

Capital Market Overview

The market closed in green this week. The benchmark index DSEX (+0.19%) gained 7.55 points and closed the week at 4,069.11 points. The blue-chip index DS30 (-0.04%) lost 0.61 points and stood at 1,368.76 points. The Shariah-based index DSES (+0.73%) gained 6.85 points and stood at 945.81 points. The large cap index CDSET (-0.10%) lost 0.79 points and closed at 805.31 points. DSEX, DS30, DSES and CDSET showed YTD returns of -8.62%, -9.55%, -5.40%, -10.50% respectively.

Total Turnover During The Week (DSE): BDT 12.8 billion (USD 150.9 million)
Average Daily Turnover Value (ADTV): BDT 2.6 billion ($\Delta\%$ Week: +36.3%)

Market P/E: 12.07x

Daily Index Movement during the Week:

The market performed five sessions during this week. Market opened this week with a positive movement of 0.93%. After that, market performed negatively in the second session by 0.24% and continued to be negative in the third, fourth and fifth session by 0.18%, 0.08%, 0.24% respectively.

Sectoral Performance:

- The financial sectors showed mixed performance during this week. General Insurance booked the highest gain of 5.36% followed by Banks (+0.84%), Life Insurance (+0.25%). Mutual Funds experienced the highest loss of 1.10% followed by NBFIs (1.00%).
- The non-financial sectors also showed mixed performance during this week. Telecommunication reported the highest gain of 1.06% followed by Pharmaceuticals (+0.56%), Food & Allied (+0.06%) whereas Fuel & Power posted the highest loss of 0.65% followed by Engineering (-0.04%).

Macroeconomic arena:

- The coronavirus pandemic triggered a decline in card spending by nearly 50.0% in April, in an indication of a massive fall in demand in Bangladesh as people went for belt-tightening amid income collapses. Due to the coronavirus outbreak, earnings of 51.0% of households plunged to zero while a massive 95.0% of people suffered losses in income., survey showed.
- The yields on treasury bills slid in June last over the same period of a year earlier. The yield on 91-day bill was recorded at 7.2% in June 2019. It dropped to 6.5% in June 2020. On bonds that mature in more than 364 days, the yields of two longer term bonds -- 15 year and 20 year -- dropped to 8.7% and 8.94% respectively in June last over June,2019.
- The overall weighted average interest rate spread in banks dropped to 2.94 percentage points in May from 4.07 percentage points in March points for the first time amid enforcement of the 9-per cent ceiling on the lending rate and credit demand fall during the coronavirus pandemic.
- Bangladesh's medicine exports recorded 4.49% growth in the 2019-20 fiscal year amid coronavirus while export of other products witnessed downturns. Industry people said Bangladeshi drugs for Covid-19 treatment have created a substantial demand in the international market, and the pharma sector will see a handsome growth at least in the next six months.

Stock Market arena:

- The Bangladesh Securities and Exchange Commission asked the bourse to strictly follow the direction given in the public issue rules while making observations on an IPO.
- The board of directors of Aamra Networks Ltd has decided to issue non-convertible zero-coupon bonds worth BDT 1.0 billion. The IT company will issue the bond at face value through private placement, subject to approval of the regulatory authorities like Bangladesh Securities and Exchange Commission.
- Walton has expanded its export basket further as the local electronics giant started shipments of made in Bangladesh compressors for refrigerators and air conditioners to Turkey. Walton aims to export one million units of compressors to some African, Middle East countries and Turkey by 2021. The number would hit five million by 2025, as some more export destinations will be explored by the time.

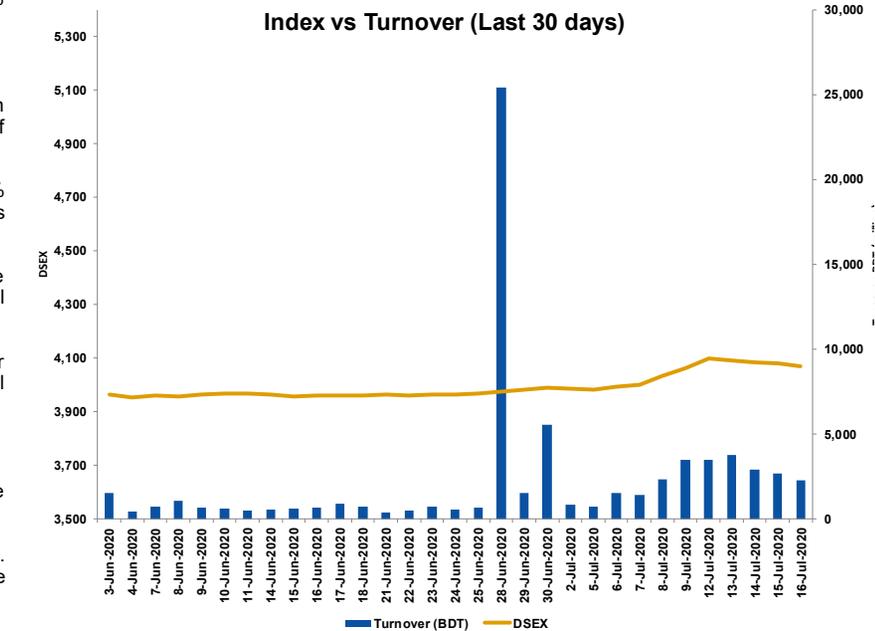
Table 1: Index

Index	Closing	Opening	Δ (Pts)	30-Dec-2019	$\Delta\%$ Week	$\Delta\%$ YTD
DSEX	4,069.11	4,061.57	7.55	4,452.93	0.19%	-8.62%
DS30	1,368.76	1,369.37	-0.61	1,513.35	-0.04%	-9.55%
DSES	945.81	938.96	6.85	999.83	0.73%	-5.40%
CDSET	805.31	806.10	-0.79	899.76	-0.10%	-10.50%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	12,657,948.7	15,644,188.6	-19.1%
	Mn USD	148,987.2	184,135.9	
Turnover	Mn BDT	12,820.7	9,405.6	36.3%
	Mn USD	150.9	110.7	
Average Daily Turnover	Mn BDT	2,564.1	1,881.1	36.3%
	Mn USD	30.2	22.1	
Volume	Mn Shares	392.1	327.2	19.8%

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
Zeal Bangla Sugar Mills	49.60	31.60	57.0%	297.6	5.96	NM	NM
GQ Ball Pen	108	77.20	39.5%	961.6	164.48	NM	0.8x
Eastern Insurance	44.40	35.00	26.9%	1,914.1	80.29	12.2x	1.5x
Shaympur Sugar	28.80	23.80	21.0%	144.0	1.47	NM	NM
Fine Foods Ltd	56.40	47.90	17.7%	788.1	193.39	53.3x	5.3x
Agrani Insurance Co. Ltd.	24.60	20.90	17.7%	744.0	94.46	13.5x	1.5x
Sonar Bangla Ins	38.10	32.60	16.9%	1,525.6	134.57	19.5x	2.5x
Baraka Power Limited	23.60	20.60	14.6%	5,193.4	163.65	11.3x	1.9x
Paramount Textile Limited	56.00	49.30	13.6%	8,270.9	279.40	13.0x	3.6x
Pioneer Insurance	33.80	30.00	12.7%	2,365.3	110.17	7.6x	1.7x

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Dacca Dyeing	3.80	4.80	-20.8%	331.2	.94	NM	0.2x
Appollo Ispat Complex Limited	2.90	3.30	-12.1%	1,163.8	3.53	NM	0.2x
Pubali Bank	20.90	23.00	-9.1%	21,491.3	16.17	10.0x	0.7x
Tallu Spinning	3.00	3.30	-9.1%	268.0	1.11	NM	0.3x
ICB Employees Provident MF 1 Scheme 1	6.20	6.80	-8.8%	465.0	15.31	NM	0.5x
Libra Infusions Limited	492.70	534.40	-7.8%	740.0	2.77	NM	0.3x
Phoenix Finance 1st Mutual Fund	7.40	8.00	-7.5%	444.0	30.14	NM	0.6x
Ambee Pharmaceuticals Ltd.	440.60	470.20	-6.3%	1,057.4	12.37	NM	18.1x
SEML FBLSL Growth Fund	7.80	8.30	-6.0%	569.0	15.62	NM	0.8x
Active Fine Chemicals Limited	12.50	13.30	-6.0%	2,999.2	48.65	5.5x	0.6x

