

Capital Market Overview

The market closed in green this week. The benchmark index DSEX (+0.92%) gained 40.45 points and closed the week at 4,459.29 points. The blue-chip index DS30 (-0.19%) lost 2.83 points and stood at 1,506.13 points. The Shariah-based index DSES (+1.46%) gained 14.51 points and stood at 1,009.41 points. The large cap index CDSET (-0.43%) lost 3.90 points and closed at 895.86 points. DSEX and DSES posted positive YTD return of 0.14% and 0.96% respectively, while DS30 and CDSET posted negative YTD return of 0.48% and 0.43% respectively.

Total Turnover During The Week (DSE): BDT 13.0 billion (USD 156.7 million)
Average Daily Turnover Value (ADTV): BDT 3.3 billion (Δ% Week: +20.7%)

Market P/E: 12.86x

Daily Index Movement during the Week:

The market performed four sessions during this week. Market opened this week with a positive movement of 0.34% in the first session, and continued the positive trend in the remaining sessions by 0.43%, 0.01%, and 0.13%, respectively.

Sectoral Performance:

- The financial sectors showed mixed performance during this week. General Insurance booked the highest gain of 1.48% followed by NBFIs (+1.10%) and Mutual Funds (+0.77%). Life Insurance experienced the highest loss of 2.40% followed by Banks (-1.15%).
- The non-financial sectors showed positive performance during this week except Telecommunication (-1.24%). Engineering booked the highest gain of 3.27% followed by Food & Allied (+2.96%), Power (+1.53%), and Pharmaceuticals (+0.81%).

Macroeconomic arena:

- Inward remittance grew by 18% to USD 18.4 billion in 2019 from USD 15.5 billion in 2018. In November 2019, the amount stood at USD 1.6 billion. It was USD 1.2 billion in November 2018. Forex reserve rose to USD 32.8 billion.
- Private sector credit growth dropped to 9.9% in November of 2019-20. Government's net borrowing from the banking system reached BDT 471.4 billion in July-November of the current fiscal year.
- Foreign aid commitment to Bangladesh dropped by 47% to USD 2.6 billion in the first 5 months of the current fiscal year compared to that of the same period last fiscal. Foreign aid went up by 9% to USD 1.6 billion during the same period. The government has paid interest worth USD 163.1 million in the first 5 months of FY20.
- National Board of Revenue collected BDT 651 billion revenue in July-October of FY20. NBR attained 4.3% growth in July-October compared to the same period of the previous year, thanks to 12.9% growth in income tax. The y-o-y growth was 0.1% in customs and 1.8% in VAT.
- Top managements of the country's banks have agreed to bring down their interest rates on all loans, except on credit cards, at 9%, and on deposits to maximum 6%, from April 01, 2020.
- Bangladesh Bank is set to raise the loan-deposit ratio by 1%, making it 86% for regular banks and 91% for Islamic banks.
- Public debt reached 33.5% of GDP from 33.2% at June 2019. Of the total, domestic debt accounted for 21.4%.

Stock Market arena:

- In 2019, the overseas investors bought shares worth BDT 36.8 billion while they sold stocks worth BDT 41.7 billion, taking the net position of BDT 4.9 billion in the negative. In 2018, net foreign investment was also negative BDT 5.9 billion as they sold shares worth BDT 50.9 billion against their purchase of shares worth BDT 45.0 billion.
- Above 0.2 million BO accounts were closed in the outgoing year. In contrast, 57,000 new BO accounts were opened in 2018.
- DSE launched CNI-DSE Select Index (CDSET) considering fundamentals, liquidity, and market cap of 40 listed companies.

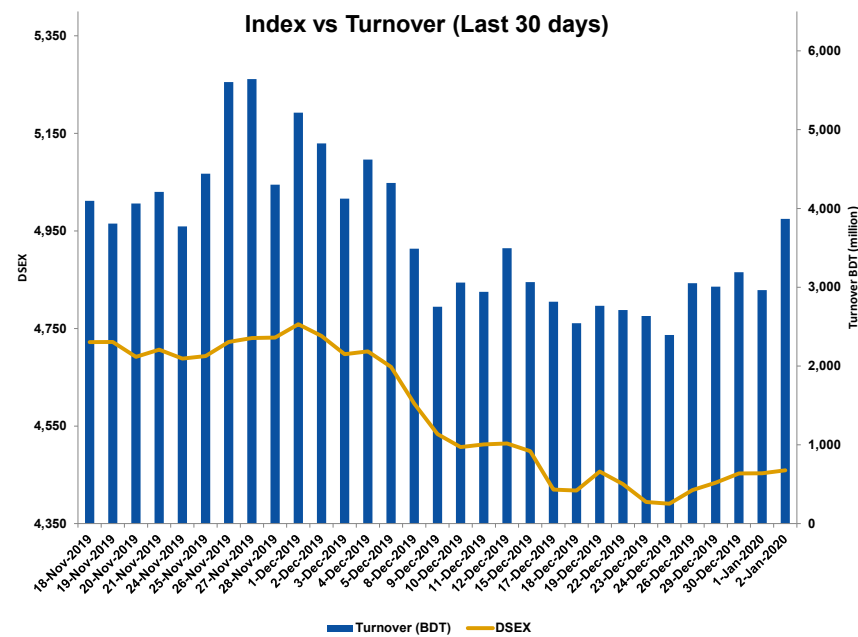
Table 1: Index

Index	Closing	Opening	Δ(Pts)	27-Dec-2018	Δ% Week	Δ%YTD
DSEX	4,459.29	4,418.84	40.45	4,452.93	0.92%	0.14%
DS30	1,506.13	1,508.95	-2.83	1,513.35	-0.19%	-0.48%
DSES	1,009.41	994.90	14.51	999.83	1.46%	0.96%
CDSET	895.86	899.76	-3.90	899.76	-0.43%	-0.43%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	13,593,002.9	13,472,364.7	0.9%
	Mn USD	163,515.0	162,063.8	
Turnover	Mn BDT	13,028.9	10,790.6	20.7%
	Mn USD	156.7	129.8	
Average Daily Turnover	Mn BDT	3,257.2	2,697.7	20.7%
	Mn USD	39.2	32.5	
Volume	Mn Shares	477.4	389.1	22.7%

Figure 1: DSEX & Turnover in last four weeks



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Table 3: Top Ten Gainers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Oimex Electrode Limited	23.10	19.40	19.1%	1,311.9	103.08	15.5x	1.7x
First Finance Limited	5	4.10	17.1%	557.9	2.40	NM	1.2x
Mozaffar Hossain Spinning Mills Ltd.	10.50	9.00	16.7%	1,060.4	20.06	NM	0.6x
Beach Hatchery Ltd.	17.20	14.80	16.2%	712.1	37.44	NM	1.6x
Khulna Power Company Limited	51.90	44.80	15.8%	20,625.7	585.17	16.1x	2.1x
Standard Insurance	41.80	36.40	14.8%	1,809.8	101.62	18.1x	2.7x
Aamra Technologies Limited	25.00	21.80	14.7%	1,453.4	23.97	18.2x	1.8x
Western Marine Shipyard Limited	12.20	10.70	14.0%	2,799.5	171.95	4.3x	0.6x
M.L. Dyeing Limited	34.50	30.30	13.9%	7,637.1	91.66	30.6x	1.9x
Standard Ceramic	719.60	636.00	13.1%	4,649.1	333.96	NM	56.7x

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Northern Jute	704.20	773.00	-8.9%	1,508.4	141.36	24.8x	12.3x
BRAC Bank	52.30	56.60	-7.6%	64,505.5	301.52	12.6x	1.7x
Mercantile Insurance	31.80	34.30	-7.3%	1,370.4	28.32	41.4x	1.9x
Zahintex Industries Ltd	4.00	4.30	-7.0%	327.3	.55	NM	0.2x
Samata Leather	156.00	167.00	-6.6%	1,609.9	21.26	418.2x	10.8x
National Life Insurance Company Ltd.	269.70	288.50	-6.5%	29,268.4	209.36	NM	27.0x
City Bank	19.80	21.00	-5.7%	20,124.5	171.89	7.8x	0.8x
Beximco Pharmaceuticals	68.00	71.30	-4.6%	27,577.8	47.15	8.8x	1.0x
SEML FBLSL Growth Fund	10.50	11.00	-4.5%	765.9	28.32	NM	1.1x
SEML FBLSL Growth Fund	10.50	11.00	-4.5%	765.9	28.32	NM	1.1x

