programme.

<https://today.thefinancialexpress.com.bd/first-page/nec-set-to-finalise-BDT-193t-radp-1584467065>

<https://www.thedailystar.net/business/news/adp-outlay-trimmed-48pc-1881898>

Banks meet Basel III terms. But things are not as rosy as it seems.

- Most of the banks in Bangladesh have implemented the Basel III guidelines within the deadline of 2019. As per a roadmap issued by the Bangladesh Bank in 2014, banks were supposed to raise their minimum capital adequacy ratio (CAR) to 12.5% against their risk-weighted assets by December 2019 from the then 10%. Of the 58 banks, 43 have met the global regulatory standard within the deadline, according to data from the central bank.
- On the surface, it seems like a stroke of positive development from the sector that often comes under fire for its questionable corporate governance. But experts cautioned against rejoicing: the feat was achieved through artificial means, so the banks' capital bases are not truly healthy. Banks have raised their capital base by riding on the relaxed loan rescheduling policy offered by the central bank. The policy allowed defaulters to reschedule their classified loans with a down payment of just 2% of the outstanding amount instead of the existing 10-50%. Last year, a record BDT 501.86 billion was rescheduled. Despite that, 15 banks including the eight state-run lenders failed to implement the Basel III guidelines on time.
- Defaulted loans had not increased too much in the banking sector last year due to the central bank's relaxed rescheduling facility along with giving special permission to regularizing default loans, said an executive director of the Policy Research Institute. Defaulted loans stood at BDT 943.13 billion at the end of 2019, up 0.42% year-on-year. Risk-weighted assets decline when defaulted loans turn into unclassified loans, which

narrows the requirement for capital, he said. Besides, the requirement for provisioning also comes down due to the unclassified loans, giving a boost to the capital base as well, he added.

<https://www.thedailystar.net/business/news/banks-meet-basel-iii-terms-things-are-not-rosy-it-seems-1881928>

Bangladesh Bank (BB) circulates BDT 25.48 billion in money market against dollar

- The Bangladesh Bank injected around BDT 25.48 billion into the country's banking sector in the last seven days, which in turn would help bring some ease to the ongoing liquidity crisis in the sector. In the wake of the coronavirus outbreak across the globe, the central bank has purchased USD 300 million from the scheduled banks since March 10. An increased inflow of remittance and a fall in import payments have prompted the BB to purchase the US dollars from the market to keep the dollar price stable on the local market.
- The injection of fund in the money market by the central bank would also help the banks tackle the immediate impact of the 9-per cent lending rate implementation from April 1. To attain 14.8% private sector credit growth in the fiscal year 2019-2020, the government in the revised monetary policy has targeted to attain 13% broad money supply. However, the actual growth was 9.2% in January this year, much lower than the BB's projection, mainly due to the heavy borrowing by the government that lowered the banks' capacity to lend the businesses.
- The government's borrowing from the banking sector stood at BDT 530.55 billion on March 3, exceeding its annual projection to borrow BDT 473.64 billion from the banking system. Before March 10, the central bank for the last time purchased the dollars from the local market on January 4, 2017 and since then it had been injecting the US dollars into the local market. The interbank exchange rate of the dollar was BDT 84.95 on Monday. In FY20, the BB sold USD 489 million to the local market till Sunday after selling USD 2.34 billion in FY19.

<https://www.newagebd.net/article/102486/bb-circulates-BDT-2548cr-in-money-market-against-dollar>

Postal savings return to old interest rates

- The government yesterday restored the old rate of interest rates on ordinary and fixed deposits in Post Office Savings Bank, according to a notice from the finance ministry. From today, savers at the postal saving bank will get 11.28% on their three-year term deposit and 7.5% on ordinary deposits, up from the reduced rates of 6% and 5% respectively. The reinstatement comes less than a week after the government initiated the automation of ordinary and fixed deposit accounts of postal savings bank to ensure transparency and prevent affluent people from abusing the high interest-bearing tools designed for marginal and low-income groups.
- In a sudden move in the middle of last month, the Internal Resources Division under the finance ministry slashed the interest rates on deposits, sparking criticism and outcry from various quarters as marginal and low-income people from rural and suburban areas mostly park their savings in postal savings bank because of proximity and ease in maintaining accounts.

