

Capital Market Overview

The market closed in green this week. The benchmark index DSEX (+1.88%) gained 74.83 points and closed the week at 4,061.57 points. The blue-chip index DS30 (+2.23%) gained 29.87 points and stood at 1,369.37 points. The Shariah-based index DSES (+1.83%) gained 16.85 points and stood at 938.96 points. The large cap index CDSET (+1.80%) gained 14.28 points and closed at 806.10 points. DSEX, DS30, DSES and CDSET showed YTD returns of -8.79%, -9.51%, -6.09%, -10.41% respectively.

Total Turnover During The Week (DSE): BDT 9.4 billion (USD 110.7 million)
Average Daily Turnover Value (ADTV): BDT 1.9 billion (Δ% Week: -77.4%)

Market P/E: 12.03x

Daily Index Movement during the Week:

The market performed five sessions during this week. Market opened this week with a negative movement of 0.13%. Market rounded in the second session by 0.33% and continued to be positive in the third, fourth and fifth session by 0.18%, 0.82% and 0.67% respectively.

Sectoral Performance:

- The financial sectors showed positive performance during this week. General Insurance booked the highest gain of 6.35% followed by Banks (+2.60%), Life Insurance (+2.48%), Mutual Funds (+1.34%) and NBFIs (+1.27%).
- The non-financial sectors performed positively during this week. Pharmaceuticals reported the highest gain of 1.66% followed by Power (+0.92%), Telecommunication (+0.55%), Engineering (0.22%) and Food & Allied (+0.21%).

Macroeconomic arena:

- Bangladesh Bank, which has been managing the depreciation pressure through artificial interference, is finally feeling the need for depreciation as well. The rising Real Effective Exchange Rate (REER) index, along with depreciation by competing countries such as India and China, suggests further depreciation of the local currency in an orderly fashion, the Bangladesh Bank said.
- The Bangladesh Bank (BB) has relaxed relevant rules to attract more foreign direct investment (FDI). Following the relaxations, foreign investors will be eligible to receive their dividend income in foreign currency (FC) accounts maintained in Bangladesh. Besides, purchase of shares with funds available with the FC accounts will be treated as foreign investment. However, funds from declared dividends will be treated as inward remittance for reinvestment in Bangladesh.
- Country's export earnings decreased by a record 17% or USD 6.9 billion in the just-concluded fiscal since fiscal year (FY) 2001-02. The country fetched USD 33.7 billion in FY 2019-20 which was USD 40.5 billion in FY 2018-19. The overall USD 33.7-billion export earnings also fell short of the target by 26.0% last fiscal.
- The Bangladesh Bank has injected around BDT 73.9 billion in the country's banking system during the coronavirus pandemic by way of purchasing dollars from the banks. The central bank had purchased greenbacks worth around USD 870 million from the banking system in the outgoing fiscal year 2019-2020 as the banking system was flooding with excess dollars due mainly to a huge inflow of remittance and an import slump.

Stock Market arena:

- The Bangladesh Securities and Exchange Commission on Sunday made mandatory listing of perpetual bonds issued by the banks as tradable securities on the main platforms of stock exchanges. The stock market regulator will soon frame necessary rules for listing of the banks' perpetual bonds and allow their trading on the main boards.
- The Bangladesh Securities and Exchange Commission has asked 61 directors of 22 listed companies to ensure holding of minimum 2% shares in their respective firms in 45 days to continue their directorship in the entities.
- Walton Hi-Tech Industries Ltd has announced the dates for the subscription of its initial public offering (IPO). Investors can submit their applications to buy the shares of the company between August 9 to August 16 in this year. Individual investors will be able to purchase 1.55 million shares at BDT 252 per share, after applying a 20% discount on the cut-off price.

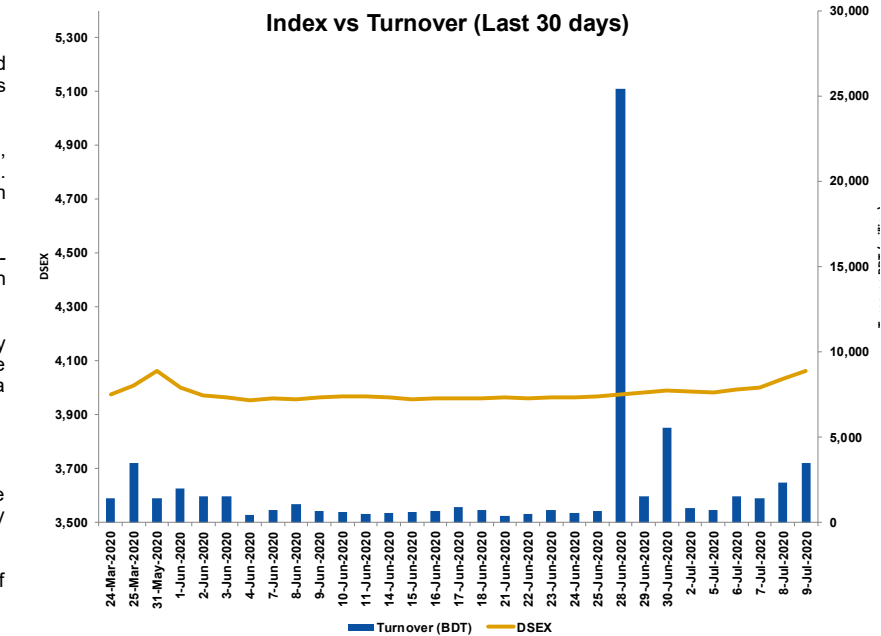
Table 1: Index

Index	Closing	Opening	Δ(Pts)	30-Dec-2019	Δ% Week	Δ%YTD
DSEX	4,061.57	3,986.74	74.83	4,452.93	1.88%	-8.79%
DS30	1,369.37	1,339.49	29.87	1,513.35	2.23%	-9.51%
DSES	938.96	922.11	16.85	999.83	1.83%	-6.09%
CDSET	806.10	791.82	14.28	899.76	1.80%	-10.41%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	15,644,188.6	12,464,907.1	25.5%
	Mn USD	184,135.9	146,715.0	
Turnover	Mn BDT	9,405.6	33,348.2	-71.8%
	Mn USD	110.7	392.5	
Average Daily Turnover	Mn BDT	1,881.1	8,337.0	-77.4%
	Mn USD	22.1	98.1	
Volume	Mn Shares	327.2	189.1	73.1%

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
Paramount Insurance	66.10	43.10	53.4%	2,196.0	76.06	56.5x	5.1x
Global Insurance Ltd.	18	14.10	24.1%	675.9	34.48	24.8x	1.6x
Janata Insurance	17.70	14.70	20.4%	748.4	11.00	16.1x	1.5x
Provati Insurance	23.30	19.40	20.1%	692.1	74.44	12.5x	1.4x
Purabi Gen. Insurance Company Ltd.	14.40	12.00	20.0%	796.4	55.32	14.3x	1.2x
Agrani Insurance Co. Ltd.	20.90	17.60	18.8%	632.1	44.79	11.5x	1.3x
Beacon Pharmaceuticals Limited	71.90	60.70	18.5%	16,608.9	339.29	158.8x	5.6x
Eastern Insurance	35.00	29.80	17.4%	1,508.9	37.65	9.6x	1.1x
GQ Ball Pen	77.20	66.10	16.8%	689.2	15.94	NM	0.6x
Bangladesh National Insurance Company Limited	19.20	17.10	12.3%	849.6	18.73	8.6x	1.0x

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Tung Hai Knitting & Dyeing Limited	2.00	2.20	-9.1%	213.3	.72	2.4x	0.2x
Familytex (BD) Limited	1.80	1.90	-5.3%	637.5	2.22	NM	0.2x
Emerald Oil Industries Ltd.	9.50	10.00	-5.0%	567.3	.79	83.4x	0.6x
Libra Infusions Limited	534.40	554.50	-3.6%	802.6	1.16	NM	0.3x
Reckitt Benckiser	3,453.40	3,562.10	-3.1%	16,317.3	94.62	26.4x	63.2x
Appollo Ispat Complex Limited	3.30	3.40	-2.9%	1,324.3	2.28	NM	0.2x
Tallu Spinning	3.30	3.40	-2.9%	294.8	.93	NM	0.3x
Zahintex Industries Ltd	3.60	3.70	-2.7%	294.6	.30	NM	0.2x
Islamic Finance & Inv	12.10	12.40	-2.4%	1,698.0	.89	8.7x	0.9x
Linde Bangladesh Limited	1,263.10	1,281.50	-1.4%	19,222.2	78.88	15.6x	5.2x

