

Capital Market Overview

The market closed in green this week. The benchmark index DSEX (+2.42%) gained 127.15 points and closed the week at 5,377.75 points. The blue-chip index DS30 (+2.39%) gained 43.78 points and stood at 1,876.60 points. The shariah based index DSES (+1.79%) gained 21.36 points and stood at 1,214.26 points. DSEX, DS30, DSES all posted negative YTD return of -0.15%, -0.22% and -1.51% respectively.

Total Turnover During The Week (DSE): BDT 18.4 billion (USD 221.5 million)
Average Daily Turnover Value (ADTV): BDT 3.9 billion ($\Delta\%$ Week: +2.7%)

Daily Index Movement during the Week:

The market performed five sessions during this week. Market opened this week with a positive movement of 0.05% in the first session and continued to be positive in the second, third, fourth and fifth session by 0.00%, 1.43%, 0.48% and 0.44% respectively.

Sectoral Performance:

- All the financial sectors showed positive performance this week. Life Insurance posted the highest gain of 10.65% followed by NBFIs (+4.68%), General Insurance (+4.00%), Banks (+3.78%) and Mutual Funds (+1.16%).
- The non-financial sectors posted positive performance this week except Food & Allied (-0.47%). Telecommunication sector posted the highest gain of 4.90% followed by Power (+2.88%), Pharmaceuticals (+1.48%) and Engineering (+0.86%).

Macroeconomic arena:

- Finance Minister may propose a budget of BDT 5.25 trillion for the upcoming fiscal year in parliament on June 13. The BEA's proposed budget gave priority on development expenditure, instead of non-development spending. It favoured allocating 57% of the resources for development expenditure. The association identified 20 areas that usually do not generate revenue but have the potential to do so.
- The country received USD 1.35 billion in remittances in the first 24 days of the current month as Bangladeshi expatriates sent home a higher amount of money ahead of Eid-ul-Fitr. The inflow of remittances amounted to USD 1,350.57 million from May 1 to May 24, according to the Bangladesh Bank latest data. In the July-April period of the current fiscal year, Bangladeshi expatriates sent USD 13.30 billion, which was 10% higher than the same period of the previous fiscal year.
- The number of active user accounts in the mobile financial service industry declined 22% in the last four months because of strengthening of monitoring by the central bank and a variety of options available to customers. Nagad, a service of the state-run postal department, has made foray into the industry and has about 1.5 million accounts to its name.
- Bangladesh and Japan signed on Wednesday their 40th ODA deal involving USD 2.5 billion for implementing five projects to bolster ties between the two countries. Apparel is the number one export product to Japan. In 2018, it achieved the highest growth, by almost 33.5% in volume, surpassing all other competitors.

Stock Market arena:

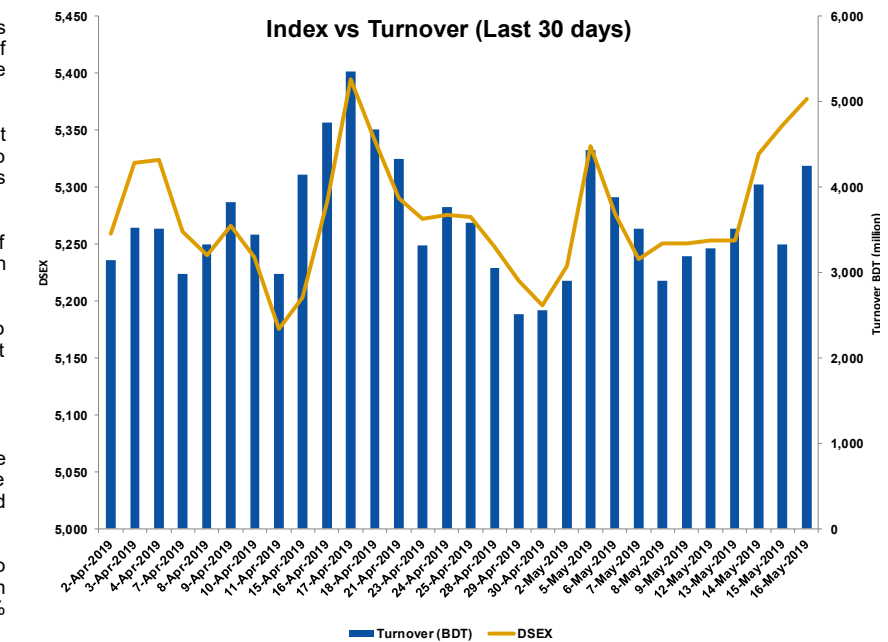
- As per the BSEC notification, no listed company shall be allowed to declare bonus shares without justified reasons including the BMRE (Balancing, Modernization, Rehabilitation and Expansion) or any of its components. The securities regulator approved the draft notification regarding the declaration of bonus shares on May 21 last to ensure qualitative development of operations and functions of the listed companies.
- The stock market regulator has moved to implement its reform measures on the primary market as part of its two-stage plan to restore investors' confidence. The general investors' quota (excluding non-resident Bangladeshis) will be enhanced to 50% from 40% in case of a fixed-price IPO method. Under the book building method, eligible investors' quota will be brought down to 50% from 60% and the general investors' quota (excluding NRBs) will be increased to 40% from 30%.
- Stock investors have urged the government to widen the tax exemption limit on dividend earnings by four times considering the sluggish market for a long time. Considering the present market scenario, small investors may be allowed tax exemption on dividend income up to BDT 0.1 million, said the managing director of the DSE. At present, the tax exemption limit is BDT 25,000.

Table 1: Index

Index	Closing	Opening	Δ (Pts)	27-Dec-2018	$\Delta\%$ Week	$\Delta\%$ YTD
DSEX	5,377.75	5,250.60	127.15	5,385.64	2.42%	-0.15%
DS30	1,876.60	1,832.82	43.78	1,880.78	2.39%	-0.22%
DSES	1,214.26	1,192.90	21.36	1,232.82	1.79%	-1.51%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	19,474,115.5	19,354,407.2	0.6%
	Mn USD	234,261.0	232,821.0	
Turnover	Mn BDT	18,414.7	17,930.2	2.7%
	Mn USD	221.5	215.7	
Average Daily Turnover	Mn BDT	3,682.9	3,586.0	2.7%
	Mn USD	44.3	43.1	
Volume	Mn Shares	560.5	620.8	-9.7%

Figure 1: DSEX & Turnover in last four weeks


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Table 3: Top Ten Gainers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
New Line Clothings Limited	23.10	10.00	131.0%	1,614.7	.00	21.3x	1.0x
National Life Ins	222	182.30	21.6%	24,048.5	482.43	NM	22.2x
Premier Leasing	11.10	9.20	20.7%	1,405.7	86.54	20.6x	0.7x
Midas Financing Ltd.	21.00	17.50	20.0%	2,778.2	57.99	31.7x	1.9x
Federal Insurance	12.80	10.70	19.6%	866.0	125.88	20.6x	1.2x
Prime Islami Life Ins	60.70	51.10	18.8%	1,852.6	48.01	NM	6.1x
Global Insurance Ltd.	21.40	18.40	16.3%	787.1	281.06	43.5x	1.9x
Purabi Gen. Insurance Company Ltd.	18.70	16.10	16.1%	1,034.2	122.52	15.9x	1.6x
Rupali Insurance	19.40	17.09	13.5%	1,487.3	46.78	11.0x	1.0x
JMI Syringes & Medical Devices Ltd	373.90	330.50	13.1%	4,112.9	425.84	50.3x	5.3x

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Meghna Condensed Milk	18.40	21.80	-15.6%	294.4	2.19	NM	NM
Beach Hatchery Ltd.	16.50	18.40	-10.3%	683.1	15.84	726.7x	1.6x
Imam Button	29.50	32.20	-8.4%	227.2	6.59	NM	5.3x
Dulamia Cotton	47.30	51.20	-7.6%	357.4	3.02	NM	NM
Monno Ceramic	218.00	235.60	-7.5%	7,120.3	288.36	33.2x	3.1x
United Airways (BD) Ltd.	2.50	2.70	-7.4%	2,070.2	10.37	NM	0.2x
Eastern Insurance	45.00	48.50	-7.2%	1,940.0	74.50	12.7x	1.5x
Rupali Life Insurance Co. Ltd.	66.90	71.80	-6.8%	1,930.0	240.25	NM	6.7x
Savar Refractories	114.30	122.00	-6.3%	159.2	1.98	NM	18.2x
Berger Paints	1,428.70	1,518.80	-5.9%	66,260.1	88.57	34.9x	9.9x