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Khulna Power Company Limited	51.90	44.80	15.8%	20,625.7	585.17	16.1x	2.1x
Standard Ceramic	719.60	636.00	13.1%	4,649.1	333.96	NM	56.7x
BRAC Bank	52.30	56.60	-7.6%	64,505.5	301.52	12.6x	1.7x
Square Pharmaceuticals	189.00	188.30	0.4%	159,561.2	246.08	12.4x	2.4x
Beacon Pharmaceuticals Limited	45.80	42.40	8.0%	10,579.8	237.47	87.1x	3.6x
LafargeHolcim Bangladesh Limited	36.70	33.90	8.3%	42,622.4	235.42	23.7x	2.8x
Shurwid Industries Limited	32.90	29.30	12.3%	1,887.4	221.23	18.9x	3.0x
Daffodil Computers Ltd.	60.50	60.50	0.0%	3,019.7	214.34	39.1x	4.5x
National Life Insurance Company Ltd.	269.70	288.50	-6.5%	29,268.4	209.36	NM	27.0x
Sinobangla Industries	82.90	84.10	-1.4%	1,657.7	190.14	47.8x	3.8x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Khulna Power Company Limited	51.90	11.13%	20,625.7	16.1x
LafargeHolcim Bangladesh Limited	36.70	9.23%	42,622.4	23.7x
ACI Limited	195.70	7.82%	11,227.8	NM
MJL Bangladesh Limited	66.30	4.74%	21,000.7	10.9x
Golden Harvest Agro Industries Ltd.	20.10	4.69%	4,428.7	18.1x
Bangladesh Steel Re-Rolling Mills Limited	50.90	4.30%	12,015.9	6.9x
Eastern Cables	207.00	3.92%	4,968.0	NM
BBS Cables Limited	61.10	3.91%	10,666.2	7.3x
Summit Power	37.70	3.86%	40,259.0	7.8x
United Power Generation & Distribution Company Ltd	254.00	3.55%	133,856.9	15.8x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1283.80	1298.70	1319.28	-1.15%	-2.69%
NBFIs	1574.84	1557.77	1565.13	1.10%	0.62%
Mutual Funds	593.61	589.10	591.17	0.77%	0.41%
General Insurance	1941.71	1913.49	1927.02	1.48%	0.76%
Life Insurance	2176.15	2229.67	2194.70	-2.40%	-0.85%
Telecommunication	3952.99	4002.63	3993.59	-1.24%	-1.02%
Pharmaceuticals	2494.63	2474.65	2492.51	0.81%	0.09%
Fuel & Power	1558.19	1534.76	1515.21	1.53%	2.84%
Cement	1191.53	1129.73	1132.29	5.47%	5.23%
Services & Real Estate	909.25	877.35	886.70	3.64%	2.54%
Engineering	2326.53	2252.95	2257.22	3.27%	3.07%
Food & Allied	12316.10	11962.08	12121.49	2.96%	1.61%
IT	1851.35	1800.83	1823.13	2.81%	1.55%
Textiles	1066.41	1029.09	1042.04	3.63%	2.34%
Paper & Printing	5359.23	5302.65	5233.20	1.07%	2.41%
Tannery	1835.55	1825.28	1826.45	0.56%	0.50%
Jute	11693.85	12152.50	11393.28	-3.77%	2.64%
Ceramics	478.12	456.51	459.10	4.73%	4.14%
Miscellaneous	1785.17	1752.83	1745.96	1.84%	2.25%

Table 7: Sector Trading Matrix

Sector Name	Daily average this week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Banks	383.0	323.8	18.26%	12.54%	6.9x	0.8x
NBFIs	85.8	178.8	-52.04%	2.81%	76.5x	2.2x
Mutual Funds	43.6	345.3	-87.38%	1.43%	NM	0.5x
General Insurance	277.7	629.4	-55.87%	9.09%	14.0x	1.3x
Life Insurance	102.3	59.7	71.23%	3.35%	NM	9.0x
Telecommunication	69.2	171.3	-59.60%	2.27%	11.2x	8.2x
Pharmaceuticals	336.9	511.0	-34.07%	11.03%	17.0x	2.2x
Fuel & Power	247.1	328.6	-24.81%	8.09%	10.0x	1.8x
Cement	66.4	20.9	217.35%	2.17%	22.9x	2.2x
Services & Real Estate	29.8	42.4	-29.78%	0.98%	111.8x	0.7x
Engineering	434.3	651.3	-33.31%	14.22%	13.7x	1.4x
Food & Allied	101.8	115.4	-11.82%	3.33%	23.6x	7.0x
IT	135.9	80.0	69.88%	4.45%	21.9x	2.8x
Textiles	357.5	355.2	0.65%	11.70%	NM	0.8x
Paper & Printing	16.9	13.7	23.22%	0.55%	303.0x	1.4x
Tannery	41.4	135.1	-69.38%	1.35%	22.3x	2.0x
Jute	39.8	28.9	37.62%	1.30%	NM	5.3x
Ceramics	106.4	184.5	-42.31%	3.48%	24.5x	1.8x
Miscellaneous	179.1	220.8	-18.89%	5.86%	19.9x	1.0x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
BRAC Bank	52.30	-8.41%	64,505.5	12.6x
City Bank	19.80	-6.16%	20,124.5	7.8x
Matin Spinning Mills Ltd.	31.60	-4.82%	3,080.7	56.7x
Dutch-Bangla Bank	68.90	-3.37%	34,450.0	7.0x
Confidence Cement	102.70	-3.20%	7,652.1	16.8x
Trust Bank	26.60	-2.92%	16,296.8	6.5x
Eastern Bank	32.40	-2.41%	26,302.3	8.0x
Envoy Textiles Limited	24.30	-2.41%	4,076.0	8.5x
Delta Brac Housing	111.60	-2.36%	14,958.5	14.1x
Beximco Pharmaceuticals	68.00	-2.02%	27,577.8	8.8x

Important News: Business & Economy

Remittance rises by 18% in 2019

- Inward remittance grew by nearly 18% to a record USD 18.42 billion in the just-passed 2019 for a government effort to incentivize remitters. The figures jumped from USD 15.53 billion in 2018, according to the central bank's latest statistics. Financial incentive along with the depreciating mode of taka against dollar has helped boost the influx in the last calendar year, according to bankers.
- The remittance inflow was estimated at USD 1.69 billion in December last, up by nearly USD 132 million from that of the previous month. In November 2019, the amount stood at USD 1.55 billion. It was USD 1.18 billion in November 2018. We expect remittance flow to cross USD 20-billion mark by the end of current fiscal year (FY), 2019-20, Bangladesh Bank (BB) Executive Director told on Wednesday.
- The forex reserve rose to USD 32.75 billion on Wednesday from USD 32.57 billion on the previous working day.

<https://today.thefinancialexpress.com.bd/last-page/remittance-rises-by-18pc-in-2019-1577902109>

<https://www.dhakatribune.com/business/2020/01/01/remittance-up-by-25-in-july-december>
<https://www.thedailystar.net/business/news/remittance-soars-record-18b-1848346>

Private sector credit growth plummets below 10%

- The private sector credit growth dropped to a record low of 9.87% in November of this fiscal year 2019-2020 due mainly to the government's high borrowing from the banking system and poor business environment in the country. The situation reflects poor state of the banks' capacity to lend and subsequent slowdown in the country's economy. The private sector credit growth in November was far below than the Bangladesh Bank's projection of 14.8% growth in FY20.
- Businesses, bankers and economists said that the private sector growth was obstructed mainly by the high government borrowing and slowdown in economy amid stagnancy in tax collection, stiff fall in sales of national savings certificates, and fall in export and import. Policy Research Institute executive director and BRAC Bank chairman cautioned that the growth rate would fall further as banks were becoming weak gradually in the context of low deposit growth and high government borrowing. Banks' capacity to lend private sector would fall further if the government implement 6% deposit rate as the policy would result in deposit growth fall, he said. Although deposit in the banks increased a bit as people kept fund with banks instead of NSCs, the government took higher amount of funds from the banks than the amount diverted, he said.
- The government's net borrowing from the banking system reached BDT 471.39 billion in the first five months (July-November) of the current fiscal year against its projection of borrowing BDT 473.64 billion from the banking sector in the entire FY20. Former Dhaka Chamber of Commerce and Industry president said that many businesses were looking forward to implementation of a single-digit lending rate announced by the government. Implementation of the single-digit lending rate would help lower cost of business and thus improve competitiveness in international trade.

