

## Capital Market Overview

The market closed in red this week. The benchmark index DSEX (-0.85%) lost 38.00 points and closed the week at 4,418.84 points. The blue-chip index DS30 (-0.30%) lost 4.52 points and stood at 1,508.95 points. The Shariah-based index DSES (-0.26%) lost 2.58 points and stood at 994.90 points. DSEX, DS30 and DSES all posted negative YTD return of 17.95%, 19.77%, and 19.30%, respectively.

**Total Turnover During The Week (DSE):** BDT 10.8 billion (USD 129.8 million)  
**Average Daily Turnover Value (ADTV):** BDT 2.7 billion (Δ% Week: -3.6%)

**Market P/E:** 12.74x

### Daily Index Movement during the Week:

The market performed four sessions during this week. Market opened this week with a negative movement of 0.58% in the first session and continued the negative trend in the second and third sessions by -0.82% and -0.09%, respectively. The market turned around in the fourth session in a positive movement of 0.64%.

### Sectoral Performance:

- All the financial sectors posted negative performance during this week. General Insurance experienced the highest loss of 2.80% followed by Banks (-1.47%), NBFIs (-0.93%), Mutual Funds (-0.70%), and Life Insurance (-0.07%).

- The non-financial sectors showed mixed performance during this week. Food & Allied experienced the highest loss of 2.16% followed by Telecommunication (-2.15%) and Pharmaceuticals (-0.05%). Power booked the highest gain of 1.68% followed by Engineering (+0.18%).

### Macroeconomic arena:

- The Bangladesh Bank board of directors has given a decision on 9% interest rate on industrial manufacturing loans and working capital. The interest rates on large industrial (manufacturing) loans along with cottage, micro, small and medium industrial (manufacturing) credit will be lowered to the single-digit.

- Between January and September, NPLs amounting to BDT 311.8 billion were regularized, the highest on record for a single year. As of Sep, cumulative defaulted loans stood at BDT 1.2 trillion, up 23.8% from Dec last year.

- Disbursement of foreign funds during the first 6 months of 2019 caused a negative growth, with an amount of USD 3.3 billion in January-June against USD 3.3 billion in the previous year.

- Demand for USD on the local market decreased in 5.5 months of 2019-20. The monthly average sales of USD by the BB dropped to USD 70 million with total sales at USD 383 million. The monthly average sales of USD was USD 93.7 million in the first half of FY19, taking the total sales at BDT 1.1 billion from Jul-Dec of FY19. BB injected USD 2.3 billion in last fiscal year.

### Stock Market arena:

- Low-cap companies have dominated the IPOs in the outgoing year. 8 firms raised BDT 5.5 billion combined by floating IPO shares in 2019. Fund raising by companies through IPOs slumped by 14% year-on-year in 2019.

- Meera Agro Inputs is set to raise BDT 50 million from the stock market within the next 3 months, becoming the first company to get listed on the DSE's newly launched small cap board. It would now issue 5 million ordinary shares.

- Clarifying the issue over a reported 'legal notice to the President', Telenor Group has said it was not a legal notice but an invitation letter to him for dialogue.

- The trustee Bangladesh General Insurance Company (BGIC) has asked the LR Global Bangladesh to refrain from conducting transactions in the portfolios of DBH 1st Mutual Fund and Green Delta Mutual Fund.

- DSE's market cap to the country's GDP has hit a 13-year low this month, and came down to around 12% on Dec 19 this year, hitting its lowest after 2006 when the figure was 6.7%. The ratio was 17.2% in 2018 and 21.6% in the year before.

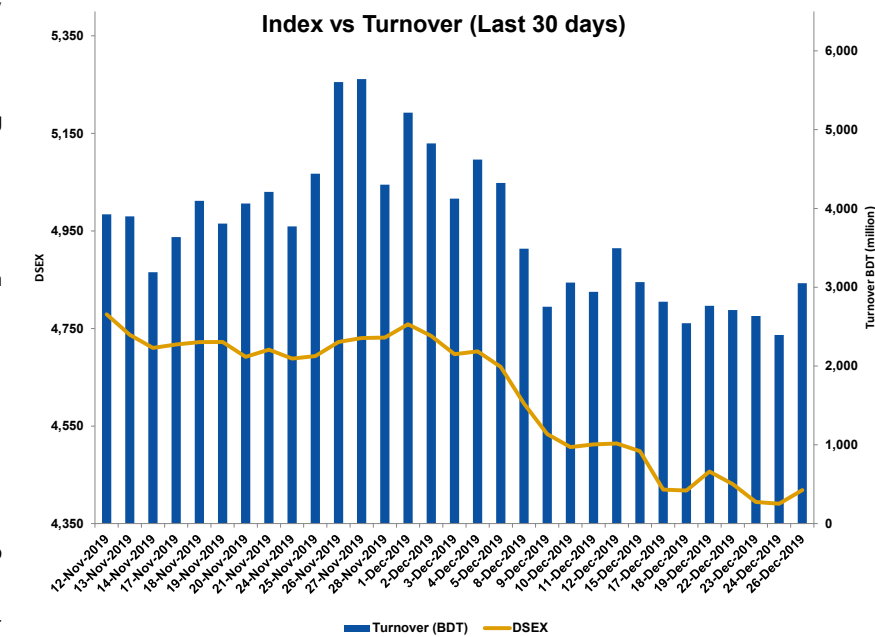
Table 1: Index

Index	Closing	Opening	Δ(Pts)	27-Dec-2018	Δ% Week	Δ%YTD
DSEX	4,418.84	4,456.84	-38.00	5,385.64	-0.85%	-17.95%
DS30	1,508.95	1,513.47	-4.52	1,880.78	-0.30%	-19.77%
DSES	994.90	997.48	-2.58	1,232.82	-0.26%	-19.30%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	13,472,364.7	13,583,413.4	-0.8%
	Mn USD	162,063.8	163,399.7	
Turnover	Mn BDT	10,790.6	11,189.2	-3.6%
	Mn USD	129.8	134.6	
Average Daily Turnover	Mn BDT	2,697.7	2,797.3	-3.6%
	Mn USD	32.5	33.6	
Volume	Mn Shares	389.1	434.7	-10.5%

Figure 1: DSEX & Turnover in last four weeks



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**Table 3: Top Ten Gainers**

Company Name	Close	Open	Δ%	Mcap (mn)	Vol (mn BDT)	P/E	P/B
Meghna Condensed Milk	13.10	9.60	36.5%	209.6	3.05	NM	NM
Shaympur Sugar	25	18.50	33.0%	123.0	.27	NM	NM
Meghna Pet Industries	10.10	8.20	23.2%	121.2	1.83	NM	NM
Anlimayarn Deying Ltd.	43.00	36.40	18.1%	768.3	124.49	67.0x	3.9x
Imam Button	24.80	21.00	18.1%	191.0	4.45	NM	4.4x
BD Welding	15.90	13.80	15.2%	682.4	3.30	7.2x	1.3x
Zeal Bangla Sugar Mills	31.90	28.10	13.5%	191.4	.31	NM	NM
H.R. Textile	38.70	34.30	12.8%	979.1	28.13	20.0x	2.6x
Prime Finance	7.50	6.70	11.9%	2,046.9	2.62	3.8x	0.9x
Prime Textile	22.20	19.90	11.6%	848.0	24.26	57.6x	0.6x

