

## Capital Market Overview

The market closed in green this week. The benchmark index DSEX (+3.57%) gained 150.40 points and closed the week at 4,364.83 points. The blue-chip index DS30 (+3.89%) gained 55.24 points and stood at 1,475.88 points. The Shariah-based index DSES (+3.54%) gained 34.61 points and stood at 1,011.11 points. The large cap index CDSET (+3.69%) gained 30.67 points and closed at 860.95 points. DSEX, DS30, DSES and CDSET showed YTD returns of -1.98%, -2.48%, +1.13%, -4.31% respectively.

**Total Turnover During The Week (DSE):** BDT 29.0 billion (USD 341.8 million)  
**Average Daily Turnover Value (ADTV):** BDT 7.3 billion (Δ% Week: +62.5%)

**Market P/E:** 13.07x

### Daily Index Movement during the Week:

Market performed four sessions during this week. Market performed positively in all the four sessions by 1.36%, 0.64%, 0.19%, and 1.34% respectively.

### Sectoral Performance:

- The financial sectors showed positive performance during this week. General Insurance booked the highest gain of 9.08% followed by NBFIs (+5.22%), Mutual Funds (+5.08%), Life Insurance (+4.56%), and Banks (+2.06%).
- The non-financial sectors showed positive performance during this week except Telecommunication (-0.61%). Engineering reported the highest gain of 6.0% followed by Pharmaceuticals (+4.47%), Power (+3.85%), and Food & Allied (+1.86%).

### Macroeconomic arena:

- After sending home a record USD 18.20 billion last fiscal year that ended on June 30, migrant workers sent in another USD 2.6 billion in July, which is a record for a single month. July's inflows were up 38.5% from a year earlier and 42.1% from the previous month, according to data from the Bangladesh Bank.
- The government's net borrowing through the national savings tools fell by 71.10% year-on-year in the immediate past fiscal year 2019-2020 due mainly to the tightened regulations on selling of the tools and the coronavirus outbreak in the country. The net sales of national savings certificates dropped to BDT 144.28 billion in FY20 from BDT 499.39 billion in the fiscal year 2018-2019, according to the latest Bangladesh Bank data released on Thursday. Due to the drastic fall in the NSCs sales, the government borrowed heavily from the banking sector to offset the deficit in its earnings through the National Board of Revenue. The government borrowed BDT 853.21 billion from the banking system in FY20.
- The reverse trend witnessed in the country's export earnings in the month of June also continued in July and entered the positive territory, much to the relief of businesses and the policymakers. The earnings grew by 0.59% to USD 3.91 billion in July after a continuous fall in shipments in previous months amid the coronavirus outbreak. Exporters and experts attributed the gradual reopening of western markets to the positive trend in shipments from Bangladesh. New orders coupled with revival of the orders suspended earlier did also contributed to the turnaround.
- The country's import payments for capital machinery and industrial raw materials, two major components of the private sector dynamism, dropped by 8.51% and by 9.42% respectively in the last fiscal year of 2019-2020. As per the Bangladesh Bank data on letter of credit settlement, payments against imports of capital machinery, a major component of economic expansion and a reflection of businesses enthusiasm of investments, dropped by USD 402.81 million year-on-year in FY20.

### Stock Market arena:

- Good news for the shareholders of the publicly-traded Bangladeshi banks is that they together are going to disburse 77% more cash dividends for 2019, compared to that of a year ago. The listed banks have declared to pay BDT 22.60 billion in cash dividends from their total net profit of BDT 70.50 billion in 2019. In 2018, they had paid BDT 12.80 billion dividends out of their net profit of BDT 61.8 billion. The dividend pay-out ratio – the percentage of net profit paid out to shareholders – of the sector has grown to 32.1 from 18.8 a year ago.
- The securities regulator has cancelled the IPO (initial public offering) proposal of BD Paints after finding some inconsistencies in the company's financial statement. The incongruities detected in the financial statement include overstated profit and excess receivables. The company's IPO proposal has been cancelled as many inconsistencies were detected in the financial statement," said also a BSEC spokesperson. He said the company's information on sales was also not authentic.

