

## Capital Market Overview

The market closed in green this week. The benchmark index DSEX (+2.32%) gained 112.48 points and closed the week at 4,968.47 points. The blue-chip index DS30 (+1.90%) gained 33.02 points and stood at 1,768.95 points. The shariah based index DSES (+2.25%) gained 25.31 points and stood at 1,148.52 points. DSEX, DS30 and DSES all posted negative YTD return of -7.75%, -5.95% and -6.84% respectively.

**Total Turnover During The Week (DSE):** BDT 19.6 billion (USD 235.5 million)  
**Average Daily Turnover Value (ADTV):** BDT 3.9 billion (Δ% Week: +3.2%)

### Daily Index Movement during the Week:

The market performed five sessions during this week. Market opened this week with a positive movement of 1.34% in the first session and continued to be positive in the second sessions by +1.61%. Market turned around in the third session by -0.83% and continued to be negative in the fourth session by -0.14%. Market ended with a positive movement of 0.34% in the fifth session.

### Sectoral Performance:

- The financial sectors showed positive performance during this week except Life Insurance (-1.66%). General Insurance posted the highest gain of 8.48% followed by Mutual Funds (+4.22%), Banks (+2.65%), and NBFIs (+2.43%).
- The non-financial sectors posted positive performance during this week except Power (-0.73%). Telecommunication booked the highest gain of 7.06% followed by Food & Allied (+2.11%), Pharmaceuticals (+2.11%), and Engineering (+1.87%).

### Macroeconomic arena:

- The Bangladesh economy will grow at 8% this fiscal year, which would be the highest in Asia, as per the latest forecast of the Asian Development Bank. The forecast is close to the government target of 8.2% growth in fiscal 2019-20. Buoyant exports, robust private consumption, higher remittance, accommodative monetary policy and ongoing reform to improve business climate and high infrastructure spending helped Bangladesh attain high growth, the report by ADB said.
- The country's trade deficit fell by 15.6% year-on-year to USD 979 million in July of the current FY 2019-20, due mainly to a slow-down in import growth. According to the central bank data, trade deficit eased in July as import grew by only 2.26% against the 8.11% export growth during the period. Import payments in the month stood at USD 4.81 billion from USD 4.70 billion in the same period of last fiscal year. On the other hand, export earnings reached USD 3.83 billion in the first month of FY20 against USD 3.54 billion in the same month of last fiscal year.
- The actual size of bad loans is more than double the officially recognized figure, according to a recent report of the International Monetary Fund -- a damning evidence of the fragile state of Bangladesh's banking sector. At the end of June, the banking sector's total defaulted loans stood at BDT 1,124.25 billion, which is 11.69% of the total outstanding loans, according to BB data. Some 675 large borrowers reported as defaulters by the Credit Information Bureau have obtained stay order from the High Court, as a result of which their defaulted loans no longer appear in the CIB database and banks can report them as non-classified. There are BDT 792.42 billion such loans as of January 10, according to BB.
- The government plans to form an asset management company this fiscal year to buy distressed loans off banks as part of its efforts to clean up the financial sector. As per the roadmap, the government will draw up a special law to form a public asset management company (PAMC) in the lead up to the next budget for fiscal 2020-21. The law will empower the PAMC to purchase non-performing loans (NPLs) from banks and sell them off to individuals or corporate entities by way of sidestepping court instructions, said a finance ministry official.

### Stock Market arena:

- The government is considering waiving off the late fees, which made up almost half the BDT 134.47 billion claimed by the telecom regulator as unpaid dues from Grameenphone and Robi. Of the BDT 125.8 billion that Grameenphone has outstanding as per the telecom regulator's audit, BDT 61.94 billion is late fees
- 79% share or unit-holders, mostly 12 corporate houses, of closed-end DBH First Mutual Fund want to convert the fund into an open-end one. As part of the move, Bangladesh General Insurance Company (BGIC), trustee of the DBH First Mutual Fund, on Tuesday, wrote to Bangladesh Securities and Exchange Commission (BSEC).

