

Capital Market Overview

The market closed in green this week. The benchmark index DSEX (+0.71%) gained 36.48 points and closed the week at 5,169.74 points. The blue-chip index DS30 (+0.13%) gained 2.31 points and stood at 1,838.50 points. The shariah based index DSES (+1.57%) gained 18.46 points and stood at 1,192.19 points. DSEX, DS30 and DSES all posted negative YTD return of -4.01%, -2.25% and -3.30% respectively.

Total Turnover During The Week (DSE): BDT 22.0 billion (USD 264.9 million)
Average Daily Turnover Value (ADTV): BDT 4.4 billion (Δ% Week: +10.2%)

Daily Index Movement during the Week:

The market performed five sessions during this week. Market opened this week with a flat movement of 0.01% in the first session. Market was positive in the second sessions by +0.52%. Market turned negative in the third session by -0.69%. Market corrected itself in the fourth session by +0.27% and ended with a positive movement of 0.60%.

Sectoral Performance:

- The financial sectors showed negative performance during this week except Banks (+0.23%). Mutual funds experienced the highest loss of 19.14% followed by General Insurance (-3.09%), Life Insurance (-2.38%), and NBFIs (-1.78%).
- The non-financial sectors posted mixed performance during this week. Telecommunication experience the highest gain of 4.01% followed by Engineering (+3.55%) and Pharmaceuticals (+1.81%). Food & Allied posted the highest loss of 3.52% followed by Power (-1.12%).

Macroeconomic arena:

- The central bank announced on Wednesday "cautiously accommodative" monetary policy statement (MPS) for the current fiscal year aiming to achieve higher growth while taming inflationary pressures. The BB projects 8.20% GDP (gross domestic product) growth for FY '20, while the average inflation at 5.50% in June 2020 in line with the national budget projection. The policy rates, including CRR (cash reserve requirement), SLR (statutory liquidity ratio), Repo, and Reverse Repo, remained unchanged for this fiscal year, according to the MPS. The central bank, however, fixed domestic credit (DC) growth target at 15.9% for FY '20 while the targets for broad money (M2) supply and reserve money (RM) have been projected at 12.5% and 12% respectively. In the MPS, the central bank fixed private sector credit growth target at 13.20% and 14.8% respectively for the first half (H1) and the second half (H2) of the FY '20 while the public sector credit growth target has been set at 25.2% and 24.3% respectively.
- Tax collection fell short of target by 20% in fiscal 2018-19, with the National Board of Revenue (NBR) blaming exemptions and discounts given to various sectors, election and state-run agencies' reluctance to pay arrears for the slowing receipts. Last fiscal year it collected BDT 2.24 trillion against the target of BDT 2.80 trillion, up 10.7% year-on-year, which is the lowest in six years.
- Finance Minister said on Monday that 5% tax at source would be applicable to all types of savings certificates, including family savings certificates, up to Taka 0.5 million investment to facilitate the small savers and pensioners, reports BSS. Mentioning that the existing scheme for the pensioners would remain intact, the minister said that the tax rate would be 10% in case of the savings certificates over Taka 0.5 million.
- Private sector credit growth, which fell to a six-year low of 11.3% last fiscal year, is unlikely to rise in the coming months owing to a liquidity crisis, rising bad loans and the growing incidents of money laundering, analysts said. Besides, businesspeople are also facing barriers to taking up investment plans or expanding existing units because of a lack of electricity supply, bureaucratic red-tape and corruption, they said. This means both demand and supply sides are going through a crisis, bringing the private sector credit growth to 11.29% in 2018-19 against the target of 16.50%.

Stock Market arena:

- ACI Limited will set up a joint-venture company with renowned Danish juice manufacturing company CO-RO A/S, said an official disclosure on Wednesday. In this regard, the board of directors of the ACI has approved a joint-venture arrangement to form and establish a joint-venture company with CO-RO A/S named -- ACI CO-RO Bangladesh Ltd. The CO-RO A/S is a renowned Danish juice manufacturing company having its operation in 80 countries across the world and market leader in several Asian countries.
- The board of directors of the City Bank Ltd. has decided to raise BDT 4.0 billion through issuance of perpetual bonds, said an official disclosure on Monday. The bank will raise the fund to meet capital requirement under Basel III and to strengthen the regulatory capital base of the bank in line with the Bangladesh Bank guideline on risk-based capital adequacy, the disclosure said.

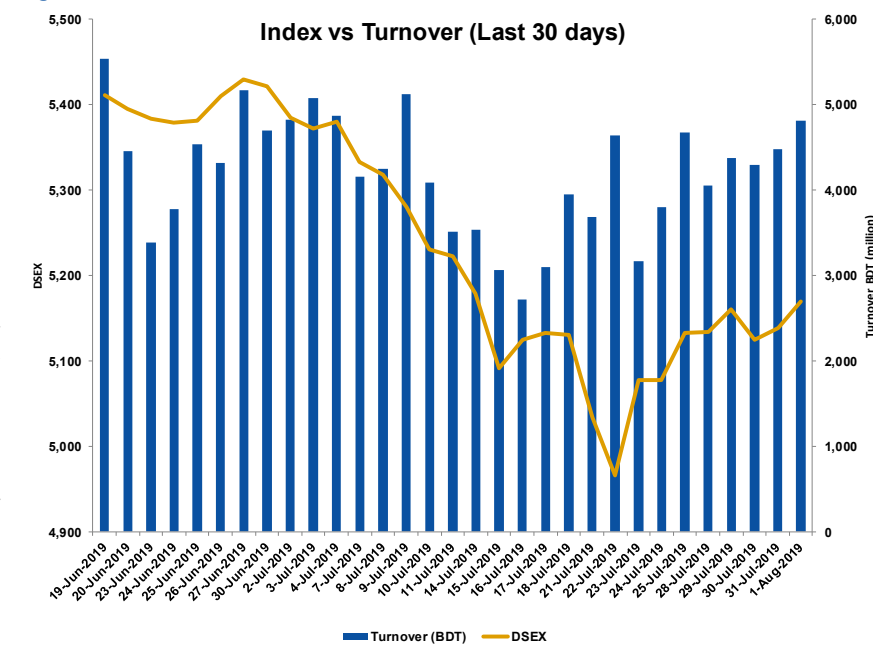
Table 1: Index

Index	Closing	Opening	Δ(Pts)	27-Dec-2018	Δ% Week	Δ%YTD
DSEX	5,169.74	5,133.26	36.48	5,385.64	0.71%	-4.01%
DS30	1,838.50	1,836.19	2.31	1,880.78	0.13%	-2.25%
DSES	1,192.19	1,173.73	18.46	1,232.82	1.57%	-3.30%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	19,230,181.4	18,934,809.0	1.6%
	Mn USD	231,326.6	227,773.5	
Turnover	Mn BDT	22,022.3	19,984.2	10.2%
	Mn USD	264.9	240.4	
Average Daily Turnover	Mn BDT	4,404.5	3,996.8	10.2%
	Mn USD	53.0	48.1	
Volume	Mn Shares	720.4	792.8	-9.1%

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
Monno Ceramic	214.20	141.80	51.1%	6,996.1	711.40	32.6x	3.0x
Monno Jute Staffers	1,054	734.40	43.5%	2,182.0	139.70	187.7x	89.0x
Stylecraft Limited	703.70	504.30	39.5%	3,553.0	164.83	81.6x	11.3x
BD Welding	20.90	15.60	34.0%	897.0	37.19	9.5x	1.7x
In Tech Online Ltd.	31.60	24.30	30.0%	989.8	140.24	13.3x	3.1x
Legacy Footwear	133.50	105.20	26.9%	1,746.2	271.11	25.2x	8.7x
Sonali Aansh	521.80	424.70	22.9%	1,415.1	81.54	383.5x	2.3x
Desh Garments	189.10	154.90	22.1%	1,257.6	22.45	44.5x	10.0x
Standard Ceramic	310.80	255.90	21.5%	2,008.0	109.48	118.8x	24.5x
BD Autocars	227.40	190.20	19.6%	983.7	118.80	140.9x	59.3x

