

Capital Market Overview

The market closed in red this week. The benchmark index DSEX (-0.82%) lost 39.22 points and closed the week at 4,771.00 points. The blue-chip index DS30 (-1.50%) lost 25.52 points and stood at 1,679.02 points. The shariah based index DSES (-1.56%) lost 17.33 points and stood at 1,094.03 points. DSEX, DS30 and DSES all posted negative YTD return of -11.41%, -10.73%, and -11.26% respectively.

Total Turnover During The Week (DSE): BDT 15.6 billion (USD 188.1 million)
Average Daily Turnover Value (ADTV): BDT 3.1 billion (Δ% Week: -0.5%)

Market P/E: 13.04x

Daily Index Movement during the Week:

The market performed five sessions during this week. Market opened this week with a negative movement of 1.00% in the first session. The market declined further in the next session by 1.06%. Market turned around in the third session by 2.34%. However, the market again turned negative in the fourth session by 0.83%, and ended with a downward movement of 0.22% in the fifth session.

Sectoral Performance:

- The financial sectors showed mixed performance during this week. General Insurance booked the highest gain of 5.18% followed by Banks (+1.07%). NBFIs experienced the highest loss of 1.43% followed by Life Insurance (-1.39%) and Mutual Funds (-1.12%).
- The non-financial sectors posted negative performance during this week except Pharmaceuticals (+0.15%). Telecommunication experienced the highest loss of 4.61% followed by Engineering (-1.69%), Power (-1.62%), and Food & Allied (-1.17%).

Macroeconomic arena:

- The International Monetary Fund (IMF) has forecasted a 7.8% economic growth for Bangladesh in 2019. The IMF also projected that the gross domestic product (GDP) growth of Bangladesh will be slower, at the rate of 7.4% and 7.3% in 2020 and 2024 respectively.
- Inflation edged up five basis points to 5.54% in September, the highest in nine months, driven mainly by spiraling prices of food and non-food items. Food inflation rose by three basis points to 5.30% from 5.27% a month ago, while non-food surged 10 basis points to 5.92% from 5.82%. The data showed urban inflation went up to 5.41% from 5.34%, driven largely by the increase in the non-food inflation, which rose 17 basis points in a month to 5.42% in September. General inflation in urban areas rose to 5.80%, up five basis points from August. Both food and non-food inflation went up in urban areas.
- The net inflow of foreign direct investment (FDI) in Bangladesh increased by 50.71% in the last fiscal year (FY'19). It showed that net FDI stood at USD 3.89 billion in FY'19 from USD 2.58 billion in FY'18.
- The Annual Development Programme (ADP) implementation rate fallen to 8.06% in the first quarter (Q1) of the current fiscal year (FY) 2019-20. During the same period (July-September) of FY 2018-19, different ministries and agencies executed 8.25% of ADP.
- World Bank forecasts a 7.2% growth rate for the current fiscal, lower than what the government aims to achieve. The bank projected a higher inflation rate at 5.9% in the current fiscal, although the government has set a target to keep it within the 5.6%.

Stock Market arena:

- The government has started the process of appointing administrators for Grameenphone and Robi to run the businesses, an unprecedented move in Bangladesh. The telecom minister yesterday hinted that the BTRC would appoint the administrators by this month. The officials would remain at Grameenphone and Robi until the dues were realized.
- The Investment Corporation of Bangladesh (ICB) will support the stock market by buying as much shares as possible from the secondary market on the back of BDT 10 billion it is raising. The Bangladesh Bank on Monday released BDT 500 million in loan in favor of The City Bank for investing in the capital market in line with the central bank's move to support ailing stock market.

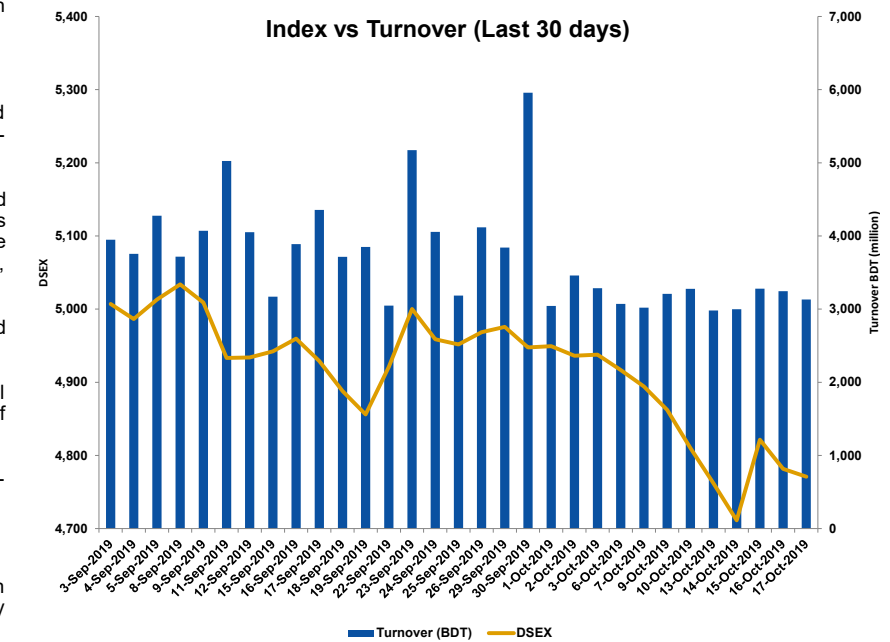
Table 1: Index

Index	Closing	Opening	Δ(Pts)	27-Dec-2018	Δ% Week	Δ%YTD
DSEX	4,771.00	4,810.22	-39.22	5,385.64	-0.82%	-11.41%
DS30	1,679.02	1,704.54	-25.52	1,880.78	-1.50%	-10.73%
DSES	1,094.03	1,111.36	-17.33	1,232.82	-1.56%	-11.26%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	17,989,654.6	14,704,216.1	22.3%
	Mn USD	216,403.9	176,882.2	
Turnover	Mn BDT	15,638.7	12,579.5	24.3%
	Mn USD	188.1	151.3	
Average Daily Turnover	Mn BDT	3,127.7	3,144.9	-0.5%
	Mn USD	37.6	37.8	
Volume	Mn Shares	483.6	394.8	22.5%

