

Weekly Market Update

Capital Market Overview

The market closed in red this week. The benchmark index DSEX (-0.85%) lost 45.05 points and closed the week at 5,230.79 points. The blue-chip index DS30 (-1.79%) lost 33.14 points and stood at 1,818.21 points. The shariah based index DSES (-1.86%) lost 22.74 points and stood at 1,197.56 points. DSEX, DS30, DSES all posted negative YTD return of -2.88%, -3.33%, and -2.86% respectively.

Total Turnover During The Week (DSE): BDT 14.6 billion (USD 175.8 million)
Average Daily Turnover Value (ADTV): BDT 2.9 billion (Δ% Week: -31.9%)

Daily Index Movement during the Week:

The market performed five sessions during this week. Market opened this week with negative movement of 0.04% in the first session and continued to be negative in the second, third, and fourth session by -0.49%, -0.57%, and -0.42% respectively. Market rebounded in the last session by 0.67%.

Sectoral Performance:

- The financial sectors showed positive performance this week except NBFIs (-0.45%). General Insurance posted the highest gain of 1.96% followed by Banks (+0.78%), Mutual Funds (+0.60%), and Life Insurance (+0.59%).
- The non-financial sectors registered negative performance this week except Power (+0.33%). Telecommunication experienced the highest loss of 2.60% followed by Food & Allied (-2.55%), Pharmaceuticals (-2.21%), Engineering (-1.66%).

Macroeconomic arena:

- With a sustainable GDP growth rate of 7%, Bangladesh is among the seven countries in the world that are expected to dominate world economy in the coming decade, says Standard Chartered Bank. By 2030, Bangladesh's per capita GDP is projected to be USD 5,700, surpassing India's per capita GDP of USD 5,400. The demographic dividend will be a boon for India, while Bangladesh's investments in health, and education should juice productivity, the analysts said.
- The country's foreign exchange reserves have come under pressure after higher external payments against import of oil and construction materials for mega projects. The country's forex reserves reached USD 30.99 billion on the Wednesday. Bangladesh will be able to meet more than five months import payment bills with the existing reserves, the officials added.
- Trade deficit fell 9.24% year-on-year to USD 11.92 billion in the first nine months of the current fiscal year. The Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) has projected a rise in the country's export earnings and import value at the end of this month (May) and the next month (June). The MCCI has predicted that the export receipts might go up to USD 3,395 million and USD 3,450 million at the end of May and June respectively. On the other hand, the country's import values are also expected to reach USD 5,160 million in May and USD 5,195 million in June.
- The net sales of state-run savings instruments rose by more than 8.0% in nine months of the current fiscal year (FY), compared to the same period of the previous fiscal. According to the Department of National Savings (DNS) data, the net sales of savings tools in the July-March period of FY 2018-19 stood at BDT 397.33 billion, up from BDT 367.09 billion in the corresponding period of FY 2017-18.
- Liquidity crunch in the banking sector is deepening due to slow growth of deposits and a lethargic recovery of loans. The majority of the banks are now offering 11-12% interest rate to attract deposits and yet they are floundering. The rise in default loans, an erosion of public confidence in the banking sector and the latest central bank's move to ease the loan classification rules are largely blamed for the ongoing liquidity crisis, analysts said.

Stock Market arena:

- The Bangladesh Securities and Exchange Commission approved three separate rules on issuing sukuk bond, exchange traded derivatives and short-sale. After getting comments and recommendations from all the stakeholders, the commission approved the rules, a gazette will be published very soon. The approval came in a commission meeting yesterday.
- The telecom regulator has decided to increase the floor price of Grameenphone's call rate by 5 paisa to BDT 0.50 a minute from June as part of the restrictions of being declared a significant market power (SMP) player. The market leader will also have to pay 5 paisa more to other operators for calls its subscribers make to another network. In the third restriction, the BTRC has made it easier for a user to leave Grameenphone under the mobile number portability facility. The final restriction stipulates prior approval from the telecom regulator before Grameenphone rolls out any package.

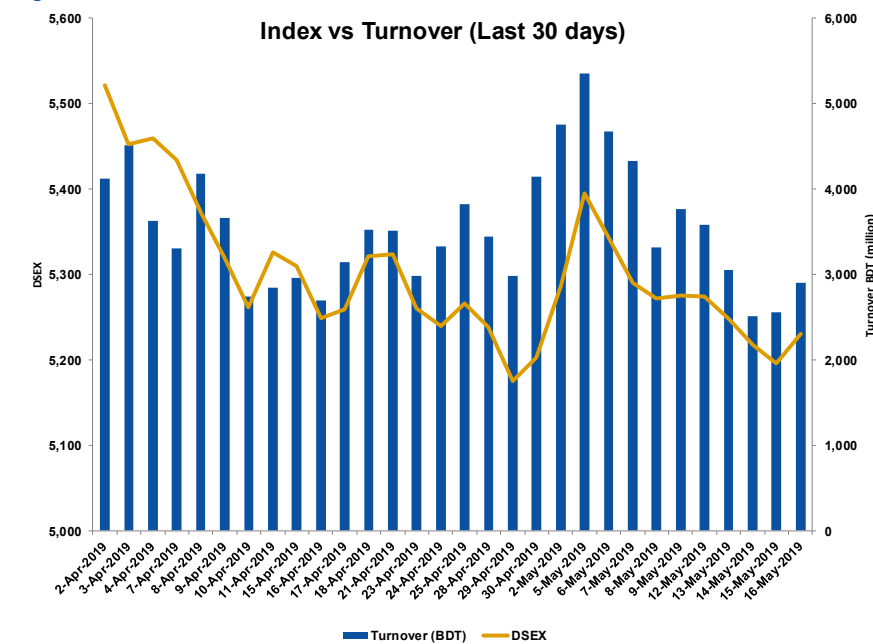
Table 1: Index

Index	Closing	Opening	Δ(Pts)	27-Dec-2018	Δ% Week	Δ%YTD
DSEX	5,230.79	5,275.83	-45.05	5,385.64	-0.85%	-2.88%
DS30	1,818.21	1,851.35	-33.14	1,880.78	-1.79%	-3.33%
DSES	1,197.56	1,220.31	-22.74	1,232.82	-1.86%	-2.86%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	19,277,042.0	19,554,679.8	-1.4%
	Mn USD	231,890.3	235,230.1	
Turnover	Mn BDT	14,615.2	21,448.2	-31.9%
	Mn USD	175.8	258.0	
Average Daily Turnover	Mn BDT	2,923.0	4,289.6	-31.9%
	Mn USD	35.2	51.6	
Volume	Mn Shares	516.7	635.4	-18.7%

Figure 1: DSEX & Turnover in last four weeks



Associate:

Md. Rafiqul Islam

mrafiqulislam@bracepl.com

Associate:

