

Weekly Market Update

Capital Market Overview

The market closed in red this week. The benchmark index DSEX (-0.21%) lost 10.92 points and closed the week at 5,275.83 points. The blue-chip index DS30 (-1.03%) lost 19.23 points and stood at 1,851.35 points. The shariah based index DSES (-0.38%) lost 4.67 points and stood at 1,220.31 points. DSEX, DS30, DSES all posted negative YTD return of -2.04%, -1.57%, and -1.02% respectively.

Total Turnover During The Week (DSE): BDT 21.4 billion (USD 258.0 million)
Average Daily Turnover Value (ADTV): BDT 4.3 billion ($\Delta\%$ Week: +11.9%)

Daily Index Movement during the Week:

The market performed five sessions during this week. Market opened this week with positive movement of 2.05% in the first session and turned negative in the second session by -0.98%. Market continued to be negative in the third session and fourth session by -0.97% and -0.33% respectively. Market rebounded in the last session by 0.07%.

Sectoral Performance:

- The financial sectors showed mixed performance this week. General Insurance posted the highest gain of 0.48% followed by Banks (+0.34%). Mutual Funds posted the highest loss of 1.07% followed by NBFIs (-0.09%) and Life Insurance (-0.01%).
- The non-financial sectors registered mixed performance this week. Engineering booked the highest gain of 0.67% followed by Power (+0.29%) and Food & Allied (+0.20%). Telecommunication experienced the highest loss of 1.41% followed by Pharmaceuticals (-0.91%).

Macroeconomic arena:

- The Planning Commission (PC) has finalized a BDT 2.02 trillion Annual Development Programme (ADP) for the upcoming fiscal year, allocating more than one-fourth of the outlay for the transport sector. The proposed ADP outlay for FY '20 is 21.38% higher than that of the revised ADP for the outgoing FY. The government has implemented 47% of the revised ADP until March of the FY 2018-19.
- The flow of inward remittances grew by 10.01% in the first 10 months of this fiscal year (FY) as the exchange rate of local currency maintained a depreciating mode against the US dollar. The Bangladeshi nationals working abroad sent home USD 13.03 billion during the July-April period of the FY 2018-19 from USD 12.09 billion in the same period of the previous FY.
- Country's overall import payments grew by 7.32% or USD 2.81 billion in the first nine months of the current fiscal year 2018-19 despite fall in import of capital machinery. According to Bangladesh Bank's latest data, settlement of letters of credit, considered as actual import, increased to USD 41.22 billion during the July-March period of FY19 from USD 38.41 billion in the same period of the previous fiscal.
- Bangladesh Bank (BB) issued a policy in the first week of February, empowering banks to write off loans up to BDT 0.20 million instead of the previous ceiling of BDT 50,000 without filing cases for recovery. The policy also allowed the banks to write off such loans after three consecutive years instead of the previous five years. Under the new provision, if any instalment(s) or part of instalment(s) of a fixed-term loan is not repaid within the fixed expiry date, the amount of unpaid instalment(s) will be treated as past due/overdue after six months of the expiry date. According to a circular of September 23, 2012, the amount of unpaid instalment(s) was treated as past due/overdue from the very first day after the expiry date
- The National Board of Revenue (NBR) has exempted the import of raw materials for production of Active Pharmaceutical Ingredients (API) from VAT payment until December 2025. In an order issued Sunday, the VAT wing of the revenue board waived 15% consumption tax on the import of API raw materials and reagents. However, the wing tagged a set of conditions for the pharmaceutical companies intending to avail of the benefit.

Stock Market arena:

- In a clarification sent by Grameenphone on Tuesday, Telenor Group's Asian operations which includes Grameenphone will be a part of the possible merger between Telenor Group and Axiata Group Berhad. Axiata's mobile operations in Bangladesh, Robi, will continue to be separately and independently managed by Axiata.
- Bangladesh Securities and Exchange Commission has drafted rules for short sales of shares to legalize the issue at the country's capital market with the aim of launching new products including derivatives and sukuk at the market.

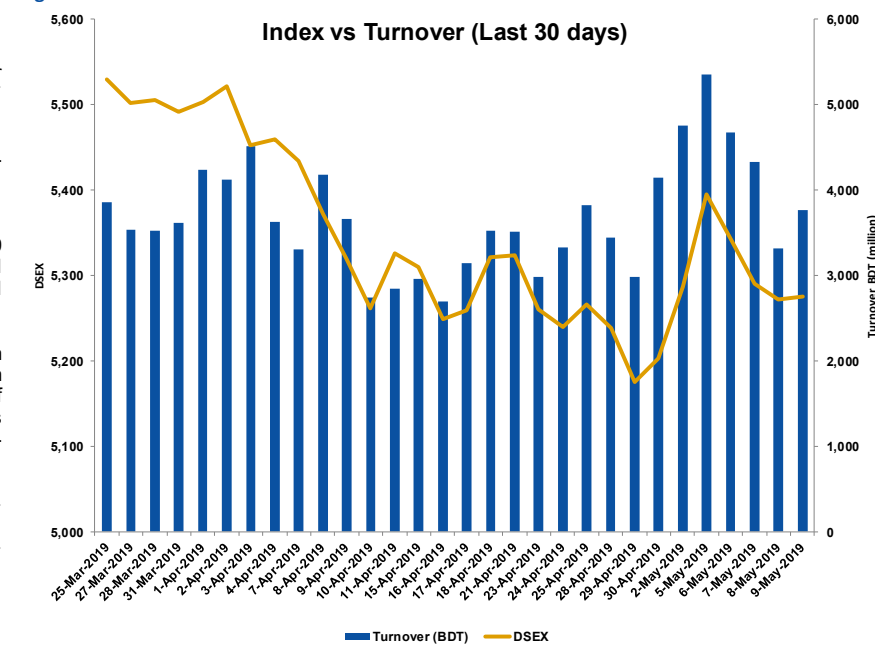
Table 1: Index

Index	Closing	Opening	Δ (Pts)	27-Dec-2018	$\Delta\%$ Week	$\Delta\%$ YTD
DSEX	5,275.83	5,286.75	-10.92	5,385.64	-0.21%	-2.04%
DS30	1,851.35	1,870.58	-19.23	1,880.78	-1.03%	-1.57%
DSES	1,220.31	1,224.97	-4.67	1,232.82	-0.38%	-1.02%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	19,554,679.8	15,428,889.6	26.7%
	Mn USD	235,230.1	185,599.5	
Turnover	Mn BDT	21,448.2	15,333.4	39.9%
	Mn USD	258.0	184.5	
Average Daily Turnover	Mn BDT	4,289.6	3,833.4	11.9%
	Mn USD	51.6	46.1	
Volume	Mn Shares	635.4	412.6	54.0%