Figure 1: DSEX & Turnover in last four weeks



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Table 3: Top Ten Gainers

Company Name	Close	Open	Δ%	Mcap (mn)	Vol (mn BDT)	P/E	P/B
Mercantile Insurance	30.60	25.90	18.1%	1,318.7	67.64	34.2x	1.9x
Eastern Insurance	52	45.90	13.9%	2,254.7	229.13	14.2x	1.7x
City General Insurance	22.60	20.00	13.0%	1,540.6	113.81	15.8x	1.7x
Northern Insurance	23.90	21.40	11.7%	1,019.6	53.47	17.1x	1.2x
Golden Harvest Agro Industries Ltd.	26.80	24.30	10.3%	3,213.6	48.04	11.7x	1.4x
Paramount Insurance	25.80	23.50	9.8%	857.2	153.68	24.6x	2.0x
Bengal Windsor Thermoplastics Ltd	23.00	21.00	9.5%	2,103.9	19.89	16.8x	1.2x
Islami Insurance	24.70	22.70	8.8%	880.3	38.22	16.0x	1.9x
Asia Insurance Limited	25.30	23.30	8.6%	1,190.9	32.94	17.6x	1.6x
Nitol Insurance	28.70	26.60	7.9%	1,154.0	29.08	7.6x	1.4x

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Standard Ceramic	525.50	740.50	-29.0%	3,395.1	355.54	205.8x	41.4x
R.N. Spinning Mills Limited	3.10	4.30	-27.9%	1,216.9	24.57	6.8x	0.2x
Al-Haj Textile Mills Limited	30.40	38.70	-21.4%	677.9	71.67	NM	2.7x
Mozaffar Hossain Spinning Mills Ltd.	7.00	8.40	-16.7%	693.1	9.45	NM	0.4x
Argon Denims Limited	18.70	22.00	-15.0%	2,355.8	11.39	6.8x	0.9x
Evince Textile Limited	9.80	11.50	-14.8%	1,707.6	7.25	11.2x	0.7x
National Polymer	69.20	79.80	-13.3%	2,525.2	115.26	19.4x	2.5x
GQ Ball Pen	63.90	73.40	-12.9%	570.5	18.11	NM	0.5x
Doreen Power Generations and Systems	64.00	73.50	-12.9%	8,400.7	159.36	10.4x	2.1x
Meghna Condensed Milk	14.30	16.40	-12.8%	228.8	.27	NM	NM

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
National Tubes	187.10	195.70	-4.4%	5,922.9	865.38	NM	1.1x
Bangladesh Shipping Corporation	51.80	53.50	-3.2%	7,901.3	524.64	34.2x	0.5x
Square Pharmaceuticals	238.20	237.70	0.2%	187,941.8	511.71	15.4x	3.1x
Wata Chemicals Limited	611.00	691.60	-11.7%	7,245.3	419.04	58.8x	9.6x
Monno Jute Staffers	1,394.60	1,560.80	-10.6%	2,886.8	375.97	199.6x	117.7x
Summit Power	41.30	41.60	-0.7%	44,103.3	364.20	9.0x	1.7x
Standard Ceramic	525.50	740.50	-29.0%	3,395.1	355.54	205.8x	41.4x
Bangladesh Submarine Cable Company Lim-	113.90	120.60	-5.6%	18,782.7	343.36	41.1x	3.1x
Beacon Pharmaceuticals Limited	29.20	28.20	3.5%	6,745.2	323.53	38.3x	2.3x
Grameenphone Ltd.	317.80	333.00	-4.6%	429,125.3	259.62	11.8x	10.1x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Pragati Insurance	40.50	55.32%	2,656.4	13.8x
Marico Bangladesh Limited	1,749.80	45.79%	55,118.7	23.8x
Pioneer Insurance	36.00	23.71%	2,519.3	8.8x
Singer Bangladesh	208.20	22.36%	20,758.1	20.1x
Power Grid Co. of Bangladesh Ltd.	58.60	22.08%	27,009.5	8.4x
Glaxo Smithkline	1,757.30	21.18%	21,169.2	NM
Dutch-Bangla Bank	69.90	21.02%	34,950.0	7.8x
Bank Asia Ltd.	19.50	15.68%	22,735.2	10.1x
The Premier Bank	11.70	15.50%	10,811.9	4.0x
Berger Paints	1,496.60	11.35%	69,409.1	31.3x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1351.68	1337.39	1428.63	1.07%	-5.39%
NBFIs	1593.26	1616.35	2087.55	-1.43%	-23.68%
Mutual Funds	619.92	626.94	644.52	-1.12%	-3.82%
General Insurance	1966.33	1869.55	1488.77	5.18%	32.08%
Life Insurance	2048.80	2077.66	2251.96	-1.39%	-9.02%
Telecommunication	4456.49	4671.69	5088.05	-4.61%	-12.41%
Pharmaceuticals	2749.56	2745.51	2698.49	0.15%	1.89%
Fuel & Power	1651.27	1678.52	1745.15	-1.62%	-5.38%
Cement	1186.62	1254.06	1676.63	-5.38%	-29.23%
Services & Real Estate	852.97	878.84	1017.99	-2.94%	-16.21%
Engineering	2613.53	2658.46	2933.11	-1.69%	-10.90%
Food & Allied	13727.62	13890.10	15034.05	-1.17%	-8.69%
IT	1634.31	1702.22	1545.46	-3.99%	5.75%
Textiles	1038.85	1079.51	1461.18	-3.77%	-28.90%
Paper & Printing	5347.68	5406.29	9105.21	-1.08%	-41.27%
Tannery	2093.80	2135.80	2560.38	-1.97%	-18.22%
Jute	14610.67	14320.34	21417.92	2.03%	-31.78%
Ceramics	482.35	528.44	579.64	-8.72%	-16.78%
Miscellaneous	1933.19	1969.70	1943.42	-1.85%	-0.53%