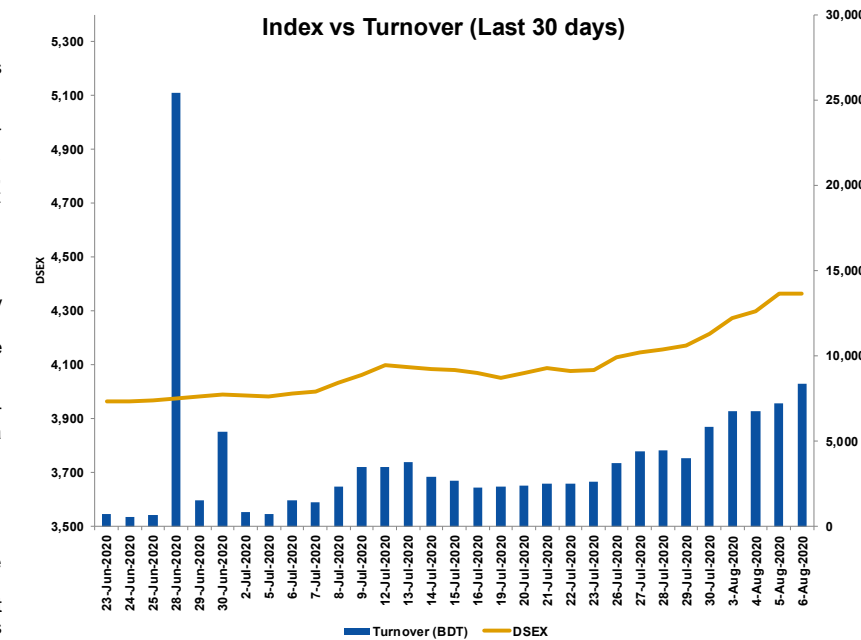
Table 1: Index

Index	Closing	Opening	Δ(Pts)	30-Dec-2019	Δ% Week	Δ%YTD
DSEX	4,364.83	4,214.43	150.40	4,452.93	3.57%	-1.98%
DS30	1,475.88	1,420.64	55.24	1,513.35	3.89%	-2.48%
DSES	1,011.11	976.50	34.61	999.83	3.54%	1.13%
CDSET	860.95	830.28	30.67	899.76	3.69%	-4.31%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	13,255,951.8	16,156,920.4	-18.0%
	Mn USD	156,025.8	190,170.9	
Turnover	Mn BDT	29,039.0	22,337.7	30.0%
	Mn USD	341.8	262.9	
Average Daily Turnover	Mn BDT	7,259.8	4,467.5	62.5%
	Mn USD	85.4	52.6	
Volume	Mn Shares	1,086.3	653.1	66.3%

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
Peoples Insurance	29.20	20.90	39.7%	1,349.0	242.09	15.8x	1.4x
Shaympur Sugar	46	34.10	35.5%	231.0	5.64	NM	NM
Zeal Bangla Sugar Mills	91.40	68.30	33.8%	548.4	15.73	NM	NM
Nitol Insurance	36.00	27.50	30.9%	1,447.5	234.38	6.0x	1.7x
Meghna Pet Industries	12.80	9.80	30.6%	153.6	3.39	NM	NM
Active Fine Chemicals Limited	18.10	14.00	29.3%	4,342.9	307.99	13.1x	0.9x
Silco Pharmaceuticals Limited	28.30	22.40	26.3%	2,937.7	411.11	13.7x	1.2x
FAS Finance & Investments Limited	5.00	4.00	25.0%	745.4	70.87	33.4x	0.4x
Meghna Condensed Milk	14.20	11.40	24.6%	227.2	2.01	NM	NM
CAPM IBBL Islamic Mutual Fund	8.50	6.90	23.2%	568.3	14.50	NM	0.9x

**Table 4: Top Ten Losers**

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Fine Foods Ltd	56.40	61.20	-7.8%	788.1	209.37	37.1x	5.3x
Samorita Hospital	63.80	68.90	-7.4%	1,204.2	6.23	40.3x	1.3x
Sinobangla Industries	51.40	54.30	-5.3%	1,027.8	102.54	33.8x	2.3x
Al-Arafah Islami Bank Ltd	15.30	16.10	-5.0%	16,293.0	24.70	6.5x	0.7x
Nahee Aluminium Composite Panel Ltd.	53.40	56.00	-4.6%	3,411.6	258.21	16.7x	4.1x
First Finance Limited	4.90	5.10	-3.9%	569.5	.58	NM	1.2x
Simtex Industries Limited	15.60	16.20	-3.7%	1,241.7	84.04	9.0x	1.0x
Saiham Textile	26.40	27.40	-3.6%	2,390.9	170.31	NM	1.4x
Hamid Fabrics Limited	15.90	16.50	-3.6%	1,447.8	19.54	18.3x	0.6x
Envoy Textiles Limited	23.20	24.00	-3.3%	3,891.4	11.74	8.4x	0.8x

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

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Beximco Pharmaceuticals	90.10	80.70	11.6%	36,540.6	1,169.40	10.7x	1.3x
Pioneer Insurance	64.80	55.00	17.8%	4,534.7	1,032.42	10.1x	3.2x
Bangladesh Submarine Cable Company Limited	125.80	104.10	20.8%	20,745.1	771.61	24.9x	3.4x
Square Pharmaceuticals	188.50	181.00	4.1%	159,139.1	737.98	11.6x	2.4x
Beximco Limited	15.90	13.40	18.7%	13,933.5	643.87	14.7x	0.2x
Grameenphone Ltd.	254.20	258.50	-1.7%	343,246.3	489.38	10.1x	8.1x
Indo-Bangla Pharmaceuticals Limited	22.00	20.80	5.8%	2,453.2	474.03	12.8x	1.7x
LafargeHolcim Bangladesh Limited	37.50	35.90	4.5%	43,551.5	455.67	24.2x	2.9x
VFS Thread Dyeing Limited	24.40	22.50	8.4%	2,501.1	449.44	13.8x	1.5x
Silco Pharmaceuticals Limited	28.30	22.40	26.3%	2,937.7	411.11	13.7x	1.2x

