

Capital Market Overview

The market closed in green this week. The benchmark index DSEX (+0.44%) gained 17.45 points and closed the week at 3,986.74 points. The blue-chip index DS30 (+0.69%) gained 9.18 points and stood at 1,339.49 points. The Shariah-based index DSES (+0.28%) gained 2.61 points and stood at 922.11 points. The large cap index CDSET (+0.70%) gained 5.48 points and closed at 791.82 points. DSEX, DS30, DSES and CDSET all showed negative YTD returns of -10.47%, -11.49%, -7.77% and -12.00% respectively.

Total Turnover During The Week (DSE): BDT 33.3 billion (USD 392.5 million)
Average Daily Turnover Value (ADTV): BDT 8.3 billion (Δ% Week: 1,366.0%)

Market P/E: 11.59x

Daily Index Movement during the Week:

The market performed four sessions during this week. Market opened this week with a positive movement of 0.12% and continued to be positive in the second and third session by 0.19% and 0.19% respectively. However, market closed with a negative movement of -0.06% in the last session.

Sectoral Performance:

- The financial sectors showed mixed performance during this week. Banks booked the highest gain of 0.65% followed by General Insurance (+0.28%) and NBFIs (+0.03%). Life Insurance experienced the highest loss of 0.58% followed by Mutual Funds (-0.02%).
- The non-financial sectors showed positive performance during this week. Pharmaceuticals reported the highest gain of 0.88% followed by Power (+0.36%), Telecommunication (+0.26%), Food & Allied (+0.03%) and Engineering (+0.01%).

Macroeconomic arena:

- Most banks witnessed their operating profits fall in the first half of 2020 compared to that of the same period a year ago amid an unprecedented situation triggered by Covid-19. Moreover, banks have suffered massive a setback because of the cancellation or holding up of export orders. Also, they could not make expected business from the commission on foreign exchange due to travel ban.
- The government's net borrowing from national savings certificates stood negative in April as people could not invest and reinvest in the savings instrument during the nationwide shutdown. In April, total fresh investment in savings certificates stood at BDT 6.6 billion, and the net borrowing became negative after refunding profit and principal amounts of the previous month.
- The government is going to cut the price of furnace oil in the local market soon – in a bid to facilitate private power plants where the fuel is used mostly. The price may go down by BDT 8-9 – from the current price of BDT 42 per litre. Currently, private power producers import furnace oil – as per their demand – without any import duty.
- The central bank has reduced the period to pay off the loans from the BDT 300 billion coronavirus stimulus package for industrial sector to one year from three years. The Bangladesh Bank (BB), which will finance half of the package, has announced the decision in a notice. A refinancing fund worth BDT 150 billion has been formed in the meantime.

Stock Market arena:

- The government has relaxed the rules for investing untaxed money in the stock markets. The lock-in period for such investment has been revised to one year from three years.
- Fourteen banks have together formed a BDT 16.5 billion fund to invest in the stock market, but they are now waiting for the lifting of the floor price that the market watchdog set for all stocks earlier. The banks are Sonali, Janata, Agrani, Rupali, NCC, Shahjalal, One, United Commercial, Mercantile, Pubali, City, Exim and two other scheduled banks.
- Today will be the first time a restriction will come into effect on Grameenphone since the Bangladesh Telecommunication Regulatory Commission (BTRC) started working on Significant Market Power (SMP) guidelines nine years back to enhance competition and bring balance to the market.

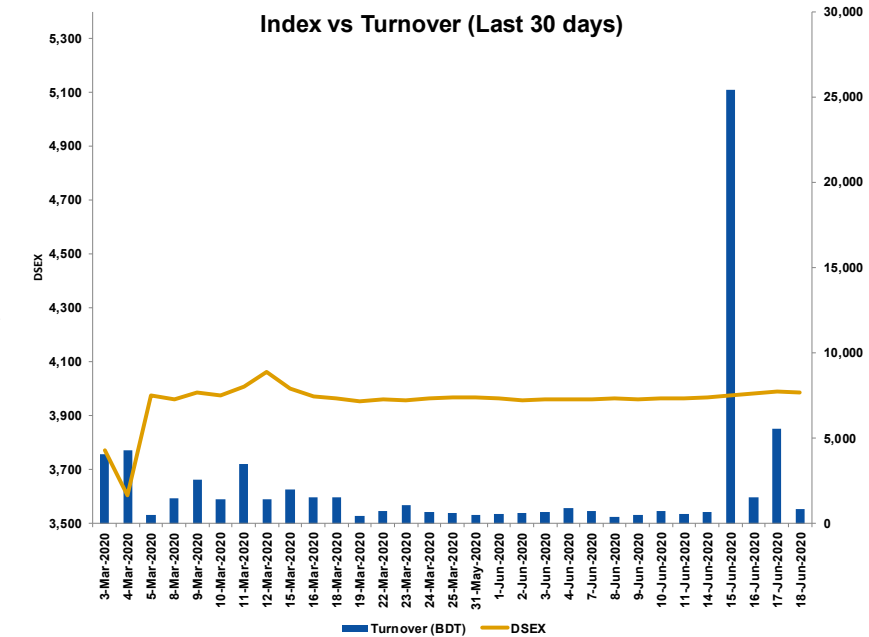
Table 1: Index

Index	Closing	Opening	Δ(Pts)	30-Dec-2019	Δ% Week	Δ%YTD
DSEX	3,986.74	3,969.28	17.45	4,452.93	0.44%	-10.47%
DS30	1,339.49	1,330.32	9.18	1,513.35	0.69%	-11.49%
DSES	922.11	919.50	2.61	999.83	0.28%	-7.77%
CDSET	791.82	786.34	5.48	899.76	0.70%	-12.00%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	12,464,907.1	15,535,605.5	-19.8%
	Mn USD	146,715.0	182,857.9	
Turnover	Mn BDT	33,348.2	2,843.5	1072.8%
	Mn USD	392.5	33.5	
Average Daily Turnover	Mn BDT	8,337.0	568.7	1366.0%
	Mn USD	98.1	6.7	
Volume	Mn Shares	189.1	113.7	66.3%

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
Tallu Spinning	3.40	2.90	17.2%	303.7	2.33	NM	0.3x
Tung Hai Knitting & Dyeing Limited	2	2.00	10.0%	234.6	1.54	2.7x	0.2x
Libra Infusions Limited	554.50	506.80	9.4%	832.8	3.59	NM	0.3x
Paramount Insurance	43.10	39.80	8.3%	1,431.9	31.97	46.9x	3.4x
Glaxo Smithkline	2,208.60	2,046.30	7.9%	26,605.8	180.17	91.5x	21.2x
Pubali Bank	22.40	20.80	7.7%	23,033.8	5.14	6.2x	0.8x
Ambee Pharmaceuticals Ltd.	473.60	441.50	7.3%	1,136.6	26.92	354.1x	19.4x
Bangladesh Submarine Cable Company Limited	84.70	79.50	6.5%	13,967.5	278.07	19.3x	2.3x
Fine Foods Ltd	44.50	41.90	6.2%	621.8	43.32	42.0x	4.2x
C & A Textiles Limited	1.80	1.70	5.9%	430.8	9.68	2.3x	0.1x

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Dacca Dyeing	4.50	5.00	-10.0%	392.2	4.35	NM	0.3x
EXIM Bank	8.60	9.30	-7.5%	12,145.4	4.53	4.3x	0.4x
Beximco Syntehtics	6.20	6.60	-6.1%	537.6	3.58	NM	0.4x
Generation Next Fashions Limited	2.30	2.40	-4.2%	1,138.4	9.12	6.9x	0.2x
BD Welding	14.30	14.80	-3.4%	613.8	2.39	6.5x	1.2x
Eastern Lubricants	918.70	943.70	-2.6%	913.2	18.38	39.9x	6.4x
Desh Garments	103.00	104.70	-1.6%	753.5	3.93	627.9x	5.7x
Phoenix Finance 1st Mutual Fund	7.60	7.70	-1.3%	456.0	15.07	NM	0.6x
ICB AMCL 2nd MF	7.70	7.80	-1.3%	385.0	1.54	NM	0.6x
First Security Bank	8.20	8.30	-1.2%	7,072.6	29.81	3.2x	0.5x

