

Capital Market Overview

The market closed in red this week. The benchmark index DSEX (-1.24%) lost -73.13 points and closed the week at 5,836.18 points. The blue-chip index DS30 (-1.27%) lost -28.33 points and stood at 2,208.45 points. The Shariah-based index DSES (-2.18%) lost -28.86 points and stood at 1,294.65 points. The large cap index CDSET (-1.20%) lost -15.33 points and closed at 1,260.97 points. DSEX, DS30, DSES and CDSET showed YTD returns of +8.04%, +12.45%, +4.23%, +12.28%, respectively.

Total Turnover During The Week (DSE): BDT 78.2 billion (USD 921 million)
Average Daily Turnover Value (ADTV): BDT 15.6 billion (Δ% Week: -16.3%)

Market P/E: 20.6x

Daily Index Movement during the Week:

Market performed five sessions during this week. In the first session, market performed negatively by -1.00% and continued to be negative in the second session by -0.83%. The market turned positive in the third session by +0.33% and continued to be positive in fourth and fifth sessions by +0.12% and +0.15% respectively.

Sectoral Performance:

- Financial sectors posted mixed performance this week. General Insurance booked the highest gain of 1.57% followed by Bank (+0.95%). NBF1 experienced the highest loss of 2.41% followed by Mutual Fund (-2.40%), Life Insurance (-0.06%).

- Non-financial sectors posted mixed performance this week. Food & Allied booked the highest gain of 1.59% followed by Fuel & Power (+0.04%). Telecommunication experienced the highest loss of 5.16% followed by Engineering (-4.80%), and Pharmaceutical (-2.16%).

Macroeconomic arena:

- The surplus liquidity in the banking system might fuel inflationary pressure in the country in the near future. Banks' excess cash hit all-time high of nearly BDT 2.0 trillion in November last following lower private sector credit growth, caused by supply chain disruptions amid the ongoing coronavirus pandemic. Expansionary monetary policy coupled with the implementation of the government's stimulus packages have driven up liquidity in the banking system.

- A consignment of 2.0-million doses of Oxford vaccine as gift from India reaches Bangladesh today (Thursday). Later, vaccine will be provided to 400-500 caregivers working at four dedicated Covid-19 hospitals in Dhaka city as part of a dry run. Mass vaccination will start on February 08 after the first batch of 5.0-million doses bought under a procurement deal reaches Dhaka on January 25 or 26.

- The central bank purchased greenback worth a record USD 5.49 billion in the first half of the current fiscal year to keep stable the exchange rate of the local currency. The previous highest was recorded in 2013-14 when the Bangladesh Bank bought USD 5.15 billion from local banks.

- The pandemic has enabled mobile financial services (MFS) to take up the mantle of accepting utility bills, which was a tiresome chore before the outbreak, as people had to stand in long queues inside banks. As per the central bank data, BDT 76.52 billion worth of utility bills using MFS was paid from January-November of 2020, which was a huge jump from BDT 50.23 billion during January-December of 2019.

Stock Market arena:

- Bangladesh Submarine Cable Company Ltd (BSCCL) is getting its longstanding dues amounting to BDT 63.9 million from Bharat Sanchar Nigam Ltd (BSNL), a state-run mobile network provider of India, this month. BSNL has not made any payment to BSCCL since September 2018 against its internet bandwidth import from Bangladesh. The company also deferred payments to BSCCL on several occasions.

- Energypac Power Generation Ltd will start trading its shares on both the stock exchanges from 19 January (Tuesday) under the 'N' category. Energypac will invest its total IPO fund of BDT 1.50 billion mainly to expand its liquefied petroleum gas (LPG) business. The company will spend a minor portion of the funds on repaying some expensive bank loans and paying the cost of the IPO process.

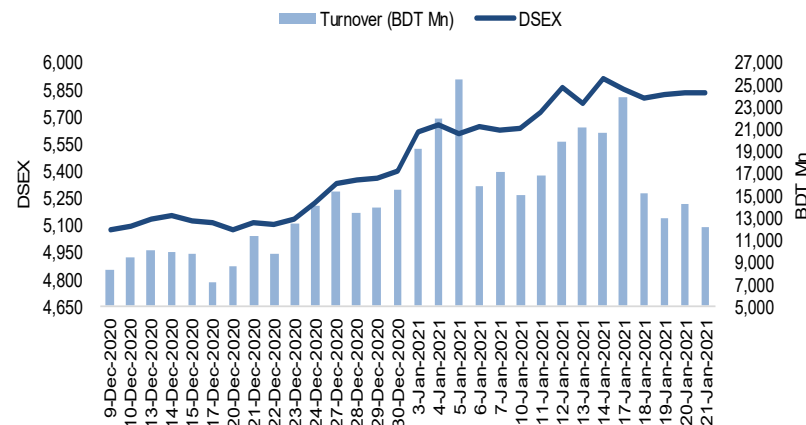
Table 1: Index

Index	Closing	Opening	Δ(Pts)	30-Dec-2019	Δ% Week	Δ%YTD
DSEX	5,836.18	5,909.31	-73.13	5,402.07	-1.24%	+8.04%
DS30	2,208.45	2,236.78	-28.33	1,963.96	-1.27%	+12.45%
DSES	1,294.65	1,323.51	-28.86	1,242.11	-2.18%	+4.23%
CDSET	1,260.97	1,276.30	-15.33	1,123.03	-1.20%	+12.28%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	4,922,891	5,017,096	-1.9%
	Mn USD	57,944	59,052	
Turnover	Mn BDT	78,249	93,433	-16.3%
	Mn USD	921	1,100	
Average Daily Turnover	Mn BDT	15,650	18,687	-16.3%
	Mn USD	184	220	
Volume	Mn Shares	2,292	3,130	-26.8%