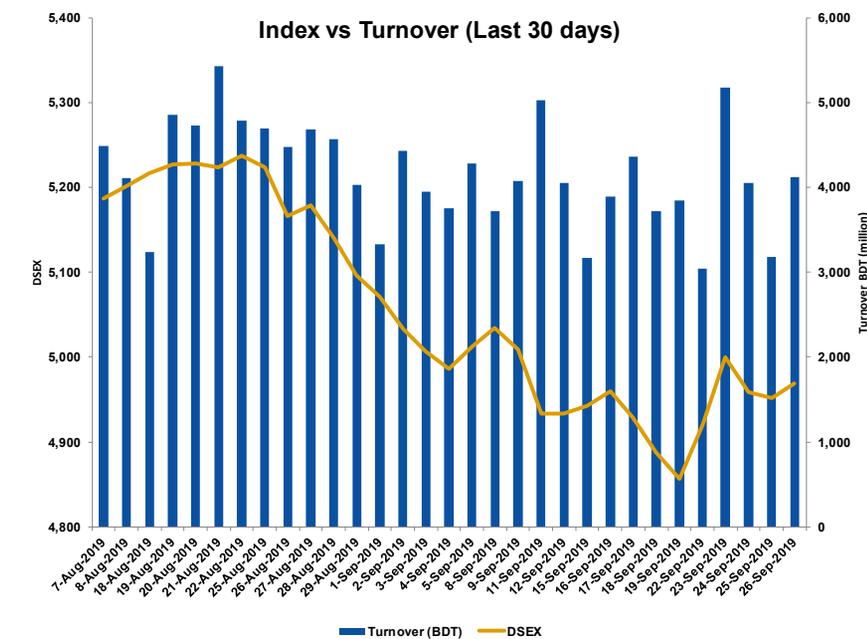
Table 1: Index

Index	Closing	Opening	Δ(Pts)	27-Dec-2018	Δ% Week	Δ%YTD
DSEX	4,968.47	4,855.99	112.48	5,385.64	2.32%	-7.75%
DS30	1,768.95	1,735.93	33.02	1,880.78	1.90%	-5.95%
DSES	1,148.52	1,123.21	25.31	1,232.82	2.25%	-6.84%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	18,816,302.3	18,495,096.7	1.7%
	Mn USD	226,347.9	222,484.0	
Turnover	Mn BDT	19,579.0	18,979.5	3.2%
	Mn USD	235.5	228.3	
Average Daily Turnover	Mn BDT	3,915.8	3,795.9	3.2%
	Mn USD	47.1	45.7	
Volume	Mn Shares	562.3	466.8	20.5%

Figure 1: DSEX & Turnover in last four weeks



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**Table 3: Top Ten Gainers**

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Sonar Bangla Ins	36.00	28.00	28.6%	1,441.5	383.06	21.5x	2.3x
Monno Ceramic	181	144.90	25.2%	5,924.8	335.90	27.8x	2.6x
SEML Lecture Equity Management Fund	7.50	6.10	23.0%	375.0	77.83	NM	0.7x
Standard Ceramic	550.10	453.00	21.4%	3,554.0	184.21	215.4x	43.3x
Eastern Insurance	47.40	39.70	19.4%	2,043.4	171.44	12.9x	1.5x
Peoples Insurance	23.50	19.90	18.1%	1,085.7	40.91	17.2x	1.1x
Republic Insurance	26.20	22.30	17.5%	1,135.5	101.27	18.2x	2.0x
Vanguard AML BD Finance Mutual Fund One	6.70	5.80	15.5%	698.9	11.73	NM	0.6x
Agrani Insurance Co. Ltd.	27.20	23.60	15.3%	822.7	100.23	16.4x	1.6x
Bank Asia Ltd.	19.80	17.20	15.1%	23,085.0	109.01	10.2x	1.0x

**Table 4: Top Ten Losers**

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Fortune Shoes Limited	29.00	33.30	-12.9%	3,623.1	563.71	13.9x	2.1x
Yeakin Polymer Limited	8.60	9.70	-11.3%	603.6	21.89	224.4x	0.7x
Monno Jute Staffers	1,491.00	1,600.20	-6.8%	3,086.4	561.30	213.4x	125.9x
Bashundhara Paper Mills Limited	54.30	57.60	-5.7%	9,436.9	25.94	NM	1.6x
United Airways (BD) Ltd.	1.70	1.80	-5.6%	1,407.8	4.00	NM	0.2x
National Life Insurance Company Ltd.	244.00	258.30	-5.5%	26,479.4	75.25	NM	24.4x
Dacca Dyeing	3.50	3.70	-5.4%	305.0	.33	NM	0.2x
Miracle Ind.	17.80	18.70	-4.8%	602.8	21.05	37.2x	0.5x
Indo-Bangla Pharmaceuticals Limited	20.10	21.00	-4.3%	2,056.2	75.57	15.2x	1.6x
Nurani Dyeing & Sweater Limited	11.60	12.10	-4.1%	1,175.6	43.61	8.4x	1.0x

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

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Grameenphone Ltd.	359.40	335.30	7.2%	485,297.8	962.65	13.3x	11.5x
National Tubes	163.90	155.20	5.6%	5,188.4	616.67	NM	0.9x
Fortune Shoes Limited	29.00	33.30	-12.9%	3,623.1	563.71	13.9x	2.1x
Monno Jute Staffers	1,491.00	1,600.20	-6.8%	3,086.4	561.30	213.4x	125.9x
VFS Thread Dyeing Limited	25.70	24.00	7.1%	2,394.9	390.86	7.9x	1.5x
Square Pharmaceuticals	235.20	226.90	3.7%	185,574.8	384.00	15.3x	3.0x
Sonar Bangla Ins	36.00	28.00	28.6%	1,441.5	383.06	21.5x	2.3x
Beacon Pharmaceuticals Limited	27.70	25.00	10.8%	6,398.7	357.28	36.4x	2.2x
Monno Ceramic	181.40	144.90	25.2%	5,924.8	335.90	27.8x	2.6x
JMI Syringes & Medical Devices Ltd	415.30	392.60	5.8%	4,568.3	333.23	54.8x	5.9x