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Beximco Pharmaceuticals	66.70	64.80	2.9%	27,050.6	497.10	8.3x	1.0x
Bangladesh Submarine Cable Company Limited	84.70	79.50	6.5%	13,967.5	278.07	19.3x	2.3x
Glaxo Smithkline	2,208.60	2,046.30	7.9%	26,605.8	180.17	91.5x	21.2x
Indo-Bangla Pharmaceuticals Limited	20.20	19.90	1.5%	2,252.4	150.94	11.9x	1.6x
Square Pharmaceuticals	172.50	172.50	0.0%	145,631.2	117.80	11.0x	2.2x
Central Pharmaceuticals Limited	13.10	12.90	1.6%	1,569.4	113.17	3.2x	0.8x
Wata Chemicals Limited	321.80	306.80	4.9%	4,769.9	107.81	28.1x	5.1x
Linde Bangladesh Limited	1,281.50	1,279.80	0.1%	19,502.2	102.23	16.5x	5.3x
The ACME Laboratories Limited	62.30	62.00	0.5%	13,182.8	87.75	9.2x	0.7x
City Bank	16.40	16.20	1.2%	16,668.7	80.54	6.4x	0.7x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Glaxo Smithkline	2,208.60	25.75%	26,605.8	91.5x
M.I. Cement Factory Limited	43.80	12.31%	6,504.3	NM
Reckitt Benckiser	3,562.10	11.55%	16,830.9	36.9x
Bangladesh Steel Re-Rolling Mills Limited	53.50	9.63%	12,629.7	7.9x
ACI Limited	198.00	9.09%	11,359.8	NM
LafargeHolcim Bangladesh Limited	35.90	6.85%	41,693.3	23.2x
MJL Bangladesh Limited	66.60	5.21%	21,095.7	11.4x
The ACME Laboratories Limited	62.30	2.30%	13,182.8	9.2x
Bata Shoe	693.20	-0.42%	9,483.0	19.6x
Matin Spinning Mills Ltd.	32.80	-1.20%	3,197.7	51.5x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1099.55	1092.48	1319.28	0.65%	-16.66%
NBFIs	1360.96	1360.50	1565.13	0.03%	-13.05%
Mutual Funds	567.80	567.89	591.17	-0.02%	-3.95%
General Insurance	1543.58	1539.28	1927.02	0.28%	-19.90%
Life Insurance	1769.36	1779.74	2194.70	-0.58%	-19.38%
Telecommunication	3347.22	3338.69	3993.59	0.26%	-16.19%
Pharmaceuticals	2456.70	2435.23	2492.51	0.88%	-1.44%
Fuel & Power	1431.03	1425.91	1515.21	0.36%	-5.56%
Cement	1182.18	1182.07	1132.29	0.01%	4.41%
Services & Real Estate	949.76	949.76	886.70	0.00%	7.11%
Engineering	2024.96	2024.75	2257.22	0.01%	-10.29%
Food & Allied	11280.10	11277.25	12121.49	0.03%	-6.94%
IT	1766.27	1766.27	1823.13	0.00%	-3.12%
Textiles	949.93	949.93	1042.04	0.00%	-8.84%
Paper & Printing	5034.65	5034.65	5233.20	0.00%	-3.79%
Tannery	1667.26	1667.26	1826.45	0.00%	-8.72%
Jute	8140.83	7981.30	11393.28	2.00%	-28.55%
Ceramics	389.73	389.73	459.10	0.00%	-15.11%
Miscellaneous	1662.89	1662.88	1745.96	0.00%	-4.76%

Table 7: Sector Trading Matrix

Sector Name	Daily average this	Daily average last	% Change	% of Total Turnover	P/E	P/B
Banks	120.1	76.5	57.04%	15.85%	5.9x	0.7x
NBFIs	3.6	2.1	71.90%	0.47%	79.2x	1.8x
Mutual Funds	12.9	13.1	-1.41%	1.70%	NM	0.4x
General Insurance	12.6	10.7	17.21%	1.66%	10.9x	1.0x
Life Insurance	2.1	1.5	36.77%	0.27%	NM	7.3x
Telecommunication	78.9	32.0	146.40%	10.42%	9.5x	6.9x
Pharmaceuticals	406.8	207.7	95.84%	53.70%	16.3x	2.2x
Fuel & Power	54.2	49.0	10.43%	7.15%	9.3x	1.7x
Cement	0.9	0.3	173.11%	0.12%	24.0x	2.2x
Services & Real Estate	2.9	0.5	448.32%	0.38%	56.8x	0.8x
Engineering	9.8	16.2	-39.75%	1.29%	12.2x	1.2x
Food & Allied	19.6	5.7	246.33%	2.59%	20.2x	6.4x
IT	1.1	0.6	93.15%	0.14%	15.7x	2.3x
Textiles	15.1	8.8	71.88%	1.99%	NM	0.7x
Paper & Printing	0.4	0.1	388.93%	0.05%	250.0x	1.3x
Tannery	0.3	0.2	46.54%	0.03%	20.6x	1.8x
Jute	5.7	5.7	0.16%	0.76%	NM	3.7x
Ceramics	1.8	2.1	-10.22%	0.24%	24.2x	1.5x
Miscellaneous	9.0	5.0	78.58%	1.19%	18.3x	1.0x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
BRAC Bank	31.90	-39.94%	42,295.5	8.2x
Eastern Cables	140.10	-29.67%	3,362.4	NM
Lankabangla Finance	12.90	-28.33%	6,620.0	11.7x
Runner Automobiles Limited	46.10	-22.52%	5,234.2	9.1x
City Bank	16.40	-22.27%	16,668.7	6.4x
Prime Bank	14.20	-21.98%	16,078.4	6.5x
Dutch-Bangla Bank	56.90	-20.20%	28,450.0	5.8x
Singer Bangladesh	147.00	-18.51%	14,656.3	14.2x
Shahjalal Islami Bank	19.20	-17.95%	17,921.7	12.3x
Heidelberg Cement	137.30	-16.69%	7,757.9	48.9x

Important News: Business & Economy

Pandemic eats away banks' operating profits

■ Most banks witnessed their operating profits fall in the first half of 2020 compared to that of the same period a year ago amid an unprecedented situation triggered by Covid-19. This scenario stands in contrast to a trend of 20-30% annual growth in operating profits the banking sector made over the last few years. Banks were unable to operate fully for more than two months amid restrictions imposed to curb the spread of the novel coronavirus in the country.

■ Moreover, banks' earnings from retail business and foreign trade have suffered massive a setback because of the cancelation or holding up of export orders. Also, they could not make expected business from the commission on foreign exchange due to travel ban. They cannot even put pressure on their clients to recover loan installments as the central bank has imposed restrictions on classifying any borrower as a defaulter for failing to pay back their debts till September this year.

■ Bankers say banks' business was dull for almost three months of the first half of the year. From March 26 to May 31, banks were operating on a limited scale. Therefore, most of the private banks saw their operating profits edge down in the first half of the year, they added. The Business Standard obtained data of some banks and most of them posted fall in operating profit – the profit before deducting taxes and provisioning for loan classification and other liabilities -- ranging from 2% to 100%.

<https://tbsnews.net/economy/banking/pandemic-eats-away-banks-operating-profits-100693>
<https://today.thefinancialexpress.com.bd/first-page/hi-operating-profits-of-a-number-of-pcbs-plunge-1593625377>
<https://www.newagebd.net/article/109970/covid-19-rate-cut-hit-banks-h1-operating-profits>

Covid-19 limits government borrowing from savings tools in April

■ The government's net borrowing from national savings certificates stood negative in April as people could not invest and reinvest in the savings instrument during the nationwide shutdown. According to the Department of National Savings, in April, total fresh investment in savings certificates stood at BDT 6.6 billion, and the net borrowing became negative after refunding profit and principal amounts of the previous month.

■ Data available on the central bank website shows the gross sale of savings certificates stood at BDT 6.8 billion in November 2004. The single-month highest investment was recorded at BDT 97.3 billion in January last year. Last April, the gross sales of savings tools stood at BDT 75.4 billion. In March this year, when the country reported the first novel coronavirus cases, the gross sale of national savings certificates stood at BDT 56.4 billion.

■ Latest data shows that the government spent BDT 12.8 billion in April to pay back profits and refund principle amounts of earlier investments in the savings tool. As a result, the net borrowing from the instrument stood at negative BDT 6.2 billion in that month. In December last year, for higher principal and profit payments, net sales became negative after 80 months, which was unthinkable even a year ago. During the first 10 months of the 2019-20 fiscal year, the government's net borrowing from national savings certificates stood at BDT 105.8 billion, which is 88.72% of the revised target for meeting the budget deficit from savings tools.

■ In March, the government net loan from this instrument was 94% of the revised target,

thanks to the negative sales in April. Between July and April of this fiscal year, the gross sale of savings certificates stood at BDT 545.8 billion, and interest payment and refund amounts were BDT 440.0 billion. The government lowered its borrowing target from savings tools to meet the budget deficit in the current fiscal year as it had received low response from the sector. A low target has also been set for the upcoming 2020-21 fiscal year. In FY2019-20, the government revised down the target to BDT 119.2 billion from savings tools, and the total target from non-banking sources was reduced to BDT 149.2 billion. For the upcoming fiscal year, Finance Minister AHM Mustafa Kamal has proposed a loan target of BDT 250.0 billion from non-banking sources, including BDT 200.0 billion from savings instruments.