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

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
ACI Limited	261.90	44.30%	15,025.9	NM
Beximco Pharmaceuticals	90.10	29.83%	36,540.6	10.7x
Bangladesh Steel Re-Rolling Mills Limited	62.10	27.25%	14,659.8	11.2x
Glaxo Smithkline	2,200.10	25.27%	26,503.4	46.5x
MJL Bangladesh Limited	78.70	24.33%	24,928.4	13.5x
Active Fine Chemicals Limited	18.10	23.13%	4,342.9	13.1x
Baraka Power Limited	27.50	21.15%	6,051.7	11.7x
IPDC	28.90	18.54%	10,724.5	16.6x
Olympic Industries	187.00	13.33%	37,388.6	18.5x
M.I. Cement Factory Limited	44.00	12.82%	6,534.0	NM

**Table 6: Sector Indices**

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1165.29	1141.78	1319.28	2.06%	-11.67%
NBFIs	1490.84	1416.90	1565.13	5.22%	-4.75%
Mutual Funds	600.28	571.24	591.17	5.08%	1.54%
General Insurance	2375.93	2178.24	1927.02	9.08%	23.30%
Life Insurance	2153.88	2059.92	2194.70	4.56%	-1.86%
Telecommunication	3621.55	3643.72	3993.59	-0.61%	-9.32%
Pharmaceuticals	2740.85	2623.54	2492.51	4.47%	9.96%
Fuel & Power	1550.41	1492.99	1515.21	3.85%	2.32%
Cement	1230.22	1197.32	1132.29	2.75%	8.65%
Services & Real Estate	993.93	972.79	886.70	2.17%	12.09%
Engineering	2198.31	2073.85	2257.22	6.00%	-2.61%
Food & Allied	11776.21	11561.61	12121.49	1.86%	-2.85%
IT	2007.61	1969.12	1823.13	1.95%	10.12%
Textiles	1014.71	1004.05	1042.04	1.06%	-2.62%
Paper & Printing	5907.85	5784.29	5233.20	2.14%	12.89%
Tannery	1678.32	1667.26	1826.45	0.66%	-8.11%
Jute	8073.15	8051.14	11393.28	0.27%	-29.14%
Ceramics	399.66	391.40	459.10	2.11%	-12.95%
Miscellaneous	1755.58	1704.08	1745.96	3.02%	0.55%

**Table 7: Sector Trading Matrix**

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Banks	256.1	17.9	1332.23%	3.68%	6.4x	0.6x
NBFIs	224.9	6.2	3519.14%	3.23%	127.2x	2.0x
Mutual Funds	130.2	15.7	730.37%	1.87%	NM	0.5x
General Insurance	1,536.4	80.3	1812.72%	22.08%	16.8x	1.5x
Life Insurance	241.1	7.9	2969.21%	3.47%	NM	8.9x
Telecommunication	315.2	43.5	624.82%	4.53%	10.4x	7.5x
Pharmaceuticals	1,346.9	82.3	1536.49%	19.36%	17.5x	2.4x
Fuel & Power	401.8	25.9	1448.52%	5.77%	10.4x	1.8x
Cement	173.3	0.1	225012.01%	2.49%	33.7x	2.3x
Services & Real Estate	71.6	3.1	2201.28%	1.03%	91.3x	0.8x
Engineering	636.3	44.2	1339.31%	9.15%	15.6x	1.3x
Food & Allied	298.7	22.5	1228.20%	4.29%	21.3x	6.7x
IT	235.9	24.0	881.14%	3.39%	17.7x	2.6x
Textiles	580.2	65.9	780.76%	8.34%	NM	0.7x
Paper & Printing	24.6	7.0	254.50%	0.35%	237.3x	1.2x
Tannery	89.7	0.4	20632.38%	1.29%	25.3x	1.8x
Jute	15.7	0.4	3904.98%	0.23%	NM	3.7x
Ceramics	60.2	0.8	7501.48%	0.87%	171.8x	1.5x
Miscellaneous	319.1	23.1	1278.39%	4.59%	20.7x	1.0x