Md. Mahirul Quddus

mmahirul.quddus@bracepl.com

Table 3: Top Ten Gainers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
United Insurance	64.60	56.70	13.9%	2,874.6	59.47	26.6x	2.2x
IFIC Bank	12	10.70	11.2%	15,931.0	278.79	8.8x	0.7x
LR Global Bangladesh MF One	6.80	6.20	9.7%	2,115.3	.11	NM	0.6x
Bank Asia Ltd.	19.70	18.20	8.2%	22,968.4	95.91	8.5x	0.9x
Popular Life Insurance	92.30	85.40	8.1%	5,577.5	7.91	NM	9.2x
Rupali Life Insurance Co. Ltd.	89.00	82.70	7.6%	2,567.5	48.12	NM	8.9x
Dhaka Bank	14.40	13.40	7.5%	12,286.3	112.36	7.9x	0.7x
Pragati Insurance	32.60	30.40	7.2%	1,998.4	15.38	9.6x	0.6x
Paramount Insurance	16.90	15.80	7.0%	561.5	18.33	13.2x	1.3x
Trust Bank	31.20	29.20	6.8%	17,377.3	24.49	17.6x	1.3x

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
S. S. Steel Limited	30.00	33.40	-10.2%	7,350.0	200.57	24.0x	1.9x
Intraco Refueling Station Limited	22.30	24.80	-10.1%	1,756.1	112.73	14.0x	1.8x
Dulamia Cotton	50.60	55.80	-9.3%	382.4	8.40	NM	NM
Esquire Knit Composite Limited	46.40	51.10	-9.2%	6,259.2	297.70	18.2x	0.0x
Indo-Bangla Pharmaceuticals Limited	25.50	28.00	-8.9%	2,608.7	246.61	26.5x	2.0x
Navana CNG Limited	44.70	48.70	-8.2%	3,063.2	29.55	20.0x	1.3x
Aman Cotton Fibrous Limited	33.30	36.20	-8.0%	3,357.7	39.59	13.1x	0.9x
Jamuna Bank	17.70	19.20	-7.8%	13,261.3	232.30	4.9x	0.7x
BRAC Bank	56.30	60.90	-7.6%	69,439.0	673.15	12.4x	1.7x
Meghna Pet Industries	13.70	14.80	-7.4%	164.4	.60	NM	NM

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Fortune Shoes Limited	37.80	38.50	-1.8%	4,722.6	733.42	19.4x	2.8x
BRAC Bank	56.30	60.90	-7.6%	69,439.0	673.15	12.4x	1.7x
Bangladesh Shipping Corporation	48.40	50.50	-4.2%	7,382.7	394.44	47.7x	0.4x
Power Grid Co. of Bangladesh Ltd.	61.10	63.00	-3.0%	28,161.8	393.65	10.1x	2.6x
Oimex Electrode Limited	34.50	33.40	3.3%	1,741.6	309.63	17.7x	2.5x
Monno Ceramic	230.50	236.50	-2.5%	7,528.5	298.89	35.1x	3.3x
Esquire Knit Composite Limited	46.40	51.10	-9.2%	6,259.2	297.70	18.2x	0.0x
Square Pharmaceuticals	248.70	257.60	-3.5%	196,226.4	295.41	16.1x	3.2x
IFIC Bank	11.90	10.70	11.2%	15,931.0	278.79	8.8x	0.7x
Indo-Bangla Pharmaceuticals Limited	25.50	28.00	-8.9%	2,608.7	246.61	26.5x	2.0x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Dutch-Bangla Bank	74.50	28.98%	37,250.0	12.2x
Power Grid Co. of Bangladesh Ltd.	61.10	27.29%	28,161.8	10.1x
Berger Paints	1,587.50	18.11%	73,624.9	38.8x
The Premier Bank	11.90	17.47%	10,996.7	5.5x
Marico Bangladesh Limited	1,407.80	17.30%	44,345.7	23.4x
Bank Asia Ltd.	19.70	16.86%	22,968.4	8.5x
Pragati Insurance	32.60	16.85%	1,998.4	9.6x
DESCO	47.20	16.83%	18,765.3	21.8x
BATBC	1,341.90	13.67%	241,542.0	25.9x
United Commercial Bank Limited	19.70	11.93%	20,766.4	10.5x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1436.51	1425.37	1848.21	0.78%	-22.28%
NBFIs	1928.54	1937.19	2714.85	-0.45%	-28.96%
Mutual Funds	651.17	647.26	788.81	0.60%	-17.45%
General Insurance	1698.35	1665.74	1592.30	1.96%	6.66%
Life Insurance	1929.35	1918.11	1834.85	0.59%	5.15%
Telecommunication	4863.85	4993.89	6494.31	-2.60%	-25.11%
Pharmaceuticals	2649.40	2709.17	2821.05	-2.21%	-6.08%
Fuel & Power	1795.58	1789.63	1527.27	0.33%	17.57%
Cement	1499.32	1531.95	2280.58	-2.13%	-34.26%
Services & Real Estate	960.73	982.90	1224.11	-2.26%	-21.52%
Engineering	2881.09	2929.63	3166.83	-1.66%	-9.02%
Food & Allied	16604.04	17037.73	15304.34	-2.55%	8.49%
IT	1812.77	1833.59	1484.41	-1.14%	22.12%
Textiles	1375.27	1395.57	1222.72	-1.46%	12.48%
Paper & Printing	7161.30	7524.46	1013.11	-4.83%	606.86%
Tannery	2347.26	2362.20	2642.41	-0.63%	-11.17%
Jute	17399.69	17272.14	8867.22	0.74%	96.22%
Ceramics	528.30	535.88	597.46	-1.42%	-11.58%
Miscellaneous	2135.35	2174.61	1725.62	-1.81%	23.74%

Table 7: Sector Trading Matrix

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Banks	559.9	64.1	773.00%	19.94%	9.9x	0.8x
NBFIs	87.0	16.8	419.05%	3.10%	72.5x	1.9x
Mutual Funds	23.6	4.2	466.19%	0.84%	NM	0.5x
General Insurance	95.2	21.1	351.00%	3.39%	12.9x	1.1x
Life Insurance	22.4	3.8	492.38%	0.80%	NM	8.0x
Telecommunication	78.9	17.0	364.75%	2.81%	12.9x	10.1x
Pharmaceuticals	263.9	94.5	179.34%	9.40%	18.5x	2.5x
Fuel & Power	280.1	61.4	356.28%	9.98%	12.6x	2.1x
Cement	53.5	9.4	470.21%	1.91%	31.2x	2.8x
Services & Real Estate	26.4	6.7	292.80%	0.94%	NM	0.8x
Engineering	361.9	93.8	285.72%	12.89%	15.2x	1.8x
Food & Allied	80.9	44.3	82.55%	2.88%	28.8x	9.7x
IT	93.2	32.3	188.69%	3.32%	22.7x	2.8x
Textiles	306.4	113.9	169.10%	10.91%	18.6x	1.1x
Paper & Printing	11.6	8.4	38.58%	0.41%	22.5x	1.9x
Tannery	194.4	49.1	295.83%	6.93%	19.6x	2.6x
Jute	3.7	1.1	246.44%	0.13%	NM	7.9x
Ceramics	84.4	28.4	197.09%	3.01%	20.4x	2.0x
Miscellaneous	179.6	40.4	344.46%	6.40%	28.2x	1.2x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Heidelberg Cement	240.30	-28.20%	13,577.8	20.9x
IFAD Autos Limited	78.20	-27.86%	19,392.9	13.8x
International Leasing	10.10	-26.28%	2,133.6	5.2x
ACI Limited	253.20	-22.38%	12,631.9	81.9x
Aftab Automobiles	36.90	-19.61%	3,532.5	18.5x
RAK Ceramics Limited	32.60	-16.41%	12,683.4	14.7x
IDLC Finance Ltd.	59.00	-15.35%	22,246.0	9.7x
Bata Shoe	948.10	-15.08%	12,970.0	14.6x
AB Bank	10.30	-14.17%	7,808.7	NM
City Bank	24.70	-14.12%	25,104.8	8.4x

Important News: Business & Economy

Standard Chartered Bank: Bangladeshis set to be wealthier than Indians by 2030

- With a sustainable GDP growth rate of 7%, Bangladesh is among the seven countries in the world that are expected to dominate world economy in the coming decade, says Standard Chartered Bank. By 2030, Bangladesh's per capita GDP is projected to be USD 5,700, surpassing India's per capita GDP of USD 5,400. The demographic dividend will be a boon for India, while Bangladesh's investments in health, and education should juice productivity, the analysts said.

