

Capital Market Overview

The market closed in green this week. The benchmark index DSEX (+1.90%) gained 89.01 points and closed the week at 4,771.92 points. The blue-chip index DS30 (+1.85%) gained 30.17 points and stood at 1,657.92 points. The shariah based index DSES (+1.31%) gained 14.09 points and stood at 1,089.57 points. DSEX, DS30 and DSES all posted negative YTD return of -11.40%, -11.85%, and -11.62% respectively.

Total Turnover During The Week (DSE): BDT 16.6 billion (USD 199.1 million)
Average Daily Turnover Value (ADTV): BDT 3.3 billion (Δ% Week: -1.1%)

Market P/E: 13.61x

Daily Index Movement during the Week:

The market performed five sessions during this week. Market opened this week with a positive movement of 0.62% in the first session. The market turned around in the second session by -0.72%. In the third session, the market moved upward again by 0.54%, and continued the positive trend in the fourth and fifth sessions by 1.08% and 0.36%, respectively.

Sectoral Performance:

- The financial sectors showed positive performance during this week except Mutual Funds (-0.51%). NBFIs booked the highest gain of 6.90% followed by Life Insurance (+4.19%), Banks (+2.60%), and General Insurance (+0.40%).
- The non-financial sectors showed mixed performance during this week. Telecommunication experienced the highest loss of 1.19% followed by Power (-0.35%) and Food & Allied (-0.01%). Engineering boked the highest gain of 1.87% followed by Pharmaceuticals (+0.63%).

Macroeconomic arena:

- The central bank is set to relax the loan write-off policy once again in a space of nine months, bowing down to pressures from an influential quarter. This time, banks are likely to be allowed to write off defaulted loans that have been hovering in the bad category for one year from their balance sheet, down from three years previously, said officials of the Bangladesh Bank.
- The point-to-point inflation in October last fell by 0.07 percentage points to 5.47%, although the price of onion jumped by nearly 110% in the last one month, officials said Tuesday. The Bangladesh Bureau of Statistics (BBS) data showed that the inflation dropped to 5.47% in October last from 5.54% in the previous month. According to the BBS, the non-food inflation at the national level fell to 5.45% in October from 5.92% in September. However, the food inflation increased to 5.49% last month from 5.30% in the previous month.
- The country's export earnings declined by 6.82% during the July-October period of the current fiscal year, compared to the corresponding period of the last fiscal year (FY). The aggregate export earnings for the first four months of FY 2019-20 stood at USD 12.72 billion, which also fell short of the strategic target of nearly USD 14.33 billion.
- Remittance inflow rose by 20.41% year-on-year in July-October of the fiscal year 2019-2020 amid a sharp growth in remittance receipts in last couple of months as the government started giving incentive to the beneficiaries against remittance. In the four months of the current fiscal year, the country received USD 6.15 billion, up USD 1.04 billion on USD 5.11 billion in the same period of the previous fiscal year.

Stock Market arena:

- The securities regulator has decided to apply circuit breaker system for the newly listed companies on their stock market debut to rein in unusual hike in share prices. As per the decision taken at its meeting on Tuesday, the Bangladesh Securities and Exchange Commission (BSEC) will now impose circuit limits on the trading of new securities in their first two sessions as well.
- The country's premier bourse has decided to urge the securities regulator to look into the alleged involvement of a sponsor of the Ring Shine Textiles with another company.
- The Supreme Court yesterday gave two more weeks to Grameenphone to inform it how much money the operator can pay to the Bangladesh Telecommunication Regulatory Commission (BTRC) now out of BDT 125.8 billion claimed by the regulator.

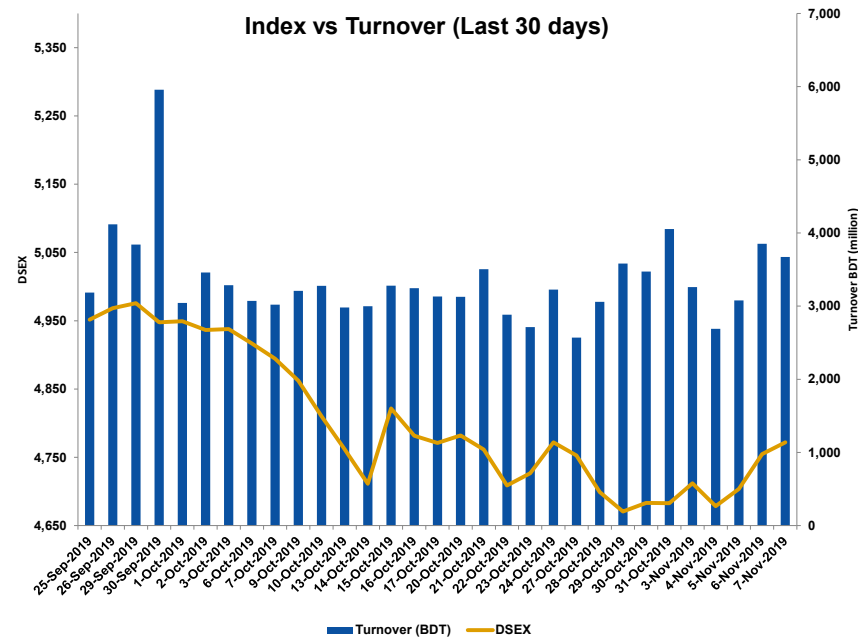
Table 1: Index

Index	Closing	Opening	Δ(Pts)	27-Dec-	Δ% Week	Δ%YTD
DSEX	4,771.92	4,682.90	89.01	5,385.64	1.90%	-11.40%
DS30	1,657.92	1,627.75	30.17	1,880.78	1.85%	-11.85%
DSES	1,089.57	1,075.48	14.09	1,232.82	1.31%	-11.62%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	17,845,205.8	17,824,277.3	0.1%
	Mn USD	214,666.3	214,414.5	
Turnover	Mn BDT	16,551.3	16,738.8	-1.1%
	Mn USD	199.1	201.4	
Average Daily Turnover	Mn BDT	3,310.3	3,347.8	-1.1%
	Mn USD	39.8	40.3	
Volume	Mn Shares	589.8	584.1	1.0%

Figure 1: DSEX & Turnover in last four weeks



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Table 3: Top Ten Gainers

Company Name	Close	Open	Δ%	Mcap (mn)	Vol (mn BDT)	P/E	P/B
Hakkani Pulp & Paper	46.60	34.50	35.1%	885.4	30.49	NM	1.7x
Delta Spinnings Ltd.	5	3.70	27.0%	782.5	2.12	18.7x	0.4x
GBB Power Limited	14.00	11.30	23.9%	1,425.2	55.95	18.4x	1.3x
Samata Leather	101.20	82.80	22.2%	1,044.4	92.46	361.4x	7.0x
Shurwid Industries Limited	30.00	24.80	21.0%	1,721.0	309.32	21.7x	2.8x
Miracle Ind.	19.00	15.80	20.3%	643.4	46.21	82.6x	0.5x
Regent Textile Mills Limited	11.40	9.50	20.0%	1,382.5	39.83	8.9x	0.5x
Golden Harvest Agro Industries Ltd.	23.00	19.20	19.8%	2,757.9	113.30	11.3x	1.2x
Al-Haj Textile Mills Limited	37.00	31.30	18.2%	825.0	30.55	NM	3.3x
Beach Hatchery Ltd.	14.30	12.10	18.2%	592.0	6.04	416.9x	1.4x

