

Weekly Market Update

Capital Market Overview

The market closed in green this week. The benchmark index DSEX (+3.80) gained 204.83 points and closed the week at 5,590.47 points. The blue-chip index DS30 (+3.25%) gained 61.21 points and stood at 1,941.99 points. The shariah based index DSES (+3.13%) gained 38.54 points and stood at 1,271.37 points. DSEX, DS30 and DSES all posted negative YTD return of +3.80%, +3.25%, and +3.13% respectively.

Total Turnover During The Week (DSE) : BDT 21.5 billion (USD 258.8 million)
Average Daily Turnover Value (ADTV): BDT 7.2 billion (Δ% Week: +123.4%)

Market P/E: 17.43x
Market P/B: 2.21x

Daily Index Movement during the Week:

The market performed three sessions during this week. Market opened this week with a positive movement of 1.48% in the first session. Then the market remained positive in the second session and third session respectively by 0.57% and 1.71%.

Sectoral Performance:

- Financial sectors showed positive performance this week except Life Insurance (-2.09%). NBFIs posted highest gain by 5.84% followed by General Insurance (+5.76%), Banks (+4.25%) and Mutual Funds (+3.25%).
- The non-financial sectors showed mixed performance this week. Power posted highest gain by 6.18% followed by Engineering (+5.80%) and Pharmaceuticals (+1.30%). Food and Allied experienced highest loss by 1.25% and Telecommunication (-0.23%).

Macroeconomic arena:

- The weighted average spread between lending and deposit rates offered by the commercial banks came down to 4.22% in October from 4.41% in January 2018 as a result of banks giving emphasis on mobilising funds by opening non-interest bearing capital and savings accounts, which cut down costs and pushed up profits.
- Inward remittance jumped by nearly 15% or around USD 2.0 billion in calendar year 2018 following the depreciating mode of taka against dollar. Remittance inflows rose to USD 15.53 billion in 2018 from USD 13.54 billion a year ago despite a falling trend in outbound jobs of Bangladeshis.
- The average inflation in the country was at 5.55% in the last calendar year (2018), thanks to the stable commodity markets at home and abroad. The 12-month average inflation rate was recorded at 0.15% points lower to 5.55% in 2018 from that of 5.70% in 2017.
- Private sector credit growth dropped to a three-year low in November, 2018 due to businesses' reluctance to take loans from banks ahead of national polls and banks' cautious approach to loan distribution.

Stock Market arena:

- Between January 01 and December 27, DSEX, the prime index of DSE, dropped 859 points or 14% to close the year at 5,385 on Thursday, the last trading day of 2018. Market capitalisation of the prime bourse also fell by 8.42% over the previous year to BDT 3,872 billion.
- In 2018, net foreign investment dipped to negative BDT 5.93 billion, which was BDT 17.05 billion positive during 2017 mainly because of political uncertainties in election year, depreciation of the Taka against the US dollar, and woes in the country's banking sector.
- The board of directors of Delta Brac Housing Finance Corporation (DBH) has decided to issue non-convertible zero coupon bonds of BDT 3.0 billion. It will be multiple tranches and fund will be raised through private placement at face value.
- The government's revenue collection from Dhaka Stock Exchange dropped by 24.42% or BDT 348.00 million in the first half (July-December) of the current financial year (2018-19) compared with that in the same period of the FY 2017-18 mainly due to a bearish trend at the market.

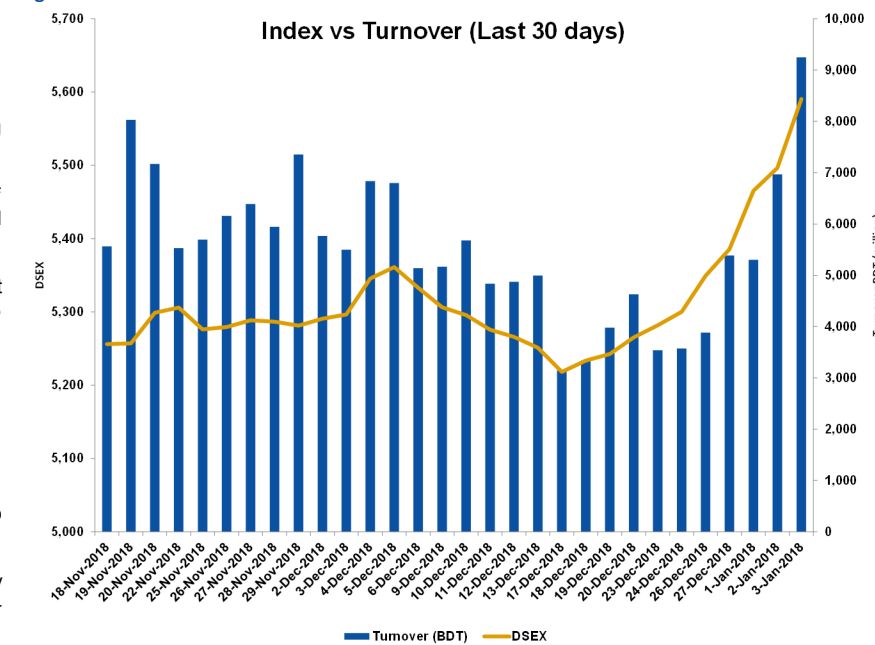
Table 1: Index

Index	Closing	Opening	Δ(Pts)	31-Dec-2016	Δ% Week	Δ%YTD
DSEX	5,590.47	5,385.64	204.83	5,385.64	3.80%	3.80%
DS30	1,941.99	1,880.78	61.21	1,880.78	3.25%	3.25%
DSES	1,271.37	1,232.82	38.54	1,232.82	3.13%	3.13%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	11,820,560.1	11,555,865.8	2.3%
	Mn USD	142,193.7	139,009.6	
Turnover	Mn BDT	21,515.4	12,840.0	67.6%
	Mn USD	258.8	154.5	
Average Daily Turnover	Mn BDT	7,171.8	3,210.0	123.4%
	Mn USD	86.3	38.6	
Volume	Mn Shares	620.9	345.1	79.9%