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
United Power Generation & Distribution Company Ltd	343.80	327.60	4.9%	164,710.1	642.71	27.1x	11.6x
National Life Ins	221.60	182.30	21.6%	24,048.5	482.43	NM	22.2x
BATBC	1,325.90	1,334.90	-0.7%	238,662.0	459.57	25.6x	9.8x
Square Pharmaceuticals	254.80	248.30	2.6%	201,039.4	434.56	16.5x	3.3x
JMI Syringes & Medical Devices Ltd	373.90	330.50	13.1%	4,112.9	425.84	50.3x	5.3x
Eastern Cables	378.00	353.70	6.9%	9,072.0	411.27	NM	12.4x
BRAC Bank	64.60	60.80	6.3%	79,676.0	408.22	14.3x	1.9x
SK Trims & Industries Limited	51.60	50.40	2.4%	3,973.2	350.99	46.0x	4.4x
Fortune Shoes Limited	36.90	37.80	-2.4%	4,610.1	347.63	18.9x	2.7x
Monno Ceramic	218.00	235.60	-7.5%	7,120.3	288.36	33.2x	3.1x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Pragati Insurance	33.30	27.71%	2,184.2	10.4x
Power Grid Co. of Bangladesh Ltd.	59.30	23.54%	27,332.1	9.8x
Dutch-Bangla Bank	69.60	20.50%	34,800.0	11.4x
The Premier Bank	12.20	20.44%	11,273.9	5.7x
Rupali Bank	38.90	19.53%	16,111.2	31.0x
Bank Asia Ltd.	20.00	18.64%	23,318.1	8.6x
Marico Bangladesh Limited	1,418.00	18.15%	44,667.0	23.6x
Prime Finance	11.00	15.79%	3,002.1	NM
United Finance Limited	20.60	15.73%	3,854.6	13.4x
Pioneer Insurance	33.20	14.09%	2,323.4	8.2x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1496.82	1442.27	1848.21	3.78%	-19.01%
NBFIs	2063.90	1971.58	2714.85	4.68%	-23.98%
Mutual Funds	665.67	658.06	788.81	1.16%	-15.61%
General Insurance	1852.15	1780.83	1592.30	4.00%	16.32%
Life Insurance	2163.17	1954.95	1834.85	10.65%	17.89%
Telecommunication	5000.60	4767.06	6494.31	4.90%	-23.00%
Pharmaceuticals	2685.20	2645.98	2821.05	1.48%	-4.82%
Fuel & Power	1863.25	1811.11	1527.27	2.88%	22.00%
Cement	1496.15	1479.13	2280.58	1.15%	-34.40%
Services & Real Estate	965.45	960.36	1224.11	0.53%	-21.13%
Engineering	3080.95	3054.59	3166.83	0.86%	-2.71%
Food & Allied	16536.62	16615.17	15304.34	-0.47%	8.05%
IT	1789.03	1784.29	1484.41	0.27%	20.52%
Textiles	1395.72	1373.05	1222.72	1.65%	14.15%
Paper & Printing	7071.00	7085.28	1013.11	-0.20%	597.95%
Tannery	2406.84	2360.68	2642.41	1.96%	-8.91%
Jute	17342.26	17066.63	8867.22	1.62%	95.58%
Ceramics	525.79	526.50	597.46	-0.13%	-12.00%
Miscellaneous	2013.41	2086.36	1725.62	-3.50%	16.68%

Table 7: Sector Trading Matrix

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Banks	573.3	682.5	-16.01%	17.07%	9.8x	0.8x
NBFIs	224.0	189.2	18.37%	6.67%	77.6x	2.0x
Mutual Funds	17.9	16.4	9.06%	0.53%	NM	0.5x
General Insurance	355.6	238.7	48.98%	10.59%	14.0x	1.2x
Life Insurance	198.7	51.0	289.73%	5.92%	NM	9.0x
Telecommunication	81.0	76.2	6.31%	2.41%	13.2x	10.4x
Pharmaceuticals	349.0	280.4	24.45%	10.40%	18.7x	2.5x
Fuel & Power	321.0	278.6	15.21%	9.56%	12.8x	2.2x
Cement	34.0	29.1	17.03%	1.01%	30.6x	2.8x
Services & Real Estate	22.7	19.8	14.98%	0.68%	NM	0.8x
Engineering	388.3	447.2	-13.16%	11.57%	15.6x	1.9x
Food & Allied	148.6	88.5	67.86%	4.43%	28.7x	9.7x
IT	48.9	72.3	-32.40%	1.46%	22.4x	2.8x
Textiles	218.4	233.9	-6.65%	6.50%	18.7x	1.1x
Paper & Printing	7.2	8.7	-17.15%	0.21%	22.2x	1.8x
Tannery	93.9	176.2	-46.73%	2.80%	20.1x	2.7x
Jute	5.0	5.5	-8.87%	0.15%	NM	7.9x
Ceramics	88.6	76.4	15.90%	2.64%	20.3x	2.0x
Miscellaneous	181.3	251.3	-27.85%	5.40%	26.5x	1.2x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Heidelberg Cement	239.50	-28.44%	13,532.6	19.3x
IFAD Autos Limited	80.70	-25.55%	20,012.8	14.2x
ACI Limited	250.50	-23.21%	12,497.2	81.1x
Aftab Automobiles	36.80	-19.83%	3,523.0	18.5x
International Leasing	11.50	-16.06%	2,429.4	5.9x
RAK Ceramics Limited	32.90	-15.64%	12,800.2	14.9x
AB Bank	10.30	-14.17%	7,808.7	NM
United Airways (BD) Ltd.	2.50	-13.79%	2,070.2	NM
Bata Shoe	992.60	-11.09%	13,578.8	15.3x
Delta Life Insurance	97.90	-10.84%	12,115.1	NM

Important News: Business & Economy

World Bank heaps praise on electricity coverage

- Bangladesh has made "significant" progress in electricity access to the population as the rate has increased to 88%, according to a World Bank (WB) report. Among the 20 countries with the largest populations lacking access to electricity, India, Bangladesh, Kenya, and Myanmar have made the most significant progress since 2010," the WB said in its report on "Tracking SDG7: The energy progress report 2019.
- Four countries, including Afghanistan, Bangladesh, Cambodia, and Kenya have electrified at a rate of about 5.0% points each year between 2010 and 2017, the report said. The Washington-based lender said global growth in access was driven by countries like India and Bangladesh, where incremental access outpaced population growth by a significant margin.
- In 2017, the 20 countries with the greatest access deficit (as measured by the number of people without access to electricity) accounted for about 78% of the global population lacking electricity, it said. Thus, efforts to electrify these countries will determine in large part the degree of progress made on Sustainable Development Goal (SDG) indicator 7.1.1, the Bank report said. Indonesia and Bangladesh are expected to achieve the universal access of electricity by 2030.
- In the rest of Asia, the majority of countries would attain electrification levels greater than 90% by 2030, the Bank said. Meanwhile, the Power Division has claimed that Bangladesh's access to electricity has now reached 93%. The WB report has used the data upto 2017. But until last month April 2019, the electricity coverage has increased to 93% of the total population, a senior Power Division official said.

<http://today.thefinancialexpress.com.bd/first-page/wb-heaps-praise-on-electricity-coverage-1558801616>

Banks asked to implement order barring govt deposit to errant banks

- The Bangladesh Bank on Thursday asked banks and non-bank financial institutions to comply with a finance ministry instruction barring government, autonomous and semi-autonomous bodies to keep deposits in banks and NBFIs that charge more than 9% interest on loans. Under the latest directive of the Financial Institutions Division issued on May 20, banks and non-bank financial institutions which failed to give loans at nine% interest rate as per their commitment to the government will not get funds as savings from the annual development programme.
- The errant banks and NBFIs will not also get as savings own funds of the autonomous and semi-autonomous entities of the government. The finance ministry came up with the instruction as most private banks and NBFIs are yet to implement the government decision of bringing down the lending rate to nine%. The government has long been trying to bring down the lending rate to single digit as the businesses complained that the double-digit interest rates were one of the major reasons for less-than-expected private investment.
- An FID official said that the private banks and NBFIs had committed to the government that they would implement the decision on lending rate taken on May 2, 2018. Before making the commitment the owners of the private banks and NBFIs allegedly mounted pressure and successfully increased the amount of savings by the state-owned agencies in the private banks and NBFIs to 50% from 25% in April that year, he said.

