

Capital Market Overview

The market closed in green this week. The benchmark index DSEX (+1.93%) gained 90.75 points and closed the week at 4,794.07 points. The blue-chip index DS30 (+3.31%) gained 52.76 points and stood at 1,647.07 points. The Shariah-based index DSES (+1.09%) gained 11.88 points and stood at 1,100.34 points. The large cap index CDSET (+2.58%) gained 24.23 points and closed at 963.24 points. DSEX, DS30, DSES and CDSET showed YTD returns of +7.66%, +8.84%, +10.05%, +7.06% respectively.

Total Turnover During The Week (DSE): BDT 59.0 billion (USD 694.2 million)

Average Daily Turnover Value (ADTV): BDT 11.8 billion (Δ% Week: +4.7%)

Market P/E: 15.0x

Daily Index Movement during the Week:

Market performed five sessions during this week. Market performed positively in the first session by 3.32%. Then market reverted to negative by 1.53% in the second session and continued to be negative in the third session by 1.36%. The market turned positive in the fourth session by 1.50% and ended with a positive movement of 0.07% in the fifth session.

Sectoral Performance:

- The financial sectors showed mixed performance during this week. NBFIs booked the highest gain of 7.99% followed by Mutual Funds (+8.93%) and Banks (+1.68%). Life Insurance posted the highest loss of 7.10% followed by General Insurance (-6.27%).

- The non-financial sectors showed mixed performance during this week. Pharmaceuticals reported the highest gain of 3.15% followed by Power (+3.06%). Engineering posed the highest loss of 2.75% followed by Food & Allied (-2.04%) and Telecommunication (-0.81%).

Macroeconomic arena:

- The country's foreign exchange reserve exceeded the USD 38 billion mark for the first time amid a surge in remittance inflow coupled with lower import payments. To keep the dollar exchange rate stable, the central bank has been purchasing the greenback heavily from the local market thus resulting in higher reserve of the country, an official of the central bank said. On the other hand, in the fiscal year 2019-2020, the country observed a significant drop in import payments due to the outbreak of the novel coronavirus that has impacted adversely over the global economy as well as on the country. On top of these, the government's initiative to issue two percent cash incentive against the inward remittance played a key role in the huge inflow of remittance.

- Garment exporters are not worried over falling behind their peers in Vietnam in overseas sales. They hope exports will rebound by December, buoyed by demand in the Western world ahead of Christmas. Under the present circumstances, there will be a downward trend in the garment exports in August and September. But exports will get a boost from Christmas sales in December. Vietnam exported about USD 30 billion of garment products between July and June, surpassing Bangladesh that shipped about USD 28 billion of clothes.

- Sales of commercial vehicles like trucks and pickups have started to bounce back as economic activities are finally gaining momentum following a two-and-a-half-month-long government-enforced pause amid the pandemic. On average, 20 units of trucks and 45 pickups were sold each day in July, while the numbers were 32 and 40 units respectively in the pre-pandemic period, according to market players.

Stock Market arena:

- The stock market regulator has asked all listed companies to inform it whether they are lending to their associated and sister companies at the expense of general investors, in another bold step from the new top brass. The Bangladesh Securities and Exchange Commission (BSEC) has found that some of the listed companies are extending interest-free loans to their associated or sister concerns, ballooning the profits of the companies of sponsors and directors. What is more, some listed companies are borrowing from banks at a higher interest rate but are giving loans to sponsors' companies at cheaper rates. Such lending reduces the listed companies' profits and dents general investors' confidence.

- Banks' investments in the country's capital market from the special funds have remained low after six months of the policy introduction by the Bangladesh Bank as they have invested around BDT 2.64 billion in the period in the market. As per the BB data, so far 16 banks have formed special funds totaling to BDT 18.50 billion for the stock market investment.

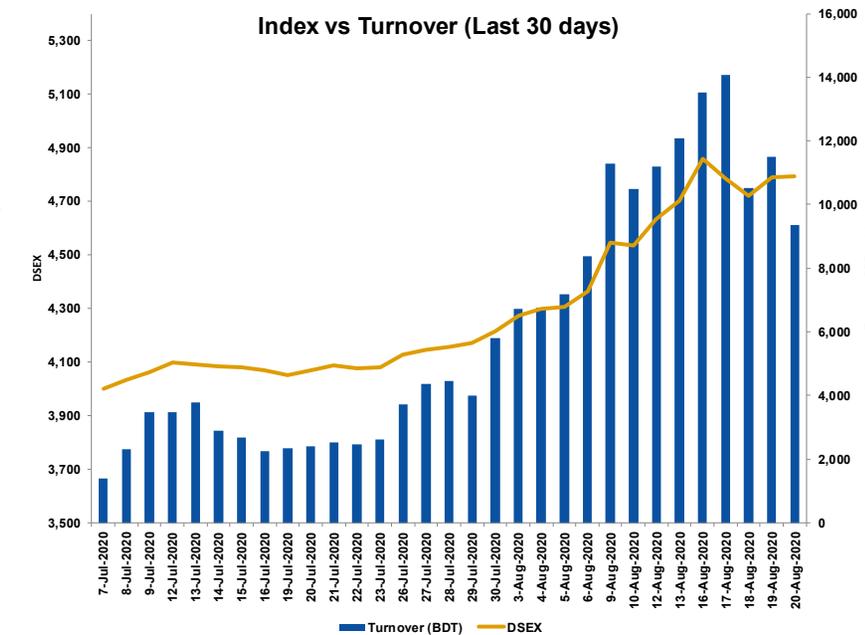
Table 1: Index

Index	Closing	Opening	Δ(Pts)	30-Dec-2019	Δ% Week	Δ%YTD
DSEX	4,794.07	4,703.32	90.75	4,452.93	1.93%	7.66%
DS30	1,647.07	1,594.31	52.76	1,513.35	3.31%	8.84%
DSES	1,100.34	1,088.46	11.88	999.83	1.09%	10.05%
CDSET	963.24	939.01	24.23	899.76	2.58%	7.06%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	17,979,315.1	13,978,587.1	28.6%
	Mn USD	211,620.9	164,531.4	
Turnover	Mn BDT	58,980.1	45,048.9	30.9%
	Mn USD	694.2	530.2	
Average Daily Turnover	Mn BDT	11,796.0	11,262.2	4.7%
	Mn USD	138.8	132.6	
Volume	Mn Shares	2,250.0	1,658.4	35.7%

Figure 1: DSEX & Turnover in last four weeks



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Table 3: Top Ten Gainers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Savar Refractories	238.20	154.10	54.6%	331.8	13.96	NM	37.9x
Zeal Bangla Sugar Mills	151	97.80	53.9%	903.0	24.32	NM	NM
BIFC	4.30	3.00	43.3%	432.9	3.11	NM	NM
Orion Pharma Ltd.	62.70	45.00	39.3%	14,671.8	2,096.67	19.5x	0.9x
EXIM Bank 1st Mutual Fund	6.40	4.60	39.1%	916.8	21.98	NM	0.6x
First Finance Limited	7.00	5.10	37.3%	813.5	2.89	NM	1.7x
Daffodil Computers Ltd.	71.30	54.00	32.0%	3,558.7	132.35	56.1x	5.3x
Al-Haj Textile Mills Limited	41.70	32.00	30.3%	929.8	30.58	NM	3.7x
IFIC Bank	12.80	9.90	29.3%	20,734.4	1,600.94	7.1x	0.7x
Shaympur Sugar	60.10	47.10	27.6%	300.5	10.81	NM	NM

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Pioneer Insurance	58.90	72.20	-18.4%	4,121.9	551.79	9.2x	2.9x
Global Insurance Ltd.	20.40	24.40	-16.4%	787.9	122.76	32.7x	1.8x
United Insurance	46.10	54.40	-15.3%	2,051.4	43.56	23.6x	1.6x
Nitol Insurance	38.10	44.60	-14.6%	1,531.9	332.64	6.3x	1.8x
Janata Insurance	20.40	23.50	-13.2%	862.6	63.22	27.1x	1.7x
Peoples Insurance	29.90	33.90	-11.8%	1,381.4	268.03	16.2x	1.4x
Pragati Insurance	47.30	53.60	-11.8%	3,102.4	157.37	20.3x	1.0x
Provati Insurance	30.40	34.40	-11.6%	903.0	139.08	12.4x	1.8x
Purabi Gen. Insurance Company Ltd.	17.60	19.90	-11.6%	973.4	174.75	16.7x	1.5x
Rupali Life Insurance Co. Ltd.	50.40	56.90	-11.4%	1,454.0	201.77	NM	5.0x