- Besides Bangladesh and India, Vietnam, Myanmar, and the Philippines are also the members of the exclusive "7% club." The other two are from Africa – Ethiopia, and Côte d'Ivoire. Vietnam tops the list of the seven countries, with its per capita GDP expected to soar to USD 10,400 in 2030, from about USD 2,500 in 2018.

<https://www.dhakatribune.com/business/economy/2019/05/14/stanchart-bank-bangladeshis-set-to-be-wealthier-than-indians-by-2030>
<http://www.newagebd.net/article/72326/bangladesh-per-capita-income-to-be-5700-in-2030-to-surpass-india-stanchart>

Poverty situation improves further

- The country's poverty situation improved further between 2016 and 2018 but at slower pace among extreme poor households, according to final report of the Household Income and Expenditure Survey (HIES). The Bangladesh Bureau of Statistics (BBS) estimated that the poverty rate, among households belonging to upper 'poverty line', dropped to 21.8% in 2018, down by 2.5% point from 2016. On the other hand, the poverty rate, among those in lower poverty line, dropped to 11.3% in 2018, down by 1.6% point from 2016. The BBS conducted the survey on some 46,076 households, the biggest-ever in size. The primary sampling units was also the largest at 2,304 in 2016.

<http://today.thefinancialexpress.com.bd/first-page/poverty-situation-improves-further-1557769029>
<https://www.thedailystar.net/frontpage/news/poverty-declining-slower-pace-1743196>

Finance Minister defends government's GDP growth data

- Finance Minister defended the government's GDP growth data, saying the rates are based on solid numbers. His remark came a day after the South Asian Network on Economic Modeling (SANEM), a research organization, called the recent economic growth data "puzzling", citing that the figures are inconsistent with various indicators of the economy. The Centre for Policy Dialogue, an eminent think-tank, had also questioned the current fiscal year's provisional growth estimate of 8.13%

- All the numbers that were used to measure the economy and the annual growth are available, the Finance Minister said. The finance minister, however, solicited constructive feedback from the think-tanks and research organizations.

- Citing the International Monetary Fund's (IMF) recent report on the World Economic Outlook, he said the organization predicted sluggishness in the world economy until 2024. The IMF forecasted that 20 countries would act as growth drivers during the period -- and

Bangladesh is one of them, he said. The country's contribution to global GDP growth would be 0.9%, which is the same as Canada, a developed nation, according to an analysis by Bloomberg. He has not done this. This is done by the IMF," he said.

- Earlier on May 9 after a meeting with a World Bank team, the Finance Minister said in a statement that Bangladesh would be among the top 20 contributors to the global GDP by 2024. In another statement the following day, he got corrected saying that Bangladesh would be one of the 20 countries to contribute to the growth of the global economy in 2019-20.

<https://www.thedailystar.net/business/news/kamal-defends-govts-gdp-growth-data-1742329>

Higher import payments strain forex reserves

- The country's foreign exchange reserves have come under pressure after higher external payments against import of oil and construction materials for mega projects. The reserves shrank on Wednesday after a routine payment to the Asian Clearing Union (ACU) against imports during the March-April period of the year, officials said. After the payment, the country's forex reserves reached USD 30.99 billion on the day from USD 32.19 billion of the previous working day, according to the central bank's latest statistics. It was USD 31.02 billion on Thursday.

- The highest USD 33.68 billion reserves were recorded on September 05, 2017. Bangladesh will be able to meet more than five months import payment bills with the existing reserves, the officials added. The reserves are under stress because of higher import payment obligations, particularly for petroleum products, construction materials, capital machinery for power plants and fertilizer, said the officials.

- The import of LNG (liquefied natural gas) has been contributing to the forex reserve pressure in the recent months, they added. The country's overall imports have advanced by more than 7.0% in the first nine months of the current fiscal, following higher imports of intermediate goods and oil. The actual import in terms of settlement of letters of credit (LCs) rose to USD 41.22 billion during the July-March period of FY 19 from USD 38.41 billion in the corresponding period of the last fiscal, the central bank data showed.

- Import of intermediate goods such as coal, hard coke, clinker and scrap vessels jumped by 39.42% to USD 4.16 billion during the period from USD 2.98 billion in the same period last year. The purchase of construction materials pushed up the overall import payments in the first nine months of the fiscal, another BB official explained. He also said mega infrastructure projects, including Padma bridge, Rooppur Nuclear Power Plant (NPP), metro-rail and Dhaka Elevated Expressway account for the lion's share of intermediate goods, he added.

<http://today.thefinancialexpress.com.bd/public/first-page/higher-import-payments-strain-forex-reserves-1557507638>

Trade deficit narrows 9%

- Trade deficit fell 9.24% year-on-year to USD 11.92 billion in the first nine months of the current fiscal year, giving some breathing space to the government in managing the economy. Merchandise exports fetched USD 30.43 billion in the nine months, up 12.09% year-on-year. Imports rose 5.13% to USD 42.36 billion, according to data from the central

bank.

- There is no scope to curb imports, considering the implementation of large infrastructural projects along with ensuring uninterrupted production by the industrial sector, said an executive director of the Policy Research Institute of Bangladesh., also a former economist of the International Monetary Fund. But many banks are in crisis to open fresh letters of credit because of shortage of foreign exchange, he said.

<https://www.thedailystar.net/business/news/trade-deficit-narrows-9pc-1743340>

Export, import may rise in May, June: The Metropolitan Chamber of Commerce and Industry (MCCI)

- The Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) has projected a rise in the country's export earnings and import value at the end of this month (May) and the next month (June). The foreign currency reserve is expected to rise in May to USD 32,820 million from USD 32,450 million in April, but would fall to USD 32,250 million at the end of June, said the trade body. The rate of point-to-point inflation is likely to increase to 5.65% by the end of May, which might decline to 5.50% by June-end, the MCCI review added.
- The MCCI has predicted that the export receipts might go up to USD 3,395 million and USD 3,450 million at the end of May and June respectively, as against USD 3,190 million in May last year. On the other hand, the country's import values are also expected to reach USD 5,160 million in May and USD 5,195 million in June, according to the MCCI's forecast.

