

Capital Market Overview

The market closed in red this week. The benchmark index DSEX (-1.87%) lost 89.10 points and closed the week at 4,682.90 points. The blue-chip index DS30 (-2.83%) lost 47.35 points and stood at 1,627.75 points. The shariah based index DSES (-1.91%) lost 20.91 points and stood at 1,075.48 points. DSEX, DS30 and DSES all posted negative YTD return of -13.05%, -13.45%, and -12.76% respectively.

Total Turnover During The Week (DSE): BDT 16.7 billion (USD 201.4 million)
Average Daily Turnover Value (ADTV): BDT 3.3 billion (Δ% Week: +8.3%)

Market P/E: 13.40x

Daily Index Movement during the Week:

The market performed five sessions during this week. Market opened this week with a negative movement of 0.41% in the first session. The market continued this negative trend in the second and third sessions by -1.12% and -0.61%, respectively. Market turned positive in the fourth session by 0.38%, but ended last session with a downward movement of 0.01%.

Sectoral Performance:

- The financial sectors showed negative performance during this week except Mutual Funds (+1.10%). NBFIs experienced the highest loss of 2.49% followed by General Insurance (-2.32%), Banks (-2.25%), and Life Insurance (-2.21%).
- The non-financial sectors also showed negative performance during this week except Food & Allied (+2.27%). Engineering experienced the highest loss of 4.05% followed by Telecommunication (-3.02%), Power (-2.80%), and Pharmaceuticals (-1.10%).

Macroeconomic arena:

- Bangladesh has moved up eight spots to 168 in the World Bank's Ease of Doing Business index 2020. The country's ranking was 176 in the last year.
- The government borrowed nearly BDT 280 billion from the country's banking system in more than 100 days of the current FY to meet the budget deficit. Meanwhile, the government's aggregate net bank borrowing stood at BDT 276.34 billion, which was more than 58% of the total target, as of October 21 of FY 2019-2020. Of the total, the government borrowed BDT 256.88 billion from the scheduled banks using T-bills and bonds, and the remainder BDT 19.46 billion from the central bank.
- Private sector credit growth sank to a 9-year low in September this fiscal year, which experts blame on slow deposit growth leading to liquidity crisis, high government borrowing, cautious lending and slow import growth. In the month, the private sector credit growth dropped to 10.66%.
- Deposit growth in the country's banking sector improved a bit to 11.39% year-on-year in August of the current fiscal year 2019-2020 thanks to diversion of fund flow to the banking sector from the NSCs. Deposits in the banking sector stood at BDT 10.81 trillion at the end of August of FY20, increasing by BDT 1.11 trillion from BDT 9.71 trillion at the end of August of FY19.

Stock Market arena:

- DSE has formed a high-profile committee to review the IPO proposals in a bid to ensure quality of the listings on the country's stock exchanges. An Independent director of DSE will head the six-member review committee. A meeting also decided to form an expert panel of 12 to 15 auditors, who will assist the IPO review committee.
- The government's efforts to settle the audit claim dispute with telecom operators Grameenphone and Robi out of court have failed due to their non-cooperation, Finance Minister said on Wednesday. Now the issue lies with the court, he added.
- Over two-third unit-holders of two listed mutual funds have applied to their trustee for changing the asset manager of the funds. The MFs are DBH 1st Mutual Fund and Green Delta Mutual Fund. In their prayers, they have urged Bangladesh General Insurance Company, the trustee of the mutual funds, to appoint IDLC Asset Management as their fund manager.
- NPLs in the industrial sector soared 48.58% at the end of last fiscal year. Industrial default loans stood at BDT 572.01 billion, up from BDT 384.99 billion a year earlier. Term loans accounted for BDT 400.45 billion and working capital loans BDT 171.56 billion.

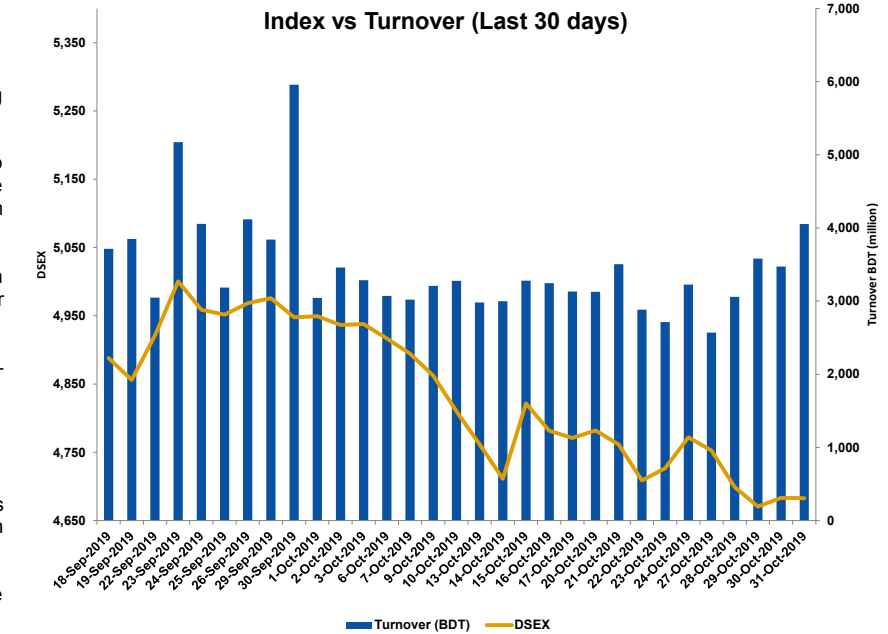
Table 1: Index

Index	Closing	Opening	Δ(Pts)	27-Dec-2018	Δ% Week	Δ%YTD
DSEX	4,682.90	4,772.00	-89.10	5,385.64	-1.87%	-13.05%
DS30	1,627.75	1,675.10	-47.35	1,880.78	-2.83%	-13.45%
DSES	1,075.48	1,096.39	-20.91	1,232.82	-1.91%	-12.76%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	17,824,277.3	17,930,584.8	-0.6%
	Mn USD	214,414.5	215,693.3	
Turnover	Mn BDT	16,738.8	15,455.6	8.3%
	Mn USD	201.4	185.9	
Average Daily Turnover	Mn BDT	3,347.8	3,091.1	8.3%
	Mn USD	40.3	37.2	
Volume	Mn Shares	584.1	514.2	13.6%

