

Capital Market Overview

The market closed in green this week. The benchmark index DSEX (+1.09%) gained 62.57 points and closed the week at 5,813.07 points. The blue-chip index DS30 (-0.38%) lost -8.40 points and stood at 2,178.47 points. The Shariah-based index DSES (-0.18%) lost -2.33 points and stood at 1,272.81 points. The large cap index CDSET (+0.23%) gained 2.84 points and closed at 1,222.82 points. DSEX, DS30, DSES and CDSET showed YTD returns of +7.61%, +10.92%, +2.47%, +8.89%, respectively.

Total Turnover During The Week (DSE): BDT 84.2 billion (USD 992 million)
Average Daily Turnover Value (ADTV): BDT 16.8 billion (Δ% Week: +20.1%)

Market P/E: 18.8x

Daily Index Movement during the Week:

Market performed five sessions during this week. In the first session, market performed positively by +1.09% and continued to be positive in the second session by +0.46%. Market reverted to negative in the third session by -0.19% and again turned positive in the fourth session by +0.75%. The market ended with a negative momentum of -1.02%.

Sectoral Performance:

- All the financial sectors posted positive performance this week. Bank booked the highest gain of 4.77% followed by Life Insurance (+3.08%), General Insurance (+2.15%), Mutual Fund (+0.71%), and NBF1 (+0.62%).
- All the non-financial sectors registered negative performance this week except Food & Allied (+1.89%). Telecommunication experienced the highest loss of 1.59% followed by Fuel & Power (-0.66%), Pharmaceutical (-0.46%), and Engineering (-0.02%).

Macroeconomic arena:

Corporate taxpayers might see a cut in their tax rates in the upcoming fiscal year (FY), 2021-22, while individual's tax rates and tax-free ceiling might remain unchanged. The corporate tax rates for both listed and non-listed companies might be revised downward by 2.5 percentage points in FY 22. This is likely to be done in meeting the demand from the businesses to attract foreign and local investment. The tax rate for the non-listed companies might be set at 30%, while it might be 22.5% for the listed ones. However, corporate tax rates for financial institutions, such as banks and non-banking financial institutions, mobile phone operators and tobacco companies might remain unchanged.

The Bangladesh Bank is now pursuing the government to raise interest rates of savings certificates to discourage depositors from parking their money in the banking system as banks are now burdened with excess liquidity. Currently, the highest interest rate of savings certificates is 11.5% when interest rates on deposits came down to 3% to 4% because of liquidity surplus. Excess liquidity – pushed up through policy relaxation and pumping of fresh money into the banking system in the pandemic year by the Bangladesh Bank – has now turned into a problem for banks with both lending and deposit rates having come down to a low level that is starting to hurt core banking business and depositors.

Remittance inflow to Bangladesh accounted for 6.6% of its GDP in 2020, making it the eighth largest remittance earner in the year. Bangladesh earned USD 21.75 billion from expatriates last year — an increase of 18.4% from 2019 — amid the Covid-19 pandemic.

The country's per capita income increased to USD 2,227 in fiscal year 2020-21 from USD 2,064 a year back. The rise is by USD 163 or about 9.0%.

Stock Market arena:

The subscription for shares in Nialco Alloys through qualified investor offer (QIO) began on Sunday under the fixed-price method, which will continue until May 20 using an electronic subscription system. Nialco Alloys is the country's first-ever small and medium enterprise (SME) to enter the stock market for trading on the stock exchanges' SME platform. On April 15, the Bangladesh Securities and Exchange Commission (BSEC) allowed Nialco Alloys to raise BDT 75 million from qualified investors by issuing 7.5 million ordinary shares.

Chartered Life Insurance Company Limited wants to raise BDT 150 million from the stock market to strengthen its business. The firm wants to raise the fund by issuing 15 million ordinary shares at a face value of BDT 10 each. Out of BDT 150 million, the company will invest BDT 60 million in the government treasury bonds, BDT 40 million in listed securities in the capital market and BDT 39 million in fixed deposit receipts (FDR).

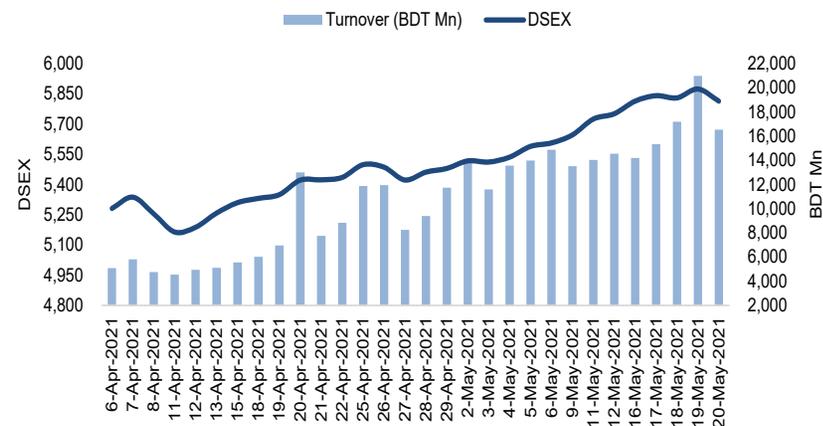
Table 1: Index

Index	Closing	Opening	Δ(Pts)	30-Dec-2019	Δ% Week	Δ%YTD
DSEX	5,813.07	5,750.50	+62.57	5,402.07	+1.09%	+7.61%
DS30	2,178.47	2,186.87	-8.40	1,963.96	-0.38%	+10.92%
DSES	1,272.81	1,275.14	-2.33	1,242.11	-0.18%	+2.47%
CDSET	1,222.82	1,219.98	+2.84	1,123.03	+0.23%	+8.89%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	4,922,921	4,899,405	
	Mn USD	57,944	57,667	+0.5%
Turnover	Mn BDT	84,245	42,090	+100.2%
	Mn USD	992	495	
Average Daily Turnover	Mn BDT	16,849	14,030	+20.1%
	Mn USD	198	165	
Volume	Mn Shares	2,976	1,450	+105.1%

