

## Capital Market Overview

The market closed in green this week. The benchmark index DSEX (+2.41%) gained 119.82 points and closed the week at 5,094.66 points. The blue-chip index DS30 (+2.78%) gained 48.03 points and stood at 1,775.16 points. The Shariah-based index DSES (+2.99%) gained 33.99 points and stood at 1,169.53 points. The large cap index CDSET (+2.56%) gained 25.87 points and closed at 1,035.07 points. DSEX, DS30, DSES and CDSET showed YTD returns of +14.41%, +17.30%, +16.97%, +15.04%, respectively.

**Total Turnover During The Week (DSE):** BDT 41.7 billion (USD 491 million)

**Average Daily Turnover Value (ADTV):** BDT 8.3 billion ( $\Delta\%$  Week: +7.1%)

**Market P/E:** 16.9x

### Daily Index Movement during the Week:

Market performed five sessions during this week. In the first session, market performed positively by 1.00% and continued to be positive in the second session by 58%. However, in the third session, market closed in negative territory by 0.07% and rebounded in the fourth session by 0.40%. Finally, Market closed in the positive ground in the last session by 0.49%.

### Sectoral Performance:

- Financial sectors posted mixed performance this week. Life Insurance booked the highest gain of 2.08% followed by Bank (+1.76%), and NBFi (+1.08%). Mutual Fund experienced the highest loss of 1.97% followed by General Insurance (-0.59%).
- All the non-financial sectors posted positive performance this week. Engineering booked the highest gain of 7.85% followed by Telecommunication (+6.32%), Food & Allied (+3.49%), Pharmaceutical (+2.48%), and Fuel & Power (+0.36%).

### Macroeconomic arena:

- Merchandise exports bounced back in November, rising 0.76% year-on-year to USD 3.07 billion helped by garment, home textile and jute goods shipment.
- General inflation fell to 5.52% in November, bucking a rising trend, driven by a significant drop in food prices.
- The weighted average spread between the lending and deposit rates offered by the commercial banks came down to 2.94% in October from 3.00% a month ago.
- In this fiscal year, the central bank purchased greenbacks worth about USD 4.50 billion from banks. Foreign exchange reserves stood at USD 41.4 billion as of Thursday, which is an all-time high.

### Stock Market arena:

- The Bangladesh Securities and Exchange Commission has moved to scrap the lottery system introduced for general investors in initial public offering and to allow every applicant to get shares on pro rata basis.
- Three Bangladeshi publicly traded companies - Square Pharmaceuticals, Renata and Fortune Shoes - have been listed in the Forbes 'Asia's Best Under a Billion 2020' list.
- Mobile phone operator Robi Axiata Limited will have to pay in full for the renewal of spectrum which was purchased by the operator 15 years ago. The commission will not issue any discount to the telecom operator in allocation of the 11.6 Megahertz of spectrum.
- BKash is offering 1.0% cash bonus to its customers for the amount they receive from abroad as the country's pioneering mobile financial service provider.
- Prime Bank has become the first Bangladeshi Bank to execute an interbank blockchain Letter of Credit (LC) transaction improving speed, efficiency and cost-effectiveness of the transaction
- The IPO subscription of Energypac, which is set to be listed under book building method, will be continued till December 13 this year. Besides, The stock market regulator has approved the IPO (initial public offering) proposal of Sonali Life Insurance Ltd which will raise a capital worth BDT 190 million under the fixed price method.

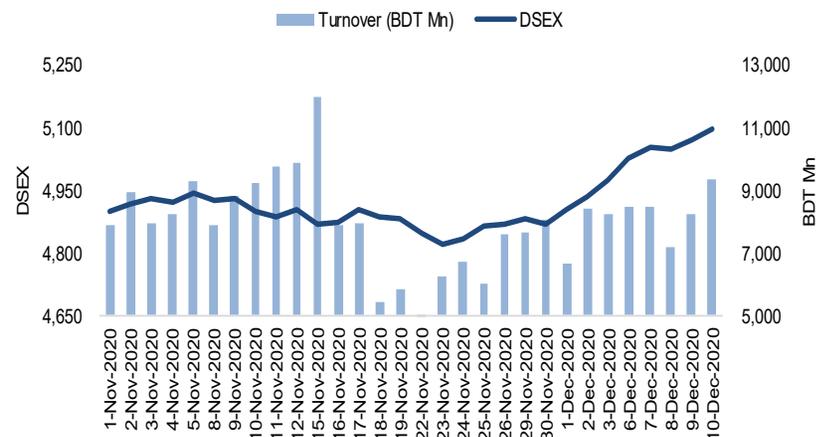
Table 1: Index

Index	Closing	Opening	$\Delta$ (Pts)	30-Dec-2019	$\Delta\%$ Week	$\Delta\%$ YTD
DSEX	5,094.66	4,974.84	+119.82	4,452.93	+2.41%	+14.41%
DS30	1,775.16	1,727.13	+48.03	1,513.35	+2.78%	+17.30%
DSES	1,169.53	1,135.54	+33.99	999.83	+2.99%	+16.97%
CDSET	1,035.07	1,009.20	+25.87	899.76	+2.56%	+15.04%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	4,106,177	3,992,786	
	Mn USD	48,331	46,996	+2.8%
Turnover	Mn BDT	41,734	38,980	+7.1%
	Mn USD	491	459	
Average Daily Turnover	Mn BDT	8,347	7,796	+7.1%
	Mn USD	98	92	
Volume	Mn Shares	1,635	1,429	+14.4%

Figure 1: DSEX & Turnover in last four weeks



**Associate:**  
**Md. Rafiqul Islam**  
 (880) 1708805229  
 mrafiquislam@bracepl.com

**Associate:**  
**Md Mahirul Quddus**  
 (880) 1709636546  
 mmahirul.quddus@bracepl.com

**Table 3: Top Ten Gainers**

Company Name	Close	Open	Δ%	Mcap (BDT Mn)	Turnover (BDT Mn)	PE	PB
DOMINAGE	35.9	22.5	+59.6%	3,411	16.8	12.6x	1.7x
FORTUNE	21.7	17.3	+31.7%	3,359	967.2	28.5x	1.7x
UNILEVERCL	3,500.0	2,742.6	+27.6%	42,163	208.0	45.8x	29.9x
RUPALIINS	44.3	36.1	+22.7%	3,396	1,036.6	25.2x	2.1x
FINEFOODS	72.8	60.2	+20.9%	1,017	142.2	NM	6.8x
ACTIVEFINE	16.8	14.2	+18.3%	4,031	256.7	10.7x	0.7x
MAKSONSPIN	8.0	6.8	+17.6%	1,906	202.3	NM	0.4x
DSSL	13.1	13.0	+15.9%	2,630	265.9	12.2x	0.8x
REPUBLIC	61.3	53.1	+15.4%	2,843	1,375.5	29.7x	3.7x
MIRACLEIND	30.4	26.4	+15.2%	1,071	293.0	NM	0.8x

**Table 4: Top Ten Losers**

Company Name	Close	Open	Δ%	Mcap (BDT Mn)	Turnover (BDT Mn)	PE	PB
CAPMIBLMF	20.5	23.6	-13.1%	1,370	197.0	NM	2.3x
BDLAMPS	194.6	213.1	-8.7%	1,824	175.9	NM	2.5x
CAPMBDBLMF	9.7	10.6	-8.5%	486	53.3	NM	1.2x
EASTERNINS	107.4	116.9	-8.1%	4,630	40.2	26.9x	2.4x
PRAGATIINS	67.4	72.7	-7.3%	4,421	379.2	17.6x	1.3x
ASIAINS	108.2	116.2	-6.9%	5,093	66.7	37.3x	4.9x
GQBALLPEN	190.6	204.0	-6.6%	1,702	67.4	NM	1.4x
NITOLINS	66.5	71.0	-6.3%	2,674	404.8	11.5x	2.5x
CENTRALINS	57.1	60.7	-5.9%	2,823	126.5	28.8x	2.2x
ADNTEL	55.8	59.1	-5.6%	3,608	255.7	19.5x	2.2x

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

Company Name	Close	Open	Δ%	Mcap (BDT Mn)	Turnover (BDT Mn)	PE	PB
BEXIMCO	30.0	26.5	+13.2%	26,290	2,440	58.8x	0.4x
BXPBARMA	145.9	142.9	+2.1%	65,088	1,923	18.5x	2.0x
REPUBLIC	61.3	53.1	+15.4%	2,843	1,376	29.7x	3.7x
IFIC	11.9	11.2	+6.3%	19,276	1,177	10.3x	0.7x
RUPALIINS	44.3	36.1	+22.7%	3,396	1,037	25.2x	2.1x
FORTUNE	21.7	17.3	+31.7%	3,359	967	28.5x	1.7x
LANKABAFIN	22.2	21.3	+4.2%	11,962	619	16.8x	1.2x
NFML	21.8	20.9	+4.3%	2,015	555	75.6x	1.8x
AOL	60.5	60.6	-0.2%	6,207	542	34.9x	3.4x
SQURPHARMA	196.9	187.1	+5.2%	174,542	524	12.5x	2.1x