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Beximco Pharmaceuticals	111.70	97.10	15.0%	45,300.7	3,442.37	13.2x	1.6x
Beximco Limited	26.20	21.30	23.0%	22,959.6	2,829.35	24.3x	0.4x
Orion Pharma Ltd.	62.70	45.00	39.3%	14,671.8	2,096.67	19.5x	0.9x
IFIC Bank	12.80	9.90	29.3%	20,734.4	1,600.94	7.1x	0.7x
BRAC Bank	36.90	35.10	5.1%	48,924.9	1,569.79	10.8x	1.1x
Square Pharmaceuticals	205.40	202.60	1.4%	173,406.7	1,127.21	12.6x	2.6x
Khulna Power Company Limited	51.70	47.60	8.6%	20,546.3	1,019.16	17.0x	2.1x
LafargeHolcim Bangladesh Limited	42.90	41.40	3.6%	49,822.9	823.56	27.7x	3.3x
Indo-Bangla Pharmaceuticals Limited	24.70	22.00	12.3%	2,754.2	817.09	14.4x	1.9x
Baraka Power Limited	32.60	31.20	4.5%	7,174.0	794.97	13.8x	2.6x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Beximco Pharmaceuticals	111.70	60.95%	45,300.7	13.2x
ACI Limited	276.50	52.34%	15,863.5	NM
Baraka Power Limited	32.60	43.61%	7,174.0	13.8x
Active Fine Chemicals Limited	19.70	34.01%	4,726.8	14.2x
Glaxo Smithkline	2,353.60	34.01%	28,352.5	49.8x
Bangladesh Steel Re-Rolling Mills Limited	65.10	33.40%	15,368.0	11.7x
MJL Bangladesh Limited	84.00	32.70%	26,607.2	14.4x
Islami Bank	25.00	30.89%	40,249.8	7.3x
The ACME Laboratories Limited	78.10	28.24%	16,526.1	11.6x
LafargeHolcim Bangladesh Limited	42.90	27.68%	49,822.9	27.7x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1331.33	1309.32	1319.28	1.68%	0.91%
NBFIs	1797.89	1664.89	1565.13	7.99%	14.87%
Mutual Funds	666.07	611.45	591.17	8.93%	12.67%
General Insurance	2336.53	2492.72	1927.02	-6.27%	21.25%
Life Insurance	1980.18	2131.57	2194.70	-7.10%	-9.77%
Telecommunication	4074.41	4107.77	3993.59	-0.81%	2.02%
Pharmaceuticals	2981.99	2890.88	2492.51	3.15%	19.64%
Fuel & Power	1661.81	1612.51	1515.21	3.06%	9.68%
Cement	1364.56	1335.87	1132.29	2.15%	20.51%
Services & Real Estate	1010.46	1019.23	886.70	-0.86%	13.96%
Engineering	2300.65	2365.67	2257.22	-2.75%	1.92%
Food & Allied	12193.40	12447.43	12121.49	-2.04%	0.59%
IT	2119.30	2015.39	1823.13	5.16%	16.24%
Textiles	1074.37	1064.47	1042.04	0.93%	3.10%
Paper & Printing	6006.76	6147.78	5233.20	-2.29%	14.78%
Tannery	1701.08	1711.04	1826.45	-0.58%	-6.86%
Jute	8921.79	9382.96	11393.28	-4.91%	-21.69%
Ceramics	444.57	436.56	459.10	1.83%	-3.17%
Miscellaneous	2094.66	1890.17	1745.96	10.82%	19.97%

Table 7: Sector Trading Matrix

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Banks	1,545.5	1,276.4	21.08%	13.60%	7.3x	0.7x
NBFIs	320.6	348.8	-8.10%	2.82%	153.4x	2.4x
Mutual Funds	375.9	193.2	94.54%	3.31%	NM	0.5x
General Insurance	1,306.5	1,179.1	10.80%	11.50%	16.5x	1.5x
Life Insurance	153.3	279.4	-45.15%	1.35%	NM	8.2x
Telecommunication	285.9	392.0	-27.06%	2.52%	11.8x	8.5x
Pharmaceuticals	2,463.8	1,852.3	33.01%	21.68%	19.0x	2.6x
Fuel & Power	871.6	710.1	22.75%	7.67%	11.2x	1.9x
Cement	290.0	302.0	-3.97%	2.55%	37.4x	2.5x
Services & Real Estate	85.4	86.4	-1.10%	0.75%	92.9x	0.8x
Engineering	918.8	1,295.6	-29.09%	8.09%	16.3x	1.4x
Food & Allied	447.2	696.6	-35.80%	3.94%	22.0x	6.9x
IT	222.1	205.3	8.17%	1.95%	18.7x	2.8x
Textiles	829.6	779.2	6.48%	7.30%	NM	0.8x
Paper & Printing	110.1	127.0	-13.33%	0.97%	241.2x	1.2x
Tannery	90.5	87.2	3.71%	0.80%	25.7x	1.8x
Jute	35.7	60.9	-41.30%	0.31%	NM	4.1x
Ceramics	113.3	137.7	-17.72%	1.00%	191.1x	1.7x
Miscellaneous	896.7	741.9	20.87%	7.89%	24.7x	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	36.90	-30.53%	48,924.9	10.8x
Eastern Cables	154.30	-22.54%	3,703.2	NM
Singer Bangladesh	150.40	-16.63%	14,995.3	14.7x
Runner Automobiles Limited	50.80	-14.62%	5,767.8	10.0x
Shahjalal Islami Bank	20.40	-8.46%	19,993.9	11.2x
Heidelberg Cement	151.90	-7.83%	8,582.9	NM
Unique Hotel & Resorts Limited	40.50	-7.74%	11,923.2	27.2x
Prime Bank	16.90	-7.14%	19,135.6	11.1x
Delta Brac Housing	92.60	-6.83%	14,273.6	14.9x
Golden Harvest Agro Industries Ltd.	18.30	-6.63%	3,949.8	13.3x

Important News: Business & Economy

Forex reserves cross USD 38 billion mark for the first time

• The country's foreign exchange reserve exceeded the USD 38 billion mark for the first time on Tuesday amid a surge in remittance inflow coupled with lower import payments. In July, the country achieved a record amount worth USD 2.6 billion in remittances on the eve of Eid-ul-Azha after posting USD 18.21 billion remittance inflow in the fiscal year 2019-2020. Although the inflow of remittance slowed down a bit in August with the banks fetching USD 863.10 million in the first two weeks of the month, the flow of remittance was more than enough to fulfil the import payment requirements of the banks.

• To keep the dollar exchange rate stable, the central bank has been purchasing the greenback heavily from the local market thus resulting in higher reserve of the country, an official of the central bank said. On the other hand, in the fiscal year 2019-2020, the country observed a significant drop in import payments due to the outbreak of the novel coronavirus that has impacted adversely over the global economy as well as on the country. The country's import payments dropped by 8.56% to USD 50.69 billion in FY20 from USD 55.44 billion in FY19. Although the export earnings dropped by 17.1% to USD 32.83 billion in FY20, the earnings rebounded in July. In July of FY21, the country's export earnings increased by 0.59% to USD 3.91 billion year-on-year. On top of these, the government's initiative to issue two% cash incentive against the inward remittance played a key role in the huge inflow of remittance.

<https://tbsnews.net/economy/banking/forex-reserves-cross-38b-mark-first-time-121261>
<https://www.newagebd.net/article/113837/forex-reserve-tops-38b>
<https://www.dhakatribune.com/business/2020/08/18/forex-reserves-reach-record-38-15bn>

RMG exporters hope for a rebound

• Garment exporters are not worried over falling behind their peers in Vietnam in overseas sales. They hope exports will rebound by December, buoyed by demand in the Western world ahead of Christmas, reports bdnews24.com. They also dream of having an 'opportunity' to have a bigger market share in the United States, as China, which dominates the US market, is having a 'trade war' with it.

• As the coronavirus pandemic has upended the world economy, it affected the exports too. People stopped buying clothes after their income collapsed. Big fashion houses are yet to reopen. Only some online shops have opened their business. Under the present circumstances, there will be a downward trend in the garment exports in August and September. But exports will get a boost from Christmas sales in December. Vietnam exported about USD 30 billion of garment products between July and June, surpassing Bangladesh that shipped about USD 28 billion of clothes, according to the General Statistics Office of Vietnam and the Bangladesh Export Promotion Bureau.

• In Bangladesh, garments account for about 85% of its export proceeds. The fall of Bangladesh from the second position came as bad news to local manufacturers. In August and September, however, the export won't be as good as in July. It may drop to half of July's exports. This is because the July export was based on the old orders placed in March, April and May, which the buyers had deferred earlier, the vice president of Bangladesh Knitwear Manufacturers and Exporters Association. said. But he was optimistic about a rebound in exports.

<https://today.thefinancialexpress.com.bd/last-page/rmg-exporters-hope-for-a-rebound->

[1597600186](#)

Another sign of economic rebound: sales of commercial vehicles springing back

• Sales of commercial vehicles like trucks and pickups have started to bounce back as economic activities are finally gaining momentum following a two-and-a-half-month-long government-enforced pause amid the pandemic. On average, 20 units of trucks and 45 pickups were sold each day in July, while the numbers were 32 and 40 units respectively in the pre-pandemic period, according to market players.

• Between 2010 and 2019, trucks and pickups, which provide major logistic support in export and import activities, worth about BDT 420 billion were sold, with 10% average growth per year, industry insiders said. Now, a total of 160,000 trucks and 140,000 pickups ply the country's roads. In the first six months of the year, a total of 4,372 units of pickups and 2,229 units of trucks were registered in the country, according to the Bangladesh Road Transport Authority.