Figure 1: DSEX & Turnover in last four weeks



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Table 3: Top Ten Gainers

Company Name	Close	Open	Δ%	Mcap (BDT Mn)	Turnover (BDT Mn)	PE	PB
NRBCBANK	28.0	19.6	+42.9%	19,670	1,192.3	11.8x	1.7x
GENEXIL	76.0	54.7	+38.9%	7,845	1,310.5	25.3x	4.5x
PRIMEBANK	24.1	19.7	+22.3%	27,288	2,550.2	9.5x	0.9x
INDEXAGRO	88.2	73.2	+20.5%	4,168	289.7	60.8x	1.5x
ABBANK	12.0	10.5	+20.0%	10,030	396.4	21.9x	0.4x
PROVATIINS	183.8	155.5	+18.2%	6,387	290.8	55.2x	8.2x
NCCBANK	17.1	14.9	+14.8%	16,175	759.2	8.2x	0.8x
SHURWID	17.2	15.0	+14.7%	987	111.8	7.8x	1.3x
RINGSHINE	7.1	6.2	+14.5%	3,588	458.3	24.7x	0.4x
PREMIERLEA	7.9	6.9	+14.5%	1,050	60.1	39.9x	0.4x

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (BDT Mn)	Turnover (BDT Mn)	PE	PB
GOLDENSON	14.0	15.7	-10.8%	2,404	141.1	NM	0.7x
FEKDIL	10.5	11.7	-10.3%	2,297	93.7	30.0x	0.6x
MALEKSPIN	18.7	20.8	-10.1%	3,620	199.1	NM	0.4x
BDTHAI	23.3	25.6	-9.0%	2,977	642.2	21.7x	0.8x
FORTUNE	21.8	23.9	-8.8%	3,375	684.7	18.1x	1.6x
SIMTEX	14.7	16.0	-8.1%	1,170	59.1	NM	0.7x
NEWLINE	17.1	18.6	-8.1%	1,343	136.5	12.6x	0.7x
PARAMOUNT	81.1	87.9	-7.7%	3,023	233.0	13.5x	3.0x
EMERALDOIL	20.4	22.0	-7.3%	1,218	26.5	NM	1.3x
AGRANINS	51.7	55.7	-7.2%	1,642	353.0	31.7x	2.8x

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap (BDT Mn)	Turnover (BDT Mn)	PE	PB
BEXIMCO	90.8	87.5	+3.8%	79,570	7,007	21.9x	1.2x
PRIMEBANK	24.1	19.7	+22.3%	27,288	2,550	9.5x	0.9x
SAIFPOWER	25.3	22.8	+11.0%	9,054	2,483	29.9x	1.6x
BATBC	557.8	541.6	+3.0%	301,212	2,001	27.7x	3.0x
LANKABAFIN	35.3	35.3	-	19,021	1,913	19.5x	2.0x
ROBI	47.4	47.6	-0.4%	248,278	1,900	NM	3.7x
IFML	34.8	36.1	-3.6%	3,217	1,845	65.1x	2.6x
IFIC	12.8	12.0	+6.7%	21,771	1,546	18.0x	0.7x
GENEXIL	76.0	54.7	+38.9%	7,845	1,310	25.3x	4.5x
MAKSONSPIN	16.7	16.3	+2.5%	3,978	1,255	NM	0.9x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (BDT Mn)	P/E	P/B
EGEN	57.7	+477.0%	4,328	44.4x	2.3x
HEIDELBCEM	271.9	+81.8%	15,363	45.1x	3.6x
ROBI	47.4	+59.1%	248,278	NM	3.7x
PIONEERINS	109.4	+45.3%	7,656	14.7x	2.3x
BATBC	557.8	+41.7%	301,212	27.7x	3.0x
PRIMEBANK	24.1	+40.9%	27,288	9.5x	0.9x
MICEMENT	61.4	+32.3%	9,118	25.9x	1.3x
BSRMLTD	76.3	+26.7%	18,012	10.4x	0.7x
BERGERPBL	1,749.7	+22.4%	81,147	32.8x	8.3x
LHBL	56.8	+18.8%	65,966	23.0x	3.6x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1,472.73	1,405.66	1,372.63	+4.77%	+7.29%
NBFIs	1,927.50	1,915.60	2,033.53	+0.62%	-5.21%
Mutual Funds	955.45	948.70	959.61	+0.71%	-0.43%
General Insurance	4,575.38	4,479.04	4,103.56	+2.15%	+11.50%
Life Insurance	2,207.04	2,141.08	2,162.58	+3.08%	+2.06%
Telecommunication	6,249.12	6,350.00	5,463.26	-1.59%	+14.38%
Pharmaceuticals	3,379.92	3,395.58	3,306.03	-0.46%	+2.23%
Fuel & Power	1,707.44	1,718.73	1,618.11	-0.66%	+5.52%
Cement	1,871.68	1,900.80	1,416.18	-1.53%	+32.16%
Services & Real Estate	1,088.15	1,082.71	1,083.79	+0.50%	+0.40%
Engineering	4,518.27	4,519.14	3,959.20	-0.02%	+14.12%
Food & Allied	21,725.09	21,322.44	14,705.76	+1.89%	+47.73%
IT	2,548.83	2,315.23	2,350.28	+10.09%	+8.45%
Textiles	1,054.09	1,066.14	1,087.41	-1.13%	-3.06%
Paper & Printing	5,099.23	5,162.90	5,487.56	-1.23%	-7.08%
Tannery	1,730.11	1,759.80	1,771.77	-1.69%	-2.35%
Jute	8,907.97	8,906.08	12,154.61	+0.02%	-26.71%
Ceramics	510.07	515.53	472.38	-1.06%	+7.98%
Miscellaneous	3,774.79	3,751.85	2,539.70	+0.61%	+48.63%