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
Savar Refractories	133.00	102.60	29.6%	185.2	5.41	NM	21.2x
Beximco Synthetics	9	7.30	24.7%	789.1	10.93	NM	0.4x
C & A Textiles Limited	5.10	4.10	24.4%	1,220.5	20.91	4.9x	0.3x
United Insurance	31.00	25.10	23.5%	1,302.0	55.22	10.8x	1.1x
JMI Syringes & Medical Devices Ltd	311.20	254.10	22.5%	3,423.2	481.15	45.9x	4.8x
Continental Ins Ltd.	23.40	19.20	21.9%	849.1	31.60	17.9x	1.5x
Tallu Spinning	7.30	6.00	21.7%	652.1	6.52	NM	0.5x
BIFC	6.80	5.60	21.4%	684.6	1.01	NM	0.4x
Emerald Oil Industries Ltd.	18.10	15.10	19.9%	1,080.8	25.71	6.0x	1.2x
Shaympur Sugar	37.20	31.10	19.6%	186.0	2.60	NM	NM

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Pragati Life Insurance	108.60	114.70	-5.3%	1,449.7	41.56	NM	10.9x
AIBL 1st Islamic Mututal Fund	7.70	8.10	-4.9%	770.0	.09	NM	0.7x
Jamuna Oil	182.30	190.50	-4.3%	20,130.4	78.24	9.0x	1.3x
National Life Ins	207.80	216.20	-3.9%	22,550.9	142.48	NM	20.8x
Glaxo Smithkline	1,398.50	1,450.20	-3.6%	16,847.0	18.57	26.1x	6.5x
Popular Life Insurance	110.10	113.80	-3.3%	6,653.2	3.99	NM	11.0x
Keya Cosmetics	6.40	6.60	-3.0%	7,054.8	61.44	4.2x	0.5x
BATBC	3,450.10	3,541.70	-2.6%	207,006.0	5.77	27.3x	11.0x
Sunlife Insurance Company Limited	27.00	27.70	-2.5%	965.5	40.26	NM	2.7x
Prime Islami Life Ins	56.50	57.90	-2.4%	1,724.4	33.55	NM	5.7x

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
BBS Cables Limited	107.80	96.30	11.9%	17,107.9	888.64	41.4x	6.8x
Beximco Limited	26.40	23.50	12.3%	23,134.8	772.60	22.5x	0.4x
Paramount Textile Limited	72.50	65.90	10.0%	9,823.7	765.82	43.7x	4.9x
Saiham Cotton Mills Limited	26.40	25.80	2.3%	3,927.7	629.58	24.8x	1.5x
IFAD Autos Limited	113.60	108.40	4.8%	28,171.7	566.69	26.9x	4.4x
Khulna Power Company Limited	65.90	59.30	11.1%	26,189.5	494.15	14.3x	2.8x
JMI Syringes & Medical Devices Ltd	311.20	254.10	22.5%	3,423.2	481.15	45.9x	4.8x
United Power Generation & Distribution Company Ltd	325.00	290.70	11.8%	155,703.3	447.82	37.3x	13.5x
Shepherd Industries Limited	47.20	43.10	9.5%	6,448.8	330.49	50.4x	2.8x
BDCOM Online Ltd.	32.10	28.70	11.8%	1,568.0	319.39	24.4x	2.7x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Berger Paints	1,367.90	32.61%	63,440.3	31.4x
Summit Power	41.70	16.16%	44,530.5	10.2x
Mutual Trust Bank	36.00	15.71%	20,641.1	14.1x
Singer Bangladesh	225.70	15.45%	17,309.9	31.7x
Marico Bangladesh Limited	1,189.50	7.54%	37,469.3	26.0x
Agni System Limited	22.10	5.96%	1,603.5	23.9x
Jamuna Bank	18.90	4.81%	14,160.4	7.9x
Pubali Bank	27.90	4.07%	27,853.8	20.0x
Atlas Bangladesh	124.30	4.06%	4,117.7	NM
Green Delta Insurance	63.80	3.91%	5,148.1	18.5x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1489.36	1428.63	1848.21	4.25%	-19.42%
NBFIs	2209.38	2087.55	2714.85	5.84%	-18.62%
Mutual Funds	665.50	644.54	788.81	3.25%	-15.63%
General Insurance	1574.48	1488.77	1592.30	5.76%	-1.12%
Life Insurance	2204.84	2251.96	1834.85	-2.09%	20.16%
Telecommunication	5076.14	5088.05	6494.31	-0.23%	-21.84%
Pharmaceuticals	2733.70	2698.49	2821.05	1.30%	-3.10%
Fuel & Power	1853.01	1745.13	1527.27	6.18%	21.33%
Cement	1760.83	1676.67	2280.58	5.02%	-22.79%
Services & Real Estate	1084.14	1017.99	1224.11	6.50%	-11.43%
Engineering	3103.60	2933.55	3166.83	5.80%	-2.00%
Food & Allied	14845.47	15034.12	15304.34	-1.25%	-3.00%
IT	1634.14	1545.46	1484.41	5.74%	10.09%
Textiles	1555.87	1461.57	1222.72	6.45%	27.25%
Paper & Printing	9954.54	9105.21	1013.11	9.33%	882.57%
Tannery	2611.26	2560.64	2642.41	1.98%	-1.18%
Jute	21674.93	21417.92	8867.22	1.20%	144.44%
Ceramics	625.09	579.57	597.46	7.86%	4.63%
Miscellaneous	2037.00	1943.57	1725.62	4.81%	18.04%