<https://tbsnews.net/economy/banking/covid-19-limits-govt-borrowing-savings-tools-april-100309>

Readymade Garment (RMG) RMG exports drop 19.0% in FY'20

■ The country's readymade garment (RMG) exports declined by 18.84% to USD 27.70 billion in the just concluded fiscal year (FY 2019-20). The sector had fetched USD 34.13 billion in the FY 2018-19. In the month of June 2020, the earning stood at USD 1.99 billion, showing an 8.56% decline over that of the corresponding month of last calendar year, according to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

■ The RMG fetched USD 1.23 billion and USD 374.67 million from RMG export in the months of April and May respectively in the just concluded fiscal year. During March to May this calendar year, apparel exports recorded 54.79% decline over that of the corresponding period of 2019. Work orders are coming into the tune of 40-45% compared to the usual flow.

■ The Export Promotion Bureau (EPB), however, has proposed setting a USD 37.44-billion export target for fiscal year (FY) 2020-21, predicting a 13.0% growth. The state-owned EPB has also projected an additional USD 7.6 billion in earnings from the export of services. More than 82% of the proposed USD 37.44 billion export earnings are expected to come from the RMG sector. The bureau that is yet to publish the overall export earnings data of FY 2019-20, expects the export receipts to reach USD 33 billion in the final count.

<https://today.thefinancialexpress.com.bd/last-page/rmg-exports-drop-19pc-in-fy20-1593625664>
<https://tbsnews.net/economy/rmg/apparel-exports-may-have-dropped-6bn-fy20-100702>
<https://www.newagebd.net/article/109968/rmg-exports-dip-by-63b-in-fy20-on-pandemic>

Bangladesh Bank provides NBFIs BDT 20.0 billion pre-finance scheme under stimulus fund

■ The central bank has assured Non-bank financial institutions (NBFI) to get a bundle of facilities to improve the liquidity situation of the sector to overcome the coronavirus pandemic fallout. The assurance was made during a meeting held on Tuesday at the Bangladesh Bank headquarters at Motijheel, Dhaka with Governor Fazle Kabir in the chair. The participants of the meeting said that the Bangladesh Bank has agreed to provide BDT 20.0 billion for NBFI sector as a pre-finance scheme under the existing two stimulus packages.

■ According to the chairman of Bangladesh Leasing and Finance Companies Association

(BLFCA), BDT 20.0 billion will come from the stimulus packages of BDT 300.0 billion fund for large industries and service sectors and the BDT 200.0 billion funds for small and medium enterprises. The Bangladesh Bank agreed to issue the instruction in September this year as most of the NBFIs are heavily depended on the deposit of banks. The central bank recently reduced the cash reserve ratio (CRR) by 100 basis points to 1.5% for NBFIs in an aim to ease liquidity pressure during the Covid-19 pandemic.

<https://tbsnews.net/economy/banking/bb-provides-nbfis-BDT2000cr-pre-finance-scheme-under-stimulus-fund-100210>

Beximco, Indian Oil team up to grab a slice of fast-growing LPG pie

■ At a time when most companies are grappling with the economic fallout of the global coronavirus pandemic, local giant Beximco Group, it seems, is doing rather well for itself. Its subsidiary Beximco LPG has teamed up with the Indian state-owned Indian Oil Corporation to profit off Bangladesh's fast-growing liquefied petroleum gas market and supply the cooking gas to northeast India. The LPG market in Bangladesh has seen a five-fold growth in the past five years and is expected to grow at a compound annual growth rate of 12-13%, according to Sanjiv Singh, chairman of Indian Oil.

■ The new venture is a 50-50 partnership between Dubai-based IOC Middle East FZE, a wholly owned subsidiary of the neighbouring country's largest refiner and marketer of petroleum products, and RR Holdings, the parent firm of Beximco. As per the business plan, the JV will begin functioning by acquiring Beximco's existing LPG assets. It aims to set up a large LPG terminal at a deep-water port in Bangladesh, which would facilitate receipt of LPG in very large gas carriers, leading to a reduction in the cost of imports, Singh said.

■ IOC is already sourcing the cooking gas from Bangladesh to save the cost of transportation all the way from Haldia Port in West Bengal, according to a report in the Hindu Business Line in March. Indian Oil is importing bulk LPG from privately-owned Omera Petroleum and Beximco Petroleum, covering a distance of barely 250 km. This is a fraction of the 1640 km road distance from Haldia to Agartala via-Siliguri Corridor. While lower transportation cost brought savings to IOC, the company exploring means to reduce the costs, the article said.

<https://www.thedailystar.net/business/news/beximco-indian-oil-team-grab-slice-fast-growing-lpg-pie-1923337>

The parliament passes Finance Bill

■ The parliament today passed the Finance Bill 2020 incorporating some minor changes paving the way for making the proposed budget for the next fiscal year (FY21) an inclusive one and welfare-oriented. The Finance Bill 2020 incorporated some minor changes that include minimizing the lock-in period for investing black money in the capital market to invite this untaxed money in the market for boosting it further.

■ Finance Minister AHM Mustafa Kamal in the proposed budget for FY21 earlier had proposed for three years lock-in tenure for investing black money in the capital market. But it has been reduced to one year while passing the Finance Bill. The Finance Bill also waived 15% supplementary duty on BRTA fees and charges imposed on the three wheelers. The imposed tax on zero coupon bond has been taken back to its previous

position, which is zero.

■ The Finance Bill also made it mandatory of depositing 20% of a disputed VAT amount which was imposed by any VAT official while filing any appeal. But no deposit is required for going to Customs, Excise and VAT Appellate Tribunal. Previously it was 10% for filing appeal while another 10% for going to Tribunal. The Minister said that in this budget, the government has given highest importance on the health sector and allotted BDT 292.4 billion. Besides, to face the Covid-19 pandemic, additional BDT 100.0 billion has been proposed.

<https://tbsnews.net/economy/budget/js-passes-finance-bill-99733>

<https://www.thedailystar.net/business/news/mobile-users-fmcg-companies-miffed-finance-bill-2020-stays-mostly-unchanged-1922797>

Remittance crosses USD 18.0 billion two days before FY20 ends

■ For the first time, remittance inflow to the country has crossed USD 18.0 billion in a fiscal year despite a recent fall owing to the Covid-19 pandemic. According to data provided by the Bangladesh Bank, from July 1 last year to June 28 this year, expatriate Bangladeshis sent home USD 18.02 billion (9.80% growth from that of the same period of the previous year).

■ The government allocated BDT 30.6 billion remittance incentive for the current fiscal year. In FY2018-19, the country received USD 16.4 billion in remittance. The figure was USD 14.98 billion in the previous fiscal. According to the budget proposal for the forthcoming FY2020-21, the government is sticking to 2.0% incentive on inward remittance. Currently, there are over 10.2 million Bangladeshis working in 174 countries across the world.

■ The Bangladesh Bank's data show remittances worth USD 16.4 billion arrived in the country in the July-May period of this fiscal year. The figure is 8.72% higher than that of the same period of the previous fiscal. In the first 28 days of this month, the country received USD 1.66 billion in remittance, a senior official of the Bangladesh Bank told The Business Standard. Meanwhile, Bangladesh's forex reserve stood at USD 35.0 billion on Wednesday (June 23) thanks to the growing remittance and the foreign aid inflow. On Monday, the reserve increased to USD 35.76 billion for adding remittance.

<https://tbsnews.net/bangladesh/remittance-crosses-18b-two-days-fy20-ends-99757>

Mobile banking transactions drop by 27% in April

■ Transactions through mobile financial services (MFS) dropped by 27%, or BDT 107.6 billion, in April mainly due to the countrywide shutdown and subsequent stagnation of economic activities. According to the latest Bangladesh Bank data, MFS transactions fell to BDT 290.3 billion in April, from BDT 397.9 billion in the previous month. As a result, daily average transactions through the payment gateway dropped to BDT 9.7 billion in April this year, from BDT 12.8 billion in March.

■ Apart from the transaction value, the number of daily average transactions also declined by 7.8% in April. In that month, the number of transactions decreased to 217.6 million from 235.8 million in the previous month. However, the number of registered MFS clients increased by 3.1% to 85.1 million in April, from 82.6 million in the previous month. The number of active MFS subscribers also increased by 4.9% to 28.1 million from 26.8 million.

Due to the outbreak of coronavirus and limited movement, remittance inflow through MFS increased significantly to BDT 1.1 billion from BDT 316.3 million in the previous month.