Figure 1: DSEX & Turnover in last four weeks



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Table 3: Top Ten Gainers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
National Feed Mill Limited	12.40	9.70	27.8%	1,050.8	95.43	114.5x	1.0x
S. S. Steel Limited	33	26.50	26.0%	8,183.0	305.33	26.7x	2.1x
Olympic Accessories Limited	11.30	10.10	11.9%	1,915.7	49.23	21.2x	0.8x
Provati Insurance	29.80	26.70	11.6%	885.1	84.45	16.5x	1.8x
Esquire Knit Composite Limited	51.10	45.80	11.6%	6,893.2	668.83	20.0x	0.0x
FAS Finance & Investments Limited	9.10	8.20	11.0%	1,292.0	93.74	12.4x	0.7x
Intraco Refueling Station Limited	24.80	22.40	10.7%	1,953.0	174.81	15.6x	2.0x
Paramount Insurance	15.80	14.30	10.5%	524.9	35.21	12.3x	1.2x
Kattali Textile Limited	21.60	19.60	10.2%	2,114.6	291.68	19.7x	1.3x
Fu-Wang Ceramic	13.00	11.90	9.2%	1,771.5	54.12	19.7x	1.3x

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Eastern Bank	35.40	41.00	-13.7%	28,737.7	67.39	13.7x	1.2x
LR Global Bangladesh MF One	6.20	7.00	-11.4%	1,928.7	.44	NM	0.6x
Central Pharmaceuticals Limited	13.20	14.60	-9.6%	1,581.4	92.74	16.3x	0.8x
Beach Hatchery Ltd.	19.80	21.70	-8.8%	819.7	7.33	872.1x	1.9x
BD Finance	13.20	14.40	-8.3%	2,211.4	37.80	9.4x	0.8x
Saiham Cotton Mills Limited	24.20	26.40	-8.3%	3,600.4	54.76	19.0x	1.4x
Sonargaon Textiles	35.00	37.90	-7.7%	926.3	10.84	75.6x	1.3x
Peoples Insurance	17.20	18.60	-7.5%	794.6	2.58	12.0x	0.8x
Rupali Life Insurance Co. Ltd.	82.70	89.00	-7.1%	2,385.8	20.30	NM	8.3x
GQ Ball Pen	80.60	86.50	-6.8%	719.6	25.48	NM	0.6x

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Fortune Shoes Limited	38.50	37.00	4.1%	4,810.0	1,329.89	19.7x	2.8x
Monno Ceramic	236.50	227.40	4.0%	7,724.5	682.85	36.0x	3.4x
Esquire Knit Composite Limited	51.10	45.80	11.6%	6,893.2	668.83	20.0x	0.0x
Bangladesh Shipping Corporation	50.50	48.30	4.6%	7,703.0	617.93	49.8x	0.4x
Power Grid Co. of Bangladesh Ltd.	63.00	60.90	3.4%	29,037.5	513.25	10.4x	2.6x
Indo-Bangla Pharmaceuticals Limited	28.00	26.00	7.7%	2,864.4	477.83	29.1x	2.2x
National Tubes	121.70	121.90	-0.2%	3,852.6	440.49	NM	0.7x
National Polymer	107.00	105.80	1.1%	3,200.5	422.92	30.7x	3.4x
Genex Infosys Limited	47.90	48.00	-0.2%	3,908.6	409.11	34.9x	3.3x
Legacy Footwear	134.40	124.90	7.6%	1,757.9	372.01	25.3x	8.8x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Power Grid Co. of Bangladesh Ltd.	63.00	31.25%	29,037.5	10.4x
Dutch-Bangla Bank	74.10	28.29%	37,050.0	12.1x
Berger Paints	1,615.60	20.20%	74,928.1	39.5x
BATBC	1,383.30	17.17%	248,994.0	26.7x
Marico Bangladesh Limited	1,400.40	16.68%	44,112.6	23.3x
DESCO	46.50	15.10%	18,487.0	21.5x
The Premier Bank	11.20	10.56%	10,349.8	5.2x
Prime Finance	10.50	10.53%	2,865.6	NM
Jamuna Bank	19.20	9.09%	14,385.1	5.4x
Pragati Insurance	30.40	8.96%	1,863.5	8.9x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1425.37	1420.51	1848.21	0.34%	-22.88%
NBFIs	1937.19	1938.97	2714.85	-0.09%	-28.64%
Mutual Funds	647.26	654.27	788.81	-1.07%	-17.94%
General Insurance	1665.74	1657.74	1592.30	0.48%	4.61%
Life Insurance	1918.11	1918.27	1834.85	-0.01%	4.54%
Telecommunication	4993.89	5065.38	6494.31	-1.41%	-23.10%
Pharmaceuticals	2709.17	2734.15	2821.05	-0.91%	-3.97%
Fuel & Power	1789.63	1784.40	1527.27	0.29%	17.18%
Cement	1531.95	1522.55	2280.58	0.62%	-32.83%
Services & Real Estate	982.90	977.18	1224.11	0.59%	-19.70%
Engineering	2929.63	2910.09	3166.83	0.67%	-7.49%
Food & Allied	17037.73	17003.30	15304.34	0.20%	11.33%
IT	1833.59	1856.32	1484.41	-1.22%	23.52%
Textiles	1395.57	1399.76	1222.72	-0.30%	14.14%
Paper & Printing	7524.46	7152.85	1013.11	5.20%	642.71%
Tannery	2362.20	2348.02	2642.41	0.60%	-10.60%
Jute	17272.14	17759.07	8867.22	-2.74%	94.79%
Ceramics	535.88	535.76	597.46	0.02%	-10.31%
Miscellaneous	2174.61	2113.83	1725.62	2.88%	26.02%

Table 7: Sector Trading Matrix

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Banks	396.7	366.8	8.16%	9.53%	9.8x	0.9x
NBFIs	107.9	73.2	47.57%	2.59%	72.8x	1.8x
Mutual Funds	27.1	13.1	106.62%	0.65%	NM	0.5x
General Insurance	165.8	148.5	11.59%	3.98%	12.6x	1.1x
Life Insurance	24.7	32.9	-25.02%	0.59%	NM	8.0x
Telecommunication	110.0	143.3	-23.24%	2.64%	13.2x	10.4x
Pharmaceuticals	466.2	430.3	8.36%	11.20%	18.9x	2.5x
Fuel & Power	396.6	360.7	9.95%	9.53%	12.5x	2.1x
Cement	63.5	47.2	34.74%	1.53%	31.9x	2.8x
Services & Real Estate	42.6	43.1	-1.28%	1.02%	NM	0.8x
Engineering	626.3	621.5	0.78%	15.05%	15.4x	1.9x
Food & Allied	172.7	182.3	-5.24%	4.15%	29.6x	10.0x
IT	165.9	165.9	-0.04%	3.99%	23.1x	2.9x
Textiles	548.3	394.8	38.88%	13.18%	18.2x	1.1x
Paper & Printing	30.4	23.4	30.35%	0.73%	24.7x	1.9x
Tannery	358.2	209.1	71.30%	8.61%	19.7x	2.6x
Jute	7.1	7.8	-8.86%	0.17%	NM	7.9x
Ceramics	175.0	168.5	3.85%	4.20%	20.3x	2.0x
Miscellaneous	276.4	184.7	49.64%	6.64%	28.7x	1.3x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
International Leasing	9.90	-27.74%	2,091.4	5.1x
Heidelberg Cement	241.90	-27.73%	13,668.2	21.1x
IFAD Autos Limited	81.30	-25.00%	20,161.6	14.3x
ACI Limited	256.20	-21.46%	12,781.6	82.9x
Aftab Automobiles	37.10	-19.17%	3,551.7	18.6x
RAK Ceramics Limited	32.50	-16.67%	12,644.5	14.7x
City Bank	25.60	-15.23%	24,780.5	8.2x
Bata Shoe	948.80	-15.01%	12,979.6	14.6x
AB Bank	10.20	-15.00%	7,732.9	NM
IDLC Finance Ltd.	59.50	-14.63%	22,434.5	9.8x

