

## Capital Market Overview

The market closed in red this week. The benchmark index DSEX (-0.62%) lost 30.65 points and closed the week at 4,937.82 points. The blue-chip index DS30 (-0.77%) lost 13.71 points and stood at 1,755.24 points. The shariah based index DSES (-1.06%) lost 12.15 points and stood at 1,136.37 points. DSEX, DS30 and DSES all posted negative YTD return of -8.32%, -6.68% and -7.82% respectively.

**Total Turnover During The Week (DSE):** BDT 19.6 billion (USD 235.6 million)  
**Average Daily Turnover Value (ADTV):** BDT 3.9 billion (Δ% Week: +0.1%)

### Daily Index Movement during the Week:

The market performed five sessions during this week. Market opened this week with a positive movement of 0.15% in the first session. The market turned around in the second session by -0.56%. The market turned positive in the third session by +0.04% and then again turned around by -0.26% in the fourth session. Market ended with a positive movement of 0.03% in the fifth session.

### Sectoral Performance:

- The financial sectors showed negative performance during this week except Mutual Funds (+7.40%). General Insurance experienced the highest loss of 3.74% followed by NBFIs (-1.01%), Banks (-0.52%), and Life Insurance (-0.13%).
- The non-financial sectors posted negative performance during this week except Pharmaceuticals (+0.01%). Telecommunication experienced the highest loss of 3.72% followed by Food & Allied (-1.99%), Engineering (-1.38%), and Power (-1.16%).

### Macroeconomic arena:

- The inflow of remittances grew by more than 16% in the first quarter (Q1) of this fiscal year (FY) as the government has announced a 2.0% incentive on remittance receipts. The flow of inward remittances rose to USD 4.51 billion during the July-September period of FY 2019-20 from USD 3.87 billion in the same period of the previous fiscal. Higher fuel oil prices in the international market along with lower interest rate because of possible meltdown of the global economy has helped push up the inflow.
- Private credit growth decelerated further in August as some banks had to prepare for complying with the central bank's revised advance-deposit ratio rules. Lower import growth also pushed down the private sector credit growth last month. The sector's credit growth came down to 10.68% in August 2019 on a year-on-year basis from 11.26% a month earlier, according to the Bangladesh Bank's latest statistics. This growth was 2.52 percentage points lower than the central bank's target of 13.20% for the first half (1H) of fiscal year 2020. In terms of settlement of letters of credit, the country's import shrank by over 2.0% to USD 4.57 billion in July of FY' 20, which was USD 4.69 billion during the same period the year before.
- Development spending was around 52.42% higher in the first two months of the current fiscal year thanks to the power division's outstanding performance in implementing the annual development programme (ADP). From July to August, the ADP-implementing entities were able to utilize BDT 96.26 billion while it was BDT 63.18 billion in the corresponding period last fiscal year. Power division alone utilized BDT 33.82 billion, which is around one third of the total expenditure and 11.83% of its total allocation of BDT 285.83 billion for the current fiscal year. Of what has been implemented, 5.43% was government funds and 3.13% foreign aid -- up from 3.29% and 2.77% respectively last fiscal year.
- The government's net borrowing from the country's banking system is set to be negative in October, as it is scheduled to repay more than BDT 10 billion from surplus. The Ministry of Finance has set the net negative bank borrowing target at BDT 13.93 billion for the next month. The government may take up to BDT 98 billion as gross borrowing from the banking system in October by issuing treasury bills (T-bills) and bonds.

### Stock Market arena:

- Stock price in GlaxoSmithKline (GSK) Bangladesh Ltd declined by BDT 18.2, or 1.06% at Dhaka Stock Exchange (DSE) after the Drug Administration banned Ranitidine tablets, a heartburn drug the raw materials of which are imported from India. On Sunday, Directorate General of Drug Administration temporarily banned marketing and sales of Ranitidine tablet imported from two Indian pharmaceuticals — Saraca Laboratories Ltd and Dr Reddy's Laboratories.
- Fundraising through initial public offerings (IPOs) remained sluggish as only seven companies raised BDT 4.95 billion, including premium, through IPOs in January-September period of this year. The nine-month figure is down 1.20% year on year.