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Square Pharmaceuticals	174.90	172.50	1.4%	147,657.4	792.17	11.2x	2.2x
Beximco Pharmaceuticals	72.40	66.70	8.5%	29,362.3	617.76	9.0x	1.0x
Beacon Pharmaceuticals Limited	71.90	60.70	18.5%	16,608.9	339.29	158.8x	5.6x
Grameenphone Ltd.	239.80	238.80	0.4%	323,801.9	314.66	9.4x	7.6x
Bangladesh Submarine Cable Company Limited	87.80	84.70	3.7%	14,478.7	260.80	20.0x	2.4x
Wata Chemicals Limited	337.50	321.80	4.9%	5,002.6	236.00	29.5x	5.3x
Indo-Bangla Pharmaceuticals Limited	20.80	20.20	3.0%	2,319.3	221.51	12.3x	1.6x
Orion Pharma Ltd.	43.00	42.00	2.4%	10,062.0	217.74	11.7x	0.6x
Beximco Limited	13.50	13.00	3.8%	11,830.3	177.76	9.8x	0.2x
EXIM Bank	8.90	8.60	3.5%	12,569.0	143.57	5.3x	0.4x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Glaxo Smithkline	2,188.00	24.58%	26,357.6	90.7x
ACI Limited	208.00	14.60%	11,933.5	NM
M.I. Cement Factory Limited	43.80	12.31%	6,504.3	NM
Bangladesh Steel Re-Rolling Mills Limited	53.50	9.63%	12,629.7	7.9x
Reckitt Benckiser	3,453.40	8.15%	16,317.3	26.4x
MJL Bangladesh Limited	68.20	7.74%	21,602.5	11.7x
LafargeHolcim Bangladesh Limited	35.90	6.85%	41,693.3	23.9x
Beximco Pharmaceuticals	72.40	4.32%	29,362.3	9.0x
The ACME Laboratories Limited	62.80	3.12%	13,288.6	9.3x
Bata Shoe	693.20	-0.42%	9,483.0	19.6x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1128.20	1099.55	1319.28	2.60%	-14.48%
NBFIs	1378.21	1360.96	1565.13	1.27%	-11.94%
Mutual Funds	575.43	567.80	591.17	1.34%	-2.66%
General Insurance	1641.55	1543.58	1927.02	6.35%	-14.81%
Life Insurance	1813.27	1769.36	2194.70	2.48%	-17.38%
Telecommunication	3365.74	3347.22	3993.59	0.55%	-15.72%
Pharmaceuticals	2497.42	2456.70	2492.51	1.66%	0.20%
Fuel & Power	1444.20	1431.03	1515.21	0.92%	-4.69%
Cement	1182.34	1182.18	1132.29	0.01%	4.42%
Services & Real Estate	951.50	949.76	886.70	0.18%	7.31%
Engineering	2029.49	2024.96	2257.22	0.22%	-10.09%
Food & Allied	11303.70	11280.10	12121.49	0.21%	-6.75%
IT	1778.51	1766.27	1823.13	0.69%	-2.45%
Textiles	950.71	949.93	1042.04	0.08%	-8.76%
Paper & Printing	5052.83	5034.65	5233.20	0.36%	-3.45%
Tannery	1667.26	1667.26	1826.45	0.00%	-8.72%
Jute	8080.70	8140.83	11393.28	-0.74%	-29.07%
Ceramics	389.73	389.73	459.10	0.00%	-15.11%
Miscellaneous	1692.60	1662.89	1745.96	1.79%	-3.06%

Table 7: Sector Trading Matrix

Sector Name	Daily average this	Daily average last	% Change	% of Total Turnover	P/E	P/B
Banks	195.7	120.1	62.95%	12.25%	6.5x	0.6x
NBFIs	18.0	3.6	400.96%	1.13%	81.5x	1.9x
Mutual Funds	41.5	12.9	222.68%	2.60%	NM	0.4x
General Insurance	155.1	12.6	1135.91%	9.71%	11.5x	1.1x
Life Insurance	54.3	2.1	2513.64%	3.40%	NM	7.5x
Telecommunication	115.1	78.9	45.83%	7.20%	9.6x	7.0x
Pharmaceuticals	702.3	406.8	72.64%	43.96%	16.4x	2.2x
Fuel & Power	107.4	54.2	98.39%	6.72%	9.4x	1.7x
Cement	0.8	0.9	-10.17%	0.05%	26.2x	2.2x
Services & Real Estate	3.8	2.9	31.92%	0.24%	56.9x	0.8x
Engineering	54.9	9.8	462.34%	3.44%	12.2x	1.2x
Food & Allied	45.5	19.6	131.79%	2.85%	20.3x	6.4x
IT	12.9	1.1	1086.96%	0.81%	15.8x	2.3x
Textiles	29.6	15.1	96.86%	1.86%	NM	0.7x
Paper & Printing	1.9	0.4	408.71%	0.12%	250.9x	1.3x
Tannery	0.9	0.3	240.89%	0.06%	20.6x	1.8x
Jute	5.8	5.7	1.10%	0.36%	NM	3.7x
Ceramics	1.4	1.8	-22.60%	0.09%	24.2x	1.5x
Miscellaneous	50.5	9.0	461.71%	3.16%	18.6x	1.0x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
BRAC Bank	31.90	-39.94%	42,295.5	8.6x
Eastern Cables	140.10	-29.67%	3,362.4	NM
Lankabangla Finance	13.70	-23.89%	7,030.6	14.0x
Runner Automobiles Limited	46.10	-22.52%	5,234.2	9.1x
Prime Bank	14.20	-21.98%	16,078.4	9.7x
Dutch-Bangla Bank	56.90	-20.20%	28,450.0	6.6x
City Bank	17.00	-19.43%	17,278.6	6.6x
Singer Bangladesh	147.00	-18.51%	14,656.3	14.2x
Heidelberg Cement	137.30	-16.69%	7,757.9	NM
IFAD Autos Limited	38.50	-16.67%	9,547.6	13.4x

Important News: Business & Economy

Bangladesh Bank injects BDT 73.9 billion into banking system against dollars in 4 months

■ The Bangladesh Bank has injected around BDT 73.9 billion in the country's banking system during the coronavirus pandemic by way of purchasing dollars from the banks. BB officials said that the central bank had purchased greenbacks worth around USD 870 million from the banking system in the outgoing fiscal year 2019-2020 as the banking system was flooding with excess dollars due mainly to a huge inflow of remittance and an import slump.

■ Due to the situation, the country's foreign exchange reserve has been growing rapidly with the volume reaching record USD 36.01 billion on July 2 after hitting the USD 34-billion and USD 35-billion marks on June 3 and on June 24 respectively. To keep the exchange rate of the dollar stable, there was no other option for the central bank but to purchase the dollars from the local market, said BB officials. On the other hand, the central bank also injected USD 835 million into the banking sector mostly before the pandemic began in the country in March. In the first eight months (July-February) of the just concluded fiscal year 2019-2020, the BB injected USD 489 million into the banking system when the country was free from coronavirus. The data showed that the BB pulled BDT 41.5 billion from the banking sector before the outbreak of coronavirus and another BDT 29.4 billion during the coronavirus outbreak. From March to June, the central bank's net local currency injection into the banking sector stood at BDT 44.5 billion given the BB's injection of BDT 73.9 billion during March-June period of FY20.

■ Apart from the injection of BDT 73.9 billion, the central bank has planned to inject BDT 507.4 billion in the banking system, mostly in the form of refinancing, against the implementation of the government-announced stimulus packages worth around BDT 1.03 trillion. Before resuming purchase of the US dollar from the banking sector on March 8 this year, the central bank for the last time purchased the dollars from the local market on January 4, 2017 and since then it had been injecting the US dollars in the local market. The central bank sold USD 2.34 billion in FY19. The interbank exchange rate of the dollar was BDT 84.95 in March, but it dropped to BDT 84.8 on June 23. On July 2, the exchange rate increased a bit to BDT 84.9.

<https://www.newagebd.net/article/110630/bb-injects-BDT-7386cr-into-banking-system-against-dollars-in-4-months>

Export sector gets another BDT 27.0 billion soft loan to pay wages

■ Export-oriented companies will be able to receive loans, at 2.0% interest, from another BDT 27.0 billion allocated to pay the wages of their workers. The Bangladesh Bank has allowed banks to disburse the loans to the exporting firms from the stimulus package of BDT 300.0 billion – as the BDT 50.0 billion fund, which was fully dedicated to them, could not meet the demand of the sector.

■ On March 26 this year, Prime Minister Sheikh Hasina announced a stimulus package of BDT 50.0 billion to pay the wages of workers at export-oriented factories impacted by the fallout of Covid-19. Of the fund, exporting firms can pay workers for three months – April, May and June. To channel the government funds, banks could charge exporting firms a maximum of two% as a service charge.

■ According to a senior official of the Bangladesh Bank, paying wages for two months, the

BDT 50.0 billion fund ran out. Banks informed the central bank that there was demand for another BDT 27.0 billion to pay the wages of the exporting firms. So, the central bank instructed banks to disburse the loan from the stimulus package of BDT 300.0 billion for large industries and service sectors.

■ The central bank also instructed another 31 banks to disburse loans to the export sector companies to pay wages and allowances from the stimulus fund of BDT 300.0 billion. Thus, now the stimulus package for large industries and service sectors has decreased to BDT 273.0 billion and the stimulus fund to pay the wages of exporting firms has increased to BDT 77.0 billion, the official of the central bank said.