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

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (BDT Mn)	P/E	P/B
BXPBARMA	145.9	+131.3%	65,088	18.5x	2.0x
UNILEVERCL	3,500.0	+99.3%	42,163	45.8x	29.9x
ACI	245.2	+48.6%	15,475	NM	1.9x
ISLAMIBANK	27.3	+42.9%	43,953	7.8x	0.7x
IDLC	59.0	+30.0%	22,246	11.1x	1.6x
LANKABAFIN	22.2	+29.5%	11,962	16.8x	1.2x
TRUSTBANK	33.7	+29.1%	21,679	7.1x	1.2x
MARICO	2,135.7	+27.6%	67,275	23.1x	42.2x
CITYBANK	26.4	+25.1%	26,833	8.6x	1.0x
RECKITTBN	3,987.4	+24.9%	18,840	25.8x	36.6x

**Table 6: Sector Indices**

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1,381.46	1,357.51	1,319.28	+1.76%	+4.71%
NBFIs	1,810.52	1,791.22	1,565.13	+1.08%	+15.68%
Mutual Funds	961.40	980.67	591.17	-1.97%	+62.63%
General Insurance	4,041.16	4,065.15	1,927.02	-0.59%	+109.71%
Life Insurance	2,221.68	2,176.40	2,194.70	+2.08%	+1.23%
Telecommunication	4,702.10	4,422.43	3,993.59	+6.32%	+17.74%
Pharmaceuticals	3,041.83	2,968.35	2,492.51	+2.48%	+22.04%
Fuel & Power	1,605.43	1,599.65	1,515.21	+0.36%	+5.95%
Cement	1,271.28	1,238.23	1,132.29	+2.67%	+12.27%
Services & Real Estate	1,045.91	1,030.31	886.70	+1.51%	+17.96%
Engineering	3,360.13	3,115.50	2,257.22	+7.85%	+48.86%
Food & Allied	14,031.22	13,557.41	12,121.49	+3.49%	+15.75%
IT	2,388.59	2,397.36	1,823.13	-0.37%	+31.02%
Textiles	1,091.39	1,065.09	1,042.04	+2.47%	+4.74%
Paper & Printing	5,273.86	5,249.24	5,233.20	+0.47%	+0.78%
Tannery	1,745.77	1,662.91	1,826.45	+4.98%	-4.42%
Jute	8,604.60	8,500.52	11,393.28	+1.22%	-24.48%
Ceramics	459.41	443.16	459.10	+3.67%	+0.07%
Miscellaneous	2,091.73	1,972.01	1,745.96	+6.07%	+19.80%

**Table 7: Sector Trading Matrix**

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Bank	758.9	559.5	+35.6%	9.4%	8.0x	0.8x
NBFI	355.9	197.6	+80.1%	4.4%	127.8x	2.7x
Mutual Fund	412.9	653.9	-36.9%	5.1%	NM	0.8x
General Insurance	1,719.6	2,354.9	-27.0%	21.4%	21.9x	2.0x
Life Insurance	129.8	185.9	-30.1%	1.6%	NM	NM
Telecommunication	148.7	191.5	-22.3%	1.8%	13.2x	9.9x
Pharmaceutical	967.0	746.1	+29.6%	12.0%	19.3x	2.3x
Fuel & Power	357.6	334.7	+6.8%	4.4%	12.3x	1.4x
Cement	125.0	79.1	+57.9%	1.6%	31.9x	2.0x
Services & Real Estate	138.8	118.6	+17.1%	1.7%	90.0x	0.9x
Engineering	758.1	548.1	+38.3%	9.4%	34.8x	1.9x
Food & Allied	226.0	162.2	+39.3%	2.8%	22.7x	6.3x
IT	287.4	317.4	-9.5%	3.6%	25.9x	2.2x
Textile	487.2	343.7	+41.7%	6.1%	350.8x	0.8x
Paper & Printing	40.5	32.4	+24.9%	0.5%	61.5x	1.1x
Tannery	200.4	42.5	+371.8%	2.5%	NM	1.8x
Jute	16.4	16.2	+1.5%	0.2%	NM	10.5x
Ceramics	115.2	58.5	+96.8%	1.4%	59.3x	1.6x
Miscellaneous	806.1	623.7	+29.2%	10.0%	36.9x	1.3x

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

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (BDT Mn)	P/E	P/B
ECABLES	141.5	-29.0%	3,396	NM	10.2x
RUNNERAUTO	49.7	-16.5%	5,643	39.1x	0.8x
GHAIL	16.7	-14.8%	3,604	NM	1.1x
HEIDELBCEM	146.6	-11.0%	8,283	NM	2.1x
BRACBANK	47.3	-11.0%	62,714	14.8x	1.4x
UNIQUEHRL	39.5	-10.0%	11,629	87.8x	0.5x
SHASHADNIM	21.8	-7.3%	3,075	10.6x	0.5x
BBSCABLES	54.7	-7.0%	9,549	8.2x	1.7x
DBH	92.6	-6.8%	14,274	16.9x	2.3x
SINGERBD	171.1	-5.2%	17,059	23.4x	5.6x

## Important News: Business & Economy

### November export receipts highest in four months

• Merchandise exports bounced back in November, rising 0.76% year-on-year to USD 3.07 billion helped by garment, home textile and jute goods shipment, official data showed yesterday. Though November's receipts are 8.2% shy of the monthly target of USD 3.35 billion, the earnings in the month are the highest in the August-November period. In the July-November period, the earnings from exports rose 0.93% to USD 15.92 billion compared to the same period a year ago. Garment, which accounts for about 85% of the national exports, brought home USD 12.89 billion from July to November, up 1.48 %, according to data from the Export Promotion Bureau (EPB).

• April, May and June were the worst periods for the export-oriented sectors of Bangladesh. However, even if the second wave comes, the magnitude might not be like that seen during the first wave because of various protective measures and the arrival of much-needed Covid-19 vaccine, according to the executive director of the Policy Research Institute. Of the total earnings from the garment export in July to November, USD 7.13 billion came from knitwear items, which registered 4.8% year-on-year growth. Woven items fetched USD 5.75 billion, a decline of 8.29 %, EPB data showed.

<https://www.thedailystar.net/business/news/november-export-receipts-highest-four-months-2005613>

<https://today.thefinancialexpress.com.bd/first-page/nov-sees-exports-back-in-green-1607017163>

<https://tbsnews.net/economy/trade/exports-rebound-november-amid-covid-second-wave-166846>

<https://www.newagebd.net/article/123313/bangladesh-export-earnings-grow-by-076pc-to-307b-in-nov-rmq-falls>

<https://www.dhakatribune.com/business/economy/2020/12/04/receipts-up-slightly-in-november-to-3-1-billion>

### Inflation cools off in November

• General inflation fell to 5.52% in November, bucking a rising trend, driven by a significant drop in food prices, official data showed yesterday. The average Consumer Price Index (CPI) had risen to 6.44% in October, the highest in at least five years, led by a sharp increase in the price of food items. This had been the third consecutive monthly increase as recent floods and rains damaged crops and pushed up the prices of rice and vegetables. But November's figure is 92 basis points lower than the CPI in October and is the lowest in six months, data from the Bangladesh Bureau of Statistics (BBS) showed. Food inflation declined 1.61 % age points to 5.73 %, and non-food inflation rose 19 basis points to 5.19 %.

• The headline inflation is still above the fiscal year's target of 5.4 %. The price of coarse rice fell marginally to BDT 52.23 a kg from BDT 52.25 a month ago in markets in Dhaka, BBS data showed. It was BDT 49 in September this year and averaged BDT 45.51 in the last fiscal year. The price of pulses and meat rose, and that of fish dropped. Good quality soybean oil became expensive by BDT 5 a litre, according to the BBS. The price of dry chilli jumped to BDT 390 a kg from BDT 370 a month ago. It averaged BDT 235 a kg last fiscal year. The price of onion dropped to BDT 88.21 a kg from BDT 92.65 in October. The national statistical agency said inflation in rural areas was down 1.12 % age points to 5.55% from 6.67% in October. Food inflation dropped 1.72 % age points to 6.01 %. Non-food inflation rose three basis points to 4.65 %.

<https://www.thedailystar.net/business/news/inflation-cools-nov-2005601>  
<https://tbsnews.net/economy/food-prices-drop-so-does-inflation-166879>

### Interest rate spread falls to 2.94% in October

• The interest rate spread dropped slightly in October last as the banks slashed the lending rates more than that of the deposit rates. The interest on the loans and advances decreased comparatively at higher rates than that of the deposits in October 2020 as the banks are now implementing the low-cost financial stimulus packages to help businesses overcome the adverse effect of the Covid-19 pandemic, according to the bankers. The weighted average spread between the lending and deposit rates offered by the commercial banks came down to 2.94% in October from 3.00% a month ago. It was 4.07% in March.

• Senior bankers, however, predicted that the spread may fall further in the coming months if the falling trend in interest rates on both deposit and lending continues. Most of the banks have already slashed their interest rates on all types of deposits because of a higher inflow of liquidity in the market, they explained. The weighted average rate on deposits fell to 4.73% in October from 4.79% in the previous month while such rate on lending came down to 7.67% from 7.79%, according to the Bangladesh Bank's (BB) latest statistics.