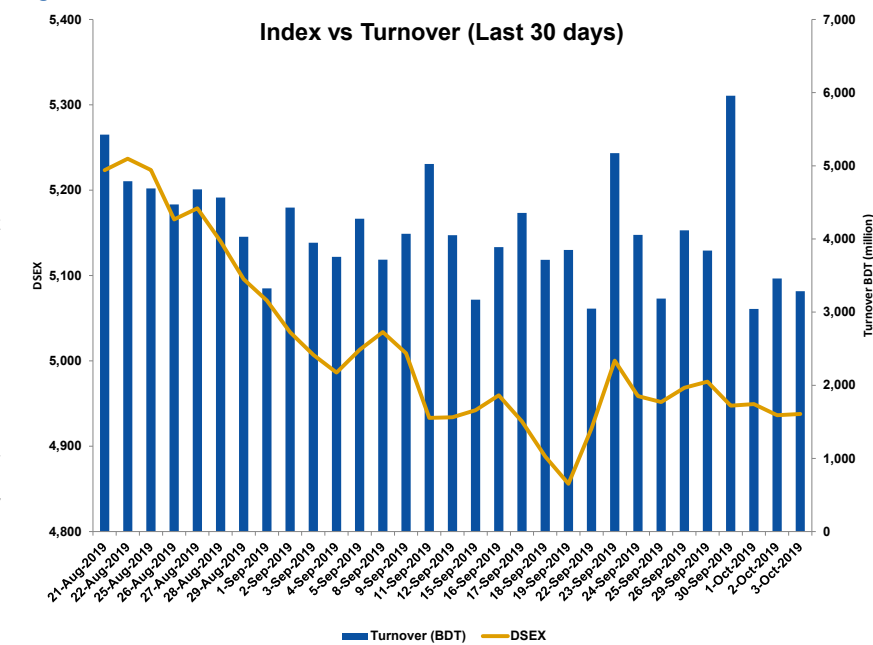
Table 1: Index

Index	Closing	Opening	Δ(Pts)	27-Dec-	Δ% Week	Δ%YTD
DSEX	4,937.82	4,968.47	-30.65	5,385.64	-0.62%	-8.32%
DS30	1,755.24	1,768.95	-13.71	1,880.78	-0.77%	-6.68%
DSES	1,136.37	1,148.52	-12.15	1,232.82	-1.06%	-7.82%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	18,693,787.7	18,816,302.3	-0.7%
	Mn USD	224,874.1	226,347.9	
Turnover	Mn BDT	19,588.8	19,579.0	0.1%
	Mn USD	235.6	235.5	
Average Daily Turnover	Mn BDT	3,917.8	3,915.8	0.1%
	Mn USD	47.1	47.1	
Volume	Mn Shares	692.1	562.3	23.1%

Figure 1: DSEX & Turnover in last four weeks



**Associate:**  
**Md. Rafiqul Islam**  
mrafiqulislam@bracepl.com

**Associate:**  
**Md. Mahirul Quddus**  
mmahirul.quddus@bracepl.com

**Table 3: Top Ten Gainers**

Company Name	Close	Open	Δ%	Mcap (mn)	Vol (mn BDT)	P/E	P/B
CAPM BDBL Mutual Fund 01	10.00	6.30	58.7%	501.3	26.71	NM	1.0x
Standard Ceramic	707	453.00	56.2%	4,570.3	304.25	277.0x	55.7x
CAPM IBBL Islamic Mutual Fund	10.60	6.80	55.9%	708.6	108.29	NM	1.1x
SEML Lecture Equity Management Fund	8.80	6.10	44.3%	440.0	169.91	NM	0.8x
Phoenix Finance 1st Mutual Fund	7.30	5.50	32.7%	438.0	71.46	NM	0.6x
Monno Ceramic	187.80	144.90	29.6%	6,133.9	409.75	28.7x	2.7x
Asian Tiger Sandhani Life Growth Fund	9.70	7.70	26.0%	599.3	184.12	NM	0.7x
Vanguard AML BD Finance Mutual Fund One	7.30	5.80	25.9%	761.5	8.93	NM	0.7x
SEML FBLSL Growth Fund	18.20	14.60	24.7%	1,327.6	289.82	NM	1.8x
Vanguard AML Rupali Bank Balanced Fund	6.60	5.30	24.5%	1,047.7	19.19	NM	0.5x

**Table 4: Top Ten Losers**

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Mithun Knitting	8.80	11.20	-21.4%	285.9	3.66	NM	0.4x
Yeakin Polymer Limited	8.10	9.70	-16.5%	568.5	8.45	211.4x	0.7x
GQ Ball Pen	75.70	85.40	-11.4%	675.9	48.26	NM	0.6x
United Airways (BD) Ltd.	1.60	1.80	-11.1%	1,325.0	4.58	NM	0.2x
Fortune Shoes Limited	29.70	33.30	-10.8%	3,710.6	296.75	14.2x	2.2x
United Power Generation & Distribution Com-	286.20	320.00	-10.6%	150,826.2	198.82	20.4x	10.2x
Bashundhara Paper Mills Limited	52.00	57.60	-9.7%	9,037.2	35.43	13.0x	1.6x
National Polymer	91.60	100.70	-9.0%	3,342.7	205.07	25.7x	3.4x
Northern Jute	956.10	1,047.60	-8.7%	2,048.0	78.44	84.2x	16.8x
Alif Industries Limited	40.80	44.60	-8.5%	1,687.4	63.47	11.5x	2.0x

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

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
National Tubes	172.80	155.20	11.3%	5,470.2	574.18	NM	1.0x
Monno Jute Staffers	1,562.00	1,600.20	-2.4%	3,233.3	461.20	223.6x	131.9x
Bangladesh Submarine Cable Company Lim-	124.10	116.40	6.6%	20,464.8	440.01	44.7x	3.4x
Bangladesh Shipping Corporation	52.20	47.20	10.6%	7,962.3	415.34	34.5x	0.5x
Monno Ceramic	187.80	144.90	29.6%	6,133.9	409.75	28.7x	2.7x
Beacon Pharmaceuticals Limited	28.70	25.00	14.8%	6,629.7	402.57	37.7x	2.3x
Stylecraft Limited	741.30	739.10	0.3%	3,742.8	375.49	90.4x	11.9x
Sonar Bangla Ins	34.70	28.00	23.9%	1,389.4	343.46	20.7x	2.3x
JMI Syringes & Medical Devices Ltd	422.20	392.60	7.5%	4,644.2	316.29	55.7x	6.0x
Summit Power	41.60	39.80	4.5%	44,423.7	314.50	9.1x	1.7x

