

Capital Market Overview

The market closed in green this week. The benchmark index DSEX (+11.60%) gained 488.89 points and closed the week at 4,703.32 points. The blue-chip index DS30 (+12.22%) gained 173.67 points and stood at 1,594.31 points. The Shariah-based index DSES (+11.47%) gained 111.96 points and stood at 1,088.46 points. The large cap index CDSET (+13.10%) gained 108.73 points and closed at 939.01 points. DSEX, DS30, DSES and CDSET showed YTD returns of +5.62%, +5.35%, +8.86%, +4.36% respectively.

Total Turnover During The Week (DSE): BDT 45.0 billion (USD 530.2 million)

Average Daily Turnover Value (ADTV): BDT 11.3 billion (Δ% Week: +55.1%)

Market P/E: 14.12x

Daily Index Movement during the Week:

Market performed four sessions during this week. Market performed positively in the first session by 4.13%. Then market reverted to negative by 0.27% in the second session. The market turned positive in the third session by 2.21% and ended with a positive movement of 1.51% in the fourth session.

Sectoral Performance:

- The financial sectors showed positive performance during this week except Life Insurance (-1.04%). Banks booked the highest gain of 12.36% followed by NBFIs (+11.67%), General Insurance (+4.92%), and Mutual Funds (+1.86%).
- The non-financial sectors showed positive performance during this week. Telecommunication reported the highest gain of 13.43% followed by Engineering (+7.61%), Food & Allied (+5.70%), Pharmaceuticals (+5.47%), and Power (+4.01%).

Macroeconomic arena:

Bangladesh's investment to gross domestic product (GDP) ratio rose in the just-concluded fiscal year, data from the Bangladesh Bureau of Statistics showed on Tuesday, in what can be viewed as an inexplicable development as most indicators were pointing towards a contrary scenario. The finance ministry itself projected a far lower investment to GDP growth in fiscal 2019-20 as the economy came to a screeching halt in the last quarter for the coronavirus outbreak in the country. BBS data showed the overall investment rose 18 basis points to 31.75% last fiscal year, which was 31.57% in fiscal 2018-19. Private investment went up nine basis points to 23.63% and public investment advanced by the same amount to 8.12% last fiscal year, even though businesses and industries were shut for at least two months before the easing of the nationwide lockdown in June.

Bangladesh may recover faster from the pandemic-ravaged economic slowdown than many other economies, a leading global bank says, analyzing the trends in some key indicators including external balance. Balance of payment surplus, a healthy foreign exchange reserve and very low public debt-GDP ratio are among the factors that give Bangladesh room for boosting the growth, members of the global research team of Standard Chartered Bank said in a digital briefing Wednesday.

Bangladesh's per capita income (GNI) went up by USD 155 to USD 2,064 in the final quarter (April-June) of the last fiscal year, official data released on Tuesday showed, despite severe adverse impact of Covid-19 pandemic on the country's economic activities during the period.

It appears garment manufacturers are at last breathing a sigh of relief as work orders for apparel items from international retailers are coming back with the reopening of their stores in the European and American markets. The signs of recovery for the garment sector are also evident in the export figures of July when Bangladesh earned USD 3.24 billion from apparel shipment though the amount is 1.98% lower than a year earlier.

Stock Market arena:

Public subscription of Walton Hi-Tech Industries Limited begins today (August 9) to raise BDT 1.0 billion from capital market under the book building method. The IPO subscription will be continued until August 16, said a statement. A beneficiary owner account (BO) holder can apply only for a single lot consisting of 20 shares. Price of Walton's each share for both resident and non-resident Bangladeshis is set at BDT 252 and thus a BO account holder can apply for a single lot at BDT 5,040.

The opportunity of instant money transfer service from banks' app and internet banking to bKash account marked rise with the addition of 7 new banks. The facility of transferring money to bKash from 18 top commercial banks in the country now enables 45 million bKash users to enjoy easier and more convenient transactions.

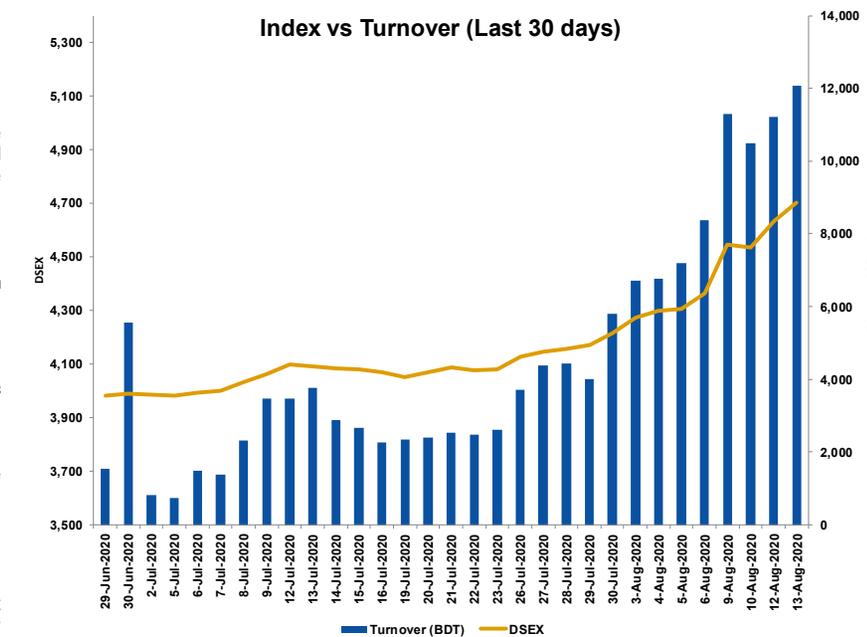
Table 1: Index

Index	Closing	Opening	Δ(Pts)	30-Dec-2019	Δ% Week	Δ%YTD
DSEX	4,703.32	4,214.43	488.89	4,452.93	11.60%	5.62%
DS30	1,594.31	1,420.64	173.67	1,513.35	12.22%	5.35%
DSES	1,088.46	976.50	111.96	999.83	11.47%	8.86%
CDSET	939.01	830.28	108.73	899.76	13.10%	4.36%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	13,978,587.1	13,255,951.8	5.5%
	Mn USD	164,531.4	156,025.8	
Turnover	Mn BDT	45,048.9	29,039.0	55.1%
	Mn USD	530.2	341.8	
Average Daily Turnover	Mn BDT	11,262.2	7,259.8	55.1%
	Mn USD	132.6	85.4	
Volume	Mn Shares	1,658.4	1,086.3	52.7%

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
Shinepukur Ceramics	13.40	9.20	45.7%	1,969.3	17.24	92.0x	0.5x
Aramit Cement Limited	17	11.90	42.0%	572.6	2.80	NM	4.8x
Mithun Knitting	11.70	8.30	41.0%	380.1	3.33	NM	0.6x
Tung Hai Knitting & Dyeing Limited	2.80	2.00	40.0%	298.6	4.02	3.4x	0.2x
Appollo Ispat Complex Limited	5.30	3.80	39.5%	2,126.9	13.64	NM	0.3x
Stylecraft Limited	205.30	148.20	38.5%	2,591.4	192.84	103.8x	6.6x
Dacca Dyeing	7.30	5.30	37.7%	636.2	14.24	NM	0.5x
Keya Cosmetics	4.40	3.20	37.5%	4,850.2	55.72	13.1x	0.3x
BD Thai Aluminium	14.00	10.20	37.3%	1,736.8	24.27	2.7x	0.6x
Generation Next Fashions Limited	3.70	2.70	37.0%	1,831.4	27.97	11.1x	0.3x

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
CAPM IBBL Islamic Mutual Fund	7.60	8.50	-10.6%	508.1	39.45	NM	0.8x
Argon Denims Limited	23.20	25.30	-8.3%	2,922.6	121.12	9.8x	1.2x
Imam Button	23.10	25.00	-7.6%	177.9	1.28	NM	4.1x
IPDC	26.80	28.90	-7.3%	9,945.3	240.58	15.4x	1.7x
Padma Islami Life Insurance Limited	15.50	16.60	-6.6%	602.6	4.71	NM	1.6x
Popular Life Insurance	81.50	87.10	-6.4%	4,924.9	16.69	NM	8.2x
Meghna Condensed Milk	13.50	14.20	-4.9%	216.0	1.40	NM	NM
Quasem Industries Limited	36.90	38.70	-4.7%	2,323.5	69.46	38.3x	1.3x
Global Heavy Chemicals Limited	33.50	34.90	-4.0%	2,412.0	9.01	56.7x	0.6x
Rupali Insurance	22.50	23.40	-3.8%	1,725.0	130.81	12.4x	1.1x