<https://tbsnews.net/economy/export-sector-gets-another-BDT2700cr-soft-loan-pay-wages-103774>

Garment work orders coming back slowly

■ With the reopening of outlets of major clothing retailers and brands in the EU and US, the inflow of work orders at local garment factories has been on the rise, albeit on a limited scale. Local factory owners said most of them are running at 80.0% capacity as the buyers are coming back with work orders. The apparel suppliers also said the volume of fresh work orders is less as the buyers are either reclaiming goods already manufactured or executing old work orders.

■ Garment manufacturers now fear that retail sales in the EU and US will slow down again if a fresh wave of infection spreads at those major export destinations. A slump in sales in the western world for any reason will have an effect on the inflow of work orders for Bangladesh. The large units have been receiving a handsome volume of work orders, but the country's small and medium apparel companies are still suffering.

■ According to the managing director of DBL Group, another leading garment exporter, up till August, the current inflow of work orders will make due at my factories. But September onwards, the volume of confirmed work orders is reducing. He is negotiating with his buyers for new work orders. The inflow of work orders is not steady now. He can achieve nearly 80% of my annual target of export at the end of this year.

<https://www.thedailystar.net/business/news/garment-work-orders-coming-back-slowly-1927253>

Exporters fear more trade barriers over India's new customs rules

■ India's move to introduce a stringent customs provision empowering customs officials to administer rules of origin under preferential trade agreement may appear as a new non-tariff barrier to Bangladesh's export to the country, experts and trade leaders said. They said that Bangladesh's export which had been facing numerous NTBs, including testing, standardisation and product specific barriers, to India might face a blow due to the new provision called administration of rules of origin under trade agreement.

■ Indian move came at a time when Bangladesh's export, particularly readymade garment products, to the country is set to get momentum and the overall export to India for the first time exceeded the USD 1-billion mark and stood at USD 1.25 billion in the fiscal year 2018-2019, they said. Such provision which ultimately would turn into an NTB will further widen the existing huge trade imbalance worth more than USD 7.5 billion against Bangladesh,

they added.

■ India's commerce and industry ministry has requested the finance ministry to introduce stringent provisions related to rules of origin, to empower customs officers for checking the abuse of FTAs, and stricter scrutiny of goods coming from Bangladesh, Sri Lanka, South Korea and the ASEAN bloc amid fears of Chinese imports increasingly being routed through these countries, according to a report of the Economic Times.

<https://www.newagebd.net/article/110627/exporters-fear-more-trade-barriers-over-indias-new-customs-rules>

Hotel projects put on ice

■ Bangladesh could see more star hotels in the next five years than what it has seen in the last five decades. But the Covid-19 pandemic has made all that uncertain. Now, many of the upcoming hotel projects would be delayed by a year or more due to the ongoing coronavirus onslaught – a development that will also have a negative effect on the entrepreneurs' bearing loan instalments. It is estimated that the launch of nearly one and a half dozen hotels that are now under construction will be delayed by one or two years. Most of the hotels have stopped work amid the pandemic.

■ Even though works have restarted in some projects after the end of the shutdown that lasted more than two months, a lack of funds and uncertainty about businesses remain a big worry for the investors. At least two hotels that were supposed to open at the end of March could not do so because of the coronavirus crisis. Four months into the Covid-19 pandemic, they are still not sure about when they will be able to go into operation – each of which was built at the expense of BDT 4.0 billion-BDT 5.0 billion.

■ Unique Hotel and Resorts Limited had a plan to launch a 5-star Sheraton Hotel in the capital's Banani by March 2020. But the pandemic hit the company so hard that it has not been able to stick to their plan. The company also plans to launch the 7-star St Regis Hotel and the 5-star Hyatt Centric Dhaka Hotel in Gulshan by 2025. Best Western Hotels and Resorts, a US-based global chain, was about to launch its franchise Maya Corporation in the name of the "Best Western PLUS Maya" at Nikunja in the city. Work on the hotel started three years back and it was scheduled to start operating within March this year. But they had to suspend its launch.

■ According to industry insider, a round 17-star hotels, of which 13 are 5-star ones, involving around BDT 60.0 billion in investments, had plans to hit the market within 2025. These hotels will have more than 30.0 billion rooms creating a minimum of 6,000 job openings. More than half of the building cost of the hotels, around 60-70%, are borne with bank loans and the remaining part comes from their equities, industry players said.

■ A 5-star category hotel recruits 1.7 to 1.8 employees against a room. The interior design of a room in a five-star hotel costs around BDT 3.0 million. On average, a five-star hotel with 250 rooms costs more or less BDT 5.0 billion to build, said Md Al Amin, general manager at Six Seasons Hotel in Gulshan. He added that, Covid-19 has messed up everything and created uncertainty over the timely launch of upcoming hotels.

<https://tbsnews.net/economy/hotel-projects-put-ice-103768>

Bangladesh Bank (BB) eases FC rules to lure more FDI

■ The Bangladesh Bank (BB) has relaxed relevant rules to attract more foreign direct investment (FDI). Following the relaxations, foreign investors will be eligible to receive their dividend income in foreign currency (FC) accounts maintained in Bangladesh, according to a notification, issued by the BB on Tuesday. Besides, purchase of shares with funds available with the FC accounts will be treated as foreign investment. However, funds from declared dividends will be treated as inward remittance for reinvestment in Bangladesh, the notification added.

■ The BB asked all authorized dealer (AD) banks to follow the latest relaxations in transactions relating to FDI in Bangladesh. The central bank's latest move came just after more than two weeks of its policy relaxations, allowing non-resident investors to repatriate sales proceeds of their shares in non-listed companies to attract more FDI to Bangladesh.

<https://today.thefinancialexpress.com.bd/first-page/bb-eases-fc-rules-to-lure-more-edi-1594144618>

<https://www.newagebd.net/article/110534/bb-eases-foreign-investment-policy-further>
<https://tbsnews.net/economy/banking/bangladesh-allows-foreign-investors-park-dividends-fc-accounts-103144>

Government bank borrowing exceeds BDT 850.00 billion in FY20

■ The government's borrowing from the country 's banking system through treasure bills and bonds for the first time exceeded BDT 850.00 billion in the just concluded fiscal year 2019-2020 due mainly to gloomy revenue collection and plunge in sales of national savings certificates. According to Bangladesh Bank data, the government's borrowing against treasury bills and bonds increased to BDT 787.31 billion in the fiscal year. Of the amount, the banking sector contributed around 80% and the rest 20% came from non-bank financial institutions, insurance companies and individuals, an official of the central bank said.

■ In the budget for FY20, the government initially projected to borrow BDT 473.64 billion from the banking sector. The target was later revised to BDT 729.53 billion. As the revenue collection was deteriorating amid the coronavirus outbreak in the country, the government continued to increase its bank borrowing target. It was the halt in almost all sorts of business activities during the pandemic-induced shutdown between March 29 and May 30 that resulted in a fall in revenue collection by the National Board of Revenue in FY20 for the first time. Experts and bankers said that the volume of borrowing from the banking system by the government would be determined by the pace of recovery from the pandemic.

■ If the situation prolongs, it would be difficult for the government to limit its borrowing within its target and a higher borrowing would create obstacle for the private sector to get credit, resulting in a slower economic acceleration, they said. The borrowing could have been higher if the implementation of annual development programme reached to a satisfactory level, Policy Research Institute executive director said. Because of the government's heavy borrowing, a major portion of the revenue in the current fiscal year would go for the interest payment, he added.

<https://www.newagebd.net/article/110533/govt-bank-borrowing-exceeds-BDT-85000cr-in-fy20>

Bangladesh Bank finally sees scope for taka depreciation

■ Bangladesh Bank, which has been managing the depreciation pressure through artificial interference, is finally feeling the need for depreciation as well. The rising Real Effective

Exchange Rate (REER) index, along with depreciation by competing countries such as India and China, suggests further depreciation of the local currency in an orderly fashion, the Bangladesh Bank said in its financial stability report for 2019. The central bank's realisation comes at a time when other competitive countries are ahead of Bangladesh in the exports race – having taken advantage of currency depreciation.

- When competing countries – like India and China – experienced substantial depreciation of their currencies against the dollar last year, the Bangladeshi taka saw a 1.18% appreciation. The Indian rupee depreciated by 2.56% against the USD last year, while China saw a 1.61% depreciation of its currency. Vietnam, a close competitor to Bangladesh which is already beating the country in apparel exports, saw a 0.01% appreciation of its currency last year.

- If the central bank stops giving directions and selling dollars, there will be two benefits, said a former lead economist of the World Bank's Dhaka office. Firstly, there will be a better alignment of the exchange rate, and it will benefit all the local businessmen who are competing on the export market. The government will not have to continue providing the cash subsidy then. Secondly, he said, the dollars sold by the Bangladesh Bank leads to a deduction of the corresponding amount of taka from the banks' account with the central bank. As a result, their taka liquidity is reduced – inhibiting their ability to provide loans. If the Bangladesh Bank stops selling dollars, this liquidity drainage will end.

