

Capital Market Overview

The market closed in red this week. The benchmark index DSEX (-0.91%) lost 49.26 points and closed the week at 5,380.79 points. The blue-chip index DS30 (-0.77%) lost 14.83 points and stood at 1,910.08 points. The shariah based index DSES (-1.00%) lost 12.43 points and stood at 1,233.39 points. DSEX experienced negative YTD return of -0.09 while DS30 and DSES posted positive YTD return of +1.56% and +0.05% respectively.

Total Turnover During The Week (DSE): BDT 19.5 billion (USD 234.3 million)
Average Daily Turnover Value (ADTV): BDT 4.9 billion ($\Delta\%$ Week: +14.9%)

Daily Index Movement during the Week:

The market performed four sessions during this week. Market opened this week with a negative movement of 0.16% in the first session. Market continued to be negative in the second and third session by 0.68% and 0.24% respectively. Market rebounded in the fourth session by 0.16%.

Sectoral Performance:

- The financial sectors showed mixed performance during this week. Mutual Funds posted the highest gain of 9.43% followed by Life Insurance (+8.16%) and General Insurance (+1.04%). NBFIs experienced the highest loss of 2.09% followed by Banks (-1.70%).
- The non-financial sectors posted negative performance during this week except Engineering (+0.67%). Food & Allied posted the highest loss of 1.83% followed by Telecommunication (-1.82%), Power (-1.20%) and Pharmaceuticals (-0.27%).

Macroeconomic arena:

- The flow of remittances grew by 9.65% to a record USD 16.42 billion in the just-concluded fiscal year (FY) as the exchange rate of local currency weakened against the US dollar. The figure jumped from USD 14.98 billion in FY 2017-18. The country's forex reserve rose to USD 32.57 billion on Tuesday from USD 32.53 billion in the previous working day.
- The higher tax on profits from national savings instruments from this fiscal year will be applied on both new and old certificates, in a blow to the fixed income population. In the budget for fiscal 2019-20, the government imposed a 5% tax at source on the profit on savings certificate along with the previous five percent.
- Operating profits of the country's private commercial banks (PCBs) showed an upturn in the first six months (H1) of this calendar year (2019) although the volume of classified loans in the banking sector is on the rise. Of 40 PCBs, 19 marked an upward trend in operating profits, while no bank witnessed downturn, according to provisional data for the six-month period from January to June.
- Banks will transfer incentive to the bank accounts of remitters or their beneficiaries like they do in case of exporters as the maiden budget allocation for the hard-working migrant workers became available from yesterday. For the first time, the government has introduced an incentive, which is 2 percent, on the money remitted by expatriate Bangladeshis with a view to encouraging the inflow of remittance through legal channels
- Transactions through the mobile financial service platform hit a record BDT 422.36 billion in May as discounts offered by the major MFS providers to tempt Eid shoppers to pay through their channel appear to have worked. The amount is an increase of 20.8% from the previous month. Eid has surely been a big factor behind the spike in transactions but there were few other factors as well.

Stock Market arena:

- The ACME Laboratories has announced the start of commercial production at its state-of-the-art steroid and hormone facility in Dhamrai following successful completion of trial production. The steroid and hormone facility is one of the three projects for which the company raised funds through initial public offering (IPO). Recently, the company also started commercial production at its state-of-the-art Penicillin facility in Dhamrai following successful completion of trial production.
- The board of directors of GPH Ispat Ltd has decided to invest BDT 60 million more in Star Allied Venture Ltd. The company will invest the said amount as equity against purchase of 50 acres land in Mirershorai Economic Zone, Mirershorai in Chattogram to set up a TBR Tire Factory, said the disclosure. It is mentioned here that BDT 60 million is the additional amount of equity of earlier BDT 2.50 million investments as equity.

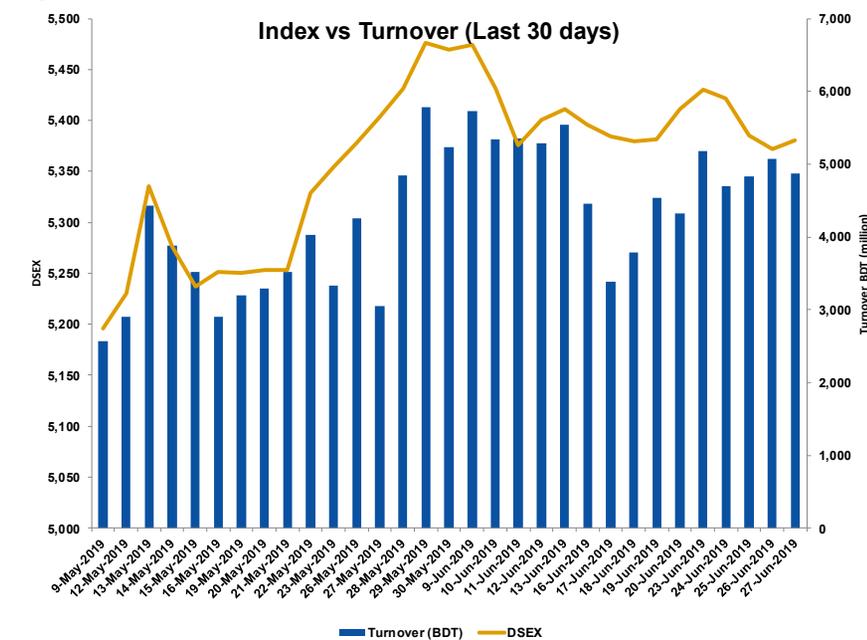
Table 1: Index

Index	Closing	Opening	Δ (Pts)	27-Dec-2018	$\Delta\%$ Week	$\Delta\%$ YTD
DSEX	5,380.79	5,430.05	-49.26	5,385.64	-0.91%	-0.09%
DS30	1,910.08	1,924.91	-14.83	1,880.78	-0.77%	1.56%
DSES	1,233.39	1,245.83	-12.43	1,232.82	-1.00%	0.05%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	15,925,164.8	19,903,472.0	-20.0%
	Mn USD	191,569.4	239,425.9	
Turnover	Mn BDT	19,474.7	21,187.4	-8.1%
	Mn USD	234.3	254.9	
Average Daily Turnover	Mn BDT	4,868.7	4,237.5	14.9%
	Mn USD	58.6	51.0	
Volume	Mn Shares	595.3	610.4	-2.5%

Figure 1: DSEX & Turnover in last four weeks



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Table 3: Top Ten Gainers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Prime Finance First MF	17.40	12.20	42.6%	348.0	113.14	NM	1.5x
Phoenix Finance 1st Mutual Fund	8	6.10	27.9%	468.0	55.28	NM	0.7x
CAPM IBBL Islamic Mutual Fund	9.60	7.70	24.7%	641.8	45.08	NM	1.0x
National Life Insurance Company Ltd.	263.80	219.70	20.1%	28,628.1	427.01	NM	26.4x
Dhaka Insurance Limited	34.00	29.30	16.0%	1,364.3	99.15	17.9x	1.5x
CAPM BDBL Mutual Fund 01	8.00	6.90	15.9%	401.0	8.91	NM	0.8x
PHP First Mutual Fund	5.50	4.80	14.6%	1,550.4	50.38	NM	0.5x
H.R. Textile	52.80	46.20	14.3%	1,335.8	232.53	30.7x	3.6x
Metro Spinning	8.90	7.80	14.1%	549.1	66.69	77.1x	0.6x
SEML IBBL Shariah Fund	8.10	7.10	14.1%	810.0	7.97	NM	0.8x

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Peoples Leasing	4.00	4.60	-13.0%	1,141.8	5.76	NM	0.4x
First Finance Limited	6.00	6.80	-11.8%	697.3	1.63	NM	0.8x
Meghna Condensed Milk	16.00	18.00	-11.1%	256.0	1.21	NM	NM
Emerald Oil Industries Ltd.	13.60	15.20	-10.5%	812.1	3.53	119.4x	0.9x
Kay and Que	193.10	214.20	-9.9%	946.7	23.97	205.8x	2.5x
Bangladesh Submarine Cable Company Limited	126.20	139.80	-9.7%	20,811.1	439.70	45.5x	3.4x
Monno Jute Staffers	954.00	1,050.00	-9.1%	1,974.8	83.06	169.8x	80.5x
International Leasing	10.00	11.00	-9.1%	2,112.5	46.22	5.1x	0.7x
Meghna Pet Industries	11.20	12.20	-8.2%	134.4	.71	NM	NM
Beach Hatchery Ltd.	15.80	17.10	-7.6%	654.1	4.83	695.9x	1.5x