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Beximco Pharmaceuticals	97.10	90.10	7.8%	39,379.5	1,668.35	11.5x	1.4x
Square Pharmaceuticals	202.60	188.50	7.5%	171,042.8	1,524.49	12.5x	2.6x
Beximco Limited	21.30	15.90	34.0%	18,665.6	1,459.47	19.7x	0.3x
BRAC Bank	35.10	31.90	10.0%	46,538.3	1,337.07	10.3x	1.0x
British American Tobacco Bangladesh Company Limited	957.90	907.60	5.5%	172,422.0	1,186.81	19.9x	7.1x
Grameenphone Ltd.	290.00	254.20	14.1%	391,587.0	877.06	11.5x	9.2x
Nahee Aluminium Composite Panel Ltd.	62.50	53.40	17.0%	3,993.0	710.01	19.6x	4.8x
Bangladesh Submarine Cable Company Limited	129.00	125.80	2.5%	21,272.8	691.06	25.5x	3.5x
SK Trims & Industries Limited	63.50	62.20	2.1%	5,378.5	614.14	26.4x	5.5x
Fu Wang Food	17.90	15.90	12.6%	1,984.0	605.88	27.2x	1.6x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
ACI Limited	269.40	48.43%	15,456.1	NM
Bangladesh Steel Re-Rolling Mills Limited	68.70	40.78%	16,217.9	12.3x
Beximco Pharmaceuticals	97.10	39.91%	39,379.5	11.5x
Baraka Power Limited	31.20	37.44%	6,865.9	13.2x
Islami Bank	25.90	35.60%	41,698.8	7.6x
Glaxo Smithkline	2,348.70	33.73%	28,293.5	49.7x
MJL Bangladesh Limited	82.00	29.54%	25,973.7	14.1x
Active Fine Chemicals Limited	18.40	25.17%	4,414.8	13.3x
LafargeHolcim Bangladesh Limited	41.40	23.21%	48,080.9	26.7x
Reckitt Benckiser	3,862.80	20.97%	18,251.7	27.7x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1309.32	1165.29	1319.28	12.36%	-0.75%
NBFIs	1664.89	1490.84	1565.13	11.67%	6.37%
Mutual Funds	611.45	600.28	591.17	1.86%	3.43%
General Insurance	2492.72	2375.93	1927.02	4.92%	29.36%
Life Insurance	2131.57	2153.88	2194.70	-1.04%	-2.88%
Telecommunication	4107.77	3621.55	3993.59	13.43%	2.86%
Pharmaceuticals	2890.88	2740.85	2492.51	5.47%	15.98%
Fuel & Power	1612.51	1550.41	1515.21	4.01%	6.42%
Cement	1335.87	1230.22	1132.29	8.59%	17.98%
Services & Real Estate	1019.23	993.93	886.70	2.55%	14.95%
Engineering	2365.67	2198.31	2257.22	7.61%	4.80%
Food & Allied	12447.43	11776.21	12121.49	5.70%	2.69%
IT	2015.39	2007.61	1823.13	0.39%	10.55%
Textiles	1064.47	1014.71	1042.04	4.90%	2.15%
Paper & Printing	6147.78	5907.85	5233.20	4.06%	17.48%
Tannery	1711.04	1678.32	1826.45	1.95%	-6.32%
Jute	9382.96	8073.15	11393.28	16.22%	-17.64%
Ceramics	436.56	399.66	459.10	9.23%	-4.91%
Miscellaneous	1890.17	1755.58	1745.96	7.67%	8.26%

Table 7: Sector Trading Matrix

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Banks	1,276.4	256.1	398.44%	11.87%	7.2x	0.7x
NBFIs	348.8	224.9	55.13%	3.24%	142.0x	2.2x
Mutual Funds	193.2	130.2	48.43%	1.80%	NM	0.5x
General Insurance	1,179.1	1,536.4	-23.25%	10.97%	17.6x	1.6x
Life Insurance	279.4	241.1	15.89%	2.60%	NM	8.8x
Telecommunication	392.0	315.2	24.36%	3.65%	11.9x	8.5x
Pharmaceuticals	1,852.3	1,346.9	37.53%	17.23%	18.4x	2.5x
Fuel & Power	710.1	401.8	76.73%	6.60%	10.9x	1.9x
Cement	302.0	173.3	74.22%	2.81%	36.6x	2.5x
Services & Real Estate	86.4	71.6	20.58%	0.80%	93.7x	0.8x
Engineering	1,295.6	636.3	103.62%	12.05%	16.7x	1.4x
Food & Allied	696.6	298.7	133.24%	6.48%	22.5x	7.1x
IT	205.3	235.9	-12.97%	1.91%	17.7x	2.6x
Textiles	779.2	580.2	34.29%	7.25%	NM	0.8x
Paper & Printing	127.0	24.6	415.14%	1.18%	246.9x	1.2x
Tannery	87.2	89.7	-2.78%	0.81%	25.8x	1.9x
Jute	60.9	15.7	288.34%	0.57%	NM	4.3x
Ceramics	137.7	60.2	128.70%	1.28%	187.6x	1.7x
Miscellaneous	741.9	319.1	132.53%	6.90%	22.2x	1.1x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
BRAC Bank	35.10	-33.92%	46,538.3	10.3x
Eastern Cables	151.60	-23.90%	3,638.4	NM
Singer Bangladesh	150.50	-16.57%	15,005.3	14.7x
Heidelberg Cement	142.10	-13.77%	8,029.2	NM
Runner Automobiles Limited	53.30	-10.42%	6,051.7	10.5x
Prime Bank	17.00	-6.59%	19,248.8	11.2x
Linde Bangladesh Limited	1,213.60	-6.57%	18,468.9	14.6x
Golden Harvest Agro Industries Ltd.	18.70	-4.59%	4,036.2	13.6x
Unique Hotel & Resorts Limited	41.90	-4.56%	12,335.4	28.2x
City Bank	20.40	-3.32%	20,734.3	7.9x

Important News: Business & Economy

The rise in investment-GDP ratio confounds

• Bangladesh's investment to gross domestic product (GDP) ratio rose in the just-concluded fiscal year, data from the Bangladesh Bureau of Statistics showed on Tuesday, in what can be viewed as an inexplicable development as most indicators were pointing towards a contrary scenario. The finance ministry itself projected a far lower investment to GDP growth in fiscal 2019-20 as the economy came to a screeching halt in the last quarter for the coronavirus outbreak in the country. BBS data showed the overall investment rose 18 basis points to 31.75% last fiscal year, which was 31.57% in fiscal 2018-19. Private investment went up nine basis points to 23.63% and public investment advanced by the same amount to 8.12% last fiscal year, even though businesses and industries were shut for at least two months before the easing of the nationwide lockdown in June.

• The investment estimate for fiscal 2019-20 is perhaps the hardest to understand, said a former lead economist of the World Bank Dhaka office. Most of the materials Bangladesh uses in investment are imported, the economist said. Construction uses a lot of imported iron and steel. Import of iron and steel declined 4.8% in fiscal 2019-20. Investment in building new factories or expanding existing, one requires capital equipment. The import of capital goods decreased 18.9%. Private investment trends were weak even before the coronavirus pandemic. This was evident from capital machinery imports and credit growth data during the July-February period. Private sector credit growth, one of the key indicators of the investment climate, was 8.61% in the last fiscal year, down from 11.32% a year earlier. Gross foreign direct investment contracted 36.17% and net FDI flow shrank 31.35% in fiscal 2019-20.

<https://www.thedailystar.net/business/news/the-rise-investment-gdp-ratio-confounds-1944221>

Standard Chartered foresees fast recovery for Bangladesh

• Bangladesh may recover faster from the pandemic-ravaged economic slowdown than many other economies, a leading global bank says, analyzing the trends in some key indicators including external balance. Balance of payment surplus, a healthy foreign exchange reserve and very low public debt-GDP ratio are among the factors that give Bangladesh room for boosting the growth, members of the global research team of Standard Chartered Bank said in a digital briefing Wednesday.