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Vanguard AML Rupali Bank Balanced Fund	6.70	10.70	-37.4%	1,063.6	42.11	NM	0.6x
Sunlife Insurance Company Limited	16.50	25.70	-35.8%	590.1	18.80	NM	1.7x
Vanguard AML BD Finance Mutual Fund One	7.00	9.90	-29.3%	730.2	37.57	NM	0.6x
SEML IBBL Shariah Fund	11.60	16.20	-28.4%	1,160.0	137.70	NM	1.1x
SEML Lecture Equity Management Fund	9.00	12.50	-28.0%	450.0	193.42	NM	0.8x
CAPM BDBL Mutual Fund 01	7.60	10.50	-27.6%	381.0	21.40	NM	0.7x
EXIM Bank 1st Mutual Fund	5.00	6.90	-27.5%	716.3	18.42	NM	0.5x
SEML FBLSL Growth Fund	32.40	44.40	-27.0%	2,363.4	19.07	NM	3.2x
EBL First MF	5.60	7.60	-26.3%	810.6	8.22	NM	0.5x
PHP First Mutual Fund	4.40	5.90	-25.4%	1,240.3	47.43	NM	0.4x

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Fortune Shoes Limited	42.30	40.00	5.7%	5,284.8	944.21	21.7x	3.1x
United Power Generation & Distribution Company Ltd	383.60	395.10	-2.9%	183,777.8	915.74	24.8x	12.9x
Bangladesh Shipping Corporation	58.60	53.90	8.7%	8,938.6	769.12	57.7x	0.5x
Monno Ceramic	214.20	141.80	51.1%	6,996.1	711.40	32.6x	3.0x
Square Pharmaceuticals	251.90	250.00	0.8%	198,751.2	473.17	16.3x	3.2x
Beacon Pharmaceuticals Limited	23.60	22.60	4.4%	5,451.6	461.61	31.1x	1.9x
Genex Infosys Limited	60.90	53.50	13.8%	4,969.4	380.84	41.5x	4.2x
JMI Syringes & Medical Devices Ltd	466.10	438.80	6.2%	5,127.1	380.33	61.5x	6.6x
Sinobangla Industries	81.80	75.20	8.8%	1,635.7	373.61	46.3x	3.7x
Singer Bangladesh	217.60	203.20	7.1%	21,695.3	324.14	24.0x	9.1x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Marico Bangladesh Limited	1,735.80	44.63%	54,677.7	28.9x
Pragati Insurance	34.20	31.16%	2,243.2	10.7x
Singer Bangladesh	217.60	27.88%	21,695.3	24.0x
Power Grid Co. of Bangladesh Ltd.	57.70	20.21%	26,594.7	8.2x
Dutch-Bangla Bank	68.20	18.07%	34,100.0	11.1x
Eastern Bank	37.50	14.58%	30,442.5	9.8x
Eastern Housing	53.20	14.16%	4,966.0	15.0x
Pioneer Insurance	33.20	14.09%	2,323.4	8.2x
Glaxo Smithkline	1,634.30	12.69%	19,687.5	NM
Berger Paints	1,496.20	11.32%	69,390.6	36.6x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1434.94	1431.70	1428.63	0.23%	0.44%
NBFIs	1802.68	1835.38	2087.55	-1.78%	-13.65%
Mutual Funds	702.87	869.19	644.52	-19.14%	9.05%
General Insurance	1846.76	1905.65	1488.77	-3.09%	24.05%
Life Insurance	2196.28	2249.89	2251.96	-2.38%	-2.47%
Telecommunication	4730.71	4548.53	5088.05	4.01%	-7.02%
Pharmaceuticals	2770.00	2720.64	2698.49	1.81%	2.65%
Fuel & Power	1900.63	1922.17	1745.15	-1.12%	8.91%
Cement	1395.35	1368.09	1676.63	1.99%	-16.78%
Services & Real Estate	988.42	996.14	1017.99	-0.78%	-2.90%
Engineering	2970.86	2868.91	2933.11	3.55%	1.29%
Food & Allied	15605.60	16174.32	15034.05	-3.52%	3.80%
IT	1862.72	1722.96	1545.46	8.11%	20.53%
Textiles	1312.03	1297.70	1461.18	1.10%	-10.21%
Paper & Printing	7205.24	6919.35	9105.21	4.13%	-20.87%
Tannery	2446.20	2445.56	2560.38	0.03%	-4.46%
Jute	17379.21	15134.14	21417.92	14.83%	-18.86%
Ceramics	498.25	448.00	579.64	11.22%	-14.04%
Miscellaneous	2036.68	1964.50	1943.42	3.67%	4.80%

Table 7: Sector Trading Matrix

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Banks	260.5	249.3	4.45%	6.06%	9.4x	0.8x
NBFIs	78.2	94.5	-17.26%	1.82%	68.3x	1.7x
Mutual Funds	360.1	441.9	-18.51%	8.38%	NM	0.5x
General Insurance	363.7	455.5	-20.15%	8.46%	13.9x	1.2x
Life Insurance	92.0	134.6	-31.63%	2.14%	NM	9.1x
Telecommunication	103.3	89.2	15.73%	2.40%	12.5x	9.8x
Pharmaceuticals	595.9	476.3	25.10%	13.87%	19.3x	2.6x
Fuel & Power	377.2	334.1	12.90%	8.78%	12.5x	2.2x
Cement	38.4	33.0	16.25%	0.89%	27.8x	2.6x
Services & Real Estate	84.8	103.9	-18.32%	1.97%	NM	0.8x
Engineering	465.1	337.0	38.02%	10.83%	15.1x	1.8x
Food & Allied	150.5	104.8	43.54%	3.50%	27.1x	9.1x
IT	152.7	58.0	163.14%	3.55%	23.3x	2.9x
Textiles	361.2	325.0	11.16%	8.41%	17.6x	1.0x
Paper & Printing	16.2	14.0	15.98%	0.38%	22.7x	1.9x
Tannery	264.6	200.0	32.29%	6.16%	20.4x	2.7x
Jute	19.3	8.6	124.45%	0.45%	NM	7.9x
Ceramics	169.6	74.6	127.29%	3.95%	19.3x	1.9x
Miscellaneous	343.3	260.3	31.90%	7.99%	26.9x	1.2x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
International Leasing	5.90	-54.78%	1,308.7	3.2x
United Airways (BD) Ltd.	1.60	-44.83%	1,325.0	NM
Heidelberg Cement	201.50	-39.80%	11,385.5	16.2x
IFAD Autos Limited	69.70	-35.70%	17,284.9	12.3x
AB Bank	8.80	-26.67%	6,671.5	NM
Aftab Automobiles	33.90	-26.14%	3,245.3	17.0x
Lankabangla Finance	17.50	-23.58%	8,980.6	9.3x
RAK Ceramics Limited	30.60	-21.54%	11,905.3	13.8x
ACI Limited	258.00	-20.91%	12,871.4	NM
IDLC Finance Ltd.	55.30	-20.66%	20,850.9	9.1x

Important News: Business & Economy**Monetary Policy Statement (MPS) eyes higher growth**

