

## Weekly Market Update

### Capital Market Overview

The market closed in green this week. The benchmark index DSEX (+0.39%) gained 20.57 points and closed the week at 5,286.75 points. The blue-chip index DS30 (+0.36%) gained 6.64 points and stood at 1,870.58 points. The shariah based index DSES (+0.83%) gained 10.10 points and stood at 1,224.97 points. DSEX, DS30, DSES all posted negative YTD return of -1.84%, -0.54%, and -0.64% respectively.

**Total Turnover During The Week (DSE):** BDT 15.3 billion (USD 184.5 million)  
**Average Daily Turnover Value (ADTV):** BDT 3.8 billion ( $\Delta$ % Week: +24.4%)

### Daily Index Movement during the Week:

The market performed four sessions during this week. Market opened this week with negative movement of -0.53% in the first session and continued to be negative in the second session by -1.20%. Market rebounded in the third session by 0.53% and ended in positive in the fourth session by 1.61%.

### Sectoral Performance:

- The financial sectors showed mixed performance this week. NBFIs and Mutual Funds both posted the highest gain of 1.28% followed by General Insurance (+0.06%). Life Insurance posted the highest loss of 2.73% followed by Banks (-0.84%).
- The non-financial sectors registered mixed performance this week. Power booked the highest gain of 3.02% followed by Engineering (+1.56%) and Pharmaceuticals (+0.41%). Food & Allied experienced the highest loss of 2.95% followed by Telecommunication (-1.69%).

### Macroeconomic arena:

- The number of motorcycles registered by the Bangladesh Road Transport Authority (BRTA) was 2.51 million (65% share of the total registered motor vehicles) until February, while the number of all registered vehicles is 3.88 million. Besides, the recent popularity of ride-sharing business and establishment of motorcycle assembly plants in the country have also contributed to the rise in the number of the vehicle.
- Today, steel is almost a BDT 500 billion industry, according to sector people. There are about 40 active manufacturers, who altogether have the capacity to manufacture nine million tonnes a year. Currently, the per capita consumption in Bangladesh is 45 kg whereas the global average is 208 kg. In India, the average is 65.2 kg and in Pakistan 42 kg. It is this potential that has perhaps convinced Chinese steel giant Kunming Iron & Steel Holding Company to fork out USD 2.4 billion to set up a steel manufacturing plant in Bangladesh.
- Finance Minister admitted that non-food inflation in the second quarter of the current fiscal increased, but the food inflation decreased. Data showed that non-food inflation in October was 5.9%, 5.49% in November and 5.45% in December. The 12 months average after the quarter is 4.51%. The overall inflation in the stipulated three months of the current fiscal was 5.4, 5.37 and 5.35% which was 6.04, 5.91 and 5.83% in the previous fiscal.
- The weighted average spread between lending and deposit rates offered by the commercial banks remained unchanged at 4.15% in March 2019 from previous level year despite close monitoring by the central bank. They are now working to bring down the spread to 4.0% from the existing level shortly according to BB official. The weighted average rate on deposits rose to 5.35% in March from 5.34% a month before while interest on lending stood at 9.50% from 9.49%.

### Stock Market arena:

- The minimum call tariff for the GP subscribers would be BDT 0.5 per minute excluding value added taxes, supplementary duty and surcharge while the rate would remain unchanged at BDT 0.45 per minute for the subscribers of three other operators. The mobile phone operator will have to take approval from the telecom regulator before launching any new package or offer.
- The securities regulator has decided not to receive any new IPO (initial public offering) proposal before publishing the proposed amendment of the public issue rules. The regulatory decision came as part of some market supportive measures taken following the recent tumble of share prices. The BSEC will bring further amendment to the public issue rules setting new ceilings of capitals to be raised through IPO.
- Industries Minister said that a permanent market will be established to facilitate marketing of products to be produced by small and medium enterprises (SMEs). The permanent market will create employment opportunities. It will also help achieve the target of the government's election manifesto, according to the Industries Minister.