**Table 4: Top Ten Losers**

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Aziz Pipes Ltd.	112.10	128.50	-12.8%	599.4	16.86	124.1x	NM
Sonali Aansh	329.20	375.90	-12.4%	892.8	14.02	325.8x	1.5x
Jamuna Oil	141.80	161.30	-12.1%	15,658.2	32.84	7.3x	0.8x
Ring Shine Textiles Limited	10.90	12.20	-10.7%	474.2	265.60	0.9x	0.1x
Karnaphuli Insurance	21.60	24.00	-10.0%	969.3	106.03	17.0x	1.4x
Peoples Insurance	21.60	23.80	-9.2%	997.9	23.39	12.4x	1.0x
Familytex (BD) Limited	2.00	2.20	-9.1%	708.3	8.44	NM	0.2x
SEML FBLSL Growth Fund	11.00	12.10	-9.1%	802.4	43.69	NM	1.1x
Pharma Aids	388.60	427.20	-9.0%	1,212.4	33.60	25.1x	6.0x
Golden Harvest Agro Industries Ltd.	20.00	21.90	-8.7%	4,406.7	195.39	18.0x	1.3x

**Table 5: Top Ten Most Traded Shares**

Company Name	Close	Open	Δ%	Mcap	Vol (mn)	P/E	P/B
Khulna Power Company Limited	44.80	44.80	0.0%	17,804.1	359.65	13.9x	1.8x
Square Pharmaceuticals	188.30	183.00	2.9%	158,970.2	298.27	12.4x	2.4x
Ring Shine Textiles Limited	10.90	12.20	-10.7%	474.2	265.60	0.9x	0.1x
Beacon Pharmaceuticals Limited	42.40	42.30	0.2%	9,794.4	239.64	80.6x	3.3x
National Life Insurance Company Ltd.	288.50	285.30	1.1%	31,308.6	235.22	NM	28.9x
Paramount Textile Limited	59.80	57.80	3.5%	8,832.1	234.62	17.2x	3.9x
Sinobangla Industries	84.10	80.10	5.0%	1,681.7	222.77	48.5x	3.8x
Standard Ceramic	636.00	684.90	-7.1%	4,109.0	200.99	NM	50.1x
Golden Harvest Agro Industries Ltd.	20.00	21.90	-8.7%	4,406.7	195.39	18.0x	1.3x
Genex Infosys Limited	66.60	68.00	-2.1%	6,249.7	187.39	22.4x	4.8x

**Table 8: Most Appreciated YTD in BRAC EPL Universe**

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Reckitt Benckiser	3,115.10	44.91%	14,718.8	32.3x
Marico Bangladesh Limited	1,649.50	37.44%	51,959.3	20.7x
Golden Harvest Agro Industries Ltd.	20.00	25.43%	4,406.7	18.0x
Glaxo Smithkline	1,755.60	21.06%	21,148.7	72.7x
Dutch-Bangla Bank	69.00	19.46%	34,500.0	7.0x
IPDC	25.30	7.57%	8,941.5	14.3x
Bank Asia Ltd.	18.00	6.78%	20,986.3	8.4x
Linde Bangladesh Limited	1,266.90	5.72%	19,280.0	16.3x
Renata Ltd.	1,091.40	5.16%	96,686.3	24.5x
Singer Bangladesh	178.10	4.67%	17,757.1	17.2x

**Table 6: Sector Indices**

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1298.70	1318.04	1428.63	-1.47%	-9.09%
NBFIs	1557.77	1572.34	2087.55	-0.93%	-25.38%
Mutual Funds	589.10	593.25	644.52	-0.70%	-8.60%
General Insurance	1913.49	1968.55	1488.77	-2.80%	28.53%
Life Insurance	2229.67	2231.25	2251.96	-0.07%	-0.99%
Telecommunication	4002.63	4090.58	5088.05	-2.15%	-21.33%
Pharmaceuticals	2474.65	2475.84	2698.49	-0.05%	-8.30%
Fuel & Power	1534.76	1509.37	1745.15	1.68%	-12.06%
Cement	1129.73	1143.74	1676.63	-1.22%	-32.62%
Services & Real Estate	877.35	898.69	1017.99	-2.37%	-13.81%
Engineering	2252.95	2248.82	2933.11	0.18%	-23.19%
Food & Allied	11962.08	12225.70	15034.05	-2.16%	-20.43%
IT	1800.83	1790.32	1545.46	0.59%	16.52%
Textiles	1029.09	1039.34	1461.18	-0.99%	-29.57%
Paper & Printing	5302.65	5367.95	9105.21	-1.22%	-41.76%
Tannery	1825.28	1801.06	2560.38	1.34%	-28.71%
Jute	12152.50	12838.15	21417.92	-5.34%	-43.26%
Ceramics	456.51	471.82	579.64	-3.24%	-21.24%
Miscellaneous	1752.83	1767.35	1943.42	-0.82%	-9.81%

**Table 7: Sector Trading Matrix**

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Banks	202.8	323.8	-37.38%	7.94%	7.0x	0.8x
NBFIs	85.0	178.8	-52.47%	3.33%	75.7x	1.9x
Mutual Funds	49.4	345.3	-85.70%	1.93%	NM	0.5x
General Insurance	281.3	629.4	-55.31%	11.02%	13.8x	1.2x
Life Insurance	134.8	59.7	125.61%	5.28%	NM	9.2x
Telecommunication	60.2	171.3	-64.85%	2.36%	11.3x	8.3x
Pharmaceuticals	304.9	511.0	-40.34%	11.94%	16.9x	2.2x
Fuel & Power	197.5	328.6	-39.88%	7.74%	9.9x	1.8x
Cement	31.4	20.9	50.20%	1.23%	21.7x	2.1x
Services & Real Estate	23.4	42.4	-44.83%	0.92%	105.9x	0.7x
Engineering	302.8	651.3	-53.51%	11.86%	13.3x	1.3x
Food & Allied	112.9	115.4	-2.18%	4.42%	22.9x	6.8x
IT	130.7	80.0	63.47%	5.12%	21.3x	2.7x
Textiles	344.8	355.2	-2.92%	13.50%	NM	0.7x
Paper & Printing	18.5	13.7	35.51%	0.73%	299.8x	1.4x
Tannery	46.8	135.1	-65.37%	1.83%	22.2x	2.0x
Jute	33.5	28.9	15.76%	1.31%	NM	5.5x
Ceramics	63.8	184.5	-65.39%	2.50%	23.4x	1.7x
Miscellaneous	128.7	220.8	-41.70%	5.04%	19.6x	1.0x