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
EPGL	76.6	31.0	+147.1%	14,567	33.9	28.2x	1.7x
AGRANINS	37.8	31.0	+21.9%	1,143	149.5	59.4x	2.1x
PROVATIINS	85.4	73.5	+16.2%	2,537	173.1	32.9x	4.1x
ISLAMIINS	47.4	41.2	+15.0%	1,774	208.0	25.7x	3.2x
GBBPOWER	25.2	22.0	+14.5%	2,565	980.6	22.0x	1.3x
BDFINANCE	33.1	29.2	+13.4%	5,545	1,268.8	16.5x	1.9x
GLOBALINS	33.8	30.6	+10.5%	1,371	155.0	24.6x	2.7x
ANLIMAYARN	35.9	32.6	+10.1%	641	47.8	NM	326.4x
INTRACO	19.1	17.4	+9.8%	1,737	172.3	38.3x	1.6x
PARAMOUNT	139.6	128.2	+8.9%	4,731	136.0	38.9x	5.7x

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (BDT Mn)	Turnover (BDT Mn)	PE	PB
ALLTEX	9.8	11.8	-16.9%	548	12.6	NM	0.6x
LHBL	58.0	68.5	-15.3%	67,360	1,963.1	32.6x	4.0x
SAVAREFR	176.4	207.4	-14.9%	246	5.4	NM	67.1x
ALIF	8.7	10.1	-13.9%	2,261	330.7	17.0x	0.6x
APOLOISPAT	7.7	8.9	-13.5%	3,090	170.2	NM	0.4x
JUTESPINN	101.6	116.1	-12.5%	173	1.3	NM	NM
MITHUNKNIT	8.7	9.9	-12.1%	283	3.7	NM	0.5x
CNATEX	2.2	2.5	-12.0%	526	18.5	NM	0.1x
ROBI	61.7	70.1	-12.0%	323,180	9,414.8	NM	4.9x
DELTASPINN	7.7	8.7	-11.5%	1,282	28.2	19.0x	0.6x

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap (BDT Mn)	Turnover (BDT Mn)	PE	PB
ROBI	61.7	70.1	-12.0%	323,180	9,415	NM	4.9x
BEXIMCO	83.3	87.4	-4.7%	72,997	8,332	NM	1.2x
SUMITPOWER	53.8	50.3	+7.0%	57,452	4,515	10.6x	1.6x
LANKABAFIN	46.3	45.6	+1.5%	24,948	3,938	35.1x	2.6x
BXPBARMA	198.2	197.6	+0.3%	88,419	3,606	23.7x	2.7x
CITYBANK	32.7	30.5	+7.2%	33,236	2,290	10.7x	1.2x
LHBL	58.0	68.5	-15.3%	67,360	1,963	32.6x	4.0x
IFIC	15.0	16.1	-6.8%	24,298	1,815	13.0x	0.9x
NBL	9.0	8.9	+1.1%	27,598	1,376	7.7x	0.5x
BDFINANCE	33.1	29.2	+13.4%	5,545	1,269	16.5x	1.9x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (BDT Mn)	P/E	P/B
ROBI	61.7	+107.0%	323,180	NM	4.9x
LANKABAFIN	46.3	+47.5%	24,948	35.1x	2.6x
SUMITPOWER	53.8	+38.3%	57,452	10.6x	1.6x
CITYBANK	32.7	+31.9%	33,236	10.7x	1.2x
IDLC	81.4	+28.4%	30,692	15.3x	2.1x
POWERGRID	53.3	+27.5%	24,567	11.8x	0.5x
BARKAPOWER	32.5	+26.5%	7,653	12.5x	1.7x
BSRMLTD	74.3	+23.4%	17,540	17.3x	0.7x
LHBL	58.0	+21.3%	67,360	32.6x	4.0x
ACTIVEFINE	20.4	+20.7%	4,895	13.0x	0.9x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1,494.37	1,480.25	1,372.63	+0.95%	+8.87%
NBFIs	2,365.82	2,424.30	2,033.53	-2.41%	+16.34%
Mutual Funds	1,019.39	1,044.42	959.61	-2.40%	+6.23%
General Insurance	3,745.26	3,687.27	4,103.56	+1.57%	-8.73%
Life Insurance	2,177.36	2,178.58	2,162.58	-0.06%	+0.68%
Telecommunication	7,168.43	7,558.19	5,463.26	-5.16%	+31.21%
Pharmaceuticals	3,393.75	3,468.63	3,306.03	-2.16%	+2.65%
Fuel & Power	1,789.11	1,788.35	1,618.11	+0.04%	+10.57%
Cement	1,629.91	1,820.57	1,416.18	-10.47%	+15.09%
Services & Real Estate	1,156.46	1,170.42	1,083.79	-1.19%	+6.70%
Engineering	3,903.12	4,100.13	3,959.20	-4.80%	-1.42%
Food & Allied	16,882.76	16,618.28	14,705.76	+1.59%	+14.80%
IT	2,226.77	2,240.82	2,350.28	-0.63%	-5.26%
Textiles	1,082.93	1,115.15	1,087.41	-2.89%	-0.41%
Paper & Printing	5,412.77	5,541.41	5,487.56	-2.32%	-1.36%
Tannery	1,727.70	1,751.31	1,771.77	-1.35%	-2.49%
Jute	9,914.47	9,945.92	12,154.61	-0.32%	-18.43%
Ceramics	468.80	489.97	472.38	-4.32%	-0.76%
Miscellaneous	3,044.63	3,133.17	2,539.70	-2.83%	+19.88%