• Despite a global recession which is shaping up to be historic in scale, Bangladesh might be one of only two ASEAN and South Asian economies – the other being Vietnam – to register a positive growth in 2020, said Edward Lee, chief economist of Standard Chartered for ASEAN and South Asia. Lower growth will partly be driven by a slowdown in key trading partners, with the Eurozone, US and Middle East likely to contract sharply in FY20 and FY21.

<https://tbsnews.net/economy/standard-chartered-foresees-faster-recovery-bangladesh-118633>

Per capita income rises to USD 2,064

• Bangladesh's per capita income (GNI) went up by USD 155 to USD 2,064 in the final quarter (April-June) of the last fiscal year, official data released on Tuesday showed, despite severe adverse impact of Covid-19 pandemic on the country's economic activities

during the period. However, the per head earnings of the population at current price was lower than the preliminary target of USD 2,173 estimated before the COVID-19 pandemic. Meanwhile, the government has targeted the per capita GNI at USD 2,326 for the current FY2021, despite the economic impact of the pandemic.

<https://today.thefinancialexpress.com.bd/first-page/per-capita-income-rises-to-2064-1597165630>

<https://www.dhakatribune.com/business/economy/2020/08/11/bangladesh-s-per-capita-income-at-2-064-for-fy20>

Revenue collection far from first month's target

• Although the government resumed economic activities in the beginning of July, no sectors have provided desired results so far. Despite the opening of offices and other institutions, the wheel of economy has yet to move forward. The scenario of revenue collection exemplifies this. The National Board of Revenue (NBR) has lagged in its revenue collection target by about 37% in the first month of this financial year. The target for revenue collection in July was set at BDT 193.78 billion, while the actual realization of the revenue was BDT 123.34 billion. It is only 3.74% of the total target for this financial year.

• NBR officials say that revenue collection has declined as the economy has opened up but people lack the ability to pay taxes. Additionally, VAT collection has dropped because of the lower purchasing capacity of people, they added. A former NBR chairman said that revenue collection declines for the lack of reforms than the outbreak of the novel coronavirus. Coronavirus alone cannot be held responsible for the huge deficit compared to the target in the first month. The target was set from the plan to make the revenue collection process online. The NBR has failed to complete reforms, he said.

<https://tbsnews.net/economy/revenue-collection-far-first-months-target-118255>

Garment export orders rolling in once again

• It appears garment manufacturers are at last breathing a sigh of relief as work orders for apparel items from international retailers are coming back with the reopening of their stores in the European and American markets. The signs of recovery for the garment sector are also evident in the export figures of July when Bangladesh earned USD 3.24 billion from apparel shipment though the amount is 1.98% lower than a year earlier. Personal protective equipment (PPE), masks and other hospital textiles made it to the list of new export items for Bangladesh as a good number of buyers are placing work orders for these items amid the coronavirus pandemic. If more retail stores reopen in Europe and the US, garment exports from Bangladesh will grow further as the pandemic has failed to dampen the demand for basic apparel items, exporters said.

<https://www.thedailystar.net/business/news/garment-export-orders-rolling-once-again-1941153>

Stimulus for SMEs: Slow progress in fund disbursement

• Banks and non-bank lenders could disburse only BDT 15 billion of the stimulus package until July 30 for smaller firms. The disbursed amount is just 7.50% of total BDT 200 billion financial support meant for small and medium enterprises (SMEs). The support is to help the SMEs weather the adverse impact of the Covid-19 pandemic. Loans amounting to BDT

27.50 billion were sanctioned to more than 8000 SMEs during the period, according to central bank's statistics.

- Senior bankers, however, said that some strict conditions, imposed by the BB on the policy as well as higher operational costs than those of large industrial and service sector loans are mainly responsible for the slower disbursement of such loans. But they are hopeful about increasing the disbursement of such loans after the full operations of the BB-announced Credit Guarantee Scheme (CGS) for cottage, micro and small enterprises. The central bank has already announced the CGS worth BDT 20 billion aiming to expedite financing for the CMS enterprises.

<https://today.thefinancialexpress.com.bd/first-page/slow-progress-in-fund-disbursement-1597251797>

Banks show reluctance to get refinance scheme fund

- Disbursement of refinance to the banks from the Bangladesh Bank's BDT 150 billion-scheme, designed to support the banks with liquidity for implementation of the BDT 300-billion stimulus package, has drawn little attention in around four months of its formation. BB officials and bankers said an increase in excess liquidity in the banking system in the first half of this year along with slow disbursement of stimulus loans are the reasons for the banks' little interest to get refinance.

- Immediately after the announcement of the stimulus package by the government, the central bank formed the refinance scheme for quick implementation of the package in April this year. As per the Bangladesh Bank data, the central bank has so far disbursed BDT 1.52 billion to four banks. The amount disbursed to the banks account for 1.01% of the size of the refinance scheme. The four banks are Prime Bank, City Bank, Trust Bank and IFIC Bank. Apart from these banks, Agrani Bank's application for refinance was being reviewed for processing by the BB.

- Asked about the reason behind the poor demand for refinance loans, Mutual Trust Bank managing director said that although the central bank had already approved a major portion of the stimulus loans, disbursements to clients were being processed. Initially disbursement of stimulus loans to the large industries and services was a bit slow and that's why the applications for refinance loans are not that significant, he said. Demand for the refinance fund by the banks would increase gradually as the disbursement of stimulus loan had gained momentum in the last one month, he said.

<https://www.newagebd.net/article/113336/banks-show-reluctance-to-get-refinance-scheme-fund>

Decent GDP growth amid extraordinary circumstances

- In the end, the final data from state-run Bangladesh Bureau of Statistics (BBS) shows the economy grew at a respectable 5.2% last fiscal year, when large swathes of the global economy plunged into recession for the outbreak of coronavirus from Wuhan, China. The Washington-based multilateral lenders -- the World Bank and the International Monetary Fund -- forecasted that the economy would grow between 1.6% and 3.8% in fiscal 2019-20 for the pandemic-whiplash, while the Asian Development Bank said the Bangladesh economy would expand at 4.5%.

- But, the economic locomotive of Bangladesh appears to have outpaced all projections. Finance Minister credited the GDP growth rate to the uninterrupted economic activity before the onslaught of the coronavirus. Our economy was growing normally in the first seven months of the fiscal year and the growth during the period was added to the economy, he added. All the broader sectors -- agriculture, industry and service -- expanded, albeit at a slower pace, showed data from BBS.

- They had projected 8.2% growth but they achieved 5.2%. A lot of difference has been caused by the pandemic, he said. It is very difficult to construct a credible narrative of fiscal 2019-20's GDP growth based on the details provided by the BBS. It appears that the BBS has not used all available data in preparing the preliminary estimates, said a former lead economist of the World Bank's Dhaka office.

<https://www.thedailystar.net/business/news/decent-gdp-growth-amid-extraordinary-circumstances-1943677>

<https://www.newagebd.net/article/113239/gdp-growth-52pc-in-fy20-bbs>

<https://tbsnews.net/economy/gdp-growth-rate-reaches-524pc-fy20-bbs-118018>

Loan disbursement through agent banking close to nil in April

- Loan disbursement through agent banking in April came down close to nil as banks found disbursement of loans through the agent banking channel at the rate of 9% insufficient to realise even the operating cost, including the cost of fund. In April this year, the government enforced the 9% ceiling on the lending rate. Loan disbursement through the agent banking wing of the banks was very poor even before imposition of the lending rate ceiling. The 9% ceiling has now brought disbursement of loans through the channel almost to a halt.

- As per the Bangladesh Bank data, the banks disbursed just BDT 30 million in loans in April through their agent banking wings against their disbursement of BDT 575 million in March, the immediate preceding month of the lending rate enforcement. Replying on why loan disbursement through the agent banking wing had come almost to a halt, Modhumoti Bank agent banking head said, it's the imposition of the lending rate ceiling at 9%. Collection of instalments in the rural areas require door-to-door visits thus resulting in increased operating cost, he said, adding that otherwise, the loans would turn into non-performing ones.

- 'Under the existing circumstances, it is not viable for us to issue credit to farmers or to small and medium entrepreneurs,' he said, adding, that that was why they had shifted their focus to digital banking where operating cost would be less. When the government enforced the 9-per cent ceiling on the lending rate for all sorts of loans, economists and bankers had cautioned that loan disbursement to the SMEs would be affected severely.

