

Capital Market Overview

The market closed in red this week. The benchmark index DSEX (-3.36%) lost 156.89 points and closed the week at 4,514.45 points. The blue-chip index DS30 (-3.59%) lost 57.70 points and stood at 1,548.12 points. The Shariah-based index DSES (-3.72%) lost 39.25 points and stood at 1,016.60 points. DSEX, DS30 and DSES all posted negative YTD return of 16.18%, 17.69%, and 17.54%, respectively.

Total Turnover During The Week (DSE): BDT 15.7 billion (USD 189.3 million)
Average Daily Turnover Value (ADTV): BDT 3.1 billion (Δ% Week: -31.9%)

Market P/E: 13.03x

Daily Index Movement during the Week:

The market performed five sessions during this week. Market opened this week with a negative movement of 1.61% in the first session and continued the negative trend in the second and third sessions by -1.35% and -0.59% respectively. The market turned into positive in the fourth & fifth sessions by 0.12% and 0.05% respectively.

Sectoral Performance:

- The financial sectors showed negative performance during this week except Life Insurance (+4.26%). NBFIs experienced the highest loss of 3.41% followed by Banks (-3.04%), General Insurance (-1.53%), and Mutual Funds (-1.22%).
- All the non-financial sectors posted negative performance during this week. Food & Allied experienced the highest loss of 5.30% followed by Power (-3.78%), Telecommunication (-3.25%), Engineering (-3.43%), and Pharmaceuticals (-3.11%).

Macroeconomic arena:

- According to the latest outlook by Asian Development Bank, Bangladesh will post 8.1% GDP growth in 2019 and 8% in 2020, unchanged from its previous outlook published in September. Bangladesh's economy expanded at a striking 8.15% rate in FY 2018-19, a slight 0.02% point higher from a provisional estimation, as per the Bangladesh Bureau of Statistics (BBS).
- The monthly inflation rate on a point-to-point basis hit a 25-month high at 6.05% in November. The point-to-point inflation rate for food items increased to 6.41% in November from 5.49% in October. On the other hand, the non-food inflation rate rose slightly to 5.47% in the last month from 5.45% in the previous month.
- The current account deficit stood at USD 1.3 billion during the Jul-Oct period of 2019-20. It was USD 2.07 billion in the first four months of FY19. The overall trade deficit widened by 5.58% to USD 5.62 billion from USD 5.32 billion. Export growth fell by 6.65% to USD 12.52 billion in Jul-Oct from USD 13.41 billion. Import growth dropped by 3.0% to USD 18.14 billion from USD 18.73 billion. The BoP deficit came down to USD 224 million in the first four months of this fiscal from USD 444 million. It was USD 204 million in the first quarter of this fiscal.
- The budget deficit during the Jul-Sep period last increased by 200% compared with the corresponding three months in 2018. The deficit widened to BDT 321.44 billion during Q1 of this fiscal year. The rise is 183% compared to a year earlier. During the period under review the total spending was BDT 876 billion against the revenue receipts to the tune of BDT 554.6 billion.
- Moody's has downgraded Bangladesh's Macro Profile to "Weak-" from "Weak". It revised the outlooks of Al-Arafah Islami Bank, Brac Bank, The City Bank, Mercantile Bank, NCC Bank, and Social Islami Bank from stable to negative. It maintained the outlook on Dutch-Bangla Bank and Eastern Bank's ratings at stable. Also, it downgraded the BCAs of Eastern Bank and Dutch-Bangla Bank to b2 from b1, of Al-Arafah Islami Bank, Mercantile Bank, and Social Islami Bank to b3 from b2, and affirmed Brac's b1 BCA.

Stock Market arena:

- The Supreme Court froze a High Court order which stayed the process of changing the asset manager LR Global Bangladesh of two listed mutual funds — DBH First Mutual Fund and Green Delta Mutual Fund.
- Stock brokers have submitted a work-plan for investment of BDT 100 billion funds, sought earlier from the government, to support the country's ailing capital market. They submitted the work-plan to the ministry of finance (MoF) on Wednesday, as the ministry demanded a plan following their plea of fund support for the capital market. They sought the fund at a flat interest rate of 3.0%.

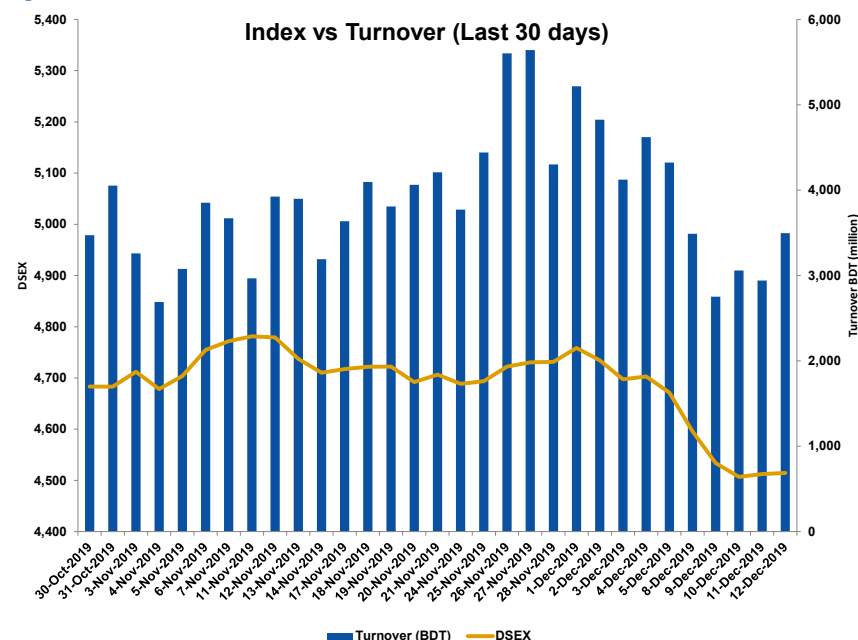
Table 1: Index

Index	Closing	Opening	Δ(Pts)	27-Dec-2018	Δ% Week	Δ%YTD
DSEX	4,514.45	4,671.34	-156.89	5,385.64	-3.36%	-16.18%
DS30	1,548.12	1,605.82	-57.70	1,880.78	-3.59%	-17.69%
DSES	1,016.60	1,055.84	-39.25	1,232.82	-3.72%	-17.54%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	17,225,318.0	17,726,551.3	-2.8%
	Mn USD	207,209.4	213,238.9	
Turnover	Mn BDT	15,739.9	23,109.9	-31.9%
	Mn USD	189.3	278.0	
Average Daily Turnover	Mn BDT	3,148.0	4,622.0	-31.9%
	Mn USD	37.9	55.6	
Volume	Mn Shares	594.8	1,002.9	-40.7%