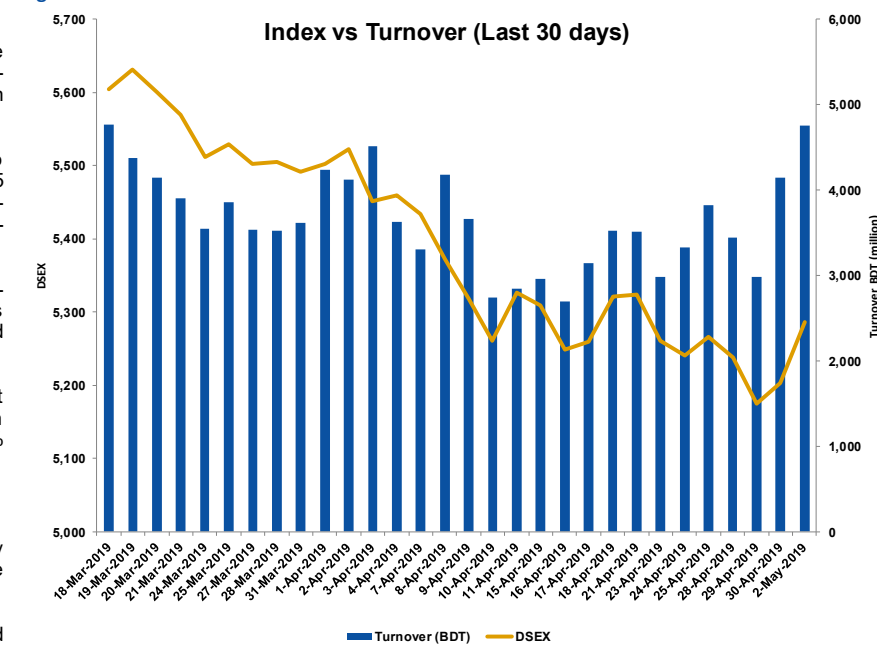
Table 1: Index

Index	Closing	Opening	$\Delta$ (Pts)	27-Dec-2018	$\Delta$ % Week	$\Delta$ %YTD
DSEX	5,286.75	5,266.18	20.57	5,385.64	0.39%	-1.84%
DS30	1,870.58	1,863.94	6.64	1,880.78	0.36%	-0.54%
DSES	1,224.97	1,214.87	10.10	1,232.82	0.83%	-0.64%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	15,428,889.6	15,765,308.6	-2.1%
	Mn USD	185,599.5	189,646.4	
Turnover	Mn BDT	15,333.4	12,326.2	24.4%
	Mn USD	184.5	148.3	
Average Daily Turnover	Mn BDT	3,833.4	3,081.6	24.4%
	Mn USD	46.1	37.1	
Volume	Mn Shares	412.6	284.5	45.0%

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
Genex Infosys Limited	48.00	39.10	22.8%	3,916.8	379.67	35.0x	3.3x
GBB Power Limited	11	9.50	16.8%	1,130.0	11.99	14.1x	1.0x
Kattali Textile Limited	19.60	17.00	15.3%	1,918.8	86.40	17.9x	1.2x
Advent Pharma Limited	35.50	31.00	14.5%	2,678.8	206.10	18.6x	2.8x
National Feed Mill Limited	9.70	8.50	14.1%	822.0	13.06	89.5x	0.8x
Imam Button	28.40	25.00	13.6%	218.7	5.64	NM	5.1x
National Polymer	105.80	93.50	13.2%	3,164.6	488.24	30.4x	3.4x
Indo-Bangla Pharmaceuticals Limited	26.00	23.00	13.0%	2,659.8	235.79	27.0x	2.0x
Legacy Footwear	124.90	111.00	12.5%	1,633.7	146.78	23.5x	8.2x
Aamra Network Limited	57.20	51.00	12.2%	3,034.0	18.76	15.9x	2.6x

**Table 4: Top Ten Losers**

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Agrani Ins Co. Ltd.	25.40	31.00	-18.1%	731.6	39.96	17.3x	1.5x
Bata Shoe	950.40	1,141.30	-16.7%	13,001.5	76.98	14.6x	3.1x
Malek Spinning Mills Ltd.	15.70	18.50	-15.1%	3,039.5	22.97	10.8x	0.4x
AB Bank	9.90	11.50	-13.9%	7,505.5	21.48	NM	0.3x
Savar Refractories	118.70	136.00	-12.7%	165.3	5.89	NM	18.9x
ACI Limited	266.00	304.10	-12.5%	13,270.5	43.84	86.1x	1.3x
Berger Paints	1,540.20	1,718.50	-10.4%	71,431.2	61.14	37.6x	10.7x
Bangladesh Lamps	184.90	204.40	-9.5%	1,732.6	40.40	49.2x	1.9x
Rupali Bank	38.00	41.90	-9.3%	14,307.6	26.18	27.5x	0.8x
Sonar Bangla Ins	48.60	53.50	-9.2%	1,835.9	105.08	25.2x	3.1x

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

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Fortune Shoes Limited	37.00	38.50	-3.9%	4,622.6	587.57	18.9x	2.7x
National Polymer	105.80	93.50	13.2%	3,164.6	488.24	30.4x	3.4x
Monno Ceramic	227.40	245.20	-7.3%	7,427.3	472.70	34.6x	3.2x
United Power Generation & Distribution Company Ltd	307.70	281.10	9.5%	147,415.1	460.54	24.3x	10.3x
Genex Infosys Limited	48.00	39.10	22.8%	3,916.8	379.67	35.0x	3.3x
Bangladesh Submarine Cable Company Limited	154.20	158.10	-2.5%	25,428.4	364.71	85.1x	4.2x
National Tubes	121.90	124.80	-2.3%	3,858.9	319.78	NM	0.7x
Esquire Knit Composite Limited	45.80	41.50	10.4%	6,178.2	299.06	18.0x	0.0x
BRAC Bank	63.20	63.90	-1.1%	77,949.3	270.68	14.0x	1.9x
Indo-Bangla Pharmaceuticals Limited	26.00	23.00	13.0%	2,659.8	235.79	27.0x	2.0x

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

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Dutch-Bangla Bank	76.30	32.10%	38,150.0	12.5x
Power Grid Co. of Bangladesh Ltd.	60.90	26.88%	28,069.6	10.0x
Marico Bangladesh Limited	1,393.50	16.11%	43,895.3	23.2x
BATBC	1,369.60	16.01%	246,528.0	26.4x
Berger Paints	1,540.20	14.59%	71,431.2	37.6x
Eastern Bank	41.00	13.89%	30,258.0	14.5x
Eastern Housing	51.60	10.73%	4,816.6	14.5x
DESCO	44.70	10.64%	17,771.4	20.6x
Atlas Bangladesh	133.70	9.68%	4,429.1	NM
Jamuna Bank	19.30	9.66%	14,460.1	5.4x