**Table 9: Least Appreciated YTD in BRAC EPL Universe**

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Shasha Denim Limited	24.40	-57.65%	3,277.4	14.8x
IFAD Autos Limited	46.30	-57.29%	11,482.0	13.1x
Heidelberg Cement	158.40	-52.67%	8,950.2	56.4x
Active Fine Chemicals Limited	14.50	-48.58%	3,479.1	5.2x
M.I. Cement Factory Limited	37.50	-45.97%	5,568.8	20.9x
Bata Shoe	693.50	-37.88%	9,487.1	19.6x
Bangladesh Steel Re-Rolling Mills Limited	48.70	-37.72%	11,496.5	6.6x
Envoy Textiles Limited	22.80	-37.19%	3,824.4	8.0x
Square Textile	30.00	-36.31%	5,917.6	15.8x
IDLC Finance Ltd.	45.00	-35.44%	16,967.3	10.2x

**Important News: Business & Economy****Bangladesh Bank sets single-digit lending rate for industrial manufacturers**

- The Bangladesh Bank (BB) board of directors has approved a proposal on a single-digit lending rate for industrial manufacturers to add an impetus to the country's economic growth. Our board has given a decision on 9.0% interest rate on industrial manufacturing loans as well as working capital after reviewing a committee report, BB spokesperson said.
- The committee recommended that the interest rates on large industrial (manufacturing) loans along with cottage, micro, small and medium industrial (manufacturing) credit be lowered to the single-digit from the existing level. Besides, large industrial (manufacturing) loans will include credit provided to the ready-made garment (RMG), textile, ship-building and ship-breaking, agro-based industry and other similar sectors. The borrowers from such industrial manufacturing sectors will get loans at 9.0% interest rate instead of the existing level of around 12.00% after implementation of the BB board's decision.

<https://today.thefinancialexpress.com.bd/public/first-page/bb-sets-single-digit-lending-rate-for-industrial-manufacturers-1577209040>

<http://www.newagebd.net/article/94580/lending-rate-not-to-exceed-9pc-bb>

<https://www.dhakatribune.com/business/banks/2019/12/24/bb-sets-9-lending-rate-for-industrial-loans>

<https://www.thedailystar.net/business/news/single-digit-interest-industrial-loans-1844806>

**Loan rescheduling hits new high**

- Banks rescheduled a record amount of defaulted loans in the first nine months of 2019 as part of their efforts to contain bad debt and manage hefty profit, albeit artificially. Between January and September, non-performing loans (NPLs) amounting to BDT 311.75 billion were regularized, the highest on record even for a single year. The previous record was set in 2018, when banks rescheduled BDT 232.10 billion. But the record amount of loan rescheduling has failed to rein in the upward trend of defaulted loans for want of corporate governance in the banking sector, analysts said. As of September, cumulative defaulted loans stood at BDT 1.16 trillion, up 23.82% from December last year.
- The rescheduling of loans will escalate in the October-December quarter because of the relaxed policy offered by the central bank, said the chairman of the Association of Bankers, Bangladesh, a forum of private banks' managing directors. As per a High Court instruction, the central bank had earlier extended the deadline for defaulters several times to have their NPLs rescheduled under the relaxed policy. The last deadline was October 20. Under the policy, defaulters got the opportunity to regularize their loans for 10 years, including one year's grace period, at 9% interest rate, just by making 2% down payment.

- The relaxed policy on rescheduling has given a wrong signal to the financial sector and may create a moral hazard, said a distinguished fellow of the Centre for Policy Dialogue, a think-tank. Many good borrowers may feel discouraged to repay their loans on time because of the easy repayment policy, he said.

<https://www.thedailystar.net/business/news/loan-rescheduling-hits-new-high-1845238>

**Telecom tussle erodes trust**

- The outgoing 2019 would go down as one of the most challenging years for Bangladesh's telecom industry, weighed down by the ongoing tussle between the regulator and two operators as well as slump in growth in mobile and internet connections. Mobile phone operators were also not able to make as much investment as they had wanted in the beginning of the year because of regulatory restrictions on the import of network equipment and current network maintenance and offering new services, depriving the country of much-needed investment. No new tower was established because of the introduction of the tower license regime, putting more pressure on the existing network as new connections were added. The situation hurt the telecom industry so much so that service quality deteriorated and customer growth fell. A change in tax rates involving corporate tax as well as SIM replacement tax also creates a huge burden for the industry and all the telecom operators are bleeding consequently.

- In the first 11 months, the industry added only 7.71 million new internet connections through mobile internet and broadband, way lower than the 10.9 million added a year ago. Currently, the number of active internet users stand at 99.1 million. In 2019, mobile operators added 7.84 million new connections, down from 11.9 million in 2018 and 18.7 million in 2017, data from the Bangladesh Telecommunication Regulatory Commission (BTRC) showed. At present, the number of mobile phone connections stands at 164.8 million.

<https://www.thedailystar.net/business/news/telecom-tussle-erodes-trust-1845235>

<https://www.dhakatribune.com/business/2019/12/24/mobile-internet-users-fall-by-4-lakh-in-nov>

**Total premium income of private life insurance companies rises to BDT 84,758 million**

- The total premium income of private sector life insurance companies increased from BDT. 77,318 million in 2017 to BDT. 84,758 million in 2018. The total assets of the private sector life insurance companies stood at BDT.363,942 million in 2018 as against BDT. 346,521 million in 2017.
- According to the latest annual report of Bangladesh Insurance Association (BIA), the gross premium income of non-life private sector insurance companies increased from BDT. 26,694 million in 2017 to BDT.30,347 million in 2018 registering a growth rate of 13.68%. The total assets stood at BDT. 79,774 million in 2018 whereas it was BDT. 75,495 million in 2017.
- The total investment stood at BDT. 38,036 million in 2018 while it was BDT. 38,635 million in 2017.

<https://today.thefinancialexpress.com.bd/stock-corporate/total-premium-income-of-pvt-life-ins-cos-rises-to-BDT-84758m-1577298536>

## **Cement consumption to rise on infrastructure projects: President of Bangladesh Cement Manufacturers Association (BCMA)**

- Cement consumption will go up in Bangladesh in the coming years on the back of a growing appetite for the key construction material from infrastructure projects as well as rapid urbanization, an industrialist said. Bangladesh is investing heavily in infrastructure development, especially in power generation, highways, bridges, buildings and telecommunications.
- At present, per capita cement consumption in Bangladesh is about 195 kg, but the president of BCMA hoped that per capita consumption of cement will touch the level of 250 kg by 2024. According to the entrepreneur, 2019 was not as glorious for the cement industry as it was expected in the beginning. Manufacturers had intended to achieve growth of 10-12% in 2019, but the year might end with growth of about 6% on 2018, way lower than 16% posted in 2018. Relatively lower demand prevailed throughout the year except a few days during peak seasons.
- There are about 40 active cement factories in Bangladesh with a combined effective production capacity of 61 million tonnes per year against a demand for 33 million tonnes, meaning the capacity exceeds the demand by about 46%. The market size of the sector is around USD 3 billion, or BDT 255 billion. Manufacturers have invested more than BDT 300 billion in the sector. Local companies are dominating the market. Cement is consumed mainly by three segments of users: individual house builders account for about 40%, developers or contractors about 25%, and public sector projects the rest 35%.