Important News: Business & Economy

Planning Commission (PC) finalizes BDT 2.02 trillion ADP for FY 2020

- The Planning Commission (PC) has finalized a BDT 2.02 trillion Annual Development Programme (ADP) for the upcoming fiscal year, allocating more than one-fourth of the outlay for the transport sector. At an extended meeting on Wednesday, the PC finalized the development budget outlay for the fiscal year (FY) 2019-20, setting aside BDT 528.05 billion or 26.05% of the fund for the transport sector, they said. The proposed ADP outlay for FY '20 is 21.38% higher than that of the revised ADP for the outgoing FY.
- The proposed ADP for the next fiscal will be placed at the National Economic Council (NEC) meeting shortly for approval, informed a senior PC official. Of the total ADP size, BDT 1.31 trillion or 65% of the fund will come from the government's own resources, according to the proposal of the Commission. The remaining BDT 718 billion, or 35% of the outlay, will come from external sources in the form of project assistance (PA). Meanwhile, the government revised the size of the original ADP for the current FY downward to BDT 1.67 trillion from BDT 1.73 trillion due to poor performance of various agencies involved in project implementation.
- The government has implemented 47% of the revised ADP until March of the FY 2018-19. In the proposed ADP for FY '20, the transport sector will receive the highest allocation while the power sector the second highest of BDT 260.17 billion, or 12.86% of the total outlay, said another PC official. The infrastructure planning, water supply and housing sectors combined are likely to get the third highest allocation of BDT 243.24 billion (12%) while education and religion are to receive the fourth largest allocation of BDT 213.79 billion (10.55%).

<http://today.thefinancialexpress.com.bd/first-page/pc-finalises-BDT-202t-adp-for-fy-2020-1557335029>
<https://www.thedailystar.net/business/news/new-adp-be-21pc-bigger-1740955>
<http://www.newagebd.net/article/71816/pc-okays-draft-adp-of-BDT-203-lakh-crore>
<https://www.dhakatribune.com/business/economy/2019/05/08/BDT2-02-721-crore-adp-for-fy20-likely>

Remittance inflow rises 10% in July-April period

- The flow of inward remittances grew by 10.01% in the first 10 months of this fiscal year (FY) as the exchange rate of local currency maintained a depreciating mode against the US dollar. The Bangladeshi nationals working abroad sent home USD 13.03 billion during the July-April period of the FY 2018-19 from USD 12.09 billion in the same period of the previous FY, according to the central bank's latest statistics.
- The flow of overall inward remittance continues to maintain an upward trend due to the depreciation of Bangladesh Taka (BDT) against the US currency, the central banker explained. Meanwhile, The BDT depreciated by 55 poisha against the greenback in the inter-bank forex market from January 03 to April 29, mainly due to higher demand for the US currency. The USD was quoted at BDT 84.45 each in the forex market on April 29 last against BDT 83.90 on January 02 this calendar year. It also remained unchanged at BDT 84.45 on Thursday.

<http://today.thefinancialexpress.com.bd/trade-market/remittance-inflow-rises-10pc-in-jul-apr-period-1556814611?date=03-05-2019>

Bangladesh Bank is working to improve remittance inflow by asking exchange houses for more agents abroad

- The central bank is encouraging exchange houses to appoint more agents abroad to facilitate faster remittance in-flow. The objective of the move is to help Bangladeshi migrants send their hard-earned foreign currencies smoothly, according to the Bangladesh Bank (BB).
- France, Greece, Mauritius, Egypt, Libya and Lebanon are going to be vital sources of remittance earnings for Bangladesh. So, Bangladesh Bank (BB) have stressed the importance of appointing more banks' legal agents in different countries through exchange houses of Bangladeshi scheduled banks, according to BB official. Bangladesh Bank (BB) is trying to increase the number of bank branches/agents/collection points to facilitate remittance back home free of cost.
- To speed up remittance inflow and distribution, the approval mechanism of drawing arrangements among Bangladeshi banks and foreign exchange houses has been simplified. Presently, 1,142 drawing arrangements are active and they are playing an important role in bringing remittance to Bangladesh, the data showed.
- Establishment of exchange houses/branch offices abroad by local banks has been approved. A total of 29 exchange houses of different local banks are operating in different countries including UK, USA, Australia, Singapore, Malaysia, Greece, Italy, Canada, Oman and Maldives, according to the data.
- Bangladeshi overseas workers in Saudi Arabia, UK, USA, Malaysia and United Arab Emirates are facing setbacks when remitting their hard-earned money due to an inadequate number of agent points in destination countries. The regulator is trying to set up an adequate number of agent points in those major sources of remittance-earning countries for Bangladesh.

today.thefinancialexpress.com.bd/trade-market/bb-asks-exchange-houses-for-more-agents-abroad-1556901154

Import payments grow 7.3% in 9 months, but capital machinery import falls

- Country's overall import payments grew by 7.32% or USD 2.81 billion in the first nine months of the current fiscal year 2018-19 despite fall in import of capital machinery. According to Bangladesh Bank's latest data, settlement of letters of credit, considered as actual import, increased to USD 41.22 billion during the July-March period of FY19 from USD 38.41 billion in the same period of the previous fiscal.
- Although the country's import growth was significant, the import of capital machinery has been falling for last several months. Capital machinery are considered as the driving force for the industrial sector of countries like Bangladesh. Import of capital machinery dropped by 9.45% to USD 3.61 billion in July-March of FY19 from USD 3.99 billion in the same period of last fiscal year. Growth in capital machinery import was 6.24% in the entire FY18.
- Besides, growth in import of industrial raw materials slowed down in first nine months of FY19 along with sluggish private sector credit growth that hit 54-month low in March this year. Import of industrial raw materials grew by 9.74% to USD 14.73 billion in July-March period against import of USD 13.43 billion in the same period of previous fiscal. Growth in

industrial raw materials import was 10.08% in the first nine months last year and 12.36% in the entire fiscal.

- Higher import payment for fuel oils also increased up the overall import expenses during the period, officials of Bangladesh Bank said. With 25.43% growth in petroleum import payment in first nine months of FY19, the total cost for this purposes increased to USD 2.81 billion from USD 2.24 billion during same period last fiscal. On the other hand, import of food grains, particularly rice and wheat, dropped by 56.88% to USD 1.06 billion from USD 2.47 billion.

<http://www.newagebd.net/article/71741/import-payments-grow-73pc-in-9-months-but-capital-machinery-import-falls>

Public debt on the rise

- The government debt went on rising in the year 2018 mainly due to an increased sale of the national savings certificates (NSCs).