- The central bank announced on Wednesday "cautiously accommodative" monetary policy statement (MPS) for the current fiscal year aiming to achieve higher growth while taming inflationary pressures. The monetary policy stance for FY 20 also take due note of Bangladesh's momentum as a fast-growing developing economy pursuing soonest possible graduation to upper middle income country status, according to the MPS.
- The BB projects 8.20% GDP (gross domestic product) growth for FY '20, while the average inflation at 5.50% in June 2020 in line with the national budget projection. The policy rates, including CRR (cash reserve requirement), SLR (statutory liquidity ratio), Repo, and Reverse Repo, remained unchanged for this fiscal year, according to the MPS. The central bank, however, fixed domestic credit (DC) growth target at 15.9% for FY '20 while the targets for broad money (M2) supply and reserve money (RM) have been projected at 12.5% and 12% respectively. In the MPS, the central bank fixed private sector credit growth target at 13.20% and 14.8% respectively for the first half (H1) and the second half (H2) of the FY '20 while the public sector credit growth target has been set at 25.2% and 24.3% respectively.
- The central bank listed a couple of near-term domestic risk factors that may hamper attainment of the monetary programme objectives in the FY '20. The MPS also said recent upward revision of fuel gas prices and new VAT law implementation have already affected prices in the beginning of this fiscal, and linger effect over the coming months remains to be seen. If the monsoon flood now engulfing wide expanses of the country prolongs or recurs, agricultural output losses can be significant, the BB warned. It also said ongoing trade war and geopolitical tensions are uncertainties on the external front that may or may not impair attainment of the BB's monetary programme outcomes for the FY '20.
- Meanwhile, the central bank is set to shift its regime into interest rate targeting monetary policy instead of the existing monetary aggregate based policy to expedite monetary transmission mechanism in Bangladesh. The interest rate-based regime is in extensive use in middle income and advanced economies, the central bank chief added. Under the proposed monetary policy framework, the BB will announce a new policy interest rate for maintaining desired inflation and real economic growth, according to officials. Besides, the policy interest rate will be used for managing money supply through injection and withdrawal of liquidity from the market as required, they said. Under the mechanism, the central bank may monitor the inter-bank call money rate in between Repo and Reserve Repo rates.

<http://today.thefinancialexpress.com.bd/first-page/mps-eyes-higher-growth-1564595713>
<https://www.thedailystar.net/business/news/liquidity-crunch-dictates-new-monetary-policy-1780087>
<http://www.newagebd.net/article/80254/bangladesh-bank-cuts-credit-growth-target-for-pvt-sector-but-hikes-it-for-govt>
<https://www.dhakatribune.com/business/banks/2019/07/31/private-credit-growth-trimmed-down-to-14-8-for-fy20>
<https://www.dhakatribune.com/business/banks/2019/07/31/private-credit-growth-at-14-80-govt-s-borrowing-24-30>

Tax receipts fall short of target by 20%

- Tax collection fell short of target by 20% in fiscal 2018-19, with the National Board of

Revenue (NBR) blaming exemptions and discounts given to various sectors, election and state-run agencies' reluctance to pay arrears for the slowing receipts. Last fiscal year it collected BDT 2.24 trillion against the target of BDT 2.80 trillion, up 10.7% year-on-year, which is the lowest in six years. The NBR said it gave BDT 186.94 billion as exemptions and waivers from value-added tax (VAT), tax and customs tariff to: liquefied natural gas (LNG) import, apparel and other export sectors, power plants, capital machinery and some other sectors last fiscal year to facilitate industrialisation and infrastructure development.

- If the tax benefits were not given and arrears were collected, total revenue collection would have grown 25% year-on-year, said NBR Chairman yesterday at a press conference at his office. A number of mega infrastructure projects -- Rooppur nuclear power plant, Padma bridge and Dhaka metro rail -- are being developed and tax breaks have been given to construction materials and machineries. But they have no regret. Development is taking place in the country and we will get benefit of the development later, he added.
- The NBR organized the event to share revenue collection figures in fiscal 2018-19 and measures taken to accelerate total tax receipts, which stood at 8.83% of the GDP, making it one of the lowest in the world. VAT, a type of consumption tax paid by the final consumer, accounted for 39% of the total tax collection, followed by income tax at 32.6% and tariff from imports at 28.3%. However, the NBR said total collection might increase to some extent in the final count. This fiscal year, the NBR has been tasked to collect BDT 325,600 crore, which is 45% higher than the actual collection in fiscal 2018-19.

<https://www.thedailystar.net/business/news/tax-receipts-fall-short-target-20pc-1780081>
<http://www.newagebd.net/article/80256/nbrs-revenue-collection-falls-BDT-57171cr-short-of-fy19-target>
<http://today.thefinancialexpress.com.bd/first-page/tax-revenue-collection-misses-target-by-BDT-571b-1564595870>

5% source tax for savings tools up to BDT 0.5 million: Finance Minister

- Finance Minister said on Monday that five% tax at source would be applicable to all types of savings certificates, including family savings certificates, up to Taka 0.5 million investment to facilitate the small savers and pensioners, reports BSS. Mentioning that the existing scheme for the pensioners would remain intact, the minister said that the tax rate would be 10% in case of the savings certificates over Taka 0.5 million.
- Like India, the Finance Minister said the government is planning to launch here the bond market as an alternate source of investment for the small savers. The finance minister said that the investors would not be subjected to harassment in case of their investment in the bond market and they would get their interests in every six months to one year.
- Assuring the expatriate Bangladeshis and remitters that 2% cash incentive would be applicable to the amount remitted by them from July 1, the Finance Minister encouraged the remitters to send money to their near and dear ones before the ensuing Eid-ul-Azha through legal channel and thus get the cash incentive.

<http://today.thefinancialexpress.com.bd/first-page/5pc-source-tax-for-savings-tools-up-to-BDT-05m-kamal-1564421589>
<https://www.dhakatribune.com/business/economy/2019/07/29/5-tax-at-source-for-up-to-BDT5-lakh-in-savings-tools-says-mustafa-kamal>

Credit growth unlikely to rise

- Private sector credit growth, which fell to a six-year low of 11.3% last fiscal year, is unlikely to rise in the coming months owing to a liquidity crisis, rising bad loans and the growing incidents of money laundering, analysts said. Besides, businesspeople are also facing barriers to taking up investment plans or expanding existing units because of a lack of electricity supply, bureaucratic red-tape and corruption, they said. This means both demand and supply sides are going through a crisis, bringing the private sector credit growth to 11.29% in 2018-19 against the target of 16.50%.
- The lower credit growth will persist in the current fiscal year as well unless the problems are addressed, they said. Under these circumstances, the central bank will unveil its monetary policy statement (MPS) tomorrow for the first half of the fiscal year. It may aim to keep the private sector credit growth target at 15% to 15.50% to pull off 8.20% GDP growth and contain inflation at 5.5%. According to the chairman of the Association of Bankers, Bangladesh, the situation of the private sector credit growth will not improve too much in the near future.
- The executive director of the Policy Research Institute of Bangladesh (PRIB), said credit growth target is not a matter of concern. The central bank will not be able to achieve lower or higher credit growth if the ongoing liquidity crisis continues. As of April, the excess liquidity stood at BDT 667.60 billion, down 12.60% from December last year and 8.23% a year earlier, according to data from the central bank. Deposits have dried up in the banking sector in the wake of growing default loans, money laundering and mobilisation of lower-than-expected funds from export earnings and remittances, the executive director of the PRIB,
- Default loans soared to BDT 1.11 trillion as of March. Exports grew 10.55% year-on-year to USD 40.53 billion in the immediate past fiscal year, while remittance hit an all-time high of USD 16.40 billion. The central bank should immediately depreciate the local currency against the USD with a view to perking up the deposit base in banks, the PRIB executive director suggest. Many banks have recently been forced to mobilise deposit at 10-10.5% interest rate to run operations, said the managing director of Southeast Bank. Banks will have to set 15-16% interest rate on lending to make their business viable, he said.