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

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
BRAC Bank	31.90	-39.94%	42,295.5	9.4x
Eastern Cables	141.80	-28.82%	3,403.2	NM
City Bank	16.50	-21.80%	16,770.4	6.4x
Prime Bank	14.60	-19.78%	16,531.3	9.6x
Lankabangla Finance	13.80	-19.50%	7,436.0	14.4x
Singer Bangladesh	147.00	-18.51%	14,656.3	14.4x
Heidelberg Cement	137.30	-16.69%	7,757.9	NM
Runner Automobiles Limited	49.80	-16.30%	5,654.3	9.8x
Shahjalal Islami Bank	19.20	-13.85%	18,817.8	10.5x
IFAD Autos Limited	40.10	-13.20%	9,944.4	17.1x

## Important News: Business & Economy

### Remittances, forex reserves hit record highs

- Remittance continues to defy all expectations. It was supposed to take a massive hit due to the economic recession brought on by the global coronavirus pandemic, leaving one of the pillars of strength for the Bangladesh economy wobbling. In reality, it is thriving. After sending home a record USD 18.20 billion last fiscal year that ended on June 30, migrant workers sent in another USD 2.6 billion in July, which is a record for a single month. July's inflows were up 38.5% from a year earlier and 42.1% from the previous month, according to data from the Bangladesh Bank.

- The robust flow of remittance pushed foreign exchange reserves past the USD 37 billion mark for the first time in history. The developments are in stark contrast to the prediction of economists. The Asian Development Bank in a report earlier this week said Bangladesh would be among the five-worst developing Asian economies in terms of remittance inflows.

- In the worst-case scenario, Bangladesh's remittance will decline by 27.8% from its 2018 level. In 2018, Bangladesh received USD 15.5 billion in remittance. The "worst-case" scenario assumes that the domestic outbreak control and resumption of economic activities will take a year's time. It also assumes that the economic impact of Covid-19 will persist throughout the year and dissipate halfway in the last 3 months of the outbreak.

<https://www.thedailystar.net/business/news/remittances-forex-reserves-hit-record-highs-july-1939593>

<https://www.dhakatribune.com/business/2020/08/03/remittances-forex-reserves-hit-record-highs-2>

### Economy in a limbo

- The economy, it seems, is in a sort of limbo, neither fully on recess nor roaring ahead. While power and energy consumption has risen sharply since the easing of movement restrictions on May 30, the other indicators, most notably retail sales, are blowing hot and cold, all of which suggests the full recovery is far away. People are flocking to stores but they are not spending, posing risks of a tidal wave of infections after Eid-ul-Azha and subsequently delaying the economic recovery.

- The president of the Dhaka Chamber of Commerce and Industry (DCCI) said that there are not many shoppers. The reason being, many have seen their salaries reduced owing to the pandemic. Overall money circulation has dropped and shoppers are cautious, he added. It is a tricky situation. Good thing is that orders are gradually coming, he also said.

- The gradual rise of usages of electricity, petroleum and gas since April to July is a good indication of the economy's return to normalcy, said the research director of the Centre for Policy Dialogue. The use of energy and power is still behind the level of last year's that portrays that most of the sectors are yet to reach their last year's level.

<https://www.thedailystar.net/business/news/economy-limbo-1938989>

### Savings tools sales plunge by 71% in FY20 on tightened rules, coronavirus

- The government's net borrowing through the national savings tools fell by 71.10% year-on-year in the immediate past fiscal year 2019-2020 due mainly to the tightened regulations on selling of the tools and the coronavirus outbreak in the country. The net sales of national

savings certificates dropped to BDT 144.28 billion in FY20 from BDT 499.39 billion in the fiscal year 2018-2019, according to the latest Bangladesh Bank data released on Thursday. Due to the drastic fall in the NSCs sales, the government borrowed heavily from the banking sector to offset the deficit in its earnings through the National Board of Revenue. The government borrowed BDT 853.21 billion from the banking system in FY20.

<https://www.newagebd.net/article/112497/savings-tools-sales-plunge-by-71pc-in-fy20-on-tightened-rules-coronavirus>  
<https://www.dhakatribune.com/business/economy/2020/07/30/borrowing-from-savings-tools-drops-71-10-in-fy20>

### Remittance flow sets new record of USD 2.6 billion

- The flow of inward remittances grew by nearly 42% to a record high of USD 2.60 billion in July over that of the previous month, following celebration of the Eid-ul-Azha festival. Remittances from Bangladeshi nationals working abroad in the first month of the current fiscal year (FY), 2020-21, were up by 766.93 million of a month before (June), according to the central bank's latest statistics. It was USD 1.60 billion in July 2019.

- The government's incentive providing along with the central bank's latest policy support has helped the country to achieve the new record of inward remittances, according to officials and bankers. Non-resident Bangladeshis (NRBs) normally send increased amount of remittances for their relatives and families in the country to celebrate the two Eid festivals.