<https://tbsnews.net/bangladesh/telecom/mobile-banking-transactions-drop-27-april-99727>
<https://www.newagebd.net/article/109804/mfs-transactions-dip-27pc-in-april-on-pandemic>

Businesses' major tax demands unmet

■ Parliament passed the Finance Bill 2020 on Monday without considering most of the major proposals from the businesses. There were only a few tweaks to the original bill. One of the concerns of the businesses, empowering lower rank tax officials for enquiry and enforcement, stays, which they think will create inconvenience for them.

■ They said withholding VAT will deprive firms of the benefit of the corporate tax cut as the effective tax rate will be higher. Businesses had also demanded that the restriction on the allowable promotional expenses to 0.5% of turnover be withdrawn as it is not possible for all types of companies such as fast-moving consumer goods, telecom and pharmaceuticals, to run their businesses with this cap. This proposal from the businesses was not considered in the finance bill.

■ The businesses had also opposed the provision of 20% advanced deposit required for appealing against tax claims before VAT commissioners and appellate tribunals. They had a proposal to amend it to 10%. But this provision was not amended as expected by the businesses.

<https://tbsnews.net/economy/budget/businesses-major-tax-demands-unmet-99754>

Normalcy will return in export once Covid-19 vaccine comes: Prime Minister

■ Prime Minister Sheikh Hasina has said that Bangladesh's export sector will return to its normal state if a coronavirus vaccine comes here between October and November. She said that the vaccine is expected to come to the market in October- November next. "If so, the lifestyle of people will soon get back to normal in Europe and America, and Bangladesh's export earnings will return to the previous level."

■ As the Covid-19 outbreak has disrupted the global supply chain severely, Bangladesh's single-month shipments in May this year declined by about 62% to USD 1.4 billion. The country fetched USD 3.81 billion with a 14.78% growth in May 2019, which was the highest single-month receipt in history, riding on the higher shipment of apparels. Export earnings during July-May of the current fiscal year declined by 18% to USD 30.95 billion, which was USD 37.75 billion a year ago, according to updated data from the state-run Export Promotion Bureau (EPB).

■ The prime minister mentioned that four assumptions had been taken into account while fixing the 8.2% GDP growth target in the budget, placed amid the Covid-19 pandemic.

<https://tbsnews.net/bangladesh/normalcy-may-return-export-sector-after-arrival-covid-19-vaccine-pm-99433>

Fiscal incentive in zero coupon bonds restored

■ Fiscal incentive for the investors of zero-coupon bonds has been restored, according to the amended Finance Bill 2020. The bill turned into the Finance Act on Monday, with

adoption of the amendments after the announcement of the proposed budget earlier this month.

■ The Bangladesh Securities and Exchange Commission (BSEC) in its budget proposal had requested the government for some fiscal incentives that would inspire issuance of and investments in bonds so that the capital market can popularise the debt securities and reduce the burden on the banking system. Income or discounts from zero coupon bonds have been subject to no income tax for all investors other than banks, insurance and financial institutions.

■ Finally, the government only restored the existing incentive and did not extend it for other types of bonds. Zero coupon bonds are a type of bonds where investors buy the bond at a discount and receive the face value after maturity, where coupon bearing bonds pay a periodical interest after investors buy the bonds at face value initially.

<https://tbsnews.net/economy/fiscal-incentive-zero-coupon-bonds-restored-99739>

Trade deficit widens further

■ The country's trade deficit rose by 7.3% – or USD 1.1 billion – year-on-year during July to May of the 2019-20 fiscal year as export earnings took a hit from Covid-19, according to the latest data of the Bangladesh Bank. Before the shutdown, the country's trade deficit in the first nine months of the current fiscal year fell by USD 123 million – or 1.01% – to USD 12.07 billion year-on-year. The situation, however, changed during July to May of the 2019-20 fiscal year with the country's trade deficit widening to USD 16.1 billion against USD 15.0 billion in the same period of FY19. The big drop in export earnings in May increased the deficit.

■ In May, Bangladesh's export earnings dropped by 61.6% to USD 1.46 billion from USD 3.8 billion in the same month of the previous year. The Bangladesh Bank has not published import data separately yet. Imports also fell by 10.8% – or USD 5.6 billion – to USD 46.2 billion during July to May of FY20 from USD 51.8 billion in the same period of FY19.

■ The current account deficit, however, fell by 15.1% to USD 4.4 billion in the first eleven months of the current fiscal year from USD 5.2 billion in the same period of FY19. The inflow of remittances dropped by 14.0% year-on-year to USD 1.5 billion in May, registering a fall of USD 244 million from the same month a year ago. It was USD 1.7 billion in May last year. The country's overall balance stood at a surplus of USD 1.6 billion during July to May of FY20, against a deficit of USD 682.0 million in the same period of the previous fiscal year. During July to May of FY20, net foreign direct investment dropped by 19.0% to USD 1.96 billion from USD 2.4 billion in the same period of FY19.

<https://tbsnews.net/economy/trade/trade-deficit-widens-further-99289>

<https://www.newagebd.net/article/109706/trade-deficit-gathers-pace-in-may-on-export-slump>

<https://www.dhakatribune.com/business/economy/2020/06/28/trade-deficit-widens-7-28-in-july-may>

Export Promotion Bureau (EPB) moots USD 37.4 billion export target

■ The Export Promotion Bureau (EPB) has proposed setting a USD 37.4-billion export target for fiscal year (FY) 2020-21, predicting 13.0% growth, officials said. The EPB has also projected an additional USD 7.6 billion in earnings from the export of services. More

than 82% of the proposed export earnings are expected to come from the ready-made garment (RMG) sector.

- The bureau expects the export receipts to reach USD 33.0 billion by the end of the current fiscal year. The proposed export target is 13.0% higher than the USD 33.0 billion expected to be earned this fiscal. The initial target for the outgoing fiscal was USD 45.5 billion.
- In April and May, exports stood at only USD 520.0 million and USD 1.46 billion. The overall export earnings during the July-May period fell by 17.99% to USD 30.95 billion against USD 37.75 billion in the corresponding period of last fiscal. The EPB, however, projected that export would reach USD 33.0 billion at the end of June.

<https://today.thefinancialexpress.com.bd/first-page/epb-moots-37b-export-target-1593367203>

<https://www.newagebd.net/article/109709/epb-eyes-13pc-export-growth-in-fy21-experts-sceptical>

<https://www.dhakatribune.com/business/economy/2020/06/28/next-fiscal-s-export-epb-estimates-below-current-target>

Government to cut furnace oil price to facilitate private power plants

- The government is going to cut the price of furnace oil in the local market soon – in a bid to facilitate private power plants where the fuel is used mostly. The price may go down by BDT 8-9 – from the current price of BDT 42 per litre.
- According to senior secretary to the Energy and Mineral Resources Division, the decision on price cut is likely to come this week. The government is set to hand over the decision of adjusting the price of this product to the Bangladesh Petroleum Corporation (BPC), the state's lone petroleum importer. BPC will be given the power to change the furnace oil price every month in the same way it has been adjusting the Jet A-1 price.
- Currently, private power producers import furnace oil – as per their demand upon an approval by the Bangladesh Power Development Board – without any import duty. The private sector imports around 3.2 million tonnes of furnace oil annually to generate around 4,500 megawatts of electricity. While the BPC imports around 0.5 million tonnes of furnace oil to generate electricity in the government's power plants.
- The current price of furnace oil of BDT 42.0 per litre was fixed in March 2016. On the other hand, the import cost of furnace oil by the private sector is around BDT 17 per litre, said private power plant owners. Currently, the price per litre of octane and petrol is BDT 89.0 and BDT 86.0, respectively, while the price is BDT 65.0 for a litre of diesel and kerosene.

<https://tbsnews.net/bangladesh/energy/govt-cut-furnace-oil-price-facilitate-private-power-plants-99256>

For NBFIs, 2019 was a terrible year. And 2020 is poised to be even worse

- The year 2019, it seems, was an annus horribilis for the non-bank financial institutions industry. Not only did it see the fall of an institution, a development that not only undercut the confidence in the sector, the year also the industry's default loans soar 17.2% to BDT 64.0 billion in 2019. The amount would have been much larger had the default loans of the

fallen People's Leasing and Financial Services (PLFS), which were between BDT 6.0 billion to BDT 7.0 billion, were added to the list, said a central bank official.

- The situation in the NBFi sector is yet to improve. In fact, some of them have plunged into deep trouble due to the ongoing economic fallout brought on by the coronavirus pandemic. The NBFi sector started facing problems since the middle of 2018 when the banking sector felt the pinch of liquidity crunch, said Arif Khan, managing director of IDLC Finance, one of the big names in the sector.

