

Capital Market Overview

The market closed in green this week. The benchmark index DSEX (+1.69%) gained 83.47 points and closed the week at 5,011.30 points. The blue-chip index DS30 (+1.45%) gained 24.82 points and stood at 1,740.23 points. The Shariah-based index DSES (+1.46%) gained 16.70 points and stood at 1,158.53 points. The large cap index CDSET (+1.49%) gained 14.90 points and closed at 1,016.24 points. DSEX, DS30, DSES and CDSET showed YTD returns of +12.54%, +14.99%, +15.87%, +12.95%, respectively.

Total Turnover During The Week (DSE): BDT 52.9 billion (USD 623.2 million)

Average Daily Turnover Value (ADTV): BDT 10.6 billion ($\Delta\%$ Week: -0.1%)

Market P/E: 16.0x

Daily Index Movement during the Week:

Market performed five sessions during this week. Market performed positively in the first session by 0.42% and continued to be positive in the second and third session by +0.21% and +0.39%. Then market reverted to negative by 0.13% in the fourth session and ended with a positive movement of 0.80% in the fifth session.

Sectoral Performance:

- Financial sectors posted mixed performance this week. General Insurance booked the highest gain of 2.04% followed by NBFIs (+1.945) and Banks (+0.94%). Mutual Funds experienced the highest loss of 2.86% followed by Life Insurance (-2.02%).
- Non-financial sectors reported positive performance this week except. Telecommunication booked the highest gain of 7.16% followed by Engineering (+4.80%), Fuel & Power (+1.06%), Food & Allied (+0.64%), and Pharmaceuticals (+0.40%).

Macroeconomic arena:

Bangladesh's merchandise export earnings increased by 4.32 per cent year-on-year to \$2.96 billion in August following a rise in demand due to the reopening of retail stores in the EU and US markets. Experts attributed the hike in earnings to the release of goods in June and July, which were stuck in warehouses because of the ongoing Covid-19 pandemic.

The Bangladesh Bank, in line with its expansionary monetary policy statement for the year 2020-2021, has continued to pump local currency into the economy with the amount reaching around BDT 144.16 billion in just two months through purchase of US dollars. Excess supply of USD into the banking system has prompted the central bank to purchase the greenback to keep the exchange rate of the most influential currency stable within the country. Besides, revival of the country's economy, hit hard by the coronavirus pandemic, was the prime reason behind its move to increase the circulation of money, the official said.

According to Bangladesh Bank (BB) data, in July merchant payment through mobile financial services stood at BDT 11.34 billion, the highest ever, up by 39.8%, compared to BDT 8.11 billion in June this year. On the other hand, merchant payment through MFS registered a 34.88% growth to BDT 43.33 billion, a 12% growth in the first seven months of 2020 compared to BDT 32.12 billion in the same period in 2019. Meanwhile, total transactions through mobile financial services in the country stood at BDT 629.99 billion in July, up by 40.5% compared to BDT 448.31 billion in June this year.

Stock Market arena:

Low-interest rate has turned to be a blessing for the stock market as both individual and institutional investors are choosing to park their money in stocks, making Bangladesh market the best globally with the highest gains in indices in August. The AFC Asia Frontier Fund found that most of its larger markets made good gains in August and Bangladesh market was the best performer globally with a gain of 15.8%. A research conducted by AFC Asia Frontier Fund released on August 8 showed that lower interest rate, increasing exports and remittances and the reopening of the economy have led to this rally in the Dhaka Stock Exchange (DSE).

Standard Chartered Bangladesh yesterday rolled out a blockchain-powered remittance service for Bangladeshis working in Malaysia to allow them to send money home on a real-time basis, without any hassle and at lower costs. The bank has teamed up with Ant Group, one of the world's leading digital financial services providers based in Hangzhou, China; bKash, the top mobile financial service in Bangladesh, and Valyou, a financial technology company in Malaysia, to provide the service.

The initial public offering (IPO) subscription of Associated Oxygen Limited will begin on Thursday. It will run until September 16. Earlier, the regulator approved the proposal of the IPO to raise BDT 150 million by issuing 15 million shares, with a face value of BDT 10.

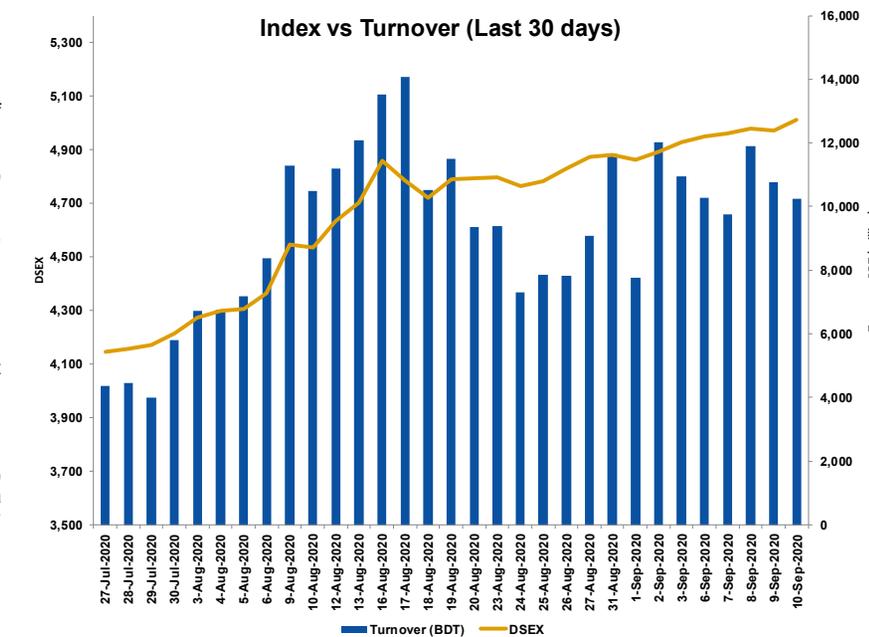
Table 1: Index

Index	Closing	Opening	Δ (Pts)	30-Dec-2019	$\Delta\%$ Week	$\Delta\%$ YTD
DSEX	5,011.30	4,927.82	83.47	4,452.93	1.69%	12.54%
DS30	1,740.23	1,715.41	24.82	1,513.35	1.45%	14.99%
DSES	1,158.53	1,141.82	16.70	999.83	1.46%	15.87%
CDSET	1,016.24	1,001.34	14.90	899.76	1.49%	12.95%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	3,789,419.7	3,725,877.1	1.7%
	Mn USD	44,602.4	43,854.5	
Turnover	Mn BDT	52,948.0	42,394.4	24.9%
	Mn USD	623.2	499.0	
Average Daily Turnover	Mn BDT	10,589.6	10,598.6	-0.1%
	Mn USD	124.6	124.7	
Volume	Mn Shares	1,849.4	1,220.3	51.5%

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
BIFC	6.00	4.00	50.0%	604.1	7.52	NM	NM
In Tech Online Ltd.	36	24.20	46.7%	1,111.9	149.62	16.1x	3.4x
International Leasing	7.70	5.30	45.3%	1,707.9	163.69	67.0x	0.6x
Fareast Finance & Investment Limited	4.80	3.50	37.1%	787.5	4.82	NM	4.2x
Keya Cosmetics	6.30	4.80	31.3%	6,944.6	163.51	18.8x	0.4x
Fine Foods Ltd	98.50	76.60	28.6%	1,376.4	482.31	64.9x	9.3x
FAS Finance & Investments Limited	8.20	6.40	28.1%	1,222.4	271.80	54.8x	0.6x
Information Services Network Ltd.	65.40	51.40	27.2%	742.7	217.56	149.1x	5.4x
Fu-Wang Ceramic	13.70	10.80	26.9%	1,866.9	192.64	28.2x	1.4x
Prime Finance	10.00	8.00	25.0%	2,729.2	48.53	132.7x	1.1x