Table 7: Sector Trading Matrix

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Bank	2,742.2	1,532.9	+78.9%	17.2%	8.2x	0.8x
NBFI	917.4	627.5	+46.2%	5.8%	49.2x	3.0x
Mutual Fund	348.5	379.0	-8.0%	2.2%	NM	0.8x
General Insurance	2,773.8	2,162.3	+28.3%	17.4%	22.5x	2.2x
Life Insurance	269.7	166.8	+61.7%	1.7%	NM	NM
Telecommunication	504.3	588.7	-14.3%	3.2%	19.0x	5.4x
Pharmaceutical	912.0	1,180.8	-22.8%	5.7%	20.5x	2.5x
Fuel & Power	993.3	1,054.3	-5.8%	6.2%	12.4x	1.4x
Cement	287.6	266.2	+8.1%	1.8%	22.5x	2.4x
Services & Real Estate	545.3	190.8	+185.8%	3.4%	NM	0.9x
Engineering	910.3	868.2	+4.9%	5.7%	35.4x	2.6x
Food & Allied	661.4	690.7	-4.2%	4.2%	36.0x	3.5x
IT	504.8	216.6	+133.1%	3.2%	30.3x	2.2x
Textile	1,271.0	1,302.6	-2.4%	8.0%	NM	0.7x
Paper & Printing	18.6	31.1	-40.1%	0.1%	38.8x	1.0x
Tannery	151.0	169.7	-11.0%	0.9%	NM	1.8x
Jute	10.5	7.9	+33.5%	0.1%	NM	14.1x
Ceramics	112.8	85.9	+31.3%	0.7%	56.0x	1.7x
Miscellaneous	1,986.8	1,844.7	+7.7%	12.5%	28.9x	1.9x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (BDT Mn)	P/E	P/B
ADNTEL	47.7	-25.8%	3,084	15.5x	1.9x
UNIQUEHRL	32.3	-18.4%	9,509	NM	0.4x
MIRAKHTER	68.4	-15.6%	8,261	18.3x	1.3x
GHALI	14.5	-13.2%	3,130	NM	1.0x
MTB	21.4	-11.2%	14,301	15.3x	0.9x
OLYMPIC	173.2	-9.4%	34,629	16.7x	3.9x
DUTCHBANGL	60.0	-7.7%	33,000	6.0x	1.0x
MPETROLEUM	183.0	-7.6%	19,804	7.0x	1.1x
BXPHARMA	177.0	-7.1%	78,962	17.3x	2.2x
IPDC	26.0	-5.8%	9,648	12.8x	1.6x

Important News: Business & Economy

Cut in corporate tax rate likely

- Corporate taxpayers might see a cut in their tax rates in the upcoming fiscal year (FY), 2021-22, while individual's tax rates and tax-free ceiling might remain unchanged. Officials said the corporate tax rates for both listed and non-listed companies might be revised downward by 2.5 percentage points in FY 22. This is likely to be done in meeting the demand from the businesses to attract foreign and local investment. The tax rate for the non-listed companies might be set at 30%, while it might be 22.5% for the listed ones, they added. However, corporate tax rates for financial institutions, such as banks and non-banking financial institutions, mobile phone operators and tobacco companies might remain unchanged.
- The corporate tax rates in Bangladesh range between 32.5% and 45%, while the average rate of the tax is 25.2% in India, 29% in Pakistan, 28% in Sri Lanka, and 20% in Vietnam, Indonesia and Myanmar. Officials said the government is considering slashing the corporate tax rates to help the businesses survive the onslaught of the pandemic, although the decision might cause loss of a significant amount of revenue for the government.

<https://today.thefinancialexpress.com.bd/first-page/cut-in-corporate-tax-rate-likely-1621447538>

<https://www.thedailystar.net/business/news/tax-free-income-limit-may-remain-the-same-2095317>

<https://www.tbsnews.net/economy/corporate-tax-be-slashed-250-basis-points-247618>

Excess liquidity: BB wants rise in savings tools rates

- The Bangladesh Bank is now pursuing the government to raise interest rates of savings certificates to discourage depositors from parking their money in the banking system as banks are now burdened with excess liquidity. Excess liquidity – pushed up through policy relaxation and pumping of fresh money into the banking system in the pandemic year by the Bangladesh Bank – has now turned into a problem for banks with both lending and deposit rates having come down to a low level that is starting to hurt core banking business and depositors. The central bank has already informed the government of the current excess liquidity problem along with recommendations for raising interest rates of savings certificates and simplifying investment conditions for small depositors.
- Currently, the highest interest rate of savings certificates is 11.5% when interest rates on deposits came down to 3% to 4% because of liquidity surplus. The total excess liquidity in the banking sector stood at BDT 1.98 trillion at the end of March this year. The excess liquidity had crossed BDT 2 trillion in December last year, the highest in recent history. The high inflow of remittance during the pandemic was one of the major reasons for an escalation of excess liquidity. Remitters are fueling bank deposits amid limited spending and investment options during this crisis period.
- The foreign exchange reserve stood at over USD 44 billion in May, thanks to a good inflow of remittances. The high reserve supplies more liquidity to the market as the Bangladesh Bank purchases dollars from banks injecting more money into the market. Even with a negative return amid a low deposit rate, the banking sector saw a 13% year-on-year growth in January this year, according to Bangladesh Bank data.