Table 7: Sector Trading Matrix

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Bank	1,889.5	1,755.9	+7.6%	12.3%	8.5x	0.8x
NBFI	1,583.9	2,380.9	-33.5%	10.3%	99.4x	3.7x
Mutual Fund	410.3	825.5	-50.3%	2.7%	NM	0.9x
General Insurance	969.5	1,009.1	-3.9%	6.3%	19.5x	1.8x
Life Insurance	130.7	94.6	+38.2%	0.8%	NM	NM
Telecommunication	2,150.5	1,503.9	+43.0%	14.0%	23.2x	7.5x
Pharmaceutical	1,405.9	2,247.7	-37.5%	9.1%	22.0x	2.6x
Fuel & Power	2,214.8	1,697.8	+30.5%	14.4%	14.4x	1.5x
Cement	480.9	985.0	-51.2%	3.1%	38.7x	2.6x
Services & Real Estate	262.3	338.3	-22.4%	1.7%	97.6x	1.0x
Engineering	776.3	1,535.1	-49.4%	5.0%	40.0x	2.2x
Food & Allied	365.8	513.4	-28.8%	2.4%	27.7x	7.6x
IT	108.8	240.3	-54.7%	0.7%	24.1x	2.1x
Textile	555.8	932.7	-40.4%	3.6%	185.4x	0.8x
Paper & Printing	19.6	30.4	-35.6%	0.1%	63.2x	1.1x
Tannery	50.3	73.1	-31.3%	0.3%	NM	1.8x
Jute	29.7	39.7	-25.1%	0.2%	NM	12.1x
Ceramics	81.7	176.5	-53.7%	0.5%	63.0x	1.6x
Miscellaneous	1,923.4	1,916.1	+0.4%	12.5%	55.2x	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	142.0	-16.2%	3,408	NM	10.2x
WALTONHIL	1,054.9	-5.3%	319,559	47.1x	4.0x
MATINSPINN	35.2	-3.3%	3,432	12.4x	0.7x
OLYMPIC	185.1	-3.1%	37,009	18.2x	4.5x
PADMAOIL	200.4	-2.3%	19,686	7.5x	1.3x
SHAHJABANK	22.5	-1.7%	22,052	11.7x	1.3x
JAMUNAOIL	163.2	-1.4%	18,021	9.3x	1.0x
BATASHOE	696.5	-0.9%	9,528	NM	2.2x
BANKASIA	18.1	-0.5%	21,103	10.6x	0.8x
APEXFOOT	219.7	-0.3%	2,472	33.1x	0.9x

Important News: Business & Economy

Liquidity glut could fuel inflation: BB

- The surplus liquidity in the banking system might fuel inflationary pressure in the country in the near future, the Bangladesh Bank (BB) has said in its just-published annual report for the fiscal year 2019-20. Banks' excess cash hit all-time high of nearly BDT 2.0 trillion in November last following lower private sector credit growth, caused by supply chain disruptions amid the ongoing coronavirus pandemic, according to bankers and experts. Expansionary monetary policy coupled with the implementation of the government's stimulus packages have driven up liquidity in the banking system, they explained.
- They expressed the fear of inflationary pressure if the excess liquidity is used for unproductive or less-productive sectors. The central bank should strengthen its monitoring and supervision for the implementation of the government's stimulus packages properly so that it can't exert inflationary pressure on the economy, said the executive director of the Institute for Inclusive Finance and Development (InM).

<https://today.thefinancialexpress.com.bd/first-page/liquidity-glut-could-fuel-inflation-bb-1611167381>

Vaccination begins on Jan 27

- A consignment of 2.0-million doses of Oxford vaccine as gift from India reaches Bangladesh today (Thursday). Later, vaccine will be provided to 400-500 caregivers working at four dedicated Covid-19 hospitals in Dhaka city as part of a dry run. Mass vaccination will start on February 08 after the first batch of 5.0-million doses bought under a procurement deal reaches Dhaka on January 25 or 26.

<https://today.thefinancialexpress.com.bd/first-page/vaccination-begins-on-jan-27-1611167475>

BB buys record USD 5.49 billion to keep taka stable

- The central bank purchased greenback worth a record USD 5.49 billion in the first half of the current fiscal year to keep stable the exchange rate of the local currency. The previous highest was recorded in 2013-14 when the Bangladesh Bank bought USD 5.15 billion from local banks. The central bank was forced to smash all previous records of dollar purchase in just six months in the wake of higher flow of remittance and lower imports caused by the economic slowdown brought on by the coronavirus pandemic.
- Although the dollar purchase is helping the export sector and swelling the foreign exchange reserve, the buying spree has flooded the financial sector with excess liquidity. But lower credit demand from borrowers amid the slowdown in business has put an adverse impact on the cost of funds for banks as liquidity has largely remained idle. The excess liquidity in the banking industry stood at BDT 1.82 trillion in October, up 202% year-on-year, data from the central bank showed. Despite the massive dollar purchase, the central bank has failed to devalue the taka against the American greenback.

- The central bank has been intervening in the foreign exchange market since July after the local currency had lost some weight against the dollar. The interbank exchange rate has been hovering around BDT 84.80 per USD since July. The rate was BDT 84.95 on March 25, a day before the country declared a nationwide lockdown to contain the virus.

<https://www.thedailystar.net/business/news/bb-buys-record-549b-keep-taka-stable-2029681>

Pandemic makes MFS the go-to mode for utility bill payment

- The pandemic has enabled mobile financial services (MFS) to take up the mantle of accepting utility bills, which was a tiresome chore before the outbreak, as people had to stand in long queues inside banks. The need to avoid close social gatherings has compelled people to pay their utility bills from their smartphones. MFS users can now pay electricity, gas, water and telephone bills, as well as services related to the city corporations. According to Bangladesh Bank data, paying utility service bill through MFS began in September 2013, when the monthly payment was only about BDT 7.8 million. But as of November last year, the figure stood at BDT 8.31 billion.
- As per the central bank data, BDT 76.52 billion worth of utility bills using MFS was paid from January-November of 2020, which was a huge jump from BDT 50.23 billion during January-December of 2019. During the pandemic, the payment skyrocketed as people chose contactless transactions. After the outbreak began in March, bill payment through MFS dropped to BDT 2.72 billion from BDT 4.33 billion in February.