- Meanwhile, the central bank has projected that the flow of inward remittances might grow by nearly 3.0% to USD 18.75 billion in FY 2021 from USD 18.20 billion of the previous fiscal, according to its latest monetary policy statement (MPS). Available information indicates that employment of the Bangladeshi workers and professionals abroad has dropped sharply in 2020. Many overseas workers have already become jobless due to worldwide breakout of the Covid-19 pandemic.

<https://today.thefinancialexpress.com.bd/last-page/remittance-flow-sets-new-record-of-26b-1596561432>

### Asian Development Bank (ADB): Bangladesh's remittances to decline by 27.8% in 2020 due to pandemic

- Under the worst-case scenario of Covid-19 pandemic impact, Bangladesh's remittances could fall by 27.8% in 2020, as job losses mounted and employers trimmed payrolls, says Asian Development Bank (ADB). During the global financial crisis in 2009, which resulted in a 2.7% decline in overall remittance inflows to Asia and the Pacific, Bangladesh's remittances received by households declined on average by 19.3%.

- Among developing Asian economies, the five worst affected countries are Nepal, where remittances could fall by 28.7%, Tajikistan 27.9%, Bangladesh 27.8%, Pakistan 26.8% and the Kyrgyz Republic 25.2% in 2020. With many households depending on international remittances in developing Asia—particularly in the Pacific and Central and West Asian economies—a sudden stop in remittance flow to these regions could push people into poverty, the ADB warned.

- As per Bangladesh Bank data, remittance inflow hit a new record of USD 18.20 billion in

the FY20, although Covid-19 battered most of the global economies. The migrants are sending their savings home as they fear returning they will have to return as employers are trimming jobs due to the pandemic. They also sent more on the occasion of Eid-ul-Azha, said the executive director of Policy Research Institute (PRI).

- The ADB estimates employment in Asia and the Pacific to be lower by as much as 167 million persons, while jobs cut in the region are reducing wage income, with estimates of the decline projected to range from USD 359 billion to USD 550 billion. In Asia and the Pacific and Arab states, working hours are thought to have declined 13.5% and 13.2% in the quarter, respectively.

<https://www.dhakatribune.com/business/economy/2020/08/03/adb-bangladesh-s-remittances-to-decline-by-27-8-in-2020-due-to-pandemic>

### **Government borrowed 121% of revised target from savings tools in FY20**

- Between July and June of the last fiscal year 2019-20, the net sale of savings certificates stood at BDT 14,428 which was 121% of its revised target. Even though the government revised its target to borrow from savings instrument to BDT 119.24 billion for the year. According to the Department of National Savings, the net sale of savings certificates stood at BDT 34.17 billion in June this year. The government lowered its borrowing target from the savings instrument to meet the budget deficit in the last fiscal year as it received a low response from the sector. A low target has also been set for the FY2020-21.

- In FY2019-20, the government had to cut the target to BDT 119.24 billion in the revised budget for savings tools. The total target from non-banking sources was reduced to BDT 149.24 billion. The government previously targeted a borrowing of BDT 300.00 billion from non-banking sources for the last fiscal year, of which BDT 270.0 billion was expected to come from national savings schemes. Ahsan H Mansur, executive director of the private think tank Policy Research Institute of Bangladesh, said that the government did not get as much of a loan as it had initially targeted from this sector in the current fiscal year.

- From the last fiscal year, the government has tightened the process of investing in savings schemes, he added. From July 1 last year, the government automated four kinds of popular savings schemes and made the e-TIN mandatory for investing in them. A tax burden for an investment of over BDT 0.5 million was also put in place. Additionally, the investment ceiling was set at BDT 5.0 million and BDT 10 million for a person and a pensioner, respectively.

<https://tbsnews.net/economy/banking/govt-borrowed-121-revised-target-savings-tools-fy20-114982>

### **Silver lining on export front**

- The reverse trend witnessed in the country's export earnings in the month of June also continued in July and entered the positive territory, much to the relief of businesses and the policymakers. The earnings grew by 0.59% to USD3.91 billion in July after a continuous fall in shipments in previous months amid the coronavirus outbreak. Exports fetched USD 3.88 billion in the month of July last year, according to the official data. Exporters and experts attributed the gradual reopening of western markets to the positive trend in shipments from Bangladesh. New orders coupled with revival of the orders suspended earlier did also contributed to the turnaround.

- The ready-made garment (RMG) sector that contributed over 83% or USD 3.24 billion to total export income in July last, however, witnessed nearly 2.0% negative growth.

<https://today.thefinancialexpress.com.bd/first-page/silver-lining-on-export-front-1596561785>

### **Bangladesh emerges as 3rd largest apparel supplier to US**

- Bangladesh has emerged as the third largest sourcing country for the US-based apparel and fashion companies in 2020, advancing from the last year's sixth position despite the Covid-19 pandemic, according to a latest study. Bangladesh was the fifth sourcing hotspot in 2016 and 2018 while seventh in 2017. Bangladesh's position has improved mainly because of the 'most competitive price' it offers and exports similar products over the years, the study revealed.