• Prime Minister has so far announced 19 stimulus packages worth BDT 1.03 trillion. The packages, which are 3.7% of the country's gross domestic product (GDP), are now being executed under the supervision of the central bank and the finance ministry. The average spread with state-owned commercial banks (SoCBs) was 2.03% in October, 2.95% with PCBs, 6.08% with foreign commercial banks (FCBs) and 1.95% with specialised banks (SBs).

<https://today.thefinancialexpress.com.bd/first-page/interest-rate-spread-falls-to-294pc-in-oct-1607190910>

### Bangladesh Bank (BB) on dollar-purchasing spree to keep forex market stable

• Bangladesh Bank is continuously purchasing dollars from banks to keep the exchange rate stable in the face of a gush of greenback into the banking system. So far this fiscal year, the central bank purchased greenbacks worth about USD 4.50 billion from banks, according to data from the central bank. Before the pandemic set off in March, the BB was continuously injecting dollars into the banking sector. Foreign exchange reserves stood at USD 41.4 billion as of Thursday, which is an all-time high.

• In the first five months of fiscal 2020-21, exports raked in USD 15.8 billion, up 0.9% year-on-year, according to data from the Export Promotion Bureau. During the period, remittance stood at about USD 11.0 billion, up about 42.9% year-on-year, according to data from the BB. In the first four months of the fiscal year, imports were down about 13% to USD 15.8 billion. Due to the excess supply of dollar in the banking system, the foreign exchange rate dropped to BDT 84.8 yesterday from BDT 84.9 a year earlier, according to the data from the BB.

<https://www.dhakatribune.com/business/banks/2020/12/04/bb-on-dollar-purchasing-sprees-to-keep-the-forex-market-stable>

## Government caps savings tools investment; sales rose by 183% in July-October

• The finance ministry yesterday fixed the maximum limit of national savings certificates that people would be able to purchase individually and under joint names. According to a notification of the Internal Resources Division, a person will not be able to invest more than BDT 5.0 million in three savings instruments: the five-year Bangladesh savings certificate, the three-month profit-bearing savings certificate, and the family savings certificate. Under joint names, the highest amount of investment in the three savings schemes will be BDT 10.0 million, a cap aimed at discouraging wealthy people from putting in too much money in the high-interest-bearing savings instruments offered by the government. The notification becomes effective immediately, said the IRD. At present, an individual can buy family savings certificates up to BDT 4.5 million, and it is up to BDT 3.0 million each for the three-month certificate and the five-year Bangladesh savings certificate.

• The government is close to reaching the fiscal target of selling savings certificates as in the first four months (July-October) it has already sold the instruments worth BDT 150.0 billion. The FY21 budget had targeted to make BDT 200.0 billion from the sale of savings certificates. In July-October of the last financial year, the net sale of savings instruments was BDT 55.2 billion. During the same period of this fiscal, the sale increased by BDT 101.2 billion to BDT 156.4 billion. During the July-October period of FY21, the government took a bank loan of only BDT 1.6 billion, which was about BDT 330.0 billion in the same period last fiscal.

<https://www.thedailystar.net/business/news/govt-caps-savings-tools-investment-2005589>  
<https://tbsnews.net/economy/savings-certificates-sale-rises-183-jul-oct-166834>  
<https://www.newagebd.net/article/123320/govt-lowers-upper-limits-on-purchase-of-nscs>

## Banks willing to compromise profit to counter NPL wave

• The global banking sector is bracing for a wave of non-performing loans (NPLs) in the post-pandemic era and Bangladeshi banks are no different in this regard. So far, the country's banking sector has coped well with the Covid-19 crisis by managing a comfortable liquidity position, thanks to lenient policy support from the Bangladesh Bank, but the real crisis is predicted to come in the months ahead. Banks are now getting ready to compromise on profits as part of their precautionary measures to manage NPLs, which are likely to spiral after the expiry of the regulatory forbearance next year.

• The Bangladesh Bank is also working on an action plan to deal with NPLs by extending a rescue plan in the forthcoming year to give banks breathing space with reducing provisioning requirements. Provisioning is the requirement for banks to set aside a certain portion of their funds to allow for uncollected loans and loan payments. Meanwhile, that banks are still painting a rosy picture of profit even amid the pandemic is attributable to the fact that they have got relief from provision maintenance amid a suspension of loan classification during the entire year of 2020. However, the shown profits are inflated as more than 40% income of banks remained unrealised due to a suspension in installment payment, according to industry insiders.

• According to the managing director of BRAC Bank, compromising profit is the only way to deal with increased NPLs post-pandemic, as banks will have to keep extra money as reserve for the rainy days that are coming soon after the lifting of the central bank's support. The banks have already started to increase the amount of provisioning to more than double compared to the previous years in a bid to counter a probable wave of defaulted loans in the next year. BRAC Bank has doubled its provisioning this year compared to that of the

previous year as, according to him, nobody knows how much the NPL shock will be.

<https://tbsnews.net/economy/banking/banks-willing-compromise-profit-counter-npl-wave-166888>

## Bangladesh sees big jump in internet users

• Bangladesh has got a big boost in its digitalisation era as the number of its internet users has almost doubled in last five years, insiders said on Friday. Some 67% of the country's total population now use internet, mostly through mobile phones in hand, they said. According to the Bangladesh Telecommunication Regulatory Commission (BTRC), the number of internet users increased to 110.76 million in October this year from 66.96 million five years ago. The annual growth of internet users was recorded at 13.5% on an average over the last five years. Within a year, the subscription of internet swelled by 11.24% in October 2020 compared to the corresponding period of last calendar year.

• Out of total 110.76 million internet users till October this year, 102.11 million are using internet through their mobile phones while 8.56 million through ISP and PSTN (public switched telephone network). Mobile penetration in Bangladesh has reached 168.07 million as of October 2020, the BTRC data showed. According to BTRC Director General, internet uses boosted online shopping and e-commerce, virtual official activities and online education & health services during the Covid-19 period and beyond. Bangladesh's e-commerce had got a big boost as its market size has swelled by 30 times over the last five years.

<https://today.thefinancialexpress.com.bd/last-page/bd-sees-big-jump-in-internet-users-1607104861>

## Government set to raise BDT 80.0 billion in December

• The government is set to raise BDT 80 billion through sukuk or Islamic bonds this December and they will mature in five years, said officials at the financial institutions division. For the first time in the country's history, the government is going to borrow from non-traditional instruments by issuing shariah-compliant fixed-income debt notes to meet its widening budget deficit.

• Islamic banks had the biggest amount of uninvested funds totaling BDT 117.7 billion as of August 2020, according to central bank statistics. Foreign banks had the second-biggest amount of uninvested funds at BDT 38.4 billion during the same period. Sukuk or Islamic bond is different from that of traditional bonds. It needs a project to raise funds. The government project is worth BDT 80 billion, said an official at the financial institutions division demurring to share details.

<https://today.thefinancialexpress.com.bd/first-page/govt-set-to-raise-tk-80b-in-dec-1607104217>

## The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) launches tech centre to aid micro, small and medium enterprises (MSMEs) today

• The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) will launch technology centre (Tech-C) today (Sunday) to assist the country's micro, small and medium enterprises (MSMEs) and cottage industry to flourish. The Tech-C will adopt state-of-the-art technology that will strengthen the MSMEs, cottage

industry and the start-up ecosystem, an official of the country's apex trade body told. Among the registered enterprises, around 80% are cottage and micro and 1.0% small enterprises, according to the SME Foundation.

- He said the entrepreneurs of MSMEs and cottage industry will be able to know use of modern technology that will ultimately help them to connect with the prospective of local and international buyers and gradual expansion of the markets. Earlier, the government announced BDT 200 billion stimulus package for MSMEs and cottage industry to offset the financial losses due to the fallout of Covid-19 in the country. The FBCCI suggested that the central bank and scheduled banks should reach out to the entrepreneurs of MSMEs and cottage industry with easy rules so that they are benefitted by the bailout package of the government.

<https://today.thefinancialexpress.com.bd/last-page/fbcci-launches-tech-centre-to-aid-msmes-today-1607191349>

### **Apparel exporters dealt a fresh blow: rising raw material prices**

- After order cuts and lower prices from buyers, they have a fresh problem at hand: the rising process of raw materials. On average, the prices of raw materials such as fabrics, yarns, cotton and packaging materials, edged up 5 to 10% in the last couple of months, according to industry people. The rise in cotton prices, the low productivity caused by the pandemic and a stronger Chinese yuan are largely to blame for the price ticking up. The buyers' nominated suppliers are asking for higher prices with each new lot and the regular suppliers in China are frequently changing their prices.