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Pragati Life Insurance	92.20	131.00	-29.6%	1,415.4	46.71	NM	9.2x
Savar Refractories	258.50	313.50	-17.5%	360.0	12.22	NM	41.2x
Zeal Bangla Sugar Mills	180.20	209.10	-13.8%	1,081.2	24.93	NM	NM
Renwick Jaineswar	1,421.50	1,593.20	-10.8%	2,843.0	21.38	433.4x	NM
Imam Buton	30.40	34.00	-10.6%	234.1	13.21	NM	5.4x
Meghna Pet Industries	15.00	16.70	-10.2%	180.0	6.14	NM	NM
CAPM IBBL Islamic Mutual Fund	10.00	11.10	-9.9%	668.5	56.19	NM	1.0x
Jute Spinners	121.00	134.20	-9.8%	205.7	9.28	NM	NM
Emerald Oil Industries Ltd.	12.20	13.50	-9.6%	728.5	8.77	107.1x	0.8x
Samata Leather	124.00	136.70	-9.3%	1,279.7	169.19	321.5x	8.6x

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Beximco Pharmaceuticals	122.60	120.70	1.6%	49,721.2	3,441.40	14.5x	1.8x
Beximco Limited	26.10	27.60	-5.4%	22,871.9	2,508.56	24.2x	0.4x
BRAC Bank	44.00	40.00	10.0%	58,338.7	2,060.17	12.9x	1.3x
Orion Pharma Ltd.	63.10	58.60	7.7%	14,765.4	1,952.24	19.6x	0.9x
Delta Brac Housing	93.50	92.60	1.0%	14,412.3	1,659.52	15.1x	2.3x
Square Pharmaceuticals	212.80	213.30	-0.2%	179,654.1	835.97	13.1x	2.7x
BD Finance	19.90	16.20	22.8%	3,333.8	729.14	142.2x	1.3x
Grameenphone Ltd.	347.60	322.90	7.6%	469,364.3	717.30	13.8x	11.1x
Orion Infusion	88.60	76.90	15.2%	1,803.9	696.75	46.0x	7.4x
LafargeHolcim Bangladesh Limited	43.70	43.50	0.5%	50,752.0	682.19	28.2x	3.3x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Beximco Pharmaceuticals	122.60	76.66%	49,721.2	14.5x
ACI Limited	257.10	41.65%	14,750.5	NM
Bangladesh Steel Re-Rolling Mills Limited	68.80	40.98%	16,241.5	12.4x
Baraka Power Limited	31.90	40.53%	7,020.0	13.5x
MJL Bangladesh Limited	86.40	36.49%	27,367.4	14.9x
Islami Bank	25.00	30.89%	40,249.8	7.3x
LafargeHolcim Bangladesh Limited	43.70	30.06%	50,752.0	28.2x
The ACME Laboratories Limited	78.40	28.74%	16,589.6	11.7x
Glaxo Smithkline	2,249.20	28.06%	27,094.9	47.6x
Active Fine Chemicals Limited	18.50	25.85%	4,438.8	13.4x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1351.06	1338.47	1319.28	0.94%	2.41%
NBFIs	1881.21	1845.35	1565.13	1.94%	20.19%
Mutual Funds	642.04	660.96	591.17	-2.86%	8.60%
General Insurance	2440.13	2391.31	1927.02	2.04%	26.63%
Life Insurance	1913.40	1952.84	2194.70	-2.02%	-12.82%
Telecommunication	4881.46	4555.20	3993.59	7.16%	22.23%
Pharmaceuticals	3066.65	3054.57	2492.51	0.40%	23.03%
Fuel & Power	1754.88	1736.43	1515.21	1.06%	15.82%
Cement	1388.91	1388.62	1132.29	0.02%	22.66%
Services & Real Estate	1078.03	1031.64	886.70	4.50%	21.58%
Engineering	2520.82	2405.37	2257.22	4.80%	11.68%
Food & Allied	13558.74	13472.08	12121.49	0.64%	11.86%
IT	2421.88	2187.76	1823.13	10.70%	32.84%
Textiles	1149.71	1105.04	1042.04	4.04%	10.33%
Paper & Printing	6594.33	6371.94	5233.20	3.49%	26.01%
Tannery	1769.87	1783.92	1826.45	-0.79%	-3.10%
Jute	10772.28	10347.63	11393.28	4.10%	-5.45%
Ceramics	452.92	443.59	459.10	2.10%	-1.34%
Miscellaneous	2062.27	2109.25	1745.96	-2.23%	18.12%

Table 7: Sector Trading Matrix

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Banks	885.8	851.8	3.99%	8.71%	7.4x	0.7x
NBFIs	949.3	651.8	45.65%	9.34%	160.5x	2.5x
Mutual Funds	162.1	190.3	-14.79%	1.59%	NM	0.5x
General Insurance	641.6	769.9	-16.66%	6.31%	17.1x	1.5x
Life Insurance	63.6	86.4	-26.30%	0.63%	NM	7.9x
Telecommunication	224.3	277.0	-19.02%	2.21%	14.1x	10.1x
Pharmaceuticals	2,018.3	2,295.7	-12.08%	19.85%	19.6x	2.7x
Fuel & Power	588.3	605.2	-2.80%	5.79%	11.8x	2.0x
Cement	203.3	218.7	-7.05%	2.00%	38.1x	2.6x
Services & Real Estate	165.7	73.2	126.32%	1.63%	99.1x	0.9x
Engineering	1,204.7	877.3	37.32%	11.85%	17.8x	1.5x
Food & Allied	473.0	431.7	9.56%	4.65%	24.5x	7.7x
IT	430.4	293.0	46.93%	4.23%	21.3x	3.2x
Textiles	890.4	602.9	47.69%	8.76%	NM	0.8x
Paper & Printing	173.9	90.5	92.11%	1.71%	264.8x	1.3x
Tannery	122.8	98.7	24.39%	1.21%	26.7x	1.9x
Jute	60.6	46.7	29.72%	0.60%	NM	4.9x
Ceramics	133.2	98.7	35.03%	1.31%	194.7x	1.7x
Miscellaneous	776.6	928.2	-16.34%	7.64%	24.3x	1.2x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
BRAC Bank	44.00	-17.16%	58,338.7	12.9x
Eastern Cables	167.90	-15.71%	4,029.6	NM
Delta Brac Housing	93.50	-5.93%	14,412.3	15.1x
Singer Bangladesh	169.80	-5.88%	16,929.5	16.6x
Runner Automobiles Limited	57.00	-4.20%	6,471.8	11.2x
Prime Bank	17.50	-3.85%	19,815.0	11.5x
Mutual Trust Bank	24.30	-3.72%	16,238.6	12.0x
Heidelberg Cement	158.80	-3.64%	8,972.8	NM
Unique Hotel & Resorts Limited	42.40	-3.42%	12,482.6	28.5x
Linde Bangladesh Limited	1,259.50	-3.04%	19,167.4	15.2x

Important News: Business & Economy

Exports show promise as US, EU markets reopen

• Bangladesh's merchandise export earnings increased by 4.32 per cent year-on-year to \$2.96 billion in August following a rise in demand due to the reopening of retail stores in the EU and US markets. Experts attributed the hike in earnings to the release of goods in June and July, which were stuck in warehouses because of the ongoing Covid-19 pandemic. They expected a faster recovery but it is taking a bit of time as the western economies are taking some time to fully reopen their doors, said the vice-president of the Bangladesh Garment Manufacturers and Exporters Association.

• Garment shipments began rebounding in July, when international retailers and brands started returning to Bangladesh with new work orders while also accepting previously cancelled ones. However, export receipts in August were 11.72 per cent lower than the monthly target of \$3.36 billion, according to data from the Export Promotion Bureau. Moreover, garment shipments decreased by 0.06 percent year-on-year to \$5.71 billion between July and August even though overall export earnings grew 2.17 per cent year-on-year to \$6.87 billion at the same time.

<https://www.thedailystar.net/business/news/exports-show-promise-us-eu-markets-reopen-1957161>

BD RMG exports to US drop 18.54% in January-July

• Bangladesh's apparel exports to its single largest destination - the US - declined by 18.54% during the first seven months of 2020 calendar year, compared to the same period of last year, mostly due to the Covid-19 outbreak. The country fetched USD 2.90 billion from apparel exports to the US market from January to July of 2020 against USD 3.56 billion earnings of the corresponding period of 2019, according to data of the Office of Textiles and Apparel (OTEXA) - affiliated with the US Department of Commerce.

• The US imported textile and apparel items worth USD 3.0 billion from Bangladesh from January to July of 2020. Bangladesh's apparel exports to the US in January grew by over 17%, and continued growing although the rate was slow until April. Later, apparel exports entered the negative territory, when growth declined by over 12% during January-May period. Exporters said the US demand for apparel has declined mainly because of the coronavirus outbreak.