<https://www.thedailystar.net/business/news/another-sign-economic-rebound-sales-commercial-vehicles-springing-back-1945745>

Government cranks up bank borrowing

• The government started the new fiscal year with higher bank borrowing as July loans figure almost doubled as revenue collection fell, officials say. Its borrowing reached BDT 130.87 billion in the first month of FY 2020-21 through issuance of treasury bills (T-bills) and bonds against BDT 70.50 billion pre-auction target, set by the Ministry of Finance earlier to partly meet budget deficit. Of the total borrowing, BDT 109.32 billion was taken out from the banks and the remaining BDT 21.55 billion from individuals and corporate entities, the officials said.

• Meanwhile, the government's cumulative net bank borrowing stood at BDT 80.59 billion until July 29 after adjustment of payback worth BDT 28.72 billion to the central bank, according to a Bangladesh Bank confidential report. The government was forced to borrow more from the banking system in July because of lower revenue collection, a senior official said. The government's bank borrowing normally rises in the months of June and July each year, he said. The overall revenue collection fell by 22.07% to BDT 123.34 billion in July from BDT 158.28 billion the year before, according to the official figures.

• It also fell short of the month's target of BDT 193.78 billion by BDT 70.44 billion mainly due to the impact of Covid-19 pandemic. Meanwhile, the government is set to borrow more than BDT 58 billion from the country's banking system for the month of August. The government may receive up to BDT 190 billion as gross borrowing from the banking system in August through T-bills and bonds, according to the government's auction calendar issued by the central bank recently.

<https://today.thefinancialexpress.com.bd/public/first-page/govt-cranks-up-bank-borrowing-1597342702>

RTGS transactions rebound to BDT 1.76 trillion in July

• Real-time gross settlement has increased by 17.95% or BDT 268.13 billion in July month-

on-month as business and economic activities continue to accelerate defying the risk of coronavirus infection. RTGS is an electronic settlement system where transfer of funds takes place from one account of a bank to that of another bank on a real-time and gross basis and it settles more than or equal to BDT 0.1 million local currency transactions. In July, the volume of transaction through RTGS surged to BDT 1.76 trillion in July from BDT 1.49 trillion in June this year, as per the Bangladesh Bank data.

- The increase in number and volume of transactions represent a rise in business and economic activities, an official of the central bank said. Even though the extent of coronavirus infections in the country is yet not negligible, people are trying to complete their day-to-day activities despite the risk of catching the virus, the official said. Prime Bank managing director said that it's a positive sign and testament to the country's progress towards embracing digital financial solutions.'

<https://www.newagebd.net/article/113954/rtgs-transactions-rebound-to-BDT-176176cr-in-july>

Saving costs: Banks moving to cyberspace from brick and mortar

- Banks are now re-engineering their business strategies to cope with the "new normal" amid the pandemic and the lending rate cap regime. Prime Bank – one of the largest private banks in the country – has decided to cut office space by around 50,000 square feet by December this year as part of its cost minimization plan. Around 30% of the bank's 3,150 employees are attending the office physically for the last several months in the wake of the pandemic, while the remaining 70% have been working from home. The bank will continue this remote work policy permanently to minimize rental expenditures. Internet registration has increased three to four times during the pandemic situation. Prior to the coronavirus outbreak, monthly internet banking registration was 400 which increased to above 1,500 in April.

- BRAC Bank – the largest SME (small and medium enterprise) centric bank having the largest network of SME offices across the country – is also planning to reduce its dependence on real estate for offices. The bank has decided to start a remote working system for its employees. Around 500 among 1,200 employees of the bank have been attending office physically since the coronavirus outbreak in the country. The bank will continue this practice. The bank has also cut its travelling and training costs as all training programmes are currently being held virtually. This practice will continue in the future. Customers also have adapted to digital banking as online banking registration of the bank has now improved to 15,000 to 20,000 per month, which was between 4,000 and 5,000 before the virus outbreak.

- Meanwhile, Mutual Trust Bank has taken steps to reduce its operational cost. The bank will release an office building by January next year which will save it annual rental expense of BDT 500 million. Moreover, the bank will revise down its office rents by 15-20% for at least six months. The bank has also invested heavily in digitalization. It has purchased a software that enables its employees to access the office server and work remotely.

<https://tbsnews.net/economy/banking/saving-costs-banks-moving-cyberspace-brick-and-mortar-121699>

Banks keep imposing higher rates on credit cards, flouting BB instructions

- Most commercial banks are imposing staggeringly high interest rates on their credit cards

bills, violating Bangladesh Bank (BB) regulations. Some of them are even charging as high as 27%, according to the BB. Banks cannot charge more than 5% on top of the highest interest rate of a consumer loan for credit cards, meaning the rate could go as high as 14%, as per BB regulations on credit card operations.

- It was not possible to reduce interest rate on credit cards because the operating costs of such cards were high, said the former Chairman of the Association of Bankers, Bangladesh (ABB). The interest rates of credit cards are also high in other countries of the world, he added. The credit card business was not doing well amid the pandemic, said bankers. The Head of Card of Southeast Bank said clients made a majority of their payments for travel, tourism and lifestyle products through credit cards. But all the activities had reversed due to the deadly virus, he added.

- According to the Bangladesh Bank data, 35 banks are operating credit card business, out of the total 60 banks in the country. The 35 banks had 1.56 million credit cards till January this year. Credit card transactions in the country declined to BDT 5.23 billion in April from BDT 11.35 billion of the previous month due to the economic fallout caused by the COVID-19 pandemic.

<https://www.newagebd.net/article/113817/42pc-drop-in-june-july-income-though-economy-reopens>

July wage growth drops to 5.82%

- Wage growth in July dropped to 5.82% from 5.90% in June as a result of declining wages in all three sectors — agriculture, industry and services— due to the fallout of coronavirus outbreak in the country. Monthly wage of low-paid skilled and unskilled labour engaged in agriculture, industry and services dropped in the month, according to the Bangladesh Bureau of Statistics data. The wage index rates for industry and services also dropped to 5.18% and 5.52% respectively in the month from 5.31% and 5.78% in the previous month.

- On Tuesday, the Power and Participatory Research Centre and the BRAC Institute of Government Development in findings of a survey conducted by them jointly said that household income in June-July remained on average 42% below the pre-COVID-19 level despite resumption of economic activities. Urban slum dwellers experienced the highest income drop — 43% — followed by rural people 41% in June-July, they said.

- According to the BBS data, the point-to-point inflation dropped by 0.49% points to 5.53% in July, the first month of the current fiscal year 2020-2021, from that of 6.02% in June mainly due to a decline in the food inflation. The point-to-point inflation in June had increased to 6.02% from 5.35% in May due mainly to the coronavirus outbreak-induced price hike of essential food items. According to the BBS data, both the general and food inflation decreased in both the urban and rural areas in July from the previous month.

<https://www.newagebd.net/article/113947/july-wage-growth-drops-to-582pc>

Shocks await banks next year. Should they begin preparations now?

- Many businesses are now living on a knife edge, and it is widely expected that the pandemic will leave a lasting legacy of bankruptcies and redundancies. Common sense would dictate that banks would be doing the groundwork such that when the catastrophe takes place, they would not be dragged six feet under along the way. In fact, three of the biggest American banks have taken preparations for this eventuality, putting aside a

combined USD 28 billion in provisions for current and future loan losses as part of their efforts to absorb the shocks emanating from the ongoing economic meltdown.

- But in Bangladesh, banks are feeling comfortable as the central bank has given a regulatory forbearance, barring them from classifying loans until September in case of a failure to pay instalments by businesses given the ongoing financial recession. The deadline may be extended to December. The comfort may not last. The default loans may escalate alarmingly when the moratorium period expires as a large number of businesses are seeing their capacity to pay back loans is eroding gradually. If banks don't start preparing to keep provisioning immediately to tackle the future shocks, the entire financial sector will face deep trouble, said the executive director of the Policy Research Institute of Bangladesh.

- Both the lenders in Western nations have received moratorium support to survive during the ongoing economic hardship, but they have also taken a mega programme to protect their financial health by increasing provisioning, he said. The central bank should carry out a study immediately on the financial sector to take the stock of the actual condition of both businesses and banks, said a former high official of the International Monetary Fund. Based on the findings, BB may pursue banks to put aside the required amount of fund for provisioning. Besides, the central bank should restrict banks to give dividends to shareholders for 2020.

<https://www.thedailystar.net/business/news/shocks-await-banks-next-year-should-they-begin-preparations-now-1947997>

Large companies foresee poor sale, tax payment

- Most of the large taxpayers are apprehending a sharp slide or poor growth in their sale and probable payment of consumption tax in the current fiscal year (FY), 2020-21. The Large Taxpayers Unit (LTU) contributes 65% of the NBR's total VAT collection. There are some 170 large companies under the unit.