<http://today.thefinancialexpress.com.bd/trade-market/export-import-may-rise-in-may-june-1557768178>

Net sales of savings tools up 8.0% in nine months

- The net sales of state-run savings instruments rose by more than 8.0% in nine months of the current fiscal year (FY), compared to the same period of the previous fiscal. According to the Department of National Savings (DNS) data, the net sales of savings tools in the July-March period of FY 2018-19 stood at BDT 397.33 billion, up from BDT 367.09 billion in the corresponding period of FY 2017-18. At the same time, the government's interest payments have also increased by more than 23% in the nine months of this fiscal, the data shows. The government spent BDT 181.54 billion on interest payments in the July-March period of current FY, up from BDT 147.33 billion in the same period of FY 2017-18, according to the official statistics.
- The government, however, is now considering reviewing the yield rates of savings schemes. Meanwhile, the government has revised the target of its net borrowing from savings instruments for FY 2018-19 upward to BDT 450 billion from BDT 261.97 billion.

<http://today.thefinancialexpress.com.bd/last-page/net-sales-of-savings-tools-up-80pc-in-nine-months-1557769389>

Government borrowing from banks to pick up soon

- The government's bank borrowing is set to pick up significantly in May following revenue target shortfall in recent months, officials and bankers said. Faster execution of Annual Development Programme (ADP) along with extra-pressure on festival bonus ahead of the

Eid-ul-Fitr has forced the government to revise its auction calendar with keeping BDT 40 billion extra borrowing arrangement, they explained. Normally, the implementation rate of ADP goes up with faster speed in the last two months of each fiscal year, they added. They also predicted that the upward trend in the government's bank borrowing may continue until June.

- The authorities have already set the net bank borrowing target at more than BDT 67 billion only for May 2019 to finance budget deficit, according to the revised auction calendar, issued by the Bangladesh Bank (BB) on Monday. The net government's bank borrowing figure was BDT 27.25 billion, according to the original auction for May. As per revised calendar, the government may take up to BDT 88 billion as gross borrowing from the banking system this month by issuing treasury bills (T-bills) and bonds.

<http://today.thefinancialexpress.com.bd/first-page/govt-borrowing-from-banks-to-pick-up-soon-1557769087>

Government bond yield rises sharply

- Yield on government treasury bonds (T-bonds) increased significantly on Tuesday following an upward trend in interest rates particularly on bank deposits. High yield on the government securities may continue till July due to higher demand for liquidity ahead of Eid-ul-Fitr festival along with impact on closing of the fiscal year, according to officials and bankers.
- The cut-off yield, generally known as interest rate, on 05-Year Bangladesh Government Treasury Bonds (BGTBs) rose to 7.46% on the day from 6.99% of the previous auction held on April 09, according to the auction results, published by Bangladesh Bank (BB). The government borrowed BDT 7.0 billion through reissuing its 05-Year BGTBs on Tuesday. Senior bankers, however, said higher rates on deposits have pushed up the yield on the government securities that may continue in the coming months. Currently, the interest rates on term deposits are now hovering between 9.0% and 11.50%, they added.

<http://today.thefinancialexpress.com.bd/last-page/govt-bond-yield-rises-sharply-1557855831>

Liquidity crisis grips leasing companies

- About 60% funding of leasing companies comes from the banking sector, of them 40% are fixed deposits of banks and 20% funding comes from call money market. Highly bank dependency has made the leasing companies in crisis, according to related people. Now the banking sector is facing huge liquidity pressure. As a result, the non-banking financial institutions are not getting deposits from banks, said a Bangladesh Bank senior official.
- According to a stress test report of the central bank, 12 out of 34 non-banking entities were in the red zone that denotes high vulnerability. Of the rest 22 NBFIs, 18 were in the yellow zone that indicates less risky state, and only four entities were in the green zone or safe state. Of the NBFIs in the red zone, 95.31% outstanding loans of Bangladesh Industrial Finance Corporation had become defaulted. The amount of defaulted loans in First Finance was 37.5%, Bay Leasing, Fareast Finance, FAS Finance, International Leasing and Financial Services, People's leasing and Financial Services, Premier Leasing, Prime Finance, Reliance Finance and Union Capital were the entities in the red zone, according to BB officials.

<https://www.dhakatribune.com/business/economy/2019/05/14/liquidity-crisis-grips-leasing-companies>

Liquidity crunch intensifying

• Liquidity crunch in the banking sector is deepening due to slow growth of deposits and a lethargic recovery of loans. The majority of the banks are now offering 11-12% interest rate to attract deposits and yet they are floundering. The rise in default loans, an erosion of public confidence in the banking sector and the latest central bank's move to ease the loan classification rules are largely blamed for the ongoing liquidity crisis, analysts said. The ongoing implementation of mega infrastructural projects is also fuelling the cash shortage as lenders have been providing import financing to materialise those by way of purchasing the dollar from the central bank, they said. A total of USD 2.14 billion was purchased by banks between July 1 last year and May 2 this year. The high rate on deposit has also pushed the interest rate on lending: banks are now disbursing loans at 13-16% interest.

• On January 30 last year, the central bank had set the June 2018 deadline to lower their loan-deposit ratio to 83.5% from 85% for conventional banks and to 89% from 90% for Shariah-based banks. Seeing the failure of many lenders to bring down the ceiling, the central bank on March 7 extended the deadline to September. The new loan classification policy, which calls for a six-month grace period, will hit banks' liquidity base further, chairman of the Association of Bankers, Bangladesh said. He, however, expressed hope that clients might shy away from national savings certificates as banks continue to raise the interest rate on deposit products.

<https://www.thedailystar.net/business/news/liquidity-crunch-intensifying-1742770>

Suspicious transactions go up 64%

• Banks and financial organizations sent a record number of suspicious transaction and activities reports to the Bangladesh Financial Intelligence Unit last fiscal year, in an indication of their commitment to fight money laundering. In fiscal 2017-18, the BFIU received a total of 3,878 suspicious transaction reports (STR) and suspicious activity reports (SAR) from reporting agencies, up 64.50% year-on-year, according to the BFIU's annual report, which was released last week. This is a good sign that banks and other reporting agencies concerned had given more attention to the suspicious transaction and activities as part of their fight against money laundering and terrorist financing, bankers said. The quality of STRs and SARs submitted by reporting agencies also improved, said the chief of the intelligence unit.

• Last fiscal year, BFIU disseminated a total of 677 STRs and SARs to different investigations and law enforcement agencies in contrast to 121 the previous year, according to the report. The BFIU initially analyses and investigates the complaints submitted by reporting agencies. If any anomaly is found, it forwards the reports to the Anti-Corruption Commission, Bangladesh Police and other government agencies for further investigation, the chief of the intelligence unit said.

<https://www.thedailystar.net/business/news/suspicious-transactions-go-64pc-1743793>
<http://www.newagebd.net/article/72433/suspicious-financial-transaction-rises-64pc>

The Metropolitan Chamber of Commerce and Industry (MCCI) lists banking sector as a major risk to economy

• The Metropolitan Chamber of Commerce and Industry (MCCI), Dhaka has identified the present situation in the banking sector as one of the biggest risks to the economy and called for the central bank's strict vigilance to bring discipline in the sector. The corruption-ridden banking sector is perhaps the biggest downside risk now, which will call for strict vigilance by the central bank to bring discipline to the sector, the Metropolitan Chamber of Commerce and Industry (MCCI), Dhaka said in its review of the 'Economic Situation in Bangladesh for January-March (Q3) period of the fiscal year (FY) 2018-19.