<https://www.tbsnews.net/economy/banking/excess-liquidity-bb-wants-rise-savings-tools-rates-248071>

Remittance inflow to Bangladesh accounted for 6.6% of GDP in 2020

- Remittance inflow to Bangladesh accounted for 6.6% of its GDP in 2020, making it the eighth largest remittance earner in the year. Bangladesh earned USD 21.75 billion from expatriates last year — an increase of 18.4% from 2019 — amid the Covid-19 pandemic. This, along with a surge of remittance inflows to Pakistan, pushed up South Asia's remittance earnings by 5.2% to USD 147 billion in 2020. The KNOMAD report said that remittance flows remained resilient in 2020, registering a smaller decline than previously projected despite Covid-19.
- As the coronavirus was tearing through the world in February last year, fear gripped Bangladesh that remittance, which has gone on to become one of the lifelines of the economy, would take a massive hit. The inflow of remittance declined from February to April last year when the pandemic was putting down its roots all over the world. But from May onwards, the inflows have been on the rise as countries all over the world gradually started to ease their movement restrictions. Expatriate Bangladeshis sent USD 2.06 billion in remittance last month, up 89.17% year-on-year from last April.
- Remittance inflow increased 39% to USD 20 billion in the July-April period of the current fiscal year, compared to the same period of the last fiscal year. The 2% cash incentive on remittance earning has played a vital role behind this, said Bangladesh Bank officials.

<https://www.dhakatribune.com/business/2021/05/18/remittance-inflow-to-bangladesh-accounted-for-6-6-of-gdp-in-2020>

Per capita income rises to USD 2,227

- The country's per capita income increased to USD 2,227 in fiscal year 2020-21 from USD 2,064 a year back. The rise is by USD 163 or about 9.0%, Planning Minister M A Mannan disclosed the statistics on Monday at a cabinet meeting held virtually, chaired by the Prime Minister. Cabinet Secretary said that the size of gross domestic product (GDP) has increased to BDT 30.873 trillion from BDT 27.963 trillion a year back.

<https://today.thefinancialexpress.com.bd/last-page/per-capita-income-rises-to-2227-1621275328>

<https://www.newagebd.net/article/138029/per-capita-income-in-bangladesh-now-us-2227>

<https://www.dhakatribune.com/business/2021/05/17/planning-minister-bangladesh-s-per-capita-income-increased-to-2-227>

Sales of savings tools set to be double the target

- Net sales of national saving certificates have already crossed this fiscal year's target and are now set to be double the annual target. The shrinking bank interest rate on deposits is driving the savers to the government's savings instruments – at a time when people are struggling to earn enough to pay for basic needs such as food and housing due to the coronavirus pandemic. In the July-March period of the 2020-21 fiscal year, the net sales of savings instruments surpassed BDT 330 billion, while the annual target has been set at BDT 200 billion. If the upswing continues, economic experts think savings instruments sales will surpass BDT 400 billion in the last three months of the 2020-21 FY.

<https://www.tbsnews.net/economy/sales-savings-tools-set-be-double-target-248029>

<https://www.newagebd.net/article/138250/nsc-sales-reach-BDT-33203cr-in-july-march>

Proposal to buy Sinopharm's Covid vaccine approved

- The Cabinet Committee on Economic Affairs on Wednesday approved in principle the health ministry proposal for buying Covid-19 vaccine from Chinese state-owned enterprise Sinopharm. The committee chairman and Finance Minister said they had to approve the purchase of the vaccine through the direct procurement method as the health ministry had failed to take necessary and timely measures to tackle the Covid-19 situation. The direct procurement method is more prone to irregularities in purchases and the buyer often pays higher prices for products than their actual prices.

<https://www.tbsnews.net/coronavirus-chronicle/covid-19-bangladesh/proposal-buy-sinopharms-covid-vaccine-approved-248047>

Pharmas rake in higher profits

- Listed drug makers booked an 18% growth in profit in the first nine months of the current fiscal year thanks to a decrease in marketing costs amidst the coronavirus pandemic. ACI and Orion Pharmaceuticals were excluded as they are yet to disclose their earnings. The total profit of the listed medicine-makers rose to BDT 21.68 billion. Among them, the profits of eight rose. Operational excellence in productivity is the main reason for the higher growth in profits of drug makers, said the chief financial officer of Square Pharmaceuticals. The company's profits rose around 11% to BDT 11.63 billion. Elaborating, he said administrative costs fell during the period. Due to the pandemic, our communication cost declined along with promotional expenditure, he added.

- However, sales growth of the drug maker was relatively lower compared to previous years, the company secretary of Renata said, adding that most of companies' sales growth was 5 to 6% this year which was much higher a year earlier. This is because many doctors refrained from private practices due to the contagion, and people were reluctant to go to clinics and hospitals for treatment. The export slowed a little bit this year, but it will surge in the coming months as the second wave of the pandemic is easing out, he hoped.