- China is the global manufacturing hub for raw materials but the production capacity there is lower than the pre-Covid level. Besides, the importers are ordering more ahead of the Chinese New Year holidays in February, which is another reason for price rise, said the managing director of Snowtex. All international benchmark prices of cotton have increased over the past month with the largest increase in prices in China. In last three months, the price of cotton went up by 8-10 cent per pound, which impacted the prices of yarn, told the secretary of the Bangladesh Textile Mills Association (BTMA)

<https://www.dhakatribune.com/business/2020/12/06/apparel-exporters-dealt-a-fresh-blow-rising-raw-material-prices>

### **Apparel Industry: High-end products still a long way off**

- Bangladesh's apparel industry is struggling to graduate to a producer of high-end items despite being in the business for four decades and one of the top suppliers globally, missing out on the opportunity to receive premium prices from international retailers and brands. The multi-billion-dollar industry, which contributes about 85% to the national export, has embraced a lot of reforms since the 1980s. Still, investment has been less in the production of value-added garment items. As a result, Bangladesh has remained a prominent manufacturer of basic or semi-high-end garment items.

- High-end garment items products are meant for upscale customers and are made from expensive fibres and are specially designed by very experienced designers. It requires a more skilled workforce and sophisticated technologies to produce expensive products. Bangladesh is strong in the manufacturing of garments from cotton fibre. Nearly 80% of garment items in Bangladesh are manufactured from cotton fibre. However, the demand for cotton fibre-made garment items is declining worldwide. For instance, almost all the sportswear fashion items come from artificial fibre. However, the demand for cotton fibre-

made garment items is declining worldwide. For instance, almost all the sportswear fashion items come from artificial fibre. The demand for sportswear items is on the rise globally both for sports purposes and fashion purposes.

- Although it is difficult to quantify the high-end garment items exported from Bangladesh, industry insiders say its share is more than 30%. However, not all of them are high-end; they include semi-high-end garment items as well. About 80% of the garment exports fall within the price range of USD 15 per kilogram, and only 20% items get a price more than USD 15 and a tiny fraction gets USD 35, according to research by the Bangladesh Garment Manufacturers and Exporters Association (BGMEA). Contrary to adding higher values, the trend suggests that Bangladesh has lost 1.79% unit value of the garment exported in the last five years. Though it is difficult to capture the trend for the product range above USD 15 per unit, this may be generalised that Bangladesh's progress towards adding higher values has been slow.

<https://www.thedailystar.net/business/news/high-end-products-still-long-way-2006661>

### **Duty-free trade deal with Bhutan today**

- Bangladesh is going to enter into the era of the much-talked bilateral duty-free trade agreements with signing Preferential Trade Agreement (PTA) with Bhutan today (Sunday). Bhutan is the first country with whom Bangladesh will sign PTA. The trade benefits that will come through such bilateral agreement will be very vital for a country like Bangladesh as the country is set to graduate from the least developed country (LDC) in 2024.

- After the graduation, Bangladesh will lose many trade benefits that it is now enjoying in many developing and developed countries as a LDC. But agreements like PTA and FTA (Free Trade Agreement) will ensure duty or quota free market access for Bangladesh. The volume of bilateral trade between the two countries stood at USD 57.90 million in fiscal year (FY) 2018-19. It was only USD 26.52 million in FY 2012-13. Apparel, food items, plastics, pharmaceuticals, furniture and electrical products are being exported from Bangladesh.

<https://today.thefinancialexpress.com.bd/first-page/duty-free-trade-deal-with-bhutan-today-1607190798>

<https://www.newagebd.net/article/123489/bangladesh-signs-pta-with-bhutan-sunday>

### **Foreign Direct Investment inflow downtrend continues amid virus**

- The flow of foreign direct investment into Bangladesh is plummeting at an alarming rate as the global economy continues to reel from the coronavirus pandemic. In the first four months (July-October) of the fiscal year 2020-21, the country raked in USD 720 million worth of foreign investment, marking a drop of 31% year-on-year, according to the latest data from Bangladesh Bank. The figure was USD 1.04 billion over the same period in 2019. The net FDI has declined even further in these four months, dropping by 50.16% to USD 153 million. The figure stood at USD 307 million at the same time last year..

- It's not just Bangladesh, most other countries are facing a crisis of foreign investment during the pandemic. Everyone is monitoring the situation, an executive director of the Policy Research Institute, said. the American Chamber of Commerce in Bangladesh (AmCham), said the state of FDI in Bangladesh was "never satisfactory". Due to issues over gas, electricity, ports and other infrastructural problems, foreign investors were not too keen to invest in the country in the past.

<https://today.thefinancialexpress.com.bd/trade-market/fdi-inflow-downtrend-continues-amid->

[virus-1607271418](https://www.bracbd.com/virus-1607271418)

### **Banks to struggle under heavier Non Performing Loan burden**

• Banks are going to face substantial pressure originating from an ever-bulging defaulted loans in the next years as the regulatory support in this particular area is due to expire by the end of this calendar year, bankers and experts say. A Bangladesh Bank's official said the possibility of extending the central bank's policy support will depend on the severity of the second wave of the Covid-19 pandemic. The banks should also expedite their own monitoring and supervisions to ensure proper use of the government's financial stimulus packages, said a professor of the Bangladesh Institute of Bank Management (BIBM). He also expressed the fear that improper implementation of the stimulus packages could deteriorate the NPL situation further.

• Former managing director and chief executive officer of NRB Bank Limited, said that the sectors such as smaller enterprises, tourism, hospitality and transportation hit by the pandemic should be given extra time for rescheduling their loans so that they can revamp their business. The volume of NPL fell by nearly 2.0% or BDT 16.76 billion to BDT 944.40 billion as on September 30 from BDT 961.17 billion as on June 30 this year, the BB data showed. The bankers, however, said the real picture of the defaulted loans would become clear after the end of suspending loan classification. The banks are not allowed to classify loans adversely until December 31, 2020 in line with the BB's directives.

<https://today.thefinancialexpress.com.bd/first-page/banks-to-struggle-under-heavier-npl-burden-1607275352>

### **Deferred payments put RMG makers in a box**

• The adverse purchasing practices, delayed payments, lower price offers and less work orders by global buyers might force a good number of suppliers out of business, industry people fear. A new survey also revealed that the financial pressures threaten to make many apparel suppliers unviable and are likely to cause, or have already caused, large-scale dismissals of workers. According to the report, currently, most suppliers or 61% reported being paid 60, 90, or even 120 days after order shipments. On an average, suppliers surveyed will have to wait 77 days after they complete and ship customers' new orders, to receive payment, which was 43 days before the pre-pandemic period.

• Before Covid, only 34% of buyers took 60 days or longer, after shipment, to pay suppliers. Now, 66% are imposing 60-day or longer payment terms. Pre-pandemic payments terms of 120 days or longer were extremely rare. Now, one in four buyers has imposed such terms," said the report published in October. Industry people claimed that the majority of the cancelled orders of more than USD 3.0 billion during March-April were reinstated with the condition of deferred payments. Many of the factories were closed during the pandemic while more will be out of business if such financial pressures by buyers continue, vice president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) said.

<https://today.thefinancialexpress.com.bd/last-page/deferred-payments-put-rmg-makers-in-a-box-1607275854>

### **RMG buyers resort to alternative import method amid COVID-19**

• Most of the global buyers are unwilling to open letters of credit to import readymade garment products from Bangladesh amid the COVID-19 outbreak and are instead resorting

to alternative methods that could put Bangladeshi exporters at risk of losing proceeds. The country's apparel makers said that global buyers were offering businesses an open account method to skip the cost of opening LCs as brands and buyers were adopting cost-cutting measures due to the coronavirus outbreak. They said that buyers were offering deferred payments whereas they were unwilling to open LCs which was contradictory with the Bangladesh Bank guidelines.

• Demanding contractual protection for apparel exporters, Bangladesh Garment Manufacturers and Exporters Association president said that only 44% of the buyers had offered letters of credit. At present, contracts are very loose with the buyers, she said. She added that the buyers often wanted flexibility and during the outbreak, loose and insecure trading contracts had contributed to the exporters' woes.

<https://www.newagebd.net/article/123610/rmg-buyers-resort-to-alternative-import-method-amid-covid-19>

### **Garment sector to lose USD 4 billion in EU if duty-free benefit ends**

• Bangladesh's garment exporters will lose USD 4 billion if the duty-free trade benefit for the country comes to an end in the European Union following its graduation to a developing nation, according to a new study. If the Standard Generalised System of Preferences (GSP) can be availed, the loss will be USD 3.2 billion, the study by the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) said. The EU offers Standard GSP for low and lower-middle-income countries. This means a partial or full removal of customs duties on two-third of tariff lines.

• Bangladesh currently enjoys duty-free, quota-free access for all products except arms and ammunition in the EU market as a least developed country under the EBA (Everything But Arms) facility. Bangladesh's shipment to the EU will face the worst impact after graduation as the bloc accounts for 61% of the duty-free export from the country, the study said. The country's export to the EU has grown by 9.03% in the past 10 years to USD 17.15 billion.

• Currently, USD 25 billion, or 73% of the external trade of Bangladesh, enjoys duty-free access as an LDC. This will come to an end as the LDC graduation takes effect, the study said. The significance of the EU market is demonstrated by the rise of its share in Bangladesh's total exports: it went up from 58% to 61% in the last decade. Applying the standard GSP or most-favoured-nation (MFN) tariff will escalate the cost of sourcing from Bangladesh further.

