

## Weekly Market Update

### Capital Market Overview

The market closed in green this week. The benchmark index DSEX (+2.29) gained 120.32 points and closed the week at 5,385.64 points. The blue-chip index DS30 (+2.10%) gained 38.67 points and stood at 1,880.78 points. The shariah based index DSES (+1.94%) gained 23.45 points and stood at 1,232.82 points. DSEX, DS30 and DSES all posted negative YTD return of -13.75%, -17.63%, and -11.35% respectively.

**Total Turnover During The Week (DSE) :** BDT 15.4 billion (USD 181.6 million)  
**Average Daily Turnover Value (ADTV):** BDT 3.2 billion (Δ% Week: -14.9%)

**Market P/E:** 16.88x  
**Market P/B:** 2.14x

#### Daily Index Movement during the Week:

The market performed four sessions during this week. Market opened this week with a positive movement of 0.63% in the first session. Then the market remained positive in the second, third and fourth session respectively 0.35%, 0.93% and 0.68%.

#### Sectoral Performance:

- Financial sectors showed positive performance this week except General Insurance (-1.38%). Life insurance posted highest gain by 4.80% followed by Banks (+3.78%), NBFIs (+2.57%) and Mutual Funds (1.76%).
- The non-financial sectors showed positive performance this week except Power (-0.43%). Telecommunication posted highest gain by 3.02% followed by Food & Allied (+1.99%), Engineering (+1.78%), Pharmaceuticals (+1.53%).

#### Macroeconomic arena:

- Taka remained upwards until September (Q3) since last June against other global currencies with a real effective exchange rate (REER) of 107.3, nearly up by 7.0% from June. Such appreciation of the local currency is not good for exporters as it worsens its competitiveness.
- Commercial banks have suddenly started borrowing from the central bank to manage the growing cash withdrawal pressure ahead of the national election scheduled on December 30. Ten banks borrowed BDT 36.87 billion from Monday to Wednesday last week by repurchase agreement (repo) and the assured liquidity support facility (ALSF) to meet instant liquidity demands.
- Seventeen listed banks have issued subordinated bonds worth BDT 96.0 billion in total in the outgoing year of 2018 to raise their capital base in line with the Basel III requirements. Issuance of subordinated debt by banks was worth BDT 55.00 billion in 2017 by 13 listed banks.

#### Stock Market arena:

- Bangladesh Steel Re-Rolling Mills Ltd. (BSRM) has decided to make an equity investment of about BDT 390.0 million, representing 18% of total equity, in a new joint venture BMS Steel Ltd. The company was formed in Kenya along with investment partners from Mauritius and the United Arab Emirates.
- Small-cap companies dominated the initial public offering (IPO) market in the outgoing year 2018. Fundraising by companies through IPOs has jumped 223% year on year in 2018 as 13 companies raised a total of BDT 5.46 billion by floating IPOs this year, after hitting a nine-year low in the previous year.
- The public subscription of Esquire Knit Composite will open on January 06, 2019 and will continue up to January 20, 2019, as the company is set to raise a capital of over BDT 562.0 million through IPO. Of the total shares, 60% shares are reserved for eligible investors and the remaining 40% shares will be available for the general investors at cut-off price BDT 40 per share.
- Dhaka Stock Exchange (DSE) has backtracked from its decision to charge BDT 150 per month for trading via its mobile app considering the present situation of the market as well as to reach more users first.

