

## Capital Market Overview

The market closed in green this week. The benchmark index DSEX (+2.51%) gained 111.65 points and closed the week at 4,564.61 points. The blue-chip index DS30 (+1.50%) gained 22.77 points and stood at 1,536.63 points. The Shariah-based index DSES (+1.79%) gained 18.40 points and stood at 1,045.82 points. The large cap index CDSET (+1.29%) gained 11.69 points and closed at 916.10 points. DSEX, DS30, DSES, and CDSET all posted positive YTD return of +2.51%, +1.54%, +4.60%, and +1.82% respectively

**Total Turnover During The Week (DSE):** BDT 26 billion (USD 312.3 million)  
**Average Daily Turnover Value (ADTV):** BDT 5.2 billion (Δ% Week: +16.7%)

**Market P/E:** 13.14x

### Daily Index Movement during the Week:

The market performed five sessions during this week. Market opened this week with a negative movement of -1.44% in the first session and moved further downward by -0.07% in the second session. However, the market turned around in the third session by +1.96%. The market moved upward again by +0.21% in the fourth session and ended the week in positive at +1.87%.

### Sectoral Performance:

- All the financial sectors showed positive performance during this week except Life Insurance (-0.18%). NBFIs booked the highest gain of 9.85% followed by Mutual Funds (+6.60%), Banks (2.07%) and General Insurance (+0.74%).
- All the non-financial sectors too showed positive performance during this week except Telecommunication (-0.72%). Engineering booked the highest gain of 4.44% followed by Power (+2.70%), Pharmaceuticals (+1.59%) and Food & Allied (0.99%).

### Macroeconomic arena:

- The Financial Reporting Council has tightened rules of company's capital formation by directing companies to convert share money deposit into paid up capital within six months of depositing such fund and barring them from withdrawing the money.
- The National Board of Revenue has exempted payment of advance income tax on import of more than 400 chemical compounds by the local producers of active pharmaceutical ingredients (API) for four and a half years.
- Bangladesh Bank has proposed strict actions against willful defaulters in the draft bill seeking amendment to the Bank Company act, 1991.
- Revenue shortfall against the target, which is a common occurrence nowadays, is getting wider as the fiscal year nears its end, much to the concern for the government that has already ramped up its borrowing from the banking sector.
- The central bank has allowed all scheduled banks to create a special fund worth BDT 2.0 billion each of five-year tenure, only for investment in the capital market.
- The interest rate on government Treasury bills and bonds doubled in the last one year which will fuel budgetary expenditure and may discourage private sector credit, both of which are already sources of concern.
- Country's nominal wage rate index (WRI) increased by 6.56% in January this year over the same period of last year

### Stock Market arena:

- 8 accounting firms are vying to audit Banglalink, which thus far turned out to be a challenging mission for the telecom watchdog.
- It was found in the closed end fund ICB's portfolio statement as on December of 30, 2019 that BDT 565.8 million, or 8.2%, of ICB's investment in listed securities have become junks.
- The government is planning on offloading shares of Sonali, Janata and Agrani banks on the stock exchange.

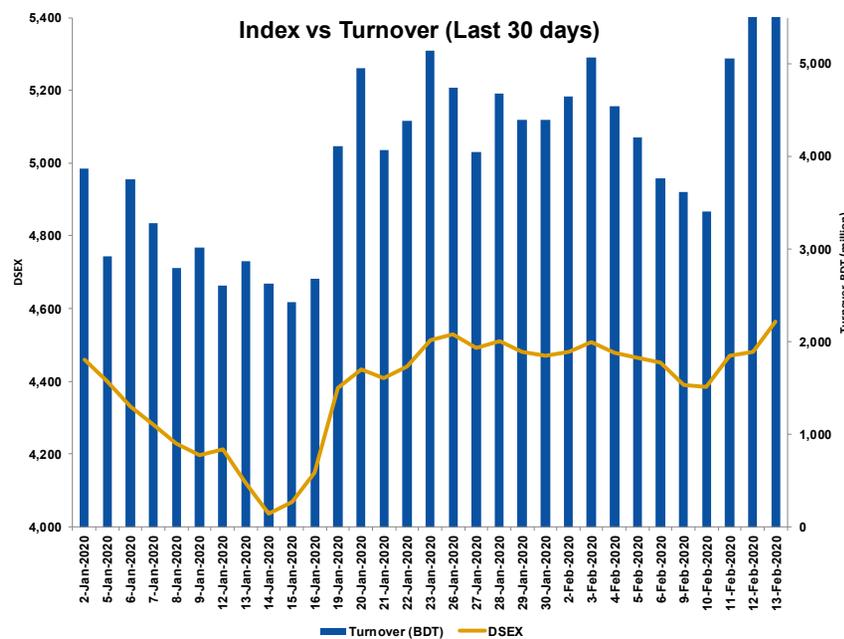
Table 1: Index

Index	Closing	Opening	Δ(Pts)	30-Dec-2019	Δ% Week	Δ%YTD
DSEX	4,564.61	4,452.96	111.65	4,452.93	2.51%	2.51%
DS30	1,536.63	1,513.86	22.77	1,513.35	1.50%	1.54%
DSES	1,045.82	1,027.41	18.40	999.83	1.79%	4.60%
CDSET	916.10	904.41	11.69	899.76	1.29%	1.82%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	17,026,457.0	17,173,199.7	-0.9%
	Mn USD	204,817.2	206,582.5	
Turnover	Mn BDT	25,965.0	22,254.6	16.7%
	Mn USD	312.3	267.7	
Average Daily Turnover	Mn BDT	5,193.0	4,450.9	16.7%
	Mn USD	62.5	53.5	
Volume	Mn Shares	1,003.9	764.0	31.4%

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
Orion Pharma Ltd.	37.50	27.80	34.9%	8,775.0	208.77	10.2x	0.5x
ICB Employees Provident MF 1 Scheme 1	6	4.60	30.4%	450.0	37.82	NM	0.5x
Orion Infusion	69.00	53.50	29.0%	1,404.8	581.43	34.6x	5.8x
SK Trims & Industries Limited	62.40	49.40	26.3%	5,285.3	536.55	26.4x	5.4x
ICB AMCL First Agrani Bank Mutual Fund	7.00	5.70	22.8%	687.1	64.63	NM	0.7x
ICB AMCL Sonali Bank Limited 1st Mutual Fund	7.20	5.90	22.0%	720.0	9.20	NM	0.6x
Saiham Textile	35.20	29.20	20.5%	3,187.8	12.12	NM	1.9x
Far Chemical Industries Limited	8.80	7.30	20.5%	1,919.2	91.24	12.6x	0.6x
Hakkani Pulp & Paper	64.50	53.70	20.1%	1,225.5	106.65	NM	2.4x
ABL 1st Islamic Mututal Fund	8.00	6.70	19.4%	800.0	21.07	NM	0.7x