- Besides, the mandatory cash reserve requirement of the commercial banks was reduced to 5.5% of their deposits from 6.5% for the benefit of the banking entities during the same period. The FID instruction also said, 'The banks and NBFIs who have failed to implement the decision as per the commitment made on May 2, 2018 will not get the ADP funds.'

<http://www.newagebd.net/article/73294/banks-asked-to-implement-order-barring-govt-deposit-to-errant-banks>

Farm loan release rises slightly in July-April

- Disbursement of farm loans by the scheduled banks increased by 3.18% or BDT 5.72 billion in July-April this fiscal year (2018-19) compared with that in the same period amid banks' move to achieve the central bank set target ahead of year end. All the scheduled banks have disbursed BDT 185.26 billion in loans to the farmers in the July-April period of FY19 against the disbursement of BDT 179.53 billion during the same period of last fiscal year. In the ten months, the banks have achieved 84.97% of their overall BDT 218.00 billion annual farm loan disbursement target.
- The entities will have to disburse BDT 32.74 billion more to the farmers in May and June of FY19 to achieve the target. Although the banks were suffering from liquidity crisis, farm loan release by the banks increased in March mainly due to complying with the regulatory obligation, said officials of banks. The banks have to achieve the central bank-set targets regarding farm loan disbursement. If they fail, the banks are supposed to keep aside the undisbursed farm loan amounts and they are not allowed to use the funds for other purposes.
- According to Bangladesh Bank data, farm loan disbursement by the banks increased by 5.16% or BDT 1.11 billion to BDT 22.61 billion in April from BDT BDT 21.50 billion in March. Officials of the central bank said that though the farm loan disbursement by the banks was slow during the first eight months of FY19, the entities were expediting disbursement in the remaining months to fulfil the target. In FY18, when the banks had adequate liquidity, they had disbursed BDT 213.93 billion in farm loans against the BDT 204.00 billion target.
- In July-February of FY19, farm loan disbursement was 2.81% or BDT 4.07 billion lower than the amount in the same period of FY18 due mainly to liquidity crisis in the country's banking sector. Considering the slow growth in loan disbursement, the central bank in December, 2018, extended policy support by allowing the banks to reschedule short-term farm loans even without any down payment. The policy relaxation was aimed at facilitating the farmers, who received rescheduling facility under the policy relaxation in 2015, but again became incapable of repaying loan installments on different grounds including natural disaster.

<http://www.newagebd.net/article/73396/farm-loan-release-rises-slightly-in-july-april>

Banks for independent source to verify foreign trade price: Survey

- Banks want an independent source for price verification of imported and exported goods and services so that they can check mis-invoicing to prevent trade-based money laundering, a survey has found. According to the survey, 50% banks want an independent source for price verification and some 60% wants to establish a central price database to do

so. The bankers gave their opinions on a range of issues in the survey related to trade-based money laundering, its risks and the way forward.

- They said the formulation of price range as per HS code might be a supportive measure for ensuring price competitiveness. Some 40% banks think expensive procurement of the infrastructure to prevent trade-based money laundering is a challenge for smaller banks. The other challenges identified by banks are: the absence of comprehensive guidelines (10%) on trade-based money laundering, insufficient skilled resources (26%) and inadequate support from board/senior management (15%).

- Some 45% banks think the absence of customers' updated database is the key concern for ensuring the customer-level risk assessment. The other challenges are the lack of cooperation from customers (20%), unhealthy competition in banks (10%), the lack of cooperation in relevant departments (5%), etc. Hundred% banks claimed they are well-equipped with three-level transaction processing and approval system in combating this type of money laundering. However, the study paper commented that practically most of the banks, except for a few foreign commercial banks, do not have such system in place.

- It identified the lack of awareness among bankers and clients as one of main reasons for the rise such money laundering. However, greater coordination of customs and central bank through online arrangement has brought positive changes in reporting suspicious transaction reporting. In fiscal year 2017-18, the Bangladesh Financial Intelligence Unit (BFIU) received a total of 3,878 suspicious transaction reports (STR) and suspicious activity reports (SAR) from reporting agencies, up 64.50% year-on-year, according to the BFIU's annual report. This was the highest ever receipt of such reports.

<http://today.thefinancialexpress.com.bd/public/first-page/banks-for-independent-source-to-verify-foreign-trade-price-1558719144>

Bangladesh Economic Association (BEA) for BDT 12.4 trillion budget

- The Bangladesh Economic Association (BEA) yesterday placed an alternative budget of BDT 12.40 trillion for 2019-20, more than twice the size of the outlay Finance Minister is expected to unveil. He may propose a budget of BDT 5.25 trillion for the upcoming fiscal year in parliament on June 13. The BEA's proposed budget gave priority on development expenditure, instead of non-development spending.

- It favoured allocating 57% of the resources for development expenditure. To finance the alternative budget, the platform set a revenue target of BDT 10.02 trillion, with 69% coming from direct tax. The National Board of Revenue would contribute BDT 6.72 trillion. The association said the rich do not pay taxes properly. It recommended collecting more revenue from them through direct taxes instead of indirect ones.

- It said there are about 50,000 people in the country who have the ability to pay BDT 10 million in taxes every year, whereas only 100-150 people are paying such amount of tax at the moment. The BEA, the apex body of the country's economists, suggested identifying people with taxable income and collecting tax through running a tax census. The association identified 20 areas that usually do not generate revenue but have the potential to do so. It suggested increasing tax on foreigners, fees on foreign advisers, wealth tax, licence renewal fee for pharmaceuticals, and service delivery and tolls.

<https://www.thedailystar.net/business/news/bea-BDT-124-lakh-crore-budget-1749013>

<http://www.newagebd.net/article/73505/bea-proposes-BDT-124-lakh-crore-alternative-budget>

Government to bring 30% ADP projects under Public-Private Partnership (PPP)

- The government has planned to take 30% of the Annual Development Programme (ADP) projects under the Public-Private Partnership in the next fiscal to boost PPP growth for infrastructural development, reports UNB. Sources said various moves are being made to increase domestic and foreign investment.

- As part of the move, the government wants to implement rules for national priority projects, a series of training programmes for PPP, implementation of decisions taken in board of governors' meetings, special project review meeting for executive board members, budget transfer in PPP Technical Assistance Fund and special incentive for PPP projects. Some 78 projects have been recommended for inclusion in the ADP to be implemented under the PPP for 2019-20 fiscal. The number is 37 in the revised ADP of the current fiscal.

- An inter-ministerial programming committee meeting on April 18-25 advised undertaking more projects. The same thing was stated in the ADP guidelines and Prime Minister's Office letter. Later, some 61 projects for PPP were found from various sectors while two of them were already approved. From the PPP Authority, some 47 approved PPP projects were found. Of them, 30 had already been included in the list that came from various sectors, the officials said. The projects include the construction of Dhaka-Chattogram Expressway, upgrading Dhaka-Mymensingh Highway, upgrading Dhaka circular road (second part), construction of satellite city in Mirpur-9 and upgrading Dhaka bypass road.

<http://today.thefinancialexpress.com.bd/public/trade-market/govt-to-bring-30pc-adp-projects-under-ppp-1558633554>

Bangladesh Bank moves to regulate banks' non-listed investment

- The Bangladesh Bank yesterday issued a guideline to regulate banks' investment in non-listed securities with a view to keeping their risks at a tolerable level. Non-listed securities include non-listed equity share, non-convertible bond, debenture, open-ended mutual fund, and non-convertible cumulative preference share. The move from the central bank came after it separated banks' investment in the non-listed securities from their exposure to the stock market. In case of non-listed equity share, banks' investment must be less than 5% of their paid-up capital, share premium, statutory reserve, and retained earnings. The investment of a bank must be lower than 10% of the non-listed company's paid-up capital too. The price of shares of non-listed companies, including premium should not be higher than 110% of its net asset value.

- In case of investment in preference shares, it should be non-convertible cumulative and would be included in the banks' single borrower exposure limit. The tenure of preference shares should not be higher than five years and its interest or cash dividend should be fixed. If the interest of dividend remains unpaid in one year, then 25% of principal and interest should be maintained as provision. The provision should be extra 25% if it remains unpaid in the second year as well. If it lingers to the third year, then 100% provisioning must be maintained.