- Among the sectors, revenue from tobacco contributes majority of the LTU's earning. There might be eight to 10% drop in sale of cigarettes in current FY, industry insiders said. The situation slightly improved in the months of June and July. But, British American Tobacco, Bangladesh (BATB), which pays the highest amount of VAT, has projected only 1.0% growth in the current FY over the corresponding year, said a senior VAT official. Pharmaceutical sector is facing crunch of raw materials in procuring those from their main source - China. So production of drugs might face a blow in near future, if immediate steps are not taken, the official further said. On the other side, mobile phone operators said use of mobile phone went down by at least 20% in the COVID pandemic due to slowdown of businesses' activities.

<https://today.thefinancialexpress.com.bd/first-page/large-companies-foresee-poor-sale-tax-payment-1597858712>
<https://www.newagebd.net/article/113953/most-large-corporate-taxpayers-project-dismal-business-in-fy21>

Floods destroy crops worth over BDT 13 billion

- The consecutive floods this year have caused damage to crops having market value of BDT13.23 billion in 37 districts of the country. Crops on 0.159 million hectares of land were

totally damaged by the floods that first started on June 25 last. The agriculture minister said his ministry has already distributed farm inputs worth BDT 175.4 million to 0.239 million flood-affected farmers.

<https://today.thefinancialexpress.com.bd/first-page/floods-destroy-crops-worth-over-BDT13b-1597858586>

Pandemic buoys demand for automation among local businesses

- The ongoing coronavirus pandemic has brought about many changes to everyday life, especially the way people deal with the outside world. Those who were previously sceptical about buying products online now fully trust digital shopping platforms to honour electronic payments and deliver the goods to their doorsteps as maintaining social distancing is an integral part of the new normal. Similarly, executives who loved to hold meetings face-to-face have now shrugged off their technophobia and carry out such activities online.

- Software developers are now receiving numerous queries about their services, according to the managing director and chief executive officer of Skylark Soft, a local IT firm that markets automated production tracking systems for garment exporters. They saw some unexpected sales and are also getting good feedback. They are seeing more interest than usual among large-scale garment producers, he added. The coronavirus outbreak seems to have actually simplified things as everyone now appreciates the importance of automation.

<https://www.thedailystar.net/business/news/pandemic-buoys-demand-automation-among-local-businesses-1947989>

Banks ordered to return to normal working hours

- The central bank yesterday ordered banks to run their branches like in normal times to give a boost to the economy although the COVID-19 caseload is showing no sign of coming down. The Bangladesh Bank lifted the curtailed roster arrangement that was put in place on 22 March to protect employees from the deadly virus. Now, lenders were asked to operate banking operations from 10:00 am to 6:00 pm like they did before the pandemic hit the country. The employees who contracted the virus will be allowed to stay home upon submitting a medical certificate. Similarly, pregnant female workers are spared. The central bank, however, instructed banks to ensure employees follow the social distancing guidelines while working in branches.

<https://www.thedailystar.net/business/news/banks-ordered-return-normal-working-hours-1947373>

42% drop in June-July income though economy reopens

- Income recovery of people is still very fragile despite a resumption of economic activities as household income in June-July has remained on average 42% below the pre-COVID-19 level, according to survey findings. Urban slum dwellers experienced the highest income drop — 43% — followed by rural people 41% in June-July though 84.18% of urban households and 83.05% of rural households came back to economic activities in the period, said the findings released at a virtual press briefing on Tuesday. Around 17% households were still out of work in the month while around 7% employed people shifted to another job while 76% remained in the same job, according to the survey.

<https://www.newagebd.net/article/113817/42pc-drop-in-june-july-income-though-economy->

[reopens](#)

BDT 8.48 billion project approved to widen road to boost Indo-Bangla trade

- The government yesterday took up a BDT 8.48 billion project to widen a road that would broaden bilateral trade between India and Bangladesh. It came as the Executive Committee of the National Economic Council (Ecneec) approved seven projects involving BDT 34.61 billion. India would provide BDT 5.81 billion for the project from its third line of credit extended to Bangladesh, which would bear the rest of the cost.
- The project would contribute to establishing road network between the Chattogram port and the Ramgarh land port and open the door for two-way trade between Bangladesh and India through Sabram/Ramgarh land port, according to the project documents. The proposed road is 72 km off from the Chattogram port and 201km off from Dhaka.

<https://www.thedailystar.net/business/news/tk-848cr-project-approved-widen-road-boost-indo-bangla-trade-1947389>

<https://www.dhakatribune.com/business/2020/08/18/ecneec-clears-846c-road-project-to-boost-trade-with-india>

Banks dive into Treasury bills, bonds as interest income falls

- Listed banks increased their investment in government and corporate bonds, securities and stocks in the second quarter of 2020 to offset the loss in interest income caused by the ceiling on lending rates. Their investment in bonds and other securities rose 8.84% to BDT 3.15 trillion as on 30 June. Investment income surged BDT 8.42 billion, or 49%, to BDT 25.46 billion in the quarter. The data was calculated based on the half-yearly financial statements of 25 out of 30 banks listed on the Dhaka Stock Exchange.
- The spread, the difference between the lending rate and the deposit rate, fell to 2.5% to 2.75% in the April-June quarter due to the single-digit lending rate. Although the lending rate went down to 9%, many of the banks could not bring down the deposit rate to 6%. As Bangladesh's trade with the rest of the world plummeted during the quarter because of the coronavirus pandemic, banks' earnings from commissions and charges also fell. The commission and charge income dropped 24% year-on-year to BDT 11.10 billion. The profits declined 35% to BDT 12.64 billion in the second quarter due to the lower interest income and commission on their services.
- The current half of the year would be more challenging as the two quarters will suffer from the problem of the lower interest income, the managing director of Mutual Trust Bank said, adding that banks saw a higher interest income in the first quarter. The banking sector's future will also hinge on the orders the garment sector would receive in the spring. A top official of another bank, which has increased investment in bonds and securities significantly, said as the outbreak of coronavirus was getting out of control during the second quarter, there were no other options but to raise investment in bonds, securities and some other safe instruments.

<https://www.thedailystar.net/business/news/banks-dive-treasury-bills-bonds-interest-income-falls-1946837>

Bangladesh Bank (BB) asks banks, NBFIs to execute with top priority

- The central bank has asked the bank and non-bank lenders to properly implement the

stimulus package for cottage, micro, small and medium enterprises (CMSMEs) by giving top priority - in order to help expedite recovery of the pandemic-hit economy. The central bank also extended the deadline for execution of the stimulus package for CMSMEs by two months - from August 31 to October 31.

- On July 02, the central bank asked all banks to take effective measures for implementing the stimulus packages, including the one for CMSME sector, within August. The banks were also asked to implement the lion's share of the stimulus packages within July and the remaining portion within August. In the meeting, the BB governor advised the bankers to give emphasis on cottage, micro and small (CMS) enterprises to help create more employment opportunities across the country, according to the officials.

<https://today.thefinancialexpress.com.bd/first-page/bb-asks-banks-nbfis-to-execute-with-top-priority-1597687171>

<https://www.newagebd.net/article/113766/banks-nbfis-get-more-time-to-execute-package>
<https://www.thedailystar.net/business/news/stimulus-package-csme-must-be-given-out-oct-1946809>

<https://tbsnews.net/coronavirus-chronicle/covid-19-bangladesh/banks-get-2-more-months-disburse-stimulus-loans-smes>

Services exports declined 5.56% in FY20

- Like manufacturing goods, export performance of the services sector declined in the last fiscal year, bringing total earnings down by 5.56% compared to a year before. Bangladesh earned USD 6,132 million by selling services abroad in the 2019-20 fiscal year, which was USD 6,493 million in the previous year, according to the full-year provisional figures released by the Export Promotion Bureau. The decline was 17% in June this year than in the same month last year, going down from USD 507 million to USD 416 million. Services export accounted for about 15% of total export proceeds of USD 39.8 billion from goods and services in the last fiscal year that ended in June.
- Limited capacity and poor quality of services restrict the scope of countries like Bangladesh to compete with developed countries in the trade of services, which requires high skill training, research and innovation, said the chief executive officer of Bangladesh Foreign Trade Institute (BFTI). The institute conducted a survey of six products in the services sector with support from the World Trade Organization's (WTO) Enhanced Integrated Framework, and found that Bangladesh needs to build capacity to derive benefits from the relaxed WTO rules for trade in services. These relaxed rules apply to the world's less developed economies, he said.

<https://tbsnews.net/economy/services-exports-declined-556-fy20-120793>

<https://today.thefinancialexpress.com.bd/last-page/service-sector-export-earnings-drop-556pc-1597687547>

Banks' electronic money transfer falls 35% in June

- Interbank electronic money transfer in the country declined by 35.49% in June this year as people began returning to their normal lives despite the high infection rate of the deadly virus. As per the Bangladesh Bank data, electronic money transfer through its network, known as the Bangladesh Electronic Fund Transfer Network, fell to BDT 289.27 billion in June against BDT 448.43 billion in the previous month. Interbank electronic money transfer soared by 76.55% to BDT 328.15 billion in April than the previous month, the first month of

the countrywide shutdown imposed to tackle the spread of the coronavirus, as people avoided physically visiting bank branches for transactions.