<https://www.thedailystar.net/business/news/credit-growth-unlikely-rise-1778962>

Liquidity shortage pushes up private banks' deposit rates

- The ongoing liquidity crunch has forced many private commercial banks to raise their deposit rates, particularly that of term deposits. The hike has made the government move to lower the lending rates to single digit almost untenable. The deposit rates started creeping up from September last year and the same have gathered pace in recent months. Some private commercial banks (PCBs) are now offering a maximum interest 11.50%, which is higher than the yield rate of the national savings tools. Most PCBs are now charging interest on lending for medium- and large-scale industries at rates ranging between 11.50% and 15.50% instead of 9.0%, the rate their sponsors had promised earlier. On June 20, 2018, the Bangladesh Association of Banks (BAB) decided to cut interest rates on lending and deposit to 9.0% and 6.0% respectively from the first day of the immediate past fiscal year (FY) 2018-19. The bankers, however, said the single-digit interest rate on lending is not possible right now because of the rising deposit rates.
- Adherence to the policy on offshore banking operation will also put pressure on liquidity in

the near future, a senior executive of a PCB added. As per the policy, issued by the central bank on February 25, the banks will have to keep 13% of their total liabilities as statutory liquidity ratio (SLR) and 5.50% as cash reserve requirement (CRR) from September 01. Besides, availability of liquidity will also depend on pattern of the government's bank borrowing in the coming months, another banker explained. He also said liquidity inflow has slightly increased in the market this month after disbursement of the government funds for implementation of the Annual Development Programme (ADP) for the current FY. But most of the bankers are not sure about continuation of the liquidity inflow, saying that liquidity pressure may rise further in the near future.

- The interest rate spread has been maintaining a downward trend since fiscal year (FY) 2014-15, as the central bank has been persuading the banks continuously for bringing down the spread to 4.0%. The data from FY 2009 to May of FY 2019 show that the spread was hovering between maximum 5.60% (in FY 2012) and minimum 4.04 (in April of FY 2019).

<http://today.thefinancialexpress.com.bd/first-page/liquidity-shortage-pushes-up-private-banks-deposit-rates-1564245454>

Bangladesh Bank (BB) governor: No liquidity crisis in banks

- Bangladesh Bank (BB) Governor on Wednesday binned the notion of the liquidity crunch affecting the banks' lending, saying the country's banking sector had sufficient liquidity. There is no liquidity crisis. Rather, they found excess liquidity to the tune of BDT 866.16 billion at banks till June 2019 after maintaining CRR (cash reserve requirements) and SLR (statutory liquidity ratio) provisions, he added. The governor also said that the central bank took necessary measures from time to time to address liquidity shortfall of some weak private banks and the practice would continue in the coming days. The governor said a mismatch had been detected in liquidity status of banks as some banks had sufficient liquidity while some others did not.

<https://www.dhakatribune.com/business/banks/2019/07/31/bb-governor-no-liquidity-crisis-in-banks>

Bangladesh Bank to unveil Monetary Policy Statement (MPS) today cutting private sector credit growth target

- Bangladesh Bank announces today the monetary policy statement for the first half (July-December) of the current fiscal year (2019-2020), slashing the private sector credit growth target due to the poor credit growth in the January-June period. Besides, the central bank may declare that it would continue to provide policy support for the development of the country's capital market, said BB officials.
- In the MPS, the central bank may also stress strengthening its regulatory pressure on the banks for the recovery of defaulted loans as well as ensuring good governance to improve the situation in the country's troubled banking sector. The BB is likely to set the private sector credit growth target at 15-15.5% for July-December, slashing the target from 16.5% set for January-June. The year-on-year private sector credit growth hit a six-year low at 11.29% in June this year against the BB's forecast of achieving 16.5% growth. Lower rate of deposit growth in the country's banking sector that has resulted in liquidity crisis was the main reason for the poor private sector credit growth.

- To support the capital market from the recent freefall, the BB in May this year issued a

policy relaxation facility by excluding banks' investments in the non-listed securities from their capital market exposure, resulting in an increase in banks' capacity to invest in the securities listed on the stock exchanges. Apart from that, the BB last week advised 19 banks to support the struggling stock market with their increased investment capacity of around BDT 20 billion.

<http://www.newagebd.net/article/80156/bangladesh-bank-to-unveil-mps-today-cutting-pvt-sector-credit-growth-target>

Unit price of US apparel imports from Bangladesh up 25.6%

- Prices of per unit apparel items exported from Bangladesh to its single largest destination -- the USA -- have increased by 25.6% in the first five months of the current year, according to a recent study. Industry leaders, however, differed on the information about the price hike identified by the United States Fashion Industry Association (USFIA) on July 22. As companies are moving sourcing orders to Bangladesh, Vietnam, and India, the average price of US apparel imports from these countries -- the main alternatives to China -- have all gone up by more than 20% in 2019 (January-May) year-on-year, it said.

- Citing one of the surveyed executive's comments, the report said, there is not enough capacity outside China and capacity will start to come at a higher premium in other countries such as Bangladesh and Vietnam. Regarding Bangladesh, the report said the surveyed US-based brands' executives still see Bangladesh not as attractive as many of its competitors regarding speed to market, flexibility and agility and risk of compliance. The study also held responsible the narrow categories of products Bangladesh can make, saying that during last 10 years, 60% of Bangladesh's apparels exported to US was cotton-based items.

- When asked, BGMEA president said USFIA report doesn't match with the data published on the website of Office of Textiles & Apparels (OTEXA). The data as per USFIA report looks faulty or may have a different calculation which is not understandable, she said. Citing the OTEXA data, she said unit price of per square metre has increased by 6.19% during the January-May period of 2019 year-on-year. She also suggested taking account of the price trend for the past few years when Bangladesh had weaker price base.

<http://today.thefinancialexpress.com.bd/first-page/unit-price-of-us-apparel-imports-from-bd-up-256pc-says-study-1564509297>

Bangladesh now on World Bank's 'Gap Country' list

- A World Bank (WB) team is coming to Bangladesh next week to apprise the country of its various loan options, as the country graduated to the lower-middle-income country status few years ago, officials said on Tuesday. Bangladesh is no longer on the list of recipients of International Development Association (IDA) only country. Now it has been placed as a 'Gap Country' under which it will get loans both concessional and hard terms. Within a shorter period, the country will be enlisted as the 'blend country'. And as a blend country, Bangladesh will have to borrow funds with harder terms and conditions.

- Until FY2017-18, Bangladesh received soft loans from the WB's concessional lending arm - IDA -- as the "IDA-only" country. Officials said the WB has now classified Bangladesh as the "Gap Country" in FY 2019 and is lending funds on "Blend terms". According to the Washington-based lender, if a country's GNI per capita crosses operational threshold for two consecutive years, the borrower will be treated as the "Gap country" for getting its

funds. The 'Blend terms' means the borrowing country will get loans at both concessional and harder terms. It means Bangladesh will be getting loans from IDA at 0.75% interest rate as well as the interest rates will be varied from 2.0 to 2.62% per annum. Among the South Asian nations, India and Sri Lanka have already been classified as "graduate countries" and Pakistan as the "Blend country".

<http://today.thefinancialexpress.com.bd/first-page/bd-now-on-wbs-gap-country-list-1564509253>

Germany to give 200 million euros for development projects

- Germany is going to provide 200 million euros, or BDT 18.47 billion, to Bangladesh to implement a number of development projects, the Economic Relations Division (ERD) said in a statement. Of the fund, 172 million euros will be provided as economic cooperation and 28 million euros as technical cooperation. As per the agreements, projects in the renewable energy and energy efficiency area will receive 156 million euros, climate change adaptation in urban areas 26 million euros, the textile sector 7.5 million euros, water resource management 4.5 million euros, and the Sundarbans mangrove management plan 4 million euros.

<https://www.thedailystar.net/business/news/germany-give-200m-euros-development-projects-1779481>

Diesel imports drop by 15.38% in H1 2019

- The country's diesel consumption is on the decline as diesel-fired power plants are using less-than-expected fuel after the start of LNG imports. Loss of state-run Bangladesh Petroleum Corporation (BPC) is also sliding with the fall in import of the expensive fuel, BPC director for operation said. Overall diesel imports fell by 15.38% to 2.26 million tonnes in the first six months of the current year compared to that of the corresponding period of last year. All the three dual-fuel power plants are now running on re-gasified LNG (liquefied natural gas) instead of diesel with the availability of RLNG. Other diesel-fired power plants are also in operation with almost half of their capacity making room for 'less expensive' gas-fired power plants to run at full capacity, he said. The diesel-fired power plants consumed around 500,005 tonnes of diesel during H1, 2018 but their consumption halved to around 265,615 tonnes during H1, 2019, said the BPC director for operation.