- In case of investment in non-listed mutual funds or open-ended mutual funds, banks' investment must not be higher than 5% of banks' paid-up capital, share premium, statutory

reserve and retained earnings. At the same time, the investment should not be higher than 15% of funds' total size. Banks must submit quarterly statements on their investment in the non-listed securities to the central bank, as per the guideline.

<https://www.thedailystar.net/business/news/bb-moves-regulate-banks-non-listed-investment-1749484>

<http://www.newagebd.net/article/73610/bb-limits-banks-investments-in-non-listed-cos>

Remittance inflow increases ahead of Eid

- The country received USD 1.35 billion in remittances in the first 24 days of the current month as Bangladeshi expatriates sent home a higher amount of money ahead of Eid-ul-Fitr. The inflow of remittances amounted to USD 1350.57 million from May 1 to May 24, according to the Bangladesh Bank latest data.

- In the July-April period of the current fiscal year, Bangladeshi expatriates sent USD 13.30 billion, which was 10% higher than the same period of the previous fiscal year, according to BB data. Bangladesh received USD 14.98 billion in remittances in the fiscal year of 2017-18. That was 17.33% higher than the previous (2016-17) fiscal year. Now the foreign exchange reserves (reserve) of Bangladesh Bank in satisfactory condition owing to the increasing trend of remittance. On Thursday, the reserve stood at USD 31.33 billion. The inflow of remittance has increased due to various steps taken by the central bank to stop hundi and high interest of dollar in the local market.

- Remittance inflow is increasing through mobile financial services ahead of Eid-ul-Fitr, the country's largest religious festival. In the first 15 days of Ramadan, expatriates have sent in remittance worth more than BDT 100 million through bKash, according to bKash.

<https://www.dhakatribune.com/business/2019/05/26/remittance-inflow-increases-ahead-of-eid>

Footwear retailers eye BDT 30 billion sales this Eid

- Footwear manufacturers and retailers are looking to rake in BDT 30 billion in sales this Eid-ul-Fitr as sandals and shoes are high on the shopping lists of customers from all walks of life. Renowned brands such as Apex, Jennys, Bata, Bay, Zeils and Leatherex as well as imported footwear, especially non-branded Chinese products have been found to be high in demand for their lower prices and pretty look. A third of the total annual sales of all branded and non-branded footwear is sold ahead of Eid-ul-Fitr. Local sales fetched BDT 100 billion to BDT 120 billion in 2018, according to the managing director of Jennys Shoes Ltd. The sector has been growing at an average of 12% for the last one decade, drawing in new investors, both local and foreign.

<https://www.thedailystar.net/business/news/footwear-retailers-eye-BDT-3000cr-sales-eid-1749502>

Active SIMs cross 160 million

- Bangladesh's mobile industry hit a new milestone in April, crossing the 160 million mark in total active connections, according to a report of the telecom regulator published yesterday. At the end of April the total number of active mobile connections stood at 160.6 million, after 0.81 million new connections were added during the course of the month. Of the total active

connections, 74.5 million are with Grameenphone, making it the undisputed market leader despite its various run-ins with Bangladesh Telecommunication Regulatory Commission in recent months. Robi, which merged with Airtel in November 2016, has 47.6 million active SIMs and Banglalink 34.6 million. State-owned Teletalk has 3.4 million active SIMs.

- In a sobering development, the latest 10 million new subscribers took longer to come by than the previous two: 13 months as opposed to six months before. Furthermore, industry insiders said the total number of unique users might not even cross 100 million. A survey by South Asia-based think-tank LirneAsia last year found that 30% of the mobile users in Bangladesh were using two SIMs and 2% more than three SIMs at a time.

<https://www.thedailystar.net/business/news/active-sims-cross-16cr-1749493>

Local assembly to meet 30% of handset demand this year

- As much as 95% of the handsets sold in Bangladesh by the South Korean electronics giant Samsung are assembled in its plant in Narsingdi, in a major endorsement of the country's fast-improving assembling capabilities. The plant, which was set up with expertise from Samsung, was born out of the government's discriminatory tax structure towards handset imports. The total tax on imported handsets is 32% in contrast to about 17% on locally assembled ones. For handsets manufactured in Bangladesh, the tax is just 5%.

- This tax structure prompted seven parties to seek out licenses from the Bangladesh Telecommunication Regulatory Commission for local assembling of devices. Of them, five have got their assembly lines rolling and in the first quarter of this year supplied 12.63% of the total demand for 7.6 million units of handsets. Last year they churned out 2.61 million units, and by the end of the year they will account for one-fourth the supply, according to the joint secretary general of the Bangladesh Mobile Phone Importers Association (BMPIA). Samsung, Symphony, Transsion, Walton, and Al Amin Brothers have local assembly plants.

<https://www.thedailystar.net/business/news/local-assembly-meet-30pc-handset-demand-year-1749505>

Government to allocate BDT 100 billion as subsidy for LNG imports in next budget

- The government is likely to allocate BDT 100 billion in the budget for the next fiscal year (2019-20) for subsidizing the imports of liquefied natural gas. Officials said LNG became the new item of the subsidy basket under the budget. Against the shortage of local gas output, state-owned Petrobangla and local private group Summit are importing LNG, which is being supplied as gas to the end customers at the government-set price. Finance ministry officials said that the government had released BDT 25 billion as subsidy against the LNG imports in the outgoing fiscal year (2018-19).

<http://www.newagebd.net/article/73611/govt-to-allocate-BDT-1000cr-as-subsidy-for-lng-imports-in-next-budget>

Shoppers go digital to beat Eid traffic

- The growing demand from rural parts of the country and unbearable traffic in the capital have turned out to be a boon for e-commerce sites ahead of Eid-ul-Fitr, with many recording 30% higher orders than last Eid. The improvements in the delivery system and

accessibility of internet across the country have also worked in the e-tailers' favour.

- Currently, there are 1,000 e-commerce entrepreneurs in Bangladesh, while another 1,000 run their business via Facebook. The country's total e-commerce market size is about BDT 15-20 billion a year, and it is growing at 50%, according to the e-Commerce Association of Bangladesh. At present, there are 93.1 million active internet connections in the country, according to the Bangladesh Telecommunication Regulatory Commission.

<https://www.thedailystar.net/business/news/shoppers-go-digital-beat-eid-traffic-1749034>

Local industries are allowed to borrow from offshore banking

- Local industrial enterprises are now allowed to receive foreign currency loans with lower interest rate from offshore banking operation of banks, officials said. Under the regulations, interested local industrial enterprises will have to submit loan proposal in prescribed forms to the Banking Regulation and Policy Department (BRPD) of the central bank for approval, according to a notification issued by the central bank on Monday. A Bangladesh Bank senior official said it is not necessary to get Bangladesh Investment Development Authority (BIDA)'s approval for sanctioning such foreign currency loan.
- Senior bankers, however, predicted that such policy might adversely impact on demand for private sector credit in form of local currency in the near future. Currently, the banks are offering their lending rates ranging between 10% and 12% for large and medium scale industries while interest rates on loans for small industries range between 10% and 15%, according to the private banker. On the other hand, the industrial enterprises may easily borrow such foreign currency loans by paying below 6.0% interest, a senior executive of a private commercial bank said. Under the revised policy, the banker is now allowed to fix the interest rates on buyers'/suppliers' credit at six-month LIBOR (London Inter-bank Offered Rate) plus maximum 3.50% instead of earlier maximum 6.0%.

<http://today.thefinancialexpress.com.bd/first-page/local-industries-are-allowed-to-borrow-from-offshore-banking-1558978783>
<https://www.thedailystar.net/business/news/bb-eases-offshore-banking-rules-1749946>

Credit issuance to export processing zone (EPZ), economic zone (EZ) and high-tech park (HTP) units eased

- Bangladesh Bank on Monday eased rules on loan sanction from banks' offshore banking units for the entities located in the export processing zones, economic zones and high-tech parks. Under the revised provision, banks are allowed to issue short-term loans to joint venture companies in the export processing zone (EPZ), economic zone (EZ) and high-tech park (HTP) in the country without taking permission from the central bank. Besides, fully foreign entities would also be able to take all kinds of regular banking services from the banks except taking mid-term and short-term loans. In case of issuing mid-term and short-term loans to fully foreign entities, banks will have to take prior approval from the central bank.
- The central bank asked banks to keep separate transaction records for their onshore and offshore units. The BB circular barred banks from transferring fund collected through the offshore units to their onshore units. However, there would be no bar on transferring fund to the onshore units from the offshore units against loans issued to the offshore banking units from the onshore ones. The policy on offshore banking units, issued on February 25 this year, has asked banks to comply with cash reserve requirement (CRR) and statutory

liquidity ratio (SLR) rules for their offshore banking units. The policy has also made it mandatory for banks to invest three-fourths of their total outstanding fund for offshore banking in Bangladesh. Banks have also been asked to renew the approval for their offshore banking units (OBUs) in line with the new policy by applying to the central bank within three months. Banks will have to launch their offshore banking operations within six months or by the time period subsequently extended by the central bank from the date of issuance of approval.

