

Capital Market Overview

The market closed in red this week. The benchmark index DSEX (-2.58%) lost 127.60 points and closed the week at 4,810.22 points. The blue-chip index DS30 (-2.89%) lost 50.70 points and stood at 1,704.54 points. The shariah based index DSES (-2.20%) lost 25.01 points and stood at 1,111.36 points. DSEX, DS30 and DSES all posted negative YTD return of -10.68%, -9.37%, and -9.85% respectively.

Total Turnover During The Week (DSE): BDT 12.6 billion (USD 151.3 million)
Average Daily Turnover Value (ADTV): BDT 3.1 billion (Δ% Week: -19.7%)

Market P/E: 13.21x

Daily Index Movement during the Week:

The market performed four sessions during this week. Market opened this week with a negative movement of 0.43% in the first session. The market kept on declining further in the next 2 sessions at -0.46% and -0.65%, respectively. The negative trend continued and the market ended with a downward movement of 1.07% in the fourth session.

Sectoral Performance:

- All the financial sectors showed negative performance during this week. Mutual funds experienced the highest loss of 4.43% followed by NBFIs (-4.08%), Life Insurance (-3.24%), General Insurance (-2.87%), and Banks (-1.81%).
- All the non-financial sectors posted negative performance during this week. Power experienced the highest loss of 5.13% followed by Engineering (-4.48%), Telecommunication (-3.48%), Food & Allied (-3.24%), and Pharmaceuticals (-0.35%).

Macroeconomic arena:

- The net sales of national savings certificates dropped by 59.59% year-on-year in the July-August period of the current fiscal year of 2019-2020. In July-August of FY20, the government sold NSCs worth BDT 113.05 billion against repayment of BDT 76.46 billion, taking the net sales of the government's borrowing tools to BDT 36.6 billion against BDT 90.57 billion in the same period last year, according to a report of the Department of National Savings. In August this year, the net sales of NSCs dropped by 62.71% year-on-year to BDT 14.99 billion after declining by 57.1% to BDT 21.60 billion in July this year. With the borrowing in 86 days of FY20, the government's outstanding bank borrowing increased to BDT 1287.53 billion on September 24 this year against BDT 894.22 billion on September 24 last year.
- Banks' loan recovery momentum slowed down in the second quarter of 2019 as many defaulters showed unwillingness to pay back loans to enjoy the central bank's relaxed rescheduling facility. Between the months of April and June, BDT 54.54 billion was recovered, down 7.22% year-on-year, according to data from Bangladesh Bank. As of June 30, total default loans in the banking sector stood at BDT 1124.25 billion, up 25.83% year-on-year.
- The overall weighted average interest rate spread in the country's banking sector has come down to 4% points amid a deposit rate rise triggered by liquidity crisis in the sector. The average spread in the private commercial banks dropped to 4.12% points on Monday from 4.42% points in January this year. The average interest rate spread in the state-owned banks fell marginally to 2.19% points from 2.22% points. In the specialized banks, the average spread dropped to 1.84% points from 1.85% points. The average spread in the foreign commercial banks, however, increased to 6.73% points on Monday from 6.22% points in January this year.
- The country's export earnings from goods during the first three months of the current fiscal year (FY), 2019-20, fell by nearly 3.0 per cent to \$9.64 billion, compared to the same period of last fiscal. The figure for July-September of FY '19 was \$9.94 billion. Earnings from the export of RMG products during the July-September period of FY '20 stood at \$8.05 billion, down 1.64 per cent from \$8.19 billion in the corresponding period of last fiscal, according to EPB data.

Stock Market arena:

- The government has proposed forming a committee comprising neutral and subject-related experts to evaluate the audit findings of Grameenphone and Robi that have led to fiercely contested claims of BDT 134.46 billion.
- United Mymensingh Power Limited, one of the corporate directors of United Power Generation and Distribution Company, has cancelled its decision to sell twenty million shares in UPGDCL to GEM Global Yield Fund after making a public disclosure over the share sales plan. UMPL and UPGDCL are two concerns of United Group.

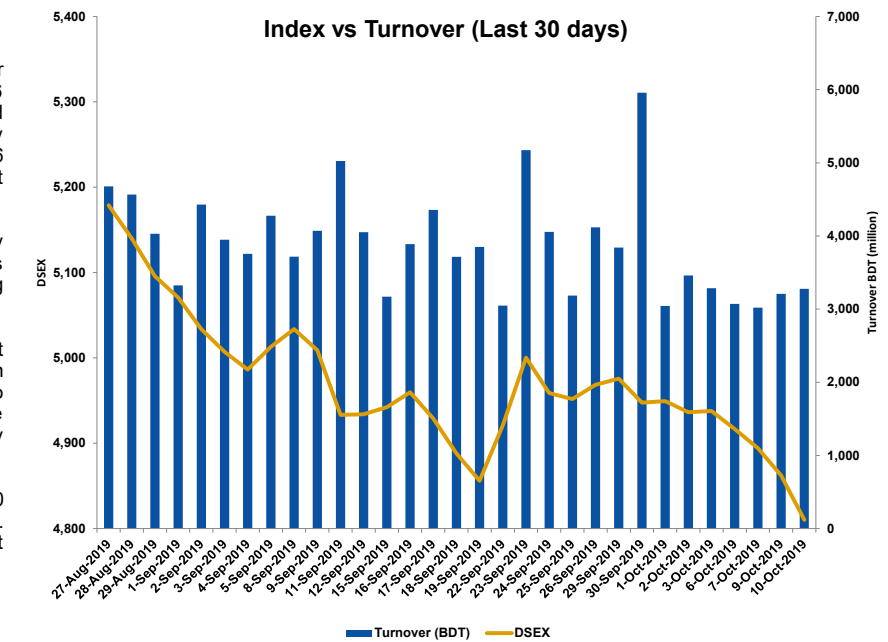
Table 1: Index

Index	Closing	Opening	Δ(Pts)	27-Dec-2018	Δ% Week	Δ%YTD
DSEX	4,810.22	4,937.82	-127.60	5,385.64	-2.58%	-10.68%
DS30	1,704.54	1,755.24	-50.70	1,880.78	-2.89%	-9.37%
DSES	1,111.36	1,136.37	-25.01	1,232.82	-2.20%	-9.85%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	14,704,216.1	18,693,787.7	-21.3%
	Mn USD	176,882.2	224,874.1	
Turnover	Mn BDT	12,579.5	19,588.8	-35.8%
	Mn USD	151.3	235.6	
Average Daily Turnover	Mn BDT	3,144.9	3,917.8	-19.7%
	Mn USD	37.8	47.1	
Volume	Mn Shares	394.8	692.1	-42.9%