Table 7: Sector Trading Matrix

Sector Name	Daily average this week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Banks	210.0	323.8	-35.15%	7.00%	7.3x	0.8x
NBFIs	55.1	178.8	-69.21%	1.83%	26.5x	2.0x
Mutual Funds	102.6	345.3	-70.29%	3.42%	NM	0.5x
General Insurance	367.3	629.4	-41.65%	12.24%	14.6x	1.3x
Life Insurance	28.1	59.7	-52.97%	0.94%	NM	8.5x
Telecommunication	120.6	171.3	-29.61%	4.02%	12.1x	9.3x
Pharmaceuticals	487.5	511.0	-4.60%	16.25%	19.5x	2.5x
Fuel & Power	243.8	328.6	-25.82%	8.12%	10.9x	1.9x
Cement	23.0	20.9	9.91%	0.77%	24.8x	2.2x
Services & Real Estate	22.2	42.4	-47.78%	0.74%	NM	0.7x
Engineering	543.4	651.3	-16.57%	18.11%	13.5x	1.6x
Food & Allied	91.8	115.4	-20.48%	3.06%	27.7x	8.0x
IT	38.5	80.0	-51.90%	1.28%	20.5x	2.6x
Textiles	247.0	355.2	-30.46%	8.23%	13.8x	0.8x
Paper & Printing	9.6	13.7	-29.74%	0.32%	16.7x	1.4x
Tannery	74.6	135.1	-44.83%	2.48%	20.2x	2.3x
Jute	27.5	28.9	-5.05%	0.92%	NM	6.7x
Ceramics	125.6	184.5	-31.92%	4.18%	18.9x	1.8x
Miscellaneous	183.0	220.8	-17.14%	6.10%	22.8x	1.1x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
International Leasing	5.50	-57.85%	1,220.0	24.1x
IFAD Autos Limited	50.50	-53.41%	12,523.5	8.9x
United Airways (BD) Ltd.	1.40	-51.72%	1,159.3	NM
Heidelberg Cement	195.60	-41.56%	11,052.1	26.2x
Aftab Automobiles Limited	27.20	-40.74%	2,603.9	14.7x
Lankabangla Finance	14.90	-34.93%	7,646.4	17.2x
AB Bank Limited	7.90	-34.17%	5,989.2	NM
IDLC Finance Ltd.	47.00	-32.57%	17,721.4	8.4x
ACI Limited	228.90	-29.83%	11,419.6	NM
Agni Systems Ltd.	14.80	-29.52%	1,073.8	14.7x

Important News: Business & Economy**5G internet by 2021: Bangladesh Telecommunication Regulatory Commission (BTRC)**

- The telecom regulator yesterday said it plans to roll out the fifth-generation cellular network technology (5G) in Bangladesh by 2021. Within the next two years, the latest and fastest wireless standard will be available in all district headquarters, said Bangladesh Telecommunication Regulatory Commission (BTRC). The service will be available by the last quarter of next year or the first quarter of 2021, said director general for spectrum management of the commission.
- The BTRC plans to cover the entire country (up to upazila level, growth centres and railway stations) with 5G by 2026. It will prepare a guideline by the first quarter of 2020 and allocate licenses to mobile operators by the fourth quarter. A committee formed by the commission is working to formulate the guideline and fix the spectrum price in consultation with the government, he said.
- The BTRC team is considering to introduce 5G in 2.6 and 3.5 Gigahertz band spectrum. The government introduced 4G in 2018 and 3G in 2013. Currently, there are about 60 million 3G users and about 20 million 4G users in Bangladesh.

<https://www.thedailystar.net/business/telecom/news/5g-internet-2021-btrc-1814881>
<https://www.dhakatribune.com/business/2019/10/16/5g-roadmap-connectivity-by-2021-nationwide-expansion-by-2026>
<http://www.newagebd.net/article/87874/5g-mobile-network-service-by-2021-btrc>

Graduation to developing country: 'Bangladesh must go 101 notches up by 2024 on WB's business index'

- Bangladesh needs to improve in the World Bank's ease of doing business index significantly, from the current ranking of 176th to 75th in the next five years, to graduate from least developed country (LDC) status to developing country, a top government official has said. They have set criteria for improving our ranking in global index of ease of doing business from the current 176th to 150th by 2021, 100th by 2023 and 75th by 2024, a member, General Economics Division (GED), Planning Commission, said yesterday. He said Bangladesh currently maintained only 70 indexes against required 232 on achieving the SDGs and upgrading the status.
- In the latest Global Competitiveness Report 2019 of the World Economic Forum (WEF) released on October 9, Bangladesh has been placed 105th among 141 countries, relegated from 103rd in the previous report. Centre for Policy Dialogue (CPD), a local think tank, released the report on behalf of the WEF.
- The CPD said the country got stuck in skills, labor market and business dynamism, while Bangladesh's business competitiveness became entangled with traditional and emerging challenges. Lack of improvement in governance and institutions, poor infrastructure, financial system and business operations were perennial problems, the report pointed out. Planning Minister said some laws were largely responsible for creating fresh poverty.

<https://www.dhakatribune.com/business/2019/10/16/graduation-to-developing-country-bangladesh-must-go-101-notches-up-by-2024-on-wb-s-business-index>

NBFIs' private sector credit growth hits all-time low in FY19

• The private sector credit disbursement by non-bank financial institutions dropped to an all-time low in last fiscal year of 2018-2019 due to growing public distrust in the entities and falling credit demand from the sector. Growth in the private sector credit through the NBFIs dropped to 4.1% in FY19, the lowest since FY02, according to the Bangladesh Bank data. At the end of last fiscal year, outstanding credit of the NBFIs to the private sector stood at BDT 670 billion against BDT 644 billion a year ago. Experts and top executives of the NBFIs said that the major reason for the sharp fall in credit growth was the public distrust in the NBFIs since the sector along with the banks had witnessed a series of scams and irregularities in the past several years.

• Secondly, scarcity of source of fund that resulted in high rate of interest in the NBFIs was another reason for the fall in the private sector credit growth, a former BB Governor said. Besides, scams in the banking sector as well as in the NBFIs also resulted in fund crisis for the NBFIs, he said, adding that the liquidation of People's Leasing also created an issue of distrust.

<http://www.newagebd.net/article/87867/nbfis-private-sector-credit-growth-hits-all-time-low-in-fy19>

Eight sectors to enjoy advance tax waiver

• Some eight sectors, including solar panel manufacturers and animal feed manufacturers, will enjoy exemptions from the payment of advance tax at the import stage. The advance tax is payable at the import stage and the importers are allowed to adjust or get refund of the paid taxes from the relevant VAT zones. Also, goods imported for personal consumption under the passenger baggage rules and motorized vehicles imported by parliament members under the duty-free benefits will also enjoy the same benefit. The National Board of Revenue has issued a regulatory order recently by waiving the tax for the sectors.