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

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Pragati Insurance	42.40	62.61%	2,781.0	12.2x
Marico Bangladesh Limited	1,738.40	44.84%	54,759.6	28.7x
Pioneer Insurance	36.70	26.12%	2,568.3	8.3x
Singer Bangladesh	212.20	24.71%	21,156.9	22.5x
Power Grid Co. of Bangladesh Ltd.	58.30	21.46%	26,871.2	8.6x
Dutch-Bangla Bank	68.90	19.29%	34,450.0	NM
Glaxo Smithkline	1,711.70	18.03%	20,619.9	8.2x
Bank Asia Ltd.	19.80	17.46%	23,085.0	37.4x
Berger Paints	1,536.10	14.28%	71,241.1	19.5x
The Premier Bank	11.10	9.58%	10,257.4	8.1x

**Table 6: Sector Indices**

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1369.11	1333.82	1428.63	2.65%	-4.17%
NBFIs	1702.31	1661.89	2087.55	2.43%	-18.45%
Mutual Funds	610.81	586.08	644.52	4.22%	-5.23%
General Insurance	1999.63	1843.27	1488.77	8.48%	34.31%
Life Insurance	2150.03	2186.24	2251.96	-1.66%	-4.53%
Telecommunication	5027.03	4695.70	5088.05	7.06%	-1.20%
Pharmaceuticals	2754.94	2697.92	2698.49	2.11%	2.09%
Fuel & Power	1789.95	1803.14	1745.15	-0.73%	2.57%
Cement	1319.54	1307.33	1676.63	0.93%	-21.30%
Services & Real Estate	941.57	934.16	1017.99	0.79%	-7.51%
Engineering	2822.04	2770.20	2933.11	1.87%	-3.79%
Food & Allied	14646.22	14343.98	15034.05	2.11%	-2.58%
IT	1740.75	1731.25	1545.46	0.55%	12.64%
Textiles	1140.94	1135.35	1461.18	0.49%	-21.92%
Paper & Printing	6053.47	6352.97	9105.21	-4.71%	-33.52%
Tannery	2202.28	2254.53	2560.38	-2.32%	-13.99%
Jute	16356.33	16389.89	21417.92	-0.20%	-23.63%
Ceramics	507.56	468.50	579.64	8.34%	-12.43%
Miscellaneous	2011.33	1999.97	1943.42	0.57%	3.49%

**Table 7: Sector Trading Matrix**

Sector Name	Daily average this week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Banks	292.1	187.7	55.66%	8.19%	7.4x	0.8x
NBFIs	100.2	61.2	63.86%	2.81%	28.3x	2.1x
Mutual Funds	107.9	69.7	54.72%	3.02%	NM	0.5x
General Insurance	572.2	344.9	65.91%	16.04%	14.9x	1.3x
Life Insurance	67.2	63.8	5.30%	1.88%	NM	8.9x
Telecommunication	241.4	101.4	138.07%	6.77%	13.7x	10.4x
Pharmaceuticals	486.6	643.4	-24.36%	13.64%	NM	2.5x
Fuel & Power	255.6	227.4	12.43%	7.17%	11.8x	2.1x
Cement	18.4	15.3	20.34%	0.52%	27.5x	2.5x
Services & Real Estate	34.1	40.0	-14.72%	0.96%	NM	0.8x
Engineering	557.5	773.2	-27.90%	15.63%	NM	1.7x
Food & Allied	101.0	169.7	-40.50%	2.83%	NM	8.6x
IT	47.7	63.3	-24.69%	1.34%	21.8x	2.7x
Textiles	265.4	332.4	-20.14%	7.44%	NM	0.9x
Paper & Printing	8.3	14.5	-42.55%	0.23%	NM	1.6x
Tannery	170.2	185.1	-8.03%	4.77%	21.2x	2.5x
Jute	14.2	27.3	-47.93%	0.40%	NM	7.5x
Ceramics	107.5	114.3	-5.96%	3.01%	19.8x	1.9x
Miscellaneous	119.7	190.5	-37.16%	3.36%	23.7x	1.2x