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
M.L. Dyeing Limited	28.60	23.80	20.2%	5,505.3	17.56	17.6x	1.5x
Meghna Condensed Milk	16	13.90	18.0%	262.4	1.83	NM	NM
Atlas Bangladesh Ltd.	146.20	125.60	16.4%	4,843.2	276.49	NM	1.1x
National Tubes	195.70	172.80	13.3%	6,195.1	947.03	NM	1.1x
Prime Textile	27.10	24.20	12.0%	1,035.2	64.97	26.7x	0.7x
Shinepukur Ceramics	14.30	12.80	11.7%	2,101.6	19.67	31.1x	0.5x
Wata Chemicals Limited	691.60	634.10	9.1%	8,201.1	349.27	66.6x	10.9x
ICB Employees Provident MF 1 Scheme 1	5.60	5.20	7.7%	420.0	43.57	NM	0.5x
Usmania Glass	99.20	92.40	7.4%	1,727.2	94.53	NM	14.4x
Shurwid Industries Limited	23.20	21.80	6.4%	1,330.9	77.90	16.1x	2.1x

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Al-Haj Textile Mills Limited	38.70	48.30	-19.9%	863.0	15.64	NM	3.4x
SEML FBLSL Growth Fund	14.80	18.20	-18.7%	1,079.6	192.23	NM	1.5x
CAPM BDBL Mutual Fund 01	8.20	10.00	-18.0%	411.1	11.39	NM	0.8x
Phoenix Finance 1st Mutual Fund	6.10	7.30	-16.4%	366.0	37.11	NM	0.5x
Kattali Textile Limited	13.50	16.00	-15.6%	1,321.7	30.58	12.3x	0.8x
R.N. Spinning Mills Limited	4.30	5.00	-14.0%	1,687.9	16.62	9.5x	0.3x
National Polymer	79.80	91.60	-12.9%	2,912.0	107.57	22.4x	2.9x
Active Fine Chemicals Limited	18.50	21.20	-12.7%	4,438.8	45.76	4.4x	0.9x
United Airways (BD) Ltd.	1.40	1.60	-12.5%	1,159.3	7.77	NM	0.1x
Yeakin Polymer Limited	7.10	8.10	-12.3%	498.3	6.29	185.3x	0.6x

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
National Tubes	195.70	172.80	13.3%	6,195.1	947.03	NM	1.1x
Standard Ceramic	740.50	707.40	4.7%	4,784.1	386.29	289.9x	58.3x
Wata Chemicals Limited	691.60	634.10	9.1%	8,201.1	349.27	66.6x	10.9x
Summit Power	41.60	41.60	0.0%	44,423.7	348.83	9.1x	1.7x
Square Pharmaceuticals	237.70	234.70	1.3%	187,547.3	345.80	15.4x	3.1x
Monno Jute Staffers	1,560.80	1,562.00	-0.1%	3,230.9	311.59	223.4x	131.8x
Atlas Bangladesh Ltd.	146.20	125.60	16.4%	4,843.2	276.49	NM	1.1x
Beacon Pharmaceuticals Limited	28.20	28.70	-1.7%	6,514.2	274.98	37.0x	2.2x
Bangladesh Shipping Corporation	53.50	52.20	2.5%	8,160.6	265.33	35.3x	0.5x
Stylecraft Limited	680.70	741.30	-8.2%	3,436.9	218.86	83.0x	10.9x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Pragati Insurance	39.20	50.34%	2,571.1	13.3x
Marico Bangladesh Limited	1,742.30	45.17%	54,882.5	23.7x
Power Grid Co. of Bangladesh Ltd.	59.10	23.13%	27,240.0	8.4x
Singer Bangladesh	207.00	21.65%	20,638.5	20.0x
Atlas Bangladesh Ltd.	146.20	19.93%	4,843.2	NM
Pioneer Insurance	34.30	17.87%	2,400.3	8.4x
Dutch-Bangla Bank	67.20	16.34%	33,600.0	7.5x
Glaxo Smithkline	1,674.00	15.43%	20,165.8	NM
Berger Paints	1,516.20	12.80%	70,318.1	31.7x
The Premier Bank	11.20	10.56%	10,349.8	3.8x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1337.39	1362.04	1428.63	-1.81%	-6.39%
NBFIs	1616.35	1685.05	2087.55	-4.08%	-22.57%
Mutual Funds	626.94	655.98	644.52	-4.43%	-2.73%
General Insurance	1869.55	1924.84	1488.77	-2.87%	25.58%
Life Insurance	2077.66	2147.20	2251.96	-3.24%	-7.74%
Telecommunication	4671.69	4840.00	5088.05	-3.48%	-8.18%
Pharmaceuticals	2745.51	2755.08	2698.49	-0.35%	1.74%
Fuel & Power	1678.52	1769.24	1745.15	-5.13%	-3.82%
Cement	1254.06	1303.87	1676.63	-3.82%	-25.20%
Services & Real Estate	878.84	912.77	1017.99	-3.72%	-13.67%
Engineering	2658.46	2783.16	2933.11	-4.48%	-9.36%
Food & Allied	13890.10	14354.72	15034.05	-3.24%	-7.61%
IT	1702.22	1785.70	1545.46	-4.67%	10.14%
Textiles	1079.51	1132.33	1461.18	-4.67%	-26.12%
Paper & Printing	5406.29	5843.10	9105.21	-7.48%	-40.62%
Tannery	2135.80	2201.42	2560.38	-2.98%	-16.58%
Jute	14320.34	15451.29	21417.92	-7.32%	-33.14%
Ceramics	528.44	535.19	579.64	-1.26%	-8.83%
Miscellaneous	1969.70	2004.81	1943.42	-1.75%	1.35%