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

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Pragati Insurance	40.60	55.71%	2,663.0	13.8x
Marico Bangladesh Limited	1,733.60	44.44%	54,608.4	23.6x
Power Grid Co. of Bangladesh Ltd.	59.80	24.58%	27,562.6	8.5x
Singer Bangladesh	209.10	22.89%	20,847.9	20.2x
Dutch-Bangla Bank	69.30	19.98%	34,650.0	7.7x
Pioneer Insurance	34.90	19.93%	2,442.3	8.5x
The Premier Bank	11.70	15.50%	10,811.9	4.0x
Berger Paints	1,532.20	13.99%	71,060.2	32.0x
Glaxo Smithkline	1,652.20	13.93%	19,903.1	NM
Linde Bangladesh Limited	1,326.80	10.71%	20,191.6	18.4x

**Table 6: Sector Indices**

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1362.04	1369.11	1428.63	-0.52%	-4.66%
NBFIs	1685.05	1702.31	2087.55	-1.01%	-19.28%
Mutual Funds	655.98	610.81	644.52	7.40%	1.78%
General Insurance	1924.84	1999.63	1488.77	-3.74%	29.29%
Life Insurance	2147.20	2150.03	2251.96	-0.13%	-4.65%
Telecommunication	4840.00	5027.03	5088.05	-3.72%	-4.88%
Pharmaceuticals	2755.08	2754.94	2698.49	0.01%	2.10%
Fuel & Power	1769.24	1789.95	1745.15	-1.16%	1.38%
Cement	1303.87	1319.54	1676.63	-1.19%	-22.23%
Services & Real Estate	912.77	941.57	1017.99	-3.06%	-10.34%
Engineering	2783.16	2822.04	2933.11	-1.38%	-5.11%
Food & Allied	14354.72	14646.22	15034.05	-1.99%	-4.52%
IT	1785.70	1740.75	1545.46	2.58%	15.55%
Textiles	1132.33	1140.94	1461.18	-0.75%	-22.51%
Paper & Printing	5843.10	6053.47	9105.21	-3.48%	-35.83%
Tannery	2201.42	2202.28	2560.38	-0.04%	-14.02%
Jute	15451.29	16356.33	21417.92	-5.53%	-27.86%
Ceramics	535.19	507.56	579.64	5.44%	-7.67%
Miscellaneous	2004.81	2011.33	1943.42	-0.32%	3.16%

**Table 7: Sector Trading Matrix**

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Banks	259.1	292.1	-11.31%	7.37%	7.4x	0.8x
NBFIs	143.1	100.2	42.74%	4.07%	28.0x	2.1x
Mutual Funds	276.2	107.9	156.00%	7.85%	NM	0.5x
General Insurance	503.5	572.2	-12.00%	14.32%	14.3x	1.3x
Life Insurance	47.8	67.2	-28.88%	1.36%	NM	8.9x
Telecommunication	137.1	241.4	-43.24%	3.90%	13.2x	10.0x
Pharmaceuticals	408.8	486.6	-15.99%	11.62%	19.6x	2.5x
Fuel & Power	262.9	255.6	2.83%	7.47%	11.6x	2.1x
Cement	16.7	18.4	-9.20%	0.48%	27.2x	2.4x
Services & Real Estate	34.0	34.1	-0.42%	0.97%	NM	0.7x
Engineering	521.0	557.5	-6.54%	14.81%	14.4x	1.7x
Food & Allied	92.3	101.0	-8.55%	2.63%	28.9x	8.4x
IT	64.0	47.7	34.22%	1.82%	22.3x	2.8x
Textiles	284.1	265.4	7.05%	8.08%	15.0x	0.9x
Paper & Printing	10.9	8.3	31.27%	0.31%	18.2x	1.5x
Tannery	108.1	170.2	-36.48%	3.07%	21.2x	2.5x
Jute	23.2	14.2	63.09%	0.66%	NM	7.1x
Ceramics	147.6	107.5	37.28%	4.20%	20.9x	2.0x
Miscellaneous	176.7	119.7	47.57%	5.02%	23.7x	1.2x

**Table 9: Least Appreciated YTD in BRAC EPL Universe**

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
International Leasing	5.90	-54.78%	1,308.7	25.9x
IFAD Autos Limited	59.20	-45.39%	14,681.0	10.4x
United Airways (BD) Ltd.	1.60	-44.83%	1,325.0	NM
Heidelberg Cement	205.70	-38.54%	11,622.8	27.5x
Aftab Automobiles Limited	30.10	-34.42%	2,881.5	16.3x
AB Bank Limited	8.10	-32.50%	6,140.9	NM
IDLC Finance Ltd.	49.00	-29.70%	18,475.5	8.8x
Lankabangla Finance	16.20	-29.26%	8,313.5	18.7x
Beximco Limited	18.40	-21.70%	16,124.3	11.2x
Prime Finance	7.50	-21.05%	2,046.9	3.7x

**Important News: Business & Economy****Q1 remittance flow rises**

- The inflow of remittances grew by more than 16% in the first quarter (Q1) of this fiscal year (FY) as the government has announced a 2.0% incentive on remittance receipts. The flow of inward remittances rose to USD4.51 billion during the July-September period of FY 2019-20 from USD 3.87 billion in the same period of the previous fiscal, according to the central bank's latest statistics.
- Higher fuel oil prices in the international market along with lower interest rate because of possible meltdown of the global economy has helped push up the inflow of remittance during the period under review, according to a central banker. A senior banker also said the two last Eid festivals also contributed to the higher growth of inward remittances during the period under the review.