- The debt rose to 32.5% of the gross domestic product (GDP) in December 2018, up by 2.1% point from a year earlier, according to estimates of the Institute of International Finance (IIF). According to the estimates, the non-financial corporate debt rose by 2.0% points to 47.3% of the GDP during the period under review.

- The corporate debt comprising both short and long term is now around USD 21 billion only from overseas sources, according to the Bangladesh Bank. The IIF also said the debt of the financial institutions increased to 2.1% of the GDP, up by 0.4% point from 2017. But it said the consumer debt or household debt dropped by 0.1% point to 4.3% of the GDP at the end of last December.

- The total outstanding fund in savings certificates was recorded at BDT 2.7 trillion at the end of February last as against BDT 2.2 trillion over the same period in 2018, according to the central bank. They also said the debt would also rise significantly following mobilisation of fund for different mega infrastructure projects, including Rooppur Nuclear Power Plant.

- Executive director of the leading local private think tank-'Policy Research Institute of Bangladesh (PRI)'-hinted that the debt sustainability will emerge as a major challenge for the government in future.

- The government targets 5.0% of GDP to fund its budget and most of it comes from domestic sources-banking and non-banking sources.

- On the other hand, bankers said the 2018 calendar year was slightly tight in terms of liquidity. Selim RF Hussain, managing director and CEO at BRAC Bank, said that Bangladesh Bank usually doesn't encourage consumer credit and that only a few banks do it. Considering all factors liquidity crunch might hit consumer loans in 2018, according to the CEO of BRAC bank.

- The IIF said household debt figures are taken from national sources and if not available, then they are estimated using loans to other domestic sectors based on data from the International Monetary Fund (IMF).

<http://today.thefinancialexpress.com.bd/public/first-page/public-debt-on-the-rise-1556905363>

Jobs not being created at required rate: governor of Bangladesh Bank

- The current rate of employment generation is not at the required rate, said Bangladesh Bank Governor yesterday.

- Many say that the current GDP growth is not accompanied by job creation, which is surprising and untrue, he added. He, however, said the job growth was not that high when compared to that of the population.

- The industrial sector's contribution to the GDP is 34% which reflects that there is employment, he said, emphasizing the need for more.

<https://www.thedailystar.net/business/news/jobs-not-being-created-required-rate-governor-1738930>

VAT collection comes under threat from fake e-BIN holders

- The customs intelligence has recently identified a number of commercial entities that have procured electronic BINs (business identification numbers) posing as manufacturers to evade due duty and taxes. Investigation is now on against a number of suspected fake e-BIN holders which have imported a large volume of cigarette paper, customs officials said.

- As per the existing law, commercial importers are not entitled to have tax benefits enjoyed by manufacturer-importers. Officials concerned said a number of importers have availed the tax benefit by providing fake information while obtaining electronic BINs or e-BINs.

- The National Board of Revenue (NBR) has decided to gradually put them under close scrutiny of customs and VAT (values-added tax) wings. The NBR has handed the case to the customs intelligence and investigation directorate for a detailed enquiry through collecting their bank statements and other documents.

<http://today.thefinancialexpress.com.bd/first-page/vat-collection-comes-under-threat-from-fake-e-bin-holders-1556987981>

Lower private credit flow may slow economic growth

- The private-sector credit growth decelerated further in March as private banks faced liquidity pressure due mainly to lower deposits, bankers said.

- The growth in credit flow to the private sector came down to 12.42% in March 2019 on a year-on-year basis from 12.54% a month ago, the central bank's latest data showed. This growth was 4.08% points lower than the Bangladesh Bank (BB)'s target of 16.50% for the second half (H2) of this fiscal year (FY).

- Such declining trend in the private-sector credit growth may hamper economic growth in future, according to senior bankers. However, the senior banker said this may not hamper economic growth right now. But it may affect the economic activities in the medium term, he added.

- But a senior Bangladesh Bank official sounded upbeat, claiming that Bangladesh may easily achieve 7.8% GDP (gross domestic product) growth by the end of this fiscal with the private sector credit growth.

- Scarcity of funds to give loans with, shortage of greenbacks to meet import payments and disbursement of large amounts of loans for the mega infrastructure projects are responsible for the dwindling credit growth, according to Bangladesh Bank officials. Credit growth will decline further in the months to come if the existing unpleasant situation persists, they said.

- Currently, banks are offering interest rates on term deposits ranging from 6.0% to 11%. However, most of the offered rates were fixed at 9.50-10.50%. On the other hand, yields on national savings certificates have been fixed at between 11% and 12%.

- But the Association of Bankers, Bangladesh (ABB) chief expressed the hope that the liquidity inflow in the market will improve in the near future as the interest rates on deposit are now maintaining an upward trend.

<http://today.thefinancialexpress.com.bd/first-page/lower-pvt-credit-flow-may-slow-economic-growth-1557081450>
<https://www.thedailystar.net/business/news/credit-growth-falls-the-fifth-month-1739317>

Fresh guideline soon on loan rescheduling

- Finance Minister said that the central bank will issue a revised guideline soon on default loan rescheduling. What they've pledged so far (on rescheduling of default loans) will be stated in the guideline, added. The minister, after assuming the office as the finance minister, on different occasions pledged to provide facilities to the businesses, who have become loan defaulters 'unwillingly'.

- Subsequently, the Bangladesh Bank (BB) issued a policy in the first week of February, empowering banks to write off loans up to BDT 0.20 million instead of the previous ceiling of BDT 50,000 without filing cases for recovery. The policy also allowed the banks to write off such loans after three consecutive years instead of the previous five years. As part of the initiatives to provide facilities to the loan defaulters, the BB issued a circular on April 22, revising the term-loan classification rules.

- Under the new provision, if any instalment(s) or part of instalment(s) of a fixed-term loan is not repaid within the fixed expiry date, the amount of unpaid instalment(s) will be treated as past due/overdue after six months of the expiry date. According to a circular of September 23, 2012, the amount of unpaid instalment(s) was treated as past due/overdue from the very first day after the expiry date. Some days back, the minister also pledged to provide loan restructuring facility for a twelve-year period by paying 2.0% of the total default loan.

- Of his other pledges, the formation of an asset management company to recover default loans from errant borrowers has remained unfulfilled until now. Officials said a committee, led by an economist, was formed in last June to prepare a guideline on default loan restructuring. The committee submitted a report to the Finance Minister early this year. The finance minister later had several meetings in this regard with the stakeholders concerned, and finalised the guideline.

<http://today.thefinancialexpress.com.bd/first-page/fresh-guideline-soon-on-loan-rescheduling-1557335123>
<http://www.newagebd.net/article/71876/bb-to-issue-new-guideline-soon-mustafa-kamal>

Bangladesh Bank revises interest rate policy on short term foreign currency loans

- The central bank has revised interest rate policy on short-term foreign currency loans linked with global bench mark rate, officials said. Under the revised policy, the banker are allowed to fix the interest rates on buyers'/suppliers' credit at six-month LIBOR (London Inter-bank Offered Rate) plus maximum 3.50% instead of earlier maximum 6.0%.