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Rahim Textile	249.30	292.00	-14.6%	2,358.3	17.82	44.6x	7.2x
Western Marine Shipyard Limited	11.20	12.50	-10.4%	2,570.0	34.32	5.4x	0.6x
Meghna Pet Industries	8.20	9.10	-9.9%	98.4	.82	NM	NM
CAPM IBBL Islamic Mutual Fund	9.30	10.20	-8.8%	621.7	23.85	NM	0.9x
Bata Shoe	800.60	875.10	-8.5%	10,952.2	16.59	22.6x	2.6x
Monno Jute Staffers	967.10	1,053.90	-8.2%	2,001.9	175.76	353.0x	81.6x
Stylecraft Limited	669.60	727.00	-7.9%	3,380.8	259.11	86.5x	10.7x
ICB Employees Provident MF 1 Scheme 1	4.80	5.20	-7.7%	360.0	5.56	NM	0.4x
Familytex (BD) Limited	2.40	2.60	-7.7%	850.0	7.95	NM	0.2x
First Finance Limited	3.60	3.90	-7.7%	418.4	.26	NM	0.7x

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap	Vol (mn)	P/E	P/B
National Tubes	166.20	152.40	9.1%	5,261.3	809.73	NM	0.9x
Sonar Bangla Ins	42.30	38.80	9.0%	1,693.8	436.59	21.7x	2.8x
BRAC Bank	57.90	50.60	14.4%	71,412.4	423.27	13.9x	1.9x
VFS Thread Dyeing Limited	26.30	25.30	4.0%	2,450.8	351.32	12.2x	1.5x
Fortune Shoes Limited	30.70	28.20	8.9%	3,835.5	342.82	17.5x	2.3x
Shurwid Industries Limited	30.00	24.80	21.0%	1,721.0	309.32	21.7x	2.8x
Standard Ceramic	553.50	573.00	-3.4%	3,576.0	298.91	354.8x	43.6x
Square Pharmaceuticals	238.00	235.10	1.2%	187,784.0	296.19	14.8x	3.1x
Northern Jute	735.60	765.20	-3.9%	1,575.7	277.53	31.6x	12.9x
Stylecraft Limited	669.60	727.00	-7.9%	3,380.8	259.11	86.5x	10.7x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Pragati Insurance	38.90	49.19%	2,551.5	12.2x
Marico Bangladesh Limited	1,710.90	42.55%	53,893.4	21.5x
Dutch-Bangla Bank	73.40	27.08%	36,700.0	7.5x
The Premier Bank	12.40	22.41%	11,458.8	4.2x
Glaxo Smithkline	1,761.40	21.46%	21,218.6	73.0x
Power Grid Co. of Bangladesh Ltd.	57.60	20.00%	26,548.6	8.2x
Pioneer Insurance	34.10	17.18%	2,386.3	7.6x
Bank Asia Ltd.	19.30	14.49%	22,502.0	9.1x
Linde Bangladesh Limited	1,351.50	12.78%	20,567.5	17.4x
IFIC Bank	10.00	11.01%	16,198.7	5.3x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1365.29	1330.65	1428.63	2.60%	-4.43%
NBFIs	1633.10	1527.68	2087.55	6.90%	-21.77%
Mutual Funds	596.59	599.63	644.52	-0.51%	-7.44%
General Insurance	1880.37	1872.86	1488.77	0.40%	26.30%
Life Insurance	2052.94	1970.41	2251.96	4.19%	-8.84%
Telecommunication	4389.47	4442.45	5088.05	-1.19%	-13.73%
Pharmaceuticals	2723.76	2706.83	2698.49	0.63%	0.94%
Fuel & Power	1690.57	1696.49	1745.15	-0.35%	-3.13%
Cement	1156.83	1141.68	1676.63	1.33%	-31.00%
Services & Real Estate	900.53	854.46	1017.99	5.39%	-11.54%
Engineering	2507.34	2461.38	2933.11	1.87%	-14.52%
Food & Allied	13968.84	13969.89	15034.05	-0.01%	-7.09%
IT	1688.02	1628.28	1545.46	3.67%	9.22%
Textiles	1065.73	1041.23	1461.18	2.35%	-27.06%
Paper & Printing	5872.91	5068.02	9105.21	15.88%	-35.50%
Tannery	1950.64	2005.86	2560.38	-2.75%	-23.81%
Jute	12597.22	13075.78	21417.92	-3.66%	-41.18%
Ceramics	478.42	483.88	579.64	-1.13%	-17.46%
Miscellaneous	1848.35	1853.68	1943.42	-0.29%	-4.89%

Table 7: Sector Trading Matrix

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Banks	367.9	252.8	45.50%	11.39%	7.3x	0.8x
NBFIs	112.6	91.2	23.49%	3.48%	42.7x	2.1x
Mutual Funds	83.7	87.0	-3.78%	2.59%	NM	0.5x
General Insurance	268.7	382.4	-29.73%	8.32%	13.6x	1.2x
Life Insurance	29.2	32.8	-10.97%	0.90%	NM	8.5x
Telecommunication	70.2	50.2	39.82%	2.17%	12.5x	9.1x
Pharmaceuticals	435.7	390.9	11.45%	13.48%	18.0x	2.5x
Fuel & Power	238.2	213.5	11.53%	7.37%	11.3x	2.0x
Cement	30.0	34.5	-13.07%	0.93%	22.5x	2.1x
Services & Real Estate	51.7	30.3	70.63%	1.60%	NM	0.7x
Engineering	545.5	482.4	13.08%	16.88%	13.2x	1.5x
Food & Allied	121.1	119.6	1.24%	3.75%	26.7x	8.2x
IT	53.3	37.5	42.28%	1.65%	22.0x	2.6x
Textiles	400.7	388.1	3.27%	12.40%	NM	0.8x
Paper & Printing	18.4	7.2	154.03%	0.57%	22.4x	1.5x
Tannery	119.1	75.1	58.56%	3.68%	23.8x	2.2x
Jute	61.7	65.2	-5.39%	1.91%	NM	5.7x
Ceramics	89.5	147.9	-39.45%	2.77%	22.4x	1.8x
Miscellaneous	134.3	152.8	-12.14%	4.15%	21.3x	1.1x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
IFAD Autos Limited	44.90	-58.58%	11,134.8	9.8x
International Leasing	5.70	-56.31%	1,264.3	32.0x
United Airways (BD) Ltd.	1.40	-51.72%	1,159.3	NM
Heidelberg Cement	163.20	-51.24%	9,221.4	58.2x
Aftab Automobiles Limited	27.10	-40.96%	2,594.3	21.7x
AB Bank Limited	8.00	-33.33%	6,065.0	NM
Beximco Limited	15.80	-32.77%	13,845.8	9.7x
Prime Finance	6.40	-32.63%	1,746.7	3.2x
Lankabangla Finance	15.80	-31.00%	8,108.2	14.3x
IDLC Finance Ltd.	49.80	-28.55%	18,777.1	11.3x

Important News: Business & Economy

Bangladesh Bank (BB) may launch in January MFS operator-bank interoperability

- The Bangladesh Bank is likely to launch interoperability between the mobile financial service operators and the banks in January, 2020 with a view to making financial transactions more convenient for customers. A senior official of the central bank said that once the service was launched, customers would be able to transfer money from one MFS operator's account to another MFS operator's account in real time. Besides, MFS account holders would be able to send money to any bank account. Similarly, MFS account holders would also get scope for receiving money from bank accounts.
- However, customers of Nagad, which is a mobile-based financial service operator under the Bangladesh Post Office and is yet to get approval from the BB, would not be included in the interoperability facility. The BB official also said that the introduction of the interoperability service would also give some fresh boost to the MFS operators, especially small ones. The unbanked population of the country would be the most beneficiary as the scope would wipe out barriers for them to making transaction with banks, he said.
- Taking the high MFS cash-out charge into consideration, the interoperability service would help bring down cost of transaction as well. The service would be settled by the use of the National Payment Switch Bangladesh of Bangladesh Bank and the BB has already run mock test in this regard. Currently, three types of interbank ATM transaction — cash withdrawal, balance enquiry and mini statement — can be done through the NPSB.
- As of October 2018, 50 banks were interoperable for point of sales transactions and 19 banks were interconnected for their internet banking fund transfer transaction. The option of interoperability would help contain monopoly in the MFS market, the company secretary of United Commercial Bank, parent entity of MFS UCash, said. Once the interoperability is launched, the customers of large MFS operators would get scope for making transactions with small operators, he said. As on September this year, 16 MFS operators had 760 million registered customers and 34.4 million customers were active.