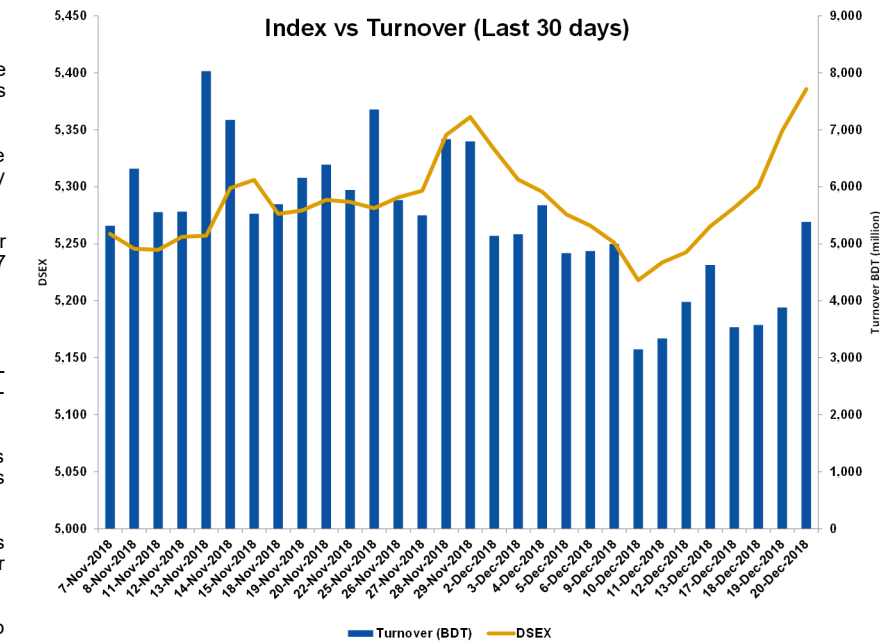
Table 1: Index

Index	Closing	Opening	Δ(Pts)	31-Dec-2016	Δ% Week	Δ%YTD
DSEX	5,385.64	5,265.32	120.32	6,244.52	2.29%	-13.75%
DS30	1,880.78	1,842.11	38.67	2,283.23	2.10%	-17.63%
DSES	1,232.82	1,209.38	23.45	1,390.67	1.94%	-11.35%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	11,555,865.8	15,172,129.3	-23.8%
	Mn USD	139,009.6	182,510.9	
Turnover	Mn BDT	12,840.0	15,094.5	-14.9%
	Mn USD	154.5	181.6	
Average Daily Turnover	Mn BDT	3,210.0	3,773.6	-14.9%
	Mn USD	38.6	45.4	
Volume	Mn Shares	345.1	382.8	-9.8%

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
BD Autocars	301.30	224.30	34.3%	1,163.8	105.90	326.7x	108.5x
Sonargaon Textiles	32	24.40	30.7%	844.3	139.12	NM	1.1x
Bay Leasing	20.50	17.10	19.9%	2,817.8	15.23	27.8x	1.1x
Meghna Condensed Milk	25.60	21.60	18.5%	409.6	6.78	NM	NM
National Life Ins	216.20	185.40	16.6%	23,462.5	305.73	NM	21.6x
Aramit Cement	22.10	19.00	16.3%	748.7	2.89	NM	1.9x
AIBL 1st Islamic Mutual Fund	8.10	7.00	15.7%	810.0	1.73	NM	0.8x
Zeal Bangla Sugar Mills	42.00	36.40	15.4%	252.0	2.10	NM	NM
Emerald Oil Industries Ltd.	15.10	13.10	15.3%	901.7	26.06	5.0x	1.0x
Mithun Knitting	19.40	17.10	13.5%	630.3	9.28	NM	0.8x

**Table 4: Top Ten Losers**

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Anlima Yarn	39.80	45.70	-12.9%	711.1	197.23	71.0x	3.6x
Paramount Insurance	17.40	19.50	-10.8%	550.6	24.49	19.4x	1.4x
M.L. Dyeing Limited	29.70	32.80	-9.5%	5,717.0	120.44	25.8x	1.5x
H.R. Textile	43.60	47.90	-9.0%	1,103.1	82.23	30.4x	3.1x
Eastern Cables	234.10	255.70	-8.4%	5,618.4	38.51	196.7x	7.7x
Libra Infusions Limited	999.30	1,074.40	-7.0%	1,500.9	67.01	246.7x	0.8x
Agrani Ins Co. Ltd.	17.30	18.60	-7.0%	498.3	2.46	9.9x	1.1x
In Tech Online Ltd.	56.20	60.40	-7.0%	1,760.3	224.54	63.2x	5.6x
Asia Insurance	17.50	18.80	-6.9%	823.7	1.18	10.7x	1.1x
Prime Insurance	13.70	14.70	-6.8%	560.0	4.84	7.5x	0.8x

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

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Khulna Power Company Limited	59.30	57.40	3.3%	23,566.6	624.36	12.9x	2.5x
United Power Generation & Distribution Company Ltd	290.70	303.10	-4.1%	139,270.6	500.97	33.4x	12.1x
BRAC Bank	72.70	71.90	1.1%	77,970.8	402.55	20.1x	4.0x
Beximco Limited	23.50	21.60	8.8%	20,593.5	341.65	20.1x	0.4x
Paramount Textile Limited	65.90	62.60	5.3%	8,929.4	340.07	39.7x	4.4x
Square Pharmaceuticals	254.20	248.70	2.2%	200,566.0	334.43	18.9x	4.3x
JMI Syringes & Medical Devices Ltd	254.10	234.80	8.2%	2,795.1	312.83	37.5x	3.9x
National Life Ins	216.20	185.40	16.6%	23,462.5	305.73	NM	21.6x
IFAD Autos Limited	108.40	107.00	1.3%	26,882.2	305.47	25.7x	4.2x
BDCOM Online Ltd.	28.70	28.00	2.5%	1,401.9	247.87	21.8x	2.4x

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

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Berger Paints	1,344.10	30.31%	62,336.5	30.8x
Singer Bangladesh	221.20	13.15%	16,964.8	31.1x
Mutual Trust Bank	35.10	12.82%	20,125.0	13.8x
Summit Power	39.40	9.75%	42,074.4	9.6x
Marico Bangladesh Limited	1,200.20	8.51%	37,806.3	26.3x
Green Delta Insurance	65.00	5.86%	5,244.9	18.8x
Prime Islami Life Ins	57.90	5.46%	1,767.1	NM
BATBC	3,541.70	4.12%	212,502.0	28.0x
Atlas Bangladesh	121.90	2.05%	4,038.2	NM
Delta Life Insurance	109.80	2.04%	13,587.8	NM