<http://www.newagebd.net/article/73717/credit-issuance-to-epz-ez-htp-units-eased>

Subsidy burden to be 23% heavier

- The government's subsidy expenditure is likely to soar 22.28% year-on-year to about BDT 450 billion next fiscal year as it looks to continue to provide cheaper gas and extend cash incentives to remitters and exporters. The government is subsidizing gas in current fiscal year as it is importing liquefied natural gas at a rate much higher than that of the locally produced gas. The per unit cost of imported LNG is BDT 25.17; after adding tax and regasification charges the total cost comes to BDT 33.44, according to Petrobangla. When the LNG is blended with local gas the cost of production for per unit comes to BDT 14.64. On the other hand, the average retail price of gas supplied by Petrobangla from domestic sources is BDT 7.39 per cubic meter.
- The government is mulling over introducing 2-3% cash incentive to migrant workers to encourage them to send remittance through the official channels. Some BDT 30 billion might be allocated in fiscal 2019-20's budget for this purpose, a finance ministry official said.
- At present, garment makers that use local yarn enjoy subsidy of 4% on their export earnings. Those who export to new markets, which are destinations other than the US and the EU, will also get cash subsidy. But from next fiscal year, the government is planning to provide cash incentives to all garment exporters. This will cost BDT 90 billion, the finance ministry official said.
- The subsidy in the power sector has been kept at BDT 92 billion in fiscal 2018-19, up from BDT 60 billion last fiscal year. It may hit BDT 100 billion in fiscal 2019-20. Besides, subsidies to the agriculture sector will likely be BDT 90 billion and food BDT 50 billion.

<https://www.thedailystar.net/business/news/subsidy-burden-be-23pc-heavier-1750012>

Mobile Financial Services (MFS) accounts fall 22% in four months

- The number of active user accounts in the mobile financial service industry declined 22% in the last four months because of strengthening of monitoring by the central bank and a variety of options available to customers. The industry started the year with 37.3 million active user accounts but at the end of April it declined to 29.1 million, according to a report of the central bank. Since January, the industry has posted negative growth every month in terms of users' number. However, the number of total registered users stood at 68.3 million in April and is growing. Also, the downward trend has had almost no impact on the transaction volume: BDT 349.76 billion changed hands in April.
- As per existing rule, if an account does not make a transaction for 90 days, it will be struck off from the list of the active accounts. However, the account holder will still be on the list of registered users. An executive director of the Bangladesh Bank said the central bank has

banned opening multiple MFS accounts using one single national identification card (NID) while existing multiple accounts against an NID card had to be brought down to one. Currently only one account is allowed per NID card.

- Sixteen operators, including bKash, Rocket and UCash, are offering MFS at the moment. Another player Nagad, a service of the state-run postal department, has made foray into the industry and has about 1.5 million accounts to its name. The number, however, was not included in the central bank's report.

<https://www.thedailystar.net/business/news/mfs-accounts-fall-22pc-four-months-1749994>

Move to make minimum import value state-neutral

- The National Board of Revenue (NBR) is set to review the existing country-specific minimum import value to make it state-neutral and include the minimal provision for faster customs clearance in the upcoming budget, officials said. The introduction of both provisions is expected to help businesses clear goods faster while undergoing simplified customs process. Officials said the revenue board may also amend the existing Statutory Regulatory Order (SRO) that defines minimum value to help minimise disparity in determining the customs assessment value between the Asian and other countries. Once the minimal value is introduced, a dedicated desk at the custom houses will be needed to ensure faster clearance of consignment that meets the condition of such value. The documentary requirement for this type of consignment will be as minimal as possible. If a product meets any of the two criteria, either it is eligible for paying a prescribed minimum tax or falls under the category of that minimum customs assessment value, will enjoy the facility, known as de minimis.

<http://today.thefinancialexpress.com.bd/first-page/move-to-make-minimum-import-value-state-neutral-1558978826>

<http://www.newagebd.net/article/73714/nbr-to-launch-uniform-lowest-import-values-for-all-origins>

Banks' asset quality worsens on rising Non-Performing Loan (NPL) ratio in State-owned Commercial Banks (SoCB)

- Asset quality of the country's banking sector deteriorated in the last calendar year as the gross non-performing loan (NPL) ratio showed an upward trend throughout the year, according to the central bank. The gross NPL ratio in the banking sector rose to 10.3% in 2018 from 9.3% a year back, according to the Financial Stability Report (FSR) 2018 released on Tuesday. Such classified loan ratio was 9.2% in 2016. However, net NPLs as percentage of total loans outstanding in the banking sector of Bangladesh are relatively low among the neighboring South and East Asian countries, according to the FSR.

- On the other hand, higher non-performing assets along with rescheduled advances pushed up the overall stressed assets ratio as a percentage of total loans and advances outstanding in 2018. The stressed assets ratio rose to 20.5% at the end of December 2018 which was the highest in the past three years, according to the FSR. High proportion of bank loans held by top non-financial corporations (NFCs), generally known as large business groups, and high debt-equity ratio of large NFCs are found to be the two key risk factors for Bangladesh's financial system.

- However, net profit of the banking sector fell significantly in 2018 mainly due to higher provision requirement against increased classified loans. Banking sector's net profit

dropped by 57.5% to BDT 40.4 billion in 2018 from BDT 95.1 billion a year ago while operating profit rose by 8.1% to BDT 266.4 billion from BDT 246.5 billion. Meanwhile, the total maintained provision increased by 98.6% to BDT 146.2 billion in the last calendar year from BDT 73.6 billion in 2017. However, return on asset (ROA) dropped to 0.3% at the end of December 2018 from 0.7% at the end of December 2017.

- In 2018, the overall net interest margin (NIM) for the banking industry increased slightly to 2.2% from 2.0% in 2017. Overall ADR of the banking industry increased to 77.6% at the end of December 2018 from 75.9% at the end of December 2017 and 71.9% at the end of December 2016 as the growth of loans and advances continued to outpace the deposit growth during the review year.

<http://today.thefinancialexpress.com.bd/last-page/banks-asset-quality-worsens-on-rising-npl-ratio-in-socbs-1559065603>

<https://www.dhakatribune.com/business/banks/2019/05/28/loan-rescheduling-rises-by-21-39>

<http://www.newagebd.net/article/73814/top-3-borrowers-default-could-lead-bank-sector-to-capital-crisis?fbclid=IwAR0Mm39V9Sy2uHvC5UjLxbNM61LLudpSxALTWMYA42-XAV1P4TxRAO7kxbw>

<https://www.thedailystar.net/business/news/state-banks-breed-default-loans-all-sectors-1750249>

Government to inject another BDT 15 billion

- State banks can keep on expecting to be coddled despite their continued financial irregularities and irresponsible lending practices, with the government looking to inject BDT 15.00 billion in the upcoming fiscal year to help the lenders meet their capital shortfall. In the last 17 years, the government has injected a total BDT 205.84 billion of the taxpayers' money into the state-run banks -- without any tangible improvement in their governance and lending practices to show for. This should be stopped, a former deputy governor of the central bank.

- The aim of the state-run commercial banks is to provide funds to the government from their profits and the government will spend the money for welfare activities, he said. But these banks are being given money to meet their capital shortfall, which defeats the purpose of their existence, he added. Unconditional recapitalization has not helped address the root cause of the problem, said lead economist of the World Bank's Dhaka office. State-owned banks are at the heart of the default loan problem dogging Bangladesh's banking sector: at the end of 2018, they accounted for 52% of the total default loans in the industry.