<https://www.dhakatribune.com/business/economy/2021/01/19/pandemic-makes-mfs-the-go-to-mode-for-utility-bill-payment>

First shipment of vaccine to arrive on Jan 25-26

- The first consignment of Oxford-AstraZeneca Covid vaccine, produced by Serum Institute of India, will arrive in the country on January 25 or 26, Health Minister said yesterday. He also said the government is likely to allow private companies to import and distribute Covid vaccines. According to officials of the Directorate General of Health Services, there are Walk-In Cooler (WIC) or Ice Lined Refrigerator (ILR) vaccine storage facilities in all 64 districts. At least 483 sub-districts across the country have ILRs under the Expanded Programme on Immunization (EPI) network. Each WIC store can accommodate up to 0.425 million vials of vaccine while 7,100 vials can be kept in an ILR.

<https://www.thedailystar.net/frontpage/news/first-shipment-vaccine-arrive-jan-25-26-2027961>

Pent-up demand lifts spending through credit cards

- Spending through credit cards continued to maintain an upward trend in November, a sign that clients are stepping up their consumption sidestepping the fear of economic losses stemming from the coronavirus pandemic. Total card loans held by lenders stood at BDT 14.34 billion in November, up 4% from that a month earlier and 20% year-on-year, showed Bangladesh Bank data. The rise in transactions through credit cards is an indication of a "pent up demand" in the economy as the majority of consumers had held back their spending during the lockdown and the subsequent few months, experts said.

<https://www.thedailystar.net/business/news/pent-demand-lifts-spending-through-credit-cards-2028141>

Waiting for big vroom

- Policymakers are finally responding to a long-time demand of the local motorcycle market. They have begun a process to withdraw the cap on engine capacity of two-wheelers to

allow motorcycles up to 350cc from the existing 165cc. If high-capacity motorcycles finally get the nod, riders will be able to go for vehicles that can provide better safety and investors will have incentives to pour new funds into the industry to manufacture products for local sale and export. Most importantly, world-famous brands will consider Bangladesh as an investment destination.

<https://tbsnews.net/economy/industry/will-big-bikes-return-roads-186010>

Government could chop Annual Development Programme (ADP)

- The annual development programme (ADP) is likely to be revised soon with a significant cut due to poor project execution by the ministries and agencies in the first half of the current fiscal, officials said on Friday. Many ministries and agencies are seeking lower funds than their current allocations in the original ADP as the Planning Commission (PC) has started to revise the development programme, they said. The Economic Relations Division (ERD) has already slashed the foreign aid (project aid) portion of the current ADP by 10.64% to BDT 630 billion in the aftermath of COVID, said a senior commission official. A commission member requesting anonymity said the ADP could be cut by nearly 15% in fiscal year 2020-21 due to the poor execution by public agencies and lower revenue generation as a result of the coronavirus pandemic.

<https://today.thefinancialexpress.com.bd/last-page/govt-could-chop-adp-1610732818>

Import down by around 10% in Jul-Dec FY21

- The trend in import continues to decline in line with the fall of demand as well as production due to the impact of Covid-19 pandemic. In the first six months (July-December) of the current fiscal year, imports declined by 9.7% compared to the same period a year ago, according to a Bangladesh Bank analysis of the data on the opening and settlement of letters of credit (LCs). In the July-December period of the current financial year, LC openings decreased by 1.42% to around USD 397 million compared to the same period of the previous fiscal. On the other hand, the settlement of LCs has also decreased by USD 2.57 billion.

- The Centre for Policy Dialogue (CPD) Research Director said that it is difficult to make business decisions in times of uncertainty. Many businessmen increase import considering that the demand will be higher, but as the situation has changed, the number of LCs opened is yet to be settled, he said. Despite the declining trend in imports, the cargo handling capacity at the country's premier port is on the rise. According to the report, the cargo handling in the import sector had been severely hit from March to May last year due to Covid.

<https://tbsnews.net/economy/trade/import-down-around-10-jul-dec-fy21-186844>

Banks have a tantalizing amount of liquidity. But no one to lend to

- In recent weeks, the private sector does not have much of a demand for loans from banks and neither does the government, in what can be viewed as a wholly uncomfortable situation the lenders find themselves in. In the first six months of fiscal 2020-21, the government's net borrowing from the banking system stood at BDT 22.03 billion, which was only 2.59% of the target set for the full year. Last fiscal year, the government borrowed BDT 722.46 billion from the banking system.

- With the view to steering the economy away from a steep downturn, the Bangladesh Bank

rolled out a vastly expansionary monetary policy for fiscal 2020-21 in July last year, which flooded the market with liquidity. At the end of November, excess liquidity in the banking sector stood at about BDT 1.95 trillion, which is the biggest in at least recent years. That month, private sector credit growth stood at 8.2%, which is the lowest in recent years and 6.6% points lower than the 14.8% target set for fiscal 2020-21, as businesses put their investment plans on hold amid the fear of a second wave of coronavirus cases.

- In such a situation, the government's borrowing from them would have helped. But that too has waned extraordinarily. The higher sales of national savings certificate this fiscal year in the face of low interest rates on deposits at banks is another reason for the drop in government bank borrowings. Most of the banks are collecting deposits at less than 4% while the government is offering up to 11.3% interest against the national saving tools.

<https://www.dhakatribune.com/business/economy/2021/01/17/govt-too-does-not-have-appetite-for-funds-from-banks>

BB sets up BDT 10 billion refinance scheme

- Bangladesh Bank (BB) has formed a BDT 10 billion refinancing scheme to provide low-cost loans to the export-oriented industries for upgrading technologies. The scheme is also meant for strengthening the capacity and increasing the sustainability and competitiveness of the units. Interest rate will be 5.0% on the loans having the tenure below five years while 5.5% from five years to below eight years and 6.0% from eight years to 10 years. This fund will be in operation under a standard structured mechanism where the banks and financial institutions (FIs) will require maintaining capital adequacy, provision maintenance, CRR and SLR as determined by the central bank.