<http://www.newagebd.net/article/89572/bb-may-launch-in-january-mfs-operator-bank-interoperability>

Government's bank borrowing may reach BDT 55 billion this month

- The government is set to borrow a net BDT 55 billion from the country's banking system for the month of November to partly meet its budget deficit, officials said. The government may take up to BDT 144 billion as gross borrowing from the banking system in November by issuing treasury bills (T-bills) and bonds, according to the government's auction calendar, issued by the Bangladesh Bank (BB) on Thursday.
- The government's net bank borrowing may reach BDT 55 billion in the single month, after deducting BDT 89 billion against the government securities that would mature during the month, according to the officials. The government faced deficit balance in its account significantly by the end of October because the inflow of fund was lower than that of outflow, a senior official familiar with the government debt-management activities said.

• The government's account deficit stood at BDT 40 billion as on October 29 that was fulfilled with using ways and means advances (WMAs) facility from the central bank, according to the official. Under the existing rules, the government is empowered to borrow up to a maximum amount of BDT 60 billion from the central bank of Bangladesh under WMAs facility without issuing any securities.

• Meanwhile, the government's aggregate net bank borrowing stood at BDT 276.34 billion, which was more than 58% of the total target, as of October 21 of FY 2019-2020, according to a BB's confidential report. Of the total, the government borrowed BDT 256.88 billion from the scheduled banks using T-bills and bonds, and the remainder BDT 19.46 billion from the central bank.

• Its bank borrowing is set to be BDT 473.64 billion for the FY '20, up from BDT 308.95 billion in the previous year, according to the budget documents. Under the arrangement, the government will borrow BDT 280.94 billion by issuing long-term bonds while the remaining BDT 192.70 billion will come from T-bills.

• The BB so far sold USD 159 million to the banks, particularly public ones, during the current fiscal year (FY) 2019-20 to meet the growing demand for the greenback in the market.

<http://today.thefinancialexpress.com.bd/public/first-page/govts-bank-borrowing-may-reach-BDT-55b-this-month-1572629857>

October export earnings may miss target

• The country's off-docks handled a lower number of outbound containers in October. This indicates that the export earnings might have missed the target set for the month. The Chattogram-based 18 inland container depots (ICDs) handled nearly 42,000 twenty foot equivalent units (TEUs) of export containers last month, compared to 45,640 TEUs in the same month last year, said officials.

• Secretary of the Bangladesh Inland Container Depots Association (BICDA) said the ICDs handled a total of 52,201 TEUs of export containers in August 2018, and 48,960 TEUs in September 2018. On the other hand, in this August and September they handled 51,568 TEUs and 48,768 TEUs of outbound containers respectively.

• Statistics show that after attaining an 8.55% gain in this July, compared to the same month of last FY, export earnings fell by 11.49% in August and 7.3% in September. In the July-September quarter (Q1) of the current fiscal, export earnings were 3.0% lower over the corresponding period of last fiscal.

<http://today.thefinancialexpress.com.bd/public/first-page/oct-export-earnings-may-miss-target-1572629818>

Nearly 8.0 million mobile handsets assembled locally in FY19

• Nearly 8.0 million handsets were assembled by mobile handset assembling companies in the country in the fiscal year of 2018-2019 as six entities started running their local

manufacturing units thanks to tax incentives offered by the government to the sector. So far, the Bangladesh Telecommunication Regulatory Commission has allowed eight entities to run the business and another two companies — Grameen Distribution and Banglatronics Technology — are waiting for the regulatory approval, according to BTRC data.

- With the production of nearly 8.0 million handsets, the assembling units of six entities jointly fulfilled with locally produced handsets around 25% of the country's total demand for 30 million handsets. The government with a view to encouraging foreign direct investment and protecting foreign currency worth around BDT 30.00 billion in every year introduced the budgetary incentives for the local manufacturing and assembling of handsets in the fiscal year of 2017-2018. The budgetary incentives were carried forward to the fiscal years 2018-2019 and 2019-2020.
- It is expected that the incentives would be carried forward to several fiscal years so that the country can acquire skills in the field. At present, imported handsets are subject to 32% taxes while the tax rate was set at 17% on locally assembled ones and 5% on locally manufactured handsets. This tax structure prompted seven parties to get licenses from the BTRC for local assembling of devices. BTRC officials said that the facility offered by the government had become very much business viable for the local as well as for the international brands to launch own manufacturing unit in the country.
- As per the BTRC data, Walton Digi-Tech Industries, the first company that secured regulatory approval in the year 2017, assembled the highest — 3.32 million mobile handsets of its brand — in its own manufacturing plant. Fair Electronics assembled around 1.5 million handsets in last year and Anira International assembled 0.11 million handsets in the country.

<http://www.newagebd.net/article/89456/nearly-80-lakh-mobile-handsets-assembled-locally-in-fy19>

Government to import 4.2 million tonnes of petroleum in 2020

- The government will import about 4.2 million tonnes of petroleum from different countries in 2020 to meet the domestic requirements, reports UNB. Of the proposed import, some 50% will come from international market through open bidding while the remaining 50% will be imported through negotiations under government-to-government contracts. The Cabinet Committee on Economic Affairs at a meeting on Wednesday approved a proposal in principle in this regard.
- As per the proposal, some 3.5 million tonnes will be gas oil (diesel) while 460,000 tonnes Jet-A-1, 120,000 tonnes octane (mogas) and 120,000 tonnes furnace oil.

<http://today.thefinancialexpress.com.bd/public/trade-market/govt-to-import-42m-tonnes-of-petroleum-in-2020-1572539786>

Invest more in R&D, pharma raw materials to hit USD 1 billion exports: Experts

- Bangladesh needs to invest in research and development and the manufacture of raw materials if it wants to pocket USD 1 billion from exports in five years, experts and industry

insiders said yesterday. The country earned USD 130 million from pharmaceutical export in fiscal 2018-19, up 25.60% from that a year ago, thanks to continuous improvements in product quality and government support. Bangladesh is currently exporting medicine to about 120 countries while locally-produced medicine caters to 98% of the local demand, an indicator of the sector's strength.