<http://today.thefinancialexpress.com.bd/last-page/q1-remittance-flow-rises-1569951673>  
<https://www.thedailystar.net/business/news/remittance-soars-1654pc-q1-1808227>  
<http://www.newagebd.net/article/86308/remittance-inflow-grows-166pc-in-q1>

**August private sector credit growth falls**

- Private credit growth decelerated further in August as some banks had to prepare for complying with the central bank's revised advance-deposit ratio rules. Lower import growth also pushed down the private sector credit growth last month, bankers said. They, however, expected the credit growth to pick up slightly in September as the central bank had backtracked from its previous decision on slashing the ADR to facilitate the bankers to invest more needed to give the current fiscal's growth a boost.
- The sector's credit growth came down to 10.68% in August 2019 on a year-on-year basis from 11.26% a month earlier, according to the Bangladesh Bank's latest statistics. This growth was 2.52 percentage points lower than the central bank's target of 13.20% for the first half (1H) of fiscal year 2020.
- On September 17, the central bank announced that the ADR would remain unchanged at 85% for all conventional banks and at 90% for the Shariah-based Islamic banks. The central bank had earlier re-fixed the ADR at 83.50% and 89% for the conventional banks and the Islamic banks respectively. These rates were scheduled to come into effect from September 30. In terms of settlement of letters of credit, the country's import shrank by over 2.0% to USD 4.57 billion in July of FY' 20, which was USD 4.69 billion during the same period the year before, the central bank data showed.

<http://today.thefinancialexpress.com.bd/first-page/aug-private-sector-credit-growth-falls-1569865971>

**Bangladesh's export to grow 8% this year: Hongkong and Shanghai Banking Corporation Limited (HSBC)**

- Bangladesh's exports will grow by 8% in 2019 and 7% next year, according to an analysis by the Hongkong and Shanghai Banking Corporation Limited (HSBC). The projection is some way off the 10.55% clocked in fiscal 2018-19. The HSBC's macroeconomic team forecasts only 0.9% export volume growth in 2019 after healthy annual export growth of 6.6% for the region in 2018. This deceleration would see export growth in the Asia-Pacific region fall below the forecast for the worldwide average of 1.7%.

- The chief trade economist of the HSBC He said the region's strength lies generally in favorable demographic conditions and ability to boost productivity via application of currently available technology and improvements in regional innovation processes. For Bangladesh, the outlook for exports remains bright even amid the global trade tensions, he said. Around 94% of Bangladeshi businesses reported a positive outlook on global trade, with China, India and Japan cited as the top three markets where they are looking to expand their business over the next three to five years.

<https://www.thedailystar.net/business/news/bangladeshs-export-grow-8pc-year-1807726>

**Tax revenue receipts drop in July-August**

- The Large Taxpayers Unit (LTU) saw a drop in revenue collection in the July-August period of the current fiscal year (FY), 2019-20. The revenue collection growth took a hit as two large sectors -- gas and tobacco -- have witnessed a decline of BDT17.63 billion in revenue receipts during the two months, compared to the same period of the last fiscal. Separately, the collection of value added tax (VAT) dropped 68.33% in the gas sector and 16.42% in the tobacco (cigarette) sector in the July-August of FY '20.
- The VAT collection in the gas sector has declined mainly due to withdrawal of Supplementary Duty (SD) from this sector, it said. About tobacco sector, the unit said the supply of cigarettes, except the low-cost brands, fell by 18.41% that affected the revenue collection. It also cited the increase of the slab-wise value in the budget as another reason behind the drop in the revenue collection from this sector. However, the supply of lower slab cigarettes increased by 1.15 billion sticks in the July-August period. The total tax incidence (TTI) and prices of other slabs of cigarettes are higher than that of the lower slabs of cigarettes, the LTU added. The LTU data show that some 7.23 billion sticks of cigarettes - including premium, high, medium and low segments -- were sold in the first two months of FY 2018-19 but the figure dropped to 5.90 billion in the current FY.

<http://today.thefinancialexpress.com.bd/first-page/tax-revenue-receipts-drop-in-july-august-1569778323>  
<http://www.newagebd.net/article/86117/vat-recipepts-from-big-cos-dip-by-16pc>

**Development spending soars 52% in July-August**

- Development spending was around 52.42% higher in the first two months of the current fiscal year thanks to the power division's outstanding performance in implementing the annual development programme (ADP). From July to August, the ADP-implementing entities were able to utilize BDT 96.26 billion while it was BDT 63.18 billion in the corresponding period last fiscal year.
- Power division alone utilized BDT 33.82 billion, which is around one third of the total expenditure and 11.83% of its total allocation of BDT 285.83 billion for the current fiscal year. The ADP's total outlay is BDT 2.15 trillion, of which 4.48% has been spent during the first two months, according to a monthly progress report of the Implementation Monitoring and Evaluation Division (IMED) of the planning ministry.

- Local government, bridges and power divisions exceeded their average implementation rate while the remaining 12 ministries and divisions performed below their average. The civil aviation and tourism ministry stands out for not spending a single penny. The power,

energy and mineral resources ministry spent only 0.15% of its allocation, industries 0.19% and housing and public works, shipping and railway less than 2%. Road transport and highways division could utilize 3.39%, while local government division spent 6.36% and bridges division 5.45% of their allocation. Of what has been implemented, 5.43% was government funds and 3.13% foreign aid -- up from 3.29% and 2.77% respectively last fiscal year.