<https://www.thedailystar.net/business/news/cement-consumption-rise-infrastructure-projects-1845190>

## **Double trouble for RMG: Small factories closing at a time of falling shipments**

- The garment sector is facing a double whammy as more and more factories are closing at a time when apparel shipments are falling. Between July and November, garment exports declined 7.74% year-on-year to USD 13.08 billion, which was 13.63% below the target set for the period, according to data from the Export Promotion Bureau (EPB). In the last 11 months to November, 61 factories were shut down, rendering 31,600 workers jobless, according to data from the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), the trade body for apparel makers and exporters.
- On the other hand, Bangladesh's main competitor Vietnam reaped nearly USD 27.4 billion from exporting garments and textiles in the first 10 months of this year, posting a year-on-year rise of 8.7%, according to the country's General Statistics Office on Tuesday. Stronger currencies and policy incentives given by the competitor countries are enabling them to get more business by offering lower prices than Bangladesh, according to the exporters and analysts of the BGMEA. A significant increase in production cost because of the implementation of the minimum wage in December last year is another major reason for the falling garment export, they said.

According to the president of BGMEA, diversification of the industry is one of the most important priorities now and the sector needs special incentive to encourage product and

material diversification and innovation. An executive director of the Policy Research Institute of Bangladesh, argued for a temporary devaluation of the taka against the US dollar for some selective exportable garment items. For instance, the government can devalue the greenback for the manmade fiber garment and synthetic fiber garment exports, he said. If the government devalues the local currency against the dollar for selective items, product diversification will take place automatically, he said.

<https://www.thedailystar.net/business/news/double-trouble-rmg-1845232>

## **Bangladesh Export Processing Zones Authority (BEPZA) inks USD 51.82 million investment deal with Taiwanese company**

- Bangladesh Export Processing Zones Authority (BEPZA) has signed a USD 51.82 million investment agreement with Golden Chang Shoes (BD) Ltd., a concern of renowned Golden Chang Group of Taiwan. The company will set up a factory in Cumilla EPZ for producing safety shoes, casual shoes and all kinds of shoes, said a statement. This fully foreign-owned company will produce 3.5 million pairs of shoes per annum for the world famous brands Caterpillar, Timberland and Dr. Martens (UK). Golden Chang Shoes will be creating employment opportunities for 6,171 Bangladeshi nationals.

<https://today.thefinancialexpress.com.bd/trade-market/bepza-inks-5182-million-investment-deal-with-taiwanese-co-1577288846>

## **Asian Development Bank (ADB) to support Bangladesh's reform**

- The Asian Development Bank (ADB) is expected to help Bangladesh ease transborder and regional trade through facilitating infrastructural development and regulatory reforms, officials have said. Under the South Asia Sub-regional Economic Cooperation (SASEC), the Manila-based lender has assured Dhaka of its technical and financial support to this effect.
- The multilateral funder is likely to provide USD 1.5 million for doing a feasibility study and other pre-project work, they disclosed. Some five ministries and agencies will be involved with the transborder project under which they will build infrastructure in land ports and reform customs rules and regulations.
- Under the ADB-aided project, they said, the Bangladesh Land Port Authority (BLPA) under shipping ministry will develop necessary infrastructures at key ports like Benapole, Sonamasjid, Bhomra and Burimari. The BLPA will build warehouses at the ports to keep both importables and exportables with highest security. Both Local Government Engineering Department (LGED) and Roads and Highways Department (RHD) will develop the road connectivity in the cross-border land ports. The Bangladesh Railway (BR) will develop stations and related infrastructure in port areas. The National Revenue Board (NBR) will reform its customs rules with the support of the ADB aimed at simplifying foreign trade, the ERD officials said.

<https://today.thefinancialexpress.com.bd/first-page/adb-to-support-bds-reform-1577296327>

## **Bangladesh Bank set to issue circular on single-digit loan rate**

- The central bank is set to issue a circular on single-digit interest rate on industrial loans

after getting approval from its board of directors, officials said. A draft of the circular is expected to be placed in a meeting of the Bangladesh Bank (BB) board of directors today. On December 12, the BB-formed committee submitted its report to the governor with recommendation that only industrial manufacturing sectors will be eligible for availing single-digit lending rate.

- The interest rates of large industrial (manufacturing) loans along with cottage, micro, small and medium industrial (manufacturing) credits will be lowered to single-digit from the existing level, according to its recommendations. Besides, large industrial (manufacturing) loans will include credit provided to the ready-made garment (RMG), textile, ship-building and ship-breaking, agro-based industry, and similar other sectors.
- The committee also recommended the government to ensure depositing its funds with private commercial banks (PCBs) along with public sector ones through current and SND (special notice deposit) accounts. The government decided to allow the state entities to deposit 50% of their funds with the PCBs, up from the earlier ceiling of 25%, to minimize the cost of funds in banking sector.

<https://today.thefinancialexpress.com.bd/first-page/bb-set-to-issue-circular-on-single-digit-loan-rate-1577123671>  
<http://www.newagebd.net/article/94455/bb-board-today-to-decide-on-committee-suggestion>  
<https://www.dhakatribune.com/business/banks/2019/12/23/bb-moves-to-cap-interest-rate-on-industrial-loans>

### Foreign fund inflow dips

- Reduced flow of external resources poses a threat to achieving around 20% growth estimated for the current fiscal year, as disbursement of foreign funds during the first six months of 2019 caused a negative growth. The amount of foreign aids was USD 3.31 billion in January-June against USD 3.34 billion in the same period of the previous year, according to the latest data of the Economic Relations Division (ERD). Of the total, JICA disbursed USD 1.19 billion, World Bank USD 1.97 billion, Asian Development Bank USD 1.21 billion and Russia USD 877 million.
- The government in the current budget estimated BDT 753.90 billion to be sourced from the head of foreign borrowing, up by 19.63% from the original target of last fiscal year. In 2018-19 FY, target on the head of external borrowing was set at BDT 605.85 billion to finance part of budget deficit. However, the target had to be revised downward to 538.83 billion in the last fiscal year.
- Officials concerned at the ERD have said the poor implementation capacity stands as major roadblock to getting desired foreign funding from both the bilateral and multilateral lenders. Excessive conditions attached to the foreign loans also remain a persistent hindrance to receiving expected loans, particularly from multilateral lending agencies like the WB, and bilateral development partners like China and India, they have added.

<https://www.dhakatribune.com/business/2019/12/23/foreign-fund-inflow-dips>

### Dollar demand slides in July-December on trade slowdown

- Demand for the US dollar on the local market witnessed a significant drop in more than five and a half months of the current fiscal year 2019-2020 amid a slowdown in the country's export and import. According to the Bangladesh Bank data, the monthly average sales of the greenback by the BB dropped to around USD 70 million with the total sales standing at USD 383 million as on December 22, 2019. On the other hand, the central bank's monthly average sales of the dollar was USD 93.67 million in the first half of FY19, taking the total sales at BDT 1.12 billion from July-December of FY19. In total, the BB injected USD 2.34 billion in last fiscal year.
- In FY19, the country's export earnings increased by 10.54% to USD 40.53 billion from USD 36.66 billion in FY18. However, the earnings in July-November of FY20 dropped by 7.59% to USD 15.77 billion from USD 17.07 billion in the same period of FY19. On the other hand, the country's import payments, including the payments for capital machinery and industrial raw materials, dropped by 3.17% to USD 18.14 billion in July-October of FY20 against USD 18.73 billion in the same period last year.
- As per the BB data, the interbank exchange rate of the dollar increased to BDT 84.90 on November 28, rising in phases from BDT 84.50 on October 3 this year. The interbank exchange rate of the greenback was stable at BDT 84.5 from May to September. Since January, 2017, the interbank exchange rate of the dollar devalued by 7.88% or BDT 6.2.