- Earlier in January 2018, to rein in aggressive lending, the BB had instructed conventional banks and Shariah-based banks to lower their loan-deposit ratios to 83.5% and 89.0% respectively, a move which had a domino effect on the NBFi sector. The ratio of defaulted loans in the NBFi sector stood at 9.5% of the total disbursed loans amounting to BDT 671.8 billion as of December last year.

<https://www.thedailystar.net/business/news/nbfis-2019-was-terrible-year-and-2020-poised-be-even-worse-1922033>

Cap on company promotional expenses to be relaxed

- The ceiling imposed on companies' promotional expenses may be increased as the proposed new budget may go through some changes before it is passed today. Withdrawal of additional supplementary duty on mobile phone services and scrap of the time limit for claiming VAT rebates on raw materials are among few other amendments revenue officials are expecting.
- An NBR official involved with the budget said they had received a lot of amendment proposals from economists and businessmen. They have also received 51 amendment proposals from the discussions of lawmakers since the budget was placed in parliament on June 11. However, given the revenue collection target, they are not accepting more than 10-12. The government will implement the fiscal policy for the fiscal year 2020-21, beginning on July 1, by passing the budget on Monday (today).
- Although the companies' promotional expenses were tied to 0.5% of a company's turnover in the proposed budget, the government is also moving from it, and the limit may be set at 1.0%, according to sources. Traders fear that if the promotional expenditure is limited to 0.5%, pharmaceutical, IT, multinational and new companies will face a huge tax burden.

<https://tbsnews.net/economy/budget/cap-company-promotional-expenses-go-99316>

Janata Jute Mills changes hand in BDT 7.0 billion deal

- The Bangladeshi private sector has witnessed its biggest ever silent acquisition in the country during the Covid-19 pandemic. Akij Group Managing Director Sk Bashir Uddin has bought Janata Jute Mills – one of the largest, oldest and most-profitable jute product makers in the country – for around BDT 7.0 billion. The deal also includes Sadat Jute Mills, a second factory owned by Janata – that was established in 1985 in Cumilla – and a cold storage facility.
- According to Mahmudul Huq, the erstwhile deputy managing director of Janata Jute Mills, there was nothing wrong with our mills and they were making profits and had no bank loans. He also added that their export value in 2019 was around USD 55 million (over BDT

4.5 billion)

■ Acquisitions are very rare in Bangladesh. In most cases foreign companies buy either local or other foreign entities operating in the country. The most recent, and biggest ever, acquisition also involved Akij Group when it sold its entire tobacco business to Japan Tobacco at a whopping USD 1.5 billion (equivalent to BDT 124.0 billion) in November 2018. In April the same year, Alipay – an affiliate of Alibaba Group – bought 20.0% stakes in bKash. A Chinese consortium, that includes the Shenzhen and Shanghai stock exchanges, bought 25.0% stakes in the Dhaka Stock Exchange for USD 125 million (around BDT 10.0 billion) in 2018. In the same year, Beximco Pharmaceuticals Limited completed the acquisition of 85.2% of Nuvista Pharma Limited.

<https://tbsnews.net/companies/janata-jute-mills-changes-hand-BDT-700cr-deal-99301>

Bharti Airtel buys out NTT DoCoMo's stake in Robi

■ Bharti International (Singapore) Pte Ltd, a wholly owned arm of Bharti Airtel, has acquired Japanese telco, NTT DoCoMo's 6.3% stake in Robi Axiata for an undisclosed sum in an all-cash deal, increasing its stake in Bangladesh's second-largest mobile carrier to 31.3%.

■ The deal was announced after market hours. Airtel shares had closed 2.93 % lower at Rs 567.60 on BSE Tuesday. Airtel declined to share the deal size. Robi Axiata is a subsidiary of Axiata Investments (Labuan) Ltd, which, in turn, is a unit of Malaysian telecom carrier, Axiata Group Berhad. Axiata has a controlling 68.7% stake in the telco.

<https://today.thefinancialexpress.com.bd/last-page/bharti-airtel-buys-out-ntt-docomos-stake-in-robi-1593368465>

Government may not hike SD on telecom services

■ Finance Minister may scrap his plans to raise the supplementary duty (SD) on telecom services and double the deposit in VAT-related disputes following criticism and pleas from various quarters. While unveiling the budget for fiscal year 2020-21 on June 11, the minister has proposed hiking the SD on all kinds of telecom services to 15 % from the previous 10 %.

■ Both operators and users have expressed dissatisfaction at the move and said tax on mobile phone use increased in the last few years, which has negatively affected customers' service-availing trends. On Wednesday, Telecom Minister in a demand letter to the finance minister, called for withdrawal of the additional SD, pointing out that it would thwart the process of digitalization. Several other cabinet members and members of the parliament also requested the finance minister to scrap the SD.

<https://www.thedailystar.net/business/news/govt-may-not-hike-sd-telecom-services-1921561>

<https://www.newagebd.net/article/109597/mobile-use-duty-hike-decision-to-be-reviewed>

PPE exports give lifeline to apparel manufacturers

■ The export of personal protective equipment (PPE) has opened a new avenue for apparel manufacturers of Bangladesh who are reeling from order cancellations and downswings of exports in the Covid-19 pandemic. According to figures by the Export Promotion Bureau (EPB), PPEs, including masks, gloves, and gowns, have fetched USD 11.58 million in

earnings in the 11 months between July 2019 and May 2020. A good quantity has been shipped in June this year, but the latest official data is yet to be available.

■ Bangladesh Garment Manufacturers and Exporters Association (BGMEA) data says there are 33 companies who are making and preparing PPE for export to meet global demand. The largest shipment was by the Beximco Group which exported 6.5 million medical gowns to US brand Hanes. There are huge prospects for PPE products and queries from global buyers are increasing gradually, said the managing director of Snowtex.

■ Since, they are mostly dependent on a few items and basic goods, going on to medical products will help to diversify goods, said the Director at the Centre for Policy Dialogue. The overall demand will depend on the Covid-19 situation, but the demand for PPE will always be there in the medical sector, he explained.

<https://www.dhakatribune.com/business/2020/06/27/ppe-exports-provide-new-opportunity-for-bangladesh>

Bangladesh Bank (BB) asked to simplify repatriation of foreign investment, profit

■ The government has moved to simplify the repatriation process of foreign investment and profit by removing the existing barriers for attracting the businesses being relocated by the global conglomerates amid the Covid-19 pandemic. As the pandemic has lashed the global economy, many multinational companies have begun relocating their businesses to countries where the cost of doing business is comparatively lower than that of their present locations.

■ Bangladesh, being a country where cheap labor is available and the government is setting up more than a hundred economic zones, has the opportunity to attract such businesses provided some of the existing barriers are removed, according to officials and experts. The ministry of finance in a letter on Tuesday requested Bangladesh Bank to take steps to remove all legal, procedural and policy-related impediments as part of creating investment-friendly environment so that the foreign businesses could repatriate their investment and dividend easily.

<https://today.thefinancialexpress.com.bd/public/last-page/bb-asked-to-simplify-repatriation-of-foreign-investment-profit-1593106098>

<https://tbsnews.net/economy/banking/bangladesh-bank-officials-surprised-finance-ministry-directive-over-repatriating>

Bangladesh Bank (BB) cuts industries' loan repaying time to one year

■ The central bank has reduced the period to pay off the loans from the BDT 300 billion coronavirus stimulus package for industrial sector to one year from three years. The Bangladesh Bank (BB), which will finance half of the package, has announced the decision in a notice. A refinancing fund worth BDT 150 billion has been formed in the meantime.

■ The notice stipulates that the banks take a loan at a rate of four % interest from this fund and lend it to industrialists at nine % interest. The borrowers will pay half of this interest - 4.5 % - while the government would pay the other half as subsidy. It is expected that lending capital under the said package will benefit most organisations affected by the Covid -19 pandemic and help them revive and gain pace in their work, the notice said.

<https://today.thefinancialexpress.com.bd/public/trade-market/bb-cuts-industries-loan-repaying-time-to-one-yr-1593186856>

Private sector credit growth picks up in May -- on paper

■ Private sector credit data appears to have gone against the grain in May. For 24 months on the trot, private sector credit growth was lesser than in the previous month. And the trend was expected to continue given the overall doom and gloom on the economy. But in May, it edged up to 8.86 % from 8.83 % a month earlier, according to data from the central bank.

■ In May, economic activities started on a limited scale and both the central bank and the government began to release funds from the stimulus packages for businesses. For instance, garment factory owners took out funds from the BDT 50.00 billion package allotted from them to provide the salaries of their workers, the executive director of the Policy Research Institute of Bangladesh said. Banks had started disbursing loans and opening and settling the letters of credit on a limited scale since May, which also helped push the credit growth, said the managing director of Pubali Bank.