• In the current fiscal year's budget, the value added tax wing under the NBR imposed the taxation at a rate of 5.0% on most of the products to be imported. Officials said the NBR waived the taxes for those sectors as it found the importers are exempted from the payment of other taxes at the import stage. They said those importers will not be able to adjust the advance tax as they are enjoying exemption from the payment of all import taxes. Spinning mills will enjoy the exemption in respect of import of artificial staple fibre. It will resolve discrimination between the exporters without bond licenses and those with bond licenses.

• Officials said procuring raw materials becomes costlier for non-bonded exporters of the item due to the advance tax. Exporters who are enjoying bond facility are exempted from the payment of such taxes on the import of raw materials.

<http://today.thefinancialexpress.com.bd/first-page/eight-sectors-to-enjoy-advance-tax-waiver-1571248838>

The International Monetary Fund (IMF) projects 7.8% growth

• The International Monetary Fund (IMF) has forecasted a 7.8% economic growth for Bangladesh in 2019. The IMF also projected that the gross domestic product (GDP) growth of Bangladesh will be slower, at the rate of 7.4% and 7.3% in 2020 and 2024 respectively. Bangladesh estimates annual GDP growth on the basis of its financial year (July-June). The

Washington-based global monetary watchdog, however, projects the GDP growth on calendar year basis.

• The world economy is projected to grow at 3.0% in 2019 - a significant drop from 2017-18 for emerging markets and developing economies as well as advanced economies - before recovering to 3.4% in 2020. However, a slightly higher growth rate is projected for 2021-24. This global growth pattern reflects a major downturn and projected recovery in a group of emerging market economies, it added.

<http://today.thefinancialexpress.com.bd/first-page/imf-projects-78pc-growth-1571164058>
<http://www.newagebd.net/article/87774/imf-projects-gdp-growth-to-drop-to-74pc>

Inflation hits 9-month high

• Inflation edged up five basis points to 5.54% in September, the highest in nine months, driven mainly by spiraling prices of food and non-food items. Food and non-food inflation drove up the overall inflation in the month. Food inflation rose by three basis points to 5.30% from 5.27% a month ago, while non-food surged 10 basis points to 5.92% from 5.82%.

• In September, the prices of onion, ginger, dried chili, vegetables, fish, and broiler chicken went up compared to a month ago, the BBS said in an analysis. Onion prices saw the sharpest increase in the food basket. In the non-food sub-sector, the cost of health treatment and the price of educational items rose last month, according to BBS data. The data showed urban inflation went up to 5.41% from 5.34%, driven largely by the increase in the non-food inflation, which rose 17 basis points in a month to 5.42% in September. General inflation in urban areas rose to 5.80%, up five basis points from August. Both food and non-food inflation went up in urban areas.

• The government has targeted a 5.5% inflation rate in the current fiscal year. It was able to contain it at 5.48% last fiscal year, comfortably below the target of 5.6%.

<https://www.thedailystar.net/business/news/inflation-hits-9-month-high-1814359>
<http://today.thefinancialexpress.com.bd/first-page/inflation-rate-up-in-sept-1571163961>

Foreign Direct Investment (FDI) jumps 50.71% to USD 3.89 billion in FY'19

• The net inflow of foreign direct investment (FDI) in Bangladesh increased by 50.71% in the last fiscal year (FY'19), according to the latest statistics released by the central bank on Tuesday. It showed that net FDI stood at USD 3.89 billion in FY'19 from USD 2.58 billion in FY'18. Robust inflow of FDI helped ease some pressure on the country's balance of payments (BoP) in the past fiscal year.

• Nevertheless, the inflow of FDI was still well below the projection made in the Seventh Five-Year Plan (7th FYP). The 7th FYP projected that net inflow of FDI would be USD 7.44 billion in FY'19.

<http://today.thefinancialexpress.com.bd/last-page/fdi-jumps-5071pc-to-389b-in-fy19-1571164258>

The Annual Development Programme (ADP) execution drops in Q1

• The Annual Development Programme (ADP) implementation rate fallen to 8.06% in the

first quarter (Q1) of the current fiscal year (FY) 2019-20. During the same period (July-September) of FY 2018-19, different ministries and agencies executed 8.25% of ADP. According to Implementation Monitoring and Evaluation Division (IMED), project executors spent only BDT 173.44 billion, 8.06% of the total BDT 2.15-trillion ADP in Q1 of FY '20. But the implementers spent BDT 149.27 billion or 8.25% of the BDT 1.80-trillion ADP during the same period of last fiscal.

• The government has framed a BDT 2.15-trillion ADP for the current fiscal. Of the total outlay, it has allocated BDT 1.31 trillion from internal resources in ADP and BDT 718 billion funds from external resources in project aid.

<http://today.thefinancialexpress.com.bd/last-page/adp-execution-drops-in-q1-1571164322>
<http://www.newagebd.net/article/87776/adp-spending-in-july-sept-lowest-in-4yrs>

Electrical products' market growing fast

• The domestic market of electrical products and wiring solutions is growing fast thanks to the rapid urbanisation, increased availability of electricity and rising purchasing power of the general mass. Such products now have a market of BDT 50 billion, which was hardly around BDT 15 billion in 2010, said the Director for Marketing of Pran-RFL Group, the owning entity of a major market player RFL Electronics.

• The Head of Marketing at Bangladesh Lamps Ltd, thinks increasing power generation and massive electrification in rural areas have played the vital role for the market to grow in the last 10 years.

• On May 29, Bangladesh produced 12,893 megawatts of electricity, the highest ever and a straight fourfold increase from what it was in fiscal 2009-10, according to the power division. The government data says a staggering 93% people now have access to power and the number of beneficiaries has doubled within a decade.

• Manufacturers of branded products cater for 50% of the local demand while the non-branded local and imported goods meet the rest, Head of Marketing at Bangladesh Lamps Ltd. said.

• Other noted manufacturers of electrical products are Super Star Group, MEP Group and ACI.

<https://www.thedailystar.net/business/news/electrical-products-market-growing-fast-1814353>

Jobs abroad in decline

• Bangladesh continues to witness decline in overseas jobs over the last two years amid unabated malpractices in recruitment process, falling demand in the Gulf countries and an absence of effective steps to explore new markets. More than 1 million Bangladeshis secured jobs overseas in 2017 but that came down to 7,34,181 last year, according to the Bureau of Manpower Employment and Training. In the first eight months this year, the number of jobs Bangladeshis got were 4,17,084. The projected number of jobs by the yearend is 6,25,620. Labour migration experts and recruiting businesses fear this trend will affect the inflow of remittance, create pressure on local job market and the economy.