<https://www.newagebd.net/article/95290/pvt-sector-credit-growth-plummets-below-10pc>
<https://www.newagebd.net/article/95292/remittance-hits-record-1832b-in-2019>

Foreign aid rises by 9.0% in July-November

- Foreign aid commitment to Bangladesh dropped by 47% to USD2.6 billion in the first five months of the current fiscal year compared to that of the same period last fiscal, officials said on Monday. However, foreign aid went up by 9.0% to USD 1.62 billion during the July-November period of this fiscal year compared to that of the same period last fiscal, the Economic Relations Division (ERD) provisional data showed.
- According to the ERD, the Bangladesh government had signed USD2.6 billion worth of loan and grant deals with overseas development partners during this period for getting assistance for different development projects. During the same period last FY2019, multilateral and bilateral development partners made commitment of USD 3.83 billion worth of foreign aid.
- Meanwhile, development partners disbursed USD 1.63 billion worth of medium-and long-term (MLT) concessional aid during the July-November period of the current fiscal year. In the same period last FY2019, overseas development partners disbursed USD 1.49 billion worth of assistance, the official statistics showed. Out of the USD 1.63 billion aid during July-November this fiscal, development partners disbursed USD 1.54 billion worth of loans and USD 82.35 million in grants. Out of the USD 2.6 billion worth of aid commitment, development partners confirmed USD 2.41 billion worth of loans while the remaining USD 191.81 million as grants through signing different agreements.
- Meanwhile, the government has paid interest worth USD 163.06 million in the first five months of the current FY 2020 as the government's borrowing especially short-term hard loan increased over the years, ERD officials said. During the July-November period of the current fiscal, the government repaid USD 687.89 million interest and principal amount against outstanding external MLTs loans, according to the ERD. In the same period last FY2019, it repaid USD 524.83 million worth of interest and principal amount for outstanding loans.
- Development partners including World Bank, Asian Development Bank, JICA, UKAID, and Islamic Development Bank disbursed concessional assistance every year for the development of Bangladesh.
- The government has set an ambitious target for USD6.0 billion concessional foreign assistance disbursement and USD 8.47 billion commitment in the current FY2020.

<https://today.thefinancialexpress.com.bd/trade-market/foreign-aid-rises-by-90pc-in-jul-nov-1577891279>

Medium-term strategy: 'Revenue think-tank' to support formulation

- The government has decided to establish a 'revenue think-tank' to support its proposed medium-term revenue strategy (MTRS), aimed at increasing the tax-GDP ratio. The country's tax-GDP ratio -- around 10% -- is one of the lowest in this region. The think-tank will comprise experts, economists and business leaders who will assist the tax authorities in drafting the MTRS by putting forward their recommendations, officials said.
- Initially, the revenue board would prepare the MTRS and then a development plan for three years to implement the strategy, they added. The committee will work on devising

different strategies to increase revenue collection, recommend measures and present its innovations. To frame the MTRS, a drafting committee comprising experts from both field-level tax offices and the NBR will also be constituted. The think-tank will hold at least 10 meetings to discuss and review the strategy, he added.

<https://today.thefinancialexpress.com.bd/first-page/revenue-think-tank-to-support-formulation-1577901466>

Banks' rural branches rise to 10,467

- Banks are fast expanding into rural areas to bring the yet unbanked people under financial inclusion to help economy grow, people in the banking system said. According to the data available with the central bank, both private and public banks have opened 10,467 branches countrywide as of November 2019. Of them, 5,069 were opened in rural areas and 5,398 in urban areas. The total number of branches was 8,685 as of December 2013, the data showed.

- The regulator earlier introduced a guideline to bring the yet-to-be-banked people under banking network. As per the policy, 50% of the bank branches opened in a calendar year must be in rural areas.

- Currently, more than 80% of the people are receiving banking services, a BB official said. Fifty-nine banks are now in operation in Bangladesh, including six state-owned, three scheduled, 41 private and nine foreign commercial banks, according to the BB.

<https://today.thefinancialexpress.com.bd/first-page/banks-rural-branches-rise-to-10467-1577901593>

Bangladesh Economic Zones Authority (BEZA) awards license to Hosendi Economic Zone (EZ)

- Bangladesh Economic Zones Authority (BEZA) on Wednesday awarded license to Hosendi Economic Zone, a concern of City Group. Once completed, the proposed private economic zone (EZ) is expected to generate 15,000 direct and indirect employment as well as draw investments worth of USD 2.0 billion.

- According to the project master plan, entrepreneurs will establish different industrial units including salt, chemical, pre-fabricated building materials, cement, shipping, ceramic, light engineering, automobiles and paper mills.

- The statement also said that the BEZA is implementing 100 EZs on 30,000 hectares of land by 2030 to achieve the country's development goals through employment generations and attracting foreign direct investment (FDI). The government agency has so far given 20 pre-qualification licenses to establish private EZs. Of them, 10 EZs got the final licenses.

<https://today.thefinancialexpress.com.bd/trade-market/beza-awards-licence-to-hosendi-ez-1577891342>

<https://www.dhakatribune.com/business/2020/01/01/city-group-gets-licence-for-hosendi-economic-zone>

Unblock mobile network in the border areas: Bangladesh Telecommunication Regulatory Commission (BTRC)

- Bangladesh Telecommunication Regulatory Commission (BTRC) has revoked its decision to block mobile phone operators' signals up to a kilometer from the country's borders. Mobile carriers said they have started unblocking, but providing full network will take about a day as the configurations in all towers, some of which are in remote areas, need to be updated. Due to the previous decision, about 10 million subscribers in 32 districts, near the borders with India and Myanmar, were affected.

<https://www.thedailystar.net/frontpage/news/unblock-mobile-network-the-border-areas-1848304>

<https://www.newagebd.net/article/95294/btrc-orders-telcos-to-restore-network-to-border-areas>

<https://www.dhakatribune.com/bangladesh/2020/01/01/govt-revokes-network-shutdown-order-in-border-areas>

Private commercial banks (PCBs)' operating profits see slower growth in 2019

- The operating profits of the country's private commercial banks (PCBs) witnessed a slower growth in the outgoing calendar year (2019) because of a rising trend in classified loans in the banking sector.

- The operating profit of Bank Asia Ltd increased to BDT 9.40 billion in 2019 from BDT 8.11 billion, and that of Eastern Bank Ltd rose to BDT 9.00 billion from BDT 7.80 billion. Al-Arafah Islami Bank Ltd made an operating profit of BDT 8.01 billion in 2019 against BDT 6.40 billion in the previous year, while Shahjalal Islami Bank Ltd earned BDT 6.53 billion, up from BDT 4.75 billion in 2018. The operating profit of City Bank Ltd rose to BDT 8.20 billion in 2019 from BDT 6.64 billion.

- On the other hand, the weighted average spread between lending and deposit rates, offered by the commercial banks, came down to 3.92% in October from 4.15% in January 2019, according to the Bangladesh Bank (BB) statistics.

<https://today.thefinancialexpress.com.bd/first-page/pcbs-operating-profits-see-slower-growth-in-2019-1577814660>

<http://www.newagebd.net/article/95212/most-banks-operating-profits-rise-in-19-npl-worries-remain>

<https://www.dhakatribune.com/business/banks/2019/12/31/banks-operating-profit-rises-despite-decline-in-credit-growth>

Banks bracing for big hit on profits

- Banks will have a hard time logging in profits in the coming days because of the latest government decision to fix interest rate for lending at 9% and for deposit at 6%. Although the government has announced splitting its funds equally between the state-run banks and private ones, the latest decision may create a haphazard situation for them nevertheless, said experts and a good number of managing directors of banks. While the bank sponsors went along with the decision, the managing directors said it will be much too difficult to implement. For instance, banks will have to incur a large amount of loss from their retail lending programme if they set 9% interest rate on home, auto and personal loans as well, said managing directors of three banks wishing not to be named due to the sensitivity of the

matter.

The 6% interest rate will ward off savers from the banking sector given the existing inflation rate, which will create a severe liquidity crisis for lenders, said a distinguished fellow of the Centre for Policy Dialogue. Default loans in banks have been on the rise for months. The trend is not suitable for banks to bring down the lending rate, he said. As of September, default loans in the banking sector stood at BDT 1.16 trillion, up 23.82% from nine months earlier, according to data from the central bank. Banks face a huge burden of provisioning because of the large volume of the default loans, which erode their capacity to give out loans, he said. If the banks try to implement the single-digit interest rate without improving their health, profitability will decline alarmingly, he added.

<https://www.thedailystar.net/business/news/banks-bracing-big-hit-profits-1847848>

Readymade garment (RMG) sector faces ups and downs

- The country's readymade garment (RMG) sector went through ups and downs last year, prompting industry insiders to seek immediate policy support to tackle the challenges still ahead of them. Although the garment export receipts showed an upward trend in the first five months of 2019, the trend reversed mostly in the second half of the year.

- In January 2019, RMG exports grew by 8.68% with earnings of USD 3.13 billion, compared to the same month of 2018. But the export saw negative growth (3.49%) in June 2019 first and the fall continued until November with an exception in July, official data showed. The RMG export earnings during January-November period of 2019 clocked at USD 30.13 billion as against USD 32.92 billion in 2018, according to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) data.

- According to the BGMEA data, some 73% of the country's total RMG exports are concentrated on only five items -- T-shirt, trousers, jackets, sweater and shirts. And prices of 83% of exports were as high as USD 15 per kg and 74.14% of the exports were cotton-based items. About 83.34% of the total RMG exports went to European Union and North America, the data showed.