Table 7: Sector Trading Matrix

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Banks	680.6	465.0	46.36%	9.54%	9.6x	1.1x
NBFIs	358.1	157.8	126.89%	5.02%	21.2x	2.1x
Mutual Funds	29.9	23.2	29.18%	0.42%	NM	0.5x
General Insurance	199.0	94.3	110.98%	2.79%	14.3x	1.1x
Life Insurance	195.3	236.3	-17.36%	2.74%	NM	9.2x
Telecommunication	62.5	68.1	-8.24%	0.88%	22.3x	16.4x
Pharmaceuticals	873.2	481.4	81.40%	12.24%	20.6x	3.3x
Fuel & Power	625.9	448.1	39.69%	8.78%	15.7x	2.4x
Cement	74.4	86.0	-13.43%	1.04%	19.8x	3.2x
Services & Real Estate	148.1	43.9	237.53%	2.08%	27.4x	0.9x
Engineering	1,131.9	403.5	180.55%	15.87%	24.0x	2.2x
Food & Allied	272.3	143.0	90.38%	3.82%	30.1x	10.5x
IT	330.6	234.8	40.75%	4.63%	31.6x	3.3x
Textiles	1,419.6	663.5	113.97%	19.91%	23.9x	1.3x
Paper & Printing	79.6	29.7	167.52%	1.12%	NM	5.4x
Tannery	83.4	60.7	37.44%	1.17%	20.0x	3.2x
Jute	49.1	32.0	53.55%	0.69%	NM	9.2x
Ceramics	85.0	34.9	143.43%	1.19%	30.1x	2.3x
Miscellaneous	433.2	189.2	128.92%	6.07%	29.2x	1.3x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
AB Bank	12.80	-42.08%	9,704.1	6.4x
City Bank	31.10	-35.39%	30,104.4	7.4x
Lafarge Surma Cement	47.40	-32.19%	55,049.1	24.7x
Islami Bank	25.70	-29.78%	41,376.8	9.2x
Rupali Bank	37.60	-29.57%	14,157.0	NM
IFIC Bank	12.20	-28.16%	16,332.6	10.3x
Eastern Bank	37.10	-27.40%	27,379.8	10.1x
Prime Bank	18.10	-27.34%	20,494.3	9.4x
EXIM Bank	12.50	-27.33%	17,653.1	6.0x
United Airways (BD) Ltd.	3.40	-26.85%	2,815.5	14.5x

Important News: Business & Economy

Capital shortfall of nine banks top BDT 190 billion in Q3

- Nine banks including state lenders suffered a total capital shortfall of over BDT 190.63 billion in the third quarter (Q3) of this calendar year as growing classified loans sapped their profits.
- The banks-four state-owned commercial banks (SoCBs) and three of private commercial banks and two specialised banks-were put on the list of capital shortfall, according to the central bank officials.
- A leading state bank was excluded from the list of capital-deficient banks during the July-September period of 2018, which helped improve the overall capital shortfall of the banks.
- The overall capital shortage of six SoCBs came down to BDT 67.77 billion in Q3 of this calendar year from BDT 139.48 billion three months ago, according to the central bank's latest statistics.
- The shortfall was BDT 118.76 billion in Q1 of the current year (2018). In the Q2, 10 banks were suffering from the capital shortfall worth nearly BDT 251.43 billion.
- However, the capital shortfall of two specialised banks stood at BDT 88.74 billion in the Q3 from BDT 86.54 billion in Q2. It was BDT 87.60 billion as on March 31 this year.
- The overall shortfall in provisioning against loans in the country's banking system swelled by over 20% to BDT 81.27 billion as on September 30 from BDT 67.67 billion nine months ago. The shortfall was BDT 79.80 billion as on June 30 this year.
- Meanwhile, the overall capital-to-risk weighted-asset ratio (CRAR) of all the banks operating in Bangladesh rose to 10.89% in the Q3 from 10.00% three months earlier. It was 10.11% in the Q1.

<http://today.thefinancialexpress.com.bd/public/first-page/capital-shortfall-of-nine-banks-top-BDT-190b-in-q3-1545932977>
https://www.dhakatribune.com/business/banks/2018/12/28/nine-banks-face-BDT_19-063-57cr-capital-shortfall
https://www.dhakatribune.com/business/2019/01/01/banking-sector-in-2018-default-loans-reach-BDT_100-000crore-for-first-time

Bangladesh exports can fetch additional USD 17.4 billion with existing ability

- Bangladesh has the potentials of earning an additional amount of USD 17.4 billion from the global market with its existing export capacity, of which USD 11.4 billion can come from the European Union (EU) alone, according to a latest research.
- The country fetched USD 21 billion by exporting goods to EU in last fiscal year (FY), 2017-18, while USD 19.6 billion came from export of ready-made garments (RMG), it said.
- The average yearly growth of Bangladeshi RMG products to EU is 12% from 2008 to

2017, it showed.

- A tripartite agreement between Dhaka, New Delhi and Kathmandu may be signed soon to help Bangladesh import electricity from Nepal, said an official of the ministry.

<http://today.thefinancialexpress.com.bd/public/last-page/bd-exports-can-fetch-addl-174b-with-existing-ability-1545933301>
<https://www.thedailystar.net/business/news/exports-fiscal-2018-could-have-been-174b-more-pri-1679737>
<http://www.newagebd.net/article/60050/potential-exports-worth-174b-lost-in-fy18-pri>

Some private commercial banks (PCBs) earn higher operating profit in 2018

- The operating profits of the country's private commercial banks (PCBs) witnessed a healthy growth in the outgoing year, even if soured loans are on the rise, bankers said.
- Most of the banks, excepting a few, maintained their operating profits growth, despite the declining trend in interest rate spread, they said.
- The weighted average spread between lending and deposit rates offered by the commercial banks came down to 4.22% in October from 4.41% in January 2018, according to the Bangladesh Bank (BB) statistics.
- Besides, the bankers noted, the sluggish trend in the country's capital market alongside the private-sector credit growth had a negative impact on profits of the banks in 2018.