<https://www.thedailystar.net/business/news/dev-spending-soars-52pc-jul-aug-1807210>

### **Government's bank borrowing: BDT 13.93 billion negative target set for October**

• The government's net borrowing from the country's banking system is set to be negative in October, as it is scheduled to repay more than BDT 10 billion from surplus, officials said. The Ministry of Finance has set the net negative bank borrowing target at BDT 13.93 billion for the next month, according to the auction calendar issued by the Bangladesh Bank (BB) on Sunday.

• The government may take up to BDT 98 billion as gross borrowing from the banking system in October by issuing treasury bills (T-bills) and bonds. The government's net bank borrowing is set to be negative at BDT 13.93 billion by the end of October, after deducting BDT 111.93 billion as maturity amount of the government securities from the gross borrowing amount, according to the central bank officials.

<http://today.thefinancialexpress.com.bd/first-page/BDT-1393b-negative-target-set-for-oct-1569778246>

### **Government redefines hard term external loans**

• The government has decided to consider foreign loans as hard-term ones if the grant element is less than 25%, down from the 35% it currently takes into account, in a reflection of the country's growing economic power. The revision, which saw a cut of the upper ceiling by 10 %points, came at the behest of World Bank and other development and bilateral lenders, according to Finance Minister and a government document. The minister said that Bangladesh used to look at the grant element before taking any concessional loan and it was 35%.

• The cabinet committee approved the revision put forward by Economic Relations Division on behalf of the standing committee on non-concessional loans. As Bangladesh has graduated from a lower income country category, various multilateral and bilateral lenders have raised the interest rate for loans given to the country, according to the proposal of the standing committee. As a result, the loans are becoming non-concessional and permissions are needed from the standing committee. This may create the uncertainty that flow of foreign loans might slow down.

• In fiscal 2017-18, public debt in Bangladesh stood at USD 91 billion, which is about 34% of the GDP, according to International Monetary Fund. External debt stood at USD 40 billion in the fiscal year and is predominantly owed to multilateral and bilateral creditors, which account for 62% and 23% respectively of the outstanding debt.

<https://www.thedailystar.net/business/banking/news/govt-redefines-hard-term-external-loans-1808632>

### **Remitters start getting incentive: Finance Minister**

• Finance minister said on Wednesday the payment of incentives to remitters has already started, indicating a massive escalation in remittance earnings this year. He said the provision of providing a 2.0-per cent incentive was kept in the budget but it took some time to develop a required system to make it effective. The minister further said that those who have sent remittance since July are eligible to get incentives.

• The minister said every remittance transaction amounting to below USD 1,500 will be entitled to incentive instantly without question. In case of a remittance transaction amounting to more than USD 1,500 each, the remitter will have to submit proper documents to get incentives, he added. The trend shows that remittance earnings this fiscal may reach USD 20 billion, he hoped.

<http://today.thefinancialexpress.com.bd/first-page/remitters-start-getting-incentive-minister-1570038964>

### **Plans underway to develop country's southwest region**

• The government has planned to develop the southwestern region of the country, providing the scope of land and seaport connectivity and market support for facilitating regional trade. As part of the plan, sources said, two projects have been undertaken to ensure connectivity with Benapole and Bhomra land ports and Mongla seaport with financial support of the World Bank.

• In a letter to Economic Relations Division (ERD), the WB has also assured the government of providing USD 1.1 billion for the projects under its broader programme titled Western Economic Corridor and Regional Enhancement (WeCARE) programme. The cost of overall WeCARE programme is around USD 2.7 billion and the WB is considering financing as estimated USD 1.1 billion.

• Roads and Highways Department (RHD) and Local Government Engineering Department have taken up the projects-Hatikamrul-Bonpara-Jhenidah-Jashore road development and Navaron-SaBDThira-Bhomra road improvement project and East-west Corridor linked road upgrading project. Under the projects, sources said, 260-kilometre of the national highway from Hatikamrul-Bonpara-Jhenidah-Jashore and Navaron-SaBDThira-Bhomra, and local markets, agro logistics and rural roads connecting to the corridor will be developed.

<http://today.thefinancialexpress.com.bd/trade-market/plans-underway-to-develop-countrys-southwest-region-1570027552>

### **2% extra GDP annually from public investments in infrastructure, education: Finance Minister**

• Finance Minister said on Monday that the country would start getting the benefit of huge public investments in infrastructure and education from next year, aiding gross domestic product (GDP) to grow by an additional 2% annually. Of the projected two percentage, Padma Bridge would generate 1% alone, he said. The finance minister said the country's GDP growth in the current financial year will be 8.3%. Surely, the GDP growth will be double-digit by the next five years, he said.