<https://tbsnews.net/economy/banking/bangladesh-bank-finally-sees-scope-taka-depreciation-103201>

Private jute millers can now go full steam ahead

- Private millers are looking to utilise much of their capacity to increase the production of jute goods to cash in on the void created in the domestic and international markets for the closure of all the 22 state-run jute mills. State mills under the Bangladesh Jute Mills Corporation (BJMC) exported 31,730 tonnes of jute goods in the first 11 months of fiscal 2019-20, up from 29,450 tonnes in the previous year. As the BJMC factories that produced sacks, hessian and carpet backing cloths were shut on July 1, private millers see business prospects since state mills are unlikely to resume production soon.

- The BJMC exported roughly 0.1 million tonnes of jute goods annually over the past decade, while its average domestic sales were more than 28,000 tonnes. Private mills will not be able to fill the gap overnight, said the chief executive of Janata Jute Mills, one of the leading private mills, who has been in the jute industry for nearly 30 years.

<https://www.thedailystar.net/business/news/private-jute-millers-can-now-go-full-steam-ahead-1926833>

Bangladesh's economy managing pandemic challenges well

- As global growth recovers in the coming quarters, Bangladesh stands to benefit from its strong economic fundamentals and will likely continue to deliver steady growth rates, said an economist of HSBC yesterday. Bangladesh's economy has so far managed the challenges brought on by the global coronavirus outbreak well, said co-head of the Asian Economics Research at the bank. While exports, in particular, have suffered amid a global decline in apparel demand and remittances have cooled, the fall in oil prices and slowing imports have kept the country's trade position in a resilient position. Locally, consumer spending has softened due to a softer labour market and the need for social distancing.

<https://www.thedailystar.net/business/news/bangladeshs-economy-managing-pandemic-challenges-well-1926793>

<https://www.newagebd.net/article/110542/bangladesh-resilient-in-face-of-covid-19-hsbc-economist>

Tax receipt posts negative growth

- Tax collection fell into negative territory in the just-concluded fiscal year due to, what officials described, economic disruptions caused by the Covid-19 pandemic. Tax receipt by the National Board of Revenue or NBR shrank by 3.8% in FY 2019-20, according to the provisional data. The revenue board collected BDT 2.2 trillion in taxes against the BDT 3.0 trillion in revised target for the financial year just gone by. The original tax collection target was BDT 3.3 trillion in FY 2019-20, which was slashed to BDT 3.0 trillion later.

- The chairman of the NBR had earlier predicted the slide in tax collection following the month-wise trend. Of the three wings, the VAT wing collected a total of BDT 816.3 billion, followed by income tax BDT 730 billion and customs BDT 606 billion in the last fiscal. The NBR's target for next fiscal year has been set at BDT 3.3 trillion. In a letter to the finance ministry, the NBR chairman had hinted that taxmen would collect BDT 2.5 trillion in FY 2020-21 in line with the growth that has averaged 14.0% in the last five years.

- The tax collection target for the current fiscal is 9.82% higher than that of the revised target of BDT 3.0 trillion for FY 2020. For the current fiscal, NBR's target for VAT collection has been set at BDT 1.3 trillion, followed by income tax at BDT 1.1 trillion and customs duty at BDT 956.5 billion. However, the target for income tax collection has been lowered by BDT 12.0 billion, for the first time, for the current fiscal, down from the revised goal of BDT 1.1 trillion.

<https://today.thefinancialexpress.com.bd/first-page/tax-receipt-posts-negative-growth-1594069397>

<https://tbsnews.net/economy/revenues-post-first-ever-negative-growth-102685>

<https://www.newagebd.net/article/110436/nbrs-fy20-revenue-receipts-post-negative-growth-for-1st-time-ever>

Inflation at seven-month high in June

- The point-to-point inflation rate in June went up by 0.67 percentage points to 6.02%, a seven-month high, due to a significant jump in the urban consumer price index (CPI), official data showed on Monday. The inflation rate in the urban areas swelled by 1.20 percentage points to 6.03% last month (June) from that of 4.81% in May, the Bangladesh Bureau of Statistics (BBS) data showed. Meanwhile, the 12-month average inflation rate was also recorded higher to 6.5% in the last fiscal year (FY), 2019-20, following the significant jump at the year-end, the BBS data showed. The average inflation was higher than the government target of 5.50% for the last FY. In the previous FY, the average inflation was recorded at 5.48%.

- According to the Bangladesh Bureau of Statistics (BBS), the food inflation on point-to-point basis jumped by 1.45 percentage points to 6.54% in June from that of 5.09% in May. Among the highly weighted products, the CPI of food, beverage and tobacco increased by 1.32% to 297.95 last month from that of 294.08. The BBS in its statistics showed that the average price of najirshail/miniket rice was BDT 65.50 per kg, pajam/eqivalanet rice BDT 63.11 per kg, IRR1/boro rice BDT 48.55 per kg, and wheat price was BDT 40 in the markets

of Dhaka city in June. The average rice prices were BDT 65, BDT 62.50 and BDT 48 per kg respectively, and the wheat price was BDT 40 per kg in May.

■ Meanwhile, the non-food inflation on point-to-point basis dropped to 5.22% in June from that of 5.75% in May, the BBS data showed. The FE analysis has found that CPI in noon-food increased by 0.45% to 248.87 in June from that of 247.75 in May. Among the noon-food items, prices of products like fuels, lightings and clothing increased last month compared to the previous month. The urban inflation ballooned to 6.03% in June from that of 4.81% in May, mainly due to a big jump of food CPI in cities. The food inflation in the city areas swelled by 2.78 percentage points to 6.72% last month from that of 3.94% in May. However, the non-food inflation fell to 5.27% in June from 5.79% in May.

<https://today.thefinancialexpress.com.bd/first-page/inflation-at-seven-month-high-in-june-1594069578>
<https://tbsnews.net/markets/rising-food-inflation-bites-consumers-102658>
<https://www.thedailystar.net/business/news/inflation-overshoots-target-last-fiscal-year-1926385>

Thirteen banks face BDT 259.0 billion capital shortfall

■ The capital base of the banks deteriorated further during the January-March period of the current year with the capital shortfall of thirteen banks, including seven state-owned banks, increasing by BDT 22.9 billion as the volume of defaulted loans continued to remain high. The banks faced a total BDT 259.0 billion in capital shortfall while the figure was BDT 236.1 billion at the end of December 2019. At the end of September last year, the volume of capital shortfall in the banking sector was BDT 176.6 billion. According to the Bangladesh Bank data, five state-owned commercial banks, two state-owned specialised banks, five private commercial banks and one foreign bank witnessed capital shortfall at the end of March 2020.

■ According to the Bangladesh Bank guidelines on risk-based capital adequacy, the banks have to maintain a minimum capital adequacy ratio (CAR) — which is a bank's capital reserve to cover its risk exposure — of 12.5% by 2019, in line with the BASEL III requirement. As of March this year, the banks' capital adequacy ratio (CAR), which determines the adequacy of the banks' capital in managing their risk exposures, stood at 11.35%, down from 11.65% three months earlier.

■ Among the private commercial banks, ICB Islami Bank's capital shortfall stood at BDT 16.1 billion, Bangladesh Commerce Bank's at BDT 9.4 billion, Padma Bank's at BDT 3.3 billion, Community Bank Bangladesh's at BDT 80.0 million, NRB Global Bank's at BDT 80.0 million while foreign-owned the National Bank of Pakistan has a shortfall of BDT 770 million. According to the data, the amount of NPLs in the banking sector stood at BDT 925.1 billion at the end of March this year, accounting for 9.03% of the total disbursed loans. The country's banks were maintaining the lowest CAR compared with neighbouring India, Pakistan and Sri Lanka.

<https://www.newagebd.net/article/110438/13-banks-face-BDT-25901-crore-capital-shortfall>
<https://www.dhakatribune.com/business/banks/2020/07/06/13-banks-face-BDT-25-904-cr-capital-shortfall>

A whopping 4.6 million mobile connections vanished amid pandemic

■ Mobile phone operators are struggling to retain their active subscribers despite offering

lucrative packages, including free minutes, SMS and extra data, as the coronavirus-induced economic downturn has affected all sectors and curtailed people's income. Though the government has declared telecom as an essential service during the lockdown time, more than 46 lakh active users, or 2.77% of the total subscriber base, left the mobile networks in March-May, which the sector people term a rare phenomenon. The slump in numbers is mostly from the low-income group, who were living in the city but left for their village after their livelihoods were wiped off by the pandemic.

■ As of May, there are 161.5 million active connections of all four carriers, which was 166.1 million at the end of February, according to the latest report of the Bangladesh Telecommunication Regulatory Commission (BTRC) published this week. Industry insiders estimate that active connections might have gone down further to 160 million in June. In March, when coronavirus began to wreak havoc, the industry lost six lakh connections, and in April, when the countrywide lockdown was tightened, another 2.6 million numbers went off. In May, 1.4 million active users stopped taking service, according to the BTRC report.

■ Though the number of active SIMs has fallen, internet connections have increased both in mobile and broadband segments during the pandemic. At the beginning of March, active internet connections were a few thousand less than 100 million and at the end of May, the number crossed 102.1 million. All three private carriers have been impacted though the state-owned operator's number has remained almost the same, according to the BTRC data.