• Electronic money transfer also rose by 36.65% to BDT 448.43 billion in May from April this year, said the BB data. The transaction volume in May was the highest through the BEFTN. Interbank electronic money transfer displayed a normal trend in June because people were returning to their normal lives after the end of the lockdown on May 30 despite the high infection rate of coronavirus, said a high official of the Bangladesh Bank. However, electronic money transfer declined in June because people began going back to their normal lives and they were now carrying out their transactions physically, said a former chairman of the Association of Bankers Bangladesh.

<https://www.newagebd.net/article/113767/banks-electronic-money-transfer-falls-35pc-in-june>
<https://www.dhakatribune.com/business/banks/2020/08/17/electronic-money-transfers-among-banks-fall-35-49-in-june>

Rawhide traders down in the dumps

• Seasonal traders of rawhide have been left disappointed by this year's sales as the price for untanned leather has remained low for two consecutive years now. During Eid-ul-Azha, a three-day Islamic celebration that began on 31 July, nearly ten million heads of cattle were sacrificed by the general public. However, for the past two weeks, traders at major rawhide markets in Dhaka, Palashbari, Tangail, Mymensingh, Jessore and Chattogram have all reported receiving low prices for the product.

• The total value for rawhide sales was estimated to be BDT 5 billion this year but just a few years back, the market value for animal skins was more than BDT 12 billion even though a smaller number of cattle were sacrificed back then. Usually, rawhide prices in Dhaka are comparatively higher than that of those produced in rural areas owing to their superior size and quality, the chairman of the Bangladesh Hide and Skin Merchant Association said, adding that he blames the tanners for the poor inflow of funding. Tanners are purchasing salted rawhides at prices fixed by the government at BDT 1,000 to BDT 1,200 per piece in Dhaka and BDT 700 to BDT 800 per piece from anywhere else, said the president of the Bangladesh Tanners Association. However, although the government fixed the price of salted rawhide, it did not do the same for the unsalted version and this is one of the main reasons behind the low prices offered by tanners during the Eid days.

<https://www.thedailystar.net/business/news/rawhide-traders-down-the-dumps-1946829>

Bangladesh Bank (BB) to ask banks, NBFIs to pace up

• The central bank is set to ask the banks and non-banking financial institutions (NBFIs) for faster implementation of the stimulus packages particularly the one for the CMSMEs to speed up recovery of the pandemic-hit economy. The banks and NBFIs, which have loan disbursement targets of BDT 500 million and more, have been selected to participate in the review meeting, according to the official. The BB's latest move came against the backdrop of slower progress in loan disbursement under the financial package for the CMSMEs sector until July 30. The banks and NBFIs disbursed only BDT 15 billion of the stimulus package by then.

• The disbursed amount is just 7.50% of the total BDT 200 billion financial support for the sector. The support is to help the CMSMEs sector to offset the adverse impact of the Covid-

19 pandemic. Loans amounting to BDT 27.50 billion were sanctioned for more than 8,000 CMSMEs during the period, according to the central bank's statistics.

<https://today.thefinancialexpress.com.bd/first-page/bb-to-ask-banks-nbfis-to-pace-up-1597599522>

Real estate sector becoming more optimistic of a rebound

• Bangladesh's real estate sector will hopefully be able to cope with the ongoing coronavirus pandemic as instalment collection on previous sales started to pick up after the economy reopened in June, according to various realtors and financiers. Besides, the government has allowed the use of untaxed income to purchase land or apartments while the reduction in registration fees makes this the perfect time to invest in real estate at reasonable costs. However, the country's realtors also said that apartment prices could eventually increase due to the rising cost of raw materials and delays in project implementation.

• They had feared that we would face difficulty in surviving the pandemic following a drop in demand for housing amid the unprecedented economic uncertainty brought on by the Covid-19 fallout, said the president of the Real Estate and Housing Association of Bangladesh (REHAB). But the situation is improving alongside the increase of economic activities, he added. The sector got a shot in the arm in July last year, when the government moved to slash registration fees and interest rates on loans. Now though, realtors are just trying to survive the pandemic rather than make a profit, he added.

• Houses in the Uttara, Bashundhara and Mohammadpur areas have the highest demand, said the chief executive officer of bproperty, the biggest online real estate broker in Bangladesh. These areas make up about 35% of the total demand for 2020. If the sector recovers, its allied industries, of which there are 230, will also benefit, according to industry insiders.

<https://www.newagebd.net/article/113569/banks-invest-paltry-BDT-264cr-in-stocks-in-six-months>

Loan write-offs touch down to a three-year low

• Loans written off by banks plummeted to a three-year low in the first quarter of 2020 as lenders' capacity to keep 100% provisioning against their delinquent assets has decreased because of the fall in profit. Usually, loans are written off when they are entirely provisioned and there is no realistic prospect of recovering them. These loans are shifted to off-balance sheet records. Between January and March, loans amounting to BDT 335 million were written off, down 96.5% from a quarter earlier and 94% from a year earlier, according to data from the central bank.

• This is the lowest write-off amount since the first quarter of 2017 when banks removed BDT 247.4 million from their balance sheets. The downward trend of the write-off loans is not a good indicator for the financial sector as it gives lenders the leeway to not set aside funds against the defaulted loans. The central bank gave a regulatory forbearance to banks on 19 March, allowing them to not consider businesspeople as defaulters if they fail to repay instalments until 30 June. The deadline has been extended to September to help businesses tide over the economic hardships brought on by the global coronavirus pandemic.

- The regulatory forbearance, a policy that permits banks and financial institutions to continue operating even when their capital is fully depleted, has reined in the upward trend of the defaulted loans and did not give the lenders the scope to clean up their balance sheets by using the write-off module. At the end of March, default loans stood at BDT 925.10 billion, which was 9% of the total outstanding loans in the banking sector.

<https://www.thedailystar.net/business/news/loan-write-offs-touch-down-three-year-low-1946281>

Undisclosed cash in 3 forms to be allowed to be legalized

- Individual taxpayers are set to be allowed to legalize undisclosed cash in three forms by declaring those in the tax returns and paying tax by the current fiscal year of 2020-2021. Cash in hand, cash at banks and cash as working capital can be disclosed by paying income tax at 10% flat rate, officials of the National Board of Revenue said. The regular income tax rates range from 5% to the highest 25%.

- Such benefit of legalizing untaxed cash is given for the first time in the country with the widened and blanket opportunity of legalization of undisclosed moveable and immovable assets, investment in land, apartment and in stock market ignoring experts' and economists' demand for scrapping the unconstitutional, unethical, unfair and fruitless scope, experts said. Tax officials are not supposed to verify whether the assessee actually has the cash in hand or not, a senior income tax official said. Such money holders, however, will have to pay the tax before submission of tax returns or revised return of income during the period between July 1, 2020 and June 30, 2021.

<https://www.newagebd.net/article/113566/undisclosed-cash-in-3-forms-to-be-allowed-to-be-legalised>

Vietnam beats Bangladesh in textile, clothing export

- Vietnam surpassed Bangladesh in exporting textile and clothing products in the first six months of 2020. According to the General Statistics Office of Vietnam data, during the January-June period of 2020, Vietnam, the closest competitor of Bangladesh, earned USD 13.18 billion from exporting textile and sewing products. On the other hand, Bangladesh fetched USD 11.92 billion by exporting readymade garment (RMG) products during the same period, data from Export Promotion Bureau (EPB) showed. According to the World Trade Organisation (WTO) data, Bangladesh was the second largest apparel exporter in the globe with a 6.8% market share worth USD 34 billion in 2019. In 2019, Vietnam's market share was 6.20% to USD 31 billion.

- First, they need to clarify the export figure of Vietnam. Vietnam exports data include both textile and RMG products, while our products are only apparel and textile products, and that too counted in different categories, BGMEA Senior Vice President said. However, the gap in terms of export earnings is not very big and if the earnings from textile products of Bangladesh are added with that from the garments, it will be very close to Vietnam, he claimed. Secondly, production in the country's apparel sector and other manufacturing factories were closed during March-April. In a sense, exports were almost stalled, while Vietnam did not stop operation, he explained.

- Economists do not want to draw conclusions with the present data, and also want to take the global pandemic situation - which disrupted trade and commerce - into consideration before commenting on the decline.

<https://www.dhakatribune.com/business/economy/2020/08/14/vietnam-surpasses-bangladesh-in-textile-clothing-export>
<https://tbsnews.net/economy/rmg/vietnam-surpasses-bangladesh-rmg-export-118897>

Apparel makers facing new pressure from buyers: Study

- The apparel makers are facing new challenges as the buyers changing their prices and order strategies, including product specification, after the FoB price is locked amid the ongoing Covid-19 pandemic, according to a latest report. The buyers' high-pressure strategies, suppliers reported, have the most impact on the suppliers' business profitability and threatened the latter's social and environmental sustainability, it showed.

- On an average, 3.3 strategies were used by each buyer, with the most common strategies being take it or leave it - meet the target cost or supplier cannot win the order, demanding level prices be maintained from year to year - no consideration for inflation and demanding across the board price cuts from previous orders/years. Most suppliers or 93%, however, reported that their buyers have started placing new orders since the onset of COVID-19.