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Runner Automobiles Limited	106.40	96.30	10.5%	11,505.4	548.53	24.9x	1.7x
United Power Generation & Distribution Company Ltd	375.60	383.10	-2.0%	179,945.1	523.08	24.3x	12.6x
National Polymer	112.30	107.20	4.8%	3,359.0	450.97	32.3x	3.6x
Bangladesh Submarine Cable Company Limited	126.20	139.80	-9.7%	20,811.1	439.70	45.5x	3.4x
National Life Insurance Company Ltd.	263.80	219.70	20.1%	28,628.1	427.01	NM	26.4x
Singer Bangladesh	200.40	192.10	4.3%	19,980.4	414.14	22.1x	8.3x
Square Pharmaceuticals	259.90	263.50	-1.4%	205,063.3	371.37	16.9x	3.3x
JMI Syringes & Medical Devices Ltd	473.30	460.70	2.7%	5,206.3	347.20	62.4x	6.7x
Genex Infosys Limited	57.10	55.50	2.9%	4,659.4	313.46	38.9x	3.9x
Bashundhara Paper Mills Limited	75.10	71.10	5.6%	13,051.7	310.70	18.8x	2.2x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Pragati Insurance	38.50	47.65%	2,525.2	12.1x
Marico Bangladesh Limited	1,497.70	24.79%	47,177.6	24.9x
Power Grid Co. of Bangladesh Ltd.	58.20	21.25%	26,825.1	8.3x
Singer Bangladesh	200.40	17.78%	19,980.4	22.1x
Dutch-Bangla Bank	68.00	17.73%	34,000.0	11.1x
Pioneer Insurance	34.20	17.53%	2,393.3	8.4x
Eastern Housing	54.30	16.52%	5,068.6	15.3x
IFIC Bank	10.30	14.34%	16,684.7	9.2x
Rupali Bank	36.80	13.07%	15,241.4	29.3x
Eastern Bank	37.00	13.06%	30,036.6	9.7x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1457.59	1482.81	1848.21	-1.70%	-21.14%
NBFIs	1971.62	2013.75	2714.85	-2.09%	-27.38%
Mutual Funds	746.46	682.12	788.81	9.43%	-5.37%
General Insurance	1940.15	1920.21	1592.30	1.04%	21.85%
Life Insurance	2338.69	2162.32	1834.85	8.16%	27.46%
Telecommunication	5040.94	5134.46	6494.31	-1.82%	-22.38%
Pharmaceuticals	2780.55	2788.06	2821.05	-0.27%	-1.44%
Fuel & Power	1927.28	1950.62	1527.27	-1.20%	26.19%
Cement	1464.77	1486.79	2280.58	-1.48%	-35.77%
Services & Real Estate	981.68	988.43	1224.11	-0.68%	-19.80%
Engineering	3119.22	3098.56	3166.83	0.67%	-1.50%
Food & Allied	16632.87	16942.79	15304.34	-1.83%	8.68%
IT	1900.33	1855.03	1484.41	2.44%	28.02%
Textiles	1449.28	1438.16	1222.72	0.77%	18.53%
Paper & Printing	7986.41	7626.39	1013.11	4.72%	688.31%
Tannery	2464.19	2486.16	2642.41	-0.88%	-6.74%
Jute	17161.79	17989.30	8867.22	-4.60%	93.54%
Ceramics	506.72	519.17	597.46	-2.40%	-15.19%
Miscellaneous	2013.55	2051.94	1725.62	-1.87%	16.69%

Table 7: Sector Trading Matrix

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Banks	289.4	383.7	-24.56%	6.35%	9.6x	0.8x
NBFIs	135.1	126.1	7.10%	2.96%	74.7x	1.9x
Mutual Funds	151.6	72.2	110.03%	3.33%	NM	0.6x
General Insurance	380.0	470.6	-19.24%	8.34%	14.6x	1.3x
Life Insurance	196.2	133.0	47.56%	4.30%	NM	9.7x
Telecommunication	144.5	108.9	32.68%	3.17%	13.3x	10.5x
Pharmaceuticals	459.6	467.1	-1.63%	10.08%	19.4x	2.6x
Fuel & Power	286.4	361.1	-20.68%	6.28%	12.7x	2.2x
Cement	31.2	41.7	-25.10%	0.69%	29.1x	2.7x
Services & Real Estate	75.3	60.5	24.58%	1.65%	NM	0.8x
Engineering	743.0	469.6	58.22%	16.30%	15.8x	1.9x
Food & Allied	165.4	183.9	-10.05%	3.63%	28.9x	9.7x
IT	156.8	131.1	19.62%	3.44%	23.8x	3.0x
Textiles	811.7	475.4	70.75%	17.81%	19.4x	1.1x
Paper & Printing	84.9	25.7	231.10%	1.86%	25.1x	2.1x
Tannery	95.4	123.3	-22.68%	2.09%	20.6x	2.8x
Jute	12.2	25.4	-52.13%	0.27%	NM	7.8x
Ceramics	84.6	89.4	-5.42%	1.85%	19.6x	1.9x
Miscellaneous	255.0	275.0	-7.27%	5.59%	26.5x	1.2x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Heidelberg Cement	240.90	-28.03%	13,611.7	19.4x
International Leasing	10.00	-27.01%	2,112.5	5.1x
IFAD Autos Limited	82.10	-24.26%	20,360.0	14.5x
Aftab Automobiles	36.40	-20.70%	3,484.7	18.3x
AB Bank	9.90	-17.50%	7,505.5	NM
United Airways (BD) Ltd.	2.40	-17.24%	1,987.4	NM
ACI Limited	271.80	-16.68%	13,559.9	NM
IDLC Finance Ltd.	58.10	-16.64%	21,906.7	9.6x
RAK Ceramics Limited	33.30	-14.62%	12,955.8	15.0x
Lafarge Surma Cement	38.70	-11.03%	44,945.2	36.1x

Important News: Business & Economy

Private credit bucks falling trend

- Private sector credit growth edged up in May after sliding since October last year but it is still well below the central bank's target for the second half of fiscal 2018-19. In May, credit growth stood at 12.16%, up from 12.07% a month earlier. But the credit growth is still 4.34% points less than the central bank's target of 16.50% for the second half of the just concluded fiscal year.

- The increase is insignificant and there is no possibility to escalate the growth in the upcoming months given the ongoing liquidity crunch in the banking sector, said economists and bankers. In the last two fiscal years, private sector credit growth hovered between 16% and 18%, only to dip at the turn of fiscal 2018-19. The credit growth will not get a boost if the deposit growth does not get a momentum, said executive director of Policy Research Institute.

- The investment in the private sector has remained rather static in recent times. The existing credit growth has just supported the ongoing businesses. And it is not adequate to expand the industrial sector further, executive director of Policy Research Institute added. The lending capability of the banking sector has been eroded in the recent period because of the upward trend in default loans, which has ultimately reflected in the lower credit growth, said a former governor of the central bank.

- Banks are now trying to continue their business by way of widening their trade-based financing, he added. Lenders have taken on a cautious approach in disbursing fresh loans given the ongoing liquidity pressure and high volume of default loans, said managing director of Jamuna Bank. Clients are still reluctant to keep their deposits with banks as the interest rate on the government savings tools is much higher than what the lenders offer for their deposit products, he said. There is chance of increasing the private sector credit growth rate within the next few months considering the ongoing liquidity pressure, said the chairman of the Association of Bankers.

<https://www.thedailystar.net/business/news/private-credit-bucks-falling-trend-1766386>

No handouts for state banks last fiscal year

- State banks did not get a single penny from taxpayers in the just concluded fiscal year to make up their capital deficit, in a clear sign from the government of its intent to stop pampering the errant lenders. Between fiscal years 2009-10 and 2017-18 the government had injected a total BDT 160.16 billion of taxpayers' money into the state-run banks -- without any tangible improvement in their governance and lending practices to show for. The aim of the state-run commercial banks is to provide funds to the government from their profits and the government will spend the money for welfare activities. But the banks were given money to meet their capital shortfall without any stringent performance improvement conditions, which defeats the purpose of their existence.

- Some BDT 15.00 billion was set aside in the budget for fiscal 2018-19 budget, but in the end BDT 1.51 billion was disbursed to Bangladesh Krishi Bank and Grameen Bank from the allocation. No money was given to banks facing capital shortfall due to ill lending practice, a finance ministry official. However, the government has allocated BDT 15.00 billion in this fiscal year's budget for state banks' recapitalisation.

- State-owned banks are at the heart of the default loan problem dogging Bangladesh's

banking sector: at the end of 2018, they accounted for 52% of the total default loans in the industry. They remain severely under-capitalised despite capital injections every year over the past years. As of March this year the capital shortfall of the four state run commercial banks stood at BDT 63.34 billion, of which BDT 48.88 billion was of Janata Bank alone. Even a few years ago Janata Bank had no capital shortfall. But it plunged into capital crisis for irresponsible lending practices.