■ Grameenphone suffered a severe blow of losing 2.3 million of their active users between January and May; their subscriber base is now 74.3 million. Robi, the second-largest carrier, witnessed a negative impact on their customer base only in the last couple of months and had 48.0 million users at the end of May. The third carrier Banglalink has been stuck with about 35.0 million users for long. They have started March with 35.8 million active connections but after three months 1.5 million users left the network.

<https://www.thedailystar.net/business/telecom/news/whopping-46-lakh-mobile-connections-vanished-amid-pandemic-1926393>

Record 17.0% slide in FY '20 exports

■ Country's export earnings decreased by a record 17% or USD 6.9 billion in the just-concluded fiscal year (FY) 2001-02. The country fetched USD 33.7 billion in FY 2019-20 which was USD 40.5 billion in FY 2018-19, according to the provisional data of the Export Promotion Bureau (EPB). Export earnings over the decades have been gradually increasing barring the year FY 2001-02 when Bangladesh fetched USD 6.0 billion against USD 6.5 billion earned in FY 2000-2001.

■ The overall USD 33.7-billion export earnings also fell short of the target by 26.0% last fiscal. The government had set a target of USD 45.5-billion export earnings for FY 2019-20. The single-month earnings in June 2020, however, declined by 2.5% to USD 2.7 billion over that of June 2019. The June earnings also fell short of the target by 31.2%, according to the data.

■ The RMG sector contributed about 83.0% or USD 27.94 billion to the total export income in FY '20. The sector also witnessed an 18.1% negative growth during the last FY. The sector's earnings also fell short of the target set for the FY '20 by 26.8%. Bangladesh earned USD 13.9 billion from knitwear exports, registering 17.6% negative growth. The same had fetched USD 16.9 billion in FY '19.

<https://today.thefinancialexpress.com.bd/first-page/record-17pc-slide-in-fy-20-exports-1593971597>
<https://tbsnews.net/economy/export-earnings-fall-17-fy20-102166>
<https://www.newagebd.net/article/110322/exports-slump-by-17pc-hit-five-year-low-in-fy20>
<https://www.dhakatribune.com/business/economy/2020/07/05/exports-decline-by-17-in-fy20>

Loans from Investment Promotion and Financing Facility made cheaper

■ The Bangladesh Bank, on Sunday, lowered the applicable interest rate for financing from the Investment Promotion and Financing Facility II (IPFF II) to make the USD 403.7 million fund more attractive. As per the relaxed provision, borrowers will be able to choose a weighted average rate of interest on deposits (Warid) as an applicable interest rate against loans in local currency from the IPFF II.

■ Under the newly introduced operation manual, either the yield of the government's 364-day treasury bill plus one-percentage point or Warid plus one percentage point will be applicable under the fixed rate method. In both cases, borrowers will be charged the lower interest rate. Earlier, the yield of the government's 364-day treasury bill plus one percentage point was imposed under the fixed rate method while the yield of the government's 364-day treasury bill was imposed under the variable rate method. At present, the rate of 364-day treasury bill has increased to seven to nine% whereas the Warid has dropped to 5.4%.

■ IPFF loans are granted either in USD, in BDT or in a combination of both of them at fixed or variable rates. However, the newly introduced facility will only be applicable for loans in BDT. The IPFF II, worth USD 403.7 million, was launched for five years in 2017, upon the completion of the first phase in 2016, to alleviate constraints in infrastructure financing. Of the fund, the World Bank contributed USD 356.7 million and the government contributed another USD 60.0 million. A total USD 13.0 million was set aside for technical assistance. Under the first phase of the IPFF, 21 infrastructure projects were financed between 2006-2016.

<https://tbsnews.net/economy/banking/loans-investment-promotion-and-financing-facility-made-cheaper-102244>
<https://www.newagebd.net/article/110332/financing-from-ipff-ii-made-cost-efficient-for-borrowers>

Suspicious transactions decrease by 8.0% in FY19

■ Banks, financial institutions and other reporting organisations sent a significant number of suspicious transaction and activity reports to the Bangladesh Financial Intelligence Unit (BFIU) in fiscal year 2018-19, though the number is lower than the previous year. In 2018-19, the BFIU received a total of 3,573 suspicious transaction reports (STRs) and suspicious activity reports (SARs) from reporting agencies, down by 7.86% year-on-year, according to the BFIU's annual report released on Sunday.

■ The BFIU is responsible for analysing STRs, SARs, cash transaction reports, plus information related to money laundering and terrorist financing received from reporting agencies and other sources. In FY19, the BFIU disseminated only 52 STRs and SARs to different investigation and law enforcement agencies – in contrast to 677 the previous year, according to the report. The reporting agencies – banks, non-bank financial institutions, money changers and capital market intermediaries – have lodged 5,036 suspicious

transactions worth BDT10.2 million in FY19.

■ According to a former deputy governor of the central bank, the global community always accepts the rise in STRs and SARs positively as they think that this is an indication of the financial organisations' compliance with corporate governance. For instance, American financial organisations make roughly 55,000 STRs and SARs per day

<https://tbsnews.net/economy/banking/suspicious-transactions-decrease-8-fy19-102235>
<https://www.newagebd.net/article/110325/suspicious-money-transaction-report-drops-786pc-in-fy19>

Government to set up company to salvage soured loans

■ The government now plans to set up a state-run corporation to buy and trade distressed loans off banks as part of its efforts to clean up the financial sector. The planned Bangladesh Asset Management Corporation (Bamco) would be run as a state-run entity by the Financial Institutions Division under the finance ministry. The division has prepared a draft of the Bangladesh Asset Management Corporation Act 2020 (Bamco) to this effect. The authorised capital of the planned corporation would be BDT 50.0 billion and the paid-up capital would be BDT 30.0 billion. A 15-member board led by a chairman would run it.

■ According to the Asian Development Bank (ADB), despite several measures in Bangladesh, including the implementation of prudent measures in the banking system in 1990 and loan classification and provisioning with the international standards, the default loans in the banking system are still very high. Defaulted loans stood at BDT 943.1 billion at the end of 2019, up 0.42% year-on-year. As of last year, reported default loans approached 9.0%, with state-run commercial banks' bad loans reaching 24%, the International Monetary Fund (IMF) said recently.

■ The planned Bamco would take control of the assets of the defaulted individuals or firms, manage them and advise lenders to manage and recover defaulted loans as well as advise borrowers. If a borrower becomes sick, the corporation would stand by it. It would work as a government receiver if a borrower firm goes bankrupt, according to the draft act. The draft act would be sent to the public administration ministry this month. After approval by the cabinet and vetting by the law ministry, it would be sent to parliament to turn into law.

<https://www.thedailystar.net/business/news/govt-set-company-salvage-soured-loans-1925845>

Banks in Bangladesh have the lowest capital base in South Asia

■ The capital base of Bangladesh's banking sector is much weaker than in peer countries -- a situation that not only highlights its frailty but also the heightened vulnerability amid the coronavirus pandemic. Capital adequacy ratio (CAR) is the reflection of all financial indicators of banks, including the ratio of defaulted loans, the capability of keeping provisioning against regular and classified loans and the actual situation of corporate governance. The CAR is a measurement of a bank's available capital expressed as a percentage of risk-weighted credit exposures.

■ Banks in Bangladesh maintained the CAR at 11.6% last year, way less than 17.0% in Pakistan, 16.5% in Sri Lanka and 15.1% in India. This means the banking sector is weaker than the lenders in neighboring nations. But banks would be in a better position to tackle the ongoing economic fallout brought on by the coronavirus pandemic if they could manage

a strong capital base.

■ The BB took initiatives to implement the Basel III guidelines by 2019 as part of its effort to bolster the banks' capital base. Basel III is an internationally agreed set of measures developed by the Basel Committee on Banking Supervision in response to the global financial crisis of 2007-09 to improve regulations, supervisions and risk management within the banking sector. As per a roadmap unveiled by the BB in 2014, banks were supposed to push up the minimum CAR to 12.5% by December 2019 from 10.0% then. Of the 58 banks, 43 met the standard by the deadline. As of December, the CAR of foreign banks was 24.5%, private banks' 13.6% and state banks' 5.0%, data from the central bank showed.

<https://www.thedailystar.net/business/news/banks-bangladesh-have-the-lowest-capital-base-south-asia-1925365>
<https://www.dhakatribune.com/business/banks/2020/07/05/banks-in-bangladesh-maintain-lowest-capital-than-other-south-asian-nations>

Internet service price may increase 30.0-40.0%

■ While the operations of almost every office and business during the current novel coronavirus pandemic have become more dependent on the internet than at any time before, the price of fixed broadband internet is likely to go up by 30-40% at the consumer level. The Internet Service Providers Association of Bangladesh (ISPAB) hinted at the price hike at a virtual press briefing on Saturday morning.

■ Noting that the government has imposed a 15.0% value-added tax (VAT) on value chain services – like the International Terrestrial Cable (ITC), International Internet Gateway (IIG) and Nationwide Telecommunication Transmission Network (NTTN) – in the new budget, the association leaders said they have to increase the price of internet if the freshly imposed VAT is not withdrawn. The association, therefore, urged the government to review the current VAT rate on internet and bring it down to zero or five percent on all the services of internet infrastructure companies.