**Table 6: Sector Indices**

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1420.51	1432.52	1848.21	-0.84%	-23.14%
NBFIs	1938.97	1914.53	2714.85	1.28%	-28.58%
Mutual Funds	654.27	645.98	788.81	1.28%	-17.06%
General Insurance	1657.74	1656.83	1592.30	0.06%	4.11%
Life Insurance	1918.27	1972.02	1834.85	-2.73%	4.55%
Telecommunication	5065.38	5152.39	6494.31	-1.69%	-22.00%
Pharmaceuticals	2734.15	2722.90	2821.05	0.41%	-3.08%
Fuel & Power	1784.40	1732.07	1527.27	3.02%	16.84%
Cement	1522.55	1514.58	2280.58	0.53%	-33.24%
Services & Real Estate	977.18	955.08	1224.11	2.31%	-20.17%
Engineering	2910.09	2865.26	3166.83	1.56%	-8.11%
Food & Allied	17003.30	17519.31	15304.34	-2.95%	11.10%
IT	1856.32	1732.96	1484.41	7.12%	25.05%
Textiles	1399.76	1360.38	1222.72	2.89%	14.48%
Paper & Printing	7152.85	7053.36	1013.11	1.41%	606.03%
Tannery	2348.02	2580.79	2642.41	-9.02%	-11.14%
Jute	17759.07	17633.25	8867.22	0.71%	100.28%
Ceramics	535.76	535.15	597.46	0.12%	-10.33%
Miscellaneous	2113.83	2225.51	1725.62	-5.02%	22.50%

**Table 7: Sector Trading Matrix**

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Banks	366.8	339.5	8.06%	10.14%	9.8x	0.9x
NBFIs	73.2	66.4	10.16%	2.02%	72.9x	1.8x
Mutual Funds	13.1	17.1	-23.13%	0.36%	NM	0.5x
General Insurance	148.5	164.0	-9.44%	4.11%	12.5x	1.1x
Life Insurance	32.9	37.9	-13.27%	0.91%	NM	8.0x
Telecommunication	143.3	175.9	-18.53%	3.96%	13.4x	10.5x
Pharmaceuticals	430.3	261.2	64.72%	11.90%	19.1x	2.5x
Fuel & Power	360.7	361.9	-0.34%	9.97%	12.5x	2.1x
Cement	47.2	27.1	74.07%	1.30%	31.7x	2.8x
Services & Real Estate	43.1	43.2	-0.26%	1.19%	NM	0.8x
Engineering	621.5	508.5	22.23%	17.18%	15.3x	1.9x
Food & Allied	182.3	144.7	25.94%	5.04%	29.5x	9.9x
IT	165.9	105.1	57.88%	4.59%	23.4x	2.9x
Textiles	394.8	291.1	35.62%	10.92%	18.2x	1.1x
Paper & Printing	23.4	18.8	24.47%	0.65%	23.4x	1.8x
Tannery	209.1	292.7	-28.56%	5.78%	19.6x	2.6x
Jute	7.8	12.1	-35.07%	0.22%	NM	8.1x
Ceramics	168.5	214.5	-21.47%	4.66%	20.3x	2.0x
Miscellaneous	184.7	134.3	37.60%	5.11%	27.9x	1.2x

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

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
International Leasing	9.60	-29.93%	2,028.0	4.9x
IFAD Autos Limited	77.00	-28.97%	19,095.3	13.6x
Heidelberg Cement	249.70	-25.40%	14,108.9	21.8x
Aftab Automobiles	36.40	-20.70%	3,484.7	18.3x
ACI Limited	266.00	-18.45%	13,270.5	86.1x
AB Bank	9.90	-17.50%	7,505.5	NM
Bata Shoe	950.40	-14.87%	13,001.5	14.6x
RAK Ceramics Limited	33.40	-14.36%	12,994.7	15.1x
Delta Life Insurance	94.50	-13.93%	11,694.4	NM
City Bank	26.20	-13.25%	25,361.3	8.4x

## Important News: Business & Economy

### Interest rate spread remains high despite Bangladesh Bank (BB) close monitoring

- Interest rate spread in the country's banking sector remained unchanged in March as the commercial banks increased their interest rates equally on both deposit and lending. The weighted average spread between lending and deposit rates offered by the commercial banks remained unchanged at 4.15% in March 2019 from previous level, according to the central bank's latest statistics.
- Actually, the spread remained unchanged at 4.15 from January to March this calendar year despite close monitoring by the central bank. They are now working to bring down the spread to 4.0% from the existing level shortly according to BB official. The BB is now monitoring the issue closely, the central banker said without elaborating. The weighted average rate on deposits rose to 5.35% in March from 5.34% a month before while interest on lending stood at 9.50% from 9.49%.
- Senior bankers predicated that the rising trend in interest rates on deposit may continue in the coming months to meet the growing demand for fresh funds to comply with the policy for offshore banking operation of the banks, issued by the central bank on February 25 last. As per the policy, the banks will have to keep 13% of their total liabilities as statutory liquidity ratio (SLR) and 5.50% as cash reserve requirement (CRR) from July 01.
- The interest rates on deposit may slightly rise further unless there are some policy changes by the authorities concerned, said Chairman of Association of Bankers, Bangladesh (ABB). Managing Director and Chief Executive Officer of Dhaka Bank Limited said that the demand for fresh liquidity may rise before implementation of the Bangladesh Bank (BB)'s policy for offshore banking operation of the banks.

<http://today.thefinancialexpress.com.bd/public/last-page/interest-rate-spread-remains-high-despite-bb-close-monitoring-1556648021>

### Bangladesh Telecommunication Regulatory Commission (BTRC) to force telecom companies into accepting mobile tower companies

- The telecom regulator has started the process of preparing a draft agreement to help the business of mobile tower companies grow. Bangladesh Telecommunication Regulatory Commission (BTRC) would prepare the draft agreement within 2-3 weeks following the failure of mobile operators and tower companies in reaching a consensus even after repeated directives, said officials. The mobile companies must rent or lease or sell out their over 30,000 towers to the tower companies, according the licensing guideline.
- On November 1 last year, the government issued licences to four firms to run mobile phone tower operations as part of its move to separate the network business from telecom services with a view to rationalising the number of towers in the country and reduce the financial burden of mobile operators. As per the licence, edotco Bangladesh, TASC Summit Towers, Kirtonkhola Tower and AB Hightech Consortium are now responsible to build, maintain and rent out the towers to mobile operators, internet service providers and WiMAX operators.

