

Weekly Market Update

Capital Market Overview

The market closed negative this week. The benchmark index DSEX (+0.27) gained 14.30 points and closed the week at 5,265.32 points. The blue-chip index DS30 (-0.09%) lost 1.67 points and stood at 1,842.11 points. The shariah based index DSES (+0.21%) gained 2.59 points and stood at 1,209.38 points. DSEX, DS30 and DSES all posted negative YTD return of 15.68%, 19.32%, and 13.04% respectively.

Total Turnover During The Week (DSE) : BDT 15.1 billion (USD 181.6 million)
Average Daily Turnover Value (ADTV): BDT 3.8 billion ($\Delta\%$ Week: -26.2%)

Market P/E: 16.57x
Market P/B: 2.11x

Daily Index Movement during the Week:

The market performed four sessions during this week. Market opened this week with a negative movement of 0.63% in the first session. Then the market turned around to be positive in the second session by 0.30%. In the third session and fourth session, the market remained positive by 0.17% and 0.43%, respectively.

Sectoral Performance:

- Financial sectors showed positive performance this week except NBFIs (-0.17%). General insurance posted highest gain by 4.28% followed by Life Insurance (+3.43%), Mutual Funds (+0.98%) and Banks (+0.39%).
- The non-financial sectors showed mixed performance this week. Power posted highest gain by 1.68% followed by Food & Allied (+0.73%) and Telecommunication (+0.14%). Engineering experienced the highest loss by 0.31% followed by Pharmaceuticals (-0.29%).

Macroeconomic arena:

- Bangladesh Bank has announced 27th December as the financial closing day for all scheduled commercial banks instead of December 30, considering the general election on December 30. Banks usually report the last transactions of the customers and apply profits and other accounting practices. This year the last transactions will be made on December 26.
- Five internet protocol telephony service providers (IPTSP) have won regulatory approval to roll out app-based services to make calls at much cheaper rates than those offered by the telecom operators. The Bangladesh Telecommunication Regulatory Commission (BTRC) approved the applications of Amber IT Ltd, BDCOM Online Ltd, MetroNet Bangladesh and Link3 Technology Ltd. Prior to these companies, Inter Cloud was given approval of providing app-based services.
- Bangladesh's import maintained moderate growth of 9% between July and October in the current fiscal year, giving some respite to balance of payments which was under pressure. Letters of credit settlement stood at USD 17.64 billion in the first four months of 2018-19, compared to USD 16.19 billion in the same period a year ago.
- Export earnings from the country's services sector stood at USD 1.94 billion, posting a robust growth of 56.46% during the first four months of the current fiscal year (FY) compared to USD 1.24 billion in the corresponding period of last fiscal. About 98.5% of the total services export is contributed by manufacturing services.

Stock Market arena:

- The net profit of Dhaka Stock Exchange fell by 15.61% in last financial year (2017-18) mainly due to the prolonged bearish trend at the market with a fall in turnover. Profit of DSE declined to BDT 1.05 billion in FY18 from BDT 1.24 billion in FY17.
- The securities regulator has extended the timeframe till December 31, 2020 for keeping provision against unrealised losses in margin accounts of stock dealers' and stock brokers' clients, that took place due to revaluation of portfolios of the merchant banks and stock dealers and their clients. The existing deadline will be ended on December 31, 2018.
- The production of CVO Petrochemical Refinery remains stopped for 15 days due to scheduled maintenance and machinery up-gradation work. The delivery department and receiving department will perform their job accordingly.