Table 7: Sector Trading Matrix

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Banks	167.5	259.1	-35.33%	5.51%	7.2x	0.8x
NBFIs	52.9	143.1	-63.04%	1.74%	26.9x	2.0x
Mutual Funds	252.1	276.2	-8.73%	8.29%	NM	0.5x
General Insurance	222.9	503.5	-55.73%	7.33%	13.9x	1.2x
Life Insurance	28.5	47.8	-40.35%	0.94%	NM	8.6x
Telecommunication	87.3	137.1	-36.31%	2.87%	12.7x	9.7x
Pharmaceuticals	470.2	408.8	15.01%	15.46%	19.5x	2.5x
Fuel & Power	256.9	262.9	-2.26%	8.45%	11.1x	1.9x
Cement	13.7	16.7	-18.21%	0.45%	26.2x	2.3x
Services & Real Estate	22.4	34.0	-34.01%	0.74%	NM	0.7x
Engineering	646.8	521.0	24.14%	21.27%	13.7x	1.6x
Food & Allied	88.6	92.3	-4.05%	2.91%	28.0x	8.1x
IT	61.1	64.0	-4.49%	2.01%	21.3x	2.7x
Textiles	245.2	284.1	-13.69%	8.07%	14.3x	0.8x
Paper & Printing	10.1	10.9	-8.08%	0.33%	16.8x	1.4x
Tannery	68.1	108.1	-36.97%	2.24%	20.6x	2.4x
Jute	22.8	23.2	-1.59%	0.75%	NM	6.5x
Ceramics	153.5	147.6	4.05%	5.05%	20.7x	2.0x
Miscellaneous	170.0	176.7	-3.78%	5.59%	23.3x	1.1x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
International Leasing	5.40	-58.61%	1,197.8	23.7x
IFAD Autos Limited	51.90	-52.12%	12,870.7	9.1x
United Airways (BD) Ltd.	1.40	-51.72%	1,159.3	NM
Heidelberg Cement	194.60	-41.86%	10,995.6	26.0x
Aftab Automobiles Limited	28.20	-38.56%	2,699.7	15.2x
AB Bank Limited	7.80	-35.00%	5,913.4	NM
Lankabangla Finance	15.30	-33.19%	7,851.6	17.7x
IDLC Finance Ltd.	46.70	-33.00%	17,608.3	8.3x
BBS Cables Limited	71.40	-25.86%	11,331.2	7.2x
Prime Finance	7.10	-25.26%	1,937.7	3.5x

Important News: Business & Economy

National Savings Certificate (NSC) sales slump by 60% in July-Aug on tightened process, interest tax hike

- The net sales of national savings certificates dropped by 59.59% year-on-year in the July-August period of the current fiscal year of 2019-2020 because of tightening of sales process and hike in tax on interest. In July-August of FY20, the government sold NSCs worth BDT 113.05 billion against repayment of BDT 76.46 billion, taking the net sales of the government's borrowing tools to BDT 36.6 billion against BDT 90.57 billion in the same period last year, according to a report of the Department of National Savings. In August this year, the net sales of NSCs dropped by 62.71% year-on-year to BDT 14.99 billion after declining by 57.1% to BDT 21.60 billion in July this year.

- Officials of the banks said that the launch of the NSC online management system might be a reason for the fall in NSC sales. Although the system brought transparency to the NSC management and convenience for the beneficiaries, it forced another section of people especially the high net worth individuals to refrain from excessive purchase of NSCs. Besides, increased rate of source tax on savings tools might be another reason for the sharp drop in NSC sales. In the budget for FY20, the government increased the tax rate by two fold to 10%. However, the tax rate would be 5%, with an effect from August 28 this year, on interest income from investment on NSCs worth up to BDT 0.5 million.

- With the borrowing in 86 days of FY20, the government's outstanding bank borrowing increased to BDT 1287.53 billion on September 24 this year against BDT 894.22 billion on September 24 last year.

<http://www.newagebd.net/article/87160/nsc-sales-slump-by-60pc-in-july-aug-on-tightened-process-interest-tax-hike>
<https://www.dhakatribune.com/business/2019/10/09/sale-of-savings-tools-falls-by-62-72-in-august-due-to-higher-tax>

GDP growth rate likely to reach targeted 8.20% in FY20: Bangladesh Bank (BB)

- Bangladesh Bank is expecting that the growth rate of the country's Gross Domestic Product (GDP) will achieve 8.20% target in the current fiscal year (FY20). The Bangladesh Bank Quarterly, released on Wednesday, made the prediction despite mentioning a number of downside risks. Looking ahead, economic growth outlook is expected to remain strong at the targeted level (8.2%) and inflation remains at below the targeted level (5.5%) in FY20, said the central bank's report.

- The report, however, pointed out that some external and internal factors are the likelihood of downside risk of economic growth prospect. The external risk factors include sluggish global growth, disrupting supply chain by the escalating trade war, Brexit-related uncertainty, and rising geopolitical tension. According to the central bank, domestic risk factors are managing high Non-Performing Loan (NPL) and tight liquidity condition mainly due to slower growth of deposit.

<http://thefinancialexpress.com.bd/economy/gdp-growth-rate-likely-to-reach-targeted-820pc-in-fy20-bb-1570604790>

Bangladesh economy still least competitive

- Bangladesh has slipped two spots, dropping to the 105th as competitive economy in an index produced by the World Economic Forum (WEF). Last year, Bangladesh ranked the 103rd out of 140 countries, scoring 52.1. The global competitiveness index means the ability of a country to achieve sustained high rates of economic growth in per capita GDP. Bangladesh's per capita income now stands at USD 1,744.5.

- The Centre for Policy Dialogue (CPD) said institutions and governance are the weakest areas in the business competitiveness, where majority of indicators have deteriorated. A research director at the CPD said the extent of corruption has further increased this year, which has squeezed the scope for doing business, especially by the new entrants. He also said Bangladesh position has fallen because other countries have advanced much faster than it has.

<http://today.thefinancialexpress.com.bd/first-page/bd-economy-still-least-competitive-1570639184>

<https://www.thedailystar.net/business/news/bangladesh-slips-global-competitiveness-ranking-1811671>

<http://www.newagebd.net/article/87121/bangladesh-slips-two-notches-in-business-competitiveness>

<https://www.dhakatribune.com/business/2019/10/09/bangladesh-slips-2-notches-in-global-competitiveness-report>

Loan recovery slows in Q2

- Banks' loan recovery momentum slowed down in the second quarter of 2019 as many defaulters showed unwillingness to pay back loans to enjoy the central bank's relaxed rescheduling facility. Between the months of April and June, BDT 54.54 billion was recovered, down 7.22% year-on-year, according to data from Bangladesh Bank.