<https://www.thedailystar.net/business/news/pharmas-rake-higher-profits-2095321>

Mobile, internet subscribers rise

- The number of internet users in the country registered moderate growth in March as people started to rely on various online platforms once again amid a second wave of the coronavirus pandemic. According to industry insiders, more people have resumed working from home due to the resurgence of Covid-19 infections. The number of internet users stood at 116.1 million in March, up 3% from a month ago and 12.48% year-on-year, data from the Bangladesh Telecommunication Regulatory Commission (BTRC) showed. An official of a mobile phone operator said that many people began preparing for distance working since March when the Covid-19 infection rate started to rise.

- The number of mobile phone users also rose to a nine-month high in the same month. Mobile phone users stood at 174.6 million in March, up 0.73% from a month ago and 5.62% year-on-year. The number of mobile subscribers had started to decline in April last year after the government imposed a nationwide lockdown to keep the coronavirus at bay. The downward trend continued until June last year. Since then, the number of users started to rise steadily.

<https://www.thedailystar.net/business/news/mobile-internet-subscribers-rise-2095325>

Farm loan release falls behind target in July-March

- Monthly average disbursement of farm loans remained behind the target in the July-March period of the fiscal year 2020-2021 despite a spike in March. Bangladesh Bank data showed that farmers received BDT 20.57 billion in loans a month on average in July-March but the average disbursement has to be BDT 21.91 billion to achieve the annual target. The central bank in its annual agricultural and rural credit policy and programme for the fiscal year 2020-2021 has targeted to disburse BDT 262.92 billion after missing the previous fiscal year's target of BDT 241.24 billion for the first time since the programme was introduced amid the Covid outbreak.

- Farmers received BDT 23.32 billion in farm loans in March, up BDT 3.00 billion on the previous month. BB officials said that the farm loan disbursement usually increased in the dry season spanning from November to April. They said that the central bank was keeping a close eye on credit issuance by the banks to farmers so that disbursement would not fall short of its target in FY21. In terms of the implementation rate, the private commercial banks and foreign commercial banks were lagging behind the state-owned banks.

- The PCBs and the FCBs collectively implemented 66.48% in July-March against the implementation rate of 75.85% of the SoBs. As agriculture plays a crucial role in the economy, issuing credit to farmers has become vital to keeping the agriculture-based rural economy vibrant at a time when the industry and service sectors are struggling to recover from the adverse impacts of the coronavirus outbreak, BB officials said.

<https://www.newagebd.net/article/138160/farm-loan-release-falls-behind-target-in-july-march>

Traders breathe a sigh of relief for better Eid sales

- Brisk business during the just concluded Eid shopping season helped traders breathe a sigh of relief amid the ongoing nationwide lockdown and other measures in place to curb the spread of Covid-19. Following requests from various economists and trade bodies, the government relaxed its hardline stance on public restrictions, allowing traders to reopen their stores 15 days ahead of Eid-ul-Fitr, the biggest religious festival in Bangladesh. All types of businesses enjoyed good customer turnout during this period, which came as a much-needed respite following a year of poor sales due to the advent of Covid-19 in March last year.

- Traders had bet big on this year's Pahela Baishakh and Eid celebrations after watching their business evaporate last year, when the government imposed lengthy lockdowns to control the spiralling coronavirus situation. This year too, Covid-19 laid waste to Pahela Baishakh sales and so Eid became their last resort. Sales for Aarong, which has 21 outlets across the country, reached 70% of its pre-pandemic levels during the lead up to Eid this year. According to the head of marketing at Yellow, the fashion brand operated by Beximco, saw better business than expected within the short span of time.

- When customer turnout started to slowly increase in the 15-day lead-up, Kabir had attributed the increased sales to brand value and a loyal customer base. The owner of Anjans, said traders had feared that shoppers would not come to shopping malls or other retail outlets amid concerns of contracting the deadly Indian-variant of Covid-19. But luckily, that did not happen as customers came to shop and business was not bad at all.

<https://www.thedailystar.net/business/news/traders-breathe-sigh-relief-better-eid-sales-2094693>

Govt to borrow BDT 55 billion more to meet budget deficit in May

- The government has amended the auction calendar to borrow BDT 55 billion more from the scheduled banks to meet the budget deficit only for this month as a falling trend of surplus funds in its accounts, officials said. The ministry of finance has re-fixed its borrowing target from the country's banking system at BDT 85 billion instead of BDT 30 billion earlier for May 2021 to meet budgetary expenditures. The government may take out up to BDT 220 billion instead of BDT 165 billion earlier in gross borrowing from the banking system for the month of May by issuing treasury bills (T-bills) and bonds, according to the amended auction calendar, issued by the Bangladesh Bank (BB), on Monday.
- This calendar gives the schedule and the amount of T-bills and bonds to be issued through auction for raising funds from the market to meet the government's budget deficit. The government's net bank borrowing may reach BDT 85 billion in May after deducting BDT 135 billion against the government securities that would be matured in the month, the officials added. A central bank official also predicted that the government bank borrowing would increase substantially for the next month. Such borrowing normally increases in the last two months - May and June - of each fiscal year because of releasing funds against execution of the various development projects across the country.
- Meanwhile, the surplus liquidity in the government accounts has maintained a falling trend recently following higher implementation of the annual development programme (ADP) particularly in April. Although there was a big jump in ADP execution in a single month in April (7.17%), the overall implementation rate for the 10-month of this fiscal year (FY), 2020-21, remained poor. It showed that all the government ministries and agencies executed only 49.09% of their ADP, the lowest in more than a decade. The amount of excess funds in the government accounts came down to BDT 50 million this week from BDT 170 billion in the last week of April, another central banker said.

