

Weekly Market Update

Capital Market Overview

The market closed negative this week. The benchmark index DSEX (-1.58%) lost 85.81 points and closed the week at 5,343.88 points. The blue-chip index DS30 (-1.98%) lost 39.88 points and stood at 1,975.00 points while the shariah based index DSES (-1.70%) closed in red and stood at 1,238.31 points. DSEX, DS30, and DSES all posted negative YTD return of -14.42%, -13.50%, and -10.96% respectively.

Total Turnover During The Week (DSE) : BDT 22.7 billion (USD 272.5 million)
Average Daily Turnover Value (ADTV): BDT 4.5 billion (Δ% Week: -3.9%)

Market P/E: 16.58x
Market P/B: 2.15x

Daily Index Movement during the Week:

The market performed five sessions during the week. This week, market closed in green in the first session by 0.50%. Then in the second session, market experienced correction of 0.72% and continued to be negative in the third, fourth and fifth session respectively by -0.14%, -0.26% and -0.96%.

Sectoral Performance:

- All the financial sectors ended in negative. Banks posted the highest loss of 1.79% followed by General Insurance (-1.30%), NBFIs (-1.13%), Life Insurance (-0.59%) and Mutual Funds (-0.25%).
- Telecommunication experienced the highest loss of 3.29% followed by Engineering (-2.84%), Pharmaceuticals (-2.47%), Food & Allied (-0.53%) and Power (-0.50%).

Macroeconomic arena:

- As per the central bank's notice, no bank will be permitted to increase the flexible lending rate more than once a year. Banks will have to give notice to borrowers at least three months before increasing the lending rate. They can increase the rate by a maximum of 0.05% for term loans and 1% for working capital and other loans in a year. Central bank also asked banks to maintain the interest rate spread, the gap between the interest rates for credit and deposit, within 4.0%, down from the previous ceiling of 5.0%.
- At USD 1,355 in 2016, Bangladesh's per capita income was up 40% in three years against 14% growth in India and 21% growth in Pakistan according to an analysis of the Business Standard on India. At this rate, Bangladesh's per capita income would top India's by the year 2020.
- MD of Mercantile Bank quoted from the central bank's data that the credit growth was 17.93%, down 0.56% points from the previous month, according to data from the central bank. He mentioned that the lending rate will come down to single digit in the near future as there is enough liquidity in the banking system.
- The country's overseas employment declined by about 26% during the last four months of the year as hiring by Saudi Arabia more than halved. During the January-April period of 2018, some 273,304 Bangladeshi workers went abroad with jobs. This compares with 368,458 during the same period of 2017, according to figures available with the state-run Bureau of Manpower.

Stock Market arena:

- Mobile operators may be allowed to hold a maximum of 49% shares in companies that run mobile financial services. The draft regulation, however, said the MFS providers in the country will be led only by scheduled banks. A central bank official argued that many disputed issues may emerge and a tussle will be created between the BB and the Bangladesh Telecommunication Regulatory Commission if this draft is approved.
- According to the stock brokers, the rate of opening new BO accounts was not up to the mark in the last nine months. It happened because of the cut in the IPO (initial public offering) quota for general investors. The IPO quota has been reduced in the revised public issue rules whereas most BO accounts of general investors are normally used in applying for IPO shares.
- World renowned industrial sewing machine brand Zoje has partnered with Singer Bangladesh Limited. Zoje Sewing Machine Co. Ltd. is an industrial sewing machines and equipments manufacturer in China. Zoje is one of the leading industrial sewing machine brands in China with state of the art technology and enriched research and development.

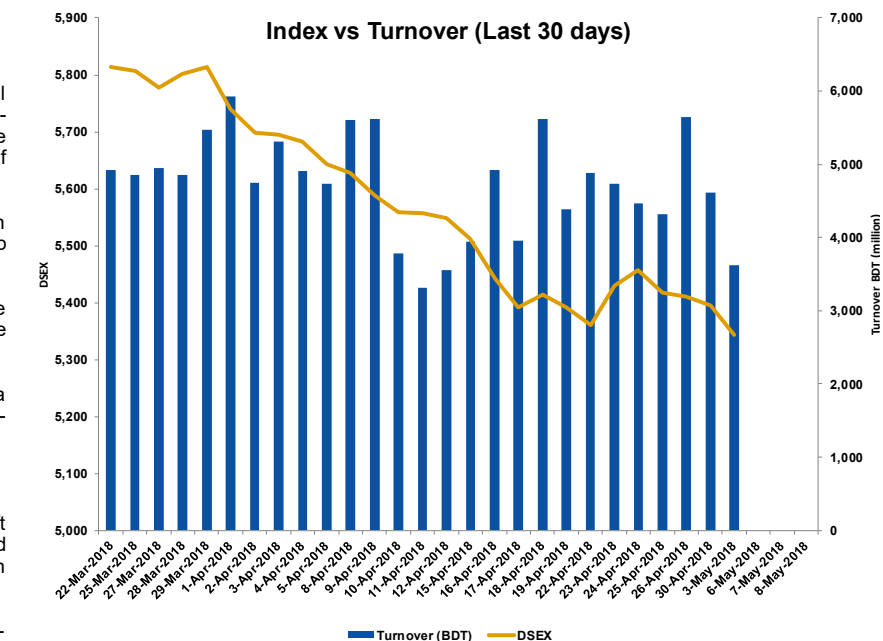
Table 1: Index

Index	Closing	Opening	Δ(Pts)	31-Dec-2016	Δ% Week	Δ%YTD
DSEX	5,343.88	5,429.69	-85.81	6,244.52	-1.58%	-14.42%
DS30	1,975.00	2,014.88	-39.88	2,283.23	-1.98%	-13.50%
DSES	1,238.31	1,259.70	-21.39	1,390.67	-1.70%	-10.96%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	19,186,293.8	19,209,652.9	-0.1%
	Mn USD	230,798.7	231,079.7	
Turnover	Mn BDT	22,651.7	23,579.4	-3.9%
	Mn USD	272.5	283.6	
Average Daily Turnover	Mn BDT	4,530.3	4,715.9	-3.9%
	Mn USD	54.5	56.7	
Volume	Mn Shares	567.1	562.9	0.8%

