

## Capital Market Overview

The market closed in red this week. The benchmark index DSEX (-0.16%) lost -9.03 points and closed the week at 5,475.99 points. The blue-chip index DS30 (-0.24%) lost -5.12 points and stood at 2,105.58 points. The Shariah-based index DSES (+0.50%) gained 6.16 points and stood at 1,242.49 points. The large cap index CDSET (-0.94%) lost -11.07 points and closed at 1,169.33 points. DSEX, DS30, DSES and CDSET showed YTD returns of +1.37%, +7.21%, +0.03%, +4.12%, respectively.

**Total Turnover During The Week (DSE):** BDT 44.4 billion (USD 522 million)  
**Average Daily Turnover Value (ADTV):** BDT 8.9 billion ( $\Delta$ % Week: +8.6%)

Market P/E: 19.0x

## Daily Index Movement during the Week:

Market performed five sessions during this week. In the first session, market performed negatively by -0.68. The market turned positive in the second session by +1.79%. The market reverted to negative in the third session by -0.32% and continued to be negative in the fourth and fifth sessions by -0.43% and -0.50% respectively.

## Sectoral Performance:

- Financial sectors posted mixed performance this week. General Insurance booked the highest gain of 1.83% followed by NBF ( +0.13%), and Mutual Fund (+0.08%). Bank experienced the highest loss of 2.28% followed by Life Insurance (-0.71%).

- Non-financial sectors posted mixed performance this week. Engineering booked the highest gain of 5.76% followed by Pharmaceutical (+1.29%). Telecommunication experienced the highest loss of 6.98% followed by Food & Allied (-4.65%), and Fuel & Power (-0.32%).

## Macroeconomic arena:

- The mass inoculation campaign began on February 7. Since then, the number of people showing up at the centres, especially those in Dhaka, to take the first dose of the Oxford-AstraZeneca vaccine has increased every day. Till Thursday night, around 0.55 million people had been given the shots and the number of those who did the registration on [www.surokkha.gov.bd](http://www.surokkha.gov.bd) reached around 1.4 million.

- Bangladesh's economy is making an uneven recovery with larger firms at a faster pace and small and medium enterprises (SMEs) falling behind. Smaller firms, people belonging to the low-income category and the poor (people) in general have been affected disproportionately and have not received adequate government support.

- The government has been repaying more than it has borrowed from the banking system. As a result, in the first six months of the current fiscal year, the government's net bank borrowing is very little compared to that in the previous fiscal year. The tendency of borrowing less from banks suggests that the budget deficit may be less than the target at the end of the current financial year. Of BDT 5.68 trillion budget for the current financial year, the deficit is BDT 1.85 trillion, which is 5.8% of GDP.

- Banks swept under the rug BDT 121.40 billion in defaulted loans in the nine months to September last year by rescheduling and writing those off. Non-performing loans (NPLs) stood at BDT 887.34 billion as of December, down 5.93% year-on-year, showed data from Bangladesh Bank. The amount of rescheduled loans stood at BDT 90.63 billion in the nine months to September, down 68% year-on-year. The figure of written-off loans surged 140% year-on-year to BDT 30.77 billion during the same period.

## Stock Market arena:

- British American Tobacco (BATBC) is set to invest BDT 1.92 billion to increase the production capacity of its factory in Savar in light of upcoming export opportunities. And the superior quality of BATBC cigarettes, whose brands include a mix of high- and low-end brands like Benson & Hedges, John Player, Derby, Hollywood and Pilot

- The securities regulator has decided to consider the 'adjusted' share price as the revised floor price of any listed securities. The Bangladesh Securities and Exchange Commission (BSEC) took the decision on Monday at a meeting held at the BSEC office. The share prices adjusted after the record date for the rights or bonus issues will be considered as the revised floor price.

- Bangladesh Bank has provided a licence to UCB Fintech Company, a subsidiary of United Commercial Bank (UCB), to offer mobile financial services (MFS) replacing its existing "Ucash" brand. The fintech is expected to launch the replacement MFS, "Upay", by mid-March this year

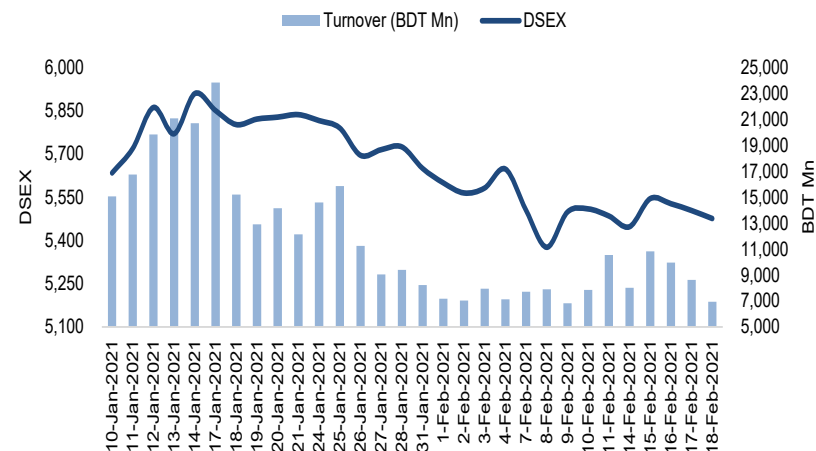
Table 1: Index

Index	Closing	Opening	$\Delta$ (Pts)	30-Dec-2019	$\Delta$ % Week	$\Delta$ %YTD
DSEX	5,475.99	5,485.02	-9.03	5,402.07	-0.16%	+1.37%
DS30	2,105.58	2,110.70	-5.12	1,963.96	-0.24%	+7.21%
DSES	1,242.49	1,236.33	+6.16	1,242.11	+0.50%	+0.03%
CDSET	1,169.33	1,180.40	-11.07	1,123.03	-0.94%	+4.12%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	4,656,583	4,697,108	-0.9%
	Mn USD	54,809	55,286	
Turnover	Mn BDT	44,377	40,861	+8.6%
	Mn USD	522	481	
Average Daily Turnover	Mn BDT	8,875	8,172	+8.6%
	Mn USD	104	96	
Volume	Mn Shares	982	968	+1.4%