<http://www.newagebd.net/article/94362/dollar-demand-slides-in-july-dec-on-trade-slowdown>

### National Board of Revenue (NBR) cuts Advance Income Tax (AIT) to 3.0% on cement materials import

- The government has reduced the rate of advance income tax (AIT) on import of cement raw materials to 3.0% from 5.0%. National Board of Revenue (NBR) issued a SRO (statutory regulatory order) in this regard on Thursday, following a recent demand by the cement makers. The cement manufacturers appreciated the decision, but still demanded full waiver of the AIT. Recently, the cement makers demanded waiver of 8.0% non-adjustable AIT imposed on imported raw materials and supply of products to ensure the sustainable development of the industry. They said the gross profit of the cement industry declined as compared to previous years and it will be a question of survival if the 8.0% AIT is not waived. According to the manufacturers, a company will have to make 40% gross profit if it has to survive against 8.0% AIT. But it is quite impossible.
- Total investment in cement sector stood at around BDT 300 billion, of which BDT 190 billion came through bank loans. Presently, 38 companies, including two multinationals, are manufacturing cement for local and overseas markets. Of the companies, seven are listed on the stock exchanges. The overall production capacity of the sector has crossed 62 million metric tonnes per year against the demand for 34 million metric tonnes with 43% overcapacity.

<https://today.thefinancialexpress.com.bd/trade-market/nbr-cuts-ait-to-30pc-on-cement-materials-import-1577035979>

### Financial sector's input to GDP drops for second year

• Irregularities and problems of various nature in the country's banking and financial sector have hit its growth, as the sector's expansion rate has fallen in the last fiscal year (FY), 2018-19, for the second consecutive year, analysts said. The rate of the financial intermediation's contribution to the country's Gross Domestic Product (GDP) has dropped by 0.52 percentage points to 7.38% in last fiscal, official data showed. In the previous FY, the growth also maintained the same trend shedding 1.22 percentage points to 7.90% from that of an impressive growth in FY 17.

• Analysts and economists said the recent scams, irregularities, and people's mistrust on financial institutions severely affected growth of the sector, a key auxiliary to investment, employment and the GDP growth. The country's banking and financial sector has been hit hard, as its private sector credit growth has dropped, non-performing loans (NPLs) have been rising, and profit shrinking. Distinguish Fellow of the Centre for Policy Dialogue (CPD) said growth rate of the financial sector might even drop further, if the NPL provisioning method is followed perfectly. If the higher volume of NPL continues, the banks' paid-up capital will be affected, and they will suddenly fall, he said.

<https://today.thefinancialexpress.com.bd/public/first-page/financial-sectors-input-to-gdp-drops-for-second-year-1576864298>

### Power generation cut to one-third of capacity

• Electricity generation across the country has been reduced to around one-third of the overall capacity under a 'rationing' system in view of the sagging demand in winter. Some power plants have been asked to suspend their operations, and some others to do maintenance work, a senior official said. According to the Bangladesh Power Development Board (BPDB) statistics, the countrywide electricity generation during the day-time peak hours on Wednesday (December 18) was 6,644 megawatts (MW), just 34.12% of the total installed capacity of 19,467 MW. However, available electricity at substation end, excluding transmission loss, was only 6,277 MW.

• A total of 17 new power plants, having the total generation capacity of 2,135 MW, came into operation over the past one year since February 2018. But, the country's overall electricity consumption increased marginally. With the increased electricity generation capacity, the BPDB will have to count a huge amount in capacity payment to the power plant owners. The total power generation capacity, including that from captive power plants owned by the private sector as well as renewable energy sources, reached 22,787 MW, said officials. Over the past one decade, the installed capacity of power generation increased significantly, as a large number of power plants, mostly oil-fired ones, were set up during the period. The government also allowed private entrepreneurs to go for duty-free import of furnace-oil to run their power plants at a service charge of 9.0% along with import cost as an incentive.

<https://today.thefinancialexpress.com.bd/last-page/power-generation-cut-to-one-third-of-capacity-1576945935>

### Export growth may slow to 7.3% next year

• Bangladesh's exports will grow 7.3% next year, down 1.8 percentage points from that in 2019, as the ongoing global trade tension continues to hurt business in Asia and the Pacific, a new United Nations report said. Still, the projected export growth of Bangladesh will be the highest among some select countries, according to the Trade in Goods Outlook 2019/2020 of the United Nations Economic and Social Commission for the Asia and Pacific (UNESCAP). The countries include Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Pakistan, the Philippines, South Korea, Singapore, Sri Lanka, Thailand, Turkey and Vietnam, according to the report released on Wednesday. At the end of 2019, Bangladesh's overseas sales will see a growth rate of 9.1%, also the highest among the countries.

• The report said Bangladesh will enjoy price benefit for exports next year. The price increase will double to 5.1% in 2020 compared to 2.6% in the outgoing year. The volume of exportable goods will go up by 2.1% next year from 6.3% in 2019, data showed.

<https://www.thedailystar.net/business/news/export-growth-may-slow-73pc-next-year-1842850>

### Bangladesh Bank asks banks, non-bank financial institutions (NBFIs) not to press for more than one guarantee

• The Bangladesh Bank on Thursday asked the scheduled banks and non-bank financial institutions to restrain from taking more than one personal guarantee against loans for cottage, small and medium enterprises. The central bank's move came after it found that the banks and NBFIs pressed the small entrepreneurs to provide more guarantees against their loans.

• Moreover, the circular had said the banks and NBFIs had to keep at least 25% of loans and advances for the small and medium enterprises by 2024 and they had to increase the amount by one% every year. At least 50% of the loans and advances for the sector has to be kept for cottage, micro and small enterprises and 15% lending has to go to the women entrepreneurs.

• The circular also said the banks and NBFIs would have to keep minimum 40% of CMSME lending for manufacturing sector, 25% for service sector and a maximum 35% for trading.

• The highest ceiling on credit for cottage entrepreneurs is BDT 1.5 million, for manufacturing micro industries BDT 10 million, for micro service industries BDT 2.5 million and for micro entrepreneurs BDT 5 million. The small manufacturing industries will get maximum BDT 200 million while the small service industries and small entrepreneurs BDT 50 million. The medium manufacturing industries will get BDT 750 million while the medium service industries BDT 500 million, the circular said.