https://today.thefinancialexpress.com.bd/last-page/govt-to-borrow-BDT_-55b-more-to-meet-budget-deficit-in-may-1621275087

Mega projects to get BDT 472.83 billion from new ADP

- The government will allocate BDT 472.83 billion to 12 mega projects, including those on the fast-track list, from the development budget for the upcoming fiscal year. The outlay will account for a fifth of the total annual development programme (ADP) for FY2021-22. The new allocation for the mega projects is 11.94% higher than the original allocation of BDT 422.39 billion in the current fiscal year and about 49% higher than the revised budget of BDT 317.42 billion. Although the government has raised the budget for the projects in the original ADP of FY21 compared to the year before, the implementation has slowed because of the coronavirus pandemic.
- Planning ministry officials said that most development works were hampered by the Covid-19 fallout as many foreign consultants and engineers engaged with the projects either left the country or were unable to return after a few became infected. That is why the allocation for some projects was slashed in the revised ADP, said one official. The present scenario may change in the coming months as the government has taken measures to fight the deadly virus, including rolling out the vaccination programme, which prompted the authorities to plan for a higher development budget for FY22.
- The size of the next ADP could be BDT 2.25 trillion, which is 14% higher than the revised budget. The proposal will be placed during the meeting of the National Economic Council today for final approval.

https://www.thedailystar.net/business/news/mega-projects-get-BDT_-47283cr-new-adp-2094097

Imports decline due to Covid-19

- The effects of coronavirus have detrimentally affected the overall activities of the Bangladeshi industries. Of these, the import of industrial materials has been most disrupted. According to Bangladesh Bank's report, from July to February of the current financial year, the opening rate of 'letter of credits' (LCs) for industrial equipment imports has decreased by 24.33%. Raw material imports of the industries also declined by 2.79% during the same period. During the same period of the last fiscal year, LC openings declined by 1.24%, and imports increased by 1.60%. This fiscal year however, the number of LC openings increased by 5.07% while imports decreased by 36.77%.
- After exploring Bangladesh Bank's data, several elements of the industry have seen a significant decline: imports of equipment used in setting up new industries or modernizing old industries, raw materials used in the manufacture of industrial products, and intermediate raw materials used in the production of finished products from intermediate products. On one hand, the pace of setting up new industries has slowed down. Current industries are not able to produce products as per their capacity, seen through analyzing multiple reports by Bangladesh Bank.
- The industry has been in recession for several years. As a result, the import of industrial equipment has decreased. As foreign investment is declining, so is domestic investment, a former president of Dhaka Chamber and chairman of Business Initiative Leading Development (BUILD) said.

<https://www.dhakatribune.com/business/economy/2021/05/17/imports-decline-due-to-covid-19>

Potential foreign investors allowed opening bank accounts online

- The Bangladesh Bank on Monday has granted permission to foreign investors, who are contemplating to invest in Bangladesh, to open temporary bank accounts online with a view to making pre-formation inward remittance convenient for the foreigners. The central bank's foreign exchange policy department issued a circular in this regard on Monday stating that the scope was introduced under its circular of March 11, 2021. The BB circular of March 11 allowed scheduled banks to open accounts through online applications received through their web sites or apps or government service-providing entities like the Bangladesh Investment Development Authority, Bangladesh Economic Zones Authority, the Bangladesh Export Processing Zones Authority and the Bangladesh HiTech Park Authority, among others, under their one stop service facilities.
- By following the process, temporary non-resident taka accounts and temporary foreign currency accounts can be opened in the name of proposed companies or enterprises of foreign investors who are contemplating to invest in Bangladesh. However, transactions from the accounts to regular accounts would only be allowed after incorporation of companies or enterprises upon completion of regular customer due diligence.

<https://www.newagebd.net/article/138071/potential-foreign-investors-allowed-opening-bank-accounts-online>

Higher cash dividend payout amid pandemic keeps bank directors happy

- There was no real income during the Covid-19 pandemic, but private commercial banks in the country did not compromise on cash dividend payout. In fact, they have disbursed higher cash dividends for the year 2020 than that of the previous year, keeping directors happy. In stark contrast to the Bangladesh Bank's encouraging banks to be conservative in disbursing cash dividend amid the pandemic, the banking sector has so far experienced a 12% increase in cash dividend payout for last year compared to a year ago.
- Private commercial banks seem liberal in disbursing cash dividends to their shareholders instead of retaining earnings to prepare for unforeseen losses they are feared to incur in the post-pandemic era. Out of 31 private banks listed on the Dhaka Stock Exchange, 22 have disbursed cash dividends for 2020. Dividends declared by most of these banks for last year are higher than or similar to that of the previous year. The total cash dividend payout by these banks stands at around BDT 23.00 billion for pandemic-hit 2020, of which around BDT 10.00 billion will go to directors' pockets.
- Credit growth in the banking sector hovered around the 8% level throughout last year, while the lending rate was between 7% and 8%. This means there was no fresh lending and that the growth came from accrued interest from previous exposure. Amid this situation, the only income source was investment in government bills and bonds. Moreover, suspension of loan classification for a year from January to December 2020 gave banks relief from provisioning expenses, helping them to show inflated profit despite not having a real income.