- Some 32 types of industries and 11 types of operations including readymade garment factories, pharmaceuticals, software and IT-enabled services, jute goods and, footwear and leather goods will be able to replace their outdated technologies to increase productivity. The participating FIs will have to sign a participation agreement with the central bank to avail of the facility. It said the tenure of the refinancing facility would range from three years to 10 years with a grace period to be fixed in accordance with bank-client relationship, but not more than one year. A 70:30 debt to equity ratio will have to be maintained to be eligible for availing of the loan.

<https://today.thefinancialexpress.com.bd/last-page/interest-spread-up-slightly-in-nov-1610904959>

https://tbsnews.net/economy/trade/BDT_1000cr-refinancing-fund-introduced-export-oriented-industries-187336

https://www.newagebd.net/article/127460/BDT_-1000-crore-fund-formed-for-export-oriented-units-tech-development

https://www.dhakatribune.com/business/2021/01/17/bb-forms-BDT_-1-000cr-fund-for-industries-tech-upgrade

Interest spread up slightly in Nov

- The interest rate spread increased slightly in November 2020, as the banks slashed their deposit rates more than the lending ones, bankers have said. The interest on deposit decreased at comparatively higher rates than that on credit in November, as the banks collected deposits at lower rates because of availability of funds in the market, they added. The weighted average spread between the lending and the deposit rates offered by the commercial banks rose to 2.98% in November from 2.94% a month ago. It was 4.07% in March.

- The bankers also predicted that the interest rates on fresh deposit might fall further in the coming months, if the upward trend of excess liquidity in the banking system continues. The banks' excess liquidity hit the all-time high of nearly BDT 2.0 trillion in November mainly due to lower private sector credit growth in the recent months. Private sector credit growth decelerated continuously in the recent months following lower-than-usual credit demand due to supply chain disruption amid the ongoing coronavirus pandemic, according to the bankers.

- Expansionary monetary policy of the central bank along with implementation of the government's various stimulus packages to speed up recovery of the pandemic-hit economy also pushed up higher inflow of liquidity in the banking system. Surplus liquidity surged by more than 15% to BDT 1,951.66 billion as on November 30, from BDT 1,696.59 billion two months before. Most of the banks already slashed their interest rates on all types of deposit because of the higher liquidity inflow in the market, according to the bankers.

<https://today.thefinancialexpress.com.bd/last-page/interest-spread-up-slightly-in-nov-1610904959>

India's gift: 2.0 million Covid vaccines to arrive Wednesday

- Bangladesh will receive 2.0 million doses of the Oxford-AstraZeneca vaccine from India as a gift on 20 January. Directorate General of the health directorate confirmed the matter to The Business Standard last night while sources at the Indian High Commission in Dhaka said the gift vaccine shots will arrive by air cargo. Earlier on Monday, Health Minister said that the gift shots will arrive before 26 January.

<https://tbsnews.net/bangladesh/indias-gift-20-lakh-covid-vaccines-arrive-wednesday-187690>

Govt asks COVAX to send Pfizer-BioNTech vaccine

- Bangladesh is all set to procure the Pfizer-BioNTech vaccine in the country. The relevant authorities are making necessary preparations for storing and distributing the vaccine, said officials on Monday. In an official reply, Bangladesh has asked the COVAX to send the vaccines manufactured by the US drug-maker Pfizer and developed by German bio-tech firm BioNtech.

<https://today.thefinancialexpress.com.bd/first-page/govt-asks-covax-to-send-pfizer-biontech-vaccine-1610993221>

Biscuit exports booming

- With most businesses suffering a deep wound inflicted by the coronavirus pandemic, biscuit makers in Bangladesh have a different story to share. The crispy food, liked by people from all walks of life, has seen its demand grow both in domestic and export markets as many consumers have stayed indoors and shunned eating out. After posting 10% year-on-year growth in the fiscal year of 2019-20, which included two pandemic-hit quarters, the upward trend of shipment of biscuits has continued in the current fiscal year as well. Biscuits exports almost doubled to USD 31.5 million in the July-December period from USD 16.6 million in the corresponding period a year ago, data from the Export Promotion Bureau showed.

- The steady growth of biscuit makers came while merchandise shipment declined 0.36% year-on-year to USD 19.23 billion in July-December as Bangladesh's major export

destinations continued to struggle to tame the rising coronavirus infections. Earnings from the apparel shipment, which contributes more than 80% to the national exports, dropped 2.99% to USD 15.54 billion. Consumption of foods sold by restaurants and street vendors fell significantly because of the worries about the virus among consumers. As the cheapest alternative, we have seen an increase in demand for biscuits, said the executive director for operations of Olympic Industries Ltd.

<https://www.thedailystar.net/business/news/biscuit-exports-booming-2030249>

Bangladesh Bank projects V-shaped recovery

- With lingering pandemic in the backdrop, the Bangladesh Bank targets an ambitious 8.2% economic growth for the current fiscal year, accompanied by a V-shaped recovery. The successful and timely implementation of the stimulus packages" will help the economy rebound strongly, the central bank said in the 2019-20 annual report published yesterday. According to the provisional estimate by BBS, Bangladesh's real GDP growth of the fiscal 2020 was recorded at 5.2%.The subdued growth was still the highest in the South Asian region.

- Earlier in October last year, the World Bank forecast U-shaped recovery for Bangladesh, saying that it would be realised if the government spent proactively and could tap international resources. The use of electricity jumped to 7.00 billion kilowatt-hour (kWh) and gas use exceeded 2.50 billion cubic feet a month -- both above their pre-pandemic levels, a finance ministry paper showed.

<https://tbsnews.net/economy/bangladesh-bank-projects-v-shaped-recovery-188395>

Apparel exports to major markets fall in July-Dec

- Bangladesh's readymade garment exports to its major markets declined in the July-December period of the financial year 2020-21 as global demand remained slow amid the coronavirus outbreak. Among its top 10 destinations, Bangladesh's RMG exports witnessed negative growth in seven countries in the first half of FY21. Apparel exports to Germany, the Netherlands and Poland, however, achieved moderate growth amid the outbreak in the period, the data showed.