Figure 1: DSEX & Turnover in last four weeks



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Table 3: Top Ten Gainers

	Mcap						
	Close	Open	Δ%	(mn BDT)	Vol (mn BDT)	P/E	P/B
Alif Industries Limited	105.40	89.70	17.5%	3,962.7	645.57	30.2x	8.6x
Monno Jute Staffers	2,210	1,917.80	15.2%	1,016.5	92.55	4458.2x	47.7x
Safko Spinnings	19.30	16.80	14.9%	561.8	233.10	50.6x	1.1x
Shasha Denim Limited	61.60	53.70	14.7%	7,364.6	327.03	12.5x	1.8x
Dulamia Cotton	38.40	34.30	12.0%	290.2	1.35	NM	NM
Beach Hatchery Ltd.	13.90	12.50	11.2%	575.5	6.13	NM	1.2x
Khulna Power Company Limited	62.50	56.60	10.4%	22,580.3	175.65	12.3x	2.5x
Legacy Footwear	91.60	83.60	9.6%	1,041.8	560.60	90.8x	5.4x
Imam Button	28.90	26.50	9.1%	222.5	2.35	NM	3.5x
Golden Harvest Agro Industries Ltd.	40.90	37.90	7.9%	4,458.5	294.41	23.8x	2.5x

Table 4: Top Ten Losers

	Mcap						
	Close	Open	Δ%	(mn BDT)	Vol (mn BDT)	P/E	P/B
Asia Pacific Gen Ins	22.00	24.90	-11.6%	931.7	.61	14.6x	1.4x
NCC Bank	14.20	15.80	-10.1%	12,541.7	36.76	6.0x	0.8x
Eastern Insurance	26.50	29.10	-8.9%	1,142.4	1.14	7.9x	0.9x
Phoenix Insurance	23.50	25.80	-8.9%	948.0	.25	9.6x	0.7x
Asia Insurance	15.50	17.00	-8.8%	729.6	.41	9.5x	1.0x
Bangladesh Steel Re-Rolling Mills Limited	104.00	112.80	-7.8%	21,814.5	565.47	28.8x	2.1x
Takaful Insurance	22.20	24.00	-7.5%	891.9	.53	18.1x	1.4x
FAS Finance & Investments Limited	10.80	11.60	-6.9%	1,533.4	19.99	16.6x	0.8x
Reckitt Benckiser	1,662.40	1,783.20	-6.8%	7,854.8	7.17	26.5x	34.0x
Mercantile Bank	16.90	18.10	-6.6%	13,772.2	115.18	6.2x	0.8x

Table 5: Top Ten Most Traded Shares

	Mcap						
	Close	Open	Δ%	(mn BDT)	Vol (mn BDT)	P/E	P/B
Beximco Limited	27.30	26.20	4.2%	22,784.3	930.47	22.2x	0.4x
Berger Paints	2,508.30	2,631.00	-4.7%	58,164.8	804.34	28.8x	10.2x
Alif Industries Limited	105.40	89.70	17.5%	3,962.7	645.57	30.2x	8.6x
United Power Generation & Distribution Company Ltd	214.30	223.00	-3.9%	85,557.0	578.51	20.5x	8.0x
Bangladesh Steel Re-Rolling Mills Limited	104.00	112.80	-7.8%	21,814.5	565.47	28.8x	2.1x
Legacy Footwear	91.60	83.60	9.6%	1,041.8	560.60	90.8x	5.4x
Queen South Textiles Mills Limited	53.90	51.50	4.7%	5,398.1	554.07	37.0x	3.3x
Miracle Ind.	46.60	47.90	-2.7%	1,461.1	538.08	39.9x	1.1x
Monno Ceramic	156.90	146.40	7.2%	3,942.0	534.71	1497.7x	1.7x
Nahee Aluminium Composite Panel Ltd.	49.60	50.60	-2.0%	2,380.8	520.10	28.2x	4.2x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Berger Paints	2,508.30	21.59%	58,164.8	28.8x
Marico Bangladesh Limited	1,184.40	7.08%	37,308.6	25.9x
Beximco Limited	27.30	1.11%	22,784.3	22.2x
Green Delta Insurance	61.60	0.33%	4,970.6	17.8x
BATBC	3,394.60	-0.21%	203,676.0	26.9x
Summit Power	35.80	-0.28%	38,230.0	8.7x
Delta Brac Housing	134.10	-1.40%	16,340.3	20.8x
Mutual Trust Bank	30.60	-1.64%	17,544.9	12.0x
Padma Oil Co.	234.60	-1.84%	23,045.4	11.3x
Fareast Islami Life Ins	69.50	-2.80%	5,194.6	NM

Table 6: Sector Indices

	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1400.97	1426.55	1848.21	-1.79%	-24.20%
NBFIs	2069.05	2092.70	2714.85	-1.13%	-23.79%
Mutual Funds	765.62	767.52	788.81	-0.25%	-2.94%
General Insurance	1415.40	1434.01	1592.30	-1.30%	-11.11%
Life Insurance	1735.46	1745.83	1834.85	-0.59%	-5.42%
Telecommunication	5715.21	5909.72	6494.31	-3.29%	-12.00%
Pharmaceuticals	2688.30	2756.34	2821.05	-2.47%	-4.71%
Fuel & Power	1518.56	1526.25	1527.27	-0.50%	-0.57%
Cement	1863.56	1860.36	2280.58	0.17%	-18.29%
Services & Real Estate	1064.01	1039.98	1224.11	2.31%	-13.08%
Engineering	2795.98	2877.66	3166.83	-2.84%	-11.71%
Food & Allied	14699.06	14777.39	15304.34	-0.53%	-3.95%
IT	1339.78	1362.97	1484.41	-1.70%	-9.74%
Textiles	1130.93	1127.30	1222.72	0.32%	-7.51%
Paper & Printing	883.47	908.13	1013.11	-2.72%	-12.80%
Tannery	2479.13	2460.46	2642.41	0.76%	-6.18%
Jute	7683.27	7695.62	8867.22	-0.16%	-13.35%
Ceramics	535.43	528.27	597.46	1.36%	-10.38%
Miscellaneous	1884.65	1926.39	1725.62	-2.17%	9.22%