Figure 1: DSEX & Turnover in last four weeks



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Table 3: Top Ten Gainers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Progressive Life Ins	102.90	78.40	31.3%	1,323.9	136.44	NM	10.3x
Information Services Network Ltd.	44	38.80	14.4%	504.2	30.29	106.6x	3.7x
Samata Leather	157.80	137.90	14.4%	1,628.5	97.57	423.0x	10.9x
Anlimayarn Deying Ltd.	32.70	29.00	12.8%	584.3	78.24	50.9x	3.0x
Kay and Que	224.70	199.40	12.7%	1,101.6	106.24	258.0x	2.9x
Paramount Insurance	40.60	36.40	11.5%	1,348.9	289.20	44.2x	3.2x
Mercantile Insurance	38.30	34.50	11.0%	1,650.6	120.60	49.9x	2.3x
Standard Ceramic	601.30	543.20	10.7%	3,884.8	172.56	NM	47.4x
IFAD Autos Limited	43.20	39.20	10.2%	10,713.2	81.12	12.2x	1.4x
Khulna Power Company Limited	43.00	39.20	9.7%	17,088.8	366.40	13.3x	1.8x

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Maksons Spinning Mills Limited	4.50	5.50	-18.2%	1,072.0	24.53	634.3x	0.2x
Saiham Textile	32.70	38.50	-15.1%	2,961.4	6.52	NM	1.7x
Al-Haj Textile Mills Limited	35.70	41.60	-14.2%	796.1	22.09	NM	3.2x
Sonar Bangla Ins	39.40	45.70	-13.8%	1,577.6	354.54	20.2x	2.6x
Stylecraft Limited	270.90	312.60	-13.3%	2,051.7	86.50	61.0x	6.0x
Regent Textile Mills Limited	9.70	11.14	-12.9%	1,235.2	28.38	13.5x	0.4x
ACI Limited	190.80	218.70	-12.8%	10,946.7	25.43	NM	0.9x
Mozaffar Hossain Spinning Mills Ltd.	9.50	10.80	-12.0%	959.4	11.74	NM	0.6x
Tung Hai Knitting & Dyeing Limited	2.20	2.50	-12.0%	234.6	.24	2.7x	0.2x
S. S. Steel Limited	24.70	27.90	-11.5%	6,656.7	48.56	9.8x	1.6x

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Square Pharmaceuticals	190.00	199.80	-4.9%	160,405.4	415.77	12.5x	2.4x
Sinobangla Industries	79.60	77.00	3.4%	1,591.7	385.24	45.9x	3.6x
Khulna Power Company Limited	43.00	39.20	9.7%	17,088.8	366.40	13.3x	1.8x
Sonar Bangla Ins	39.40	45.70	-13.8%	1,577.6	354.54	20.2x	2.6x
Paramount Insurance	40.60	36.40	11.5%	1,348.9	289.20	44.2x	3.2x
LafargeHolcim Bangladesh Limited	36.70	36.20	1.4%	42,622.4	274.35	23.7x	2.8x
Daffodil Computers Ltd.	56.10	60.50	-7.3%	2,800.1	267.00	36.2x	4.1x
National Tubes	126.00	133.90	-5.9%	4,387.5	263.10	209.3x	0.8x
Zaheen Spinning Limited	10.40	10.30	1.0%	1,183.8	250.81	24.2x	0.9x
Beacon Pharmaceuticals Limited	36.90	37.00	-0.3%	8,523.9	237.73	70.2x	2.9x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Reckitt Benckiser	3,141.10	46.12%	14,841.7	32.5x
Marico Bangladesh Limited	1,689.30	40.75%	53,213.0	21.2x
Glaxo Smithkline	1,782.10	22.89%	21,468.0	73.8x
Dutch-Bangla Bank	70.40	21.88%	35,200.0	7.2x
Golden Harvest Agro Industries Ltd.	19.30	21.04%	4,252.5	17.4x
Bank Asia Ltd.	18.70	10.93%	21,802.5	8.8x
Renata Ltd.	1,146.40	10.46%	101,558.7	25.8x
IPDC	25.40	8.00%	8,976.9	14.4x
Linde Bangladesh Limited	1,288.10	7.48%	19,602.7	16.6x
Berger Paints	1,410.70	4.95%	65,425.3	28.2x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1324.09	1365.58	1428.63	-3.04%	-7.32%
NBFIs	1604.10	1660.77	2087.55	-3.41%	-23.16%
Mutual Funds	596.72	604.09	644.52	-1.22%	-7.42%
General Insurance	1958.89	1989.35	1488.77	-1.53%	31.58%
Life Insurance	2149.50	2061.62	2251.96	4.26%	-4.55%
Telecommunication	4140.75	4291.83	5088.05	-3.52%	-18.62%
Pharmaceuticals	2531.67	2613.06	2698.49	-3.11%	-6.18%
Fuel & Power	1537.56	1597.95	1745.15	-3.78%	-11.90%
Cement	1192.13	1203.18	1676.63	-0.92%	-28.90%
Services & Real Estate	917.09	941.36	1017.99	-2.58%	-9.91%
Engineering	2293.47	2368.85	2933.11	-3.18%	-21.81%
Food & Allied	12450.39	13147.88	15034.05	-5.30%	-17.19%
IT	1723.01	1804.65	1545.46	-4.52%	11.49%
Textiles	1066.09	1101.32	1461.18	-3.20%	-27.04%
Paper & Printing	5502.60	5427.64	9105.21	1.38%	-39.57%
Tannery	1822.30	1826.45	2560.38	-0.23%	-28.83%
Jute	12581.15	13106.35	21417.92	-4.01%	-41.26%
Ceramics	470.91	471.64	579.64	-0.16%	-18.76%
Miscellaneous	1788.22	1821.88	1943.42	-1.85%	-7.99%