■ According to the ISPAB President, the imposition of a five% VAT for ISPAB internet and 15% VAT for ITC, IIG and NTTN sectors of the value chain has created complexities in this sector. For the first time in the fiscal year 2018-2019, the government imposed a 15.0% VAT on value chain services – which created complications for the internet sector. However, the government, in the latest budget, has imposed 15.0% VAT on different value chain services once again. We fear if the VAT is not withdrawn, the internet price may go up by 30-40% during the current pandemic.

<https://tbsnews.net/tech/ict/internet-service-price-may-increase-30-40-percent-101782>
<https://tbsnews.net/economy/vat-complexities-internet-service-providers-seek-pms-intervention-101719>
<https://www.thedailystar.net/business/news/internet-blackout-couple-hours-every-week-real-1925377>
<https://www.dhakatribune.com/business/2020/07/04/vat-complexities-internet-service-providers-seek-pm-s-intervention>

Government looks to simplify rules as foreign direct investment (FDI) plummets 13.8%

■ Gross inflow of foreign direct investment to Bangladesh fell 13.8% to USD 3.7 billion in the first 11 months of last fiscal year, largely owing to the coronavirus pandemic, which

came as a shock to foreign investors. The drop would sound out a warning bell to Bangladesh as it would have to make its laws simple and incentives attractive to attract foreign investors as it seeks to draw FDI moving out of China in the wake of the epidemic.

■ Gross FDI receipts were USD 4.3 billion during the same period a year earlier, Bangladesh Bank data showed. Net FDI dropped 19.0% year-on-year to USD 1.97 billion in the 11 months. The fall in FDI was expected as the United Nations Conference on Trade and Development last month forecast that global FDI flows to decrease by up to 40.0% in 2020, from their 2019 value of USD 1.54 trillion, because of the pandemic.

■ FDI surged 51% last fiscal year to its highest on record, riding largely on Japan Tobacco Inc's acquisition of Akij Group's tobacco business for USD 1.5 billion. In fiscal 2018-19, net FDI stood at USD 3.9 billion in contrast to USD 2.6 billion a year earlier, according to data from the central bank.

<https://www.thedailystar.net/business/news/govt-looks-simplify-rules-fdi-plummets-138pc-1925349>
<https://today.thefinancialexpress.com.bd/trade-market/fdi-drops-14pc-in-11-months-1593792099>

Banking sector will no longer lay golden eggs

■ The banking sector will no longer be the goose that laid the golden eggs when it comes to supplying money to the economy as the government wants to kill it by imposing the lending rate cap, said bankers. They made the remark on Saturday while speaking at an online discussion with The Business Standard over the current state of the banking sector. They made the remark on Saturday while speaking at an online discussion with The Business Standard over the current state of the banking sector.

■ According to the managing director of BRAC Bank, Banks have been turned into charities. They cannot charge fees and prices are also fixed for loans. As a result, banks will shy away from lending, ultimately hurting the national economy and domestic businesses. Small and medium enterprises (SMEs) and retail businesses will die off in less than a year. He also added that in the upcoming monetary policy, the Bangladesh Bank should give some flexibility in the lending rate to save retail and SME businesses.

■ The bankers said that an interest rate cap does not exist anywhere in the world. The concept of bringing down the lending rate is good, but that should be done through free market dynamics – not through artificial pricing. Artificial pricing did not succeed in the past 30 years. The banking sector needs to be reformed, otherwise we are heading towards a big disaster. Default loans are the biggest challenge for the sector, which is the outcome of a lack of governance, according to the managing director of BRAC Bank.

<https://tbsnews.net/economy/banking/banking-sector-will-no-longer-lay-golden-eggs-101857>

Banks slow in lending from stimulus packages

■ Slow loan distribution by banks from the government stimulus packages to cushion the impact of the coronavirus on the economy, has left the Bangladesh Bank frustrated, prompting it to issue an order to disburse all the funds by the end of next month. After the Covid-19 pandemic unfolded in Bangladesh, the government announced 19 stimulus

packages totaling up to BDT 1.0 trillion, equivalent to almost 3.5% of the country's gross domestic product (GDP). Out of the 19 packages, five worth BDT 650.0 billion, are being implemented through the banks. This includes stimulus for export-oriented and other industries like the service sector, SMEs, agriculture, and refinancing for pre-shipment credits. Only the BDT 50.0 billion stimulus package for export sectors have been fully disbursed until now. Irked by the slow lending, the Bangladesh Bank on Thursday told commercial banks to complete disbursing the loans by the end of August 2020.

- The Bangladesh Bank was set to release the funds as salaries for workers and employees of export-oriented factories through equal instalments in the three months from April to June. However, nearly the entire fund —BDT 48.2 billion — was disbursed in just two months. As many as 1,992 export-oriented firms borrowed the funds in April and May through 47 banks. The central bank has requested the government for additional funds in a bid to clear wages for June. In line with the government's instructions, the central bank launched a BDT 300.0 billion stimulus package, which would allow banks to give an interest subsidy of 4.5% on disbursed loans given to end-users at 9% interest on the books. Bangladesh Bank later launched a refinance scheme of BDT 150.0 billion for banks to disburse the fund as part of the government's stimulus package. As of July 2, Bangladesh Bank approved around BDT 40.0 billion in loan proposals of banks to 300 firms under the stimulus scheme for the industries and services sector hit by the coronavirus outbreak.

- On April 13, the central bank issued guidelines for providing working capital facilities from the BDT 200.0 billion package to small businesses affected by the pandemic, setting an interest rate ceiling of 9%. It later formed a BDT 100.0 billion revolving refinancing scheme to help implement the BDT 200.0 billion stimulus package. As of July 4, seven commercial banks — state-owned and private — have disbursed only BDT 4.0 billion in loans. They are, Agrani Bank, Bangladesh Krishi bank, Islami Bank Bangladesh, Shahjalal Islami Bank, Mercantile Bank, Trust Bank and the City Bank.

- On April 14, Bangladesh Bank launched the BDT 50.0 billion special refinance scheme for the country's agricultural sector with 4.0% interest rate. The only bank requesting funds from the central bank under the scheme is NRB Commercial Bank, which sought BDT 1.8 million in May. South Asian countries, including Bangladesh, might lose somewhere between USD 142 billion and USD 218 billion due to the impact of the deadly coronavirus pandemic on their economies, according to a report by the Asian Development Bank (ADB) in May this year.

<https://www.dhakatribune.com/business/banks/2020/07/04/banks-slow-in-lending-from-stimulus-packages>

Readymade garments (RMG) exports to US drop 12.1%

- The country's apparel exports to the United States fell by 12.1% during the first five months of the current calendar year due to the ongoing Covid-19 pandemic, exporters have said. Bangladesh fetched USD 2.2 billion through exporting readymade garments (RMG) to the US market during the period from January to May, 2020 as compared to USD 2.55 billion of the corresponding period of 2019, according to data of the Office of Textiles and Apparel (OTEXA) affiliated with the US Department of Commerce. During the period, Bangladesh shipped 808 million square metres of apparel items which was 905 million square metres in the same period of last year. The OTEXA data also showed that the total apparel imports of US in the first five months of this calendar year declined by 27.8% to USD 23.9 billion which was USD 33.11 billion in the same period of last year.

- According to the president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), the USA's apparel import has posted a drastic fall by 60.08% in May for the third consecutive month. It is highest ever decline in the post-COVID time. While the USA's import from Bangladesh was maintained on the positive side until January-April 2020, the May 2020 had been an apocalyptic month for local exporters in the US market as exports went down by 67.7% in this single month.

<https://today.thefinancialexpress.com.bd/first-page/rmg-exports-to-us-drop-12pc-1593882758>

Container growth slows in FY'20

- The growth in container handling at the country's prime seaport of Chittagong slowed down to nearly 3.0% in the just-concluded fiscal year due to poor shipment. The shipment was hit hard in May when merchandise export slumped by over 60% as a result of poor demand for Bangladeshi goods in Europe and the USA.

- Import also nosedived in May dipping by over 31.0% to USD 3.5 billion, according to Bangladesh Bank. But people familiar with the development at the port said there were some signs of export recovery in June last. They said the volume of loaded shipment was nearly 50,000 TEUs (20-foot equipment units) in June last, up by 7,000 TEUs from May. The volume of both export and import will grow in July and August months, they predicted.

- The country's main maritime facility, which handles over 90.0% of the country's total external trade, handled a total of 3.0 million TEUs in the year through June 30. It had handled 2.9 million TEUs a year earlier. Officials said the port may have missed at least 60,000-70,000 TEUs during nationwide shutdown up to May 30, which began from March 26.

