

## Weekly Market Update

### Capital Market Overview

The market closed negative this week. The benchmark index DSEX (-0.47%) lost 26.39 points and closed the week at 5,574.25 points. The blue-chip index DS30 (-0.11%) lost 2.19 points and stood at 1,958.53 points. The shariah based index DSES (+0.71%) closed in green and stood at 1,278.66 points. DSEX, DS30, and DSES all posted negative YTD return of -10.73%, -14.22%, and -8.05% respectively.

**Total Turnover During The Week (DSE) :** BDT 30.5 billion (USD 367.4 million)

**Average Daily Turnover Value (ADTV):** BDT 7.6 billion ( $\Delta\%$  Week: 30.7%)

**Market P/E:** 17.45x

**Market P/B:** 2.25x

### Daily Index Movement during the Week:

The market performed four sessions during the week. Market opened this week with a negative movement of 0.18% in the first session and continued to be negative in the second session by 0.67%. In the third session, market turned positive by +0.17% and continued to be positive in the last session by 0.22%.

### Sectoral Performance:

- All the financial sectors showed negative performance except Life Insurance (+1.52%). Banks experience highest loss by -3.55% followed by General Insurance (-2.69%), Mutual Funds (-2.28%) and NBFIs (-1.31%).
- All the non-financial sectors showed mixed performance this week. Power posted the highest gain by 4.02% followed by Engineering (+2.62%) and Pharmaceuticals (+0.39%). Food & Allied experienced the highest loss of 0.53% followed by Telecommunication (-0.05%).

### Macroeconomic arena:

- The government is set to raise bank borrowing significantly in September as part of financing its budget deficit for the current fiscal year (FY). It may borrow up to BDT 130 billion from the banking system this month by issuing treasury bills (T-bills) and bonds, according to the auction calendar of the Bangladesh Bank (BB) released recently.
- Private sector credit growth dropped to an 18-month low of 15.87% in July, as banks have adopted a "go slow" policy for loan disbursement to comply with the central bank's newly set loan-deposit ratio. This growth was 1% point less than the central bank's target of 16.8% for the first half of the current fiscal year. In February last year, private sector credit growth hit 15.61%, which continued to rise till November when the growth reached 19.06%
- The government's revenue earnings from the Dhaka bourse fell 37% month-on-month in August this year on the back of falling trade volume and value. The daily turnover, the important gauge, came down to BDT 6.38 billion on average in August which was BDT 8.48 billion in July, falling 25%
- Bangladesh's overall balance of payments (BoP) posted USD 885 million deficit during the last fiscal year (FY 2018), compared with a surplus of USD 3.2 billion in FY 2017. On the other hand, the flow of remittances grew by more than 7.0% in August as expatriates sent increased amount of money on the occasion of Eid-ul-Azha.

### Stock Market arena:

- Dhaka Stock Exchange (DSE) handed over its 25% stake to a Chinese consortium on Tuesday after completion of necessary formalities under the exchange's demutualization. The premier bourse received fund amounting to BDT 9.62 billion on Monday in exchange of its one-fourth stake, which has been transferred into BO (beneficiary owner's) account of the Chinese consortium.
- The securities regulator has approved the IPO (initial public offering) proposal of Genex Infosys for raising a capital worth BDT 200 million from the market. As per the BSEC approval, Genex Infosys will offload 20 million shares at an offer price of BDT 10 each under the fixed price method to raise BDT 200 million. The company will utilise the fund to expand call centre business, repay bank loan partially and bear the IPO expenses.
- Silva Pharmaceuticals is set to allocate 30 million ordinary shares among successful applicants as the company's IPO lottery draw was held on Thursday. The Silva Pharma raised a capital worth BDT 300 million by issuing 30 million ordinary shares at an offer price of BDT 10 each under the fixed price method. The company's IPO was oversubscribed by more than 25 times as the company received about BDT 7.73 billion against the IPO issue of BDT 300 million.

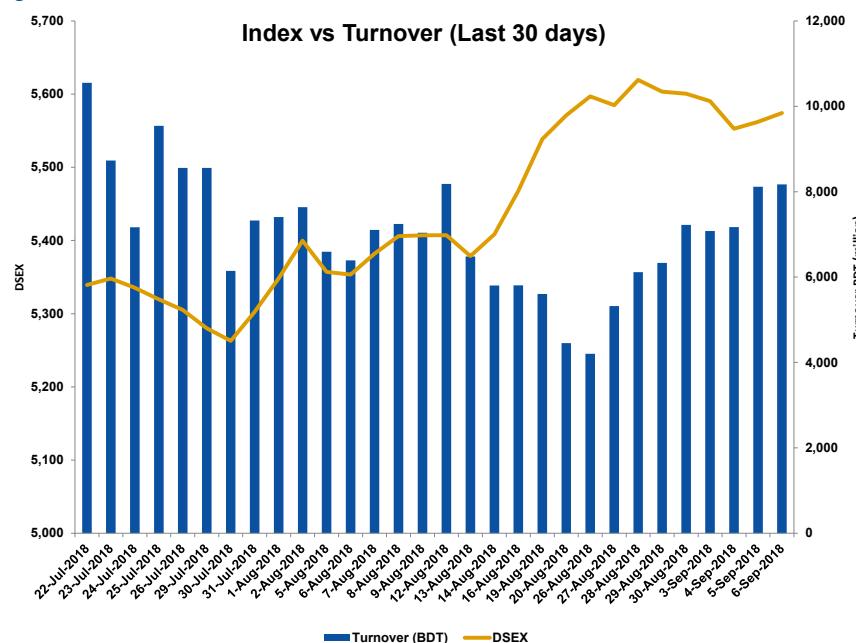
**Table 1: Index**

Index	Closing	Opening	$\Delta$ (Pts)	31-Dec-2016	$\Delta\%$ Week	$\Delta\%$ YTD
DSEX	5,574.25	5,600.64	-26.39	6,244.52	-0.47%	-10.73%
DS30	1,958.53	1,960.72	-2.19	2,283.23	-0.11%	-14.22%
DSES	1,278.66	1,269.61	9.05	1,390.67	0.71%	-8.05%

**Table 2: Market Statistics**

		This Week	Last Week	%Change
Mcap	Mn BDT	15,846,887.3	19,780,897.5	-19.9%
	Mn USD	190,627.8	237,951.4	
	Mn BDT	30,538.8	29,197.1	4.6%
	Mn USD	367.4	351.2	
Average Daily Turnover	Mn BDT	7,634.7	5,839.4	30.7%
	Mn USD	91.8	70.2	
Volume	Mn Shares	737.4	852.1	-13.5%

**Figure 1: DSEX & Turnover in last four weeks**



### Associate:

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**Table 3: Top Ten Gainers**

	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Khulna Power Company Limited	99.90	76.90	29.9%	36,092.3	2,547.44	19.7x	4.1x
Bangladesh Submarine Cable Company Limited	109	89.80	21.2%	17,941.7	458.69	56.4x	3.4x
Confidence Cement	216.60	185.90	16.5%	11,694.7	892.67	23.5x	4.3x
In Tech Online Ltd.	41.40	36.10	14.7%	1,168.2	235.38	41.9x	4.1x
Nahee Aluminium Composite Panel Ltd.	69.60	61.30	13.5%	3,340.8	711.76	39.6x	5.8x
Oimex Electrode Limited	48.40	42.70	13.3%	2,443.3	299.37	37.8x	4.7x
National Housing Fin. and Inv. Ltd.	80.70	71.40	13.0%	8,585.8	620.34	35.2x	5.2x
Meghna Cement	105.00	93.90	11.8%	2,362.5	12.67	36.1x	2.9x
Eastern Housing	56.20	50.80	10.6%	5,246.0	338.39	24.1x	1.0x
Summit Power	43.80	39.90	9.8%	46,773.0	638.38	10.7x	1.9x

**Table 4: Top Ten Losers**

	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Savar Refractories	84.20	106.60	-21.0%	117.3	1.84	NM	13.4x
Rangpur Dairy & Food Products	19.90	23.30	-14.6%	1,245.9	270.43	35.2x	1.4x
Provati Insurance	17.40	20.10	-13.4%	516.8	62.64	10.2x	1.1x
H.R. Textile	46.40	52.30	-11.3%	1,173.9	63.55	32.3x	3.3x
Asian Tiger Sandhani Life Growth Fund	9.70	10.90	-11.0%	599.3	5.43	NM	0.8x
Imam Button	19.70	22.10	-10.9%	151.7	.70	NM	2.4x
SEML Lecture Equity Management Fund	6.70	7.50	-10.7%	335.0	18.11	NM	0.6x
Green Delta Mutual Fund	7.70	8.60	-10.5%	1,155.0	.48	NM	0.7x
Prime Textile	32.60	36.40	-10.4%	1,245.3	142.20	31.3x	0.8x
Tosrifia Industries Limited	22.80	25.30	-9.9%	1,440.2	118.97	17.3x	0.9x