- As of June 30, total default loans in the banking sector stood at BDT 1124.25 billion, up 25.83% year-on-year.

- Besides, the insufficient recovery has also hit the ongoing liquidity crisis in the banking sector, eroding the banks' capacity to disburse fresh loans, he said. Besides, the central bank's relaxed policy for loan rescheduling had not been in force on time due to the stay order given by the High Court, which also put an impact on the recovery process.

<https://www.thedailystar.net/business/banking/news/loan-recovery-slows-q2-1811266>

Interest rate spread drops to 4%

- The overall weighted average interest rate spread in the country's banking sector has come down to 4% points amid a deposit rate rise triggered by liquidity crisis in the sector. The weighted average interest rate is the difference between the weighted average lending rate and the weighted average deposit rate of banks. Although the overall spread in the banking sector dropped, 30 banks still have the spread above the Bangladesh Bank-set limit of 4% points. However, the spread in 36 banks was above 4% points in March last year when the Bangladesh Bank reduced it by 1% points from 5% points as part of the government's move to bring down the lending and deposit rates to 9% and 6% respectively.

- The average spread in the private commercial banks dropped to 4.12% points on Monday

from 4.42% points in January this year. The average interest rate spread in the state-owned banks fell marginally to 2.19% points from 2.22% points. In the specialized banks, the average spread dropped to 1.84% points from 1.85% points. The average spread in the foreign commercial banks, however, increased to 6.73% points on Monday from 6.22% points in January this year. Association of Bankers, Bangladesh chairman said that although the banks were forced to increase deposit rate, there was no scope for increasing the lending rate. As a result, the weighted average interest rate spread in the banking sector dropped to 4% points.

- Besides, a rise in the non-performing loans in the country's banking sector might be another reason for the decrease in spread, he said. However, the rate has come down to the BB-set limit, he added. Around 20 banks have been hunting for deposits aggressively since January last year when the BB instructed to bring down advance deposit rate to 83.5%. Due to the instruction, many banks had offered even more than 10% interest rate to attract depositors, contradicting the government move to bring down deposit rate to 6%.

<http://www.newagebd.net/article/87039/interest-rate-spread-drops-to-4pt>

Higher yield entices foreigners back to bond market

- Foreign nationals have renewed their interest in investing in the country's treasury bonds as the yield rates have gone up on the back of government's rising appetite for funds. The overseas investors until recently stayed away from investing in the fixed income instruments as the yield rates were much lower, central bankers said. But the volume of their investment came to zero in December last which people familiar with the development believe that the low yield rate was the main reason behind it. The yield rates shot up significantly in recent times, he said, adding that the foreigners' interest is growing mainly for higher yield rates.

- Economists viewed that the bonds had lost its appeal not only for lower yield rates, but also for "exchange rate loss." If local currency depreciates foreigners get lower return. They also said many don't show interest in such an instrument because it is "illiquid" in nature. An executive director at Policy Research Institute of Bangladesh (PRI), said the treasury bond market in real sense has no secondary market and investors cannot encash before maturity. Currently, there is a "managed" secondary bond market managed by around 40 banks and financial institutions.

- Noting the instrument is illiquid a former lead economist of the World Bank in Dhaka said that if the local currency appreciates, investors cannot sell immediately due to lack of a secondary market. This inherent problem should be addressed, he added. Bonds purchased by a non-resident may freely be resold to any resident or non-resident person. Non-resident individuals and institutional investors are eligible for purchasing the bonds through primary dealers.

<http://today.thefinancialexpress.com.bd/first-page/higher-yield-entices-foreigners-back-to-bond-market-1570557293>

Overseas jobs decline 15% in Q3

- The overseas jobs declined by more than 15% in the third quarter (Q3) of the current calendar year than that of the corresponding period of previous year, according to official figures. During the January-September period in 2019, some 469,275 Bangladeshis found jobs abroad. The number of outbound workers was 555,393 in the nine-month period in

2018, Bureau of Manpower Employment and Training (BMET) data said.

- However, the inflow of remittances grew by more than 16% in the first quarter (Q1) of current fiscal year (FY). The flow of inward remittances rose to USD 4.51 billion during the July-September period of FY 2019-20 from USD 3.87 billion in the same period of the previous fiscal, according to the central bank's latest statistics.

<http://today.thefinancialexpress.com.bd/trade-market/overseas-jobs-decline-15pc-in-q3-1570470565?date=08-10-2019>

Goods export earnings drop in July-Sept

- The country's export earnings from goods during the first three months of the current fiscal year (FY), 2019-20, fell by nearly 3.0 per cent to \$9.64 billion, compared to the same period of last fiscal. The figure for July-September of FY '19 was \$9.94 billion. Exporters and officials attributed the negative growth of overall exports to poor performance of major items, including readymade garment (RMG), leather and leather products, home textile, frozen and live fish and agricultural products, which accounted for about 92 per cent of the total earnings.

- Earnings from the export of RMG products during the July-September period of FY '20 stood at \$8.05 billion, down 1.64 per cent from \$8.19 billion in the corresponding period of last fiscal, according to EPB data. When asked about the poor performance, President of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) said the number of work orders had declined and that the trend might continue in the coming months. The country is facing tough competition with Vietnam and that the sustained growth is not easy at this point, she said.

<http://today.thefinancialexpress.com.bd/first-page/goods-export-earnings-drop-in-july-sept-1570383232>

<http://www.newagebd.net/article/86844/q1-export-earnings-dip-in-warning-sign>
<https://www.dhakatribune.com/business/2019/10/06/exports-dip-by-7-3-in-september>

Taka weakens as demand for dollar soars

- The exchange rate of Bangladesh Taka depreciated significantly against the US dollar on Thursday, accelerated by the higher demand for the greenback to settle import bills. The local currency lost its value by 15 poisha in the inter-bank foreign exchange market after nearly four months, according to market operators. The US dollar was quoted at BDT 84.65 each in the inter-bank forex market on the day against BDT 84.50 of the previous working day, they said.

- Senior bankers predicted the exchange rate of taka would be depreciated in the near future to ensure competitiveness of the exporters in the global market. India, Pakistan, Vietnam and China treated as main competitors of Bangladesh in the international market have already depreciated their currencies substantially against the greenback, they said.