Figure 1: DSEX & Turnover in last four weeks



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**Table 3: Top Ten Gainers**

Company Name	Close	Open	Δ%	Mcap (BDT Mn)	Turnover (BDT Mn)	PE	PB
BNICL	58.7	49.2	+19.3%	2,597	28.9	18.6x	3.0x
LIBRAINFU	624.4	539.8	+15.7%	938	15.0	NM	0.5x
FEKDIL	10.2	8.9	+14.6%	2,231	34.1	27.2x	0.5x
MIRACLEIND	30.6	27.2	+12.5%	1,078	113.9	NM	0.9x
ANLIMAYARN	39.8	35.4	+12.4%	711	76.8	NM	3.5x
BEACONPHAR	94.2	84.1	+12.0%	21,760	586.7	36.1x	4.5x
KEYACOSMET	6.8	6.1	+11.5%	7,646	196.6	NM	0.5x
BXPBARMA	187.1	169.7	+10.3%	83,468	3,036.7	20.9x	2.6x
FORTUNE	18.3	16.6	+10.2%	2,833	123.3	50.3x	1.4x
DELTASPINN	7.8	7.1	+9.9%	1,299	69.1	20.3x	0.6x

**Table 4: Top Ten Losers**

Company Name	Close	Open	Δ%	Mcap (BDT Mn)	Turnover (BDT Mn)	PE	PB
ROBI	39.3	44.8	-12.3%	205,851	2,492.3	NM	3.1x
ZEALBANGLA	115.8	131.9	-12.2%	695	3.5	NM	NM
PRIMEINSUR	35.4	39.4	-10.2%	1,447	67.9	44.3x	2.0x
MIRAKHTER	81.7	88.5	-7.7%	9,867	557.3	32.5x	1.9x
BRACBANK	45.1	48.3	-6.6%	59,797	135.8	14.1x	1.3x
BATBC	1,592.3	1,700.3	-6.4%	286,614	4,110.5	26.3x	7.7x
BDTHAI	24.3	25.8	-5.8%	3,105	63.7	33.6x	0.9x
EBL	34.1	36.1	-5.5%	27,682	24.7	6.0x	1.0x
UNITEDINS	44.0	46.4	-5.2%	1,958	8.7	18.8x	1.3x
ALARABANK	20.7	21.8	-5.0%	22,043	10.0	6.1x	1.0x

**Table 5: Top Ten Most Traded Shares**

Company Name	Close	Open	Δ%	Mcap (BDT Mn)	Turnover (BDT Mn)	PE	PB
BEXIMCO	91.1	85.2	+6.9%	79,833	11,564	NM	1.3x
BATBC	1,592.3	1,700.3	-6.4%	286,614	4,111	26.3x	7.7x
BXPBARMA	187.1	169.7	+10.3%	83,468	3,037	20.9x	2.6x
ROBI	39.3	44.8	-12.3%	205,851	2,492	NM	3.1x
LANKABAFIN	37.0	36.3	+1.9%	19,937	2,384	28.0x	2.1x
SQURPHARMA	223.5	225.9	-1.1%	198,122	1,007	13.9x	2.4x
SUMITPOWER	40.9	40.3	+1.5%	43,676	909	8.0x	1.3x
WALTONHIL	1,157.9	1,061.0	+9.1%	350,761	700	45.9x	6.6x
BDFINANCE	31.0	30.5	+1.6%	5,193	676	15.5x	1.8x
BEACONPHAR	94.2	84.1	+12.0%	21,760	587	36.1x	4.5x

**Table 8: Most Appreciated YTD in BRAC EPL Universe**

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (BDT Mn)	P/E	P/B
BATBC	1,592.3	+34.8%	286,614	26.3x	7.7x
ROBI	39.3	+31.9%	205,851	NM	3.1x
LANKABAFIN	37.0	+17.8%	19,937	28.0x	2.1x
UNILEVERCL	3,200.1	+13.9%	38,550	41.8x	27.3x
RECKITBEN	4,589.3	+13.4%	21,684	29.7x	42.1x
IDLC	69.7	+9.9%	26,280	13.1x	1.8x
BERGERPBL	1,569.5	+9.8%	72,790	29.5x	7.4x
HEIDELCEM	163.9	+9.6%	9,261	NM	2.4x
SQUARETEXT	32.2	+8.1%	6,352	NM	0.9x
BSRMSTEEL	45.9	+8.0%	17,256	9.7x	0.8x

**Table 6: Sector Indices**

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1,308.70	1,339.28	1,372.63	-2.28%	-4.66%
NBFIs	2,022.02	2,019.38	2,033.53	+0.13%	-0.57%
Mutual Funds	867.80	867.09	959.61	+0.08%	-9.57%
General Insurance	3,407.65	3,346.44	4,103.56	+1.83%	-16.96%
Life Insurance	2,036.69	2,051.35	2,162.58	-0.71%	-5.82%
Telecommunication	5,836.76	6,274.85	5,463.26	-6.98%	+6.84%
Pharmaceuticals	3,339.68	3,297.17	3,306.03	+1.29%	+1.02%
Fuel & Power	1,609.54	1,614.66	1,618.11	-0.32%	-0.53%
Cement	1,437.86	1,440.22	1,416.18	-0.16%	+1.53%
Services & Real Estate	1,025.19	1,019.69	1,083.79	+0.54%	-5.41%
Engineering	3,974.91	3,758.58	3,959.20	+5.76%	+0.40%
Food & Allied	20,147.29	21,129.37	14,705.76	-4.65%	+37.00%
IT	2,019.92	2,014.40	2,350.28	+0.27%	-14.06%
Textiles	1,033.49	1,026.37	1,087.41	+0.69%	-4.96%
Paper & Printing	5,134.10	5,158.42	5,487.56	-0.47%	-6.44%
Tannery	1,678.84	1,654.75	1,771.77	+1.46%	-5.24%
Jute	8,721.24	8,336.14	12,154.61	+4.62%	-28.25%
Ceramics	447.44	447.18	472.38	+0.06%	-5.28%
Miscellaneous	3,198.41	3,066.98	2,539.70	+4.29%	+25.94%