<https://today.thefinancialexpress.com.bd/first-page/bd-rmg-exports-to-us-drop-1854pc-in-jan-july-1599414776>

<https://www.newagebd.net/article/115561/rmg-export-to-us-drops-by-1854pc-in-jan-july>

Bangladesh Bank (BB) injects BDT 144.16 billion into market in July-August to keep dollar stable

• The Bangladesh Bank, in line with its expansionary monetary policy statement for the year 2020-2021, has continued to pump local currency into the economy with the amount reaching around BDT 144.16 billion in just two months through purchase of US dollars. Excess supply of USD into the banking system has prompted the central bank to purchase the greenback to keep the exchange rate of the most influential currency stable within the country, said officials of the central bank. Besides, revival of the country's economy, hit hard by the coronavirus pandemic, was the prime reason behind its move to increase the circulation of money, the official said.

• In July and August of FY21, the central bank purchased around USD 1.7 billion from the scheduled banks which resulted in the injection of such a huge volume of local currency into the banking system, as per the BB officials. Immediately after the coronavirus broke out in the country on March 8 this year, the BB started to ease policies in an attempt to support the banks with additional liquidity so that they can in turn support businesses with adequate credit facilities, including implementation of stimulus packages. The central bank also ensured that the banks had the scope to access cheaper money from the central bank amid a drastic fall in loan recovery.

• The money market regulator made BDT 186.00 billion available to the banks by reducing the CRR to 4% from 5.5%. While unveiling the monetary policy in July, BB governor said that that was clear the monetary policy stance and monetary programmes for FY21 are expansionary and accommodative. The prime objective is to restore normalcy in economic activities to levels prevailing before the coronavirus outbreak, keeping inflation under control, he said.

<https://www.newagebd.net/article/115382/bb-injects-BDT-14416cr-into-market-in-july-aug-to-keep-dollar-stable>

Consumers place faith in cashless transactions

• According to Bangladesh Bank (BB) data, in July merchant payment through mobile financial services stood at BDT 11.34 billion, the highest ever, up by 39.8%, compared to BDT 8.11 billion in June this year. On the other hand, merchant payment through MFS registered a 34.88% growth to BDT 43.33 billion, a 12% growth in the first seven months of 2020 compared to BDT 32.12 billion in the same period in 2019. Meanwhile, total transactions through mobile financial services in the country stood at BDT 629.99 billion in July, up by 40.5% compared to BDT 448.31 billion in June this year.

• MFSs operators opined that payment through mobile financial services had gained momentum as Covid-19 forced people to buy products online and make contactless payment due to health risks posed by the novel virus. On the other hand, Eid-UI-Azha was another reason for the growth. But the trend towards adopting a cashless payment system is also on the rise due to the convenience MFS has created, head of corporate communications of bKash said. In addition, a rising trend of purchasing from online marketplaces also acted as a catalyst for the sharp rise. According to MFSs operators, there are about 2,000 e-commerce shops which are receiving payment through digital payment systems.

<https://www.dhakatribune.com/business/economy/2020/09/05/consumers-place-faith-in-cashless-transactions>

Most firms seek deferred payment, rescheduling

• A large number of local corporate bodies who borrowed from foreign sources are now pushing for deferred payments and rescheduling. Officials at the Bangladesh Investment Development Authority (BIDA) said that the COVID-19 that battered their business activities in Bangladesh as elsewhere in the world forced the companies to opt for that. Local private companies sometimes borrow from external sources as they are cheaper compared with domestic borrowing.

- This is foreign currency loan and the rate of interest hardly crosses 5.0%, including LIBOR while local banks still charge 9.0% after capping the lending rate by the central bank. Local companies involved in power generation, construction, trade, commerce, transport, storage and communications mostly take out overseas loans. The cumulative approved loan from January 2016 to July 2020 was approximately USD 10.8 billion. The volume of disbursement was approximately USD 8.9 billion as of March. The BIDA officials said between April and July, fresh loan approval was poor at just USD 176 million, much lower than the pre-lockdown period.

- The loan hardly gets defaulted as local bank guarantee is required for obtaining such credit, usually borrowed on medium to long-term basis. But people at the BIDA said that many may default this time if the pandemic lasts for a few months more as there is a rush for rescheduling and deferred payments. A BIDA official said that they met last on August 19, where they approved 21 cases, two new cases while the rest were for deferred payment and rescheduling.

<https://today.thefinancialexpress.com.bd/public/first-page/most-firms-seek-deferred-payment-rescheduling-1599240819>

Revenue generation shows little sign of recovery

- The government's effort to revive the economy by lifting the countrywide Covid-19 shutdown has failed on the revenue front as the first two fiscal months have fared dismally. Revenue collection by the National Board of Revenue (NBR) fell short of its target for the two months by 30.06%. According to sources at the National Board of Revenue (NBR), BDT 286.35 billion was collected in revenue in these two months. Analysts are of the opinion that even though external trade has normalised, domestic economic activities are still far behind normal. As people's income and consumption have decreased, revenue collection is declining instead of increasing.

- An economist and distinguished fellow at the Centre for Policy Dialogue said the country's economy has not yet returned to normalcy. The fear of the new coronavirus is still working in people's minds, he noted, adding that both income and consumption of the people have decreased.

<https://tbsnews.net/bangladesh/revenue-generation-shows-little-sign-recovery-130780>

Broadband internet services surge in Covid-19 pandemic

- People being confined to their homes due to the Covid-19 pandemic, has been a boon for broadband internet service providers. Their business is booming with rising internet use. However, the number of mobile internet users is not growing as fast as the number of broadband internet users on WiFi. The regulatory authority official said that people were choosing broadband for its faster speed and relatively low cost. Although, the number of mobile internet users still continues to be more than broadband users, the senior assistant director at the Bangladesh Telecommunication Regulatory Commission (BTRC) added.

- The total number of subscribers was 99.98 million in February, which jumped to 103.47 million in June, up by 3.49 million, according to the BTRC. The regulator said that the growth of broadband internet was higher than mobile internet, in terms of user numbers, over the months. Broadband users increased from 2.82 million in February to 8.57 million in June, while mobile internet subscribers increased by only 0.66 million to 94.905 million, the BTRC said. Meanwhile, mobile operators have been facing a decline in their number of

subscribers (SIM users).

- According to the BTRC, operators lost 4.819 million SIM users from February to June this year. In the four-month period, Grameenphone's customer base declined by 1.33 million to 74.53 million in June, while Robi's subscribers fell by 1.63 million to 47.98 million, Banglalink by 1.74 million to 34.03 million, and Teletalk fell 4.873 million, to 4.757 million.

<https://www.dhakatribune.com/business/commerce/2020/09/09/broadband-internet-services-surge-in-covid-19-pandemic>

A mixed bag of recovery

- The country's economy has been experiencing mixed levels of recovery since businesses reopened on May 31. The market for daily essentials and consumer goods that made a turnaround in July plummeted by 10-15% in August, and sales of steel, cement and electronics saw some nuggets of hope with a surge in demand. But the service sector was still going with less than half the pace at normal times. Businesspeople link the growth in some sectors to people's venturing out to fulfil their demands that were pent up during the shutdown period. Changing circumstances, triggered by the coronavirus pandemic, have also created demands for new products, contributing to the surge, they say.

- Private airlines, transport, tourism and businesses of restaurants, shopping malls and luxury products, etc, which reeled the most under the effects of Covid-19, are now going through a very slow recovery. The country's fuel consumption, which dropped to 6,000 tonnes per day during the shutdown from 14,000 tonnes in usual times, has now increased to 11,000 tonnes, according to data from the Bangladesh Petroleum Corporation. The export sector witnessed a positive trend in June-July because buyers took shipments of goods against old work orders. Some new export orders are also coming for the next season. However, exports again nosedived by 19% in August, said exporters.

- Sales of clothing brands, such as DehsiDosh, Western Fashion, Artisan, Cats Eye and Aarong are still down by 50% than usual. Footwear brands are also going through a similar selling condition. They are not getting more than 60-65% of buyers compared to pre-pandemic times. Although economic activities resumed at the end of the shutdown, not more than 20% of restaurants reopened before July. In August, all restaurants resumed their businesses but no one witnessed the presence of more than 50% of customers compared to the figures in usual times.