■ They should take the situation into account while considering the private sector credit growth figure in May, said a former economist of the International Monetary Fund. Another reason for the uptick is the banks' opting for interest capitalisation in response to the central bank order to not classify any types of loan until September with the view to cushioning the blow for borrowers from the ongoing economic mayhem, said also the chairman of Brac Bank.

<https://www.thedailystar.net/business/news/private-sector-credit-growth-picks-may-paper-1921545>

Ceramic industry in a fix due to fiscal measures

■ The local ceramic manufacturers are in a fix as the recent government decisions went against the interest of their industry amid Covid-19 pandemic, industry insiders have said. They said the National Board of Revenue (NBR) on June 23 issued an order, reducing the tariff rates on imported ceramic tiles that will create an uneven competition for local products. Besides, the government in the budget for the fiscal year 2020-21 proposed 10 % supplementary duty (SD) on locally made sanitary ware that will increase the manufacturing cost.

■ The decisions would certainly hinder the growth of the potential ceramic manufacturing sector in the country, said the president of the Bangladesh Ceramic Manufacturers and Exporters Association (BCMEA). However, the growth trajectory has recently been curved down due to the countrywide shutdown after the coronavirus spread. The sector had made a hefty positive growth of 32.79 % in the FY 2018-19 compared to the corresponding period of the previous FY.

<https://today.thefinancialexpress.com.bd/trade-market/ceramic-industry-in-a-fix-due-to-fiscal-measures-1593273855>

Important News: Capital Market

Six listed state-run cos not issuing shares worth BDT 66.5 billion to government

■ Six listed state-owned companies are yet to issue shares against BDT 66.5 billion share money deposits of the government, depriving the government from the ownership and dividend income, observed the Financial Reporting Council. The share money deposit (money paid in exchange for shares) of the government in Powergrid Co Bangladesh was BDT 50.7 billion, in Bangladesh Submarine Cables Company BDT 1.7 billion, in Titas Gas Transmission Co BDT 1.5 billion, in Meghna Petroleum BDT 49.5 million, in Rupali Bank BDT 6.8 billion and in Dhaka Electric Supply Co BDT 5.8 billion as per financial year June 30, 2019.

■ On February 11, the FRC issued a directive saying that share money deposits must be converted into the company's capital within six months of receiving the money to prevent misuse with the money. The FRC in the letter to the ministry said that the government was deprived of dividends worth BDT 11.2 billion in FY19 and BDT 9.5 billion in FY18 as the six companies did not issue shares to the government.

■ According to FRC executive director, the FRC suggested the government to consider the remedial options in issuing the shares by the companies in favour of the government. Share money deposits in BSCCL and Meghna Petroleum remained the same. But the amount of money in the other four companies doubled in three financial years to reach BDT 64.8 billion in FY19 from BDT 36.4 billion in FY17. Earlier, Power Grid Company raised its paid-up capital by BDT 25 billion through issuing shares against share money deposit to its parent organisation, Bangladesh Power Development Board (BPDB).

<https://www.newagebd.net/article/109976/6-listed-state-run-cos-not-issuing-shares-worth-BDT-6652cr-to-govt>

Bangladesh Securities and Exchange Commission (BSEC) seeks banks' reports on spl funds

■ The securities regulator has sought information from all listed and four non-listed banks regarding their formation of special funds worth BDT 2.0 billion each as announced earlier to support the capital market. Besides, the banks which have already formed the fund have been requested to provide their investment status in the capital market. In the letters sent to the 35 banks, including four non-listed ones, the Bangladesh Securities and Exchange Commission (BSEC) has requested them to submit information within seven working days.

■ Bangladesh Bank (BB) issued a circular on February 10 last, allowing all the scheduled banks to create a BDT 2.0 billion special fund each for a period of five years for investment in the capital market. The BB's move came following the merchant banks' request for forming a BDT 100 billion fund to support the cash-hungry capital market. According to the BB's circular, a bank can create such a special fund with its own resources or with any fund received from the BB through the repo or re-financing mechanism.

■ According to BB's information, Janata Bank and The City Bank earlier received BDT 800 million and BDT 500 million respectively from the central bank through repo. Premier Bank and Exim Bank also had started the job of forming the special fund. Of other private commercial banks (PCBs), United Commercial Bank, Shahjalal Islami Bank, and Islami Bank Bangladesh Ltd earlier informed the central bank about formation of their special fund for the capital market. Of the state-owned commercial banks (SCBs), the Rupali Bank

earlier formed a BDT 850 million (85 crore) funds with their own resources in line with the BB circular. Sonali Bank, the largest state-owned commercial bank formed a BDT 2.0 billion fund with its own resources.

<https://today.thefinancialexpress.com.bd/last-page/bsec-seeks-banks-reports-on-spl-funds-1593542766>

Floor price now applicable for newly listed companies

■ The opening prices of the shares of newly listed companies will be their floor prices after commencing trading on the bourses. The Bangladesh Securities and Exchange Commission (BSEC) has set the floor price for the new companies which will be listed under fixed price and book building method. As per another decision, a company's last closing price at the OTC (over the counter) market will be its floor price after its relisting with the main board.

■ The floor price is the lowest price of the listed securities and trading of no securities will be allowed under this price. As per the BSEC's decision, the floor price of the shares of a company which went public under fixed price method will be BDT 10 each, also the opening price. On the other hand, the floor price of the shares of a company which went public under book building method will be price at which general investors get shares through IPO (initial public offering).

■ Earlier, the securities regulator set the floor prices for all listed companies taking into account the average of the closing prices of immediately preceding five trading days as of March 19. It introduced the floor price to contain the free fall of the capital market amid COVID-19 pandemics. In its previous directive, the securities regulator had not mentioned the floor price to be applicable for the newly listed companies or for the companies which will be transferred to the main board from the OTC market.

■ Public subscription of Express Insurance presently is going on under the fixed price method, while Walton Hi-Tech Industries recently got the regulatory approval to float IPO under the book building method. As per the BSEC's latest directive, the floor price of the shares of Express Insurance will be BDT 10 as it issued shares at this price. On the other hand, the floor price of Walton Hi-Tech Industries will be BDT 252 at which general investors are eligible to purchase IPO shares.

■ The Dhaka Stock Exchange (DSE) has approved the relisting of Sonali Paper & Board Mills, a company of the OTC market, with the main board. The company's share trading will resume at the main board today (Thursday). The company's last closing price was price BDT 272 each on January 30 last. As per the BSEC's decision, the floor price of the company's shares will be BDT 272 at main board.

<https://today.thefinancialexpress.com.bd/stock-corporate/floor-price-now-applicable-for-newly-listed-companies-1593626814>

Faces of a depressed capital market

■ At the end of fiscal year 2019-20, frustrated investors at the Dhaka Stock Exchange (DSE) are looking back to all the deteriorating capital market indicators such as stock pricing, arrival of new stocks or market activities. Amid the horrible faces of the extremely depressed market, the premier bourse has only one good thing to offer – some cheap stocks. If there is no further headwind, the attractive price level of a large number of stocks

might emerge as the ray of hope in coming days, believe experts.

■ From the beginning of July 2019 to the end of June 2020, the stock market in Dhaka was nothing but a story of fall. Of the 358 listed tradable securities, DSE witnessed only 29 to end in green, thanks to the devastated investors' confidence, money market imbalance, turbulent banking sector and hurdled corporate earnings. However, following a two-month economic shutdown, including the market trading, the key benchmarks at the DSE have lost 25-31% over a year.

■ Foreigners' sale off, concentrated in blue chip stocks, made the blue-chip index DS30 the biggest loser. Market capitalisation at the DSE fell by nearly 22% to BDT 31 trillion to worsen the GDP-to-market capitalisation ratio that reflects how underdeveloped the capital market is.

■ Due to the 66-day shutdown, the market had 203 trading days in the last fiscal year while the market was open for 238 days in the previous year. The ongoing fall restriction through the imposed floor price mechanism in individual stocks further dried the market up. At the end of the fiscal year, turnover at the DSE fell by 46.63% while the number of shares or units traded dropped by 42.4%. Average daily turnover at the DSE fell below BDT 3.8 billion, from BDT 6.1 billion a year ago.

<https://tbsnews.net/economy/stock/faces-depressed-market-100681>

First SMP restrictions come into effect after nine years

■ Today will be the first time a restriction will come into effect on Grameenphone since the Bangladesh Telecommunication Regulatory Commission (BTRC) started working on Significant Market Power (SMP) guidelines nine years back to enhance competition and bring balance to the market. A mobile network operator can be labelled an SMP, thereby paving the way for restrictions, if it controls more than 40% share of any parameter, according to the guidelines. Grameenphone holds 45.64% share of the subscriber base and more than 50% revenue share.