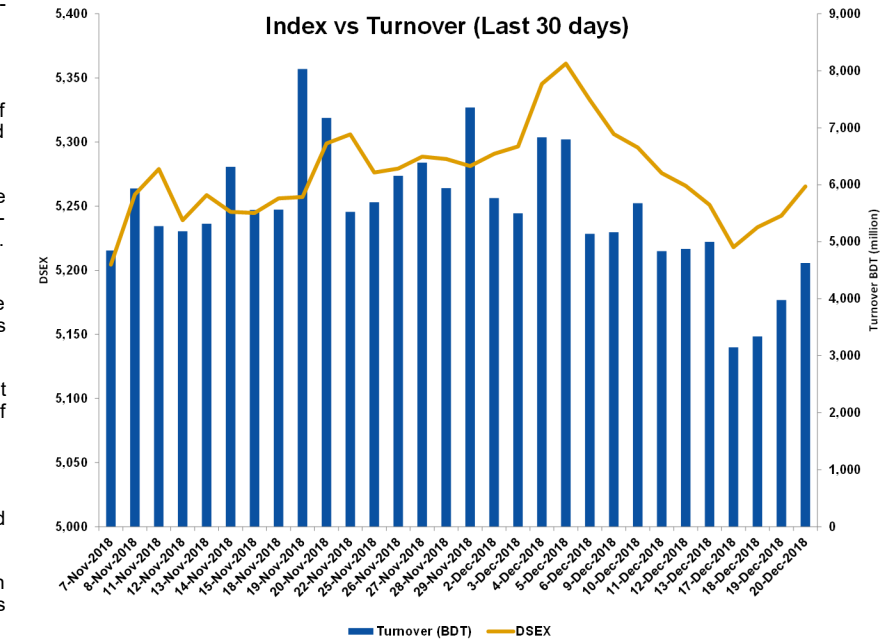
Table 1: Index

Index	Closing	Opening	Δ (Pts)	31-Dec-2016	$\Delta\%$ Week	$\Delta\%$ YTD
DSEX	5,265.32	5,251.02	14.30	6,244.52	0.27%	-15.68%
DS30	1,842.11	1,843.78	-1.67	2,283.23	-0.09%	-19.32%
DSES	1,209.38	1,206.79	2.59	1,390.67	0.21%	-13.04%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	15,172,129.3	19,075,082.9	-20.5%
	Mn USD	182,510.9	229,460.9	
Turnover	Mn BDT	15,094.5	25,550.2	-40.9%
	Mn USD	181.6	307.4	
Average Daily Turnover	Mn BDT	3,773.6	5,110.0	-26.2%
	Mn USD	45.4	61.5	
Volume	Mn Shares	382.8	600.9	-36.3%

Figure 1: DSEX & Turnover in last four weeks



Associate:

Md. Rafiqul Islam

mrafiqulislam@bracepl.com

Table 3: Top Ten Gainers

Company Name	Close	Open	Δ%	Mcap	Vol (mn BDT)	P/E	P/B
Emerald Oil Industries Ltd.	13.10	10.70	22.4%	782.2	13.98	4.3x	0.8x
Daffodil Computers Ltd.	42	34.70	21.9%	2,111.3	230.39	19.5x	3.4x
Shahjibazar Power Co. Ltd	92.80	79.60	16.6%	15,391.0	182.51	17.4x	4.1x
Anlima Yarn	45.70	39.50	15.7%	816.6	267.49	81.6x	4.1x
Rupali Insurance	20.70	18.30	13.1%	1,442.7	57.73	12.6x	1.0x
Green Delta Insurance	66.50	58.90	12.9%	5,366.0	28.97	19.2x	0.9x
Monno Jute Staffers	1,613.80	1,433.70	12.6%	3,340.6	6.09	14651.6x	89.3x
Prime Islami Life Ins	61.00	54.30	12.3%	1,861.7	107.94	NM	6.1x
Beach Hatchery Ltd.	13.00	11.70	11.1%	538.2	9.96	NM	1.1x
Sunlife Insurance Company Limited	28.90	26.10	10.7%	1,033.5	139.05	NM	2.9x

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Legacy Footwear	179.00	198.30	-9.7%	2,035.9	79.79	177.4x	10.6x
National Tea	811.30	896.30	-9.5%	5,354.6	189.53	67.4x	5.6x
M.L. Dyeing Limited	32.80	36.20	-9.4%	6,313.7	138.78	28.4x	1.6x
Keya Cosmetics	6.30	6.90	-8.7%	6,944.6	60.94	4.1x	0.5x
Savar Refractories	97.90	106.80	-8.3%	136.4	1.69	NM	15.6x
JMI Syringes & Medical Devices Ltd	234.80	255.20	-8.0%	2,582.8	316.24	34.6x	3.6x
CAPM IBBL Islamic Mutual Fund	9.60	10.40	-7.7%	641.8	29.31	NM	1.0x
Information Services Network Ltd.	26.30	28.40	-7.4%	298.7	16.77	NM	1.8x
Monno Ceramic	229.80	248.00	-7.3%	7,505.7	119.67	2851.6x	3.2x
Dulamia Cotton	29.60	31.90	-7.2%	223.7	.26	NM	NM

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
United Power Generation & Distribution Company	303.10	292.80	3.5%	145,211.3	509.03	34.8x	12.6x
Square Pharmaceuticals	248.70	247.90	0.3%	196,226.4	393.47	18.4x	4.2x
Khulna Power Company Limited	57.40	55.90	2.7%	22,811.5	382.76	12.5x	2.5x
Meghna Life Insurance	81.40	77.00	5.7%	2,728.7	374.64	NM	8.1x
JMI Syringes & Medical Devices Ltd	234.80	255.20	-8.0%	2,582.8	316.24	34.6x	3.6x
BRAC Bank	71.90	72.30	-0.6%	77,112.8	302.29	19.8x	4.0x
In Tech Online Ltd.	60.40	55.90	8.1%	1,891.8	299.40	67.9x	6.0x
IFAD Autos Limited	107.00	108.20	-1.1%	26,535.0	271.99	25.3x	4.1x
Anlima Yarn	45.70	39.50	15.7%	816.6	267.49	81.6x	4.1x
Rupali Life Insurance Co. Ltd.	88.90	85.30	4.2%	2,564.7	233.42	NM	8.9x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Berger Paints	1,342.10	30.11%	62,243.8	30.8x
Prime Islami Life Ins	61.00	11.11%	1,861.7	NM
Singer Bangladesh	216.40	10.69%	16,596.7	30.4x
Marico Bangladesh Limited	1,200.50	8.53%	37,815.8	26.3x
Green Delta Insurance	66.50	8.31%	5,366.0	19.2x
Summit Power	38.60	7.52%	41,220.1	9.4x
Mutual Trust Bank	32.90	5.75%	18,863.6	12.9x
Agni System Limited	21.30	2.12%	1,545.4	23.0x
BATBC	3,456.70	1.62%	207,402.0	27.4x
Delta Life Insurance	109.10	1.39%	13,501.1	NM