<https://www.tbsnews.net/economy/banking/higher-cash-dividend-payout-amid-pandemic-keeps-bank-directors-happy-246988>

Next budget set to offer businesses sweeteners

- The government is set to offer a wide-range of tax relief for the businesses in the budget for the upcoming fiscal year (FY) to help the latter survive the Covid-19 pandemic onslaught. The government has also decided to be practical as far as the fixation of the tax revenue target for the next fiscal year is concerned. The target for tax revenue collection for upcoming FY is likely to be equivalent to the original target--- BDT . 3.30 trillion--- for the outgoing FY. This will be the first such incident in the history of the country's budget making. The original target for current FY, however, has been revised downward to BDT 3.01 trillion following a sluggish trend in tax collection.
- The National Board of Revenue (NBR) in upcoming fiscal may reduce the rates of penal tax and Advance Tax (AT) for manufacturing units and also relax the punitive measures for VAT evasion. A number of manufacturing sectors including cement, ceramic, beverage etc may enjoy reduced rate of AT from upcoming FY, sources said. A number of field officials also said the AT for manufacturers should be waived completely.

<https://today.thefinancialexpress.com.bd/first-page/next-budget-set-to-offer-businesses-sweeteners-1621186905>

Record USD 2.9 billion pledged in 2020 private investment: World Bank

- Bangladesh last year witnessed a record USD 2.9 billion investment commitment for its infrastructure development from private sector sponsors, according to a latest report published by the World Bank. The country's (Bangladesh) 2020 investment amounted to USD 2.9 billion, a 190% increase from 2019 levels, and increased investment as a share of

GDP from 0.34% to 0.97%, said the report. Bangladesh received South Asia region's second highest private participation in infrastructure (PPI) investment, said the WB. The investment commitment across seven projects was the highest in Bangladesh's history, placing it among the top five countries for the first time, added the WB.

- Bangladesh is a new entrant to the top five countries and the first International Development Association (IDA) country to enter the list, the global lender said. The other four top countries are Brazil, China, India and Mexico. Bangladesh led 2020's investment commitments in IDA countries. The most of 2020 PPI investment commitments for Bangladesh were channelled to a series of fossil fuel powered electric plants, the WB said. Although private investment commitments were high in Bangladesh in 2020, most of them were channelled to natural gas power projects instead of to the renewable sector, the WB said.

<https://today.thefinancialexpress.com.bd/first-page/record-29b-pledged-in-2020-pvt-investment-wb-1621187190>

BDT 2.25 trillion ADP awaits govt nod tomorrow

- The government is likely to approve a BDT 2.25 trillion worth of annual development programme (ADP) for the next fiscal year with a special priority to the health sector, officials said. They said the health sector allocation is set to increase by 33% to BDT 173.06 billion for the FY2021-22. Earlier on May 9, the planning minister-led extended committee of the Planning Commission (PC) finalised the ADP proposal of BDT 2.25 trillion, which is 10% higher than that of the original BDT 2.05 trillion outlay and 14% higher than the revised ADP allocations of BDT 1.97 trillion for the outgoing FY2021.
- Out of the total outlay, BDT 1.37 trillion fund has been proposed to come from the internal resources and the remaining BDT 880.25 billion from the external resources as project aid. According to the planning commission, the transport and communications sector would receive highest BDT 617.21 billion, followed by power and energy sector BDT 456.67 billion, physical infrastructure, water supply and housing sector BDT 237.47 billion, and education and religious affairs BDT 231.78 billion. Meanwhile, the fast-track and mega development projects were getting fund allocations as per their demands for the FY2022, the official said.

<https://today.thefinancialexpress.com.bd/first-page/BDT-225tn-adp-awaits-govt-nod-tomorrow-1621187258>

49% ADP executed in Jul-Apr period

- The government has implemented only 49% of the development projects in the first 10 months of the current fiscal year (FY), with the health ministry performing poorly again, officials said on Sunday. The health services division, 5th highest development fund holders, executed only 25.46% of its Annual Development Programme (ADP) during July-April period of the FY2020-21, the Implementation Monitoring and Evaluation Division (IMED) report said. It showed that all the government ministries and agencies executed only 49.09% of their ADP, the lowest in more than a decade.

- Although there was a big jump in ADP execution in a single month in April (7.17%), the overall implementation rate for the 10-month period remained poor, officials said. The government ministries and agencies spent only BDT 1.02 trillion or 49.09% of the total BDT 2.09 trillion revised ADP outlay during the period under review. A senior IMED official said that even during the massive coronavirus impact in the FY2020, the ADP implementation

rate in July-April period was slightly better than the current FY2021. During the first 10 months last FY2020, the overall ADP implementation rate was recorded at 49.13%.

- A senior Planning Commission (PC) official said that the government's development works were still in the frail trajectory as the public agencies' project execution capacity are not improving over the years. The public agencies have failed to prove their capacity in project implementations, he added. They give reminder repeatedly to the executing agencies for completing their tender processing, procurement and other works in time, but most of the cases those fail resulting in the lower execution rate in July-April period, he added.

<https://today.thefinancialexpress.com.bd/trade-market/49pc-adp-executed-in-jul-apr-period-1621182984>

Banks can't appoint former MDs as independent directors

- Banks cannot appoint their former managing directors as independent directors at their respective board as per the provisions of the Banking Companies Act 1991, Bangladesh Bank (BB) said last week. Any regular or contractual officials of a bank will not be allowed to act as independent directors of the lender's board under any circumstances, the central bank said in a circular. Banks appoint managing directors (MDs) on a contractual basis. The BB has taken the move after a number of banks had appointed their former officials as independent directors at their boards.