Table 7: Sector Trading Matrix

Sector Name	Daily average this week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Banks	271.2	259.1	4.69%	9.11%	7.1x	0.8x
NBFIs	109.6	143.1	-23.39%	3.68%	77.9x	2.0x
Mutual Funds	101.8	276.2	-63.16%	3.42%	NM	0.5x
General Insurance	446.1	503.5	-11.40%	14.98%	14.2x	1.3x
Life Insurance	61.4	47.8	28.52%	2.06%	NM	8.9x
Telecommunication	49.1	137.1	-64.20%	1.65%	11.7x	8.6x
Pharmaceuticals	331.0	408.8	-19.02%	11.12%	17.3x	2.2x
Fuel & Power	186.8	262.9	-28.95%	6.27%	9.9x	1.8x
Cement	61.1	16.7	264.87%	2.05%	22.9x	2.2x
Services & Real Estate	26.8	34.0	-21.10%	0.90%	110.7x	0.7x
Engineering	279.7	521.0	-46.31%	9.39%	13.5x	1.3x
Food & Allied	114.7	92.3	24.16%	3.85%	23.9x	7.1x
IT	115.4	64.0	80.43%	3.88%	20.4x	2.6x
Textiles	427.9	284.1	50.60%	14.37%	NM	0.8x
Paper & Printing	46.7	10.9	327.11%	1.57%	311.1x	1.4x
Tannery	75.4	108.1	-30.30%	2.53%	22.1x	2.0x
Jute	16.9	23.2	-27.22%	0.57%	NM	5.7x
Ceramics	63.3	147.6	-57.10%	2.13%	24.2x	1.8x
Miscellaneous	193.1	176.7	9.30%	6.48%	20.0x	1.0x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
IFAD Autos Limited	43.20	-60.15%	10,713.2	12.2x
Shasha Denim Limited	25.60	-55.57%	3,438.6	15.5x
Heidelberg Cement	165.50	-50.55%	9,351.3	59.0x
Active Fine Chemicals Limited	15.50	-45.04%	3,719.0	5.2x
M.I. Cement Factory Limited	39.40	-43.23%	5,850.9	22.0x
Bata Shoe	689.30	-38.26%	9,429.6	19.5x
Envoy Textiles Limited	22.50	-38.02%	3,774.0	7.9x
Confidence Cement	100.00	-35.90%	7,450.9	16.4x
BBS Cables Limited	57.70	-34.09%	10,072.7	6.9x
Bangladesh Steel Re-Rolling Mills Limited	52.40	-32.99%	12,370.0	7.1x

Important News: Business & Economy

Asian Development Bank maintains robust growth outlook for Bangladesh

- Bangladesh is expected to grow robustly in 2019 and 2020 riding on domestic consumption and strong remittance earnings, said the Asian Development Bank yesterday as it kept the growth outlook for the country unchanged. According to the latest outlook, Bangladesh will post 8.1% GDP growth in 2019 and 8% in 2020, unchanged from its previous outlook published in September. On Tuesday, the government released the final GDP figure for the last fiscal year. It showed that the economy grew 8.15% in 2018-19, the fastest in the Asia-Pacific region. The projection for the current fiscal year is 8.2%.
- The ADB said Bangladesh's accommodative policy on credit to the private sector is expected to promote investment, and strong remittances, which surged by 20.5% in the first four months of the current fiscal year, will stimulate domestic demand.

<https://www.thedailystar.net/business/news/adb-maintains-robust-growth-outlook-bangladesh-1839157>

Single Digit Interest Rate: Make government deposits interest-free

- The government committee on implementing the single digit lending rate has now come up with the idea of making government's deposits of its project funding interest free. About Tk 2.3 trillion of the government's development budget is currently parked with banks, which is 20% of total deposits in the banking sector. Having to pay no interest against this sizeable amount will surely bring down the cost of funds for banks -- is what the seven-member committee headed by a deputy governor of the Bangladesh Bank presumed when it came up with the recommendation.

<https://www.thedailystar.net/backpage/news/single-digit-interest-rate-make-govt-deposits-interest-free-1839307>

Mandatory insurance for migrant workers launched

- Mandatory insurance for migrant workers was launched yesterday at the expatriates welfare ministry. Wage Earners Welfare Board (WEWB) Director General and Jiban Bima Corporation (JBC) Managing Director signed an agreement on behalf of their respective organisations in this regard.
- As per the initiative, the government will bring migrant workers under two schemes -- of Tk 200,000 and Tk 500,000 -- with the aim to provide financial security to migrant workers and their families. Both schemes will be for two years and migrant workers, aged between 18 and 58 years, will be eligible. Secretary to the Expatriates Welfare Ministry said they will have to give a subsidy of about Tk 350 million annually for the insurance -- taking into consideration 7,00,000 migrant workers going for overseas employment on an average each year.
- At present, a deceased migrant worker's family gets Tk 300,000 from the government as compensation.