<http://www.newagebd.net/article/71201/btrc-to-force-telcos-into-accepting-mobile-tower-cos>

### Strategic plans to help implement Belt and Road Initiative (BRI)

- Flurries of recent activities surrounding the Belt and Road Initiative (BRI) in Beijing and elsewhere in China demonstrate that some positive changes in the economies and lifestyles in Asia and other parts of the region are in the offing. In 2013, China's President floated the concept of "Silk Road Economic Belt" during his visit to Central and South East Asia, which later on was called the Belt and Road Initiative. It was conceived to promote Chinese cooperation with Central Asia and South East Asia in the field of trade, connectivity, culture and exchange.
- The BRI is aimed at providing other countries' access to China through railways and roads via seaports to speed up economic growth. For Bangladesh, the initiative is likely to usher in a new era as the country will get needed funds to bankroll its mega infrastructure projects. Its affiliation with the BRI has already started bearing fruits as investment from China has accelerated.
- In the past, China's involvement in Bangladesh was largely limited to EPC (engineering, procurement and construction) contractors and the country's investment was less than USD 1.0 billion in 2015. Recently the two countries signed an agreement on a 1,320-megawatt coal-fired power plant at Payra in Patuakhali involving USD 2.4 billion with both parties having equal shares. A Chinese consortium, comprising the Shenzhen Stock Exchange and the Shanghai Stock Exchange, has bought 25% stake of the Dhaka Stock Exchange
- Six economic corridors have been proposed under the BRI project by China. They include the Bangladesh-China-India-Myanmar Corridor. Some Asian countries including India and Japan are against the initiative and see it as a Chinese long-term Marshall Plan strategy to gain geopolitical dominance in Asia and the Asia Pacific region. As Bangladesh is a key maritime nation in an important geo-strategic location along the BRI route, China wants it to play a major role in materialising the geo-economic and geo-connectivity vision.

<http://today.thefinancialexpress.com.bd/public/first-page/strategic-plans-to-help-implement-bri-1556647158>

### Automation may eat up 60% jobs in RMG sector by 2030: Study

- The employment situation in major sectors of Bangladesh is likely to face a serious setback by 2030 due to automation, according to a new study. The research by a2i showed that a substantial number of job losses will take place in the readymade garments, agriculture and some other sectors. The job loss in the RMG sector would be 60% by 2030, which is very alarming for the country, said the study.
- The job loss would be 35% in the leather sector, 20% in tourism sector, around 1.4 million workers would lose job in the furniture sector and 0.6 million workers would lose job in the agro-processing sector. vice president of BMCCI said that people with some skill sets will demand higher remuneration while some without having none of these skills will be at a total loss.
- He suggested making the education system more technology-oriented so that the human resources can be transformed with the demand of the industries. For instance, if the robotics replaces the workers, then Bangladesh can produce the robots for the developed and developing countries.

<http://today.thefinancialexpress.com.bd/public/trade-market/automation-may-eat-up-60pc-jobs-in-rmg-sector-by-2030-study-1556648831>  
<https://www.thedailystar.net/business/news/60pc-rmg-workers-lose-jobs-2030-1737412>

### Summit LNG begins supplying gas to national grid

- Summit LNG Terminal Co Ltd (SLNG) has begun supplying re-gasified liquefied natural gas to the national grid in a development that will go a long way to help Bangladesh fix its energy shortage. SLNG, the country's second LNG terminal, successfully completed the commissioning of its floating storage and re-gasification unit (FSRU) at 10pm on Monday, said Summit Group in a statement yesterday. The unit has a capacity of supplying 500 million cubic feet of re-gasified LNG. The second FSRU is 75% owned by Summit Corp, a unit of Summit Power International, and the remaining by Japan's Mitsubishi Corp.
- Summit Power International has chartered the vessel from Excelerate Energy for 15 years. The SLNG project is part of Summit Power International's USD 1 billion investment programme by 2020 to deliver power and gas to Bangladesh. Excelerate Energy's FSRU has also capacity to send out 500mmcf of gas per day. The two FSRUs have a combined capacity of sending out 1,000mmcf of gas to the national network per day, but the capacity cannot be utilised as the pipeline from Moheshkhali to Anwara upazila in Chattogram is not ready yet.

<https://www.thedailystar.net/business/news/summit-lng-begins-supplying-gas-national-grid-1737409>

### Easy rescheduling for defaulters in the works

- The central bank is working to allow defaulters to regularise their classified loans by furnishing 2% down payment as it engineers to bring down the high non-performing loan figure. At the end of 2018, default loans stood at BDT 933.70 billion, which is 10.33% of the total outstanding loans in the banking sector. The central bank is carrying out its routine supervision work on the banking sector in a proper manner, deputy governor of the Bangladesh Bank said.

<https://www.thedailystar.net/business/news/easy-rescheduling-defaulters-the-works-1737415>

### Government to incentivize migrant workers sending remittances

- The government has taken a decision to provide incentive to Bangladeshi migrant workers in sending remittances, says the director general of the Bureau of Manpower Employment and Training (BMET). He also said the move will help protect the interests of the migrant workers as well as increase the flow of inward remittances.
- The director general said that he had yet to be informed about the amount of the incentive. But within a few days the BMET will get an update, he said.
- If the workers enjoy incentive then they will be encouraged to send money via official channel, according to the director general.