**Table 4: Top Ten Losers**

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Shaympur Sugar	30.00	34.20	-12.3%	150.0	.56	NM	NM
Northern Jute	455.90	508.90	-10.4%	976.5	260.61	20.4x	8.0x
Eastern Lubricants	872.60	959.90	-9.1%	867.4	20.84	37.9x	6.1x
Samata Leather	163.00	176.30	-7.5%	1,682.2	140.61	436.9x	11.3x
Emerald Oil Industries Ltd.	13.90	15.00	-7.3%	830.0	2.82	122.1x	0.9x
Standard Ceramic	577.20	621.80	-7.2%	3,729.1	184.45	NM	45.5x
United Airways (BD) Ltd.	1.50	1.60	-6.3%	1,242.1	5.98	NM	0.1x
Rangpur Dairy & Food Products	13.70	14.60	-6.2%	990.7	44.86	1.6x	1.1x
Delta Spinnings Ltd.	4.70	5.00	-6.0%	782.5	2.40	18.4x	0.4x
Monno Jute Staffers	815.30	867.20	-6.0%	2,025.2	181.79	421.0x	70.7x

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

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
LafargeHolcim Bangladesh Limited	48.50	46.60	4.1%	56,326.6	1,265.37	31.3x	3.7x
Khulna Power Company Limited	55.70	52.10	6.9%	22,135.9	627.57	17.5x	2.3x
Indo-Bangla Pharmaceuticals Limited	24.90	22.80	9.2%	2,776.5	612.10	14.7x	2.0x
ADN Telecom Limited	45.90	46.80	-1.9%	2,967.5	610.11	18.0x	2.8x
Orion Infusion	69.00	53.50	29.0%	1,404.8	581.43	34.6x	5.8x
Shepherd Industries Limited	25.00	24.30	2.9%	3,757.2	575.09	43.5x	1.5x
SK Trims & Industries Limited	62.40	49.40	26.3%	5,285.3	536.55	26.4x	5.4x
S. S. Steel Limited	13.30	12.80	3.9%	3,747.3	499.94	5.5x	0.9x
Bangladesh Shipping Corporation	49.10	48.30	1.7%	7,489.5	443.09	8.4x	0.4x
Golden Harvest Agro Industries Ltd.	19.10	17.90	6.7%	4,122.5	371.85	13.9x	1.3x

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

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
LafargeHolcim Bangladesh Limited	48.50	44.35%	56,326.6	31.3x
MJL Bangladesh Limited	78.30	23.70%	24,801.7	13.4x
Khulna Power Company Limited	55.70	19.27%	22,135.9	17.5x
Olympic Industries	194.10	17.64%	38,808.1	19.4x
Power Grid Co. of Bangladesh Ltd.	51.90	16.37%	23,921.4	5.9x
Summit Power	41.70	14.88%	44,530.5	8.2x
Shasha Denim Limited	27.60	11.74%	3,707.2	14.2x
Titas Gas	34.50	11.65%	34,128.2	8.3x
BBS Cables Limited	65.60	11.56%	11,451.8	8.0x
Doreen Power Generations and Systems Limited	65.70	11.54%	8,623.8	8.1x

**Table 6: Sector Indices**

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1267.33	1241.65	1319.28	2.07%	-3.94%
NBFIs	1668.17	1518.53	1565.13	9.85%	6.58%
Mutual Funds	643.50	603.64	591.17	6.60%	8.85%
General Insurance	1940.12	1925.89	1927.02	0.74%	0.68%
Life Insurance	2061.31	2065.01	2194.70	-0.18%	-6.08%
Telecommunication	3643.16	3669.50	3993.59	-0.72%	-8.77%
Pharmaceuticals	2587.89	2547.34	2492.51	1.59%	3.83%
Fuel & Power	1644.13	1600.98	1515.21	2.70%	8.51%
Cement	1437.53	1379.78	1132.29	4.19%	26.96%
Services & Real Estate	1031.19	984.00	886.70	4.80%	16.30%
Engineering	2314.77	2216.31	2257.22	4.44%	2.55%
Food & Allied	13530.98	13398.98	12121.49	0.99%	11.63%
IT	1995.05	1950.21	1823.13	2.30%	9.43%
Textiles	1108.05	1061.75	1042.04	4.36%	6.34%
Paper & Printing	5780.08	5039.35	5233.20	14.70%	10.45%
Tannery	1904.30	1878.78	1826.45	1.36%	4.26%
Jute	9270.25	9806.94	11393.28	-5.47%	-18.63%
Ceramics	474.56	464.92	459.10	2.07%	3.37%
Miscellaneous	1837.90	1802.28	1745.96	1.98%	5.27%

**Table 7: Sector Trading Matrix**

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Banks	249.1	31.3	696.61%	5.03%	6.8x	0.8x
NBFIs	106.2	10.6	898.15%	2.14%	97.1x	2.3x
Mutual Funds	153.5	15.7	878.74%	3.10%	NM	0.5x
General Insurance	281.4	49.2	471.36%	5.68%	13.7x	1.3x
Life Insurance	61.2	6.7	806.73%	1.24%	NM	8.5x
Telecommunication	121.1	16.3	640.68%	2.44%	10.4x	7.6x
Pharmaceuticals	782.1	102.6	662.54%	15.79%	17.1x	2.3x
Fuel & Power	425.4	37.1	1045.58%	8.59%	10.7x	1.9x
Cement	301.8	45.7	561.12%	6.09%	29.2x	2.7x
Services & Real Estate	83.4	7.3	1042.68%	1.68%	61.6x	0.8x
Engineering	747.6	111.3	571.48%	15.10%	14.0x	1.4x
Food & Allied	166.1	26.0	538.42%	3.35%	24.3x	7.7x
IT	180.4	28.5	532.10%	3.64%	17.8x	2.6x
Textiles	716.4	100.0	616.15%	14.46%	NM	0.8x
Paper & Printing	45.0	4.7	850.80%	0.91%	287.0x	1.5x
Tannery	90.5	13.3	582.13%	1.83%	22.9x	2.1x
Jute	56.0	14.0	299.34%	1.13%	NM	4.2x
Ceramics	72.7	13.6	434.80%	1.47%	29.5x	1.8x
Miscellaneous	312.9	49.4	532.70%	6.32%	20.3x	1.1x