<https://www.thedailystar.net/frontpage/news/jobs-abroad-decline-1814272>

Sanofi to leave Bangladesh, confirms Managing Director

• Sanofi is now packing its bags to leave Bangladesh for strategic reasons, said the managing director of its local operations, bringing an end to weeks of speculation and denial. It may take 12 to 18 months from the moment Sanofi starts the process of selling its stakes to a buyer, Managing Director of Sanofi's Bangladesh operations, told a group of journalists yesterday.

• But, the French drug-maker is yet to find any takers for its stakes in the venture, where state-run Bangladesh Chemical Industries Corporation (BCIC) holds 45.36% stakes.

<https://www.thedailystar.net/business/news/sanofi-leave-bangladesh-confirms-md-1814365>

Bangladesh Bank rejects plea for special rescheduling facility for written-off loans

• The Bangladesh Bank has turned down the banks' proposal for providing special rescheduling facility against written-off loans.

• The amount of total written-off loans in the country's banking sector stood at BDT 544.63 billion at the end of June this year. Of the amount, banks managed to recover BDT 132.86 billion. Under the BB's rescheduling policy introduced on May 16 this year, the defaulters are given a 10-year loan repayment tenure including a one-year grace period by paying meagre 2% down payment.

<http://www.newagebd.net/article/87681/bangladesh-bank-rejects-plea-for-special-rescheduling-facility-for-written-off-loans>

0.7 million mobile phone users switch networks in one year

• Nearly 0.7 million mobile phone subscribers have switched operators without changing their original 11-digit phone numbers through the mobile number portability (MNP) service in the last one year. Also, 256,733 more subscribers attempted to change their network but failed due to various reasons, said the report.

• Grameenphone, the market leader, lost 0.27 million customers and pulled 0.12 million users. Robi gained about two-thirds of the customers who switched. It drew 0.5 million users from other operators, while 0.17 million customers left the network of the second-largest operator. Banglalink, the third player of the market, welcomed 68,528 customers from other networks while 0.29 million users pulled out of its network. State-owned Teletalk gained 4,427 customers and lost 8,101.

<http://today.thefinancialexpress.com.bd/trade-market/07m-mobile-phone-users-switch-networks-in-one-year-1571075731>

<https://www.thedailystar.net/business/telecom/news/gp-banglalink-lose-mnp-battle-1813840>

<https://www.dhakatribune.com/business/2019/10/14/robi-gets-highest-number-of-customers-via-mnp>

The Executive Committee of the National Economic Council (ECNEC) may approve two more metro rail projects today

• The government is likely to approve today the country's third and fourth largest projects taken up for building two mass rapid transit lines in Dhaka at a combined cost of BDT 931.61 billion, officials said on Monday. The Executive Committee of the National Economic Council (ECNEC) is likely to approve the MRT-1 project at a cost of BDT 519 billion and the MRT-5 (northern route) project at BDT 412.61 billion today (Tuesday). The country's most expensive project is the Rooppur nuclear power generation project being implemented at a cost of BDT 1.13 trillion while the BDT 349.88-billion Padma rail link project is the second most expensive one.

<http://today.thefinancialexpress.com.bd/first-page/ecnec-may-approve-two-more-metro-rail-projects-today-1571076323>

Bangladesh second in South Asia in GDP growth: World Bank

• The Bangladesh economy is forecast to achieve the second highest growth rate this fiscal year in South Asia, the World Bank said in its biennial regional economic update yesterday. Bangladesh's gross domestic product is projected to grow at 7.2% this fiscal year and 7.3% the following year, according to the latest edition of the 'South Asia Economic Focus, Making (De)centralisation Work'.

• Bangladesh will also clock the highest growth in fiscal 2020-21 too, according to the report.

<https://www.thedailystar.net/business/news/bangladesh-second-south-asia-gdp-growth-wb-1813420>

<https://www.dhakatribune.com/business/2019/10/14/economic-growth-projection-by-world-bank-bangladesh-2nd-fastest-in-south-asia>

Bangladesh Bank lets taka devaluation after 5 months as exports fall

• The Bangladesh Bank has started allowing devaluation of the taka against the USD after a five-month lull to support exporters as the country's export earnings witnessed a fall in July-September this fiscal year (2019-20) amid a slowdown in the global economy. As per the Bangladesh Bank data, the interbank exchange rate of the dollar increased to BDT 84.7 on Sunday, rising in two phases from BDT 84.5 on October 3 this year. The rate was stable at 84.5 since May 3, 2019. If Sunday's interbank exchange rate was taken into consideration, the taka was devalued by 7.62% against the USD since January, 2017 when the dollar was traded at BDT 78.7.

• Although the taka was devalued against the US dollar, injection of the USD in the country's local market was lenient, which indicated that the devaluation was intentional, said BB officials. They said that the central bank allowed devaluation of the taka following requests from the banks, taking the drop in exports in the first quarter of the current fiscal year into consideration. In recent days, the USD has been traded at up to BDT 87 at the curb market. Till Sunday, the BB in the current fiscal year injected USD 89 million including USD 30 million injected in 13 days of October. The monthly average injection was USD 195 million in last fiscal year (2018-2019). In total, the BB injected USD 2.34 billion in last fiscal year.

• Policy Research Institute executive director however that devaluing the taka has become very much vital to keep our exporters competitive in the global market. Only BDT 0.20 devaluation would do nothing if the devaluation of currencies in those countries, which are Bangladesh's export competitors, is taken into consideration, he said, adding that the BB

should allow further devaluation of the taka.