<http://today.thefinancialexpress.com.bd/first-page/taka-weakens-as-demand-for-dollar-soars-1570126331?date=04-10-2019>

Exports to India remain dismal

• Despite sharing a long border, Bangladesh is still a very tiny source for merchandise for India due to a lack of diversification of products and non-tariff barriers. India's annual merchandise import amounts to USD 500 billion, in which Bangladesh's share is only 0.2%, or a little above USD 1 billion, even though duty-free facilities have existed since 2011 for all local products save for 25 alcoholic and beverage items. In fiscal 2018-19, Bangladesh's merchandise shipments to India were USD 1.24 billion, crossing the USD 1 billion-mark for the first time, according to data from the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI). Garment items dominate Bangladesh's exports to India as its demand among the growing middle-income customers is high. Bangladesh also exports home textile, processed food, cement, furniture, leather and leather goods, but the volume is very small.

• Bangladesh's garment export to India is on the rise thanks to the presence of global retail giants like H&M, Zara, Mango, Wal-Mart in the neighboring country. All the retailers source from Bangladesh heavily. However the President of the India Bangladesh Chamber of Commerce and Industry, said some 40 Indian companies have their operations in Bangladesh and they send back the goods produced here to India, especially to the Northeastern states.

<https://www.thedailystar.net/business/news/exports-india-remain-dismal-1809211>

Foreign loan fuels bank liquidity: Bangladesh Bank (BB)

• The growth of liquidity in the country's banking system is positively linked with the change in foreign credit flow, according to a study conducted by some researchers of the Bangladesh Bank (BB). The study also finds that the difference between real return of savings certificates rate and real bank deposit rate negatively influences liquidity in the banking sector. Their exercise showed that the banking system liquidity may increase by 1.87% for 1.0% growth in foreign credit inflow. According to the BB statistics, total outstanding foreign credit or external debt of the country stood at USD 55.16 billion at the end of December 2018, which was USD 50.31 billion at the end of December 2017. Thus net inflow of external debt stood at USD 4.85 billion last year.

• Again, as per the exercise, if the gap between the real government savings certificate rate and the real bank deposit rate expands by 1.0 percentage point, bank liquidity may drop by 24 basis points. Average yield rate of different savings certificates now stands at around 11.40%, while average bank deposit rate is 5.60%. Moreover, average yield rates of the government treasury bonds with different maturity range between 5.30% and 8.40%. They also showed that call money rate has inverse association with bank liquidity. Some 1.0 percentage point increase in call money rate may reduce bank liquidity by 4.0 basis points.

<http://today.thefinancialexpress.com.bd/first-page/foreign-loan-fuels-bank-liquidity-1570126210?date=04-10-2019>

Source tax on export to be slashed

• The National Board of Revenue is likely to reduce source tax on proceeds from all export items, including apparels, to 0.25% to help increase competitiveness of local products in international markets, said a senior official yesterday.

• The move followed demands from garments and knitwear manufacturers and exporters after the withholding tax on export earnings went up to 1% on the first day of July because of expiry of reduced source tax benefit on June 30 this year. The tax authority reduced

advance or source tax on export earnings of readymade garments twice last fiscal year -- from 1% to 0.60% to 0.25%-- in the face of demands from apparel makers.

<https://www.thedailystar.net/business/news/source-tax-export-be-slashed-1809208>

Jute goods makers get a shot in the arm

• Jute goods makers have got a shot in the arm from the National Board of Revenue, which has extended reduced tax benefit to them until fiscal 2022-23. At present, jute goods manufacturers pay 10% tax on their export income instead of 35%. But that privilege was due to expire in June next year. Now, the revenue authority has extended the benefit not only by three years but has also expanded it to those who do not export. In other words, jute goods makers would now pay 10% tax on their income.

• Backed by the availability of raw jute for domestic cultivation, the industry depends largely on exports as the domestic market for jute goods such as sacks and bags is not big enough. In recent years, export of jute and jute goods has been oscillating thanks to the crisis in the Middle East and the anti-dumping duty slapped by India in January 2017. In fiscal 2018-19, jute and jute goods exports dropped 20%. In the first quarter of the fiscal year, it edged up 2%, according to data from the Export Promotion Bureau (EPB). Taxmen said the reduced tax benefit has been provided so that the sector recovers from its present situation.

<https://www.thedailystar.net/business/news/jute-goods-makers-get-shot-the-arm-1811263>

RMG export to US grows 11.8% in Jan-Aug period

• The country's readymade garment (RMG) export to the US during first eight months of 2019 registered 11.81% growth to USD 4.08 billion compared to that of 2018, according to official data. Bangladesh fetched USD 3.65 billion during January-August period of 2018, according to data of the Office of Textiles and Apparel under the US Department of Commerce released on Friday. Experts and exporters have attributed the growth to shifting work orders from China due to the rising cost there and ongoing trade war between the US and China.

• A recent study of Asian Development Bank also said that the trade war between China and the US has become a boon for Bangladesh and the country has started benefiting since 2017 when the trade tensions between the world's two largest economies flared up. The US imported a total of USD 4.23 billion in textile and apparel items from Bangladesh during January-August period of 2019, it showed.

• On the other hand, the US import of apparel from China was still high though witnessed a sluggish 1.99% growth to USD 17.55 billion during the period. Meanwhile, the garment exports of Vietnam grew by 12.17% to USD 9.06 billion and India witnessed 8.19% rise to USD 2.94 billion during the same period. Indonesian apparel exports registered a 0.37% negative growth to USD 3.0 billion during the period. Apparel exports of Cambodia to US in January-August period of 2019 grew by 8.58% to USD 1.72 billion while the exports of Mexico fell by 3.58% to USD 2.17 billion, the OTEXA data showed.

<http://today.thefinancialexpress.com.bd/trade-market/rmg-export-to-us-grows-118pc-in-jan-aug-period-1570286428>
<http://www.newagebd.net/article/86729/rmg-exports-to-us-grow-118pc-in-jan-aug>

96% bikes made locally

- Today, around 96% of the two-wheelers plying on the roads are either locally manufactured or assembled, industry people said. Seven firms – Japanese brands Honda, Suzuki, Yamaha, India's Bajaj, TVS and Hero, and Runner Automobiles of Bangladesh – have made the country almost self-sufficient in motorbike manufacturing or assembly in the fast growing market.