- State-run Bangladesh Power Development Board (BPDB), the lone buyer of electricity from the producers, that purchases gasoil from the BPC, has revised downward further the diesel demand for power plants for July-December (H2) 2019 as well, he added. Initially, BPDB had intended to purchase around 200,000 tonnes of diesel during H2, 2019 but due to lower consumption of diesel in power plants, it has revised downward its requirement by 50,000 tonnes of gasoil for H2, 2019, he added. During H2, 2018 BPDB purchased around 300,000 tonnes of gasoil from the BPC, the official said, adding that BPC's loss is also on the wane with less consumption of diesel. As per the current market price, the BPC counts around BDT 2.0 per litre in diesel sale as it imports the fuel at higher prices from the international market and sells it lower in the domestic market.

<http://today.thefinancialexpress.com.bd/last-page/diesel-imports-drop-by-1538pc-in-h1-1564422044>

Monetary policy to beef up capital market

- The central bank is set to unveil its first half-yearly (H1) monetary policy for the current fiscal year, 2019-20, on Wednesday, with the policy rates likely to remain unchanged. The monetary instrument is also expected to continue its policy support for the country's moribund stock market. Bangladesh Bank (BB) governor will announce the monetary policy statement (MPS) for the July-December period of the FY 2020 aimed at achieving sustainable economic growth by curbing inflationary pressures on the economy. The policy rates, including CRR (cash reserve requirement), SLR (statutory liquidity ratio), Repo and Reverse Repo, may remain unchanged for H1 of FY'20, according to central bank officials.
- The latest trend in inflationary pressures, particularly of core inflation, will be considered while determining the private sector credit growth ceiling for H1 of the FY '20, they noted. The sector's credit growth came down to 11.29% in June 2019 on a year-on-year basis from 12.16% a month ago, the BB's latest data showed. This growth was 5.21 percentage points lower than the BB's target of 16.50% for the H2 of FY '19.
- In the H1 MPS, the central bank is likely to maintain its cautious position on containing inflationary pressure on the economy, as the average core inflation has witnessed an upward trend in recent months. The core inflation rose to 5.48% on an annual average basis in June 2019 from 5.44% a month ago. It was 4.65% in December 2018. Currently, the central bank is measuring the core inflation, excluding non-food and non-fuel components from the consumer price index (CPI).
- The MPS is likely to focus on bringing down the volume of classified loans in the banking sector through strengthening recovery drives across the country. The volume of non-performing loans (NPLs) jumped by more than 18% to BDT 1,108.73 billion in the January-March period of this calendar year from BDT 939.11 billion in the preceding quarter.

<http://today.thefinancialexpress.com.bd/first-page/monetary-policy-to-beef-up-capital-mkt-1564335013>

BDT 10 billion non-concessional loans await approval

- More than BDT 10 billion worth of two non-concessional foreign loans for two projects awaits approval from the government's highest committee concerned. The Standing Committee on Non-Concessional Loan is likely to sit on Tuesday (July 30) at planning commission to give the go-ahead. The committee's approval is required as grant element of the two proposed loans is below 35%. The loans would be used in Sreepur 150-MW HFO (heavy fuel oil)-based Power Plant Project and Panguchi River Bridge Project in Bagerhat district.

<http://today.thefinancialexpress.com.bd/trade-market/BDT-10b-non-concessional-loans-await-approval-1564332086>

Foreign loan commitment reaches USD 9,795.86m in FY19

- The commitment of foreign loan to Bangladesh during the last fiscal year reached USD 9.795 billion whereas the disbursement of foreign aid totaled USD 6.210 billion. During the FY18, Bangladesh Bank provided Taka 6.89 billion to the government as dividend while the central bank provided Taka 21.767 billion to the government as loan.

<http://www.newagebd.net/article/79976/foreign-loan-commitment-reaches-979586m-in-fy19>

Private credit growth target may be 15%

- The central bank may set a 1.5 percentage points lower private sector credit growth target for the second half of the year amid the shrinking demand for credit. For instance, private sector credit growth hit a six-year low of 11.29% in June, according to data from the Bangladesh Bank. The central bank though was hoping it would be 16.50% when it had set the target earlier in January in its monetary policy for the first half of 2019.
- The country has achieved 8.13% GDP growth in fiscal 2018-19 with private sector credit growth of 11.29%, so a credit growth target ranging from 14% to 15% is enough to achieve 8.20% growth for the current year, according to a central bank official. The BB may not revise its policy rates and statutory and cash reserve ratio in the upcoming monetary policy, which will be unveiled on July 30 at its headquarters in the capital. Cautious lending by banks and low confidence among the business community are to blame for the existing low trend of credit growth, economists said.
- The low private sector credit growth figure raises questions about the veracity of the economic growth figure given by the government, said executive director of the Centre for Policy Dialogue, a think tank. The private sector credit growth target is immaterial as it will have little impact on the investment scenario. A lack of power supply, bureaucratic complexities and corruption are discouraging investors from taking up fresh investment plans or expanding their existing units, she said.
- Many banks are facing a liquidity crisis mainly due to high volume of default loans. This has lessened their capability of distributing loans. This will create a roadblock in implementing the monetary policy. A large number of businesspeople is going through a confidence crisis because of the haphazard situation on the country's socioeconomic front. Unless the situation improves, the central bank will face the same problem this time in materializing its monetary policy, a former adviser to the caretaker government.

<https://www.thedailystar.net/business/banking/news/private-credit-growth-target-may-be-15pc-1777996>
<https://www.dhakatribune.com/business/banks/2019/07/27/bankers-beg-for-bangladesh-bank-tips-to-avoid-looming-stalemate>

Savers switch over to FDR from savings tools: Bangladesh Bank

- The majority of savers prefer fixed deposit schemes of the banks to national savings schemes while making investment decisions. Only a few of them would be involved in business activities instead. The findings came from a survey commissioned by the Bangladesh Bank, which was released this month.
- Currently, the authorities tightened the rules or compliance requirement for investing in savings tools including, increasing tax on the yields by a 5.0 percentage point to 10%, effective from fiscal year 2020. The authorities now ask for national identity cards (NIDs) of the investors and the persons whose income is used. The tightened measures by the government appear to be reducing the dependency from this expensive source.

<http://today.thefinancialexpress.com.bd/last-page/savers-switch-over-to-fdr-from-savings-tools-bb-1564245913>

Bangladesh has laid down exemplary digital foundation: United Nations Conference on Trade and Development (UNCTAD)

• The country's ICT industry has been growing at a rate of 40% annually since 2010, according to a new report. United Nations Conference on Trade and Development (UNCTAD) unveiled it in an assessment on Thursday, saying that the progress has come as a result of government and private efforts. The enormous growth in its information and communications technology sector and its young, dynamic and IT savvy population can only make things better, the report indicated.

• The report is expected to inform the Bangladesh government's ongoing efforts to realize the vision of its digital strategy and to build a robust, safe and business-friendly e-commerce ecosystem. The ICT sector is a natural fit in the country's development goal to create jobs for 110 million Bangladeshis under the age of 35, in a country of 160 million, according to the report. The report also identified challenges that need to be addressed to ensure a better digital future. An estimated 65% of the population reside in rural areas, which poses significant hurdles for both providing government services to citizens as well as integration of the rural population with the cities, it said. Also, last mile delivery challenges and security concerns make operations difficult in the remotest areas, pointing to the needs for improvements in trade logistics. Efforts to tackle these and other barriers to e-commerce development should be scaled up, the report recommended.