- A Bangladesh Bank (BB) senior official said that the central bank revised its policy on usance interest rate against import under suppliers'/ buyers credit to facilitate the country's business community. The official said that the BB expects that businessmen will be able to receive such foreign currency loan with lower interest rate in the near future following the revised policy

- Currently, such loans are being received in foreign currency from overseas sources on the basis of local bank guarantees mostly at an interest rate ranging between 5.50 per and 6.00%.

<http://today.thefinancialexpress.com.bd/last-page/bb-revises-interest-rate-policy-on-short-term-foreign-currency-loans-1557081993>

Bangladesh Bank seeks fresh financing from World Bank

- The central bank has sought fresh financing from the World Bank as its long-term funding under the Financial Sector Support Project (FSSP) is drying up. The Bangladesh Bank (BB) is implementing the project under the Financial Institutions Division (FID) with the financial assistance of the World Bank (WB). The tenure of the project ends in March 2021.

- The total allocation for the long-term financing facility (LTFF) under financial sector component of FSSP was USD 291.25 million. Of which, USD 273.84 million has already been sanctioned for the manufacturing entities of various sectors, leaving the fund balance to only USD 17.41 million to cater to the loan applications at hand worth more than USD 350 million from 31 participatory financial institutions (PFI) latest by September 2018.

- In 2015, the government has entered into a loan agreement with the WB to provide long-term financing in foreign currency to the manufacturing industries for a period of three to ten years. The goal of this long-term financing facility is to reduce the gap and mismatch between short-term deposits and mid-to-long-term financing prevalent in the banking sector of Bangladesh. At present, local commercial banks provide long-term loans to the sector using the source of short-term deposit.

- It has become necessary to increase the funds by a minimum of USD 350 million to cater to the funding requests already at hand, said a BB official. Otherwise, the private-operated long-term investment flow to the productive sector of Bangladesh would be hampered, affecting the growth in the private sector, he mentioned. In this context, the BB has requested for topping up of the LTFF with at least USD 350 million and an extension of the LTFF agreement for two more years, the official said.

<http://today.thefinancialexpress.com.bd/trade-market/bb-seeks-fresh-financing-from-wb-as-long-term-funding-drying-up-1557085172>

Bangladesh Bank (BB) relaxes rules to facilitate FDI

- The central bank has relaxed regulation allowing foreigners to open temporary non-resident Taka account (NRTA) with any scheduled bank along with authorised dealer (AD) bank branches to facilitate foreign direct investment (FDI) in Bangladesh. Under the relaxation, interested foreign investors are now allowed to deposit their funds in the name of proposed companies through opening temporary NRTA with both scheduled and AD bank branches. Earlier the foreign investors are eligible to open such NRTA with only AD bank branches of Bangladesh.
-temporary NRTA may also be opened by scheduled bank branches apart from authorised dealers, the Bangladesh Bank (BB) said in a notification. In this case, banks branch will have suitable arrangement with ADs/central processing centres (CPCs) to receive the foreign exchange in their NOSTRO accounts abroad, it added. They've relaxed the regulation for encouraging foreign investors to invest more in Bangladesh, said a senior official of the Bangladesh Bank (BB). Currently, 59 scheduled banks are running their businesses with more than 10, 000 branches across the country while the number of AD bank branches are over 1000.
- Under the existing foreign exchange transaction regulations, non-resident investors are now eligible to make direct and portfolio investment in Bangladesh. To bring wider scope in foreign investment, it has been decided to allow foreign investment in Alternative Investment Funds (AIF) registered under Bangladesh Securities and Exchange Commission (Alternative Investment) Rules, 2015, another notification said, issued by the central bank on July 30, 2018. Another BB official said non-resident investors may use the temporary NRTA for making both direct foreign investment (FDI) and AIF in Bangladesh.
- He also said such NRTA will have to be closed after starting business entities formally or completing process of the AIF. Balance of the temporary NRTA will have to be transferred to the main account of their businesses, he added. Besides, foreign investors including Non-Resident Bangladeshis (NRBs) are now allowed to invest their hard earned currencies in the country's capital market using Non-Resident Investors Taka Account (NITA), according to the central banker. Actually, we need a substantial amount of FDI to achieve the 8.0% plus economic growth by the end of fiscal year 2020-21, the central banker said.

<http://today.thefinancialexpress.com.bd/first-page/bb-relaxes-rules-to-facilitate-fdi-1557335080>

Loans getting costlier amid cash crunch

- In the last one and a half years a home loan borrower of Delta Brac Housing (DBH) has experienced a hike in his interest rate three times. The private sector employee received a notice on the third hike just this week. From June 1 the borrower will have to pay 11.5% in interest, a rise from the current 8.75%. The frequent change in the interest rate means the borrower runs the risk of becoming a defaulter as the larger instalment size will put pressure on his monthly budget.
- The DBH revised down the lending rate for the borrower in October from 11.5% to 11% following an ease in the liquidity condition caused by the cut in cash reserve ratio in April. But within eight months, it revised the lending rate. The DBH increased the lending rate by up to 1% point from April as its deposit cost has surged, said managing director of the non-bank financial institution.

• Currently, the NBFIs are paying up to 10% in interest to savers, but it was 7 to 8% several months back. The deposit rate of banks also went past 10%. Most of the banks and NBFIs have revised up the lending rate by up to 1% point in recent months, he added. Apart from home loans, other business loans are also becoming expensive, as the liquidity crisis is deepening amidst the Bangladesh Bank mopping up cash through sales of the dollar.

• What is more, there are instances where banks could not disburse loans to clients even after giving approval. One such clients, a business firm, received the nod for a loan of BDT 500 million from a private commercial bank. One month went by but the fund was not released. When the firm contacted the bank, it learned that the delay was because of the liquidity shortage. The firm, which runs super-shops, has not been able to go ahead with its expansion plan as per schedule as it could not get the fund.

<https://www.thedailystar.net/business/news/loans-getting-costlier-amid-cash-crunch-1740424>

Bangladesh Bank (BB) guidelines soon to check trade-based Money Laundering

- The Bangladesh Financial Intelligence Unit (BFIU) of the Bangladesh Bank (BB) is formulating a set of guidelines for banks and financial institutions (FIs) to prevent trade-based money laundering (ML) in the country. The guidelines will be a checklist for bankers in providing trade-related services to their clients. This is the first time that the BB is formulating such guidelines to prevent money laundering.
- The BFIU earlier took an initiative in 2017 to prepare such guidelines for prevention of trade-based money laundering, but the move was abandoned for reasons hitherto unknown.
- A study by the Global Financial Integrity (GFI) has estimated that illicit inflows and outflows to and from the developing and emerging economies were between 14-24% of their total trade in 2005-2014. The Financial Action Task Force (FATF) and other authorities have so far published various forms of guidance to assist the banks and other entities to identify characteristics that may indicate money laundering.
- Some USD 5.9 billion was siphoned off from Bangladesh in 2015 through trade mis-invoicing, the GFI mentioned in a report in January. Bangladesh was second in South Asia in terms of illicit outflows of money, according to the Washington-based research and advisory organization's report. Bangladesh was second in South Asia in terms of illicit outflows of money, according to the Washington-based research and advisory organization's report.
- The report, based on the International Monetary Fund (IMF) data, mentioned that USD 2.36 billion was brought to the country in 2015. Bangladesh also lost between USD 6.0 billion and USD 9.0 billion due to illicit money outflows in 2014, according to the same report. The GFI noted that Bangladesh lost USD 75 billion because of trade misinvoicing and other unrecorded outflows between 2005 and 2014.
- Director of the Bangladesh Institute of Bank Management (BIBM) said all the illicit money outflows and inflows are not money laundering. But whatever the amount is, at least 80% of money laundering is said to be trade-based.
- The most common technique used in trade-based money laundering is over- and under-

invoicing of goods and services. The process generally involves collusion between the buyer and the seller, often working for the subsidiaries of the same parent company.