<https://www.thedailystar.net/city/news/mandatory-insurance-migrant-workers-launched-1839259>

Another MRT line in the offing: USD 33m loan deal signed with ADB

- The Asian Development Bank (ADB) will provide USD 333.26 million in loans for expansion of power transmission lines and designing the Dhaka Mass Rapid Transit (MRT) line. For expanding power transmission lines in greater Dhaka and the western zone of Bangladesh, the government signed agreement for 271.84 million euros (USD 300 million equivalent) loans. The project builds on the ADB's previous work in Bangladesh's power sector, including the Southwest Transmission Grid Expansion project approved in 2018 to address continuing deficiencies in the transmission system by providing more efficient, reliable power to consumers in greater Dhaka and the western zones.
- Under another agreement, the ADB will provide USD 33.26 million in loans for a project to design the Dhaka MRT line 5 (Southern Route) that will help ease the traffic and pollution burden of Dhaka city. The actual Line 5 project is estimated to cost about USD 2.5 billion and will be considered for subsequent ADB financing.

<https://www.thedailystar.net/backpage/news/another-mrt-line-the-offing-1839034>
<http://www.newagebd.net/article/93373/govt-adb-ink-333m-loan-deal-for-power-transport-sectors>

Inflation 25-month high in November

- Inflation in the month of November last shot up to 25-month high and crossed the projection of average annual rate of 5.5% for the fiscal year 2019-20. Current account deficit increased to USD 1.30 billion at the end of October of this fiscal with both import and export recording a negative growth over those of the corresponding period of last FY. The execution of the BDT. 2.15 trillion annual development programme (ADP) was as low as 19% during the first five months of the current FY.
- The monthly inflation rate on a point-to-point basis hit a 25-month high at 6.05% in November mainly due to higher prices of rice and onion, officials said on Tuesday. In September 2017, the monthly inflation rate was recorded at 6.12%, Bangladesh Bureau of Statistics (BBS) data showed. Officials said the monthly inflation rate on a point-to-point basis started falling after September 2017 and hovered around 5.0% in the latter months.
- The point-to-point inflation rate for food items increased to 6.41% in November from 5.49% in October. On the other hand, the non-food inflation rate rose slightly to 5.47% in the last month from 5.45% in the previous month. The BBS data showed that the rate of point-to-point inflation increased in rural areas at a higher rate than in urban areas in November. The inflation rate rose to 6.01% from 5.36% in the previous month. In the urban areas, the inflation on a point-to-point basis also went up to 6.17% in the last month from 5.67% in October. The government in the fiscal year (FY) 2019-20 has set a target to keep the inflation rate within the limit of 5.5%.
- The current account deficit stood at USD 1.30 billion during the July-October period of the current fiscal year (FY), 2019-20, according to the central bank's statistics, released on Tuesday. It was USD 2.07 billion in the first four months of FY 19. The overall trade deficit widened by 5.58% to USD 5.62 billion during the period under review from USD 5.32 billion in the same period of FY 19, the BB data showed. The country's export growth fell by 6.65% to USD 12.52 billion in July-October from USD 13.41 billion in the same period of the previous fiscal. Import growth also dropped by more than 3.0% to USD 18.14 billion from USD 18.73 billion. Meanwhile, the BoP deficit came down to USD 224 million in the

first four months of this fiscal from USD 444 million in the same period of FY 19. It was USD 204 million in the first quarter (Q1) of this fiscal.

- The government agencies spent 19% of their development budget in the first five months of the current fiscal year (FY), 2019-20, officials said. The figure is 1.0%age point lower than that in the corresponding period of last fiscal. In the same period (July-November) of fiscal year (FY) 2018-19, the government ministries and agencies utilized 20% of the BDT 1.80 trillion Annual Development Programme (ADP) outlay. Of the total ADP outlay of BDT 2.15 trillion, BDT 1.31 trillion will come from internal resources, BDT 718 billion from external resources as project aid and BDT 123.93 billion from the funds of the autonomous and semi-autonomous bodies.

<https://today.thefinancialexpress.com.bd/first-page/inflation-25-month-high-in-november-1576000397>

<https://www.thedailystar.net/business/news/inflation-hits-25-month-high-1838671>

<https://www.dhakatribune.com/business/2019/12/10/inflation-inches-to-6-05-in-november>

GDP growth hits 8.15% in FY 19

- Bangladesh's economy expanded at a striking 8.15% rate in fiscal year (FY) 2018-19, a slight 0.02% point higher from a provisional estimation. In its interim assessment this March, the Bangladesh Bureau of Statistics (BBS) recorded an impressive 8.13% gross domestic product (GDP) rate.

- Meanwhile, the per-capita income (gross national income or GNI) was estimated at USD 1,909 for the past FY 2019, USD 158 up from the fiscal before last. In FY 2018, the income was USD 1,751 per head. Official data shows GDP per capita was estimated at USD 1827 for FY 2019, USD 152 higher over FY 2018.

- According to the BBS final data, the country's total GDP size at current price boosted to BDT 25.42 trillion (USD 302.43 billion) in FY 2019. It was BDT 22.50 trillion (USD 274 billion) in FY 2018. GNI also expanded to BDT 26.497 trillion (USD 315.97 billion) in FY 2019 from that of BDT 23.53 trillion (USD 286.612 billion) in FY 2018.

- According to the BBS GDP data on constant prices, the industrial sector expanded at a striking rate of 12.67% in FY 2019. In FY 2018, the rate was recorded at 12.06%. The service sector grew at an estimated 6.78% in last fiscal from that of 6.39% in the fiscal before that, the data disclosed. But the agricultural growth fell to a 3.92-per cent rate in FY 2019 from that of 4.19% in FY 2018.

- Meanwhile, the investment-GDP ratio has finally been estimated at a slightly higher 31.57% in FY 2019 from that of 31.23% in FY 2018. The private sector investment-GDP ratio has picked up to 23.54% from the provisionally estimated 23.26%. Similarly, the public sector investment-GDP ratio has also risen to 8.03% from the provisional estimation of 7.97%.