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

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
International Leasing	5.70	-56.31%	1,264.3	25.0x
IFAD Autos Limited	61.80	-42.99%	15,325.8	10.9x
United Airways (BD) Ltd.	1.70	-41.38%	1,407.8	NM
Heidelberg Cement	201.90	-39.68%	11,408.1	27.0x
Aftab Automobiles Limited	30.50	-33.55%	2,919.8	16.5x
AB Bank Limited	8.10	-32.50%	6,140.9	NM
IDLC Finance Ltd.	48.80	-29.99%	18,400.1	8.7x
Lankabangla Finance	16.10	-29.69%	8,262.2	18.6x
RAK Ceramics Limited	30.70	-21.28%	11,944.2	14.1x
ACI Limited	257.60	-21.03%	12,851.4	NM

## Important News: Business & Economy

### Bangladesh to clock highest growth in Asia this year

- The Bangladesh economy will grow at 8% this fiscal year, which would be the highest in Asia, as per the latest forecast of the Asian Development Bank. The forecast is close to the government target of 8.2% growth in fiscal 2019-20. The Manila-based multilateral lender disclosed the growth forecast while releasing its 'Asian Development Outlook 2019 Update' at its office in Dhaka yesterday.
- Buoyant exports, robust private consumption, higher remittance, accommodative monetary policy and ongoing reform to improve business climate and high infrastructure spending helped Bangladesh attain high growth, the report said. Bangladesh continues to be among the fastest growing economies in Asia and the Pacific, said ADB country director. On the supply side, higher expansion in industry and services lifted the robust growth. Despite a weaker global growth, favorable trade prospects are expected to continue. Export and remittances are likely to be further strengthened. Strong public investment due to continued policy environment and expediting implementation of large infrastructure projects are also envisaged.
- On the downside, private investment, which would propel the next level of growth, remained stagnant in 2019, ADB country director said.
- Private investment edged up to 23.4% in fiscal 2018-19 from 23.3% a year earlier. Public investment expanded from 8% to 8.2% and total investment contributed 2.8 percentage points to growth. Apart from that, private sector credit growth slowed to 11.3% from 16.9%, partly due to a decline in deposit growth.
- Senior economist at ADB's Dhaka office, said the ongoing reforms, including establishment of a one-stop service for private investment and efficient budget spending, especially to develop infrastructure, will help Bangladesh achieve higher growth this fiscal year. However, he forecast that inflation will edge up to 5.8% from 5.5% in 2020 on upward adjustments to domestic gas prices, higher price of goods and services due to expansion in value-added tax coverage, and the depreciation of the taka against the US dollar. In fiscal count, revenue shortfall is expected to be offset by lower public spending, holding the budget deficit under the ceiling of 5% of GDP, he said.
- He forecast that import growth will be 9% higher in 2020, thanks to fast-tracking of the implementation of large infrastructure projects, boosts in capital equipment and raw material import, and the rise in new imports of liquefied natural gas. Food imports continues to be lower, assuming a good harvest and revival of rice import duty, he said.

<https://www.thedailystar.net/business/news/bangladesh-clock-highest-growth-asia-year-1805548>  
<http://www.newagebd.net/article/85676/adb-sticks-to-8pc-bangladesh-growth-projection>  
<https://www.dhakatribune.com/business/economy/2019/09/25/adb-forecasts-8-gdp-growth-in-fy2019-20>

### Trade deficit shrinks by 15.6% in July

- The country's trade deficit fell by 15.6% year-on-year to USD 979 million in July of the current FY 2019-20, due mainly to a slowdown in import growth. According to the central bank data, trade deficit eased in July as import grew by only 2.26% against the 8.11% export growth during the period. Import payments in the month stood at USD 4.81 billion

from USD 4.70 billion in the same period of last fiscal year. On the other hand, export earnings reached USD 3.83 billion in the first month of FY20 against USD 3.54 billion in the same month of last fiscal year. Of the export earnings, readymade garments that constitute 86.5% of the country's exports fetched USD 3.31 billion, a raise by 9.68% from USD 3.02 billion, according to the data.

- The fall in trade deficit is a positive sign for the economy but the slowdown in import growth is not always a good sign, either, experts have said. They say overall import; particularly import of capital machinery and raw materials is the fundamental basis for local industrialization, which subsequently transforms into enhanced export earnings for the economy. The deficit narrowed due to a slowdown in import growth, says a former lead economist of World Bank, Bangladesh. Food import in the month declined due to improved food production in recent time, he mentions, adding that import of capital machinery on the other hand declined for lack of a sound investment environment.