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1376.64	1371.32	1848.21	0.39%	-25.51%
NBFIs	2035.18	2038.72	2714.85	-0.17%	-25.04%
Mutual Funds	633.38	627.24	788.81	0.98%	-19.70%
General Insurance	1509.67	1447.71	1592.30	4.28%	-5.19%
Life Insurance	2148.86	2077.68	1834.85	3.43%	17.11%
Telecommunication	4938.94	4931.89	6494.31	0.14%	-23.95%
Pharmaceuticals	2657.78	2665.50	2821.05	-0.29%	-5.79%
Fuel & Power	1752.61	1723.68	1527.27	1.68%	14.75%
Cement	1649.90	1677.77	2280.58	-1.66%	-27.65%
Services & Real Estate	996.92	1001.67	1224.11	-0.47%	-18.56%
Engineering	2882.12	2891.18	3166.83	-0.31%	-8.99%
Food & Allied	14740.31	14633.14	15304.34	0.73%	-3.69%
IT	1570.22	1487.24	1484.41	5.58%	5.78%
Textiles	1458.10	1466.29	1222.72	-0.56%	19.25%
Paper & Printing	9542.91	9400.96	1013.11	1.51%	841.94%
Tannery	2546.62	2570.62	2642.41	-0.93%	-3.62%
Jute	21778.21	22306.36	8867.22	-2.37%	145.60%
Ceramics	570.92	573.42	597.46	-0.43%	-4.44%
Miscellaneous	1905.41	1910.51	1725.62	-0.27%	10.42%

Table 7: Sector Trading Matrix

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	PE	PB
Banks	242.3	254.0	-4.62%	6.77%	8.8x	1.0x
NBFIs	140.6	159.2	-11.64%	3.93%	19.5x	2.0x
Mutual Funds	27.0	24.8	8.92%	0.75%	0.5x	0.5x
General Insurance	168.2	118.5	41.92%	4.70%	13.7x	1.0x
Life Insurance	347.4	306.1	13.50%	9.71%	NM	8.9x
Telecommunication	38.7	40.6	-4.57%	1.08%	21.7x	16.0x
Pharmaceuticals	515.3	1,085.6	-52.53%	14.41%	20.0x	3.2x
Fuel & Power	365.6	402.4	-9.13%	10.22%	14.8x	2.3x
Cement	36.6	63.2	-42.12%	1.02%	18.5x	3.0x
Services & Real Estate	33.9	44.3	-23.56%	0.95%	25.2x	0.8x
Engineering	335.3	480.6	-30.24%	9.37%	22.3x	2.1x
Food & Allied	167.9	273.9	-38.71%	4.69%	29.9x	10.4x
IT	221.8	130.7	69.71%	6.20%	30.3x	3.2x
Textiles	626.6	1,005.1	-37.65%	17.52%	22.4x	1.2x
Paper & Printing	16.4	24.3	-32.47%	0.46%	NM	5.2x
Tannery	54.0	55.8	-3.07%	1.51%	19.5x	3.1x
Jute	59.8	106.6	-43.84%	1.67%	NM	9.2x
Ceramics	41.8	39.6	5.77%	1.17%	27.5x	2.1x
Miscellaneous	137.9	316.8	-56.46%	3.86%	27.3x	1.2x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
AB Bank	11.60	-47.51%	8,794.3	5.8x
United Airways (BD) Ltd.	2.70	-41.91%	2,235.9	11.5x
City Bank	29.10	-39.54%	28,168.4	6.9x
Lafarge Surma Cement	42.70	-38.91%	49,590.6	22.3x
IFIC Bank	10.50	-38.17%	14,056.8	8.9x
EXIM Bank	10.70	-37.79%	15,111.1	5.1x
Islami Bank	23.60	-35.52%	37,995.8	8.5x
Rupali Bank	35.20	-34.07%	13,253.4	NM
Prime Bank	17.00	-31.75%	19,248.8	8.8x
International Leasing	13.50	-31.58%	2,851.8	22.7x

Important News: Business & Economy

Banks must reduce classified loans by this year: Bangladesh Bank (BB)

- The central bank has asked all the scheduled banks for taking effective measures to reduce the volume of classified loans significantly by the end of this year. The bankers have, however, sought judicial support to this end. As per BB officials, they might invite the chairman of Law Commission to attend the next bankers' meeting to inform [him of] the legal complexity for settling classified loan disputes.
- The BB and the commission already sat months ago to discuss issues like the functioning of money loan courts, strengthening recovery of NPLs and Credit Information Bureau-related matters. On May 14, the Law Commission at the meeting discussed establishment of commercial courts aiming to attract foreign direct investment through resolving disputes on trade, commerce and banking promptly. At the meeting, the central bank assured the country's top bankers of extending its support, if necessary, to reschedule loans that will help reduce the volume of defaulted loans.
- The central banker also said that they will help the bankers reschedule loans within the existing rules and regulations. Another BB official said that BB asked the banks for taking measures to bring down the volume of% of classified loans to around 10% of total outstanding loans by the end of this year. The BB's latest move came against the backdrop of a rising trend in the non-performing loans (NPLs) in the country's banking sector in recent months despite its close monitoring.