<http://today.thefinancialexpress.com.bd/last-page/bd-has-laid-down-exemplary-digital-foundation-unctad-1564163334?date=27-07-2019>

World Bank likely to give USD 4.5 billion aid to Bangladesh in three years

• The World Bank (WB) is likely to provide some USD 4.5 billion assistance to Bangladesh in next three years, officials said early this week. The Economic Relations Division (ERD) officials said the Washington-based lender is going to finalize its global aid package (IDA-19) by this year-end. In the package, the WB is expected to increase Bangladesh's aid volume by USD 200 to USD 300 million to USD 4.5 billion for the tenure ranging from fiscal year (FY) 2020-21 to FY 2022-23. The WB has already kept aside USD 4.2 billion aid for Bangladesh in its ongoing three-year International Development Association (IDA)-18 package, whose tenure will end in June 2020.

<http://today.thefinancialexpress.com.bd/first-page/wb-likely-to-give-45b-aid-to-bd-in-three-years-1564077175?date=26-07-2019>

Bangladesh's position remains unchanged

• Bangladesh was placed 116th out of 129 countries in this year's Global Innovation Index, unchanged from last year's ranking. The country scored 23.31 in 100 in a survey of innovative capacity of the countries by the World Intellectual Property Organization (WIPO). In South Asia, India was placed 52nd, Sri Lanka 89th, Pakistan 105th and Nepal 109th, showed the survey report, which was released in New Delhi on Wednesday.

• Bangladesh was ranked 124th on institutions pillar, 127th on human capital and research, 86th on infrastructure, 96th on market sophistication, 120th on business sophistication, 91st on knowledge and technology outputs, and 115th on creative output. The GII 2019 also looks at the economic context: Despite signs of slowing economic growth, innovation continues to blossom, particularly in Asia, but pressures are looming from trade disruptions

and protectionism.

<https://www.thedailystar.net/business/news/bangladeshs-position-remains-unchanged-1777963>
<http://www.newagebd.net/article/79634/bangladesh-makes-no-progress-in-global-innovation-index>

53 business houses to invest USD 12 billion in Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN)

• Bangladesh Economic Zones Authority (BEZA) has already allocated over 6,000 acres of land among the 53 business houses in the Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) in Chattogram for setting up their factories. BEZA Executive Chairman Paban Chowdhury said the BEZA already got a total of USD 12.373 billion worth of investment proposals from 53 industrial units. Paban Chowdhury said China-based Zhuzhou Jinyuan Chemical Industry Company Limited, Japan-based world renowned Nippon Steel and Bangladeshi MacDonald Steel Building Product Limited (Joint Venture), Indian Asian Paints BD Limited, Mango Teleservices Limited and Modern Syntex Limited have already started their factory construction work in the industrial park.

<http://today.thefinancialexpress.com.bd/trade-market/53-business-houses-to-invest-12b-in-bsmsn-1564156235?date=27-07-2019>

Leather park to be set up at Belpukur in Rajshahi

• A modern leather and tannery industrial park will be established in Rajshahi aiming to improve socio-economic condition of the region through flourishing the leather sector. A site of 100 acres of land has already been selected in Belpukur and Baneshwar areas for the purpose, reports BSS. Regional office of the Bangladesh Small and Cottage Industries Corporation (BSCIC) is working in this regard.

<http://today.thefinancialexpress.com.bd/trade-market/leather-park-to-be-set-up-at-belpukur-in-rajshahi-1564242159>

Private ICDs to hike tariffs from August 1

• Private inland container depots (ICDs) are set to increase their charges for handling consignments by 20-25% from tomorrow, in a development that will raise the cost for importers and exporters by more than BDT 1.00 billion annually. Almost 90% of the total export goods are stuffed into containers at the 19 private ICDs, also known as off-docks, located in and around the port city, before shipment through the Chattogram port, while 21% of the import containers are sent from the port to the ICDs, from where the import goods are delivered. Besides, the import containers that become empty after the goods are delivered directly from the port are also sent to the ICDs for storing for a particular time.

• The 19 ICDs handled around 0.62 million TEUs (twenty-foot equivalent units) of export containers, 2.86 lakh TEUs import containers and 5.87 lakh TEUs empty containers in 2018-2019 fiscal year. Earlier on February 28, Bangladesh Inland Container Depots Association (BICDA) issued a notice to inform a hike in charges by 20 to 25% on average due to rise in operational and investment cost, devaluation of the local currency against the US dollar, increase in fuel prices, labour charges and equipment maintenance cost. Since the operational expenses had increased 42% but rates were reviewed upwards by only 20%,

the ICDs are struggling to cover the huge gap to maintain their operational efficiency.

- Due to the increase in service charges, users including exporters and importers will have to bear additional trade costs amounting to more than BDT 1.00 billion annually. Garment exporters are the major users of these ICDs. BICDA President said that such a clause in the policy is detrimental for the sector. A ministerial committee should not fix tariffs of a competitive private service sector, he said, adding that charges taken by other service sectors like transport or clearing and forwarding are not fixed by such a committee.

<https://www.thedailystar.net/business/news/private-icds-hike-tariffs-august-1-1778968>

Non-leather footwear: an emerging export frontier

- Non-leather footwear has opened up a new avenue of export opportunity for the country when the second largest export earner after apparel — leather and leather goods — is going through crises over non-compliance issues and the need for product diversification is at its peak. Synthetic footwear and sports shoes have drawn the attention of global buyers and brands and earned USD 271.53 million registering a sharp rise by 11.24% in the fiscal year 2018-19. In the FY18, export earnings from the synthetic shoes were USD 244 million, as per Export Promotion Bureau. On the other hand, leather footwear export earnings rose by 7.50% to USD 608 million, while export earnings from leather and leather goods witnessed a 6.06% negative growth to USD 1.01 billion, which was USD 1.08 billion in last fiscal year. World renowned brands and buyers such as Hugo Boss, H&M, Decathlon, Steve Madden, Kappa, Skechers, Fila and Puma Bangladesh are sourcing different types of shoes, including sports shoes, sandals, flip-flops and boots from Bangladesh.

- Manufacturers attribute this to product quality, reasonable prices and new investment, which led to increased production capacity. In addition, US-China trade war and rise in production cost in china, which forced buyers and entrepreneurs out of china, have helped to get more buyers sending the export earnings up, experts and makers have said. Since synthetic or non-leather footwear is cheaper than the leather ones, consumers are opting for the cheaper ones, which has pushed the demands up across the globe and Bangladesh has taken the advantage. Globally, about 60% to 75% demand for shoes are met by synthetic footwear where leather shoes cater for only 25% of the demand.

<https://www.dhakatribune.com/business/economy/2019/07/28/non-leather-footwear-an-emerging-export-frontier>

Export of plastic products rises as new markets emerge

- Shipments of plastic products rose 22% year-on-year to USD 120 million in fiscal 2018-19, something manufacturers and traders attribute to the emergence of new export destinations. In fiscal 2017-18, the export had seen a 16% year-on-year drop when China stopped importing PET (polyethylene terephthalate) bottle scrap, according to the Export Promotion Bureau. German buyers used to place orders with Chinese manufacturers but now they are sourcing from Bangladesh to avail cheaper, quality products, said the president of the Bangladesh Plastic Goods Manufacturers and Exporters Association (BPGMEA).

- Currently there are around 100 plastic product manufacturers who also aid export earnings of almost USD 800 million per year through direct and indirect backward linkage supplies to different sectors, especially the apparel sector, the president of the BPGMEA noted. The association president said the plastics sector was quite dependent on raw

material import, for which global competitiveness had an influence on their business. According to the BPGMEA president, the sector's sales is growing by about 20% every year on the back of spiralling demand from domestic and export markets.

- According to his estimate, domestic market sales hit BDT 300.00 billion in fiscal 2018-19, up from BDT 250.00 billion in the previous year. However, a 5% advance tax during raw material import is pushing the sector towards difficulties as a huge amount of investment has to be made, he said. the director for marketing at Pran-RFL Group, said that south Asian countries have been witnessing an increase in plastic product export for the past four years.