<https://today.thefinancialexpress.com.bd/first-page/container-growth-slows-in-fy20-1593798153>

Bangladesh-India trade falls 79.0% in Apr-May on West Bengal hurdle

- Bilateral trade between Bangladesh and India fell by around 79.0% to only USD 424 million in April-May this year from nearly USD 2 billion in the same period of 2019. Trade between the two neighbouring countries has been significantly affected during the period due to the policy taken by the West Bengal government, according a report of the Times of India. Trade volume between the countries also dropped to USD 2.9 billion in January-May of 2020 from that of USD 4.1 billion in the corresponding period of 2019.

- Although import from India resumed on June 7 and more than 4,200 trucks carrying Indian goods had entered Bangladesh until June 30, India did not allow entry to Bangladeshi goods-carrying trucks during the period, according to exporters, C&F agents and customs officials at the Benapole Customs House. Bangladeshi traders, government officials, including foreign minister AK Abdul Momen, have their expressed dissatisfaction over the matter and urged the Indian authorities to resolve the standstill in bilateral trade.

- No exports from Bangladesh have been allowed to come via PetrapoleBenapole since March 23, the day before the lockdown was imposed. It briefly resumed on April 29, but shut down again on May 2, following some local protests at Petrapole. Trade commenced again on June 7 and the volume slowly rose to around 250 trucks per day from around 24 a day. There has been, however, no stoppage of goods from Bangladesh via Tripura, but only

through Petrapole-Benapole which accounts for about 70.0% of the trade between Bangladesh and India.

<https://www.newagebd.net/article/110226/bangladesh-india-trade-falls-79pc-in-apr-may-on-west-bengal-hurdle>

National Board of Revenue (NBR) tightens conditions of bond licence issuance

■ The National Board of Revenue has tightened the conditions of issuing bonded warehouse licence to prevent misuse of duty-free import facility under bond licence. The new conditions will also prevent small and fake companies from getting the licence for import of raw materials duty-free, said NBR officials. Applicants will now have to submit a total of 23 documents, instead of previous 14 documents, with their applications to the Customs Bond Commissionerates for getting bond licences.

■ According to the new conditions, the size of the factory and warehouse must be at least 5,000 square feet and the paid-up capital of the limited company must be BDT 10 million for being eligible for the licence. If the nature of ownership of the applicant entity is single or partnership, its annual turnover must be at least BDT 3.0 million. The agreement of factory rent should be for five years if the factory is established at a rented place.

■ The conditions include that manufacturers must export the finished goods produced using the raw materials and in no way, they should sell the raw materials in the local market. The licences are issued under the rules framed in 2008. Previously, exporters required to submit documents related to registration, taxpayer's identification number, value-added tax licence, trade licence, fire licence, recommendation letter of the trade body concerned, design of the proposed bonded warehouse, deeds of factory ownership or lease document and a declaration of being compliant. Officials said that the conditions could not prevent fake companies from getting bond licences which was the major reasons for misuse of the facility.

<https://www.newagebd.net/article/110227/nbr-tightens-conditions-of-bond-licence-issuance>

Bangladesh 109th among 166 countries on 2020 Sustainable Development Goals (SDG) Index

■ Bangladesh has ranked 109th on the Sustainable Development Goals (SDG) Index 2020, ahead of India (117th), Pakistan (134th), and Afghanistan (139th) in South Asia. Other South Asian countries Bhutan (80th), Maldives (91st), Sri Lanka (94th), and Nepal (96th) have ranked above Bangladesh on the SDG Index. In South Asia, the country ranked fifth with a score of 63.5 out of 100. Last year, Bangladesh ranked 116th out of 162 countries with a score of 60.9. Overall, the country improved its ranking and score in the 2020 edition of the report.

■ The SDG dashboard highlighted that Bangladesh faces major challenges in reaching seven sustainable development goals out of seventeen, which are SDG: 2, 3, 6, 9, 11, 16, and 17. Also, there are six significant challenges facing the country with the goal of sustainable development. However, the SDG dashboard indicates Bangladesh has achieved SDG 12 and 13.

<https://tbsnews.net/bangladesh/bangladesh-109th-among-166-countries-2020-sdg-index->

[101803](#)

Important News: Capital Market

Government revenue from DSE hits 10-year low

■ The government's revenue earnings from the Dhaka Stock Exchange (DSE) hit more than 10 years low to BDT 1.04 billion in the just concluded fiscal year (FY) 2019-20 due to bearish market trend. Market operators said the sluggish market turnover coupled with trading suspension for more than two months due to Covid-19 outbreak hit the government's revenue earnings from the prime bourse.

■ Trading on the bourses remained shut for 66 days (March 26 to May 30), the longest closure of the market since the Liberation War, due to government holidays as part of its efforts to contain the spread of the deadly Covid-19 virus. The government bagged revenue worth BDT 1.04 billion in the FY 2019-20, which was BDT 2.51 billion in the FY 2018-19, registering a decline of 58%, according to statistics from the DSE. It was also the lowest revenue earnings from the DSE since the stock market debacle in the FY 2010-11.

■ Of the total earnings in the FY2019-20, BDT 689 million came from the TREC (trading right entitlement certificate) holders' commission, popularly known as brokerage commission. And BDT 346 million came from the share sales by sponsor-directors and placement holders, the DSE data shows. The DSE, on behalf of the government, collects the tax as TREC holders' commission at a rate of 0.05% and from sponsor-directors' and placement holders' shares sales at a rate of 5.0%. The bourse then deposits the amount to the public exchequer.

■ The daily turnover, the important gauge, came down to BDT 3.81 billion on average in the FY 2019-20, down 38.0% over the previous fiscal's average of BDT 6.1 billion. The daily turnover at the DSE also tumbled to a 13-year low twice in June as nervous investors were unwilling to buy shares even at the lowest possible prices amid growing concerns over the Covid-19 pandemic and floor price limitation. Market capitalisation of the prime bourse also shed 22% in the outgoing financial year to BDT 3,119 billion.

<https://today.thefinancialexpress.com.bd/stock-corporate/govt-revenue-from-dse-hits-10-year-low-1594224790>

<https://tbsnews.net/economy/stock/govts-earnings-dse-fall-more-50-last-year-103684>

<https://www.newagebd.net/article/110629/tax-collection-from-dse-halves-in-fy20>

96.0% of Covid-19 patients recover in Beacon pharma's Favipira trial

■ A clinical trial of Beacon Pharmaceuticals' Favipira tablet, to treat Covid-19 patients, has yielded a 96% success rate. Associate Professor of the medicine department of Dhaka Medical College Hospital Syed Ghulam Mogni Mowla announced the trial results at a seminar at the Westin Hotel in the capital on Wednesday. The medication did not result in any side effects to the patients' livers, kidneys or carbohydrates in the blood. Moreover, neither the experimental group nor the placebo group suffered any significant side effects. Each Favipira tablet costs BDT 400. Patients have to complete a course of seven to 10 days based on doctors' advice and the stage of the disease.

■ Favipiravir is the generic name of Favipira, which is known as Avigan in Japan. Beacon pharma brought it to Bangladesh in April. Favipira was trialled among 50 patients in four

hospitals in Dhaka: the Kuwait Bangladesh Friendship Government Hospital, Dhaka Mahanagar General Hospital, Kurmitola General Hospital, and Mugda Medical College and Hospital. Syed Ghulam said 48.0% of patients recovered or tested negative for the virus four days after taking Favipira, and 96.0% did so after 10 days. For the placebo group, this rate was zero% after four days, and 52.0% after 10 days.

<https://tbsnews.net/coronavirus-chronicle/covid-19-bangladesh/96-covid-19-patients-recover-beacon-pharmas-favipira-trial>

IPO subscription of Walton begins August 9

■ Walton Hi-Tech Industries Ltd has announced the dates for the subscription of its initial public offering (IPO). Investors can submit their applications to buy the shares of the company between August 9 to August 16 in this year. The company received the letter of consent from the Bangladesh Securities and Exchange Commission (BSEC) on Monday in this regard. The issue manager officials of Walton said that they got the letter of the consent of IPO from the commission and the subscription will begin from August 9.

■ The cut-off price for the shares has been determined at BDT 315 through electronic bidding by the book building method. Qualified and institutional investors will buy 1.38 million shares of the company at the cut-off price. And the individual investors will be able to purchase 1.55 million shares at BDT 252 per share, after applying a 20% discount on the cut-off price. Earlier, the BSEC had allowed Walton to explore the cut-off price of its shares through the electronic bidding.

■ The company will raise the capital of BDT 1.0 [billion](#) through the IPO. It will use the proceeds to expand its businesses, repay bank loans and meet IPO costs. Walton has a paid-up capital of BDT 3.0 billion. In the 2018-19 accounting year, the company's total revenue stood at BDT 51.8 billion and net profit at BDT 13.8 billion. In the last financial year, the company's earnings per share were BDT 45.87. Additionally, the company's net asset value (NAV) per share, with the revaluation, was BDT 243.16. Without revaluation, NAV per share was BDT 138.53 in the last financial year. Founded in 1977, Walton Hi-Tech Industries began manufacturing refrigerators, freezers, air-conditioners and compressors in early 2008.