<http://today.thefinancialexpress.com.bd/first-page/banks-must-reduce-classified-loans-by-this-year-bb-1545237094>
<https://www.thedailystar.net/business/banking/news/bb-steps-clear-backlog-cases-1676098>

Finance ministry to make review next week

- In the wake of widespread criticism over mounting non-performing loans (NPL) in the banking system, the finance ministry is going to hold a meeting next week to review the situation. The meeting, to be chaired by financial institutions division (FID) secretary, will assess the situation in relation to volume of classified loans and provisioning in the state-owned commercial banks (SoCBs). As of September last, the amount of default loans in the country's banking sector reached BDT 1.0 trillion, an all-time high volume, stirring up worries among experts and bankers.
- In the first nine months of current calendar year, the NPL jumped by nearly 34% or BDT 250.67 billion to BDT 993.70 billion from BDT 743.03 billion in December last year. The size will be even bigger if the amount of rescheduled and written-off loans are taken into account. During the same period, the overall shortfall in provisioning against NPLs swelled by over 20% or BDT 13.60 billion. The total amount of provisioning shortfall rose to BDT 81.27 billion in September from BDT 67.67 billion in January, according to the latest central bank data.
- A senior finance ministry official said that the FID has moved to review the NPL situation, as its rising trend has fuelled concern among many. The issue came to the fore after a local think-tank, the Centre for Policy Dialogue (CPD), voiced concern about the continuous rise in NPL, he said.

<http://today.thefinancialexpress.com.bd/first-page/finance-ministry-to-make-review-next-week-1545237244>

New banks to increase competitive intensity, says S & P

- S&P Global Ratings affirmed its 'B+' long-term and 'B' short-term issuer credit ratings on Bangladesh-based BRAC Bank Ltd. The outlook on the long-term rating is stable. S&P affirmed the rating because they expect BRAC Bank's above-industry average profitability and capital buffers will sustain its credit profile over the next 12-18 months. At the same time, they believe Bangladesh's broader banking system faces increasing pressure on earnings capacity, from an already moderate base. They have reflected the increased system-wide risks in our revised BICRA scores on Bangladesh.
- By their estimates, BRAC Bank's pre-diversification risk-adjusted capitalization will remain above 5.0% over the next 12-24 months. In their view, the bank is implementing prudent capital strategy, which includes completion of a stake sale in its subsidiary bKash Ltd., and plans to retain all profits going ahead. They also expect loan growth to slow over the next 12-18 months, from 20% year-on-year growth in the first half of 2018.
- The bank is likely to increase its franchise in Bangladesh's competitive yet underpenetrated financial services industry. We expect expansion and better use of BRAC Bank's distribution network to drive growth. In our view, the bank will continue to invest in its branch infrastructure, cyber security and technology initiatives.

<http://today.thefinancialexpress.com.bd/stock-corporate/new-banks-to-increase-competitive-intensity-says-s-p-1545235152>

Assess impact of new VAT law first: FBCCI

- The Federation of Bangladesh Chambers of Commerce and Industry has urged the revenue authority to conduct an impact assessment study before implementing the new VAT law. In a letter sent to the chairman of the National Board of Revenue, the apex trade body suggested that the changes between the VAT and Supplementary Duty Act 2012 and VAT Act 1991 should be identified as part of the study. It stressed the need for assessing the impact of the new law on import, exports, manufacturing and trading in light of the VAT Act 1991 that has been in effect for more than two and a half decades.
- The plea came months before the planned implementation of the new VAT law, enforcement of which was shelved for two years since June last year. Its implementation was halted amid public outcry and reported pressure from the business community who opined that a uniform 15% VAT instead of the existing multiple rates would hurt businesses and raise living costs. The FBCCI in its letter urged for studying incidence of application of 15% VAT, and impact of withdrawal of package and truncated VAT rates on retail business, service sector and consumers.
- It also demanded impact assessment of the new law on small and medium enterprises and the service sector, assess capacity of businesses and revenue officials for enforcement of the new legislation and determine steps required. The FBCCI also demanded that the NBR revise the new law by doing cost benefit analysis on the basis of proposals from the NBR field offices and recommendations of its member organisations.

<http://today.thefinancialexpress.com.bd/stock-corporate/new-banks-to-increase-competitive-intensity-says-s-p-1545235152>

Power generation below half-mark of installed capacity

- The state-run Bangladesh Power Development Board (BPDB) is keeping the country's overall electricity generation below the half mark of the installed capacity under a 'rationing' system in view of the sagging winter demand. In such a situation the people are not getting the maximum benefit of the significant increase in the country's overall electricity generation over the past one decade, according to insiders.

- BPDB chairman said that they are producing less electricity due to the less demand in winter. Some power plants were asked to suspend operations and some were kept under maintenance work, he added. Despite the plants remaining out of operation, the BPDB has been counting a capacity payment to them as they are ready to supply electricity. The capacity payment is a sort of penalty, which the BPDB is bound to pay to the power plant owners, if the government fails to purchase a certain portion of the electricity readily available.