Figure 1: DSEX & Turnover in last four weeks



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Table 3: Top Ten Gainers

Company Name	Close	Open	Δ%	Mcap (mn)	Vol (mn BDT)	P/E	P/B
Standard Ceramic	573.00	411.40	39.3%	3,702.0	353.39	367.3x	45.1x
Stylecraft Limited	727	527.20	37.9%	3,670.6	439.60	93.9x	11.7x
Yeakin Polymer Limited	8.50	6.80	25.0%	596.6	22.79	56.7x	0.7x
Metro Spinning	6.50	5.30	22.6%	401.0	16.95	31.0x	0.5x
Mozaffar Hossain Spinning Mills Ltd.	8.00	6.60	21.2%	792.1	12.17	NM	0.5x
Simtex Industries Limited	18.20	15.30	19.0%	1,379.7	110.25	9.1x	1.1x
Alif Manufacturing Company Ltd.	7.90	6.70	17.9%	1,901.3	90.94	10.7x	0.6x
VFS Thread Dyeing Limited	25.30	21.70	16.6%	2,357.6	293.35	11.8x	1.5x
Monno Jute Staffers	1,053.90	908.40	16.0%	2,181.6	244.98	384.6x	89.0x
Shurwid Industries Limited	24.80	21.50	15.3%	1,422.7	81.89	17.3x	2.3x

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
In Tech Online Ltd.	14.00	24.40	-42.6%	438.5	40.95	35.9x	1.4x
Usmania Glass	51.80	82.30	-37.1%	901.9	35.52	NM	7.5x
Shinepukur Ceramics	9.40	13.60	-30.9%	1,381.5	13.85	21.9x	0.3x
Golden Harvest Agro Industries Ltd.	19.20	27.60	-30.4%	2,302.3	84.53	9.5x	1.0x
BD Thai Aluminium	8.40	11.90	-29.4%	1,042.1	33.20	15.0x	0.4x
Tosrifa Industries Limited	10.10	13.90	-27.3%	669.9	13.91	84.2x	0.4x
Salvo Chemical Industry Limited	9.60	12.40	-22.6%	624.2	23.66	15.7x	0.8x
Generation Next Fashions Limited	2.60	3.30	-21.2%	1,286.9	22.76	6.0x	0.2x
Renwick Jaineswar	1,128.90	1,423.70	-20.7%	2,257.8	15.76	267.2x	NM
Global Heavy Chemicals Limited	27.30	33.50	-18.5%	1,965.6	3.02	31.0x	0.5x

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap	Vol (mn)	P/E	P/B
National Tubes	152.40	162.20	-6.0%	4,824.4	746.20	NM	0.9x
Sonar Bangla Ins	38.80	36.10	7.5%	1,553.6	584.87	19.9x	2.5x
Stylecraft Limited	727.00	527.20	37.9%	3,670.6	439.60	93.9x	11.7x
Standard Ceramic	573.00	411.40	39.3%	3,702.0	353.39	367.3x	45.1x
Monno Ceramic	159.00	144.00	10.4%	5,193.2	322.88	71.6x	2.3x
VFS Thread Dyeing Limited	25.30	21.70	16.6%	2,357.6	293.35	11.8x	1.5x
Northern Jute	765.20	863.60	-11.4%	1,639.1	286.65	32.9x	13.4x
British American Tobacco Bangladesh Company Limited	1,149.50	1,092.10	5.3%	206,910.0	264.42	24.0x	8.5x
Square Pharmaceuticals	235.10	240.20	-2.1%	185,495.9	262.88	14.7x	3.0x
Monno Jute Staffers	1,053.90	908.40	16.0%	2,181.6	244.98	384.6x	89.0x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Marico Bangladesh Limited	1,725.00	43.73%	54,337.5	21.7x
Pragati Insurance	37.40	43.43%	2,453.1	11.7x
Dutch-Bangla Bank	71.90	24.48%	35,950.0	7.3x
Power Grid Co. of Bangladesh Ltd.	58.50	21.88%	26,963.4	8.3x
The Premier Bank	12.30	21.42%	11,366.4	4.1x
Glaxo Smithkline	1,749.70	20.65%	21,077.7	72.5x
Pioneer Insurance	34.50	18.56%	2,414.3	7.7x
Bank Asia Ltd.	19.50	15.68%	22,735.2	9.1x
Singer Bangladesh	190.40	11.90%	18,983.4	18.4x
IFIC Bank	10.00	11.01%	16,198.7	5.3x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1330.65	1361.28	1428.63	-2.25%	-6.86%
NBFIs	1527.68	1566.74	2087.55	-2.49%	-26.82%
Mutual Funds	599.63	593.11	644.52	1.10%	-6.97%
General Insurance	1872.86	1917.37	1488.77	-2.32%	25.80%
Life Insurance	1970.41	2014.87	2251.96	-2.21%	-12.50%
Telecommunication	4442.45	4580.60	5088.05	-3.02%	-12.69%
Pharmaceuticals	2706.83	2736.82	2698.49	-1.10%	0.31%
Fuel & Power	1696.49	1745.44	1745.15	-2.80%	-2.79%
Cement	1141.68	1186.55	1676.63	-3.78%	-31.91%
Services & Real Estate	854.46	836.16	1017.99	2.19%	-16.06%
Engineering	2461.38	2565.35	2933.11	-4.05%	-16.08%
Food & Allied	13969.89	13659.83	15034.05	2.27%	-7.08%
IT	1628.28	1663.95	1545.46	-2.14%	5.36%
Textiles	1041.23	1021.37	1461.18	1.94%	-28.74%
Paper & Printing	5068.02	5234.05	9105.21	-3.17%	-44.34%
Tannery	2005.86	2065.76	2560.38	-2.90%	-21.66%
Jute	13075.78	13932.84	21417.92	-6.15%	-38.95%
Ceramics	483.88	450.85	579.64	7.33%	-16.52%
Miscellaneous	1853.68	1902.12	1943.42	-2.55%	-4.62%