<https://www.thedailystar.net/business/news/export-plastic-products-rises-new-markets-emerge-1778539>

Important News: Capital Market

ACI to set up joint-venture company with Danish CO-RO

- ACI Limited will set up a joint-venture company with renowned Danish juice manufacturing company CO-RO A/S, said an official disclosure on Wednesday. In this regard, the board of directors of the ACI has approved a joint-venture arrangement to form and establish a joint-venture company with CO-RO A/S named -- ACI CO-RO Bangladesh Ltd. The CO-RO A/S is a renowned Danish juice manufacturing company having its operation in 80 countries across the world and market leader in several Asian countries. The ACI will invest BDT 499 million over a period of next two years against its 49.9% holding in the company, according to the disclosure.

<http://today.thefinancialexpress.com.bd/stock-corporate/aci-to-set-up-joint-venture-company-with-danish-co-ro-1564591100>

City Bank to issue BDT 4.0 billion perpetual bonds

- The board of directors of the City Bank Ltd. has decided to raise BDT 4.0 billion through issuance of perpetual bonds, said an official disclosure on Monday. The bank will raise the fund to meet capital requirement under Basel III and to strengthen the regulatory capital base of the bank in line with the Bangladesh Bank guideline on risk-based capital adequacy, the disclosure said. The issuance of bond is subject to approval from the authorities concerned -- Bangladesh Bank (BB) and Bangladesh Securities and Exchange Commission (BSEC) -- and compliance with the regulatory requirements.

<http://today.thefinancialexpress.com.bd/stock-corporate/city-bank-to-issue-BDT-40b-perpetual-bonds-1564417886>

Loan recovery falters in first quarter

- Banks' loan recovery in the first quarter of 2019 was 9.68% higher than a year earlier, but given the extraordinary rate at which default loans are increasing it seems below par. Between January and March, banks recovered BDT 24.48 billion bad loans, according to data from the Bangladesh Bank. At the end of March, total default loans in the banking sector stood at BDT 1108.73 billion, up 18% from the previous quarter and 25.15% from a year earlier.

- The reason for the spiral is that many shunned servicing their loans after they had heard of the central bank's forthcoming rescheduling policy that had favorable terms for them, according to analysts. As per the new policy, defaulters will be allowed to reschedule their classified loans by providing only 2% down payment instead of existing 10-50%. A maximum of 9% interest rate will be charged on the rescheduled loans, which is much lower than the existing interest rate of 12-16%. The tenure for repayment is 10 years with a grace period of one year, which is much longer than the existing duration for most of the loans at present. Besides, the insufficient recovery has also hit the ongoing liquidity crisis in the banking sector, eroding the banks' capacity to disburse fresh loans, analysts said.

- The bail-out offer for defaulters has created a moral hazard for good borrowers as they can be tempted to turn bad too, said an executive director of the Policy Research Institute of Bangladesh. Against the backdrop, loan recovery will be trailing further in the days to come. And once the grace period ends, the default loan total will rocket and the banks' feeble recovery efforts will be showed up, said the executive director of the Policy Research Institute of Bangladesh.

<https://www.thedailystar.net/business/news/loan-recovery-falters-first-quarter-1779496>

Ring Shine Textile's subscription opens on August 25 to raise BDT 1.50 billion

- The public subscription of Ring Shine Textiles Ltd is set to begin on August 25, aiming to raise a capital worth BDT 1.50 billion from the stock market. The company's initial public offering (IPO) subscription will continue until September 9, officials said. The major activities of the company is manufacturing and marketing of gray and finished fleece fabrics of various qualities, and dyed yarn to the ready-made garment (RMG) industry in Bangladesh.

- As per the BSEC approval - under the fixed price method - Ring Shine Textiles will float 150 million ordinary shares at an offer price of BDT 10 each to raise BDT 1.50 billion. The company will utilize the IPO proceeds for purchasing and installation of machinery for the existing factory unit, partial repayment of bank loans of the company and to meet the IPO expenses, within 18 months of receiving the IPO funds.

<http://today.thefinancialexpress.com.bd/stock-corporate/ring-shine-textiles-subscription-opens-on-aug-25-to-raise-bdt-150b-1564591405>

Coppertech makes trading debut on August 5

- Trading of the shares of Coppertech Industries will commence on the bourses on Monday (August 5) under 'N' category, officials said. The Coppertech, which received regulatory approval from the Bangladesh Securities and Exchange Commission (BSEC) on December 26, 2018, raised a fund worth BDT 200 million under the fixed price method.

- Located in Hobiganj, the Coppertech Industries is a copper pipe, tube, bus bar, strip, and wire manufacturer in Bangladesh. The company started its commercial operation in June 2014. The core markets for the product of the company are power plants, AC fridge manufacturing factory and workshop, engineering workshop, electronic product producer and other local customers, according to IPO prospectus.

<http://today.thefinancialexpress.com.bd/stock-corporate/coppertech-makes-trading-debut-on-august-5-1564504561>

<http://www.newagebd.net/article/80159/bourses-allow-trading-of-controversial-coppertech-shares-from-aug-5>

Bangladesh Securities and Exchange Commission (BSEC) seeks fiscal concessions to help develop bond market

- The Bangladesh Securities and Exchange Commission (BSEC) has sought a number of fiscal concessions, including tax waivers, to help develop the country's moribund bond market, officials said. The commission has put forward a set of proposals to the National Board of Revenue (NBR) for consideration, they added.

- Currently, tax waiver facility is conditionally available in case of zero coupon bond, wrote BSEC chairman in the letter sent to NBR. The facility needs to be made available for all types of corporate bonds and investors concerned, he continued. He also suggested rationalizing tax at source in case of the transaction of corporate bonds. Presently, 0.10% tax at source is applicable to a broker, depending on the transaction price, he said. The BSEC chairman proposed that tax be realized based on the number of transactions instead. He also requested rationalization of stamp duty on corporate bonds. The BSEC chairman found the 'high' stamp duty as a barrier to the growth of bond market.

<http://today.thefinancialexpress.com.bd/first-page/bsec-seeks-fiscal-concessions-to-help-develop-bond-mkt-1564509119>

One-third of NBFIs in dire straits

- Financial health of at least one-third of Non-Bank Financial Institutions (NBFIs) is alarming, thanks largely to Bangladesh Bank's oversight failure, lack of management accountability and regulatory actions. The Bangladesh Bank has appointed 'Observers' at three of the ailing NBFIs — BIFC, First Finance and PLFS — so that their business can turn around while others went scot-free. Either observers were withdrawn from the NBFIs in question, or not reappointed. The weak financial status of the NBFIs came to forefront following the liquidation move of Peoples' Leasing and Financial Services Limited (PLFS) on July 14.

- Ibrahim Khaled, a former deputy governor of BB, thinks the central bank should have been more proactive in protecting the NBFIs. The central bank has a scoring mechanism to measure the financial health of the NBFIs like banks. Precautionary measures could have been effective to protect them from becoming sick, he mentions.

- Among the ailing NBFIs are Bangladesh Industrial Finance Company Limited (BIFC) topped the list followed by Peoples' Leasing and Financial Services Limited, FAS Finance & Investment Limited, First Finance Limited, International Leasing and Financial Services Limited (ILFSL), Prime Finance and Investment Limited, Fareast Finance and Investment Limited, Bay Leasing and Investment Limited, Premier Leasing and Finance Limited, Reliance Finance Limited and Union Capital Limited, according to the annual report of financial institutions (Banks and non-banks) of the Financial Institution Division of Finance. The report was based on data available up to December 31 last year.