<https://www.thedailystar.net/business/banking/news/no-handouts-state-banks-last-fiscal-year-1766374>

Illegal, stolen handsets to be denied network access soon

- Illegal and stolen handset users would not get access to the mobile phone network, said a draft directive of Bangladesh Telecommunication Regulatory Commission on Wednesday. The directives titled Equipment Identity Register for Mobile Network Operators in Bangladesh would allow the telecom regulator to set up and maintain a National Equipment Identity Register. Mobile phone importers and manufacturers have long been demanding setting up of the NEIR for the prevention of illegal handset import and to protect them from illegal traders and smugglers.

- At present, neither the government nor the mobile phone operators or the mobile phone importers have any tool to check use of illegally imported handset, which is causing around BDT 10.00 billion losses to the government and eating away at sales of handsets imported by legal importers. However, the telecom regulator would allow all sort of mobile handsets and devices irrespective of whether they were legal or illegal to access to the mobile phone network when the NEIR would be launched. The NEIR would preserve international mobile equipment identity to make it easier to extract information about legally imported or locally manufactured headsets.

- Mobile phone operators will get two months to get prepared to launch the NIR system after the issuance of final directive from the BTRC. Once the NEIR is established, the EIRs of the mobile phone operators will be connected with the NEIR. Maintaining safety of the EIR would be a vital responsibility for the mobile operators and they would face legal actions for violations of any of the provisions mentioned in the directives.

- According to a statement of Bangladesh Mobile Phone Importers Association, import of mobile handsets in Bangladesh dropped by 17.85% or 5.0 million units in January-September period of 2018 compared to that in the same period last year due to a boom in handset sales in grey market. Illegally imported handsets have already occupied more than 30% share of the handset market worth around BDT 30.00 billion, causing more than BDT 10.00 billion revenue losses for the government, severely impacting the authorised importers and manufacturers, said mobile handset importers.

<http://www.newagebd.net/article/77349/illegal-stolen-handsets-to-be-denied-network-access-soon>

Dhaka-Washington trade in last year stands at USD 8.2 billion

- US Ambassador to Bangladesh said that Bangladesh is one of the United States' most valued partners and one of the world's great development success stories. Two-way trade between Bangladesh and the United States totalled USD 8.2 billion last year, double what it

was only a few years ago.

<http://today.thefinancialexpress.com.bd/last-page/dhaka-washington-trade-in-last-yr-stands-at-82b-1562176398>

Remittances hit record USD 16.42 billion in FY'19

- The flow of remittances grew by 9.65% to a record USD 16.42 billion in the just-concluded fiscal year (FY) as the exchange rate of local currency weakened against the US dollar. The figure jumped from USD 14.98 billion in FY 2017-18, according to the central bank's latest statistics. Strengthening supervision and monitoring by the central bank to check illegal 'hundi' transaction has also contributed to the increased flow of remittances, officials said.
- Meanwhile, the local currency depreciated by BDT 0.77 against the US dollar in the inter-bank foreign exchange market in FY'19 mainly due to higher demand for the greenback, according to market operators. The US currency was quoted at BDT 84.50 each in the inter-bank foreign exchange market on Sunday, the last working day of the fiscal, unchanged from the previous level. It was BDT 83.73 in June 2018. The higher demand for the greenback for settling the import obligations caused the depreciation.
- Bangladesh's current account deficit continues to pose risks to the macroeconomic stability despite its 35% fall in the July-April period of FY '19. The gap stood at USD 5.06 billion between July last year and April this year, the BB data showed. The country's forex reserve rose to USD 32.57 billion on Tuesday from USD 32.53 billion in the previous working day.

<http://today.thefinancialexpress.com.bd/last-page/remittances-hit-record-1642b-in-fy-19-1562090554>

<https://www.thedailystar.net/business/news/remittance-hits-all-time-high-1765957>

10% tax on all savings tools

- The higher tax on profits from national savings instruments from this fiscal year will be applied on both new and old certificates, in a blow to the fixed income population. In the budget for fiscal 2019-20, the government imposed a 5% tax at source on the profit on savings certificate along with the previous five%. So, the profit earners from saving instruments will now have to count 10% tax in total. Other than savers, the members of parliament had also requested the government to withdraw the 5% tax on profits from savings instruments.
- But the government resisted as it looks to reduce its heavy dependency on savings instruments to fund its budget as well as channel deposits towards banks, which are going through an extended liquidity crisis. At the beginning of fiscal 2018-19, the government had targeted to borrow BDT 260.00 billion from savings instruments but it ended up revising the target up to BDT 450.00 billion. This fiscal year, the government allocated BDT 527.97 billion as interest payment on its domestic borrowing.
- The high interest rate on saving certificates allured not only the fixed income group or pensioners but also many rich people, who tend to buy them in bulk, and institutional investors. The government has introduced the 'national savings scheme online management system' all over the country for checking the loopholes in the system that allows one person to own more than one savings certificates, the finance ministry official said.

- So, new investors will have to buy the savings certificates online from now onwards. But, it will take at least two years to transfer the record of existing savings certificates online, he said. The central bank also published a notice yesterday that called for checking the misuse of savings certificates by institutional investors.

<https://www.thedailystar.net/business/news/10pc-tax-all-savings-tools-1765954>

Bangladesh Bank (BB) warns organizations against misuse of scope

- Bangladesh Bank on Tuesday warned entities or organizations not to misuse the investment scope in the national savings certificates from institutional funds. The central bank issued the instruction as it found huge investments in NSCs by different entities in the name of provident funds. The investment information from such funds came to the central bank's knowledge after the introduction of 'National Savings Scheme Online Management System' that became functional across the country from June 30 this year.
- According to the latest BB data, the net NSC sales increased to BDT 434.74 billion in the first 10 months of FY19 from BDT 400.63 billion in the same period of FY18, much higher than the government's initial target of collection — BDT 291.97 billion. On Tuesday, the BB in its circular also specified that the NSCs could be purchased with the money from the provident funds certified by the tax commissioner. However, such provident funds must fall under the definition mentioned in the Income Tax Rules 1984 (part-II).
- Besides, income generated from the agriculture-based farming could be invested in the NSCs for five years upon certification by the deputy Commissionerate, it said. The BB also asked the managing directors of all scheduled banks to ensure compliance with the Savings Certificates Regulations 1977 while purchasing NSCs in favor of their clients. On June 13 this year, finance minister said that the maximum purchase limit of savings scheme could now be easily controlled and monitored through NID-linked digitised system.
- He said that the payments of principal amount and profits to the clients could be automatically made through Electronic Fund Transfer (EFT) that would ensure discipline in public financial management. Meanwhile, the government in the budget for the fiscal year of 2019-20 slapped an additional 5% points taxes on the interest income from NSCs, taking the total tax on NSCs' interest to 10%.

<http://www.newagebd.net/article/77249/bb-warns-orgs-against-misuse-of-scope>

Supreme Court chamber judge stays High Court order for offering privileges to loan defaulters

- The Supreme Court (SC) on Tuesday stayed a High Court (HC) Division order for a week, which had earlier halted the special policy guidelines for offering privileges to loan defaulters. The Bangladesh Bank guidelines, issued on May 16, allowed defaulted borrowers to reschedule their loans by paying 2.0% down payment for the maximum of 10 years. The defaulters were also given the opportunity to avail the 'one-time exit' facility by clearing all dues within 360 days after getting approval from the banks concerned. After the guideline was issued, the Human Rights and Peace for Bangladesh (HRPB) filed a writ petition before the HC and on May 21 the court stayed the guideline until June 24. On June 24, the HC extended its order for two more months.

<http://today.thefinancialexpress.com.bd/first-page/sc-chamber-judge-stays-hc-order-1562089831>

Operating profits of Private Commercial Banks (PCB) rise despite Non-Performing Loans (NPL)

• Operating profits of the country's private commercial banks (PCBs) showed an upturn in the first six months (H1) of this calendar year (2019) although the volume of classified loans in the banking sector is on the rise, bankers said. Of 40 PCBs, 19 marked an upward trend in operating profits, while no bank witnessed downturn, according to provisional data for the six-month period from January to June. The data of the rest were not immediately available. The rising trend in the volume of credit, particularly in the private sector, has helped the banks pick up on their operating profits in H1 of 2019 compared to the same period last year, according to the senior bankers.

• Meanwhile, the total outstanding loans with the private sector rose to BDT 9,879.29 billion in April 2019 from BDT 8,815.11 billion a year ago, according to the central bank's latest statistics. Besides, some banks, having offshore banking unit (OBU) operations, earned a notable amount through providing foreign currency loans to their customers. Currently, 35 commercial banks, out of 58, are running their OBUs across the country, they added. The private bankers also said some banks have already been able to earn a significant amount from their treasury operations.