- China and Vietnam remained the first and second sourcing countries respectively. Meanwhile, Bangladesh faced more work orders cancellation or postponement than its one of the major competitors, Vietnam, during the corona virus pandemic by the US buyers, according to the '2020 Fashion Industry Benchmarking Study'. It still found Bangladesh and Vietnam as the significant players for primary apparel suppliers in the US market that would benefit more from the US companies' reduced sourcing from China.

- Around half of the respondents plan to modestly increase sourcing from a few Asian countries in the next two years including Bangladesh, Indonesia, Vietnam, and India. Citing US official data that also supports the trend-measured in value, the report said Bangladesh accounted for 9.4% of US apparel imports in the first five months of 2020, which was a record high and up from 7.1% in 2019.

<https://today.thefinancialexpress.com.bd/last-page/bd-emerges-as-3rd-largest-apparel-supplier-to-us-1596646428>

### **Dip in export order, mismanagement hit rawhide business hard**

- Apex Tannery, the largest rawhide processing company in the country, had 1.5 million rawhides in stock before Eid-ul-Azha. The company with a capacity to stock 3 million rawhides did not set any target to buy new rawhides during this Eid as there was no demand from the buyers this year. Executive Director of Apex (Operation) said they did not find it necessary to collect during Eid as the price of processed rawhide in Europe or China was low.

- Almost all of the 188 tanneries registered with the Bangladesh Tanners Association (BTA) shared a similar experience. Owners of warehouses and tanneries said 35-40% less rawhides was collected this year compared to last year as in that year they suffered losses because of low demand for rawhide. Besides, owners of rawhide warehouses and tanneries could not manage any loans to buy new rawhides. This caused a chaos in the rawhide trade all across the country and a big slump in price. Cow rawhides were sold for BDT 150-600 in the capital, while the goat skins were sold for BDT 2-10 depending on their sizes.

<https://tbsnews.net/economy/industry/dip-export-order-mismanagement-hit-rawhide-business-hard-115411>

<https://www.thedailystar.net/business/news/bad-news-rawhide-trade-year-too-1939385>

## Bangladesh receives USD 202 million from World Bank for food security

- The World Bank's board of executive directors today approved USD 202 million in additional financing for the Modern Food Storage Facilities Project to increase the storage capacity of Bangladesh's national strategic grain reserves by 535,500 tons for 4.5 million households. The project is helping Bangladesh address food insecurity in challenging times, such as frequent climate-induced disasters or crisis situations like Covid-19 pandemic, according to a press release issued by WB in this regard.

<https://www.thedailystar.net/business/news/bangladesh-receives-202-million-wb-food-security-1939393>

## Industrial imports drop in FY20 on dismal private sector

- The country's import payments for capital machinery and industrial raw materials, two major components of the private sector dynamism, dropped by 8.51% and by 9.42% respectively in the last fiscal year of 2019-2020. As per the Bangladesh Bank data on letter of credit settlement, payments against imports of capital machinery, a major component of economic expansion and a reflection of businesses enthusiasm of investments, dropped by USD 402.81 million year-on-year in FY20.

- In FY20, the country's payments for capital machinery imports dropped to USD 4.33 billion from USD 4.74 billion in FY19. The import of industrial raw materials dropped by USD 1.84 billion year-on-year in the last fiscal year. The fall in the imports of capital machinery and industrial raw materials was not unexpected,' Policy Research Institute executive director said, adding, 'It's tough to predict how long it would take to turn around the situation.'

- Investors would not dare to make fresh investments unless the situation becomes normal, he said, adding, 'Even some investors were trying to phase out their existing business expansions and investments plans. Besides, a very few of them would go for business expansion as most of them already have excess capacity considering the present demand situation, said Ahsan, also the chairman of BRAC Bank.'

<https://www.newagebd.net/article/112749/industrial-imports-drop-in-fy20-on-dismal-pvt-sector>

## Important News: Capital Market

### Listed banks to pay 77% more cash dividends this year

- In spite of a historic low private sector credit growth, mounting nonperforming loans and a tighter credit disbursement environment, the listed banks together have delivered a moderate growth in the bottom line for 2019. This has been possible largely because of the central bank that gave a hand to the banks in the form of relaxed provisioning, deferred recognition of nonperforming loans and the year-end loan rescheduling facilities approved for large borrowers.

- More good news for the shareholders of the publicly-traded Bangladeshi banks is that they together are going to disburse 77% more cash dividends for 2019, compared to that of a year ago, according to a BRAC EPL Research report. The analysts at the top-tier brokerage

firm have compiled the most recently recommended dividends by the 30 listed banks. Of those, all but the struggling ICB Islamic Bank are paying dividends more or less, in cash or stock or a combination of both.