**Table 6: Sector Indices**

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1428.63	1376.64	1848.21	3.78%	-22.70%
NBFIs	2087.55	2035.18	2714.85	2.57%	-23.11%
Mutual Funds	644.54	633.38	788.81	1.76%	-18.29%
General Insurance	1488.77	1509.67	1592.30	-1.38%	-6.50%
Life Insurance	2251.96	2148.86	1834.85	4.80%	22.73%
Telecommunication	5088.05	4938.94	6494.31	3.02%	-21.65%
Pharmaceuticals	2698.49	2657.78	2821.05	1.53%	-4.34%
Fuel & Power	1745.13	1752.61	1527.27	-0.43%	14.26%
Cement	1676.67	1649.90	2280.58	1.62%	-26.48%
Services & Real Estate	1017.99	996.92	1224.11	2.11%	-16.84%
Engineering	2933.55	2882.12	3166.83	1.78%	-7.37%
Food & Allied	15034.12	14740.31	15304.34	1.99%	-1.77%
IT	1545.46	1570.22	1484.41	-1.58%	4.11%
Textiles	1461.57	1458.10	1222.72	0.24%	19.53%
Paper & Printing	9105.21	9542.91	1013.11	-4.59%	798.74%
Tannery	2560.64	2546.62	2642.41	0.55%	-3.09%
Jute	21417.92	21778.21	8867.22	-1.65%	141.54%
Ceramics	579.57	570.92	597.46	1.51%	-2.99%
Miscellaneous	1943.57	1905.41	1725.62	2.00%	12.63%

**Table 7: Sector Trading Matrix**

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Banks	465.0	242.3	91.96%	11.94%	9.2x	1.0x
NBFIs	157.8	140.6	12.21%	4.05%	20.0x	2.0x
Mutual Funds	23.2	27.0	-14.07%	0.59%	NM	0.5x
General Insurance	94.3	168.2	-43.91%	2.42%	13.5x	1.0x
Life Insurance	236.3	347.4	-31.97%	6.07%	NM	9.4x
Telecommunication	68.1	38.7	75.97%	1.75%	22.4x	16.5x
Pharmaceuticals	481.4	515.3	-6.59%	12.36%	20.3x	3.3x
Fuel & Power	448.1	365.6	22.54%	11.50%	14.8x	2.3x
Cement	86.0	36.6	135.02%	2.21%	18.8x	3.1x
Services & Real Estate	43.9	33.9	29.57%	1.13%	25.7x	0.8x
Engineering	403.5	335.3	20.34%	10.36%	22.7x	2.1x
Food & Allied	143.0	167.9	-14.81%	3.67%	30.5x	10.6x
IT	234.8	221.8	5.90%	6.03%	29.8x	3.1x
Textiles	663.5	626.6	5.88%	17.03%	22.5x	1.2x
Paper & Printing	29.7	16.4	81.58%	0.76%	NM	4.9x
Tannery	60.7	54.0	12.28%	1.56%	19.6x	3.1x
Jute	32.0	59.8	-46.57%	0.82%	NM	9.1x
Ceramics	34.9	41.8	-16.52%	0.90%	28.0x	2.2x
Miscellaneous	189.2	137.9	37.17%	4.86%	27.9x	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	12.00	-45.70%	9,097.6	6.0x
Lafarge Surma Cement	43.50	-37.77%	50,519.7	22.7x
United Airways (BD) Ltd.	2.90	-37.60%	2,401.5	12.4x
City Bank	30.20	-37.26%	29,233.2	7.2x
IFIC Bank	10.90	-35.81%	14,592.3	9.2x
Islami Bank	24.20	-33.88%	38,961.8	8.7x
Rupali Bank	35.80	-32.94%	13,479.3	NM
EXIM Bank	11.80	-31.40%	16,664.6	5.7x
International Leasing	13.70	-30.57%	2,894.1	23.0x
Eastern Bank	36.00	-29.55%	26,568.0	9.8x

## Important News: Business & Economy

### Taka remains up in third quarter (Q3)

- Taka remained upwards until September (Q3) since last June against other global currencies, as indicated by its real effective exchange rate (REER).
- Usually, such appreciation of the local currency is not good news for exporters as it worsens its competitiveness.
- The REER, prepared by the central bank, is trade-based weight at 107.3, nearly up by 7.0% from June.
- On the other hand, nominal exchange rate depreciated by 0.06% to BDT 83.72 in September over its previous quarter that ended on June 30.
- However, the rate as of December 12 was recorded at BDT 83.90 (inter-bank rate), according to Bangladesh Bank.
- Economists view that this is due to faster depreciation of the currencies belonging to Bangladesh's rival countries.

<http://today.thefinancialexpress.com.bd/public/first-page/taka-remains-up-in-q3-1545328028>

### Election fuels bank borrowing

- The government's borrowing from the banking system shot up in the last two months to meet its expenditure ahead of the national election scheduled next week.
- The sudden rise in the bank borrowing has thrown some banks into further cash crisis, a trend they have been facing throughout 2018.
- Bangladesh Bank data showed the government borrowed BDT 30.42 billion in November using treasury bills and bonds, and has set a target to take another BDT 50.50 billion in December, of which three-fourth have already been drawn.
- The government borrowed BDT 13.73 billion in the July-October period in the current fiscal year.
- Though the borrowing has been less than one-fourth of the full-fiscal year's target of BDT 420.29 billion, it is more than double from the total borrowing in 2017-18, when the government took loans amounting to BDT 56.66 billion from the banking sector against the planned BDT 282.03 billion.