Table 7: Sector Trading Matrix

	Daily average this Week	Daily average last week	% Change	% of Total Turnover	PE	PB
	Banks	444.6	453.9	-2.04%	11.02%	9.0x
NBFIs	93.1	82.3	13.19%	2.31%	19.4x	2.0x
Mutual Funds	39.3	48.8	-19.52%	0.97%	NM	0.6x
General Insurance	36.5	25.4	43.46%	0.90%	12.9x	1.0x
Life Insurance	56.7	73.9	-23.28%	1.41%	NM	7.6x
Telecommunication	91.5	108.2	-15.45%	2.27%	25.1x	18.5x
Pharmaceuticals	296.2	298.4	-0.74%	7.34%	20.3x	3.4x
Fuel & Power	283.3	285.1	-0.61%	7.02%	12.7x	2.0x
Cement	31.7	31.1	1.84%	0.79%	21.0x	3.4x
Services & Real Estate	76.8	47.5	61.45%	1.90%	26.7x	0.9x
Engineering	667.6	603.7	10.59%	16.55%	22.1x	2.1x
Food & Allied	142.6	125.7	13.43%	3.53%	30.2x	10.7x
IT	69.1	67.2	2.79%	1.71%	25.9x	2.8x
Textiles	816.2	594.1	37.37%	20.23%	20.2x	1.1x
Paper & Printing	1.0	1.3	-21.28%	0.02%	NM	0.9x
Tannery	168.0	147.2	14.14%	4.16%	18.9x	3.0x
Jute	28.4	19.8	43.50%	0.70%	NM	3.3x
Ceramics	118.7	93.4	27.15%	2.94%	25.8x	2.0x
Miscellaneous	573.4	414.1	38.46%	14.21%	26.5x	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	12.60	-42.99%	9,552.4	6.3x
Lankabangla Finance	26.20	-41.08%	8,963.5	11.3x
Islami Bank	23.50	-35.79%	37,834.8	8.4x
EXIM Bank	11.40	-33.72%	16,099.7	5.5x
Uttara Bank	23.50	-33.43%	9,401.9	6.1x
Rupali Bank	36.70	-31.26%	13,818.2	NM
City Bank	33.80	-29.78%	32,718.0	8.1x
Eastern Bank	36.00	-29.55%	26,568.0	9.8x
Prime Bank	17.70	-28.94%	20,041.4	9.2x
Prime Finance	8.70	-28.69%	2,374.4	NM

Important News: Business & Economy

Overseas jobs plunge 26%

• The country's overseas employment declined by about 26% during the last four months of the year as hiring by Saudi Arabia more than halved. During the January-April period of 2018, some 273,304 Bangladeshi workers went abroad with jobs. This compares with 368,458 during the same period of 2017, according to figures available with the state-run Bureau of Manpower, Employment and Training (BMET). The demand for foreign workers decreased significantly in Saudi Arabia, the largest job market for Bangladeshi workers. Manpower recruiters said, Saudi employers are not willing to recruit Bangladeshi workers except women at this moment. The number of Bangladeshi workers going to Saudi Arabia dropped by more than 50% in the last four months, according to the BMET data.

<http://today.thefinancialexpress.com.bd/public/first-page/overseas-jobs-plunge-26pc-1527183698>

Exports get raw deal from both big, small SAARC nations

• Exports from Bangladesh to SAARC countries are being subjected to various types of non-tariff and para-tariff barriers, according to a study carried out by the Bangladesh Tariff Commission (BTC) recently. The study has found that both big and small members of the South Asian grouping are subjecting exports from Bangladesh to non-tariff and para-tariff barriers. The putting up of all types of barriers has led to a very slow growth of Bangladesh's exports to other members of the South Asian Association of Regional Cooperation (SAARC).

• Major exports to Afghanistan include pharmaceuticals, jute goods and electric accumulator. Bangladesh's major exports to Bhutan include vegetables, fruit, nut, and foods preparations, pharmaceuticals, plastics, electrical and electronic equipment. Those do also face various NTBs. Export to India, the largest trading partner of Bangladesh in South Asia, has not been rising due to various NTBs and PTBs. Apart from newly introduced goods and services tax (GST), Bangladesh's exports are subjected to 'integrated tax' ranging between 0.25% and 28%, depending on the products, the study mentioned.

<http://today.thefinancialexpress.com.bd/first-page/exports-get-raw-deal-from-both-big-small-saarc-nations-1527353266>

Secondary treasury bills, bonds market witnesses volatility

• Country's secondary market of treasury bills and bonds is lately gripped by a sharp volatility, according to the central bank data. The less-than-expected borrowing by the government from the banking system has been identified as the main reason behind such fluctuations in the secondary market. The secondary bond market was introduced in 2011 by the central bank. In April last, the monthly turnover of the secondary market was just BDT 6.5 billion, down from around BDT 27.8 billion in March, 2018. Turnover covers both buy and sales. In February 2018, the turnover was BDT 5.0 billion.

<http://today.thefinancialexpress.com.bd/public/first-page/secondary-treasury-bills-bonds-market-witnesses-volatility-1527269854>

Bangladesh House Building Finance Corporation (BHBFC) to double loan ceiling for existing borrowers

• The state-run Bangladesh House Building Finance Corporation (BHBFC) is set to double the loan ceiling for existing borrowers from July. The decision in this regard will be finalised at the board meeting of BHBFC next week. The move was taken to facilitate the construction of incomplete houses or extension work, if any, by the existing loan recipients. The proposed increase in the loan ceiling would take effect from July this year. The home loan recipients in Dhaka and Chattogram cities will be entitled to receive the additional loan. BHBFC had raised the lending ceiling from BDT 5.0 million to BDT 10 million, both for Dhaka and Chattogram cities, in early 2017. The rate of interest on such additional loans will be 9.5% for the existing borrowers as against 12% earlier.