• However, some banks could not perform in H1 of 2019 as per expectation mainly due to an increase in their volume of non-performing loans (NPLs), according to the bankers. The volume of classified loans increased by more than 18% to BDT 1,108.73 billion in the first quarter of 2019 from BDT 939.11 billion in the previous quarter, the Bangladesh Bank (BB) data showed. The private bankers opined that the operating profits may rise in the second half (H2) of this year, if the banks are able to reduce the amount of their NPLs by gearing up recovery drives across the country.

<http://today.thefinancialexpress.com.bd/first-page/operating-profits-of-pcb-rise-despite-npls-1562003899>

<http://www.newagebd.net/article/77190/most-banks-operating-profits-rise>

<https://www.dhakatribune.com/business/banks/2019/07/01/banks-operating-profits-soar-up-to-june>

Banks to transfer incentive to accounts of remitters

• Banks will transfer incentive to the bank accounts of remitters or their beneficiaries like they do in case of exporters as the maiden budget allocation for the hard-working migrant workers became available from yesterday. A finance ministry official said that it would send a guideline to the central bank regarding the incentive on remittance.

• For the first time, the government has introduced an incentive, which is 2 percent, on the money remitted by expatriate Bangladeshis with a view to encouraging the inflow of remittance through legal channels. The government has allocated BDT 30.60 billion for the purpose in the current fiscal year. The official said that banks will pay an additional 2% to the remitters when they disburse the money to the bank accounts of the recipients. At present, commercial banks disburse incentives to exporters when their earnings enter the country.

• A Bangladesh Bank official, however, said that because of the incentive, money will be

laundered from Bangladesh through hundi and the same money will enter the country again as remittance. Subsequently, the central bank sent an opinion on the incentive, expressing apprehension on the misuse of the fund. In the opinion, the central bank said no agreement or document is required between a remitter and the recipient to transfer the remittance. Banks pay the remitted funds to the accounts of the relatives directly.

• As a result, the low private sector credit growth did not impact their profitability. Private sector credit growth sank to a 56-month low of 12.07% in April. As a result, the low private sector credit growth did not impact their profitability. The recent hike in interest rate on lending played a role in increasing the bank's operating profit, said the executive director of the Policy Research Institute.

<https://www.thedailystar.net/business/news/banks-transfer-incentive-accounts-remitters-1765522>

Mobile Financial Service (MFS) transactions hit record high

• Transactions through the mobile financial service platform hit a record BDT 422.36 billion in May as discounts offered by the major MFS providers to tempt Eid shoppers to pay through their channel appear to have worked. The amount is an increase of 20.8% from the previous month, according to data from the Bangladesh Bank. Eid has surely been a big factor behind the spike in transactions but there were few other factors as well," said the chief external and corporate affairs officer at bKash.

• The central bank's move in May to increase the MFS transaction limits also seemed to have helped log in the highest number for a single month, said the spokesperson of the Bangladesh Bank (BB). The move to introduce more options to top-up MFS wallets other than through agents contributed to the higher transactions, he added. Customers can now add money to their wallet by making a direct transfer from the bank account through internet banking and through foreign inward remittance.

• At the end of May, the total number of registered MFS accounts reached 70.5 million, of which 32.1 million are actively using the service, according to the BB report. At the end of April there were only 29.1 million active accounts. Salary disbursement through the platform crossed the landmark of BDT 10.00 billion in May, when BDT 12.44 billion was sent. Government's payments soared 53.9% month-on-month to BDT 3.22 billion and utility bill payments 32.1% to BDT 4.83 billion.

• Some MFS operators are collecting foreign remittance: in May BDT 26.71 core was received, up 74.9% from the previous month. The average daily transaction in May stood at BDT 13.62 billion, up 16.86% from April. Actually, the amount transacted through the platform is much higher as the postal department's MFS service Nagad is enjoying great popularity, said the BB spokesperson.

• But Nagad's numbers are not reflected in the central bank's data. Nagad currently has about 3.0 million active users, according to one of its high officials. Businesspeople mostly use Nagad for its higher ceiling. A Nagad customer can deposit BDT 0.25 million every day into his/her account, which is way higher than the BDT 30,000 allowed by the other MFS operators.

<https://www.thedailystar.net/business/news/mfs-transactions-hit-record-high-1765525>

Trade with China trebles in a decade

- Bilateral trade between Bangladesh and China trebled to nearly USD 12 billion in the past decade thanks to the soaring imports by industrialists and businesses. Trade between the two nations, which was USD 3.51 billion in 2008-09, rose to USD 12.38 billion in 2017-18. And in the first nine months of the just concluded fiscal year trade stood at about USD 11 billion, with the balance heavily tilted towards China, according to data compiled by Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

- The data showed that import from China has been increasing gradually while shipment to the world's second biggest economy have been hovering below USD 1 billion for the last several years. Analysts and entrepreneurs said that Bangladesh gets duty-free access for nearly 5,000 items but businesses cannot take full advantage of the opportunity owing to the country's small export basket. Garment accounted for 56% of the total exports of USD 695 million to China in fiscal 2017-18.

- As much as 68% of the imports from China were textiles, machinery and mechanical appliances. A senior official of the commerce ministry said that nearly 50% of the products imported from China are meant for export-oriented industries to make products for the export market. The rest come for domestic consumption, he added.

<https://www.thedailystar.net/business/news/trade-china-trebles-decade-1765534>

Bangladesh Energy Regulatory Commission (BERC) raises gas prices from today

- The gas consumers will have to count an additional 32.8% higher tariff on an average from the first day of the fiscal year (FY), 2019-20, as the energy regulator has announced the 'biggest-ever' hike with effect from today (July 01). The new weighted average natural gas tariff will be BDT 9.80 per cubic metre from the existing BDT 7.38. Import of expensive LNG (liquefied natural gas) was the prime reason behind this hike, the BERC chairman said. The BERC has increased the tariff, considering an inflow of around 850 million cubic feet per day (mmcf) of re-gasified LNG (RLNG) to the national gas grid. The current level of RLNG consumption is hovering around 600 mmcf.

- According to the commission's calculation, some 75% hike to BDT 12.60 per cubic metre, was required to arrange an additional fund to the tune of around BDT 180 billion, especially to foot the LNG import bills in the next FY. With this hike, some BDT 86.20 billion can be collected from the gas consumers, said a BERC member. Around BDT 24.20 billion will come from the Energy Security Fund (ESF), and the government will require to provide subsidy worth BDT 76.90 billion to meet the deficit, he added.

- Household consumers having single-burner will have to pay BDT 925 per month instead of the existing BDT 750, while the double-burner users will have to pay BDT 975 instead of the existing BDT 800 following the hike. New gas tariff for metered household consumers will be BDT 12.60 per cubic metre from the existing BDT 9.10. Fertilizer factories will count the highest hike in tariff by 64.20% to BDT 4.45 per cubic metre from the existing BDT 2.71, following the latest hike. New tariff for compressed natural gas (CNG) in retail level will be BDT 43 per cubic metre from the existing BDT 40, witnessing the minimum hike of 7.5%. Natural gas tariff for small and cottage industries under commercial sector will remain unchanged at BDT 17.04 per cubic metre. Captive power plants will count a tariff hike of 43.97% to BDT 13.85 per cubic metre from the existing BDT 9.62. Natural gas tariff for power plants has been hiked by 40.82% to BDT 4.45 per cubic metre from the existing BDT

3.16. For industrial consumers, the new gas tariff will be BDT 10.70 per cubic metre from the existing BDT 7.76, following a hike of 37.88%. The BERC raised natural gas tariff for hotels and restaurants under commercial consumers segment by 34.97% to BDT 23.0 per cubic metre from the existing BDT 17.04. For tea estates, new tariff will be BDT 10.70 per cubic metre from the existing BDT 7.42, with a hike of 44.20%.

<http://today.thefinancialexpress.com.bd/first-page/berc-raises-gas-prices-from-today-1561917488>

VAT 5%, comes into effect today

- The value added tax (VAT) proposed in the budget for 2019-20 on online shopping comes into effect from today, albeit at a reduced rate and under a new calculation. Amidst the e-commerce industry's outcry and campaigns, the rate has been reduced to 5% from 7.5%, the e-Commerce Association of Bangladesh (e-CAB) said in a statement yesterday. However, the taxes proposed on telecom services has remained unchanged, according to the statement.

- The VAT on online shopping will be calculated based on the difference between what a company pays for a product and sells it for, it said. For instance, if a company buys a product for BDT 100 and sells it at BDT 110, the 5% will be calculated on the BDT 10 difference, meaning the VAT will be BDT 0.5.