• Despite making certain progress, the economy of Bangladesh is also facing some other downside risks, including inadequate infrastructure, lack of investors' confidence and shortage of power and energy, according to the country's MCCI.

<http://today.thefinancialexpress.com.bd/first-page/mcci-lists-banking-sector-as-a-major-risk-to-economy-1557768927>

<https://www.thedailystar.net/business/news/bank-graft-biggest-risk-economy-1743337>

<https://www.dhakatribune.com/business/economy/2019/05/13/mcci-corrupt-banking-sector-poses-biggest-economic-risk>

<http://www.newagebd.net/article/72325/graft-ridden-bank-sector-biggest-economic-risk>

Bangladesh Bank (BB) asks four state-owned commercial banks (SoCBs) to focus on SME lending

• The central bank has asked the four state-owned commercial banks (SoCBs) to focus on SME (small and medium enterprise) lending, particularly in the manufacturing sector, along with large loans to minimise risks, officials said. The advice was given at a meeting held at the Bangladesh Bank (BB) headquarters in Dhaka on Sunday to review the memorandums of understanding (MoUs) of Sonali Bank, Janata Bank, Agrani Bank and Rupali Bank.

• They've asked the SoCBs to reduce their volume of classified loans through strengthening recovery drive across the country, a BB senior official said. There is no alternative but to boost recovery drive to improve their (SoCBs) financial health, the central banker explained. The public banks have been advised to expedite SME lending to bring unbanked people under the banking network, he remarked.

• The BB's latest instructions came against the backdrop of a rising trend in the overall non-performing loans (NPLs) in the banking sector, particularly in the SoCBs, in December 2018. The total volume of defaulted loans with the six SoCBs rose to BDT 486.96 billion as of December 31, 2018, from BDT 373.26 billion on the same day of 2017. The meeting also reviewed issues like liquidity situation, recovery position of NPLs, particularly top 20 defaulted loans, and credit growth of the SoCBs, the sources added.

• They said the SoCBs have also been asked to be more careful in case of borrower selection and exercise due diligence properly while sanctioning fresh loans. The public banks have already been asked to strictly abide by the existing core risk-management guidelines for improving their efficiency. The SoCBs were also advised to use all types of options-recapitalise fund, issuing bonds, own profits and reducing amount of the risk weighted assets-to meet their capital shortfalls.

<http://today.thefinancialexpress.com.bd/first-page/bb-asks-four-socbs-to-focus-on-sme-lending-1557681633>

<https://www.dhakatribune.com/business/banks/2019/05/12/bangladesh-bank-asks-four-subs-to-boost-recovery-from-top-defaulters>
<https://www.thedailystar.net/business/news/extend-liquidity-support-private-banks-1742761>

Banks can deduct non-listed companies' shares from exposure

• The central bank has decided to extend its policy support further to bring back stability in the country's ailing capital market. As part of the initiative, a bank's investment in the shares of non-listed companies can be deducted from the calculation of its share market exposure. They've considered the issue positively that will also help the banks to increase their investment capacity in the share market, said the BB Deputy Governor. The meeting also advised the monitoring committee on the capital market refinancing scheme to take effective measures to immediately start disbursement of the fund, amounting to around BDT 9.0 billion.

• The central bank will release the fund soon after receiving recommendations from the committee, the BB deputy governor added. On May 02, the government extended the tenure of the capital market refinancing scheme until December 31, 2022, with some amendments, to help revamp the country's stock market. Now the fund will be treated as a revolving one that will be eligible for other capital market intermediaries along with small investors, according to a notification, issued by the Ministry of Finance (MoF) on the day.

<http://today.thefinancialexpress.com.bd/public/first-page/banks-can-deduct-non-listed-cos-shares-from-exposure-1557421683>

Mobile financial services (MFS) likely to come under close watch

• Mobile financial services (MFS) like bKash and UCash are likely to be brought under close monitoring by the government soon, officials said. The government is moving towards such regular screening after it finds concrete evidence of criminal activities being carried out by using digital financial service, they added. Earlier, the National Telecommunication Monitoring Centre (NTMC) has requested the home ministry to take next course of action in this regard. NTMC started its operation on January 01, 2017. According to NTMC, mobile financial services such as bKash, UCash and Nagad should also be included in the NTMC database.

• Currently, they (MFS) provide several services including inward remittance, cash-in transaction, cash-out transaction, person-to-person (P2P), salary disbursement, utility bill payment, merchant payment, government payment, purchasing from brands or outlets. Presently, some 16 banks are providing mobile financial services in the country. There were 919,191 agents till March last.

<http://today.thefinancialexpress.com.bd/trade-market/mfs-likely-to-come-under-close-watch-1557854896>

Pause in approval to new power plants likely

• The government is likely to stop giving permission to set up new power plants for now, considering that the existing plants are enough to meet the demand for power until 2030. The committee stated that the existing power plants, including those under construction, are enough to meet the country's electricity demand over the next one decade.

• The committee headed by state-run Power Cell Director General Mohammad Hossain revealed that the country's electricity demand would be around 29,619 megawatt (MW) by 2030 with the efficient use of energy. On the other hand, the Power Division under the Ministry of Power, Energy and Mineral Resources (MPEMR) had projected the power demand at 40,000 MW by 2030. Currently, the country's overall electricity generation from a total of 127 power plants is hovering around 11,500 MW against their de-rated generation capacity of 17,701 MW. If all the power plants, now in the pipeline, come on line, some 30,000 MW of electricity would be available with the national grid by 2030, said officials. However, power plants with 10,000 MW generation capacity, now in operation, would retire by 2030, they added. The total power generation capacity, including that from the captive power plants, owned by industry owners, and renewable energy, has now reached 20,343 MW.

<http://today.thefinancialexpress.com.bd/first-page/pause-in-approval-to-new-power-plants-likely-1557855631>

Finance Minister iterates new VAT law to be effective from July

• Finance minister AHM Mustafa Kamal on Saturday reiterated that the government would start implementation of the new VAT law from July. Bangladesh Chambers of Commerce and Industry sent to NBR questioning its preparedness to implement the new Value-Added Tax and Supplementary Duty Act-2012. NBR on May 5 in the letter claimed that the implementation of 'unprepared and much lingered in terms of re-evaluation' VAT law would fuel inflation which may lead to public suffering, resentment and instability in the society. The minister also said that earlier businesses did not let NBR to implement the law and this year the government would implement the law through budget.

<http://www.newagebd.net/article/72126/kamal-iterates-new-vat-law-to-be-effective-from-july>

Disagreement over new VAT law ends, finally

• Finance Minister said on Tuesday the new value added tax (VAT) law will be implemented from the next fiscal year as the businesses and the government sank differences over it. Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) President said the minister had assured them that the VAT rates would not be raised on any item, rather those might decline in some areas.

• The FBCCI in a letter to the NBR in early May said the VAT law in its new form might fuel inflation and create unrest in the society, if implemented from July 1 without adequate "readiness". In reply, the NBR accused the country's apex trade body of trying to block implementation of the law again. The revenue authority said it made enough preparations before going for implementation of the new law from the upcoming fiscal year.