- Operators now predict that the market would grow many folds in the next two-three years because of rising incomes, steady growth of economy and favorable policy and tariff structure. Around 1,600 units of motorbikes are sold every day in the country, nearly doubling from 900 units in 2016, according to market players. Last year, about 480,000 bikes were sold, up from 387,000 units in 2017 and 270,000 units in 2016. Assuming the price of a motorbike is BDT 100,000 on an average, the total sales figure would be around BDT 50 billion a year, almost equivalent to the market size of four-wheelers.

- Runner Automobiles showed the courage to set up the country's first automobile manufacturing plant in 2007 at Bhaluka in Mymensingh. The bike manufacturing began in 2010. The chairman of Runner Automobiles and also the president of the Bangladesh Motorcycle Manufacturers and Exporters Association, said the plant is manufacturing bikes in 14 models. Runner Automobiles makes almost all components needed to produce a bike except for some basic parts of the engine, he said, emphasizing on developing backward linkage, which is vital to expand capacity.

- Hero, one of the fastest growing brands in Bangladesh, established an assembly plant four years ago under a joint venture with Nitol-Niloy Group. The facility was upgraded to a manufacturing unit in 2018. The plant manufactures 125,000 units per year although it has capacity to manufacture more than 200,000 units.

<https://www.thedailystar.net/business/news/96pc-bikes-made-locally-1809223>

Sanofi says no plan to exit, employees state otherwise

- Sanofi has sent out a letter to medical professionals reassuring them that the French pharma giant was not leaving Bangladesh -- a move that its 1,000 employees say is nothing more than an eyewash. Despite some speculative comments made in the media recently, it is not our intention to shut down in Bangladesh, said the letter signed by the Country Chairman and General Manager of Sanofi Bangladesh, and the Managing Director.

- The letter went on to cite the launch of Toujeo (insulin glargine 300U/ml), Sanofi's original product for diabetes management, last month as proof of the company's commitment to Bangladesh.

<https://www.thedailystar.net/business/news/sanofi-says-no-plan-exit-employees-state-otherwise-1809226>

Important News: Capital Market

Alhaj Textile Mills laid off, shares tumble

- Publicly listed company Alhaj Textile Mills Limited has stopped its production for an

indefinite period amid a severe fall in yarn sales. The board of directors of Alhaj Textile Mills decided to lay off the factory for an indefinite period. The company also decided to lay off its workforce, added the declaration. Earlier, the textile mill's production was suspended for four times for different durations. They still have unsold yarns worth BDT 28 crore lying in the warehouse, said a senior official. Alhaj Textile Mills' management decided to retrench the staff and workers of the mills with effect from October 8, 2019 as per Bangladesh Labor Law section 16(7) and 20(2) (KA)

- The disclosure also informed that the mills would reopen subject to improvement of the market situation. Yarn manufacturers blamed the devaluation of the Taka against the US dollar, misuse of bonded warehouse facility, smuggled yarn, and cheap Indian yarn that is often imported through trade misinvoicing for the present dismal situation of Alhaj. They said more textile mills would follow suit, if situation did not improve.

<https://www.dhakatribune.com/business/2019/10/09/alhaj-textile-mills-laid-off-shares-tumble>

Neutral panel to evaluate Bangladesh Telecommunication Regulatory Commission (BTRC)'s audit findings

- The government has proposed forming a committee comprising neutral and subject-related experts to evaluate the audit findings of Grameenphone and Robi that have led to fiercely contested claims of BDT 134.46 billion.

- The meeting has decided on five points and formation of a committee is one of them. The committee would have members approved by the two operators and the Bangladesh Telecommunication Regulatory Commission. The committee will also fix the methodology for evaluation and the operators will have to accept the report, said a top-placed source of the meeting. And before the committee gets to work, the mobile operators will have to put in certain deposits.

- The committee also decided that the mobile operators will withdraw the cases that they have filed in the lower court and the telecom regulator will also withdraw the show-cause notice.

<https://www.thedailystar.net/business/news/neutral-panel-evaluate-btrcs-audit-findings-1810864>

Japanese company buys 22% stake of Summit Power

- Japan's JERA Co has acquired a 22% stake in Summit Power International for USD 330 million, the companies said on Monday, to enable the establishment of major energy infrastructure projects in Bangladesh, reports Reuters. That means Summit Power International's total equity value is USD 1.5 billion. Singapore-based Summit Power International is the holding company for all power assets of Bangladesh's Summit Group, while JERA is a joint venture between Tokyo Electric Power and Chubu Electric Power Co.

- The partnership will support Summit Group's investment plan of USD 3.0 billion by 2022 in Bangladesh, Summit Group's chairman said in the statement. Summit Power, the largest independent power producer in the country, owns and operates power generation facilities that produce approximately about 12% of the country's capacity. The company is currently constructing power generation facilities with a capacity of approximately 590 megawatts and, with several new projects also being planned, significant growth is expected in the future. Bangladesh currently has a capacity to produce 18,000 megawatts of electricity per

day, said the country's junior minister of power, energy and mineral resources, adding that it aims to increase it to 24,000 megawatts per day by 2021.

- JERA said in a separate statement that it has positioned Bangladesh as a priority country for investment due to an expected rapid rise in electricity demand along with steady economic growth in the South Asian country. In September, JERA agreed to acquire stakes in a gas-based combined cycle power project in Bangladesh now under development by Reliance Power. Under the agreement, signed with India's Reliance Power, it will acquire 49% of the project with combined capacity of 750MW. The project will be set up in Narayanganj's Meghnaghat, 40km southeast of Dhaka.

<http://today.thefinancialexpress.com.bd/first-page/japanese-co-buys-22pc-stake-of-summit-power-1570471239?date=08-10-2019>

<https://www.dhakatribune.com/business/2019/10/07/jera-invests-330m-to-buy-22-stake-in-summit>

<https://www.thedailystar.net/business/news/japans-jera-acquires-22pc-stake-summit-power-330m-1810849>

Bangladesh Securities and Exchange Commission (BSEC) body suggests freezing shares of Z-category companies' directors

- A Bangladesh Securities and Exchange Commission committee has proposed freezing shares of sponsor-directors of the companies that have remained for years in the 'Z' category, which groups low-profile companies. A company must reconstitute its board if it remains in the 'Z' category for more than one year as per a BSEC notification issued in 2002, but the exiting companies in the category are yet to implement the BSEC order, the committee observed. BSEC officials said that the commission might give a short period of time to the sponsor-directors of 'Z' category companies to reconstitute their boards as per securities rules to avoid the penalty.