<http://today.thefinancialexpress.com.bd/public/first-page/some-pcb-earn-higher-operating-profit-in-2018-1546018857>
<http://www.newagebd.net/article/60472/most-banks-post-higher-operating-profits-in-2018>

Economy battles triple woes in 2018

- The outgoing year saw Bangladesh's economy buckle under increasing pressure, with balance of payment deficit, banking crisis and weak local currency exacting a toll on the macroeconomic health.
- The capital flight is also undermining the economy as it is believed to be one of the key reasons behind the overall deficit in the BoP. The country's foreign exchange reserves are also under pressure but still remained much higher than the thumb-rule of maintaining the same to meet the import payment.
- The fundamental crisis in the banking-both deposits and lending-did not improve in the outgoing year. There was a compliance issue, which was ignored in public banks during the year.
- A significant depreciation in the value of local currency triggered inflationary pressure.
- On the other hand, the economy has some positive sides; continuity of higher economic growth with lower rate of inflation. Besides, exports receipts and remittances inflow were

buoyant in the year.

<http://today.thefinancialexpress.com.bd/public/first-page/economy-battles-triple-woes-in-2018-1546099982>

Readymade garment (RMG) sector sees strong export growth in 2018

- The garment sector has witnessed a substantial growth in exports this year with fixing the majority of workplace safety hazards except year-end labour unrest ahead of the national election.
- Export earnings from the country's readymade garment (RMG) including knit and woven items stood at USD 30.02 billion during the first eleven months of 2018. It is expected to reach around USD 32.5 billion with a possible growth of more than 11%.
- In 2017, RMG products fetched USD 29.21 billion marking a 1.89% growth while the figure was USD 28.66 billion in 2016.

<http://today.thefinancialexpress.com.bd/public/trade-market/rmg-sector-sees-strong-export-growth-in-2018-1546094487>

Non-food inflation at play in 2018

- The month-on-month inflation rates on a point-to-point basis for food and non-food items were behaving erratically throughout the year 2018.
- The rate of non-food inflation on a point-to-point basis in January of the current calendar year was the lowest at 3.23%. However, it rose by 2.16% points to 5.49% in November, the BBS data showed.
- The inflation rate for food items was the highest at 7.62% in January. It later fell to 5.29% in November, according to the data.
- Meanwhile, the country's overall inflation (food and non-food included) on a point-to-point basis was recorded at 5.37% last month.

<http://today.thefinancialexpress.com.bd/public/trade-market/non-food-inflation-at-play-in-2018-1546095143>

Non-performing loans (NPLs) edge up in farm sector

- Classified loans in the agriculture sector increased slightly in the five months to November, notwithstanding close monitoring by the central bank, official said.
- The amount of non-performing loans (NPLs) lent out to farmers rose by more than 2.0% or BDT 1.08 billion to BDT 51.70 billion during the July-November period of the fiscal year (FY) 2018-19 from BDT 50.61 billion in the same period last fiscal.
- The central banker also expected the volume of such default loans to decrease in the coming months as it has relaxed rescheduling policy on short-term agriculture loans.

- Earlier on December 17, the BB issued a fresh rescheduling policy on short-term agriculture loans aiming to boost farm production.

- The share of NPLs in the total outstanding loans in the agriculture sector rose to 13.05 cent in the first five months of this fiscal from 12.88% in the same period of the FY 18.

- Total outstanding loans in the sector stood at BDT 396.06 billion during the period under review against BDT 392.86 billion in the same period of the previous fiscal, according to the central bank's latest statistics.

- On the other hand, agriculture loans disbursement dropped by more than 9.0% or BDT 7.55 billion to BDT 74.76 billion in the five months of the FY 19 from BDT 82.31 billion in the same period of the previous fiscal.

<http://today.thefinancialexpress.com.bd/public/last-page/npls-edge-up-in-farm-sector-1546194024>

Market capital to GDP (Gross Domestic Product) rises marginally in 2018

- The market capital to GDP (Gross Domestic Product) ratio, which reflects the depth of the capital market, marginally rose in the premier bourse at the end of 2018.
- But the ratio is still much lower than the ratios of other countries including neighbouring ones.
- According to information of Dhaka Stock Exchange (DSE), the% of the market cap to GDP ratio stood at 17.21 on December 27, 2018. At the end of June, 2018 the ratio was 16.94% in the premier bourse.

- The market cap to GDP ratio is a measure of the total value of all publicly traded stock in a country, divided by that country's GDP.

<http://today.thefinancialexpress.com.bd/public/stock-corporate/mkt-cap-to-gdp-rises-marginally-in-2018-1546183311>

Foreign direct investment (FDI) inflow sees uptrend

- The inflow of foreign direct investment (FDI) in the first ten months of the outgoing year, 2018, witnessed a moderate rise as was indicated initially.
- The latest statistics on the balance of payments (BoP) showed that net FDI inflow declined by around 8.0% during the July-October period to USD 440 million. It was USD 475 in the corresponding period last year.
- Meanwhile, gross FDI inflow rose by around 39% to USD 960 million from July to October of 2018. The amount was USD 693 million in the same period in 2017.