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

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
BRAC Bank	46.50	-18.56%	57,352.0	11.2x
Padma Oil Co.	171.60	-10.72%	16,856.7	6.1x
City Bank	19.10	-9.48%	19,413.0	7.5x
Grameenphone Ltd.	258.80	-9.45%	349,457.6	10.1x
Prime Bank	17.00	-6.59%	19,248.8	7.8x
Eastern Cables	188.70	-5.27%	4,528.8	NM
Lankabangla Finance	17.10	-5.00%	8,775.4	15.5x
Reckitt Benckiser	3,037.40	-4.88%	14,351.7	31.5x
Heidelberg Cement	156.90	-4.79%	8,865.4	55.9x
Singer Bangladesh	172.80	-4.21%	17,228.7	16.7x

**Important News: Business & Economy****The Financial Reporting Council (FRC) tightens rules on converting share money into paid up capital**

- The Financial Reporting Council has tightened rules of company's capital formation by directing companies to convert share money deposit into paid up capital within six months of depositing such fund in bank accounts and barring them from withdrawing the money. According to the directive, the share money deposit received for increasing equity or paid up capital of a company must not be withdrawn or taken back at any means. The non-compliant companies would face the music under the clause 48 of Financial Reporting Act 2015. Besides, the share money deposit will be considered as potential share until its conversion into paid up capital, and the company must show the diluted earnings per share in the financial statement or impact of the new shares on EPS.
- One of the prime reasons for the rise in non-performing loans in the country's banking sector was wrongdoings with the share money deposit by companies. Sometimes, company's sponsor-directors deposited funds as share money deposit to show increase of equity of the company to the banks to take large amounts of loans against the equity. After taking the loans, the sponsor-directors of the company withdraws funds deposited earlier as share money deposit, which is against the clause 59 of the Company Act. The guideline was issued with the aim of implementing effectively the definition of equity or capital as it is mentioned in the International Financial Reporting Standard accepted by the Financial Reporting Act 2015.

<https://www.newagebd.net/article/99399/frc-tightens-rules-on-converting-share-money-into-paid-up-capital>

**Saudi Arabia to help build skilled workforce and invest in the energy sector**

- The Kingdom of Saudi Arabia is interested in establishing a training institute in Bangladesh to help create more skilled workforce for recruitment to the Middle Eastern nation. Saudi Aramco, a national petroleum and natural gas company based in Dhahran, is also considering investing in Bangladesh's energy sector. Bangladesh is setting up 100 special economic zones which will require a tremendous electricity supply.
- A joint commission meeting is held every two years. However, to update and move forward with their plans for investment, a meeting between the two countries will be held every quarter. The Bangladesh team is comprised of officials from the ministries of finance, foreign affairs, commerce, expatriates' welfare, home affairs, agriculture, energy, education, ICT and fisheries. While representatives from other Saudi Arabian companies, such as ACWA Power and Al Bawani, are also featuring in the Saudi delegation. There are also other projects that Saudi companies are interested in and those will be discussed at the meeting.

<https://www.thedailystar.net/business/news/saudi-arabia-help-build-skilled-workforce-1867321>

<https://today.thefinancialexpress.com.bd/first-page/fm-seeks-saudi-investment-in-ezs-power-sector-1581531014>

**Advance Income Tax (AIT) on import of 400 API chemicals withdrawn**

- The National Board of Revenue has exempted payment of advance income tax on import

of more than 400 chemical compounds by the local producers of active pharmaceutical ingredients (API) for four and a half years. Income tax wing of the revenue board on Wednesday issued a statutory regulatory order dated February 9 giving waiver to the API producers from payment of 5% AIT to facilitate production of the basic raw materials of pharmaceuticals industry.

- The exemption will be applicable to import of the technical grade and chemically pure chemical compounds meeting national and international standards which have been enjoying exemption from payment of customs duty. Importers will have to use the imported chemical compounds to produce API products at their factories or selling to other pharmaceuticals companies.

<https://www.newagebd.net/article/99400/ait-on-import-of-400-api-chemicals-withdrawn>  
<https://www.thedailystar.net/business/news/import-exempt-advance-income-tax-1867318>  
<https://today.thefinancialexpress.com.bd/first-page/ait-lifted-on-imports-of-400-api-chemicals-1581530869>

**Surplus funds in banks hit BDT 1.0 trillion-mark, again**

- Banks' excess liquidity has crossed the BDT 1.0 trillion-mark again, fueled by lower private credit growth in a sign that the investment situation has cooled. Surplus cash surged by nearly 19% to BDT 1,056.46 billion as on December 31, 2019 from BDT 889.50 billion three months before, according to the central bank's latest statistics. The amount was BDT 1,119.10 billion as on March 30, 2017.
- The country's banking sector has been saddled with excessive funds since the second quarter of 2019 as the private sector credit growth was slower, according to bankers. The amount rose to BDT 833.30 billion in the April-June period of the last calendar year from BDT 638.80 billion in Q1 of 2019. It was BDT 774.80 billion as on December 31, 2017.
- More than 65% of total liquid assets were invested in the government securities, known as unencumbered approved securities. The sector's credit growth fell to 9.83% in December 2019 on a year-on-year basis from 13.20% a year earlier, the central bank data shows. This growth was 3.37% points lower than the central bank's target of 13.20% for the first half of fiscal year 2019-20. Meanwhile, outstanding loans with the private sector rose to BDT 10,531.51 billion in December from BDT 9,588.51 billion a year ago. It was BDT 10,358.15 billion in November 2019.

<https://today.thefinancialexpress.com.bd/first-page/surplus-funds-in-banks-hit-BDT-10tn-again-1581530411>

**Trade with China and mega projects won't be affected**

- Bilateral trade with China and implementation of mega projects will not face any major hurdles if Bangladesh responds rationally to the coronavirus outbreak. Wuhan, the epicenter of the novel coronavirus, is the capital of Chinese Hubei province. Most of the raw materials used in Bangladesh's textile and garments industries, spare parts and medical equipment are imported from different provinces of China, not from Wuhan.
- The decline in bilateral trade in the recent times was mainly due to countrywide Chinese New Year holidays. Key Chinese people involved in the activities have already come back to Bangladesh. The Chinese government is tackling the epidemic with great capacity, full

confidence, determination and high commitment.