- Under the automated system, depositors will have to provide national identification numbers to deposit funds. And the submission of tax identification number will be required for keeping more than BDT 0.2 million.

<https://www.thedailystar.net/business/news/postal-savings-return-old-interest-rates-1881922>

<https://today.thefinancialexpress.com.bd/public/last-page/profit-rate-returns-to-past-level-1584387630>

Special fund for stock market: Banks to invest soon

- Banks are going to make investment in stock market from Wednesday from their special fund planned for reviving the ailing market. Finance minister told reporters that a policy had already been formulated to allow each bank to form a BDT 2 billion special fund for the stock market investment. The necessity of immediate investment by the banks became imperative to avert the recent continuous fall in share prices amid fear of coronavirus.

<https://www.newagebd.net/article/102444/banks-to-invest-in-stocks-from-tomorrow>

<https://www.dhakatribune.com/business/banks/2020/03/16/special-fund-for-stock-market-banks-to-invest-soon>

RMG sector in a fix, as buyers cancelling orders

- Local apparel sector has started bearing the brunt of the coronavirus outbreak, as some buyers, especially those from the affected countries, are gradually cancelling their import orders. 20 factories have faced cancellation of work orders amounting to at least USD17 million, while orders worth more than USD 1.0 million have been withheld in recent days.
- Buyers are taking information about production and asking local suppliers to hold off cutting fabric. Those who have already produced items are being asked to hold shipments, as global consumption is coming to a halt. With the global shutdown now affecting the business of brands and retailers, more than 4.0 million local RMG workers are facing an uncertain time.
- The European Union (EU) and the US are the major destinations for locally produced ready-made garment (RMG) items. Italy, Spain, France and many US cities have already enforced a complete lockdown to limit further spreading of the COVID-19. Besides, major retailers in North America have already announced that they would shut down stores or reduce store hours for all locations in the US and Canada.

<https://today.thefinancialexpress.com.bd/last-page/rmg-sector-in-a-fix-as-buyers-cancelling-orders-1584467820>

Bangladesh to gain more trade benefits from China as an LDC

- Bangladesh wants to secure more trade benefits from China as a least developed country (LDC) instead of signing a free trade agreement with the Asian economic giant. The commerce ministry has already accepted China's offer for the duty-free import of 97% of all Bangladeshi products under the LDC category, effectively rejecting the benefits the country would have received under the Asia-Pacific Trade Agreement (APTA).
- In 2015, China, Bangladesh's largest bilateral trade partner, offered various LDCs extensions on the trade benefits for up to 97% of their goods. However, nations that took up

the offer were no longer allowed to enjoy the benefits under the APTA. Since Bangladesh was late in its response, China will now send a fresh offer for 95% of the country's goods.

- Incoming goods from China amount to more than USD 14 billion and earn Bangladesh BDT 230 billion as import duty each year. The import duty levied on the Chinese products accounts for 30% of the total revenue collected from import duties annually. Bangladesh's woven garment makers import nearly 60% of all the fabrics they require directly from China as local weavers cannot supply adequate raw materials. Currently, there are about 65 Bangladeshi goods that are allowed duty-free access to the Chinese market under the APTA while more than 5,000 goods enjoy the same benefit under the LDC coverage. If Bangladesh is granted the 97% package, exports to China will increase manifold.

<https://www.thedailystar.net/business/news/bangladesh-gain-more-trade-benefits-china-ldc-1882324>

The Bangladesh Merchant Bankers' Association (BMBA) seeks Bangladesh Banks's intervention as few banks form special fund