Table 7: Sector Trading Matrix

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Banks	252.8	259.1	-2.40%	8.31%	7.1x	0.8x
NBFIs	91.2	143.1	-36.27%	3.00%	40.5x	1.9x
Mutual Funds	87.0	276.2	-68.49%	2.86%	NM	0.5x
General Insurance	382.4	503.5	-24.05%	12.57%	13.5x	1.2x
Life Insurance	32.8	47.8	-31.26%	1.08%	NM	8.2x
Telecommunication	50.2	137.1	-63.38%	1.65%	12.7x	9.2x
Pharmaceuticals	390.9	408.8	-4.38%	12.85%	17.8x	2.5x
Fuel & Power	213.5	262.9	-18.77%	7.02%	11.2x	2.0x
Cement	34.5	16.7	106.00%	1.13%	22.2x	2.1x
Services & Real Estate	30.3	34.0	-10.71%	1.00%	NM	0.7x
Engineering	482.4	521.0	-7.40%	15.86%	13.0x	1.5x
Food & Allied	119.6	92.3	29.48%	3.93%	26.7x	8.2x
IT	37.5	64.0	-41.46%	1.23%	21.2x	2.5x
Textiles	388.1	284.1	36.57%	12.76%	NM	0.8x
Paper & Printing	7.2	10.9	-33.95%	0.24%	19.1x	1.3x
Tannery	75.1	108.1	-30.55%	2.47%	24.5x	2.2x
Jute	65.2	23.2	181.61%	2.14%	NM	6.0x
Ceramics	147.9	147.6	0.21%	4.86%	22.6x	1.8x
Miscellaneous	152.8	176.7	-13.50%	5.02%	21.8x	1.1x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
IFAD Autos Limited	43.10	-60.24%	10,688.4	9.4x
International Leasing	5.20	-60.15%	1,153.4	29.2x
Heidelberg Cement	163.80	-51.06%	9,255.3	58.4x
United Airways (BD) Ltd.	1.50	-48.28%	1,242.1	NM
Aftab Automobiles Limited	26.30	-42.70%	2,517.8	21.0x
Lankabangla Finance	14.40	-37.12%	7,389.8	13.0x
AB Bank Limited	7.80	-35.00%	5,913.4	NM
Beximco Limited	15.40	-34.47%	13,495.3	9.4x
Prime Finance	6.30	-33.68%	1,719.4	3.1x
ACI Limited	217.70	-33.26%	10,860.9	NM

Important News: Business & Economy

Savings certificates: Automation cuts sales 60%

• With sales sliding by nearly 60%, the government measures intended to contain transactions of savings instruments have started making an impact. The sales of four popular savings instruments during the July-September period last was BDT 90 billion, a 59.4% decline over the same period a year earlier. The sales during July-September in 2018 accounted for BDT 222.56 billion, according to the Department of National Savings (DNS).

• Economists fear the poor sales of the instruments will exert pressure on the banking sector since revenue mobilization remains sluggish. The revenue collection growth was merely 3.35% during July-August period in 2019 over the same period a year earlier. The fiscal year's target is BDT 3.25 trillion. The economists also said the crowding-out effect may happen if the government borrowing from the banking system increases significantly to fund its hefty budget. A former lead economist of the World Bank in Dhaka said the government up to the third week of October of this fiscal year borrowed over BDT 300 billion against its annual projection of BDT 470 billion from the source.

<https://thefinancialexpress.com.bd/economy/savings-certificates-automation-cuts-sales-60pc-1572061761>

Mobile Financial Services (MFS) transactions grow by 13.7% in July-Sept

• Money transactions through mobile financial services (MFS) grew by 13.69% or BDT 130.6 billion year-on-year in the July-September period of the current fiscal year 2019-2020 as the MFS operators focused on making the service more convenient for clients. As per the Bangladesh Bank data, transactions through MFS increased to BDT 1,084.2 billion in July-September of FY20 against BDT 953.6 billion in the same period of FY19.

• In July-September, 2019, the number of transactions increased to 644.0 million from 593.8 million in the same period of the year 2018. The daily average transaction through MFS increased by 17.46% or BDT 1.7 billion year-on-year in the first three months of FY20. In July-September of FY20, the daily average transaction increased to BDT 11.8 billion from BDT 10.1 billion in the same period of FY19. The number of daily average transaction rose by 3.11% or 0.2 million at the end of September of the current fiscal year compared with that of in the same period of the last fiscal year. At the end of September this year, the number of daily average transaction increased to 7.1 million from 6.9 million daily transaction at the end of September, 2018. The number of active MFS subscribers grew by 9.34% or 2.9 million to 34.4 million at the end of September, 2019 from 31.5 million at the end of September last year.

<http://www.newagebd.net/article/88762/transactions-grow-by-137pc-in-july-sept>

Bangladesh telecoms pay 3rd highest spectrum fee in South & South-East Asia: Moody's

• Among South and Southeast Asian countries, Bangladesh's mobile phone operators have been paying the third highest spectrum charge in last 10 years, said a sector in-depth report of global rating agency Moody's Investment Service.

• In Bangladesh, telecom operators have paid 7% of their aggregated revenue for spectrum charge. Indian mobile phone operators have paid the highest (7.6%) of their aggregated revenue as spectrum charge. The second highest spectrum charge was paid by the telecom operators in Thailand — 7.3% of their revenue. However, the spectrum payment terms are operator-friendly, said the Moody's report, adding that the telecommunication companies in Thailand, India and Bangladesh pay between 25% and 50% of the total amount upfront, with the option to pay the rest over three to 10 years.

<http://www.newagebd.net/article/88881/bangladesh-telcos-pay-3rd-highest-spectrum-fee-in-s-se-asia-moodys>

Bangladesh moves up eight spots in ease of doing business index

• Bangladesh has moved up eight spots to 168 in the World Bank's Ease of Doing Business index 2020. The country's ranking was 176 in the last year, according to a report by the World Bank Group. A total of 190 countries have been ranked in the global lender's latest index. According to the World Bank Group, Bangladesh is among the 20 economies that have seen progress in at least three out of ten areas of the ease of doing business for the last year. Bangladesh has so far made 15 reforms since the inception of the Doing Business study in 2003/04, but still lags behind other economies in South Asia.

<https://thefinancialexpress.com.bd/economy/bd-moves-up-eight-spots-in-ease-of-doing-business-index-1571892134>

<https://www.dhakatribune.com/business/2019/10/24/bangladesh-moves-up-8-spot-in-ease-of-doing-business-index>

<https://www.thedailystar.net/frontpage/news/bangladesh-snags-its-highest-ranking-yet-1818349>

London Stock Exchange: USD 1 billion taka bond debuts Nov 11

• A USD 1 billion taka-linked bond is set to be floated on the London Stock Exchange on November 11 as the government looks to mobilize the hordes of expatriate Bangladeshis the world over towards nation building and also draw in foreign investors.