- Exporters said that RMG export to most of the major destinations, including the United States, the United Kingdom, Spain and France, witnessed negative growth in July-December of FY21 as the second wave of COVID-19 outbreak had once again brought economic activities close to a standstill in the countries. They also said that exports to very few countries, including Germany which is the second largest destination for Bangladeshi exports, increased in the first half of the current fiscal year as they reshipped the goods to other countries.

<https://www.newagebd.net/article/127698/apparel-exports-to-major-markets-fall-in-july-dec>

BB eases rules on foreign companies' working capital loans

- The central bank has relaxed its regulations, allowing foreign companies to avail short-term working capital loans for six years instead of three years from their parent companies or shareholders abroad. Under the revised rules, such borrowing will also be admissible for industries engaged in service output activities along with manufacturing enterprises. However, the trading activities will not come under the purview of the relaxations, it added.

They've doubled the period for such loans aiming to attract more foreign direct investment (FDI) particularly in economic zones across the country, a senior BB official said.

- Foreign owned/controlled companies may avail such loans from their parent companies/ shareholders abroad up to six years from the date of inception of manufacturing and service output activities instead of three years earlier. The maximum rate of interest has been fixed at 3.00% for the loans, received in convertible foreign currency, to run the businesses smoothly, officials said.

<https://today.thefinancialexpress.com.bd/first-page/bb-eases-rules-on-foreign-cos-working-capital-loans-1611079363>

<https://www.dhakatribune.com/business/banks/2021/01/19/bb-eases-accessing-foreign-loans-by-foreign-companies>

<https://www.thedailystar.net/business/news/foreign-owned-firms-can-get-funds-abroad-easily-2030773>

<https://tbsnews.net/economy/banking/tenure-short-term-intercompany-external-loans-extended-188299>

<https://www.newagebd.net/article/127702/intracompany-external-borrowing-made-easy-for-foreign-firms>

14 banks' average lending rate falls below 7pc

- Weighted average lending rate of 14 banks dropped below 7% in December 2020 due mainly to the setting of lending rate ceiling at 9% by the Bangladesh Bank to support the industrial expansion. BB data showed that the weighted average lending rate of only six banks was below 7% before the implementation of lending rate ceiling. In February 2020, the central bank issued a circular, setting April 1 of the year as the effective date to implement the 9-per cent ceiling on lending rate.

<https://www.newagebd.net/article/127810/14-banks-average-lending-rate-falls-below-7pc>

Important News: Capital Market

Bangladesh Submarine Cable Company Ltd (BSCCL) to get BDT 63.9 million dues from Bharat Sanchar Nigam Ltd (BSNL) in Jan

- Bangladesh Submarine Cable Company Ltd (BSCCL) is getting its longstanding dues amounting to BDT 63.9 million from Bharat Sanchar Nigam Ltd (BSNL), a state-run mobile network provider of India, this month. BSNL has not made any payment to BSCCL since September 2018 against its internet bandwidth import from Bangladesh. The company also deferred payments to BSCCL on several occasions.

- In June 2015, BSNL signed an agreement to import 10 gigabits per second (Gbps) bandwidth for the north-eastern Indian state of Tripura through the Akhaura-Agartala point. BSCCL began exporting bandwidth to BSNL on February 8, 2016, and continued until February 7, 2020. In November 2019, BSNL informed BSCCL that it would no longer import bandwidth because of dearth of revenue despite huge demand for internet services in the north-eastern Indian states - Tripura, Meghalaya and Assam.

<https://today.thefinancialexpress.com.bd/last-page/bsccl-to-get-BDT-639m-dues-from-bsnl-in-jan-1610732948>

Energypac to begin share trading from 19 January

- Energypac Power Generation Ltd will start trading its shares on both the stock exchanges from 19 January (Tuesday) under the 'N' category. Meanwhile, the company's shares were credited to respective beneficiary owners' accounts on 17 January. Energypac will invest its total IPO fund of BDT 1.50 billion mainly to expand its liquefied petroleum gas (LPG) business. The company will spend a minor portion of the funds on repaying some expensive bank loans and paying the cost of the IPO process.

- At the end of the fiscal year 2019-20, the company posted a consolidated revenue of BDT 10.97 billion, which was 24% lower compared to the previous fiscal year. However, its net profit grew by 21% to BDT 581.8 million and earnings per share stood at BDT 3.83 in the last fiscal year.

<https://tbsnews.net/economy/stock/energypac-begin-share-trading-19-january-187315>

Runner to bring KTM motorcycles

- The famed KTM motorcycles will be available in Bangladesh from January 25, thanks to Runner Automobiles. In early August 2020, the Runner announced an agreement with Bajaj Auto that part-owns the Austrian bike brand to become its authorised distributor. Initially models Duke 125 and RC 125 will be launched. Both models are premium and the price range will be between BDT 350,000 to BDT 400,000, said the marketing director of Runner Group. According to him, the current market share of premium motorcycles is about 15% whereas it was only 5% just four years ago.

- Now, the annual demand for motorcycles is around 500,000 units and from the premium segment it is around 35,000 units. Thereby, he believes their two models will win over motorcycle enthusiasts. He said initially the two models will be available at their Tejgaon showroom in the capital.

<https://www.thedailystar.net/business/news/runner-bring-ktm-motorcycles-2030785>

Royal Enfield bikes may hit Dhaka roads soon

- Bikers in Bangladesh are one step closer to ride a high-capacity motorcycle after Ifad Autos signed a memorandum of understanding with British-bred Royal Enfield to import the famous two-wheelers. Ifad Autos will market the bikes of Royal Enfield, said the managing director of Ifad Autos. The local company is the distributor of India's TVS-branded motorcycles and the commercial vehicles of Ashok Leyland. However, the government has to change rules to allow the import of high-capacity bikes. Currently, bikes with a capacity of up to 165cc can be imported, according to the Import Policy Order 2015-2018 of Bangladesh.