<http://www.dhakatribune.com/business/2019/09/30/kamal-2-extra-gdp-annually-from-public->

[investments-in-infrastructure-education](#)**Call money rate above 5% in more than a month**

- The inter-bank weighted average rate of call money has remained above 5% for more than one month as the government is offering high interest against treasury bills and bonds. As per the call money rate published on the Bangladesh Bank's web site, the highest rate in the call money market was 5.5% and the lowest 4.5% on September 25 this year, making the weighted average interest rate 5.06%. On Wednesday, banks borrowed BDT 52.56 billion through the inter-bank money market, a short-term borrowing facility for the scheduled banks offered by the central bank.
- The weighted average interest rate in the call money market exceeded 5% for the first time on August 22 this year, hitting 5.02%, for the first time after October, 2015. Since then, the rate has been hovering at above 5%. It hit 5.09% on August 26. Officials of the central bank said that the increase in lending rate for the call money might be an outcome of higher rate of interest against the treasury bills and bonds.
- The cut-off yield rate of 91-days treasury bills increased to 7.77% on September 23 this year while the rate of yield of same treasury bills was 2.4% on January 1, 2019 that prompted banks to supply funds to the government. Association of Bankers, Bangladesh chairman said that the banks might have preferred giving fund to the government against treasury bills and bonds, thus creating lower flow of fund to the call money market and subsequent increase in interest rate at the market. Bankers and experts, however, said the high volume of borrowing by the state through the banking system might impact adversely on the private sector credit. The private sector credit growth hit a fresh six-year low at 11.26% in July this year against the central bank's monetary policy projection of attaining 16.5% growth.

<http://www.newagebd.net/article/85782/call-money-rate-above-5pc-in-more-than-a-month>

**Bangladesh among top 20 improvers**

- Bangladesh is among the top-20 "Improvers in Doing Business 2020" as the country has implemented various reform initiatives to make a business-friendly environment, according to a World Bank (WB) report. The report, available on the WB website, says Bangladesh made it easier for entrepreneurs to start a business, obtain an electrical connection and access credit. Among other initiatives, Bangladesh lowered the name clearance fee for new company registration, abolished digital certification fees and reduced registration fee calculations based on share capital. In Dhaka, the electricity supplier cut the security deposit for a new connection by half and undertook major investments to expand its staffing and digitization of processes; licensing times by the Office of Electrical Adviser and Chief Electrical Inspector were also reduced, the report said. Bangladesh's credit information bureau improved access to credit by expanding its coverage to include five years of records and data on loans of any amount.

<https://www.thedailystar.net/backpage/news/bangladesh-among-top-20-improvers-1806280>

**Important News: Capital Market****Made in Bangladesh refrigerators dominate market**

- About 80% of the demand for refrigerators are now met by locally-manufactured ones. Walton has shown the path by setting up a manufacturing plant in 2008, and in 2016 has even started manufacturing compressors, the vital component of refrigerators. Transcom, Minister, Vision, Jamuna, Singer Bangladesh, and Samsung have joined Walton: they are either manufacturing or assembling refrigerators locally. Higher electricity generation has also helped the sector to grow fast.
- In 2018, refrigerator sales were about 2.2 million units, up 10% year-on-year, according to industry players. The sector has been growing at double-digit for the last five years, they said.
- To cash in on the rising demand, Butterfly Marketing, the local distributor of Korean LG, has announced plans to manufacture LG's refrigerators in Bangladesh with a view to providing quality products at a reasonable price. The manufacturing facilities are ready and we will go for trial production by this month, said the head of factory operations of Butterfly. Butterfly has invested USD 55 million, which is equivalent to BDT 4.6 billion, to set up the facilities. Initially, 700 units of six models will be manufactured per day against the capacity of 1,400 units, he said.
- Walton's manufacturing capacity has reached to 10,000 units per day, said its Director. According to him, Walton manufactures more than 150 models of refrigerators in the price range of BDT 10,000 to BDT 70,000. Transcom Electronics started to assemble refrigerators in 2014 and have a plan to go for full-fledged manufacturing from next year, said the head of marketing of Transcom Digital. Vision Electronics, a sister concern of Pran-RFL Group, has also been manufacturing 75 models of refrigerators at its factory in Palash upazila, Narsingdi, established in 2016. Director for marketing at Pran-RFL Group, said they manufacture 1,000 units every day. Another Korean electronics giant Samsung partnered with Fair Electronics to establish a manufacturing plant in Narsingdi in 2018. The plant has manufacturing capacity of 400,000 units per year.

<https://www.thedailystar.net/business/news/made-bangladesh-refrigerators-dominate-market-1808239>

**Tyre manufacturing awaits a boom with BDT 30 billion investment**

- Apex Husain Tyre and Gazi Tyre currently meet 5% demand for tyres of big buses and trucks in the country while imports meet the rest. Now Jamuna Group, Meghna Group and CEAT are all set to enter the market with huge investments and produce more tyres than what the country needs. Their entry will help Bangladesh save around BDT 30 billion a year that it spends for tyre imports and create employment for over 5,000 people, industry players said. GPH Ispat and a few other companies are also planning to go for tyre production. Jamuna Tyres and Rubber Industries Ltd, a concern of Jamuna Group, has invested over BDT 20 billion to produce tyres for big bus, truck, passenger car and motorcycle.
- Annually, Jamuna will produce 2.5 million units of tyres, almost enough to meet the country's total demand. Meghna Rubber Industries Ltd, a wing of Bangladesh's largest bicycle tyre and tube manufacturer Meghna Group, is setting up a new BDT 5 billion plant

to produce tyres for big buses and trucks.