<https://today.thefinancialexpress.com.bd/first-page/gdp-growth-hits-815pc-in-fy-19-bbs-releases-final-figures-1576000631>

<https://www.thedailystar.net/business/news/record-gdp-growth-despite-challenges-1838689>

Asian Development Bank (ADB) to support healthcare Public-Private Partnership (PPP) projects

- The Asian Development Bank (ADB) and the government have agreed to jointly promote the public-private partnership (PPP) projects in the country's healthcare sector. To this end, a tripartite Memorandum of Understanding (MoU) was signed at the secretariat in the city on Tuesday, said an ADB press release. ADB will provide holistic support through the Asia Pacific Project Preparation Facility (AP3F), which can provide integrated support for capacity building, development of standardised templates for procurement and contracting, creation of a potential health care project pipeline, and transaction advisory services.

<https://today.thefinancialexpress.com.bd/metro-news/adb-to-support-healthcare-ppp-projects-1576001614>

Trade deficit widens

- Trade deficit widened slightly in the first four months of the fiscal year when exports fell more than imports, a development that has exposed the sluggishness of the economy. Between July and October, trade deficit, a situation when imports exceed exports, stood at USD 5.62 billion, up 5.58% year-on-year, according to data from the central bank. During the period, imports declined 3.17% from a year earlier to USD 18.13 billion and exports dropped 6.65% to USD 12.51 billion. Current account deficit, however, decreased 36.88% year-on-year to USD 1.30 billion in the first four months of 2019-20.

<https://www.thedailystar.net/business/news/trade-deficit-widens-1838269>

Economy facing headwinds as key indicators in red zone

- The economy is going to get into a quagmire as shortfall in revenue collection and excessive bank borrowing are set to thwart its growth target, economists fear. Continuing fall in export earnings has aggravated the already sagging economy, they add. Wobbly stock market, low confidence of private sector and negative import growth that signals poor factory activities put a dent on the macro economy that suggests a bleak outlook for economic expansion.

- As of November 17, the government borrowed BDT 434.11 billion or 92% of its full-year target of BDT 473.64 billion from the banking sector, according to Bangladesh Bank data. The National Board of Revenue (NBR) faced a revenue shortfall of BDT 202.20 billion during the first four months (July-October) of the current fiscal year, according to the latest data of the revenue board. The government has set a target to collect BDT 3.26 trillion in tax revenues for the entire fiscal year starting on July 1.

- Besides, the net national saving certificate (NSC) sales slumped by 64.97% or BDT 87.13 billion year-on-year in July-September of the current fiscal year because of the tightened sale process and the hike in tax on interest. The net sales of NSCs dropped to BDT 46.98 billion in July-September of the FY20 against BDT 134.12 billion during the same period of the FY19.

- The export earnings of the country also declined 6.82% to USD 12.71 billion in July-October period compared with the same period of the previous year, according to Export Promotion Bureau data.

- The Implementation Monitoring & Evaluation Division data show that the government has implemented only 14.25% of its development projects in the July-October period of the current fiscal year against a BDT 2.15 trillion development program for the FY20.

- According to BB data, the soaring non-performing loans are at 11.69% in the country.
- Among the major economic indicators only remittance showed positive growth as expatriate Bangladeshis sent USD 7.71 billion in the first five months of FY 2019-20, which is 22.67% higher than same period of last year.

<https://www.dhakatribune.com/business/2019/12/09/economy-facing-headwinds-as-key-indicators-in-red-zone>

Bangladesh Bank body explores options to cut lending rate

- The Bangladesh Bank (BB)'s high-powered committee is trying to explore different options to bring down the industrial lending rate to single-digit from the existing level. Different issues including possible impact on the banking sector following slashing the interest rates on industrial loans were also discussed at the second meeting of the committee, held at the central bank headquarters in the city on Monday. Earlier on December 01, the central bank formed the seven-member high-powered committee to find out ways for bringing down the industrial lending rate to single-digit.
- After a meeting of the chairmen and managing directors of both public and private sector banks on December 01, the Finance Minister told the reporters that the single-digit interest rate on such lending will come into effect from January 01, 2020. The government had taken a move to bring down the lending rates to single digit to facilitate job creation and private investment in Bangladesh. On the other hand, the central bank is now preparing a report on the basis of information, provided by all the scheduled banks earlier, focusing impact on the banking sector after slashing interest rates on industrial loans. Possible profitability loss of the banks will be included in the report, according to sources.

<https://today.thefinancialexpress.com.bd/first-page/bb-body-explores-options-to-cut-lending-rate-1575912922>

Garment exporters demand 5% cash incentive against dollars

- The finance ministry will send four officials to India, Thailand, Vietnam and Indonesia to assess the feasibility of the demand made by the country's readymade garments exporters for five% cash incentive against dollars they earn. Finance ministry officials said that the officials, each of them whom would visit one country, were mainly tasked with assessing the measures taken by India, Thailand, Vietnam and Indonesia in providing incentives to their respective apparel sectors.
- On Sunday, Bangladesh Garments Manufacturers and Exporters Association (BGMEA) president placed the demand for cash incentives against dollars at a meeting with the finance minister against the backdrop of falling export incomes for the last four consecutive months. The decline in export income in the July-November period of FY20 compared to USD 15.77 billion from USD 17.07 billion in the same period of FY19 has been attributed to the negative performance of the RMG sector, which accounts for more than 80% of the country's annual export earnings.

- Industry experts blamed the fall in demand in the eurozone, the country's main market for RMG products, and a slump in business competitiveness of the sector for its sorry state. Vietnam has matched Bangladesh at the second position as a leading international apparel exporter in terms of export value after Bangladesh lost its global market share in apparel exports by 0.1%age point to 6.4%. According to the World Trade Statistical Review 2019

recently released by the World Trade Organization (WTO), Bangladesh grabbed USD 32 billion in export earnings in 2018, which amounted to USD 29 billion in 2017. On the other hand, Vietnam also grabbed USD 32 billion in 2018, which was USD 27 billion in the previous year when the total global apparel export market was worth USD 421 billion. China still remains the top exporter of apparel products with earnings worth USD 158 billion. India's market share has come down to 3.3% from 4.1%.