<http://today.thefinancialexpress.com.bd/first-page/disagreement-over-new-vat-law-ends-finally-1557855673>

<https://www.dhakatribune.com/business/2019/05/14/mustafa-kamal-nbr-and-fbcci-settled-differences-over-vat-law>

<http://www.newagebd.net/article/72434/misunderstanding-between-businesses-tax-officials-about-vat-law-ends-kamal>

All exports to get same incentives in budget

• All export-oriented sectors will get incentive benefits, similar to ready-made garments

(RMG), from the next financial year (FY), 2019-20, to ensure diversification in the country's exports, Prime Minister's (PM) Private Industry and Investment Adviser said on Sunday. All the incentives, provided to garments sector, will now be given to all exports, irrespectively. The decision to give equal incentives to all exports will be reflected from the next budget, he added.

<http://today.thefinancialexpress.com.bd/last-page/all-exports-to-get-same-incentives-in-budget-1557682117>

Mirsharai Economic Zone to create employment for 0.5 million people

• As many as 350 industrial units are being built at a cost of USD 4.5 billion at Mirsharai economic zone (EZ) near the costal line of the Bay of Bengal in Chattogram, aimed at creating employment opportunities for 0.5 million people. In the first phase, some 250 industrial plots will be developed at a cost of USD 1.25 billion by June, 2021 which is expected to create employment opportunities for 150,000 people, Bangladesh Export Processing Zones Authority (BEPZA) General Manager said. At present, investors of 38 countries have a total investment worth USD 4.11 billion in eight export processing zones (EPZ) under BEPZA. Among 588 factories of the eight EPZs, 462 are functioning and the rest will be operational within a few years. The Mirsharai economic zone has got allocation of 1,150 acres of land which is half of the total area of 2,308.98 acres of eight EPZs of BEPZA.

<http://today.thefinancialexpress.com.bd/trade-market/mirsharai-economic-zone-to-create-employment-for-05m-people-1557855032>

Government issues tender for 1.345 million tonnes of oil products

• Bangladesh Petroleum Corporation (BPC) has issued an international tender to import as much as 1.345 million tonnes of refined oil products for the second half of 2019, officials said on Monday, reports Reuters. The state-owned company is seeking 940,000 tonnes to 1.12 million tonnes of gasoil with a sulphur content of 500 parts-per-million (ppm), 110,000 tonnes of jet fuel, 60,000 tonnes to 100,000 tonnes of 180-centistoke high sulphur fuel oil and 15,000 tonnes of 95-octane gasoline. The tender closes on May 16 and is valid up to September 02.

<http://today.thefinancialexpress.com.bd/last-page/govt-issues-tender-for-1345m-tonnes-of-oil-products-1557769789>

Bangladesh now depends less on India for cotton

• African nations have surpassed India to become the largest source of cotton for Bangladesh as local spinners and millers look to cut down their dependence on a single source for their vital raw material. Last year, Bangladesh, the largest importer of cotton in the world, met 37.06% of its requirement for the white fibre from East and West African countries. India accounted for 26.12% of the total cotton imports, down from more than 60% two years ago, according to data from the Bangladesh Textile Mills Association (BTMA).

<https://www.thedailystar.net/business/news/bangladesh-now-depends-less-india-cotton-1743343>

Jobs in Middle Eastern (ME) countries post over 17% fall in four months

• The country saw a fall in overseas employment by more than 17% in the first four months of the current calendar year following a cut in recruitment by Middle Eastern (ME) nations, official statistics showed. A total of 226,771 workers went abroad with jobs in the January-April period this year while 273,304 workers went abroad in the corresponding period of the previous year, the data of the Bureau of Manpower, Employment and Training (BMET) showed.

• However, the manpower recruiters feared that if the trend continued, it would be hard to send even 500,000 workers abroad in the current calendar year. Bangladesh sent 734,181 workers abroad in 2018 and 1,008,525 in 2017. The ME countries such as Saudi Arabia, Oman, Qatar, Kuwait have reduced the recruitment of foreign workers following their sluggish development work. As part of policy reforms, Saudi Arabia has employed more local workers in different sectors. Besides, Oman is discouraging recruitment of less-skilled workers from Bangladesh.

• But the officials at the Ministry of Expatriates' Welfare and Overseas Employment said they were focusing now on quality migration, rather than the number. So, if the number of workers going abroad declines, it will not create a problem as they will send more skilled workers. A member of the executive committee of Bangladesh Association of International Recruiting Agencies (BAIRA), said the government should take necessary initiatives to secure jobs in the markets remaining closed for a long time. "Otherwise, it will be difficult for them to survive. Recruitment by the United Arab Emirates (UAE) and Malaysia remained stopped currently.

• Although the outflow of workers declined, the inward remittances grew by 10.01% in the 10 months of the current fiscal year (FY) due to the depreciating rate of the local currency against the US dollar. Bangladeshi nationals working abroad sent home USD 13.03 billion during the July-April period of the FY 2018-19 against USD 12.09 billion remitted home in the corresponding period of the previous fiscal year, the central bank data said. The BMET data revealed that Saudi Arabia recruited 123,474 workers followed by Qatar with 28,169, Oman 26,444 and Singapore 14,561 in the last four months.

<http://today.thefinancialexpress.com.bd/last-page/jobs-in-me-countries-post-over-17pc-fall-in-four-months-1557593046>

BD FDI inflow rises by 68% to USD 3.6 billion China tops list with USD 1 billion investment

• The foreign direct investment (FDI) inflow to Bangladesh saw a sharp rise of 68% in 2018 calendar year. The amount of FDI hit a record high of USUSD 3.6 billion in 2018, which was USD 2.6 billion in the previous calendar year. It happened, as China became the largest FDI provider to Bangladesh in 2018, according to Executive Chairman of the Bangladesh Investment Development Authority (BIDA).

• China topped the list by investing about USD 1.0 billion in 2018, the major portion of which was channeled to power sector. The Chinese FDI in Bangladesh was only USD 119 million in 2017, he said at a press conference at BIDA office in city. Besides China, the second highest FDI flow, amounting to USD 692 million, came from the Netherlands last year. It was followed by USD 371 million from the UK, USD 174 million from the US, USD 171 million from Singapore, USD 170 million from Hong Kong, USD 121 million from India, and USD 108 million from Norway.

- With Japan Tobacco Inc's acquisition of Akij Group's tobacco business at a cost of USD 1.47 billion, which took place at the end of last year, the total FDI inflow in 2018 will cross USD 5.0 billion, the BIDA high-up said. Equity capital of FDI more than doubled in one year, from USD 538 million in 2017 to USD 1.12 billion in 2018, he added. The major FDI-receiving sectors in the country last year were - power, food, textile, and banking and financial institutions. Besides, intra-company loans in foreign investment in Bangladesh increased more than four times in 2018, according to the BIDA data.

<http://today.thefinancialexpress.com.bd/public/first-page/bd-fdi-inflow-rises-by-68pc-to-36b-china-tops-list-with-1b-investment-1557421765>

Important News: Capital Market

Sukuk, derivatives and short-sale rules approved

- The Bangladesh Securities and Exchange Commission approved three separate rules on issuing sukuk bond, exchange traded derivatives and short-sale. After getting comments and recommendations from all the stakeholders, the commission approved the rules, a gazette will be published very soon. The approval came in a commission meeting yesterday.