<http://today.thefinancialexpress.com.bd/public/trade-market/fdi-inflow-sees-uptrend-1546184540>

Banking sector passes year with sluggish deposits growth

- One more a year passed with sluggish growth in deposits in the banking system, though different measures were taken by the government and the central bank to improve the situation.
- Lower deposit growth is creating liquidity pressure on the money market gradually, which may also put an adverse impact on the overall banking business in 2019 unless the situation improves shortly.
- The deposit growth came down to 10.45% in October from 10.60% in December 2017 while the credit growth stood at 15.19% compared with 18.08%.
- Besides, the overall credit growth in the banking system recorded a higher growth than that of deposit in the last three years.
- The deposit growth had been on a fall, sliding from 13.13% on December 31, 2016 to 10.60% as on December 31 last calendar year. It was 13.66% as on December 10, 2015.
- On the other hand, credit rose to 18.08%, as on December 31, 2017 from 15.32% a year earlier. It was 12.74% as on December 10, 2015.

<http://today.thefinancialexpress.com.bd/public/trade-market/banking-sector-passes-year-with-sluggish-deposits-growth-1546184439>

Internet users fell for first time in 2 years

- The mobile phone operators collectively lost 6.48 lakh active internet connections in November, the first decline in two years.
- At the end of November, active internet connections fell to 91.8 million from 92.4 million in October, according to a report of the Bangladesh Telecommunication Regulatory Commission.
- Of the internet users, the number of mobile internet connections was 86.2 million, broadband connections 5.74 million and WiMax connections 61,000, the report showed.

<https://www.thedailystar.net/business/news/internet-users-fell-first-time-2yrs-1679731>

Banks' capital rises, but artificially

- The banking sector's capital base strengthened in the third quarter of the year as state-run Sonali Bank got a shot in the arm from the central bank as it exercised its 'regulatory forbearance' right.
- Regulatory forbearance is a policy that allows the central bank to not take any disciplinary action against problem banks for a certain period of time to keep them afloat.
- As of September, Sonali's capital base was BDT 8.48 billion, in contrast to a shortfall of

BDT 66.02 billion three months earlier.

- The state-run lender was given extra time of up to 3/4 years to keep the required provisioning in many cases against its defaulted and unclassified loans, said a Bangladesh Bank official.
- As of September, banks' CAR stood at 10.89%, up from 10% a quarter earlier, according to data from the central bank.
- Capital shortfall in nine banks, including six state-run ones, stood at BDT 190.64 billion at the end of September, up from BDT 185.41 billion three months earlier.
- Of the nine banks, BKB had the highest amount of capital shortfall of BDT 82.05 billion, followed by Janata at BDT 39.23 billion, BASIC at BDT 34.34 billion and ICB Islamic at BDT 15.40 billion.

<https://www.thedailystar.net/business/banking/news/banks-capital-rises-artificially-1679743>

Challenges for 2019: Investment, jobs pressing issues for new government

- Boosting sluggish investment in the private sector and employment generation for millions of unemployed youth are two pressing issues the new government has to fix, economists said.
- Initiating the much-needed reforms in basic economic institutions, such as Bangladesh Bank (BB), should get priority in 2019 to steer the growth momentum of the country, opined business leaders and economists.
- They said expanding the economic growth momentum in the new year, ensuring an investment friendly atmosphere to attract investment, and ensuring political stability will be great challenges for the new government, which will assume office soon.
- According to Bangladesh Bureau of Statistics (BBS) data, in the 2018 fiscal year, total investment to GDP was 31.23%, 23.26% of which came from private investment and 7.97% from public investment.
- In the last fiscal, private investment to GDP was 23.26%, which was 23.10% in the previous fiscal year. Meanwhile, for the current fiscal year, the government has set target to increase investments to 33.54% of the total GDP. Of the total, private investment will be 25.15% of GDP, while 8.39% will come from public investment.

<https://www.dhakatribune.com/business/2019/01/01/challenges-for-2019-investment-jobs-pressing-issues-for-new-government>

Robi wants to run agent banking thru its outlets

- Robi Axiata Limited, the second largest mobile phone operator in the country, has initiated a move to become agent of Bank Asia for providing agent banking services.
- As per the Robi's proposal in this regard, the mobile phone operator would provide the

agent banking services by using its distribution channel.

- Under Bangladesh Bank's guidelines on agent banking operation, Robi would set up agent of Bank Asia at its outlets and provide agent banking services in the name of 'Robi Agent Banking'.

It is the owner of an outlet who will conduct banking transactions on behalf of the bank.

Services like cash deposit and withdrawal, remittance and small-scale loan disbursement, recovery of loans and cash payments under the government's social safety net programmes would be given by the agent banking. As per the section 12.8 of the guidelines, agents of mobile network operators which fulfil the eligibility criteria can become agents for providing agent banking services.

<http://www.newagebd.net/article/60476/robi-wants-to-run-agent-banking-thru-its-outlets>

Robi, Banglalink lose 200,000 users in Nov

- Robi and Banglalink, two mobile phone operators, lost nearly two lakh subscribers in total in November this year despite having performed well in mobile number portability service.
- Under the MNP service, users can switch their operators without changing their mobile numbers.
- In November, country's second largest mobile phone operator Robi and third largest operator Banglalink lost 87,000 and 105,000 subscribers respectively.
- The number of active subscribers of Robi declined to 47.07 million at the end of November from 47.16 million a month ago. At the end of November, subscriber base of Banglalink declined to 33.70 million from 33.80 million in October.
- In November, Grameenphone added 381,000 subscribers as the number of its active subscribers reached 72.40 million from 72.00 million despite 16,517 subscribers of the operator switching to the other operators through the MNP service.

<http://www.newagebd.net/article/60142/robi-banglalink-lose-2-lakh-users-in-nov>

Bangladesh RMG export by '21 to be USD 11 billion short of target

- The country's export earnings from readymade garment in the financial year 2020-21 would be USD 11 billion short of the target USD 50 billion set by the government, according to a recent estimate of textile and jute ministry.
- The estimate shows that the earnings from RMG in the FY21 would be USD 38.73 billion, against USD 50 billion target set by the government for the fiscal in 2015.
- Against this backdrop, the government has taken a move to set export earnings target at USD 51 billion from textile and clothing sector including RMG, packaging and accessories and home textile as export trend showed that USD 50 billion target by FY 21 would not be achieved alone from RMG, high officials of the government and the industry people said.