<https://tbsnews.net/economy/stock/ipo-subscription-walton-begins-august-9-102655>

Bangladesh Securities and Exchange Commission (BSEC) makes mandatory bank perpetual bonds' trading on bourses' main boards

■ The [Bangladesh Securities and Exchange Commission](#) on Sunday made mandatory listing of perpetual bonds issued by the banks as tradable securities on the main platforms of stock exchanges. The stock market regulator will soon frame necessary rules for listing of the banks' perpetual bonds and allow their trading on the main boards.

■ The commission has allowed ONE Bank and Mutual Trust Bank to float non-convertible perpetual bonds worth BDT 4.0 billion each. The banks will float the bonds, which would be unsecured nonconvertible, Basel III compliant perpetual and floating rate bonds. The face value of each unit of the bonds of the two banks will be BDT 1.0 million and coupon rate will be 11-14%. Only banks, financial institutions, corporate institutions and other eligible investors will be allowed to subscribe the bonds through private placement.

■ The purpose of the issue is to strengthen the bank's additional Tier-I capital base. EBL

Investment Limited is acting as the trustee of the two banks while City Bank Capital Resources Limited is the lead arranger for both the bonds and MTB Capital Limited will also be the lead arranger of MTB's bond.

<https://www.newagebd.net/article/110329/bsec-makes-mandatory-bank-perpetual-bonds-trading-on-bourses-main-boards>

<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-move-to-formulate-rules-1593973129>

<https://www.dhakatribune.com/business/stock/2020/07/05/bsec-approves-BDT800cr-in-bonds-for-two-banks>

Bangladesh Securities and Exchange Commission (BSEC) asks 61 directors of 22 companies to ensure minimum shareholding in 45 days

■ The [Bangladesh Securities and Exchange Commission](#) has asked 61 directors of 22 listed companies to ensure holding of minimum 2% shares in their respective firms in 45 days to continue their directorship in the entities. The BSEC sent a letter to all the companies on July 2, asking them to ensure compliance of mandatory 2% shareholding by each director other than the independent one, BSEC officials said. There are some non-compliant directors in the other listed companies, who would also be asked later to ensure holding of 2% shares, they said.

■ The BSEC made it mandatory for each sponsor-director to hold minimum 2.0% shares of a company's paid-up capital by issuing a directive on November 22, 2011. The directive was amended on May 21, 2019, imposing more restrictions. According to the rules, if any director fails to comply with the 2.0% shareholding rules, his/her position would be automatically vacated. Despite repeated warnings from the regulator, many directors continue holding their position without complying with the rules.

■ As per shareholding data in February 2020, 22 companies had 61 directors who held less than 2% shares. Of the 22 companies, 14 companies are from the insurance sector, which have 49 non-compliant directors. Of the 61 non-compliant directors, 12 became directors after 2018 and the others have continued ignoring the minimum shareholding rules for years. Besides, 31 of the 61 directors held less than 0.1% shares each in their respective companies. Earlier in 2017, the BSEC listed 219 directors of 79 companies who were non-compliant with the 2.0% shareholding rules to take legal action against them.

<https://www.newagebd.net/article/110327/bsec-asks-61-directors-of-22-cos-to-ensure-minimum-shareholding-in-45-days>

<https://www.dhakatribune.com/business/stock/2020/07/05/minimum-2-shareholding-bsec-issues-ultimatum-to-61-non-compliant-directors>

BO accounts decline 9.0% in outgoing fiscal year

■ The number of beneficiary owners' (BO) accounts dropped 9.10% in the outgoing fiscal year (FY) 2019-20 due to non-payment of annual renewal fees, strict regulatory move and depressed capital market outlook. The total number of active BO accounts came down to 2,555,365 on July 1, 2020 which was 2,809,850 on June 30, 2019, according to data from the Central Depository Bangladesh Ltd (CDBL), which preserves electronic data of all individual and institutional investors. Some 254,485 BO accounts were closed in the outgoing FY

■ DSEX, the prime index of the Dhaka Stock Exchange, plunged 1,432 points or 26.6% in

the outgoing FY to settle at 3,989. Market capitalisation of the prime bourse also plunged 22% in the outgoing FY to BDT 3,119 billion on June 30. Only two companies and one bond raised BDT 3.07 billion in the outgoing FY year while 11 companies and two mutual funds had raised BDT 5.7 billion in the FY 2018-19.

- Of the total number of active BO accounts, male investors own 1,865,296 accounts while female investors 676,702 and company 13,367 as of June 30, 2020, the CDBL data shows. Currently, there are 1,622,657 individual accounts and 919,341 joint accounts, the CDBL data shows. The non-resident Bangladeshis own 144,179 BO accounts opened to conduct share transactions or to apply for IPO shares. However, half the BO accounts exist in name only.

<https://today.thefinancialexpress.com.bd/stock-corporate/bo-accounts-decline-90pc-in-outgoing-fiscal-year-1593791350>

Bangladesh Securities and Exchange Commission (BSEC) mulls making BEFTN mandatory to pay cash dividends

- The Bangladesh Securities and Exchange Commission (BSEC) is going to make Bangladesh Electronic Funds Transfer Network (BEFTN) mandatory for the listed companies to pay cash dividends to the shareholders. The regulator has recently sent a letter to both the stock exchanges seeking their views in this regard and the final decision will come after receiving the feedback from the bourses.

- Most of the companies use Bangladesh Electronic Funds Transfer Network (BEFTN). However, some companies are using BEFTN for 20.0%, some for 40.0% while some for 80.0%. The rest of the dividends are issued in cheques, most of which are returned to the company. The BSEC wants to increase the use of BEFTN to 100% in the investors' interests.

- For different reasons, shareholders often do not get dividends which companies declared for them at the end of the year. The first of the reasons is the address that the Beneficiary Owners mentioned during opening the account, maybe they do not live in that address now. The second, if someone dies or is abroad after investing in the stock market, they do not receive the dividends declared by the company. Third, someone may have received so little dividend that it is not viable to go to the company to collect the money.

<https://tbsnews.net/economy/stock/bsec-mulls-making-beftn-mandatory-pay-cash-dividends-101818>

bKash users now can send money to non-bKash users

- In order to facilitate the money transfer system, bKash, the largest mobile financial service provider in the country has enabled its customers to send money to anybody who does not have any bKash account. The recipient can receive the sent amount after opening a bKash account in the next 72 hours of time. The new user can cash out the money as well as avail of other bKash services, said a media statement issued on Thursday.

- To send money to a non-bKash user, a customer needs to select the recipient's phone number from contacts in bKash app or type the number. There will be added information on the screen about the new service. Then customer will have to enter the amount and complete the process with bKash PIN after checking details. The recipient will receive a text message in phone number with bKash app download link. The recipient can download the

app by clicking on the link and open a bKash account from the app within a few minutes with own NID.

- Earlier, the securities regulator set the floor prices for all listed companies taking into account the average of the closing prices of immediately preceding five trading days as of March 19. It introduced the floor price to contain the free fall of the capital market amid COVID-19 pandemics. In its previous directive, the securities regulator had not mentioned the floor price to be applicable for the newly listed companies or for the companies which will be transferred to the main board from the OTC market.

- A customer can also go to any nearby digital registration point of bKash to open the account. Once the account registration is successful, he or she will get the sent money in his/her bKash Account. However, the sender can cancel the send money request from bKash app any time before the receiver opens bKash account. To do so, user needs to go to Send Money option from bKash app and tap on the cancel button beside the transaction details.

<https://tbsnews.net/economy/banking/bkash-users-now-can-send-money-non-bkash-users-101533>

Robi seeks exemption from public issue rules

- Financial Reporting Council (FRC) has said its notification regarding share money deposit is not applicable to the 'current liability' balance reported by Robi Axiata in its financial statement. Robi Axiata, which submitted IPO (initial public offering) proposal under fixed price method, has showed its employees deposit worth BDT 1.36 billion as 'current liability' in the financial statement. The Bangladesh Securities and Exchange Commission (BSEC) has sought a clarification from the FRC to be sure whether Robi's current liability breaches any accounting rules.

- Robi Axiata has sought an exemption from the BSEC in a bid to issue shares to its employees after getting approval to the IPO proposal. According to proposals submitted to the BSEC, Robi Axiata wants to float 10.0% or 523.8 million shares. Of 523.8 million shares, 387.7 million shares will be issued through IPO, while 136.1 million shares will be issued to employees under the ESPP at an offer price BDT 10.0 each. From issuing shares to employees at an offer price of BDT 10.0 each, the company received above BDT 1.4 billion as share money deposit. And the company showed the money as liability in its financial statement. The company also said the deposited money will be fully refunded to the employees with interest it earned if the IPO proposal is not approved.

- But the public issue rules have no provision of issuing shares to any specific group of investors after getting IPO approval from the regulator. That's why, Robi Axiata wants exemption from public issue rules so that it can issue shares to employees after getting IPO approval. Robi earlier announced two conditions set by its parent company Malaysia-based Axiata Group. The conditions are the reduction of turnover tax to 0.75% from 2.0% and the reduction of corporate tax rate to 35.0% for 10 years.

<https://today.thefinancialexpress.com.bd/stock-corporate/robi-seeks-exemption-from-public-issue-rules-1593877540>