- Sales of consumer goods made 70% recovery in June after economic activities resumed, which later reached 90% in July, riding on growing demand ahead of Eid-ul-Adha. Again, the demand for such products nosedived by 10-15% in August. Sales of air conditioners in June witnessed at least a 10% rise compared to the figure in June last year. Television sales grew at the same rate as well. Refrigerator sales recorded an increase too because of Eid-ul-Adha and hot weather conditions, according to data from a top company. However, sales of those products decreased in August over the same time a year before. Sales of motorbikes dropped by 96% in March-May. The sector made a turnaround in June and sales rose by 12% over the same period last year. In July, sales fell slightly and again registered negative growth in August.

- Sales of computers and laptops grew by about 50% at the retail level, and mobile phones saw a 25% surge in sales in June over the same period last year. According to data, sales of cement and rods rose 11% and 9% respectively in June over the same month last year. In July, sales dropped a bit but again picked up in August. When it comes to recovery in

sales, jewellers still remain far behind. Their sales are down by 70-75% than usual.

<https://tbsnews.net/economy/mixed-bag-recovery-130252>

Government plans to allow exporters to invest abroad

- The government is going to award the local exporters a big opportunity to invest abroad subject to an adequate balance in their export retention quota – a portion of export earnings they have saved as foreign currency. An exporter will be able to invest, in the form of equity, an amount which is the lowest between the 20% of his five-year average annual export earnings and the 25% of the net assets shown in the latest audited annual financial report.
- Bangladesh Bank officials said there is no law on foreign investments by Bangladeshis. If an interested businessman applies to the Bangladesh Bank for investing abroad, it is sent to the Cabinet Committee on Economic Affairs for approval. With the committee's approval, the central bank allows him to invest abroad, but subject to various conditions. Since 2013, the Bangladesh Bank has given 8 Bangladeshi companies an opportunity to invest abroad.

<https://tbsnews.net/economy/govt-plans-allow-exporters-invest-abroad-130225>

E-commerce: a bright spot amid the gloom

- Despite some ups and downs, the country's e-commerce industry has ballooned by about 100% ever since the first Covid-19 infection in the country was announced in March. However, the growth witnessed during this six-month period still falls short of previous projections. While a number of e-commerce platforms that mainly retail essential goods are overwhelmed by an unprecedented number of orders, those that sell lifestyle and luxury items saw the demand for their products plummet to rock bottom.
- The Chaldal CEO pointed out the inadequacy of their existing delivery mechanisms and absence of a smooth supply chain as the main obstacles for growth in the overall industry. In an effort to meet the excessive number of orders made each day, Chaldal has had to make some technological and strategic changes to its organisation, including replacing old servers and automating the refund process.
- Before the coronavirus pandemic emerged, the top selling product range for Daraz, a subsidiary of e-commerce giant Alibaba, was electronics. Since then though, the demand for those items has dropped drastically while incoming orders for daily necessities and hygiene products has increased exponentially, according to the managing director. The company's overall sales fell significantly in the April-May period but business has been on the rebound since June. In a testament to the country's economic recovery from the Covid-19 fallout, the number of orders made daily surged to 55,000 in August, up 20% when compared to pre-pandemic levels. To provide customers with a better shopping experience amid the coronavirus crisis, Daraz has completely revamped its logistics technology, he said. As such, the company improved its integration with bKash, the largest mobile financial service (MFS) provider in Bangladesh, to streamline its payment system.

<https://www.thedailystar.net/business/news/e-commerce-bright-spot-amid-the-gloom-1958261>

Five industrial parks for light engineering on cards

- The government will set up five light engineering industrial parks in Dhaka, Narayanganj, Jashore, Bogura and Narsingdi to utilise the potential of the growing domestic sector. At the same time, a light engineering training institute will be established to provide the industrial parks with skilled workforce.
- Around BDT 300 billion worth of light engineering products are sold every year in Bangladesh. Of the sum, products worth BDT 90 billion are produced locally while the rest are imported. Bangladesh exports USD 349 million worth of light engineering products a year while the annual global demand hovers around USD 6 trillion.

<https://www.thedailystar.net/business/news/five-industrial-parks-light-engineering-cards-1958189>

Japanese companies relocating to Bangladesh from China to get subsidy

- Bangladesh has been added to the list of countries which will qualify for subsidy for the Japanese companies which shift their production base out of China. In order to diversify its supply chain, Japan has decided that Japanese manufacturers will now be eligible for subsidies if they shift production out of China to India or Bangladesh. The supplementary budget of Japan for the fiscal year 2020 has earmarked USD 221 million for companies that move production to Southeast Asian countries.
- In the first round of subsidies announced last month, 30 companies such as the Med-Tech and IT company Hoya decided to shift base to Vietnam and Laos. Another 57 companies are receiving financial support to shift base to Japan. The program falls under the broader effort of Supply Chain Resilience Initiative (SCRI) initiated by Japan in the backdrop of the recent disruption in medical supplies and electrical components after the COVID 19 pandemic hit the world.
- Meanwhile, Japanese Ambassador to Bangladesh announced that Japan would make investment in the Araihaazar special economic zone, which will be the largest investment in Asia. He also announced that Japan was thinking of setting up an automobile factory in Bangladesh.

<https://www.dhakatribune.com/business/2020/09/07/japanese-companies-relocating-to-bangladesh-from-china-to-get-subsidy>

Sales of government savings tools nosedive in July

- After a sudden increase in June, net sales of the state-owned savings instruments dropped drastically in July, the first month of the current fiscal year (FY), 2020-21. The Department of National Savings (DNS) data showed that net sales of the government-run savings tools came down to BDT 37.05 billion in this July, compared to BDT 93.23 billion in the previous month (June 2020). However, the government's net borrowing from the savings tools increased by 67.47% in July of FY 21, compared to that of the corresponding period of last fiscal.
- Officials said it is a normal trend that every year sales of the savings instruments, especially savings certificates, increase significantly in June. Private sector service-holders purchase savings certificates to enjoy tax rebate. They also said the savers are gradually

adapting themselves with the new mandatory rules of purchasing savings certificates, such as - providing National Identification Number (NID) and income tax certificate, and depositing money through bank cheque. So, the sales volume increased in July of FY 21 than that of the corresponding period of previous fiscal.

- The statistics showed that net sales of the savings schemes amounted to BDT 22.12 billion in July of FY 20. A senior official at the DNS said that there is an impact of the Covid-19 pandemic on overall investment in the government's savings instruments. The savers are hardly reinvesting their money in savings tools currently. The number of reinvestment in the sector declined since the government fixed maximum ceiling of investment in the savings certificates, he added.

<https://today.thefinancialexpress.com.bd/first-page/sales-of-govt-savings-tools-nosedive-in-july-1599500936>

Holding on to hope amid drawn-out adversity

- The economy is recovering from the rubble left behind once the Covid-19 pandemic emerged just six months ago, on the back of rebounding exports, astonishing record flows of remittances, uptick in private credit and peoples' responses. However, the journey has been very costly. Before the onslaught of the respiratory disease began on March 8, Bangladesh had been on an upward growth trajectory and economic wellbeing. The pace has lost its steam.

- Several private research organisations estimate that the shutdown for two-and-a-half months to battle the virus increased the poverty level by as much as 20 percentage points. The planning commission revised upwards its estimate to 29.4% in June. Extreme poverty doubled to 20.5%. The highflying growth of the economy nosedived, posting 5.2% in the last fiscal year, down from its historic high of 8.15% a year ago. The official growth figure is higher than the forecasts by multilateral lenders such as International Monetary Fund, World Bank and Asian Development Bank and local think-tank Centre for Policy Dialogue (CPD).

- Entrepreneurs, top executives and economists said the BDT 1 trillion-plus stimulus package unveiled by the government for industries, businesses and agriculture played a key role in boosting confidence of entrepreneurs, who saw their revenue plummet as the lockdown brought economic activities to their knees. The exporters of leather goods and footwear, one of the leading sectors, are bearing the brunt of the pandemic. Leather goods and footwear export dropped 25% year-on-year to USD 428 million in the first eight months of 2020.

<https://www.thedailystar.net/business/news/holding-hope-amid-drawn-out-adversity-1957685>

Stimulus packages: Disbursement picks up as business normalizes

- Banks have hastened loan disbursements under stimulus packages with businesses gradually beginning to recover from the pandemic's shocks and public movement returning to normal. Under the BDT 200 billion package for small and medium-sized enterprises (SMEs), the Bangladesh Bank approved loans amounting to BDT 41 billion till August; which was four times higher than BDT 5.10 billion approved till July 15. The approved loans under another BDT 300 billion package—meant for large industries—also doubled to BDT 200 billion in August from July's amount, according to data from the central bank.