• The bond will be backed by the International Finance Corporation (IFC), which has been working with the government for four years. Proceeds from longer tenure bonds could be utilized in infrastructure projects within Bangladesh, it said.

• The primary objective of the bond issuance is to mobilize capital to fund IFC investments in projects in the country. This will be done by converting the dollar proceeds of the bonds into taka and then using the resulting taka funds to provide financing for projects in Bangladesh.

<https://www.thedailystar.net/business/news/1b-taka-bond-debuts-nov-11-1819294>

<https://today.thefinancialexpress.com.bd/first-page/taka-bond-ready-to-raise-10m-from-london-mkt-1572107479>

Government plans USD 500 million infrastructure fund

- The government is planning to create a USD 500 million infrastructure fund to ease financing of projects under the public private partnership programme. The proposed fund will primarily be financed by the private sector with the initial seed money worth USD 100 million or 20% of the total funds to be availed from government sources.
- The Prime Minister's Office has already formed a committee, headed by PMO director, to make recommendations on the creation of the infrastructure fund and introduction of stapled financing as an effective financing solution for PPP projects. According to a concept note titled the National Infrastructure Fund — A Public Private Funding Initiative, prepared by the Public Private Partnership Authority under the PMO, the fund will raise long-term capital from private investors while the government will support the fund's structural framework, seed capital, risk guarantees and regulatory support, including investor incentives.
- The PPPA has already developed a pipeline of more than BDT 487 billion of PPP projects in addition to the already awarded projects worth BDT 250 billion. The total amount accounted for more than 10% of Bangladesh's total banking advances and it would be very hard for local banks to finance these long-term projects, they said.

<http://www.newagebd.net/article/88879/government-plans-500m-infrastructure-fund>

Matarbari to host deep seaport

- The government is set to build Matarbari deep seaport, near Cox's Bazar, with funding from Japan, officials said. The officials said the port will be set up to handle large ocean-going ships, cargoes and oil tankers as the Chittagong port is unable to accommodate those due to its lower draft. The capacity of the proposed port will be two-three times higher than that of Bangladesh's largest seaport in Chittagong, they said
- The Chittagong Port Authority has taken up a BDT 185.80 billion project for constructing the multi-purpose port at Matarbari to be financed by the Japan International Cooperation Agency (JICA). The JICA is also helping Bangladesh set up a 1,200-megawatt (MW) coal-fired power plant and a modern township at Matarbari. The port authority has recently sought approval from the Planning Commission for the Matarbari project on the Maheshkhali Island in the Bay of Bengal. Out of the total cost, the JICA has assured the government of providing BDT 132.53 billion (USD1.55 billion) in loans while the rest will Bangladesh's internal resources.
- A port official said the authorities will start construction of the port as soon as it gets the Commission's approval. The project is scheduled for completion by June 2026.

<http://today.thefinancialexpress.com.bd/first-page/matarbari-to-host-deep-seaport-1572024880?date=26-10-2019>

Leather goods export stagnant on compliance crisis

- Export of leather goods has failed to match the growth the garment sector has achieved due to a lack of compliance and reluctance to adopt latest fashion trends, a top official of an

exporters' platform said yesterday. Shipment of footwear and other leather goods brought USD 1.04 billion in 2018-19. Of it, footwear bagged USD 608 million, up from USD 565 million a year ago, leather goods USD 249 million and finished leather USD 187 million.

- President of the Leathergoods and Footwear Manufacturers & Exporters Association of Bangladesh (LFMEAB) said leather goods and footwear comprise 83% of their exports while finished leather the remaining 17%, which was the opposite just 12 years ago.

<https://www.thedailystar.net/business/news/leather-goods-export-stagnant-compliance-crisis-1818457>

Climate-smart investment potential stands at USD 172 billion: International Finance Corporation (IFC)

- Climate-smart investment potential of Bangladesh will be about USD 172 billion between 2018 and 2030, according to an estimate of the International Finance Corporation (IFC). The investment will be mainly in green buildings, transportation infrastructure, urban water, agriculture, waste management, and renewable energy, to meet the nationally determined contribution (NDC) targets, the member of the World Bank Group said in a statement yesterday.
- The IFC, in partnership with the Bangladesh Bank, has identified steps to promote the domestic green bond market in Bangladesh as a way to mobilize capital for climate-related initiatives. In 2018, the bond market totaled USD 16 billion, or about 6% of the gross domestic product (GDP), according to the IFC.

<https://www.thedailystar.net/business/news/climate-smart-investment-potential-stands-172b-ifc-1819666>

<http://www.newagebd.net/article/89008/steps-to-promote-local-green-bond-market-identified>

<https://today.thefinancialexpress.com.bd/stock-corporate/ifc-supports-bb-to-promote-domestic-green-bond-mkt-1572195548>

E-commerce transactions through banking channel soar by 54% in FY19

- E-commerce transactions through the banking channel increased by 54.26% or BDT 5.08 billion in last fiscal year 2018-2019 compared with that in the previous fiscal year as customers became used to shopping through e-commerce sites. As per the Bangladesh Bank data released on Sunday, e-commerce in terms of value through the banking channel increased to BDT 14.41 billion in FY19 from BDT 9.36 billion in FY18.
- In terms of volume, the number of e-commerce transactions increased by 58.61% or 1.51 million year-on-year in FY19. Through the banking channel, 4.09 million transactions were executed in FY19 against 2.6 million transactions in FY18.
- E-Commerce Association of Bangladesh General Secretary said that payment through the banking channel was highest 15% to 20% of the total transactions through e-commerce businesses and the rest payments were accepted in cash.
- The BB data showed 0.6 million transactions worth BDT 5.98 billion were placed from

abroad in FY18 and the figure increased to 1 million transactions worth BDT 7.72 billion in FY19.

<http://www.newagebd.net/article/89003/e-commerce-transactions-soar-by-54pc-in-fy19>

Government focuses more on bank borrowing

- The government borrowed nearly BDT 280 billion from the country's banking system in more than 100 days of the current fiscal year (FY) to meet the budget deficit, partially. A falling trend in sales of national savings certificates along with a shortfall in revenue collection has led to higher bank borrowing by the government during the period under review, officials said. Meanwhile, the government's aggregate net bank borrowing stood at BDT 276.34 billion, which was more than 58% of the total target, as of October 21 of FY 2019-2020, according to a Bangladesh Bank (BB)'s confidential report. Of the total, the government borrowed BDT 256.88 billion from the scheduled banks using treasury bills (T-bills) and bonds, and the remainder BDT 19.46 billion from the central bank.