<https://www.thedailystar.net/business/news/garment-sector-lose-4b-eu-if-duty-free-benefit-ends-2007149>

### **Bumpy road awaits exporters**

• The rise of mega trading blocs, potential adverse consequences of LDC graduation, growing competition in key markets and a weakened multilateral system will make Bangladesh's trade journey challenging during the eighth five-year plan period, a think-tank said yesterday. Average tariffs facing Bangladesh's export are set to rise by 9%, and potential shipment loss could be to the tune of 14% following the graduation to a developing nation in 2024, the Centre for Policy Dialogue (CPD) said. Following graduation, Bangladesh will lose 1% to 4% of its annual exports amounting to USD 7 billion, said a member of the General Economics Division of the Planning Commission.

• While presenting the keynote paper, the executive director of the CPD, said if the ills of

the banking sector were not cured, the economy would not fare well in the future. The CPD paper said the loss of preferential market access as an LDC in major export markets, particularly in the European Union, would have an adverse impact on the price advantages of Bangladeshi products.

<https://www.thedailystar.net/business/news/bumpy-road-awaits-exporters-2008221>  
<https://tbsnews.net/coronavirus-chronicle/covid-19-bangladesh/covid-vaccination-should-be-among-top-priorities-8th-fyp>

### **Bank deposits no longer yield profit**

- Customers can no longer expect profits after depositing money to banks. Rather, they are counting losses given the real interest rate compared to the inflation situation in the country. An analysis of the central bank's "quarterly report on currency and exchange rates" for the July-September period will explain the reckoning. At the end of September this year, the average interest rate on deposits fell to 4.79% while the average point-to-point inflation for the same month was 5.97%, according to the report.
- Considering inflation, the real interest rate on deposits stands at negative (-) 1.18%, meaning that if a customer deposits BDT 100 in a bank for a certain period, the actual amount will be BDT 98.82. A former chairman of the Association of Bankers Bangladesh (ABB) said that pensioners are the biggest losers in this situation. This former banker called for launching alternative savings instruments for depositors, citing that the reduction in lending rates is a right decision. The central bank report confirmed, in the third quarter of this year (July-September), interest rates on deposits compared to lending rates fell more than that in the second quarter (April-June).
- It has increased the "bank spread" or the difference between lending rates and interest rates on deposits. The average spread at the end of June this year was 2.89, which rose slightly to 3% at the end of September. Although the bank borrowing rate was fixed at 9%, the average rate at the end of September was 7.79%, thanks to low demand amid the Covid-19 pandemic. Despite the decline in deposit interest rates, the demand and time deposits have increased by more than 4.5% at the end of September this year as compared to June last.

<https://tbsnews.net/economy/banking/bank-deposits-no-longer-yield-profit-169138>

### **Banks swell on pandemic savings**

- Banks are seeing record rise in savings globally, a result of cut in consumer spending coupled with restrictions on movement and gathering as shutdowns were enforced in the pandemic period. Banks in Bangladesh are also reflecting this global trend. The banking sector in September this year saw a record high rate of savings in recent history reflecting a slump in consumption which will have a negative impact on hopes of a faster economic recovery. Demand deposits with banks grew by a startling 21% year-on-year in September, up from 8.66% in the same month of last year.
- The growth of demand deposits – money deposited into bank accounts with funds that depositors may withdraw on-demand at any time – shows that disposable income is piling up in bank accounts. The significant rise in demand deposits boosted the overall deposit growth to 13% year-on-year in September, which is also highest in recent years. However, the surge in savings is not equally balanced across society. Term deposits, accounts in which depositors save money for a predetermined period ranging from a few months to several years, grew by 12.19% year-on-year in September this year, down from 12.25% in

the same month of last year, according to Bangladesh Bank data.

- The total deposits increased by around BDT 1 trillion in six months from March to September this year following the outbreak of the novel coronavirus. During the corresponding period of last year, the volume of increase was BDT 700.00 billion. The banking sector saw an excess deposit of BDT 300.00 billion during the pandemic, according to the central bank's data. Total deposits in the country's banking sector stood at BDT 1.34 trillion in September last.

<https://tbsnews.net/economy/banking/banks-swell-pandemic-savings-169690>

### **Pandemic cools off demand for foreign currency loans**

- The demand for foreign currency loans by way of lenders' offshore banking units (OBUs), which was gaining popularity for the lower interest rates, has slowed down owing to the sharp fall in imports during the ongoing pandemic. In the first four months of fiscal 2020-21, imports dropped about 13% year-on-year to USD 15.8 billion, according to data from the Bangladesh Bank. The declining trend of imports and the overall nervous outlook are to blame for the subdued demand for loans from the OBUs, said managing director of Dhaka Bank. Individuals or institutions can take short-term foreign currency loans from the OBUs at the interest rate of LIBOR plus 3.5%, which is much lower than the taka-denominated loans.
- Currently, 36 banks including Agrani, AB, BRAC, Dhaka, Mutual Trust, HSBC, Standard Chartered, Social Islami, City, Trust, NCC and One have OBUs. Usually, the loan is taken through deferring the payment against letters of credit. The tenure of the loans tends to be one year and the rate of interest never crossed the 6%-mark. Since April, the interest rate on loans is 9% but it was in the double-digits before that. Low investment and declining trend of import growth amid the ongoing pandemic are the main reasons behind the lacklustre demand for foreign currency loans, said a deputy managing director at BRAC Bank, one of the pioneers in OBUs.

<https://www.dhakatribune.com/business/banks/2020/12/10/pandemic-cools-off-demand-for-foreign-currency-loans>

### **Leather goods exporters in tight spot**

- Leather goods and footwear exporters will continue to face serious hardships amid the ongoing pandemic as the declining export orders have led to a capital shortage in the sector, according to industry insiders. Export orders may plunge by more than 50% this year, which would make it difficult for companies to continue operations after facing losses for the last eight months, they said. Besides, there is no immediate solution to the current crisis, for which many small manufacturers will have to shut down their factories, they said.
- However, the exporters could not provide reliable figures on the number of orders received this season as they do not compile such records. The chairman of Bengal Leather Complex, said the main obstacle faced by the leather sector is a lack of compliance at a time when the Covid-19 has significantly reduced exports. There is also a lack of planning to develop the sector's backward linkage industries, he added. Exporters are paid 30 to 40% less for their products due to the sector's non-compliance with international standards.
- The current export volume of finished or semi-finished leather came down to USD 90 million while it was USD 350 million in 2014, the chairman added. The chairman and managing director of Jennys Shoes said that At this moment, his orders have seen a 30%

year-on-year fall. The vice-president of the Leathergoods and Footwear Manufacturers and Exporters Association of Bangladesh (LFMEAB), went on to say that he does not know when exports would return to normalcy as the buyers have no interest to place orders amid the global threat of a second wave of the Covid-19.

<https://www.thedailystar.net/business/news/leather-goods-exporters-tight-spot-2008793>

## Important News: Capital Market

### BSEC moves to lift IPO lottery system to allow all applicants to get shares

- The Bangladesh Securities and Exchange Commission has moved to scrap the lottery system introduced for general investors in initial public offering and to allow every applicant to get shares on pro rata basis. BSEC officials said that the system for general investors would be quite similar to the IPO system for eligible investors. The new system would allow all applicants for IPO shares to win at least a portion of shares, they said. This would be calculated by dividing the investment of each applicant by the amount of oversubscription and then multiplying the resulting fraction by the total value of floating shares for the retail investors.

- If the IPO is not oversubscribed, every applicant would get shares according of their investment. The regulator may set the minimum ceiling on investment for an IPO as there would be no lot. The system is expected to be launched from the subscription of NRB Commercial Bank Limited's IPO, the BSEC officials said. The BSEC may also set minimum investment by a general investor in the capital market for being eligible for applying for IPO shares as many investors open many BO accounts only to get IPO shares.

<https://www.newagebd.net/article/123601/bsec-moves-to-lift-ipo-lottery-system-to-allow-all-applicants-to-get-shares>

### Three Bangladeshi companies make it to Forbes Asia 2020 list

- Three Bangladeshi publicly traded companies - Square Pharmaceuticals, Renata and Fortune Shoes - have been listed in the Forbes 'Asia's Best Under a Billion 2020' list. The list recognises 200 top-performing small and mid-sized publicly traded companies in the Asia Pacific region with sales under USD 1 billion. As per a Forbes statement, these companies have track records of exceptional corporate performance, with one Covid-19 caveat: the list is based on full-year data as of July 7 and does not fully reflect the impact from the pandemic-led downturn.