- According to a professor of the chemistry department at the Mawlana Bhashani Science and Technology University, pharmaceutical products worth BDT 205.12 billion were sold in the Bangladesh's domestic market in 2018, while having a 1.83% contribution to the GDP. He also said per capita healthcare expenditure in Bangladesh grew at an average rate of 11% in the last 10 years. Regarding challenges centering active pharmaceutical ingredients (API), he said prices of imported API may increase at times and the quality may vary from time to time while the required API might even be unavailable.
- The president of the Dhaka Chamber of Commerce and Industry (DCCI) said one of the major challenges of the pharmaceuticals industry was dependence on raw material import. Meanwhile, he said, though local API producers can cater to at best 5% of the demand, which is very insignificant, their products will be relatively cheaper compared to the imported ones. He said local production of API requires the industry to acquire modern skills and technical knowledge

<https://www.thedailystar.net/business/news/invest-more-rd-pharma-raw-materials-hit-1b-exports-1822294>

Asian Development Bank (ADB) aid pledge to hit USD 1.7 billion this year

- The Asian Development Bank (ADB) will boost its aid commitment to Bangladesh this year, prodded by its growth potential while helping the country reach its next stage, its senior executive has said.
- This year's aid commitment will be USD1.7 billion, a big increase from the level in 2016 when the Asian lender committed USD 690 million in loans to Bangladesh, he said. For the next three years through 2022, the Asian lender will scale up lending to USD 4.7 billion, or an annual average of USD 1.5 billion, the deputy head of the South Asian Department said. Of the total credit, almost a half will be concessional, meaning it will have a lower interest rate.
- Last year, Bangladesh became the second-largest recipient of the ADB aid, trailing only India that pulled USD 3.5 billion in credit.

<http://today.thefinancialexpress.com.bd/public/first-page/adb-aid-pledge-to-hit-17b-this-year-1572542980>

Bangladesh Bank asks banks to cut account fees

- Bangladesh Bank (BB) has asked scheduled banks not to cut any maintenance fee for average deposits of up to BDT 10,000 in savings accounts which was earlier BDT 5,000, reports BSS. It also instructed the banks to cut BDT 300 every six months for current accounts which was earlier BDT 500, said a circular issued on Thursday.

- BB also asked banks to cut maximum BDT 100 for average deposits from BDT 10,000 to BDT 25,000 in savings accounts, while BDT 200 for BDT 25,000 to BDT 200,000, BDT 250 for BDT 200,000 to BDT 1.0 million and BDT 300 for BDT 1.0 million and above.

<http://today.thefinancialexpress.com.bd/public/trade-market/bb-asks-banks-to-cut-account-fees-1572539858>

High Court (HC) clears Bangladesh Bank (BB)'s special facility for defaulters

- The High Court on Sunday cleared the Bangladesh Bank (BB) circular offering special facility for the defaulting borrowers and ordered the issuance of a circular extending its time for another 90 days to facilitate submission of fresh applications. While disposing of the rule issued on a writ, the HC also asked the BB to constitute a nine-member committee comprising banking experts to find out the loopholes in loan sanctioning process. The court, however, said the defaulters availing the special facility will have to follow the master circular of the central bank issued in 2012 in the case of other loans.
- According to the circular, defaulters must pay at least 15% of the "outstanding balance" to avail the rescheduling facility and fresh credit facility from banks. The court, however, laid emphasis on efforts to bring the lending rates to single-digit, saying due to high interest rate, borrowers are facing difficulty.

<https://today.thefinancialexpress.com.bd/first-page/hc-clears-bbs-spl-facility-for-defaulters-1572802453>
<https://www.thedailystar.net/business/news/bb-asked-form-committee-find-out-loopholes-lending-loans-recovery-1822552>

Incentive pushes remittance 20.5% up in July-October

- Remittance inflow rose by 20.41% year-on-year in July-October of the fiscal year 2019-2020 amid a sharp growth in remittance receipts in last couple of months as the government started giving incentive to the beneficiaries against remittance. In the four months of the current fiscal year, the country received USD 6.15 billion, up USD 1.04 billion on USD 5.11 billion in the same period of the previous fiscal year.
- In last two months of FY20, the country's remittance inflow grew by 28.85% and 32.32% respectively. Remittance flow rose by USD 328 million to USD 1.47 billion in September this year from USD 1.14 billion in the same month last year. In October, the inflow of remittance increased to USD 1.64 billion, up USD 400 million on USD 1.24 billion in the same month of FY19.
- In line with the government's budgetary announcement, the central bank on August 6 this year issued guidelines on issuing incentive against inward remittance to encourage repatriation of earnings of the expatriates through legal channel, setting July 1, 2019 as the effective date. Following requests from the BB, the finance ministry in October 2, three-months after the budgetary announcement, released BDT 15.3 billion for six months. Another BDT 15.3 billion out of the government's BDT 30.6 billion in budgetary allocation for FY20 to give incentive to the beneficiaries of remittances would be released later.
- In FY19, remittance inflow hit record USD 16.4 billion, breaking the previous highest of

USD 15.32 billion in FY15. The inflow of remittance in FY19 was 9.48% or USD 1.42 billion higher than the amount received in FY18, USD 14.98 billion.

<http://www.newagebd.net/article/89685/incentive-pushes-remittance-205pc-up-in-july-oct>

Economy thriving on 'mega projects': Centre for Policy Dialogue (CPD) warns as private investment flow stagnates

- The country's macro-economy is now dependent on public investment meant for building mega projects, said local think-tank Centre for Policy Dialogue, or CPD, on Sunday. The CPD said such type of economic management has weak relation to private investment, revenue mobilization, monetary policy and even trade policy.
- A distinguished fellow of the CPD said private investment has stagnated at around 23% for years but the economy is expanding fast. Also, the private sector credit growth dipped to a record low in August, he said. Expressing concern over the budget implementation, the CPD said the government should focus immediately on four areas: revenue mobilization, banking sector, capital market and balance of payment, or BoP. The CPD noted that for the first time since fiscal year 2010 the growth of exports in the first quarter turned negative.
- Another distinguished fellow of the CPD, said for the first time since 2011, the overall balance of payment (BoP) of the country was negative in FY'18 (USD857 million). For the first two months of FY'20, it was USD 139 million, which was USD 156 million in the same period of FY'19. He said export also witnessed a negative growth during the first three months of the FY'20, which is worrisome. The early signals during FY'20 also indicate continuation of these trends. If all these trends continue over the rest of FY'20, the overall balance, forex resources and exchange rate will come under increasing pressure.

<https://today.thefinancialexpress.com.bd/first-page/economy-thriving-on-mega-projects-1572802398>
<http://www.newagebd.net/article/89683/macroeconomy-under-severe-pressure-cpd>
<https://www.thedailystar.net/business/news/bangladesh-economy-under-stress-cpd-1822543>

World Bank (WB) to prepare next country partnership framework (CPF) for Bangladesh from January

- World Bank Country Director on Sunday said the bank is going to prepare a four-year country partnership framework (CPF) for Bangladesh from January, 2020. From January 2020, we are going to start preparing next country partnership framework for four years. That is where we will determine exactly where the money will go, she said.
- Welcoming the delegation, Finance Minister said the country maintained a higher growth rate of over 8.0% and it is expected to grow more than 10% from 2024.

<https://today.thefinancialexpress.com.bd/first-page/wb-to-prepare-next-cpf-for-bangladesh-from-jan-1572802696>

Oppo opens local plant

• Chinese handset maker Oppo is all set to launch its “Made in Bangladesh” smartphones in the local market this month as its mobile assembly plant goes into commercial production. This will allow local consumers to buy Oppo devices at reasonable prices and strengthen the Chinese company’s foothold in the fast-growing market. The company has targeted to assemble one million devices per annum. Oppo is the third Chinese company to have set up mobile manufacturing plant in Bangladesh, following in footsteps of Transsion and Vivo.

• Bangladesh’s recent economic progress and the growth forecast has brought Oppo to Bangladesh and set up the plant, said Damon Yang, managing director of the company’s local operations. The increase in tax on the imports of smartphones in the current budget to 57% from 32% acted as a catalyst in pushing the Chinese company to set up the plant, an employee of the company said. Earlier in the fiscal 2016-17, the government formulated the tax policy on setting up mobile assembling plants after bringing down the cost of raw materials to 1%, from as high as 96% in some cases, and increasing the tax on imports gradually.