- The BRAC EPL Stock Brokerage report reveals that listed banks have declared to pay BDT 22.60 billion in cash dividends from their total net profit of BDT 70.50 billion in 2019. In 2018, they had paid BDT 12.80 billion dividends out of their net profit of BDT 61.8 billion. The dividend pay-out ratio – the percentage of net profit paid out to shareholders – of the sector has grown to 32.1 from 18.8 a year ago.

<https://tbsnews.net/economy/banking/listed-banks-pay-77-more-cash-dividends-year-115759>

### No surprises as banks' profits plummet in the second quarter

- The expected happened. Banks' profits were supposed to take a massive hit in the second quarter of 2020, and that took place. Most of the listed banks' profits slumped in the April-June quarter on the back of the shrunken economic activities for the pandemic and the implementation of the single-digit interest rate for lending while still paying higher interest for some deposit schemes. The banks' overall lending, as well as loan recovery, also plummeted to new depths during the period.

- Their non-interest income suffered a major blow as export and import dropped significantly while earnings from the ailing stock market were very depressing. Of the 30 listed banks, only eight posted higher profits in the quarter compared with a year, while 18 booked lower profits, two incurred more losses. The other two are yet to publish their earnings. Bankers fear the situation would worsen in the upcoming quarters when all banks will be allowed to downgrade their loans to bad debts if borrowers fail to repay.

- They offered many schemes like money doubling plans or something like that where the deposit rate was 9% or even 11% in some cases. These could not be brought down and so our costs were higher. As a result, the net interest income of the banking sector plunged and the pandemic has just added to the woes. the managing director and chief executive director of Mutual Trust Bank said.

- The business of the banking sector was almost zero in April and loan recovery was not satisfactory even after the lockdown was lifted, which affected banks' turnover and profits. As the central bank eased rules to boost money supply, the ceiling on the lending rate could be implemented but banks cannot lower their deposit rates overnight, the managing director of Pubali Bank said.

<https://www.thedailystar.net/business/news/no-surprises-banks-profits-plummet-the-second-quarter-1938969>

### Deposit in NBFIs shrinks 5.33% in 2019 amid clients' distrust

- Deposit in non-bank financial institutions dropped by 5.33% or BDT 24.28 billion in the year 2019 due to fund withdrawal pressure amid growing public distrust of the entities. As per the Bangladesh Bank's latest report, total deposits in the NBFIs dropped to BDT 431.21 billion at the end of December 2019 from BDT 455.49 billion at the end of the previous year.

- Although deposit growth in the banking sector has slowed down in recent months, the

growth rate remained around 11% even during the coronavirus pandemic when the country's economic activities remained almost suspended. BB officials and bankers said that the fall in deposits in the NBFIs was quite unusual considering the deterioration in public perception regarding the entities after a series of scams and irregularities surfaced. A number of companies have completely collapsed while a few others have been suffering badly, they said.

- Apart from the public distrust, the entities were also facing distrust from banks as many of the banks were on a spree to withdraw funds from the NBFIs, prompting the Bangladesh Leasing and Finance Companies Association to pursue the central bank to prevent the fund encashment pressure from the banks. In order to support the ailing NBFIs, the BB in June this year reduced the cash reserve ratio for the country's non-bank financial institutions by one percentage point. The policy relaxation allowed the NBFIs to utilize around BDT 3.50 billion, kept as CRR with the BB, for income generation purposes.

<https://www.newagebd.net/article/112654/deposit-in-nbfis-shrinks-533pc-in-2019-amid-clients-distrust>

### Another IPO cancelled

- The securities regulator has cancelled the IPO (initial public offering) proposal of BD Paints after finding some inconsistencies in the company's financial statement. The incongruities detected in the financial statement include overstated profit and excess receivables. The company's IPO proposal has been cancelled as many inconsistencies were detected in the financial statement," said also a BSEC spokesperson. He said the company's information on sales was also not authentic.

<https://today.thefinancialexpress.com.bd/stock-corporate/another-ipo-cancelled-1596642009>  
<https://www.newagebd.net/article/112752/bsec-rejects-bd-paints-ipo-over-flaws>

### JMI Hospital Requisite distorts financial data

- The Bangladesh Securities and Exchange Commission on Thursday declined JMI Hospital Requisite Manufacturing Limited's initial public offering as the company falsified and distorted financial data. JMI Hospital was also involved in the recent N95 masks scam. The company overstated receivables to display high revenue in the financial statement. It also showed reduced depreciation expense to display higher profits, which led to false and misleading reporting of financial results, the BSEC observed. The regulator also found that 40% revenue was generated from sister-concern companies, which was suspicious.

- The commission observed that the Investment Corporation of Bangladesh held 30% shares of JMI Hospital and was also acting as issue manager of the company's IPO, which was a violation of securities rules. Besides, the company loaned its related companies BDT 1.09 billion in total and the company could address its financial need from the recovering of the loans rather than raising funds from the market, the BSEC observed.