The total investment of the NBFIs together stood at BDT 670 billion as of June, 2019, said the chairman of Bangladesh Leasing and Finance Companies' Association. NBFIs bank borrowing was around BDT 250 billion during the period, he said. Commenting on NBFIs financial status, he said that liquidation of one company would not create any instability in

the industry. Contradicting him, DFIM General Manager said the liquidation of PLFS created instability to a small extent in the industry.

<https://www.dhakatribune.com/business/economy/2019/07/29/one-third-of-nbfis-in-dire-straits>

Pharma ingredient makers demand more tax benefits

• Bangladesh API and Intermediaries Manufacturers Association has demanded more tax benefits in line with a cabinet decision and the National Active Pharmaceutical Ingredients (API) and Laboratory Reagents Production and Export Policy for the sector. The trade body made the plea to the Prime Minister's Office saying that there were inconsistencies in the tax scheme offered by the National Board of Revenue with the decision of the cabinet in this regard. NBR's terms and conditions for availing the benefit are also not aligned with the production process of the industry, the association said claiming that it would rather create a hindrance to flourishing the knowledge-based industry. Entrepreneurs are also unable to complete export procedures due to complexities in a statutory regulatory order (SRO) issued by the NBR in this connection.

• In the letter, Prime minister's economic affairs adviser said that also recommended a number of steps including amendment to the NBR's order and issuance of a new SRO offering some fresh tax benefits mentioned in the policy to facilitate the sector. The NBR should release raw materials remained stuck at ports and give other tax benefits in line with the cabinet decision under interim measures like taking bond or undertaking if issuance of a new SRO takes time, he suggested. In the letter wrote on July 2, he said that the BAIMA had informed in details to the prime minister about the issue.

• On May, 2018, the government framed the policy for the sector offering a set of tax benefits including corporate tax holiday, exemption from payment of advance income tax, value-added tax and duty-free raw materials import facility till 2032. The NBR has been showing reluctance to offer the benefits saying that such wholesale tax exemption would affect the overall revenue collection and the commerce ministry did not obtain vetting from the NBR regarding inclusion of the tax benefits in the policy. So far, the revenue board has only offered VAT exemption on import of raw materials for the sector. It has yet to issue any SRO exempting the entrepreneurs in the sector from paying income tax, AIT and allowing other benefits.

<http://www.newagebd.net/article/80051/pharma-ingredient-makers-demand-more-tax-benefits>

Bangladesh Industrial Finance Company (BIFC) losses mount as no progress in loan recovery

• Losses of struggling Bangladesh Industrial Finance Company keep mounting with the non-bank financial institution making no progress in recovering its non-performing loans, especially those from the largest defaulter, one of its former chairman, Abdul Mannan who is a member of parliament and the secretary general of Bikalpa Dhara Bangladesh, an ally of ruling Awami League. As per the BIFC's half-yearly financial report released on Monday, the company incurred BDT 380.5 million in losses against the BDT 359.4 million in losses in the same period last year. BIFC has remained non-operational for months with depositors waiting hopelessly for getting back their money from the NBFIL.

• Like People's Leasing and Financial Services, the company faces risk of liquidation because of a sorry state of its financial health, said Bangladesh Bank officials. The financial situation of BIFC has worsened due mainly to non-payment of the BDT 6.39 billion outstanding loans received by Mannan. The amount of loans Mannan received from BIFC accounted for around 76% of BDT 8.41 billion distributed by the entity in loans, as per the BIFC's annual report for the year 2018. Officials of BIFC said that the poor state of loan recovery had resulted in closure of deposit collection and credit disbursement functions of the entity.

• Of the entity's total loans, around 98% or BDT 8.16 billion has become defaulted, showed the BIFC's annual report. Besides, the NBFIL has been failing to clear the depositors—money—around BDT 8.14 billion. About this issue, Mannan said that the report published by BIFC was inappropriate and that was why it was yet to organise its annual general meeting for the year 2018 due to the shareholders' appeal to court regarding inconsistencies in the company's annual report. He mentioned the existing board members of the company as 'vicious circle' and 'outsiders'.

• Meanwhile, the central bank, following a request from the Anti-Corruption Commission, has requested the Bangladesh Securities and Exchange Commission to impose a ban on Mannan and people connected with him from transferring shares of BIFC. The BB letter said an investigation conducted by the ACC found that Mannan and 75 organisations, in which he had interest, had taken BDT 5.17 billion in loans from BIFC. After the ACC investigation, Mannan accepted the liability of the loans and paid BDT 1.19 billion of the received loans, it said. Although Mannan promised to return the rest BDT 3.97 billion, which excludes interest, he is yet to pay back the money, it said. Therefore, the ACC feels the necessity of imposing the ban, the central bank's letter said.

<http://www.newagebd.net/article/80050/bifc-losses-mount-as-no-progress-in-loan-recovery>

Insurers agree not to give over 15% commission

• General insurance companies have decided not to provide over 15% commission to agents to comply with a regulatory notice issued in 2012. Moreover, they would also stay vigilant to ensure that the peers are compliant. When compliant insurers refuse to pay such amounts, parties go to others without considering the risks. The regulator recently decided to clamp down on the practice for the sake of the sector. This prompted the BIA to sit together and settle on implementing the decision.

• The president of the Bangladesh Insurance Association (BIA) said that the insurance sector has been suffering from an image crisis and the insurance companies would have to work together to clear their names. So, they will not provide higher commissions and they will stay alert so that everyone implements it. The association also decided to bar non-life insurers from employing anyone on the basis of commissions. Those that already have such staff would have to part with them by Wednesday. The insurers will provide commissions only to licensed agents of the Idra. It also decided that chiefs of insurance companies would immediately convey the decisions to branch in-charges.

<https://www.thedailystar.net/business/news/insurers-agree-not-give-over-15pc-commission-1778527>

Suspension of approvals to affect other businesses also: Grameenphone

- Grameenphone (GP), the country's largest mobile phone operator, has protested the telecom regulator's decision to withhold issuing any kind of approvals, including NOCs (no-objection certificate), to the operator. The GP requires such approvals for its regular operations. The operator termed the decision an extreme measure, which does not account for customer interests. The decision would affect customer experience with phone calls, Internet browsing and digital media accessibility, it said.
- On July 18, the Bangladesh Telecommunication Regulatory Commission (BTRC) decided to refrain from issuing any kind of approval related to service and maintenance to Grameenphone and Robi to create pressure on the operators to clear dues. GP's CEO said the interests of consumers and the economy as well as the reputation of the country should never be used as currency in the resolution of commercial disputes. The impact on others caused by the actions of the regulator is material and deeply regrettable, he added. He also highlighted that stopping operational approvals would lead to a forced freeze on additional investments in network expansion, which will hamper the digitalization journey of the nation.

<http://today.thefinancialexpress.com.bd/stock-corporate/suspension-of-approvals-to-affect-other-businesses-also-1564073053?date=26-07-2019>

<http://www.newagebd.net/article/79639/grameenphone-says-btrcs-noc-suspension-over-audit-claim-unacceptable>

Unit prices of SEML-managed Mutual Funds increase abnormally

- The prices of three mutual funds, which are managed by Strategic Equity Management Limited, unusually shot up recently. Stock market experts said the record breaking run of one of them — SEML FBLSL Growth Fund — stunned investors. They said investors' rumor-based investments were a major reason for the abnormal hike in the prices of the three funds. Lack of effective action by regulator Bangladesh Securities and Exchange Commission against manipulators and rumor-mongers also contributed to the unusual hike in share prices at the stock market, they said. The unit price of SEML FBLSL Growth Fund shot up by 344% in last 16 trading sessions from BDT 10 a unit to close at BDT 44.4 on July 25. The fund's net asset value was BDT 10.68 per unit on July 4, 2019 and earnings per unit was just BDT 0.03 in January- March, 2019. The fund made its debut on the country's stock exchanges on March 4 this year. The price hike broke all the previous records in the mutual funds sector.

<http://www.newagebd.net/article/79730/unit-prices-of-semi-managed-mfs-increase-abnormally>