<https://www.thedailystar.net/business/news/oppo-opens-local-plant-1822858>

Mobile operators add 1.3 million new users in 3rd Quarter

• The number of mobile phone users in the country increased by 1.3 million in July-September of the current year amid volatility in the telecom sector over the government’s audit claim from two leading operators. According to Bangladesh Telecommunication Regulatory Commission data, the number of active mobile phone users rose to 163.4 million in September from 162.1 million in July. The operators added 2.2 million new subscribers in the opening quarter of the year and 1.2 million in the second quarter.

• Leading mobile phone company Grameenphone added 0.3 million new users in the third quarter of the year, taking its total number of users to 75.7 million. The second largest operator Robi bagged 0.4 million new subscribers in Q3, taking its total user number to 48.1 million. Banglalink’s total number of subscribers stood at 34.9 million at the end of September after it added 0.2 million new subscribers. State-run Teletalk added 0.29 million new users in the period and the total subscriber of the company stood at 4.53 million.

• The number of mobile internet users increased by 2.4 million in July-September, taking the total number of mobile internet users to 92.6 million.

<https://www.dhakatribune.com/business/2019/11/04/mobile-operators-add-13-lakh-new-users-in-q3>

Retail power price hike likely

• The retail level electricity distributors have sought a fresh hike in electricity price for almost all types of consumers from January 2020. State-run electricity distribution companies submitted the tariff hike proposals to the energy regulator a week after similar proposal to raise the bulk electricity price by the Bangladesh Power Development Board, or BPDB. The Bangladesh Energy Regulatory Commission has accepted the proposals after initial scrutiny and arranged a four-day public hearing, which will start from November 28.

• In its bulk tariff hike proposal, the Board has argued it will have a revenue shortfall of BDT 86.08 billion in fiscal year 2019-20 unless the price is raised. The Board, in its proposal, argued that the latest hike in tariff of natural gas pushed up electricity generation cost from the gas-fired power plants by around 41%. The Commission last raised retail electricity tariff in November 2017.

<https://thefinancialexpress.com.bd/trade/retail-power-price-hike-likely-1572925529>

Arrears worsen leather sector’s woes: Tanners yet to pay all dues to rawhide merchants

• The crisis in the leather and leather goods industry has deepened further as the tanners are yet to pay BDT 3.50 billion in arrears fully to the rawhide merchants. General Secretary of the Bangladesh Hide and Skin Merchants Association (BHSMA) said the tanners are buying the rawhides collected during Eid-ul-Azha by paying only 10% to 15% of the price. What is more, tanners are buying rawhides on credit this year.

• Nearly 40% of the rawhides have remained unsold even two months after Eid. The merchants are selling salt-applied cowhides at prices as low as BDT 600-700 per piece, former President of the BHSMA said.

<https://www.thedailystar.net/business/news/arrears-worsen-leather-sectors-woes-1823380>

Korean companies to invest USD 500 million in Economic Zone

• South Korean businesses have expressed the interest to establish an industrial park in Bangladesh’s Economic Zone (EZ) to set up factories for manufacturing apparel, leather products and ornaments. A developer company of the East Asian country, Korea Industrial Complex Company Limited (KIC), has requested Bangladesh Economic Zones Authority (BEZA) to initially allocate 400 acres of land in an EZ. Around 100 South Korean companies will set up factories in the proposed industrial park, which will likely to fetch an investment of USD 500 million.

<https://today.thefinancialexpress.com.bd/trade-market/korean-cos-to-invest-500m-in-ez-1572888926>

Bangladesh Telecommunication Regulatory Commission (BTRC)’s Audit Claim: Robi may go to international body for arbitration

• Mobile carrier Robi yesterday hinted that it may move to an international arbitration body to settle the government’s audit claim worth BDT 8.67 billion if the operator fails to get justice in Bangladesh. In an interview with a group of journalists at Robi headquarters in the capital, the Chief Executive Officer and Managing Director of the company said they may take the issue to the International Centre for Settlement of Investment Disputes, one of the five agencies of World Bank Group.

• Robi’s shareholders invested in Bangladesh under the Foreign Private Investment Promotion and Protection Act, which allows the investors to move to an international court, he said. Currently, Malaysia-based Axiata holds 68.7% controlling stake of Robi while

Indian Bharti Airtel holds 25% and NTT DOCOMO of Japan 6.3%.

- Robi had a plan to invest USD 248 million in 2019, but about USD 150 million may remain unused at the end of the year, he said, adding that shareholders might slash their next annual budget.

<https://www.thedailystar.net/backpage/news/btrcs-audit-claim-robi-may-go-intl-body-arbitration-1823659>

The National Board of Revenue (NBR) to slap VAT on unprocessed tobacco

- The National Board of Revenue (NBR) has decided to impose Value Added Tax (VAT) on unprocessed tobacco in a bid to offset the recent decline in its revenue earning from the sector. In July-August period, the Large Taxpayers Unit's (LTU) revenue collection from tobacco sector dropped by BDT 8.50 billion or 32% compared to that of the corresponding period last year, according to the meeting minutes. However, in a surprise move the Board in the middle of the last month slashed the supplementary duty (SD) rate by 5.0%. Following suggestions of the tobacco companies, the NBR has decided to request the Ministry of Health to consider opinions of the tobacco product producing associations before finalizing the National Tobacco Policy 2019.

- Unprocessed tobacco items, sold to the processors, have been enjoying VAT exemption facility since FY 2017-18. Officials said the VAT structure for low-tier and medium-tier tobacco should be revised to remove the existing inconsistencies in their prices. They said sales of low-tier cigarettes have increased due to the large price gap between low- and medium-tier cigarettes.

<https://today.thefinancialexpress.com.bd/first-page/nbr-to-slap-vat-on-unprocessed-tobacco-1572976502>
<http://www.newagebd.net/article/89861/vat-exemption-on-unprocessed-tobacco-to-go>

July-Oct export receipts drop by 6.8%

- The country's export earnings declined by 6.82% during the July-October period of the current fiscal year, compared to the corresponding period of the last fiscal year (FY). The aggregate export earnings for the first four months of FY 2019-20 stood at USD 12.72 billion, which also fell short of the strategic target of nearly USD 14.33 billion, according to the Export Promotion Bureau (EPB) data.

- Such a drop in export receipts during the July-October period resulted from the decline in the export value of readymade garment (RMG) products, the country's top foreign currency earning sector, the EPB figures revealed. The overall export earnings from RMG items -- both knitwear and woven garments -- fell by 6.67% during the first four months of the current fiscal year. The country's RMG sector fetched nearly USD 10.58 billion during July-October period of FY 2019-20 as against USD 11.33 billion during the same period of FY '19. The export earnings from other key sectors also declined considerably during this July-October period over the corresponding period of last fiscal.

<https://today.thefinancialexpress.com.bd/first-page/july-oct-export-receipts-drop-by-68pc-1572976652>

<https://www.dhakatribune.com/business/economy/2019/11/05/export-earnings-declines-by-almost-7>
<https://www.thedailystar.net/business/news/exports-slump-17pc-oct-1823812>

October inflation cools despite onion woes

- The point-to-point inflation in October last fell by 0.07 percentage points to 5.47%, although the price of onion jumped by nearly 110% in the last one month, officials said Tuesday. The Bangladesh Bureau of Statistics (BBS) data showed that the inflation dropped to 5.47% in October last from 5.54% in the previous month.

- The Planning Minister said that inflation in the last month dropped as the prices of fishes and some vegetables had fallen. When asked about the higher onion price and its impact, he said although onion rose sharply, many vegetable items and fishes got cheaper last month, leading to a downward trend of the Consumer Price Index. According to the BBS, the non-food inflation at the national level fell to 5.45% in October from 5.92% in September. However, the food inflation increased to 5.49% last month from 5.30% in the previous month.