- The companies on this list, which is unranked, were selected based on a composite score that incorporated their overall track record in measures such as debt, sales and earnings-per-share growth over both the most recent fiscal one- and three-year periods, and the strongest one- and five-year average returns on equity. Square Pharmaceuticals has a sales volume worth USD 512 million and the market capital is USD 1.7 billion. Renata, another pharmaceutical company, has a sales volume of USD 271 million, and a market capital of USD 1.1 billion. Lastly the Fortune Shoes market capital stood at USD 28 million and sales worth USD 18 million

<https://www.dhakatribune.com/business/2020/12/06/3-bangladeshi-companies-make-it-to-forbes-asia-2020-list>

<https://tbsnews.net/companies/square-renata-fortune-forbes-list-best-companies-asia-167698>

<https://www.thedailystar.net/business/news/three-local-firms-make-it-forbes-best-under-1b-list-2006633>

### BTRC firm on previous price over Robi spectrum renewal

- Mobile phone operator Robi Axiata Limited will have to pay in full for the renewal of spectrum which was purchased by the operator 15 years ago and is scheduled to expire on December 19, a senior Bangladesh Telecommunication Regulatory Commission official said. The commission will not issue any discount to the telecom operator in allocation of the 11.6 Megahertz of spectrum, the official said. The telecom regulator approved the spectrum price at a commission meeting held recently, keeping the rate unchanged as it was determined at the spectrum auction held on February 14, 2018.

- The 11.6 Megahertz spectrum includes 900MHz and 1800MHz bands and was allocated to Airtel, which later merged with Robi in 2017, 15 years ago when the operator obtained the 2G licence from the BTRC. The last spectrum auction was held in 2018 and Robi will have to pay the same rate for renewal of the spectrum. In 2018, each MHz of the spectrum in the 2100MHz band was sold for USD 28 million while each MHz spectrum in the 1800MHz band was sold for USD 31 million for a period of 15 years. The commission would now allocate spectrum to Robi at the same rate but the rate would depend on the period for which the operator would take the allocation.

<https://www.newagebd.net/article/123707/btrc-firm-on-previous-price-over-robi-spectrum-renewal>

### bKash wants to ride the wave of remittance

- bKash is offering 1.0% cash bonus to its customers for the amount they receive from abroad as the country's pioneering mobile financial service provider looks to capitalise on the surge in remittance inflows in recent months. In the first 11 months of 2020, migrant workers sent home about USD 19.8 billion, which is the highest yet in the country's 49-year history. Last year, Bangladesh received about USD 18.3 billion, which was a record until October this year.

- bKash's cash bonus to its 50.0 million odd customers comes on top of the 2.0% cash incentive offered on remittance, introduced in fiscal 2018-19. The bonus is offered on the occasion of Victory Day to the head of corporate communications and PR at bKash. The offer ends on January 31, 2021. In the first nine months of 2020, the MFS platform channelled BDT 8.9 billion of the remittance received, which is about 0.7% of the total amount that came at that point. The country's leading MFS provider is hoping the offer would tempt the expatriate Bangladeshis in the selected 93 countries to remit their money home through the 42-money transfer organisations to their relatives' bKash accounts.

<https://www.dhakatribune.com/business/2020/12/06/bkash-offers-1-additional-cash-incentive-on-remittance>

### Prime Bank first in BD to execute blockchain Letter of Credit (LC)

- Prime Bank has become the first Bangladeshi Bank to execute an interbank blockchain Letter of Credit (LC) transaction improving speed, efficiency and cost-effectiveness of the transaction, says the bank in a statement. The transaction was conducted with HSBC, which is the first bank in Bangladesh to conclude cross-border trade transaction through the

network. The pilot transaction was completed through Contour, the global trade finance blockchain network, whereby an inland LC was opened by Prime Bank on behalf of Ananta Group for import of raw materials for the ready-made garments industry from Tamishna Group, a customer of HSBC Bangladesh.

- The end-to-end process of pre-negotiation and drafting of LCs by Importer and Beneficiary, approval, issuance of LCs and presentation of documents were all concluded digitally through Contour's network. The transaction required no paperwork or need to physically visit banks. Instead, all parties involved in the process-buyers, banks and beneficiaries -logged into Contour's network to carry out any activity.

<https://today.thefinancialexpress.com.bd/trade-market/prime-bank-first-in-bd-to-execute-blockchain-lc-1607011433>

### **Subscription of Energypac Power begins tomorrow**

- The IPO (initial public offering) subscription of Energypac Power Generation will commence tomorrow (Monday) with a view to raise a capital worth BDT 1.5 billion, according to the company's IPO prospectus. The IPO subscription of Energypac, which is set to be listed under book building method, will be continued till December 13 this year. The cut-off price of Energypac shares was fixed at BDT 35.0 each through electronic bidding by the EIs held in late September. As per the regulatory approval, the company will raise BDT 1.5 billion by issuing a total of 40,293,566 ordinary shares to expand the LPG business and repay bank loans along with catering the expense of IPO proceeds.

- Of the total shares, 20,146,766 shares will be issued to EIs at respective prices offered by them at the bidding. Remaining 20,146,800 shares will be issued through IPO to general investors including non-resident Bangladeshis, at a 10% discount on the cut-off price, meaning the general investors will get the IPO shares at BDT 31.0 each. The company reported its earnings per share (EPS) of BDT 3.1, the net asset value per share of BDT 45.15 (with revaluation reserve), while the value was BDT 30.20 (without revaluation reserve), according to the consolidated financial statement for the year ended on June 30, 2019.

<https://today.thefinancialexpress.com.bd/stock-corporate/subscription-of-energypac-power-begins-tomorrow-1607184914>

### **Bangladesh Security Exchange Commission approves IPO of Sonali Life Insurance and mudaraba perpetual bond of First Security Islami Bank Limited**

- The stock market regulator has approved the IPO (initial public offering) proposal of Sonali Life Insurance Ltd which will raise a capital worth BDT 190 million under the fixed price method. The securities regulator also approved a mudaraba perpetual bond of BDT 6.0 billion in favour of [First Security Islami Bank Limited](#).

- As per the BSEC approval, the Sonali Life Insurance will offload 19 million ordinary shares at an offer price of BDT 10 each under the fixed price method. The company will invest the IPO proceeds in government Treasury bond, fixed deposit receipt (FDR) and stock market along with bearing the IPO expense. As per the audited financial statement for the year ended on December 31, 2019 the company's net asset value (NAV) per share is BDT 25.47 (without revaluation) and life insurance fund worth BDT 953.3 million.

- At Wednesday's meeting, the securities regulator also accorded its consent to let the First

Security Islami Bank to issue unsecured, contingent-convertible, floating rate, mudaraba perpetual bond worth BDT 6.0 billion. The purpose of the bond issue is to strengthen the capital base Additional Tier-1 of the bank. Per unit price of the bond will be BDT 1.0 million and the coupon rate is 6.0% to 10%. The units will be sold to government financial institutions, mutual funds, insurance companies, listed banks, and other eligible investors through private placements. Green Delta Insurance Company Ltd will act as the Trustee and City Bank Capital Resources arranger for the Bond.

<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-approves-ipo-of-sonali-life-insurance-1607531121>

<https://www.dhakatribune.com/business/stock/2020/12/09/sonali-life-insurance-s-ipo-gets-the-green-light>

<https://tbsnews.net/economy/stock/first-security-islami-bank-issue-perpetual-bond-169678>

<https://tbsnews.net/economy/stock/sonali-life-raise-BDT-19cr-through-ipo-169666>

<https://www.thedailystar.net/business/news/sonali-life-ins-gets-nod-go-public-2008765>

### **Robi's IPO lottery on 10 December**

- The lottery for an initial public offering (IPO) of Robi, the country's second largest telecommunications service provider, will be held on 10 December. The company said in a statement that the lottery will begin at 10:30am through a digital platform. The statement said applications for Robi's shares have been oversubscribed by 5.74 times against the public offering of BDT 3.9 billion.

- Around 1.28 million general investors have applied for Robi's IPO shares, according to brokerage house sources. Robi IPO subscription began on 17 November and continued till 23 November. The company will raise BDT 5.24 billion through the IPO – BDT 3.9 billion from external investors and BDT 1.4 billion from its own people under the employee stock purchase plan (ESPP). Around 0.13 million new beneficiary owner (BO) accounts were opened in November ahead of the Robi's IPO subscription.

<https://tbsnews.net/economy/stock/robis-ipo-lottery-10-december-166873>

### **BO (Beneficiary Owner's) account opening to be digitised**

- Investors willing to invest in the capital market will be able to open BO (beneficiary owner's) accounts online in near future without going to the firms. As part of the regulatory move to digitise the country's capital market, the Central Depository Bangladesh Limited (CDBL) has started the job of developing a module through which investors will be able to open BO accounts online. On completion of the process, investors having internet connection will be allowed to open BO accounts using android mobile phones, laptops and desktop computers.

- A BSEC spokesperson said that the investors willing to invest in the capital market will be allowed to open BO accounts transferring the charge through credit card or EFT (electronic funds transfer) system. The module will have the option of opening BO accounts using one photograph, NID or passport number, one photo copy of bank's cheque book, he further added. The module will have the option of choosing a brokerage firm. An investor's BO account opened using our module will be active after accepting his information by a brokerage firm on receipt of stipulated charge, said the managing director of CDBL.