- In the first quarter of this fiscal year, sales of four popular savings instruments was BDT 90 billion, a 59.4% decline compared to that of the same period a year earlier. Revenue collection by the National Board of Revenue fell by BDT 93.17 billion to BDT 296.20 billion in the July-August period of FY'20 as against the target of BDT 389.37 billion. The volume of borrowing may increase by a big margin in December as the government will have to pay more than BDT 100 billion against maturities of its securities particularly T-bills, according to a senior official.

- Market operators, however, observed the market situation while maintaining a 'wait-and-see policy'. But they did not rule out the possibility of crowding-out effects on the market if the government's high bank borrowing continues. The managing director and chief executive officer of Dhaka Bank Limited said the crowding-out effects may keep going if the government borrowing from the banking system increases significantly in the coming months to meet its budget deficit. Another senior executive of a leading private commercial bank urged the central bank to play its due role in ensuring adequate supply of liquidity to the market so that banks are able to finance more projects in different sectors particularly productive ones.

<https://today.thefinancialexpress.com.bd/first-page/govt-focuses-more-on-bank-borrowing-1572284830>

Teletalk to get license renewed without clearing BDT 60 billion dues

- State-run Teletalk is getting its 2G license renewed without clearing about BDT 60 billion of dues, in a brazen display of favoritism by the telecom regulator. The carrier owes about BDT 57 billion as spectrum charge and another few billions in social obligation fees and some other charges. As per rules, all dues must be cleared for licenses to be renewed. Teletalk's 2G license had expired on August 31 and Bangladesh Telecommunication Regulatory Commission has already given the operator the no-objection certificate to continue its business. Not just that, the certificate renewal will be backdated.

- The chairman of the telecom watchdog acknowledged that Teletalk owes vast sums to the BTRC. He said that it doesn't actually mean anything and the government will cover for

Teletalk and the money will go to the exchequer again. However, the BTRC will place the demand before the government after calculating the total amount owed by Teletalk. The government will have the final say on the matter, he added. The telecom minister said that he will write to the finance ministry to consider this amount as an investment of the government in Teletalk.

<https://www.thedailystar.net/business/news/teletalk-get-licence-renewed-without-clearing-BDT-6000cr-dues-1820182>

Value-Added Tax (VAT) cut likely for power plants' coal import

- The National Board of Revenue is likely to cut value added tax on the import of coal for power plants to 5% from present 15% in order to facilitate electricity generation at reduced costs, said a senior official yesterday.

- The move comes at a time when the construction of three coal-fired power plants in the public sector is on while one in Payra in the southern district of Patuakhali is expected to start producing around 660 megawatts of electricity. Apart from this, four private sector coal-based power plants are in the process of being established, according to the minutes of a meeting between the NBR and the Power Division in August this year.

- As coal accounts for nearly 65% of the electricity production cost, a reduction in the VAT rate will bring down the cost of generation, said the meeting minutes.

<https://www.thedailystar.net/business/news/vat-cut-likely-power-plants-coal-import-1820170>

Business confidence rises in H2 but feared to fall in next half: Survey by Business Initiative Leading Development (BUILD)

- Confidence of the country's businesses is expected to improve slightly in the second half of the year 2019 compared with that in the same period of 2018 due mainly to improvement in employment situation, license and permit, telecommunication, electricity and gas supply and improvement in finance from other sources except the banking sector, according to a survey. The level of business confidence, however, is feared to fall in the first half of 2020 due to volatile exchange rate, high inflationary expectation, unreliable banking sector with high interest rate, corruption, unofficial cost of business, syndicate and policy uncertainty, the survey said. Business Initiative Leading Development (BUILD), an initiative of Metropolitan Chamber of Commerce and Industry, Dhaka Chamber of Commerce and Industry and Chittagong Chamber of Commerce and Industry, carried out the survey.

- According to the report, the overall business confidence index is perceived to reach 10.87 points in the period of July-December of 2019 from that of 10.32 points in July-December of 2018. The index is set to drop to 10.84 points in the period from January to June 2020, it said. The standard average point is set at 10 for the survey.

<http://www.newagebd.net/article/89079/business-confidence-rises-in-h2-but-feared-to-fall-in-next-half>

<https://www.dhakatribune.com/business/2019/10/29/business-confidence-to-grow-in-jul-dec>

Exports to India may double in 3 years if trade potential utilized

- Bangladesh will be able to double its export to India in three years if the former can utilize its trade potential in the northeastern Indian states, according to the India-Bangladesh Chamber of Commerce and Industry (IBCCI).

Bangladesh's export to India crossed USD 1 billion in the last fiscal year against imports of USD 10.5 billion, tilting the balance of the bilateral trade in favor of India. Our exports to India will reach USD 2 billion within the next three years as local exporters are enjoying various trade benefits in the neighboring country and exploring the trade potential in Northeast India, President of IBCCI said yesterday.

- It took Bangladesh eight years to reach USD 1 billion in exports to India. But now only three years would be needed to double exports as trade and connectivity improved between Assam and Bangladesh, according to President of IBCCI.

<https://www.thedailystar.net/business/news/exports-india-may-double-3yrs-if-trade-potential-utilised-1820173>

<https://www.dhakatribune.com/business/2019/10/28/export-to-india-has-potential-to-rise-to-2b>

Private sector credit growth sinks to nine-year low

- Private sector credit growth sank to a nine-year low in September this fiscal year, which experts blame on slow deposit growth leading to liquidity crisis, high government borrowing, cautious lending and slow import growth. In the month, the private sector credit growth dropped to 10.66%, the lowest after September 2010, when it was 6.09%, according to the Bangladesh Bank data. In the first three months (July-September) of this fiscal year, the growth remained far below the central bank's curtailed estimation, 14.8%, for the current fiscal year. Most of the banks were lending cautiously because they were now under pressure to adjust the advance-deposit ratio (ADR) by September 30 as per the central bank's instruction, said Pubali Bank Managing Director.

- Policy Research Institute executive director and BRAC Bank Chairman blamed two factors for slowed private sector credit growth. The first one is liquidity crisis in banks due to a slow deposits growth while the second is increased government borrowing from bank to meet budget deficit. High amount of non-performing loans was another reason for the slump in private sector credit growth, he said. The government borrowed nearly BDT 280 billion from the country's banking system in more than 100 days of the current fiscal year to meet the budget deficit, partially.