<http://www.newagebd.net/article/93172/garment-exporters-demand-5pc-cash-incentive-against-dollars>

Apparel items continue to become cheaper

- The prices of Bangladeshi made apparel items continued to fall since the Rana Plaza building collapse in April 2013 although the prices of cotton, the main raw material for fabrics, increased during the time to some extent. In 2013 a dozen of Bangladesh-manufactured cotton trousers sold for USD 62.26. In 2017 the same quantity went for USD 54.29 per dozen, a 12.80% fall in five years, according to a findings by a report.
- However, cotton was sold at 90.42 cents per pound in 2013 and the price of the white fiber went down to 83.09 in 2014 and 70.41 cents in 2015. But from 2016 the price of cotton started going up again and it was sold at 74.41 cents. In 2017, per pound of cotton sold for 85.99 cents, according to the findings.
- Of the total garment export from Bangladesh, nearly 90% are made from cotton fibers. On the other hand, other countries produce 50% of garment from cotton fiber and man-made fibers, according to industry insiders. Prices have fallen by about 3.64% to the EU and almost 7% to the US over the last four years, said President of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), the garment makers' platform.
- The cost of production of apparel during 2014-2018 has increased by 30%. Furthermore, minimum wage of the garment workers has increased by 51% since December last year. The per unit prices fell 2.12% in fiscal 2016-17 compared with the previous year and it experienced another fall of 4.07% in fiscal 2017-18, according to BGMEA data.

<https://www.thedailystar.net/business/news/apparel-items-continue-become-cheaper-1837861>

Ceramics makers bag export orders worth USD 5.5 million

- Ceramic manufacturers received export orders worth USD 5.5 million at the just-concluded Ceramic Expo Bangladesh 2019, the organizers said. The orders came from five countries – Italy, Brazil, India, Greece, and Sweden, the Bangladesh Ceramic Manufacturers and Exporters Association (BCMEA) in a press release yesterday. Currently, there are 60 ceramic companies in Bangladesh with combined investment of about BDT 85 billion.

<https://www.thedailystar.net/business/news/ceramics-makers-bag-export-orders-worth-55m-1837825>

<https://today.thefinancialexpress.com.bd/trade-market/ceramic-expo-ends-with-55m-export-orders-1575822470>

Q1 budget deficit soars

- The budget deficit during the July-September period last increased by nearly 200% compared with the corresponding three months in 2018, as gains in tax receipts were offset by higher spending and growing debt servicing, according to the government statistics. The statistics show that the deficit widened to BDT 321.44 billion during the first quarter or Q1 of this fiscal year. The rise is 183% compared to the same period a year earlier. During the period under review the total spending was BDT 876 billion against the revenue receipts to the tune of BDT 554.6 billion.
- There was no grant during the Q1, but loan disbursement and other flows from external sources were much lower than expectation and stood at BDT 6.37 billion. On the other hand, borrowing from the banking sources (net) was astonishingly high at BDT 279.5 billion through bills, bonds and other debt instruments. The budgetary target of borrowing from the banking system was BDT 473.4 billion for the entire fiscal year. Debt-servicing was also high at nearly USD 500 million during the period under review, approximately USD 100 million higher than that of the previous period a year earlier, according to the statistics.
- Economists view that this budget deficit will jump significantly during the second half of the fiscal year at a time when the payment for both development and non-development activities usually remain high. They suggest prioritizing development activities, otherwise the deficit will far exceed the benchmark and unsustainability may stalk the economy.
- The lead economist at the Dhaka office of the World Bank said that banks usually find comfort while lending to the government as such investment is viewed as risk-free from the banks' perspective. If borrowing from the banking system by the government increase further, it will create a crowding out effect on the economy. We now see around 10% growth in the credit to the private sector, and it will drop to a single digit, once the borrowing persists further, he said. On the other hand, an executive director at the privately-owned think-tank Policy Research Institute of Bangladesh (PRI) said the borrowing from the banking system would even touch BDT 1.2 trillion. Another economist said that such higher a deficit leads to unsustainability of the economy.

<https://today.thefinancialexpress.com.bd/public/first-page/q1-budget-deficit-soars-1575653946>

Exports fall 10% in November

- Exports declined in the month of November mainly because of poor performance of apparel shipment, in an ominous sign that can thwart Bangladesh's target to earn USD 45.50 billion from merchandise shipment in the current fiscal year. In November, exports slumped 10.20% to USD 3.05 billion, which is also 17.90% shy of the monthly target of USD 3.72 billion, according to data from the Export Promotion Bureau (EPB).
- Also, the overall earnings from the merchandise exports between July and November fell 7.59% to USD 15.77 billion, again 12.59% short of the four-month target of USD 18.05 billion. Lower shipment of apparel items, which accounted for more than 80% of the national exports, contributed to the decline. Between July and November, garment exports declined 7.74% to USD 13.08 billion, missing the target of USD 15.15 billion by 13.63%, the EPB data showed. Of the garment shipment, USD 6.80 billion came from the knitwear sector and USD 6.27 billion from the export of woven items. The overseas sales of knitwear and woven garments were respectively 8.94% and 18.20% behind the targets. President of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) said the export of garment declined by 11.98% in November and the export growth of garment has fallen for the fourth consecutive month out of the first five months of the current fiscal year.

- In July-September, Bangladesh registered 1.7% growth in the US market whereas Vietnam grew by 14.23%, India by 3.93%, Cambodia by 15.56%, and Pakistan by 6.58%. The situation in Europe is equally dismal. Bangladesh's apparel exports managed to grow at only 0.90%, whereas it was 2.98% for Turkey, 2.88% for Vietnam, and 6.17% for Sri Lanka.
- Frozen and live fish exports declined by 7.62% to USD 235.11 million between July and November, while export receipts from agricultural products slipped 2.69% to USD 446.32 million and leather and leather goods exports gave up 10.03% to USD 391.09 million. The export of cement, specialised textiles, home textile, and terry towel also declined.
- Some sectors, however, performed well during the period. Of them, the shipment of jute and jute goods was up 15.16% to USD 404.79 million. Bicycle exports went up by 9.81% to USD 36.70 million, the EPB data showed.