- The Bangladesh Merchant Bankers' Association (BMBA) on Sunday sought Bangladesh Bank's intervention so that all scheduled banks formed special fund for investing in the stock market. The central bank officials said they are working to expedite the ongoing process of creating the special funds meant for investment in the capital market. The capital market intermediary's appeal came against the backdrop of the benchmark equities index dropping below the 'psychological' threshold of 4,000-mark on Sunday following the news of travel restrictions announced by major countries.
- On February 10, BB allowed scheduled banks to form their special fund worth BDT 2 billion each to invest in the stock market in an attempt to boost the sagging capital market. Eight banks have formed special funds worth BDT 13.65 billion for investing in the stock market and three other banks would complete the stock market fund formation by this week. Of the eight banks, Sonali Bank, Janata Bank, Shahjalal Islami Bank, Islami Bank, Social Islami Bank and United Commercial Bank have formed BDT 2 billion in stocks fund each. Of the rest two banks, Rupali Bank formed a fund worth BDT 850 million and The City Bank BDT 500 million. Besides the eight banks, Dhaka Bank, Mercantile Bank and Bank Asia would complete the fund formation process by this week.

<https://today.thefinancialexpress.com.bd/first-page/merchant-bankers-for-fast-creation-of-special-funds-1584293824>

<https://www.dhakatribune.com/business/banks/2020/03/15/bmba-seek-bb-intervention-as-few-banks-form-special-fund>

<https://www.newagebd.net/article/102315/eight-banks-form-BDT-1335cr-in-special-funds-for-stocks>

Trade war proves a boon for apparel

- Bangladesh's apparel exports to the US grew 16.09% year-on-year to USD 637 million in January amid the US-China trade war. Apart from Bangladesh, four other countries, which are among the top 10 garment producers worldwide, also saw their shipment to the US market rise in January, according to data from the Office of Textiles and Apparel (OTEXA) of the US. Garment exports from Vietnam grew 4.25% to USD 1.39 billion, from Indonesia 3.48% to USD 445 million, from Cambodia 25.61% to USD 319 million and from Honduras 1.07% to 155 million year-on-year, OTEXA data showed.

• Although Bangladesh seemed to benefit from the trade conflict, the garment export may come under pressure in the coming months because of the fast-spreading coronavirus in the world and in particular in the developed economies that are also the country's major export destinations. Since the supply chain for raw materials from China is improving gradually, production may soon return to normalcy as well, said the president of the Bangladesh Garment Buying House Association.

<https://www.thedailystar.net/business/news/trade-war-proves-boon-apparel-1881394>

The Asian Development Bank (ADB) provides USD 400m to upgrade international road corridor

• The Asian Development Bank yesterday signed an agreement with Bangladesh to provide EUR 360 million, or USD 400 million, to help upgrade the Dhaka-Northwest international trade corridor. The project is part of a priority international transport corridor that connects Bangladesh with Bhutan, India, and Nepal, said the country director of the Manila-based multilateral lender. The assistance forms the second tranche of USD 1.2 billion ADB loans for the second South Asia Sub-regional Economic Cooperation (SASEC) Dhaka - Northwest Corridor Road Project. The loan will have a 25-year term, including a grace period of five years.

• In 2017, the lender gave USD 300 million in the first tranche. The third tranche and fourth and final tranche will be released in December 2021 and 2023 respectively. The total cost of the project is USD 1.67 billion, of which the government will meet USD 472.6 million. Work will be carried out over 10 years to 2026.

<https://www.thedailystar.net/business/news/adb-provides-400m-upgrade-international-road-corridor-1881376>

<https://today.thefinancialexpress.com.bd/trade-market/bd-ADB-sign-400m-loan-deal-to-develop-elenga-rangpur-highway-1584286823>

<https://www.newagebd.net/article/102316/government-ADB-ink-400m-loan-deal-to-upgrade-road-corridor>

Readymade Garments goods pile up at factories as buyers ask for shipment delay

• Undelivered ready garments are piling up in the country's readymade garment factories as a good number of buyers from European countries have asked their suppliers to delay the shipment of their products two to four weeks due to the global coronavirus outbreak. Bangladesh's exporters said that they might incur a huge amount of losses for putting the shipment on hold and might face a shortage of working capital in the sector as the payment from buyers would be deferred until receiving the products.