<https://www.thedailystar.net/business/news/election-fuels-bank-borrowing-1677541>

### Banks turn to Bangladesh Bank amid sudden demand for cash

- Commercial banks have suddenly started borrowing from the central bank to manage the growing cash withdrawal pressure ahead of the national election scheduled for December 30.
- Ten banks borrowed BDT 36.87 billion from Monday to Wednesday last week by way of

repurchase agreement (repo) and the assured liquidity support facility (ALSF) to meet their instant liquidity demands.

- The repo and the ALSF are short-term loans disbursed by the banking regulator to commercial banks in case of any shortfall of fund. A bank has to count 6% interest if it takes loans through the repo and the ALSF from the Bangladesh Bank.

<https://www.thedailystar.net/business/news/banks-turn-bb-amid-sudden-demand-cash-1676680>

### Vietnam wants to boost trade with Bangladesh

- Vietnam called for strengthening business ties with Bangladesh and encouraged businesses to invest in the Southeast Asian country.
- A Vietnam delegation emphasized increasing bilateral trade by up to USD 2.0 billion during a meeting with members of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).
- FBCCI Senior Vice President called for a "joint working group" to strengthen the business ties.
- Bangladesh exported goods worth USD 55.67 million to Vietnam in the fiscal year 2017-18 and imported items worth USD 687.70 million.

<http://today.thefinancialexpress.com.bd/public/trade-market/vietnam-wants-to-boost-trade-with-bangladesh-1545322374>

### Saudi firm to set up cement factory in Chhatak

- Saudi business firm 'Engineering Dimensions' is going to set up a modern cement factory, Bangladesh Friendship Cement Company Limited (SBFCCL), at Chhatak upazila in Sunamganj district.
- Bangladesh Chemical Industries Corporation (BCIC) on Thursday signed a partnership agreement with the Engineering Dimensions at a function at the industries ministry in the city.
- Secretary-in-Charge of the Ministry of Industries said Saudi Arabia is one of the best partners of the country's development since the expatriate Bangladeshis in Saudi Arabia are playing a vital role in the socio-economic development of Bangladesh. He said Bangladesh wants to expedite the trade and investment relations with Saudi Arabia and urged the Saudi investors to come forward for investing in the country's potential sectors.

<http://today.thefinancialexpress.com.bd/public/trade-market/saudi-firm-to-set-up-cement-factory-in-chhatak-1545322444>

### Regulator invites bid to monitor telecom services

- The telecom regulator has called an international tender to establish a separate centre to monitor the country's overall telecom services round the clock, especially the quality of mobile networks and voice and data traffic.

- Officials of the Bangladesh Tele-communication Regulatory Commission (BTRC) said the centre would help improve digital services in the country.
- The monitoring includes call detail records, something only an intelligence agency of the country can currently carry out.
- It will also help the regulator check whether operators' integration of revenue reporting process and automated audit system were in line with BTRC regulations.

<https://www.thedailystar.net/business/news/regulator-invites-bid-monitor-telecom-services-1676677>  
<http://www.newagebd.net/article/59388/btrc-invites-bid-to-install-telecom-monitoring-system>

### **National Board of Revenue (NBR) may ask Google, Facebook, other companies to set up offices in Bangladesh**

- National Board of Revenue may ask global digital platforms like YouTube, Google and Facebook having earnings from Bangladesh to set up their offices in the country.
- NBR is planning to take such a decision to ensure collection of taxes on income of the global technology giants derived from advertisements given by Bangladeshi individuals and companies.
- Currently, the government hardly gets any taxes, mainly value-added tax and income tax, on the income of the organisations as they don't have offices in Bangladesh.

<http://www.newagebd.net/article/59585/nbr-may-ask-google-fb-other-cos-to-set-up-offices-in-bdesh>

### **World Bank's assertive plan for job creation**

- The World Bank has attached several conditions to its budget support programme that it extended to Bangladesh for three years with a view to creating faster job growth, which has slowed down in recent times.
- The Washington-based multilateral lender is set to provide USD 750.0 million in three equal instalments and the first instalment of USD 250.0 million was approved recently.
- Before the first instalment was approved, the government had to fulfil nine conditions.
- The conditions include: enactment of the One-Stop Shop Act 2018; placement of the Customs Act 2018 in the parliament; approval of the National Environment Act by the cabinet; passage of the Bangladesh Labour Act (Amendment) 2018; and enactment of the National Skills Development Authority Act 2018.
- For release of the second instalment, specific conditions will have to be met. The conditions mostly deal with proper implementation of the conditions that were tagged with the first instalment.
- The budget support, which comes after a gap of ten years, was extended because of a slump in job creation since 2010: the growth rate for jobs fell to 1.8% in 2010-16 from 2.7% in 2003-10.

<https://www.thedailystar.net/business/news/wbs-assertive-plan-job-creation-1678030>

### **Farmers Bank to take new name amid image crisis**

- Farmers Bank is set to be renamed Padma Bank as the troubled bank looks to sweep the gross irregularities and loan scams under the carpet and get an image makeover.
- The move got the go-ahead from the central bank yesterday on grounds that it would have a positive impact on client confidence.
- The bank, which was established in 2013, became a hotbed for financial irregularities in less than three years of operation.