**Table 7: Sector Trading Matrix**

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Bank	414.8	601.7	-31.1%	4.9%	7.6x	0.7x
NBFI	765.1	679.6	+12.6%	9.0%	71.4x	3.2x
Mutual Fund	98.4	142.4	-30.9%	1.2%	NM	0.8x
General Insurance	480.3	381.3	+26.0%	5.6%	18.0x	1.7x
Life Insurance	26.4	25.2	+4.6%	0.3%	NM	NM
Telecommunication	640.7	687.1	-6.8%	7.5%	19.3x	6.5x
Pharmaceutical	1,137.4	875.0	+30.0%	13.4%	21.1x	2.6x
Fuel & Power	547.0	626.2	-12.6%	6.4%	12.8x	1.4x
Cement	132.7	169.6	-21.7%	1.6%	27.7x	2.3x
Services & Real Estate	54.9	66.5	-17.4%	0.6%	NM	0.9x
Engineering	490.5	522.4	-6.1%	5.8%	32.3x	2.5x
Food & Allied	977.8	1,061.1	-7.8%	11.5%	33.4x	8.1x
IT	34.5	50.2	-31.2%	0.4%	24.7x	1.9x
Textile	177.6	136.7	+29.9%	2.1%	NM	0.7x
Paper & Printing	2.4	3.5	-33.1%	0.0%	61.4x	1.1x
Tannery	25.5	17.8	+42.9%	0.3%	NM	1.8x
Jute	6.3	5.4	+16.2%	0.1%	NM	13.5x
Ceramics	53.4	52.0	+2.7%	0.6%	58.8x	1.5x
Miscellaneous	2,436.7	1,507.6	+61.6%	28.7%	54.2x	1.9x

**Table 9: Least Appreciated YTD in BRAC EPL Universe**

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (BDT Mn)	P/E	P/B
ECABLES	140.1	-17.3%	3,362	NM	11.9x
MPETROLEUM	172.8	-12.7%	18,700	6.4x	1.1x
PRIMEBANK	15.3	-10.5%	17,324	14.4x	0.7x
OLYMPIC	171.1	-10.5%	34,210	16.7x	4.1x
SHAHJABANK	20.6	-10.0%	20,190	10.8x	1.1x
BANKASIA	16.4	-9.9%	19,121	9.6x	0.7x
ACMELAB	67.6	-9.5%	14,304	9.8x	0.7x
CONFIDCEM	105.6	-8.6%	8,262	9.8x	1.5x
IFADAUTOS	43.4	-8.1%	10,978	47.6x	1.1x
JAMUNAOIL	152.6	-7.8%	16,851	8.3x	0.9x

**Important News: Business & Economy****Mass Vaccination Gets Momentum: First month's target may be revised**

- The health authorities are now thinking about revising the target of vaccinating 3.5 million people in the first month of mass inoculation against Covid-19. They are considering the expansion of the vaccination target as more and more people are showing interest in taking the jabs, said health officials. The government had initially planned to vaccinate 6.0 million people in the first month, but later revised the target to 3.5 million following a lukewarm response to the online registration.
- The mass inoculation campaign began on February 7. Since then, the number of people showing up at the centres, especially those in Dhaka, to take the first dose of the Oxford-AstraZeneca vaccine has increased every day. Till Thursday night, around 0.55 million people had been given the shots and the number of those who did the registration on [www.surokkha.gov.bd](http://www.surokkha.gov.bd) reached around 1.4 million.
- The government launched the vaccination campaign with 7.0 million doses in hand. It is expected to get the second instalment of 5.0 million shots from Serum Institute of India (SII) later this month. Around the same time, another 0.13 million doses under the COVAX programme are scheduled to arrive here. The government has purchased 30 million doses of the vaccine from SII.

<https://www.thedailystar.net/frontpage/news/mass-vaccination-gets-momentum-govt-may-revise-first-months-target-2043893>

**Economy making uneven recovery**

- Bangladesh's economy is making an uneven recovery with larger firms at a faster pace and small and medium enterprises (SMEs) falling behind, said the Centre for Policy Dialogue (CPD) yesterday. Smaller firms, people belonging to the low-income category and the poor (people) in general have been affected disproportionately and have not received adequate government support, said a CPD Senior Research Fellow. The independent think tank said globally, the possibility of a K-shaped recovery, when a segment of the economy pulls out of a recession while others stagnate, was being widely discussed.
- The CPD said stimulus packages and liquidity support would help large industries and public organisations recover at a faster pace while the SMEs would lag behind. The CPD said the SMEs were important sources of employment and the slow recovery of these small and medium businesses could lead to a further rise in inequality.

<https://www.thedailystar.net/business/news/economy-making-uneven-recovery-2045509>  
<https://tbsnews.net/economy/k-shaped-recovery-202303>

**Govt sees no spending pressure, budget deficit may go down**

- The government has been repaying more than it has borrowed from the banking system. As a result, in the first six months of the current fiscal year, the government's net bank borrowing is very little compared to that in the previous fiscal year. The Monthly Report on Government Domestic Borrowing published by the central bank on Wednesday says the tendency of borrowing less from banks suggests that the budget deficit may be less than the target at the end of the current financial year. Of BDT 5.68 trillion budget for the current financial year, the deficit is BDT 1.85 trillion, which is 5.8% of GDP.

- In this context, a former lead economist of the World Bank's Dhaka office said that when budget expansion is needed to recover the economy from Covid shocks, a reverse is happening. He said in order to cope with the impact of Covid-19, it is necessary to move for budget expansion. In this case, there will be no shortage of government funds because the demand for loans in the private sector is low, and so the government will easily be able to use the lazy money lying in the banks, he said. The private sector credit growth increased in July-August but declined in October. In December, the growth came down to 8.37%. The target was lowered to 11.5% in December.