<https://www.newagebd.net/article/112494/jmi-hospital-requisite-distorts-financial-data>

### Navana bailed out

- The government has decided to bail out Navana Group, a leading business conglomerate

in the country, from the deep financial crisis it is in. The Financial Institutions Division (FID) under the Ministry of Finance has asked four state-owned commercial banks to lend Navana BDT 12 billion working capital from the BDT 300 billion incentive package announced for coronavirus-affected industries to help it continue to run its business that has almost stopped owing to a massive amount of bad loans.

- A recent meeting of representatives from the finance ministry, the Bangladesh Bank, Navana Group and the four state-owned banks has decided to provide Navana with BDT 5 billion in loans on an emergency basis against corporate and personal guarantees. Navana Group does not have much asset left to post as collateral against loans to the tune of BDT 12 billion. Almost the entire of its assets have been mortgaged to various banks and financial institutions. The FID has asked the four banks to create a pari-passu charge of BDT 12 billion on Navana's assets mortgaged to private banks before disbursing the remaining BDT 7 billion.

<https://tbsnews.net/companies/navana-bailed-out-115762>

### SS Steel to acquire Saleh Steel

- SS Steel, a newly listed company, plans to acquire Saleh Steel Industries with the view to staking a larger claim on the BDT 550 billion-industry, in yet another indication of the impending recovery of the Bangladesh economy from the fallout of the global coronavirus pandemic. The 19-year-old steelmaker will invest a total BDT 1.59 billion in Saleh Steel. Of the sum, BDT 247.5 million would be equity investment for its 99% stake. Another BDT 1.34 billion would be invested for the smooth operation of the company.

- The country has about 40 active steel manufacturers, who altogether can manufacture 9 million tonnes of steel annually. Of them, Abul Khair Steel, GPH Steel, BSRM and KSRM meet more than half the yearly demand of about eight million tonnes.

<https://www.thedailystar.net/business/news/ss-steel-acquire-saleh-steel-1939889>

### Bangladesh Bank (BB) acts to bring infra firms in stock market

- The central bank has announced a guideline for attracting non-listed private infrastructure companies, in which commercial banks have equity exposure, to the capital market to help lower risks. Under the guideline, all banks have been asked to enter into agreements with parties concerned before making any investment so that the companies can be drawn into the capital market within one year from the first date of subscription, the Bangladesh Bank or BB said on Thursday in a notice.

- The notice said steps should be taken to bring such companies in which the banks have equity exposure within six months from the effective date of notification. The companies should go for direct listing with a maximum of 5.0% of the paid-up capital in the first year, according to the notice. Market operators welcomed the BB's latest action, saying that it will help increase the number of listed companies in the capital market. It will help improve the supply side of the market, the chief executive officer of MTB Capital said.

- On May 16, 2019, the BB set the investment ceiling for the banks under Bangladesh Securities and Exchange Commission-approved special purpose vehicle or alternative investment fund for infrastructure projects. Currently, the banks are allowed to invest in the private-sector infrastructure projects with a maximum of BDT 6.0 billion or single borrower exposure limit, whichever is lower. Such an investment for a single bank will be limited to

20% of the paid-up capital in special cases for private-sector projects. The banks are not allowed to purchase more than 10% share of the paid-up capital of the company in a non-listed firm while investing in equity instruments, according to the previous missive.

<https://today.thefinancialexpress.com.bd/public/first-page/bb-acts-to-bring-infra-firms-in-stock-mkt-1596131925>

### **Bangladesh Bank issues policy to enlist bank-linked companies on stock market**

■ The Bangladesh Bank on Thursday made it mandatory for the power and energy, tourism and digital infrastructure sectors' companies having any scheduled bank's equities to be enlisted on the country's stock exchanges. However, the mandatory enlistment would not be applicable to the special purpose vehicle, alternative investment fund, similar funds, and projects taken under the public private partnership.

■ In case of equity exposure or investments in such companies or projects related to power and energy, tourism and digital infrastructure sectors, there must be an unchangeable agreement among the investing banks along with other investors that the entity must be enlisted on the stock exchanges within one year of the first subscription. For the companies in which any bank has already taken exposure, managing director of the scheduled bank concerned were asked to take initiative within six months to bring those companies to the country's capital market.

■ The listing of such companies must be completed under the direct listing process and the issue price of share must not be less than the average share acquisition price of a scheduled bank. In the first year of listing, the amount of share offloaded must not be higher than 5%. The central bank also allowed banks to transform convertible bond issued by such companies in which the bank has equity exposure, into ordinary shares. In case of enlistment on the stock exchanges, the banks' exposure in such companies would not be treated as the banks' exposure in the capital market.

<https://www.newagebd.net/article/112496/bb-issues-policy-to-enlist-bank-linked-cos-on-stock-market>