■ BTRC declared Grameenphone an SMP operator in February last year and came up with four restrictions twice. But Grameenphone managed to put those on halt challenging the processes at the High Court. However, on December 15 last year, the High Court cleared the way for the telecom regulator to bring the SMP guidelines into effect. The BTRC has recently issued three directives under the SMP guidelines, two of which comes into effect today and the remaining one from July 16.

■ From today, Grameenphone will have to secure prior approval from the BTRC before rolling out any packages or offers, according to a directive issued on June 21. Existing packages and offers will have to be validated by August 31. The carrier would not be able to change or amend any of the conditions of approved packages or offers without consent from the commission. The second guideline coming into effect from today makes it easier for subscribers to leave Grameenphone under the mobile number portability (MNP) facility. Currently, if a user wants to switch to another network, they will have to stay with the new carrier for at least 90 days. But subscribers can now abandon Grameenphone after just 60 days. The third directive, issued on Sunday, says that from July 16, Grameenphone will have to pay 3 paisa more to non-SMP operators for per minute calls its subscribers make to another network. At present, the interconnection cost is 10 paisa a minute for everyone.

<https://www.thedailystar.net/business/news/first-smp-restrictions-come-effect-after-nine->

[years-1923349](#)

Bangladesh Submarine Cable Company Ltd (BSCCL) to issue shares worth BDT 1.7 billion to government

■ The Bangladesh Submarine Cable Company Ltd (BSCCL) will issue shares worth BDT 1.7 billion against share money deposit to the government following the Financial Reporting Council's direction. The board of directors of BSCCL has recently approved to appoint ICB Capital Management Ltd as issue manager regarding the issuance of those shares to comply with the requirements of the Financial Reporting Council (FRC).

■ In February this year, the FRC issued a directive saying that share money deposits must be converted into the company's capital within six months of receiving the money. The directive further said that the companies must include the share money deposits while calculating earnings per share and dividends as soon as the money is deposited, even before the securitisation. The circular also prohibited withdrawal or taking back the share money deposited in the company's dedicated bank account. Earlier, the Power Grid Company of Bangladesh Ltd raised its paid-up capital by BDT 2.5 billion through issuing shares against share money deposit to its parent organisation- Bangladesh Power Development Board (BPDB).

■ Meanwhile, the BSCCL is going to sign a memorandum of understanding with SEA-ME-WE-6, which is called the third submarine cable, to meet the country's growing demand for data consumption. The proposal of the agreement has recently been approved at the meeting of the company's board of directors. The first submarine cable was set up in 2006 at Cox's Bazar and the second submarine cable was set up in 2017 at Patuakhali. At present, almost 1,300 GBps (billions of bits per second) bandwidth is used in Bangladesh, of which SEA-ME-WE-5 and SEA-ME-WE-4 provide 900 GBps.

<https://tbsnews.net/economy/stock/bsccl-issue-shares-worth-BDT-166-crore-government-100177>

Only two banks apply for loan in two months of launch

■ The Bangladesh Bank has received only two applications for the low-cost refinance loan in two months of the formation of BDT 250.0 billion funds to support implementation of the stimulus packages announced by the government. The applying banks are City Bank and IFIC Bank. City Bank submitted application for refinance loans worth around BDT 135.0 million against its disbursement of BDT 270.0 million in stimulus loans to the cottage, micro, small and medium entrepreneurs. IFIC Bank has submitted the application for BDT 20.0 million in refinance loans against the disbursement of stimulus loans by the bank, an official of the central bank said.

■ In April this year, the central bank formed two revolving refinance funds worth BDT 250.0 billion to support the stimulus package implementation. The BB formed BDT 150.0 billion in revolving refinance fund to support the banks with liquidity to implement the BDT 300.0 billion stimulus package meant for the coronavirus outbreak-affected entities in the industry and service sectors. Another BDT 100.0 billion in revolving refinance fund was formed for the implementation of the BDT 200.0 billion stimulus package announced by the government for the micro, small and medium enterprises, including cottage industries. The banks will have to pay 4% interest for the refinance loans.

■ As of June 25, the BB has approved around BDT 30.0 billion in loan proposals of 140 entities, which were placed by different banks for the industries and service sectors affected by the coronavirus pandemic. Of the sanctioned amount, City Bank received approval on around BDT 3.0 billion against its proposal for BDT 10.2 million, while Eastern Bank received approval on BDT 4.3 million against its proposal for BDT 9.8 million.

<https://www.newagebd.net/article/109793/only-two-banks-apply-for-loan-in-two-months-of-launch>

Banks ready to invest BDT 16.5 billion in stocks once floor price is lifted

■ Fourteen banks have together formed a BDT 16.5 billion fund to invest in the stock market, but they are now waiting for the lifting of the floor price that the market watchdog set for all stocks earlier. Bangladesh Securities and Exchange Commission set the floor price for all stocks based on the average price of the past five days on March 19, in order to stop the market slump amid the coronavirus pandemic. But the DSEX, the benchmark index of Dhaka Stock Exchange, plummeted 4.46% to hit a seven-year low of 3,603 points on March 18, just a day before the floor price was set.

■ The 14 banks which have formed the special investment fund have taken approval from their boards and informed Bangladesh Bank but are yet to invest, confirmed a top official of the central bank preferring anonymity. The banks are Sonali, Janata, Agrani, Rupali, NCC, Shahjalal, One, United Commercial, Mercantile, Pubali, City, Exim and two other scheduled banks. As Bangladesh Bank gave them incentives on investing in the bearish stock market, they are coming forward, the BB official said.

■ On February 10, the banking watchdog announced a package for banks, allowing each to set up funds worth BDT 2.0 billion by taking the funds from the central bank through repo. Repo refers to a system of repurchasing treasury bills from banks to lend money. The banks will have to pay 5% interest for the fund and the credit tenure will be until February 2025. The funds of BDT 2.0 billion would not be accounted in the market exposure, meaning the limit on banks' investment in the market, according to the Bangladesh Bank direction.

<https://www.thedailystar.net/business/news/banks-ready-invest-BDT-1650cr-stocks-once-floor-price-lifted-1922757>

Rules for investing black money in stocks relaxed

■ The government has relaxed the rules for investing untaxed money in the stock markets. The lock-in period for such investment has been revised to one year from three years. Following the approval of Finance Bill 2020 in the parliament on Monday, the development came.

■ In the proposed budget, the government had declared to allow the investment of untaxed or black money in the capital market with the conditions of a 10% tax and three-year lock-in period. However, it seemed unattractive as the government also allowed whitening of individual taxpayers' undisclosed cash, bank deposit, saving schemes at the same tax rate alongside whitening of real estate assets with a particular tax schedule. Most importantly no other asset classes other than the capital market instruments include a minimum period of mandatory holding.

■ The capital market groups including the associations of brokers and investment bankers demanded it to be unconditional for the capital market as the budget proposal had been announced in the second week of June. They also requested the government to cut the whitening tax for capital market investments to 5-7% so that the depressed market can attract taxpayers. The Bangladesh Securities and Exchange Commission (BSEC) also requested the government to impose no lock-in period on black money if invested in the capital market. However, the government responded to the requests with only reducing the lock-in period by two years. And it kept the tax rate of 10% unchanged.

■ In the proposed budget, the government outlined the way to lower the irrational income tax burden on brokerage fee from transactions of bonds and other exchange tradable securities – except for stocks and mutual funds. Market groups also requested to cut the advance tax on brokerage commission for all securities alongside increasing the tax-free limit of individuals' annual dividend income and lowering corporate tax for merchant banks. However, the government ignored the requests.

<https://tbsnews.net/economy/stock/rules-investing-black-money-stocks-relaxed-99736>

Bangladesh Securities and Exchange Commission (BSEC) to inspect brokerage house regularly

■ After about a year and a half, the Bangladesh Securities and Exchange Commission (BSEC) has decided to start routine inspections of brokerage houses. For this, the organisation will form three 3-member committees composed of officials from the stock exchanges and the BSEC. The decision was taken on Sunday at an emergency meeting of the commission that was held to discuss about paying back the shares and money of Crest Securities Ltd to its clients.

■ There are two types of inspection procedures in these institutions for compliance supervision. The first is to inspect a brokerage house or stock dealer or merchant bank based on specific allegations, known as special inspection. The other is the inspection of any merchant bank, brokerage house and stock dealer by the commission without any complaint.

■ According to the BSEC's annual report, 15 regular inspections of listed merchant banks and brokerage houses have been completed in the 2015-16 financial year, 37 institutions in 2016-17 financial year, and 19 institutions in 2017-18 financial year. Of these, only five institutions were regularly inspected in 2016.