<http://today.thefinancialexpress.com.bd/first-page/bb-guidelines-soon-to-check-trade-based-ml-1556905604>

Bankers, researchers for addressing agent banking hurdles

- Bankers and researchers at a seminar called for addressing the hurdles faced agent banking as it became popular among rural people. They made the call at a seminar on 'future of banking: agent banking as alternative delivery channel to reach the last mile' which was organised by Business Finance for the Poor in Bangladesh project at Lake Shore Hotel in Dhaka.

- The number of agents increased by 74% to 4,493 and number of agent outlets soared by 67% to 6,933 in December 2018 compared with that of in the previous year, a BFP-B study found. Around 2.5 million agent banking accounts have been opened where 87% accounts in rural areas and 35% accounts are owned by the women, the study says. Among the clients of mobile financial services and agent banking, 90% prefer using agent banking over MFS for three grounds — transaction limit, cost and security, the study finds.

- BFP-B project policy manager said that agents usually balance cash and e-float with their nearest linked branch and in remote areas with nearest government bank. One-third of agents mentioned they faced liquidity problems once in every two weeks. MFS providers can tie up with banks to provide digital savings/credit products, he said. More than 60% bank agents are yet to reach breakeven as usually they do not receive any commission for social safety net disbursement, he said. He also said agents have to bear marketing or communication cost though many providers helped out in the beginning.

- Through the study, BFP-B have recommended non-exclusivity of master agents, reducing turnaround time for agent approval, incentivized refinancing schemes for banks to allow credit disbursement through agent banking channels and introduction of digital client verification system, better known as Know Your Customer.

<http://www.newagebd.net/article/71481/bankers-researchers-for-addressing-agent-banking-hurdles>

Bangladesh self-sufficient in billet production

- Bangladesh has become self-sufficient in billet manufacturing on the back of huge investment made by large steel mills, which bumped up their production capacity for the key raw material of steel products. Five years ago, steel mills had to import half the total requirement for billet to make steel to feed the domestic market, said Md Shahidullah, secretary general of Bangladesh Steel Manufacturers Association (BSMA). Local mills now produce around 6.0 million tonnes of billet annually, enough to manufacture 5.5 million tonnes of high-quality rods.

- The expansion spree by the BSRM, Abul Khair Steel, GPH Ispat, KSRM, Metrocem and Anwar Ispat in recent years has enabled the country to reduce its reliance on imports for billet. The firms went for boosting steel production capacity to meet the burgeoning demand for the construction material. Today, 35 mills make billet by importing scrap, said Shahidullah, also the managing director of Metrocem Steel. Sector people have said local mills, mainly the large ones, signed up either for billet-making or capacity expansion buoyed

by the increasing demand for steel thanks to the implementation of mega infrastructure projects. An improvement in power generation also encouraged them to invest more.

- Executive director of the BSRM, which can make 1.8 million tonnes of billet annually, said the expansion in billet-making capacity has helped save large amount of foreign currency that would have been needed for imports. Bangladesh used to import billet mainly from China, the US and India when it produced billet below its annual requirement. Now the import demand for billet is insignificant.

<https://www.thedailystar.net/business/news/bangladesh-self-sufficient-billet-production-1740427>

API raw material imports to get VAT waiver until 2025

- The National Board of Revenue (NBR) has exempted the import of raw materials for production of Active Pharmaceuticals Ingredients (API) from VAT payment until December 2025. In an order issued Sunday, the VAT wing of the revenue board waived 15% consumption tax on the import of API raw materials and reagents. However, the wing tagged a set of conditions for the pharmaceutical companies intending to avail of the benefit.

- For example, the manufacturing companies will have to be registered in Bangladesh and have to prepare at least five new molecules every calendar year. The drug makers will have to add at least 60% value to the imported products.

The companies will have to maintain standards including the current good manufacturing practice, quality audit and conducting source inspection every year. The manufacturers will have to spend at least 1.0% of its annual turnover on research and development purpose on a mandatory basis. It will have to expand its alliance with academic and research organisations every year.

- The details of the required raw materials, including names, description, volume, HS code will need approval from the drug administration directorate before import. The detailed list and its certification letter will have to be furnished before the customs authority at the time of assessment. The companies, willing to avail the facility, will have to submit application to the NBR, give an undertaking on the judicial stamp that it would comply with all the conditions. A VAT official said currently only one company, Active Fine Chemical, imports the raw materials for drug making and laboratory reagents, but many are willing to invest in this sector.

<http://today.thefinancialexpress.com.bd/first-page/api-raw-material-imports-to-get-vat-waiver-until-2025-1557162294>

<https://www.thedailystar.net/business/news/vat-waiver-pharma-raw-materials-till-2025-1739899>

UK Government plans to invest USD 300 million in infrastructure over 3 years

- The UK-based Private Infrastructure Development Group (PIDG) plans to invest USD 300 million in Bangladesh's infrastructure sector over the next three years, focusing on renewable energy, affordable housing, transportation and logistics. The group is working on combating poverty in the poorest and most fragile countries through pioneering infrastructure.

- GuarantCo has just closed its first groundbreaking transaction in Bangladesh. With GuarantCo's guarantee, 28mw Technaf Solar Limited, which is mainly Bangladeshi owned, is the country's first and only operational utility-scale solar independent power producer, was able to access a 15-year USD and Taka financing from banks. With the first ever commercial loan in Bangladesh, this is the first of its kind transaction in the country, which helps create a framework for financing future projects under a similar structure.

<http://today.thefinancialexpress.com.bd/trade-market/uk-gr-plans-to-invest-300m-in-infrastructure-over-3-years-1557085260>

App-based wallet boosts transaction

- More than 10 million people currently use app to carry out transaction in Bangladesh, both in the mobile financial services segment and the banking segment, according the managing director and chief executive officer of Dutch-Bangla Bank Ltd. Alongside the fast-expanding mobile financial services (MFS), bank cards are being used through mobile app, making carrying cards almost irrelevant. Using cards and the MFS on apps is very convenient and this is the recent trend in the banking sector.