<https://today.thefinancialexpress.com.bd/stock-corporate/bo-account-opening-to-be-digitised-1607184883>

## **Pandemic contracts shareholders' dividend payment stream**

- For the 2018-19 financial year, 45 companies had announced cash dividend upwards of 10.0%, putting them in the 'A' category of shares. Last year, 19 of the 45 companies announced lesser dividends for their shareholders. Six are yet to announce their dividends, while 10 announced the same amount of dividend in their 2019-20 financial year as in the previous year. Seven announced higher dividends than a year earlier.
- Companies that cut dividend payments include ACI, ACI Formulations, Square Textiles, Summit Power, ACME Laboratories, Orion Pharma, Apex Footwear. Northern Jute, Envoy Textiles and National Tea Company would be downgraded to the 'B' category of shares because of their lower dividend payout for their last financial year. Meanwhile, the number of companies not paying any form of a dividend to their shareholders for the 2019-20 financial year increased by 38.5% from the previous year as the global coronavirus pandemic bit hard on their balance sheets.

<https://www.dhakatribune.com/business/stock/2020/12/06/pandemic-contracts-shareholders-dividend-payment-stream>

## **Drug makers' profits bounce back in first quarter**

- Listed drug makers saw their profits rebound in the first quarter (July-September) of the ongoing fiscal thanks to an increase in the number of healthcare seekers. The pharmaceutical sector had taken a big hit at the end of the previous quarter, when most people refrained from visiting hospitals in fear of contracting Covid-19. But the listed companies' combined profits soared by 76% compared to the April-June quarter of fiscal 2019-20 to hit BDT 7.3 billion in July-September.
- Of the 19 pharmaceutical companies listed with the country's bourses, three are yet to publish their financial reports. Of the 16 that have been analysed so far, Square Pharmaceuticals booked the highest profit of BDT 3.9 billion, which was 37% higher than that of the previous quarter. In the April-June quarter, the company saw 20.7% lower profits, which stood at profits BDT 2.9 billion. The country's top pharma company plans to invest BDT 2.5 billion to expand its production capacity. Similarly, other top drug makers have also announced that they will make further investments after seeing the market's growth potential for the coming years. The domestic pharmaceutical market is worth around BDT 250.0 billion and has grown by around 14-15% annually, according to the Bangladesh Association of Pharmaceutical Industries.

<https://www.thedailystar.net/business/news/drug-makers-profits-bounce-back-first-quarter-2006657>

## **Big companies 'in queue' to go public**

- Presently, a good number of companies such as Rupali Bank, Union Bank, NRB Global, and Omera Petroleum were in the pipeline, Bangladesh Securities and Exchange Commission (BSEC) chairman said on Sunday. Bkash may also go public and BSEC has also approved another large IPO proposal of NRBC Bank, he further revealed, adding that all the companies are large-cap ones and have good fundamentals. The capital market experts have also stressed on listing more large companies having good fundamentals to deepen the country's capital market and prevent rumour-based speculations and manipulation. The experts, however, pointed out that the capital market of the country lacks adequate number of companies like Robi, which recently completed its public subscription to raise BDT 5.23 billion, for creating a strong base.

- The market has only six such companies having market capitalization of billions of dollars. The companies are: Grameenphone, Walton Hi-Tech Industries, British American Tobacco Bangladesh Company (BATBC), Square Pharmaceuticals, United Power Generation and Distribution Company (UPGDC), and Renata. Apart from Robi, the list of top 10 IPOs included Grameenphone, MJL Bangladesh, The Acme Lab, Orion Pharma, the UPGDC, Bashundhara Paper Mills, Unique Hotel, Shasha Denims and The Peninsula Chittagong. These companies floated IPOs worth ranging from BDT 1.65 billion to BDT 4.86 billion during last 15 years from 2003 to 2018.

<https://today.thefinancialexpress.com.bd/first-page/big-companies-in-queue-to-go-public-1607275490>

## **Aftab Autos's directors move to meet minimum shareholding**

- Three directors of Aftab Automobiles are set to buy shares of the publicly listed company in a move to fulfil the regulatory requirement of a minimum of 30% shareholding by sponsors. The company is mainly engaged in assembling and body fabrication of HINO luxury bus. Sponsor-director Saiful Islam has expressed his intention to buy 555,249 shares while directors Sajedul Islam and Khaleda Islam would buy 478,663 shares each at the prevailing market price (in the public market) through DSE within the next 30 working days.
- The buy intimation of 1,512,575 shares represents 1.58% of the company. Additional shares will fulfil the regulatory requirement of 30% minimum shareholding by directors as currently the sponsors/directors hold 28.42%. Bangladesh Securities and Exchange Commission earlier set a deadline of November 30 this year for ensuring all sponsors or promoters and directors of publicly listed companies to jointly hold a minimum of 30% shares of their company at all times based on a directive of the regulator issued in 2011.

<https://www.dhakatribune.com/business/stock/2020/12/07/aftab-autos-s-directors-move-to-meet-minimum-shareholding>  
<https://www.dhakatribune.com/business/stock/2020/12/07/aftab-autos-s-directors-move-to-meet-minimum-shareholding>

## **Bangladesh Bank (BB) issues licence to Citizens Bank**

- The Bangladesh Bank on Monday approved licence to the country's 61st commercial bank named Citizens Bank. The new bank is coming at a time when several banks that started their journey in the past few years have not been able to spread their services outside Dhaka city. Considering the country's economy and type of businesses, it will be difficult for a new bank to survive without innovation, a former deputy governor of the Bangladesh Bank said.
- He said 80% of people in the country are still out of the banking services. A bank can be successful if it can bring them under service, put more emphasis on the SME sector, and introduce a new type of business model to take services at the upazila and village level without focusing on the city. Law Minister is one of the shareholders of the Citizens Bank.

<https://tbsnews.net/economy/banking/bb-issues-licence-citizens-bank-168586>  
<https://today.thefinancialexpress.com.bd/first-page/another-pvt-bank-gets-go-ahead-1607364144>  
<https://www.dhakatribune.com/business/banks/2020/12/07/citizens-bank-gets-the-final-nod-from-bangladesh-bank>

## November sees 0.15 million new BO accounts

- Attracted by a positive market over the last few months, investors opened around 0.15 million new beneficiary owner (BO) accounts in November alone. Market insiders said the initial public offering (IPO) market has made a turnaround in the last few months and investors are receiving profit from the primary market during this period. As a result, the rate of BO account opening has increased in the brokerage firms.
- In October this year, the number of active BO accounts was 2.36 million, which stood at 2.51 million at the end of November, according to the Central Depository Bangladesh Limited (CDBL). And of the new account holders, 0.13 million are residential Bangladeshis and the rest 23,000 are non-resident Bangladeshis. In the last fiscal year, around 0.25 million BO accounts were closed.

<https://tbsnews.net/economy/stock/november-sees-15-lakh-new-bo-accounts-168583>

## Robi's IPO lottery draw tomorrow

- The initial public offering (IPO) lottery draw of Robi Axiata, the largest ever IPO in Bangladesh's capital market history, will be held tomorrow (Thursday). The lottery draw will begin at 10:30am through a digital platform, the company said in a statement. The investors are eagerly waiting for the lottery draw as every three-IPO applications has a chance of winning one lot of Robi shares, at least five times easier than as usual subscription, market operators said.
- Around 1.28 million general investors applied for Robi's IPO shares out of total 2.4 million BO accounts, according to brokerage house and Central Depository Bangladesh sources. The company offered roughly 523 million shares with par value BDT 10 each and raised a fund worth more than BDT 5.23 billion from a wide range of investors including its own employees under the fixed-price method.
- Of the total fund, BDT 1.36 billion collected from its own employees under the employee share purchase plan (ESPP) and nearly BDT 3.88 billion through initial public offerings. According to the company's statement, applications for Robi's IPO shares have been oversubscribed by 5.74 times against the public offering of nearly BDT 3.88 billion.

<https://today.thefinancialexpress.com.bd/stock-corporate/robis-ipo-lottery-draw-tomorrow-1607442490>

## PIFIC rolls out USD 40m fund for four sectors today

- A USD 40 million worth of fund will be made available for the country's four targeted sectors to address their infrastructure constraints to help diversify the export basket and create fresh and quality jobs. The USD 40 million PIFIC facility is expected to cover 15-20 infrastructure projects within industrial clusters of the selected sectors across the country, said EC4J project director. About USD 0.5 million to USD 2.0 million grant will be given to each small works while USD 2.0 million to USD 10 million will be provided for larger ones, the project director said, adding that a feasibility study must be conducted for larger works.
- The PIFIC grants will be given for the projects like access roads to reduce transport costs, upgrade water and wastewater services, water and wastewater treatment plants, upgrade water connections, waste management facility/recycling centers, last mile power transmission of electric power, enhance telecom connectivity, common technical services facilities like labs and specialized warehouse facilities.

<https://today.thefinancialexpress.com.bd/trade-market/pific-rolls-out-40m-fund-for-four-sectors-today-1607444944>

## BSEC asks police to bar MDs of three listed companies from leaving country

- The stock market regulator has urged the Bangladesh Police to prohibit six directors including three managing directors of three listed companies from leaving the country as the regulator was in the process of taking action against them. The three managing directors are: Azimul Islam of Alif Manufacturing Company, Mohammad Ali of Imam Button Industries and Tasbirul Ahmed Chowdhury of United Airways.
- The BSEC in the letter said that the directors raised funds through initial public offerings, repeated public offerings and right offers and sold a significant number of shares in the secondary market where the commission found various rules violations.