<https://www.newagebd.net/article/113241/loan-disbursement-thru-agent-banking-close-to-nil-in-april>

Lukewarm investment response from banks

- The country's capital market has so far received poor response in terms of investment from the banks under a special initiative of the central bank to help stimulate the ailing stock market, officials said. It has so far witnessed only BDT 2.54 billion in investment made from the special funds created by different banks, they said, following a circular issued by Bangladesh Bank (BB) in February last. According to the circular, the scheduled banks

were supposed to create a five-year special fund of BDT 2.0 billion each for investing in the capital market.

- The BB had taken the initiative amid demand from the market intermediaries for a special investment fund of BDT 100 billion to support the market, which was going through liquidity shortage. However, only 15 banks, including four state-owned ones, have so far made the investment from a fund worth BDT 16.50 billion they created in response to the BB's initiative, said an official at the BB.

<https://today.thefinancialexpress.com.bd/first-page/lukewarm-investment-response-from-banks-1597165720>

Interest rate spread drops slightly to 2.89% in June

- Interest rate spread in the country's banking system fell slightly in June, as banks slashed interest rates on lending more than on deposit. The weighted average spread between lending and deposit rates, offered by the banks, came down to 2.89% in June 2020 from 2.94% in the previous month, according to the Bangladesh Bank's (BB) latest statistics. The weighted average rate on deposit fell to 5.06% in June from 5.24% a month before, and interest on lending dropped to 7.95% from 8.18%, the BB data showed. In April 2020, the spread came down to 2.92% from 4.07% in the previous month following implementation of the single-digit interest rate in the banking sector.

- Senior bankers, however, predicted that the interest rate spread may improve gradually in the near future following adjustment of the interest rates with the market. Some banks have already slashed their interest rate on deposit, particularly the term ones, because of higher inflow of liquidity in the market, they added.

<https://today.thefinancialexpress.com.bd/public/first-page/interest-rate-spread-drops-slightly-to-289pc-in-june-1597079444>

Banks seek BDT 18 million as interest subsidy

- The banks which have disbursed working capital to industrial and service sector units under the government's Covid-19 recovery package have sought over BDT 18 million as interest subsidy in the April-June quarter. They have provided the loans under the BDT 300 billion incentive package which was announced by the government on April 5 to provide working capital at an interest rate of 9.0%. Of the 9.0% interest, the borrowers will pay 4.5% and the government will provide 4.5% as a subsidy to the banks which are disbursing the loans

- Of the total sum, Sonali Bank has sought BDT 15.56 million, Agrani Bank BDT 97,321, Exim Bank BDT 1.059 million, Trust Bank BDT 907,896, City Bank BDT 438,750, Prime Bank BDT 72,786, IFIC Bank BDT 102,875, Eastern Bank BDT 197,020 and Mercantile Bank BDT 19,125.

<https://today.thefinancialexpress.com.bd/first-page/banks-seek-BDT-18-million-as-interest-subsidy-1597165831>

Ceramic industry breathes easier as sales start picking up

- Bangladesh's ceramic industry have enjoyed some relief from the coronavirus fallout in the past two months as domestic sales are showing signs of some recovery following the

collapse in demand caused by the nationwide shutdown. Although the business is still uncertain, he is optimistic about the industry's future, the managing director of DBL Ceramics. Exports dropped by around 60% after the coronavirus outbreak was labelled a pandemic by the World Health Organisation in March as the demand for ceramic products declined in the global market.

- As all economic activities were put on hold during the two-month general holiday that ended on May 30, the sector fell into trouble. The industry could fetch just USD 27.97 million from the export of ceramic products in fiscal 2019-20, down 59.45% from the previous year. In fiscal 2018-19, local manufacturers shipped about USD 68.97 million in ceramic goods to more than 50 destinations, including the US, the UK, Canada and a few EU and Latin American countries, according to data from the Export Promotion Bureau.

- This was a 32.79% increase in exports compared to the fiscal year of 2017-18, when the sector brought home USD 51.94 million. However, the upward trend in sales witnessed in the past may not return as quickly as hoped due to the global impact of the ongoing coronavirus pandemic, the managing director of DBL Ceramics added.

<https://www.thedailystar.net/business/news/ceramic-industry-breathes-easier-sales-start-picking-1943633>

Foreign experts start arriving

- Work on the Dhaka metro rail is expected to get back its momentum with the arrival of foreign consultants and experts, officials said. All the Thai experts and workers engaged in the Mass Rapid Transit (MRT) Line-06 construction have already arrived in Bangladesh by chartered planes, they added. As the flight between Bangladesh and India remained suspended, Indian nationals working on the project have started returning to the workplace in phases through border. The Dhaka Mass Transit Company Limited (DMTCL) is yet to get an official confirmation of the arrival of Japanese experts, but sources said Japan will start sending young consultants in the third week of August.

- The DMTCL has been implementing six MRT projects to establish a metro rail network of 128.74 kilometres, including 61.17 kilometres underground metro by 2030. Of them, MRT-06 is now under construction with 47.10-per cent progress until July.

<https://today.thefinancialexpress.com.bd/last-page/foreign-experts-start-arriving-1597166298>

Bangladesh Bank (BB) relaxes loan restructuring policy for NBFIs

- The central bank has relaxed its loan restructuring policy for non-banking financial institutions (NBFIs) to help the businesses overcome the adverse impact of the Covid-19 pandemic. Under the relaxations, the NBFIs are allowed to extend the tenure of term loans and leases by a maximum of 50% of the remaining time to maturity, instead of existing 25%, according to a notification issued by the Bangladesh Bank (BB) on Sunday.

- A BB senior official said that they've relaxed the policy to help businessmen offset the adverse impact of Covid-19 on their businesses. another BB official said the NBFIs are also empowered to extend such tenure of restructuring loans and leases without prior approval from the central bank. The Bangladesh Leasing and Finance Companies Association (BLFCA) welcomed the BB's latest move, saying that it will help the sector reduce the volume of non-performing loans in the near future.

• Earlier on June 21, the BB slashed cash reserve ratio (CRR) by 100 basis points to 1.5% from 2.5% for the NBFIs considering the Covid-19 pandemic. Such reduction of CRR also helped the NBFIs use more than BDT 3.0 billion as loanable funds to implement the government announced stimulus packages, according to officials.

<https://today.thefinancialexpress.com.bd/first-page/bb-relaxes-loan-restructuring-policy-for-nbfis-1596992287>

<https://tbsnews.net/economy/banking/loan-time-extension-facilities-nbfis-extended-117247>
<https://www.dhakatribune.com/business/banks/2020/08/09/bb-offers-term-loan-restructuring-facility-to-nbfis>

<https://www.newagebd.net/article/113076/nbfis-borrowers-to-get-more-time-for-loan-restructuring>

NRBs allowed to enjoy bank deposit products against remittance

• The Bangladesh Bank on Sunday issued guidelines, asking the country's scheduled banks to introduce deposit products in the taka for non-resident Bangladeshis with a view to encouraging the NRBs to save their money in the country. The central bank issued a circular in this regard on the day mentioning that the banks would be allowed to introduce deposit products for the NRBs along with facilitating them to operate non-resident taka account and foreign currency account. The initiative of the central bank came at a time when many expatriates were returning to the country after losing their jobs due to the economic woes in many of the job destinations of the country's migrants due to the global coronavirus outbreak.

• According to home affairs ministry data, 450,000 expatriates returned home before the restrictions on international travel were imposed while the migration from Bangladesh plunged in the first half of the year 2020. Allowing NRBs to open deposit accounts would also encourage the expatriates to send more money to the country. Amid dismal export earnings and slowdown in economic activities, inflow of remittance has brought some cheers for the country with the inflow hitting record USD 2.59 billion in July this year.

<https://www.newagebd.net/article/113081/nrbs-allowed-to-enjoy-bank-deposit-products-against-remittance>

<https://www.thedailystar.net/business/news/nrbs-can-now-park-their-funds-fdr-dps-1942565>

Cotton imports tipped to return to pre-pandemic levels by year-end

• Cotton imports witnessed a slump for the first time in over a decade last fiscal year due to a fall in demand from local mills amid a stunning drop in apparel work orders for the global coronavirus pandemic. In fiscal 2019-20, Bangladesh imported 7.1 million bales of cotton, down 13.4% from a year earlier, according to data from the Bangladesh Textile Mills Association (BTMA).