- Some 60 garment factories have closed down during January-October of 2019, resulting in job losses for 29,594 workers, while entrepreneurs have made fresh investments to set up 58 new garment factories during the period, according to the BGMEA.

<https://today.thefinancialexpress.com.bd/last-page/rmg-sector-faces-ups-and-downs-1577814935>

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) wants banks to cut lending rate now

- The apex representative body of the garment owners has urged the government to enforce the single-digit lending rate from today (Wednesday) instead of April 01 next. The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) in a letter, sent to Finance Minister on Tuesday, made the request.

- The textile and readymade garment (RMG) industry has been facing a 'critical situation' including an increase in its operational costs to sustain, BGMEA President observed. In such a situation, she said, implementation of the decision about the 9.0% interest rate on bank loans from today (Wednesday) is a must to increase exports, boost investments and

reduce business costs.

<https://today.thefinancialexpress.com.bd/last-page/bgmea-wants-banks-to-cut-lending-rate-now-1577815061>
<http://www.newagebd.net/article/95213/rmg-exporters-demand-9pc-lending-rate-from-today>

BDT 7.67 billion project for Mongla port facelift

- A government project is set to boost the capacity of the country's second busiest seaport of Mongla. This is to support an increase in trade arising from development initiatives scheduled to be completed around the country by 2020-21. The initiatives include the construction of the Padma bridge, Khan Jahan Ali airport in Bagerhat, a rail line from Khulna to Mongla and a special economic zone under a Bangladesh-India joint initiative. The capacity enhancement will also raise possibilities for transit-based trade for exports of India, Nepal and Bhutan.

- The port's container handling capacity is predicted to increase from 0.87 million twenty-foot equivalent units (TEUs) in 2025 to 4.5 million TEUs in 2049, says a research report. Some 30,000 vehicles will go through it in 2049 whereas over 1,200 ships a year in 2019-20, up from 912 in 2018-19 and 416 in 2014-15. Moreover, it could facilitate import of around 4.5 million tonnes of coal every year once the 1,320MW Rampal power plant starts running.

<https://www.thedailystar.net/business/news/BDT-767cr-project-mongla-port-facelift-1847842>

Revenue collection falters throughout in 2019

- The National Board of Revenue (NBR) faced huge shortfall in revenue collection throughout 2019 against its targets amid declining trend of imports and huge reshuffle in value added tax (VAT) management. By the latest data, the board collected only BDT 650.96 billion revenue, leaving BDT 202.20 billion short against the target of BDT 853.17 billion in July-October, the first four months of FY2019-20. Of the four months' shortfall, customs had BDT 77.99 billion deficiency against its target, while VAT had BDT 82.58 billion, and income tax BDT 41.62 billion.

- However, the NBR attained 4.33% growth in July-October compared to the same period of the previous year, thanks to 12.90% growth in income tax. The year-on-year growth was poor 0.09% in customs, 1.79% in VAT in the first four month of the current fiscal.

- As per former NBR chairman the year 2019 was the worst year for the revenue collection. The shortfall in revenue collection, he said, hampered the budget implementation significantly, especially the ongoing mega projects which suffered for shortage of funding. As a result, the government had to increase borrowing from both internal and foreign sources. Large internal borrowing, especially from banks, hit the country's economy hard, creating liquidity crisis in financial sector, he said, adding that the crisis in its turn dampened the private sectors as they did not get sufficient bank loans.

<https://www.dhakatribune.com/business/2019/12/31/looking-back-2019-revenue-collection-falters-throughout>

Executive Committee of the National Economic Council (ECNEC) endorses

seven projects at BDT 44.60 billion

- Presided over by Prime Minister (PM), a meeting of the Executive Committee of the National Economic Council (ECNEC) in Dhaka endorsed the project along with six others at a combine cost of BDT 44.60 billion. After the meeting, Planning Minister said the ECNEC approved the procurement of ancillary marine vessels project at BDT 7.67 billion for safely handling the growing export and import activities through marine lines.
- The Planning Minister also said out of the total cost for seven projects, BDT 43.46 billion will come from the government's internal sources, and BDT 1.14 billion from the implementing agency's own fund.

<https://today.thefinancialexpress.com.bd/trade-market/ecnec-endorses-seven-projects-at-BDT-4460b-1577813965>

Cut in lending rates to 9.0% from Apr 01

- Top managements of the country's banks, particularly the private commercial banks (PCBs), have agreed to bring down their interest rates on all loans, except on credit cards, at 9.0BDT from the existing level from April 01, 2020, instead of tomorrow (January 01). The meeting also decided that the interest rate on deposits will be brought down to maximum 6.0BDT instead of the existing level from April 01. The government had decided to allow the state entities to deposit 50BDT of their funds with the PCBs, up from the previous ceiling of 25BDT, to minimize the cost of funds in banking sector.
- Single-digit interest rates will be applied on all loans, except on credit cards, from April 01, 2020, the Finance Minister told reporters after the meeting. We'll ensure depositing 50BDT of our low-cost funds with the PCBs on the basis of their paid-up capitals.

<https://today.thefinancialexpress.com.bd/first-page/cut-in-lending-rates-to-90pc-from-apr-01-1577728589>
<https://www.thedailystar.net/frontpage/news/all-loans-9pc-interest-apr-1-1847620>
<https://www.dhakatribune.com/business/2019/12/30/lending-rate-maximum-9-deposit-6>
<http://www.newagebd.net/article/95168/single-digit-lending-rate-put-on-hold-again>

Telecom sector passes bumpy year

- The country's telecom sector witnessed a bumpy year in 2019, marred by noisy arguments between the regulator and operators - Grameenphone and Robi - over audit claims of around BDT 130 billion. It, however, showed some positive signs as there were initiatives to formulate 5G guidelines, provide Nationwide Telecommunication Transmission Network (NTTN) operator license and develop International Mobile Equipment Identity (IMEI) number database, among others. The four telecom operators obtained around 7.0 million voice and same amount of data subscribers in the first 10 months of this year though they lost half a million data subscribers in November alone.
- The audit claim of the Bangladesh Telecommunication Regulatory Commission (BTRC) has affected the whole industry, including the equipment suppliers and backward linkage industry, forcing network expansion to become stagnant as well as affecting the investment efforts. Furthermore, since the TowerCo operators are yet to be operational, the mobile network operators could not expand the network during this period. Secretary general of the Association of Mobile Telecom Operators of Bangladesh (AMTOB) said that the industry was jolted with the announcement of the national budget, which imposed additional levies

on voice and data services, and raised the minimum corporate tax by more than 2.5 times for the MNOs those are yet to reach the profit-making mark.

<https://today.thefinancialexpress.com.bd/trade-market/telecom-sector-passes-bumpy-year-1577731874>

Goods export to India through Benapole port doubles

- Goods export to India through Benapole land port doubled year-on-year to BDT 70 billion this year, thanks to infrastructure upgrades. Export volume also rose, by 80BDT year-on-year, to 0.65 million tonnes during the period.
- The products shipped to India mainly include apparel items, leftover garments, rice powder, raw fish, mahogany wood, mosquito net materials, jute, jute thread, jute bags, plastic bottles, ceramics, and food items. Export of shirts, t-shirts, jeans and trousers for different luxury brands, including Zara, FHM and Raymond, has also started through the port recently. Earlier those were sent through air shipment. Benapole Import Export Association Vice President said that 80BDT of the land trade with India was through Benapole port.

<https://today.thefinancialexpress.com.bd/country/goods-export-to-india-through-benapole-port-doubles-1577717980>

Bangladesh Energy Regulatory Commission (BERC) to get free rein to raise energy prices

- The cabinet yesterday approved the draft of Bangladesh Energy Regulatory Commission (amendment) Act, 2019, with a provision to change energy prices more than once a year. Under the existing law, the BERC can change energy prices only once a year.

<https://www.thedailystar.net/backpage/news/berc-get-free-rein-raise-power-gas-prices-1847440>

Bangladesh Telecommunication Regulatory Commission (BTRC) shuts mobile networks along borders with India

- Bangladesh Telecommunication Regulatory Commission (BTRC) has ordered a shutdown of mobile networks along the borders with India citing security reasons, an order estimated to affect around 10 million users. The four operators closed around 2,000 base transceiver stations, an official of an operator told the news agency requesting anonymity. This will create problems for around 10 million users in the border areas, the official said. In the order to Grameenphone, Teletalk, Robi and Banglalink, the BTRC said network coverage in the border areas will have to be suspended until further notice for the sake of the country's security in the current circumstances.

<https://today.thefinancialexpress.com.bd/last-page/btrc-shuts-mobile-networks-along-borders-with-india-1577729252>

Bangladesh Telecommunication Regulatory Commission (BTRC) for 65% cuts in international call rate

- The telecom regulator is set to recommend slash in international incoming voice call rate

by 65.71BDT to USD 0.006 a minute in the face of fast shrinking earnings from the segment in recent years.