- The most frequently reported changes to buyers' pricing and ordering strategies included an overall decrease of order volume relative to previous orders or season's (59% reported), smaller volumes at the same price (51%) and lower target prices from previous orders (40%). When asked, the senior vice president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) agreed with the report findings about price pressures. He alleged that the buyers were frequently asking for changes or adding extra works in the products, but at the same time they are not paying additional prices for the additional work.

<https://today.thefinancialexpress.com.bd/last-page/apparel-makers-facing-new-pressure-from-buyers-study-1597511744>
<https://www.newagebd.net/article/113572/global-rmg-buyers-shift-corona-induced-financial-burden-onto-suppliers-study>

Industrial engine loses steam

- Bangladesh's industrial growth slumped in the last fiscal year, mainly due to the COVID pandemic, the government data show. The sector recorded notable growth in the previous couple of years. The manufacturing sub-sector's expansion fell by 8.36% points to 5.84% in FY 2019-20 from 14.20% in the FY2019. Analysing the Bangladesh Bureau of Statistics (BBS) data, it was found that the country's industrial growth rate in last year plunged by a half to only 6.48%.

- The industrial sector had been maintaining a robust growth trend since FY2017, expanding at the rate of 12.06% in FY2018 and 12.67% in FY2019. In FY2017, the growth rate was recorded at 10.22%, the BBS data showed. But the coronavirus has suddenly broken the backbone of the economy, as the manufacturing subsector grew by 5.84% in the last fiscal. Former World Bank lead economist said that the economic growth as well as growth in the industrial sector seemed to be incomplete as the BBS itself said some economic indicators of the last three-months of the year were not calculated.

- Even the BBS's provisional GDP growth rate figure of 5.24% was also questionable as different economic indicators even before the coronavirus impact were not doing well, he said. He did not see any reasons for positive growth in the manufacturing and service

sectors in the last fiscal year, he added.

<https://today.thefinancialexpress.com.bd/public/first-page/industrial-engine-loses-steam-1597424558>

Cheap rawhides have nothing to do with high prices of leather goods: experts

• That very low prices of rawhides will be able to keep prices of leather goods such as footwear and bags from going abnormally high in the domestic markets is not necessarily true, finds research of the Bangladesh Trade and Tariff Commission (BTTC). Generally prices of leather goods such as footwear, belts and bags are expected to be very low considering the fact that prices of rawhides, the main ingredient for making leather goods, has been low in the country over many decades. However, leather comprises less than 5% of the production cost of a pair of leather shoes, according to a senior research officer of the BTTC. Other costs tend to be high such as those for labour, transportation, branding, administrative and managerial works and running establishments alongside that of bank interest rates and stock lots. As a result, the low prices of rawhides are not reflected in prices of leather goods in the domestic markets.

• Local leather footwear and leather goods manufacturers have recently turned to making high-end and semi high-end goods for customers as demand for those increased with rising incomes in Bangladesh, the BTTC official said seeking anonymity. Moreover, leather goods manufacturers say they sell goods in bulk quantities only on a handful of occasions around the year such as Eid-ul-Fitr, Pahela Baishakh, Eid-ul-Azha and Durga Puja. For the rest of the year, they cannot log adequate sales despite having to continually spend money for running their businesses such as for operating showrooms and maintaining employees.

• The BTTC blames an organised syndicate for prices of rawhides hovering at abnormally low rates in the local markets over the past two consecutive years. Moreover, tanners incurred losses of around BDT 5 billion while relocating their factories from the city's Hazaribagh area to Savar Tannery Industrial Estate (STIE) in 2017. They have been suffering from a cash crunch for this, said the BTTC official who has been conducting research on the leather industries over the years. The prices of rawhides remained low for the past two years mainly because tanners could not go into full production in the STIE and incurred significant losses while shifting from Hazaribagh to the STIE.

<https://www.thedailystar.net/business/news/cheap-rawhides-have-nothing-do-high-prices-leather-goods-experts-1945741>

Cement-makers' plight seems to be over

• Cement manufacturers can breathe a sigh of relief at least for now as the sector has been showing some signs of recovery for the last two months from the coronavirus pandemic. The sector had been reeling from the unprecedented collapse in demand in April and May because of the pandemic, which hammered activity and brought the construction sector to a grinding halt. Sales have started to bounce back almost to the pre-pandemic level in June and July. Though sales are picking up, the cement makers are running way below their capacity. On top of that, the manufacturers were unable to collect dues from dealers and contractors as they too were devastated by the pandemic. Because of the pandemic, the growth of the sector will come down to 7% this year from the 12-15% average growth it clocked in the last few years, said the chief operating officer of Bengal Cement Ltd.

• The sector's confidence is still intact largely because of the steadily growing demand in a country where per capita cement consumption is very low and there has been a construction spree of large infrastructure since before the onset of the pandemic. To complete the Padma bridge project, it is estimated that three million tonnes of cement will be used. Other mega projects will require similar amounts. There are 37 active cement factories in Bangladesh and more than BDT 300 billion has been invested in the industry. Manufacturers have a combined annual production capacity of 58 million tonnes against local demand for 33 million tonnes. Local companies dominate the market and annual sales have reached USD 3 billion, according to the BCMA.

<https://www.thedailystar.net/business/news/cement-makers-plight-seems-be-over-1944797>

Agent banking performance mixed in April

• Agent banking, one of the key banking services in achieving financial inclusion, witnessed a moderate growth in April amid a nationwide shutdown to curb the coronavirus pandemic. During the month, 82 agents signed up with the service and 99 outlets were opened afresh. This included the addition of around 250,000 new agent banking accounts. Till March this year, 26 banks obtained licences to operate agent banking, but of them 22 were able to do it, according to data from the Bangladesh Bank.

• In April, the deposit collection of banks through agent banking increased by over BDT 2.01 billion from the amount in the preceding month of March. Owing to increased agent banking accounts, remittance inflow through the banking wing went up by about BDT 3.69 billion in April from that in March. However, in the same month, transactions through this particular banking wing dropped by about BDT 70.66 billion to over BDT 114.72 billion due to the imposition of the countrywide shutdown, thus signifying lower economic activities. As per Bangladesh Bank data, the banks disbursed just BDT 3 million in loans in April through their agent banking wing against their disbursement of BDT 575 million in March, the immediate preceding month of the lending rate enforcement.

<https://www.thedailystar.net/business/news/cement-makers-plight-seems-be-over-1944797>

Important News: Capital Market

Bangladesh Securities and Exchange Commission (BSEC) orders firms to report on lending to sister concerns

• The stock market regulator has asked all listed companies to inform it whether they are lending to their associated and sister companies at the expense of general investors, in another bold step from the new top brass. The Bangladesh Securities and Exchange Commission (BSEC) has found that some of the listed companies are extending interest-free loans to their associated or sister concerns, ballooning the profits of the companies of sponsors and directors. What is more, some listed companies are borrowing from banks at a higher interest rate but are giving loans to sponsors' companies at cheaper rates.

• This compelled BSEC to write to all listed companies on 13 August asking them to submit a report within 10 working days about such transactions with sister concerns where sponsor shareholders and directors are common. Such lending reduces the listed companies' profits and dents general investors' confidence. The regulator has recently taken steps against

some companies on the grounds. Some of the companies have shown substantial amounts in the mode of loans or advances with sister concerns, ignoring instructions from the regulator, the letter said.

<https://www.thedailystar.net/business/news/bsec-orders-firms-report-lending-sister-concerns-1947361>

Banks invest paltry BDT 2.64 billion in stocks in six months

• Banks' investments in the country's capital market from the special funds have remained low after six months of the policy introduction by the Bangladesh Bank as they have invested around BDT 2.64 billion in the period in the market. Although the central bank initially expected that the banks would grab the facility and would give some momentum to the country's capital market that suffered heavily for more than one year before the recent surge, the response of the banks was not that satisfactory, a BB official said.

• As per the BB data, so far 16 banks have formed special funds totaling to BDT 18.50 billion for the stock market investment. Of the banks, Sonali Bank, Janata Bank, Agrani Bank, One Bank, Mercantile Bank, United Commercial Bank and NCC Bank formed BDT 2.00 billion in special fund each, Pubali and City Bank formed BDT 500 million in special fund each and EXIM Bank formed BDT 800 million in special fund.

<https://www.newagebd.net/article/113569/banks-invest-paltry-BDT-264cr-in-stocks-in-six-months>

Marico Bangladesh has big plans for men's grooming

• Marico, the Indian fast-moving consumer goods company, recently launched a new product -- the X-Clean and Fresh Men's Soap -- under its men's grooming label, Studio X, as a part of the brand's ongoing effort to diversify its product base. Earlier this year, Marico Bangladesh, a subsidiary of the Mumbai-based company, invested heavily to establish Studio X. Initially, Studio X's product line consisted of shampoo, face wash, hair gel and cologne.

• The fast-moving consumer goods company's profits soared 30% to BDT 2.64 billion in the 2019-20 financial year as its flagship product -- Parachute's coconut oil -- continues to dominate its competition in the sector. In its last financial year, Marico's edible oil brand Saffola witnessed a robust growth of more than 108% year-on-year but the company's baby lotion sales slumped more than 27% at the same time.