<http://www.newagebd.net/article/87586/bangladesh-bank-lets-taka-devaluation-after-5-months-as-exports-fall>

Massive cuts in short code tariffs: Charges to drop 77.5% for govt entities, 50% for private

- Bangladesh Telecommunication Regulatory Commission (BTRC) has decided to lower the call charge for public service short codes by 77.5% to BDT 0.45 from BDT 2 a minute. The telecom watchdog also plans to fix the voice tariff at BDT 1 per minute—down from BDT 2—for short codes used by private organisations. However, seven designated public toll-free numbers were kept out of this list: they would continue to be free like before.
- Short code is a three or five-digit number that the government entities or business houses use to deliver their service automatically and in a much hassle-free way round-the-clock. The BTRC used to allocate this number under the country's number plan.
- Currently, there are 72 government agencies that have short code services and only seven of them are toll free, meaning they do not charge customers for the calls. Bangladesh Police, the Anti-Corruption Commission, Department of Disaster Management, Bangladesh Election Commission, child helpline service, National Legal Aid Services Organization and the Ministry of Women and Children Affairs use the toll-free codes. Of the rest, three numbers charge BDT 0.50 a minute and the rest BDT 2 a minute. And this revenue is shared with the service providers and other carriers as well under their business agreement. On the other hand, currently there are 25 commercial short codes allocated by the BTRC, mostly run by banks and some other financial institutions that are also charging BDT 2 to BDT 2.34 per minute.

<https://www.thedailystar.net/business/news/massive-cuts-short-code-tariffs-1813423>

Tax collection off to a slow start: Shortfall stands at BDT 93.17 billion in July-August

- Tax receipts grew only 3.35% in the first two months of the fiscal year, leaving a shortfall of BDT 93.17 billion in the National Board of Revenue's annual target of BDT 3.26 trillion. Between July and August, the tax collector logged in BDT 296.20 billion in revenue against the goal of BDT 389.38 billion, much to the annoyance of Finance Minister.
- Taxmen blamed the implementation of the new value-added tax law and too many discounts and exemptions extended to various sectors for the slower collection growth.
- In the first two months, tax collection from VAT, the biggest source of revenue, grew only 1.02% year-on-year to BDT 111.99 billion mainly because of a decline in receipts from cigarettes, the biggest source of VAT and supplementary duty. Receipts from customs dropped 1.45% year-on-year to BDT 95.72 billion.
- Tax collection was roughly BDT 550.00 billion short of the target in fiscal 2018-19.

<https://www.thedailystar.net/business/news/tax-collection-slow-start-1813411>
<http://www.newagebd.net/article/87585/nbr-suffers-BDT-9318cr-shortfall-in-revenue-receipt-in-july-aug>

GDP to grow at 7.2%, says the World Bank (WB)

- After projecting lower growth rate, the World Bank (WB) has said curbing the central bank's autonomy poses risk to the economy. Reform reversals such as easing of loan classification standards, ceilings on lending rates and reduced autonomy of Bangladesh Bank (BB) pose additional risks, the bank said in its development update unveiled on Thursday at its Dhaka office. The global lender said the escalating trade tensions in major economies, vulnerable financial sector governance, weak government revenues, exchange rate appreciation, and slower export growth may hold back the country's higher growth.
- The bank forecasts a 7.2% growth rate for the current fiscal, lower than what the government aims to achieve. The bank projected a higher inflation rate at 5.9% in the current fiscal, although the government has set a target to keep it within the 5.6% band.

<http://today.thefinancialexpress.com.bd/public/first-page/wb-warns-of-curtailling-bb-autonomy-1570726173>
<https://www.thedailystar.net/business/news/banking-ills-can-derail-growth-1812208>
<https://www.dhakatribune.com/business/2019/10/10/gdp-to-grow-at-7-2-says-wb>
<http://www.newagebd.net/article/87254/world-bank-projects-growth-to-fall-to-72pc-in-contrast-to-government-ADB-forecast>

Current account returns to green zone

- The country's trade gap with the rest of the world narrowed during the first two months of the current fiscal year, aided by a surplus in current account balance. Negative growth in both export and import during the period helped reduce the gap and ease pressure on current account with additional support from higher inflow of remittances. This way, the current account returned to the green zone after three years of negative balance.
- The surplus reached USD 313 million in the July-August period of FY 2019-20 against a deficit of USD 7.0 million in the same period of the previous fiscal, according to the central bank's figures released on Thursday. A professor of economics at the University of Dhaka predicated that the country's overall balance of payments (BoP) would face pressures by the end of this fiscal as import is expected to pick up in the coming months. A senior official of the Bangladesh Bank (BB) said the current account balance may enter into negative territory again by the end of this fiscal as import growth has been projected at 7.50% for the FY '20.

<http://today.thefinancialexpress.com.bd/first-page/current-account-returns-to-green-zone-1570726556?date=11-10-2019>
<https://www.thedailystar.net/business/news/trade-deficit-narrows-falling-imports-1812196>
<http://www.newagebd.net/article/87252/trade-deficit-drops-by-6pc-in-july-aug-without-joy>

Government opts for costlier World Bank (WB) loans

- The government is going to take out USD 1.87 billion in costlier loans from the World Bank (WB) to implement six projects, officials said.
- The interest rate of the hard-term loan is about 3.0%. In addition, the bank will charge 0.25% in commitment fees while 0.25% in upfront fees. The repayment period of the loan will be 30 years with a nine-year grace period.

- On the other hand, borrowing from the International development Association carries 2.0% interest rate and the maturity period of the loan is 36 years with a six-year grace period. We've already borrowed almost entire fund of USD 4.2 billion within the first two years of the IDA-18, though we've one year to go, said an Economic Relations Division official.
- Under the IDA-18 loan package, the Washington-based lender has offered USD 4.2 billion concessional loan for Bangladesh from fiscal year 2017-18 through fiscal 2020. Since the concessional loan package has been utilised, the ERD is now trying to explore other option for getting funds from the global lender, said the additional secretary of the division. He said the bank has assured the government of financing six development projects from its high interesting-bearing fund.
- According to the ERD's calculation, the grant-element, defined as the difference between the loan's face value and the sum of the discounted future debt-service payments by the borrower, of the scale-up loan is as high as 28%, which is defined as non-concessional lending. The government considers loans to be non-concessional loans when the grant-element is between 25% and 35%.
- According to the ERD, the WB has agreed to provide some USD 500 million funds for the Bangladesh private investment and digital entrepreneurship project, USD 175 million for Western economic corridor and regional enhancement project, USD 300 million for Bangladesh integrated digital government project, USD 120 million for Climate smart agricultural water management project, USD 475 million for Dhaka public transport improvement project, and USD 300 million for Dhaka sanitation improvement project from its scale-up facility.