- The government had twice tried to impose the VAT, proposing 4% in the 2015-16 budget and 5% in 2018-19, but backed down amidst opposition from entrepreneurs. Industry insiders said this segment of business had just started to grow with annual sales still hovering below BDT 10.00 billion and this growth would come to a halt if the government withdrew its active support. Finance Minister in his budget speech proposed increasing the supplementary duty on all services availed through mobile phones to 10% from 5%. This came into effect on the day of the budget announcement.

- Mobile operators estimate that customers would end up paying an additional BDT 13.00 billion every year for the duty hike. The budget also proposed raising SIM tax to BDT 200 from BDT 100, which mobile operators say would turn out to be a hindrance to growth. The increase in minimum tax on overall turnover to 2% from existing 0.75% for mobile companies was another blow, they added.

<https://www.thedailystar.net/business/news/vat-5pc-comes-effect-today-1765018>
<http://www.newagebd.net/article/77042/people-brace-for-vat-induced-price-hike-as-fy20-begins-today>
<https://www.dhakatribune.com/business/regulations/2019/06/30/new-vat-regime-from-monday>

Finance Bill '19 makes changes to VAT, tax rates for some sectors

- The government has reduced amount specific value-added tax for major mild steel products including rod by up to BDT 1,000 per tonne in the finally passed Finance Bill 2019 from the proposed rates for the new fiscal year 2019-2020 considering the negative impact on steel and construction industry. It has also fixed the specific VAT at BDT 1,000 per tonne on local supply of iron scrap or scrap ship instead of the proposed 5% VAT on the value of the item to keep the prices of MS products stable.

- In the Finance Bill 2019 passed in parliament on Saturday, the government also reduced

the rate of VAT on the commission and service charge on e-commerce or sales of products online and ride sharing companies to 5% from the proposed 7.5%. It also withdrew advance tax on import of some major products including capital machinery, raw materials imported by bonded warehouse licence holders and firefighting equipment. The government also withdrew AT on import of a number of medicines including medicines for cancer, malaria, and tuberculosis, preventive medicines, antibiotics, medicines and solution for kidney dialysis, and vaccines.

- Officials of the National Board of Revenue said that the government had now set the specific VAT at BDT 1,000 per tonne of billet and ingot produced from local or imported meltable scrap and MS products produced from billet/ingot reducing from proposed BDT 2,000 per tonne. VAT for MS product produced from local or imported re-rollable scrap has been fixed at BDT 1,200 per tonne lowering from the proposed BDT 2,000 per tonne. Specific tax, however, remained unchanged at BDT 2000 for ingot/billet produced from meltable scrap and MS product produced from ingot/billet.

<http://www.newagebd.net/article/77043/finance-bill-19-makes-changes-to-vat-tax-rates-for-some-sectors>

Businesses oppose 'high' gas tariff hike

- Trade-bodies of different export-oriented industries, including textile and ready-made garment (RMG), strongly opposed the gas tariff hike by the government on Sunday, saying it will create an adverse impact on their overall business activities. The hike will increase production cost manifold and decrease their competitiveness in the global market, they opined.

- The reactions immediately came after the government raised gas price for captive power generators to BDT 13.85 per cubic metre from BDT 9.62, and for industries BDT 10.70 per cubic metre from BDT 7.76. Terming the 44% tariff hike for captive power generation 'non-realistic' president of the Bangladesh Textile Mills Association (BTMA) said the high hike will severely affect local textile millers, especially the captive power producers. As a result, a good number of industries might not sustain, as it will increase their production cost manifold, he opined.

- Electricity production cost through captive power will increase by BDT 15-18 for a kg of yarn production, which is now BDT 9.62, a BTMA official said. Some 430 textile mills out of the 1,500 BTMA members, including spinning, dyeing and weaving units, are generating captive power, and producing more than 1,300 MW of electricity to run their mills. They have invested some BDT 200 billion for this purpose, he added.

- President of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) said gas bill takes up around 1.5% of their manufacturing cost. So 38% increase in gas price means almost 1.0% increase in production cost. It might not sound much in terms of percentage, but it will be another blow for an industry struggling for every penny, she further said.

<http://today.thefinancialexpress.com.bd/first-page/businesses-oppose-high-gas-tariff-hike-1561917548>

10 banks' capital shortfall hit BDT 183 billion in Q1 2019

- Ten banks, including six state lenders, suffered a total capital shortfall of over BDT 183 billion in the first quarter (Q1) of the year as rising troubled loans wiped out their profits. The banks-four state-owned commercial banks (SoCBs), three private commercial banks (PCBs), two specialized banks (SBs) and a foreign commercial bank (FCB)--were categorized as capital-deficit lenders, according to the central bank's latest statistics.

- The overall capital-to-risk weighted-asset ratio (CRAR) of all the banks operating in Bangladesh improved in the first quarter as regulatory forbearance was offered to some banks, according to BB officials. The overall CRAR rose to 11.41% on March 31, 2019 from 10.50% three months ago, the BB data showed. The CRAR of six state banks stood at 6.85% as on March 31 this calendar year, while that of two special lenders was in the negative territory at 31.65%. The CRAR of private banks was found, on average, 12.65% as on March 31, while the ratio of nine foreign commercial banks reached 27.96%.

- The volume of non-performing loans (NPLs) climbed by more than 18% to BDT 1,108.73 billion in the Q1 of the year from BDT 939.11 billion in the previous quarter. Bangladesh started implementing the Basel-III standard for calculation of CRAR of all banks in the first quarter of 2015 for consolidating stability in the banking sector. Under a roadmap to comply with the Basel-III, the banks were required to maintain 12.50% of CRAR by 2019.

<http://today.thefinancialexpress.com.bd/first-page/10-banks-capital-shortfall-hit-BDT-183-billion-in-q1-1561917647>

<https://www.thedailystar.net/business/news/most-state-banks-hit-capital-deficit-1765027>

Tax on MS rod cut after demand from steel lobby

- The government has slashed the tax on the import of mild steel (MS) rod to BDT 1,000 per tonne, though it was increased from the tariff value. Until Sunday, the tariff value was BDT 900. In the budget announced on June 13, 2019, the Value Added Tax (VAT) on MS rod was imposed at BDT 2,000 per tonne. The revised rate of specific tax comes into force from today (Monday).

- Specific tax has been reduced to BDT 1,200 for MS product produced from local/imported scrap for re-rolling. However, the proposed specific tax remained unchanged to BDT 2,000 for ingot/billet produced from meltable scrap and MS product produced from ingot/billet. Officials said with the downward revision of the specific tax, VAT (value added tax) on MS products would go up to the maximum of BDT 250 per tonne.

<http://today.thefinancialexpress.com.bd/last-page/tax-on-ms-rod-cut-after-demand-from-steel-lobby-1561918114>

Bangladesh, Japan ink USD 1.34 billion loan, grant deals to finance three projects

- Bangladesh and Japan on Sunday signed three loans and grant agreements worth USD 1.34 billion (144.814 billion yen) to finance three projects, including Matarbari coal power plant. Japan will provide USD 1.31 billion for setting up of Matarbari Ultra Super Critical Coal-Fired Power Project (V), 1,258 million yen for a project named 'Densification of global navigation satellite system, continuously operating reference station network and the modernization of tidal stations in Bangladesh', 429 million yen for a project titled 'Human resource development scholarship'. Japan will charge 0.9% interest for the project loan, which will have 10 years of grace period and will have to be repaid in 30 years.

- The Coal Power Generation Company Bangladesh will implement the Matarbari power plant - presently the costliest project in the country worth over USD 4.0 billion. Two units of the project will generate 1,200 megawatt of electricity. The project is scheduled to be implemented by June 2024.

<http://today.thefinancialexpress.com.bd/trade-market/bd-japan-ink-134b-loan-grant-deals-to-finance-three-projects-1561916589>

Parliament okays finance bill

- Parliament approved on Saturday the finance bill-2019 with amendments made by lawmakers and suggestions from businesses. On cash dividend, the Prime Minister said the government wanted to encourage cash dividend to boost the capital market but financial institutions objected it on many grounds. She said from now on, the ratio of stock dividend and cash dividend will be same and if the stock dividend becomes higher than the cash dividend then 10 %tax shall be payable on the full amount. On the retained earnings, the premier said listed companies can transfer up to 70 %of their net profits as reserve or surplus. They will have to pay a 10 %dividend on the remaining 30 per cent. She said if any company fails to do so then 10 %tax shall be payable each year.

- About the textile industry, the premier said VAT on cotton at a fixed rate of BDT 4.0 each kilogram will be imposed instead of proposed VAT at the rate of 5.0 per cent.