- They remain severely under-capitalized despite capital injections every year over the past years, he added. As of 2018, state banks Sonali, Janata, Agrani and BASIC have total capital shortfall of BDT 154.52 billion. Some BDT 15.00 billion has also been set aside in the current fiscal year's budget and within a couple of weeks the money will be disbursed, according to finance ministry officials. Curiously, the budgetary allocation for recapitalization of the banks has been on the rise since fiscal 2006-07, with the government putting in as much as BDT 50.00 billion in a single year.

- Clearly, recapitalization alone can't solve the fundamental problem of poor governance and management in these banks, the World Bank economist said. Recapitalization should be linked with restructuring programmes aimed at addressing default loans and transforming the banks into development finance institutions with well-defined mandates and sound corporate governance framework. Better lending discipline and asset-quality

control can be achieved only through governance changes, he said, adding that balance sheets and capital inadequacy are symptoms of deeper governance problem for state-owned banks.

<https://www.thedailystar.net/business/banking/news/govt-inject-another-BDT-1500cr-1750240>

Large, medium industrial base shrinks, shows survey

- The number of the country's large and medium manufacturing industrial establishments declined significantly in 2019 despite the fact that the curve of their contribution to the gross domestic product (GDP) headed upwards. The contribution of the manufacturing sector to the GDP is estimated at nearly 20% in the fiscal year 2018-19, up from nearly 15.5% in the fiscal year 2012, according to the Bangladesh Bureau of Statistics (BBS). Economists think the decline in number of large and medium manufacturing units indicates that the industrial sector is in a difficult situation and it will have negative consequences on employment generation and the economy of the country.

- The number of large industries employing 250 or more people fell by 608 units to 3,031 in 2019 from 3,639 in 2012, the latest Survey on Manufacturing Industries (SMI), 2019 revealed. On the other hand, the number of medium-size plants fell drastically by 51% to 3,014 units in 2019 from 6,103 in 2012, the survey released on May 23 showed. However, the number of small industries employing less than 100 people each increased sharply to 23,577 in 2019 from 15,666 in 2012.

- The latest survey said the number of jobs fell to 0.461 million in 2019, less than a half of 1.04 million in 2012. But the employment in large industries increased to 4.02 million in 2019 from 2.96 million in 2012. An executive director at the Policy Research Institute of Bangladesh (PRI) said that such a trend of the manufacturing sector has a negative relationship with the country's economy. A lead economist at the Dhaka office of the World Bank said that one reason for the fall is that local industries lack governmental nursing.

<http://today.thefinancialexpress.com.bd/first-page/large-medium-industrial-base-shrinks-shows-survey-1559065150>

Robi logs BDT 115 million profit in Q1 2019

- Robi started the year with a positive note and logged BDT 115 million profit in the first quarter driven by data revenue growth. However, according to the new accounting practice of its parent Axiata Group, Robi made a loss of BDT 246 million in the quarter. Axiata implemented the IFRS 16, an International Financial Reporting Standard promulgated by the International Accounting Standards Board in January. After recovering from the losses since its merger with Airtel and intense competition in the last couple of years, Robi has now turned into a profitable venture, the operator said in a statement yesterday.

- Robi credited its cost optimization initiatives and strong data and value-added service revenue growth for the turnaround. Due to the IFRS 16, the earnings before interest, tax, depreciation and amortization (EBITDA) and net profit figures were impacted, according to the statement. Robi ended the January-March quarter with 47.3 million active users, occupying 29.6% of the market. Revenue grew on the back of value-added services, indicating that the company's journey towards digitalization is producing concrete results.

- The operator's revenue grew 3.7% quarter-on-quarter to BDT 18.29 million in the first

quarter. The rate is 12.3% year-on-year. Voice revenue grew about 5% year-on-year and data revenue was up 32.1%. The managing director of Robi expressed satisfaction as the company was able to reach the break-even point recovering from the tough financial situation caused by the merger and the intense market competition. The bold decision to go on the offensive in the 4G market along with a plethora of digital lifestyle initiatives over the recent past is beginning to deliver, he said.

- The continuation of the overwhelming response from customers switching to Robi's network using the mobile number portability facility only proves that the operator is standing out in the market as an innovative digital brand, according to the MD. At the end of the quarter, about 29 million Robi users were connected with data, accounting for 61.3% of the operator's subscriber base. Robi invested BDT 3.05 billion in the quarter as capital expenditure to expand the 4G service, taking its total investment for establishing the fastest data network to BDT 78.78 billion.

<https://www.thedailystar.net/business/news/robi-logs-BDT-115cr-profit-q1-1750216>
<http://www.newagebd.net/article/73815/robi-incurs-BDT-246cr-loss-in-q1>

Japan may drop Matarbari power plant project

- Japan is unlikely to sign a loan deal on the coal-fired Matarbari 1200 MW thermal power plant project during the visit of Prime Minister Sheikh Hasina to that country. The possible negative impact of the use of coal on environment might have forced Japan to decide otherwise, officials said on Tuesday. The Japanese donor agency, Japan International Cooperation Agency (JICA), however, is likely to sign loan deals worth USD 1.2 billion for four other projects as part of the 40th Official Development Assistance (ODA) loan package, they said.

- Under the 40th ODA package, the JICA is likely to provide JPY 38,898 million (USD 355 million) for the Matarbari port development project in the 1st tranche, JPY 52,570 million (USD 480M) for the MRT line-1, JPY 21,147 million (USD 193M) for Investment promotion project, and JPY 19,000 million (USD 173M) for the Energy Conservation Promotion Financing Project.

<http://today.thefinancialexpress.com.bd/first-page/japan-may-drop-matarbari-power-plant-project-1559065217>

Bangladesh signs USD 2.5 billion ODA deal with Japan

- Bangladesh and Japan signed on Wednesday their 40th ODA deal involving USD 2.5 billion for implementing five projects to bolster ties between the two countries. Five projects, taken under the 40th Official Development Assistance (ODA) package deal, are Matarbari Port Development Project (1), Dhaka Mass Rapid Transit Development Project (Line 1), Foreign Direct Investment Promotion Project (II), Energy Efficiency and Conservation Promotion Financing Project (Phase 2) and Matarbari Ultra Super Critical Coal-Fired Power Project (V).

- The Prime Minister said apparel is the number one export product to Japan. In 2018, it achieved the highest growth, by almost 33.5% in volume, surpassing all other competitors, she added. Meanwhile, Summit Group of Bangladesh and Japan's Energy for New Era (JERA) signed a memorandum of understanding on Wednesday to initiate a mega energy infrastructure project. The project will have the capacity to handle 20 million tonnes of bulk cargo in the Matarbari area in Cox's Bazar year.

- It will provide impetus to Bangladesh's trade by development of various terminals for cargo and primary fuel in the Matarbari area in Cox's Bazar, according to Summit Group. The project is expected to be functional within two years of signing the agreement among Summit, JERA Asia and the government of Bangladesh with an estimated investment of over USD 500 million.

<http://today.thefinancialexpress.com.bd/first-page/bangladesh-signs-25b-oda-deal-with-japan-1559152726>

<https://www.thedailystar.net/business/news/summit-jera-asia-team-500m-energy-project-1750963>

<https://www.thedailystar.net/business/news/japanese-investors-call-easing-trade-barriers-1750942>

<http://www.newagebd.net/article/73873/pm-urges-japanese-businesses-to-explore-bangladesh>

Top 3 borrowers' default could lead bank sector to capital crisis

- Country's banking sector would suffer from an intense capital inadequacy if three largest borrowers in the sector fail to repay loans, according to the financial stability report of Bangladesh Bank. The central bank on Tuesday released the report which was prepared based on the country's banking sector's condition in the year of 2018. The findings of the central bank was the outcome of a test conducted on the credit concentration risk of banks to examine the effect of capital adequacy in case of default of the three largest individual or group borrowers.

• The report, however, has not mentioned the names of the borrowers and the banks from which they took loans. BB found that the capital adequacy of the banking system would decrease to 8.88% from the existing 10.5% due to the default by the three largest borrowers. Banks are supposed to maintain 10% capital adequacy as per the existing rules and regulations of the central bank. Officials of the central bank said that the failure of any bank in maintaining adequate capital might result in bankruptcy and that's why maintaining adequate capital was very much vital for the banks.