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Beximco Pharmaceuticals	74.30	72.40	2.6%	30,132.8	805.42	9.2x	1.1x
Square Pharmaceuticals	176.60	174.90	1.0%	149,092.6	607.83	11.3x	2.3x
Indo-Bangla Pharmaceuticals Limited	21.50	20.80	3.4%	2,397.4	468.98	12.7x	1.7x
Bangladesh Submarine Cable Company Limited	92.40	87.80	5.2%	15,237.3	445.44	21.1x	2.5x
Grameenphone Ltd.	241.90	239.80	0.9%	326,637.6	437.29	9.5x	7.7x
Orion Pharma Ltd.	43.30	43.00	0.7%	10,132.2	395.90	11.8x	0.6x
Nahee Aluminium Composite Panel Ltd.	53.10	49.00	8.4%	3,392.5	381.54	15.3x	4.0x
Beacon Pharmaceuticals Limited	74.20	71.90	3.2%	17,140.2	365.71	163.8x	5.8x
M.L. Dyeing Limited	50.30	50.00	0.6%	11,134.7	314.79	37.4x	2.8x
Khulna Power Company Limited	45.30	45.30	0.0%	18,002.8	284.04	14.3x	1.9x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Glaxo Smithkline	2,182.50	24.27%	26,291.4	90.4x
ACI Limited	208.00	14.60%	11,933.5	NM
M.I. Cement Factory Limited	43.80	12.31%	6,504.3	NM
Bangladesh Steel Re-Rolling Mills Limited	53.50	9.63%	12,629.7	7.9x
Reckitt Benckiser	3,471.60	8.72%	16,403.3	26.5x
MJL Bangladesh Limited	67.90	7.27%	21,507.5	11.6x
Beximco Pharmaceuticals	74.30	7.06%	30,132.8	9.2x
LafargeHolcim Bangladesh Limited	35.90	6.85%	41,693.3	23.9x
The ACME Laboratories Limited	63.50	4.27%	13,436.7	9.4x
Baraka Power Limited	23.60	3.96%	5,193.4	11.3x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1137.63	1128.20	1319.28	0.84%	-13.77%
NBFIs	1364.45	1378.21	1565.13	-1.00%	-12.82%
Mutual Funds	569.09	575.43	591.17	-1.10%	-3.74%
General Insurance	1729.50	1641.55	1927.02	5.36%	-10.25%
Life Insurance	1817.76	1813.27	2194.70	0.25%	-17.17%
Telecommunication	3401.51	3365.74	3993.59	1.06%	-14.83%
Pharmaceuticals	2511.51	2497.42	2492.51	0.56%	0.76%
Fuel & Power	1434.80	1444.20	1515.21	-0.65%	-5.31%
Cement	1182.23	1182.34	1132.29	-0.01%	4.41%
Services & Real Estate	950.94	951.50	886.70	-0.06%	7.24%
Engineering	2028.60	2029.49	2257.22	-0.04%	-10.13%
Food & Allied	11310.25	11303.70	12121.49	0.06%	-6.69%
IT	1805.59	1778.51	1823.13	1.52%	-0.96%
Textiles	958.86	950.71	1042.04	0.86%	-7.98%
Paper & Printing	5096.26	5052.83	5233.20	0.86%	-2.62%
Tannery	1667.41	1667.26	1826.45	0.01%	-8.71%
Jute	7925.62	8080.70	11393.28	-1.92%	-30.44%
Ceramics	389.73	389.73	459.10	0.00%	-15.11%
Miscellaneous	1675.22	1692.60	1745.96	-1.03%	-4.05%

Table 7: Sector Trading Matrix

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Banks	196.0	195.7	0.14%	7.40%	6.6x	0.6x
NBFIs	29.8	18.0	65.77%	1.13%	80.7x	1.9x
Mutual Funds	57.5	41.5	38.52%	2.17%	NM	0.4x
General Insurance	224.6	155.1	44.77%	8.48%	12.1x	1.1x
Life Insurance	57.1	54.3	5.20%	2.16%	NM	7.5x
Telecommunication	176.5	115.1	53.40%	6.66%	9.7x	7.1x
Pharmaceuticals	802.0	702.3	14.20%	30.27%	16.5x	2.2x
Fuel & Power	213.8	107.4	98.99%	8.07%	9.3x	1.7x
Cement	33.5	0.8	4124.88%	1.27%	26.2x	2.2x
Services & Real Estate	18.7	3.8	388.61%	0.71%	56.8x	0.8x
Engineering	251.1	54.9	357.25%	9.48%	12.2x	1.2x
Food & Allied	109.9	45.5	141.65%	4.15%	20.3x	6.4x
IT	88.4	12.9	586.74%	3.34%	16.1x	2.4x
Textiles	155.8	29.6	425.63%	5.88%	NM	0.7x
Paper & Printing	43.2	1.9	2159.16%	1.63%	253.0x	1.3x
Tannery	12.5	0.9	1320.49%	0.47%	20.6x	1.8x
Jute	10.4	5.8	79.60%	0.39%	NM	3.6x
Ceramics	36.0	1.4	2422.07%	1.36%	24.2x	1.5x
Miscellaneous	132.3	50.5	161.94%	4.99%	18.4x	1.0x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
BRAC Bank	31.90	-39.94%	42,295.5	8.6x
Eastern Cables	140.10	-29.67%	3,362.4	NM
Lankabangla Finance	13.30	-26.11%	6,825.3	13.6x
City Bank	16.20	-23.22%	16,465.5	6.3x
Runner Automobiles Limited	46.10	-22.52%	5,234.2	9.1x
Prime Bank	14.20	-21.98%	16,078.4	9.7x
Singer Bangladesh	147.00	-18.51%	14,656.3	14.2x
Heidelberg Cement	137.30	-16.69%	7,757.9	NM
IFAD Autos Limited	38.50	-16.67%	9,547.6	13.4x
Grameenphone Ltd.	241.90	-15.36%	326,637.6	9.5x

Important News: Business & Economy

Government borrowed 92.0% of revised target from savings tools in 11 months

■ In the first 11 months of the last fiscal year, the government's net borrowing from national savings schemes stood at BDT 110.1 billion, which was 92.3% of its revised target. According to the Department of National Savings, the gross sale of savings certificates stood at BDT 32.3 billion in May this year. After paying interest and refunding the principal amount of BDT 28.0 billion that month, the government's net loan from the savings tools was BDT 4.3 billion. In May last year, the net loan from the fiscal instrument was BDT 32.6 billion. Between July and May, the gross sale of savings certificates stood at BDT 578.1 billion while interest payment and refund amounts were BDT 467.9 billion.

■ In FY2019-20, the government had to cut the target to BDT 119.2 billion in the revised budget for savings tools. The total target from non-banking sources was reduced to BDT 149.2 billion. The government previously targeted a borrowing of BDT 300.0 billion from non-banking sources for the last fiscal year, of which BDT 270.0 billion was expected to come from national savings schemes.

■ For the current fiscal year, Finance Minister AHM Mustafa Kamal has set a loan target of BDT 250.0 billion from non-banking sources, including BDT 200.0 billion from savings instruments. In the first 11 months of FY2018-19, gross sales of savings certificates stood at BDT 636.3 billion and net sales were BDT 467.1 billion – after paying interest and refunding the principal.

■ Recently, the government reduced the investment limit for postal savings tools to BDT 2.0 million from BDT 6.0 million. The profit rate for national savings schemes is still around 11.0% whereas the interest rate for bank deposits is a maximum of 6.0%. At the end of May this year, the government's outstanding loans increased to BDT 2.98 trillion. In FY2018-19, the government's net loan stood at BDT 479.5 billion, which was 6.54% higher than the revised target of BDT 450.0 billion for that fiscal year.