- According to the BPDB statistics, the countrywide electricity generation during the evening peak hours on Tuesday (December 18) was 7,865 megawatts (MW), just 44.47% of the country's total installed capacity of 17,685 MW. Power generation during the off-peak hours (day-time power generation) on the day was 6,301 MW. It was only 35.62% of the total installed capacity. The country's overall electricity production just one month back on November 18 last was also below the half mark of the total installed capacity.

<http://today.thefinancialexpress.com.bd/first-page/power-generation-below-half-mark-of-installed-capacity-1545237052>

Bank financial closing December 27

- Bangladesh Bank announced on Tuesday the 27th December as the financial closing day for all scheduled commercial banks instead of December 30, according to a press release. The Bangladesh Bank issued the order on "bank closing" day considering that during the day banks usually report the last transactions of the customers and apply profits and other accounting practices. This year the last transactions will be made on December 26.

<http://today.thefinancialexpress.com.bd/first-page/bank-financial-closing-dec-27-1545151576>

<http://www.newagebd.net/article/59187/bb-sets-dec-27-for-annual-bank-account-closure-due-to-polls-on-dec-30>

<https://www.dhakatribune.com/business/banks/2018/12/19/banks-annual-accounts-closing-on-december-27>

App-based service to make calls cheaper

- Five internet protocol telephony service providers (IPTSP) have recently won regulatory approval to roll out app-based services to make calls at much cheaper rates than those offered by the telecom operators. In a recent meeting, Bangladesh Telecommunication Regulatory Commission (BTRC) approved the applications of Amber IT Ltd, BDCOM Online Ltd, MetroNet Bangladesh and Link3 Technology Ltd.

- Inter Cloud, another IPTSP operator, was the first company to be given go-ahead by the commission a few months ago to introduce app-based calling service "Brilliant Connect". According to the president of Internet Service Providers Association Bangladesh (ISPAB), this will be a much secure platform and the calling cost will halve. Both Amber IT and

BDCOM Online have targeted to introduce the service within a month.

<https://www.thedailystar.net/business/news/app-based-service-make-calls-cheaper-1675612>

Import growth moderate

- Bangladesh's import maintained moderate growth of 9% between July and October in the current fiscal year, giving some respite to balance of payments which was under pressure.

- According to data from the central bank, letters of credit settlement stood at USD 17.64 billion in the first four months of 2018-19, up from USD 16.19 billion in the same period a year ago.

- In 2017-18, import payment surpassed USD58 billion, the highest in the country's history. The higher import created a major crisis for the balance of payment as both the trade balance and the current account posted a record deficit.

- Import of industrial raw materials was ramped up nearly 12% year-on-year to USD 6.38 billion during the four-month period.

<https://www.thedailystar.net/business/news/import-growth-moderate-1675117>

July-October export of services fetches USD 1.94 billion

- Export earnings from the country's services sector stood at USD 1.94 billion, marking a robust growth of 56.46% during the first four months of the current fiscal year (FY) compared to that of the corresponding period of last fiscal.

- The sector fetched USD 1.24 billion in the July-October period of FY 2017-18, according to the Export Promotion Bureau (EPB) data released on Monday.

- Out of the total USD 1.94 billion in earnings, USD 1.91 billion came from export of services in areas like manufacturing services on physical inputs, maintenance and repair, transportation, travel, telecommunication and information as well as government goods and services.

- The rest of the amount was earned from goods procured through ports by carriers and merchandising. The amount stood at USD 31.30 million and USD 2.99 million respectively during the period under review.

<http://today.thefinancialexpress.com.bd/last-page/july-oct-export-of-services-fetches-194b-1545064998>

Banks, Non-Bank Financial Institutions conceal taxpayers' bank account info, National Board of Revenue tells Bangladesh Bank

- National Board of Revenue has accused banks and non-bank financial institutions of concealing information of taxpayers' accounts and transactions to tax authorities.

- The revenue board in a recent letter to Bangladesh Bank governor highlighted various means through which financial institutions were concealing information of taxpayers' accounts.

- 'It is a matter of grave concern with which NBR is observing that some banks, leasing companies and other financial institutions are providing wrong information about the taxpayers' bank accounts and financial transactions,' the letter said.
- In many cases, financial institutions don't provide the required information on time which puts negative impact on revenue collection, the letter said.
- NBR officials said that the revenue board had received allegations from field offices that sometimes different bank and NBFIs in connivance with the taxpayers gave wrong information to NBR to misguide the tax authorities in audit and investigation activities about a taxpayer—individual or company.

<http://www.newagebd.net/article/59102/banks-nbfis-conceal-taxpayers-bank-account-info-nbr-tells-bb>

Convert school banking accounts to savings accounts when students turn 18

- Bangladesh Bank (BB) has directed all scheduled banks to convert school banking accounts to savings accounts, upon the account holders reaching 18 years of age.
- Additionally, the circular also mandated banks to regularly send information about the progress of school students' accounts to the Financial Inclusion Department of Bangladesh.
- School banking accounts and their deposits rose by nearly 14% in September compared to the same period last year, according to the latest data by BB.
- During the July-September period of the current fiscal year, deposits rose by BDT 1.74 billion to BDT 14.28 billion, while the number of accounts increased by 222,344 to 1,609,961.
- BDT 11.97 billion—83.96% of total school banking deposits till September this year—was deposited with 1,031,383 accounts. 64.06% of a total school banking accounts is in private commercial banks. On the other hand, BDT 1.91 billion was deposited with 446,426 accounts in state-owned commercial banks, as mentioned in the central bank's latest quarterly report on financial inclusion.