<https://today.thefinancialexpress.com.bd/first-page/oct-inflation-cools-despite-onion-woes-1572976701>
<https://www.dhakatribune.com/business/2019/11/05/inflation-eases-to-5-47-in-october-despite-hike-in-food-prices>
<http://www.newagebd.net/article/89857/food-inflation-up-in-oct-on-onion-prices>
<https://www.thedailystar.net/business/news/oct-inflation-declines-8-month-low-1823800>

Overproduction weighs on cement makers

- Cement manufacturers are going through a very challenging time because of an unhealthy competition caused by overproduction, market players said yesterday. There are 37 active cement factories in Bangladesh with a combined production capacity of 58 million tonnes per year against a demand of 33 million tonnes, meaning the capacity exceeds the demand by about 43%.

- While moderating different sessions, the Chief Executive Officer of Intercem said the demand for cement in Bangladesh has grown 10% year-on-year in the last one decade, but per capita consumption was still at a relatively low level of 166 kilograms. It will take at least four years to get rid of the unhealthy competition as the demand will increase, he said, adding that per capita cement consumption will stand at 250kg in 2020.

- Managing Director of Confidence Cement said the industry was running at 55 to 57% of the capacity which is below the level needed to reach break-even. Managing Director of Shun Shing Group, Hong Kong, said, the under construction Padma bridge project will consume 3 million tonnes of cement alone. Other mega projects will also need a huge amount of the key construction material.

- The market size of the sector is around USD 3 billion, or BDT 255 billion. Manufacturers have invested more than BDT 300 billion in the sector. Local companies are dominating the market. Of the total consumption, individuals account for 25%, real estate companies and developers 30% and the government 45%.

<https://www.thedailystar.net/business/news/overproduction-weighs-cement-makers-1823797>

Reduce dependence on RMG, focus more on potential others: United States Agency for International Development (USAID) report

• A report on the country's private sector has suggested lending greater attention to the growth of at least six sectors which have the potential to earn more than USD 60 billion by 2023. The sectors are agri-business, light engineering, information and communications technology (ICT), tourism, pharmaceuticals and healthcare. The report also suggested systematic diversification towards productive, value-added and export-oriented sectors to address the issue of unemployment and help boost inclusive growth. Explaining the prospects of selected six sectors, the report said presently these sectors together contribute around 10% of the country's GDP. The six sectors are also generating 3.5 million jobs, it said.

<https://today.thefinancialexpress.com.bd/last-page/reduce-dependence-on-rmg-focus-more-on-potential-others-1572977488>
<https://www.dhakatribune.com/business/economy/2019/11/05/us-keen-to-help-bangladesh-diversify-its-economy>

Sustainable production to boost ready-made garment (RMG) orders: Western retailers say

• Western retailers yesterday said they would opt for long-term sourcing of apparel items from Bangladesh in increased volumes provided there is sustainability in production here. Praising Bangladesh's entrepreneurs for increasingly adopting green garment factories, they urged the manufacturers and government for continuation of such drives for better sustainability in the sector.

• Currently, Bangladesh has 101 garment factories certified by the Leadership in Energy and Environmental Design (LEED), an internationally recognized green building certification system. More than 500 garment factories are waiting for the LEED certification.

Bangladesh is a very important sourcing destination for the H&M, but the country should also focus more on sustainability practices in water consumption, labor practices and future safeguarding of the world, said the Group Head of Sustainability at H&M. Currently, the Swedish retail giant H&M buys more than USD 3 billion worth of garments from Bangladesh in a year. Echoing the views was the Country Manager of Bangladesh and Myanmar for British retail giant Marks & Spencer.

<https://www.thedailystar.net/business/news/sustainable-production-boost-rmg-orders-1823806>
<http://www.newagebd.net/article/89858/transparency-sharing-responsibility-stressed-for-sustainable-rmg-sector>

The Executive Committee of the National Economic Council (ECNEC) approves BDT 34.49 billion project

• Presided over by the Prime Minister, a meeting of the Executive Committee of the National Economic Council (ECNEC) endorsed the project on Tuesday along with five others at a combine cost of BDT 44.48 billion. The government has approved a physical protection system project for ensuring security of the Rooppur Nuclear Power Plant (NPP) at a cost of BDT 34.49 billion. Among the six approved projects, five are new, and one is revised. Of their total cost, BDT 44.40 billion will come from the government's internal resources, while the rest BDT 79.0 million will come from the implementing agencies' own fund, the Planning Minister said.

<https://today.thefinancialexpress.com.bd/last-page/ecnec-approves-BDT-3449b-project-1572977421>

Loan write-off policy to be eased again

• The central bank is set to relax the loan write-off policy once again in a space of nine months, bowing down to pressures from an influential quarter. This time, banks are likely to be allowed to write off defaulted loans that have been hovering in the bad category for one year from their balance sheet, down from three years previously, said officials of the Bangladesh Bank. On February 6, banks were allowed to write off defaulted loans that were marked bad for three years in a row instead of earlier five years, as the central bank wanted to show lower amounts of sour loans.

• As of June, total defaulted loans in the banking sector stood at BDT 1.12 trillion, up 20% from six months earlier, according to data from the BB. As of June, BDT 414.78 billion of the written off amount has remained outstanding, which is 76.15% of the sum.

• The latest central bank move comes after the Association of Bankers, Bangladesh (ABB), a platform of private banks' managing directors, sent a letter to the BB in the last week of August with a request for further easing of loan write off policy. But banking sector insiders said the ABB was forced to send the proposal after getting instructions from influential sponsors of a handful of banks.

<https://www.thedailystar.net/business/news/loan-write-policy-be-eased-again-1824250>
<http://www.newagebd.net/article/89977/banks-to-see-restoration-of-loan-write-off-policy>

Minister blames manufactures, port congestion for RMG export slump

• Commerce minister said that country's readymade garment export posted a negative growth for three months in a row as the country had been losing its competitiveness in the global market due to price undercut among manufacturers, high value of the local currency against the dollar and congestion in Chattogram port.

• Country's export earnings in the July-October period of FY20 fell by 6.82% while the earnings in October dropped by 17.19%. According to the EPB data, the earnings from the RMG exports in the four months of FY20 fell by 6.67% to USD 10.57 billion from USD 11.33 billion in the same period of FY19.

- At the meeting with the commerce minister, Bangladesh Garment Manufacturers and Exporters Association president showed in a presentation the current challenges the RMG sector is facing. The presentation showed that the prices of RMG products declined by 1.61% in last five years while the cost of production increased by 30.10% in the period. The BGMEA president demanded compensation for the sector through additional provision of BDT 2-5 against each dollar on the value they retained. She also demanded withdrawal of 10% source tax on cash incentive and bringing down the bank loan interest rate to single digit.

<http://www.newagebd.net/article/89978/minister-blames-manufactures-port-congestion-for-rmg-export-slump>
<https://www.dhakatribune.com/business/2019/11/06/tipu-munshi-blames-owners-for-rmg-sector-s-setbacks-2>

Banking commission soon: Finance Minister

- The government has agreed to form a banking commission to review the health of the sector and take necessary reform measures, finally heeding to a long demand of various quarters, think-tanks and experts, said Finance Minister yesterday. We will form a commission within a short time under the leadership of the Bangladesh Bank, he said.

- The government is also going to amend the Bank Company Act in a bid to facilitate merger and reconstruction of weak banks, the minister said, without elaborating.