• When the nationwide lockdown eventually came to an end on May 30, most mills resumed operations with previous stocks of cotton rather than importing more despite the significant fall in price for the cellulose fibre at international markets. Cotton is now trading at between USD 0.62 to USD 0.64 per pound in the New York Futures markets, down from the previous range of USD 0.70 to USD 0.75 during pre-pandemic times. Almost all of Bangladesh's domestic demand for cotton is met through imports as local growers can only supply less than 3% of the country's annual demand.

• Most garment factories in Bangladesh are now running at 75% of their total production capacity and this indicates that work orders are coming back. The demand for various fabric materials could go even higher after September if the international retailers continue to source their products from Bangladesh at the current pace, he added.

<https://www.thedailystar.net/business/news/cotton-imports-tipped-return-pre-pandemic-levels-year-end-1942545>

Come November, there will be more than 5.5 million tonnes of surplus rice

• Bangladesh will have more than 5.5 million tonnes of surplus rice after meeting the domestic demand at the end of November, according to a study by the Bangladesh Rice Research Institute (BRRI) unveiled yesterday. The state agency sees no shortage of rice in the near future as aus harvest is ongoing and aman will hit the market in November-December. As the production of rice has increased, the country had 20 million tonnes of rice in stock until June, the BRRI said. The BRRI expects that aus rice production would not be less than 3 million tonnes though floods have damaged crops on 30,000 hectares.

• The findings come at the time when the food ministry is preparing to import the staple to keep the public stock intact. The present stock of 1.25 million tonnes of rice and wheat is set to exhaust by December owing to the government's food distribution and other social safety net programmes. The food ministry is mulling over importing the grain amid sluggish progress in the procurement of rice and paddy due to a lack of interest among millers and farmers to supply the cereal to public warehouses.

<https://www.thedailystar.net/business/news/come-november-there-will-be-more-55-lakh-tonnes-surplus-rice-1942525>

Pandemic derailed development works. Planning minister is buckling down to get it back on track

• The government has decided to prepare a roadmap to ensure full implementation of the annual development programme this fiscal year after development expenditure fell to a 27-year low in fiscal 2019-20. The ministries and divisions managed to spend BDT 1.62 trillion in fiscal 2019-20, which was 80.45% of the total allocation for the year. The development budget for this fiscal year is BDT 2.05 trillion, which is 6.3% more than last year's.

• Speaking about mega projects, the planning minister said the economy would receive a major boost once the priority projects are implemented. The construction of the projects such as the Padma bridge, Payra deepsea port and Karnaphuli river tunnel has been going on despite the pandemic, he said.

<https://www.thedailystar.net/business/news/pandemic-derailed-development-works-planning-minister-buckling-down-get-it-back-track-1942573>

Remittance inflows hit record, but decline from top countries raises concern

• While a sharp rise in inbound remittance is a relief for Bangladesh's economy amid the Covid-19 pandemic, the decline in remittance inflow from some countries is also a big concern for the country. In the fiscal year 2019-20, the country's remittance inflow hit a new record of USD 18.20 billion, up by 10.87% compared to FY 2018-19. On the other hand, in July, Bangladesh received USD 2.60 billion in remittance from expatriates, up by 62.74% compared to USD 1.59 billion in the same period last year. Amid the record foreign

currency received from Bangladeshi migrant workers, remittance inflows from five countries, the United Arab Emirates, Kuwait, Qatar, Italy and Bahrain, witnessed a decline.

- This decline indicates that in the coming months, Bangladesh may see a further decline in remittance inflow as over 60,000 migrants have returned home from these countries. The concern is these countries contribute 33.66% share to the country's remittances. As many as 4.27 million people are employed in the top five countries, according to the Bureau of Manpower Employment and Training (BMET).

<https://www.dhakatribune.com/business/2020/08/08/remittance-inflows-hit-record-but-decline-from-top-countries-raise-concern>

Bangladesh to provide India, Nepal, Afghanistan with Remdesivir, protection equipment

- The government has decided to give Remdesivir and protection equipment to India, Nepal and Afghanistan following requests by the countries to Bangladesh to help fight the Covid-19 pandemic there. India and Nepal made the requests to the foreign ministry of Bangladesh through the Bangladesh high commissioner and ambassador there to have the medicine, personal protective equipment (PPE), hand sanitiser and floor cleaner sent to the countries. The foreign ministry has sought permission from the commerce ministry and the health ministry to send the medicine and equipment to those countries under the Saarc (South Asian Association for Regional Cooperation) Covid-19 Emergency Fund.

- According to the proposal of the foreign ministry, 1,000 pieces of Remdesivir injection will be sent to India while Nepal and Afghanistan will get 500 pieces each of the injection. Besides, each of the countries will get 2,000 pieces of PPE. Furthermore, preparation is going on for sending 15,000 bottles (of 200 milliliters each) of hand sanitiser to India and 5,000 bottles each to Nepal and to Afghanistan. India will get 2,000 bottles of floor cleaner while Nepal and Afghanistan will get 1,000 bottles of floor cleaner each. Each bottle will contain 5,000ml of floor cleaner.

- Beximco Pharmaceuticals Ltd and International Knitwear and Apparels of the Beximco Group will supply Remdesivir and PPE. Square Toiletries Ltd will provide the hand sanitiser and ACI Consumer Brands will supply the floor cleaner.

<https://tbsnews.net/coronavirus-chronicle/bangladesh-provide-india-nepal-afghanistan-remedisivir-protection-equipment>

Government's bank borrowing more than doubles

- The government's net borrowing through selling savings tools dropped by more than 71% to BDT 144.28 billion in FY '20 from BDT 499.39 billion a year ago, according to official figures. A drastic fall in the sales of the savings instruments mainly due to the automation of its selling process amid COVID-19 led to such decrease in the government's borrowing from the source. As a result, the government borrowing from the banking system more than doubled in FY '20 to partly finance its budget deficit.

- Its borrowing from the banking system rose by nearly 109% to BDT 722.46 billion as on June 30 last from BDT 345.87 billion in the same period of the previous fiscal, according to the Bangladesh Bank (BB)'s confidential report. The bank borrowing of the government, however, was lower than revised targets for FY '20. Falling trend in sales of national savings certificates and lower revenue collection have pushed up the government

borrowing from the country's banking system in FY '20, officials explained.

- The government has already targeted a 'hefty' borrowing from the country's banking system to finance the budget deficit partly for the current fiscal year. A senior official of the Directorate of National Savings Bangladesh said coronavirus has also pushed down the net sales of savings tools in recent months. The sales of savings certificates normally increase during the May-June period of each fiscal year as taxpayers seek to get income-tax benefits.

<https://today.thefinancialexpress.com.bd/public/first-page/govts-bank-borrowing-more-than-doubles-1596733777>

RMG exports to major markets plunge in H1

- The country's apparel exports to its major destinations, including the US, Germany, Italy and the UK, witnessed a drastic fall during the first half (H1) of current calendar year, mainly due to the ongoing Covid-19 pandemic. Bangladesh's ready-made garment (RMG) exports to its single largest destination - the US - dropped by nearly 20% to USD 2.47 billion during the January-June period of 2020. The amount was USD 3.07 billion in the corresponding period of 2019, according to data of the Office of Textiles and Apparel (OTEXA), affiliated with the US Department of Commerce.

- During the H1 of 2020, Bangladesh shipped 891 million square metres of apparel items, which was 1.08 billion square metres in the same period of last year. The OTEXA data also showed that the total apparel imports of the US in the first six months of this calendar year declined by 30.37% to USD 27.88 billion, which was USD 40.04 billion in the same period of last year. China, the largest exporter to the US, also witnessed a 49.09% negative growth with earnings of USD 5.76 billion during the H1 of 2020. The country shipped apparel items worth USD 11.33 billion during the same period of 2019.

- A latest study of the US revealed that Bangladesh faced more cancellation or postponement of work orders by the US buyers than one of its major competitors - Vietnam - during the coronavirus pandemic. Bangladesh fetched USD 2.79 billion during the first half of 2019, according to BGMEA data. The country's garment exports to its various destinations witnessed negative growth during the first three months of this calendar year also, while the ongoing coronavirus outbreak has dipped the negative growth further, exporters noted.