<http://today.thefinancialexpress.com.bd/trade-market/govt-to-incentivise-migrant-workers->

[sending-remittances-1556562755](http://today.thefinancialexpress.com.bd/public/trade-market/automation-may-eat-up-60pc-jobs-in-rmg-sector-by-2030-study-1556648831)

### Non-food inflation rose in Q2 according to the Finance Minister

- Finance Minister admitted on Monday that non-food inflation in the second quarter of the current fiscal increased, but the food inflation decreased. He made the statement while placing the report on budget implementation progress of the second quarter, the trend of income and expenditure, and macroeconomic analysis.
- Data showed that non-food inflation in October was 5.9%, 5.49% in November and 5.45% in December. The 12 months average after the quarter is 4.51%. During the same period in the last fiscal, the rates were 3.61%, 4.10% and 3.85% respectively. The 12 months average after the quarter was 3.5%.
- Food inflation in the October-December period was 5.08, 5.295 and 5.28% while it was 7.62, 7.09 and 7.13% in the same period of the last fiscal. The 12 months average after the quarter of the current fiscal is 6.21% while it was 7.17% in the previous fiscal.
- The overall inflation in the stipulated three months of the current fiscal was 5.4, 5.37 and 5.35% which was 6.04, 5.91 and 5.83% in the previous fiscal. The 12 months average after the quarter of the 2018-19 fiscal is 5.54%. It was 5.7 during the last fiscal.

<http://today.thefinancialexpress.com.bd/last-page/non-food-inflation-rose-in-q2-fm-tells-js-1556561733>

### Loan default becomes 'business model'

- Loan default has become a 'business model' in the country as borrowers who defaulted on loans believe that they can manage to escape the situation, eminent economist Professor said on Monday.
- The amount of defaulted loans keeps multiplying over the last four decades and now it (loan default) has got incorporated into a business model of the country, according to the economist.
- He added: that a section of people have started believing that they will get out of the situation if they became defaulted once, twice or thrice so that there is an issue of governance.
- The chairman of the Centre for Policy Dialogue (CPD), observed that the laws are seen to be applied severely to the people who belong to opposition parties, but the situation is almost reverse to the people having strong political engagement.
- Executive chairman of Power and Participation Research Centre (PPRC) said that the country managed to reach the economic growth at this level mainly because of the contribution of the citizen's initiative. Referring to the current state of the banking system, he said the authority should not put law violators in the driving seat at policy level.

<http://today.thefinancialexpress.com.bd/last-page/loan-default-becomes-business-model-1556561427>

### Permanent market for Small and Medium Enterprises (SME) products on

## cards

- Industries Minister said that a permanent market will be established to facilitate marketing of products to be produced by small and medium enterprises (SMEs). The permanent market will create employment opportunities. It will also help achieve the target of the government's election manifesto, according to the Industries Minister.
- Industry ministry will continue to provide necessary policy supports to ensure the market value of SME entrepreneurs and the appropriate prices of the SME products.

<http://today.thefinancialexpress.com.bd/trade-market/permanent-market-for-sme-products-on-cards-1556562851>

## Default loans denting confidence: Bangladesh Institute of Development Studies (BIDS)

- The rise in default loans stemming from financial scams and weak supervision by the central bank are eroding the confidence of customers in the banking sector, according to a paper of the Bangladesh Institute of Development Studies. In the recent past, corporate governance in the banking sector improved a lot, but the financial health of many banks has started to deteriorate alarmingly, analysts said yesterday. Rising inequity and the declining trend of poverty reduction have raised question about the high GDP growth figure being recorded in recent years, they said.
- The banking sector should be taken to global standards as the country heads towards the middle-income bracket, said a noted economist and also a former adviser to a caretaker government. The cost of foreign transactions for local banks will increase unless global standards are established in the banking sector, he said. Reforms were made in the past to take the banking sector to global level, he added. "But it appears that we are switching away from global standard," he said, citing undue interference in bank operation, loan restructuring and recent changes in loan classification rules.
- "And if the loan classification criteria are changed without research, it will appear to us that these are done amid pressure from businessmen. And it will not bring any good for the banking sector," he added. Default loans in the banking sector stood at BDT 9.33 trillion as of December last year, which is 10.33% of the total outstanding loans. The central bank has recently allowed more lenders, taking the total number of banks to 59, but the new ones are not in a good position.

<https://www.thedailystar.net/business/news/default-loans-denting-confidence-bids-1736185>

## CEO of Padma bank says special asset management company to deal with non-performing loans.

- Padma Bank Ltd, formerly Farmers Bank Limited has planned to cut at least 40% classified loans in 2019 as the bank is expediting its loan recovery process.
- Managing Director and Chief Executive Officer (CEO) of Padma Bank Ltd said that the bank was getting positive responses in core businesses (deposit and recovery).
- The CEO said that the bank is in the process in lockstep with the central bank move to form an asset management company to deal with the growing non-performing loans (NPLs)

of banks, as part of its efforts to perk up the ailing sector. The company will purchase NPLs from banks and sell them off to individuals or corporate entities. The company would take the NPLs off the banks' hands in exchange for special bonds that would have certain maturity, thus enabling lenders to provision for the bad loans, he said.