- Association of Bankers, Bangladesh (ABB) Chairman said that the private sector credit growth dropped due to slow import growth. Between July and August, imports stood at USD 8.62 billion, down by 2.30% year-on-year, according to central bank data. Non-performing loans continued to rise in the country's banking sector and because of this, Bangladesh Bank was keeping an eye on the banks to ensure quality of credit, which could be a reason behind the slowdown, as per a BB high official. Non-performing loans (NPLs) of banks rose by a staggering BDT 15.51 billion in three months till June this year, taking the amount of stress loan in the banking sector to BDT 1124.25 billion. As of June, the total bad loans accounted for 11.69% of the total disbursed loans, according to the latest Bangladesh Bank

(BB) latest data.

<https://www.dhakatribune.com/business/2019/10/29/pvt-sector-credit-growth-sinks-to-nine-year-low>

<http://www.newagebd.net/article/89182/private-sector-loan-growth-hits-fresh-9-yr-low-in-sept>

Aid disbursement drops in Q1

- Foreign aid received by Bangladesh from development partners has dropped by USD 56 million in the first quarter of the current fiscal year (FY) 2019-20 compared to that of the same period in the previous fiscal, officials said on Tuesday. The Economic Relations Division's provisional data showed that multilateral and bilateral development partners (DPs) disbursed USD 940.80 million worth of concessional assistance during the July-September period of FY 2019-20. The DPs provided USD 996.85 million worth of assistance during the same period of FY'19, the official statistics showed. Out of USD 940.80 million foreign aid disbursed during Q1 of this fiscal, USD 935.23 million came as loan while USD 5.57 million as grant.

- Meanwhile, aid commitment from DPs including the World Bank, the Asian Development Bank, the Japan International Cooperation Agency, China and India increased by USD 193 million to USD 2.01 billion in the Q1 of the current fiscal, the data showed. Out of the USD 2.01 billion aid commitment in the Q1 of this fiscal, the DPs confirmed USD 1.99 billion worth of loan while the remaining USD 25 million as grant. The government has set an ambitious target of receiving USD6.0 billion in concessional foreign assistance and commitment of USD 8.47 billion during the current FY.

<https://today.thefinancialexpress.com.bd/last-page/aid-disbursement-drops-in-q1-1572372655>

Telecom companies compensate for only 8.48% cases of call drops

- Mobile operators have cut back on compensation for call drops in recent months, in a worrying development for customers. Between August last year and July this year, there were 1.81 billion call drops, according to the Bangladesh Telecommunication Regulatory Commission. As compensation, the mobile operators credited subscribers with 153.6 million minutes, as per an internal report of the telecom regulator. In contrast, between August 2017 and September last year there were 2.22 billion call drops and operators gave back 693.8 million free minutes as compensation.

- As per rules, if customers face more than two call drops in a day, they will receive compensation of one minute for every call drop from the second drop onwards. However, mobile operators are only compensating for drops in calls on their own network, which they feel could be due to some glitch on their end. But for drops when on call to another network they are not providing compensations as more than one parties are involved -- like another operator, interconnection exchange and fibre cable company -- in the call and the drop could arise for a problem at their end too. The chairman of the regulatory body acknowledged the problems, which they did not think through when the rules were formulated.

<https://www.thedailystar.net/business/news/telcos-compensate-only-848pc-cases-call-drops-1820437>

The Executive Committee of the National Economic Council (ECNEC) okays 10 projects at a cost of BDT 114.67 billion

• The government will conduct the country's sixth population census in 2021. The Executive Committee of the National Economic Council (ECNEC) has approved the population and housing census project at a cost of BDT 17.62 billion. Planning Minister said a total of 10 projects at a combine cost of BDT 114.67 billion have been approved. Of the total project cost, BDT 82.71 billion will come from the internal resources, while BDT 31.95 billion will come as project assistance from the foreign agencies.

<https://today.thefinancialexpress.com.bd/last-page/ecnec-okays-10-projects-at-a-cost-of-BDT-11467b-1572372729>

<https://www.dhakatribune.com/business/2019/10/29/ecnec-approves-10-projects-worth-BDT11-467cr>

Deposits in banks rising as NSC sales fall

• Deposit growth in the country's banking sector improved a bit to 11.39% year-on-year in August of the current fiscal year 2019-2020 after hovering at around 10% for several months thanks to diversion of fund flow to the banking sector from the national savings certificates. As per the Bangladesh bank data, deposits in the banking sector stood at BDT 10.81 trillion at the end of August of FY20, increasing by BDT 1.11 trillion from BDT 9.71 trillion at the end of August of FY19.

• The launch of the NSC online management system and the increased rate of source tax on savings tools have contributed to the sharp drop in NSC sales in the first two months of this fiscal year. In July-August of FY20, the government's net sales of NSCs dropped to BDT 36.60 billion against BDT 90.57 billion in the same period of last fiscal year. Association of Bankers, Bangladesh chairman said that the deposit growth in the banking sector has improved for three reasons — fall in NSC sales in recent months, increase in deposit rates in the banks and positive current account balance.

• The government in the first two months of this fiscal year borrowed BDT 63.88 billion from the central bank by issuing treasury bills and bonds. The government's outstanding borrowing from the BB by issuing treasury bills rose to BDT 188.83 billion at the end of August, 2019 from BDT 144.78 billion at the end of June, 2019. Besides, outstanding borrowing from the BB by issuing treasury bonds increased to BDT 153.50 billion on August 31 from BDT 133.67 billion on June 30. By default, the government's borrowing from the BB helped the central bank to return the money into the banking channel and bring some ease in the money circulation, officials of the central bank said.

• Although the deposit growth increased a bit, the private sector credit growth dropped to a fresh nine-year low in September, 2019 mainly due to the government heavy borrowing from the scheduled banks.

<http://www.newagebd.net/article/89288/deposits-in-banks-rising-as-nsc-sales-fall>

Industrial Non-performing Loans (NPLs) rise for habitual defaulters

• Non-performing loans (NPLs) in the industrial sector soared 48.58% at the end of last fiscal year as habitual defaulters continued to show reluctance towards repayment of their rescheduled loans. The country's business sector also faced sluggishness last fiscal year, putting an adverse impact on industrial default loans, bankers said. At the end of June, industrial default loans stood at BDT 572.01 billion, up from BDT 384.99 billion a year earlier, according to data from the Bangladesh Bank.