<https://tbsnews.net/economy/banking/govt-borrowed-92-revised-target-savings-tools-11-months-106819>
<https://www.newagebd.net/article/111238/natl-savings-tools-sales-sink-76pc-in-july-may>

Government may set USD 41.0 billion goods export target

■ The government is likely to set USD 41.0 billion goods export target for this fiscal year (FY), 2020-21, predicting over 21.0% growth, sources said. It is also going to fix additional USD 7.0 billion earnings from export of services, projecting more than 9.0% growth. According to the projection, ready-made garment (RMG) sector is likely to earn USD 33.8 billion in the current fiscal, against USD 27.9 billion in the just concluded fiscal, they added. The sector contributed about 83.0% of the country's total export earnings last fiscal.

■ The country fetched USD 33.7 billion by exporting goods, which was 25.99% lower than the target. The earnings declined by 19.6% compared to USD 40.5 billion in FY 2018-19, according to the Export Promotion Bureau (EPB) data. In last fiscal, export earnings from service sector stood at USD 6.39 billion against the target of USD 8.5 billion. The EPB, however, proposed the MoC to set USD 37.4 billion goods export target for FY 2020-21, predicting a 13.0% growth. It also proposed USD 7.6 billion in earnings from export of services, officials said.

<https://today.thefinancialexpress.com.bd/first-page/govt-may-set-41b-goods-export-target-1594835381>
<https://tbsnews.net/economy/govt-set-export-target-48-bn-fy21-106825>
<https://www.newagebd.net/article/111236/export-earnings-target-for-fy21-set-at-41b>
<https://www.dhakatribune.com/business/economy/2020/07/15/export-target-likely-41b-for-fy21>

Clear salary, Eid bonus by July 25

■ The government yesterday asked the employers of 42 different industrial, production, manufacturing, trade and services sectors to clear the payment of salaries and Eid festival bonus by July 25. Begum Monnujan Sufian, state minister for labour and employment, yesterday made the call as the Eid-ul-Azha is scheduled to be held July 31 or August 1. Both Sufian and union leaders also asked the factory owners not to terminate the workers from their jobs and to pay the arrears. Currently, the country's workforce is employed under 42 different sectors, for which the government-appointed minimum wage board fixes wages and allowances after a legal periodical review.

■ Sramik Karmachari Oikyo Parishad (SKOP), the highest body of labour unions, demanded no termination of workers from their jobs and no shut down of factories. During the last Eid-ul-Fitr, most of the employers paid the workers 50%.0 of their basic salary as Eid bonus before the festival and another 50% after the festival.

<https://tbsnews.net/economy/economy-slowly-coming-out-coma-105841>
<https://www.thedailystar.net/pay-workers-salaries-2020-eid-bonus-july-25-govt-factory-owners-1930797>

Fazle Kabir reappointed as Bangladesh Bank governor

■ Fazle Kabir, has been reappointed as the Bangladesh Bank (BB) governor for another two years. The Financial Institutions Division of the Finance Ministry in a letter gave his appointment on Wednesday. According to the appointment letter, Fazle Kabir has been appointed as the governor of the Bangladesh Bank until he turns 67 or till July 3, 2022 as per the provisions of articles 10 (3) and 10 (5) of the Bangladesh Bank Order, 1972, Bangladesh Bank (amendment) Act, 2020.

■ Fazle Kabir will receive salary-allowance and other benefits from the BB as per the terms of the agreement executed with the government during his tenure as governor, it adds. The order will be effective immediately. Earlier, on July 09, the parliament passed the Bangladesh Bank (Amendment) Bill, 2020, raising the age limit for the BB governor to 67 years from 65.

<https://www.dhakatribune.com/business/2020/07/15/fazle-kabir-reappointed-as-bb-governor>
<https://today.thefinancialexpress.com.bd/last-page/fazle-kabir-reappointed-bb-governor-1594835609>
<https://tbsnews.net/economy/banking/fazle-kabir-reappointed-bangladesh-bank-governor-106627>
<https://www.thedailystar.net/top-news/news/govt-reappoints-fazle-kabir-bangladesh-bank-governor-1930853>

Non-banking financial institutions (NBFIs) seeking ways to liquidity

■ Banks in Bangladesh had a 9.8% annual growth in loans last year, while it came down to 1.4% for non-banking financial institutions (NBFI). The latter group of lenders now needs access to low-cost funds so that they can keep providing a lifeline to businesses during the phase of recovery from the pandemic shocks. In an online press meet on Tuesday, Bangladesh Leasing and Finance Companies Association (BLFCA) said the NBFI sector is suffering because of the structural issues in the financial system and some wrong perceptions that need to be addressed sooner.

■ BLFCA leaders said commercial banks all over the world mainly finance short-term business activities, while NBFIs go for medium- and long-term financing with their specialisation. For that, NBFIs abroad have long-term sources of low-cost funds, like bonds and deposits. In India, the top three NBFIs get 44-69% of their total funds from low-interest bonds, which is 2-3% for Bangladeshi ones. NBFIs in Bangladesh currently depend on commercial banks for 37% of their total funds on average, according to BLFCA, and banks rush to pull their money back in cases of liquidity crisis in the money market. Currently, of the BDT 870.0 billion in NBFI assets, over BDT 300.0 billion is contribution of public deposits.

■ On top of the existing systematic disadvantages, NBFIs suffered further in recent months due to the Covid-19 pandemic. In April and May, some pre-mature encashment of deposits along with reduced loan recovery by 50-70% of NBFIs have led to difficulties. However, with the economy coming back to life, NBFI clients are also returning with their deposits and loan applications. In June, over 85.0% of loan dues, including the instalments of April and May, were recovered as the selectively chosen clients are serious about repayment despite their hardship in businesses, said BLFCA Chairman.

<https://tbsnews.net/economy/nbfis-seeking-ways-liquidity-106276>

<https://today.thefinancialexpress.com.bd/first-page/nbfis-out-of-step-with-banks-1594749531>

<https://www.newagebd.net/article/111173/blfca-urges-banks-not-to-withdraw-funds-from-nbfis>

<https://www.dhakatribune.com/business/banks/2020/07/14/non-banks-at-risk-banks-put-pressure-on-withdrawal-of-deposits>

An expansionary monetary policy or nothing

■ Bangladesh has never faced such an economic fallout, meaning the central bank in a tight spot as it draws up the monetary policy statement (MPS) for fiscal 2020-21. The MPS is scheduled to be unveiled in the last week of July. Most likely, the Bangladesh Bank will take on an expansionary monetary policy stance that the other nations have already adopted, according to a central bank official. The new MPS should give all-out effort to boost the dwindling demand, which has been hit hard by the financial meltdown. The government has set a GDP growth target of 8.2% and an inflationary target of 5.4% for this fiscal year. The central bank will try to achieve both the targets by implementing the new monetary policy, the official said

■ The credit growth stood at 8.9% in May, which is much lower than the target of 14.8% for fiscal 2019-20. Although the central bank has yet to release the data of the credit growth for June, the existing trend has given an indication that the BB is far away from the target. The central bank will not set a target for the private sector credit growth that is lower than in the just-concluded fiscal year, in order to give a boost to the confidence of businesspeople.

■ According to the executive director of the Policy Research Institute of Bangladesh, the BB

will have to inject a large amount of reserve money (RM), or high-powered money, into the financial market to address the ongoing crisis. The RM is the base level for money supply, and it is also the high-powered component of the money supply. The broad money, which is multiple of RM, depends on the volume of the RM as well. The central bank had fixed 12% RM target and 13% broad money for fiscal 2019-20. Both the targets may be widened to a large extent for this fiscal year.

<https://www.thedailystar.net/business/news/expansionary-monetary-policy-or-nothing-1930653>

<https://www.newagebd.net/article/111170/reviving-economy-by-boosting-pvt-sector-credit-will-be-key-challenge-economists>

E-invoices will now work as proof of VAT payment

■ Electronic invoices would now be accepted as acknowledgement receipts for value-added tax payment to the treasury, as the National Board of Revenue edges closer to ensuring online payment of the indirect tax, the biggest source of revenue for the state. The NBR is going to open the scope for businesses to deposit the indirect tax, paid by consumers at the ultimate end, electronically -- a facility envisaged as part of the goal to fully automate the VAT system.