<https://today.thefinancialexpress.com.bd/first-page/trade-with-china-and-mega-projects-wont-be-affected-1581531136>

### **Bank Company Act (Amendment): Bangladesh Bank for strict actions against willful defaulters**

- Bangladesh Bank (BB) has proposed strict actions against willful defaulters in the draft bill seeking amendment to the Bank Company act, 1991. The willful defaulters will be barred from traveling abroad in business class, issuance of trade licenses, car and property registration, while their identities will be made public, says the draft bill. According to the draft bill, any borrower who fails to pay back his/her loans despite his/her ability will be termed as a willful defaulter.
- Willful defaulters will be obstructed from attending any state functions or getting state recognitions. Willful defaulters could never become directors of banks and financial institutions. The banks can file criminal case against them, according to the draft bill. In the draft amendment bill, the BB proposed a single industrial group cannot control more than one bank. The scheduled banks will make separate lists of their willful defaulters. The lists, along with pictures of the defaulters, must be displayed on their respective websites and be circulated in newspapers, adds the draft.
- The non-performing loans (NPLs) of banks rose by a staggering BDT 38.63 billion in three months till September this year, taking the amount of stressed loan in the banking sector to BDT 1.16 trillion despite huge facilities in place to regularize default loans. As of September, the total bad loans accounted for 11.99% of the total disbursed loans, according to the latest Bangladesh Bank (BB) data.

<https://www.dhakatribune.com/business/2020/02/11/bank-company-act-amendment-bb-for-strict-actions-against-willful-defaulters>

### **Bangladesh Bank bailout unlikely to perk up bourse: experts**

- Boosting stocks by providing an incentive of making loans available is not a sustainable way for reviving investors' confidence, rather, it might lead to the creation of further risks for the banking sector, said experts on the matter. On Monday, Bangladesh Bank announced a special package, saying each bank will be allowed to form a BDT 2 billion fund by taking financial support from it in order to invest in the stock market. The lenders will avail the central bank funds for a five-year period at 5% interest through repurchase agreements (repo) against treasury bills and bonds they own.
- However, specialists believe that investing into stocks on taking loans was a risky move. Moreover, the way the loan would be recorded in the banks' books was concerning. A former Bangladesh Bank governor said the banks were already in a lot of problems and adding the stock market issue on top of it would worsen the situation. Bangladesh Bank should have kept in mind that banks deal money of ordinary citizens, not their own, and ordinary citizens want safeguarding of their money, he said, adding that investing in the stock market was not a safe move. Giving incentives on an ad-hoc basis will not help prop up stocks for the long run as the stock market's problems lie elsewhere, he added.
- According to the central bank's circular, if the price of a BDT 10 stock falls to BDT 4, banks can still show it as a BDT 10 asset. This will help banks refrain from keeping BDT 6

in provisioning. It would be risky for the banks because no provisioning would be required, even if the investment gets impaired, a banker said. A merchant banker pointed out that the BB package was giving banks a benefit of 1 percentage point, as the banks would be able to borrow money at 5% interest rate whereas the repo rate was 6%.

<https://www.thedailystar.net/business/news/bb-bailout-unlikely-perk-bourse-experts-1866769>

### **Revenue shortfall can't stop stretching**

- Revenue shortfall against the target, which is a common occurrence nowadays, is getting wider as the fiscal year nears its end, much to the concern for the government that has already ramped up its borrowing from the banking sector. Provisional data showed the National Board of Revenue (NBR) could log in BDT 1.24 trillion in the first seven months of the fiscal year, missing the target by BDT 395 billion for the period.
- In the first half of fiscal 2019-20, the government borrowed BDT 490 billion, which is 63% of the year's target. Of the sum, BDT 436 billion from banks, which is eight times more than a year earlier. The NBR, the main collector, fell short of BDT 315 billion from its revenue goal in the first half of fiscal 2019-20. And the target is likely to be missed by more than BDT 800 billion.
- During the July-January period of the fiscal year, the NBR recorded 7% year-on-year growth, according to its provisional data. The NBR collected 5% higher VAT during the period than a year earlier: BDT 484 billion. Other than VAT, the collection of income tax, the second biggest revenue source, increased 15% year-on-year to BDT 389.6 billion in the seven months to January.
- Revenue collection growth will continue to remain sluggish if the NBR goes business-as-usual. The government has set a target of BDT 3.26 trillion for the NBR this year, up 45% from fiscal 2018-19's actual collections.

<https://www.thedailystar.net/business/news/revenue-shortfall-cant-stop-stretching-1866781>  
<https://www.newagebd.net/article/99293/nbrs-collection-shortfall-soars-to-BDT-39542cr-in-july-jan>

### **Executive Committee of the National Economic Council (ECNEC) clears nine projects worth BDT 24.22 billion**

- The Executive Committee of the National Economic Council (Ecneec) has approved nine projects involving BDT 24.22 billion with a BDT 3.06 billion scheme to acquire necessary land and ancillary facilities development for implementing the India-Bangladesh Friendship Pipeline Project. Of the total project cost, BDT 21.08 billion will come from the government while the rest of BDT 3.14 billion from the concerned organization's own fund. Meghna Petroleum Limited (MPL), under the Bangladesh Petroleum Corporation (BPC), will implement the project by June 2022. The implementation of the project would facilitate oil transportation and import from Numaligarh Refinery Limited in Shiliguri of India to Parbatipur Depot in Dinajpur district through erecting 10-inch diameter and 125-km long petroleum pipeline.
- The main project operations include some 187.34 acres of land acquisition, some 126.14 acres of forced land acquisition, acquisition of some 12 acres of land alongside 8 acres of forced land acquisition for transporting fuel to Syedpur Power Plant, procurement of

necessary pipelines and other necessary equipment like pumps, meters and filters. The project has been undertaken considering the growing demand of fuel oil in the northern districts as around 5,800,000 tons of fuel oil is needed in the northern region of Bangladesh every year.