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

	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Khulna Power Company Limited	99.90	76.90	29.9%	36,092.3	2,547.44	19.7x	4.1x
BBS Cables Limited	122.00	116.00	5.2%	16,836.0	947.90	40.7x	7.3x
Confidence Cement	216.60	185.90	16.5%	11,694.7	892.67	23.5x	4.3x
Aman Feed Limited	73.10	68.10	7.3%	8,491.3	824.43	17.7x	3.0x
The Peninsula Chittagong Limited	34.60	32.00	8.1%	4,105.9	752.57	65.3x	1.6x
United Power Generation & Distribution Company Ltd	363.50	353.50	2.8%	145,123.4	751.04	34.8x	13.5x
Active Fine Chemicals Limited	40.50	38.00	6.6%	8,097.9	717.92	14.6x	2.8x
Nahee Aluminium Composite Panel Ltd.	69.60	61.30	13.5%	3,340.8	711.76	39.6x	5.8x
Unique Hotel & Resorts Limited	56.50	53.20	6.2%	16,633.6	649.91	31.4x	0.8x
Summit Power	43.80	39.90	9.8%	46,773.0	638.38	10.7x	1.9x

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

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Summit Power	43.80	22.01%	46,773.0	10.7x
Mutual Trust Bank	37.90	21.82%	21,730.5	14.8x
Berger Paints	1,228.20	19.07%	56,961.3	28.2x
Eastern Housing	56.20	14.23%	5,246.0	24.1x
Singer Bangladesh	211.20	8.03%	16,197.9	29.6x
Agni System Limited	23.20	5.94%	1,603.1	23.9x
S. Alam Cold Rolled Steels	34.40	2.99%	3,384.0	28.0x
Marico Bangladesh Limited	1,137.30	2.82%	35,825.0	24.9x
Delta Brac Housing	135.00	-0.74%	16,450.0	20.9x
Power Grid Co. of Bangladesh Ltd.	51.40	-1.53%	23,690.9	11.9x

**Table 6: Sector Indices**

	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1465.21	1519.12	1848.21	-3.55%	-20.72%
NBFIs	2308.28	2338.91	2714.85	-1.31%	-14.98%
Mutual Funds	729.48	746.47	788.81	-2.28%	-7.52%
General Insurance	1404.07	1442.86	1592.30	-2.69%	-11.82%
Life Insurance	1787.73	1760.88	1834.85	1.52%	-2.57%
Telecommunication	5338.86	5341.27	6494.31	-0.05%	-17.79%
Pharmaceuticals	2660.37	2649.98	2821.05	0.39%	-5.70%
Fuel & Power	1884.05	1811.24	1527.27	4.02%	23.36%
Cement	1918.66	1867.98	2280.58	2.71%	-15.87%
Services & Real Estate	1162.68	1109.49	1224.11	4.79%	-5.02%
Engineering	3223.01	3140.65	3166.83	2.62%	1.77%
Food & Allied	14021.65	14096.72	15304.34	-0.53%	-8.38%
IT	1615.04	1605.95	1484.41	0.57%	8.80%
Textiles	1340.46	1366.24	1222.72	-1.89%	9.63%
Paper & Printing	12761.13	12053.69	1013.11	5.87%	1159.60%
Tannery	2713.23	2695.16	2642.41	0.67%	2.68%
Jute	7608.85	7460.95	8867.22	1.98%	-14.19%
Ceramics	604.91	592.39	597.46	2.11%	1.25%
Miscellaneous	1934.43	1959.37	1725.62	-1.27%	12.10%

**Table 7: Sector Trading Matrix**

	Daily average this Week	Daily average last week	% Change	% of Total Turnover	PE	PB
Banks	564.6	541.3	4.31%	7.61%	9.4x	1.1x
NBFIs	633.6	310.0	104.42%	8.54%	21.7x	2.2x
Mutual Funds	45.2	19.7	129.56%	0.61%	NM	0.6x
General Insurance	56.8	58.8	-3.36%	0.77%	12.8x	1.0x
Life Insurance	57.9	12.7	357.15%	0.78%	NM	7.7x
Telecommunication	172.0	13.1	1217.34%	2.32%	23.5x	17.3x
Pharmaceuticals	606.3	120.9	401.38%	8.17%	20.1x	3.3x
Fuel & Power	1,367.1	101.3	1249.94%	18.42%	16.0x	2.5x
Cement	261.2	17.9	1360.91%	3.52%	21.6x	3.5x
Services & Real Estate	488.2	30.1	1521.74%	6.58%	29.1x	1.0x
Engineering	1,253.8	238.4	425.99%	16.89%	25.5x	2.4x
Food & Allied	192.4	44.2	335.35%	2.59%	28.5x	10.0x
IT	191.7	46.2	315.00%	2.58%	31.2x	3.4x
Textiles	881.1	295.9	197.78%	11.87%	22.6x	1.3x
Paper & Printing	94.0	24.2	288.58%	1.27%	NM	6.9x
Tannery	63.8	20.3	214.26%	0.86%	20.7x	3.3x
Jute	28.7	6.6	335.42%	0.39%	NM	3.2x
Ceramics	47.2	10.4	352.95%	0.64%	29.2x	2.3x
Miscellaneous	415.7	73.7	464.36%	5.60%	26.8x	1.3x

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

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
AB Bank	13.00	-41.18%	9,855.7	6.5x
United Airways (BD) Ltd.	3.50	-37.50%	2,405.5	12.4x
Lankabangla Finance	28.90	-35.01%	9,887.3	12.4x
Prime Bank	16.70	-32.96%	18,909.1	8.6x
Islami Bank	25.20	-31.15%	40,571.8	9.1x
Eastern Bank	35.90	-29.75%	26,494.2	9.8x
EXIM Bank	12.20	-29.07%	17,229.5	5.9x
City Bank	34.70	-27.91%	33,589.2	8.3x
Uttara Bank	25.80	-26.91%	10,322.1	6.7x
IFIC Bank	11.90	-25.96%	16,832.7	10.6x

## Important News: Business & Economy

### Government's borrowing from banks may go up this month

- The government is set to raise bank borrowing significantly in September as part of financing its budget deficit for the current fiscal year (FY), officials said. It may borrow upto BDT 130 billion from the banking system this month by issuing treasury bills (T-bills) and bonds, according to the auction calendar of the Bangladesh Bank (BB) released recently.
- The gross bank borrowing figure was BDT 18 billion for August, but it was BDT 138 billion in July. The net bank borrowing is set to reach BDT 30.50 billion by the end of this month after deducting BDT 99.50 billion as maturity of the government securities from the gross borrowing, according to BB officials. The government will have to pay BDT 90 billion out of BDT 99.50 billion against the maturity of its securities, particularly 91-Day T-bills in September, the officials said. The government's net bank borrowing was nearly BDT 40.39 billion as on August 19, according to a BB report.
- The central bank officials said the government has already availed partially both overdraft (OD) drawing facilities and ways and means advances (WMAs) from the central bank to meet its budgetary expenses. The government is now empowered to borrow up to BDT 40 billion from the central bank under the advances to meet its day-to-day expenditures without issuing any securities. Besides, the government's limit for overdraft drawing from the central bank has been capped at BDT 40 billion.
- Currently, the government is holding negative balance amounting to nearly BDT 45 billion in its accounts, a senior official familiar with the government debt-management activities told the FE. The ministry of finance had set a bank-borrowing target of BDT 420.29 billion for the FY 2018-19 to finance the budget deficit. Under the proposed bank borrowing, the government will borrow BDT 239.65 billion issuing long-term bonds while the remaining BDT 180.64 billion through T-bills.

<http://today.thefinancialexpress.com.bd/first-page/govts-borrowing-from-banks-may-go-up-this-month-1536170337>

### Private credit growth hits 18-month low

- Private sector credit growth dropped to an 18-month low of 15.87% in July, as banks have adopted a "go slow" policy for loan disbursement to comply with the central bank's newly set loan-deposit ratio. This growth was 1% point less than the central bank's target of 16.8% for the first half of the current fiscal year. In February last year, private sector credit growth hit 15.61%, which continued to rise till November when the growth reached 19.06%.
- In continuation of the declining trend, the credit growth dropped sharply in the last three months, from 17.60% in May to 16.94% in June. The central bank's decision to slash the loan-deposit ratio by 1.5% points to 83.5% was one of the main reasons for the declining credit growth, bankers and experts told The Daily Star. The central bank took the decision on January 30 and instructed banks to implement the new ratio by March next year.
- Some banks have already adjusted their loan-deposit ratio through their cautious approach to disbursing loans, said the managing director of Dhaka Bank. The decision taken by banks to bring down the lending rate to a single digit has also put an impact on the credit growth, he said. On June 21, the Bangladesh Association of Banks, a forum of directors of private banks, decided to lower the interest rates on lending and deposit to

9% and 6% respectively from July 1.