- Royal Enfield makes motorbikes in the mid-segment market with a capacity of 250cc to 750cc. Bike manufacturers and assemblers have requested the government to allow them to manufacture up to 500cc motorcycles for the export market. The government has said it would allow them to make bikes of up to 350cc, he said. Ifad Autos is thinking of manufacturing high-capacity bikes to keep the price within the buying power of consumers. Royal Enfield bike will cost BDT 350,000 to BDT 400,000.

<https://www.thedailystar.net/business/news/royal-enfield-bikes-may-hit-dhaka-roads-soon-2030801>

10 listed companies shut production in 2 years

- Ten listed companies have shut production in the last two years due to weak fundamentals, poor corporate governance, lapses in regulatory monitoring and the COVID-19 outbreak. Investors, market intermediaries and the regulators are worried as one listed company after another has shut down production in recent years, market analysts said. They said that the sudden decision to halt production by the companies had damaged the market reputation severely as investors' confidence had plunged.
- Market experts said that the approval of fundamentally weak IPOs, weak regulatory supervision and poor disciplinary action had caused the companies to close production activities. A number of the companies' sponsor-directors were found to dump their shares on the market before declaring lay-offs of factories, they said. More companies may soon shut down their factories due to poor underlying capacities, they said.

<https://www.newagebd.net/article/127289/10-listed-cos-shut-production-in-2-years>

IPO bids to come under a tighter range

- In a bid to check manipulation, the securities regulator is going to bar institutional investors from bidding beyond 20% higher or lower than the fair value of primary shares. The Bangladesh Securities and Exchange Commission (BSEC) has moved to reform the book building process following several instances of irresponsible bids by institutional investors. The commission has noticed unbelievably big gaps between prices offered by the highest and the lowest bidders in the book building system. According to sources, the BSEC would introduce the fair value method for benchmarking the price of primary shares in the book building process.
- In this system, institutional investors initially set the reference price and general investors follow that to subscribe for new shares, which include premium over face value. The simple average of net asset value and the value obtained by the earnings yield method would be the fair value of the offered shares. To find out the value in the yield method, bidders have to divide a company's expected rate of earnings by its actual rate of earnings and then multiply the outcome by paid-up value. The normal rate of earnings will have to be at least 10% of the paid-up value. On the other hand, to calculate the expected rate of earnings, bidders have to divide the five-year average of profit after taxes by the paid-up share capital, including share premium, and then multiply the figure by 100.

<https://tbsnews.net/economy/stock/ipo-bids-come-under-tighter-range-186790>

BSEC to sign market-dev deal with London Stock Exchange

- The Bangladesh Securities and Exchange Commission may sign an agreement with the London Stock Exchange to improve the country's capital market and pull foreign investments to the market. The commission made the move in a meeting with British high commissioner Robert Chatterton Dickson during the envoy's visit to the commission on Sunday, BSEC officials said. They said that the envoy discussed strengthening the Bangladesh stock market through collaboration with the LSE.

<https://www.newagebd.net/article/127502/bsec-to-sign-market-dev-deal-with-lse>

Desh General Insurance's IPO subscription to begin 14 February

- Desh General Insurance Company's public subscription for an initial public offering (IPO)

is due to kick off on 14 February and will continue till 18 February. The company aims to raise BDT 160 million from the stock market to expand its business, issuing shares at BDT 10 each through the IPO. It says it will invest the IPO funds in the capital market, fixed deposit receipts (FDRs) and treasury bonds. Prime Finance Capital Management is working as the issue manager of Desh General Insurance for the IPO process.

- According to the company's IPO prospectus, it borrowed BDT 84.4 million from different banks and three companies of Bengal Group for claim settlement till 31 December, 2019. Until that period, it had BDT 220 million in FDRs. According to the audited financial report for the year ending on 31 December, 2019, the earnings per share (EPS) of the company stood at BDT 1.36 while net asset value per share was BDT 11.62, excluding revaluation.

<https://tbsnews.net/economy/stock/desh-general-insurances-ipo-subscription-begin-14-february-187312>

<https://today.thefinancialexpress.com.bd/stock-corporate/ipo-subscription-of-desh-general-ins-to-begin-february-14-1610899606>

Dividend distribution policy made mandatory

- All listed companies and mutual funds must formulate their dividend distribution policies and publish them in their annual reports – as well as on their official websites – so that investors can anticipate how much dividend they might avail. Analysts praised the regulatory direction because investors across the developed stock markets depend a lot on such disclosures by listed companies. The regulator also made it mandatory for companies to communicate dividend disbursement information to investors as well as report updates on disbursement.
- Companies and mutual funds also have to keep all unclaimed cash and stock dividends in separate accounts and those would be transferred to a proposed special fund after three years. However, any investor claiming the cash or stock dividends, upon proving their ownership, would get it back in 15 days with accrued interest added. According to a compilation by the two stock exchanges, listed companies and mutual funds have nearly BDT 10.00 billion in undisbursed cash dividends because of no claim from shareholders. The state-owned Investment Corporation of Bangladesh [ICB] will manage the assets of the planned special fund with a view to making the market, BSEC Chairman recently said at a webinar.

<https://tbsnews.net/economy/stock/dividend-distribution-policy-made-mandatory-187729>

Digital BO account opening starts in March

- Stock market investors will be able to open Beneficiary Owners (BO) accounts online from March, and the stock market regulator wants to complete all the necessary procedures in this regard by then. The initiative to allow investors to open accounts online was taken a few months ago to increase their participation in the stock market. Opening BO accounts will now be easier as investors would not need to go to brokerage houses physically. Market insiders said investors had not renewed around 300,000 BO accounts from June to September last year.