<https://www.dhakatribune.com/business/2018/12/18/bb-s-directive-to-banks-convert-school-banking-accounts-to-savings-accounts-when-students-turn-18>
<http://www.newagebd.net/article/59105/convert-school-banking-accounts-to-savings-accounts-when-students-turn-18>

Government's audit claim to Robi remains at BDT 8.67 billion

- The government's audit claim to the second largest mobile phone operator Robi Axiata Limited remained unchanged at BDT 8.67 billion as the telecom regulator binned the mobile phone operator's explanation regarding a recent audit.
- The Bangladesh Telecommunicating Regulatory Commission at a recent commission meeting rejected the explanation by Robi whose dues have been accumulated over the years.

• "The regulator did not find any ground to accept Robi's explanation and again asked it to deposit the claimed amount of BDT 8.67 billion by 10 days" said a senior official of the commission.

• Earlier on July 31 this year, the telecom regulator issued a demand letter to Robi asking the operator to deposit BDT 8.67 billion within ten working days. Instead of paying the dues, the mobile phone operator submitted a 32-page explanation to the telecom regulator.

• BTRC officials said that the commission would take legal measures to recover the claim amount if Robi refrained from paying the money within the stipulated time.

<http://www.newagebd.net/article/59100/govts-audit-claim-to-robi-remains-at-BDT-867-crore>

Government plans to unlock investment scope for private sector in power transmission

• The government is moving ahead with a plan to open a USD 35 billion investment opportunity for private investors in the country's power transmission sector.

• According to official sources at the Power Division, the private sector's enormous contribution in power generation—private companies now contribute over half the country's installed generation capacity—has encouraged the government to involve them in the transmission segment of the sector.

• The latest government statistics show that out of total power generation capacity of 20,343 MW, the private sector's contribution stands at 11,057 MW representing 54% of the total, while the public sector with 9,286 MW contributes the remaining 46%.

• Official sources said as part of the Power System Master Plan drawn up in 2016, the Power Division identified a USD 35-billion investment potential in the transmission segment up to 2041. As per the plan, the power transmission lines will be expanded to 36,870 km across the country by 2041.

• Of the total grid transmission lines, 16,655 km will be of 132 kV, while 9,717 km of 230 kV, 1,740 km of 400 kV, and 796 km of 765 kV, according to officials at the Power Division.

<https://www.dhakatribune.com/business/2018/12/18/govt-plans-to-unlock-investment-scope-for-pvt-sector-in-power-transmission>

Farmers to get loan reschedule facility without down payment

• Bangladesh Bank on Monday released farm loan rescheduling policy allowing banks to reschedule short-term loans even without any down payment.

• The central bank issued a circular in this regard as many of the farmers, took loans rescheduling facility under the policy relaxation in 2015, again become incapable to repay loan instalments on different grounds including on the ground of natural disaster.

• Such incapability of the farmers to repay loans have raised suspicion that the loans which were disbursed to the farmers would turn into bad loans thus posing its negative impact over the rural economy as well as on the overall economy as a whole, the circular said.

• Banks were also allowed to issue fresh loans to the farmers even after rescheduling and

there will be no requirement to take any fresh deposit in disbursement of fresh loans.

- According to Bangladesh Bank latest data, disbursements of farm loans by banks dropped by 13.74% in July-October period of the current financial year 2018-2019 compared with the same period of the past fiscal year despite the commencement of peak agriculture season.

<http://www.newagebd.net/article/59101/farmers-to-get-loan-reschedule-facility-without-down-payment>

Bank deposits rose by BDT 7.9 trillion last 10 years: Bangladesh Bank

- Total deposits of all banks in Bangladesh have increased by BDT 7.9 trillion along with the growing number of bank accounts over the last ten years.
- Bank deposits stood at BDT 10.4 trillion as of June this year, up from BDT 2.5 trillion in 2008, according to a special report of Bangladesh Bank (BB).
- The central bank's report, aimed at informing about their contribution to the government's success in the last 10 years, further stated that the total number of public and private commercial banks went up from 47 in 2008 to 59 in 2018.
- As of June this year, the total number of bank accounts stood at 92.1 million, of them 931,800 is farmers' bank accounts.
- The report further said the number of bank branches also increased in this period. A total of 3,228 branches of both private and state-owned banks have been established in Bangladesh over the last 10 years—taking the total number of bank branches in the country from 6,886 in June, 2008, to 10,114 in June this year.
- Over the last ten years, banks' credit rose by BDT 5.2 trillion, standing at BDT 8.5 trillion as of June this year. Bangladesh's foreign currency reserve has registered more than 450% growth in the last ten years standing at USD 31.95 billion—up by 450.86%, from USD 5.8 billion in December, 2008.