- They said that the commission might make decision on the proposal soon. The committee has recently placed the recommendation before the commission. According to the notification issued in 2002, the existing board of directors of the issuer company of a listed security which remains in the 'Z' category for one year or more must be reconstituted by holding an extraordinary general meeting within six months. The board of directors of 'Z' category companies so far have not reconstituted the boards, and dissolving board of a company and appointing administrator to the board are not within the jurisdiction of the BSEC, BSEC officials said. Hence, the regulator has to think differently to implement its notification.

- BSEC officials also said that the commission might impose more restrictions on the boards of directors of the 'Z' category companies along with freezing their beneficiary owners' accounts. They said the BSEC would discuss the issue with the stock exchanges and the Central Depository Bangladesh Limited. A 'Z' category company may avoid the restrictions if it declares dividend for the financial year 2018-19 as such declaration would upgrade its status, they said.

<http://www.newagebd.net/article/87041/bsec-body-suggests-freezing-shares-of-z-category-cos-directors>

Dhaka Stock Exchange (DSE), Shenzhen Stock Exchange (SZSE) joint initiative: V-Next launched to facilitate Chinese investment

- Dhaka Stock Exchange (DSE) and Shenzhen Stock Exchange (SZSE) jointly launched cross-border match-making platform called V-Next, a one-stop pitching mechanism among qualified investors, intermediaries and start-ups to promote the Small and Medium Enterprise Board. V-Next Alliance platform is designed to facilitate Chinese investment into prospective companies in Bangladesh through information dissemination, online live road show and face-to-face business seminars.

- This is an excellent opportunity for new entrepreneurs to get finance, the Acting Managing Director of DSE said, adding that the platform would facilitate auto-matchmaking. The objective was to build an ecosystem across the two countries to integrate financial intermediary services, institutional investors and projects, he said in his presentation.

- The V-Next so far achieved remarkable success in China, with over 11,000 institutional qualified investors registered and in excess of a 20% success rate in matching projects to capital, SZSE officials said.

- At Monday's programme, the BSEC chairman said some 10 small cap companies were in the pipeline to be listed with the DSE's SME platform. An SME company will get the listing approval soon, BSEC chairman added.

<https://www.dhakatribune.com/business/stock/2019/10/08/dse-szse-joint-initiative-v-next-launched-to-facilitate-chinese-investment>

Audit Claims: GP, Robi challenge legality of BTRC's show-cause notice

- Grameenphone and Robi have challenged the legality of the telecom regulator's show-cause notice on them asking to reply within 30 days why their licenses would not be cancelled for their failure to pay Tk 134.46 billion of dues. The show-cause notice was sent on September 5. The operators said they filed cases in late August challenging the audit claims before the notice was served. They said the issue is now subjudice, which is why the Bangladesh Telecommunication Regulatory Commission should not have sent out the show-cause notice. For the both cases, which the lower court accepted, the government lawyers were present. So, both the government and the telecom regulator are well aware of the cases. In the telecom act it is clearly mentioned in section 26 that the BTRC must defer to the public demand recovery or the alternative dispute resolution to recover dues from operators. But the telecom regulator has gone straight to license cancellation and issued show-cause notice, they said.

- However, BTRC Chairman said they are following the telecom act and they have no intention to do anything arbitrarily. The long drawn-out issue was heading towards an amicable conclusion after the Finance Minister stepped in and organized a meeting on September 18. After the meeting he said the issue will be resolved within the next two to three weeks and asked all parties to withdraw their cases and show-cause notices. But now, the issue seems to be back to square one.

<https://www.thedailystar.net/business/news/audit-claims-gp-robi-challenge-legality-btrcs-show-cause-notice-1810369>

<http://today.thefinancialexpress.com.bd/first-page/govt-vows-to-realise-dues-1570383003>

<https://www.dhakatribune.com/business/2019/10/07/gp-robi-respond-to-show-cause-notices>

United Power cancels share sales deal with GEM Global

- United Mymensingh Power Limited, one of the corporate directors of United Power

Generation and Distribution Company, has cancelled its decision to sell twenty million shares in UPGDCL to GEM Global Yield Fund after making a public disclosure over the share sales plan. UMPL and UPGDCL are two concerns of United Group.

- UPGDCL, a listed company, on August 6 disseminated a price sensitive information to the Dhaka Stock Exchange that UMPL expressed its intention to sell 10,000,000 shares out of its total holding of 431,170,994 shares in UPGDCL at the prevailing market price (in the block market) through the stock exchange within 30 working days. As per rules, the DSE on the same day made the disclosure public.

- DSE officials said that later UPGDCL had informed the bourse that it would not sell the shares. The DSE has informed the Bangladesh Securities and Exchange Commission about the cancellation of the share sales decision and sought suggestions from the regulator, they said. United Group officials said that the company (UMPL) did not sell the shares to the foreign entity as the prevailing prices were not favorable and did not match with the company's business growth. They also said that the deal was that UMPL would sell twenty million shares in UPGDCL in two phases.

- BSEC officials said that as per securities rules, the company could not backtrack on the share sales decision after making the information public. After a director of a listed company announces that he/she will sell or buy shares, the announcement impacts the share prices of the company, they said. Therefore, a company cannot change its decision, just saying that the current market price is not favorable, they said. BSEC officials said that the commission might call the company for a hearing and seek explanations about the cancellation of its decision. If it fails to give appropriate explanations, the commission may take action against the company, they said.

<http://www.newagebd.net/article/86845/unity-power-cancels-share-sales-deal-with-gem-global>

GP, Robi to skip BTRC response

- Network operators Grameenphone and Robi have decided not to respond to the showcause notice of the telecom regulator over the non-payment of BDT 134 billion dues found in audit. The deadline for the replying to the notice of the Bangladesh Telecommunication Regulatory Commission ends today (Sunday). The two largest mobile phone operators with a combined subscribers of over 122 million said the notice is subjective and stands invalid because they filed cases before the notice was served, challenging the audit claim. The companies filed two separate cases with a Dhaka court, seeking permanent injunctions against the telecom regulator's audit claims of BDT 134.47 billion. The cases were lodged on August 25 and 26 respectively.