<http://www.newagebd.net/article/94065/bb-asks-banks-nbfis-not-to-press-for-more-than-one-guarantee>

## **E-commerce trade still poor in Bangladesh: World Bank report**

- The rate of online sales through different e-commerce platforms accounts for a very limited portion of the total retail sales in Bangladesh, according to a World Bank (WB) study. Global online purchases account for about 16% of total purchases, and the figure is more than 60% in developed markets like Korea and the United States. But South Asian countries like Bangladesh stand at only 1.0%, revealed the study.
- South Asia lags behind the rest of the world in activating the potential benefits from e-commerce, the report said. In 2015, online sales as a percentage of total retail sales were more than 15% in China and in the United Kingdom and more than 11% in Korea. But online sales were 1.6% in India and around 0.7% in Bangladesh, the report cited. Highlighting the prospects of regional e-commerce, it said cross-border online trade faces obstacles like cross-border logistics, taxes and export barriers. Firms in Pakistan and Bangladesh cite connectivity and IT (information technology) backbone as significant hurdles for cross-border e-commerce. Digital regulations appear to be a concern for firms in all countries, the report added.
- In Bangladesh, the WB report said the slow pace of liberalization and banking practices seem to be holding back a change in the e-commerce sector. For example, e-retailers are not keen on accepting even national payments through cards because of a 3.0-4.0% commission to banks, relative to the cash-on-delivery mode, it stated. Bangladesh Bank's two-factor authentication system works, but in practice most banks do not allow cardholders for online transactions unless they call the banks to open internet for a specific duration. The report said regional businesses can expect substantial benefits in exports, employment and production growth if the key hindrances to e-commerce are resolved. Bangladesh could have gained 20-per cent growth in employment generation, and nearly 23% growth in export sales, it mentioned.

<https://today.thefinancialexpress.com.bd/public/last-page/e-commerce-trade-still-poor-in-bd-wb-report-1576864871>

## **Nine public-private partnership (PPP)- government-to-government (G2G) projects: Scope aplenty for USD 10 billion investment**

- Scope abounds for a whacking USD 10-billion investment in nine projects under public-private partnership (PPP) with the government-to-government (G2G) arrangement. The PPP Authority (PPPA) has so far signed memorandum of understanding (MoU) with four nations and made some progress with Japan and Singapore to this end. Sources said the PPPA inked such memoranda with Japan and Singapore in 2017 and 2018 and finalized nine projects under the G2G arrangement.
- Since the MoU with Japan on June 15, 2017, Bangladesh Railway, and Roads and Highways Department are working on six projects selected by Japanese land, infrastructure, transport and tourism ministry. Officials said the projects, picked during Bangladesh-Japan joint platform meetings and negotiations, are expected to bring an estimated USD 6.5-billion investment. The PPPA also expects a USD 3.5-billion investment by Singapore in three projects of shipping and housing ministries after signing a MoU on March 12, 2018.

<https://thefinancialexpress.com.bd/economy/nine-ppp-g2g-projects-scope-aplenty-for-10b-investment-1576815070>

## **Trade experts stress taka devaluation, product diversification for RMG sector competitiveness**

- Trade experts and businesses on Saturday stressed the devaluation of taka and diversification of products and market to remain competitive in the global readymade garment market. At the event, BGMEA data showed that 73% of the country's total USD 34.13 billion readymade garment exports is concentrated on five items, prices of 83% of exports range up to USD 15 per kg while 74.14% of the exports are cotton based. It showed that about 83.34% of the total RMG exports go to the European Union and North America.
- Devaluation of the local currency, attracting foreign direct investment and adaptation of new technology were important factors that could help to keep the country's RMG sector competitive in the global market, Policy Research Institute Executive Director said.

<http://www.newagebd.net/article/94251/trade-experts-stress-taka-devaluation-product-diversification-for-rmg-sector-competiveness>

## **Six countries keen to invest in Teletalk, 5G: Posts and Telecommunications Minister**

- The government has received proposals from half a dozen foreign companies which want to invest in Teletalk and fifth-generation (5G) service, Posts and Telecommunications Minister said. In a meeting with the Telecom Reporters' Network Bangladesh (TRNB) at his office, he declined to reveal the names. He said that the companies were from Japan, China, South Korea, Russia, Saudi Arabia and the United Arab Emirates.
- According to the minister, Grameenphone has so far invested about BDT 400 billion and Teletalk only BDT 36 billion. We have placed a proposal with the government to invest another BDT 32 billion in Teletalk and it will expand the operator's coverage level to 80% of the geographical location, which is now about 30% only.

<https://www.thedailystar.net/business/telecom/news/six-countries-keen-invest-teletalk-5g-jabbar-1842856>

## **Private LNG terminals to keep getting tax waiver on imports**

- The National Board of Revenue has exempted the two private floating liquefied natural gas import terminals from payment of value-added tax, supplementary duty and advance tax on goods and services required for installation and activation of their floating storage regasification unit (FSRU). Value-added tax wing of the revenue board on Wednesday issued two separate orders, offering the exemption to local Summit LNG Terminal Co (Pvt) Ltd and US-based Excelerate Energy Bangladesh Ltd for their FSRU located at Moheshkhali in Cox's Bazar.

<http://www.newagebd.net/article/94070/pvt-lng-terminals-to-keep-getting-tax-waiver-on-imports>

## Important News: Capital Market

### 2019: Lackluster year for IPOs

- Low-cap companies have dominated the initial public offerings, or IPOs, in the outgoing year in what was a bearish market. A total of eight firms raised BDT 5.52 billion combined, including premium, by floating IPO shares in 2019, according to the Dhaka Stock Exchange, DSE, data. In 2018, 13 companies and a mutual fund collected BDT 6.46 billion, the data showed. Fund raising by companies through IPOs slumped by 14% year-on-year in 2019.
- Three companies that turned to book-building method were Square Knit Composite (BDT 1,500 million), Runner Automobiles (BDT 1,000 million) and ADN Telecom (BDT 570 million) during the period. In contrast, five companies opted for fixed-price method: New Line Clothings (BDT 300 million), Silco Pharmaceuticals (300 million), Coppertech Industries (BDT 200 million), Sea Pearl Beach Resorts (BDT 150 million) and Ring Shine Textiles (BDT 1500 million).
- Fundraising through IPOs had peaked at BDT 16.78 billion in 2011 since the stock market debacle of 2009-10.

<https://today.thefinancialexpress.com.bd/first-page/2019-lacklustre-year-for-ipos-1577296431>

### Bangladesh Telecommunication Regulatory Commission (BTRC) makes fresh attempt to audit Banglalink, Airtel

- The Bangladesh Telecommunication Regulatory Commission has decided to make a fresh attempt to appoint auditors to conduct financial and technical inspections in two mobile phone operators — Banglalink and Airtel — after wasting two years on the same process.
- For Banglalink, the auditor was supposed to cover Banglalink's technical and financial books in the 1996-2017 period. The auditor for Airtel was supposed to cover the 2006-2017 period.
- Earlier, one audit firm had placed EoI to audit Banglalink and four submitted EoIs to audit Airtel. Under the fresh move to appoint auditors, the commission would now float fresh bid seeking EoI from competent firms, a senior BTRC official told New Age on Tuesday.
- For the selection of two audit firms, the commission also decided to form two separate committees — one for the evaluation of EoIs to be submitted for Banglalink's audit and another one for the evaluation of EoIs to be submitted for Airtel's audit. Finally, two auditors — one for Banglalink and another for Airtel — would be selected for auditing based on the recommendations of the evaluation committees.