<https://www.thedailystar.net/business/banking/news/farmers-bank-take-new-name-amid-image-crisis-1678054v>

### **Ashuganj Power to issue bonds to raise BDT 6.00 billion**

- State-run Ashuganj Power Station Company Ltd is going to raise BDT 6.00 billion by issuing bonds for the first time.
- Of the amount, BDT 5.00 billion will be collected through private placement and the rest through stock markets.
- Bangladesh Infrastructure Finance Fund, Agrani Bank, Rupali Bank, Sonali Bank, Uttara Bank, Sadharan Bima Corporation, and the Investment Corporation of Bangladesh will purchase bonds worth BDT 3.85 billion.
- Dutch-Bangla Bank will purchase bonds worth BDT 500.00 million, said an official of the Power Division. Bonds worth BDT 650 million will be sold to other banks and financial institutions later. Bonds valued BDT 1.00 billion will soon be released through stock exchanges and work on it has already begun.
- The yield on the bonds will be 8.5% to 10%.

<http://today.thefinancialexpress.com.bd/public/trade-market/vietnam-wants-to-boost-trade-with-bangladesh-1545322374>  
[http://www.newagebd.net/article/59659/apscl-launches-BDT\\_-500cr-bond](http://www.newagebd.net/article/59659/apscl-launches-BDT_-500cr-bond)

### **Banks face liquidity pressure before polls**

- The country's money market is now facing liquidity pressure following higher withdrawal of cash from the banks ahead of the national polls, bankers said. Some cash-hungry banks have also availed liquidity facilities from the central bank in the form of repo and special repo to meet their growing demand for money, they added.
- The weighted average call money rate rose to 4.50% on Sunday from 4.08% as on December 13, according to the central bank's latest statistics. The rate was 3.72% a month back. Chairman of the Association of Bankers, Bangladesh (ABB) said that cash money withdrawal from the banks ahead of the election has created an extra pressure on the money market.
- Managing director and chief executive officer of Dhaka Bank Limited, added that such

pressure may continue until distribution of deposit properly. He also said the bond market should be developed to facilitate the ongoing industrialisation process of the country. This will, indeed, address liquidity pressure to a great extent.

- A total of 1,848 candidates are now contesting the December 30 polls across the country, according to the Bangladesh Election Commission. As per electoral rules, each candidate is allowed to expend maximum BDT 2.5 million but not more than BDT 10 for each voter.

- After four years, a few number of banks received special repo facility worth BDT 3.04 billion with paying 9.0% interest from Bangladesh Bank (BB) on December 17 to meet their liquidity requirements. Earlier on July 31 in 2015, a bank received BDT 300 million as special repo at 10.25% from the central bank. Besides, selling of USD directly by the central bank to the commercial banks has also pushed up pressure on the money market in the recent days, they explained.

<http://today.thefinancialexpress.com.bd/first-page/banks-face-liquidity-pressure-before-polls-1545760198>

### 17 banks raise BDT 96.00 billion through bonds in 2018

- Seventeen listed banks have issued subordinated bonds worth BDT 96.00 billion in total in the outgoing year of 2018 to raise their capital base in line with the Basel III requirements as the banks have found the debt instrument cost-effective than issuing more shares or rights shares on the stock market. Issuance of subordinated debt by banks has been rising as 13 listed banks floated bonds worth BDT 55.00 billion in total in 2017, seven banks BDT 31.00 billion in 2016 and six banks BDT 23.50 billion in 2015.

- Subordinated debt has become the favourite form of capital raising instrument for banks in recent years as they now realise the benefits of the supplementary capital raising instrument, bankers said. NRBC Bank chief financial said that banks required to keep at least 11.817% capital adequacy ratio, also known as capital to risk assets ratio, including capital conservation buffer as per the roadmap set by Bangladesh Bank to implement Basel III.

- Banks will have to maintain capital at fixed rate of 12.50% of risk-weighted assets from 2019, according to the Basel III framework. He also said that a rise in the amount of non-performing loans also increased risk assets of banks and some of the banks failed to keep enough provisions against the NPLs that forced the banks to maintain higher amount of capital.

- In 2018, Eastern Bank floated bonds worth BDT 5.00 billion, United Commercial Bank BDT 8.00 billion, Shahjalal Islami Bank BDT 6.00 billion, Trust Bank BDT 5.00 billion, Islami Bank Bangladesh BDT 7.00 billion, Social Islami Bank BDT 5.00 billion, Dutch-Bangla Bank BDT 5.00 billion. One Bank issued bonds worth BDT 8.00 billion, Al-Arafah Islami Bank BDT 5.00 billion, City Bank BDT 7.00 billion, Mercantile Bank BDT 3.00 billion, Rupali Bank BDT 6.00 billion, Prime Bank BDT 7.00 billion, Dhaka Bank BDT 5.00 billion, Jamuna Bank BDT 5.00 billion, Southeast Bank BDT 5.00 billion and NCC Bank BDT 4.00 billion.

<http://www.newagebd.net/article/59854/17-banks-raise-BDT-9600cr-thru-bonds-in-2018>

### India clears guideline on Bangladesh power import from Bhutan, Nepal

- Bangladesh will be able to import power from the neighbouring countries via India as the

Indian government has approved the 'Guidelines for Import/Export (Cross Border) of Electricity- 2018' which was published on December 18, reports UNB. According to section 3.1 of the guideline of 'Cross-border Trade of Electricity', the cross-border transaction between India and the neighbouring countries will be approved by the Indian entity through an agreement.