- The Finance Minister said this budget is not intended to be for a single fiscal year, but it will lay the foundation for all the future fiscal blueprints, which would help the country achieve the developed nation status by 2041. He added that Bangladesh has the lowest debt-to GDP ratio in the world as the country's percentage of loan is only 34 per cent, compared with China's 285 per cent.

<http://today.thefinancialexpress.com.bd/first-page/parliament-okays-finance-bill-1561825736>

Export Promotion Bureau (EPB) proposes USD 44.40 billion export target for FY'20

- The Export Promotion Bureau (EPB) has proposed setting a USD 44.40 billion export target for fiscal year (FY) 2019-20, officials have said. More than 84 %or USD 37.42 billion of the proposed export earnings is expected to come from the readymade garment (RMG) sector. The EPB has also projected an additional USD 6.60 billion in earnings from the services export, raising the next FY's aggregate target to USD 51.0 billion.

- The Bureau expects the export receipts to reach USD 47.41 billion -- USD 41.58 billion from goods and USD 5.83 billion from services export -- by the end of the current fiscal year. This would represent a 15.63 %increase over that of the previous fiscal. The proposed export target of USD 44.40 billion is 6.76 %or USD 2.81 billion higher than the USD 41.58 billion expected to be earned in the current fiscal year. The initial target for the outgoing FY was worth USD 39.00 billion.

- Leaders of the export-oriented sectors, including RMG, have opined that the target is achievable, provided the government extend the necessary policy support. They, however, said continuation of the existing cash support and hike of the same in some cases, stable political situation and a justifiably devalued local currency will help attain the target.

<http://today.thefinancialexpress.com.bd/first-page/epb-proposes-4440b-export-target-for-fy-20-1561825940>

Bangladesh Bank sells highest ever USD 2.34 billion in FY '19

- The central bank sold a record amount of USD 2.34 billion to the banks directly in the outgoing fiscal year (FY), but the local currency keeps losing its value against the greenback. Officials said dollar was supplied to commercial banks from July 01 to June 24 in FY '19 as part of its ongoing liquidity support to settle import payment obligations. Such sale was USD 2.31 billion in FY '18.

- The central bank had to provide more than USD 100 million to the banks, particularly the state-owned commercial banks (SoCBs), per month to clear import bills for LNG, a senior official of Bangladesh Bank (BB) said while explaining higher sale of the greenback in FY '19 than a year before.

- Market operators, however, said the value of taka against dollar keeps falling, despite the BB's continued foreign currency support in FY '19. Taka depreciated by BDT 0.77 against dollar in the inter-bank foreign exchange market in FY '19 mainly due to higher demand for the greenback, they added. Dollar was quoted at BDT 84.50 each in the inter-bank foreign exchange market on Thursday, the last working day of this fiscal, unchanged from the previous level. It was BDT 83.73 in June 2018.

<http://today.thefinancialexpress.com.bd/last-page/bb-sells-highest-ever-234-billion-in-fy-19-1561744223?date=29-06-2019>

Banking sector in free fall, warns International Monetary Fund (IMF)

- Highlighting financial stability risks, the International Monetary Fund (IMF) said on Thursday the banking sector keeps deteriorating even as growth remains robust. The volume of NPLs climbed by more than 18 %to BDT 1,108.73 billion in the first quarter (Q1) of the year from BDT 939.11 billion in the previous quarter, according to the central bank's latest statistics. The IMF official said the situation in the banking sector should be improved immediately because good and efficient banking sector is important to keep the economic growth momentum.

- The IMF projected gross domestic product (GDP) growth at around 7.5 per cent, lower than the government's estimates of 8.2 %for the FY 2019-20. Also, the country's macroeconomic performance is set to remain strong in FY2019-20, with growth projected at above 7.5 %and inflation close to the central bank's target at 5.50 per cent, according to the IMF official. Continuous efforts to control the issuance of national savings certificates should support deepening of the capital market and reduce budget interest payments, according to the IMF.

<http://today.thefinancialexpress.com.bd/first-page/banking-sector-in-free-fall-warns-imf-1561655983?date=28-06-2019>

Islami Bank's default loans double in three months

- Despite rescheduling huge amount of loans, the default loans of Islami Bank Bangladesh Ltd (IBBL) more than doubled to BDT 69.16 billion between the months of January and March, raising concerns about the financial health of the country's biggest private bank. In 2018, the bank rescheduled default loans worth BDT 48.13 billion -- the highest among all

banks -- 55% more than it did a year earlier, according to data from the central bank. The bank managed at least 600 special approvals from the central bank to reschedule default loans on relaxed conditions such as waiver from the required down payment of at least 10% of outstanding amount.

- Some clients who earlier enjoyed rescheduling facility have become defaulter between January and March, which has pushed up the bank's default loans, said the deputy managing director and spokesperson of IBBL. Notwithstanding, the bank is aggressively pushing to lend more. As of last year, the bank's loans stood at BDT 758.85 billion, up 15% year-on-year. In contrast, its deposit base expanded only 8%. Corporate governance of the bank is on the decline after its ownership and management started to change in 2016, said the executive director of the Policy Research Institute.

- A Chattogram-based business group bought more than 16% stakes in the bank under different names, unheard of in Bangladesh. On January 5 in 2017, in a sudden change, IBBL's chairman, several directors, managing director and heads of different committees resigned and new people took charge. If not handled properly the bank may go the same way as BASIC Bank, which is saddled with default loans of more than half of its total outstanding loans because of scams. But the impact of IBBL going bad would be 3 to 4 times more, said a former senior economist of the International Monetary Fund.

- Meanwhile, Yeahia said the bank's default loans will come down in the second quarter of the year as a number of initiatives have been taken to recover and reschedule the default loans once again.

<https://www.thedailystar.net/business/news/islami-banks-default-loans-double-three-months-1764481>

Government's guarantees against loans drop

- The volume of the government's guarantees provided against loans, negotiated by its different enterprises and valid beyond this fiscal year (FY), 2018-19, has declined. The list provided with the budget document showed that the volume now stands at BDT 578.3 billion, down by BDT 136.7 billion from that of last FY.

- It happened, mainly, as financial health of the Bangladesh Petroleum Corporation (BPC) has strengthened in recent times due to low price of various fuel oils in the international market. The state-owned BPC now meets its import bills mostly from its own coffer. But, earlier, during higher prices of fuels it had to take loans from various local and international financiers, and needed the government's guarantees for that. Apart from this, loans of many power plants installed under such type of guarantees expired, leading to decline in the total volume of guarantees, officials concerned opined.

- The executive director of the Policy Research Institute of Bangladesh (PRI), said that the volume of public debt is rising for executing different mega projects, and it is one of the reasons behind the decline in the volume of guarantees.

<http://today.thefinancialexpress.com.bd/last-page/govts-guarantees-against-loans-drop-1561744287?date=29-06-2019>

Savers in haste to draw government savings tools' yields

- The proposed rise in source tax on yields from national savings tools has prompted

investors in large numbers to draw profits before June 30 next to avoid higher taxation. Currently, the National Board of Revenue (NBR) imposes a 5.0%-source tax on yields on all types of savings tools. The Finance Bill 2019 has proposed to raise the rate to 10 per cent. Officials argued that a rise in source tax would help reduce discrimination between investors in savings tools and bank depositors. An official at a national savings bureau here said they are receiving at least three times more applications than any other time to draw profits.

<http://today.thefinancialexpress.com.bd/last-page/savers-in-haste-to-draw-govt-savings-tools-yields-1561744336?date=29-06-2019>

Yarn exports hold potential

- Yarn and fabrics export rose 20.46% year-on-year to USD 141.12 million between July and May, an indication that Bangladesh can become a major source for the raw materials if higher production is facilitated. Currently, local spinners are able to meet 85% of the demand for the raw materials for the knitwear sector and 40% for the woven sector. Bangladesh imports yarn from China and India to meet the local demand. However, the export of yarn, especially cotton yarn, has grown recently.

- At least six large spinning mills have started exporting specialised cotton yarn, which is very fine, to Indonesia, Sri Lanka and Turkey, said the secretary of Bangladesh Textile Mills Association, a platform for spinners, weavers and cotton millers. Bangladesh has a lot of potential to export yarn and fabrics to some other countries, said the managing director of DBL Group, a leading spinner and garment exporter. His company has been exporting yarn and fabrics to Sri Lanka for the last couple years.

- Foreign companies are coming to Bangladesh to buy yarn because the country is very strong in production of cotton yarn and many other countries have started manufacturing mixed yarn. In case of the mixed yarn, millers use other ingredients with cotton. However, Bangladesh faces higher duty on the export of apparel and apparel-related raw materials to Turkey as the two have not yet signed any free trade agreement or preferential trade deal, exporters said. Bangladesh also faces higher duty on yarn export to other potential countries.