- Legal voice calls have currently gone down to about twenty million minutes a day, which was some 100 million minutes a few years back. In fiscal 2014-15, the government's earning from such calls was BDT 20.76 billion, which declined to BDT 13.87 billion, BDT 9.68 billion, BDT 9 billion and lastly to a few billion in the successive years respectively, according to BTRC officials.

<https://www.thedailystar.net/business/news/btrc-65pc-cuts-intl-call-rate-1847479>

Government's solid plan for single-digit interest rate: Loan-deposit ratio to increase

- Bangladesh Bank is set to raise the loan-deposit ratio by another 1 percentage point as it looks to reduce the interest rate for manufacturing sector and increase lendable fund of banks. At the same time, the finance ministry is taking a measure to bar government entities from seeking more than 6% interest rate on deposits from banks.

- At present, the loan-deposit ratio is 85% for regular banks and 90% for Islamic banks. In other words, for every Tk 100 of deposit regular banks can lend Tk 85. But soon, they will be able to give out Tk 86 and Islamic banks Tk 91. This will cause a surge in loanable funds by about BDT 100 billion, Finance Minister said.

- The lift in loan-deposit ratio is a positive move of the government, the chairman of Agrani Bank said. Banks' loanable funds will increase as a result and their cost of funds will come down too. Their profit margin will not reduce significantly due to the single digit interest rate as banks will get benefits from the central bank and the government, he said. However, high officials of banks said if the interest rate comes down to single digit they will cut back on their lending to the industrial sector to safeguard their profit margin. But the finance minister said they will keep a close watch so that this scenario does not materialize.

<https://www.thedailystar.net/business/news/govts-solid-plan-single-digit-interest-rate-1846999>

Slower external trade may impact growth

- The slowdown in its external trade might hurt the country's pace of economic growth in the current fiscal year. But a robust growth of workers' remittance is likely to act as counterweight in this regard. Bangladesh Bank (BB) made the observations in its quarterly report, released on Sunday.

- Exports from Bangladesh declined by 7.60% in the first five months of the current fiscal year while imports dropped by 3.20% in July-October. The central bank linked the reduction in external trade growth with the slowdown in global trade as well as the economy.

- The BB, however, expressed its optimism that workers' remittance would help maintain the current trend of the economic growth rate which has already crossed 8.0% mark. Inflow of remittances jumped around 23% in the first five months of the current fiscal year over that of the same period of last fiscal.

- Although food inflation moderated to 5.30% in September 2019 from 5.40% in June 2019 with the falling prices of rice and pulses, the possibility of the second-round effects arising

from high prices of some food items such as onion, fish and vegetables warrants close attention, it said. The Bangladesh Bureau of Statistics (BBS) data showed that food inflation reached 6.41% in November this year. Headline inflation is likely to face upside risks in the near term arising from crop loss resulted from recent cyclonic storm Bulbul, the central bank report added. The annual average inflation rate was 5.49% in September which inched up to 5.56% in November.

- The BB also mentioned that from global front, persistent trade tensions pose an upside risk on the prices of some imported commodities. However, declining global energy prices are expected to reduce some inflation risks in the near future, it said.

- Focusing on the country's financial sector, the BB quarterly report pointed out that overall non-performing loan (NPL) in the banking industry increased to 11.99% in the first quarter of FY20 from 11.69% in the last quarter of FY19.

- On reviewing the overall economic performance in the first quarter of FY20, it said a mixed trend of economic activities were there where strong government expenditure, higher LNG import, favorable electricity generation and robust remittance inflow helped boost domestic demand. At the same time, weak export and import performance and an attenuated private credit growth pointed to some deceleration.

<https://today.thefinancialexpress.com.bd/first-page/slower-external-trade-may-impact-growth-1577642380>

Government debt edges up in FY'19

- Public debt increased slightly in the last financial year (FY) due to the rise in fiscal deficit crossing the benchmark 5.0%. In a recent publication, the International Monetary Fund, or IMF, showed that the debt reached 33.5% of gross domestic product, GDP, from 33.2 at the end June 2019. Of the total, domestic debt accounted for 21.4%, mostly from the banking and non-banking sources. The IMF report also showed that the government debt as % of age increased to 34.1% at the end of August in 2019. It did not mention the reference period in 2018. Fiscal deficit reached 5.2% (excluding grant) in the past fiscal year, highest in 11 years.

<https://today.thefinancialexpress.com.bd/first-page/govt-debt-edges-up-in-fy-19-1577642437>

Overseas jobs to fall by 10% this year

- The overseas jobs for Bangladeshi workers would fall by 10% at the end of 2019 compared to that of the previous year as estimated by a new study. The amount of inward remittance, however, is expected to rise by about 17.05% over the last year to stand at USD 18.19 billion by the year end.

- The overseas jobs for Bangladeshi workers shrank mainly due to the closure of Malaysian labor market, RMMRU Founding Chair said while presenting the report. Only 400 workers went to Malaysia until November 2019. A total of 604,060 Bangladeshi workers went abroad with jobs from January to November period of 2019, according to the report. About 89% workers migrated to Arab and Gulf countries while 11% to other countries. More than 0.7 million workers migrated abroad in the last year. Bangladeshi expatriates sent home a total of USD 16.67 billion in remittance till November this year - highest 19.87% from Saudi Arabia, followed by 14.99% from the UAE and 11.25% from the US, the report said.

<https://today.thefinancialexpress.com.bd/trade-market/overseas-jobs-to-fall-by-10pc-this-year-1577641448>

Business registration up 18%

• A record 10,963 companies and firms have been registered with the Registrar of Joint Stock Companies and Firms (RJSC) during the last 11 months to November this year, up by 1,660 or around 18% over last year. Of the total, private sector enterprises were 8,911, public sector firms 47, foreign ones 44 and partnership companies 1961, according to RJSC latest data. Last year a total of 9,303 companies and firms were registered at RJSC. Of the total, private sector firms were 7,344, public firms 33, foreign 42 and partnership companies were 1884.

• The number of newly registered companies and firms in 11 months is higher than any time in the last 10 years, when the automation or electronic registration (e-registration) was launched in 2009. Earlier, a single year's highest number of companies and firms registered with the RJSC was 9,986 in 2011.

• In October 2019, the RJSC received a total of 1,490 applications seeking registration. Of them, the agency has granted approval to 1421 firms, while another 248 applications are now being processed and 36 applications were rejected for lacking required documents. Meanwhile, with the inclusion of the latest number between January and November 2019, total figure of companies and firms registered with RJSC stood at 239,311 since 1947 to November 2019, according to RJSC data.

<https://www.dhakatribune.com/business/2019/12/29/business-registration-up-18>

Budget deficit goes over 5% boundary

• Budget deficit, which is when spending exceeds revenue, is set to cross the sensible perimeter of 5% of GDP in fiscal 2018-19 for the first time in 12 years on the back of ebbing collections of the tax administrator. Revenue collection grew 10.67% last fiscal year against the target of about 46%, according to provisional data of the National Board of Revenue. But, data from the Comptroller and Auditor General office shows that the growth was less than 10%.

• As per the finance division's provisional data, the budget deficit last fiscal year was 5.2%. In the end, it may be even bigger, said a finance ministry official upon condition of anonymity. It takes at least six months to work out the actual deficit after the conclusion of the fiscal year. The final accounts are expected to be worked up within the next couple of days, he added.

• For developing countries a budget deficit is not unusual as the government needs to spend big on building infrastructure to shore up future economic activities. The government meets the gap between income and expenditure through domestic and foreign borrowing obtained as loans or grants. But keeping the deficit within 5% is recommended, and is in fact considered international best practice. In Bangladesh, when the budget is drafted a 5% deficit is projected. The actual deficit turns out to be about 4% every year as the ministries and divisions fail to use up their allocated funds.

• Fiscal deficit in 2018-19 increased due to both revenue shortfall and expenditure increases, said a former lead economist of the World Bank's Dhaka office. Usually, shortfall

in expenditures buffers the revenue shortfall relative to the budget target, thus keeping the deficit below the original 5% of GDP budget target. Last fiscal year was an exception to this trend and it is most likely to continue this fiscal year as well. While the government can afford such temporary deviation from the target because of a low debt to GDP ratio, the financing of deficit is the real issue. If the financing came from concessional foreign sources as reimbursements to cover the accelerated investments in development projects, there will be no real reason to worry. Such increases in deficit are indeed welcome. But that may not have been the case as evident from cuts in foreign borrowing in the revised fiscal 2018-19's budget relative to the original budget.

<https://www.thedailystar.net/business/news/budget-deficit-goes-over-5pc-boundary-1846612>

Remittance flow to rise 18% in the outgoing year

• The flow of inward remittance is set to jump more than 18% or USD2.80 billion in the outgoing calendar year 2019 as the government has provided incentive to the beneficiaries against inward remittance. Depreciation of the local currency against the US dollar has also jacked the inflow of remittances up in the recent months, bankers said. The inflow of remittance is set to reach at minimum USD 18.34 billion by the end of December 2019 from USD 15.54 billion in a year ago despite a falling trend in outbound jobs of Bangladeshis, according to the central bank's estimation.