<http://today.thefinancialexpress.com.bd/public/first-page/govt-opts-for-costlier-wb-loans-1570813321>

Chittagong Port Authority (CPA) may waive dues of LNG terminals, carriers

- The government is actively considering waiving port dues and charges for LNG (liquefied natural gas) terminals and vessels at Moheshkhali, Cox's Bazar. Officials concerned said the authorities are thinking of giving waiver since the dues and charges will ultimately be a burden on consumers. But the government will attach conditions like registration of LNG carriers under law and training of local sailors to operate the vessels to the waiver facility.
- Excelerate Energy Bangladesh Ltd and Summit LNG Terminal Co (Pvt) Ltd own the two FSRUs. As per the deals with the FSRU owners, Petrobangla is responsible to pay port dues and charges. According to sources, each LNG carrier will have to pay CPA BDT 5.0 million in port dues and charges per voyage each month.

<http://today.thefinancialexpress.com.bd/public/first-page/cpa-may-waive-dues-of-lng-terminals-carriers-1570813365>

Important News: Capital Market

Administrators for GP, Robi soon

- The government has started the process of appointing administrators for Grameenphone and Robi to run the businesses, an unprecedented move in Bangladesh. Multiple sources familiar with the development said the decision, which comes from the highest authorities of

the government, was aimed at recovering BDT 134.47 billion the companies, according to the telecom regulator, owed the government.

- The BTRC on Tuesday sent two letters to the telecom ministry for its approval to appoint the administrators. The letters proposed appointing at least four administrators in each of the carriers.
- On September 5, the BTRC issued two notices to Grameenphone and Robi asking why their 2G and 3G licenses should not be revoked for their failure to pay the dues. In their replies, the carriers this month claimed that the BTRC notices were invalid as the audit-claim was a subjudice matter. BTRC Chairman yesterday said the carriers' replies were not satisfactory and the commission had decided to suspend their 2G and 3G licenses before appointing the administrators to run the businesses. However, the 2G and 3G services will continue.
- The telecom minister yesterday hinted that the BTRC would appoint the administrators by this month. The officials would remain at Grameenphone and Robi until the dues were realized. Of the four administrators in each of the companies, one would act as chief executive officer. The three others would be legal, engineering, and finance and marketing experts, BTRC Chairman said yesterday.
- An expert in company laws, who is representing Robi in the case, said the government could appoint an administrator only when a company winds up. He said the appointment of administrators would go down as the darkest chapter in the history of telecom industry. Spokespersons of both the companies said the government would face "serious consequences" if the decision was implemented. Since Grameenphone and Robi's parent companies Telenor and Axiatia have large government investment in Norway and Malaysia, it will become a government-to-government issue as soon as the appointments take place, said a top executive of a carrier, requesting not to be named. Grameenphone and Robi in late August filed cases challenging the audit claims. Both carriers, however, said they were yet to receive any notification from the BTRC.

<https://www.thedailystar.net/frontpage/administrator-gp-robi-soon-1814836>
<http://www.newagebd.net/article/87868/btrc-moves-to-appoint-administrators-to-gp-robi>

UCB to issue BDT 4.0 billion perpetual bond

- The board of directors of United Commercial Bank Ltd has decided to raise BDT 4.0 billion through issuance of Perpetual Bond. The bank will issue the bond to support the company Basel III compliance in line with Bangladesh Bank guidelines on risk based capital adequacy dated December 2014 and to support the business growth of the bank. The bond issue is subject to approval of regulatory authorities -like Bangladesh Bank and Bangladesh Securities and Exchange Commission.
- The bank also disclosed its earnings of July-September quarter of 2019 on Wednesday. As per the disclosures, its consolidated earnings per share (EPS) stood at BDT 0.72 for July-September 2019 as against BDT 0.66 for July-September 2018. In nine months for January-September 2019, the bank's consolidated EPS was BDT 1.76 as against BDT 1.62 for January-September 2018. The consolidated net operating cash flow per share (NOCFPS) was negative BDT 0.56 for January-September 2019 as against negative BDT 5.49 for January-September 2018. The consolidated net asset value (NAV) per share was BDT 26.34 as on September 30, 2019 and BDT 23.88 as on September 30, 2018.

<http://today.thefinancialexpress.com.bd/stock-corporate/ucb-to-issue-BDT-40b-perpetual-bond-1571246897>

BTRC seeks ministry nod to appoint administrators at GP, Robi

• The telecom regulator is keen to appoint separate administrators at mobile operators Grameenphone and Robi as the companies failed to pay BDT 134.46 billion in government audit claims. Bangladesh Telecommunication Regulatory Commission (BTRC) on Tuesday sent letters to the Ministry of Posts and Telecommunications seeking permission to appoint administrators for overseeing the operation of the two companies, a top Commission official told Dhaka Tribune.

<https://www.dhakatribune.com/business/2019/10/15/btrc-seeks-ministry-nod-to-appoint-administrators-at-gp-robi>

GPH Ispat to launch new factory by November

• GPH Ispat Limited is set to launch its new plant, comprising of state of the art machinery, by next month to produce high quality steel products. The new plant will help the company to increase its production capacity to around 1.0 million tonnes annually from 0.15 million tonnes as well as to create new employment. The plant will use Quantum Electric Arc Furnace (EAF) technology that will also substantially reduce negative impact on environment. After a Mexican company, GPH Group is adopting the technology as the second one in the world.

<http://today.thefinancialexpress.com.bd/stock-corporate/gph-ispata-to-launch-new-factory-by-nov-1571161031>

Investment Corporation of Bangladesh (ICB) to inject BDT 10 billion into market

• The Investment Corporation of Bangladesh (ICB) will support the stock market by buying as much shares as possible from the secondary market on the back of BDT 10 billion it is raising, said its managing director yesterday. The Managing Director said the state-run investment enterprise has received BDT 2 billion from Sonali Bank by issuing bonds and would get another BDT 8 billion from four other public banks very soon.

• President of the DSE Brokers Association (DBA) said many stocks which had performed well were now at a lower position although the price-to-earnings (PE) ratio was also very lucrative. The PE ratio of the market is about 12 at the moment.

<https://www.thedailystar.net/business/news/icb-inject-BDT-1000cr-market-1813804>

Bangladesh Bank loans City Bank BDT 500 million for stock investment

• The Bangladesh Bank on Monday released BDT 500 million in loan in favor of The City Bank for investing in the capital market in line with the central bank's move to support ailing stock market. On September 22 this year, the BB created the scope for the scheduled banks for borrowing from the central bank in the form of Repurchase Agreement (REPO) at the rate of 6% interest for investments in the capital market.