<https://www.dhakatribune.com/business/2019/09/19/trade-deficit-shrinks-by-15-6-in-july>

### Bad loans twice as large

- The actual size of bad loans is more than double the officially recognised figure, according to a recent report of the International Monetary Fund -- a damning evidence of the fragile state of Bangladesh's banking sector. A specialised mission of the IMF's Monetary and Capital Markets department visited Bangladesh twice in the last six months for a diagnostic review of Bangladesh's banking sector and came up with 43 suggestions for reforms. The 69-page report was handed over to the finance ministry and the Bangladesh Bank earlier this month, said a central bank official with knowledge of the matter.
- At the end of June, the banking sector's total defaulted loans stood at BDT 1,124.25 billion, which is 11.69% of the total outstanding loans, according to BB data. Some 675 large borrowers reported as defaulters by the Credit Information Bureau have obtained stay order from the High Court, as a result of which their defaulted loans no longer appear in the CIB database and banks can report them as non-classified. There are BDT 792.42 billion such loans as of January 10, according to BB.
- As of June, loans amounting to BDT 271.92 billion are held in Special Mention accounts, according to BB data. In the first six months of this year, loans of BDT 213.08 billion were rescheduled. Accordingly, the total amount of problem assets in Bangladesh's banking sector as of June stands at BDT 2,401.67 billion, which is more than double the reported amount of defaulted loans.

- The IMF report also called for bringing down the single party exposure limit for banks to 25% of Tier 1 capital -- which is the primary funding source of banks and consists of shareholders' equity and retained earnings -- from 35% of the total capital at present.

<https://www.thedailystar.net/frontpage/default-loan-in-bangladesh-is-more-than-double-reports-imf-1805437>

### Government firm to buy NPLs by next year

- The government plans to form an asset management company this fiscal year to buy distressed loans off banks as part of its efforts to clean up the financial sector. As per the roadmap, the government will draw up a special law to form a public asset management

company (PAMC) in the lead up to the next budget for fiscal 2020-21. The law will empower the PAMC to purchase non-performing loans (NPLs) from banks and sell them off to individuals or corporate entities by way of sidestepping court instructions, said a finance ministry official. The PAMC will acquire default loans from banks after doing due diligence and also the sick institutions saddled with bad loans and restructure them. The restructured asset will be sold at a premium then, he added.

- The development means banks will soon get respite from the legal complexities to recovering their default loans. The government has recently formed a five-member committee comprising of officials from both the central bank and the finance ministry to speed up the process for formation of PAMC. The committee, which was formed following a feasibility study in June, is now working on framing the draft act, which may be enacted in the parliament session for next fiscal budget, according to the finance ministry official. Its member will attend an international conference organised by International Public AMC Forum (IPAF), an organisation of seven countries' PAMCs, in Seoul, South Korea later this month to gather more information.

- The IPAF members will also purchase the default loans from Bangladesh if the country's PAMC joins the organisation. Meanwhile, earlier in August, in a meeting with the finance ministry the Asian Development Bank showed interest in providing technical and financial support to the government for creation of the PAMC, he said. The Manila-based multilateral lender has extended similar support to a number of countries, which eventually helped them arrest their default loans.

<https://www.thedailystar.net/business/news/govt-firm-buy-npls-next-year-1803511>

### Written-off loans rise in Q2

- Loans written off by banks surged 21% to BDT 544.63 billion in the second quarter of the year from a quarter ago as the lenders try to clean up balance sheets and paint a rosy picture of their health. As much as BDT 6.74 billion was written-off between April and June, in contrast to BDT 5.57 billion a quarter ago, according to latest data from the Bangladesh Bank.

- In February, the BB revised the policy to allow banks to write off default loans that have been languishing in the bad category for three years, down from five years previously. Furthermore, lenders do not have to file any case with money loan courts to write off delinquent loans worth BDT 200,000, up from BDT 50,000 previously. Banks have failed to recover 76% of the total written-off loans since January 2003 when the central bank introduced the policy. This means the unrecovered delinquent loans stood at BDT 411.77 billion as of June.

- Defaulted loans stood at BDT 1,124.25 billion in June, up 19.71% from December last year.

<https://www.thedailystar.net/business/banking/news/written-loans-rise-q2-1805542>

### Cash incentives announced for goods exports under 37 categories

- The government on Sunday announced cash incentives against export of products under 37 categories, including one% additional special incentive for readymade garment products, for the current fiscal year of 2019-20. The government also included consumer electronics, electrical home and kitchen appliances to the product list for the first time with 10% cash

incentive and boosted incentives for a number of products manufactured in economic zones and hi-tech parks.

- According to a Bangladesh Bank circular issued on Sunday, readymade garment exporters would get one% additional special incentive in addition to the 4% cash incentive remained unchanged for this fiscal year for export of new textile and garment products and expanding export of textile items to new markets — markets other than the United States, Canada and the European Union. The government kept unchanged the cash incentive at 4% for apparel products export for the small and medium industries of the textile sector. According to the circular, the export-oriented local textile sector would enjoy cash incentive at the rate of 4% as an alternative to duty bonds and duty drawbacks.

- Information technology-enabled services would get 15% cash incentive and the information technology companies established in hi-tech park would also get 4% additional incentive for exporting products to new markets, the circular said. Exporters of pharmaceuticals and surgical instruments and appliances, photovoltaic modules, motorcycles, chemical products, razors and razor blades, ceramic products, caps, crabs, mud eels and galvanized sheets/coils would get 10% cash incentive in FY20.