<http://www.newagebd.net/article/94652/btrc-makes-fresh-attempt-to-audit-bl-airtel>

### Meera Agro to kick off DSE's SME platform

- Meera Agro Inputs, a seed producer, is set to raise BDT 50 million from the stock market within the next three months, becoming the first company to get listed on the Dhaka Stock Exchange's newly launched small cap board. The small-cap board, called the DSE SME, was rolled out on April 30 with a view to facilitating small- and medium-sized enterprises to raise funds, which were shut out from the process before that for their lower turnover. Meera Agro would now issue 5 million ordinary shares to raise funds for land development, modernization and expansion of existing projects, and meeting working capital demand.
- The overall seed market is worth more than BDT 10 billion now, according to the company's prospectus. The market of quality seeds, supplied by public and private sectors, stands at 0.35 million tonnes now, though the amount was around 0.1 million tonne a decade ago. Apart from Bangladesh Agricultural Development Corporation, more than 100 firms, including some non-governmental organizations, now sell seeds.

<https://www.thedailystar.net/business/news/meera-agro-kick-dses-sme-platform-1845226>

### DSE IPO panel finds flaws in Oryza Agro, Three Angle prospectuses

- A Dhaka Stock Exchange expert panel for assessing initial public offerings of companies has reviewed the IPO prospectuses of four companies and found a number of serious violations of securities rules in the prospectuses of Three Angle Marine Limited and Oryza Agro Industries Limited. The recently formed panel also assessed IPO prospectus of Walton Hi-Tech Industries and Energypac Power Generation and found a number of minor violations of rules.
- Oryza Agro issued placement shares worth around BDT 580 million while Three Angle issued placement shares worth BDT 470 million in 2017-18. Market operators said that companies coming with a huge number of placement shares were usually enlisted on the stock market to provide a better exit to the placement shareholders.
- The expert panel has expressed concern about low payment by Oryza Agro to its employees as many employees' gross annual pay was below BDT 48,000. It found the company paid the directors including independent director BDT 500 each for attending each meeting, which was very much low. The company did not disclose information regarding impairment of financial assets, effective tax rate and cash flows in five years, and provided improper disclosure regarding related party transaction and risk factors. The panel raised question about Oryza's ability to pay the liabilities due to its insignificant cash as it held cash equivalents of BDT 300,000 against its liabilities BDT 10.4 million as per June 30, 2019. It said the company's liquidity stress might worsen after expansion of operation through IPO. The issuer has not offered any dividend since its inception and the ability to declare dividend and pay cash dividend in future is doubtful. The company violated labour act as it did not make any provision against employees' benefits and for gratuity yet, which is a mandatory requirement as per the labour act. The role of independent director was not effective as he attended only 40% of board meetings.
- Regarding Three Angle Marine, the panel found that the company did not invest in the listed companies, which was a condition of income tax ordinance for the company for enjoying 5 years of tax holiday. The panel found in the prospectus that the chairperson of



the company was also head of human resource department, which was a non-compliance with the BSEC corporate governance code. There is significant cash in transit shown in the prospectus, which found to be unusual. The panel observed that the asset of the company would take longer than its useful life to be fully depreciated as per the rate used in the financial reports. Despite paying off BDT 100 million long-term loans from the fresh capital issue in 2017-18, the long-term loans were seen to be increased by BDT 158 million in the same period, and the company failed to reply to queries on the issue properly. The company failed to provide physical verification report of the PPE certified by auditors for the year ended on June 30, 2019.

- Energypac took almost two years to distribute the WPPF funds of 2015-16, which was a non-compliance with the Bangladesh labour law.

<http://www.newagebd.net/article/94653/dse-ipo-panel-finds-flaws-in-oryza-agro-three-angle-prospectuses>

### **Telenor clarifies: it was an invitation to President, not a legal notice**

- Clarifying the issue over a reported 'legal notice to the President', Telenor Group has said it was not a legal notice but an invitation letter to him for dialogue, reports UNB. According to the treaty process, she said, such letters should be sent to Heads of State. Telenor made Bilateral Investment Treaty with the Government of Bangladesh and the Government of Singapore.
- Director of Group Communication Asia, Telenor Group said in a statement that it's Telenor Group's position that they believe the disputed audit should be solved through dialogue, and that an amicable and transparent solution should be reached between the authorities of Bangladesh and Grameenphone. The process itself is governed by the treaty, and includes a period of six months for discussions after initial invitation letter, before any further steps towards international arbitration can be taken, the statement added.

<https://today.thefinancialexpress.com.bd/last-page/it-was-an-invitation-to-president-not-a-legal-notice-1577124097>

<https://www.thedailystar.net/backpage/news/invitation-not-legal-notice-1844317>

<https://www.dhakatribune.com/business/2019/12/23/telenor-it-was-invitation-to-president-not-legal-notice>

### **LR Global asked to refrain from conducting transactions**

- The trustee has asked the LR Global Bangladesh to refrain from conducting transactions in the portfolios of DBH 1st Mutual Fund and Green Delta Mutual Fund. Bangladesh General Insurance Company (BGIC) delivered the instruction to LR Global Bangladesh, asset manager of those two mutual funds, on Monday to avoid any kind of mismatches of funds. The trustee made the instruction as the Bangladesh Securities and Exchange Commission (BSEC) on Sunday approved the proposal of changing the asset manager, LR Global, of DBH 1st Mutual Fund and Green Delta Mutual Fund. The securities regulator also appointed IDLC Asset Management Company as new asset manager to these two mutual funds replacing LR Global Bangladesh. a senior official of the BGIC said the BGIC will make similar request to the related banks by December 26 to avoid any kind of mismatches under the portfolios of DBH 1st Mutual Fund and Green Delta Mutual Fund.

<https://today.thefinancialexpress.com.bd/stock-corporate/lg-global-asked-to-refrain-from-conducting-transactions-1577123003>  
<http://www.newagebd.net/article/94464/trustee-bars-lr-global-from-making-transaction-in-2-mfs>

### **Government replies to Telenor's legal notice**

- The government has recently replied to the Telenor Group's legal notice, served on the President to pursue an arbitration to resolve audit dispute amicably between the Bangladesh Telecommunication Regulatory Commission (BTRC) and the Grameenphone (GP). The Attorney General has replied to the legal notice of Telenor Group, the parent company of Grameenphone, saying that there was no scope for arbitration over the BDT 125.8 billion audit claim dispute between BTRC and the mobile operator. The Telenor Group sent a legal notice to the President in October. The attorney general gave the reply on November 17. But, Telecom Minister revealed the matter for the first time on Thursday (Dec 19).
- Allen & Overy LLP, Singapore sent the legal notice to the President, requesting him to pursue arbitration for resolving the audit dispute between the BTRC and GP. The law firm mentioned that the arbitration could be pursued under the Bilateral Investment Treaties (BITs) 2004 between Singapore and Bangladesh. However, in a statement on Thursday, the Director of Group Communication Asia, Telenor Group, said that GP is not a party in this (arbitration) process. It is important for Telenor Group to protect its assets in Bangladesh.