- The Indian government has recently amended the 'Guidelines for Import/Export (Cross Border) of Electricity- 2018' where it said two separate countries can trade electricity where India will take part through a tripartite agreement or giving approval. At the joint steering committee meetings, the issue of electricity import from Nepal and Bhutan via India was discussed on December 03 and December 04 in Kathmandu, Nepal. Already, a Memorandum of Understanding (MoU) was signed between Bangladesh and Nepal for the electricity import.

<http://today.thefinancialexpress.com.bd/last-page/india-clears-guideline-on-bd-power-import-from-bhutan-nepal-1545760729>

### Digital services hit by election nerves

- Digital service business has shrunk unexpectedly ahead of the 11th general election on December 30, in a puzzling development for the industry that was anticipating a spike amid the growing tendency towards digital campaigns. December has been the worst month this year from a business point of view, said mobile operators, broadband providers, mobile handset companies and wholesale bandwidth suppliers.

- Data usage, both through mobile network and broadband, has drastically declined, said chief technology officer of Fiber@Home, the leading wholesale bandwidth supplier. For instance, usage of Facebook, the most widely used social media platform in Bangladesh, dropped about 30% compared to last month. Facebook data usage was about 28 Gbps in November, but as of this week Fiber@Home recorded 18 Gbps.

- One of the reasons for the drop in usage of Facebook could be that people are nervous of putting something out on the medium that might land them on the wrong side of the Digital Security Act 2018. Mobile operators said they observed 5% to 7% drop in revenue in December from both the voice and data segment from a year earlier. Traditionally, the final quarter of a year is the revenue harvesting one, but this year has been different.

<https://www.thedailystar.net/business/news/digital-services-hit-election-nerves-1678975>

### Three shoemakers shell out BDT 1.77 billion for new plants

- The footwear sector is set to get a fresh investment of BDT 1.77 billion through three companies seeking to grab a share of the country's growing domestic market. One of the companies is Walkar, a sister concern of Pran-RFL Group, which would be putting in BDT 1.50 billion to expand its existing manufacturing facilities. The group's marketing director said that that already set up six footwear manufacturing units at Danga Industrial Park in Narsingdi and another four units will be set up next year to raise production on a massive scale.

- He also said that some 1.2 million pairs can be manufactured per month at the existing factory and the capacity would increase fourfold next year. Moreover, the number of people it employs directly would also double from around 500. The other two companies are separate ventures of president of the Leather goods and Footwear Manufacturers and

Exporters Association of Bangladesh, in partnership with two Indian shoemakers.

- Of his joint ventures, Footsteps Bangladesh came about in association with VKC Footwear, which would be investing USD 2 million. VKC is the second largest footwear manufacturer and marketer in India with an annual turnover of Rs 30.00 billion. Islam said Footsteps plans to export to the Middle East and other new markets. The other joint venture, Sanghavi Shoe Accessories Bangladesh, is with Sanghavi Shoe Accessories Pvt Ltd, which would be investing around BDT 100 million to cater to both the local and foreign markets.

<https://www.thedailystar.net/business/news/three-shoemakers-shell-out-tk-177cr-new-plants-1677598>

### **Government asks state-owned commercial banks (SoCBs) to cut non-performing loans (NPLs) at any cost**

- The government has asked the state-owned commercial banks (SoCBs) to lower non-performing loans (NPLs) at any cost.
- Sources said the issues of the volume of classified loans and provisioning were discussed with due importance.
- The chief executives of the SoCBs were told to lower the volume of classified loans taking necessary measures.
- As of September, the amount of defaulted bank loans reached an all-time high of nearly BDT 1.0 trillion, much to the worry of experts and bankers, according to Bangladesh Bank data.
- In the first nine months of this calendar year, NPLs jumped by nearly 34% or BDT 250.67 billion to BDT 993.70 billion from BDT 743.03 billion last December.
- The size will be even bigger if the amount of rescheduled and written-off loans is taken into account.
- During the same period, the overall shortfall in provisioning against the NPLs swelled by over 20% or BDT 13.60 billion.

<http://today.thefinancialexpress.com.bd/first-page/govt-asks-socbs-to-cut-npls-at-any-cost-1545846209>

<http://www.newagebd.net/article/59958/fid-directs-socbs-to-set-realistic-bad-loan-recovery-targets>

### **Farm loan disbursement drops by 9.17% in July-November**

- Loan disbursement by banks to farmers dropped by 9.17% or BDT 7.55 billion in the July-November period of this fiscal year compared with that in the same period of the previous fiscal year amid worsening liquidity shortage in the banking sector.
- State-run, private and foreign banks disbursed BDT 74.76 billion in farm loans in the five months of FY 2018-19 against BDT 82.31 billion disbursed in the same period of FY 2017-18, according to the latest Bangladesh Bank data.

- Apart from the slowdown in loan disbursement, overdue amount in the farm loan segment also increased at the end of November this year.

- At the end of November this year, overdue amount in the farm loan segment increased to BDT 67.32 billion or 17% of BDT 396.06 billion in outstanding loans in the sector.

- In the five months of FY19 state-owned banks, private commercial and foreign commercial banks disbursed 34.29% of their annual farm loan disbursement target while they had disbursed 40.35% of their target in the same period of FY18.