<http://www.newagebd.net/article/60267/bangladesh-rmg-export-by-21-to-be-11b-short-of-target>

November sees further dip in interest rate spread

- Interest rate spread in the country's banking sector decreased further in November, although the commercial banks increased their interest rates more on deposit than lending.
- The weighted average rate on deposits rose to 5.30% in November from 5.25% a month before, while interest on lending stood at 9.50% from 9.47%.
- The weighted average rate on deposits was 5.27% and 5.36% in September and August respectively.

<http://today.thefinancialexpress.com.bd/first-page/nov-sees-further-dip-in-interest-rate-spread-1546363060>

Private sector credit growth hits 3-year low in November

- Private sector credit growth dropped to a three-year low in November, 2018 due to businesses' reluctance to take loans from banks ahead of national polls and banks' cautious approach to loan distribution.
- In November, 2018, private sector credit growth slowed down to 14.01%, the lowest after the 13.72% growth in November, 2015. The growth in November last year was 2.79% points less than the central bank's target of 16.8% for the first half of the current fiscal year of 2018-2019.
- Bank officials said the businesses might have opted to go slow in expanding their business by taking credit from the banks. The businesses might have opted to observe the pre- and post-polls situation before making their further investment decisions, they said.

<http://www.newagebd.net/article/60548/pvt-sector-credit-growth-hits-3-yr-low-in-nov>

Banks post hefty operating profits despite challenges

- Private banks reported hefty operating profit in the just concluded year, helped by the much higher interest rate on lending than that on deposits.
- The banks gave emphasis on mobilising funds by opening non-interest bearing capital and savings accounts, which cut down costs and pushed up profits, said top bankers.
- Amongst observed 28 banks' operating profits: 25 posted growth in the range of 1.5% to 40 percent.
- Premier Bank logged in about BDT 6.18 billion as operating profits for 2018, up 40% year-on-year.

<https://www.thedailystar.net/business/news/banks-post-hefty-operating-profits-despite->

[challenges-1681651](https://www.dhakatribune.com/business/banks/2019/01/01/operating-profits-of-most-banks-rise)

<https://www.dhakatribune.com/business/banks/2019/01/01/operating-profits-of-most-banks-rise>

Government mulls power export in winter

- The government is considering exporting surplus electricity to Nepal during winter in Bangladesh when the demand for power remains low, the state minister for power and energy said.
- During winter, the demand for electricity in Bangladesh decreases, so the country wants to find ways to export surplus electricity available at the time.
- His comments came just two weeks after India issued a new cross-border power trading regulation, which will go a long way in helping Bangladesh import electricity from Nepal and Bhutan using Indian transmission lines.

<https://www.thedailystar.net/business/news/govt-mulls-power-export-winter-1681642>

National Board of Revenue (NBR) realizes BDT 750 million from Bangalink, Robi as outstanding VAT

- The National Board of Revenue (NBR) collected BDT 750 million from the two mobile operator companies – Banglalink Ltd and Robi Axiata Limited – as their outstanding value added tax (VAT).
- Out of the total amount, Banglalink paid BDT 470 million while Robi paid BDT 280 million for increase in their respective wealth in land and establishment.
- Large Taxpayer Unit (LTU) Commissioner said the NBR had filed lawsuits against the mobile operators for collecting unpaid revenue.
- Recently, the cases have been settled under the Alternative Dispute Resolution (ADR) process and Banglalink paid BDT 470 million against three suits while Robi paid BDT 280 million against four suits, he added.

<https://www.dhakatribune.com/business/2019/01/01/nbr-realizes-BDT75cr-from-bangalink-robi-as-outstanding-vat>

Average inflation in 2018 declines to 5.55%

- The average inflation in the country was at 5.55% in the last calendar year (2018), thanks to the stable commodity markets at home and abroad.
- Bangladesh Bureau of Statistics (BBS) data showed that the 12-month average inflation rate was recorded at 0.15% points lower to 5.55% in 2018 from that of 5.70% in 2017.
- Meanwhile, the point-to-point inflation rate also dropped slightly to 5.35% in December 2018 compared to that of 5.37% in the previous month, according to the official data. In December 2017, the point-to-point inflation rate was 5.83%.

<http://today.thefinancialexpress.com.bd/first-page/average-inflation-in-2018-declines-to-555pc-1546451601>

<https://www.thedailystar.net/business/news/inflation-drops-1682272>

<http://www.newagebd.net/article/60663/inflation-decreases-further-to-535pc-in-december>

Remittance flow up 15% in 2018

- Inward remittance jumped by nearly 15% or around USD 2.0 billion in calendar year 2018 following the depreciating mode of taka against dollar, officials said.
- Remittance inflows rose to USD 15.53 billion in 2018 from USD 13.54 billion a year ago despite a falling trend in outbound jobs of Bangladeshis.
- According to a senior official of the central bank, the uptrend in fuel oil prices globally also contributed to raise the inflow of remittance, particularly from the Middle-Eastern countries. The Bangladesh Bank (BB) as well as the government is working continuously to expedite remittance inflows from different parts of the world, he added.
- The money sent home by Bangladeshis working abroad amounted to USD 1.20 billion in December 2018, up by USD 24.57 million from the November level, according to the BB's latest statistics.
- Remittance stood at USD 1.18 billion last November. It was USD 1.17 billion in December 2017.