- On September 04, the commission served the notices to Grameenphone, majority controlled by the Norwegian Telenor Group, and Robi of Malaysian Axiata, asking the duo to respond in 30 days why their licenses will not be cancelled for sidestepping the payment of arrears in revenue sharing, late fees and taxes. The BTRC has been demanding of BDT 125.79 billion from Grameenphone and BDT 8.67 billion from Robi as per findings of the audits into the two operators' books between 1997 and 2014.

- In a high-profile meeting last week, presided over by the finance minister, discussed the possibility of waiver of BDT 67.46 billion in late fees to end the ruckus that threatened to dent the country's image among foreign investors. Post and telecommunication minister, BTRC chairman, and National Board of Revenue chairman attended the meeting. But the

meeting yielded no breakthrough, according to a meeting source.

<http://today.thefinancialexpress.com.bd/first-page/gp-robi-to-skip-btrc-response-1570292702>

<https://www.dhakatribune.com/business/2019/10/05/gp-robi-term-btrc-licence-cancellation-notice-unfunded-invalid>

Omera Petroleum to float IPO

- Omera Petroleum Ltd. (OPL), a leading operator in the country's LPG sector, has moved to raise capital through IPO (initial public offering) under the book building method. The company will raise capital for the purpose of repaying loans, purchasing an ocean going ship and infrastructure development. As part of the process of going public, the OPL will hold an IPO road show on October 20.

- The OPL is also a subsidiary of MJL Bangladesh with a combined capacity of 100,000 MT per year. In partnership with European energy giant BB Energy, the company has installed state-of-the-art LPG import and storage terminal with capacity of 3600 MT at Mongla, Bagerhat, according to the company's website. Apart from the main installation in Mongla, the OPL has established three other satellite filling and bottling stations located at Ghorashal (Central), Bogra (Northern Belt) and Chittagong (Southern Belt) respectively to ensure convenience and availability of LPG to its distributors and customers.

- IFC, a member of the World Bank Group, has already invested USD 20 million as a long-term loan in Omera Petroleum to help the company double its capacity and increase the availability of liquefied petroleum gas (LPG), especially in rural areas. The IFC loan is part of its project to double its capacity and make LPG available in nearly all sub-districts of the country. This will expand LPG access to 350,000 additional households (around 12% of total market potential) over the life of the loan. It will also help reduce greenhouse gas emissions by replacing kerosene, wood, and other hazardous cooking fuels, and allowing the limited reserves of natural gas to be diverted to power generation and industries.

<http://today.thefinancialexpress.com.bd/stock-corporate/omera-petroleum-to-float-ipo-1570287860>

Sonali receives 1,000 pleas for rescheduling BDT 33.17 billion

- State-owned Sonali Bank has received almost 1,000 applications for rescheduling defaulted loans worth BDT 33.17 billion under a government-announced special rescheduling facility on easy terms. The country's largest state-owned bank got only BDT 609.5 million as down payment from the applicants for rescheduling the loans, said bank officials. With another 20 days remaining for the application submission to avail the bailout facility, the bank has already received proposals for rescheduling one-fourth of its defaulted loans. Under the policy, defaulters are allowed getting loans rescheduling for a period of 10 years with one year grace period with just 2% down payment, much lower rate than the usual.

- Besides, the policy also facilitated settlement of defaulted loans under 'one time exit' scheme, allowing the defaulters to enjoy interest waiver for the preceding period of rescheduling. Of the 933 applications, 617 applications were for loan rescheduling and the rest 316 were for one-time exit. The applications have involved BDT 33.17 billion in defaulted loans including BDT 5.29 billion in written off loans. Sonali Bank has received BDT 609.5 million as down payment against the loan rescheduling from 869 borrowers for

defaulted loans worth BDT 21.17 billion.

<http://www.newagebd.net/article/86727/sonali-receives-1000-pleas-for-rescheduling-BDT-3317cr>

Golden Harvest's rights subscription to begin Dec 8

- Rights shares subscription of Golden Harvest Agro Industries is set to begin on December 08, aiming to raise a capital worth BDT 899.32 million. Rights subscription of the "Food & Allied" sector company will continue until December 30 this year, officials said. As per the BSEC approval, the Golden Harvest will issue three rights shares against four existing shares (3R:4) at an offer price of BDT 10 each. The purposes of rights issue are to raise further paid-up capital for expansion of existing production and distribution channels and pay off bank loan of the company.

<http://today.thefinancialexpress.com.bd/stock-corporate/golden-harvests-rights-subscription-to-begin-dec-8-1570204520?date=05-10-2019>

IPO subscription of ADN Telecom begins November 4

- The initial public offering (IPO) of ADN Telecom Limited begins on November 4, with the company aiming to raise BDT 570 million from the capital market through Book Building method. The IPO will stay open for both resident and non-resident Bangladeshis till November 11 this year. The market lot is consisted of 100 shares while each IPO share is priced at BDT 27. The cut-off price on the Initial Public Offering of ADN Telecom was set at BDT 27 per share, as the company aims to raise BDT 570 million from the capital market.

- Under the public issue rules, of the 19.7 million IPO shares of ADN, 11.8 million will be allocated to EILs, 7.9 million shares will be offered to the general and NRB investors. ADN Telecom will use the IPO proceeds on its infrastructure development, instilling data centre, paying back bank loans and meeting the IPO expenses.

<https://www.dhakatribune.com/business/2019/10/04/ipo-subscription-of-adn-telecom-begins-november-4>

Sluggish turnover hits government earning from DSE

- The government's revenue earnings from the Dhaka bourse slumped 25% year-on-year in first quarter (Q1) of the fiscal year (FY) 2019-20 as trading volume was on the decline. Market analysts said sluggish trading activities coupled with low share sales by sponsor-directors affected the government's earnings from the Dhaka Stock Exchange in July-September quarter. The government bagged revenue worth about BDT 435 million in July-September period of the current fiscal year which was BDT 582 million in the same quarter in the previous fiscal, according to data from the DSE.

<http://today.thefinancialexpress.com.bd/stock-corporate/sluggish-turnover-hits-govt-earning-from-dse-1570124766?date=04-10-2019>