• The country received USD 1.40 billion as remittances between December 01 and December 24 from Bangladeshi nationals who are working abroad, an Executive Director of the BB told on Friday. We expect that the inflow of remittances may cross USD 1.70 billion by the end of this month the central banker explained. Bangladesh received USD 16.64 billion in 11 months to November as remittances.

• Some 604,060 workers found jobs in the 11 months to November 2019 against the number of outflow workers was 684,962 in the same period of the last calendar year, according to the official figures. Some important destinations including the United Arab Emirates, Malaysia and Bahrain remained closed for Bangladeshi workers since long days, they explained.

<https://today.thefinancialexpress.com.bd/public/stock-corporate/remittance-flow-to-rise-18pc-in-the-outgoing-yr-1577461569>

Loan write-offs rocket

• Loans written off by banks escalated 42.66% year-on-year to BDT 16.40 billion in the first nine months of the year as lenders, awash with default loans, endeavored to clean up their balance sheets. The upward trend of written-off loans will help lenders paint a rosy picture of their health only for the time being, said a former lead economist of the World Bank's Dhaka office.

• As of September, the banking sector's total written-off loans stood at BDT 550.55 billion, up 10% from a year earlier, according to data from the Bangladesh Bank. Banks have failed to recover 75% of the total written-off loans since January 2003, when the central bank introduced the policy. Unrealized delinquent loans stand at BDT 414.61 billion as of September.

• Earlier in February, with a view to cutting down the stockpile of defaulted loans, the BB

relaxed the policy to allow banks to write off default loans that have been languishing in the bad category for three years, down from five years previously. Furthermore, lenders do not have to file any case with money loan courts to write off delinquent loans worth BDT 0.2 million, up from BDT 50,000 previously.

<https://www.thedailystar.net/business/news/loan-write-offs-rocket-1846609>

Dollar sales on to stabilize forex market

- The central bank on Thursday further extended foreign exchange support to banks by selling US dollars to keep the market stable, officials said. As part of the move, the Bangladesh Bank sold USD8.0 million to a state-owned commercial bank, to meet the growing demand for the greenback.
- The central bank may continue providing such a support to the banks in line with the market requirement, the official added. A total of USD 291 million has been sold to the commercial banks so far this fiscal year. During FY 19, the central bank sold USD 2.34 billion to the banks on the same ground, according to the official data.

<https://today.thefinancialexpress.com.bd/public/first-page/dollar-sales-on-to-stabilise-forex-mkt-1577382506>

Cellular data users waning

- The country's mobile operators lost an estimated 0.5-million internet users in November alone, thanks to the telecoms regulator's restrictions on network expansion, industry insiders said. The number of cellular data users dropped by more than 0.5 million in November, with active internet users dropping to 99.1 million from 99.6 million.
- The number of cellular connection dropped by 478,000 to 93.3 million at the end of November and WiMAX subscribers fell by 33,000 to 50,000. The number of broadband connection rose by 1,000 to 5.79 million during the period in question, the BTRC data showed.
- The number of subscribers increased by 662,000 in November as all four mobile operators managed to add customers in the month. The number of active cellphone connection increased to 164.8 million at the end of November from 164.2 million in October, the BTRC report showed.
- Robi Axiata managed to add the highest 393,000 subscribers in November, taking its subscriber base to 48.7 million from 48.3 million in October. State-owned Teletalk attained the second highest 156,000 subscribers in the same period, totaling 4.86 million from 4.70 million in October. Banglalink's subscriber base rose by 63,000 to 35.1 million in November from 35 million a month ago. However, telecoms giant Grameenphone managed to acquire the meagre 48,000 subscribers, taking its subscriber base to 76.1 million at the end of November.

<https://today.thefinancialexpress.com.bd/public/first-page/cellular-data-users-waning-1577382466>

Factory production slowing down

- Major industrial sectors are suffering from a sluggishness as factory production slowed

down to a great extent in the July-August period of 2019-20 thanks to a fall in shipments. Factory production saw a 2.2% year-on-year rise in the July-August period this year which was as high as 14.6% in the same period the previous year, according to the Bangladesh Bureau of Statistics (BBS).

- A fall in exports has mainly slowed the growth, said the managing director of DBL Group, one of the leading apparel manufacturers and exporters. In July-August of 2019-20, garment production declined 0.58% year-on-year to BDT 235 billion when knitwear manufacturing grew only at 0.65%, much lower from 5.42% in the previous year, according to the Quantum Index of Industrial Production (QIIP) by the BBS.

- Apart from apparels, production of cotton yarn, pharmaceuticals, rod and cement also dropped along with leather and leather goods. Rod production edged up only 0.43% year-on-year to 67,090 tonnes, whereas the growth was 5.47% in the same period last fiscal year. Cement output grew only at 2.28% in July-August this fiscal, which was 8.45% in the same period the previous year.

<https://www.thedailystar.net/business/news/factory-production-slowing-down-1845703>

Light engineering: Potential to bloom into USD 12 billion market

- The lack of investment and infrastructure support disrupts the growth momentum of the light engineering sector, which has the potential to have a market size of USD 12 billion by five years, industry insiders and experts said. According to the latest statistics, the domestic market size of the sector is estimated at USD 3.12 billion with a 30% annual growth. However, exports from the sector that comprises 50,000 macro and 10,000 medium enterprises almost halved-from fiscal year USD 688 million to USD 355.9 million in fiscal 2017-18.

- In the Munshiganj park, an area of 25 acres has been allocated for the light engineering sector, but it will take at least three years to hand over the plots to the entrepreneurs, officials said.

- Among the exportable items of this sector, bicycle has made a strong footprint in the EU market, becoming the third largest -non-EU bicycle exporting country to the EU market after Taiwan and Cambodia.

- Currently the sector is meeting 30% of the local demand of the country. The sector comprises bicycle, agro-machinery, automotive spare parts, foundry, machine shops and repairing workshops. According to a USAID research, domestic light engineering manufacturers can supply essential machines for the garment sector at 25% lower prices than imported machinery. A locally-made machine like DLPG film blowing machine costs around USD 50,00, but for an imported one the cost will be at least USD 70,000, the report said.

<https://today.thefinancialexpress.com.bd/public/last-page/potential-to-bloom-into-12b-market-1577467897>

National Board of Revenue (NBR) to halve source tax on export cash incentive

- The National Board of Revenue is set to slash the source tax on cash incentive given by the government to exporters on export earnings by half following exporters' demands. The

rate of source tax may be reduced to 5% from the current 10% to boost export earnings of the country's exporters.

- Export earnings in the July-November period of FY20 fell by 7.59% to USD 15.77 billion from USD 17.07 billion in the same period of FY19, according to the data of the Export Promotion Bureau.
- The government offers cash incentive to exporters at various rates for export performance, mainly in new markets, and for new and non-traditional export items to promote and diversify the country's export basket. In addition, the government in the budget for the current FY20 introduced cash incentive at the rate of 1% for all readymade garment exporters, irrespective of export products and destinations.

<http://www.newagebd.net/article/94719/nbr-to-halve-source-tax-on-export-cash-incentive>

Bangladesh, Vietnam aim to double bilateral trade

- Bangladesh and Vietnam have agreed to make efforts to expand the volume of bilateral trade to USD2.0 billion within the next two years, officials said. Presently, the annual bilateral trade volume stands at around USD 1.0 billion.
- The two sides have also identified 11 priority areas including export of pharmaceuticals from Bangladesh to Vietnam and agriculture trade, according to a statement of the Bangladesh embassy in Vietnam received on Friday. Other potential areas the two countries have discussed are trade and investment, information and communication technology (ICT), textiles and garment, trade in halal food, banking cooperation and tourism (including Buddhist tourism) and potato export from Bangladesh to Vietnam. Besides, the issues of direct air connectivity and trade in jute and jute goods also came up for discussion.

<https://today.thefinancialexpress.com.bd/public/trade-market/bangladesh-vietnam-aim-to-double-bilateral-trade-1577464544>

Important News: Capital Market

DSE-Mobile app: Active users of digital application up 30%

- Share transactions through DSE-Mobile app continued to rise as the number of active users of this digital application rose 30% in the just concluded calendar year compared to previous year. The number of active users of the DSE mobile application rose to 51,199 on December 30, 2019, the last trading day in 2019. At the end of last trading day in 2018, the number of active mobile app users stood at 39,343. As a result, the DSE mobile app users rose 30% or 11,856 in 2019 from the previous year on the Dhaka Stock Exchange (DSE).
- The number of active BO accounts stood at above 2.58 million at the end of 2019. So, the number of investors using the DSE mobile app is only 2.0% of total active BO accounts.
- In 2019, the investors placed above 7.09 million orders through the DSE mobile app. Of those orders, 4.96 million orders were executed, according to information of the premier bourse DSE. In 2018, the investors placed above 5.87 million orders, of which 3.73 million orders were executed through DSE mobile app. The premier bourse DSE on March 9, 2016 launched the mobile-based share trading app.