<https://www.thedailystar.net/business/export/news/tyre-manufacturing-awaits-boom-BDT-3000cr-investment-1806757>

### **Foreign investors at Dhaka Stock Exchange (DSE) withdraw funds for record seventh month**

• The foreign investors at Dhaka Stock Exchange withdrew record BDT 6.8 billion in last seven months (March-September) from the country's premier bourse due mainly to lack of confidence of investors in the market, widespread anomalies at the market and instability at the country's financial sector. The amount withdrawn in last seven months broke the previous record of withdrawal in 2009 when the foreigners had pulled BDT 4.4 billion out of the market in six consecutive months (January-June). In 2010, the overseas investors withdrew BDT 6.77 billion from the market, the highest pull-out in a year.

• Market experts said that lack of confidence of investors in the market resulted in the continued share sales by the local and foreign investors. They said that the practices of falsifying financial documents by the listed companies, widespread wrongdoings, asymmetric regulatory approach and approval of weak initial public offerings were blamed for the decline in the investors' confidence level. The investors, especially the foreign ones, mainly depend of the financial disclosures of the listed entities to make investment decisions, said market experts, adding that if they found that the statements were fabricated, they shied away from the market.

• Besides, the unpredictable rules and decisions by the regulatory bodies also irked the foreigners. The Grameenphone's tussle with the Bangladesh Telecommunication and Regulatory Commission over audit claim made them nervous. The volatility in the financial sector also reduced investment capacity of the institutional investors that played a key role in the continued plunge in the stock prices. Market operators said that the government failed to bring down the banks' non-performing loans and such loans were rising, which made the country's financial sector volatile.

<http://www.newagebd.net/article/86419/foreign-investors-at-dse-withdraw-funds-for-record-seventh-month>

<https://www.dhakatribune.com/business/stock/2019/10/02/capital-market-foreign-investment-continues-to-fall-for-7-months>

<http://today.thefinancialexpress.com.bd/stock-corporate/foreign-fund-in-stocks-sinks-1570033481>

### **Bangladesh Securities and Exchange Commission (BSEC) now clarifies cash bonus issue**

• The securities regulator has clarified its earlier notification regarding the recommendation and distribution of cash dividend. Being compliant with securities rules, listed companies will be able to recommend and distribute cash dividend from the earnings retained in the year of declaring dividend despite having accumulated losses.

<http://today.thefinancialexpress.com.bd/first-page/bsec-now-clarifies-cash-bonus-issue-1570039051>

<http://www.newagebd.net/article/86422/cos-can-declare-cash-dividend-despite-having-accumulated-negative-earnings-bsec>

### **BRAC Bank to get USD 30 million from British financier**

• CDC Group, the UK government's development finance institution, yesterday announced to invest USD 30 million (over BDT 250 million) in Bangladesh's Brac Bank.

• The country has received just USD 150 million or less than one% of the CDC's investment portfolio of USD 6 billion and the CDC expects it to significantly grow as the institution aims to double its investments over the next three to four years, the Chief Executive said.

• The CDC's capital would help Brac Bank increase its lending programme to export-led and other businesses to accelerate their growth, advance employment and positively contribute to Bangladesh's economy, said a statement issued by CDC.

<https://www.thedailystar.net/business/banking/news/brac-bank-get-30m-british-financier-1808230>

### **BSEC approves rights offer of Golden Harvest**

• Golden Harvest Agro Industries will raise a capital worth BDT 899.32 million through rights offer for the purpose of business expansion and partial repayment of bank loans. As per the BSEC approval, the Golden Harvest Agro Industries will issue three rights shares against four existing shares (3R:4) at an offer price of BDT 10 each.

<http://today.thefinancialexpress.com.bd/stock-corporate/bsec-approves-rights-offer-of-golden-harvest-1569947273>

<https://www.dhakatribune.com/business/2019/10/01/bsec-approves-golden-harvest-rights-offer>

### **Dmoney, new Payment and Lifestyle app launched**

• Digital payments and services platform Dmoney announced the launch of its commercial operation for the Bangladesh market. The service was launched with the country's first interoperable QR, the officials of Dmoney said. People can open Dmoney accounts with their smartphones and connect it with their bank accounts, they said. Users can also bring money to their Dmoney accounts from any debit card or credit card. Dmoney also has a range of lifestyle services available within the app, such as mobile top-up, bill payments, ticketing, foods purchase, insurance, health and many more on-demand services.

• Dmoney users will also get different touch points to pay bills through QR code and online gateway. Currently about 2,500 offline and online stores accept Dmoney payment. Moreover, customers of multiple leading banks, including One Bank, Trust Bank and Al Arafah Islami Bank will be a part of Dmoney's QR alliance. In the programme, Dmoney shared their plan to grow its QR payment touch points to 100,000 by next year.

<https://www.thedailystar.net/business/dmoney-digital-payment-service-platform-starts-commercial-operation-1807735>

<http://today.thefinancialexpress.com.bd/stock-corporate/dmoney-new-payment-and-lifestyle-app-launched-1569947902>

### **Ring Shine Textiles holds IPO lottery draw**

• Ring Shine Textiles to allocate 150 million ordinary shares among successful applicants as the company's IPO lottery draw was held on Tuesday. The Ring Shine raised a fund

worth BDT 1.50 billion from the capital market by floating 150 million ordinary shares at a face value of BDT 10 each using the fixed-price method.

- The company will utilize the IPO proceeds for purchasing and installation of machinery for the existing factory unit (64.27%), repayment of bank loans (33.33%) and to meet the IPO expenses (2.40%), within 18 months of receiving the IPO funds.