<http://today.thefinancialexpress.com.bd/last-page/remittance-flow-up-15pc-in-2018-1546451837>

<https://www.thedailystar.net/business/news/remittance-buoyant-1682293>

<http://www.newagebd.net/article/60660/remittance-hits-all-time-high-in-2018>

Economists suggest more depreciation of local currency

- The local currency Bangladesh Taka (BDT) depreciated by nearly 1.5% to BDT 83.90 against the USD (USD) in the year 2018 as a result of widening deficit in the country's overall balance of payments (BoP).
- But economists opined that the erosion in the value of Taka should have been much higher to help maintain the country's competitiveness in the external market.
- Besides, the currencies of Bangladesh's rivals in global trade, including India, weakened at much higher rates, they added.
- The inter-bank Taka-USD exchange rate was BDT 82.70 on December 26, 2017, which stood at BDT 83.90, up by BDT 1.20, on December 26, 2018.
- The "kerb" market exchange rate was BDT 85.15 in the city, as of Wednesday (Jan 2, 2019).
- In the meantime, the central bank had sold USD 1.1 billion to the banks during the last six

months (July-December 2018) to manage the exchange rate, and kept it at BDT 83.90.

<http://today.thefinancialexpress.com.bd/first-page/economists-suggest-more-depreciation-of-local-currency-1546451518>

Loan scams, soaring NPLs, bank owners increasing clout hurt banking sector

- Bangladesh's banking sector in 2018 was marred by: loan scandals, lending rate manipulation, soaring non-performing loans (NPLs), and increasing influence of bank directors in policy making.

- The roles of the government, particularly the Ministry of Finance and Bangladesh Bank (BB) were largely limited to appease bank owners, as they succeeded to amend The Bank Company Act, 1991, reduce corporate tax, and manipulate the pledged 9% lending rate.

- In 2018, banks have no role in stemming soaring NPLs, instead, loan scams of a large magnitude resurfaced in the banking sector. Amid a proliferation of scheduled banks, many of which have been incurring losses for years, the BB stunned the sector by giving permission to another new bank, Community Bank of Bangladesh, to operate.

<https://www.dhakatribune.com/business/banks/2019/01/02/loan-scams-soaring-npls-bank-owners-increasing-clout-hurt-banking-sector>

Farm loan keeps falling

- Lending to the agriculture sector fell 9% year-on-year to BDT 74.8 billion between July and November of the current fiscal year, according to central bank data.

- Farm loan disbursement also dropped 16% from July to October.

- The ongoing liquidity crunch in the banking sector has left an adverse impact on the disbursement of farm loans, creating difficulties for farmers in growing crops without any interruption, said a central bank official.

- The Bangladesh Bank has set a farm loan disbursement target of BDT 218.0 billion for the current fiscal year of 2018-19, of which 34.29% was disbursed between July and November.

<https://www.thedailystar.net/business/news/govt-mulls-power-export-winter-1681642>

Janata Bank sinks into colossal losses

- Janata Bank logged in losses of BDT 31.3 billion in the first nine months of 2018, a stunning reversal in fortune for the state-owned bank as loan irregularities finally take a toll.

- The bank was BDT 2.7 billion in profit at the end of December last year.

- At the beginning of the year, Bangladesh Bank unearthed two big loan scams of AnonTex and Crescent involving a total of BDT 83.0 billion. Both the large clients turned defaulters in

June, sinking the bank into losses to the tune of BDT 15.9 billion -- for the first time in five years.

- The losses continued to pile up, leading to capital shortfall of BDT 39.2 billion in September. In contrast, at the end of December the bank was in capital surplus of BDT 260.0 million. As a result, the bank has no provisioning shortfall but losses.

<https://www.thedailystar.net/business/banking/news/janata-sinks-colossal-losses-1682284>

Important News: Capital Market

Stock dividends to increase companies' capital up 27% in 2018

- A total of 154 listed companies increased their capital by over BDT 35.57 billion through issuing stock dividends in the outgoing year, 27% up from the previous year.

- These companies have issued more than 3.55 billion bonus shares in 2018, according to the Dhaka Stock Exchange (DSE) data.

- In 2017, a total of 142 listed companies raised their capital by over BDT 27.91 billion through issuing more than 2.77 billion bonus shares.

<http://today.thefinancialexpress.com.bd/public/stock-corporate/stock-dividends-to-increase-cos-capital-up-27pc-in-2018-1545927352>

DSEX slumps 14%, market cap sheds 8.42% in 2018

- The capital market ended 2018, a gloomy year for it, as the core index of the Dhaka Stock Exchange (DSE) suffered a 14% loss amid lack of investors' confidence.

- People familiar with the capital market said lack of investors' confidence, fear about political turmoil, low participation of institutional investors due to liquidity crunch, and shrinking foreign investment are the factors behind the downward trend.

- They also said the sentiment of both domestic and foreign investors was severely dented, which continued throughout the year.

- Between January 01 and December 27, DSEX, the prime index of DSE, dropped 859 points or 14% to close the year at 5,385 on Thursday, the last trading day of 2018.

- Market capitalisation of the prime bourse also fell by 8.42% over the previous year to BDT 3,872 billion.

- The daily turnover, another important gauge, stood at BDT 5.52 billion on an average, down by 37% year-on-year in 2018.

<http://today.thefinancialexpress.com.bd/public/first-page/dsex-slumps-14pc-market-cap-sheds-842pc-in-2018-1545932650>

<https://www.dhakatribune.com/business/stock/2018/12/28/stock-market-remained-depressed-throughout-2018>

http://www.newagebd.net/article/60143/dse-loses-BDT_-35599cr-in-market-cap-gp-worst-hit

over-the-counter (OTC) share trading jumps 99%

- Although the prime index of Dhaka Stock Exchange (DSE) dived 14% year on year in 2018, share transactions on the over-the-counter (OTC) market jumped 99% in the outgoing calendar year.
- Shares of the companies which were de-listed from the main trading floor are traded on the over-the-counter (OTC) market.
- Between January 01 and December 27, 2018, about 21.69 million shares worth over BDT 703 million were traded in the OTC market.
- In 2017, about 10.88 million shares were traded in the OTC trading floor, generating a turnover of BDT 728 million.
- While the daily turnover on the main trading floor stood at BDT 5.52 billion on an average in 2018, the OTC market witnessed a total turnover worth only BDT 703 million in 2018.