- Dismissing the fear of rising inflation due to money supply, he said that inflation will not rise as demand in the private sector is weak. Imports have declined by about 7% during July-December of the current fiscal year due to declining demand, he said, adding that the risk of inflation is related to supply. For example, if for some reasons, rice is not imported in time, it will affect the price. He cited the lack of implementation of the Annual Development Programme to be one of the major reasons behind the reduction in government spending.

<https://tbsnews.net/economy/govt-sees-no-spending-pressure-budget-deficit-may-go-down-203506>

**Number of banks can be reduced a bit: Prime Minister's Economic Affairs Adviser**

- It is difficult to go for mergers and acquisitions in the banking sector, given the country's financial system. Strong banks will be unwilling to merge with weaker ones. So, the number of banks can be reduced a bit the economic affairs adviser to the Prime Minister said on Sunday. More emphasis should be laid on enhancing the efficiency of banks. If a bank fails to select its customers, problems relating to default loans will not be lessened. Therefore, all, including the central bank and the government, should help banks in choosing good clients, he said at a webinar on how much the economy reflects on excess liquidity of banks.
- Noting that it is difficult to define intentional defaulters, he said the number of default loans will be reduced if banks lend selectively. The managing director of the Mutual Trust Bank, said the private sector is not getting the courage to increase investment amid uncertainty over the pandemic.

<https://tbsnews.net/economy/banking/number-banks-can-be-reduced-bit-dr-mashiur-201775>

**BDT 121.40 billion defaulted loans rescheduled, written-off**

- Banks swept under the rug BDT 121.40 billion in defaulted loans in the nine months to September last year by rescheduling and writing those off. Had such instruments not been used, the banking industry's defaulted loans would have shown up to be much higher. Non-performing loans (NPLs) stood at BDT 887.34 billion as of December, down 5.93% year-on-year, showed data from Bangladesh Bank. The amount of rescheduled loans stood at BDT 90.63 billion in the nine months to September, down 68% year-on-year. The figure of written-off loans surged 140% year-on-year to BDT 30.77 billion during the same period.
- Writing off loans has become a better tool than rescheduling as some defaulters frequently regularise NPLs by taking advantage of the relaxed facility, said the executive director of the Policy Research Institute of Bangladesh. The banking industry has been struggling to rein in the defaulted loans for a couple of years because of poor corporate

governance. Defaulted loans surged to BDT 1.16 trillion in September 2019, prompting the central bank to come up with the relaxed rescheduling policy as per government instruction. Under the policy, defaulters can reschedule classified loans by making a down payment of 2% instead of the existing 10% to 50%. As a result, a record BDT 501.86 billion of defaulted loans were rescheduled in 2019, halting the rise of the toxic assets for the time being.

<https://www.thedailystar.net/business/news/BDT-12140cr-defaulted-loans-rescheduled-written-2043529>

### Development spending lowest in 5 years

- Government agencies could spend 28.45% or BDT 610.48 billion allocated for development projects in July-January of the current fiscal year -- the lowest in the last five years, according to the Implementation Monitoring and Evaluation Division (IMED). Spending on development projects fell 11% year-on-year to BDT 610.48 billion in the first seven months of the fiscal year, a result of the government's go-slow approach towards low priority schemes. Expenditure from the state coffer dropped by 16% year-on-year to BDT 393.42 billion in this fiscal year's July-January period, when the pandemic-induced economic slowdown affected revenue collection. Spending from foreign funds also declined marginally during the period. The government allocated BDT 2.14 trillion to spend for development projects for the fiscal year 2020-21.

<https://www.thedailystar.net/business/news/dev-spending-lowest-5yrs-2044517>

### Govt fixes edible oil price to tame volatility

- The government yesterday fixed edible oil prices to tame the volatility in the domestic market and curb price manipulation by a section of unscrupulous traders. The new price came into effect immediately. The price of loose soybean oil was fixed at BDT 115 per litre at the retail level, said Commerce Minister Tipu Munshi after a meeting with major refiners, importers, traders and wholesalers at the secretariat in Dhaka. The move came as loose soybean oil was selling at BDT 116-BDT 120 per litre at the retail level in the capital, up 3.5% from BDT 112-BDT 116 a month ago.

- The price of non-branded soybean oil averaged BDT 87 per litre a year ago, meaning it surged 36% now compared to a year earlier, market prices data compiled by state-run Trading Corporation of Bangladesh showed. Retail prices of branded soybean oil advanced 29% year-on-year to BDT 130-BDT 140 per litre yesterday, the average price of which is equal to the government-fixed rate. The government set the price of five-litre branded soybean oil at BDT 630, which was higher than the average price of BDT 610. The price of super palm oil was set at BDT 104 per litre.

- The market will be stable if all mills comply with the decision and keep the supply smooth, said the general secretary of the Bangladesh Edible Oil Wholesalers Association. Many wholesalers have bought edible oil from refiners at the prices that are higher than the government rates, he said.

<https://www.thedailystar.net/business/news/govt-fixes-edible-oil-price-tame-volatility-2046861>  
<https://www.newagebd.net/article/130488/soya-bean-oil-price-set-at-BDT-135-a-litre>

### Vietnam stole a march on Bangladesh in the US apparel market

- Bangladesh, which ranks second in global apparel trade, is failing to capitalise on China's

slowly losing grip on the US market, with Vietnam and others making better headway last year. In 2020, China lost its market share by about 3% points to 23.7%, according to data from the US Department of Commerce's Office of Textiles and Apparel (Otexa). From over USD 64 billion of apparel imports by the US in 2020, China solely supplied 23.7%. In 2019, it was USD 13.6 billion. Vietnam has captured the opportunities and gained most from China's losing market share in the US: its market share rose to 19.2% from 16.2%.

- Bangladesh's market share in the US expanded by 1.08% points to 8.16% last year. In 2020, Indonesia's market share rose to 5.5% from 5.3% in 2019, while Cambodia's market share increased to 4.4% from 3.2%. India's market share declined to 4.7% from 4.9%. After the US-China trade conflict, a good number of Chinese investors relocated apparel factories to Vietnam due to its readiness in entertaining investment and proximity, the managing director of Snowtex said. The Southeast Asian can buy raw materials from China within a shorter period, while it takes less time than Bangladesh to ship goods to the US as it has a deep-sea port, he added.