• In 2018, default loans amounting to BDT 232.10 billion were rescheduled, up 22% from a year earlier.

• Private sector credit growth declined rapidly during the period, in a development that showed the industrial sector has failed to perform well, Rahman said. Credit growth stood at 10.68% in August, down from 14.94% from a year earlier.

• Of the industrial default loans, term loans accounted for BDT 400.45 billion, up 51% year-on-year. Working capital had BDT 171.56 billion as defaults at the end of June, up 43.20% a year earlier.

<https://www.thedailystar.net/business/news/industrial-npls-rise-habitual-defaulters-1821046>

Government releases BDT 25.38 billion cash incentive for October-December period

• The government has released the second installment of cash incentive amounting to BDT 25.38 billion for disbursement among the major exporters for the fiscal year (FY) 2019-20. The money will be distributed among the exporters for the October-December period in 2019.

• Of the total amount, the jute and jute products sub-sector will get BDT 1.25 billion. Other sectors will receive the remaining amount. In the current fiscal, the government has decided to release a total of BDT 73.25 billion as cash incentive to the exporters.

• At present, more than 30 export-oriented sectors are enjoying the cash incentive including apparel manufacturing industries, frozen foods and fish, leather products, jute and jute goods, agro-based products, agro-processing industry etc.

<https://today.thefinancialexpress.com.bd/trade-market/govt-releases-BDT-2538b-cash-incentive-for-oct-dec-period-1572454054>

Prime Minister eyes USD 5.0 billion earnings from leather goods exports by 2022

• The government will continue to provide cash incentives to exporters of leather goods and shoes for the next five years, Prime Minister has said, report agencies.

• The premier hoped that the country will definitely achieve the target of earning foreign currency of USD 5.0 billion by 2022 from export of leather goods, which is now USD 1.2 billion.

<https://today.thefinancialexpress.com.bd/first-page/pm-eyes-50b-earnings-from-leather-goods-exports-by-2022-1572457205>
<https://www.thedailystar.net/backpage/news/money-leather-pm-assures-incentives-5-years-1821064>

Important News: Capital Market

Court asks how much Grameenphone can pay now

- The Appellate Division on Thursday wanted to know how much Grameenphone could pay now to Bangladesh Telecommunication Regulatory Commission (BTRC) from its BDT 125.79-billion dues. The apex court asked the lawyers of the mobile operator to inform the court of the amount by October 31. At the same time, it adjourned the hearing on the telecoms regulator's petition until that date.

- On October 17, the HC granted the injunction after admitting a GP appeal challenging a lower court order that rejected its application seeking a directive to BTRC not to realize the dues and harass GP. The BTRC petition sought a stay on a High Court (HC) order that issued an ad-interim injunction for two months against the realization of the dues.

<http://today.thefinancialexpress.com.bd/first-page/court-asks-how-much-gp-can-pay-now-1571939414?date=25-10-2019>
<https://www.dhakatribune.com/business/2019/10/24/hc-asks-gp-to-inform-payment-capacity-on-audit-claim>
<https://www.thedailystar.net/backpage/news/state-vs-gp-robi-out-court-settlement-suffer-delay-1818337>
<http://www.newagebd.net/article/88671/ad-wants-to-know-how-much-gp-can-keep-as-deposit-with-btrc>

Dhaka Stock Exchange (DSE) to form expert panel to check IPO prospectuses

- The securities regulator has advised the country's premier bourse to form an expert panel to scrutinize the upcoming initial public offerings (IPO) prospectus properly. The Bangladesh Securities and Exchange Commission (BSEC) chairman advised the board of directors of the DSE to form the expert panel to assess the IPO prospectus of companies seeking to float IPOs, said a DSE statement. The securities regulator also assured that the commission will give approval to the IPO of a company if the Dhaka Stock Exchange (DSE) expert panel would be satisfied with the company's financial statements. The BSEC came up with the decision after huge criticisms from different quarters that the BSEC approved weak companies IPO ignoring DSE's reservations about the companies' IPOs.

<http://today.thefinancialexpress.com.bd/stock-corporate/dse-to-form-expert-panel-to-check-ipo-prospectuses-1572021146?date=26-10-2019>
<https://www.dhakatribune.com/business/stock/2019/10/24/dse-to-form-expert-panel-to-scrutinize-ipo-prospectus>
<http://www.newagebd.net/article/88675/bsec-agrees-to-give-dse-more-power-to-scrutinise-ipo>

Regulator to consider Dhaka Stock Exchange (DSE) analysis on Initial Public Offerings (IPOs)

- The stock market regulator has decided to take into account the Dhaka bourse' financial assessment of companies seeking to raise funds through initial public offering (IPO) while giving its nod to a firm's plan on going public. The bourse will have to carry out the assessment by professional auditors.

- Last week, the Bangladesh Securities and Exchange Commission (BSEC) ordered the DSE to form an IPO experts' panel which will scrutinize the financial reports of the IPO-seeking companies. The commission has approved about 60 IPO proposals, out of a total of 90, in the last eight and a half years' of the current commission's tenure, ignoring reservations of the largest bourse.

<https://www.thedailystar.net/business/news/regulator-consider-dse-analysis-ipo-1819669>

Dhaka Stock Exchange (DSE) forms body to review IPOs

- The premier bourse has formed a high-profile committee to review the IPO (initial public offering) proposals in a bid to ensure quality of the listings on the country's stock exchanges. An Independent director of DSE will head the six-member review committee, according to officials. Other members of the committee are two independent directors of DSE which includes a Justice and a Brigadier General, a shareholder director and the DSE managing director. The head of the DSE's listing department has been made the member secretary of the review committee. The meeting also decided to form an expert panel of 12 to 15 auditors, who will assist the IPO review committee. In a statement the chief of the review committee said the IPO proposals will be reviewed by the persons having no links with the companies concerned.

<https://today.thefinancialexpress.com.bd/stock-corporate/dse-forms-body-to-review-ipo-1572283562>
<http://www.newagebd.net/article/89082/dse-forms-ipo-review-body>

Getting listed with stock market: Insurance Development and Regulatory Authority (IDRA) asks non-listed insurers to submit plans by November 15

- The Insurance Development and Regulatory Authority (IDRA) on Monday asked 27 insurers to submit their plans by November 15 on getting listed with the country's stock exchanges as per the direction of the finance ministry. On September 15, Finance Minister asked non-listed insurance companies to be listed with the country's stock exchanges by December this year. IDRA, the insurance regulator, gave the direction at a meeting with 27 non-listed insurance companies at its office in Dhaka.