<https://www.thedailystar.net/news/business/private-credit-growth-hits-18-month-low-1629907>

### KSA moves to 'fix' recruiters to hire BD workers

- The Kingdom of Saudi Arabia (KSA) embassy in Dhaka has taken a new move to 'select' a number of local recruiting agencies to submit visas to the embassy for hiring manpower from Bangladesh. Under the new 'Drop Box' system, all the manpower recruiters here will have to go through a certain number of agencies for getting all the visa-related services from the Saudi embassy. Meanwhile, the leaders of Bangladesh Association of International Recruiting Agencies (BAIRA) and a number of manpower recruiters have expressed grave concern over the move. They said the new system may create a syndicate in sending workers to KSA. Besides, large-scale irregularities may take place in the agency selection process by a section of embassy officials, they also claimed.

<http://today.thefinancialexpress.com.bd/last-page/ksa-moves-to-fix-recruiters-to-hire-bd-workers-1536171226>

### World Bank (WB), Asian Infrastructure Investment Bank (AIIB) to extend USD 260 million

- The World Bank and the Asian Infrastructure Investment Bank (AIIB) are teaming up to fund a water supply and sanitation project in Bangladesh, officials have said. Both the Washington-based lender and the Beijing-based lender will finance USD 130 million each to the USD 270 million scheme. The remaining USD 10 million will come from the state coffers to fund the five-year project from next March. It aims to improve access to piped water supply and sanitation services in selected municipalities of the country, officials concerned said recently. The public health engineering department under the local government, rural development and cooperatives ministry will implement the project.

<http://today.thefinancialexpress.com.bd/trade-market/wb-aiib-to-extend-260m-1536172962>

### Mega projects lift demand for steel

- The rising demand for long and flat steel products is helping the steel sector expand fast thanks to the ongoing large infrastructure projects and construction of several economic zones, experts said yesterday. They also underscored the need for the government's policy support to protect the local industry in the wake of a new global trend of gated globalisation. Now, some countries are going for free trade agreements, eliminating tariff barriers among themselves while outsiders continue to face higher tariffs. Economists call this gated globalisation. The experts spoke at the inaugural session of a two-day international conference on steel titled "Bangladesh Steel 2018".
- Per capita steel consumption in Bangladesh has grown to 45 kilogrammes (kg) last year from 25 kg in 2012, according to the chairman of PHP Family, said after inaugurating the event. Per capita steel consumption is much higher in developed countries—400 kg in South Korea, 600 kg in the USA and 1,000 kg in Japan—compared to Bangladesh, he said. The amount of steel consumption is an important ingredient to understanding the economic growth of a country.

<https://www.thedailystar.net/news/business/mega-projects-lift-demand-steel-1629871>

## Government earnings from Dhaka bourse slump 37% in August 2018

- The government's revenue earnings from the Dhaka bourse fell 37% month-on-month in August this year on the back of falling trade volume and value. Market insiders said sluggish trading activities coupled with lower trading days due to Eid vacation affected the government's earnings from the prime bourse as the earning is related to turnover. There were only 18 trading days in August as against 22 in the month of July.
- The daily turnover, the important gauge, came down to BDT 6.38 billion on average in August which was BDT 8.48 billion in July, falling 25%. The government bagged tax worth BDT 142 million in August which was BDT 225 million in July 2018, registering a decline of 37%, according to statistics from the Dhaka Stock Exchange. Of the total earnings in August this year, BDT 115 million came from the TREC (trading right entitlement certificate) holders' commission, popularly known as brokerage commission and BDT 27 million came from the share sales by sponsor-directors and placement holders, the DSE data shows.
- The DSE, on behalf of the government, collects the tax as TREC holders' commission at a rate of 0.05% and from sponsor-directors' and placement holders' shares sales at a rate of 5.0%. The DSE then deposits the amount to the public exchequer. The DSE paid tax worth BDT 2.72 billion in FY 2011-12, BDT 1.27 billion in FY 2012-13, BDT 1.54 billion in FY 2013-14, BDT 1.74 billion in FY 2014-15, BDT 1.58 billion in FY 2015-16, BDT 2.46 billion in FY 2016-17 and BDT 2.33 billion in FY 2017-18 on TREC holders' commission and share sales by sponsor-directors and placement holders. However, the DSE paid tax worth BDT 4.47 billion in the fiscal year 2010-11, the highest in its history, when the market witnessed a wild trend before crashing.

<http://today.thefinancialexpress.com.bd/stock-corporate/govt-earnings-from-dhaka-bourse-slump-37pc-in-august-2018-1536171936>

## August remittance flow rises 7.0%

- The flow of remittances grew by more than 7.0% in August as expatriates sent increased amount of money on the occasion of Eid-ul-Azha. The money sent home by Bangladeshis working abroad amounted to USD 1.41 billion in August 2018, up by USD 92.87 million from the previous month's level, according to the central bank statistics released on Tuesday. In July last, the remittances stood at USD 1.32 billion. It was USD 1.42 billion in August 2017. Meanwhile, the flow of remittances increased by 7.70% to USD 2.73 billion during the July-August period of fiscal year (FY) 2018-19 from USD 2.53 billion in the same period of the FY '18.
- The central bank earlier took a series of measures to encourage the expatriate Bangladeshis to send their hard-earned money through the formal banking channel instead of the illegal "hundi" system, which can help boost the country's foreign exchange reserves. Besides, the central bank is asking the banks to increase the flow of remittance from different parts of the world to meet their internal demand for the foreign currency, another BB official said. All PCBs received USD 1.03 billion as remittances in August last while the state-owned commercial banks (SoCBs) received USD 357.23 million, foreign commercial banks (FCBs) USD 10.74 million, and specialised banks USD 15.38 million.

<http://today.thefinancialexpress.com.bd/trade-market/aug-remittance-flow-rises-70pc-1536077689>

[1536077689](https://www.thedailystar.net/news/business/aiib-brings-270m-water-supply-project-1629223)

## Eight-month outbound jobs decline by 38%

- The number of outbound workers dropped by about 38% in the last eight months of the current calendar year, compared to the same period of the last year. According to the data available with the Bureau of Manpower, Employment and Training (BMET), over 0.5 million (500,694) workers went abroad with jobs during the period between January and August in 2018. Some 0.69 million (690,046) workers went abroad during the same period of 2017, the official data showed. Besides, the number of monthly overseas jobs for Bangladeshi workers also dropped, the data showed.
- Overseas jobs dropped to 49,727 in August from 58,627 in July this year, registering a 15% decline. Private manpower recruiters and officials said the Middle Eastern countries, particularly Saudi Arabia, cut recruitment from Bangladesh. The recruitment of both Bangladeshi male and female workers by the Kingdom of Saudi Arabia (KSA) has declined in the recent months. In eight months of the current year, Saudi Arabia recruited 172,379 Bangladeshi workers followed by Malaysia 125,819, Qatar 50,952, Oman 47,658 and Kuwait 24,516.

<http://today.thefinancialexpress.com.bd/trade-market/eight-month-outbound-jobs-decline-by-38pc-1536077637>

## Asian Infrastructure Investment Bank (AIIB) to bring USD 270 million for water supply project

- The Asian Infrastructure Investment Bank (AIIB) plans to bring USD 270 million to Bangladesh for a municipal water supply and sanitation project. The project is expected to be approved at a board meeting in December this year, said the head of communications and development of the Beijing-based lender, on Monday. She shared the information while talking to The Daily Star when she and an AIIB delegation visited Savar to meet the beneficiaries of a power distribution system upgrade and expansion project, which was also financed by the lender. She also said that the tentative investment will be co-financed by the World Bank.
- Of the fund, the AIIB and the WB will contribute USD 130 million each and the Bangladesh government will chip in USD 10 million. The project will be implemented from March 2019 to March 2024, according to the project proposal. Currently, the AIIB has provided a total of USD 274 million in funding to three projects in Bangladesh. The Distribution System Upgrade and Expansion project is one of them and was completed in June this year. The project is part of a national plan to provide about 2.5 million service connections to rural consumers, upgrade two grid substations and convert 85 kilometres of overhead distribution lines into underground cables. The installation of the connections has been completed and about 12.5 million Bangladeshis are directly benefiting from the project, said the chief engineer of Bangladesh Rural Electrification Board.

<https://www.thedailystar.net/news/business/aiib-brings-270m-water-supply-project-1629223>

## Global buyers sever ties with 28 more Readymade Garment units

- Two global buyers' platforms cut business relations with 28 more readymade garment factories in Bangladesh in last two months (July-August) due to the units' failure in

implementing workplace safety measures. With the 28, the total number of RMG factories with which global buyers cut business relations reached 344. Of them, European buyers' platform Accord on Fire and Building safety in Bangladesh terminated business ties with 171 factories, while North American buyers' platform Alliance for Bangladesh Worker Safety cut relations with 173 factories. Accord said in a statement that it terminated business relations with 22 factories due to their failure in implementing workplace safety measures while cut business ties with another

<http://www.newagebd.net/article/49853/global-buyers-sever-ties-with-28-more-rmg-units>

### Forex reserves hit USD 32.93 billion

- Bangladesh's foreign exchange reserves rose to USD 32.93 billion at the end of August, USD 847 million more than at the end of July, the central bank said on Monday, reports Reuters. The reserves were down nearly 2.0% from a year earlier, and are sufficient to cover about 10 months' worth of imports for the country of 160 million people. Steady garment exports and remittances from Bangladeshis working overseas, the key drivers of the country's more than USD 200 billion economy, have helped foreign exchange reserves grow steadily in recent years. The government is targeting record economic growth of 7.8% in the current financial year that started in July, up from record growth of 7.65% last year.