<http://today.thefinancialexpress.com.bd/public/trade-market/bhbfc-to-double-loan-ceiling-for-existing-borrowers-1527267110>

Defaulters swallow BDT 800 billion bank money

• Lawmakers have identified the legal loopholes as one of the major reasons why bank-loan defaulters go unscathed, in most cases. In, at least, 600 cases, the court issued order asking the banks concerned not to show the credit status of the borrowers though the central bank's Credit Information Bureau (CIB) had identified them as defaulters. The lawmakers proposed enactment of a new law by removing the weaknesses of the existing ones. Experts, however, differed with the lawmakers' proposal and recommended the formation a dedicated bench in the High Court, instead, for settling the loan-default cases.

• Of the top 25 listed defaulters 18 defaulted on the repayment of full amount they had borrowed. Replying to a query, a BB representative said the volume of default loans in the banking sector was BDT 800 billion, according to the latest estimate.

<http://today.thefinancialexpress.com.bd/first-page/defaulters-swallow-tk-800b-bank-money-1527442398>

Scrutiny helps boost Value Added Tax (VAT) from large unit

• The collection of Value Added Tax (VAT) from large businesses increased significantly until March of the current fiscal year (FY). The increase was attributed to the intensive scrutiny and investigation by the Large Taxpayers Unit (LTU). LTU's VAT collection posted 22.0% growth, although the combined VAT collection grew by 15.0%. The unit collected BDT 313 billion VAT out of aggregate collection BDT 577.50 billion in July-March period.

<http://today.thefinancialexpress.com.bd/first-page/scrutiny-helps-boost-vat-from-large-unit-1527442526>

County's power generation hits new high of 10,699 MW

• The country's overall electricity generation reached the highest-ever level of 10,699 megawatts (MW) at 9:00 pm on Saturday. It broke the previous power generation record of 10,147 megawatts on May 22. Earlier, 10,137 MW of electricity was generated on April 24, 2018.

<http://today.thefinancialexpress.com.bd/trade-market/countys-power-generation-hits-new-high-of-10699-mw-1527438719>

USD 30.1 million export earnings from shipbuilding in 10 months

- Export earnings from the thriving shipbuilding industry in the first ten months of the current fiscal year 2017-18 was USD 30.1 million, according to latest data from the Export Promotion Bureau (EPB). The data showed Bangladesh made the earnings exporting ships, boats, and floating structures in the period from July 2017 to March 2018.

- Business Wire, a global economic data analysis agency, estimated that around USD 650.8 billion will be spent for the procurement of new ships in the year 2026 across the world, mainly focusing on building environment-friendly ships. While the market for small ocean-faring vessels would grow to USD 400 billion annually, stakeholders in Bangladesh hope that the country could gain at least 1.0% of the market share, worth USD 4.0 billion annually.

<https://www.dhakatribune.com/business/2018/05/27/30-12m-export-earnings-from-shipbuilding-in-10-months>

Banks often transact after getting bad credit reports

- Many commercial banks of the country are making foreign transactions without obtaining proper credit reports, resulting in fraudulence, a BIBM study revealed. Banks often transact even after getting bad credit reports like poor rating, inconsistent line of business and absence of business houses' locations. A study conducted by Bangladesh Institute of Bank Management revealed that some 26 Bangladeshi exporters with products worth BDT 6.0 billion fell prey to a non-existent UK company. As per the report, When two buyers placed orders to the Bangladeshi producers, they approached banks for opening back-to-back letters of credit (LCs) in China. After a scrutiny of the credit reports, it was found-'unable to locate the buyer' and also found-'high risk to failure in payment.

- With those reports, some banks were unwilling to open the LCs. However, some opened LCs based on the local exporters' credibility. After final shipments to the UK by the 26 Bangladeshi companies, no payments were received. The report also added that some commercial banks had been forced to open LCs before obtaining credit reports from counterpart importers or exporters which affected payments thereafter. It also found that the delay in collecting credit reports by commercial banks leads to rise in import prices of different products here. The absence of a central database for credit reports in Bangladesh causes misuse of foreign currency, the study mentioned.

- Local commercial banks usually do not share credit reports, thus causing high prices of products, delay in shipment, fraudulence and misuse of foreign currency. This takes place in 40% cases for opening LCs and making foreign transactions, the survey found. Even some branches of the same bank did not share the credit report of an importer as a local exporter approached them for opening an LC, it was mentioned in the survey. Meanwhile, bankers said that credit report collection charge is higher in Bangladesh.

<http://today.thefinancialexpress.com.bd/first-page/banks-often-transact-after-getting-bad-credit-reports-1527528910>

<https://www.thedailystar.net/business/exporters-duped-foreign-buyers-1583200>

<http://www.newagebd.net/article/42322/inaccurate-credit-reports-on-foreign-traders-open-door-to-forgeries>

Falling budget execution rate gives 'bad signal'

- The declining rate of budget implementation over the last few years is a very bad omen for

the country, Finance Minister said. This statement came when a former finance advisor pointed out that the rate of budget implementation has dropped from 93% in 2012 to around 80% (at present). Finance minister regretted that the government has initiated several reforms to ease the process of budget implementation, but those did not bear any fruit. The finance minister also admitted that the recent series of scams in the banking sector is a 'very serious matter' for the country. The finance minister also emphasized recasting the bankruptcy law to facilitate the banks' merger and bankruptcy process.

<http://today.thefinancialexpress.com.bd/first-page/falling-budget-execution-rate-gives-bad-signal-1527528805>

<https://www.thedailystar.net/business/muhith-upset-over-slow-pace-1583203>

Credit growth slowdown imminent: Mercantile Bank CEO

- The rising interest rate will put the brakes on the runaway private sector credit growth this year as entrepreneurs will be reluctant to take on high-cost funds. Moreover, maintaining the lower loan-deposit ratio will compel private banks to go slow with lending, said managing director of Mercantile Bank. However, the slow credit growth will not affect private sector investment as banks will focus on quality loans, he added. Last year, private sector credit growth was more than 18%. But thanks to the central bank's efforts to curb aggressive lending by banks, it started decelerating from March.

- The credit growth was 17.93%, down 0.56% points from the previous month, according to data from the central bank. He mentioned that the lending rate will come down to single digit in the near future as there is enough liquidity in the banking system. Liquidity crisis in some banks created panic in the market. Talking about the capital market, he said that Bangladesh's capital market is now a mature platform and the addition of the two bourses from China as the strategic partner of Dhaka Stock Exchange will bring more transparency to the stock market.