<https://today.thefinancialexpress.com.bd/public/last-page/rmg-exports-to-major-markets-plunge-in-h1-1596734227>

Government borrows BDT 130.87 billion through T-bonds in July

- The government's borrowing in July, the first month of the current fiscal year 2020-21, stood at BDT 180.56 billion that included BDT 130.87 billion it borrowed through treasury bills and bonds and BDT 49.69 billion given by the Bangladesh Bank. The government borrowed the money to meet deficit financing and to bear its administrative expenses. The borrowing in July against treasury bills and bonds, and from the central bank accounts for 21.25% of the government's annual borrowing target from the banking system. The country's banks are the major buyers of the government's treasury bills and bonds while corporate entities, insurance companies and individuals are also eligible to buy treasury bills and bonds.

- Officials of the central bank said that the government's borrowing against treasury bills and bonds, and from the central bank had been growing since FY20 after the launch of an automated system for sales of national savings certificates. As the scope for borrowing against NSCs was quizzed, there was no alternative for the government but to borrow through treasury bills and bonds to meet deficit financing. In FY20, the government borrowed BDT 852.31 billion from the banking sector against treasury bills and bonds and from the central bank amid poor sales of NSCs and a huge deficit in revenue collection even though the implementation of annual development programme dropped to a record low.

- For FY21, a lofty BDT 849.80 billion borrowing target has been set on the same ground and to finance different stimulus packages and social safety net programmes taken by the government amid the coronavirus outbreak in the country. Experts, however, expressed scepticism whether the government would be able to contain its borrowing within the projection. They also said that the increased borrowing of the government would also hinder the credit flow to the private sector. The hindrance in credit flow to the private sector would ultimately affect resumption of the country's economic activities thus slowing down the recovery of damages done by the outbreak of coronavirus. In FY20, the private sector credit growth plunged to 8.61% against the BB's projection for 14.8% growth.

<https://www.newagebd.net/article/112887/govt-borrows-BDT-13087cr-thru-t-bonds-in-july>

The question hounding banks: how to solve a conundrum like SME loan?

- In 2001, with a vision to provide banking solutions to the 'unbanked' small and medium entrepreneurs, Brac Bank began its journey. The lender introduced small-ticket loans to the cottage, micro, small and medium enterprises (CMSME) to specifically bring the grassroots entrepreneurs under the umbrella of formal banking services. Over the years, riding on the disbursement of CMSME loans, the bank also bagged a hefty profit as the small borrowers are seemingly more disciplined than their large and corporate counterparts when it comes to paying back the fund in time. However, lenders are now in peril due to the economic meltdown brought on by the ongoing coronavirus pandemic while the central bank has imposed an interest cap of 9% on all loans, including those for the CMSME sector. The instance of declining profits in Brac Bank is not a solitary case as the Association of Bankers, Bangladesh (ABB), an organisation of managing directors of all banks, claimed that average revenue of most of the banks had already plummeted between 20 and 35% due to the interest rate cap and the pandemic.

- As per the ABB's calculations, lenders have to count at least 10.62% interest rate on CMSME loans considering the weighted average cost on deposits, operating costs, minimum credit loss costs and general provisioning. Banks must add 4 to 5% to the calculation if they want to enjoy profits from SME loans. With this backdrop, the ABB urged the Bangladesh Bank to rethink the interest rate cap on lending products, with the exception of credit cards, in the interest of the SME sector. Banks have requested BB to allow them to set at least a 14% interest on SME loans.

- An official of a private bank said that nearly 65% of SME loans have gone to the trading sector. This has created a roadblock for banks to use the stimulus package despite the central bank instruction to implement all credit packages, which have been formed to mitigate the recession, by August. The central bank should address the issues immediately as SMEs account for 20% of the GDP, he added. The sector also provides 80% of the total industrial employment and 25% of the country's labour forces.

<https://www.thedailystar.net/business/news/the-question-hounding-banks-how-solve-conundrum-sme-loan-1941157>

Internet subscribers surpass 103 Mn

- The total number of internet subscribers in the country reached 103.476 million as of June 2020, according to the official data. Of them, 94.905 million subscribers are mobile internet users while 8.571 million use broadband internet. The total number of internet subscribers stood at 99.428 million at the end of December 2019, up from 91.421 million in January 2019, showed the data of the Bangladesh Telecommunication Regulatory Commission (BTRC).

- Of the last year's total subscribers, 93.681million were mobile internet users and 5.742 million broadband Internet users while and the remaining were WiMAX users. The country has witnessed a boom in internet usage riding on the wave of fast-growing mobile internet market and the government's push for digitization. The BTRC has compiled the ISP subscriber information through intense market analysis, consultation and data collection from almost all ISPs. Due to high number of ISP operators and very low monthly churn of fixed internet subscriptions, ISP and PSTN internet subscriber information is updated on quarterly basis.

<https://today.thefinancialexpress.com.bd/trade-market/internet-subscribers-surpass-103m-1596898479>

Government has come up with a solution to the hurdle to higher leather exports

- The government will allow construction of effluent treatment plants (ETPs) by individual tanneries inside the Savar Tannery Industrial Estate (STIE) in a bid to expedite the process of obtaining much-needed certification from the Leather Working Group (LWG) to boost export of leather goods. Exporters now face delays in getting LWG certificates as Bangladesh Small and Cottage Industries Corporation (BSCIC), the authority of the estate, could not complete construction of a central ETP at the site despite taking a project in 2012. As European and American buyers do not buy goods from non-compliant factories in Bangladesh that are yet to be certified by the LWG, exporters sell tanned leather to some Chinese companies at rates 40% lower than those prevailing in the international markets. The Chinese importers reprocess those goods as per international standards.

- The commerce secretary said that the LWG certificate will help Bangladesh grab a bigger share of the international market and ensure better prices for locally produced goods. The government has taken some programmes to increase export, add more value and create jobs in the leather and leather goods industries, which is the second-highest export earning sector after apparel, he said. We are working to achieve the target of exporting USD 5 billion worth of leather and leather goods by 2024, he said.

<https://www.thedailystar.net/business/news/govt-has-come-solution-the-hurdle-higher-leather-exports-1942113>

Bangladesh Bank clarifies policy on refinance facility

- The central bank has clarified its policy to ease the process of receiving refinance facility by the banks and non-banking financial institutions (NBFIs) under the large industries and

services sector, officials said. The tenure of the refinance facility under the package will be three years from August 04, 2020 to August 03, 2023, according to a clarification issued by the Bangladesh Bank (BB) on Thursday.

- The refinance facility will be provided on the basis of the principal amount of the working capital loan, it added. The BB will collect installments on quarterly basis from the banks and NBFIs, which will receive the refinance facility from the central bank. On April 23, the central bank formed a new refinance scheme worth BDT 150 billion for the large industries and services sector affected by the Covid-19 pandemic.

<https://today.thefinancialexpress.com.bd/public/trade-market/bb-clarifies-policy-on-refinance-facility-1596813461>

Bangladesh Bank to collect instalments from banks on quarterly basis

- The Bangladesh Bank on Thursday issued a clarification on refinancing banks against the disbursement of stimulus loans by them, stating that the banks will have to repay the money in quarterly instalments. The central bank on the day issued a circular in this regard clarifying that the tenure of the refinance schemes launched by the central bank would expire on August 3, 2023 as its tenure started on August 4 this year. A BDT 150.00 billion refinance fund was launched by the central bank with the aim to support the banks in implementing the BDT 300.00 billion stimulus package.

- The package was launched for large-scale industries and the service sector. The central bank also launched another BDT 100.00 billion in refinance fund to support the banks with liquidity to implement the BDT 200.00 billion stimulus package. In the circular, the BB mentioned that it would grant refinance to the banks against the outstanding principle loan, at the end of the immediate preceding month, that the bank issued to its clients. The banks will have to return the refinance loans in quarterly instalments and the amount will be deducted from the banks' current account with the central bank.

<https://www.newagebd.net/article/112860/bb-to-collect-instalments-from-banks-on-quarterly-basis>

Important News: Capital Market

Walton's IPO subscription begins today

- Public subscription of Walton Hi-Tech Industries Limited begins today (August 9) to raise BDT 1.0 billion from capital market under the book building method. The IPO subscription will be continued until August 16, said a statement. A beneficiary owner account (BO) holder can apply only for a single lot consisting of 20 shares. Price of Walton's each share for both resident and non-resident Bangladeshis is set at BDT 252 and thus a BO account holder can apply for a single lot at BDT 5,040.