<http://www.newagebd.net/article/85381/cash-incentives-announced-for-goods-exports-under-37-categories>

### Bangladesh can borrow more from abroad

- The country has scope to bankroll its infrastructure projects through external borrowing as it has a very low debt to gross domestic product ratio, said International Monetary Fund recently.

- In fiscal 2017-18, public debt in Bangladesh stood at USD 91 billion, which is about 34% of the GDP. The majority of public debt is domestic and denominated in local currency. In fiscal 2017-18, domestic debt was 56% of the total public and publicly guaranteed debt (PPG) stock. More than one half of outstanding domestic debt is composed of national savings certificates (NSCs) and around a third is treasury bonds, the lender said its latest staff report.

- The IMF arrived at the assessment without the use of judgement as all external debt indicators are below their thresholds and overall public debt is below its indicative threshold. External debt stood at USD 40 billion in fiscal 2017-18 and is predominantly owed to multilateral and bilateral creditors, which account for 62% and 23% respectively of the outstanding debt.

<https://www.thedailystar.net/business/news/bangladesh-can-borrow-more-abroad-1804993>

### Loans without security make up 6.37% of NBFIs' portfolio

- Non-bank financial institutions have sanctioned 6.37% of their outstanding loans without taking any security, according to a report prepared by the Bangladesh Bank's research division. The report showed that the amount of loans disbursed by the country's 36 NBFIs stood at BDT 693.29 billion at the end of March this year. Of the amount, the entities disbursed BDT 44.14 billion in advances without taking any security from the borrowers. The volume of such loan was BDT 36.1 billion at the end of December, 2018.

- IPDC Finance managing director and chief executive officer said that there were a number

of segments under which loans were issued without any security. The segments include financing for small and medium entrepreneurs, export bill discounting, work order financing and working capital financing, he said.

<http://www.newagebd.net/article/85474/loans-without-security-make-up-637pc-of-nbfis-portfolio>

### **Japan to cut rate on Bangladesh loans from October**

- Japan is likely to reduce the interest rate on its lending to Bangladesh by 0.30 percentage points to 0.65% from next month (October), officials said on Monday. In October 2017, the Japan International Cooperation Agency (JICA) increased its loan interest rate to 0.95% from 0.01%. Although the JICA increased its loan interest rate to 0.95% in 2017, it is still the lowest among all other development partners working in Bangladesh, a Ministry of Finance (MoF) official noted.

- The repayment period for the Japanese loans is 30 years with a grace period of 10 years. Japan provided assistance worth USD 1.83 billion (BDT 153.26 billion) under its 39th official development assistance (ODA) package in June 2018 to bankroll six development projects in Bangladesh.

<http://today.thefinancialexpress.com.bd/last-page/japan-to-cut-rate-on-bd-loans-from-oct-1569260604>

### **Foreign affiliated entities allowed to remit profits without prior nod from Bangladesh Bank (BB)**

- All the entities affiliated with foreign companies and firms would be allowed to remit profits abroad without taking any prior approval from Bangladesh Bank. The BB issued a circular in this regard on Thursday. The circular was a clarification as the guidelines did not mention anything about the liaison office, reprehensive office and project office or presence of foreign entities in any other form except branch of foreign firms and companies in Bangladesh.

- Although there would be no requirement of taking BB's prior approval in remitting profits from Bangladesh to their head offices, the authorized dealers of the banks will have to file documents with the BB within 30 days of profit remittance for post-facto checking. However, the issue of remitting fund by the subsidiaries of any multinational or foreign company would be treated based on the respective guidelines, a BB senior official said. Besides, the BB also clarified that it would consider applications submitted by authorized dealers for outward remittances of residual balances after closing branch office, liaison office or representative office or any other places of business operating in Bangladesh and for refund of borrowing availed from their head offices.

<http://www.newagebd.net/article/85152/foreign-affiliated-entities-allowed-to-remit-profits-without-prior-nod-from-bb>

### **International Monetary Fund's (IMF) panacea to retain trust in banking system**

- The International Monetary Fund (IMF) has suggested the regulatory authorities adopt a comprehensive timely action plan to help maintain confidence in the banking system. It has

recommended that the Bangladesh Bank (BB) tighten grip on criteria for rescheduling or restructuring of loans and avoid their repeated uses. The Washington-based lender observed that strict and prompt remedial actions should replace regulatory forbearance for banks as part of a broader plan.

- IMF made the recommendations against the backdrop of a rising trend in stressed assets in the banking sector. Stressed assets are defined as the sum of gross non-performing loans (NPLs) plus restructured and rescheduled advances. The stressed asset ratio climbed to 20.5% in 2018 from 19% in 2017 for the growing volume of non-performing assets and rescheduled advances, revealed BB's latest financial stability report. The IMF report also cited a growing trend of loan rescheduling and restructuring, including those granted by BB on an individual basis.