• The test also suggests that the banks' assets were highly concentrated to very few people and their non-payment of loans would create sorrow state for the banking sector as a whole, the officials said. The BB's financial stability report for the year of 2018 also found that default of the top three borrowers would impact 22 out of the 48 scheduled banks operating in the country. Moreover, additional six banks would fail to comply with the minimum required capital including capital conservation buffer when the top three largest borrowers' credit quality turns to bad or loss grade, it said.

• The sensitivity test for credit risk has been conducted to assess the impact of different shocks on banks' capital adequacy. The test also found that default of seven largest borrowers or groups would bring down banks' credit to risk asset ratio to 7.38% while the ratio would drop to 6.41% in case of failure of 10 largest borrowers. BB governor said that the overall capital adequacy in the country's banking sector was higher in 2018 considering the minimum required level. He also requested banks to maintain high caution to contain defaulted loans.

<http://www.newagebd.net/article/73814/top-3-borrowers-default-could-lead-bank-sector-to-capital-crisis>

Bangladesh Bank (BB) revises schedule of auction of repos

- The central bank has revised time schedule of repo, reverse repo, assured liquidity support (ALS) and special repo auctions to help banks manage their funds efficiently. Under the revised schedule, the bid for repo, reverse repo and ALS will have to be submitted from 10:00 am to 3:15 pm for auctions on each working day. The results of auctions will be published at 4:00pm, according to a notification issued by the Bangladesh Bank (BB) on Wednesday.

• The bid for special repo will be submitted from 4:00pm to 4:30 pm for auction. The result will be announced at 5:00 pm. Earlier, the bid for reverse repo will be submitted by participating institutions in the market infrastructure (MI) module within 2:00 pm on every working day. They have revised schedule of repo, reverse repo, ALS and special repo auctions aiming to strengthen liquidity management of banks and financial institutions. a BB senior official.

• He said the central bank has taken the measures in line with primary dealer (PD) banks' recommendations placed at a meeting with the BB on April 24. Senior PD bank officials proposed the BB to revise cut-off time for submitting bids for repo, reverse repo, ALS and special repo auctions to efficiently manage their funds. The PD banks, however, welcomed the BB's latest move, saying it would help them in better fund management.

<http://today.thefinancialexpress.com.bd/last-page/bb-revises-schedule-of-auction-of-repos-1559153458>

Facebook, Google, Youtube must be VAT registered by July 1

• The internet giants such as Facebook, Google, Youtube and other digital platforms have to complete VAT registration to run business in Bangladesh once the new VAT law comes into effect on July 1. The National Board of Revenue (NBR) has taken the move with the aim of collecting untaxed money from the online-based advertising which is being siphoned off from the economy. So, the companies have to either set up offices in Bangladesh or appoint agents to pay VAT for running advertisements and other businesses in Bangladesh, said officials.

• The government does not get mentionable VAT from the most popular social networking site Facebook, video streaming site Youtube, search engine giant Google and other digital platforms, said director of NBR's VAT Online Project. Actually, these sites and platforms have no offices or agents in Bangladesh, but now they have to do business complying with the local law, he added. As per the section 19 of the "value added tax and supplementary duty act 2012", companies like Facebook, Google and Youtube have to go for VAT registration and pay VAT through local offices or agents, NBR officials said.

• However, the NBR has no data regarding business volume of these companies as the lion's share of the money is being channeled through unauthorised ways. In Bangladesh, there are over 50,000 Facebook pages which are running e-commerce business, said general secretary of the e-Commerce Association of Bangladesh (e-CAB). The turnover of the e-commerce market hit BDT 8.00-10.00 billion annually. Industry people said major e-commerce organisations spend USD 8,000 - USD 10,000 a month for digital marketing which means it goes up to USD 100,000 a year.

<https://www.thedailystar.net/business/vat-registration-is-must-for-facebook-google-youtube-in-bangladesh-1750936>

<https://www.dhakatribune.com/bangladesh/government-affairs/2019/05/29/fb-google-youtube-ads-must-be-vat-registered-from-july-1>

Important News: Capital Market

Securities regulator issues notification

- The securities regulator has issued a notification on mandatory requirements to be fulfilled by the listed companies in case of issuing stock dividend. The notification was issued to ensure proper utilisation of the fund to be raised through bonus shares. As per the BSEC notification, no listed company shall be allowed to declare bonus shares without justified reasons including the BMRE (Balancing, Modernisation, Rehabilitation and Expansion) or any of its components.
- In case of declaration of bonus shares, the listed companies will have to disclose, among others, the price sensitive information (PSI) mentioning different contents. The contents will include the reasons for declaration of bonus shares and utilisation of such retained amount as capital. The companies will have to mention that the bonus shares are declared out of accumulated profit or share premium.
- The companies also will have to mention that the bonus shares are not declared from capital reserve or revaluation reserve or any unrealised gain or out of profit earned prior to incorporation of the company or through reducing paid-up capital or through doing anything so that the post-dividend retained earnings become negative or debit balance. The securities regulator approved the draft notification regarding the declaration of bonus shares on May 21 last to ensure qualitative development of operations and functions of the listed companies.

<http://today.thefinancialexpress.com.bd/stock-corporate/securities-regulator-issues-notification-1558798089>
<http://www.newagebd.net/article/73395/no-bonus-shares-issuance-from-cos-capital-reserve>

New Line Clothings makes debut today

- Trading of the shares of New Line Clothings Ltd will commence on the bourses today (Monday) under 'N' category, officials said. The Dhaka Stock Exchange (DSE) trading code for the company is "NEWLINE" and DSE company code is 17482. New Line Clothings raised a fund worth BDT 300 million from the public by floating 30 million ordinary shares using the fixed price method at an offer price of BDT 10 each. Established in 2000, the principal activities of the company is to manufacture various kinds of woven garments for both ladies and gents including trousers, shirts, children wear, gents wear, female wear, jackets, sportswear, denim garments and marketing.
- As per the entity's un-audited financial statements, profit after tax was BDT 58.73 million and basic earnings per share (EPS) of BDT 1.47 for the nine months (July 2018- March 2019) against profit after tax of BDT 55.59 million and basic EPS of BDT 1.39 for the same period of the previous year. However, post-IPO EPS would be BDT 0.84 for nine months period that ended on 31 March 2019. Pre-IPO net asset value (NAV) per share would be BDT 34.93 as on 31 March 2019 and the same would be BDT 24.23, considering post-IPO paid up shares. The company's post-IPO paid-up capital is BDT 699 million and authorized capital is BDT 1.0 billion.

<http://today.thefinancialexpress.com.bd/stock-corporate/new-line-clothings-makes-debut-today-1558893034>

Widen limit for tax-free dividend earnings

- Stock investors have urged the government to widen the tax exemption limit on dividend earnings by four times considering the sluggish market for a long time. They say they have been losing money for the last few years because of the bearish market. What is more, their dividend income is shaved off because of taxes. Both the Dhaka Stock Exchange (DSE) and the Chittagong Stock Exchange (CSE) threw their weight behind the investors by including the demand in their budget proposal submitted to the National Board of Revenue last month.
- Considering the present market scenario, small investors may be allowed tax exemption on dividend income up to BDT 0.1 million, said the managing director of the DSE. At present, the tax exemption limit is BDT 25,000. The market has remained sluggish and failed to meet expectation of the investors in the last nine years, only punctuated by a significant gain a number of times. During the period, the DSEX, the benchmark index of the DSE, rose to 6,336.88 points—the highest in recent history—but is much lower than the peak in the general index in 2010.
- In 2010, the general index jumped to 8,918.51 point when the daily turnover hit BDT 32.49 billion. Currently, the daily turnover ranges between BDT 2.20 billion to BDT 5.00 billion, whereas the benchmark index hovers around 5,300. He said the broadening of the tax exemption will attract investors to the market that will ultimately ensure sustainable development of the capital market. At present, the capital market is facing serious liquidity crisis. If the budget proposals are implemented, it will help ease the crunch, said the DSE in its budget proposal.
- The government can remove the tax or at least the tax-free dividend income limit should be increased according to a stock market analyst. He said listed companies pay corporate tax on their profit and give dividend from the profit after tax. So, the government can ease the tax on dividend earnings, he said. A top official of the Bangladesh Securities and Exchange Commission said it placed the dividend tax issue with the finance ministry and is hopeful of getting a good result.