<https://www.dhakatribune.com/business/banks/2018/12/15/bb-bank-deposits-rose-by-BDT7-85-938cr-in-last-10-years>

Large Loan Restructuring: Favor Proves Futile

- On January 29, 2015, the Bangladesh Bank issued a new large loan restructuring policy to stand by big borrowers in trouble. The policy, which was taken under political pressure from influential debtors, offered a repayment period of up to 12 years, discounted interest rates and down payment as well as repayment in quarterly instalments.
- Eleven large business groups got their loans of nearly BDT 150.0 billion restructured, taking advantage of the relaxed policy. Beximco Group alone accounted for a third of the total loans restructured.
- After one year of grace period, these loans were due in September 2016. But most of the borrowers have failed to pay their first instalment and three of them even applied to have their loans restructured again.

- A recent central bank document showed that the loans, which were restructured in June 2015, rose 17.37% to BDT 171.0 billion in absence of repayment.

- Currently, nearly two dozen banks are in trouble as their investible funds got stuck and squeezed. One such bank is state-owned Janata that restructured about one-third of the large loans.

<https://www.thedailystar.net/business/banking/news/large-loan-restructuring-favour-proves-futile-1674622>

Source tax for exporters may be slashed again

- The National Board of Revenue is likely to cut the source tax on total export proceeds of exporters further in the face of demand from industries, particularly from apparel manufacturers.
- The tax at source may be slashed to 0.25% from existing 0.6% on all export items except for jute and jute goods, said an official of the NBR.
- The reduction of tax at source on export earnings would be helpful for owners to implement the new wage as they will have to pay less tax than before, said the president of the Bangladesh Garment Manufacturers and Exporters Association.
- The NBR official said the reduced tax rate is likely to take effect from the first day of the current fiscal year and the tax that exporters have already paid might be adjusted in line with the new rate.
- Export earnings grew 17% year-on-year to USD 17.1 billion in the first five months of the current fiscal year. Exporters fetched USD36.61 billion last fiscal year, posting 5.81% year-on-year growth, according to data from the Export Promotion Bureau.

<https://www.thedailystar.net/business/news/source-tax-exporters-may-be-slashed-again-1674154>

<http://www.newagebd.net/article/59007/govt-gives-nod-to-further-cut-on-rmg-export-tax-to-025pc>

Non-Bank Financial Institutions in tight corner

- The current effort to bring down lending and deposit rates has started putting pressure on non-banking financial institutions (NBFIs), sector insiders said.
- To comply with the directive, the non-banks have been forced to slash both lending and deposit rates, although most banks have not implemented it yet, they said. In consequence, the money is going to banks that provide higher rates that started hurting the sector, they said.
- To overcome the challenge, the NBFIs are now focusing more on expanding their deposit portfolio by reducing dependency on costly bank credit line.
- According to the said the president of the Bangladesh Leasing and Finance Companies Association, overall spread keeps declining. As a result, the profit margin of many NBFIs starts going down in the third quarter of the calendar year. All of them are working hard to cut NPLs (non-performing loans) but cannot do so.

- The average NPL in the NBFIs is less than 10% but there are some institutions where it is below 4.0%. A total of 35 NBFIs are operating in the country, with total portfolio standing at BDT 850 billion.

<https://thefinancialexpress.com.bd/economy/bangladesh/nbfis-in-tight-corner-1544846936>

4 firms allowed to launch mobile app-based calling service

- Bangladesh Telecommunication Regulatory Commission has allowed four internet protocol telephony service providers (IPTSP) to launch mobile phone application-based calling service amid concern about misuse of the service for international call termination.
- The IPTSP operators which got approval for launching app-based calling service are: BDCOM Online Limited, Amber IT Limited, MetroNet Bangladesh and Link3 Technology Limited.
- Another IPTSP operator, Inter Cloud, has already launched its app-based calling service 'Brilliant Connect' upon receiving permission from the telecom regulator.
- Engineering and operation department of the commission in its observation said that allowing the IPTSP operators to launch app-based calling service would create scope for entering incoming international calls as on-net calls instead of traditional calls through international gateway operators.
- Generation of such calls would affect the government's revenue earnings from the incoming international calls. In the context of rapidly falling international incoming calls, allowing the IPTSP operators to run the service might lead to further fall in the volume of such calls.
- As per the BTRC's statistics, the volume of incoming international phone calls was 3.8 billion minutes with a daily average of 123.6 million minutes in May, 2015. The call volume, however, dropped to around 1.0 billion minutes in November this year with a daily average of 34 million minutes.
- The conditions include the entities will have to submit BDT 50 million in security deposit and any or full amount could be encashed by the commission if any violation of licensing conditions by the entities is detected by the commission.

<http://www.newagebd.net/article/58926/4-firms-allowed-to-launch-mobile-app-based-calling-service>

Higher expenses weigh on life insurers

- Most of the life insurance companies spent more than they earned in April to June, putting a negative impact on life funds and eroding their capacity to settle claims.
- Of the 32 life insurers in Bangladesh, 20 spent higher for management expenses than premium collection in the quarter violating the authorized limit for the former, according to the Insurance Development and Regulatory Authority (IDRA).
- The management expenditure for these companies was BDT 100 to BDT 348 against a premium collection of BDT 100, said the regulator in a report on management expense.

Insurance laws allow companies to spend up to BDT 96 as management expenses for every BDT 100 collected in premium. In 2016, insurers spent BDT 179 against their earning of BDT 100, the report said.