<https://tbsnews.net/economy/stock/bsec-inspect-brokerage-house-regularly-99304>

Bourse braces for its biggest IPO yet

■ Robi is set to come up with the country's biggest-ever initial public offering yet within a couple of months, in what can be viewed as finally some good news for the depressed bourse. The second-largest mobile phone carrier intends to raise BDT 5.2 billion from the market. The Bangladesh Securities and Exchange Commission (BSEC) has almost completed the scrutiny of the floatation proposal and is planning to approve the listing proposal within the next couple of months. Some 10%, or about 523.8 million, shares would be offloaded, according to the application, which was submitted on March 2. The face-value will be BDT 10.0 and there will be no premium.

■ According to the chief executive officer of Asian Tiger Capital Partners, Robi is coming at

a face-value. This is a good sign and it will impact the stock market positively. Investors may come to the market to buy the stocks which we saw when Grameenphone went public. Robi, a sister concern of Axiata Group of Malaysia and a multinational venture, is very compliant and the market has not seen the entry of such a good company in the last eight to 10 years.

■ Investors would get the share at BDT 10.0 that has the assets of BDT 12.64, he said, adding that the share price compared to earnings before interest, tax, depreciation and amortisation (EBITDA) is very lucrative. The price of telecom shares normally ranges between 6 and 8% of EBITDA globally, but it is 3.4% in case of Robi, he said.

<https://www.thedailystar.net/business/news/bourse-braces-its-biggest-ipo-yet-1922045>

Grameenphone files petition challenging SMP restrictions

■ Grameenphone filed a writ petition before a High Court bench yesterday challenging a June 21 directive of Bangladesh Telecommunication Regulatory Commission (BTRC) alongside two restrictions imposed under significant market power (SMP) guidelines. This is the third time the leading mobile network operator has legally challenged different points of the SMP guidelines. Court orders in the first two went in its favour.

■ According to the restrictions, scheduled to be implemented from July 1, Grameenphone would have to secure prior approval from the telecom regulator before rolling out any package or offer. It will also have to have all of its existing packages and offers validated by August 31. Conditions of the approved packages or offers cannot be changed or amended without the watchdog's consent. The BTRC also made it easier for subscribers to leave Grameenphone under mobile number portability (MNP) facility.

■ According to the SMP guideline, the regulator can declare a carrier an SMP operator if it controls more than 40.0% share of any parameter. Grameenphone holds 45.6% share of the subscriber base and more than 50.0% share of the revenue generated. The number of active subscribers at Grameenphone stood at 76.5 million, earning the carrier BDT 143.7 billion at the end of 2019. It logged a record BDT 34.5 billion profit last year, the highest to date.

<https://www.thedailystar.net/business/news/gp-files-virtual-writ-petition-challenging-smp-guidelines-1922025>

Unilever acquires 82.0% stake of GSK Bangladesh

■ Unilever Overseas Holdings BV has become the new owner of GlaxoSmithKline (GSK) Bangladesh Ltd by completing the acquisition of 82.0% shares in the pharmaceutical giant. According to the Dhaka Stock Exchange (DSE), Unilever bought 9.875 million shares from Setfirst Ltd, a sister concern of GSK, through the block market on Sunday.

■ Unilever bought each share of GSK at BDT 2,046.3 and the total value of the transaction stood at BDT 20.2 billion, which is the highest trade value of an individual company in the history of DSE. Therefore, owing to this block transaction, the daily turnover at the premiere bourse amounted to BDT 25.4 billion — the highest in the last nine years. On the main trading floor at the DSE, the share price of GSK surged by 3.11% to BDT 2,110 per share on Sunday, which was BDT 2,046 per share in the previous session. The closing price of the company stood at BDT 2,084.1 per share.

■ After shutting down the pharmaceuticals business, GSK made a profit of BDT 9.9 million in the last financial year. It also recommended a 530% cash dividend to its shareholders. At present, Horlicks contributes to around 93.0% of GSK Bangladesh's annual sales. The rest comes from mainly Sensodyne toothpaste, though there are some minor products like over the counter antacid brand Eno.

<https://tbsnews.net/companies/unilever-acquires-82-stake-gsk-bangladesh-99277>
<https://www.thedailystar.net/business/news/unilever-buys-82pc-stake-gsks-health-food-division-bangladesh-1922009>
<https://www.newagebd.net/article/109712/unilever-buys-gsk-bangladesh-for-BDT-2020cr>

Unilever Overseas Holdings to purchase 82% shares of GSK

■ Unilever Overseas Holdings B.V. will purchase 82 % shares of Glaxo SmithKline(GSK) Bangladesh which is listed on both the stock exchanges of Bangladesh. SETFIRST Ltd. will sell 9.87 million shares, which is 82 % compared to total number of shares of the GSK Bangladesh, at prevailing market price. SETFIRST Ltd. has expressed its intention to sell its entire holding of the company at prevailing market price. The disclosure also said Unilever Overseas Holdings B.V. has expressed its intention to buy the said amount of shares at prevailing market price. The transaction will be executed in block market within 30 working days.

<https://today.thefinancialexpress.com.bd/public/stock-corporate/unilever-overseas-holdings-to-purchase-82pc-shares-of-gsk-1593100777>
<https://tbsnews.net/economy/stock/unilever-buy-gsks-shares-30-days-98146>

Securities regulator rejects 2 IPO applications

■ The Bangladesh Securities and Exchange Commission (BSEC) has recently rejected the Initial Public Offering (IPO) applications of two companies for not complying with the Public Issue Rules and securities laws. The companies are Al-Faruque Bags Ltd and Infinity Technology International Ltd. However, the related issue managers claimed that despite the problems identified by the BSEC are solvable, the commission has rejected the applications.

■ The securities regulator is scrutinising the IPO proposals very carefully for the sake of investors and the capital market. Companies willing to go public have no scope of getting the regulatory approval providing any false information with the IPO (initial public offering) proposal, said a top official of the securities regulator. In last week, the securities regulator fined Al Faruque Bags, its auditor and issue managers for non-compliances found in the company's IPO proposal.

■ On April 12, 2018, Infinity Technology International Ltd applied to the BSEC for raising BDT 300 million as the capital by issuing 30 million of ordinary shares in the capital market, intending to spend for infrastructure and software development. Sources said that the company did not submit auditors' certificates on the utilisation of the fund raised through the capital earlier. The company has also violated the Public Issue Rules 2015.

<https://tbsnews.net/economy/stock/securities-regulator-rejects-2-ipo-applications-98143>
<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-takes-a-tough-line-on-ipo-scrutiny-1593270211>

IPO fund raising hits 11-year low in FY20

■ Fund raising through initial public offerings hit an 11-year low in the financial year 2019-20 due mainly to fierce criticisms over poor IPO approval by the Bangladesh Securities and Exchange Commission, coronavirus pandemic and bearishness on the country's stock market. Only two companies and one bond raised BDT 3.07 billion in the financial year while 11 companies and two mutual funds had raised BDT 5.71 billion in FY19. Fund raising through IPO in FY20 was the lowest after the financial year 2008-09 when companies had raised only BDT 820 million.

■ Market operators said that the IPO market became sluggish from the very beginning of 2019 as the market regulator faced a spate of criticisms for approving fundamentally weak companies' IPOs, forcing it to be cautious in giving IPO approval.

■ Besides, the BSEC had to amend the public issue rules in September, 2019 to tighten the entry of weak companies to the market that also slowed down the IPO market. As per the new rules, post-IPO paid-up capital must be BDT 500 million for companies intending to raise fund through the fixed price method of IPO while it must be BDT 750 million for the book building method. Moreover, the commission increased shares lock-in period for placement holders to two years, market operators said.

■ Bangladesh Merchant Bankers Association general secretary, also managing director of BMSL Investment Limited, said that the coronavirus-centric shutdown might impact the primary market. Prolonged sluggishness on the market and the tightening of rules might also discourage companies to come to the market, he said. IDLC Investments Limited managing director said that IPO approval process has remained complex and time consuming. Even after approval for bidding, a second approval from the BSEC is needed to go for public subscription.

<https://www.newagebd.net/article/109515/ipo-fund-raising-hits-11-yr-low-in-fy20>

City Bank retains Moody's B1 rating

■ City Bank retained its issuer rating of B1 with a negative outlook from last year in the latest credit opinion published by Moody's Investors Service on the bank. The credit opinion recognised both the potential and challenges of the bank in this critical time of a global pandemic. City Bank's B1 rating demonstrated its moderate profitability driven by maintaining the net interest margin intact, its heightened asset risk due to disruptions caused by the coronavirus outbreak and its capitalisation that is under pressure compared to the previous years.

■ Superior strength on consumer banking and credit card segments and access to development funds from development financiers are recognised as credit strengths of the bank. However, the impact of the global coronavirus outbreak has taken a toll on all the key parameters of the rating and the outlook of the entire system is depending heavily on how well this pandemic is dealt with and warded off.

<https://www.newagebd.net/article/109439/city-bank-retains-moodys-b1-rating>