■ The government took the VAT automation initiative in 2013 to implement the VAT and Supplementary Duty Act 2012 to reduce the cost of businesses, improve compliance and increase revenue collection to enhance the capacity to finance its development and other expenditures. Bangladesh has the lowest tax-GDP ratio, a measure of a country's capacity to fund its own expenses, in South Asia. Since the launch of the BDT 6.9 billion VAT Online Project (VOP), the NBR could open online VAT registration facility and online submission of VAT returns or monthly transaction statements since October last year -- three months after the new VAT law came into effect from July. So far, BDT 2.4 billion out of the total estimated cost of BDT 6.9 billion for the VAT improvement project has been spent. And a large chunk of the money is likely to remain unspent.

■ The initiative to open the electronic payment for VAT option for businesses follows the rollout of the online return filing window for 150,000 VAT-registered firms in October. The responses were initially were low. But the number of online return filers has risen over time to nearly 40,000 now.

<https://www.thedailystar.net/business/news/e-invoices-will-now-work-proof-vat-payment-1930641>

<https://www.newagebd.net/article/111177/nbr-to-accept-e-notification-as-alternative-to-t-chalan>

<https://today.thefinancialexpress.com.bd/last-page/nbr-to-accept-e-notification-as-treasury-chalan-1594749980>

Covid cripples annual development programme (ADP) execution in FY'20

■ Coronavirus pandemic has impinged on the project implementation rate as the government agencies executed only 80% in the just-concluded fiscal year, official data shows. However, the public agencies had showed a surprising performance in June when they executed 23.0% of the annual development programme or ADP. Until May of FY2020, the implementation rate was 57%, with monthly accomplishment averaging 5.2%. Officials at the Implementation Monitoring and Evaluation Division or IMED said the ministries and agencies spent BDT 1.6 trillion, or 80.0% of the total outlay of BDT 2.01 trillion ADP in the

fiscal year that ended in June. In FY2019, the project implementation rate was recorded at 95%, 15% higher than that of the just-concluded fiscal, the IMED data showed.

■ According to the IMED, the Railway Ministry was the worst performer among the big ministries that grabbed nearly 78.0% of the outlay. The Ministry of Railway spent only BDT 58.8 billion, which is 57.0% of its total outlay of BDT 102.5 billion. The second worst project implementer was the Public Work Ministry, which used only BDT 49.16 billion, 70.0% of its total allocation. The Primary and Mass Education Ministry, the 3rd largest budget holder, spent BDT 64.8 billion, 71.0% of the total. According to the economist, D r Ahsan H Mansur, it is impossible to implement 23.0% of ADP in a single month.

<https://today.thefinancialexpress.com.bd/last-page/covid-cripples-adp-execution-in-fy20-1594749704>

<https://www.newagebd.net/article/111168/adp-execution-rate-hits-all-time-low-in-fy20>

Foreign aid crosses record USD 7.0 billion amid Covid-19

■ The Bangladesh government has achieved record foreign aid disbursement from development partners amid the Covid-19 pandemic. Development partners disbursed USD 7.2 billion throughout Fiscal Year 2019-20, compared to USD 6.5 billion during FY2018-19. The disbursement growth is 11.0%, according to the preliminary report of the Economic Relations Division (ERD). In the beginning of FY2020-21, the opening pipeline of foreign assistance reached USD 49.55 billion, compared to USD 47.26 billion in the same period the previous year.

■ The feat was achieved because the World Bank, Asian Development Bank (ADB), International Monetary Fund (IMF) and Asian Infrastructure Investment Bank (AIIB) had disbursed budget support in accordance with their commitment, the officials added. The partners provided the support to help Bangladesh's economy recover from the Covid-19 fallout. The World Bank and ADB have quickly disbursed loans for several health-related projects to allow the purchase of Covid-19 testing equipment.

■ The ADB on May 7 this year approved USD 500 million for Bangladesh as budget support for a project, titled "Covid-19 Active Response and Expenditure Support Programme." On May 13, it approved an additional USD 100 million in the "Covid-19 Response Emergency Assistance Project" for health sector development. Besides, the AIIB provided USD 250 million in budget support to Bangladesh in the preceding fiscal year. The World Bank has quickly disbursed the previously promised USD 250 million in budget support to Bangladesh, to help the country deal with the impacts of the pandemic. The agency also approved an additional USD 100 million for a health sector project. Meanwhile, the IMF has approved USD 732 million as emergency assistance to Bangladesh.

<https://tbsnews.net/economy/foreign-aid-crosses-record-7b-amid-covid-19-106306>

Economy slowly coming out of coma

■ Even amid ongoing debates over economic-recovery strategies, some businesses see a surge in demand for quite a few products. Sales of mobile phone, computer, laptop, TV, refrigerator, construction ms rod, cement, and motorcycle saw a rise in demand in June. Economic activities resumed on May 31 after a 66-day nationwide shutdown. Sales of daily commodities grew by at least 20.0% in June compared to April-May. However, traders claim that sales of furniture, clothing and jewelry are yet to come back to comfortable figures. They report about 25-30% sales of pre-pandemic times.

■ Sales of computers and laptops have grown by about 50.0% at the retail level and mobile phones sales are up by 25.0% in June over the same period last year. According to a top company, sales of air conditioners in June increased by at least 10% compared to the sale figure of June last year. Television sales also grew at the same rate. With Eid-ul-Adha approaching, refrigerator sales see an uptick as well, but the most sought-after appliance is the washing machine. Its sale registered the highest 50% growth as house helps are still not allowed in most residences for infection fears.

■ According to data, sales of cement and construction steel rod increased by 11.0% and 9.0% respectively in June over the same period last year. Industry insiders say different projects suspended in April and May have restarted. The demand for raw materials is also showing an upward trend in the market. According to Masud Khan, an adviser to Crown Cement, Orders of April and May have been added to June orders. As a result, the sector registered an 11% growth in June compared to that in the previous year. However, the sector is still in negative growth of 10% according to the last six months' estimate.

■ Sales of motorcycles fell by 96.0% in April. In June, sales increased by 12.0% over the same period last year. There are two reasons for growth – one is, people are preferring to use motorbikes for maintaining social distancing, and the other reason is, those who had plans for getting bikes already are completing their purchases now. According to the managing director of Runner Automobiles Ltd, sales went up in June as the rural economy remained active and people completed their purchases that got suspended owing to the pandemic.

■ After the shutdown was enforced, all sectors came to a standstill but the market for daily essentials and consumer products was still active. However, sales of these products have decreased by 30-35% because of the suspension of social events. April was a dull period. Although there has been some improvement since May, the market has not yet returned to its previous sales performance. Despite some improvement, sales are still 20-25% lower than usual, said Rafiqul Islam at Chandpur Store in the capital's Karwan Bazar, the country's largest consumer market.

<https://tbsnews.net/economy/economy-slowly-coming-out-coma-105841>

National Board of Revenue (NBR) to launch VAT e-payment July 16

■ The National Board of Revenue (NBR) is going to introduce e-payment system for the VAT-payers on July 16 (Thursday) to facilitate VAT payment from anywhere. Initially, people having accounts in three banks can make the e-payment. However, the facility will be extended later in phases. Talking to the FE on Monday, VAT Online Project (VOP) Director Kazi Mustafizur Rahman said clients of three banks will be able to pay VAT online using e-payment module of VOP from July 16. Accountholders will be able to pay their VAT through the e-payment module.

■ Using the e-payment system, any VAT-registered person will be able to pay VAT, supplementary duty and other such taxes to the public exchequer from their bank accounts within a short time. VOP has prepared the e-payment module. Its user acceptance test with three banks has been satisfactorily conducted. The inauguration ceremony of the e-payment module was organized on July 16 with the government high-ups. However, e-payment of VAT will not be possible through credit card, as furnishing business identification number (BIN) and account code will be required for payment of VAT.

<https://today.thefinancialexpress.com.bd/first-page/nbr-to-launch-vat-e-payment-july-16-1594661282>

<https://tbsnews.net/economy/nbr-set-introduce-e-payment-vat-105805>

<https://www.dhakatribune.com/business/2020/07/13/vat-to-be-paid-online-from-home>

USD 2.0 billion budgetary support likely this fiscal year

■ The government is working on securing about USD 2.0 billion budgetary support from bilateral and multilateral development partners in the current fiscal year (FY), finance ministry officials said. In the just-concluded fiscal year, Bangladesh got USD 1.0 billion as budgetary support to help the economy tide over the crisis created by the covid pandemic. The country, in the meanwhile, received USD 732 million from the International Monetary Fund or IMF as emergency assistance to meet the balance of payments and budget needs.