<https://today.thefinancialexpress.com.bd/stock-corporate/active-users-of-digital-application-up-30pc-1577900448>

National Board of Revenue (NBR) exempts Summit floating, storage and re-gasification unit (FSRU) from VAT, duty

- The National Board of Revenue (NBR) has exempted Summit LNG Terminal Co (Pvt) Ltd from paying VAT and import duty for implementation of the floating, storage and re-gasification unit (FSRU) project, according to a special order. The FSRU, having a capacity to re-gasify 500 million cubic feet of gas per day (mcf), initiated commercial operation since April 29, 2019.
- Earlier, the NBR had exempted US-based Excelerate Energy Bangladesh from paying similar VAT and taxes for implementation of a similar FSRU. Excelerate Energy's LNG terminal initiated commercial operations in August 2018. Both the FSRUs re-gasified around 548 mmcf of LNG on December 29, 2109, which is around half of their total capacity to re-gasify of around 1,000 mmcf of gas.

<https://today.thefinancialexpress.com.bd/trade-market/nbr-exempts-summit-fsru-from-vat-duty-1577891369>

Net foreign fund in stocks negative for two years

- Net foreign investment on Dhaka Stock Exchange remained negative for two straight years in 2018 and 2019 as the overseas investors continued to pull out their fund amid depressed market outlook. The net foreign investment was BDT 4.88 billion in negative in 2019. In 2018, net foreign fund was BDT 5.93 billion in negative, according to the statistics of Dhaka Stock Exchange.
- Market analysts said the foreign investors sold their shares almost throughout the year due to the lack of confidence, depreciation of local currency against the US dollar and concern over the country's financial sector. Some policy changes, gloomy macroeconomic outlook and soaring non-performing loans added further concerns to the waning investors' confidence, said an analyst. He noted that the financial market volatility, weak regulatory control, approval of weak IPOs (initial public offerings) also discouraged foreign investors.
- In 2019, the overseas investors bought shares worth BDT 36.78 billion while they sold stocks worth BDT 41.66 billion, taking the net position of BDT 4.88 billion in the negative, the DSE data showed. The net foreign investment on the DSE kept falling for the ten straight months (March-December) out of 12 because of eroding investor confidence and the rising fear of depreciation of the local currency. In 2018, the net foreign investment was also negative BDT 5.93 billion as they sold shares worth BDT 50.89 billion against their purchase of shares worth BDT 44.96 billion.
- A leading broker, who deals with foreign investors said strict decision on Grameenphone, the largest listed company of the DSE in February 2019, by the telecom regulator ultimately affected the whole stock market. Throughout the year, GP was embroiled in a tussle with the BTRC over the telecom regulator's audit claim of BDT 125.80 billion in unpaid taxes and dues.
- The depreciation of local currency against the US dollar was another reason for withdrawal of funds by the foreign investors, he mentioned. Foreign investors also fear that

the local currency may depreciate to a large extent in future as the current account balance deficit and trade deficit continue to pose risks to macroeconomic stability.

<https://today.thefinancialexpress.com.bd/stock-corporate/net-foreign-fund-in-stocks-negative-for-two-years-1577812505>
<http://www.newagebd.net/article/95214/foreign-investment-withdrawn-from-dhaka-stocks-for-2nd-year>

Investors pessimistic about Mutual Funds

- The listed mutual funds (MFs) were in dire straits throughout 2019 as investors lost their confidence in the sector following their poor returns. Following investors' less participation, the unit prices of majority number of listed mutual funds (MFs) were below the face value of BDT 10 in the just concluded year. Most of the MFs also failed to witness positive returns of NAV (net asset value) due to severe erosion of prices in the capital market where greater portions of the funds are invested. Earlier, the regulatory decisions on issuance of bonus shares by the closed-end MFs and extension of tenures of those ones were seriously blamed for losing investors' confidence in the closed-end funds.

- Experts blamed the non-professionalism and uncertainty in the capital and money market behind the poor performance of the MFs. Many AMCs invest in good companies including the Grameenphone. But due to the recent tussle between the government and the largest mobile company, share prices of those companies witnessed frequent ups and downs leaving negative impact on the NAVs of the MFs, said Chairman of the VIPB Asset Management Company. He said the uncertainty of the money market also affected the growth of the MFs. The regulatory decision for extension of the MFs' tenures was also one of the reasons behind investors' less confidence in the MFs, he said.

- The broad index of the premier bourse featured a negative return of 17.2% while negative returns of 37 listed MFs were ranging from 3.0% 17%. As a result, the excess returns of all listed MFs became positive and varied from 0.5% to 22.70% as on December 22, 2019.

<https://today.thefinancialexpress.com.bd/stock-corporate/investors-pessimistic-about-mfs-1577812554>

0.2 million BO accounts closed, foreign investors at DSE kept pulling out fund in 2019

- Above 0.2 million beneficiary owners' (BO) accounts were closed in the outgoing year, as lack of confidence and capital erosion led the investors to say 'good bye' to stock business. In contrast, close to 57,000 new BO accounts were opened in 2018. To make the situation even worse, portfolio investors in the prime bourse, popularly known as foreign investors, withdrew a record BDT 9.41 billion in nine years during the March-November period of 2019 as they went for large scale sale of shares due to protracted confidence crisis in the stock market, analysts say. Lack of confidence, rising non-performing loans and liquidity shortage in the financial sector drove both the segments of the local and foreign investors from the securities market, putting a dent on the investment situation of the economy.

- Foreign investors at the Dhaka bourse withdrew record BDT 9.41 billion in the last nine months (March-November), according to the latest DSE data. In 2018, net foreign investment dipped to negative BDT 5.93 billion, which was BDT 17.04 billion positive in 2017. A stock market analyst has said most of the listed companies are suffering from lack of good governance. In the outgoing year, foreign investors sold off the shares, especially in

large companies including Grameenphone, Olympic Industries, United Power Generation, British American Tobacco Bangladesh and Square Pharmaceuticals, says Bangladesh Securities and Exchange Commission (BSEC) Chairman.

<https://www.dhakatribune.com/business/stock/2019/12/31/looking-back-2019-2-lakh-bo-accounts-closed-foreign-investors-at-dse-keep-pulling-out-fund>

Bangladesh Securities and Exchange Commission (BSEC) allows Mutual Trust Bank Limited (MTB) to float BDT 5 billion bond

- Bangladesh Securities and Exchange Commission on Tuesday allowed Mutual Trust Bank Limited to float non-convertible subordinated bond worth BDT 5 billion. As per the BSEC approval, the bank will float unsecured, unlisted non-convertible subordinated bond worth BDT 5 billion. The face value of each unit of the bond will be BDT 100 million and the bond will be fully redeemable in seven years. Only corporate bodies, corporate institutions and other eligible investors will be allowed to subscribe the bonds through private placement. The purpose of the issue is to strengthen the bank's capital base and meet its capital requirement under Tier-II. EBL Investment Limited acts as the trustee for the bond while RSA Advisory Limited is the mandated lead arranger for the bond.

<http://www.newagebd.net/article/95217/bsec-allows-mtb-to-float-BDT-500cr-bond>

Berger Paints Bangladesh signs cooperation deal with Japanese company

- Berger Paints Bangladesh Limited (BPBL) and Chogoku Marine Paints, Ltd (CMP) of Japan have signed an agreement for cooperation and collaboration in the field of marine and related industrial paints in Bangladesh. The agreement envisages joint efforts in producing, marketing and purchasing marine and related industrial paints in the country, says a statement.

- Chogoku Marine Paints, since its establishment in 1917, has uniquely developed marine coatings as a core product and is one of the global leaders in the area and expanded its knowledge and technology to other industries.

<https://today.thefinancialexpress.com.bd/stock-corporate/berger-paints-bangladesh-signs-cooperation-deal-with-japanese-co-1577812684>

Dhaka Stock Exchange (DSE) launches new index and electronic info disclosure system

- The Dhaka Stock Exchange on Monday launched the electronic information disclosure and dissemination process for listed companies to ensure accuracy and transparency. The system will be introduced first on the DSE SME platform and later it will be incorporated in the main board of the bourse. One of the DSE directors who represents the DSE strategic partner, and the DSE management made commitment that the whole information disclosure process on the market would be digitalized soon. The system aims to standardize the information disclosure process, to make it more efficient, accurate, inclusive and far-reach to all the parties involved.