<https://www.dhakatribune.com/bangladesh/government-affairs/2020/02/11/ecnec-approves-9-projects-with-BDT2-422-27cr>  
<https://thefinancialexpress.com.bd/economy/ecnec-clears-nine-projects-worth-BDT-2422-billion-1581414586>

### **International Finance Corporation (IFC) launches web portal to monitor resource usage in the Readymade Garments sector**

- The International Finance Corporation on Tuesday launched a web tool named PaCT Portal to calculate resource consumption in the country's readymade garments industry. The initiative comes as the IFC-led Partnership for Cleaner Textile (PaCT II) enters its third year with eight partners working together to reduce the environmental impacts of the activities of the export-oriented sector. Supported by Denmark, Australia, and the Netherlands, PaCT's multi-stakeholder partnership has already helped the industry to save 25 billion liters of water and 2.5 million megawatt hours of energy annually.
- The IFC release said that the data-driven monitoring software would provide real-time analytics for readymade garment factories, helping them in their efforts to improve use of resources, such as water and energy. This monitoring tool would work as an analytical information exchange platform to help with users' decision-making regarding water and energy consumption. It can play a big role in leading the industry towards sustainability and achieve results that are right for the industry.

<https://www.newagebd.net/article/99298/ifc-launches-web-portal-to-monitor-resource-usage-in-rmg-sector>  
<https://www.thedailystar.net/business/news/now-theres-portal-monitor-resource-usage-garment-sector-1866817>

### **Bangladesh Bank allows each bank to form BDT 2 billion fund**

- The central bank has allowed all scheduled banks to create a special fund worth BDT 2.0 billion each of five-year tenure, only for investment in the capital market, officials said. Under the fresh arrangement, the banks may form the special fund with their own resources or with fund received from the Bangladesh Bank (BB) through repo or re-financing mechanism, according to a notification, issued by the BB on Sunday. Such investment will not be included in the banks' capital market exposures, both on solo and consolidated basis, until February 2025, it added.
- The banks will be eligible to get repo (repurchase agreement) facilities against treasury bills (T-bills) and treasury bonds at 5.0% interest rate instead of the existing 6.0%. The interested banks will receive such low-cost fund through special repo facility without holding any auction, the BB officials said. Under the mechanism, the banks may lend money to share market intermediaries by charging maximum 7.0% interest rate, according to the notification. Such loan will not be included in the ADR (advance-deposit ratio) calculation of the banks concerned. The lending will be of continuous and revolving nature during the five years tenure, the officials explained.

<https://today.thefinancialexpress.com.bd/first-page/bb-allows-each-bank-to-form-BDT-2b->

[fund-1581356791](https://www.thedailystar.net/business/banking/news/bb-comes-the-rescue-ailing-stocks-1866244)  
<https://www.thedailystar.net/business/banking/news/bb-comes-the-rescue-ailing-stocks-1866244>  
<https://www.newagebd.net/article/99216/bangladesh-bank-allows-each-bank-to-form-BDT-200cr-special-fund-for-stocks>

### **Bangladesh Securities and Exchange Commission (BSEC) sits with top executives of seven SoEs next week**

- The securities regulator has stepped up its efforts to facilitate the process of divesting the shares of some selected state-owned enterprises (SoEs) in a bid to revamp the country's stock market. As part of the move, the Bangladesh Securities and Exchange Commission (BSEC) will sit with top executives of seven SoEs next week to evaluate their requirements and preparations in this regard.
- The Ministry of Finance (MoF) has already dispatched the minutes of its recent meeting, asking seven companies to take necessary steps for offloading their shares in the stock market. Of the seven selected companies, Titas Gas Transmission & Distribution Company and Power Grid Company of Bangladesh are already listed on the stock exchanges. These two companies have been asked to offload at least 10% shares.

<https://today.thefinancialexpress.com.bd/first-page/bsec-sits-with-top-executives-of-seven-soes-next-week-1581356841>

### **Dhaka Stock Exchange foreign investors withdraw fund for 11 months**

- The net foreign investment at Dhaka Stock Exchange remained negative for the last 11 months in January this year due mainly to low investors' confidence in the market, gloomy economic reports and volatile financial sector. The net foreign investment dipped to BDT 1.28 billion negative in January this year after BDT 162 million negative in December last year. In January, the overseas investors sold shares worth BDT 4.02 billion against their purchase of shares worth BDT 2.74 billion. In 2019, the overseas investors sold shares worth BDT 41.67 billion against their purchase of shares worth BDT 36.79 billion.
- A decline in the private sector credit growth to nine-year low, negative export earnings for last five months, poor tax revenue collection and heavy government borrowing were adding woes to the waning investors' confidence. The foreign investors continued pulling funds out the market amid concerns over the country's economy, volatility in the financial sector and anomalies in the capital market. The continued foreign investment flight in last two years from the capital market has become a heavy drag on the market.

<https://www.newagebd.net/article/99217/dse-foreign-investors-withdraw-fund-for-11-months>

### **The National Board of Revenue (NBR) seeks budget proposals from think-tanks, lenders**

- The revenue authority has sought proposals from a wide range of stakeholders, including ministries, think-tanks and international lenders, apart from trade bodies as it prepares to frame revenue measures for fiscal 2020-21. The official believes the suggestions from these stakeholders will help them boost revenue collection as opposed to the proposals from trade bodies who usually ask for waivers and discounts. By February 27, opinions and recommendations will have to be submitted on VAT and Supplementary Duty Act 2012, the

rules related to the law, Excises and Salt Act as well as notifications and orders related to the legislations.

<https://www.thedailystar.net/business/news/nbr-seeks-budget-proposals-think-tanks-lenders-1866172>

<https://www.newagebd.net/article/99218/nbr-seeks-budget-proposals-from-research-orgs-global-lenders-universities-for-first-time>

### **Government has a new headache: high interest rates on T-bills and bonds**

- The interest rate on government Treasury bills and bonds, the main instruments for bank borrowing, doubled in the last one year -- a development that will fuel budgetary expenditure and may discourage private sector credit, both of which are already sources of concern. Yields on Treasury bills and bonds have increased by 3 to 5 percentage points in the last year and a half. They now range between 7 to 9% depending on the tenor of the instrument, according to central bank statistics.