<http://today.thefinancialexpress.com.bd/last-page/forex-reserves-hit-3293b-1535997041>

### Remittance up 7.13%

- Remittance posted 7.13% growth in August compared to July thanks to the depreciation of the BDT against the US dollar. Expatriates sent home USD 1.41 billion last month, up from USD 1.31 billion in July. The amount of remittance was also USD 1.41 billion in August 2017. On August 30, the interbank exchange rate was BDT 83.75 per US dollar, up from BDT 80.70 a year earlier. The upward trend of remittance inflow is helping the country to reduce its large current account deficit, the central banker said. The deficit hit a record USD 9.78 billion last fiscal year.

<https://www.thedailystar.net/news/business/remittance-713pc-1628896>

### Bangladesh Bank moves to raise remittance flow from Japan, South Korea

- The central bank of Bangladesh has taken initiatives to expedite the flow of inward remittances from Japan and South Korea. The Bangladesh Bank (BB) is giving approval to the interested commercial banks for setting up more drawing arrangements with money transfer companies in the two countries. Some local banks including Islami Bank Bangladesh Limited (IBBL) have already shown interest to increase the inflow of remittances from the two East Asian countries with setting up of their drawing arrangements, they added.

- The inflow of remittance from Japan increased by more than 37% to USD 31.44 million in the fiscal year (FY) 2017-18 from USD 22.89 million a year ago. It was USD 22.67 million in the FY 16. On the other hand, Bangladesh received USD 96.27 million as remittance from South Korea in the FY 18. The figure was 15.61% higher than that of the inflow of remittance in the previous year. It was USD 64.71 million in the FY 16. Kingdom of Saudi Arabia (KSA) topped the list of major sources of remittance for Bangladesh with a total of

USD 2.59 billion sent from the country in the FY 18 while the United Arab Emirates (UAE) and the United States were in second and third position respectively. In the FY 18, Bangladesh received USD 2.43 billion as remittances from the UAE and nearly USD 2.0 billion from the United States.

<http://thefinancialexpress.com.bd/economy/bangladesh/bangladesh-bank-moves-to-raise-remittance-flow-from-japan-s-korea-1535946468>

### Net foreign fund in stocks negative for fifth month

- The net foreign fund in the Dhaka Stock Exchange (DSE) continued to remain negative for five consecutive months till August as the foreign investors were reluctant to put fresh stakes. Market insiders said that fears over political uncertainty ahead of national election coupled with depreciation of the BDT against the USD contributed to the sell-offs by the foreign investors. In August, the overseas investors collected shares worth BDT 1.76 billion, but sold shares worth BDT 1.82 billion, resulting in their net position negative by BDT 57 million.

- In July, the foreign investors' net position was negative BDT 327 million as they purchased shares worth BDT 4.12 billion and sold shares worth BDT 4.44 billion. The net foreign investment in stocks was also negative in February, April, May, June and July this year. In eight months from January to August in 2018, the foreign investors bought shares worth BDT 36.97 billion and sold stocks worth BDT 33.94 billion, taking their net position negative BDT 3.03 billion. Chief executive officer of MTB Capital, said that the foreign investors continued to withdraw their funds due to the depreciation of BDT against the US dollar.

- He said the depreciation of local currency has made the foreign investors concerned about injecting fresh fund in stocks as it eroded their profitability. He also added that fears of political uncertainty also prompted the foreign investors to go for sell-offs. He noted that the overseas investors are pulling out their funds not only from Bangladesh but also from other frontier markets as the USD is getting stronger against other currencies. DSEX, the prime index of the DSE, however, added about 298 points or 5.62% in August riding on bank and non-bank financial institutions stocks.

<http://today.thefinancialexpress.com.bd/stock-corporate/net-foreign-fund-in-stocks-negative-for-fifth-month-1535992419>

<http://www.newagebd.net/article/49774/participation-of-foreign-investors-in-dse-trading-hits-4-yr-low>

### Quality of economic growth improves

- The quality of Bangladesh's economic growth has improved between 2000 and 2015, according to an index developed by the South Asian Network on Economic Modeling (Sanem). The country ranked 106th among 156 nations in 2015 in the Index of Quality of Economic Growth (IQEG), up by six notches from 112 in 2000. Bangladesh scored 42.7 on a scale of 0 to 100, according to the research organisation. The score indicated that the nation has not that much been able to translate its increasing economic growth over the last two decades into improvements in people's livelihoods.

- In context to South Asia however, Bangladesh's ranking remains unchanged. Sri Lanka is the best performer with a score of 56.46 followed by the Maldives, India, Bangladesh and Pakistan. Afghanistan is the region's worst performer and is ranked 155th. Globally,

Sweden has been the top performer scoring 93.01 while Guinea-Bissau the worst with 21.13. Sanem said every South Asian country, except Afghanistan, improved their index values from 2000 to 2015. The South Asian average IQEG in 2000 was 37.32, which increased to 40.90 in 2015, said Sanem. Meanwhile for Southeast Asian countries, the average increased from 50.12 to 54.83.

<https://www.thedailystar.net/news/business/quality-economic-growth-improves-1628176>

### Interest rate spread falls to 4.31% in July

- Interest rate spread in the country's banking sector decreased in July, as the commercial banks slashed their interest rates further on lending than deposit. The weighted average spread between lending and deposit rates offered by the banks came down to 4.31% in July 2018 from 4.45% in the previous month. The spread was same at 4.45% in May. But it was 4.46% in April. The falling trend of spread came against the backdrop of the banks' revising interest rates on both lending and deposit downward in line with the decisions of the Bangladesh Association of Banks (BAB).

- BAB earlier requested its member banks to bring down the interest rates on both lending and deposit at 9.0% and 6.0% respectively from July 01. Bangladesh Bank (BB) officials said that they are working now working to bring down the spread at 4.0% from the existing level within a couple of months. The central bank is now monitoring the issue closely, he said without elaborating. The interest rates on lending may decrease further after implantation of the BAB's decisions properly, but the deposit rates may remain unchanged.

- The weighted average rate on deposits came down to 5.40% in July from 5.50% a month before, and interest on lending dropped to 9.71% from 9.95%, the BB data showed. Mehmood Husain, managing director (MD) and chief executive officer (CEO) of NRB Bank Limited and MD and CEO of NCC Bank Limited, also said that the overall interest rate spread may come down to 4.0% from the existing level within next 2-3 months. They also said credit demand, particularly for the private sector, may fall in the coming months ahead of the general election that may help decrease the lending rates.

<http://today.thefinancialexpress.com.bd/public/last-page/interest-rate-spread-falls-to-431pc-in-july-1535737330>

### Bangladesh Bank (BB) moves to raise remittance flow from Japan, South Korea

- The central bank of Bangladesh has taken initiatives to expedite the flow of inward remittances from Japan and South Korea. According to officials, Under the latest moves, the Bangladesh Bank (BB) is giving approval to the interested commercial banks for setting up more drawing arrangements with money transfer companies in the two countries. Some local banks including Islami Bank Bangladesh Limited (IBBL) have already shown interest to increase the inflow of remittances from the two East Asian countries with setting up of their drawing arrangements.

- Currently, 29 exchange houses are operating globally with more than 1,200 drawing arrangements to boost the inflow of remittances. The inflow of remittance from Japan increased by more than 37% to USD 31.44 million in the fiscal year (FY) 2017-18 from USD 22.89 million a year ago, the BB data showed. It was USD 22.67 million in the FY 16. On the other hand, Bangladesh received USD 96.27 million as remittance from South Korea in the FY 18. The figure was 15.61% higher than that of the inflow of remittance in the

previous year. It was USD 64.71 million in the FY 16.

- Kingdom of Saudi Arabia (KSA) topped the list of major sources of remittance for Bangladesh with a total of USD 2.59 billion sent from the country in the FY 18 while the United Arab Emirates (UAE) and the United States were in second and third position respectively. In the FY 18, Bangladesh received USD 2.43 billion as remittances from the UAE and nearly USD 2.0 billion from the United States.

<http://today.thefinancialexpress.com.bd/last-page/bb-moves-to-raise-remittance-flow-from-japan-s-korea-1535909868>

### Lending through agent banking on the rise

- Lending through agent banking grew 12.32% to BDT 1.37 billion in April-June compared to a quarter ago with Bank Asia leading the pack. The agent banking windows of six banks disbursed the loans, data from the central bank showed.