- Besides, Vietnam's investment capacity is much higher than us and workers productivity and efficiency are much higher. These advantages helped Vietnam to grab more market share. Bangladesh could gain more if the pandemic did not hit the exporters badly. During the pandemic, Bangladesh had to shut production for almost a month and a half, while Vietnam kept their production operational nevertheless. To grab more market share, a strong backward linkage is very important, which was felt during the pandemic.

<https://www.dhakatribune.com/business/economy/2021/02/18/vietnam-stole-a-march-on-bangladesh-in-the-us-apparel-market>

### VAT rate on mobile phone operators' fees halved

- The National Board of Revenue (NBR) has halved the value added tax (VAT) on different fees of mobile phone operators, including issuance 4G licences, renewal, royalty, technology neutrality and spectrum. Bangladesh Telecommunication Regulatory Commission (BTRC) charges the fees and deducts the tax. The rate of VAT has been cut to 7.5% from existing 15% on the fees, according to an order issued by the revenue board. The reduced rate will be applicable in case of neutrality fee for 2G and 3G licences. The VAT policy wing of the NBR issued the special order on Tuesday, making the reduced rate effective from July 1, 2019.

- The new VAT law has imposed 15% VAT on the fees. The mobile phone companies will not be entitled to the rebate on paid VAT as per the VAT and Supplementary Duty Act - 2012, section 46. The BTRC will not be able to activate its issued or renewed licences to the mobile phone operators until depositing the deducted VAT to the public exchequer. As per the special order, the board will be able to scrap the benefit at any time considering the public interest.

<https://today.thefinancialexpress.com.bd/first-page/vat-rate-on-mobile-phone-operators-fees-halved-1613499894>  
<https://www.thedailystar.net/business/news/nbr-halves-vat-4g-licence-renewal-fees-2046169>

### Card use hits all-time high

- Use of both credit and debit cards hit an all-time high in December as people continued to fulfil their demand using the digital means, sidestepping the fear of economic losses caused by the pandemic. Total card loans held by lenders stood at BDT 15.61 billion in December,

which is a fresh record in terms of the lending amount. The December's figure is up 8.84% from that a month earlier and 23.78% year-on-year, showed Bangladesh Bank data. Clients also posted another spending record through debit cards, as the figure stood at BDT 187.95 billion, up 8.44% from that a month earlier and 16.51% year-on-year.

- The last time credit card loans hit a high was in August 2020 of BDT 15.52 billion while debit card spending last July of BDT 181.23 billion. The rise in use of credit cards is an indication of a "pent up demand" in the economy as a majority of consumers had held back their spending during the lockdown and the subsequent few months, experts said. People have now started to spend on a large extent as they had purchased little during the lockdown period and in the following couple of months, said the managing director of Dutch -Bangla Bank.

<https://www.thedailystar.net/business/news/card-use-hits-all-time-high-2046181>

### **PM agrees to extend another 6 month-moratorium for RMG stimulus**

- Prime Minister has expressed her consent to extend moratorium facility for six more months for the loans that readymade garment factory owners received under stimulus packages. The premier came up with the consent at a meeting with a 3-member delegation of RMG factory owners on Tuesday afternoon. Under the stimulus packages, the government has disbursed a total of BDT 105.00 billion as loan to the apparel exporters. It allocated BDT 50.00 billion for workers' three months' wages with 2% service charge and another BDT 300.00 billion with 4% interest for working capital. The repayment of the loan was scheduled to commence on 25 January. But due to adverse situation, the apparel exporters failed to repay the installment.

<https://tbsnews.net/economy/rmg/pm-agrees-extend-another-6-months-moratorium-rmg-stimulus-202858>

### **Credit card-based transactions rise by 23% in July-Dec**

- The amount of credit card-based transactions increased by 23.43% or BDT 15.94 billion year-on-year in July-December of 2020 as a section of people used the financial product as a last resort for purchasing essential goods due to income erosion amid the COVID-19 outbreak. Bankers said that people were also becoming more used to online transactions after the coronavirus outbreak. Bangladesh Bank data showed that the amount of credit card-based transactions rose to BDT 84.00 billion in the July-December period of 2020 against BDT 68.06 billion in the same period of 2019.

- The number of transactions through credit cards also reached a record high in December 2020. In December 2020, users made 2.62 million transactions by using credit cards while the number of transactions was 2.54 million in the same month of 2019, showed the BB data. Though the credit card usage increased significantly, the number of cards issued by banks and non-bank financial institutions grew by 9.08% or 1,39614 year-on-year in December 2020. The number of credit card users increased to 1.67 million at the end of December 2020 from 1.53 million a year ago.

- The credit card business of banks and NBFIs improved in the second half of 2020 but the situation was dismal in the first half when economic activities had remained almost suspended in the country for around two months due to the COVID-19 outbreak. Mutual Trust Bank managing director and chief executive officer said that the increase in transactions through credit cards was largely because of income erosion of people during the coronavirus outbreak. He also said that people were also becoming more used to online

transactions after the outbreak of coronavirus.

<https://www.newagebd.net/article/130290/credit-card-based-transactions-rise-by-23pc-in-july-dec>

### **Bangladeshi apparel sees sharper fall in prices than Vietnamese**

- Bangladeshi apparel items have witnessed a sharper fall in prices compared to the Vietnamese products in the European Union and US markets, according to a study by the Centre for Policy Dialogue (CPD). The price of 100 kilogrammes of made-in-Bangladesh cotton fibre T-shirt declined by 1% year-on-year to 1,091.5 euros in 2020. However, the same product manufactured in Vietnam saw a 3% price rise, reaching 2,157.9 euros last year, the study found. Bangladesh's export performance was driven by both volume and value factors, according to the CPD study. Exchange rate management is emerging as a key factor, driving export competitiveness, it said.