- The managing director at Eastern Bank and chairman at the Association of Bankers, Bangladesh (ABB), said initially, loan disbursements under stimulus packages were challenging for banks owing to the closure of business activities, and strict conditions for implementing the packages. Business activities restarted in July, and the Bangladesh Bank also relaxed the rules, helping the banks for smooth disbursement, he said. In July, the Bangladesh Bank formed a credit guarantee scheme to the tune of BDT 20 billion to expedite loan disbursement in the SME sector. The managing director of Prime Bank said some large players have even started their repayments as their sales have increased up to 90% of their target since reopening business activities.

<https://tbsnews.net/economy/banking/stimulus-packages-disbursement-picks-business-normalises-129760>

Stimulus loans elude many

- Despite the government's swift measures in response to the pandemic in April, the disbursement from the stimulus packages for SMEs and farm sectors and pre-shipment credit for exporters is yet to gather momentum because of the absence of the central bank's initiative and the negligence on the part of banks. Lenders, however, have given out a major portion of the fiscal lifelines unveiled for the large industries and service sectors as the disbursement process is easier than those put in place for the SME and farm sectors.

- Soon after the deadly virus arrived on the shores of the country, the government and the central bank took 19 stimulus packages worth BDT 1.06 trillion to tackle the economic fallout brought on by the pandemic. Banks have been given the responsibility to distribute more than BDT 800 billion of the stimulus packages in the form of soft loans. So far, banks have disbursed about BDT 41.20 billion among 11,183 borrowers under the stimulus package worth BDT 200 billion dedicated for the SME sector. The loan will be given at 9% interest rate. Of the interest rate, 4% will be borne by the borrowers and 5% by the government.

- It is very difficult to lend SMEs at 9% while maintaining acquisition and maintenance costs, said the managing director of Prime Bank, recently. He called on the policymakers to reconsider the interest rate cap for the SME clients. Banks blamed the latest floods for the weak implementation as this has discouraged entrepreneurs to take out loans, a Bangladesh Bank official said. In Bangladesh, SMEs account for 20% of the GDP, 80% of the total industrial employment and 25% of the labour force. The Covid-19 pandemic has threatened the existence of 2.5 million SMEs in Bangladesh, according to the International Labour Organisation. The central bank has introduced a credit guarantee scheme for the loans going to the SMEs. Now banks hope it would accelerate the credit flow.

<https://www.thedailystar.net/business/news/stimulus-loans-elude-many-1957677>

COVID-19 affects livelihoods of 82% RMG workers: survey

- The coronavirus outbreak has affected the livelihoods of 82% of readymade garment workers in Bangladesh and more than half of the affected workers had been forced to spend savings and borrow money to cover their expenses, according to a survey. 51% of the workers had been sending money to their family before the COVID-19 crisis but 18% of the remittance senders were no longer sending money due to the pandemic.

- Of the remittance senders, 58% said they were sending either less money to family or

sending it less frequently while 22% said there had been no impact of COVID-19 on their family remittances, according to the report. In response to the survey's questions on the impact of the ongoing pandemic, only 18% of the respondents reported that the COVID-19 crisis had had no impact on their livelihoods while the remaining respondents reported at least some impact. It showed that 25% of the surveyed workers had been forced to spend savings and 18% were borrowing money to cover expenses.

- It also found that 15% of RMG workers had disobeyed quarantine rules to earn an income and nine% relied on extended family assistance due to the pandemic. The report identified that as the impact of the coronavirus pandemic, many RMG workers moved to cheaper places, looked for another job, moved back to their hometowns and sold assets to cover expenses.

<https://www.newagebd.net/article/115610/covid-19-affects-livelihoods-of-82pc-rmg-workers-survey>

Integrated supervision of banks' affairs takes effect at Bangladesh Bank (BB)

- The Bangladesh Bank on Monday issued a master circular on submission of data by the scheduled banks to the central bank's integrated supervision system. It said that the circular was issued with a view to expediting the BB's observation in an orderly and integrated manner. An official of the central bank said that the master circular would help the banks to better understand reporting to the BB through the directives given in a single circular instead of having to follow a large number of circulars issued by different departments.

- It can be termed a compilation of the BB's circulars on periodical reporting to the BB by the scheduled banks, the official said. In the circular, the BB asked the banks to submit CDs or DVDs of branch-wise quarterly classified loan statements within 25 days after each quarter-end. The banks were also instructed to submit a copy of the banks' audited annual reports to the Integrated Supervision Management Department within 15 days of publishing. The BB also mentioned that it would take regulatory measures in case of any violation of the provisions mentioned in the circular.

<https://www.newagebd.net/article/115649/integrated-supervision-of-banks-affairs-takes-effect-at-bb>

Credit growth makes a turnaround, pointing to green shoots

- Bangladesh's economic recovery from the devastating coronavirus pandemic has received a shot in the arm after both public and private sector credit growths rose sharply in July. Government borrowing jumped 51% in the first month of the fiscal year while private sector credit growth returned to the pre-pandemic level of 9.2%, data from the central bank showed. Disbursement of the government's massive stimulus packages and rebounding economic activities from the rubble of the pandemic contributed to the sharp uptick in credit growth. The government borrowed BDT 205.46 billion in July compared to BDT 166.89 billion in the same month in 2019.

- The stock of credit to the private sector in July declined by BDT 27.01 billion relative to June, a former lead economist of the World Bank in Dhaka said. The private sector has on balance paid back rather than having received additional liquidity from the banking system. The levels of increase in public sector credit growth in July are unsurprising as lower revenue collection and disbursements against the stimulus packages meant the

government required higher public borrowing during the pandemic, said the chief executive officer of Standard Chartered Bangladesh. However, borrowing through savings certificates dropped significantly, which means that interest expenses for the government will not increase in the same proportion of the public sector credit growth, he said.

- The BB has used monetary policy instruments such as cash reserve ratio, repo facility (interest rate and tenure), refinancing facility and other monetary condition easing initiatives to inject necessary liquidity in the market. The central bank has formed a credit guarantee scheme to support cottage, micro and small enterprises that lack adequate assets. The government has undertaken stimulus packages amounting to BDT 1.03 trillion to tackle the impacts of the pandemic.

<https://www.thedailystar.net/business/news/credit-growth-makes-turnaround-pointing-green-shoots-1957165>

Loan moratorium may be extended further

- The central bank is likely to extend the ongoing moratorium on the payment of loan instalments by another three months to December as borrowers are still struggling to make a comeback from the coronavirus pandemic. The moratorium on bank loan payments was introduced in the middle of March after the pandemic arrived on the shores of the country and hammered economic activities for the next three months. The support was expected to last until the end of June. Later it was extended up to September as the health crisis showed no signs of abating.

- Commercial bankers say the moratorium extension by another three months would not be a wise move given the ongoing fragile condition of the financial sector. The decision to bring all borrowers irrespectively under the moratorium facility will not bring any good for the financial sector. They recommend the BB follow the footsteps of the Reserve Bank of India (RBI), the central bank, on extending the moratorium. Last week, the RBI decided to extend the facility for two years only for the borrowers affected by economic hardship. Both the BB and the RBI initially declared the moratorium facility for all borrowers.

<https://www.thedailystar.net/business/news/loan-moratorium-may-be-extended-further-1957169>

Banks' capital base strengthens

- Capital base of the country's banking sector strengthened in the second quarter of this year as a number of banks have been enjoying deferral facility on keeping their provisioning against defaulted loans. As of June this year, banks' capital adequacy ratio (CAR) stood at 11.63%, up from 11.35% three months back, according to the latest data of the Bangladesh Bank (BB). Some state-owned banks were given deferral facilities by the (BB) in case of provisioning against their default loans which resulted in their healthy capitals, says a high official of the BB.

- However, the country's banking sector failed to maintain CAR as per the deadline set by the BB for implementation of Basel-111 by December, last year. He says the BB set the December, 2019 deadline for banks to increase the capital adequacy ratio to 12.50%. The country's state-run commercial banks have maintained a very low capital adequacy ratio as the CAR of those banks went down to 6.93% till June, this year, according to the BB data. Only 10 banks out of 60 in the country hold 63% of all non-performing loans (NPLs) in Bangladesh, says a recent report of the BB.