- The central bank has set BDT 218.00 billion as farm loan disbursement target for FY19 for banks. The target was BDT 204.00 billion for FY18.

<http://www.newagebd.net/article/59957/farm-loan-disbursement-drops-by-917pc-in-jul-nov>

### **IIG, telecommunication companies asked to implement government's any internet slowdown order promptly**

- Bangladesh Telecommunication Regulatory Commission on Wednesday warned international internet gateway and mobile phone operators of measures unless any instructions related to internet content or speed were implemented in time during the election.
- The telecom regulator came up with the warning at separate meetings with international gateway operators and mobile phone operators held at its office in Dhaka.

<http://www.newagebd.net/article/59959/iig-telcos-asked-to-implement-govts-any-internet-slowdown-order-promptly>

### **Power import gets easier**

- India has issued a new cross-border power trading regulation, which will go a long way in helping Bangladesh import electricity from Nepal and Bhutan using Indian transmission lines to meet growing energy needs.
- In case of tripartite agreements, cross-border trade of electricity across India shall be allowed under the overall framework of bilateral agreements signed between the Indian government and the government of the respective neighbouring country or countries of the participating entities.
- Dhaka has signed a memorandum of understanding (MoU) with Kathmandu on electricity import. The first meeting of a corresponding joint working group and joint steering committee was held in Kathmandu on December 3-4.

- A tripartite agreement between Dhaka, New Delhi and Kathmandu may be signed soon to help Bangladesh import electricity from Nepal, said an official of the ministry.

<https://www.thedailystar.net/business/news/power-import-gets-easier-1679245>

### **BSRM to invest BDT 390.0 million in Joint Venture Company**

- The board of directors of Bangladesh Steel Re-Rolling Mills Ltd. (BSRM) has decided to make an equity investment of about BDT 390 million in a new joint venture company.

- The new joint venture company, BMS Steel Ltd., was formed in Kenya along with investment partners from Mauritius and the United Arab Emirates.
- The equity investment of BSRM is equivalent to USD 4.67 million, representing 18 per cent of total equity in BMS Steel.
- The investment partners have operations in Kenya and other countries in Africa.
- The BMS Steel will set up a manufacturing facility with a total investment of about USD 65 million to produce 0.40 million tonnes of MS bars and sections a year.

<http://today.thefinancialexpress.com.bd/public/stock-corporate/bsrm-to-invest-BDT-390m-in-joint-venture-company-1545321336>

### **Titas Gas earns BDT 3.39 billion as net profit**

- Titas Gas has earned BDT 141.89 billion by selling 16,961.75 million cubic metres of gas in the FY 2017-18, which is 13.06 per cent higher than the previous fiscal year.
- The state-run company has also reported a profit before tax of BDT 4.53 billion and a profit after tax of BDT 3.39 billion for FY 2017-18.
- The company has deposited more than BDT 5.58 billion to the government exchequer in the FY 2017-18.
- The company has also reported earnings per share (EPS) of BDT 3.43, net asset value (NAV) per share of BDT 67.28 and net operating cash flow per share (NOCFPS) of BDT 0.50 in the negative for the year ending on June 30, 2018 as against BDT 5.12, BDT 65.64 and BDT 4.07 respectively for the same period of the previous year.
- The shareholders of the state-run company approved 25 per cent cash dividend for the year 2017-18.

<http://today.thefinancialexpress.com.bd/public/stock-corporate/titas-gas-earns-BDT-339b-as-net-profit-1545407386>

### **Bourses to remain closed for 5 days**

- Trading will take place for only three sessions in the outgoing year as bourses will remain closed for five days due to Christmas Day, national elections, bank holiday and weekly holiday.

### **Important News: Capital Market**

- Trading on the Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) will take place today (Monday), Wednesday and Thursday.

<http://today.thefinancialexpress.com.bd/stock-corporate/bourses-to-remain-closed-for-5-days-1545586244>

### **Dhaka Stock Exchange (DSE) introduces monthly fee for mobile app users**

- Dhaka Stock Exchange (DSE) has decided to introduce Mobile App usage monthly fee of BDT 150 per user from January 1, 2019.
- Of BDT 150, FlexTrade will get BDT 100, TREC holder and DSE will get BDT 25 each, said a DSE official.
- The prime bourse on March 9, 2016 launched the mobile-based share trading app and the usage of the app has been free since the introduction.

<http://today.thefinancialexpress.com.bd/stock-corporate/dse-introduces-monthly-fee-for-mobile-app-users-1545586276>  
<https://www.thedailystar.net/business/news/investors-frown-upon-dse-app-charge-1678048>  
<http://www.newagebd.net/article/59658/dse-scraps-mobile-app-trading-fee>

### **Fundraising through IPO triples in 2018**

- Small-cap companies dominated the initial public offering (IPO) market in the outgoing year 2018 that has seen a constantly bearish market.
- The Dhaka Stock Exchange (DSE) data show 13 companies raised a total of BDT 5.46 billion by floating IPOs this year.
- Fundraising by companies through IPOs has jumped 223% year on year in 2018, after hitting a nine-year low in the previous year.
- In 2017, six companies raised a total of BDT 1.69 billion through IPOs, according to the DSE data.
- Meanwhile, the outlook appears to be bullish for the coming year 2019, as some companies, including Esquire Knit Composite and Runner Automobiles, are expected to launch their initial share sale offers in the coming months.