<https://www.thedailystar.net/business/banking/credit-growth-slowdown-imminent-1583050>

Three new banks on the horizon

- Approval for three new commercial banks is in the works at a time when the country's banking sector is handicapped by financial irregularities and bad loans. Bangladesh Bank (BB) has completed the primary process for issuing licences to two new private banks -- Bengal Bank and People's Bank. And the third one -- Community Bank Bangladesh -- proposed by the Bangladesh Police is under consideration. The BB had earlier turned down proposals from Bengal Bank and People's Bank, but it had to go back on the decision following pressure from the government higher-ups.

<https://www.thedailystar.net/business/three-new-banks-the-horizon-1583197>

Private credit growth nosedives in April

- Private sector credit growth saw a dramatic fall in April as banks put the brakes on their lending activities to adjust their loan-deposit ratio ceiling as per the central bank's instruction. Last month, credit growth stood at 13.6%, down 4.33% points from the previous month, according to data from the central bank. The growth rate was far below the monetary target of 16.3% set for the second half of the fiscal year -- and a stark contrast to the preceding nine months. At the end of April, total outstanding private sector credit stood

at BDT 8.81 trillion.

- The steep fall in credit supply to the private sector was due to the banks not having the available funds to give out loans, said managing director of Bank Asia. The rising interest rate for lending also accounts for the slow credit growth, he said, adding that the chances of the rate coming down in the near future are slim. He went on to state that the supply shortage of credit will affect private sector investment. The high interest will make entrepreneurs reluctant to take on fresh loans, said managing director of Mercantile Bank. Moreover, maintaining the lower loan-deposit ratio will compel private banks to go slow with lending, he said.

- The interest rate on industrial loans went up to 16% in recent months, up 4% from last year, according to different banks. The interest rate on industrial loans went up to 16% in recent months, up 4% from last year, according to different banks. The interest rate on industrial loans went up to 16% in recent months, up 4% from last year. The interest rate on industrial loans went up to 16% in recent months, up 4% from last year, according to different banks. The interest rate on industrial loans went up to 16% in recent months, up 4% from last year, according to different banks. The interest rate on industrial loans went up to 16% in recent months, up 4% from last year, according to different banks. The interest rate on industrial loans went up to 16% in recent months, up 4% from last year, according to different banks.

<https://www.thedailystar.net/business/private-credit-growth-nosedives-april-1583629>

Bangladesh may surpass India in three years

- Per capital income of Bangladesh may surpass the same of India within three years, according to an analysis of the Business Standard on India. According to the report, per capita income (in dollar terms) in Bangladesh is now growing at nearly thrice the pace of income growth in India. At USD 1,355 in 2016, Bangladesh's per capita income was up 40% in three years against 14% growth in India and 21% growth in Pakistan. At this rate, Bangladesh's per capita income would top India's by the year 2020. It also said that a typical Indian has 25% higher income than a Bangladeshi now while in 2011, Indians earned 87% more.

- Business Standard analysis further added that during 2014 and 2016, Bangladesh's gross domestic product (GDP) grew at a compounded annual growth rate (CAGR) of 12.9%. At the same time, it was more than double of Indian GDP's CAGR of 5.6%. Over the same period, Pakistan grew faster than India too, at a CAGR of 8.6%, driven by a surge in investment and export. The Chinese economy expanded at an annualised rate of 5.2% during the period under review.

<http://today.thefinancialexpress.com.bd/last-page/bangladesh-may-surpass-india-in-three-years-1527615965>

Country's Net Foreign Assets (NFA) rises 3.51% in March

- The latest statistics of the Bangladesh Bank (BB) shows that the country's Net Foreign Assets (NFA) registered a 3.51% growth in March. The NFA used to expand at double-digit rates even two years back. According to economists, the fall in the NFA growth is mainly due to the high demand for the USD in the money market to meet import payments. Bangladesh's import has been increasing fast, and it was recorded around 26% in terms of opening up of letters of credit (LCs). The economists believe that the central bank's step to depreciate the local currency (BDT) against the USD may be an effective tool to raise NFA.

- A former chief economist at BB, said the authorities concerned should analyse further the reasons behind the weak external accounts. The country's current account deficit is now over USD 7.0 billion. Bangladesh's weighted average exchange rate between BDT and dollar has been increasing for last eight months. It was BDT 80.80 in September 2017. In December 2017, it was BDT 82.70, and in March 2018, it stood at BDT 82.96. Importers fail to predict the market scenario as a result of such volatile trend in the foreign exchange market. On the other hand, the exporters opined that the increasing trend in dollar rate is helping them to remain competitive in the global market.

<http://today.thefinancialexpress.com.bd/first-page/countrys-nfa-rises-351pc-in-march-1527615495>

Reduction in number of VAT rates likely

- The government is likely to reduce the existing nine different rates of Value Added Tax (VAT) to six in the budget for fiscal year (FY) 2018-19. It may also revise the existing rate of Advance Trade VAT (ATV) upward by one% point to 5.0%. All imports are subjected to ATV barring a few, including the essential ones. Finance Minister is set to announce these two major changes on June 07 when he unwraps the budget for the next fiscal year. The existing VAT rates above 10% would remain unchanged in the budget. The tax authorities may merge some of the VAT rates that are between 1.5% and 10%.

- Earlier, Finance Minister had instructed the NBR to explore the possibility of merging the existing VAT rates with two rates. In line with the instruction, the VAT policy wing conducted a detailed analysis on this issue. The wing found the job too difficult to accomplish. Making only two VAT rates may affect the businesses as a number of sectors still deserve the concessional rates of VAT. Tax on tobacco items would increase significantly in the upcoming budget. The government would try to bring down the rates of VAT in phases to ensure the smooth implementation of the new law. In the new VAT law, there is a uniform rate of VAT at 15% on all products and services.