<https://www.dhakatribune.com/business/stock/2020/12/09/bsec-asks-police-to-bar-mds-of-united-air-imam-button-and-alif-manufacturing-from-leaving-country>

## Islami Bank to sell stakes in mutual fund after price rockets

- Islami Bank on Tuesday announced its intent to sell a portion of its holdings in a mutual fund in which it is the main sponsor. The country's largest private bank will sell 0.5 million units of its total holding of 50 million units in the closed-end CAPM IBBL Islamic Mutual Fund, it said in a posting on the website of the Dhaka Stock Exchange. The timing of Islami Bank's announcement though appears rather suspect. The fund's price more than doubled in three months to close at BDT 21 on Tuesday, which is above its net asset value, which is the total value of its assets minus its liabilities. On December 6, the CAPM IBBL Islamic Mutual Fund's NAV stood at BDT 10.33 on December 6.

<https://www.dhakatribune.com/business/stock/2020/12/09/islami-bank-to-sell-stakes-in-mutual-fund-after-price-rockets>

## Motorola mulling manufacturing in Bangladesh

- Motorola, the American handset maker that used to rule the roost in the earlier part of the century, plans to set up a manufacturing plant in Bangladesh. After a gap of ten years, last month Motorola made its re-entry to the crowded Bangladeshi handset market, where local brand Walton leads. Chinese brands like Vivo, Oppo, Xiaomi, realme and South Korean giant Samsung all doing well for themselves.
- Affordability would be the key to market penetration for Motorola. But that is made difficult by the 57% duty on handset imports. Local assembly or manufacturing, for which the tax is 18% and 13% respectively, would help Motorola's cause. Motorola is delighted with the success of our recently launched smartphones and are overwhelmed by the love from consumers in Bangladesh for our brand and products, said managing director of Motorola Mobility for SAARC countries.

<https://www.dhakatribune.com/business/2020/12/10/motorola-mulling-manufacturing-in-bangladesh>

## BSEC forms committee to let everyone buy primary shares

- In response to stakeholders' recommendations, the securities regulator now plans on

abolishing lotteries to allocate primary shares in oversubscribed initial public offerings (IPO). The Bangladesh Securities and Exchange Commission (BSEC) has formed a committee to recommend the ways forward in this regard alongside preparing a roadmap to reduce time in the IPO process. The committee would submit its report within a very short time like one or two weeks, according to BSEC Executive Director (current charge) and Spokesperson.

- Stakeholders, in recent meetings with the regulator, have requested for a pro-rata basis in allocation of IPO shares among general investors instead of lotteries. Currently, eligible institutional investors receive primary shares on a pro-rata basis, which means every applicant is entitled to buy primary shares in proportion to how many they had applied for. The ratio of demand and allocation depends on the level of oversubscription in an IPO. However, to introduce pro-rata for general investors the stock exchanges will need to accommodate it in their electronic subscription system and the committee will recommend any changes there, if needed.

- Another point the committee will recommend on – how much secondary market investment would be a must for an investor to apply for primary shares. A group of IPO hunters have long been blamed for making the primary market unhealthy in Bangladesh. Alongside all the ins and outs of general investors' IPO application, the committee will recommend how the regulator and related entities together can reduce the time of IPO approval.

<https://tbsnews.net/economy/stock/bsec-forms-committee-let-everyone-buy-primary-shares-169672>

### Online BO account opening within months

- Opening capital market investment accounts, popularly called beneficiary owners or BO accounts, is likely to be a reality within a few months, said the Bangladesh Securities and Exchange Commission (BSEC) Officials. Under its masterplan for a completely digitized capital market, the market regulator is pushing Central Depository Bangladesh Limited (CDBL) to introduce an online platform which will enable any investor from any corner of the globe to open a BO account to invest in Bangladesh capital market.

- According to the plan, CDBL site will host a page that would work as the gateway to open a BO account. All the brokers also would share the page link in their own websites. Investors have to fill the online form with their national identity card number and registered mobile phone number and the state database would automatically fill up other information like permanent address, present address, name of parents. An integration with the banking system database may connect the applicants' bank account details and the investors will need to choose among their bank accounts to link with the BO account in case of multiple bank accounts.

- If everything goes right within a few months we are going to see BO accounts opening completely online. There had been more than 3.2 million BO accounts even four-five years ago, which drastically came down below 2.5 million in recent years due to adverse market conditions and investors' reduced confidence. However, appointment of new top officials at BSEC, a secondary market bounce back and large initial public offering from telecom operator Robi attracted more than a 0.1 million investors in the market that pushed the number of operable BO accounts to 2.52 million currently.

<https://tbsnews.net/economy/stock/online-bo-account-opening-within-months-169675>

### Robi's IPO lottery draw today

- The initial public offering (IPO) lottery draw of Robi will take place today at the capital's Lakeshore Hotel at 10.30 am. The IPO subscription of Robi, the country's second-largest mobile phone operator, began on 17 November and concluded on 23 November. Robi will offload 524 million shares, which is about 10% of its stakes, for BDT 10 each under the fixed price method to raise BDT 5.24 billion from the market. The operator has already allocated 136 million shares to its employees and collected BDT 1.4 billion.

<https://www.dhakatribune.com/business/stock/2020/12/10/robi-s-ipo-lottery-draw-today>

### FAS Finance in immeasurable trouble

- FAS Finance and Investment – a non-banking financial institution – has plunged into big trouble because of loan scams, particularly by controversial businessman Prashanta Kumar Halder, who is known as PK Halder. The 2019 financial report auditor of FAS Finance, said that the company's classified loans stood at BDT 13.11 billion, which is 73% of its total loans. A Bangladesh Bank investigation found that PK Halder had siphoned off BDT 13.29 billion, after taking a series of loans from the company under different names between 2015 and 2017.

- International Leasing, another non-banking financial institution, incurred a loss of BDT 28.00 billion in 2019 due to loan scandals allegedly by PK Halder, who is accused in several corruption cases. As per the Bangladesh Bank's rules, the company needed to keep provisioning of BDT 5.14 billion against its bad loans. However, it has kept only BDT 1.34 billion in provision as the central bank provided the company with the facility to maintain the funds in installments over the next seven years. The auditor said if the company had to maintain its entire provisioning, then the total loss in 2019 would be BDT 5.30 billion and the loss per share would be BDT 35.60.

- However, FAS Finance posted a BDT 1.50 billion loss for the year that ended on 31 December, 2019. The company secretary of FAS Finance said that, as directed by the Bangladesh Bank, we kept appropriate provisions against bad loans and other liabilities. Sources said the company was run by Nitol Niloy Group.

<https://tbsnews.net/economy/stock/fas-finance-immeasurable-trouble-169663>

### Tax receipts from DSE slump 15.0% in November

- The government's revenue earnings from the Dhaka Stock Exchange (DSE) dropped 15% month-on-month in November as share sales by sponsor-directors and placement holders fell drastically. The government bagged revenue worth BDT 183 million in November this year which was BDT 216 million a month ago, according to available data with the DSE. Of the total earnings in November, BDT 174 million came from the TREC holders' commission, popularly known as brokerage commission, while only BDT 9.0 million came from the share sales by sponsor-directors and placement holders, the DSE data shows. In October this year, shares sale by sponsor-directors and placement holders was BDT 46 million.

- The government bagged revenue worth BDT 1,108 million in July- November period for the FY 2020-21, which was BDT 636 million in the same period of the previous fiscal, according to DSE data. The DSE paid tax worth BDT 2.72 billion in FY 2011-12, BDT 1.27 billion in FY 2012-13, BDT 1.54 billion in FY 2013-14, BDT 1.74 billion in FY 2014-15, BDT 1.58 billion in FY 2015-16, BDT 2.46 billion in FY 2016-17, BDT 2.33 billion in FY 2017-18 and BDT 2.51 billion in FY 2018-2019 on TREC holders' commission and share sales by

sponsor-directors and placement holders.

<https://today.thefinancialexpress.com.bd/stock-corporate/tax-receipts-from-dse-slump-15pc-in-november-1607094629>

### **T-bonds' listing with bourses soon**

- Treasury bonds will be listed with exchanges soon to diversify the share market from the conventional equity-based one, said PM's private industry and investment adviser. Treasury bonds were, however, listed with the prime bourse in 2003, but those were de-listed in 2011 as Bangladesh Bank started its own secondary market operations named 'MI Module market'. Currently, there are 269 treasury bonds invested by the county's financial institution and individuals. People at the central bank told the FE that they have been in the process of re-listing the fixed-income tools with the bourses.

- Sukuk issuance can create opportunities for investors from Malaysia to look into Bangladesh as another potential investment destination. BMCCI chief said sukuk is becoming an important asset class for investors from both conventional and Islamic backgrounds. He further added that the attention of sovereign, multilateral and corporate issuers worldwide is also attracting. But Bangladesh being one of the largest Islamic nations is yet to develop a sukuk market.

<https://today.thefinancialexpress.com.bd/first-page/t-bonds-listing-with-bourses-soon-1607450598>

<https://www.dhakatribune.com/business/economy/2020/12/09/sukuk-bond-coming-soon>