<https://www.thedailystar.net/business/news/exports-fall-10pc-november-1836475>
<http://www.newagebd.net/article/92766/exports-plunge-by-13b-in-five-months-as-competiveness-slips>
<https://today.thefinancialexpress.com.bd/public/first-page/exports-see-downtrend-in-july-november-1575567067>
<https://www.dhakatribune.com/business/2019/12/05/exports-slump-10-7-in-november>

Moody's publishes ratings on 8 Bangladeshi banks

- Moody's Investors Service has downgraded the ratings of five Bangladeshi banks and affirmed the ratings of three others. The rating actions reflect Moody's expectation that credit conditions in Bangladesh will weaken, despite the robust economic conditions in the country, driven by persistent weaknesses in underwriting standards and high credit concentrations in large domestic corporates, the report said. Moody's has, therefore, downgraded Bangladesh's Macro Profile to "Weak-" from "Weak", by introducing a one-notch negative adjustment to Credit Conditions.
- Moody's revised the outlooks of Al-Arafah Islami Bank, Brac Bank, The City Bank, Mercantile Bank, NCC Bank, and Social Islami Bank, from stable to negative, to reflect Moody's expectation that the deterioration in credit conditions will pressure the asset quality and profitability of these banks. The global credit ratings giant maintained the outlook on Dutch-Bangla Bank's ratings at stable, underpinned by robust funding and liquidity, because of its market position as the leading transaction bank in the country. It also maintained the outlook on Eastern Bank's ratings at stable, based on the bank's track record of good asset quality.
- Moody's downgraded the BCAs of Eastern Bank and Dutch-Bangla Bank to b2 from b1, largely because of the elevated levels of problem loans — including rescheduled loans and loans under stay orders — and high credit concentrations in their loan portfolios. Moody's downgraded the BCAs of Al-Arafah Islami Bank, Mercantile Bank, and Social Islami Bank to b3 from b2 because their problem loan ratios at double digits, are much higher than their rated peers in Bangladesh. These banks are also exposed to single party concentration risks. The affirmation of Brac's b1 BCA reflects the bank's strength in the SME segment that has led to superior asset quality and profitability when compared to its rated peers in Bangladesh.

<https://www.dhakatribune.com/business/banks/2019/12/06/moody-s-takes-negative-rating->

[actions-on-8-bangladeshi-banks](#)**Transaction through mobile financial service (MFS) grows by 6.6% in October**

• Money transactions through mobile financial service (MFS) grew by 6.6% or BDT 23.29 billion in October this year compared with that in the previous month as the MFS operators focused on making the service more convenient for clients. As per the Bangladesh Bank data, transactions through MFS increased to BDT 377.63 billion in October from BDT 354.33 billion in September. The number of transactions, daily average transactions and number of MFS accounts also increased in October.

• Apart from MFS transaction value, the number of transactions in October increased by 7% or 14.8 million. In October, the number of transactions increased to 227.2 million from 212.4 million in the previous month. The number and value of daily average transaction through MFS increased by 3.6% and 3.10% respectively in October compared with that in the previous month. The number of registered clients of MFS operators increased by 1.9% or 1.4 million to 77.3 million in October from 76 million in the previous month. However, the number of active MFS subscribers fell by 15.6% or 5.4 million to 29 million in October from 34.4 million in September. Remittance inflow through MFS stood at BDT 249.9 million in October this year from BDT 241.8 million in the previous month.

<http://www.newagebd.net/article/92871/transaction-thru-mfs-grows-by-66pc-in-oct>

Capacity payments up five times in nine years

• Country's privately-owned power plants, especially the oil-fired ones, received a staggering BDT 89.29 billion in 'capacity payments' from the government in fiscal year (FY) 2018-19. The plants got the fund without generating any electricity. The capacity payments were 43% up from that of FY '18. The Bangladesh Power Development Board (BPDB) that makes the payments to private power plants faced a revenue shortfall worth BDT 86.08 billion in FY '19.

• The BPDB pays the owners under a contractual obligation as 'incentives' for keeping their plants idle. The amount may go up further as more oil-fired power plants are expected to come on line soon, a senior BPDB official said. Energy experts and industry insiders deem it as the consequence of awarding 'more than required' expensive oil-fired power plants to the private sector. According to the BPDB, the board had to pay around BDT 62.41 billion to privately-owned power-plant sponsors during FY '18 as capacity payment. Capacity payment is a sort of penalty for BPDB that pays to plant owners if the government fails to buy a certain portion of power readily available with them. According to the BPDB statistics as of December 04 last, countrywide power generation during day peak hours was 6,876 megawatt (MW), which is only 35% of total installed capacity of 19,570MW.

<https://today.thefinancialexpress.com.bd/public/first-page/capacity-payments-up-five-times-in-nine-yrs-1575653851>

National Board of Revenue (NBR) cuts VAT on coal import for power plants

• The National Board of Revenue (NBR) reduced value added tax on the import of coal for power plants to 5% from present 15% for five years until June 2025 to allow electricity generation at lower costs, according to a notification issued on Tuesday. After the VAT cut to 5%, a 5% advance tax and 5% advance income tax will still be applicable for private

sector power plants. Public sector power plants will need to pay only the 5% VAT to import coal, said an NBR official. As coal accounts for nearly 65% of the electricity production cost, a reduction in the VAT rate will bring down the cost of generation, said the meeting minutes.

<https://www.thedailystar.net/business/news/nbr-cuts-vat-coal-import-power-plants-1836466>

Move to set up mega power plant on closed Khulna Newsprint Mills (KNM) land

• The government has taken a move to set up an 800-MW power plant on the land of the closed Khulna Newsprint Mills (KNM). According to official sources, state-owned North-West Power Generation Company Ltd (NWPGL) will set up the combined cycle dual-fuel power plant having two units of 400 MW each. The joint venture company will install the first unit of the project within 30 months and the second one within 36 months, NWPGL Managing Director and Chief Executive Officer (CEO) said. The government officially closed down the state-owned KNM on November 30, 2002 amid short supply of raw materials.