• Baby lotion alone accounts for about 70% of Marico Bangladesh's annual revenue and so, the company shelled out BDT 300 million to establish Studio X and diversify its product base. Within six months of launch, the new line of soap has been introduced, bringing the brand's portfolio up to five in the personal care category.

<https://www.thedailystar.net/business/news/marico-bangladesh-has-big-plans-mens-grooming-1946265>

<https://www.dhakatribune.com/business/2020/08/16/studio-x-for-men-launches-clean-and-fresh-men-s-soap>

Tax receipts from Dhaka Stock Exchange (DSE) drop 4.0% in July

• The government's revenue earnings from the Dhaka Stock Exchange (DSE) fell nearly

4.0% in the first month of the current fiscal year, after hitting 10 years low in the last fiscal. Market analysts said the sluggish trading activities due to Covid-19 pandemic coupled with low share sales by sponsor-directors impacted the government's revenue earnings from the DSE in the first month of the Fiscal Year (FY) 2020-21. The government bagged revenue worth BDT 188 million in July, 2020 which was BDT 195 million in July, 2019, according to data available with the DSE. The government earned the amount on TREC (trading right entitlement certificate) holders' commission and share sales by sponsor-directors and placement holders.

<https://today.thefinancialexpress.com.bd/stock-corporate/tax-receipts-from-dse-drop-40pc-in-july-1597855058>

Beacon Pharma sets up dedicated antibiotic plant for BDT 2.50 billion

• Beacon Pharmaceuticals is set to inaugurate a new facility today to manufacture antibiotics exclusively -- a venture that is likely to fetch the company BDT 1.00 billion in export receipts a year. The plant, which sits on 3 acres of land in Bhaluka upazila of Mymensingh district, cost BDT 2.50 billion and was set up in compliance to Good Manufacturing Practice Regulations promulgated by the US Food and Drug Administration. It will be dedicated to manufacturing cephalosporins, which are a large group of antibiotics that kill a wide range of bacteria in a similar way to penicillin. They bind to and block the activity of enzymes responsible for making an important component of the bacterial cell wall.

• The plant will be run under its new sister concern, Beacon Cephalosporins. They spent five years to set this new sophisticated facility to conform to the highest international standard like that of the US FDA, UK MHRA, TGA Australia, the managing director of Beacon Pharmaceuticals said. Though their pharmaceuticals are already produced under strict standards, a little more is needed for specific antibiotic products, for which the new facility was created, he said. The facility was up one year back and all this time they had been carrying out trial runs to perfect the quality of their products. Beacon Pharma MD expects to export drugs worth BDT 1.00 billion per year from this facility upon meeting local demand.

<https://www.thedailystar.net/business/news/beacon-pharma-sets-dedicated-antibiotic-plant-BDT-250cr-1947985>

Walton AC sales increase this summer

• Local electronics giant Walton witnessed a sharp rise in its air conditioner (AC) sales in this year summer season following the sweltering heat wave across the country. To cater more customers, Walton brought new models of air conditioners with advanced features at reasonable prices, said a press release. Besides, the brand offered some lucrative benefits to customers, including 100% cash discounts, cash vouchers up to 50% of the paid amount, free installation and AC exchange facility, it added. From E-plaza, customers can purchase Walton's 1.5 ton Ionizer AC at BDT 32,435 and 1 ton AC at BDT 27,675, the release informed.

<https://www.dhakatribune.com/business/2020/08/19/walton-ac-sale-increases-this-summer>

Stocks likely to rebound due to expansionary Monetary Policy Statement (MPS): Bangladesh Bank report

- The Bangladesh Bank has said that the country's capital market is likely to rebound in the coming months due to the expansionary monetary policy announced by the central bank for the fiscal year 2020-2021 along with restoration of normal economic activities. The long downward trend in the country's capital market prompted the central bank to issue a number of policy supports to give some confidence to the stocks investors.
- The central bank has instructed all scheduled banks to create a special fund worth BDT 2 billion only for investment in the capital market which will help to prop up investors' confidence, the report said. Under the fresh arrangement, the banks were allowed to form the special fund with their own resources or with fund received from the BB through repo or refinance mechanism but such loan will not be included in the ADR (advance-deposit ratio) calculation of the concerned banks and the lending will be of continuous and revolving in nature, it said. As per the BB data, 16 banks have so far invested BDT 2.64 billion on the stock market from their special funds.

<https://www.newagebd.net/article/113863/stocks-likely-to-rebound-due-to-expansionary-mps-bb-report>

Dhaka Stock Exchange (DSE) seeks stimulus package to offset Covid-19 fallout

- The Dhaka Stock Exchange (DSE) Limited has sought low-cost funds through a financial stimulus package to meet operational expenses of brokerage houses and merchant banks amid the Covid-19 pandemic. The central bank advised the DSE delegation to seek the support from the Ministry of Finance (MoF), according to meeting sources. A senior official at the BB said the central bank may provide a refinancing facility if the government announces a stimulus package for offsetting the adverse impact of the Covid-19 on their businesses.
- The DSE delegation also sought interest waiver on margin loans provided by the merchant banks and brokerage houses for six months to minimize the losses of the market participants, they added. The amount of such loans would be around BDT 15 billion. Regarding the interest waiver on margin loans, the BB official said that the central bank advised the delegation to discuss the issue with the Bangladesh Securities and Exchange Commission (BSEC).
- The meeting also discussed different other issues, including starting trade of the government securities at the DSE. The central bank along with Tata Consultancy Services (TCS) is now working to modify the market infrastructure (MI) module, an automated trading platform, to facilitate trading of the government securities in the country's prime bourse.

<https://today.thefinancialexpress.com.bd/last-page/dse-seeks-stimulus-package-to-offset-covid-19-fallout-1597773688>
<https://tbsnews.net/economy/stock/bsec-allow-foreign-outlets-brokerage-firms-121276>
<https://tbsnews.net/economy/stock/brokerage-firms-need-BDT1000cr-stimulus-fund-survive-121210>
<https://www.newagebd.net/article/113864/dse-requests-bb-to-issue-stimulus-loans-to-stocks-intermediaries>

Pragati Life's rights share subscription to open Sept 24

- Rights shares subscription of Pragati Life Insurance is set to begin September 24, aiming to raise BDT 230.27 million. The subscription period for the life insurer will be continued until October 20, 2020, according to an official disclosure on Tuesday. The record date for entitlement of rights share is on September 7. The company will issue one rights share against existing one share (1R:1). The stock market regulator - Bangladesh Securities and Exchange Commission--approved the Pragati Life Insurance's application to raise BDT 230.27 million through rights issue on August 13.

<https://today.thefinancialexpress.com.bd/stock-corporate/pragati-lifes-rights-share-subscription-to-open-sept-24-1597768002>

Bangladesh Securities and Exchange Commission (BSEC) for freezing bank account of C & A Textiles, Tung Hai Knitting directors

- The securities regulator has requested the central bank to freeze bank account of all directors, including managing directors, of two listed companies as they sold shares unlawfully. The Bangladesh Securities and Exchange Commission (BSEC) made the plea on Tuesday through a letter sent to Bangladesh Financial Intelligence Unit (BFIU) of Bangladesh Bank. The companies whose directors sold shares without complying with the securities rules are C & A Textiles and Tung Hai Knitting & Dyeing.
- Apart from selling shares unlawfully, the companies also did not submit reports on share sales to the securities regulator and stock exchanges. The commission has decided to freeze the bank accounts of all directors, including managing director, of the companies for the interest of investors, according to BSEC's letter sent to BFIU.

<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-for-freezing-bank-account-of-c-a-textiles-tung-hai-knitting-directors-1597768131>

High net worth investors lift market

- Active participation of high net worth individuals has given boost to the capital market in recent days, according to market insiders and experts. Other factors such as lower returns on the money market, lucrative price level of listed securities and strong regulatory actions against wrongdoers also helped buoy the market. DSEX, the broad index of Dhaka Stock Exchange (DSE), surged 800 points or 20% since the market reopened on May 31, 2020, to settle at 4,859 on Sunday. The country was in a 66-day shutdown aimed at slowing the spread of new coronavirus.
- The DSE's turnover, which went down below BDT 3.0 billion, 15 sessions ago, also crossed BDT 11 billion on August 9 and crossed the BDT 14 billion on Monday. Different market operators said investors are injecting fresh funds into the market targeting capital gains as returns from the money market have declined. A former chairman of the securities regulator said that it may be difficult for the market to continue its ongoing trend in the long run if investors become market-oriented for capital gains only.
- DSE officials said that foreign portfolio investments have also declined for the last few months. Under such a situation, the stock market has continued its upward trend mainly riding on general investors, including high net worth individuals. Preferring anonymity, chief executive officer (CEO) of a leading brokerage firm, owned by a large business group, said money is coming rapidly from their all types of clients, including the ultra-rich.