- In addition, foreign commercial banks also have been maintaining high standard capital adequacy ratio. The average CAR of those banks stood at 24.35% at the end of June, this year. The country's banking sector has failed to achieve the global standard for CAR owing to 10 banks, including six state-run banks. They jointly faced a total capital shortfall of BDT 213.17 billion as of June.

<https://www.dhakatribune.com/business/banks/2020/09/06/banks-capital-base-strengthens>

Private banks to be given treasury responsibilities

- The government is set to allow all banks to carry out treasury activities in places in an attempt to expand such services in the countryside, officials say. If and when implemented, the move will bring an end to the treasury role the Sonali Bank, the largest public sector bank, has been playing for decades in places where the Bangladesh Bank (BB) has no presence. Officials said some private commercial banks, which have large number of branches, have recently applied to the government expressing their interest to run treasury activities.

- Besides, they wanted to channel funds into salaries of government employees, various social safety net activities, and scholarships for students to the countryside, which is now done only by the Sonali Bank. They, however, demanded a commission for providing such door-step services through digital platforms. A senior finance division official told the FE on Sunday ultimately all banks will have to carry out the treasury-related activities Sonali is doing.

<https://today.thefinancialexpress.com.bd/first-page/private-banks-to-be-given-treasury-responsibilities-1599414279>

Bangladesh Bank widens scope of online banking

- The central bank has revised the upward limit of fund transfer through internet banking significantly to promote touchless transaction, amid pandemic. In a circular issued on Sunday, the institutional digital fund transfer a day will be raised up to BDT 1.0 million, or up by 400% from the existing limit. As many as 20 transactions will be allowed a day against five times from the current rule. On the other hand, the same applied to individuals who can transact BDT 500,000 a day, up by 150% from the existing limit, according to the circular.

- In this category, as many as 10 daily transactions will be allowed. Previously, it was five times a day. This will be effective from September 10. An official at the department concerned said the date of implementation has been fixed on September 10 as banks need time for installing their system. He also said the transaction through the internet banking is on the rise in recent times. He said there is no risk in such a transaction as it is a transfer from one bank to another. He also said in the past, there was no such division between institutions and individuals.

<https://today.thefinancialexpress.com.bd/last-page/fund-transfer-limit-revised-1599415415>

<https://www.newagebd.net/article/115562/bangladesh-bank-widens-scope-of-online-banking>

<https://www.thedailystar.net/business/news/bangladesh-bank-raises-inter-bank-fund-transfer-limits-1957153>

<https://tbsnews.net/economy/banking/internet-banking-transaction-ceiling-enhanced-four-times-129334>

Government banks generous with defaulters, waive BDT 40 billion interest

- The state-owned commercial and specialized banks seem to have kept on stretching their hand of charity towards loan defaulters as they have, yet again, exempted borrowers from paying about BDT 40 billion interest on loans in just 14 months. From January 2019 to February this year, the amount of interest waived was more than 300% from the sum they granted in 2018. With this amount, these banks exempted bad borrowers, in the last 10 years, of more than BDT 145.6 billion in interest, an amount that could construct almost half the Padma Bridge. The amount is over 400% bigger than the exemption made in the previous eight years (2001-2008).

- Bankers linked the upsurge in interest waivers to the political pressure from defaulters and the banks' move to collect one-time money from borrowers. They said most of the banks are giving interest waiver facility to the borrowers by relaxing the cost of funds. Economists said such an exemption, by any level, is immoral and discouraging for good borrowers. It will also encourage intentional defaulters, simultaneously, to not pay the interest accrued on their loans, thinking that they will be given the opportunity in the future.

<https://tbsnews.net/economy/banking/govt-banks-generous-defaulters-waive-BDT4k-interest-128872>

USD 6.0 billion ADB pledge for next three years

- The Asian Development Bank (ADB) has pledged nearly USD 6.0-billion assistance to Bangladesh in the next three years from fiscal year (FY) 2021 to FY 2023. Besides, the Manila-based lender has kept aside another USD 5.2 billion standby project aid for the country for disbursement during the period. ADB country director said that, given the coronavirus pandemic, they're enhancing their partnership with Bangladesh adjusting programme priorities to help it overcome immediate challenges related to health and social protection, accelerate economic recovery and maintain inclusive growth.

<https://today.thefinancialexpress.com.bd/public/last-page/60b-adb-pledge-for-next-three-years-1598549460>

Poor FDI frustrates Finance Minister

- Finance minister voiced his frustration over poor foreign direct investments in the country, which he called "unfortunate." He said the total size of global gross domestic product is USD 88 trillion, of which 16% is foreign direct investment. He also vice chairman of BIDA, urged the officials concerned to fill up the gaps to facilitate the inflow of foreign investments. Expressing his optimism over the quick recovery from the impacts of Covid-19 pandemic, the minister said in July-August period all the components of the macro-economy came with positive note. The export earnings made a comeback while remittance also increased by 50%, he said.

<https://today.thefinancialexpress.com.bd/public/first-page/poor-fdi-frustrates-kamal-1599154840>

Important News: Capital Market

Low interest moves focus to stock market

- Low-interest rate has turned to be a blessing for the stock market as both individual and institutional investors are choosing to park their money in stocks, making Bangladesh market the best globally with the highest gains in indices in August. The AFC Asia Frontier Fund found that most of its larger markets made good gains in August and Bangladesh market was the best performer globally with a gain of 15.8%. A research conducted by AFC Asia Frontier Fund released on August 8 showed that lower interest rate, increasing exports and remittances and the reopening of the economy have led to this rally in the Dhaka Stock Exchange (DSE).
- Lowest foreign sales in the Bangladesh market among South Asian countries also confirmed investor's confidence in the resilient economy. During the January-August period, net foreign sales amounted to USD 90 million in the Bangladesh market when it was USD 174 million in Sri Lanka, USD 314 in Vietnam and USD 350 in Pakistan, according to the research. The rally is being jointly supported by monetary easing, economic recovery, capital market regulator's moves for good governance alongside increased expectation for a continuation, said Asif Khan, CFA, a partner at Edge Research and Consulting Ltd.
- The implementation of lending rate cap from April shifted both institutional and individual investors to the stock market, the market trend shows. The real lending rate of Bangladesh came down to 1.9% while it is 3.6% in India and 1.3% in Vietnam, according to data from the Bangladesh Bank. In this situation, banks seemed to prefer the stock market as their alternate investment platform.

<https://tbsnews.net/economy/stock/low-interest-moves-focus-stock-market-130789>

StanChart rolls out first blockchain remittance service

- Standard Chartered Bangladesh yesterday rolled out a blockchain-powered remittance service for Bangladeshis working in Malaysia to allow them to send money home on a real-time basis, without any hassle and at lower costs. The bank has teamed up with Ant Group, one of the world's leading digital financial services providers based in Hangzhou, China; bKash, the top mobile financial service in Bangladesh, and Valyou, a financial technology company in Malaysia, to provide the service. The service is in the final stages of commercial testing and will be available to customers in Bangladesh and Malaysia soon, said the multinational lender in a press release.
- The bank is the fund settlement bank and regulatory approval-holder for the service. Ant Group's applied blockchain technology helps streamline the remittance process, radically improving the speed of delivery and information security and enhancing the transparency of the process. With our partners bKash, Valyou and Ant Group, we are delighted to be able to introduce a new-generation technological solution that will make the remittance experience simple and faster, by presenting the service available 24/7, including from the convenience of the remitters' mobile phones, said the chief executive officer of Standard Chartered Bangladesh.
- Bangladesh is the seventh highest source of remittance for Bangladesh. Migrant workers sent USD 235.57 million in July and USD 196.31 million in August.

<https://www.thedailystar.net/business/news/stanchart-rolls-out-first-blockchain-remittance->

[service-1958749](https://www.newagebd.net/article/115822/stanchart-bkash-valyou-launch-blockchain-based-cross-border-remittance-service)

<https://www.newagebd.net/article/115822/stanchart-bkash-valyou-launch-blockchain-based-cross-border-remittance-service>
<https://tbsnews.net/economy/standard-chartered-bank-bkash-and-valyou-launch-bangladeshs-first-blockchain-based-cross>

Grameenphone partners with Prime Bank to empower SMEs

- Prime Bank Limited and Grameenphone recently partnered to enable small and medium-sized enterprises (SMEs) with financial and connectivity solutions with an ambition to empower and provide support to accelerate its growth. Addressing the programme, the state minister for youth and sports said that the government had set up a virtual training centre for generating employment in the rural areas for returnee migrant workers to stand beside the youth amid the pandemic.
- Under the arrangement, the Grameenphone SME customers would get working capital (CC, OD and demand loan), term loans for fixed asset purchase and capital expenditures, international trade solutions, bank guarantee and work order. They can also avail a wide range of deposit products and free internet banking – ALTITUDE - for conducting broad range of e-transaction. The SME customers of Grameenphone can apply for loan from their office or home as Prime Bank has assigned dedicated relationship manager. The MSME customers of Prime Bank will also enjoy exclusive benefits for Grameenphone connection and value-added services.