<http://today.thefinancialexpress.com.bd/public/stock-corporate/otc-share-trading-jumps-99pc-1546015087>

Portfolio investments see 26% fall in 2018

- Share transactions in portfolio investments declined 26% in 2018 compared to the previous year.
- According to information of Dhaka Stock Exchange (DSE), the portfolio investments witnessed transactions worth above BDT 95.85 billion in 2018.
- The market operators said foreign portfolio investments declined in 2018 due to some reasons including fluctuations of foreign currency rate.
- The transactions executed in foreign portfolios captured 6.32% of the total turnover observed in 2018 on the premier bourse.

<http://today.thefinancialexpress.com.bd/public/stock-corporate/portfolio-investments-see-26pc-fall-in-2018-1546096859>

Khulna Power, United Power jointly grab top position

- Top 10 turnover leaders featured a total transaction of above BDT 262.60 billion on the Dhaka Stock Exchange (DSE) in the outgoing calendar year.
- During the year, the premier bourse featured a total turnover of above BDT 1.33 trillion in 242 trading sessions.
- The exchange's average daily turnover was above BDT 5.52 billion, according to the information of the DSE.

- The companies which grabbed the list of top 10 turnover leaders were Khulna Power Company, United Power Generation & Distribution Company, BBS Cables, IFAD Autos, Square Pharmaceuticals, Beximco, Grameenphone, Monno Ceramic Industries, BRAC Bank and Dragon Sweater and Spinning.

- Khulna Power Company and United Power Generation & Distribution Company became the joint turnover leaders after featuring a transaction of above BDT 37.50 billion in 2018. During the year, the company's snared 6.79% of the DSE's daily average turnover observed in 2018.

<http://today.thefinancialexpress.com.bd/public/stock-corporate/khulna-power-united-power-jointly-grab-top-position-1546097010>

Foreign funds at DSE negative after 7 years as stocks sink 13.7% in 2018

- The net foreign investment at Dhaka Stock Exchange turned negative in 2018, first time since the 2010 market crash, amid a fall in share prices in the year.
- In 2018, the net foreign investment dipped to BDT 5.93 billion negative, which was BDT 17.05 billion positive in the previous year.
- Experts said the foreign investment at the country's premier bourse remained negative in nine months of the outgoing year as the overseas investors faced a number of issues including political uncertainties in the election year, depreciation of the BDT against the USD and woes in the country's banking sector.

<http://www.newagebd.net/article/60053/foreign-funds-at-dse-negative-after-7yrs-as-stocks-sink-137pc-in-2018>

Net foreign investment at Dhaka Stock Exchange (DSE) negative last year

- Foreign investment in Dhaka Stock Exchange (DSE) fell drastically in the just-concluded year, as compared to 2017.
- In 2018, net foreign investment dipped to negative BDT 5.93 billion, which was BDT 17.05 billion positive during 2017, according to data from the premier bourse.
- Foreigners bought shares worth BDT 44.96 billion, against their share sales of BDT 50.90 billion last year. But in 2017, overseas investors had bought shares worth BDT 65.76 billion, against their share sales of BDT 48.71 billion.

- Experts said foreign investment in the country's premier bourse remained positive for only three months (January, March and September) of the outgoing year as overseas investors faced a number of issues, including political uncertainties in election year, depreciation of the Taka against the US dollar, and woes in the country's banking sector.

<https://www.dhakatribune.com/business/stock/2019/01/01/net-foreign-investment-at-dse-negative-last-year>

Delta Brac Housing Finance Corporation (DBH) to issue BDT 3.0 billion zero coupon bonds

- The board of directors of Delta Brac Housing Finance Corporation (DBH) has decided to issue non-convertible zero coupon bonds of BDT 3.0 billion (in face value).
- The bond will be multiple tranches and fund will be raised through private placement, according to a disclosure.
- Tenure of the bond will be from six months and up to five years from the issue date subject to the approval of the regulatory authorities like Bangladesh Bank (BB) and Bangladesh Securities and Exchange Commission (BSEC), said the disclosure.

<http://today.thefinancialexpress.com.bd/stock-corporate/dbh-to-issue-BDT-30b-zero-coupon-bonds-1546358307>

Government's tax collection from Dhaka Stock Exchange (DSE) drops by 24.42% in July-December

- The government's revenue collection from Dhaka Stock Exchange dropped by 24.42% or BDT 348.00 million in the first half (July-December) of the current financial year (2018-19) compared with that in the same period of the FY 2017-18 due mainly to a bearish trend at the market.
- National Board of Revenue in July-December of FY19 collected BDT 1.08 billion in tax including tax on turnover and tax on sponsor-directors' share sales against BDT 1.42 billion in the first half of FY18, DSE data showed.
- The government in the period (July-December) of FY19 received BDT 789.00 million in tax on turnover and BDT 287.70 million on sponsor- directors' share sales which was BDT 1.04 billion and BDT 387.10 million respectively in the same period of FY18.
- NBR in FY18 received BDT 2.37 billion in tax from DSE against its receipt of BDT 2.48 billion in FY17.
- Under the Income Tax Ordinance 1984, DSE collects 0.05% tax on turnover, while sponsor-directors and placement holders are bound to pay 5% tax on their capital gain on shares sales

<http://www.newagebd.net/article/60665/govts-tax-collection-from-dse-drops-by-2442pc-in-jul-dec>