• Officials said it was initially estimated that the power plant would require an investment of BDT 85 billion (about USD 1.0 billion) - BDT 60 billion (USD 705 million) will come as loan while the government will provide BDT 25 billion and NWPGL BDT 50 million for the project. NWPGL said they are planning to operate the power plant through imported LNG as there is gas supply network within 12 km of the area. But there will be a provision to operate the plant with liquid fuel in case of any gas supply shortage.

<https://today.thefinancialexpress.com.bd/trade-market/move-to-set-up-mega-power-plant-on-closed-knm-land-1575731161>

Important News: Capital Market**PLFS receives only BDT 80 million from defaulters**

• People's Leasing and Financial Services (PLFS) Limited received only around Tk 80 million from defaulters and borrowers after its liquidator was appointed in mid-July. The total outstanding loans of PLFS was Tk 11.31 billion as of June last year. Of the total, Tk 7.48 billion (66.14 % of the total loans) of the institution was non-performing loans. The borrowers of PLFS repaid the money voluntarily to the liquidator, appointed by the court to oversee the process of liquidation. A total of 67.48% of its shares are in the hands of general shareholders, 23.11% for sponsors and directors, 8.77% shares for institutional investors and 1.19% shares of foreign investors.

<https://www.dhakatribune.com/business/2019/12/11/plfs-receives-only-tk8cr-from-defaulters>

Ring Shine Textiles makes debut tomorrow

• Trading of the shares of Ring Shine Textiles Ltd will commence on Dhaka Stock Exchange and Chittagong Stock Exchange from tomorrow (Thursday) under 'N' category, officials said. The textile company raised a fund worth BDT 1.50 billion from the capital market by floating 150 million ordinary shares at a face value of BDT 10 each using the fixed price method. The company's IPO oversubscribed by 6.74 times as the company received total BDT 10.11 billion against IPO offer of BDT 1.50 billion, according to data from

the Chittagong Stock Exchange.

<https://today.thefinancialexpress.com.bd/stock-corporate/ring-shine-textiles-makes-debut-tomorrow-1575998891>
<http://www.newagebd.net/article/93256/ring-shine-debuts-tomorrow>

Heidelberg completes acquisition of Emirates Cement, Emirates Power

- Heidelberg Cement Bangladesh has completed acquisition of entire shareholding of Emirates Cement Bangladesh and Emirates Power Company from UltraTech Cement Middle East Investments Ltd. The Emirates Cement Bangladesh Ltd and Emirates Power Company Ltd are now wholly-owned subsidiaries of the company, according to an official disclosure on Sunday. The amount of payable was BDT equivalent of USD 21.52 million, which is approximately BDT 1.83 trillion as of announcement on November 13, according to the disclosure.
- Emirates Cement Bangladesh and Emirates Power Company are private company limited by shares incorporated in Bangladesh. Emirates Cement is engaged in cement production and Emirates Power generates and supplies electricity. UAE-based UltraTech Cement Middle East Investments is a wholly-owned subsidiary of Aditya Birla-led UltraTech Cement.

<https://today.thefinancialexpress.com.bd/stock-corporate/heidelberg-completes-acquisition-of-emirates-cement-emirates-power-1575822970>

Golden Harvest's rights subscription begins

- The subscription for rights shares of Golden Harvest Agro Industries Ltd started on Sunday, aiming to raise a capital worth BDT 899.32 million. The subscription period will continue until December 30, officials said. Bangladesh Securities and Exchange Commission (BSEC) approved the company's application to raise the fund through issuance of 89.93 million rights shares on October 1 of this year.
- The Golden Harvest, a company in the 'Food & Allied' sector, will issue three rights shares against four existing shares (3R:4) at an offer price of BDT 10 each. The purposes of issuing rights shares are to increase paid-up capital for the expansion of existing production and distribution channels of the company and pay off bank loans.

<https://today.thefinancialexpress.com.bd/stock-corporate/golden-harvests-rights-subscription-begins-1575823189>

Supreme Court clears way for replacing LR Global

- The Supreme Court yesterday froze a High Court order which stayed the process of changing the asset manager of two listed mutual funds. LR Global Bangladesh is the asset manager while Bangladesh General Insurance Company (BGIC) the trustee of DBH First Mutual Fund and Green Delta Mutual Fund.
- IDLC Asset Management was sought as a replacement for LR Global Bangladesh by two-thirds of the unitholders, and the BGIC on October 31 sought the BSEC's views on it. In figures, some 73% of the DBH unitholders and 70% of the Green Delta unitholders called for the change.

<https://www.thedailystar.net/business/news/sc-clears-way-replacing-lr-global-1837840>

Stockbrokers seek Bangladesh Securities and Exchange Commission (BSEC) help in getting BDT 100 billion government fund

- A group of stockbrokers on Sunday sought assistance from the Bangladesh Securities and Exchange Commission to get BDT 100 billion in low-interest funds from the government to invest in the ailing stock market. The stockbrokers met BSEC chairman to discuss the current market situation. DSEX, the key index of Dhaka Stock Exchange, lost more than 1,354 points in last 10 months, eroding BDT 717.52 billion in market capitalization. Earlier, the stockbrokers especially the banks' subsidiary brokerage houses had submitted a proposal to the finance ministry, seeking BDT 100 billion to inject into the capital market.
- EBL Securities chief executive officer said they wanted the fund for a period of six years at a flat interest rate of 3.0%. He said all market intermediaries such as stockbrokers, merchant banks, and asset management companies would be allowed to get the loan facility. The fund will only be invested in the secondary market. A stockbroker said that the central bank could engage one or more representatives to disburse and recover the loans.

<http://www.newagebd.net/article/93061/stockbrokers-seek-bsec-help-in-getting-BDT-10000cr-government-fund>