■ In the current fiscal, according to the official, the World Bank may provide some USD 500 million, the Asian Development Bank USD 500 million, the Japan International Cooperation Agency USD 300 million, and Asian Infrastructure Investment Bank, or AIIB USD 300 million. At the same time the government is expecting USD 90 million from the European Union, USD 50 million from South Korean Economic Development Cooperation Fund, USD 50 million from French Development Agency, and USD 30 million from Germany, according to officials. In the last fiscal year, the Asian Development Bank gave USD 500 million, the World Bank USD 250 million, and the AIIB, USD 250 million as budgetary support.

<https://today.thefinancialexpress.com.bd/first-page/20b-budgetary-support-likely-this-fiscal-year-1594660944>

Bangladesh Telecommunication Regulatory Commission (BTRC) to defer 5G auction for pandemic

■ Bangladesh Telecommunication Regulatory Commission (BTRC) Chairman Jahurul Haque on Monday said its 5G auction, scheduled to be held in next January, will be deferred due to the Covid-19 pandemic. Mr Haque, however, said they are determined to launch 5G by the end of next year. Besides, the government wants to expand 4G network across the country to make high-value internet available in rural areas.

■ While speaking at the virtual launching programme of first Smart City Solution partnership with Dhaka North City Corporation (DNCC), the BTRC chairman requested DNCC Mayor Md Atiqul Islam to complete much-talked-about work on under grounding cables to make the city clean and smart. Smart City Solution is the result of a recently signed Public Private Partnership (PPP) deal to develop smart city features on a pilot basis. Under this solution, deployment of multipurpose smart lamp-poles will bring multiple players from the ecosystem together for the first time in a joint effort to provide uninterrupted connectivity to citizens. The integrated solution will also be able to provide free Wi-Fi services, security surveillance (optional), waste management system through smart bin, real-time air quality monitoring as well as to serve as digital signage for community messages, all of which come as benefit to citizens.

<https://today.thefinancialexpress.com.bd/last-page/btrc-to-defer-5g-auction-for-pandemic-1594661874>

Banks' interest spread drops below 3.0 percentage points for 1st time

■ The overall weighted average interest rate spread in the country's banking sector fell

below 3 percentage points for the first time amid enforcement of the 9-per cent ceiling on the lending rate and credit demand fall during the coronavirus pandemic. According to the Bangladesh Bank data, the overall weighted average interest rate spread in banks dropped to 2.94 percentage points in May from 4.07 percentage points in March. In April, the first month of the lending rate ceiling implementation, the spread was 2.92 percentage points. In January 2019, the overall weighted average interest rate spread was 4.42 percentage points.

■ In September last year, the overall weighted average interest rate spread dropped to 3.91%, the lowest since 1975 when the central bank started keeping records of the weighted average interest rate spread. The weighted average interest rate is the difference between the weighted average lending rate and the weighted average deposit rate in banks. The private sector credit growth in May stood at 8.86% after dropping to a record 8.83% in April this year. Although the overall spread in the banking sector dropped, 13 banks still have a spread above the Bangladesh Bank-set limit of 4 percentage points.

■ In March 2018, the BB reduced the spread by 1.0 percentage points from 5.0 percentage points as part of the government's move to bring down the lending and deposit rates to 9% and 6% respectively. Even after imposing the cap on the spread at 4 percentage points, the average spread in the foreign commercial banks remained high at 5.39 percentage points based on a weighted average deposit and advance rate of 2.74% and 8.13% respectively. In May this year, the spread in the private commercial banks came down to 2.97 percentage points as their weighted average deposit and lending rate dropped to 5.64% and 8.61% respectively.

<https://www.newagebd.net/article/110997/banks-interest-spread-drops-below-3pts-for-1st-time>

Pharma exports continue cruising

■ Bangladesh's medicine exports recorded 4.49% growth in the 2019-20 fiscal year amid coronavirus while export of other products witnessed downturns. Industry people said Bangladeshi drugs for Covid-19 treatment have created a substantial demand in the international market, and the pharma sector will see a handsome growth at least in the next six months. Bangladesh in the last fiscal year earned USD 135.79 million by selling locally manufactured drugs in the international market. According to the Export Promotion Bureau (EPB), earnings in 2018-19 fiscal were USD 130 million, and USD 103.46 million in FY2017-18.

■ According to the Bangladesh Association of Pharmaceuticals Industries (BAPI), Bangladesh exports medicine to 150 countries. Local companies meet almost 98% of domestic demand worth around USD 2 billion. Square Pharmaceuticals is the major player dominating Bangladesh's pharmaceutical industry with 18.8% share, followed by Incepta at 10.2%, Beximco 8.5%, Opsonin 5.6%, Renata 5.1% and Eskayef 4.5%. Industry insiders said the local pharma sector saw a major progress in the last 20 years. International standard factories were set up in the country during this time as the sector got large investments. With almost all generic drugs manufactured locally, Bangladesh has emerged as one of the key competing countries in the world.

<https://tbsnews.net/economy/trade/pharma-exports-continue-cruising-105349>

<https://www.thedailystar.net/business/news/pharma-companies-count-their-blessings-exports-rise-1929577>

Card spending halves in April

■ The coronavirus pandemic triggered a decline in card spending by nearly 50.0% in April, in an indication of a massive fall in demand in Bangladesh as people went for belt-tightening amid income collapses. Transactions through debit cards stood at BDT 83.4 billion in April, the first month that bore the full brunt of the coronavirus-induced shutdown, down 45.0% from that a month ago, according to data from Bangladesh Bank. Credit card spending declined 54.0% to BDT 5.2 billion. The record fall in transactions through debit and credit cards came about after people movement was restricted by the government in an effort to tackle the spread of the contagion.

■ According to country manager for Mastercard Bangladesh, in June, card transactions rose by nearly 60.0% compared to that in April as people are trying to return to a normal life. The digital cattle market targeting the upcoming Eid-ul-Azha will give a further boost to the transactions. However, the digital market has still a long way to go before returning to normalcy and beginning to enjoy pre-Covid-19 level growth. Due to the coronavirus outbreak, earnings of 51.0% of households plunged to zero while a massive 95.0% of people suffered losses in income, according to a survey of Brac. Around 62.0% of low-income wage earners lost their work opportunities after the public holiday was declared in late March, it showed.

<https://www.thedailystar.net/business/news/card-spending-halves-april-1929581>

Ship dismantling drops 71.0% in Q2 on pandemic

■ Ship dismantling in the country fell by more than 71.0% in the second quarter of 2020 mainly due to the ongoing coronavirus pandemic, according to a global coalition. Bangladesh brought 20 scrapped ships during the period between April and June in 2020, according to the data released by NGO Ship-breaking Platform (NSP). Bangladesh imported a total of 70 ships during the same period of 2019.

■ A total of 98 ships were broken in the second quarter of 2020. Of these, 60 ships were sold to the beaches of South Asia where, despite the majority of yards being closed due to the Covid-19 pandemic, shipbreaking kept putting workers' lives at risk, the coalition said. Citing local sources and media, it said at least three workers were severely injured in Bangladesh between April and June.

■ A total of 166 ships were broken in the first quarter of 2020. Of these, 126 ships were sold to the beaches of South Asia for dirty and dangerous breaking. During the first quarter, Bangladesh and India dismantled 54 and 63 ships respectively, the NSP data showed. Citing local sources, the NSP in a statement said all shipbreaking yards in Bangladesh resumed their activities on June 01.

<https://today.thefinancialexpress.com.bd/last-page/ship-dismantling-drops-71pc-in-q2-on-pandemic-1594577378>

Yields on treasury bills fall in June

■ The yields on treasury bills slid in June last over the same period of a year earlier, according to Bangladesh Bank data. The falling trend of the same was also continuing in this month of July amid fears that the profitability of banks would edge down. The yields on all types of the bills dropped in June last compared to the same period a year ago. However, the yields on three longer term bonds increased to some extent during the period

while the remaining two debt securities declined.