<https://www.thedailystar.net/business/news/widen-limit-tax-free-dividend-earnings-1750228>

Coppertech gets CSE nod for listing as DSE turns to The Financial Reporting Council (FRC)

- The Chittagong Stock Exchange (CSE) has given its consent to listing of the Coppertech Industries, paving the way for trading in its shares on the port city bourse. The development came at a time when the Dhaka Stock Exchange (DSE) sought a guideline from the securities regulator on the company's listing amid 'anomalies' in its financial statement. The Financial Reporting Council (FRC) has also sought an opinion from the Institute of Chartered Accountants of Bangladesh (ICAB), regarding the company's audit work conducted by its member. Before availability of the ICAB opinion, the CSE approved the listing proposal of the company on May 23.
- The Bangladesh Securities and Exchange Commission (BSEC) approved the IPO proposal of Coppertech Industries on December 26, 2018, allowing it to raise BDT 200 million in capital under the fixed-price method. Scrutinizing the company's financial

statement, the DSE found some 'inconsistencies' including non-recognition of deferred tax, and non-establishment of the workers' profit participation and welfare fund.

<http://today.thefinancialexpress.com.bd/last-page/coppertech-gets-cse-nod-for-listing-as-dse-turns-to-frc-1559065816>

<http://www.newagebd.net/article/73816/dse-seeks-bsec-opinion-on-coppertechs-listing-today?fbclid=IwAR1um7dq1DZ1hbXq667dCwdEDtAoQTqbzSAuMfJU3uuRo1h9YUvyhHUn1qw>

Bangladesh Standards and Testing Institution (BSTI) lifts suspension order on ACI salt, Doodles of New Zealand Dairy

• Bangladesh Standards and Testing Institution has withdrawn its suspension order on ACI salt and Doodles of New Zealand Dairy after the companies' products have passed the standard tests. Following the High Court's ban on the sales of the products, the BSTI had cancelled licenses of nine out of 52 food companies on May 19 after identifying their products as substandard. It had also suspended permission for production of 47 other brands.

<http://today.thefinancialexpress.com.bd/last-page/bsti-lifts-suspension-order-on-aci-salt-doodles-of-nz-dairy-1559065962>

Bangladesh Securities and Exchange Commission (BSEC) sets out primary market reforms

• The stock market regulator has moved to implement its reform measures on the primary market as part of its two-stage plan to restore investors' confidence. On April 29, the Bangladesh Securities and Exchange Commission (BSEC) unveiled the reform measures on both primary and secondary markets, at a meeting with the Dhaka Stock Exchange (DSE), the Chittagong Stock Exchange, the Merchant Bankers' Association, the DSE Brokers' Association, and the representatives from asset management companies.

• The move is aimed at preventing the plunge in stock prices as well as boosting investor confidence. The DSE, the premium bourse, has lost more than 700 points in the last three months. Yesterday, the regulator said it had already implemented all of its planned measures on the secondary market and now plans to carry out reforms on the primary market. To this effect, the BSEC approved some amendments on public issue rules.

• As part of the amendments, eligible investors will have to keep a certain amount of investment in the secondary market in order to enjoy quota advantages in an initial public offering (IPO) lottery. Similarly, the quota for eligible investors will be reduced to 30% from 40%. The general investors' quota (excluding non-resident Bangladeshis) will be enhanced to 50% from 40% in case of a fixed-price IPO method. Under the book building method, eligible investors' quota will be brought down to 50% from 60% and the general investors' quota (excluding NRBs) will be increased to 40% from 30%.

• When a company raises fund at face value, it goes through the fixed-price method. On the other hand, the company goes through the book building method if it wants premium over the face value. In case of a fixed-price method, issuers will have to raise at least BDT 500 million, 10% of the paid-up capital, or which is higher, according to the new amendment. The issuers will have to raise at least BDT 1.00 billion, 10% of the paid-up capital, or which is higher, if companies go through the book-building method.

• During the bidding of the book building method, the bidders' name and the quoting price will not be displayed. The bidders will get shares at their bidding price and the amount demanded. The BSEC is also going to amend the public issue rules so that the share of the shareholders, whose names are stated in the prospectus, will be locked for three years and the lock-in period will be considered from the date of the trading commencement instead of the prospectus issue date.

<https://www.thedailystar.net/business/news/bsec-sets-out-primary-market-reforms-1750933>
<http://www.newagebd.net/article/73905/bsec-raises-general-investors-ipo-quota-by-10pts>
<https://www.dhakatribune.com/business/stock/2019/05/29/general-investors-ipo-quota-raised-to-50-lock-in-to-three-years>

Bangladesh Securities and Exchange Commission (BSEC) approves draft prospectus of Constellation Fund, rights of IPDC

• The securities regulator has approved the draft prospectus of Constellation Unit Fund and the rights of IPDC Finance. The approvals came on Wednesday at a meeting. At Tuesday's meeting, the securities regulator also approved the proposal of raising capital by JMI Syringes & Medical Devices issuing 11.10 million shares to Nipro Corporation, Japan. As per the BSEC approval, the initial size of Constellation Unit Fund will be BDT 100 million.

• Constellation Asset Management will contribute BDT 10 million and remaining BDT 90 million will be collected through sales of units. Meanwhile, IPDC Finance has been allowed to raise a capital worth above BDT 1.41 billion through rights offer to accelerate the company's investment activities such as retail, corporate and SME loans. To raise the said amount of capital, the company will issue one right share against two existing shares at an offer price of BDT 12 each, including a premium of BDT 2.0.

• As per another BSEC approval, JMI Syringes & Medical Devices will issue 11.10 million shares to Nipro Corporation, Japan through private offer. For the sake of general investors, five-year lock-in will be imposed on the shares to be issued to the Nipro Corporation. And the sponsors and current directors of the issuer company will also not be allowed to sell their shares held at the company within next five years. Since its foundation in 1954, the NIPRO Corporation has expanded the scope of its business from gall materials to medical devices and pharmaceutical products in pursuit of technological innovation, according to NIPRO's website.

<http://today.thefinancialexpress.com.bd/stock-corporate/bsec-approves-draft-prospectus-of-constellation-fund-rights-of-ipdc-1559151435>

<https://www.thedailystar.net/business/news/bsec-sets-out-primary-market-reforms-1750933>

<https://www.dhakatribune.com/business/economy/2019/05/29/ipdc-finance-gets-bsec-approval-to-issue-rights-share>

Many listed firms don't give cash dividends despite profits

• Then there were 93 other companies that logged in profits -- with 18 registering more than BDT 500 million -- but declared only stock dividend, according to data from the Dhaka Stock Exchange. These 93 companies gave very little amount of stock dividend in comparison with the profit made for the payout to be much useful for the retail investors. And yet, neither the stock market regulator nor the exchanges are taking any action to arrest the trend.

- The listed companies' growing tendency to retain profits is a double whammy for retail investors: on one hand, they do not get any dividend money, and on the other, the value of their holdings shrivel thanks to stock's price nosediving following the no-dividend announcement. This is one of the main reasons for our stock market's gloominess, said a stock market analyst. What is worse is that the companies are not re-investing the profits into gainful projects, so their profitability is shrinking as the years go by.
- In another curious development, most of the companies that did not pay dividend after a profitable year had low shareholding by their sponsors. For instance, as of April 30, sponsors held 23.21% of the stakes in People's Leasing, 21.62% in Information Services Network, 31.01% in BD Welding, 32.01% in GBB Power, 36.67% in Evinco Textiles and 36.47% in AB Bank. However, sponsors hold more than 50% stakes in Samata Leather, Shinepukur Ceramics and Prime Finance.
- Since sponsors' shareholding is minimal, they do not want to pay dividend and keep the spoils for themselves, said a former chairman of the Dhaka University's economics department. And when they do decide to give out dividend, they tend to raise their stakes on the sly ahead of the announcement so as to get a bigger slice of the pie, he added. The managing director of the DSE, said the bourse cannot give any instruction to the companies regarding dividends. managing director of the DSE, said the bourse cannot give any instruction to the companies regarding dividends.
- The stock market regulator is already working to address the issue of stock dividend, said spokesperson of the Bangladesh Securities Exchange and Commission. The executive director of the BSEC, however, advised the shareholders not to pass the no-dividend agenda in the annual general meetings. The BSEC though has taken a step to enforce greater transparency when it comes to stock dividend. Earlier on May 21, it sent out a missive instructing companies giving stock dividend to inform its shareholders what they are doing with the money not being handed out as cash.

<https://www.thedailystar.net/business/news/many-listed-firms-dont-give-cash-dividends-despite-profits-1750954>