<http://today.thefinancialexpress.com.bd/stock-corporate/padma-bank-vows-to-bounce-back-1556469152>

## Banking sector fragile, says The Finance Minister

- Finance Minister AHM Mustafa Kamal on Sunday said the capital market of the country is not under government control while its banking sector is now in a fragile condition.
- The minister said the strength of the economy of a country is reflected on the capital market first. In the whole world, the capital market and economy are related this way, the Finance Minister said.
- The Finance Minister said that the government has identified the problems in the capital market and it will resolve those one after another, further adding that the Finance Minister has already held meetings with the stakeholders of the market and will have more in the coming days. The Minister also said that the government will try to run the market as it is run in other countries. The loopholes of the market will surely be removed, according to the Finance Minister. He assured that the government will do whatever is needed to run the capital market strongly.
- Responding to another ruling party MP, the minister said the country's banking sector is now in a delicate position. He mentioned that such a situation may be there in every country as it is not possible all the time in a developing country to run all the sectors in a balanced way. In this situation, the Finance Minister said he would not say that the banking sector was doing bad
- He said the interest rate on bank loan in the country is comparatively higher than other countries. "In the whole world, no country has the 14-15% interest rate." "We'll formulate a rate integrating system with the other countries of the world. If we can implement that interest rate, it'll be a turning point for the history of the economic sector of Bangladesh," the Finance Minister said.
- The Finance Minister mentioned that if the interest rate cannot be brought down to single a digit one there will be repeated write-off loans increasing non-performing loans.
- The Finance Minister also told Parliament that the government paid some BDT 819 billion against foreign loans in the last 10 fiscal years. Of the amount, BDT 658.66 billion was paid as the principal amount.

<http://today.thefinancialexpress.com.bd/first-page/banking-sector-fragile-says-kamal-in-js-1556473982>

## US wants Bangladesh to regain GSP facility according to US ambassador to Bangladesh

- The US envoy has expressed the hope that Bangladesh would regain its Generalized System of Preferences (GSP) facility in the US market provided a 16-point plan of actions prescribed by US Trade Representative (USTR) is implemented.

- Giving importance on the solution to the existing problems linked with cotton, US ambassador to Bangladesh said that it is vital for the advancement of trade relations for the two countries. Trade relation between the US and Bangladesh is good, he added. Commerce minister called for ensuring proper prices of Bangladeshi ready-made garment (RMG) products in the US market.

<http://today.thefinancialexpress.com.bd/last-page/us-wants-bd-regains-gsp-facility-miller-1556474316>

### **Bangladesh Bank may offer bailout to ailing NBFIs**

- Bangladesh Bank is likely to formulate a bailout plan for up to eight non-bank financial institutions which have no capacity to return clients' money. Under the initiative, financially sound NBFIs could come into the management of the ailing NBFIs upon fund injection, the officials said.
- As per the September-quarter end report of 2018, the amount of defaulted loans in the non-bank financial sector stood at BDT 78.90 billion, representing 11.2% of the outstanding loans. At the end of December, 2017, the defaulted loan amount was BDT 45.20 billion.
- According to a stress test report of the central bank, 12 out of 34 non-banking entities were in the red zone that denotes high vulnerability. Of the NBFIs in the red zone, 95.31% outstanding loans of Bangladesh Industrial Finance Corporation had become defaulted. The amount of defaulted loans in First Finance was 37.5%. Bay Leasing, Fareast Finance, FAS Finance, International Leasing and Financial Services, People's Leasing and Financial Services, Premier Leasing, Prime Finance, Reliance Finance and Union Capital were the entities in the red zone, said BB officials.

<http://www.newagebd.net/article/70985/bangladesh-bank-may-offer-bailout-to-ailing-nbfis>

### **Steel industry booming on mega projects**

- Bangladesh's steel industry is going from strength to strength thanks to a construction boom and implementation of mega infrastructure projects, said experts and a study report. A decade ago consumption of steel, which includes mild steel rod, prefabricated steel and corrugated iron sheet, was 1.6 million tonnes and last year it stood at about 7.5 million tonnes, according to industry players. Government projects account for 35% to 40% of the total steel consumed in Bangladesh, up from 15% a decade ago. And last year seven mega projects picked up steam, according to the report.
- Today, steel is almost a BDT 500 billion industry, according to sector people. There are about 40 active manufacturers, who altogether have the capacity to manufacture nine million tonnes a year. Of them, Abul Khair Steel, BSRM and KSRM meet more than half the demand.
- Currently, the per capita consumption in Bangladesh is 45 kg whereas the global average is 208 kg. In India, the average is 65.2 kg and in Pakistan 42 kg. Per capita steel consumption is much higher in developed countries—400 kg in South Korea, 600 kg in the USA and 1,000 kg in Japan. It is this potential that has perhaps convinced Chinese steel giant Kunming Iron & Steel Holding Company to fork out USD 2.4 billion to set up a steel manufacturing plant in Bangladesh.

<https://www.thedailystar.net/business/news/steel-industry-booming-mega-projects-1735855>

### **Export of agro-products rises 53% in nine months**

- The export of agricultural products increased substantially so far in the current fiscal year (FY 2018-19), amid a great leap in shipments of processed food items. In the first nine months, the exports have already surpassed the target worth USD 711 million set for the FY, according to the latest data of the Export Promotion Bureau (EPB). The local traders exported goods worth USD 723 million within the third quarter (July-March), a 53% growth over the corresponding period of last FY, EPB data showed.
- The overall shipment of fresh produce including vegetables, fruits, tobacco, tea, flower and foliage, dry and processed foods were worth USD 674 million in FY '18. Processed food items comprised more than 75% (USD 545 million) of the total farm produce exports, according to EPB.
- Insiders were expecting that the trend might continue in the next three months and the exports might touch USD 1.0 billion mark for the first time with the end of this FY, amid rising demand for Bangladeshi process and fresh produce abroad.
- Pran, Square, Sajeeb, ACI, Partex, Globe, Bombay Sweets, Star Line Food Products, Akij Foods, BD Foods, Arku and Ahmed Foods lead the exporters, according to Bangladesh Agro-Processors' Association (BAPA).