■ The central bank statistics showed that the total liquid assets with the commercial banks was recorded at BDT 3.041 trillion as of end March last against BDT 2.7 trillion as of end June 2019. The private commercial banks have the largest portion of liquid assets as of end March last amounting to BDT 1.5 trillion. However, the yield on 91-day bill was recorded at 7.2% in June 2019. It dropped to 6.5% in June 2020. Similarly, the yield of 182-day bill was 7.4% in the same period in May 2019 which was 6.8% in June last. The yield of 364-day bill in June last was recorded at 7.3% against 7.4% in the same period in 2019, statistics showed.

■ On bonds that mature in more than 364 days, the yields of two longer term bonds -- 15 year and 20 year -- dropped to 8.7% and 8.94% respectively in June last over June, 2019. The yield of 15-year bond was recorded at 8.9% and 20-year at 9.3% in June in 2019. On the other hand, the yields on three bonds have increased in June last. The yield on 2-year bond was at 7.8% in June last against 7.55% a year earlier while the yield on 5-year bond was at 8.05% against 8.1% and the 10-year bond at 8.7% over 8.4%.

<https://today.thefinancialexpress.com.bd/first-page/yields-on-treasury-bills-fall-in-june-1594401815?date=11-07-2020>

Exchange rate management in the Covid-19 era

■ Exchange rate policy in the context of the Covid-19 crisis draws attention to countries that are excessively dependent on the export of a few goods – such as ready-made garments (RMG) in Bangladesh or energy – and countries that have excessive external debt. Exchange rate pressure is a signal of underlying economic distress in many countries. With a recent plunge in oil prices – due to low demand for energy products during lockdown measures worldwide – exchange rates of net oil exporting countries, such as Indonesia, Brazil, Australia etc. have depreciated to a great extent.

■ The Covid-19 crisis might have created depreciating pressure on the exchange rate in Bangladesh, too, in the context of sharp decline in exports of RMG products – exports fell by 83.0% year-on-year in April 2020 – to a great extent and drop of remittances to some extent. This might have led to the appreciation of the real effective exchange rate (REER) because of non-adjustment of nominal rates.

■ Though officially Bangladesh's exchange rate system is freely floating, in reality it maintains almost a fixed rate with a little sporadic movement. The changes in exchange rates of Bangladeshi taka against the US dollar for a three-month moving average was BDT 0.20 for the last year (July 2019 to June 2020) and was BDT 0.03 for the last six months (January to June 2020) indicating a very stable currency.

■ The context of exchange rate management has now changed due to the Covid-19 crisis. The crisis put a hold on the flow of foreign currency from export sectors and foreign remittances. Though Bangladeshi remitters sent a considerably good amount of remittances during the last quarter (March-June 2020) in the face of risks of losing jobs, particularly in the Middle-east, this phenomenon is thought to be temporary. Bangladesh also received some amount of foreign aid from multilateral donors to support budget deficits and public health measures – which preserves some slack on the external front. The debt-to GDP ratio was 36.0% in 2019 and the IMF projected it to be 41.0% this year due to pandemic expenditures – which is still considered sustainable. Overall, these developments might exert depreciating pressure on the Bangladeshi taka. However, a good foreign

reserve of over USD 33.0 billion might act as a cushion against a currency crisis.

<https://tbsnews.net/economy/exchange-rate-management-covid-19-era-104953>

Borrowers, banks sweat over foreign loan payments

■ Although borrowers – with financial difficulty at this time of Covid-19 – have got deferment on loan repayments from local private banks, they are yet to have such a breather from foreign lenders, putting them under strain. Bigger trouble looms for the banks that lent to them from their offshore banking units (OBU) by borrowing overseas funds – with no response from the foreign lenders over a pause on repayments. The country's private sector either borrows directly from the foreign lenders or through the offshore banking units.

■ Many foreign loan recipients have already sought the deferred repayment facility from the local banks as they are going through cash flow constraints. Some local banks have postponed loan repayments for their clients on a case-by-case basis, but the foreign lenders have not responded on this issue, putting both local banks and individual borrowers in a tight situation. For instance, Eastern Bank offered the deferment to 50% of its borrowers on loans given from its offshore banking unit. But any such move has not come from the overseas lenders yet. A similar situation prevails in most of the banks that gave foreign currency loans to the borrowers from their OBUs.

■ Offshore banking units make loans in the foreign market when they accept deposits from foreign banks and other OBUs. While talking to The Business Standard, several banks said local banks held meetings with their foreign lenders about the ongoing crisis. They informed the lenders about the local borrowers' cash constraints, to whom they lent to from the OBUs. Yet, the foreign lenders have given no hint about deferring loan payments for their borrowers, said bank insiders.

■ Bangladesh Bank data shows that external debt increased by 8.67% to USD 60.3 billion last year. Approximately 84% of the total external debt or USD 50.6 billion was of long term, which was considered low risk. On the other hand, the short-term foreign loan stood at USD 9.7 billion in December 2019. The Bangladesh Bank, in its financial stability report for 2019, said a major share of short-term external debt came to the private sector. This might require extra caution as the rapid growth of short-term foreign debt is an early warning indicator of potential vulnerability. The private sector's external debt – that constituted 21.7% of total foreign debt of USD 13.1 billion – has the majority of its obligation in the short-term. Some 62.6% of the total private sector external debt is of this nature.

■ On the other hand, 78.3% of the total external debt is availed by the public sector which is considered to have low risk. Debts in the public sector are mostly of the longer-term in nature. About 97% of the public sector debts are long-term finance. If short-term foreign debt gets above the short-term liquidity, as measured by holdings of foreign reserves, it is assumed to increase an economy's vulnerability. In December 2019, short-term external debt to foreign exchange reserve position of Bangladesh stood at 29.8%, which was well below the standard threshold level of 100%.

<https://tbsnews.net/economy/banking/borrowers-banks-sweat-over-foreign-loan-payments-104575>

Rice imports drop to four-decade low

■ Bangladesh's rice imports fell to a nearly 40-year low in the fiscal year 2019-20 thanks to

farmers' endeavour to increase the yields of the main crop and allow the nation to be self-sufficient in the cereal production. Total import was 4,180 tonnes in the last fiscal year, marking a 98% slump over the previous fiscal year, resulting from high import tariffs and adequate domestic production, food ministry data showed.

■ Total yearly rice production stood at 36.4 million tonnes in FY2018-19, posting a marginal increase over the previous year. The production estimate for the last fiscal year is yet to be made available by the Bangladesh Bureau of Statistics. However, the Food and Agriculture Organisation, in a report in May, said the country was expected to have produced 38.7 million tonnes of rice in FY2019-20. Bangladesh consumes 32.0 million tonnes of rice and 5.5 million tonnes of wheat annually, said the UN agency in the report.

■ Rice production has grown by 600,000 tonnes annually since 2009 and the amount was higher than the annual increase in demand for rice by 0.30 million to 0.35 million tonnes owing to population growth. Nearly 3.9 million tonnes of rice were imported in FY2018-19. There would have been no problem had there been no import of the staple grain.

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

Bangladesh Petroleum Corporation (BPC) defers oil cargoes in July

■ The Bangladesh Petroleum Corporation (BPC) deferred two thirds of its import cargoes in July as an attempt to arrange private tanks to store oil went 'abortive'. It will import only four oil cargoes this month instead of the 12 scheduled ones, BPC director for operations and planning Syed Mahdi Hasan told the FE on Saturday.

■ Despite repeated attempts to ensure oil storage facility from the private sector over the past four months, the BPC could not ensure a single facility to date, insiders said. Four private companies-United Group, Super Petrochemical, SA Corporation and BDT Group-showed interest to store BPC's petroleum products in their facilities on a rental basis. But the state-run corporation could not use their tank storage facilities as they were not ready for storage as per international standard.