- The six banks lend and accept deposits alongside providing other services under the platform while the rest of the 17 licensees have focused on collecting deposits and other services so far. The central bank issued the agent banking guideline in 2013 but the licensees started full-fledged operations in 2016. Since then, agent banking, which aims to create an alternative to branch-based banking, has been expanding.

- Through the window, Bank Asia, one of the pioneers in agent banking, disburses loans ranging from BDT 20,000 to BDT 2.0 million and has set a target to increase the loan portfolio to BDT 2.50 billion by December this year. The bank offers nearly 4% interest to depositors and 2% commission to agents, while lending at 9% to 13% on major products. Latest financial indicators showed that agent banking is on the right track as deposit collection through the service stood at BDT 20.13 billion in April-June, up 23.19% from a quarter ago. Seventeen banks have a combined 1.76 million accounts as of June, up from 1.46 million three months ago. There are 3,588 agents at the end of the second quarter, up 11.56% from the first quarter of 2018.

<https://www.thedailystar.net/news/business/banking/lending-thru-agent-banking-the-rise-1628158>

### Government plans to implement 10 power projects by 2030

- The government is going to implement 10 mega projects of about 15,000 MW of capacity by 2030 as part of its Power System Master Plan (PSMP) 2016, reports UNB. Director General of Power Cell, who is involved in chalking out the plan, said the government has already initiated a move to implement the plan as per its vision to raise electricity production to 40,000 MW by 2030 and 60,000 MW by 2041. However, the government's main focus in the existing plan is on raising the electricity production to 24,000 MW by 2021 when the country will be celebrating the 50th year of independence, said the Power Cell chief.

- Of the 15,000 MW of power, officials said, 11,000 MW will come from nine projects of the Power and Energy Ministry while 4,000 MW from nuclear power plant under the Ministry of Science and Technology. They said implementation of three of nine mega projects under the Power and Energy Ministry have already started while the first phase of 2,400 MW of the 4,000MW nuclear power started by the Ministry of Science and Technology. They are 1320 MW Moitri Super Thermal Power Project taken under Bangladesh-India joint venture with a target to implement it by 2019 in Rampal, 1200 MW Materbari Coal-based Power

Plant of Coal Power General Company Bangladesh Ltd (CPGCBL) in Cox's Bazar, financed by JICA, with a targeted implementation time of 2021 and the 1320 MW Paita Coal-based Power Plant taken under Bangladesh-China joint venture.

- The North-West Power Generation Company Ltd (NWPGCL) of Bangladesh and CMC of China has got engaged to implement the 1320 MW Paita coal-fired project in Patuakhali. According to the officials, the seven other mega projects are now at different stages of implementation although their physical work could not yet be started because of non-settlement of funding and some other technical issues.

<http://today.thefinancialexpress.com.bd/trade-market/govt-plans-to-implement-10-power-projects-by-2030-1535905321>

### RHD readies two-thirds of highways for investments

- Over two-thirds of the national highways studied by the state-run Roads and Highways Department (RHD) to upgrade to four-lane ones are now at the investment stage. The department completed studies on 1,752 kilometres of highways in the first phase to turn the main artery into the four-lane ones in 2015 to facilitate increased traffic movement. It is now studying 590 km roads in the second phase. The four-lane roads are claimed to reduce the number of accidents on the national highways in Bangladesh, which is considered one of the highest in the world.
- Officials said, of the studied national highways, RHD can bring over 900 kilometres of roads into the investment stage after getting the fund from development partners and the government. The rest are in the pipeline for investments by development partners, they added. Though the RHD has completed four-lane work on more than 250 km national highways, including Dhaka-Chittogram and Dhaka-Mymensingh routes, accidents on those roads still occur due to reckless driving. These roads will have two-lane separate routes for slow moving vehicles and flyover, overpass or tunnels to ensure connectivity across the road.
- RHD completed the feasibility study along with detailed design on 1,752 kilometres with the assistance from the Asian Development Bank (ADB) under the South-Asia Sub-regional Economic Cooperation (SASEC) Road Connectivity project. RHD officials said, of the investment project, the work on 70 km Joydevpur-Tangail highway will be completed within a year. Besides, the tender process for the projects to construct 190.4 km Elenga-Rangpur highway and 127.89 km Rangpur-Teesta-Burimari roads is now in progress. All these projects are funded by the ADB.
- The four-lane work on Ashuganj-Sorail-Brahmanbaria road has been processed under the Indian Line of Credit while 214.55 km Dhaka-Sylhet and 136 km Chittogram-Cox's Bazar-Teknaf route with the government's own fund. RHD has made progress in starting the Bhanga-Jessore-Benapole road under the Indian credit line on a priority basis, though its study is underway under the second phase of the feasibility study on 590 km national highways. RHD officials said 236 km Faridpur-Barisal-Kuakata road is now in the pipeline of the ADB for investment in 2022 while the Asian Infrastructure Investment Bank is also studying the scope for investments in the RHD projects.

<http://today.thefinancialexpress.com.bd/public/trade-market/rhd-readies-two-thirds-of-highways-for-investments-1535818141>

### Diesel-run power plants defy BERC order to fold

- The state-owned Bangladesh Power Development Board (BPDB) has allegedly kept four of its most expensive diesel-fired power plants operational, defying directive from the energy regulator to close operations. Bangladesh Energy Regulatory Commission (BERC) had set a June 2018 deadline for terminating the operations of such power plants. The power plants are -- Bheramara 60 megawatt (MW), Barishal 40 MW, Rangpur 20 MW and Syedpur 20 MW power plants. The four have a total electricity generation capacity of 140 megawatts (MW). All these power plants were commissioned over 30 years ago. The board has kept these old power plants running for a long, although their average electricity generation costs soared to around BDT 40 per unit (1 kilowatt-hour), which was around double the cost of new plants.

<http://today.thefinancialexpress.com.bd/public/first-page/diesel-run-power-plants-defy-berc-order-to-fold-1535820014>

### Bangladesh, Nepal to work together for power sector development

- Bangladesh and Nepal have agreed to enhance bilateral trade and investment between the two friendly countries as well as cooperate with each other for the power sector development. Bangladesh Prime Minister offered Nepal to use the seaports of Bangladesh and Syedpur Airport for their business and travel purposes. Nepalese Prime Minister mentioned the export of 500 megawatts of electricity to Bangladesh and said a Memorandum of Understanding (MoU) has already been signed.

<http://today.thefinancialexpress.com.bd/public/trade-market/bd-nepal-to-work-together-for-power-sector-development-1535650289>

### Balance of Payments (BoP) hits negative territory in seven years

- Bangladesh's overall balance of payments (BoP) posted USD 885 million deficit during the last fiscal year (FY 2018), compared with a surplus of USD 3.2 billion in FY 2017. This means the BoP hit the negative territory for the first time in seven years, driven by wider current account deficit. The last time when the overall balance was in the negative, was during the fiscal 2010-11. The deficit was USD 676 million then.

- However, the central bank said the deficit in current account was mainly due to high import payables along with the shortfall in the primary income from services. Such type of deficit on the external front affects foreign exchange holdings, making the regime volatile. The current account balance also traversed to the negative territory for the first time in four years during fiscal 2016-17. Many believe that the current account deficit widened on the imports meant for government mega projects, including the Rooppur nuclear power plant project. During 2017-18, import surged by over 25% while exports grew by only 6.0%. Such trade balance recorded a deficit of USD 18.26 billion during FY18 as compared to the deficit of USD 9.47 billion in FY17.

<http://today.thefinancialexpress.com.bd/first-page/bop-hits-negative-territory-in-seven-ysr-1535909483>

### Fix minimum wage for Readymade Garment (RMG) workers at BDT 16,000

- The Left Democratic Alliance, a platform of eight left-leaning political parties, has demanded that the government fix the minimum wage for the workers of the readymade garment (RMG) industry at BDT 16,000. Otherwise, the workers would launch

demonstration to press home their demand for pay hike, said a press statement issued by the Alliance. It placed the demand at a meeting held at Mukti Bhaban in the city's Purana Paltan area on Sunday. The leftist leaders said the proposals for minimum wage of BDT 6,360 and BDT 12,020 placed by the garment factory owners and workers' representatives respectively are not acceptable at all.

<http://today.thefinancialexpress.com.bd/trade-market/fix-minimum-wage-for-rmg-workers-at-BDT-16000-1535905282>

### IDB to fund USD 1.0 million cotton dev scheme

- The Islamic Development Bank (IDB) is set to finance a USD 1.0 million project in Bangladesh under its newly innovated 'reverse linkage' modality. The Jeddah-based lender will sign a memorandum of understanding with the government during its president Bandar Al Hajjar's upcoming Dhaka visit this weekend. The economic relations division (ERD) additional secretary said that The project is aimed at enhancing the country's capacity to develop high-yielding cotton varieties. Under the modality, the IDB will bear 27 % and Nazalli 53 % of the total project cost.
- This is the first time that that IDB is going to finance any project in Bangladesh under its 'reverse linkage' modality. Reverse linkage is a South-South Cooperation mechanism aimed at knowledge sharing, technology transfer and cross-border investment among its member countries. The IDB usually provides a certain amount of grant along with the borrowing and receiving entity while acting as the coordinating entity of the entire scheme. The IDB is the only multilateral agency whose membership is drawn entirely from developing countries.