<https://www.thedailystar.net/business/news/sukuk-derivatives-and-short-sale-rules-approved-1743784>

GP faces fresh restrictions

- The telecom regulator has decided to increase the floor price of Grameenphone's call rate by 5 paisa to BDT 0.50 a minute from June as part of the restrictions of being declared a significant market power (SMP) player. Currently, the minimum call rate is BDT 0.45 a minute and after adding the value-added tax and other duties it goes up to BDT 0.54 to any operator. But for Grameenphone it will be about BDT 0.61 a minute. However, the hike in minimum call rate is unlikely to impact the existing Grameenphone users as the operator is already charging much higher than the floor price, said Md Jahurul Haque, chairman of the telecom watchdog. Grameenphone's average call rate is now BDT 0.70 a minute, according to their financial statement.

- The market leader will also have to pay 5 paisa more to other operators for calls its subscribers make to another network. At present, the interconnection cost is 10 paisa a minute. But for Grameenphone it will be 15 paisa, according to the letter. Grameenphone sends about 70 million minutes of calls to other operators in a day and it receives about 100 million minutes from the others. Thanks to this gap the market leader earns handsome revenue every day.

- In the third restriction, the BTRC has made it easier for a user to leave Grameenphone under the mobile number portability facility. Currently, if a subscriber wants to switch to another network, he/she will have to stay with the new carrier for at least 90 days. But such subscribers can abandon Grameenphone after 30 days.

- The final restriction stipulates prior approval from the telecom regulator before

Grameenphone rolls out any package. The operator also needs to take approval for its existing packages and offers from the regulator. Currently, operators can rollout packages just by informing the telecom regulator.

<https://www.thedailystar.net/business/telecom/news/gp-faces-fresh-restrictions-1742767>

Telenor-Axiata merger to jeopardize tower companies' business: Experts

- The possible merger of the parent companies of Bangladesh's top two mobile operators would jeopardize the business of local mobile tower companies, reports BSS. Industry analysts anticipate market dominance of Axiata-owned mobile tower company 'edotco' would be unparalleled under the new "MergerCo" to be headquartered in Malaysian capital Kuala Lumpur.

- Axiata owns 70% stakes of edotco Bangladesh Company Limited which already acquired the towers of Robi. Edotco is also part of the arrangement announced by Norway's Telenor and Malaysia's Axiata, parent companies of Grameenphone and Robi, on May 7 that they were in talks to combine their Asian operations. If the negotiation becomes successful, meaning there can be potential gains for Grameenphone and over 80% market share would go under same umbrella in both mobile and tower business, said the analysts.

- In the merged company, Telenor will hold 56.5% stakes while Axiata the remaining 43.5%. A former Secretary General of the Association of Mobile Telecom Operators of Bangladesh (AMTOB), said the tower companies from the beginning have been facing uneven and unhealthy competition in terms of business case. Ultimately three local tower companies didn't come in the race till now, and if the merger becomes fruitful, the market would be more unparalleled, he opined.

- If the Telenor-Axiata merger becomes successful, they will create a company with 300 million customers in nine countries, sales of about USD 13 billion and earnings of about USD 5.5 billion. Anticipating resistance from the telecom regulator, Robi, Axiata's subsidiary in Bangladesh with the co-ownership of Bharti Airtel and NTT Docomo, was not offered as part of the deal. Both Grameenphone and Robi will continue their business in Bangladesh separately. Telenor has 55.8% stakes in Grameenphone.

<http://today.thefinancialexpress.com.bd/public/trade-market/telenor-axiata-merger-to-jeopardise-tower-cos-business-experts-1557415273>

One Year of DSE's Share Sale: Chinese consortium yet to impress investors

- One year has passed by since the Chinese consortium agreed to come on board as a strategic partner of the Dhaka Stock Exchange (DSE) but investors are still waiting for the two Chinese bourses to deliver on their promises. One of the big promises made by the Shenzhen Stock Exchange (SZSE) and Shanghai Stock Exchange (SSE) was that they would bring in technological upgrades to the country's premier bourse. including an electronic information disclosure platform of the listed companies.

- The platform would provide corporate information of the issuing companies, simple analytical tools, interactive question and answer facility and online complaint portal with a view to enhancing transparency and corporate governance. It is yet to fulfil this expectation, said president of the DSE Brokers' Association (DBA). The general investors also expects higher foreign investment in the market through the Chinese Consortium. An investor named said the stock market regulator and all the analysts expected that market will get

higher foreign investment after getting the strategic partner.

- But in reality, the market lost foreign investment in the time, he added. Since May 14 last year, when the agreement was signed, the DSE witnessed negative net foreign investment, according to data from the bourse. The Chinese consortium offered to assist the DSE in developing index-based products, bonds and asset-backed securities to diversify products in the DSE. It also offered to assist in designing, promoting and showcasing Bangladeshi indices in China as well as developing the DSE's derivatives market.

- The formal processing of the agreement took longer than expected, so in reality the consortium become the DSE's partner only in September, said a top official of the bourse requesting not to be named. So far, the consortium appointed a director in the DSE board and launched the Bangladesh window on the V-Next Platform on May 6 under the strategic investor agreement. As a result, Bangladeshi listed and non-listed companies can explore equity and strategic partnership, seek business collaboration and diversify business and technology channels in China.

<https://www.thedailystar.net/business/news/one-year-dses-share-sale-chinese-consortium-yet-impress-investors-1744330>

Two firms to raise BDT 250 million through new SME board

- Two companies, namely Krishibid Seed and Annex Suites, are set to raise BDT 250 million from the stock market through the newly introduced SME board in Dhaka bourse. The entire listing process may be completed by this year. Dhaka Stock Exchange (DSE) initiated the board last month with a view to letting small and medium-sized companies to raise capital from the stock market.

- Krishibid Seed will raise BDT 150 million at an offer price of BDT 10 each. The seed company will use the capital to set up a research and development unit. At present, the company produces, processes and markets seeds of cereals and other high value crops. Annex Suites is a luxury resort situated at Jaleshwaritola in Bogura. It will raise BDT 100 million under the fixed price method to renovate their suites. Some 15-16 companies are also planning to raise funds through the SME board, said the managing director of the DSE.

<https://www.thedailystar.net/business/news/two-firms-raise-BDT-25cr-through-new-sme-board-1743328>

Two companies to raise capital through SME Platform

- Two small cap companies namely Krishibid Seed and Annex Suites have taken initiatives to raise capital through SME Platform of the country's premier bourse. As part of the process of raising capital, both the companies have signed agreement with their issue manager-- MTB Capital. The Dhaka Stock Exchange (DSE) formally launched the 'DSE SME Platform' on April 30 last to facilitate the growth of small and medium sized companies.

- As per the agreement, Krishibid Seed, a private limited company of Krishibid Group, will raise a capital worth BDT 150 million offloading 15 million ordinary shares at an offer price of BDT 10 each under the fixed price method. The company produces, processes and markets high quality seeds of cereals and other high value crops and assists farmers to enhance crop production.