<https://www.newagebd.net/article/102311/rmg-goods-pile-up-at-factories-as-buyers-ask-for-shipment-delay>

Bangladesh Telecommunication Regulatory Commission's (BTRC) no as row over VAT collection festers

• Bangladesh Telecommunication Regulatory Commission, or BTRC, has decided not to collect VAT from the network operators, exposing the row with the tax authority. According to the decision taken by the Posts and Telecommunication Division, the commission would

collect only its own dues from the mobile phone operators, leaving the board to collect VAT. The chairman of BTRC said the decision has been taken after the commission found it has no authority to take punitive action for the non-payment of VAT.

• Industry executives said the telecommunication operators could not claim VAT refund or rebate that they pay to the BTRC. The BTRC has no Business Identification Number, or BIN or VAT registration. The regulator is not authorised to issue VAT chalan to the mobile phone operators. Producing VAT chalan is mandatory to claim VAT rebate by any companies, they added. Earlier, the BTRC had requested the board to issue a BIN to it, but the commission failed to get even VAT registration, let alone BIN. Officials said the board is reluctant to issue BIN, fearing a possibility of huge amount of refund claim by telecom operators. BTRC is one of the major sources of VAT collection of the large taxpayers' unit.

• VAT officials said they expect a large amount of revenue from the BTRC's audit claim from Grameenphone and Robi. In April 2019, the regulator claimed BDT 125.79 billion as unpaid dues as taxes, late fees and revenue shares from Grameenphone based on audit. Of which, the NBR expects to receive BDT 40.86 billion as 15% VAT. From Robi, the BTRC claimed BDT 8.67 billion along with NBR's part at BDT 3.79 billion from Robi. Of the audit claim, Grameenphone has paid BDT 1.0 billion and Robi BDT 550 million to the BTRC following an order of the Supreme Court.

<https://today.thefinancialexpress.com.bd/first-page/btrcs-no-as-row-over-vat-collection-festers-1584205129>

Budget deficit swells in five months

• The country's budget deficit reached BDT 359 billion in the first five months to November, a 37% jump over the same period last fiscal, the ministry of finance data show. During the period, total expenditure amounted to BDT 1,357 billion, compared with revenue receipt of BDT 998 billion. Furthermore, between July and November, the government received a total of BDT 10.72 billion in external funding to execute the budget, almost half the amount it secured in the year-earlier period.

• The deficit financing from domestic sources was BDT 370 billion (net), most of it came from the banking system, nearly BDT 300 billion (net). The non-bank borrowing, mostly through saving schemes, was BDT 70 billion (net) during the period under review. Analysts have warned that as a result of Covid-19, the deficit might go up further in the months to come.

<https://today.thefinancialexpress.com.bd/first-page/budget-deficit-swells-in-five-months-1584204978>

The curious rise of Islamic banking in Bangladesh

• Conventional banks have to maintain 18.5% statutory liquidity ratio (SLR) and cash reserve requirement (CRR) of their total clients' deposits. They must also maintain a maximum 85% loans-deposit ratio. But the regulatory requirements are much more lax for Islamic banks: they have to keep a combined SLR and CRR of 11% and their loans-deposit limit is 90%. And it is for these reasons that lenders are jumping on the Islamic banking bandwagon.

• Jamuna Bank got the approval from the central bank yesterday to become a full-fledged Islamic lender, following the lead of Standard Bank and NRB Global Bank, who became

Shariah-based lenders on February 9. This takes the tally of Islamic lenders in Bangladesh to 11. And IFIC Bank, another conventional lender, is waiting to get the central bank's nod to become an Islamic lender.

- But, there are questions on whether the Islamic lenders in Bangladesh actually follow the Shariah rules and regulations in the absence of strict monitoring by the Bangladesh Bank. They frequently violate the Shariah rules while setting profit-sharing method for both deposits and investments, said a former supernumerary professor of the Bangladesh Institute of Bank Management.

<https://www.thedailystar.net/business/news/the-curious-rise-islamic-banking-bangladesh-1880035>

Bangladesh's external trade faces heavy blow amid coronavirus fear

- Bangladesh's external trade would have a heavy blow from the economic crisis in Europe and the US due to the rapid global outbreak of the novel coronavirus. The month-long lockdown of Italy due to the outbreak will immediately hit Bangladeshi exports as the European country buys products worth some USD 150 million a month from Bangladesh. Following a supply side uncertainty Bangladesh was now going to face a demand side uncertainty due to the spread of the pandemic in Europe and North America, the major markets for Bangladesh.