<http://today.thefinancialexpress.com.bd/last-page/idb-to-fund-10m-cotton-dev-scheme-1536171279>

### Important News: Capital Market

#### Nitol-Niloy to start assembling Tata pickups this month

- A growing demand for commercial vehicles has encouraged Nitol-Niloy Group to start assembling Tata pickup trucks in Bangladesh from this month. According to the Chairman of the group, from now they will assemble the pickup, but they have a target to manufacture at least 25% of the components locally by 2020. The group initially plans to assemble 800 pickup trucks every month at a plant of Nita Company Ltd, a joint venture of Nitol and Tata, located in Jessore. Currently, chassis of trucks, buses and minibuses are imported in completely knocked down (CKD) condition and assembled at this plant.
- Bangladesh Road Transport Authority (BRTA) data showed that the demand for pickup trucks was over 1,000 units per month last year and the growth rate was over 18%. BRTA gave registration to 13,512 units of pickup trucks of different manufacturers in 2017, up from 11,371 units in 2016; 10,257 in 2015 and 9,554 in 2014.
- Nitol-Niloy Group has a diversified profile with exposure to assembling of vehicles, bus body making, after sales support, transport and aviation services, financial institutions, manufacturing industries, real state, properties development and sports promotion. The group's annual turnover was USD 128 million, equivalent to over BDT 10.00 billion, last

year, according to its website. It has so far invested around USD 260 million and employs 3,170 people.

<https://www.thedailystar.net/news/business/nitol-niloy-start-assembling-tata-pickups-month-1629904>

#### Runner Automobiles to make upto 500cc bikes for export market

- Runner Automobiles has moved to produce motorcycles of 165cc to 500cc based on imported parts and raw materials, said a company statement. The commerce ministry gave its consent to import parts and raw materials on August 30 last. Under a move to diversify the export basket, Runner has set a target of exporting 165cc to 500cc motorcycles to Bhutan, Myanmar, north-eastern states of India, Africa and the Middle East. As per the ministry's condition, the imported parts cannot be handed over or sold in the domestic market. Another condition was that the motorcycles above 165cc also cannot be sold in the domestic market for the time being.
- Meanwhile, the securities regulator allowed Runner Automobiles on July 10 last to determine the cut-off price required to go public under the book building method. The company will float IPO (initial public offering) under the book building method to raise a capital worth BDT 1.0 billion. Runner Automobiles will utilise the IPO fund for research and development works, purchasing machinery, repaying bank loans and bearing the IPO expense.
- According to financial statements for the year ended on June 30, 2017, the company's net asset value (NAV) per share is BDT 55.70, with revaluation reserve. The value is BDT 41.94 without revaluation reserve. And the weighted average of the EPS (earnings per share) is BDT 3.31. The company manufactures 12 different types of motorcycles ranging between 80cc and 150cc.

<http://today.thefinancialexpress.com.bd/stock-corporate/runner-automobiles-to-make-up-to-500cc-bikes-for-export-market-1536171982>

#### Danish Arla Foods to plough BDT 9.0 billion into Bangladesh

- Global dairy giant Arla Foods plans to further strengthen its footprint in Bangladesh reaching out to uncovered segment of the population while supporting them with affordable and better nutrition. With the objective, the world's fourth-largest dairy producer through its brand, Dano, wants to invest BDT 9.0 billion in the coming years in Bangladesh, where a 51% daily deficit in the consumption of milk was recorded by the World Health Organisation (WHO)
- Terming Bangladesh a key market for the Scandinavian company, Vice president and head of Southeast Asia Arla Foods Ltd Mark Boot said that Arla has been operating its business in this country for the last 57 years and developed a great distribution network with a strong team of people. At the same time, some macro-economic factors like GDP (gross domestic products) growth, population growth and the growing need for dairy products is turning Bangladesh into a "fertile ground" for business, he said. He again said that Dano has been adjudged as the best milk brand in Bangladesh in the last three consecutive years.

<http://today.thefinancialexpress.com.bd/last-page/danish-arla-foods-to-plough-BDT-90b-into-bangladesh-1536171148>

## Bangladesh Bank turns down Janata Bank's plea for fund

- The Bangladesh Bank (BB) has turned down a plea of Janata Bank, seeking BDT 110.49 million for its Janata Exchange Company (JEC), Italy to recoup the loss incurred in last three years, officials said. The central bank wrote that 'there was no scope to consider the request' made to Financial Institutions Division (FID) by Janata Bank. FID later sought opinion in this regard from the central bank, they added. The central bank also suggested that the state-run bank should shut down one of the branches of the JEC which spent more on operational costs, according to the letter.
- Currently, there are two branches of Janata Exchange Company at Milan and Rome in Italy. The company started operation in June 2002. It was a profit-making exchange company between 2002 and 2008, according to the data available with Janata Bank. The company, a subsidiary of state-run Janata Bank Ltd, counted an aggregate loss amounting to over BDT 241.81 million (over €2.44 million) in last nine years, the documents mentioned. Due to liquidity shortfall, the exchange house might face the bankruptcy proceedings in line with Italian laws. The state-run bank has already taken a two-year action plan to make the entity profitable, an official said.

• (JEC) has incurred losses due to a downward trend in the remittance flow and increase in operational costs of the exchange house, he said, adding that the exchange is still struggling to meet regular expenses. The exchange house incurred an aggregate loss of over BDT 110.50 million between the calendar years 2015 and 2017. The losses of the company amounted to over BDT 28.67 million in 2015, over BDT 30.53 million in 2016 and over BDT 51.29 million in 2017, the data showed. The exchange house suffered a loss of BDT 131.31 million from 2009 to 2014 due to increase in income tax, limited network, formulation of new anti-money laundering act and rise in regulatory and compliance related cost, a bank source said.

<http://today.thefinancialexpress.com.bd/last-page/bb-turns-down-janata-banks-plea-for-fund-1536083344>

## Dhaka Stock Exchange (DSE) transfers stake to Chinese partner

• Dhaka Stock Exchange (DSE) handed over its 25% stake to a Chinese consortium on Tuesday after completion of necessary formalities under the exchange's demutualisation move. The premier bourse received fund amounting to BDT 9.62 billion on Monday in exchange of its one-fourth stake, which has been transferred into BO (beneficiary owner's) account of the Chinese consortium. The consortium comprises of Shenzhen Stock Exchange and Shanghai Stock Exchange. Now the fund will be equally distributed among the DSE Trading Right Entitlement Certificate (TREC)-holders, as each of them sold 25% of respective share holdings.

• On May 3, Bangladesh Securities and Exchange Commission (BSEC) approved the Chinese consortium's proposal for being a strategic partner of DSE. Following the approval, DSE signed the share purchase agreement with the Chinese consortium on May 14. The Chinese consortium earlier offered BDT 22 per share for 25% of the DSE's total shares. It also offered technical supports worth nearly USD 37 million for free. However, the price offered by the Chinese consortium declined to BDT 21 per share following DSE's dividend disbursement. Another consortium, led by National Stock Exchange of India (NSE), was the second highest bidder for being the strategic partner. It offered BDT 15 per share for 25.01% of the DSE's total shares.

<http://today.thefinancialexpress.com.bd/first-page/dse-transfers-stake-to-chinese-partner-1536083189>

<http://www.newagebd.net/article/49854/chinese-bourses-consortium-joins-dse>  
<https://www.thedailystar.net/news/business/dse-get-face-lift-1629238>

## Bangladesh Securities & Exchange Commission (BSEC) approves Genex Infosys IPO

• The securities regulator has approved the IPO (initial public offering) proposal of Genex Infosys for raising a capital worth BDT 200 million from the market. The approval came on Tuesday at a meeting held at the office of the Bangladesh Securities and Exchange Commission (BSEC). As per the BSEC approval, Genex Infosys will offload 20 million shares at an offer price of BDT 10 each under the fixed price method to raise BDT 200 million. The company will utilise the fund to expand call centre business, repay bank loan partially and bear the IPO expenses.

• As per financial statement for the year ended on June 30, 2017, the company's weighted average of EPS (earnings per share) is BDT 1.89, while the net asset value (NAV) per share BDT 13.96, without revaluation. Genex Infosys is a fully-owned (99.99%) subsidiary. That's why, the company's consolidated NAV and weighted EPS of Genex Infosys stood at BDT 13.97, without revaluation, and BDT 2.02 respectively as of June 30, 2017. Imperial Capital is working as the issue manager of the IPO.