- Annex Suites, a luxury resort situated at Jaleshwaritola in Bogura, will raise a capital worth BDT 100 million under the fixed price method. According to the rules of SME Platform, only the qualified investors can submit their intention to subscribe the issue offered by the SMEs for raising fund. The qualified investors are merchant bankers and portfolio managers, asset management companies, mutual funds and collective investment scheme (CIS), stock dealers, banks, financial institutions, insurance companies, alternative investment fund managers, alternative investment funds, market makers, issuer of listed securities, resident or non-resident Bangladeshi, individuals having minimum net worth of BDT 10 million and other institutions as approved by the commission.

<http://today.thefinancialexpress.com.bd/stock-corporate/two-cos-to-raise-capital-through-sme-platform-1557683049>

'Block Module' to strictly reinforce declarations on transferring shares

- The Central Depository Bangladesh Limited (CDBL) introduced the Block Module following a BSEC's instruction in the wake of many transfers of these types of shares without required declarations. As per existing rules, the sponsor-directors and placement holders of the listed companies have to make declaration before selling or transferring their shares. The transactions of such shares are executed within 30 days of making declarations through block or public market subject to payment of stipulated amount of tax. As per Tuesday's decision, all listed companies will keep the shares of their sponsors, directors and placement holders blocked using the module introduced by the CDBL.

<http://today.thefinancialexpress.com.bd/stock-corporate/block-module-to-strictly-reinforce-declarations-on-transferring-shares-1557854347>
<https://www.thedailystar.net/business/news/block-module-sale-shares-sponsors-and-directors-1743778>
<http://www.newagebd.net/article/72437/bsec-okays-cdbl-module-to-bar-directors-secret-share-sales>

Peninsula Balanced Fund gets go-ahead

- The draft prospectus of Peninsula Balanced Fund, an open-ended mutual fund, has been approved by the stock market regulator yesterday. The primary target of the fund is BDT 200 million. Of which, BDT 20 million would be funded by the sponsors and remaining BDT 180 million will come from the general investors through selling its unit.

<https://www.thedailystar.net/business/news/peninsula-balanced-fund-gets-go-ahead-1743781>

Financial Reporting Council (FRC) seeks opinion from Institute of Chartered Accountants of Bangladesh (ICAB) on Coppertech Industries

- Financial Reporting Council (FRC) has sought opinion from the Institute of Chartered Accountants of Bangladesh (ICAB) regarding accounting standards followed in preparing the financial statement of Coppertech Industries. The FRC has sought the opinion following criticisms over alleged 'anomalies' in the financial statement of the Coppertech Industries. Coppertech Industries got the IPO approval from the securities regulator on December 26 last. On May 9, the Dhaka Stock Exchange (DSE) decided to scrutinize the financial statement of Coppertech Industries following a plea made by the DSE Brokers Association of Bangladesh (DBA). Meanwhile, the Coppertech Industries has defended itself from the criticism over alleged manipulation through publishing a media statement.

<http://today.thefinancialexpress.com.bd/stock-corporate/frc-seeks-opinion-from-icab-on-coppertech-industries-1557854652>
<http://www.newagebd.net/article/72436/frc-asks-icab-to-re-audit-coppertechs-financial-reports>

EIs under watch to check abuse of IPO quota

- The securities regulator is set to redefine the categories of eligible investors (EIs) to check the abuse of IPO (initial public offering) quota system. To this end, the Bangladesh Securities and Exchange Commission (BSEC) has now been working to amend the BSEC (Public Issue) Rules, 2015, which deals with EI issues, among others.
- Recent years saw an exponential growth of registered pension fund, provident fund and gratuity fund and most of these entities have been participating in the IPOs to take advantage of the quota facility, officials said. Besides, many stock dealers are also abusing their licences, as they only participate in the IPOs but do not make other market investment, they said. Currently, a committee of the BSEC has been working on this issue and it will submit its reports shortly, they added.
- They've noted that the number of registered provident and pension funds is mushrooming in recent times," said an insider. The regulator may bar such entities from participating in the IPOs, he added. BSEC Chairman has also raised the issue on many occasions.

<http://today.thefinancialexpress.com.bd/last-page/eis-under-watch-to-check-abuse-of-ipo-quota-1557682169>

Islamic Finance to issue bond worth BDT 3.0 billion

- The board of directors of Islamic Finance & Investment has approved to issue IFIL Mudaraba non-convertible fully redeemable subordinated bond of BDT 3.0 billion, said an official disclosure. The company will issue the bond only for raising fund subject to the approval of the regulatory authorities - Bangladesh Bank (BB) and Bangladesh Securities and Exchange Commission (BSEC), the disclosure said.

<http://today.thefinancialexpress.com.bd/stock-corporate/islamic-finance-to-issue-bond-worth-BDT-30b-1557683155>

ACI reply about Shwapno losses not acceptable: Dhaka Stock Exchange (DSE) body

- Dhaka Stock Exchange (DSE) will further investigate the alleged financial irregularities of ACI Logistics Limited, or Shwapno, as DSE Inquiry Committee found the explanation of ACI unacceptable, a DSE director has said.
- A decade of losses, Shwapno—comprising 76% of ACI Logistics—has weighed heavily on the profitability of ACI Ltd, registering a loss for the parent company ACI. In the previous fiscal year (FY2017-18), Shwapno incurred losses worth BDT 1.35 billion, and its cumulative loss stood at BDT 8.91 billion, according to ACI's annual report.

<https://www.dhakatribune.com/business/stock/2019/05/12/dse-to-further-probe-shwapno-s-reported-loss>

<http://www.newagebd.net/article/72238/aci-reply-about-shwapno-losses-not-acceptable-dse-body>

Yamaha bikes to be built here from next year

- Yamaha motorcycles will be manufactured in Bangladesh starting next year, a move which the initiators say will offer competitive prices to bikers. It will take up the rest of this year to set up the manufacturing operations, said managing director of ACI Motors, a joint initiative of ACI Limited and Yamaha Motor Corporation bringing the Japanese brand's two-wheelers. His comment came at a launching ceremony in Le Méridien Dhaka yesterday for ACI Motors' assembly plant for completely knocked-down kits at Sreepur in Gazipur.
- Sitting on 6 acres of land, the plant took about BDT 1 billion to build and has an annual assembling target of 60,000 motorcycles. Two models will now be assembled at the plant, said executive director of ACI Motors, adding, already their price has gone down in the local market. The government wants to facilitate initiatives taken up by investors so as to increase production, the prime minister's private industry and investment advisor added.
- Last year 5.37 million Yamaha motorcycles were sold, he said, adding that Asia was a big market, especially Bangladesh, for its huge young generation. So, they have agreed to set the plant here to provide them bikes at a fair price," said executive general manager of Yamaha Motor Corporation.

<https://www.thedailystar.net/business/news/yamaha-bikes-be-built-here-next-year-1742338>

Marcel says it posts 203% growth in AC sales

- The local electronics manufacturer Marcel has registered about 203% growth in the sales of its air conditioner during the period January to April of 2019 against the sales of the corresponding period of the previous year, said a press release. Marcel Sales head said that the release of latest technologies AC as well as the announcement of user-friendly offers resulted in registering a sharp rise in their AC sales during the first four months of the current year.

<http://www.newagebd.net/article/72551/marcel-says-it-posts-203pc-growth-in-ac-sales>