- As per the company's financial statement as of June 30 of 2019, WHIL's NAV with revaluation reserve per share was recorded at BDT 243.16 while its EPS was BDT 45.87. As per the stock market regulator approval, the eligible investors will get 1.38 million shares of the company at the cut-off price of BDT 315 each, fixed earlier through electronic

bidding.

- And, the general investors will get the remaining 1.55 million shares through IPO at BDT 252 each, a 20% discount on cut-off price, as the company gave 10% additional discount considering the interest of the capital market and small investors. The IPO proceeds will be utilised for expansion of its businesses, repay bank loans and meeting the IPO-related expenses. AAA Finance is in charge of issue manager of the company.

<https://today.thefinancialexpress.com.bd/stock-corporate/waltons-ipo-subscription-begins-today-1596901537>

<https://www.newagebd.net/article/113004/waltons-ipo-subscription-begins-today>

<https://www.dhakatribune.com/business/stock/2020/08/08/walton-s-ipo-subscription-begins-on-sunday>

18 banks added to bKash Add Money service

- The opportunity of instant money transfer service from banks' app and internet banking to bKash account marked rise with the addition of 7 new banks. Community Bank Bangladesh, Modhumoti Bank, NRB Bank, Southeast Bank, First Security Islami Bank, Social Islami Bank and Union Bank have recently been added to the Add Money service of bKash. The facility of transferring money to bKash from 18 top commercial banks in the country now enables 45 million bKash users to enjoy easier and more convenient transactions.

- Customer's cash-in limit is applicable on the Add Money service. That means, a customer can bring a maximum amount of BDT 30,000 in 5 times in a day and a maximum amount of BDT 0.2 mn in 25 times in a month by combining cash-in and Add Money.

<https://today.thefinancialexpress.com.bd/stock-corporate/18-banks-added-to-bkash-add-money-service-1596901459>

<https://www.newagebd.net/article/112997/7-new-banks-added-to-bkash-add-money-service>

<https://www.dhakatribune.com/business/2020/08/08/7-more-banks-add-bkash-instant-money-transfer-service>

Associated Oxygen under FRC scanner

- The Financial Reporting Council is investigating the financial data of Associated Oxygen Limited on suspicion of anomalies. The Bangladesh Securities and Exchange Commission, however, on July 15 approved the initial public offering of Associated Oxygen despite Dhaka Stock Exchange's reservations about the company's IPO. An IPO panel of the DSE, the country's premier bourse, made the reservations in January this year. Earlier on June 18, 2019, the DSE proposed 'no recommendation' about the company's IPO to the BSEC.

- FRC executive director said that the regulatory body had recently launched an investigation into the Associated Oxygen's financial documents on suspicion of financial flaws. It had sought documents from the company and its auditor Shiraz Khan Basak & Co, he said, adding that the company had already provided the documents sought, but the auditor was yet to respond to the request.

- As per the company's financial statements, the issuer has cash in hand BDT 0.9 million and cash in bank BDT 34,918, and the same situation has continued for the last five years. This indicates that the company has little or no capacity to meet up any future emergencies such as dividend payment to its shareholders, capital machinery purchase or any other

foreseeable obligations, DSE IPO panel observed. 'Inventory turnover ratio for the year 2018 was 4.59 times while the industry average ratio was 46.55 times which indicates that the company is not capable enough to turn its inventory to sales, it said.

<https://www.newagebd.net/article/113339/associated-oxygen-under-frc-scanner>

BSCCL seeks 14 months to issue shares to government

- Bangladesh Submarine Cables Company has sought 14 months from the Financial Reporting Council to issue shares against share money deposits of the government to comply with a recent FRC directive. It has also sought guidelines on setting the issue price of shares to be issued against share money deposits. The BSCCL sent a letter to the FRC on August 6 regarding the issue. The FRC on February 11 this year issued a directive that companies must issue shares against share money deposits within six months and the money cannot be retractable and returnable.

- Earlier on July 29, the BSCCL sent a letter to the FRC mentioning their inability for issuing shares in favour of the government before settlement of audit objection raised by the Foreign Aided Projects Audit Directorate (FAPAD). Being a listed company, the BSCCL has to prepare audited financial statements and asset valuation, take shareholders' approval and government's approval, and finally take approval from securities regulator to issue shares against government's share money deposits. Thus, it would take time to complete all the procedures.

<https://www.newagebd.net/article/113244/bsccl-seeks-14-months-to-issue-shares-to-govt>

Associated Oxygen IPO subscription begins on September 10

- Associated Oxygen Limited has announced the dates for the subscription of its initial public offering (IPO). Investors can submit their applications to buy the shares of the company between September 10-16. The company received the letter of consent from the Bangladesh Securities and Exchange Commission on Thursday. Earlier, the regulator had approved the proposal of the IPO to raise BDT 150 million by issuing 15 million shares, with a face value of BDT 10.

- The company will spend the fund to build a warehouse, shed, buy new machinery, and repay bank loans and to meet up IPO costs and others. Its paid-up capital is BDT 600 million. BD Finance Capital Holdings Ltd is working as the issue manager of the company for its IPO process. Associated Oxygen Limited has been producing and supplying industrial gases, both in liquid and gaseous forms, for over the last three decades.

- The company currently has a capacity of 0.83 million cubic metre per month of oxygen/nitrogen gases and 9.93 million cubic metre per annum capacity of dissolved acetylene gas. Its manufacturing factory is located in Sitakunda of Chattogram.

<https://tbsnews.net/economy/stock/associated-oxygen-ipo-subscription-begins-september-10-117355>

Pragati Insurance's financial reports fall foul of watchdog rules

- After gross irregularities were detected in Pragati Insurance's financial statements for 2019, the Financial Reporting Council (FRC), the watchdog for financial reporting and

auditing practices in Bangladesh, has decided to review the reports. Hoda Vasi Chowdhury & Company, the auditor of Pragati Insurance, recently issued the auditor's report on financial statements and other issues in the annual report of the insurer that is listed with the Dhaka and Chattogram bourses.

- The auditor could not verify the accumulated liability for income tax charges for several years reported on 31 December 2019 at BDT 537.7 million in the absence of relevant information. The auditor could not verify if the company has made investments in designated instruments and in the manner prescribed by the Insurance Development and Regulatory Authority (IDRA). On the other hand, Pragati Insurance incurred management expenses including insurance commission in excess of the limit set by the IDRA. The correctness of the net book balance of fixed assets as of 31 December 2019 amounting BDT 2.29 billion could not be verified due to the absence of necessary records, the auditor said. The auditor found different types of reserves that the insurer created without any basis. Reserves for exceptional loss are being carried in the company's books since long and the amount now stands at BDT 935.3 million. The amount has been charged to the profit and loss account and accordingly tax benefits have been availed under the income tax ordinance.

<https://www.thedailystar.net/business/news/pragati-insurances-financial-reports-fall-foul-watchdog-rules-1942533>

SS Steel investment under BSEC's scanner

- SS Steel has now come under the scanner of the stock market regulator for its decision to invest around BDT 1.60 billion to acquire 99% of Saleh Steel Industries' stakes. On Sunday, the Bangladesh Securities and Exchange Commission (BSEC), in a letter, asked the listed company to provide information about Saleh Steel Industries Limited. It also sought a copy of Saleh Steel Industries' feasibility report prepared by an independent third party.

- The BSEC asked SS Steel to provide the details of all its directors – including independent ones – who were present at the board meeting, along with the meeting minutes. The stock market regulator also wanted to know about the share money deposits from its directors. Moreover, the company did not fully disclose the value of each share of Saleh Steel Industries Limited.

<https://tbsnews.net/economy/stock/ss-steel-investment-under-bsecs-scanner-117322>

Bangladesh Securities and Exchange Commission (BSEC) cracks down on faking financials

- The securities regulator has stepped up its effort to combat the practice of submitting IPO (initial public offering) proposals with doctored financial statements. As part of the campaign, the Bangladesh Securities and Exchange Commission (BSEC) has rejected the IPOs of eight companies since June last. The rejection of IPOs came following the detection of inconsistencies in their financial results. The companies wanted to raise funds from the capital market by presented fabricated financials. Other than cooking up figures, the IPO proposals submitted to the commission stopped short of complying with other regulations.