<http://today.thefinancialexpress.com.bd/first-page/reduction-in-number-of-vat-rates-likely-1527615139>

<http://www.newagebd.net/article/42392/bangladesh-govt-may-hike-advance-trade-vat-on-imports-in-budget>

Deposit money duly in RMG central fund

- Bangladesh Bank on Tuesday asked all banks to ensure deduction of 0.03% of the encashed export value from the export-oriented readymade garment factories for the RMG sector central fund. The BB issued the instruction as a number of banks refrain from deducting the portion of export value for the central fund. The amount of deposit in the central fund is not satisfactory due to non-collection of the fund by the banks, the BB instruction said. It also asked banks to report to the labour ministry's central fund director general within seven day after completion of a month on how much money they have deposited in the fund

- The labour ministry letter mentioned that as many as 1,336 families of injured or dead labourers of different factories received BDT 263.9 million from the fund since its inception. Labourers of another apparel factory received BDT 1.03 million from the fund as their outstanding salaries, it said. According to the labour rules that came into effect on September 15, 2015, the export-oriented factories must contribute 0.03% of their freight on board prices to the fund while the contributions from the government and the buyers are

voluntary. The government started collection at the rate of 0.03% of FoB prices from the RMG factory owners from July 1, 2016 for depositing the money in the central fund.

- The money is deposited equally in the two accounts — one is beneficiary account and the other is contingency account. From the beneficiary account, workers receive up to BDT 0.3 million for death or permanent disability due to accident in workplace and up to BDT 0.2 million for illness. A garment worker or his/her heirs receives BDT 0.3 million from the fund in case of death or grave injuries during his/her work. In case of any decomposition or death outside the workplace a workers' family receives BDT 0.2 million from the fund.

<http://www.newagebd.net/article/42383/deposit-money-duly-in-rmg-central-fund>

Bangladesh Bank (BB) steps in to arrest rising interest rate

- The Bangladesh Bank yesterday took a number of initiatives to rein in the rising interest rate that is creating unwanted pressure on borrowers and businesses. For instance, banks will not be able to change the interest rate on loans if the credit agreement mentions fixed interest rate. The interest rate can be changed if the loan agreement states floating or flexible rates. But no bank will be permitted to increase the flexible lending rate more than once a year. Banks will have to give notice to borrowers at least three months before increasing the lending rate. They can increase the rate by a maximum of 0.05% for term loans and 1% for working capital and other loans in a year.

- In another notice yesterday, the central bank asked banks to maintain the interest rate spread, the gap between the interest rates for credit and deposit, within 4%, down from the previous ceiling of 5%. The central bank said banks were frequently increasing the interest rate on their different credit products, which created a horrible situation in the banking sector. The latest lower ceiling of the interest rate spread will stop banks from raising the interest rate. The central bank also said that some banks had recently increased the interest rate illogically on loans that were disbursed earlier considering the rising trend of rate in the global and the local market. Such rate hike will create an unexpected pressure on borrowers, impact their loan repayment capability and have an adverse impact on their investment and production decisions.

- The latest moves are expected to bring credit discipline in the banking sector and insulate it from fresh loan defaults, according to the BB. The rising trend of lending rate will be arrested because of the central bank's latest initiative, said of the Association of Bankers Bangladesh, a forum of private banks' chief executive officers.

<https://www.thedailystar.net/business/bb-steps-arrest-rising-interest-rate-1584115>
<http://www.newagebd.net/article/42480/bangladesh-bank-cuts-interest-spread-to-rein-in-soaring-lending-rate>

48 PPP projects to bring USD 12.6 billion investments

- Prime Minister encouraged implementation of the Public Private Partnership (PPP) projects on the basis of the government-to-government (G2G) partnership with different countries. She also gave directives to the authorities concerned to undertake such more projects. At the meeting, it said a total of 48 projects were undertaken to implement on the PPP policy. If the 48 PPP projects are implemented, the amount of investment will stand at some USD 12.6 billion.

- The PPP Authority in June 2017 took a 'Policy for Implementing PPP Projects through Government to Government (G2G) Partnership, 2017' (the G2G Partnership Policy) to build on strong bi-lateral relationships with other governments to develop and upgrade large public infrastructure assets in partnership with other countries and deliver essential public services. Following the policy, Bangladesh signed agreements with Japan in June 2017 and Singapore in March 2018 over implementation of the PPP projects through G2G partnership.

<http://today.thefinancialexpress.com.bd/last-page/48-ppp-projects-to-bring-126b-investments-1527702251>

Bangladesh most optimistic market

- Bangladesh is the most optimistic market among the 25 countries in which British banking giant HSBC operates in, highlighting its favourable economic and political environment. As per the global head of trade and receivable finance at HSBC, the short-term and long-term outlook of Bangladesh is interesting and fantastic. The recent strong performance of the Bangladeshi economy has left local firms in a very optimistic mood, she added. As much as 96% of the survey respondents expect Bangladesh's trade volume to increase over the next 12 months.

- The favourable economic environment was quoted by over half of the firms as one of the top three factors contributing to trade growth, while a stable political environment is also noted as a key contributing factor. Businesses need to capitalise on the favourable economic and political outlook by diversifying into new markets and new products. Businesses need to capitalise on the favourable economic and political outlook by diversifying into new markets and new products. The service sector is the fastest growing component of trade, she said.

<https://www.thedailystar.net/business/bangladesh-most-optimistic-market-1584097>

July-March investment proposals rise 17%

- The aggregate of proposed investments registered by the Bangladesh Investment Development Authority (BIDA) rose by 17.08% in nine months to March last. During the July-March period of the fiscal year (FY) 2017-2018, the BIDA registered proposals involving BDT 1,829.28 billion from both foreign and local investors. According to the BIDA data, the amount was BDT 1,562.36 billion in the corresponding period of the FY 2016-17. On the other hand, the BIDA recorded investment proposals involving BDT 305.21 billion during the first quarter of the FY '18.

- During the January-March period the investors sought to set up a total of 408 industrial units. Of the total amount, local investors sought to invest BDT 264.79 billion in 373 industrial units. The figure stood at BDT 261.04 billion in the previous quarter. During the January-March quarter, investors sought to pump BDT 40.41 billion into 15 foreign-owned units and 20 joint-venture ones. Of them, the textile sector attracted the highest 27.36% investment proposals. The services sector came next with 21.15% and chemical industries 20.01%.