<https://www.thedailystar.net/business/news/banking-commission-soon-kamal-1824247>
<https://today.thefinancialexpress.com.bd/first-page/kamal-slams-some-banks-for-failure-to-cut-interest-rate-1573059321>

USAID study identifies 16 alternatives to readymade garment (RMG)

- Bangladesh has 16 emerging sectors, which could contribute a lot to the country's economic development, beyond that facilitated by the readymade garment (RMG) sector, a latest assessment funded by the USAID identified. Currently Bangladesh's economy is overdependent on a single sector, the RMG, which typically accounts for over 84% of the national exports and nearly 20% of the national GDP. The Comprehensive Private Sector Assessment was carried out by a research team of private Bangladeshi entity Inspira Advocacy and Consultancy Limited.

- The emerging sectors are agri-business, automotive/truck/ bus assembly, ceramics, entrepreneurship, healthcare, ICT and outsourcing, leather and leather goods, light engineering, medical equipment, pharmaceuticals, plastic, renewable energy and energy efficient technology, shipbuilding, shrimp and fish, telecommunications and tourism.

- The assessment was designed to have a rigorous analysis of the 16 sectors, which together account for over six million jobs and revenue close to USD 50 billion from the domestic and international markets annually in Bangladesh.

- Agribusiness (food processing), light engineering, ICT and outsourcing, tourism, pharmaceuticals and healthcare were recognised as key sectors for supporting sustainable economic growth in Bangladesh and for future USAID intervention. Having ensured strong

and steady market fundamentals, these sectors are poised to earn more than USD 60 billion at the end of 2023.

- Among them, agribusiness (food processing) is thriving on a strong base of domestic backward linkage, having generated around USD 4.8 billion last fiscal year. In coherence with the government's Digital Bangladesh vision, the ICT and outsourcing industry earned USD 1.7 billion last fiscal year. The tourism industry, logging a robust annual revenue of USD 5.3 billion last year, boasts around seven million domestic travellers per annum. The light engineering industry, standing at USD 3.1 billion, has the highest multiplier impact potential as it was the backward linkage vertical for almost all production and manufacturing sub-sectors.

- Bangladesh is the only least developed economy featuring a well-developed pharmaceuticals sector, which earned USD 2.5 billion last fiscal year. The healthcare sector is expected to reach annual revenues of over USD 11 billion by 2023 if the private sector actors could address longstanding growth barriers, including infrastructure gaps and a severe shortage of medical professionals.

<https://www.thedailystar.net/business/news/usa-id-study-identifies-16-alternatives-rmg-1824253>

Bangladesh Petroleum Corporation (BPC) to borrow USD 800 million from International Islamic Trade Finance Corporation (ITFC) to import petroleum products in 2020

- State-run Bangladesh Petroleum Corporation (BPC) has decided finally to borrow around USD800 million from International Islamic Trade Finance Corporation (ITFC) to import petroleum products in 2020. The amount is similar to what the corporation had borrowed in the current year. BPC will borrow the loan at an interest rate (ITFC calls it as a 'mark-up rate') of 4.05%, lower by 10% from the existing year's markup rate of 4.50%, a senior BPC official told the FE. The official said the corporation will have the option to increase the loan amount by up to USD 100 million more from the ITFC to cover up any contingency fund requirement, if any. ITFC is currently the lone external lender of BPC to purchase petroleum products from international market.

- The BPC utilizes ITFC loan mainly to import crude oil from Saudi Aramco and Abu Dhabi National Oil Company (ADNOC), to refine in its wholly-owned subsidiary Eastern Refinery Ltd (ERL) in Chittagong. The ERL has been importing round 1.40 million tonnes of crude oil every year for refining over the past several years.

<https://today.thefinancialexpress.com.bd/trade-market/bpc-to-borrow-800m-from-itfc-to-import-petroleum-products-in-2020-1573053400>

Important News: Capital Market

GP gets time to inform Supreme Court how much it can pay now

- The Supreme Court yesterday gave two more weeks to Grameenphone to inform it how much money the operator can pay to the Bangladesh Telecommunication Regulatory Commission (BTRC) now out of BDT 125.8 billion claimed by the regulator. The

development came after lawyers of the country's largest mobile phone operator sought two months from the apex court to comply with the order following consultation with its investors. The next hearing will take place on November 14. In their prayer, the lawyers informed the SC that it has already paid more than BDT 20.0 billion to the National Board of Revenue (NBR) in the areas a BTRC audit is claiming money from the operator. Talks are also going on with the government to settle the matter out of court. Of the BTRC's total claim, BDT 40.86 billion is related with the NBR.

- On October 17, an HC bench issued a two-month injunction on the BTRC's move to realize money from GP. The BTRC appealed against the injunction. The Appellate Division is hearing it. The HC order dealt a blow to the telecom regulator, which was all set to appoint administrators at GP and Robi to realize the dues.

<https://www.thedailystar.net/business/news/gp-gets-time-inform-sc-how-much-it-can-pay-now-1821661>

Dutch-Bangla Bank Ltd (DBBL)'s foreign investor sells its entire shares

- A foreign corporate sponsor of the Dutch-Bangla Bank Ltd (DBBL) has withdrawn its entire investment earlier made in the bank. Officials familiar with the matter said the foreign sponsor withdrew its investment as per their investment strategy followed across the world.
- Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V., one of the corporate sponsors, sold its entire holdings on Thursday. According to a disclosure available on the website of the Dhaka Stock Exchange (DSE), a Netherlands-based development finance company sold more than 4.69 million shares of the DBBL at a price of BDT 68.60 each. The sale was executed in one transaction at an aggregate price of BDT 321.91 million, according to the DSE information.

<https://today.thefinancialexpress.com.bd/last-page/dbbbs-foreign-investor-sells-its-entire-shares-1572713540>

Bangladesh General Insurance Company (BGIC) seeks Bangladesh Securities and Exchange Commission (BSEC) nod to change asset manager of two Mutual Funds

- Bangladesh General Insurance Company (BGIC), the trustee of both DBH 1st Mutual Fund and the Green Delta Mutual Fund, has sought approval from the securities regulator to change the asset manager of these two funds. The BGIC sent a letter to the Bangladesh Securities and Exchange Commission (BSEC) on Thursday asking for its approval.
- The trustee also asked the asset manager not to invest in any non-listed securities without its permission. BGIC Managing Director said the proposal for changing the asset manager would now get the first priority. After changing the asset manager, the trustee will call the unit holders' meeting, he added.

<http://today.thefinancialexpress.com.bd/public/stock-corporate/bgic-seeks-bsec-nod-to-change-asset-manager-of-two-mfs-1572539963>

Bangladesh Securities and Exchange Commission (BSEC) approves Pubali Bank's BDT 7.5 billion bond & United Finance's BDT 1.0 billion bond

- The stock market regulator has approved a proposal of Pubali Bank for raising BDT 7.5 billion by issuing non-convertible floating rate subordinated bonds. The tenure of the bond would be seven years. The proceeds will be used to strengthen the bank's tier-2 capital base. The offer price will be BDT 75 million per unit.
- The Bangladesh Securities and Exchange Commission has given a go-ahead to United Finance's proposal to raise BDT 1 billion by issuing non-convertible zero coupon bonds with a tenure of four years. The proceeds will be spent on SME and infrastructure projects. The offer price will be BDT 2.5 million per unit.