■ Currently, the BPC has the total storage capacity of 1.32 million tonnes of oil products, which include diesel, furnace oil, petrol, octane, kerosene, bitumen, condensate and crude oil. But due to lower petroleum consumption during general shutdown from March 26 to May 30 and subsequent limited office and commercial operations, BPC oil tanks were almost full, said sources. The corporation had to shut the operation of the country's lone crude oil refinery for around a week in June due to oil storage bottlenecks.

<https://today.thefinancialexpress.com.bd/first-page/bpc-defers-oil-cargoes-in-july-1594486664>

Retail sales of ICT goods up 50.0%

■ When the Covid-19 pandemic is eating up most of the business sectors in Bangladesh, retail sales of laptops, desktop computers and computer accessories have gone up by nearly 50.0% in Dhaka, according to industry leaders. They also claim that the overall volume, however, has not increased because sales to the government and corporate entities – two major buyers of these products – have been low due to the pandemic.

■ According to sector insiders, the demand for laptops has increased more than that for

desktop computers. The most in-demand products right now are webcams, microphones, headphones and graphics cards, said Subrata Sharker, secretary general of the Computer City Centre Shop Owners Association. The demand for these products has risen mostly because almost all educational institutions are running their teaching programmes online and also as most offices are following the "work from home" policy.

■ According to the president of Bangladesh Computer Samity (BCS), the big buyers of our ICT products are government and corporate offices. But now, those sales are low. End users' purchase has increased as educational institutes are running classes online. As fewer cargo airlines are flying now, the carrying costs of our products have increased by almost 30.0%.

<https://tbsnews.net/tech/ict/retail-sales-ict-goods-50-104956>

At least 80 AB Bank employees lose jobs

■ At least 80 employees of AB Bank Ltd have been reportedly terminated or forced to resign recently amid the Covid-19 pandemic on the grounds of unsatisfactory performances. AB Bank's termination benefits include three months' basic salary. Banking activities came to a near-halt due to the coronavirus outbreak and the subsequent countrywide shutdown for more than two months, leading to a dip in profits. On June 14, the Bangladesh Association of Banks (BAB) recommended that banks could reduce salaries of its employees by up to 15.0%.

<https://www.dhakatribune.com/business/banks/2020/07/11/at-least-80-ab-bank-employees-lose-jobs>
<https://www.newagebd.net/article/110960/80-ab-bank-employees-lose-job-amid-covid-19-situation>

Important News: Capital Market

Bangladesh Securities and Exchange Commission (BSEC) warning over IPO observation makes Dhaka Stock Exchange (DSE) team nervous

■ The Bangladesh Securities and Exchange Commission on Wednesday threatened the Dhaka Stock Exchange with legal action if it provided observations about a company's initial public offering based on suspicion. DSE officials said that the BSEC letter in this connection would make the bourse's IPO team reluctant to do their job properly as they had already become nervous. The BSEC on Wednesday issued the letter, signed by its executive director Ruksana Chowdhury, asking the bourse to strictly follow the direction given in the public issue rules while making observations on an IPO.

■ According to the public issue rules, the DSE must mention in its observations whether a company violates any securities rules, accounting standard and any other law of the land. DSE officials said that the IPO team sometimes noticed inconsistencies in financial statements of the IPO seeking companies and it mentioned those inconsistencies in the IPO observation reports as it thought that the things required further investigation. The BSEC letter said that the BSEC and the DSE held a meeting on July 6 at the BSEC office in the capital and reached a consensus that the bourse would not provide observations going beyond the public issue rules.

<https://www.newagebd.net/article/111240/bsec-warning-over-ipo-observation-makes-dse->

[team-nervous](https://tbsnews.net/economy/stock/exchanges-must-mention-rules-ipo-observations-106789)

<https://tbsnews.net/economy/stock/exchanges-must-mention-rules-ipo-observations-106789>

Grameenphone (GP) profit slips amid Covid-19 fallouts

■ Grameenphone's net profit tumbled 23.87% year-on-year in the second quarter of 2020 because of the ongoing Covid-19 crisis. The largest mobile phone operator of Bangladesh took home BDT 7.3 billion in profit after taxes in April-June, down from BDT 9.6 billion in the same period a year ago. This had been the lowest single-quarter net profit for GP in recent times. It witnessed 8.2% year-on-year revenue de-growth in the second quarter to BDT 33.1 billion.

■ According to the chief executive officer of GP, in addition to Covid-19, the company has experienced impact from challenging weather and regulatory scenario, all of which combined has driven us to de-growth in our performance compared to last year. The fall in earnings impacted the earnings per share: it stood at BDT 5.38 in the quarter, down from BDT 7.07 in the same period last year. GP recommended 130% interim cash dividend for 2020 and the shareholders as of the record date of August 5 will be entitled to it. The stocks of the largest-listed company in the country traded 0.92% higher at BDT 241.3 on the Dhaka Stock Exchange yesterday.

■ At the end of June, the number of active users for the operator declined to 74.5 million, which was 76.5 million at the beginning of the year. Of the total active users, 54.8%, or 40.8 million, use internet. Customers' average per month data use went up to 2.6 gigabytes. GP raked in BDT 8.4 billion from internet data use in the quarter, up 16.66% from BDT 7.20 billion year-on-year. It, however, fell from the January-March quarter when it earned BDT 8.5 billion. This was the first time the earnings from data consumption declined quarter-to-quarter.

■ In the early days of the lockdown, which began on March 26, it was tough for the users to top up mobile phones as shops had to be shut owing to the movement control order. As a result, earnings from voice call also declined for all operators. Per month earnings per customer came down to BDT 146 for GP, from BDT 159 during the same period last year. Despite the challenges, the carrier managed to add 9.0 million users to its 4G network during the quarter to end at 15.2 million. It set up 132 new 4G/LTE sites in the last three months, bringing in 77.1% of the population under the coverage of the fastest data network.

<https://www.thedailystar.net/business/telecom/news/gp-profit-slips-amid-covid-19-fallouts-1931153>

<https://www.newagebd.net/article/111239/gp-profit-dips-24pc-in-q2-as-virus-outbreak-hits-customer-spending>

<https://tbsnews.net/bangladesh/telecom/grameenphone-reported-de-growth-subscriptions-and-revenues-after-2nd-quarter>

Mixed quarter for the pharma sector

■ Pharmaceutical companies in Bangladesh witnessed a slump in profits during the third quarter (January-March) of fiscal 2019-20 following reduced sales of prescription medicine amid the ongoing coronavirus pandemic. At the same time, however, seven drug manufacturers saw a rise in their earnings per share while nine others booked lower profits, according to data from the Dhaka Stock Exchange (DSE). Meanwhile, another three pharmaceutical companies continue to incur losses and two others have yet to publish their

financial records.

■ The majority of hospitals and private chambers were closed for a considerable about of time during the January-March period and so, the sale of prescription medicine dropped, said the head of corporate affairs and company secretary of the ACME Laboratories. The government announced a two-week nationwide general holiday, beginning on March 26, in a bid to contain the spread of coronavirus in Bangladesh. However, after the situation deteriorated, the lockdown was extended by two months. But ACME Lab's COVID-19 related medicines were sold out due to panic buying so they had to increase the production of these types of medicines gradually, he said. Besides, the industry continues to suffer from a shortage of raw materials, forcing manufacturers to produce as much as possible given the situation, he added. The sale of drugs used to treat other diseases decreased amid the pandemic.

<https://www.thedailystar.net/business/news/mixed-quarter-the-pharma-sector-1930105>

Listing of five State Owned Enterprises (SoEs) to be delayed over share money deposit rules

■ The listing of five state-run energy companies is likely to be delayed due to ensuring compliance with rules formulated recently by the Financial Reporting Council asking the SoEs to issue shares against the government's share money deposits within six months. The current coronavirus pandemic situation in the country has also become a major hurdle to expediting the process of issuing shares and also for going public. The FRC on February 11 this year issued a notification, saying that companies must convert share money deposits within six months of depositing money, and the deposited money must not be returned.

■ The five companies are North West Power Generation Company Limited (NWPGL), Electricity Generation Company of Bangladesh Ltd (EGCB), Ashuganj Power Station Company Ltd (APSCL), BR Powergen Ltd and Gas Transmission Company Limited (GTCL). Besides, 10% more shares of already listed Titas Gas Transmission and Distribution Company Ltd (TGTDC) and Power Grid Company of Bangladesh would be offloaded in line with the new decision. The companies are yet to complete valuation of their assets.