<http://today.thefinancialexpress.com.bd/trade-market/export-of-agro-products-rises-53pc-in-nine-months-1556379627>

### **Bangladesh Bridges Authority (BBA) seeks reduced allocation for Padma bridge project**

- Bangladesh Bridges Authority (BBA) has sought BDT 53.70 billion funds in the upcoming budget for the Padma bridge project, much lower than what the government has allocated for the current fiscal, officials said Saturday. Insiders said although a part of BDT 119.29 billion allocated in the fiscal 2019 is expected to remain unutilized, the Bridge Authority has sought less than half the money for FY2020.
- According to the BBA, it has been able to complete 60.5% of the total work of the Padma Bridge project until February this year. Out of BDT 301.93 billion cost, the Authority spent BDT 182.64 billion until February this fiscal. The project for building the Bangladesh's longest bridge is scheduled to be completed by December this year.

<http://today.thefinancialexpress.com.bd/first-page/bba-seeks-reduced-allocation-for-padma-bridge-project-1556384738>

### **Motorbikes swarm roads, grab 65% share of all vehicles**

- The number of motorbikes plying the roads continues to skyrocket, taking 65% share of the total registered motor vehicles in the country. The number of motorcycles registered by the Bangladesh Road Transport Authority (BRTA) was 2.51 million until February, while the number of all registered vehicles is 3.88 million.
- Officials said motorbikes have become the most popular mode of transport in the country due to their mobility as well as cheap price. Besides, the recent popularity of ride-sharing

business and establishment of motorcycle assembly plants in the country have also contributed to the rise in the number of the vehicle. Transport experts, however, do not consider the growth in the number of motorcycles a positive development for the country, particularly in the urban cities. They said this growth has been largely to massive lack of mass transports in the country.

- Although the demand for public transports, including bus and minibus, is high, the number of buses among the registered vehicles is only 46,742, representing only 1.2% of all vehicles. The BRTA data shows that the share of private cars among the registered vehicles is only 9.04%. The share of auto-rickshaws is 7.0% only.

<http://today.thefinancialexpress.com.bd/first-page/motorbikes-swarm-roads-grab-65pc-share-of-all-vehicles-1556384675>

## Important News: Capital Market

### Bangladesh Telecommunication Regulatory Commission (BTRC) hikes 74 million mobile users' call tariffs to punish GP

- Bangladesh Telecommunication Regulatory Commission on Tuesday decided to increase the lowest call tariff by BDT 0.05 per minute for the GP subscribers only under the significant power rules to contain growth of the mobile phone operator. The minimum call tariff for the GP subscribers would be BDT 0.5 per minute excluding value added taxes, supplementary duty and surcharge while the rate would remain unchanged at BDT 0.45 per minute for the subscribers of three other operators. Including VAT, SD and surcharge, mobile users are paying BDT 0.54 per minute while the rate will now stand at BDT 0.61 per minute for the GP customers. A BTRC official, however, said that the majority of the GP customers would not be impacted by the tariff hike as the average call rate through the GP network was around BDT 0.70 per minute, BDT 0.16 higher than the floor price (BDT 0.54).

- On Tuesday, BTRC also decided that GP would have to pay additional BDT 0.05 to the receiving operator of a phone call from GP. The mobile phone operator will have to take approval from the telecom regulator before launching any new package or offer. Previously, intimidating BTRC was considered enough.

<http://www.newagebd.net/article/71197/btrc-hikes-74cr-mobile-users-call-tariff-to-punish-gp>

### Bangladesh Securities and Exchange Commission (BSEC) won't receive new IPO proposal before amendment of public issue rules

- The securities regulator has decided not to receive any new IPO (initial public offering) proposal before publishing the proposed amendment of the public issue rules. As per Tuesday's decision, the BSEC will not receive any new IPO proposal from April 30 last. On the other hand, the IPO proposals submitted before April 29 will be considered as per the existing public issue rules. The regulatory decision came as part of some market supportive measures taken following the recent tumble of share prices.

- The BSEC will bring further amendment to the public issue rules setting new ceilings of capitals to be raised through IPO. As per the BSEC decision, an issuer company will have to raise a minimum capital of BDT 500 million under the fixed price method. On the other hand, the minimum IPO size will be BDT 1.0 billion under the book building system. Besides, no prior permission would be required from the BSEC for issuing shares under

private placement.

- That's why the securities regulator will receive no proposal of issuing pre-IPO placement shares from April 30. The proposals submitted before April 29 for issuing pre-IPO placement shares will be considered as per the existing rules. The securities regulator also approved the proposal of expanding paid-up capital by Mutual Trust Bank (MTB) by issuing shares to Norfund, a foreign investment fund, owned by the Norwegian government. MTB will issue above 63.70 million shares, which is 10% of paid-up capital, to Norfund. On Tuesday, the securities regulator also approved the proposal of BDT 3.0 billion zero coupon bond to be issued by the Delta Brac Housing Finance Corporation. The tenure of the bond will be five years.

<http://today.thefinancialexpress.com.bd/public/stock-corporate/bsec-wont-receive-new-ipo-proposal-before-amendment-of-public-issue-rules-1556643090>  
<http://www.newagebd.net/article/71198/bsec-not-to-take-new-ipo-application-till-change-in-rules>

### Coppertech to allocate 20 million IPO shares

- Coppertech Industries will allocate 20 million ordinary shares among the successful applicants as the company's IPO lottery draw was held on Tuesday. The securities regulator-Bangladesh Securities and Exchange Commission (BSEC) approved the IPO proposal of Coppertech on December 26, 2018. The company raised a capital worth BDT 200 million by offloading 20 million ordinary shares under the fixed price method.