- The CPD also said the export target set for fiscal 2021 to achieve 21% growth over fiscal 2020 will not be achieved. It will take some time to even reach the pre-Covid export level of USD 40.5 billion. Given the effect of lockdowns in Europe and the USA and their impact on retail and demand, the worst ever Christmas sales the world has seen, and most of all the effect of price decline, which is around 5% since September 2020, it was a dark year for the industry, the president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) said.

<https://www.thedailystar.net/business/news/bangladeshi-apparel-sees-sharper-fall-prices-vietnamese-2045521>

### **BDT 121.40 billion defaulted loans rescheduled, written-off**

- Banks swept under the rug BDT 121.40 billion in defaulted loans in the nine months to September last year by rescheduling and writing those off. Had such instruments not been used, the banking industry's defaulted loans would have shown up to be much higher. Non-performing loans (NPLs) stood at BDT 887.34 billion as of December, down 5.93% year-on-year, showed data from Bangladesh Bank. The central bank unveiled a moratorium facility for 2020 to insulate borrowers from the economic hardship caused by the coronavirus pandemic, in a move that reined in the escalation of defaulted loans and brought them down.

- The central bank is yet to prepare the statement of rescheduled and written-off loans for the last quarter of 2020. The amount of rescheduled and written-off loans rose last year as the majority of banks used the two tools to reduce defaulted loans in the October to December quarter. Some banks were also forced to classify a large amount of delinquent loans between January and September as per instructions of the central bank. The central bank asked lenders to classify the loans after carrying out routine and special inspections, pushing the defaulted loans up, said some central bank officials.

- Some banks hid defaulted loans by showing them as unclassified in violation of banking norms. Banks have classified some loans as defaulted assets on their own as the recovery has been feeble for years, said three managing directors, wishing not to be named given the sensitivity of the matter. This indicates that the asset quality of banks weakened in a true sense last year despite the moratorium, they said.

<https://www.thedailystar.net/business/news/BDT-12140cr-defaulted-loans-rescheduled-written-2043529>

### **MNP has been a damp squib. BTRC is giving another go at making it work.**

- The Bangladesh Telecommunication Regulatory Commission is giving another shot at making the mobile number portability service, which has so far flopped big time, a success. Introduced in 2018, the service allows subscribers to swap networks without changing their existing 11-digit number within 72 hours. The MNP, which cost BDT 570 million, failed to take off in a big way and one of the major reasons was that users stopped receiving text messages after making the switch, a great inconvenience to all.

- To address the problem, Infozillion, the MNP service provider, has set up a “deeping” platform for all the financial and SMS service providers and other platforms to connect to. But Infozillion found that none had connected to the platform. Now the BTRC has made it mandatory for all of them to connect to the platform within the next one month.

<https://www.dhakatribune.com/business/2021/02/14/mnp-has-been-a-damp-squib-btrc-is-giving-another-go-at-making-it-work>

### **No cut in domestic ADP funding**

- The government has decided to keep the domestic resource allocation in the annual development programme (ADP) for the current financial year unchanged. The budget for the FY2021 is now undergoing a revision, officials said. The external assistance component of the ADP has already been cut by 10.64% or around BDT 75 billion, they added. For fiscal year (FY) 2020-21, the total ADP outlay was BDT 2.14 trillion. Of the amount, BDT 1.34 trillion was government's portion and BDT 705 billion project aid.

- The government has set a target of collecting BDT 3.3 trillion in revenue in FY 2020-21. During the July-December period of this fiscal, some 1.104 trillion could be collected, up by 3.95%, than BDT 1.06 trillion in the same period of last fiscal. Businesses are seeing normalcy gradually while the country's export-import trade is also picking up, raising hopes for increased revenue collection in the days to come, an official at the finance ministry said.

<https://today.thefinancialexpress.com.bd/first-page/no-cut-in-domestic-adp-funding-1613151334>

### **As spectrum remains too costly, telcos face call drops**

- For each megahertz (MHz) spectrum, there are 1.2 million mobile phone users in the country, whereas in neighbouring Nepal, which is geographically as big as Bangladesh, each MHz spectrum is used by 0.3 million users. In Sri Lanka, Malaysia, Thailand and Vietnam, 0.1-0.4 million users share 1 MHz of spectrum, according to telecom stakeholders' data disclosed in April last year. However, Pakistan – almost double the size of Bangladesh in terms of physical area – also has a spectrum crisis with 1.2 million users sharing each MHz.

- As a result of a lack of spectrum, the quality of service of mobile operators has started to turn from bad to worse fast as digital penetration, mobile broadband adoption, smartphone use and data traffic continue to rise sharply following the Covid-19 outbreak. According to BTRC data, some 1.13 billion call drops occurred between January and August of 2020. Besides, slow Internet, poor voice quality and longer time to set up a call have become regular phenomena in the telecom sector.

- Instead of procuring additional spectrum, operators are showing more interest in getting

the airwaves at a cheaper rate, as they claim the price of spectrum is 25-35% higher in Bangladesh. The government's earning from per spectrum user is USD 0.58, which is USD 0.47 and USD 0.25 in India and Thailand respectively, says GSMA Intelligence's overview of Bangladesh. The last spectrum auction was held in 2018, when the BTRC fixed USD 27 million as the floor price for per MHz of spectrum in the 2100 band, and USD 30 million per MHz in the 1,800 and 900 bands.

<https://tbsnews.net/bangladesh/telecom/spectrum-remains-too-costly-telcos-face-call-drops-200932>

### **Agent banking accounts double as rural people show interest**

- Rural people's interest in banking services during the Covid-19 pandemic almost doubled the number of agent banking accounts last year compared to that in 2019, says a Bangladesh Bank report. Despite the decline in their income amid the coronavirus period, these people have developed a habit of saving, said the report on the central bank's quarterly report on agent banking published by the central bank on Thursday. The amount of deposits in those accounts has more than doubled – BDT 160 billion – within a span of one year. The amount of remittance has also tripled.

- In line with the increase in deposits, the disbursement of loans through agent banking has increased a lot in the last one year. Two-thirds of the loan had been disbursed to rural areas. At the end of December last year, the outstanding loan amount stood at BDT 12.35 billion. The remaining loans have been disbursed in urban areas.