<http://today.thefinancialexpress.com.bd/trade-market/july-mar-investment-proposals-rise-17pc-1527704322>

Important News: Capital Market

Agrani Bank's net profit jumps 197%

• Agrani Bank Ltd achieved a net profit of BDT 6.76 billion in 2017 with a growth rate of 197%. At the end of 2017, Return on Equity (ROE) stood at 17% from a negative ROE of 19% of the previous year. ROE increased by 35.65% in 2017. Total assets of the Bank as on December 2017 stood at BDT 673.92 billion compared to BDT 623.58 billion of 2016 registering a growth by BDT 5,035 or 8.07%. Loans and advances of the bank stood at BDT 319.12 billion at the end of 2017, a growth of 20.03% over BDT 265.87 billion of 2016. The AGM was also informed that the deposits grew upto BDT 530.35 billion in 2017 from BDT 494.05 billion of 2016 showing a progress of BDT 363 billion or 7.35% rise.

<http://today.thefinancialexpress.com.bd/trade-market/agrani-banks-net-profit-jumps-197pc-1527349918>

No headway still in sell-off of Rupali stake in Pakistan's Summit Bank

• There is still no headway in withdrawing the state-run Rupali Bank's stake in Pakistan's Summit Bank. Different complexities have hindered the process despite taking a move three years ago to that end. The board of directors of Rupali Bank had formed a high-powered four-member committee to withdraw the shares and realise all other dues. But later the committee had been recast on two or three occasions due to some of the members' promotion, pre-retirement leave (PRL), etc. The Rupali Bank has long been seeking instructions from the finance ministry for taking the next course of action in this connection. In the absence of any instructions the committee could hold no meeting yet. Afrani Bank officials blamed the lukewarm response of the regulatory authorities of that country for that despite repeated attempts.

<http://today.thefinancialexpress.com.bd/stock-corporate/no-headway-still-in-sell-off-of-rupali-stake-in-pakistans-summit-bank-1527350417>

Renata to establish subsidiary company in United Kingdom

• Renata Limited (formerly Pfizer Limited) has decided to establish a subsidiary company in United Kingdom after fulfilling necessary regulatory requirements to export products to the European countries. The name of the subsidiary will be 'Renata (UK) Limited' as the company's board of directors approved a proposal in this regard. The company also received registration for two products in the UK. The sales of Hydrocortisone 10 mg and 20 mg tablets started in February in the UK market. The government of Bangladesh also approved acquisition of two abbreviated new drug applications (ANDAs) by Renata. The company made a net profit of BDT 2.62 billion in the year ended on June 30, 2017, registering an increase of 19%, from BDT 2.21 billion in the previous year.

<http://today.thefinancialexpress.com.bd/public/stock-corporate/renata-to-establish-subsidiary-company-in-united-kingdom-1527271238>

Sonali to inject BDT 1.65 billion as equity into Farmers Bank

• The state-run Sonali Bank has decided to inject BDT 1.65 billion as equity into scam-hit Farmers Bank Ltd. soon. The board of directors of the state-run bank at its 577th meeting has given its seal of approval to the investment of the fund, tagging some conditions. The conditions were set in line with the decision taken earlier by the government to meet

liquidity crisis of the privately-owned Farmers Bank. In the light of the decision taken earlier by the government, Sonali, Janata, Agrani and Rupali banks will provide BDT 1.65 billion as equity each to the Farmers Bank while the Investment Corporation of Bangladesh will inject BDT 550 million into the private commercial bank.

<http://today.thefinancialexpress.com.bd/public/trade-market/sonali-to-inject-BDT-165b-as-equity-into-farmers-bank-1527267161>

Shurwid Ind decides to reduce paid-up capital

• The shareholders of Shurwid Industries Limited Thursday approved a resolution to reduce the company's paid-up capital. The company took the decision to reduce its accumulated loss and enhance its capacity so that it could recommend dividends. Execution of the decision is, however, subject to approval by a competent court as per the Companies Act, 1994. As per the AGM approval, the company would reduce the paid-up capital at a ratio of 5:2 (two shares against existing five shares of BDT 10 each). Earlier, the company's board of directors had decided to reduce the paid-up capital at a ratio of 5:3 (three shares against existing five shares of BDT 10 each). The company's present paid-up capital would then stand at BDT 312.91 million, after a deduction to the tune of above BDT 208.61 million, to be divided into 20.86 million ordinary shares.

<http://today.thefinancialexpress.com.bd/public/stock-corporate/shurwid-ind-decides-to-reduce-paid-up-capital-1527185483>

Singer partners with Zoje Sewing

• World renowned industrial sewing machine brand Zoje has partnered with Singer Bangladesh Limited at a ceremony at a city hotel, according to a statement issued in Dhaka on Sunday. Zoje Sewing Machine Co. Ltd. is an industrial sewing machines and equipments manufacturer in China. It is one of the leading industrial sewing machine brands in China with state of the art technology and enriched research and development. At present, they export to more than 60 countries. Now Zoje has 16 major categories and more than 260 different models of industrial sewing machines.

<http://today.thefinancialexpress.com.bd/stock-corporate/singer-partners-with-zoje-sewing-1527437085>

IPO subscription of two companies to begin next month

• The public subscription of Aman Cotton Fibrous is set to start on June 03 and will continue till June 10 as the company would raise BDT 800 million from the capital market under the book building method. The IPO (initial public offering) fund will be used to buy machinery, repay bank loans and meet the IPO expenses. The net asset value per share of the company was BDT 35.6 as of June 2016 and the weighted average earnings per share (EPS) was BDT 3.49, according to the IPO prospectus.

• The IPO subscription of VFS Thread Dyeing will open on June 24 and continue till July 02. VFS Thread Dyeing will raise a capital worth BDT 220 million under fixed price method. As per the approval, the company will issue 22 million ordinary shares at an offer price of BDT 10.0 each. The company will utilize the IPO proceeds to purchase plant and machinery, repay bank loans and bear the IPO expenses. According to financial statement for the year ended on June 30, 2017, the company's net asset value (NAV) per share stood at BDT 19.9 (without revaluation), while the weighted average of earnings per share (EPS) was

BDT 2.02.