<https://today.thefinancialexpress.com.bd/first-page/high-net-worth-investors-lift-mkt-1597686875>

Dhaka Stock Exchange (DSE) again backtracks on decision to impose fee

- The board of directors of Dhaka Stock Exchange on Monday again cancelled its decision to impose monthly charge of BDT 150 per user for trading using its mobile phone app, DSE -Mobile. The bourse's board recently decided that the charge would be applicable from September 1. On December 19, 2018, the DSE board had decided to impose a monthly charge of BDT 150 per user with an effect from January 1, 2019.
- But, on December 23, 2018, it had to scrap the decision after catching a spate of flak from different quarters including stockbrokers, trading rights entitlement certificate holders and investors. On Monday, the board at a meeting backtracked on its latest decision following criticisms from investors and brokerage houses. As per the new decision made on Monday, users do not need to pay for trading through mobile app, and inactive users would face cancellation of registration. On August 9 this year, the country's premier bourse sent letters to brokerage houses saying that the DSE would charge BDT 150 for using the app from September 1.
- The DSE had to impose the charge as most of the registered clients do not use mobile app while the DSE has to pay against their subscription to Flextrade. The DSE has been providing DSE Mobile App to the clients through TREC holders at free of cost since its launch on March 9, 2016.

<https://www.newagebd.net/article/113771/dse-again-backtracks-on-decision-to-impose-fee>

Chittagong Stock Exchange (CSE) gets one more year to find strategic investors

- The Bangladesh Securities and Exchange Commission (BSEC) has recently extended the time for the Chittagong Stock Exchange (CSE) by another year to look for strategic investors. The CSE now has until March 8, 2021, for finalizing a strategic partner. The managing director of the CSE, told The Business Standard they had sent proposals to many stock exchanges and institutions for being strategic investors.
- According to the demutualization act 2013, there is an obligation to sell 60% of blocked shares among strategic, institutional and general investors. Of those, 25% of the stock exchange's total shares will have to be sold to strategic investors. After that, the remaining 35% will have to be sold to general and institutional investors through the initial public offering process. On the other hand, 40% of the shares are owned by members of the stock exchange or brokerage firm. As per the demutualization act, the CSE was supposed to sell 25% of shares to strategic investors, but failed to finalize the process.
- Earlier, in September 2018, the Dhaka Stock Exchange (DSE) transferred its 25% of shares to strategic investors – Chinese consortium of Shenzhen Stock Exchange and Shanghai Stock Exchange. It sold the 25% of shares for BDT 9.62 billion, with each share priced at BDT 21.

<https://tbsnews.net/economy/stock/cse-gets-one-more-year-find-strategic-investors-120262>
<https://www.dhakatribune.com/business/stock/2020/08/16/cse-gets-another-year-to-find-strategic-partner>

Pragati Life Insurance to raise BDT 230.27 mn through rights

- The stock market regulator has approved Pragati Life Insurance's application to raise BDT 230.27 million through rights issue to cope with the business growth and strengthen the capital base of the company. The life insurer, which was listed on the Dhaka bourse in 2006, will issue more than 15.35 million rights shares of BDT 15 each, including BDT 5.0 as a premium to raise the said amount. One rights share will be offered for existing one share.
- The purposes of issuance of right shares are to cope with the business growth and strengthen the capital base of the company as well as fulfill the regulatory requirement. The company will invest the rights offer amount in government treasury bonds, and in fixed deposits at banks and financial institutions. The record date for entitlement of rights share, the period of subscription and the list of bankers to the issue will be notified within three working days as per the Securities and Exchange Commission (Right Issue) Rules, 2006, said the disclosure.
- The company reported net asset value per share of BDT 37.29 as on December 31, 2018, according to the rights issue documents. LankaBangla Investment Ltd is the issue manager of the rights issue. Each share of the life insurer closed at BDT 130.20 on Sunday at DSE, soaring 9.97% over the previous session. Recently, the board of directors of the company declared 20% cash dividend for the year ended on December 31, 2019.

<https://today.thefinancialexpress.com.bd/stock-corporate/pragati-life-insurance-to-raise-BDT-23027m-through-rights-1597591658>

ACI Motors lands BDT 1.26 billion in foreign investment

- ACI Motors is set to secure an equity-based foreign investment of BDT 1.26 billion from two companies as it landed its first foreign investment. The fund from the Netherlands and Singapore would be used to accelerate business growth and expand existing manufacturing facilities of ACI Motors. The fund will be raised through the issuance of 2.3 million convertible non-cumulative preference shares of BDT 100 each at a premium of BDT 440. In the case of non-cumulative preference shares, the dividend is only payable from the net profits each year. If the company makes no net profits in a year, the arrears of dividend can't be claimed in the subsequent years. The shares will be issued to Bangladesh-managed account CV, a limited partnership of the FMO and SDI Pte, the two investors. The arrangement will reduce ACI's shareholding in ACI Motors to 52.7% from 65%.
- ACI Motors sells products such as agricultural machinery, construction equipment and motorcycle. It offers a complete line up of high horsepower agricultural machinery, bringing in tractors, power tiller, reaper, mini combine harvester and rice transplanter. It introduced the Sonalika tractor, which is specially designed for Bangladesh making it suitable for small land size and roads. ACI Motors became the distributor of Yamaha Motorcycles in 2016.

<https://www.thedailystar.net/business/news/aci-motors-lands-BDT-126cr-foreign-investment-1945749>
<https://tbsnews.net/companies/aci-wants-vroom-its-yamaha-bikes-BDT126cr-dutch-investment-119932>

Bangladesh Securities and Exchange Commission (BSEC) restructures Z-category companies' boards

- The securities regulator has taken a number of decisions including restructuring the

boards of 'Z' category companies for bringing positive changes in their operations. At the meeting, the securities regulator has also imposed penalty worth BDT 80 million on top brasses of BBS Cables for manipulating the company's share price along with conducting insider trading. As per the BSEC's decision, the companies which are being traded in 'Z' category for two years or above will have to restructure their incumbent boards within 45 working days after the announcement of the order in written form.

- As per the BSEC's decision, a 'Z' category company will be delisted along with facing other legal actions if the restructured board fails to ensure development within four years. The securities regulator has also changed definition of 'Z' category to ensure further accountability of companies listed under other categories. The trading cycle of the 'Z' category companies will be turned into T+3 from existing T+4.
- The BSEC has fined the spouse of the chairman of the BBS Cables, BDT 30 million for her involvement in manipulating the company's share price in 2017. The securities regulator also imposed an aggregate amount of penalty worth BDT 50 million on the BBS Cable. The securities regulator also allowed Mir Akther Hossain to determine its cut-off price to float shares under the book building method. The BSEC has also approved the rights of Pragati Life Insurance which will issue one right share against one existing share at an offer price of BDT 15, including a premium of BDT 5.0 per share.

<https://today.thefinancialexpress.com.bd/public/stock-corporate/bsec-restructures-z-category-companies-boards-1597334403>
<https://www.newagebd.net/article/113506/bsec-punishes-60-wrongdoers-in-two-months>
<https://www.dhakatribune.com/business/stock/2020/08/13/bsec-fines-bbs-cables-for-share-price-manipulation>
<https://www.dhakatribune.com/business/stock/2020/08/13/mir-akhter-gets-nod-to-discover-ipo-cut-off-price>
<https://www.thedailystar.net/business/news/bsec-continues-its-tough-stance-gamblers-1944817>

Berger's EPS dips 79% in Apr-Jun quarter due to pandemic

- The earnings per share (EPS) of Berger Paints Bangladesh Ltd plunged more than 79% year-on-year in April-June, 2020 quarter due to lower sales amid Covid-19 pandemic. The company also informed that EPS for first quarter ended June 30, 2020 decreased significantly from the same quarter of the previous year due to lower sales in April and May this year impacted by country-wide-lockdown for Covid-19 pandemic.
- Berger Paints Bangladesh recently launched 'Berger Expert Sanitization Service' to meet the growing demand for disinfection amid ongoing Covid-19 pandemic. The new service from Berger will be a convenient and effective way to give businesses and homeowners the confidence that their areas will be safe for all the members and customers, the company said.

<https://today.thefinancialexpress.com.bd/public/stock-corporate/bergers-eps-dips-79pc-in-apr-jun-quarter-due-to-pandemic-1597334434>
<https://www.dhakatribune.com/business/stock/2020/08/13/berger-paints-earnings-tumble-79-amid-covid-19-pandemic>

AB Bank puts Aman Feed's factory and land on sale for failure to pay loans

- AB Bank has put the factory of Aman Feed and its collateral on sale for its failure to pay

BDT 2.68 billion in loans and interest within the sanctioned timeframe of July. The bank estimates that the approximate value of the property, including the factory in Sirajganj and lands in Sirajganj and Gazipur, is more than BDT 700 million. Aman Feed, a concern of Aman Group, got the revolving loans to buy capital machinery and raw materials in 2006 when it began commercial production to make poultry, fish, shrimp and cattle feed to cater to the burgeoning poultry, aquaculture and dairy industries, officials said. Bangladesh Securities and Exchange Commission had also fined all the directors of Aman Feed except the independent director BDT 2.5 million each in January for violation of securities rules.

<https://www.thedailystar.net/business/news/ab-bank-puts-aman-feeds-factory-and-land-sale-failure-pay-loans-1945737>