<https://tbsnews.net/economy/banking/agent-banking-accounts-double-rural-people-show-interest-200449>

### **BTRC sets SMS floor price at BDT 0.19 for bulk usage**

- The Bangladesh Telecommunication Regulatory Commission has set a floor price of BDT 0.19 per SMS for bulk sale by mobile phone operators to SMS aggregators who sell these messages to third parties. These third parties use these messages for promoting their products and disseminating information to its customers through the mobile phone operators and SMS aggregators. As per the BTRC's directive in this regard issued on Monday, the mobile phone operators, public switched telephone network operators and internet protocol telephony service providers will have to sell bulk SMS to the SMS aggregators at BDT 0.19 an SMS. After buying in bulk, the SMS aggregators would be allowed to resell these messages to their clients for sending them to subscribers of mobile phone, IPTSP and PSTN operators at BDT 0.30 per SMS. Prior to issuance of the BTRC directive, the telecom operators were selling bulk SMS at as low as BDT 0.01 per SMS to the SMS aggregators.

<https://www.newagebd.net/article/129906/btrc-sets-sms-floor-price-at-BDT-019-for-bulk-usage>

## Important News: Capital Market

### BATBC to open separate export unit, invest BDT 1.92 billion

• British American Tobacco (BATBC) is set to invest BDT 1.92 billion to increase the production capacity of its factory in Savar in light of upcoming export opportunities. And the superior quality of BATBC cigarettes, whose brands include a mix of high- and low-end brands like Benson & Hedges, John Player, Derby, Hollywood and Pilot, means opportunities are aplenty, the company secretary of BATBC said.

<https://www.newagebd.net/article/130462/batbc-to-open-separate-export-unit-invest-BDT-192cr>  
<https://www.dhakatribune.com/business/2021/02/18/batbc-eyeing-export-market>

### BSEC to consider 'adjusted' share price as the revised floor price

• The securities regulator has decided to consider the 'adjusted' share price as the revised floor price of any listed securities. The Bangladesh Securities and Exchange Commission (BSEC) took the decision on Monday at a meeting held at the BSEC office. The share prices adjusted after the record date for the rights or bonus issues will be considered as the revised floor price, a BSEC official said.

<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-to-consider-adjusted-share-price-as-the-revised-floor-price-1613403987>  
<https://www.thedailystar.net/business/news/floor-price-stocks-can-be-revised-corporate-declaration-2045501>  
<https://tbsnews.net/economy/stock/floor-price-be-lowered-if-number-shares-increases-202225>  
<https://www.dhakatribune.com/business/2021/02/16/bsec-resets-floor-price-of-shares>

### UCB gets licence for MFS subsidiary

• Bangladesh Bank has provided a licence to UCB Fintech Company, a subsidiary of United Commercial Bank (UCB), to offer mobile financial services (MFS) replacing its existing "Ucash" brand. The UCB, one of the country's oldest private banks, now provides MFS to over a million customers through Ucash. The fintech is expected to launch the replacement MFS, "Upay", by mid-March this year.

• It obtained the licence on the last week of December 2020. This is the second such subsidiary MFS company in the country after bKash, which introduced its operation in 2011. With a nationwide agent and merchant network, initial Upay services will include mobile transactions, QR code, inward remittance, salary disbursement, airtime recharge and utility bill, e-commerce, Indian visa fee and traffic prosecution fee payment.

<https://www.thedailystar.net/business/news/ucb-gets-licence-mfs-subsi-dary-2045497>

### Union Insurance to raise BDT 190 million through IPO

• Union Insurance Company Ltd has applied to the Bangladesh Securities and Exchange Commission (BSEC) to raise BDT 193.6 million capital by issuing 19.3 million ordinary shares on the capital market. The company aims to invest in fixed deposit receipt (FDR) in the capital market and purchase floor space. The company insures: property damaged by

fire incidents, marine cargo, motor, liability, and engineering projects. Earlier, it applied to the commission but failed to comply with the securities rules.

• Later that year, BSEC exempted the insurance companies from the securities rule to enable them to get listed on the stock market under the fixed price method. Under the new facility, the insurance companies will be able to apply to the commission for IPO to raise less than BDT 300 million. Additionally, insurance companies which have less than BDT 300 million paid-up capital must invest at least 20% of their equity in the capital market if they want to get listed. After that Union Insurance applied to the commission for IPO.

<https://tbsnews.net/economy/stock/union-insurance-raise-BDT-19cr-through-ipo-201694>

### NRBC IPO oversubscribed by 11 times

• The initial public offering (IPO) lottery draw of NRBC Bank will be held on March 3 to allocate its 120 million ordinary shares among successful applicants. The commercial bank has so far received a good response from the general investors for its IPO shares under the fixed price method. The general investors have applied to buy 10.86 times higher the number of IPO shares being offered by the bank in its IPO, officials said.

• The private commercial bank raised BDT 1.20 billion by issuing 120 million ordinary shares at face value of BDT 10 each under the fixed price method. Of the total shares, 60% or worth BDT 720 million is reserved for resident Bangladeshis, affected small investors and non-resident Bangladeshis while 40% or worth BDT 480 million reserved for eligible investors. After a decade, a bank is getting listed with the stock market. The overwhelming IPO applications show people's trust on the bank," said the chairman of NRBC Bank.

<https://today.thefinancialexpress.com.bd/stock-corporate/nrbc-ipo-oversubscribed-by-11-times-1613494316>  
<https://www.dhakatribune.com/business/2021/02/16/nrbc-bank-s-ipo-11-times-oversubscribed>

### DSE seeks instructions on changing categories of 12 firms

• The Dhaka Stock Exchange (DSE) has sought instructions from the securities regulator on changing the categories of companies that have failed to hold their annual general meetings (AGMs). Usually a company is transferred to Category Z if it fails to hold an AGM for two consecutive years. At present, 12 companies are in Category A and B on the stock exchange, but they have not been able to hold AGMs for one or two consecutive years. The companies are: Aman Cotton Fibrous, Alif Industries, Alif Manufacturing Company, Aman Feed, Ambee Pharmaceuticals, Confidence Cement, Delta Life Insurance, Libra Infusion, Ring Sign Textile, Shurwid Industries, Active Fine, and Appollo Ispat Complex limited.