- For the higher production of yarn and fabrics, the local industry needs more investment in the primary textile sector, industry insiders say. Nearly USD 8 billion has been invested in the primary textile sector. There are 450 spinning mills and nearly 1,300 small and medium weaving mills in Bangladesh.

<https://www.thedailystar.net/business/news/yarn-exports-hold-potential-1764490>

World Bank gives USD 100 million to boost public service delivery

- The World Bank will provide Bangladesh with a USD 100 million fund to help improve public service delivery through an effective, efficient and transparent public financial management system. The Strengthening Public Financial Management (PFM) programme will improve fiscal forecasting and public budget preparation and execution and enhance financial reporting and transparency in education and health ministries and finance and local government divisions. Having improved its PFM systems with prudent fiscal management in the past two decades, Bangladesh still has a few bottlenecks in public resource allocation, availability and use for social service delivery, the WB said.

- The programme will help Bangladesh use its own systems to address these bottlenecks. It will help strengthen the capacity of budget management committees in the line ministries, including the timely release of budgetary allocations, it said.

<https://www.thedailystar.net/business/news/wb-gives-100m-boost-public-service-delivery-1764466>

<https://www.dhakatribune.com/business/2019/06/29/world-bank-helps-bangladesh-strengthen-public-financial-management>

Mobile subscriber growth slows in May

- The number of mobile phone subscribers increased by 0.2 million in May this year but the growth slowed compared with that in the previous month as two out of the four active mobile phone operators in the country lost subscribers in the month. As per the Bangladesh Telecommunication Regulatory Commission data, the number of mobile phone subscribers increased to 160.8 million at the end of May from 160.6 million in April this year. The growth in subscriber acquisition by the mobile phone operators dropped in May considering the 0.8 million subscriber growth in the previous month.

- Although the number of connections issued by the mobile phone operators has reached near to the country's total population, the unique number of subscribers is yet around 55% of the population, said officials of the mobile phone operators. They also said that the number of mobile phone connections could be double of the country's population as many smart devices and home appliances have started to be connected with internet through SIM cards. Operators have been demanding a scrap of a budget proposal of the government for fiscal year 2019-20 that increased SIM tax to BDT 200 from existing BDT 100.

- Two mobile operators — Banglalink and Teletalk — lost 0.18 million subscribers in May, while the other two operators — Grameenphone and Robi — managed to add 0.4 million subscribers in the month. Leading mobile phone operator Grameenphone got 0.31 million new subscribers, taking its subscriber base to 74.8 million in May from 74.5 million a month ago. The second largest operator, Robi, managed to add 0.12 million subscribers, taking the number of its subscribers to 47.7 million. The number of subscribers of state-owned Teletalk dropped by 17.7 million in May this year to 3.82 million from 4.0 million a month ago, while Banglalink's subscriber base dropped by 8,000 to 34.5 million. The number of active internet users in the country increased by 0.7 million in May to 94.4 million from 93.7 million a month ago.

<http://www.newagebd.net/article/76844/mobile-subscriber-growth-slows-in-may>

Chinese loan won't be debt trap for Bangladesh: Foreign Minister

- Chinese loan will not be a debt trap for Bangladesh as the country examines the feasibility of the loan project cautiously, foreign minister said on Friday. The minister made the remark when his attention was drawn to criticism that loans taken under the Chinese Belt and Road projects flung many South Asian countries into the debt trap. He said due to this caution many loan agreements were dropped as those were not found feasible for Bangladesh.

- The foreign minister said that five loan agreements and three MoUs will be signed during the Prime Minister's Beijing trip. The minister said the amount of the loans for which agreements will be signed during the visit is yet to be finalized.

<http://today.thefinancialexpress.com.bd/first-page/chinese-loan-wont-be-debt-trap-for-bd->

[1561743758?date=29-06-2019](https://www.thefinancialexpress.com.bd/stock-corporate/acme-starts-commercial-production-at-steroid-facility-1562174759)

Government cuts bulk internet bandwidth price

- The government has reduced the bulk bandwidth price in a move that aims to provide low-cost internet service. The internet price has been set at maximum BDT 400 per megabits second (Mbps) and minimum BDT 180 Mbps, a Bangladesh Telecommunications Company Limited BTCL official said citing the statement. The government gradually reduced the internet price in different time. The maximum price was set BDT 960 Mbps and minimum BDT 360 Mbps in 2015.

<http://today.thefinancialexpress.com.bd/last-page/govt-cuts-bulk-internet-bandwidth-price-1561657022?date=28-06-2019>

Important News: Capital Market

ACME starts commercial production at steroid facility

- The ACME Laboratories has announced the start of commercial production at its state-of-the-art steroid and hormone facility in Dhamrai following successful completion of trial production. The steroid and hormone facility is one of the three projects for which the company raised funds through initial public offering (IPO), said an official disclosure on Tuesday. Recently, the company also started commercial production at its state-of-the-art Penicillin facility in Dhamrai following successful completion of trial production.

- The ACME Laboratories, the country's oldest pharmaceutical company, raised BDT 4.09 billion from the public through IPO under the book-building method in early 2016. The drug maker floated 50 million ordinary shares of BDT 10 each with a premium of BDT 67 for the general and affected investors and non-resident Bangladeshis. On Wednesday, each ACME share traded between BDT 74.40 and BDT 76 on the Dhaka Stock Exchange (DSE) before closing at 74.70 on the day, losing 0.80% over the previous session.

- In the last one year, its share traded between BDT 69 and BDT 100. The company disbursed 35% cash dividend for the year ended on June 30, 2018. The company's earnings per share (EPS) in nine months for July 2018-March 2019 stood at BDT 5.43 as against BDT 5.66 for July 2017-March 2018. The company's paid-up capital is BDT 2.11 billion and authorised capital is BDT 5.0 billion while the total number of securities is 211.60 million.

<http://today.thefinancialexpress.com.bd/stock-corporate/acme-starts-commercial-production-at-steroid-facility-1562174759>

Ashuganj Power to float IPO worth BDT 1.0 billion

- Ashuganj Power Station Company will raise a capital worth BDT 1.0 billion to conduct different development works including the land development. The company will raise the capital by issuing bond through initial public offering (IPO). The characteristics of the bond will be non-convertible, fully redeemable and coupon bearing with a face value of BDT 5000 per unit. The tenure of the bond will be seven years. The company will raise the capital to bear the costs of land development, civil works, initial fuel, engineering and consultant service, and the purchase of vehicles.

- As per the financial statement for the year ended on June 30, 2017 the company's net asset value (NAV) is BDT 265.96 per share and weighted average of the earnings per share (EPS) of five years is BDT 10.63. ICB Capital Management and BRAC EPL Investments are the issue managers of the bond to be issued by Ashuganj Power Station Company. The ICB Capital Management is also the trustee of the bond.

<http://today.thefinancialexpress.com.bd/stock-corporate/ashuganj-power-to-float-ipo-worth-BDT-10-billion-1562086858>

<https://www.dhakatribune.com/business/stock/2019/07/02/bsec-approves-ashuganj-power-bond-ipo-premier-bank-bond-of-BDT-500cr>

<https://www.thedailystar.net/business/news/ashuganj-powers-bond-approved-1765933>

Net foreign funds see negative trend after seven fiscal years (FY)

- Net foreign fund in stocks witnessed negative trend in the outgoing fiscal year (FY) after seven fiscals as overseas investors booked profit by selling shares. Foreign investors bought shares worth BDT 40.17 billion while they sold BDT 42.01 billion worth of shares in the FY 2018-19, taking the net position of BDT 1.84 billion negative, according to data available with the Dhaka Stock Exchange (DSE). The net foreign investment in DSE was also negative in nine months out of 12 in the outgoing fiscal year as overseas investors were mostly on selling mood. In the FY 2017-18, the overseas investors' net position was BDT 717 million, as they purchased shares worth BDT 59 billion and sold shares worth BDT 58.28 billion, the DSE data shows.

- Market analysts said the foreign investors sold shares in line with the local investors amid lack of confidence and dearth of quality stocks. A local stockbroker, who deals with foreign investors, said depreciation of local currency against the US dollar was another reason for withdrawal of funds by the foreign investors. He noted that the telecom regulator's move declaring Grameenphone as a Significant Market Power (SMP) also played a big role in dampening the confidence of the foreign investors. However, he said, the foreign investors are not the market drivers of the country's capital market as they make up less than 2.0% of DSE's total market-cap, also lowest among South Asian countries.

<http://today.thefinancialexpress.com.bd/stock-corporate/net-foreign-funds-see-negative-trend-after-seven-fys-1562086905>

<https://www.dhakatribune.com/business/stock/2019/07/02/net-foreign-investment-at-dse-lowest-in-eight-years>

<http://www.newagebd.net/article/77251/dse-to-obey-bsec-order-to-give-coppertech-ipo-money>

Premier Bank's BDT 5.00 billion bond gets nod

- The stock market regulator has approved a proposal of Premier Bank, which is seeking to raise BDT 5.00 billion by issuing non-convertible floating rate subordinated bonds. The proceeds will be used to strengthen the bank's capital base. The offer price will be BDT 10 million per unit.