<http://today.thefinancialexpress.com.bd/last-page/loan-default-becomes-business-model-1556561427>

### EBL raises BDT 4.65 billion for Bangla Trac Power

- Eastern Bank Ltd, as the lead arranger and agent, has raised a syndication term loan of BDT 4.66 billion for Bangla Trac Power Unit-2 Ltd, one of the sister concerns of Bangla Trac Group. The 100-megawatt power plant in Noapara, Jashore has been in commercial operation since April 2018, the bank said in a statement yesterday. The other participating lenders are Bangladesh Infrastructure Finance Fund Ltd, Saudi Bangladesh Industrial and Agricultural Investment Company Ltd (SABINCO), Rupali Bank, and Shahjalal Islami Bank.

<https://www.thedailystar.net/business/news/ebi-raises-BDT-465cr-bangla-trac-power-1737403>

### SMP Restriction: GP call rate to rise by 5 paisa/minute

- Grameenphone subscribers' minimum call rate is set to increase by 5 paisa a minute to BDT 0.50 as part of restrictions imposed on the operator for being declared a significant market power. Currently, the minimum call rate for operators is BDT 0.45 a minute and after adding the value-added tax and other duties the charge goes up to BDT 0.54 to any operator. But, Grameenphone's average call rate is BDT 0.70 a minute, so the penalty from the telecom regulator is unlikely to affect its customers. The operator, however, cannot pass on the burden of the incremental costs to existing customers already using packages that charge less than BDT 0.50 a minute for calls.

- The leading operator will also have to pay 5 paisa more to other operators for calls its subscribers make to another network. At present, the interconnection cost is 10 paisa a

minute. But for Grameenphone it will be 15 paisa, according to a proposal that will be placed at the commission meeting today. The extra charge also cannot be passed on to their customers.

- The third penalty on the operator will be prior approval from the telecom regulator before it can roll out any package.

<https://www.thedailystar.net/business/telecom/news/smp-restriction-gp-call-rate-rise-5-paisaminute-1736884>

### **Bangladesh Securities and Exchange Commission (BSEC) decides to review some provisions**

- The securities regulator decided on Monday to take several steps for the betterment of the stock market. The steps included reviewing the existing provision for requirement of holding of minimum shares (2.0%) for becoming sponsors directors of any listed companies.
- The Bangladesh Securities and Exchange Commission (BSEC) also decided that no prior permission would be required from the BSEC for issuing shares under private placement.
- Besides, a minimum of BDT 500 million needs to be raised through initial public offering (IPO) under the fixed price method while the minimum size of IPO under book-building method will be BDT 1.0 billion, it said.
- The meeting also decided that the IPO quota for institutional investors would be scrapped unless they discharge their responsibilities accordingly. The provision regarding the existing one-year lock-in period for placement shares will remain in force from the date of debut trading of the company's shares, according to the decisions.

<http://today.thefinancialexpress.com.bd/last-page/bsec-decides-to-review-some-provisions-1556561599>

### **Coppertech's IPO lottery draw today**

- Coppertech Industries will hold initial public offering (IPO) lottery draw today (Tuesday) to allocate 20 million ordinary shares among the successful applicants, officials said. The lottery draw will be held at 10:30am at The AGB Colony Community Center, Motijheel in Dhaka.
- As per the BSEC approval, the company raised a capital worth BDT 200 million by offloading 20 million ordinary shares under the fixed price method. Total subscription received BDT 7.71 billion against public issue of IPO of BDT 200 million which is oversubscribed by 38.58 times, according to Chittagong Stock Exchange (CSE).

<http://today.thefinancialexpress.com.bd/stock-corporate/coppertechs-ipo-lottery-draw-today-1556556939>

### **Seek actions on placement shares, stock dividends - Stockbrokers meet Bangladesh Securities and Exchange Commission (BSEC) top brass**

- The securities regulator has assured top stockbrokers of taking market supportive measures including making a provision for setting a ceiling on shares issued through IPO

(initial public offering) and private placements. Top stockbrokers, representatives of DSE Brokers Association (DBA) and Bangladesh Merchant Bankers Association (BMBA) attended the meeting chaired by BSEC chairman where they demanded changes from the securities regulator.

- Dhaka Stock Exchange (DSE) Brokers Association (DBA) President said that the companies willing to go public issue a larger amount of shares through private placements compared to that of the amount of shares issued through IPOs. On completion of one-year lock-in-period, the market faces huge selling pressure as most of the placement holders offload shares at a time. That's why the amount of IPO shares must be higher than that of placement shares, demanded by the President of DBA.

- The stockbrokers also proposed effectiveness of one-year lock-in on placement shares from the date of debut trading instead of the date for approving the IPO prospectus.

<http://today.thefinancialexpress.com.bd/first-page/seek-actions-on-placement-shares-stock-dividends-1556473870>

### **Permanent market for Small and Medium Enterprises (SME) products on cards**

- Industries Minister said that a permanent market will be established to facilitate marketing of products to be produced by small and medium enterprises (SMEs). The permanent market will create employment opportunities. It will also help achieve the target of the government's election manifesto, according to the Industries Minister.
- Industry ministry will continue to provide necessary policy supports to ensure the market value of SME entrepreneurs and the appropriate prices of the SME products.

<http://today.thefinancialexpress.com.bd/trade-market/permanent-market-for-sme-products-on-cards-1556562851>