<http://today.thefinancialexpress.com.bd/stock-corporate/ipo-subscription-of-two-cos-to-begin-next-month-1527437141>

Eight gas companies may offload shares

- Petrobangla is working to list eight of its gas distribution companies in the stock market, in a development that is set to bring some cheer to investors. Infrastructure Investment Facilitation Company (IIFC), a consultancy firm, and Roots Investment, a private merchant bank, have been enlisted to conduct a feasibility study on the listing of the eight companies.
- The companies are: Gas Transmission, Titas Gas Transmission and Distribution, Bakhrabad Gas Distribution, Jalalabad Gas Transmission and Distribution Systems, Paschimanchal Gas, Bangladesh Gas Field, Sylhet Gas Fields and Rupantarita Prakritic Gas. Of these, Titas Gas has already been listed in the market back in 2008 but a further 10 percent shares will now be offloaded.

<https://www.thedailystar.net/business/eight-gas-companies-may-offload-shares-1582588>

Telcom Companies may be allowed in Mobile Financial Services (MFS)

- Mobile operators may be allowed to hold a maximum of 49% shares in companies that run mobile financial services, in what can be viewed as a U-turn from the Bangladesh Bank's previous stance. Along with the banks and non-bank financial institutions, non-governmental organizations, multinational companies, investment firms and fintech companies with experience of working in banking and finance will be allowed to form an MFS provider company, according to the BB's latest draft regulation. The draft regulation, however, said the MFS providers in the country will be led only by scheduled banks.

• It is not logical to allow any mobile operator to hold 49% shares in a PSP as the future financial system will largely depend on the mobile phone, said a central bank official. The branch-less banking is now becoming popular and the mobile operators will lead the trend if the latest draft regulation is approved, he said. Another BB official said a haphazard situation might be created in the MFS sector if the central bank approves the draft guidelines. Many disputed issues may emerge and a tussle will be created between the BB and the Bangladesh Telecommunication Regulatory Commission, he added.

<https://www.thedailystar.net/business/telcos-may-be-allowed-mfs-1583617>

Dhaka Stock Exchange (DSE) seeks waiver of tax on its 25% stake sales

- Dhaka Stock Exchange (DSE) has sought exemption from tax at source on the sales value of its 25% shares to a Chinese consortium. Besides, the premier bourse sought full waiver of tax on its income for one more fiscal year so that it could enhance capacity and develop infrastructure. A DSE director, said the exchange's shareholders would invest the total proceeds from the transfer of shares to the Chinese consortium in the capital market if the government offers the tax waiver. It will be a long term investment in the market. The premier bourse has sought full income tax waiver for one more fiscal year to enhance its technical capacity and develop infrastructure. The DSE delegation also urged the finance minister to reduce the tax at source on brokerage commission.

<http://today.thefinancialexpress.com.bd/stock-corporate/dse-seeks-waiver-of-tax-on-its-25pc-stake-sales-1527610244>

Opening of BO accounts below expectation

- About 121,386 beneficiary owner (BO) accounts were opened in last nine months, according to a stock market depository service provider. Data available with the Central Depository Bangladesh Limited (CDBL) shows the number of active BO accounts was 2,662,880 as of August 31, 2017. The BO accounts opened in the last nine months pushed up the total number above 2.78 million as of May 29 last. Stock brokers said the rate of opening new BO accounts was not up to the mark in the last nine months. It happened because of the cut in the IPO (initial public offering) quota for general investors, they added.

• The IPO quota has been reduced in the revised public issue rules. Women own around one-fourth of the total number of BO accounts found active until Tuesday. The number of active BO accounts owned by males is above 2.03 million. Women and companies own 737,043 and 12,242 BO accounts respectively. Most BO accounts of general investors are normally used in applying for IPO shares. Under the revised fixed price method, general investors are eligible to apply for 50% of the shares of a company going public. Previously, the general investors were able to apply for 80% of the shares.

• Under the book building method, general investors can apply for only 30% of IPO shares. The number of active BO accounts was 2,926,932 as of June 30, 2017. Later in the next two months, about 264,052 active accounts were closed due to non-payment of annual account maintenance fees. When it comes to accounts holding securities, they are suspended instead of closure. Such accounts are reactivated, when the account holders deposit the annual fees. A BO account holder has to deposit BDT 450 per year as the maintenance fee. Of BDT 450, BDT 200 goes to the public exchequer, BDT 100 to the depository participants, BDT 50 to the securities regulator and the remaining BDT 100 to the CDBL.

<http://today.thefinancialexpress.com.bd/stock-corporate/opening-of-bo-accounts-below-expectation-1527610355>

Term loan, SME snare major loan portfolio of Standard Bank

- Term loan and small and medium enterprises (SME) continued to grab the major loan portfolio of Standard Bank Ltd. As per the loan portfolio mix-2017 of the bank, term loan accounted for 21.92%, SME 16.81%, secured overdraft against TDR (term deposit receipts) 15.58% and cash credit/murabaha 12.20% of the total advances. The bank also focuses on increasing of deposit, procuring more low-cost deposits, improving net interest margin, low interest margin, fee-based income and non-funded incomes, strengthening the recovery against rescheduled, classified and written-off loans for reducing NPLs to a large extent through intensive recovery drive and early settlement of court cases.

• The bank so far launched 18 'agent banking' outlets to help reach the bank's services to the un-banked population across the country. The bank's net profit rose to BDT 1238.00 million in 2017 against BDT 1088.00 million in 2016, registering a growth of 14%. The bank's deposit stood at BDT 134731 million as on December 31, 2017 compared to BDT 122554 million in 2016. On the other hand, the loans and advances rose to BDT 128,228 million as on December 31, 2017 in comparison to BDT 105,039 million, showing 22% rise. Meanwhile, as per Quarter 1 report, the bank's profit fell to BDT 65.64 million against BDT

153.42 million of the corresponding quarter of January-March, 2017.

<http://today.thefinancialexpress.com.bd/stock-corporate/term-loan-sme-snare-major-loan-portfolio-of-standard-bank-1527703677>