- Insurance companies could not settle claims on schedule because of the higher management expenditure, said a senior executive of the IDRA. The higher expenditure is weakening the financial strength of insurers as they are meeting the excess expenses from their paid-up capital instead of from life funds, breaching laws, he said.

- Ten life insurers saw a decline in their life funds in the first quarter of 2018 due to their higher expenditure, the report said. The companies are Fareast Life, Golden, Homeland, LIC Bangladesh, Meghna, National, Padma Islami, Popular Life, Prime Islami and Sandhani Life.

<https://www.thedailystar.net/business/news/higher-expenses-weigh-life-insurers-1674613>
Bangladesh Securities & Exchange Commission (BSEC) extends timeframe till December 31, 2020

- The securities regulator has extended the timeframe till December 31, 2020 for keeping provision against unrealised losses in margin accounts of stock dealers' and stock brokers' clients. The unrealised losses took place due to revaluation of portfolios of the merchant banks and stock dealers and their clients. The existing deadline of keeping provision against unrealised losses will be ended on December 31, 2018. In 2017, the BSEC also set December 31, 2018 as the deadline for provisioning the unrealised losses.
- DSE Brokers Association on December 9 urged the commission to extend the timeframe by three more years, mentioning the overall bearish trend in the capital market. The market situation has also been taken into account while taking the decision of extending the deadline of keeping provision.

<http://today.thefinancialexpress.com.bd/stock-corporate/bsec-extends-timeframe-till-december-31-2020-1545234965>

Dhaka Stock Exchange (DSE) profit falls 16% in FY18 on bearish market

- The net profit of Dhaka Stock Exchange fell by 15.61% in last financial year (2017-18) due mainly to a prolonged bearish trend at the market with a fall in turnover. According to DSE sources, profit of DSE declined to BDT 1.05 billion in FY18 from BDT 1.24 billion in FY17. Considering 180,37,76,500 shares of DSE, its earnings per share decreased to BDT 0.58 in FY18 from BDT 0.69 in FY17.
- One of the DSE directors said that the bourse's profit declined as its operational profit dipped significantly due to a prolonged bearish trend at the market and low participation of investors in the market. The bourse has fixed deposits worth around BDT 10.00 billion. The total turnover on the bourse was BDT 1.59 trillion in FY18 with a daily average turnover of

Important News: Capital Market

BDT 647 billion, while the figures were BDT 1.81 trillion and BDT 7.55 billion respectively in the previous fiscal year.

<http://www.newagebd.net/article/59185/dse-profit-falls-16pc-in-fy18-on-bearish-market>

Government earnings from Dhaka Stock Exchange (DSE) fall 19% in November

- The government revenue earnings from the Dhaka Stock Exchange (DSE) fell 19% month-on-month in November this year on the back of falling trade volumes. Market insiders said sluggish market trend coupled with low share sales by sponsor-directors and placement holders continued affecting the government revenue earnings from the prime bourse.
- The government collected tax worth BDT 153 million in November against BDT 189 million in October 2018, falling more than 19 per cent, the DSE data shows. The government earnings from the DSE also fell 28% in five months of the current fiscal year (FY) compared to the same period of the previous fiscal. The government bagged revenue worth BDT 924 million in July-November period of the FY 2018-19 against BDT 1,295 million in same period of the previous fiscal, the DSE data shows.

<http://today.thefinancialexpress.com.bd/stock-corporate/govt-earnings-from-dse-fall-19pc-in-november-1545148831>
<http://www.newagebd.net/article/59188/tax-collection-from-dse-slides-by-19pc-in-nov>

CVO production suspended for 15 days

- The production of CVO Petrochemical Refinery remains stopped for 15 days due to scheduled maintenance and machinery up-gradation work.
- It also said the delivery department (delivery of finished product in stock to BPC) and receiving department (receiving of condensate from PetroBangla) will perform their job accordingly.
- "The company will inform when the production process will resume after the scheduled maintenance work," the company said.
- The share price of CVO Petrochemical Refinery closed at BDT 154 each on Monday with a loss of 3.51% or BDT 5.60 on the Dhaka Stock Exchange (DSE).

<http://today.thefinancialexpress.com.bd/stock-corporate/cvo-production-suspended-for-15-days-1545061822>

Stockbrokers, investors lament 8 years of market decay

- Stockbrokers and investors have expressed their disappointment over the country's capital market that has been suffering a downward trend since the year of market crash (2010-11), eroding the capital of thousands of investors.
- Dhaka Stock Exchange Brokers' Association expressed its dismay to the market regulator, Bangladesh Securities and Exchange Commission, through a letter on December 9 where it sought another three years for provisioning against unrealized losses of disbursed margin loans and dealer accounts.
- DBA said that the capital market was maintaining bearish mood and the key index of DSE fell by 3,600 points from 8,900 points in 2010, a drop of almost 40%, and the average daily turnover declined by around 78 % in the period.
- The situation is getting worse day by day and the daily trade volume came under BDT 5.5

billion in December this year from BDT 2,5.0 billion 2010, it also said.

- The association also said, 'In the market dynamic, customer relies mostly on the banking sector whose performance at the capital market is the worst that hit the negative equity severely.'

<http://www.newagebd.net/article/58925/stockbrokers-investors-lament-8yrs-of-market-decay>