<http://today.thefinancialexpress.com.bd/stock-corporate/bsec-approves-genex-infosys-ipo-1536081281>  
<http://www.newagebd.net/article/49857/bsec-approves-BDT-20cr-ipo-of-genex-infosys>

## Chinese group becomes Dhaka Stock Exchange (DSE) strategic investor today

• The Chinese consortium of Shenzhen and Shanghai stock exchanges will receive 25% shares of the Dhaka Stock Exchange today as the group on Monday deposited in a Bangladeshi bank BDT 9.47 billion to buy the bourse's shares to be its strategic investor. A DSE official said that the Chinese group deposited the amount in Standard Chartered Bangladesh that would be transferred to the DSE account with City Bank today. The bourse, on the other hand, would transfer its 45,09,44,125 ordinary shares to a beneficiary owners' account to be opened with the Central Depository Bangladesh Limited in favour of the group on the same day.

• In accordance with the share purchase agreement, the consortium would transfer BDT 9.47 billion against 45,09,44,125 ordinary shares of the DSE at BDT 21 each to be the bourse's strategic investor, they said. Bangladesh Bank has recently approved the DSE's proposal for non-resident investors BDT account in favour of the Chinese consortium to facilitate the fund transfer.

<http://www.newagebd.net/article/49778/chinese-group-becomes-dse-strategic-investor-today>

## Tosrif's IPO fund project gets gas connection

• Tosrif's Industries has informed that its dyeing project, which was financed by funds

collected through initial public offering (IPO), has got natural gas connection. After completion of gas boiler erection the dyeing unit will run its operation by natural gas from Titas Gas Transmission and Distribution Company immediately. The Gazipur-based apparel maker raised BDT 638.72 million from the capital market by issuing 24.56 million ordinary shares of BDT 26 each, including a premium of BDT 16, in 2015 for expansion of the company's business.

- Tosrifa Industries also informed that the company has accepted the sanction of Infrastructure Development Company Limited (IDCOL) for up to BDT 109.03 million in term-loan facility for energy-efficient machinery. The interest rate on loan is 5.0% for six years tenor with a moratorium period of 18 months which will be financed by a fund from Japan International Cooperation Agency (JICA). Each share of the company, which was listed on the Dhaka bourse in 2015, closed at BDT 26.70 on Monday, registering an increase of 5.53% over the previous session.

- The company's earnings per share (EPS) turned negative BDT 0.11 for January-March 2018 as against BDT 0.22 for January-March 2017. In nine months for July 2017-March 2018, the EPS was BDT 0.51 as against BDT 1.04 for July 2016-March 2017. The net operating cash flow per share (NOCFPS) was BDT 0.78 for July 2017-March 2018 as against BDT 3.39 for July 2016-March 2017.

<http://today.thefinancialexpress.com.bd/stock-corporate/tosrifas-ipo-fund-project-gets-gas-connection-1535992521>

### **Runner gets nod to import raw materials to produce high-capacity motorcycles**

- The government has permitted Runner Automobiles Limited to import raw materials and equipment for manufacturing motorcycles with high engine capacity in the country for export. The commerce ministry on August 30 issued the import permit certificate to the automobile company, a sister concern of Runner Group. The company will manufacture motorcycles with engine capacity ranging from 165 cubic centimetres to 500cc. The ministry, however, has tagged with the permission some conditions including prohibition of selling those motorcycles in the local market.

- Motorcycles produced using the raw materials and parts must be exported, it said. The company will not be allowed to sell or transfer the raw materials and equipment to be imported under the permit to any other company inside the country, it said. Under the permit, the company will also have to ensure proper security measures so that motorcycles with above 165cc engine capacity and parts of those motorcycles cannot be used within the country. According to the existing policy, only the police department is allowed to import and use the motorcycles with above 165cc engine capacity.

<http://www.newagebd.net/article/49776/runner-gets-nod-to-import-raw-materials-to-produce-high-capacity-motorcycles>

### **Qubee says goodbye to individual customers**

- WiMax service provider Qubee has suspended its service for individual subscribers from August 30 with a view to focusing on corporate clients. The second largest WiMax operator in the country, Qubee, an entity of Augere Wireless Broadband Bangladesh Limited, started its business in 2009 after getting licence in 2008 for a period of 15 years that will expire in

2023. The operator after a few years of operation managed to attain customers' attention, bringing around 0.15 million customers under its service.

- Qubee along with other WiMax service providers, however, failed to retain customers after the launch of third generation (3G) mobile phone service in the country in 2013. The launch of 4G service in February this year affected the WiMax business further. Following its failure to battle with 3G technology, Qubee suspended its customer segment with the aim of reshaping its business to survive the onslaught of high-speed mobile internet and handed over about 20,000 individual subscribers to its main competitor, Banglalion, under a revenue sharing model. The company is also squeezing its business in some parts of the country.

- Qubee had about 350 base stations in the 25 districts it is allowed by the BTRC to offer its service but the operator is now in the process of bringing it down to 90, said an official of the operator. Qubee officials said the entity has been shifting its focus more to enterprise business and upgrading their network to long-term evolution (LTE) technology. Qubee also cut its workforce by half by way of terminating about 90 people last month. Qubee has about 1,000 corporate customers

<http://www.newagebd.net/article/49729/qubee-says-goodbye-to-individual-customers>

### **Bangladesh Securities & Exchange Commission (BSEC) not utilising high-profile body for rebuilding market**

- The advisory committee formed by the securities regulator for proposing 'policy options' for the capital market has made hardly any outcome in last seven years. On March 28 in 2011, the Bangladesh Securities and Exchange Commission (BSEC) had formed the committee comprising renowned market analysts and chiefs of different regulatory authorities. The objective of forming the committee was to seek advice in developing investors' interest in the securities market, among others. A member of the advisory committee said he attended only one meeting after formation of the committee.

- A BSEC executive director, said that holding a meeting of the advisory committee depends on the requirement of the securities regulator. A BSEC spokesperson said that it is the jurisdiction of the BSEC to call meetings of the advisory committee. The regulator will call the meeting based on necessity. According to the terms of reference (ToR), the advisory committee would advise on any matter as may be referred by the BSEC. According to another clause of the ToR, the commission may hold a meeting at any time considered necessary by the commission.

<http://today.thefinancialexpress.com.bd/public/stock-corporate/bsec-not-utilising-high-profile-body-for-rebuilding-market-1535814926>

### **Only 11 companies get Bangladesh Securities and Exchange Commission (BSEC) approval to go public in eight years**

- Only 11 companies got the regulatory consent to offload shares in the capital market under book-building method since the introduction of such a price discovery method in 2010. Some 80 companies, meanwhile, went public during the period under the fixed-price method. The BSEC said it takes to approve IPOs under book building method as the issuers took time to fulfil deficiencies in IPO proposals.

- The book-building method was introduced in 2010. RAK Ceramics was the first company

to go public under the method, getting approval on March 28, 2010. After the December (2010)-January (2011) period, the method was suspended due to gross allegations on the misuse of its process. In 2014, after about two years of suspension, the method was resumed in a modified form. On December 7, 2015, the BSEC made book-building mandatory for companies seeking premium. It also amended the method regarding the conduct of eligible investors while taking part in the price bidding process of the method. Of the 11 companies going public under the method, eight got listed on the stock exchanges. The remaining three companies set to complete the IPO process through determining cut-off prices.

- The listed companies are RAK Ceramics, MJL Bangladesh, MI Cement Factory, United Power Generation and Distribution Company, ACME Laboratories, Aamra Networks, Bashundhara Paper Mills and Aman Cotton Fibrous. They raised an aggregate capital worth above BDT 19.15 billion. The three firms waiting to go public are Esquire Knit Composite, Runner Automobiles and ADN Telecom. Some 80 companies that went public under fixed price raised an aggregate capital worth above BDT 42.76 billion.

<http://today.thefinancialexpress.com.bd/stock-corporate/only-11-cos-get-bsec-approval-to-go-public-in-eight-years-1535904643>

### Dhaka Stock Exchange (DSE) market cap sheds BDT 266 billion in eight months

- The market capitalisation of Dhaka Stock Exchange (DSE) declined by about BDT 266 billion in last eight months as investors were on selling binge. The total market cap was BDT 4,228 billion on the opening day of the year, but gradually came down to BDT 3,962 billion on Thursday last, the last trading day of August. During the period, DSEX, the prime index of the DSE, also witnessed a fall of 644 points or 10.31%.
- The DSEX started the year at 6,244 points and came down to 5,600 points on Thursday, the last trading day of the month of August. According to the market operators, foreign and local investors booked profits while most of the retail investors were on selling mood instead of taking fresh position during the period. They said the pessimism, coupled with disappointing quarterly earnings results, particularly banks in the first quarter, dented the investors' confidence. Accordingly, the heavyweight banking sector lost more than 28% in market capitalization alone in seven months till July 2018.
- The prime index of the DSE also recovered about 298 points or 5.62% last month riding on banking and non-banking financial institutions stocks. The non-bank financial institutions also witnessed 15% return last month as 22 issues of the sector ended higher, out of 23. Out of 18 sectors having 306 listed companies, the share prices of 159 companies increased, 137 declined and 16 remained unchanged in August compared to July.