• Several other banks are preparing for taking the funds from the central bank.

<http://www.newagebd.net/article/87677/bangladesh-bank-loans-city-bank-BDT-50cr-for-stock-investment>

People's Leasing and Financial Services (PLFS) depositors seek repayment by December

• Clients of People's Leasing and Financial Services (PLFS) Limited, which is facing a forced liquidation, on Monday demanded repayment of money that they kept with PLFS by December this year.

• The BB governor also assured the depositors that repayment among the depositors would be started even if BDT 200 million could be recovered, he said.

<http://www.newagebd.net/article/87684/plfs-depositors-seek-repayment-by-dec>
<http://today.thefinancialexpress.com.bd/first-page/clients-urge-bb-to-refund-money-by-dec-1571076550>

Square Pharma launches volvac poultry vaccines

• Square Pharmaceuticals Ltd. introduced volvac poultry vaccines of German-based world renowned pharmaceuticals "Boehringer Ingelheim" in Bangladesh veterinary market namely Volvac® IBD MLV, Volvac® ND Conc. KV, Volvac® ND+IB+EDS KV and Volvac® AC Plus+ND+IB+EDS KV, said a statement.

<http://today.thefinancialexpress.com.bd/stock-corporate/square-pharma-launches-volvac-poultry-vaccines-1570987549>

Regulator halts LR Global's investment in bdnews24.com

• The stock market regulator yesterday put a pause on LR Global Bangladesh's investment of BDT 500 million in local online newspaper bdnews24.com and instructed the asset management firm to hand in all documents within 24 hours to verify if the transaction is compliant with securities rules.

• As per securities rules, an asset manager can invest in listed securities, initial public offerings (IPO), pre-IPO placement shares and securities that are transferrable in the money market. But bdnews24.com is a non-listed company.

• In 2015, LR Global Bangladesh, an asset management firm, was fined BDT 5.0 million for its investment in four non-listed private companies: Guardian Healthcare, Thyrocare Bangladesh, Property Investors and Tribeca Management.

<https://www.thedailystar.net/backpage/news/regulator-halts-lr-globals-investment-bdnews24com-1813234>
<https://www.dhakatribune.com/business/2019/10/13/bsec-suspends-lr-global-bdnews24-BDT50cr-deal>
<http://today.thefinancialexpress.com.bd/last-page/bsec-seeks-all-info-on-BDT-500m-deal-1570990111>
<http://www.newagebd.net/article/87589/bsec-halts-lr-globals-investment-deal-with-bdnews24com>

DBH 1st Mutual Fund conversion

- The securities regulator has asked the trustee of DBH 1st Mutual Fund to convene a meeting of the unit holders in line with the rules. On September 24, the trustee sought the advice from the Commission to hold the meeting to take decision on the conversion of the fund. The unit holders have 78.42% stake in the fund. The managing director of the BGIC said they have yet to receive the order from the securities regulator.
- LR Global Bangladesh Asset Management Company, the asset manager of the fund, had earlier extended the fund's tenure for another 10 years. The unit holders balked at the decision of LR Global and wrote to the trustee for the conversion. Against this backdrop, the BGIC pushed for the unit holders' meeting.

<http://today.thefinancialexpress.com.bd/public/first-page/dbh-1st-mutual-fund-conversion-1570813413>

<http://www.newagebd.net/article/87359/bsec-suggests-bgic-convene-dbh-1st-mf-unitholders-meet>

Banks slow to avail Bangladesh Bank fund for stock investment

- Country's banks are slow to get low-interest fund from the Bangladesh Bank for investments in the capital market as only a single bank so far has applied for such fund after 20 days of the introduction of the facility to revive the ailing capital market. On September 22 this year, the BB created the scope for the scheduled banks for borrowing from the central bank in the form of Repurchase Agreement (REPO) at the rate of 6% interest for investments in the capital market.
- Although there was ample scope for the banks for increasing capital market exposure, they were either reluctant or suffering with liquidity crisis that was holding them back from making capital market investments.

<http://www.newagebd.net/article/87358/banks-slow-to-avail-bangladesh-bank-fund-for-stock-investment>

Initial Public Offering (IPO) of Ashuganj Power's bond may face cancellation

- The initial public offering (IPO) of state-owned Ashuganj Power Station Company Ltd's bonds may face cancellation for under-subscription. According to data from different sources, including the issue manager, the company has so far been able to raise BDT 350 million out of BDT 1 billion thorough IPO, which mean 35% of the total the total amount. As per public issue rules of the Bangladesh Securities and Exchange Commission (BSEC), minimum subscription requirement for IPO is 65%.

<https://www.dhakatribune.com/business/2019/10/12/ipo-of-ashuganj-power-s-bond-may-face-cancellation>

The Bangladesh Securities and Exchange Commission (BSEC) may create database of bond defaulters

- The Bangladesh Securities and Exchange Commission may create a database of defaulters of bonds and debentures and would give banks and non-bank financial institutions access to the database so that they could bar the defaulters from receiving

loans from them. BSEC officials said that Bangladesh Bank recently recommended that the BSEC create the database covering information about bonds and debentures.

- The banks and NBFIs could be given access to the database to ensure that the defaulters would not get loans from the entities. The capital market development committee made a set of 18 recommendations and seven of them were related to the central bank.

<http://www.newagebd.net/article/87487/bsec-may-create-database-of-bond-defaulters>

Bangladesh Securities and Exchange Commission (BSEC) to issue registration to IDLC Venture Capital Fund

- The securities regulator has decided to issue registration to the IDLC Venture Capital Fund, an alternative investment fund. As per the BSEC decision, the size of the IDLC Venture Capital Fund will be BDT 450 million and its tenure will be seven years.
- The fund will invest mainly in areas such as fintech, entertainment and lifestyle, enterprise solutions, travel and logistics, core technologies, education tech, food-tech and agri-tech and internet devices.

<http://today.thefinancialexpress.com.bd/public/stock-corporate/bsec-to-issue-registration-to-idlc-venture-capital-fund-1570722690>

<https://www.thedailystar.net/business/news/idlc-venture-capital-gets-nod-1812136>

<http://www.newagebd.net/article/87265/idlc-venture-capital-fund-gets-bsec-registration>