- Customers can use Dutch-Bangla Bank's card Nexus and other cards through apps on its MFS brand Rocket. About 2.0 million customers of the private commercial bank are using it, while it is 25% for Rocket. bKash, one of the largest MFS players in the world, introduced an app last year and about 5 million users are currently using it for regular transaction. The app channels 15% to 20% of the total transacted amount involved, said a senior official of the company. Recently, bKash has enabled its customers who are using the app for transaction to add money directly from any banking accounts of six commercial banks and Mastercard in a boost to the country's mobile app-based transaction.

- Nagad, the latest entrant to the country's MFS scenario, is getting positive response from the market as its users are mostly using mobile app. Its majority share is held by state-run Bangladesh Post Office and it is run by a private management.

<https://www.thedailystar.net/supplements/cashless-shopping-and-dining/news/app-based-wallet-boosts-transaction-1739371>

Ready Made Garments (RMG) export to Poland sees steady growth

- Poland, a central European country, is going to become a billion-dollar export destination for Bangladeshi apparel items, industry insiders said. Sources attributed the Polish buyers' direct garment sourcing from Bangladesh with cheap labour costs to a steady shift in their orders from China. This has been reflected in a 32.35% rise in ready-made garment (RMG) exports there in the first nine months of current fiscal year (FY). RMG export to Poland has stood at USD 854.36 million during the July-March period of FY 2018-19, according to Export Promotion Bureau (EPB) data. The amount was USD 645.49 million in the corresponding period of the last fiscal year.

<http://today.thefinancialexpress.com.bd/trade-market/rmg-export-to-poland-sees-steady-growth-1556814745?date=03-05-2019>

Apparel exports grow by 12.59% in 10 months

- According to the Export Promotion Bureau (EPB) provisional data, in July-April of FY19 readymade garment sector earned USD 28.49 billion, up by 12.59% from USD 25.30 billion

during the same period of the previous fiscal year. Of the total export earnings by the apparel sector, knitwear products earned USD 14.08 billion, which is 12.32% higher than the USD 12.54 billion earned during the same period of FY2017-18. Woven products earned USD 14.40 billion, up by 12.85% from USD 12.76 billion during the same period of the previous fiscal year. The specialized textile sector saw a 36% growth to USD 125 million from USD 92, while home textile products saw a negative growth of 3.74% to USD 723.60 million, down from USD 752.67 million.

<https://www.dhakatribune.com/business/economy/2019/05/08/apparel-exports-grow-by-12-59-in-10-months>

Garment exports to US up 10%

- Garment exports to the US increased 10.10% year-on-year to USD 1.08 billion in the first two months of the year, with the shipments expected to grow exponentially if 25% duty on Chinese imports comes into effect. If that materialises, many international retailers will look to Bangladesh as an alternative sourcing destination. Apparel was not in the list of the items subjected to US President Donald Trump's retaliatory 25% duty last year, but on Friday he announced 25% duty on USD 200 billion worth Chinese imports that include garment items.

- Such announcement will encourage US retailers to consider Bangladesh, said the senior vice-president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA). But everything depends on price negotiations with the retailers, he added. All things are still at the primary stage. They need to do a lot of home work if they want to grab more market share of the shifted work orders from China. This is a potential opportunity for Bangladesh, said a distinguished fellow of the Centre for Policy Dialogue.

- Bangladesh would be benefited if the decision to impose 25% duty is finally levied, as the US and China are negotiating a trade deal now. However, the Bangladeshi garment sector has been benefiting from the uncertainty that stemmed from the tariff war between the two global economic giants, he added. Despite a shift towards lower-cost manufacturing bases like Vietnam and Bangladesh, China is still the single biggest source of apparel globally, according to Bloomberg.

<https://www.thedailystar.net/business/news/garment-exports-us-10pc-1740421>

China grants 12.3 billion RMB, USD 3.9 billion for 11 projects in BD, says envoy

- China has so far granted 12.3 billion RMB in concessional loans and 3.9 billion US dollars in preferential buyer's credit for 11 projects under the Belt and Road programme in Bangladesh. The interest rate ranges between 2.0 and 3.0%. Chinese Ambassador said that they want to have more balanced trade with Bangladesh and as an ambassador to this country, he always asks Chinese companies to buy more products from Bangladesh.

- He also mentioned that China wants to work together with all the partner countries of BCIM to ensure successful implementation of the BCIM corridor, as this is also a key element in materialising the Belt and Road initiative in this region. About the criticism that the Belt and Road programme can be a debt trap for the partner country, he said the participants in the second Belt and Road Forum made it clear that the outcome of the projects would benefit the partner countries. Moreover, a debt analysis committee will be formed to address the risk factors in the financial proposals under the Belt and Road programme, he said.

<http://today.thefinancialexpress.com.bd/last-page/china-grants-123b-rmb-39b-for-11-projects-in-bd-says-envoy-1557335768>

<http://www.newagebd.net/article/71653/pharma-ingredient-makers-get-vat-exemption>

India wants to invest in LNG, power sectors

India has shown interest to invest in the liquefied natural gas (LNG), power and other potential sectors in Bangladesh. At the meeting, the Indian envoy said connectivity between Bangladesh and India has expanded, especially in rail and road sectors, in recent years. At the program, the BD Finance Minister said that informed the envoy that the Bangladesh government has been setting up 100 economic zones across the country to attract foreign investments and promote local businesses as well. He also invited increased Indian investments to Bangladesh.

<http://today.thefinancialexpress.com.bd/last-page/india-wants-to-invest-in-lng-power-sectors-1557163066>

Plan to woo corporate entities to float bonds

Country's corporate entities will be encouraged to raise capital through issuing bonds for long-term investment instead of bank borrowing. The tripartite committee will also urge the authorities concerned for taking effective measures to reduce the cost for issuing bonds. The committee will also request the Dhaka Stock Exchange authorities to set up a separate platform for fixed income securities, according to the committee member.

<http://today.thefinancialexpress.com.bd/first-page/plan-to-woo-corporate-entities-to-float-bonds-1557162351>

Asian Development Bank (ADB) betting big on Bangladesh

Bangladesh was the third highest recipient of loans from the Asian Development Bank (ADB) last year, in further testament to the development partners' enhanced opinion of the country.

Of the USD 21.58 billion pledged by the Manila-based multilateral lender, USD 2.20 billion went to Bangladesh, dwarfed only by the amounts received by India (USD 3.52 billion) and China (USD 2.62 billion), the two largest economies of the region. The amount is the highest yet for Bangladesh from the ADB, which typically commits in the neighborhood of USD 1.5 billion every year, according to a presentation during its 52nd annual meeting.

The ADB also arranges co-financing with other bilateral or multilateral development partners and in 2018 it arranged USD 35.81 billion for the Asia-Pacific nations, of which USD 4.48 billion went to Bangladesh -- the highest.

If an economy is growing at 7-8% the whole world comes and invests, according to ADB's director general for South Asia operations. So, funding will never be an impediment to Bangladesh's growth ambitions, he said, adding that the ADB was willing to lend more provided the country was able to utilize it nimbly, effectively and with tangible end products.