<https://today.thefinancialexpress.com.bd/first-page/govt-replies-to-telenors-legal-notice-1577038302>

<http://www.newagebd.net/article/94363/ag-tells-telenor-no-arbitration-possible>

### **Bangladesh Securities and Exchange Commission (BSEC) approves change of two MFs asset manager**

- The securities regulator on Sunday gave approval to change the asset manager of two closed-end mutual funds as demanded by more than two-third unit holders. The mutual funds are DBH First Mutual Fund and Green Delta Mutual Fund. The securities regulator appointed IDLC Asset Management Company Ltd as new asset manager to the two mutual funds, replacing LR Global Bangladesh, in line with the majority unit holders' demand and application of Bangladesh General Insurance Company (BGIC), the trustee of both the mutual funds, BSEC said in a statement.
- Earlier, the LR Global filed a writ petition with the High Court, seeking an order to stop its removal attempt as the asset manager of two closed-end mutual funds. The High Court (HC) on November 7 directed all parties concerned to maintain the status quo regarding the asset manager of the two MFs until January 8, 2020. On December 1, the Chamber Judge of the Appellate Division upheld the Chamber Judge's stay order on the 'status quo' regarding the asset manager of Green Delta Mutual Fund and DBH 1st Mutual Fund. Meanwhile, the Supreme Court (SC) has recently stayed the status quo which barred the regulator from changing the asset manager. The unit holders, who appealed to change the asset manager, submitted their lawyer's certificate copy on the SC's order to the BSEC.

Then the securities regulator decided to take their lawyer's opinion in a bid to further be sure about the lawyer's certificate issued on the stay order of the SC.

<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-approves-change-of-two-mfs-asset-manager-1577036424>

<https://www.thedailystar.net/business/news/bsec-okays-replacing-two-funds-asset-manager-1843918>

<http://www.newagebd.net/article/94364/bsec-ousts-lr-global-as-asset-manager-of-2-mfs>

### **Telenor serves legal notice on the President**

- Grameenphone's parent company Telenor recently sent a legal notice to the President, demanding international arbitration to resolve the telecom regulator's disputed audit claim of BDT 125.8 billion, Posts and Telecommunications Minister said.

- On the other hand, mobile operator Robi, from which Bangladesh Telecommunication Regulatory Commission (BTRC) claimed BDT 8.67 billion, said it wanted to withdraw all the cases against the auditing process and sought arbitration to solve the matter, the Minister said. Robi had earlier filed two cases against the audit claims.

- BTRC sources said Allen & Overy LLP, a Singapore-based international law firm, sent the legal notice to the president on October 30, referring to the business protection treaty signed by Bangladesh and Singapore. The legal counsel for the BTRC said, we discussed the notice at a court hearing on November 18. We later replied to the Allen & Overy LLP, saying there is no scope for accepting any such notice as the matter is lying with the Supreme Court. The minister said Grameenphone could go for international arbitration anytime, but at the same time they needed to consider that they would have to follow the laws of Bangladesh to run their business here. Earlier, both Grameenphone and Robi hinted that they may take up the audit issue with the International Centre for Settlement of Investment Disputes -- one of the five agencies of the World Bank Group -- which settles international investment disputes.

- Meanwhile, Grameenphone yesterday served a statement of Telenor which said it was not a party to this notice. For Telenor Group, it is important to protect its assets in Bangladesh. Telenor has sent a notice to seek resolution of a dispute and invited the Government of Bangladesh to meet to discuss the matter and work towards a constructive solution, read the statement. The BIT (Bilateral Investment Treaty) process itself encourages dialogue, and Telenor still believes the best way forward is that the authorities and the operators agree on an amicable and transparent solution to the disputed audit, it said.

<https://www.thedailystar.net/frontpage/news/telenor-serves-legal-notice-the-president-1842655>

<http://www.newagebd.net/article/94035/gps-parent-co-sends-legal-notice-to-president-over-audit-dispute>

<https://www.dhakatribune.com/bangladesh/2019/12/19/telenor-sends-legal-notice-to-president>

<https://today.thefinancialexpress.com.bd/public/first-page/telenor-serves-legal-notice-to-president-1576777222>

### **Dhaka Stock Exchange (DSE) market cap-GDP ratio hits 13-year low**

- The ratio of the Dhaka Stock Exchange's market capitalization to the country's gross domestic product has hit a 13-year low this month due to a sharp fall in share prices and lack of capital raising by issuing initial public offerings and right shares. The ratio of DSE market capitalization to GDP came down to around 12% on December 19 this year, hitting its lowest after 2006 when the figure was 6.73%. The ratio was 17.21% in 2018 and 21.62% in the year before.

- Market operators said that the market cap-GDP ratio declined due to a sharp fall in the indices, lack of new issues and rights offers in 2019. Only eight companies raised BDT 5.52 billion in 2019 while 13 companies and a mutual fund raised BDT 6.46 billion in the previous year. Fund raising through issuing rights shares sank further in 2019 as only one company collected BDT 899.3 million while two companies had collected BDT 2.69 billion in 2018.

- The DS30 index, a composition of 30 large capitalized companies, performed badly in 2019 as the contribution of DS30 to the total market capitalization dropped to 42.63% while the figure was 54.62% in December, 2018.

- The foreign investors withdrew around BDT 9.7 billion from the country's capital market in last 10 months.

- The ratio of DSE market capitalization to GDP is also the lowest among the emerging Asian-Pacific countries. The ratio was at its peak at 50.67% in 2010, and it slumped to 33.23% within a year after the biggest market crash in the country's history in 2010-11.

<http://www.newagebd.net/article/94156/dse-market-cap-gdp-ratio-hits-13-yr-low>

### **3 reasons behind stock slide: Bangladesh Securities and Exchange Commission (BSEC) chief**

- The chief of Bangladesh Securities and Exchange Commission has blamed the recent plunge in stocks on the ongoing tussle between Grameenphone and the telecom regulator as well as a huge selloff by foreign investors. A piece of news in April that the revenue administration is making tax identification number (TIN) mandatory for opening beneficiary owners' accounts also played a part, BSEC Chairman said. Besides, apprehension is doing the rounds in the market that the local currency may devalue, prompting foreign investors to go for massive selloffs, he added.

- The dispute between Grameenphone, the largest listed company in terms of capitalization, and the telecom regulator began to impact the structure of the market because foreign investors pour funds largely looking at the fundamentals of companies, the BSEC chief said.

- Foreign investors sold off the shares of Grameenphone along with Olympic Industries, United Power Generation, British American Tobacco Bangladesh (BATB), and Square Pharmaceuticals, he said. The fall of the five companies accounted for 80% of the market slide, he said, pointing out that the DSEX shed around 174 points in the last two months only because of the mobile operator and BATB.

<https://www.thedailystar.net/business/news/3-reasons-behind-stock-slide-bsec-chief-1843567>