<https://www.thedailystar.net/business/news/premier-banks-BDT-500cr-bond-gets-nod-1765936>

Dhaka Stock Exchange (DSE) to obey Bangladesh Securities and Exchange Commission (BSEC) order to give Coppertech IPO money

- Dhaka Stock Exchange board of directors decided to comply with a Bangladesh Securities and Exchange Commission order to pay the controversial Coppertech Industries its initial public offering subscription fund even before the listing of the company. A DSE director said that they had no other option but to carry out the market regulator's order.

<http://www.newagebd.net/article/77251/dse-to-obey-bsec-order-to-give-coppertech-ipo-money>

13 companies, one Mutual Fund (MF) raise BDT 5.71 billion through Initial Public Offerings (IPOs)

- Thirteen companies, mostly small ones, and one mutual fund raised an aggregate amount of BDT 5.71 billion by floating IPOs in the outgoing fiscal year. Fundraising by companies through initial public offerings (IPOs) rose 5.54% year-on-year in the FY 2018-19 compared to the previous fiscal, according to data from the Dhaka Stock Exchange (DSE). In the FY 2017-18, nine companies and two mutual funds raised a total of BDT 5.41 billion through IPOs, the DSE data shows.

- According to the proposals, the IPO quota facility for the general investors would be raised to 50% from the existing 40% under the fixed price method of IPO and it would be increased to 40% from the current 30% under the book building method. The quota facility of eligible investors would be cut to 50% from the existing 60% under the book building method while it would be reduced to 30% from the current 40% under the fixed price method.

- The size of the public issue under the fixed price method must be minimum BDT 500 million or 10% of the company's paid-up capital, whichever is higher. The size of the IPO under the book-building method must be at least BDT 1.0 billion or 10% of the company's paid-up capital, whichever is higher.

<http://today.thefinancialexpress.com.bd/stock-corporate/13-cos-one-mf-raise-BDT-571b-through-ipos-1561915956>

GPH to invest BDT 60 million in Star Allied Venture

- The board of directors of GPH Ispat Ltd has decided to invest BDT 60 million more in Star Allied Venture Ltd, said an official disclosure on Sunday. The company will invest the said amount as equity against purchase of 50 acres land in Mirershorai Economic Zone, Mirershorai in Chattogram to set up a TBR Tire Factory, said the disclosure. It is mentioned here that BDT 60 million is the additional amount of equity of earlier BDT 2.50 million investments as equity.

- The Star Allied Venture will form a joint venture company with Yunnan Yongle Overseas Investment Co. Ltd. (a subsidiary of Kunming Iron and Steel Holding Co. Ltd, a state owned company of China Government). The purpose of the formation of this joint venture company is to establish a joint venture investment in Bangladesh with an amount of USD 2.30 billion.

<http://today.thefinancialexpress.com.bd/stock-corporate/gph-to-invest-BDT-60m-in-star-allied-venture-1561916003>

Bangladesh Securities and Exchange Commission (BSEC) asks Dhaka

Stock Exchange (DSE) to pay Coppertech BDT 200 million IPO fund before listing

- The Bangladesh Securities and Exchange Commission on Sunday ordered the Dhaka Stock Exchange to pay Coppertech Industries the subscription money of its initial public offering despite the fact that the bourse is yet to give listing approval to the company. Market experts said that it was one kind of pressure from the BSEC on the DSE to enlist the controversial company whose BDT 200 million IPO was earlier approved by the BSEC.
- There are allegations against the company that it has fabricated financial data to get listed with the stock exchange. The allegations have prompted the Financial Reporting Council to direct the Institute of Chartered Accountants Bangladesh to investigate the matter. The ICAB was disappointed with the response of Coppertech's auditor Ahmed and Akhter as the auditor repeatedly declined to give necessary documents to its regulator ICAB on various pretexts. Market experts said it was not understandable why the commission pushed the bourse to return IPO subscription money before the investigation into the allegations ended.
- The BSEC in its letter said that the DSE should remit IPO subscription money of eligible investors to the bank account of Coppertech Industries since shares of the company were credited on June 9 and the Chittagong Stock Exchange has given listing approval to the company. The commission's order to the Dhaka bourse came in response to the company's letter issued on June 9. DSE officials said that if the bourse transferred the subscription fund to the company's bank account, it would feel pressure to give listing approval to the company for the interest of the investors.

<http://www.newagebd.net/article/77044/bsec-asks-dse-to-pay-coppertech-BDT-20cr-ipo-fund-before-listing>

Fund raising through IPOs rises slightly in FY19

- Fund raising by companies through issuing initial public offering slightly increased by 5.50% or BDT 297.5 million in the financial year of 2018-19 compared with that in the previous fiscal year. Fourteen companies including one mutual fund-raised BDT 5.71 billion in FY19, while 11 companies including two mutual funds had raised BDT 5.41 billion in the previous fiscal year. In FY19, two companies have raised BDT 2.50 billion under the book building method of IPO, while three companies had raised BDT 3.36 billion under the method in FY18.
- The primary market was vibrant in the first half of the financial year of FY19 with huge interest from investors in the IPOs. However, the investors' interest dried up in the second half of the financial year as they lost confidence over the market. The subscription of three companies' IPOs was oversubscribed by only 10 times while the subscription in the first half of FY19 was oversubscribed by 30 times on average. Besides, the newly listed companies also failed to attract investors in the secondary market in the period.
- Market operators said that investors sensed abnormal activities with the IPO process that hit their appetite for the new companies. Besides, the Bangladesh Securities and Exchange Commission faced huge criticisms as it failed to bring good companies to the capital market. Most of the companies that issued IPOs were little known and fundamentally weak.

<http://www.newagebd.net/article/76843/fund-raising-thru-ipo-rises-slightly-in-fy19>

Dhaka Stock Exchange (DSE) seeks time extension from Bangladesh

Securities and Exchange Commission (BSEC) for listing of Coppertech

- The country's premier bourse has sought time extension from the securities regulator for listing of Coppertech Industries. The Dhaka Stock Exchange (DSE) has sought the time extension as the Financial Reporting Council (FRC) is yet to complete its report on the company's financial statement. The time frame for listing of Coppertech Industries ended on June 23 last.
- Before expiry of the timeframe for listing, the FRC sought opinion from the Institute of Chartered Accountants of Bangladesh (ICAB) regarding accounting standards followed in preparing the company's financial statement. Meanwhile, the company got listing approval from the Chittagong Stock Exchange (CSE) on May 23 last. The port city bourse said they gave consent to listing of the Coppertech Industries to comply with the exchange's listing regulations. In favour of their listing, the CSE also said they had not found any proof of the alleged anomalies that could hinder the listing of the Coppertech Industries. The CSE's listing came at a time when the DSE sought a guideline from the securities regulator on the company's listing amid alleged 'anomalies' in the financial statement. After examining the company's financial statement, the DSE sought the regulatory instruction as per the board decision.

<http://today.thefinancialexpress.com.bd/stock-corporate/dse-seeks-time-extension-from-bsec-1561821890>

Beach Hatchery to set up plant for koral farming

- The farming of a sea bass variety—popularly known as koral or veBDTi—is set to begin in Bangladesh as Beach Hatchery Ltd plans to establish a BDT 2.50 billion plant to grow the fish locally. The local company will establish the farm on 24 bighas of land in Teknaf. The plant will have a capacity to grow 2,400 tonnes of the fish annually. Initially, it will produce 1,200 tonnes, according to the chairman of Beach Hatchery. The produce will be sold both in the local and foreign markets.
- The chairman said that the plant would use the recirculating aquaculture system (RAS), a greenhouse technology, and the water from the Bay of Bengal. The businessman is going to open the letter of credit (LC) within three months to bring in the technology and all necessary equipment. The farming may start within eight to nine months of the LC opening, he added.
- Beach Hatchery has signed an agreement with AquaOptima, a Norwegian company, to bring in the technology. In the first year, the Norwegian company's technicians will look after the farming and train local people so that the latter can run the operations of the farm on their own. The feed and medicine for sea bass will also be imported from Norway. Beach Hatchery will borrow the fund from external sources in two phases. In the first phase, it targets to borrow BDT 1.25 billion. In order to process the export-oriented fish, the company will set up a processing plant as well as storage facilities, said Islam, also the chairman of Meghna Sea Foods Ltd.

<https://www.thedailystar.net/business/news/beach-hatchery-set-plant-koral-farming-1764484>