- The high interest rate of Treasury bills and bonds tempted banks to be conducive towards the government's huge bank borrowing demand. In the first half of the fiscal year, the government's domestic borrowing reached BDT 490.2 billion, which is 63% of the full-year target. The government set a target to borrow BDT 773.63 billion from domestic sources in fiscal 2019-20 to meet the budget deficit. Interestingly, the borrowing from savings instruments declined as the government has taken various measures to ward off savers to reduce the interest burden as well as shift the public money to banks. Net borrowing from savings instruments in the first half of fiscal 2019-20 was eight times lower at BDT 32.57 billion from a year earlier, according to data from the Bangladesh Bank.

- The Finance Minister told the parliament that there was no liquidity crisis in the banking sector. The scheduled banks have extra liquidity even after keeping essential cash reserve ratio and reserving the required statutory liquidity ratio. The amount of such liquidity increased to BDT 1.06 trillion in December last year from BDT 676.01 billion at the beginning of 2019.

<https://today.thefinancialexpress.com.bd/last-page/maiden-impact-investment-mf-launch-next-month-1580926560>

### **Slowing exports stretching trade deficit**

- Bangladesh's trade deficit widened slightly in the first half of the fiscal year on the back of sluggish exports, in a worrying development for the government. Between the months of July and December of last year, the trade deficit, which occurs when imports outweigh exports, stood at USD 8.22 billion, up 5.41% year-on-year. During the period, imports declined 2.72% and exports 5.89%.

- Falling exports means that the demand for Bangladeshi products is decreasing in the outside world. Domestic consumption has also failed to get a pickup as import growth has been waning in recent months. However, the current account balance deficit decreased by more than half to USD 1.34 billion in the first six months of the fiscal year due to remarkable growth in remittance. Remittance is now being used to offset the other deficits in the balance of payments.

- The weak condition of the balance of payments reflects the sluggishness of the country's economy. The overall balance of the balance of payments could be stronger if there is a

greater inflow of foreign aid and if FDIs gain momentum. The overall balance stood at USD 27 million in December last year while it was USD 513 million in the negative a year earlier. Both the feeble situation of the current account and the overall balance indicate that the country's dependence on the external sector is on the rise

<https://www.thedailystar.net/business/news/slowing-exports-stretching-trade-deficit-1864633>

### **Non-food inflation up in January**

- Monthly non-food inflation rate increased to 6.30% in January from 5.55% in December, according to the Bangladesh Bureau of Statistics (BBS). Nevertheless, food inflation dropped to 5.12% in January from 5.88% in December. As food carries much weight in the country's Consumer Price Index (CPI), around 59%, decline in food inflation helped to pull down general inflation during the period under review.

- Monthly inflation rate dropped to 5.57% in January from 5.75% in December. Annual average rate of national inflation, however, increased slightly to 5.60% in January from 5.59% in December. The BBS data also showed that urban inflation dropped slightly from 5.73% in December to 5.67% in January. At the same time, rural inflation also declined to 5.52% from 5.76%.

<https://today.thefinancialexpress.com.bd/public/first-page/non-food-inflation-up-in-january-1581011503>

### **Transaction through agent banking exceeds BDT 150 billion in October**

- The volume of transaction through agent banking increased by 27.41% or BDT 32.65 billion in October last year thanks to the growing popularity of the cost-efficient service. As per the latest Bangladesh Bank data, the volume of transaction through outlets and agents increased to BDT 151.78 billion in October last year from BDT 119.13 billion a month ago.

- The BB data showed that the banks pooled BDT 65.06 billion from the agent banking system in October including BDT 47.36 billion from the rural areas and BDT 17.70 billion from the urban areas. Against the deposit collection, the banks by agent banking system disbursed only BDT 396 million in October. The figure was BDT 286 million in September.

- On the other hand, the number of agent banking accounts increased by 12.52% or 4,96,652 to 44,60,418 in October, 2019 from 39,63,766 a month ago. The BB data also showed that the number of transaction through banks' agents increased by 25.29% or 1.1 million to 5.4 million in October last year from 4.3 million in the previous month. The number of agent banking outlets and agents increased to 16,511 at the end of October from 15,981 at the end of September.

<https://www.newagebd.net/article/98923/transaction-thru-agent-banking-exceeds-BDT-15000cr-in-oct>

### **Active Pharmaceutical Ingredients (API) makers to get AIT waiver for 400 chemical compounds**

- The National Board of Revenue is set to exempt the local producers of active pharmaceutical ingredients (API) from payment of advance income tax on import of more than 400 chemical compounds to facilitate production of basic raw materials of pharmaceuticals industry.

- Importers will have to submit a certificate issued by the DGDA certifying that the imported compounds have been used in API production to the Bangladesh Tariff Commission, related customs commissioner and VAT commissioner. Importers are not allowed to sell, transfer or use the imported chemical compounds for other purposes.

- Now the local pharmaceutical industries, which meet 98% of domestic demand, highly depend on imported API and laboratory reagents. More than 95% of raw materials are imported to produce drugs. The policy has set the target of achieving self-sufficiency in producing 370 important API molecules necessary for exports and has set the aim of reducing the raw materials import dependency to 80% by 2032 from 97% in 2016.

<https://www.newagebd.net/article/99026/api-makers-to-get-ait-waiver-for-400-chemical-compounds>

### **Nominal wage rate increases by 6.56% in January**

- Country's nominal wage rate index (WRI) increased by 6.56% in January this year over the same period of last year. It also showed that the WRI for agriculture posted 6.77% growth during the period under review. The WRI for industry and services sectors also increased by 6.14% and 6.52% respectively in the first month of the current calendar year over the same month of 2019. The WRI represents average monthly wage rate of low paid skilled and un-skilled labourers of 44 occupations. Of these, 11 occupations are from agriculture sector, 22 occupations from industry sector and 11 occupations from service sector. Being a nominal wage rate index, it doesn't tell anything about the growth or decline of real wage.

<https://thefinancialexpress.com.bd/economy/bangladesh/nominal-wage-rate-increases-by-656pc-in-january-1581152201>

### **USD 24 million of World Bank loan for VAT online project uncertain**

- The World Bank is unlikely to disburse USD 24 million or 40% of the promised loan to the VAT Online Project (VOP) of the National Board of Revenue due to failure in achieving the expected progress of the project. Under its 'revenue mobilisation programme for results, VAT improvement programme' project, the global lending agency is supposed to give USD 60 million in loans to the VOP, a BDT 6.90 billion project taken by the government to automate the country's VAT system in line with the new VAT law.