- The Banking Companies Act has barred banks from appointing an individual as an independent director of the lender's board if there is any possibility of conflict of interest between the lender and the person in the future. Despite that, a number of banks have continued to breach the rule. The central bank cited the banking companies law and said a person, who had an interest in a bank in the past and has at present, cannot be appointed as an independent director. Against the backdrop, the BB asked three banks in January to remove independent directors from their boards.

- In its circular, the central bank also instructed banks not to appoint their MDs, deputy and additional managing directors as advisers and consultants within five years since their retirement. A number of banks earlier suffered from a conflict of interests while taking important decisions due to such appointments, a BB official said.

<https://www.thedailystar.net/business/banking/news/banks-cant-appoint-former-mds-independent-directors-2093549>

<https://www.tbsnews.net/economy/banking/bb-takes-strict-position-appointments-consultants-advisors-banks-245392>

<https://www.newagebd.net/article/137987/ex-officials-barred-from-becoming-director-of-banks>

Important News: Capital Market

Nialco Alloys share subscription begins

- The subscription for shares in Nialco Alloys through qualified investor offer (QIO) began on Sunday under the fixed-price method, which will continue until May 20 using an electronic subscription system. Nialco Alloys is the country's first-ever small and medium enterprise (SME) to enter the stock market for trading on the stock exchanges' SME platform. On April 15, the Bangladesh Securities and Exchange Commission (BSEC)

allowed Nialco Alloys to raise BDT 75 million from qualified investors by issuing 7.5 million ordinary shares.

- The face value of each share of the company, which mainly manufactures high grade bronze and brass ingots, is fixed at BDT 10. The shares will be traded on the SME platform of the bourses where general investors are not permitted to trade. Only eligible and institutional investors can subscribe to SME shares. Individual investors shall also be considered as qualified investor who shall maintain a minimum investment of BDT 10 million only at market price (the close price of both exchanges, whichever is higher) in matured listed securities as on May 4 as per condition.

<https://today.thefinancialexpress.com.bd/stock-corporate/nialco-alloys-share-subscription-begins-1621182562>

Chartered Life wants to raise BDT 150mn through IPO

- Chartered Life Insurance Company Limited wants to raise BDT 150 million from the stock market to strengthen its business. The company will collect this fund through an initial public offering (IPO) following the fixed price method. It has recently applied to the Bangladesh Securities and Exchange Commission (BSEC) in this regard. The firm wants to raise the fund by issuing 15 million ordinary shares at a face value of BDT 10 each. Out of BDT 150 million, the company will invest BDT 60 million in the government treasury bonds, BDT 40 million in listed securities in the capital market and BDT 39 million in fixed deposit receipts (FDR). It will also meet the IPO-related expenses from this fund.

- Chartered Life decided to raise capital after getting an exemption from the commission. Under the new facility, insurance companies can apply to the securities regulator for IPOs aiming to raise less than BDT 300 million. The lowest bar for raising capital through IPOs is now BDT 150 million for insurance companies.

- AAA Finance & Investment Ltd, Trust Bank Investment Ltd and AB Investment Ltd are jointly working as issue managers of the company's IPO process. Chartered Life is a fourth-generation life insurance company established on 29 July, 2013. It offers various life and health insurance policies, hospitalisation coverage, maternity and outpatient coverage that fulfils the requirements of the company's present and prospective policyholders.

<https://www.tbsnews.net/economy/stock/chartered-life-wants-raise-BDT-15cr-through-ipo-247492>

BSEC seeks clarification from premier bourse

- The securities regulator has sought clarification from the premier bourse over its failure to appoint managing director within stipulated time frame, officials said. The Bangladesh Securities and Exchange Commission (BSEC) has sought the clarification through a letter sent to the Dhaka Stock Exchange (DSE). The BSEC's spokesperson said that the Dhaka Stock Exchange (Board and Administration) Regulations has a provision of appointing its managing director within 90 days.

<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-seeks-clarification-from-premier-bourse-1621353873>

Beach Hatchery directors, BO account holders fined for non-compliance

- The Bangladesh Securities and Exchange Commission (BSEC) has fined two directors

and two Beneficiary Owners (BO) account holders of Beach Hatchery Ltd for their non-compliance with securities laws. According to the information published on the website of the Dhaka Stock Exchange (DSE) on Monday, the BSEC fined Director Fahmida Islam BDT 200,000 and corporate director Meghna Shrimp Culture Ltd BDT 500,000. Also, the commission fined SM Mafidul Haque and Mohammad Sayf Ullah – two BO account holders of Beach Hatchery – BDT 5.0mn and BDT 1.0mn, respectively.

<https://www.tbsnews.net/economy/stock/beach-hatchery-directors-bo-account-holders-fined-non-compliance-246991>

Bank Asia to issue BDT 5.0 billion perpetual bonds

- The board of directors of Bank Asia has decided to raise BDT 5.0 billion through issuance of perpetual bonds to boost the capital base of the bank. The bank will issue the bond through private placement for raising funds as additional Tier 1 capital to support the bank's BASEL-III compliance in line with Bangladesh Bank guidelines on risk-based capital adequacy, the company said in a filing with the Dhaka Stock Exchange (DSE) on Sunday. The bank's consolidated earnings per share (EPS) stood at BDT 1.05 for January-March 2021 as against BDT 1.16 for January-March 2020. Its paid-up capital is BDT 11.65 billion and authorised capital is BDT 15 billion while the total number of securities is 1.16 billion.

<https://today.thefinancialexpress.com.bd/stock-corporate/bank-asia-to-issue-BDT-50b-perpetual-bonds-1621182526>