• Now the country's premier bourse needs a BSEC decision because the regulator, in September last year, issued a directive to overhaul the companies under Category Z, calling for a number of initiatives, including restructuring their boards. Meanwhile, fiscal year 2019-2020 is over but many of the companies have yet to hold their annual general meetings. The DSE has deemed that the companies have lost their eligibility to stay in their existing categories because they have not held their AGMs within the stipulated time as per the law. As a result, the DSE says the companies need to be transferred to Category Z.

<https://tbsnews.net/economy/stock/dse-seeks-instructions-changing-categories-12-firms-202264>

### Western Marine in stormy voyage

- The Western Marine Shipyard still stands out at Kolagaon on the southern bank of the River Karnaphuli but what is missing now is the whirring sound of shipbuilding and hustle and bustle of its around 3,000 workers. Now, those who did come here even a year ago will at first think that they have come to the wrong place. The shipbuilder's three shipbuilding yards covering 40 acres of land – equivalent to 30 football grounds – have been lying abandoned for the past one and a half years. Recently, the shipbuilder has faced some obstacles – internal conflicts of directors, mismanagement, high-interest loans on short terms and investment in long-term projects.

- Despite having enormous prospects, Western Marine is now on the verge of closure owing to a lack of working capital. The country's leading shipbuilder based in Chattogram has reportedly not paid its workers in the last 13 months. The outstanding salaries amount to BDT 80-100 million. It has also failed to pay rents of a portion of the land it took on a lease for the yards. While visiting the shipyard on 11 February, it was seen that Patiya Marine Shipbuilders has closed the Western Marine's main entrance and hung a signboard on it under the name of Saber Ahmed. It has also erected walls on more than half of the land used as Western Marine's yards.

- Seeking anonymity, a director of the Western Marine said 28 of its 40 acres of land were bought in the company's name. The remaining 12 acres were taken on a 30-year lease. But one of the lessors has put up a sign on his land as the company could not pay him monthly rent in the last 18 months. Another lessor has also issued a notice to the Western Marine, asking it to vacate his premises, he added.

<https://tbsnews.net/economy/industry/western-marine-stormy-voyage-201781>

### Fire causes BDT 15 million in damage at Mozaffar Hossain Spinning Mill facility

- A fire incident at the Rupganj facility of Mozaffar Hossain Spinning Mills Ltd in Narayanganj on Friday evening caused damages worth BDT 15 million. The company informed shareholders that the fire came under control in two hours. The incident happened in the company's Rotor Unit's blow room mixing section at 9.00 pm on Friday. The fire damaged its raw cotton process area along with some process machine.

- In the first quarter of this fiscal year the company posted BDT 0.42 in losses per share but in the second or October-December quarter it sold nearly double yarns compared to the July-September quarter. The increased sales helped the company return to profits in the second quarter.

[https://tbsnews.net/economy/fire-causes-BDT\\_15cr-damage-mozaffar-hossain-spinning-mill-facility-201712](https://tbsnews.net/economy/fire-causes-BDT_15cr-damage-mozaffar-hossain-spinning-mill-facility-201712)

### Floor price may inflate BAT Bangladesh's market cap by 60%

- Emergency floor price in the stock market – introduced in the wake of the Covid-19 pandemic – was almost forgotten as the market bottomed out with the help of the better-than-expected state of economy, low interest rate, and improved confidence in regulator. But floor price as a topic has returned to the street as soon as BAT (British American Tobacco) Bangladesh announced a 200% stock dividend alongside more cash following its board meeting last week. Analysts estimate that after the stock dividend is adjusted, the multinational tobacco giant's market capitalisation would get a 60% boost without any

fundamental reason if the floor pricing instructions remain the same.

- There have been a few examples where a stock became stuck at the floor price after record date and virtually remained non-tradable as no buyer appeared to be interested in buying at an irrational high price. As BAT Bangladesh appeared to be the case of biggest dilution of assets and earnings since the introduction of floor price, it became a big puzzle to rational investors. Meanwhile, a number of irrational investors have begun speculating about the situation for a possible short-term gain.

<https://tbsnews.net/economy/stock/floor-price-may-inflate-bat-bangladeshs-market-cap-60-201325>

### IPO subscription of Desh Insurance begins tomorrow

- The IPO subscription of Desh General Insurance will open tomorrow (Sunday), aiming to raise BDT 160 million under the fixed price method. The general insurer's initial public offering (IPO) subscription will be continued until February 18, officials said. The general insurer will invest the IPO proceeds in the capital market, fixed deposits, treasury bonds and IPO related expenses. The Prime Finance Capital Management is working as the issue manager of the company's IPO process.

- IPO subscription of Index Agro Industries is set to open on 22 February and will continue until February 28, aiming to raise BDT 500 million under the book-building method. Its cut-off price was fixed at BDT 62 each through electronic bidding by eligible investors. The company will use the IPO proceeds to acquire machinery and equipment, construction buildings and civil works, and cater expenditures for the IPO process.

<https://today.thefinancialexpress.com.bd/stock-corporate/ipo-subscription-of-desh-ins-begins-tomorrow-1613144587>

### Delta Life gets administrator

- The insurance regulator on Thursday appointed an administrator at the Delta Life Insurance Company Limited after suspending the company's board of directors for four months amid allegations of financial irregularities. According to the regulator, the businesses, including issuance of new policies, of the company will continue as usual. Earlier, the IDRA had appointed external auditors to examine two reports of the company and found a number of irregularities in Delta Life. The regulator, however, came up with the steps after the VAT Intelligence Department filed a case against the company for evading VAT of about BDT 351.7 million.

<https://today.thefinancialexpress.com.bd/first-page/delta-life-gets-administrator-1613065774>  
<https://www.thedailystar.net/business/news/administrator-appointed-delta-life-ins-2043525>  
<https://tbsnews.net/economy/idra-suspends-delta-life-board-appoints-administrator-200467>