- The VOP, which started in May 2014, is scheduled to expire on December 2020. As per the WB conditions, the fund is supposed to be released based on the performance of the various components of the project but the outcome of most of the components is not up to the mark. The VOP is supposed to get USD 7.6 million if 90% of the large taxpayers under the large taxpayers unit (LTU) submit VAT returns online. The VOP did not get the fund as the LTU failed to meet the target.

- The project has now taken an initiative to help large businesses with filing returns online for the month of January to have the portion of funds released. The unreleased portion of the fund may be disbursed under a new project titled 'Medium term revenue strategy' upon completion of the unimplemented modules. The VOP officials blamed incompetency of Vietnamese VOP consultant firm FPT for the failure to complete the modules.

<https://www.newagebd.net/article/99027/24m-of-wb-loan-for-vat-online-project-uncertain>  
<https://today.thefinancialexpress.com.bd/first-page/wb-could-pull-out-funds-partially-1581179953>

### **Brexit for Bangladeshis**

- The UK is the third largest export destination of Bangladesh, making up for 9.74% of total Bangladeshi exports during 2017-2018. During this period, goods worth almost USD 4 billion were exported to the UK from Bangladesh, with 80% of them being provided by the readymade garments industry. Under the Everything but Arms (EBA) arrangement with the EU, Bangladesh was able to get duty-free access to the Union market as a less-developed country (LDC). Although the UK has stated that these provisions will stand while the country is going through the process of Brexit, it is still unclear what will happen next.

- The fact that Bangladesh gained eligibility for LDC graduation in March 2018 and is expected to graduate into a middle-income country by 2024 has only added to that uncertainty. While the EU has committed to making the EBA arrangement available to Bangladesh until 2027, the UK has made no such commitments.

<https://www.thedailystar.net/opinion/perspective/news/brexit-bangladeshis-1865212>

### **Concerns loom large on trade over China virus**

- The extension of the New Year holiday in coronavirus-struck China has created deep concerns among businesses in Bangladesh that the country's manufacturing sector is going to face serious adversities. The Chinese authorities extended their New Year holiday initially set from January 24 to 30—by three days to help contain the virus.

- The readymade garment shipments, comprising more than 80% of the country's merchandise exports worth USD 40.53 billion in 2018–19, will face the biggest challenge. The country's woven readymade garment sector is dependent on China for 70% of its raw material needs and the knit apparel sector is dependent on that country for 10% of the materials.

- Products worth over BDT 1 billion would remain unsold because of the suspension of shipment between the two countries. The public sector is also feeling the pinch of the coronavirus fallout as some fifty Chinese nationals quarantined in Bangladesh are linked to the implementation of the Padma Multipurpose Bridge, Padma Rail Link and Karnaphuli Tunnel projects.

- Thousands of farmers and traders in Khulna region are incurring losses worth BDT 40 million every day as crab and eel exports to China have been suspended due to the coronavirus outbreak. Of the total crab exported from Bangladesh, around 85% goes to China.

<https://www.newagebd.net/article/99045/concerns-loom-large-on-trade-over-china-virus>  
<https://www.thedailystar.net/business/coronavirus-outbreak-khulna-crab-eel-trade-losing-BDT-4-crore-every-day-1865188>

### **No long-term impact on Bangladesh economy due to Coronavirus: Chinese Envoy**

- Bangladesh's economy will not be adversely impacted "in the long run" owing to the coronavirus epidemic in China, its envoy said on Thursday. But Chinese ambassador in Dhaka said some mega projects will face setbacks with the suspension of on-arrival visas. It will remain unhurt in the long run, he said, referring to the impact on China-funded projects and bilateral trade.

<https://today.thefinancialexpress.com.bd/public/first-page/no-long-term-impact-on-bd-economy-1581011365>

### **Mirsarai 1 economic zone to be ready on time**

• The SBG Economic Zone in Mirsarai is expecting to be complete by the year end as promised. Already 90% land development work of the zone is complete and it will be ready for use by the year end, said the managing director of SBG Economic Zone. Bangladesh's Sikder Group, Bashundhara Group and Gasmin joined hands to form SBG, a consortium, to develop, operate and manage the project. About USD 2 billion in investment, especially from Japan and China, is expected in the zone, also called the Mirsarai-1 zone. The area will create around 0.25 million new jobs and the makers of electronics, pharmaceuticals, food processing and automobile spare parts will get preference here, he said.

<https://www.thedailystar.net/business/news/mirsarai-1-economic-zone-be-ready-time-1864624>

## **Important News: Capital Market**

### **Robi launches Voice over Long Term Evolution (VoLTE) for better services**

• Robi yesterday introduced voice over long term evolution (VoLTE) technology to provide the 4G users of the telecom operator with enhanced audio, better data usage and improved service. VoLTE is an inter-protocol-based voice call technology which is specifically designed to ensure high-quality phone calls. Not only does the VoLTE provide high-quality voice services, it also significantly enhances an operator's ability to carry voice calls over their network. Robi users in Dhaka and Chittagong will be the first to enjoy the service as about 5,000 cellular towers equipped with VoLTE technology have been activated across the two divisions.

<https://www.thedailystar.net/business/news/robi-launches-volte-better-services-1867306>

### **Banglalink's audit has 8 takers**

• Eight accounting firms are vying to audit Banglalink, an exercise that has thus far turned out to be a challenging mission for the telecom watchdog. This is the Bangladesh Telecommunication Regularity Commission (BTRC)'s third attempt to pour over the books of the operator. The audit firm that will clinch the job must be a member of the Institute of Chartered Accountants of Bangladesh (ICAB) and have prior experience of auditing multinational telecom or IT companies

• Banglalink's audit will be conducted under categories such as regulatory, legal, technical and financial matters and other related issues. In response to the EOI, Banglalink urged the government to also audit two other mobile network operators, Airtel and Teletalk, to level the playing field.

<https://www.thedailystar.net/business/news/banglalinks-audit-has-8-takers-1866763>  
<https://www.dhakatribune.com/business/2020/02/11/8-audit-firms-submit-eoi-to-audit->

[banglalink](#)

### **Executive Committee of the National Economic Council (Ecneec) pours cold water on Teletalk's plans**

• Teletalk, it often seems, is overindulged. But what transpired at the Executive Committee of the National Economic Council (Ecneec) yesterday suggests a break from custom: the state-run carrier's proposal for building towers and network at a cost of BDT 32.79 billion was scrapped. The reason being, the move went against telecom rules. According to telecom guidelines, no mobile operator is allowed to set up towers as four companies were awarded exclusive rights in 2018 to do so. And the Bangladesh Telecommunication Regulatory Commission stuck to that diktat. In spite of that, Teletalk proposed to install 3,000 new towers to expand its network in villages and get its network ready for 5G roll-out.