- The NPL ratio has increased from 9.3% at the end of 2017 to 10.3% at the end of 2018. Most NPLs are in SoCBs, with the end-2018 ratio standing at 30%. The published NPL ratio likely underestimates potential problems in the banking sector, IMF noted.

<http://today.thefinancialexpress.com.bd/first-page/imfs-panacea-to-retain-trust-in-banking-system-1568914981?date=20-09-2019>

### **Important News: Capital Market**

#### **Bangladesh Telecommunication and Regulatory Commission may waive Grameenphone-Robi's late fees**

- The government is considering waiving off the late fees, which made up almost half the BDT 134.47 billion claimed by the telecom regulator as unpaid dues from Grameenphone and Robi, as it engineers a swift end to the drawn-out tussle. As per rules, 15% compound rate is applied on late fees. Of the BDT 125.8 billion that Grameenphone has outstanding as per the telecom regulator's audit, BDT 61.94 billion is late fees. For Robi, late fees accounted for 19.45% of the BDT 8.67 billion claimed by the Bangladesh Telecommunication Regulatory Commission.

- But before a final decision is taken the two parties will sign a memorandum of understanding. They still stand by the audit findings, but the government has the final say, BTRC Chairman added.

<https://www.thedailystar.net/business/telecom/news/btrc-may-waive-gp-robis-late-fees-1805539>

<http://www.newagebd.net/article/85688/kamal-hopes-to-reach-consensus-with-gp-robi>  
<https://www.dhakatribune.com/business/2019/09/26/govt-plans-to-waive-BDT6-746cr-in-late-fees-fines>

#### **DBH First Mutual Fund: Unit-holders want conversion, fund manager opposes**

- Seventy-nine% share or unit-holders, mostly 12 corporate houses, of closed-end DBH First Mutual Fund want to convert the fund into an open-end one. As part of the move, Bangladesh General Insurance Company (BGIC), trustee of the DBH First Mutual Fund, on Tuesday, wrote to Bangladesh Securities and Exchange Commission (BSEC).

- On the other hand, LR Global, DBH's fund manager, in a statement yesterday said some asset managers in collaboration with some institutional investors accumulated material (significant) amount of shares of the two funds directly. They carried this out via block trade or market intermediaries concealing their identities with malicious intent to engage in price manipulation and/or remove LR Global for personal gains, it said. It also said EDGE Asset Management and affiliates coordinated with other parties, including VIPB and IDLC Asset Management in the procedure. IDLC Investments is also involved in the process, alleged managing director and CEO of LR Global Bangladesh Asset Management, while talking to journalists at his office on Tuesday.

- However, he said, there was no scope now to convert the DBH fund into an open-end one after it got extension on August 21.

<https://www.thedailystar.net/business/news/dbh-first-mutual-fund-unit-holders-want-conversion-fund-manager-opposes-1805536>  
<http://www.newagebd.net/article/85690/trustee-seeks-bsec-guidance-over-unitholders-request-to-convert-dbh-1st-mf>

### **MNP service subscription falters in July-August due to SIM tax**

- Country's mobile phone subscribers' appetite for availing themselves of the mobile number portability service plummeted immediately after the announcement of the budget for the current fiscal year as the subscription cost increased by fivefold due to the government's new tax measures. The monthly average MNP dropped by 34.76% to 63,800 in July-August, the first two months of the fiscal year (2019-2020), compared with 97,796 in May-June, the last two months of the last fiscal year (2018-2019). Before the FY20 budget announcement, the MNP service had been attaining customers' attention when the MNP fee was only BDT 56.

- In the budget for FY20, the government, however, increased SIM tax to BDT 200 from BDT 100 without extending the waiver issued for the MNP service, taking the total cost of MNP to BDT 256 (including the newly imposed SIM tax) for each customer. Since the MNP launch, the customers' appetite for availing themselves of the MNP service reached the peak in May this year, as 1,11,127 mobile subscribers successfully changed their operators through MNP service while the figure was 44,312 in October last year, the first month of MNP launch. However, the number of MNP subscription fell to 69,885 and 57,715 respectively in July and August of FY20.

<http://www.newagebd.net/article/85151/mnp-service-subscription-falters-in-july-aug-due-to-sim-tax>

### **GP urges finance minister to appoint government representative for talks**

- Mobile phone operator Grameenphone has requested finance minister to appoint a government representative for resolving the dispute over the telecom regulator's audit claims to GP and another mobile operator Robi. The telecom operator made the plea in a letter sent on August 19, immediately after its meeting with the finance minister in presence of posts and telecommunications minister, National Board of Revenue chairman and Bangladesh Telecommunication Regulatory Commission chairman.