- The travel ban on the EU countries imposed by the US might be harmful as the economic activities of the EU were heavily linked to the US. China and India are the main sources of raw materials for Bangladesh, he predicted that an imposition of travel ban by India would have a negative impact on Bangladesh's production.

- Firstly, the shipment of ready products would face delays or be cancelled shortly while, secondly, the production of finished goods for export would be difficult for the coming two to three months as exporters would not get bank support for delay in payment.

<https://www.newagebd.net/article/102068/bangladeshs-external-trade-faces-heavy-blow-amid-coronavirus-fear>

Bangladesh Bank upbeat on robust growth

- Bangladesh Bank expects economic growth to be buoyant during the current fiscal year, which will be in line with the budget target of 8.20%. While the central bank is hopeful about keeping the inflation rate within 5.50% band as set in the FY'20 national budget, it is mindful of an uptick.

- Strong growth in exports underpinned by trade redirection resulted from tensions between the USA and China; robust growth in private consumption expenditure resulted from increased remittances; accommodative private sector credit policy; continued reform programmes to reduce the cost of doing business; and accelerated government spending in the development infrastructural sector are among the factors.

- Also, imports would grow faster due to the pick-up in the implementation of large infrastructural projects and those require huge imports of capital machinery and other raw materials.

<https://today.thefinancialexpress.com.bd/public/last-page/bb-upbeat-on-robust-growth->

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fbclid=IwAR1IVfzG7ZW0gz7DE3x0QKe6MArURDkqAE9SHkuJVYRTEeqkfT_d_fOvOxb4](https://www.thedailystar.net/business/news/remittance-was-cruising-then-covid-19-popped-and-made-it-swerve-1880968)

Remittance was cruising. Then COVID-19 popped up and made it swerve

- Bangladesh, which has so far been immune from the China-originating coronavirus that is tearing through the globe since January, has started to feel the cold. In January, remittance inflows stood at USD 1.63 billion, down 3.14% from a month earlier. The figure also decreased 11.36% to USD 1.45 billion in February. And in the days ahead, it will drop off even more.

- Although Covid-19 has now spread over to Europe and America, the Gulf countries, which play host to a large population of Bangladesh's migrant workers, are facing economic setback too due to lower demand of petroleum. This means, remittance from the Middle East will also decline, which will hit the rural economy.

- Remittance from Saudi Arabia and the UAE, the top two sources of remittance for Bangladesh, decreased in January and February. Non-resident Bangladeshis in Saudi Arabia sent home USD 321 million and USD 308 million in January and February respectively. In December last year, they remitted USD 335.73 million. The UAE also showed the same worrisome trend: USD 213 million in January and USD 192 million in February came from that country, in contrast to USD 235 million in December. Remittance from Japan, which was also struck by the lethal virus, also registered a declining figure USD 3.04 million came in February and USD 3.92 million in January, down from USD 5.53 million in December last year.

- Italy, one major remittance source for Bangladesh and is currently on lockdown, sent in frustrating sums in the last two months. Remittance from the European country stood at USD 57 million in February, USD 73 million in January, but the figure was USD 83 million in December.

<https://www.thedailystar.net/business/news/remittance-was-cruising-then-covid-19-popped-and-made-it-swerve-1880968>

All is well on the apparel export front

- Major Western clothing retailers said they are yet to cut back on their work orders from Bangladesh for the coronavirus outbreak in Europe and the US -- where most of the country's apparel products are headed -- in a reassuring development for the sector that rakes in 84% of the exports receipts and employs about 4 million. The country managers of four major clothing brands, all of which are household names in the Western world said the same thing: that there are no plans to revise down their sourcing targets from Bangladesh. The disclosure is in stark contrast to the news coming out of the headquarters of the Bangladesh Garment Manufacturers and Exporters Association, the sector's apex trade body, which is foreboding doom and gloom.