- The bourse also launched a new index considering fundamentals, liquidity and total market capitalization of 40 listed companies. The DSE formally launched the new index, CNI-DSE Select Index (CDSET), a composition of 40 large capitalized companies, at its

annual general meeting, DSE officials said. The CDSET has been designed and developed by Shenzhen Securities Information Company, a subsidiary company of Shenzhen Stock Exchange, and the DSE. The index will be opened for all from January 1 on the homepage of DSE web site. The primary consideration of CNII-DSE Select Index is the fundamental financial eligibility.

- The 40 companies include 11 companies from the bank sector (weight 32.59BDT), 11 from the energy sector (weight 18.14BDT), six from pharmaceuticals (weight 22.46BDT), three from engineering, 2 each from food, cement, miscellaneous, non-bank financial institution and one from telecommunication. The top 10 companies of the new index are Square Pharmaceuticals, Grameenphone, BRAC Bank, Renata, Beximco Pharmaceuticals, Pubali Bank, Lafargeholcim Bangladesh, Olympic Industries, Eastern Bank and National Bank, weighting 52.86BDT of the index.

<http://www.newagebd.net/article/95097/dse-launches-electronic-info-disclosure-system>
<https://www.dhakatribune.com/business/stock/2019/12/30/dse-launches-new-index-to-attract-foreign-investment>
<https://today.thefinancialexpress.com.bd/first-page/dse-launches-new-index-with-quality-large-cap-cos-1577728709>
<https://www.thedailystar.net/business/news/dse-flags-large-cap-index-1847482>

Asset managers crying out for funds

- As many as 39BDT of the asset management companies (AMCs) are failing to attract funds from investors thanks to thinning confidence on fund managers and the stock market. There are 44 AMCs in Bangladesh, of which 17 could not form or sustain mutual funds. Some of them have been showcasing this lackluster performance since their inception five to nine years back.

- The bad performance of some asset managers made it hard for newcomers to get funds. Another reason why investors do not want to pour their money is because some of the AMCs gave returns on units (stock dividend) and deprived unitholders of cash dividend. As most of the mutual fund units are trading at prices well below their face value, the returns on each unit was low, which ultimately brought down profits for unitholders, a Former Chairman of the Economics Department at the University of Dhaka said.

<https://www.thedailystar.net/business/news/asset-managers-crying-out-funds-1847476>

2019 worst year for stocks after 2010 crash

- Stock investors have suffered the worst year in 2019 since the market crash in 2010-11 with the key index of Dhaka bourse losing 16.73BDT in the outgoing year. Market experts said that continued bleeding of the country's financial sector with rising bad loans, poor governance in the capital market and the government's apathy towards the market resulted in erosion of investors' confidence. DSEX, the key index of Dhaka Stock Exchange, plunged by 16.73BDT, or 896.25 points, over the year of 2019 to close at 4,452.93 points on Monday, the last trading day of the year.

- After the December 30 general election in 2018, the market gained more than 700 points within three weeks in January this year, but lost the stream and never turned back. The market lost around 1,500 points in last 11 months' rout that eroded almost BDT 800 billion in market capitalization. The capital market also witnessed a 13-per cent fall in the previous year. Observing the overall market scenario in last two years, investors felt a pinch of the

market crashes occurred in 1996 and 2010.

- Former Bangladesh Bank deputy governor blamed volatile banking sector, approving poor initial public offerings with huge placement shares and poor regulatory measures for the plunge. He said the market's turnaround would depend on positive export trend, relief of pressure on exchange rate, rise of foreign direct investment and credit flow to private sector.

- Market experts said bleak financial sector, deceptive budget measures for listed companies, continued foreign sales and a tussle between Grameenphone and Bangladesh Telecommunication Regulatory Commission over an audit claim were taking heavy tolls on the investors' confidence, leaving no option for investors but to leave the market. The financial sector led the plunge in 2019 amid increased non-performing loans, poor governance and dearth of liquidity. The foreign investors withdrew funds worth BDT 9.70 billion in last nine months, adding woes to the market.

<http://www.newagebd.net/article/95096/2019-worst-year-for-stocks-after-10-crash>

Rupali Bank to raise BDT 10 billion through bond issue

- The board of directors of Rupali Bank Ltd has decided to raise fund against issuance of coupon bearing non-convertible perpetual bond worth BDT 10 billion through private placement. The state-run bank will issue the bond for raising fund as part of the additional Tier-I revised regulatory capital framework for bank in line with Basel-III, according to an official disclosure on Monday. The purpose of the proposed bond is to strengthen the capital base of the bank.

<https://today.thefinancialexpress.com.bd/stock-corporate/rupali-bank-to-raise-BDT-10b-through-bond-issue-1577731310>

Social Islami Bank Ltd to raise BDT 5.0 billion through bonds issue

- The board of directors of Social Islami Bank Ltd (SIBL) has decided to raise BDT 5.0 billion through issuance of mudaraba perpetual bonds, said an official disclosure on Sunday. The bank will issue the bond for raising fund as additional tier-1 (AT -1) capital to support the bank's Basel III compliance in line with Bangladesh Bank guidelines on risk bases capital adequacy, said the disclosure. The issuing of bonds is subject to the approval from concerned authorities - Bangladesh Bank (BB) and Bangladesh Securities and Exchange Commission (BSEC)-- and complying with regulatory requirements, the disclosure added.

<https://today.thefinancialexpress.com.bd/stock-corporate/sibl-to-raise-BDT-50b-through-bonds-issue-1577640903>

Dhaka Stock Exchange (DSE) profits contract as investors flee

- Dhaka Stock Exchange's profits dropped 6.70% year-on-year to BDT 974 million in fiscal 2018-19 as a narrow product range and lackluster stock market ward off investors. This is the lowest in 10 years, said a stock market analyst.

- The premier bourse is heavily dependent on bank interest income: about 43% of its revenue in fiscal 2018-19 came from bank deposits. The DSE's second highest income came from transaction fees, which was BDT 723.2 million. The bourse's daily average

turnover also fell 5.25% to BDT 6.13 billion though the number of shares rose. The total number of beneficiary owners' account is 2.6 million, which is about 1.50% of the total population of about 170 million, according to the Central Depository Bangladesh.

<https://www.thedailystar.net/business/news/dse-profits-contract-investors-flee-1846996>

Dhaka Stock Exchange (DSE) to launch new index to attract foreign investors

• Dhaka Stock Exchange (DSE) is going to unveil a new index named CNI-DSE Select Index, or CDSET, coming Monday in an effort to attract foreign investors. However the new index, that includes 40 large companies of the market at present based on their market capitalization, profit and liquidity, would officially open for investors from January 1. Its base value is 1,000 points and base day is December 31 of 2015. The list of companies would be created anew every six months. The formation of the index is part of the technology support promised by the DSE's strategic partners, Shenzhen Stock Exchange (SZSE) and Shanghai Stock Exchange. Two other indexes would be kicked-off very soon to include small and medium companies.

<https://www.thedailystar.net/business/news/dse-launch-new-index-attract-foreign-investors-1845688>

Listed steel manufacturing companies struggling

• The listed steel manufacturing companies have been struggling due mainly to volatility in raw-materials and utility cost, depreciation of local currency, high bank interest rate, bleak condition in banking sector, competition from new entrants and slow implementation of government projects. There are seven steel making companies listed on the country's stock exchanges and profits of all of them except one continued declining.

• Profit of Bangladesh Steel Re-Rolling Mills dropped by 33%, that of BSRM Steel 4%, that of Ratanpur Steel Re-Rolling Mills 20.85, that of S Alam Cold Rolled Steels decreased by 16% in the financial year ended on June 30, 2019 compared with that in the previous year. The companies also witnessed a fall in profits in the first quarter (July-September) of 2019 against the same period in the previous year. However, profit of GPH Ispat increased slightly in FY19 but dropped in Q1.

<http://www.newagebd.net/article/94810/listed-steel-manufacturing-companies-struggling>

GPH Ispat's Sitakunda plant opens on Jan 8

• GPH Ispat, a steel manufacturer, is all set to start production in its newly built plant in Sitakunda on January 8. The company has invested around BDT 24 billion for the expansion project and the fund has been arranged from the owners' equity and loans. The company has used quantum electric arc furnace technology for the first time in the country as well as in Asia, the managing director said.

<https://www.thedailystar.net/business/news/gph-ispats-sitakunda-plant-opens-jan-8-1845685>

DBL Pharma acquires GSK's cream-ointment line

• DBL Pharma has recently signed an agreement with GlaxoSmithKline (GSK) Bangladesh Ltd. to acquire some dermatological product manufacturing and quality control equipment used in GSK's recently closed Chittagong factory. GSK used to manufacture popular brands like Betnovate, Dermovate & Neobacrin using this facility, which was declared to be shut down late last year.

<https://today.thefinancialexpress.com.bd/public/stock-corporate/dbl-pharma-acquires-gsks-cream-ointment-line-1577461979>