<http://today.thefinancialexpress.com.bd/first-page/fundraising-thru-ipo-triples-in-2018-1545587706>

### **Fund raising through rights hits three-year low**

- Funds raised by listed companies through issuance of rights shares fell sharply by 76 % year-on-year in 2018, hitting three years low. Two listed firms netted about BDT 2.68 billion by issuing more than 268 million rights at par in the outgoing calendar year, according to statistics available from the Dhaka Stock Exchange (DSE).
- A rights issue is an issue of additional shares by a listed company to raise capital from existing shareholders. With a rights issue, existing shareholders get the privilege to buy a specified number of new shares from the company at a particular price within a specified time. The companies intended to issue rights shares to either strengthen their capital structure or use funds for business expansion and loan repayment.
- Market insiders said securities regulator's go slow policy in giving approvals, insufficient documents and a downward trend in the secondary market were the major factors behind the significant fall of rights issue. An anonymous analyst said that the regulator was conservative in allowing listed companies to raise funds through rights shares, as a downward trend prevailed in the secondary market in the outgoing fiscal year.

<http://today.thefinancialexpress.com.bd/stock-corporate/fund-raising-through-rights-hits-three-year-low-1545757887>

### Esquire Knit's IPO subscription to begin January 06

- The public subscription of Esquire Knit Composite will open on January 06, as the company is set to raise a capital of over BDT 562.0 million through IPO. The initial public offering (IPO) subscription period for the Esquire Knit Composite, a business unit of the Esquire Group, will continue up to January 20, 2019. The company will issue some 34.89 million ordinary shares under the book-building method to raise a total capital worth BDT 1.50 billion.
- Of the total shares, 60 % or 20.83 million shares (worth BDT 937.0 million) are reserved for eligible investors at cut-off price. The cut-off price of Esquire Knit share was fixed at BDT 45 each on July 14 by the institutional investors through bidding under a book-building method. The remaining 40% or 14.06 million shares will be available for the IPO participants, including affected small investors and non-resident Bangladeshis.
- The general investors will get IPO shares at 10% discount on cut-off price, meaning they will get each share of the company at BDT 40. The proceeds will be used to buy machinery, construct buildings and to meet the IPO expenses. The company's weighted earnings per share (EPS) was BDT 2.52 and net asset value (NAV) per share (with revaluation reserve) BDT 45.83 at the end of June 30, 2017.

<http://today.thefinancialexpress.com.bd/stock-corporate/esquire-knits-ipo-subscription-to-begin-january-06-1545758144>

### Bangladesh Securities and Exchange Commission (BSEC) approves IPO (initial public offering) of Coppertech

- The securities regulator has approved the IPO (initial public offering) proposal of Coppertech Industries.
- The company will raise a capital worth BDT 200.0 million offloading 20.0 million shares under the fixed price method.
- The company will utilise the IPO fund to purchase plant and machineries, repay bank loans, and construct building.
- As per the financial statement for the year ended on June 30, 2018 the company's net asset value (NAV) per share, without revaluation, was BDT 12.06.
- For the same period, the earnings per share (NAV) of the Coppertech Industries was BDT 2.60, whereas the diluted EPS was BDT 1.03. The weighted average EPS was BDT 0.87.
- The core markets for the product of the company are power plants, AC fridge manufacturing factory and workshop, engineering workshop, electronic product producer and other local customers, according to IPO prospectus.

<http://today.thefinancialexpress.com.bd/stock-corporate/two-cos-share-price-soaring-sans-psi-1544635446>  
[http://www.newagebd.net/article/59960/coppertech-gets-bsec-nod-to-float-BDT\\_-20cr-ipo](http://www.newagebd.net/article/59960/coppertech-gets-bsec-nod-to-float-BDT_-20cr-ipo)

### Dhaka Stock Exchange (DSE) backtracks on imposing app usage fee

- Dhaka Stock Exchange (DSE) has backtracked from its decision to charge BDT 150 per month for trading via its mobile app considering the present situation of the market as well as to reach more users first.
- According to a board member, this is not a suitable time to introduce the fee considering the market movement, so the board decided to make a U-turn.
- The bourse currently pays the app developer USD 1 per month for each user.
- The DSE is paying the money now, but it is becoming a big amount day by day.
- According to the managing director of the DSE, even though the amount is becoming bigger, the DSE is refraining from getting it back in an attempt to spread the use of the app.

<https://www.thedailystar.net/business/news/dse-backtracks-imposing-app-usage-fee-1679230>

### Margin loan holders with negative equity get 2 years more

- The Bangladesh Securities and Exchange Commission on Wednesday extended the suspension period for a sub-rule of the margin rules by another two years to allow investors with margin loans to trade shares despite a 150-% fall in their portfolio value.
- Following a request from Dhaka Stock Exchange Brokers Association, the commission decided to keep suspended the effectiveness of sub-rule 5 of rule 3 of the Margin Rules-1999 from January 1, 2019 to December 31, 2020.

<http://www.newagebd.net/article/59961/margin-loan-holders-with-negative-equity-get-2yrs-more>