<https://www.newagebd.net/article/115824/grameenphone-partners-with-prime-bank-to-empower-smes>

Associated Oxygen IPO subscription begins Thursday

- The initial public offering (IPO) subscription of Associated Oxygen Limited will begin on Thursday. It will run until September 16. Earlier, the regulator approved the proposal of the IPO to raise BDT 150 million by issuing 15 million shares, with a face value of BDT 10. The company will spend the funds to: build a warehouse and shed, buy new machinery, repay bank loans, and meet the IPO costs, etc. The company currently has the capacity to produce 0.83 million cubic metre per month of oxygen/nitrogen gases and 9.93 million cubic metre per annum capacity of dissolved acetylene gas.

<https://tbsnews.net/economy/stock/associated-oxygen-ipo-subscription-begins-thursday-130738>

Mir Akhter's share bidding begins September 27

- Price-bidding for eligible investors (EIs) to fix the cut-off price of shares of Mir Akhter Hossain Ltd, a construction company, will commence from September 27. The construction and engineering company's price bidding through electronic subscription system (ESS) of the exchanges will be continued until 5:00pm on September 30, according to an official disclosure on Wednesday. The valuation report submission period for eligible investors through electronic subscription system will start at 10:30am on October 1 and continue until 10:30am on October 5, said the disclosure.
- Only the eligible investors can participate to explore the cut-off price of the company's shares under the electronic bidding process. Each eligible investor who intends to participate in the electronic bidding for the company's shares shall maintain a minimum

investment of BDT 10 million in listed securities as on the end of September 17 as per the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015. Meanwhile, the initial public offering (IPO) subscription of Associated Oxygen Ltd begins today (Thursday), aiming to raise BDT 150 million from the capital market.

<https://today.thefinancialexpress.com.bd/stock-corporate/mir-akhters-share-bidding-begins-september-27-1599663829>
<https://tbsnews.net/economy/stock/mir-akhters-ipo-bidding-begins-september-27-130747>

Bourses learnt a lesson: all-out digitalization is a must

- The Covid-19 outbreak has showed clearly how poorly Bangladesh's stock market was digitally prepared to fight a pandemic like this. The Dhaka and Chattogram stock exchanges had to pay the price of not having a functioning digital platform to settle trades online during the pandemic and keep their doors closed for a record of 66 days. Bangladesh's stock market was the only one in the world to remain closed for over two months due to the pandemic. Only Jordan and Sri Lanka stopped trading for a few days while others kept capital markets open as usual.
- A data of the DSE and the Central Depository Bangladesh, which shows only 2% of all beneficiary owner's accounts are registered for online trading. Now, the DSE is forming a company to ease the trade settlement process to comply with the regulatory instruction to automate its IT platform, said a top DSE official. The new company, Central Counterparty Bangladesh Ltd, will be added to DSE's operations to handle digital share trading, the official said.
- For revenue, stock brokers mostly depend on brokerage charges. So they were earning almost nothing during the closure, said the chief executive officer of UCB Capital. Share trading is a two-pronged system: share transfer and money transfer, he said. The Central Depository Bangladesh executes share transfers while money transfers are handled by a department of the DSE, he said. The money transfer process is mostly manual, so brokers fell in hot water when trading stopped, he said. The prolonged closure also had a negative impact on the global image of the domestic stock market, he added.

<https://www.thedailystar.net/business/news/bourses-learnt-lesson-all-out-digitalisation-must-1958257>

Beximco Synthetics seeks delisting from stock market

- The stock market regulator suspended share trading of Beximco Synthetics after the company applied for delisting from the stock exchanges due to incurring losses for years. The Bangladesh Securities and Exchange Commission (BSEC) suspended trading of the shares of the company from Tuesday so that no one could manipulate prices of the company's shares, said a BSEC official.
- The commission may set a price for the sponsor-directors to buy shares of the company, which could be higher than the current market price so that investors' interest could be upheld, he added. Share prices of Beximco Synthetics, a polyester filament yarn manufacturer, closed at BDT 8.50 per share on Monday. The company failed to declare dividend in the last seven years since 2013 due to accumulating huge losses. Finally, the company was forced to close down the plant. It retrenched all the workers and most of the

officers and staffs after paying all their dues as per law. Then the board of directors decided to delist itself from the DSE and CSE.

<https://today.thefinancialexpress.com.bd/stock-corporate/beximco-synthetics-seeks-delisting-from-stock-market-1599582290>
<https://www.newagebd.net/article/115650/bsec-suspends-beximco-synthetics-shares-trading-as-co-seeks-delisting>
<https://www.dhakatribune.com/business/stock/2020/09/08/reasons-why-beximco-synthetics-sought-delisting>

Investors in dilemma about rights share adjustment of Pragati Life

- Investors became confused about the adjustment of the right share price of the publicly listed company Pragati Life Insurance Ltd on Tuesday. The Dhaka Stock Exchange (DSE) has not yet adjusted the right share price of the company, while the Chittagong Stock Exchange (CSE) has done so. The range of the company's share price on Tuesday at the DSE was BDT 113.70 to BDT 114, while at CSE it was BDT 97 to 105. Real adjustment of the company's right share price was BDT 70.65 in normal time. But due to floor price, it is not possible for the stock exchanges to adjust the right share price, said sources.
- As a result, the investors have been facing confusion in the trading of the company's shares. Some investors made a loss and some profit by trading the company's shares. A source at the CSE said that, they cannot really adjust the company's shares due to floor price. That is why it has been adjusted at the level of the floor price. The managing director of DSE said that DSE did not adjust the right shares of Pragati Life Insurance due to floor price. But they will adjust the price very soon after getting direction from the regulator.
- An official of the Bangladesh Securities and Exchange Commission told The Business Standard that the commission was already aware of this issue. The commission will seek an explanation from the stock exchanges in this regard very soon. He also said the commission will take necessary steps so that this situation does not arise again.

<https://tbsnews.net/economy/stock/investors-dilemma-about-rights-share-adjustment-pragati-life-130237>
<https://www.newagebd.net/article/115724/dse-fails-to-adjust-share-prices-of-31-cos-after-bonus-right-issue>

Investors in mutual fund in distress

- A total of 31 mutual fund units out of 37 are being traded below their face value and Net Asset Value (NAV) on the Dhaka Stock Exchange (DSE), frustrating both local and portfolio investors. Considered as a relatively safe haven in the risky stock business globally, investors in mutual fund units at DSE often curse themselves for losing their capital in disproportionate ways. Only six mutual funds whose units were traded on Monday above face value are: Prime Finance First Mutual Fund, CAPM IBBL Islamic Mutual Fund, Grameen One : Scheme Two, NLI First Mutual Fund, Southeast Bank 1st Mutual Fund and SEML FBLSL Growth Fund.
- The unit holders have even failed to get benefits as they had to sell bonus units of BDT 10 at prices much below the issued prices. On Sunday, the stock market regulator, Bangladesh Securities and Exchange Commission (BSEC), recommended bringing about transparency in mutual funds by making it mandatory for every portfolio-related statement to be made public. A top official of an asset management company said that typically prices

of mutual fund units remained very close to their net asset value (NAV). However, they were unusually lower in Bangladesh, making investors dissatisfied with the returns of investment from mutual fund units.

- Moreover, investors had lost confidence in mutual funds as fund managers had not liquidated funds within the deadline, as fund management lacked transparency, he added. Lack of efficiency in fund management is another reason for poor performance, which brings down unit prices, he said.