<http://today.thefinancialexpress.com.bd/stock-corporate/dse-market-cap-sheds-BDT-266b-in-eight-months-1535904700>

### Dhaka Stock Exchange (DSE) transfers 25% stake to Chinese partner Tuesday

- The Dhaka Stock Exchange (DSE) will formally transfer 25% of its shares to its Chinese strategic partner on Tuesday next on receipt of the stipulated amount of fund. As per the demutualisation scheme, a representative of the strategic partner will sit on the board of the DSE. As per the BSEC approval, the DSE sold its 25% stake or more than 450.94 million

shares at a price of BDT 22 each. But the price declined slightly after the dividend offered by the DSE. After transfer of the shares, 250 TREC (Trading Right Entitlement Certificate) holders of the DSE will receive around BDT 9.46 billion from the consortium. The fund will be distributed equally to the TREC holders as each of them sold 25% of their share holdings.

<http://today.thefinancialexpress.com.bd/public/first-page/dse-transfers-25pc-stake-to-chinese-partner-tuesday-1535820246>

### Dhaka Stock Exchange mulls e-disclosure system for companies PSI

- The Dhaka Stock Exchange is mulling over allowing the listed companies to publish price sensitive information directly on the bourse's web site through eXtensible Business Reporting Language-based electronic disclosure system to check delay in publishing PSI by the firms. XBRL is a global framework for exchanging business information, such as a financial statement. The system provides a complete electronic solution from corporate disclosure to fair speedy information access for investors. All the companies will be linked with the DSE software and the companies pass the PSI directly to the web site without any intervention, DSE officials said. The DSE board of directors has agreed in principle to run the system so that the companies can easily make their PSI public on their own responsibility, they said.
- The bourse intends to run the system with support from its strategic partner of a Chinese consortium of Shenzhen and Shanghai stock exchanges as the system requires huge amount of money and efficient professionals, they said. The Chinese group joins the DSE board on Tuesday. The consortium pledged to provide USD 37 million worth of technological supports to the bourse and the Shenzhen Stock Exchange has long-time experience of running XBRL system, DSE officials said. However, there is no indication that the group alone would bear the expenditures for installing any technical system. The consortium said that it would provide consultancy and training services worth of USD 37 million, according to the book of share purchase agreement between the DSE and the Chinese consortium.

- According to the DSE listing regulations, any listed company must disclose its price sensitive information within 30 minutes of making the decision on such information to the exchange and the Bangladesh Securities and Exchange Commission. Once the new system is introduced, the company would not be able to show any excuse in regard to providing PSI on time. Besides, the bourse also often makes delay in publishing the PSI provided by the companies. Therefore, the initiative is expected to resolve the problem from both sides.

<http://today.thefinancialexpress.com.bd/trade-market/fix-minimum-wage-for-rmg-workers-at-BDT-16000-1535905282>

### UCB to issue BDT 8.0 billion bond

- The board of directors of United Commercial Bank (UCB) has approved issuance of BDT 8.0 billion non-convertible subordinated bond. The bank will issue the bond as part of Tier-II regulatory capital requirement subject to approval by the regulatory authorities like Bangladesh Bank and Bangladesh Securities and Exchange Commission (BSEC). The tenure of the bond will be seven years, according to a disclosure posted on the Dhaka Stock Exchange (DSE) website on Thursday. The bond is unsecured, non-convertible, non-listed and redeemable. The name of the bond is "UCB 4th subordinated bond".

- The units of the bond will be sold to the banks, financial institutions, insurance companies, corporate bodies, asset management companies, mutual funds and high net worth individuals through private placements. Each share of the bank, which was listed on the Dhaka bourse in 1986, closed at BDT 18.70 each, gaining 1.63% over the previous day. The bank's share was traded between BDT 15.70 and BDT 26.30 each in the past one year. The consolidated earnings per share (EPS) of the bank stood at BDT 0.74 for April-June, 2018 as against BDT 1.15 for April-June, 2017.

- In the six months for January-June period of 2018, its consolidated EPS was BDT 1.05 as against BDT 1.25 for January-June, 2017. The consolidated net operating cash flow per share (NOCFPS) was minus BDT 9.42 for January-June, 2018 as against BDT 2.55 for January-June, 2017. The consolidated net asset value (NAV) per share was BDT 25.54 as on June 30, 2018 and BDT 24.14 as on June 30, 2017. The bank disbursed 10% cash dividend for the year ended on December 31, 2107. In 2016, it paid 15% cash dividend.

<http://www.newagebd.net/article/49402/fin-min-advises-bsec-to-extend-tenure-of-mfs-by-10-years>

### Silva Pharma to allocate 30 million IPO shares

- Silva Pharmaceuticals is set to allocate 30 million ordinary shares among successful applicants as the company's IPO lottery draw was held on Thursday. The Silva Pharma raised a capital worth BDT 300 million by issuing 30 million ordinary shares at an offer price of BDT 10 each under the fixed price method. The IPO subscription of the company was opened on July 29. It continued until August 05, according to the Dhaka Stock Exchange (DSE). The company's IPO was oversubscribed by more than 25 times as the company received about BDT 7.73 billion against the IPO issue of BDT 300 million.

- The pharmaceutical company will purchase machinery, construct building, repay bank loans and bear the IPO expenses with the fund raised from the public. The company reported net asset value (NAV) of BDT 16.48 per share, (without revaluation), weighted average earnings per share (EPS) of BDT 1.03 as per the financial statement for the year ended on June 30, 2017. Prime Finance Capital Management, Imperial Capital and SBL Capital Management are working as managers to the issue. The company is engaged in manufacturing and marketing of products in the categories of antibiotics, analgesics, anti diabetics, narcotics, anti-pyretic, etc, mainly for the local market, according to the IPO prospectus.

<http://today.thefinancialexpress.com.bd/public/stock-corporate/silva-pharma-to-allocate-30-million-ipo-shares-1535649855>

### Indo-Bangla Pharma's IPO gets 34 times higher subscription

- The initial public offering (IPO) lottery draw of Indo-Bangla Pharmaceuticals will be held on September 11, officials said. The event will be held at 10:30 am at the auditorium of the Institution of Engineers Bangladesh (IEB) in Dhaka. After the lottery draw, the results will be published on the websites of Dhaka and Chittagong stock exchanges, issue managers and the company.
- The Indo-Bangla Pharma will raise a fund worth BDT 200 million by issuing 20 million ordinary shares at an offer price of BDT 10 each under the fixed price method. The IPO subscription of the company was held between August 09 and August 16 last. The

company's IPO is oversubscribed by more than 34 times as the company received BDT 6.84 billion against the public issue of BDT 200 million. The company will utilise 29.29% of the IPO proceeds for construction and other civil works, 62.36% for purchasing machineries and 8.35% for bearing the IPO expenses, according to the IPO prospectus.

- As per the financial statement for the year ended on June 30, 2016, the company's net asset value (NAV) per share and earnings per share (EPS) are BDT 11.63 and BDT 2.62 respectively. The company's pre-IPO paid-up capital is BDT 730 million and authorised capital is BDT 1.0 billion. AFC Capital, EBL Investments and CAPM Advisory are working together as issue manager of the IPO.

<http://today.thefinancialexpress.com.bd/stock-corporate/indo-bangla-pharmas-ipo-gets-34-times-higher-subscription-1535904761>

### BASIC Bank's losses widen for bad loans

- The rising nonperforming loans have continued to widen the loss of the scam-hit BASIC Bank. In the six months to June this year, the bank's loans worth BDT 2.39 billion were classified, according to central bank data. As of June, the amount of classified loan of the state-owned lender hit BDT 84.43 billion, which is 56.43% of the total outstanding loan. The bank made a profit of BDT 0.25 billion in December last year, which fell to BDT 24.1 million in January this year. The bank's loss started widening in February when it lost BDT 22 million and the figure hit BDT 366 million in June this year.

- The rising default loan is another big problem for the bank, said its Chairman. The bank rescheduled loans of BDT 3.49 billion in 2018's January to June period while it rescheduled a total of BDT 17.37 billion loans in the previous two years. The rescheduled loans may become default again because of the non-payment of regular installments by the clients, he said. The substantial decline in profit put pressure on its management prompting Managing Director to resign. The financial health of the bank is not improving because of the failure of the management, the chairman added.

- In the four years between 2009 and 2013, BDT 45.00 billion was swindled out of BASIC Bank, once a healthy public bank, in the country's biggest financial sector fraud. The bank regularised the loans without proper assessment of cash flow or failed to motivate the borrowers to keep repaying loans, the chairman said. The outstanding loans of the bank's top 20 defaulters rose to BDT 22.40 billion in June from BDT 0.21 billion in December. BASIC Bank managed to recover only BDT 40 million in the first six months of the year.

<https://www.thedailystar.net/news/business/basic-banks-losses-widen-bad-loans-1628908>