■ Meanwhile, the FRC rules have raised the necessity of converting a huge amount of share money deposits of the government in the companies into shares immediately, officials of the companies said. As per annual financial reports in 2019, the five energy companies held an accumulated BDT 511 million in share money deposits of the government that must be converted into shares by October this year. The government usually invests in different projects of its companies as 60.0% loans and 40.0% equity which the companies have kept as share money deposits for years. The government's equity in NWPGL was the highest, BDT 23.9 billion, followed by GTCL BDT 16.4 billion, EGCB BDT 9.1 billion, APSCL BDT 1.2 billion and BR Powergen BDT 480 million as per the latest data available in the companies' financial statements.

<https://www.newagebd.net/article/111102/listing-of-five-soes-to-be-delayed-over-share-money-deposit-rules>

Express Insurance's IPO lottery draw July 23

■ Express Insurance Ltd is set to hold IPO lottery draw on July 23, aiming to allocate 26.07

million ordinary shares among the successful applicants. The lottery draw will be held through digital platform due to ongoing Covid-19 pandemic, company officials said. After the lottery draw, the result will be published on the websites of Dhaka Stock Exchange, Chittagong Stock Exchange, issue manager, and the company.

■ The non-life insurer raised a fund worth BDT 260.8 million from the capital market using the fixed price method. The company's IPO was oversubscribed by six times as the company received about BDT 1.6 billion against IPO shares worth BDT 260.8 million, sources said. The stock market regulator approved the initial public offering (IPO) proposal of the company on February 18 of this year. As per the approval, the insurer offloaded more than 26.07 million ordinary shares at an offer price of BDT 10.0 each under the fixed price method.

<https://today.thefinancialexpress.com.bd/stock-corporate/express-insurances-ipo-lottery-draw-july-23-1594655039>

Aamra Networks to issue BDT 1.0 billion zero coupon bonds

■ The board of directors of Aamra Networks Ltd has decided to issue non-convertible zero-coupon bonds worth BDT 1.0 billion. The IT company will issue the bond at face value through private placement, subject to approval of the regulatory authorities like Bangladesh Securities and Exchange Commission, according to an official disclosure on Sunday. The bond will be non-convertible, size of the bond will be up to BDT 1.0 billion (at face value) with the denomination of BDT 1,000 each with a five-year tenure.

■ Currently, the company's paid-up capital is BDT 562.2 million, authorised capital is BDT 1.0 billion and the total number of shares is 56.22 million. Sponsors-directors own 33.0% stake in the company, while the institutional investors own 28.09%, foreign investors 15.98% and the general investors 22.89% as on February 29, 2020.

■ Each share of the company, which was listed on the Dhaka bourse in 2017, closed at BDT 35.10 on Sunday. The company's earnings per share (EPS) stood at BDT 0.98 for January-March 2020 as against BDT 0.91 for January-March 2019. In nine months for July 2019-March 2020, its EPS was BDT 2.67 as against BDT 2.89 for July 2018-March 2019. The company disbursed 6.0% cash and 6.0% stock dividend for the year ended on June 30, 2019.

<https://today.thefinancialexpress.com.bd/trade-market/aamra-networks-to-issue-BDT-10b-zero-coupon-bonds-1594570913>

Regent Textile to extend IPO funds utilisation time further

■ Regent Textile Mills Ltd has decided to revise and extend IPO funds utilisation and implementation time further as the company failed to utilise the funds fully within the stipulated timeframe. The company will hold an extraordinary general meeting (EGM) on August 27 at 11:00am through digital platform to pass special resolution in this regard by the shareholders', according to an official disclosure on Sunday.

■ The Regent Textile raised a fund worth BDT 1.25 billion through initial public offering (IPO) in 2015 for implementing balancing, modernisation, rehabilitation and expansion (BMRE), for building a new readymade garment unit and bearing the IPO related expenses. However, the company has already extended the initial deadline four times from the securities regulator of utilising the full IPO proceeds.

■ The company wanted to complete the BMRE in 12 months and the RMG project in 18 months, but the initial deadline for doing so expired in June 2017. Regent Textile then extended the deadline for the first time on October 31, 2017, then for the second time on October 31, 2018, the third time on June 30, 2019, and the fourth time until March 2020. The company has utilised BDT 795 million until January 2020 so far, which is nearly 64.0% of the total IPO fund, according to statistics available with the Chittagong Stock Exchange.

<https://today.thefinancialexpress.com.bd/stock-corporate/regent-textile-to-extend-ipo-funds-utilisation-time-further-1594570444>

Customers now can pay credit card bills through bKash without any extra charge

■ Customers now can pay Visa and AMEX credit card bills through bKash without any extra charge during the Covid-19 crisis. Besides, the mobile financial service offered 1.0% instant cashback on the amount of the paid bills until August, said a press release. It mentioned that the customers can avail up to BDT 200 as cashback, while they can pay bills up to BDT 20,000 without any additional charge.

■ The media statement said the credit card bill payment service through bKash would play a significant role in reducing extra pressure at bank counters. Besides, the initiative would help customers keep them safe during Covid-19 pandemic, it added. The credit card bill payment within due date is now in the grip of the customers, it reads. Paying AMEX or Visa credit card bills requires a few simple steps. In the bKash app, users can find the 'City Bank AMEX Credit Card Bill' and 'Visa Credit Card Bill' options after tapping on 'Pay Bill' icon from the main menu. Besides, customers can transfer money from any Visa or MasterCard to their bKash accounts if needed. Currently, the service is available for 14 banks, reads the release.

<https://www.dhakatribune.com/business/2020/07/12/customers-now-can-pay-credit-card-bills-through-bkash>

Walton compressors hit Turkish market

■ Walton has expanded its export basket further as the local electronics giant started shipments of made in Bangladesh compressors for refrigerators and air conditioners to Turkey. According to the CEO of Walton, Walton aims to export one million units of compressors to some African, Middle East countries and Turkey by 2021. The number would hit five million by 2025, as some more export destinations will be explored by the time. Walton's International Business Unit President Edward Kim and Kargi's Managing Director Emin Kargi signed a deal in this regard, making the Turkish brand a distributor of Walton products in the transcontinental Eurasian nation. According to Kim, the initiative will pave the way for the expansion of our compressor market not only in Turkey but also across Europe as Turkey is being known as the business hub of Eurasia.

<https://www.thedailystar.net/business/news/walton-compressors-hit-turkish-market-19295650>

New brokers' minimum paid-up capital to be BDT 100 million each: Dhaka Stock Exchange (DSE)

■ The Dhaka bourse wants to sell new broking licenses to the companies having a minimum paid-up capital of BDT 100 million though the paid-up capitals of many existing brokers are still below BDT 30 million. The board of the Dhaka Stock Exchange (DSE) has approved some recommendations including this minimum paid-up capital of a company willing to get TREC (Trading Right Entitlement Certificate) paying registration fee and application form fee worth BDT 50.0 million each.

■ Of 250 brokerage firms of the DSE, the paid-up capitals of six are still below BDT 10.0 million, while 15 brokerage firms have paid-up capital worth BDT 10.0 million each. According to DSE information, 93 brokerage firms are doing business with paid-up capitals ranging between above BDT 10.0 million and BDT 50.0 million each.

■ The Bangladesh Securities and Exchange Commission (BSEC) published gazette notification on the draft rules on June 23 and sought public opinion of it. In the draft rules, the securities regulator has proposed a paid-up capital of BDT 30 million for a company willing to get the stock exchange's membership. Besides, the BSEC's draft rules have proposed a registration fee of BDT 0.5 million and application form fee of BDT 0.1 million. Along with proposing a minimum paid-up capital of BDT 100 million, the DSE made the recommendation of setting the non-refundable registration fee for new broking license at BDT 50 million and security deposit at BDT 50.0 million. Besides, the DSE has proposed application form fee of BDT 1.0 million and annual renewal fee of BDT 0.1 million.

<https://today.thefinancialexpress.com.bd/stock-corporate/new-brokers-minimum-paid-up-capital-to-be-BDT-100m-each-dse-1594480278>