<https://www.dhakatribune.com/business/stock/2020/09/08/investors-in-mutual-fund-in-distress>

Bangladesh Securities and Exchange Commission (BSEC) exempts Robi from specific clauses of Public Issue Rules

- The Bangladesh Securities and Exchange Commission (BSEC) has decided to exempt Robi Axiata Limited, the country's second-largest telecom operator, from some clauses of Public Issue Rules for its initial public offering (IPO). Consequently, 136.1 million shares - which will be offered by Robi's employees under an Employee Stock Purchase Plan (ESPP) - will be considered as part of the IPO. An ESPP is a company-run programme in which participating employees can purchase the company's stocks at a discounted price. Robi will comply with the distribution of securities under the fixed price method to omit the employees' portion.

- Earlier, Robi took an exemption from a directive of the Financial Reporting Council (FRC) which stated that it is mandatory for IPO issuers to issue shares against "share money deposit". Robi sold shares to its employees with the condition that they will get allotment of shares only if the BSEC approves the company's IPO. Otherwise, the company will return the money to the employees. The BSEC will impose a lock-in period on the employees' shares and specify other conditions at the time of IPO approval.

- Earlier, Robi applied to the BSEC for raising BDT 5.23 billion from the capital market through issuing new shares in an IPO. The company will issue 523.8 million new shares at a face value of BDT 10 each. Of the new shares, 387.7 million will be offered to the public, which will represent 7.4% of the company's post-IPO number of shares. Meanwhile, the employees will be offered to buy 136.1 million shares under an ESPP, which will represent 2.6% of the post-IPO number of shares.

<https://tbsnews.net/economy/stock/bsec-exempts-robi-specific-clauses-public-issue-rules-129688>

Padma Oil inks business deal with Beximco LPG Unit-1

- The state-owned petroleum distributor Padma Oil Company has signed an agreement with Beximco LPG Unit-1 to sell liquefied petroleum gas (LPG). Under the agreement, Padma Oil will sell the LPG by establishing LPG refueling station and parallel to sale of petroleum oil through its registered filling stations. As per the agreement, Padma Oil will receive royalties of BDT 0.50 per liter sale of LPG, according to an official disclosure on Monday.

<https://today.thefinancialexpress.com.bd/stock-corporate/padma-oil-inks-business-deal-with-beximco-lpg-unit-1-1599496790>

High Court order on Pubali Bank stayed by Supreme Court

- The incumbent Board of Directors of Pubali Bank Limited will continue to perform its activities as per normal rules with four newly-elected members at the 37th AGM. Pubali Bank Limited got legal permission from the court, said a statement. On August 27, 2020, the High Court ordered for re-election of the Board of Directors. Subsequently, on September 06, 2020, the Judge in Chambers, Appellate Division of the Supreme Court stayed the order of the High Court.

<https://today.thefinancialexpress.com.bd/stock-corporate/hc-order-on-pubali-bank-stayed-by-sc-1599496824>

Nagad could be the lone cash cow of postal department

- The government's postal department has been a loss-making concern throughout its operations spanning two centuries but it finally made a profit from one of its services for the first time in the last fiscal year -- thanks to Nagad. Nagad is a joint venture between the Bangladesh Post Office and Third Wave Technologies. The postal department owns a 51% stake. The country's fastest-growing mobile financial service yesterday shared BDT 11.2 million with the postal department as part of its earnings, said the MFS provider in a press release.

<https://www.thedailystar.net/business/news/nagad-could-be-the-lone-cash-cow-postal-department-1957157>

<https://tbsnews.net/economy/nagad-pays-BDT112cr-service-revenue-postal-department-129271>

BSEC issues new decree on MFs' disclosure

- The securities regulator has issued a new directive on financial reporting and disclosure of mutual funds (MFs) and asset managers to enhance transparency in disclosure for the interest of investors and capital market. As per the directive, a MF, asset manager, trustee, custodian and sponsor will make disclosures or submit documents as may be called upon to do so by the commission.

- The documents which will have to be submitted are: a copy of the duly audited financial statements, including statement of financial position, statement of comprehensive income, statement of cash flow, statement of changes in equity, and accompanying accounting policies and notes to the financial statements of the fund and for each scheme. These documents will have to be submitted once a year within three months from the end of financial year.

- The directive also mentioned that a quarterly statement of changes in the net asset of each of the schemes of the fund has to be submitted within 30 days of the end of quarter. The BSEC also asked the asset managers to send a complete statement of portfolios of a scheme to all unit-holders within 30 days from the end of each quarter.

<https://today.thefinancialexpress.com.bd/last-page/bsec-issues-new-decree-on-mfs-disclosure-1599415467>

<https://www.newagebd.net/article/115566/bsec-asks-mfs-to-disclose-investment-info-quarterly>

<https://www.dhakatribune.com/business/stock/2020/09/06/bsec-moves-to-increase-transparency-in-mutual-funds>

<https://tbsnews.net/economy/stock/mutual-funds-must-disclose-investment-info-129280>

Energypac Power's share bidding to open September 21

- The bidding for eligible investors (EIs) to discover the cut-off price of shares of Energypac Power Generation Ltd will commence from September 21. The power generation company's share bidding through electronic subscription system (ESS) of the exchanges will be continued until 5:00pm on September 24, according to an official disclosure on Sunday. The valuation report submission period for eligible investors through electronic subscription system will start at 10:30am on September 27 and continue till 10:30am on September 29, 2020 (round the clock).

- Only the eligible investors can participate to explore the cut-off price of the company's shares under the electronic bidding process. As per the regulatory approval, the power generation company will raise a capital worth BDT 1.50 billion from the capital market to expand the LPG business and repay bank loans. Apart from LPG business expansion and loan repayment, the company's IPO proceeds will be used to bear the cost of public offering process.

<https://today.thefinancialexpress.com.bd/stock-corporate/energypac-powers-share-bidding-to-open-sept-21-1599409172>

BSEC to hold public hearings on securities issues

- The securities regulator has planned to hold public hearing on different issues of capital market including investment safety. The officials of the Bangladesh Securities and Exchange Commission (BSEC) said the hearing will be held once in each quarter. Different commissions hold public hearing. The BSEC will also hold public hearing with a view to consider suggestions that will come from different stakeholders and general investors, said a BSEC director. He said stakeholders and general investors willing to attend the public hearing via zoom must be registered. Asked about the topic of first public hearing, Mr. Karim said the securities regulator will set the first topic considering investors' interest.

<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-to-hold-public-hearings-on-securities-issues-1599409120>

Bangladesh Securities and Exchange Commission (BSEC) approves bonds for PRAN Agro, Al-Arafah Islami Bank

- The Bangladesh Securities and Exchange Commission (BSEC) yesterday approved two bonds in favor of Al-Arafah Islami Bank Limited and PRAN Agro Limited worth BDT 7.10 billion. The BSEC approved Al-Arafah Islami Bank's BDT 5 billion non-convertible, floating rate, mudaraba subordinated tier-2 capital bond. The tenure of the bond is seven years. The bond will strengthen the capital base of the company. Per unit price of the bond is BDT 0.5 million. BSEC also approved the PRAN Agro Limited's fully redeemable non-convert unsecured corporate guarantee bond, worth BDT 2.10 billion. Per unit price of the bond is BDT 1 million. The tenure of the bond is seven years. The discount rate of this bond is 8% to 10%.

<https://www.dhakatribune.com/business/stock/2020/09/03/bsec-approves-bonds-for-pran-agro-al-arafah-islami-bank>

<https://www.newagebd.net/article/115384/bsec-allows-aibl-pran-agro-to-float-bonds>

Subscription of Associated Oxygen begins September 10

- The initial public offering (IPO) subscription of Associated Oxygen Ltd will begin on September 10, aiming to raise BDT 150 million from the capital market. The IPO subscription for shares of the company by the eligible investors through electronic subscription system under the fixed price method will be continued until September 16, according to the company's IPO prospectus. A market lot consists of 500 shares and an investor needs BDT 5,000 to apply for each lot of the company's IPO shares.

- As per the BSEC approval, the company will issue 15 million ordinary shares with an offer price of BDT 10 each under the fixed price method. The IPO proceeds will be used for construction of store shed and new plant shed, acquisition of new plant and machinery, repay bank loans and IPO expenses, as per the prospectus. According to the audited financial report for the year ended on June 30, 2019, the weighted average earnings per share (EPS) of the company in the last five years stood at BDT 1.51. And, its net asset value (NAV) per share was BDT 17.37 without revaluation. BD Finance Capital Holdings Ltd is working as the issue manager of the company for its IPO process.

<https://today.thefinancialexpress.com.bd/public/stock-corporate/subscription-of-associated-oxygen-begins-september-10-1599233558>