- Mentioning the discussion, the GP letter issued by its chief executive officer said that the minister should appoint a representative to facilitate the settlement process on behalf of the

government. Expressing satisfaction over the meeting outcome, the CEO of GP specified that ceasing all regulatory measures for the recovery of the money was one of the pre-conditions of the dialogue.

- Suspension of all legal initiatives and related activities associated with the audit demand was a pre-condition of dialogue, the telecom operator said in its letter to the finance minister. It also mentioned that the meeting also decided to begin immediately the process of exploring a transparent settlement framework with a target date of deciding on how to proceed as soon as possible, but not later than October 31 this year.

<http://www.newagebd.net/article/85591/gp-urges-finance-minister-to-appoint-govt-rep-for-talks>

### **Omera, Beximco to export LPG to India**

- Omera Petroleum and Beximco LPG will export LPG to state-owned Indian Oil Corporation (IOC), which will bottle and sell to consumers. After a successful trial run last month, they are going to export a consignment of LPG formally on Thursday, the chief executive officer of Omera said. The consignment will be shipped to Bishalgarh, a town in Sepahijala district of Tripura in India, through Bibirbazar border point in Cumilla.

- Omera will initially export 1,000 tonnes of LPG per month, with the quantity going up to 3,000 tonnes over the next six months. Beximco LPG, which also exported a consignment on a trial basis last month, will take a couple of weeks to export its second batch, an official of the company said.

- Northeast India comprises eight states -- Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura. Of India's 1.3 billion people, the eight states account for nearly 4%. Their combined LPG demand could be 10,000 tonnes per month, according to industry players in Bangladesh.

<https://www.thedailystar.net/business/omera-beximco-export-lpg-india-1804270>

### **Bangladesh Bank (BB) extends liquidity support to prop up stocks**

- Bangladesh Bank yesterday announced liquidity support for banks with a view to ramping up their capacity to invest in the capital market as part of a concerted effort to arrest the ongoing bear run. The liquidity support will be provided in the form of Repurchase Agreement (repo), a form of short-term borrowing by banks from the central bank by placing government securities as collateral securities, as per the BB notice sent out to all lenders

- Lenders will have to count 6% interest rate to enjoy the liquidity support through repo. The repo will be for 28 days but the fund will be extended for six months.

- The Banking Companies Act 1991, which was amended in 2018, has limited a bank's stock market exposure to up to 25% of its capital. The capital includes paid-up capital, share premium, statutory reserve and retained earnings. But the investment ceiling goes up to 50% if the banks' subsidiary companies' capital is considered. Banks will have to open fresh beneficiary owner account to invest the fund through their own portfolio. They will have to apply to the central bank within the next three months.

- A former chairman of BSEC, said the initiative may impact the market positively for a few

days but it will not have any long-lasting effect. For long-term impact, the government will have to curb manipulation in trading by way of ensuring transparency and restoring investor confidence.

<http://today.thefinancialexpress.com.bd/first-page/bbs-new-policy-to-increase-banks-investment-1569173681>

<https://www.thedailystar.net/business/news/bb-extends-liquidity-support-prop-stocks-1803982>

### **Subscription of Ashuganj Power bonds opens today**

- The public subscription for bonds of Ashuganj Power Station Company Ltd will open today (Monday), aiming to raise BDT 1.0 billion from the capital market. The name of the bond is "APSCL Non-Convertible and Fully Redeemable Coupon Bearing Bond" and the company will raise capital by issuing bonds through initial public offering (IPO).
- On July 2 last, the Bangladesh Securities and Exchange Commission (BSEC) approved the company's proposal for raising a capital worth BDT 1.0 billion through issuing bond. The will issue total 200,000 bonds of BDT 5000 each. The characteristics of the bond will be non-convertible, fully redeemable and coupon bearing with a face value of BDT 5000 per unit. The tenure of the bond will be seven years. The annual interests from the bonds will be minimum 8.5% and maximum 10.5%, payable every six months.

<http://today.thefinancialexpress.com.bd/stock-corporate/subscription-of-ashuganj-power-bonds-opens-today-1569166791>

### **Now online businesses to pay 5.0% VAT on service charge**

- The National Board of Revenue (NBR) will collect 5.0% Value Added Tax (VAT) on commission from the online businesses on their sales of products, irrespective of VAT-able or VAT-exempt. The online businesses which procure products paying VAT and have no showrooms of its own will have to pay VAT on their service charge they receive from manufacturers of goods and suppliers of services. The businesses will have to pay VAT on its commission, fees, service charge, and revenue sharing from online sales. However, consumers will not have to pay VAT on total prices of a products or service if online sales company collects the products or services after payment of VAT, it said, adding that second time VAT collection from consumers would cause double taxation on the same prices.

<http://today.thefinancialexpress.com.bd/last-page/now-online-businesses-to-pay-50pc-vat-on-service-charge-1569174545>