<http://today.thefinancialexpress.com.bd/stock-corporate/ring-shine-textiles-holds-ipo-lottery-draw-1569947675>

### **Fundraising through IPO remains sluggish**

- Fundraising through initial public offerings (IPOs) remained sluggish as only seven companies raised BDT 4.95 billion, including premium, through IPOs in January-September period of this year. The nine-month figure is down 1.20% year on year, according to the Dhaka Stock Exchange (DSE) data. Market insiders attributed the sluggish IPO trend to the revision of the public issue rules, the regulator's conservative policy in approving IPOs and the volatile equity market. Although investors are showing interest in the primary market, the regulator goes slow in approving IPOs considering the market situation, said an analyst.

- This year, two companies used book-building method while five other companies fixed-price method to launch IPOs in the capital market. The two companies that used book-building method are Square Knit Composite (BDT 1500 million) and Runner Automobiles (BDT 1000 million). Five other companies are New Line Clothings (BDT 300 million), Silco Pharmaceuticals (BDT 300 million), Coppertech Industries (BDT 200 million), Sea Pearl Beach Resorts (BDT 150 million) and Ring Shine Textiles (BDT 1500 million).

- On July 16 this year, the stock market regulator approved the revised Public Issue Rules, raising the general investors' IPO quota (excluding non-resident Bangladeshis) to 50% from 40% under the fixed-price IPO method. Under the book building method, eligible investors' quota has also been brought down to 50% from 60% and the general investors' quota (excluding NRBs) raised to 40% from 30%. This will increase the general investors' participation in upcoming IPOs, said a leading broker.

<http://today.thefinancialexpress.com.bd/stock-corporate/fundraising-thru-ipo-remains-sluggish-1569860996>

### **GSK stock falls following Ranitidine ban**

- Stock price in GlaxoSmithKline (GSK) Bangladesh Ltd declined by BDT 18.2, or 1.06% at Dhaka Stock Exchange (DSE) after the Drug Administration banned Ranitidine tablets, a heartburn drug the raw materials of which are imported from India. On Sunday, Directorate General of Drug Administration temporarily banned marketing and sales of Ranitidine tablet imported from two Indian pharmaceuticals — Saraca Laboratories Ltd and Dr Reddy's Laboratories. The Drug Administration also banned the production and marketing of Ranitidine tablets, mostly used to treat ulcers of stomach, using the raw materials from these two drug makers, Director General of the Drug Administration said. The ban decision came after an alleged detection of genotoxic nitrosamine NDMA, a cancer causing impurity, in the tablet.

- GSK Bangladesh Head of Communications said that, GSK has already decided to suspend the release, distribution and supply of all dose forms of Zantac products to all

markets as a precautionary action pending the outcome of the ongoing tests and investigations. India recalled Ranitidine tablets from the market following an alleged detection of genotoxic nitrosamine NDMA by global and Indian regulatory authorities. Canada and France have already announced Zantac recalls. The US and the European Union are investigating it.

<https://www.dhakatribune.com/business/stock/2019/09/29/gsk-stock-falls-following-ranitidine-ban>

### **Bangladesh Telecommunication Regulatory Commission (BTRC) forms body to review 3 telecom companies' appeals**

- The Bangladesh Telecommunication Regulatory Commission has formed a one-member committee to review the penalty it imposed on three mobile phone operators for improper maintenance of customers' biometric database.

- Under the rules, the committee will now review the issue, taking the explanations given by the mobile phone operators into consideration. The committee will then make its decision and the operators are supposed to know the decision within three days.

<http://www.newagebd.net/article/86120/btrc-forms-body-to-review-3-telcos-appeals>

### **Two banks to issue perpetual bonds**

- One Bank will issue non-convertible perpetual bond (at floating rate) worth BDT 4.0 billion, according to an official disclosure on Sunday. The bank will issue the bond for raising fund to meet regulatory capital support of the bank under Tier-1, subject to the approval of the regulatory authorities - BB and Bangladesh Securities and Exchange Commission (BSEC), the disclosure said.

- The board of directors of Jamuna Bank has decided to raise fund against issuance of coupon-bearing non-convertible perpetual bond worth BDT 4.0 billion through private placement. The bank will issue the bond for raising fund as part of the additional Tier-I of revised regulatory capital framework for banks in line with Basel-III.

<http://today.thefinancialexpress.com.bd/stock-corporate/two-banks-to-issue-perpetual-bonds-1569774529>

### **Eastern Bank Limited (EBL) expands wings to China**

- The bank in a statement yesterday said this was the first footprint of any Bangladeshi financial institution in China.

- The EBL has recently opened a renminbi account (Chinese currency Nostro account with the Bank of China) as the Bangladeshi bank has started LC (letter of credit) business in the yuan. The EBL has recently partnered with China UnionPay and has opened a "China desk" to deal with business originating in China.

<https://www.thedailystar.net/business/banking/news/eb1-expands-wings-china-1806730>

### **Investment Corporation of Bangladesh (ICB) seeks BDT 10 billion from Bangladesh Bank (BB)**

- The Investment Corporation of Bangladesh has sought BDT 10 billion in financial support from Bangladesh Bank on an emergency basis to inject liquidity into the ailing capital market as part of its concerted efforts to bring back investor confidence.

<https://www.thedailystar.net/business/banking/news/icb-seeks-BDT-1000cr-bb-1806754>