<https://tbsnews.net/economy/stock/digital-bo-account-opening-starts-march-187708>

Energypac Power makes debut trading today

- Energypac Power Generation announced that its profits tumbled in the July-September

quarter of 2020 ahead of its trading debut in the Dhaka Stock Exchange (DSE) today. Energypac's profits dropped 98% year-on-year to BDT 66.4 million in the period because of the ongoing coronavirus pandemic. The managing director of Energypac Power Generation, said they produce industrial products and their sales declined as private investment slowed down amid the Covid-19 fallout. As the pandemic hit the private sector during the July-September period, their profits dropped, he said.

- Their profits will jump with the revival of the economy, as our products are directly related to industrialisation, he added. Energypac Power Generation raised a fund of BDT 1.50 billion through its initial public offering (IPO), the proceeds of which will be used to make liquid petroleum gas (LPG) more available as a primary fuel source for vehicles in Bangladesh and repay the company's bank loans.

<https://www.thedailystar.net/business/news/energypac-powers-profit-takes-tumble-2030225>
<https://today.thefinancialexpress.com.bd/stock-corporate/energypac-power-makes-debut-trading-today-1610989918>
<https://tbsnews.net/economy/stock/energypac-begin-share-trading-19-january-187315>
<https://www.dhakatribune.com/business/2021/01/19/energypac-s-profit-trips-50-ahead-of-its-stock-market-debut>

Mir Akhter's IPO lottery draw Thursday

- Mir Akhter Hossain, a leading infrastructure developer, will hold IPO lottery draw on January 21 (Thursday) to allocate roughly 20.77 million ordinary shares among the investors. The company's overall IPO subscription hit 7.57 times high as the company received applications of 157.20 million shares against public issue of shares roughly 20.77 million, according to the final status of the subscription. The general public including affected investors will get 8.38 million shares and non-resident Bangladeshis will get 2.0 million shares.

<https://today.thefinancialexpress.com.bd/stock-corporate/mir-akhters-ipo-lottery-draw-thursday-1610989971>

Uttara Finance to face special BSEC audit

- The securities regulator has decided to appoint a special auditor to look into the accounts of Uttara Finance and Investments as the publicly listed non-bank financial institution (NBFI) is embroiled in a scandal. An official of the Bangladesh Securities and Exchange Commission (BSEC) said to protect investors' interest, the regulator has decided to look into the matter. The BSEC would soon announce the decision and invite applications from interested auditors. The Bangladesh Bank has already ordered the NBFI to correct its last two annual financial statements, which concealed a huge amount of money lent to its directors in non-compliant ways. The anomaly reportedly involves more than BDT 10.00 billion.

<https://tbsnews.net/economy/uttara-finance-face-special-bsec-audit-187732>
<https://www.dhakatribune.com/business/2021/01/19/uttara-finance-bsec-dispatching-auditor-bb-fines-md-BDT-5-lakh>

IDLC invests BDT 40m as part of VC Fund I in Intelligent Machines

- IDLC Venture Capital Fund I is investing BDT 40 million in Intelligent Machines Limited (IM), an AI (Artificial Intelligence)-first deep-tech startup that provides solutions to Enterprise Clients. This investment is part of IDLC VC (Venture Capital) Fund- I which is

managed by IDLC Asset Management Limited, a wholly-owned subsidiary by IDLC Finance Limited. Launched in March 2020, IDLC VC Fund I is a BDT 450 million Venture Capital Fund that invests in technology-based and high-growth startups in Bangladesh. The country has seen the emergence of a Startup Culture beginning in 2012, and inspired by that IDLC took the courageous step to launch the first-ever VC Fund in the country, said a statement.

- The current funding round will support their expansion in the Enterprise AI sector, where they have been serving an eminent range of clients such as bKash, BAT, Unilever, Arla Foods, Telenor Myanmar, and IDLC Finance.

<https://today.thefinancialexpress.com.bd/stock-corporate/idlc-invests-BDT-40m-as-part-of-vc-fund-i-in-intelligent-machines-1611160662>
<https://www.thedailystar.net/business/news/idlc-venture-invests-BDT-4cr-intelligent-machines-2031261>

Closure of Ring Shine Textile extended again

- Ring Shine Textile kept its production halted for the last four months due to a shortage of raw materials, foreign buyers and working capital amid the ongoing coronavirus pandemic. Ring Shine's board of directors has decided to extend the closure of their factory in the Dhaka Export Processing Zone to January 23, the company informed on a post on the Dhaka Stock Exchange website yesterday.

<https://www.thedailystar.net/business/news/closure-ring-shine-textile-extended-again-2031241>

Kattali Textile didn't cooperate during audit

- Kattali Textile did not cooperate with the auditors while they were looking into the company's financial reports for the year that ended on June 30, 2020. The management of the company has also failed to provide the required documents regarding realisation and collection of revenue and purchase within due time. The company's auditor disclosed the information in its disclaimer of opinion published by the Dhaka Stock Exchange (DSE) yesterday. The stock market regulator imposed a penalty of BDT 5.0 million each on the directors of Kattali Textile for noncompliance with securities laws in connection with the utilisation of IPO proceeds, the DSE said in a disclosure published on August 25 last year.

<https://www.thedailystar.net/business/news/kattali-textile-didnt-cooperate-during-audit-2031265>

BSEC reforms Al-Haj Textiles board

- The Bangladesh Securities and Exchange Commission on Wednesday restructured the board of Al-Haj Textiles Limited by appointing three independent directors to the board of the non-performing company. The regulator appointed a former additional secretary of the commerce ministry, a Dhaka University professor of management information systems and an associate professor at the IBA of Dhaka University. The company failed to comply with the conditions specified in the commission's notification issued on September 1, 2020 to improve the business status of 'Z' category company.

<https://www.newagebd.net/article/127799/bsec-reforms-al-haj-textiles-board>
<https://www.dhakatribune.com/business/stock/2021/01/20/in-a-first-bsec-dispatches-observer-to-a-listed-company>