<https://www.thedailystar.net/business/news/bsec-approves-united-finances-BDT-100cr-bond-1822270>
<https://www.thedailystar.net/business/news/pubali-banks-BDT-750cr-bond-gets-nod-1822267>

Next Accessories to go public

- Next Accessories Limited has decided to raise fund through IPO under fixed- price method. In this regard, an issue management agreement was signed between Next Accessories Limited and Roots Investment Limited on Wednesday.
- Next Accessories Limited exports its products to some top global brands such as H.M, DECATHLON, VARNER, M &S, TOMMY HILFIGER, CALVIN KLEIN, Etam. The company has a unique distinction of being "Sole" exporter of accessories to a group of reputed global buyers. The company's productions are conducted in a LEED-certified green building.

<http://today.thefinancialexpress.com.bd/public/stock-corporate/next-accessories-to-go-public-1572621784>

Not fund crisis, poor governance depresses stocks: Centre for Policy Dialogue (CPD)

- Fund crisis is not the main problem for the capital market but lack of good governance and structural weaknesses of institutions are, the Centre for Policy Dialogue (CPD) said yesterday. The CPD identified five issues that are weakening the markets: poor-quality initial public offerings (IPO), anomalies in financial reporting, lack of transparency in beneficiary owner's (BO) accounts, suspicious trading in secondary market and questionable role of institutional investors.
- The lack of good governance and structural institutionalization is fueling a crisis in the stock market, so when the government provides liquidity support the index rises temporarily but not for long, said a research director of the CPD. However, a permanent or sustainable solution from the government never comes by, so the stock market is still suffering, he said.
- Many listed companies' dividends fell and some failed to provide any dividend also. On

the other hand, junk stocks were jumping abnormally, but no effective steps were taken against them from the regulator, the research director pointed out. Institutional investors' transactions sometimes create instability in the market. As institutional investors hold almost 60% of the shares in the market, they need to behave in a stable manner. Crisis between Grameenphone and the Bangladesh Telecommunication Regulatory Commission was also a reason of the market's slide. About the lack of quality IPOs, he said a number of IPOs have been approved by the BSEC whose stock price rose in the first few days and then plummeted to a very low level. Sometimes they went below the offer price. So, it raises the question of what kind of companies they are and whether they were properly scrutinized by the Dhaka Stock Exchange, Chittagong Stock Exchange and the BSEC.

- Overall, the CPD's suggestion was to increase investment in the market, be strict with market surveillance, ensure a strong bond market, get the Chinese investors to meet their commitments, strengthen the role of central depository of Bangladesh and implement laws.

<https://www.thedailystar.net/business/news/not-fund-crisis-poor-governance-depresses-stocks-cpd-1822867>

Insider trading by Ring Shine sponsor: Prime bourse smells a rat

- The country's premier bourse has decided to urge the securities regulator to look into the alleged involvement of a sponsor of the Ring Shine Textiles with another company. The Dhaka Stock Exchange (DSE) took the decision on Sunday at a board meeting.
- According to DSE officials, a sponsor (chairman) of the Ring Shine Textiles is also the managing director of another company which purchased placement shares at first one (Ring Shine Textiles). As a result, the sponsor of the Ring Shine Textiles is an insider. And the non-listed company can resort to take undue facilities at this, the DSE official said.

<https://today.thefinancialexpress.com.bd/stock-corporate/prime-bourse-smells-a-rat-1572801516>

Government to help People's Leasing and Financial Services (PLFS) depositors: Finance Minister

- The aggrieved depositors of the recently liquidated People's Leasing and Financial Services will get support from the government in some form, said Finance Minister yesterday. There is a legal framework on how to provide the depositors' fund of a liquidated NBF. But we may deviate from the framework in order to provide the fund to the depositors. And we will have to take a decision to this end from the prime minister, he said.
- On June 27, the finance ministry instructed the central bank to liquidate PLFS due to deterioration of its financial health in the last several years. The NBF has failed to repay the depositors' money despite maturity of the funds, found the Bangladesh Bank report.

<https://www.thedailystar.net/business/news/govt-help-plfs-depositors-kamal-1823371>

Circuit limits for listed securities from debut day

- The securities regulator has decided to apply circuit breaker system for the newly listed

companies on their stock market debut to rein in unusual hike in share prices. As per the decision taken at its meeting on Tuesday, the Bangladesh Securities and Exchange Commission (BSEC) will now impose circuit limits on the trading of new securities in their first two sessions as well. Circuit breaker is a financial regulatory instrument used to prevent stock prices from crossing the upper circuit point or lower circuit point on a particular trading day.

- As per the existing system, no upper or lower circuits are applied for newly listed companies in their first two trading sessions. As a result, shares in many listed companies have witnessed a steep price hike as high as 550% on their debut trading. Taking this advantage, many investors who hold IPO (initial public offering) shares sell their shares at a high rate on the first trading day, said a BSEC official. But afterwards, the companies' shares fail to sustain their high price levels, leaving negative impacts on index and general investors as well. And the market loses its momentum, he explained.

- Under this circumstance, the BSEC has decided to put circuit breakers in place from the debut trading day of all securities, he added. As per the BSEC decision, the upper circuit will allow the price hike of shares up to 50% of the issue price on their debut trading day. Also on the second day, the share prices can jump up to 50% of the previous day's closing price or open adjusted price. From the third trading session of the newly listed companies, the existing circuit limits will be applicable.

<https://today.thefinancialexpress.com.bd/last-page/circuit-limits-for-listed-securities-from-debut-day-1572977537>

<https://www.dhakatribune.com/business/2019/11/05/bsec-puts-50-price-cap-on-first-two-days-of-debutant-stocks>

<http://www.newagebd.net/article/89863/circuit-breaker-on-cos-from-debut-trading-bsec>

Bangladesh Securities and Exchange Commission (BSEC) imposes 3-year lock-in on Ring Shine's shares held by Universe Knitting

- The Bangladesh Securities and Exchange Commission on Tuesday extended the lock-in to three years on the shares held by Universe Knitting in Ring Shine Textile Limited which was awaiting enlistment at the stock exchanges.
- As per the BSEC rules, shares of sponsors and director of any IPO-seeking companies are subject to three year lock-in while the lock-in period on placement shares is one year. The commission, however, extended the lock-in period on Ring Shine shares held by Universe Knitting following observations from the Dhaka Stock Exchange and an online media report.

- Although a media report claimed that Managing Director of Ring Shine Textile's share in Ring Shine Textile and his affiliation with the company was not specified in the IPO prospectus of Ring Shine Textile, the information of his affiliation with Universe Knitting was incorporated in the IPO prospectus, the BSEC press release said. This was why the commission had found no deviation of rules in this connection, it said, adding that the decision to extend the lock-in, however, was taken in the greater interests of the investors and the market.

- Earlier, the DSE had asked for details about Universe Knitting from the company which it

bypassed and led to dissatisfaction among the DSE management, said an official of the bourse. He said that it was unethical for a MD or sponsor director of a company to buy huge amounts of placement shares of the company through another entity he was affiliated with without proper declaration. DSE sources said that the owner of a company usually bought placement shares of its own company to dump the shares on the public in the secondary market. In Ring Shine's case, it has offloaded almost 68.46% to the public, including placement shares, keeping around the mandatory 30% shares in hand.

<http://www.newagebd.net/article/89859/bsec-imposes-3-year-lock-in-on-ring-shines-shares-held-by-universe-knitting>

Spot market to remain closed for 2 days

- The share trading on the spot market will remain closed on November 7 and 11 on Dhaka Stock Exchange (DSE). The Bangladesh Securities and Exchange Commission (BSEC) took the decision on Wednesday following a plea made by the DSE. The DSE made the proposal as all services of The City Bank will remain closed from November 8 to 11 because of development works. A DSE official said the clearing and settlement of normal transactions of November 11 will also be shifted to following trading day.

<https://today.thefinancialexpress.com.bd/stock-corporate/spot-mkt-to-remain-closed-for-2-days-1573056843>