- In its first meeting, the reconstituted commission rejected the IPO proposal of Al-Faruque Bags as the company breached the Corporate Governance Code. The incumbent chairman

of the BSEC joined in May last with a promise to ensure transparency and accountability in the operations of the commission. A BSEC director said the securities regulator will continue its disciplinary actions against any companies involved in resorting to irregularities, including doctoring of financial data.

<https://today.thefinancialexpress.com.bd/first-page/bsec-cracks-down-on-faking-financials-1596905841>
<https://www.thedailystar.net/business/news/bsec-has-grand-plan-crack-down-junk-stocks-1942117>

Walton, a local household name, now wants the world to take to its products

- Walton, which was founded in 1977, witnessed tremendous growth in its business performance until the 2017-18 financial year, when natural calamities in the form of flood hit hard, coinciding with a huge amount of investment they had made that year. Walton's target was to boost its profit in the 2019-20 financial year riding on the additional benefits of the investment that was made the previous year. With a paid-up capital of BDT 3 billion, Walton is already in the process of raising BDT 1 billion in capital this year from the stock market through an initial public offering.

- The main sales season for refrigerators, the top-selling product of Walton, begins in March. This year, it was spoiled for the coronavirus. Along with the domestic market, the export market was also smacked down by the contagion. Walton had targeted to complete our shipments within October to November so that we could grab the Christmas sales. But all preparations have been impacted. The company had orders for 250,000 refrigerators and 22,000 ACs from India. It only managed to dispatch 2,000 ACs, with the rest deferred.

- Walton exports its products to more than 35 countries, including the US and Europe, and now it is working to expand the market to South and North America, Russia and different European countries.

<https://www.thedailystar.net/business/news/walton-household-name-bangladesh-now-it-wants-the-world-take-its-products-1941149>

Runner Auto bringing KTM motorcycles to Bangladesh

- The famed off-road motorcycles of KTM would soon be available in Bangladesh thanks to Runner Automobiles, which yesterday announced an agreement with Bajaj Auto that part-owns the Austrian bike brand to become its authorised distributor. Up until now Bajaj motorcycles were solely distributed in Bangladesh by Uttara Motors. Runner will distribute the high-end motorcycles of Bajaj in Bangladesh while Uttara Motors the standard ones, said the chief financial officer of Runner Automobiles.

- Through the new agreement, Runner will avail the distributorship under either completely built up, semi knocked down or completely knocked down conditions or for parts and spares supply, it said in a posting on the Dhaka Stock Exchange website. Runner, which already has its own line of motorcycles and also markets American brand UM and Italian brands Vespa and Aprilia, will start the process for upgrading its assembly plant in Bhaluka of Mymensingh so that KTM motorcycles can begin taking shape there from next month.

- The current market share of premium motorcycles is about 15% whereas it was only 5% just four years ago. Just two years ago, Bangladesh was dependent on imports to meet 95% of its demand for motorcycles. But the situation has completely reversed: today, about

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

- Operators now predict that the market would grow manifold in the next two-three years because of rising incomes, steady growth of the economy and favourable policy and tariff structure despite the pandemic hampering their production and sales in the last four months. About 1,600 motorcycles are sold every day in the country, nearly doubling from 900 in 2016, according to market players. Bajaj is the market leader with a 40% share. It sold about 225,000 units in 2018. It churns out 12,000 units per day at its Zirani factory in Savar.

<https://www.thedailystar.net/business/news/runner-auto-bringing-ktm-motorcycles-bangladesh-1941145>
<https://today.thefinancialexpress.com.bd/public/stock-corporate/runner-auto-to-sign-business-deal-with-bajaj-auto-1596728390>

Twin perils hit businesses of City Bank in H1

- City Bank Ltd, one of the first generation PCBs faced tough challenges to grow its business during first half of year due to capping on lending rate and the havoc like Covid-19. However, having strong growth in loan by 18.4% (BDT 45.48 billion) from December last year, City Bank's interest income decreased 2.8% (BDT 360 million) to BDT 12.48 billion, when the new interest rate regulation imposed a 9.0% cap on loans from April 1, according to a statement.

- In June, bank's half-yearly revenue decreased by BDT 578 mn (6.2%), whereas, operating expenses increased by BDT 460 mn (8.9%) over same period of last year, mainly due to increase in salary expenses, Managing Director said. Nonetheless, the decline in the profitability of the bank during this period is mostly caused by external, regulatory and macro factors rather than internal lack of efficiency. A testament to this fact is the outstanding growth in the balance sheet items of the bank during this period, even with the Coronavirus outbreak impacting all businesses severely, said the Managing Director.

- He also added that the Agent Banking and Women Banking, along with our Retail Banking, are expected to contribute considerably to our low-cost deposit mobilization in coming years. The central bank's new regulations on classification, provisioning and credit guarantee schemes will make investments in SME segment more profitable for banks as well, City Bank MD said. City Bank's number of SME outlets reached to 116 in June this year and agent banking outlets will also be used to rollout small business products & services and SME loans thrived in 1st half, with 21.7% growth.

<https://today.thefinancialexpress.com.bd/stock-corporate/twin-perils-hit-businesses-of-city-bank-in-h1-1596901518>
<https://www.thedailystar.net/business/news/interest-rate-cap-pandemic-battered-city-fortunes-2020-1941141>

Proposal of determining cut-off price of Energypac Power approved

- The securities regulator has approved the proposal of determining cut-off price of the shares of Energypac Power Generation Limited (EPGL) as part of the process of offloading

shares under book building method. As per the BSEC approval, the EPGL will raise fund worth BDT 1.5 billion from the capital market under the book building method. As per the public issue rules, the cut-off price of the shares of company will be determined through electronic bidding. Eligible Investors (EIs) will get shares at cut-off price, while general investors will get shares through IPO (initial public offering) at 10% discount on cut-off price.

- The EPGL will utilise the fund to repay bank loans, and to expand LPG project along with bearing the IPO expense. As per the consolidated financial statement for the year ended on June 30, 2019, the company's net asset value per share is BDT 45.15 (with revaluation reserve), while the value stands at BDT 30.20 (without revaluation reserve). For the same period, the company's earnings per share (EPS) is BDT 3.13. LankaBangla Investments is the issue manager of the EPGL. The company was incorporated as a private limited company on July 15, 1995. Subsequently, it was converted into a public limited company on December 27, 2011.

<https://today.thefinancialexpress.com.bd/public/stock-corporate/proposal-of-determining-cut-off-price-of-energypac-power-approved-1596728408>

<https://www.newagebd.net/article/112865/bsec-allows-energypac-to-discover-ipo-cut-off-price>

Number of BO accounts drops to 11-year low

- The number of beneficiary owners' accounts has plunged to an 11-year low after 0.27 mn accounts were scrapped in July due mainly to prolonged bearishness on the primary and secondary markets. The number of active BO accounts was 25,55,511 on June 30, but the figure declined to 22,86,088 on July 30, according to Central Depository of Bangladesh Limited data. The number was lowest after June 30, 2009 when it was at 14,19,015. Of the annulled BO accounts, most of them became void due to the accountholders' failure to pay the annual fees.

- To trade on the stock market and apply for primary shares, an investor has to open a BO account with the CDBL through a depository participant, which is usually a stockbroker or a merchant bank. Of the 2.29 mn BO accounts, only 12,26,422 accounts hold shares while 7,34,651 accounts have no shares and 3,38,178 accounts have never been used. The market was mostly bearish in the last two financial years (2018-19 and 2019-20) with lower participation of investors that made some investors reluctant to renew their BO accounts.

- The situation has worsened since January this year after the global outbreak of coronavirus and the DSE core index hit rock bottom in March when the country first detected coronavirus cases and reported the first death after a week of its presence. To check the free fall on the market amid the pandemic, the Bangladesh Securities and Exchange Commission imposed a floor price system so that no share could fall below a certain level that had sent the market to a near standstill. The government declared general holidays from March 29 to May 30 to curb the spread of the virus, and trading on the market also remained shut during the period.

<https://www.newagebd.net/article/112890/number-of-bo-accounts-drops-to-11-year-low>