• Currently Teletalk has 4,864 towers, which is only 26.78% of their total demand and account for only 3% of the total towers in Bangladesh. In the project proposal, the operator, which already has an ongoing project to add about 1,000 new towers, said it needs about 18,160 towers to cater to its existing customers. The carrier has a plan to increase its data transmission capacity to 100 Gbps as part of its efforts to embrace 5G technology. It also plans to strength coverage in 50,000 government offices, educational institutions, hospitals and 500 high-rise buildings in divisional cities. Of the proposed amount, Teletalk has asked the government to give BDT 31.56 billion at a 5% interest, while it will provide BDT 1.24 billion from its own fund.

<https://www.thedailystar.net/business/news/ecneec-pours-cold-water-teletalks-plans-1866787>

### **Bangladesh Securities and Exchange Commission (BSEC) allows Delta Hospital to explore cut-off price for Initial Public Offering (IPO)**

• The Bangladesh Securities and Exchange Commission on Tuesday allowed Delta Hospital Limited to find the cut-off price of its shares under the book building method for raising BDT 500 million from the capital market through an initial public offering. The selling price of the company's shares would be set through the bidding process with participation of eligible investors. The company will use the BDT 500 million raised in IPO proceeds for the purchase of machinery, payment of bank loans and the IPO expenses. As per the financial statement for the year ended on June 30, 2019, the net asset value (NAV) per share was BDT 45.84 with asset revaluation and BDT 16.62 without asset revaluation. The basic earnings per share (EPS) stood at BDT 2.10 and the weighted average EPS stood at BDT 1.91.

<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-allows-delta-hospital-to-explore-cut-off-price-for-ipo-1581443978>  
<https://www.newagebd.net/article/99296/delta-hospital-allowed-to-discover-share-price-for-BDT-50cr-ipo>

### **Bangladesh Securities and Exchange Commission (BSEC) freezes 18 million placement shares of SS Steel amid allegation of anomalies**

• The Bangladesh Securities and Exchange Commission has frozen around 18 million placement shares of SS Steel Limited after a company alleged that the steel company was trying to embezzle its placement shares. Of the shares, 9.99 million shares are held

by Shorecap Holdings, 2.95 million shares held by Equity Growth Limited, 2.25 million shares held by Food Chain Asia, 1.55 million shares held by Absolute Return Limited and 1.25 million shares held by Shoma Alam Rahman.

- The BSEC has asked SS Steel to explain why the company in its initial public offering prospectus showed the BO account number 1202550066003217 against the name of Shorecap Holding Limited, although the account was opened in the name of 'SS Steel Limited Suspense Account.' SS Steel has been trying to embezzle the whole amount of shares by opening a new company, Shorecap Holdings Limited according to allegation.
- Share prices of the company have been falling sharply since November 11 last year due to the concern of lock-in free of huge placement shares. The prices were BDT 33 per share in November 11 last year and it dropped to BDT 12.6 per share on Tuesday.

<https://www.newagebd.net/article/99297/bsec-freezes-18cr-placement-shares-of-ss-steel-amid-allegation-of-anomalies>

### **ICB's baffling investment decision**

- ICB manages nine closed-end mutual funds. By analyzing the company's closed end funds' portfolio statement as on December of 30, 2019, it was found that BDT 565.8 million, or 8.2%, of ICB's investment in listed securities have become junks. Funds are tied in stocks that have shuttered production or have not been providing dividend for many years now.
- The asset manager sometimes bought well-performing companies' stocks at a high price, so their share value diminished over the years. ICB AMCL's net asset value (NAV) return was 1.7% during 2015 and 2019. Between 2017 and 2019, NAV dropped 2.1%. In 2019, return of net asset value (NAV) dropped 7.6% for all the closed-end mutual funds on an average, whereas ICB AMCL's NAV dropped 12.2%.
- The overall mutual fund sector is struggling to attract investors. They don't want to purchase mutual funds even after their price becomes lucrative compared with the NAV. At present, closed-end mutual funds' aggregate price is 57.3% compared to the NAV. As many as 33 of the 37 listed mutual funds traded under their face value last week.

<https://www.thedailystar.net/business/news/icbs-baffling-investment-decision-1865404>

### **Sonali, Janata, Agrani likely to go public**

- The government is pressing ahead with its plan to offload shares of three state-owned commercial banks on the stock exchanges. The authorities have started primary work on divesting the shares of Sonali, Janata and Agrani banks, aiming to give new life to the ailing capital market that needs supplies of good issues. At the same time, the government plans to divest more shares of Rupali Bank, which is now listed on the two bourses. Presently, more than 90% shares of the bank are held by the government, 4.47% by institutes, and only 5.34% by the public.
- Data show that Sonali Bank made BDT 10 billion profit in 2018, BDT 7.09 billion in 2017 and BDT 1.52 billion in 2016. Janata Bank made a net profit of BDT 2.68 billion in 2017 but incurred a massive loss of BDT 60.63 billion in 2018. Agrani Bank generated an operating profit of BDT 9.0 billion in 2018, compared with BDT 7.17 billion the year before. Rupali Bank earned BDT 3.70 billion as operating profit in 2018, up from BDT 5.41 billion in 2017.

<https://today.thefinancialexpress.com.bd/first-page/sonali-janata-agrani-likely-to-go-public-1581179867>

### **Saudi firm to ink deal on largest cement unit**

- The signing a deal on investment of USD 321 million by a Saudi firm in the country's largest clinker-cement production facility at Chhatak in Sunamganj is in the final stage, officials concerned said. Saudi business firm - the Engineering Dimensions (ED) - is likely to sign the agreement this month to set up the plant having a production capacity of 15,000 tonnes of clinker-cement per day, they also said. The ED will sign the deal with the state-owned Bangladesh Chemical Industries Corporation (BCIC), and the plant is likely to be named as Saudi Bangladesh Friendship Cement Company Limited (SBFCCL).

<https://today.thefinancialexpress.com.bd/public/first-page/saudi-firm-to-ink-deal-on-largest-cement-unit-1581097954>