- IDRA, the insurance regulator, gave the direction at a meeting with 27 non-listed insurance companies at its office in Dhaka. We hope by November about four companies — Sonali Life Insurance, Desh General Insurance, Crystal Insurance and Express insurance — will be able complete the formalities of getting listed with the stock exchanges, a member of the IDRA said.

- According to IDRA, there are some 78 insurance companies in the country including 32

life insurance companies and 46 non-life insurance ones. A total of 31 insurance companies are not yet listed with the stock exchanges.

<https://www.dhakatribune.com/business/2019/10/28/getting-listed-with-stock-market>

Summit to invest USD 5 billion in infrastructure in 5 years

- Summit Group will invest USD 5 billion in various projects in Bangladesh in the next five years to meet the country's growing appetite for infrastructure. Of the investment, USD 3 billion will flow to the energy and power sectors and USD 1 billion each to the digital infrastructure and the ports and shipping sectors. With 8% GDP growth and a population of 170 million, Bangladesh needs 40,000 megawatts to 50,000 megawatts of electricity by 2030, which is more than double the present installed capacity, the Chairman of the infrastructure conglomerate said.

- Around 60% of the planned investment will come from Summit's new shareholder JERA, the largest energy company in Japan. The Japanese firm has recently bought a 22% stake in Summit Power International (SPI) for USD 330 million, which is incorporated in Singapore and holds all assets of Summit in Bangladesh. JERA will enable them to invest USD 3 billion in the three years to 2022. Of which, USD 1 billion will be in the form of equity, the Chairman said. SPI will raise another USD 600 million by way of listing on the Singapore Stock Exchange, but it will take at least two years.

<https://www.thedailystar.net/business/news/summit-invest-5b-infrastructure-5-years-1820443>

Runner Auto to set up three-wheeler plant

- The board of directors of Runner Automobiles Ltd. has approved a proposal for establishing a three-wheeler progressive manufacturing plant at its factory at Bhaluka in Mymensingh. However, the setting up of the plant is subject to the final agreement with the international partner of the company, according to an official disclosure published on Tuesday.

- The company has decided to set up progressive plant of CNG/LNG-based three-wheelers with the existing two-wheelers manufacturing facilities to grab the huge potential market all over Bangladesh. With the new manufacturing units, the company will produce around 30,000 units a year. The initial capacity of the progressive manufacturing plant will be 3,000 units a month, the disclosure said.

<https://today.thefinancialexpress.com.bd/stock-corporate/runner-auto-to-set-up-three-wheeler-plant-1572370686>

DBH 1st Mutual Fund, Green Delta Mutual Fund: Unit-holders apply to alter fund manager

- Over two-third unit-holders of two listed mutual funds (MFs) have applied to their trustee for changing the asset manager of the funds. The MFs are DBH 1st Mutual Fund and Green Delta Mutual Fund. LR Global Bangladesh is the asset manager of these two funds. The unit-holders, who have applied to change the asset manager, hold 72.50% units of

DBH 1st MF and 70.12% units of Green Delta MF.

- In their prayers, they have urged Bangladesh General Insurance Company (BGIC), the trustee of the mutual funds, to appoint IDLC Asset Management as their fund manager.

- The unit-holders made the plea of changing their asset manager as per Section 31 of the Securities and Exchange Commission (Mutual Fund) Rules, 2001. According to it, subject to prior approval of the commission, the trustee can change the appointment of an asset manager following the demand of two-third (66.67%) unit-holders.

- The institutional investors, who have applied for changing the asset manager of Green Delta MF, are - BRAC Bank, NCCBL, EBL, Delta Life, DBH, Green Delta Insurance, IDLC Investments, IDLC AML, VIPB Asset Management, Edge Asset Management, Vanguard Asset Management, a foreign investor, and Agrani Equity, among others. The institutional investors, who have applied for changing the asset manager of DBH 1st MF, are - BRAC, BRAC Bank, Delta Brac Housing Finance, IDLC Investments, UCB, VIPB Asset Management, IDLC Asset Management, Delta Life Insurance, EDGE Asset Management, and Asian Tiger Capital Partners Asset Management.

<https://today.thefinancialexpress.com.bd/last-page/unit-holders-apply-to-alter-fund-manager-1572457575>

<https://www.thedailystar.net/business/news/unitholders-apply-change-lr-global-asset-manager-1821013>

<https://www.dhakatribune.com/business/stock/2019/10/30/two-mutual-funds-unitholders-want-lr-global-cancelled-as-asset-manager>

Grameenphone, Robi coy on settling dispute outside court: Finance Minister

- The government's efforts to settle the audit claim dispute with telecom operators Grameenphone and Robi out of court have failed due to their non-cooperation, Finance Minister said on Wednesday. Now the issue lies with the court, he added. Now they (also) think that court is the proper place to resolve such a crisis, said the minister.

<https://today.thefinancialexpress.com.bd/first-page/gp-robi-coy-on-settling-dispute-outside-court-1572457341>

<https://www.dhakatribune.com/business/2019/10/30/kamal-no-administrators-at-gp-robi>

Unutilized beneficiary owners' (BO) accounts soaring on ailing stocks

- Stock investors are becoming inactive due to ailing stocks and lack of confidence, so the number of unutilized and zero balance beneficiary owners' (BO) accounts is soaring.

- Some 0.5 million BO account holders, or 17.66%, have not utilized their accounts to trade shares last fiscal year, according to the Central Depository Bangladesh Limited (CDBL). The number was 0.42 million, or 15.33%, and 0.41 million, or 13.75%, in the previous years. Furthermore, the number of zero balance BO accounts also rose. For instance, some 1.04 million accounts, or 37.19%, have no shares at all out of a total of 2.8 million BO accounts as on June 30. The number of zero balance BO accounts was 1.03 million, or 37%, the previous year.

- There are 1.27 million BO account holders with shares, according to CDBL data. This means, only 0.78% of Bangladesh's population invests in the stock market, whereas it is 2% in India and much more in other South Asian countries. At present, the total number of BO accounts is 2.57 million.

<https://www.thedailystar.net/business/news/unutilised-bo-accounts-soaring-ailing-stocks-1821016>