- If the situation worsens in the EU and the US further, then consumption might be hit hard. But, given the advent of online shopping, consumers' staying away from shopping centres or even a lockdown in large parts of the Western world would soften the blow of the virus. Besides, the timing of the spread of the virus is opportune in a way: the stores have started to put out their spring/summer collections, so the country's apparel manufacturers have already shipped out a big chunk of their work orders.

• Normally some 550 tonnes of cargoes are unloaded in a day at the Hazrat Shahjalal International Airport. However, the quantity declined to nearly 250 tonnes a day in February, when coronavirus was at its peak in China. But, over the last two days, nearly 300 tonnes of cargoes have been unloaded a day. This might be an indication of the return to normalcy.

<https://www.thedailystar.net/business/news/all-well-the-apparel-export-front-1880956>

Important News: Capital Market

GP yet to get NOC suspension withdrawal

• Almost a month after payment of BDT 10 billion to telecom regulator in partial payment of audit claim, leading mobile phone operator Grameenphone is yet to receive suspension withdrawal on new service package and equipment import. GP on February 23 deposited the amount to Bangladesh Telecommunication Regulatory Commission following an order from the Appellate Division of the Supreme Court. The Appellate Division of the Supreme Court on February 24, day after the operator deposited the money, ordered GP to pay another BDT 10 billion in dues to BTRC within the next three months. BTRC officials said because of delay in receiving the certified court order in this regard, the commission could not lift the suspension.

• After running an audit on GP, the BTRC in 2016 claimed BDT 125.79 billion from the mobile phone operator in taxes and late fees accumulated over years. The dispute about the audit intensified last year, with the company facing regulatory punishment, including suspension of service and expansion, for not clearing the audit claim. On November 24, 2019, the Appellate Division ordered GP to pay BDT 20 billion of the total dues within three months. Mobile operator Robi January 14, 2020 paid BDT 276 million to the BTRC as the first out of five installments of BDT 1.38 billion against the BTRC's audit claim as per a High Court order. Robi got the suspension on NOC lifted after the deposit as the operators paid as per court order. On July last year, the BTRC barred the two operators NOC for launching any package, importing equipment, and building new towers from the regulator.

<https://www.dhakatribune.com/business/regulations/2020/03/17/gp-yet-to-get-noc-suspension-withdrawal>

Swiss institutional investor raises its stakes in British American Tobacco Bangladesh (BATBC)

• The current rout of the Dhaka bourse has a silver lining: many well-performing companies are becoming bargains. Swiss wealth management firm Pictet spotted this opening, which is why one of the funds it manages is set to grab 0.525 million shares, or 0.29%, of heavyweight British American Tobacco Bangladesh (BATBC) at the prevailing market price. Yesterday, the only listed tobacco company's share traded at BDT 910.20, so the purchase will set back PICTET LUX A/C THS KFFC (THS Kingsway Fund) by about BDT 470 million.

• Coronavirus fears have driven many solid companies' price down, so all on a sudden they became good deals for astute investors, said a stock market analyst requesting anonymity. The shares will be bought through the block market from institutional investors. According to the annual report of 2018, the fund holds 9.99% shares of BATBC. In April 2019, it also bought 0.137 million shares.

<https://www.thedailystar.net/business/news/swiss-institutional-investor-raises-its-stakes-batbc-1881442>

Yet one more player in non-bank FI sector

• Bangladesh Bank gave its final approval to one more non-banking financial institution on Thursday. The central bank asked Strategic Finance and Investments Limited to bring in major portion of its equity and fund from overseas financiers.

• The latest approval came when the non-bank lending sector has been struggling to stay afloat, with some failing to repay depositors' money, plagued with ballooning troubled loans along with murky corporate governances. Two foreign companies, one from the United States and another from Canada have already injected funds as 50% stakeholders of the company.

• 50% shares is now held up by foreign fund managers while the remaining 48% by local financial institutions. According to the business plan, the non-bank lenders will invest BDT 200 billion and charge lower interest rates within the next three years.

<https://today.thefinancialexpress.com.bd/public/first-page/yet-one-more-player-in-non-bank-fi-sector-1584034623?fbclid=IwAR2ZHEzhKjl2fhvsqIMRufJXhqbqRX8KvqwApDUuJEUesE6UqgOroteX984>