The ADB offers mainly two kinds of loans. One of them carries concessional interest rate of about 2% and is of 25 years' tenure with a five-year grace period. The other is at

competitive rates connected to the LIBOR. Between 2019 and 2021, the bank is planning to lend USD 8.1 billion, which is 65.31% more than in the previous three years. About two-thirds of the 2019–2021 lending programme focuses on developing and improving infrastructure, according to the ADB's internal documents.

<https://www.thedailystar.net/business/news/adb-betting-big-bangladesh-1739320>

Counter-guarantee against USD 300 million ITFC loan soon

The government is set to issue a counter-guarantee against an International Islamic Trade Finance Corporation (ITFC) loan worth USD 300 million in favor of Bangladesh Bank (BB) to finance fuel oil import by Bangladesh Petroleum Corporation (BPC), officials said. A BPC official said the loan taken from ITFC requires a guarantee from the central bank and a counter-guarantee from the government.

In the third week of the last month, the state-run BPC in a letter requested the Energy and Mineral Resources Division (EMRD) to take necessary steps in this regard. Later, the division has also sought to take steps in this connection.

The counter-guarantee by the finance ministry will be considered a sovereign guarantee, according to an official. The government itself took responsibility for repaying the loan to ITFC if the petroleum corporation failed to pay it back.

<http://today.thefinancialexpress.com.bd/last-page/counter-guarantee-against-300m-itfc-loan-soon-1556988558>

Government seeks ADB support to develop bond market

Asian Development Bank is developing its untapped sectors as it strives to become a developed nation by 2041. The Bangladesh delegation at the 52nd annual meeting of the ADB's board of governors in Nadi -- sought the Manila-based multilateral lender's assistance in developing a bond market, reforming the financial sector and mobilizing finance for building climate-resilient infrastructure.

<https://www.thedailystar.net/business/news/govt-seeks-adb-support-develop-bond-market-1738927>

Important News: Capital Market

Bangladesh Securities and Exchange Commission (BSEC) drafts share short-selling rules

Bangladesh Securities and Exchange Commission has drafted rules for short sales of shares to legalise the issue at the country's capital market with the aim of launching new products including derivatives and sukuk at the market. According to the drafted rules, stockbrokers may only enter into the short sales of any eligible securities on behalf of clients, if the transaction is confirmed by the client in a format approved by the exchange and the stockbroker takes the responsibility for ensuring the timely delivery of the securities. Stockbrokers and dealers would only enter into the short-sales of any eligible securities, if they have entered into a valid contract for securities borrowing, unless otherwise specified by other rules or regulations.

<http://www.newagebd.net/article/71413/bsec-drafts-share-short-selling-rules>

Grameenphone's clarification on merger

- In a clarification sent by Grameenphone on Tuesday, Telenor Group's Asian operations which includes Grameenphone will be a part of the possible merger between Telenor Group and Axiata Group Berhad. Telenor Group and Axiata Group Berhad are in discussions regarding a potential non-cash combination of their telecom and infrastructure assets in Asia (MergeCo), in which Telenor would take a majority stake. It is anticipated that Telenor, based on equity value, will own 56.5% in MergeCo and Axiata will own 43.5%, both parties acknowledging that this is preliminary subject to adjustments and due diligence.
- Telenor's Asian footprint includes Thailand, Malaysia, Bangladesh, Pakistan and Myanmar. Axiata has operating companies in Malaysia, Bangladesh, Cambodia, Nepal, Sri Lanka and Indonesia, and the tower business edotco. Axiata's mobile operations in Bangladesh, Robi, will continue to be separately and independently managed by Axiata.

<https://www.dhakatribune.com/business/2019/05/07/gp-s-clarification-on-merger>

Telenor, Axiata talk merger

- Norway's Telenor and Malaysia's Axiata, the parent companies of Bangladesh's top two mobile operators, yesterday announced that they were in talks to combine their Asian operations. If the merger becomes successful, they will create a company with 300 million customers in nine countries, sales of about USD 13 billion and earnings of about USD 5.5 billion.
- Anticipating resistance from the telecom watchdog, Robi, Axiata's subsidiary in Bangladesh that it co-owns with Bharti Airtel and NTT Docomo, was not offered as part of the deal. Both Grameenphone and Robi will continue their business in Bangladesh separately. Mobile infrastructure provider edotco Bangladesh, in which Axiata Group has 70% stakes, is part of the arrangement though, meaning there can be potential gains for Grameenphone, which is 55.8% owned by Telenor at present. In the merged company, Telenor will hold 56.5% stakes and Axiata the remaining 43.5%.

<http://today.thefinancialexpress.com.bd/trade-market/telenor-axiata-enter-talks-to-merge-asian-businesses-1557165549>

<https://www.thedailystar.net/business/news/telenor-axiata-talk-merger-1739917>

<http://www.newagebd.net/article/71650/parent-cos-of-gp-robi-in-merger-talks>

Bangladesh Securities and Exchange Commission (BSEC) retains lock-in provision

- The lock-in period applicable to non-general shareholders will remain in place from the date of debut trading instead of issuing IPO prospectus. Lock-in is a predetermined amount of time after an initial public offering where large stakeholders are restricted from selling their shares. The regulatory decision comes into effect today (Thursday). The new companies will come under the coverage of Wednesday's decision. The decision will also be applicable to the older companies, whose lock-in period has not expired yet.
- The securities regulator formed two bodies to implement the market supportive measures, including amendment to the public issue rules. Last month, the securities regulator took the decision of amending public issue rules for both book building method and fixed price method. Other decisions were changing the existing rules on private placement shares,

bonus shares and minimum shareholding provision for sponsor-directors of listed companies. The commission has identified the areas of bringing changes in different rules. Now, the BSEC has formed two bodies to finalise the proposed amendments justifying legal aspects, BSEC said in a statement.

- The body will make the draft amendment to the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015 reviewing the decisions regarding IPO size and quota. On April 29, the securities regulator said the companies will not require securing the regulatory approval for raising capital through private placement. According to the proposed amendment, the minimum size of IPO will be BDT 500 million under the fixed price method, whereas the IPO size will be BDT 1.0 billion under the book building system.
- Another four-member committee will finalise the draft required to revise the notification on holding minimum number of shares by the sponsor-directors of the listed companies. Presently, the sponsor-directors of the listed companies will need to hold minimum 2.0% shares individually. And the sponsor-directors jointly will hold minimum 30% shares compared to total paid-up capital. Otherwise, the companies are not allowed to issue rights shares. On April 29, it was decided that the companies would have to explain the reasons for raising capital through bonus after listing. The companies will have to publish the necessity of issuing bonus shares as price sensitive information (PSI), according to BSEC decision.

<http://today.thefinancialexpress.com.bd/first-page/bsec-retains-lock-in-provision-1557335177>

<https://www.thedailystar.net/business/news/amended-three-year-lock-period-sponsors-starts-today-1740943>

<http://www.newagebd.net/article/71818/share-lock-in-rules-tightened>

<https://www.dhakatribune.com/business/stock/2019/05/08/bsec-makes-lock-in-period-stringent>

Sea Pearl IPO lottery draw May 23

- Initial Public Offering (IPO) lottery draw of Sea Pearl Beach Resort & Spa Ltd will be held on May 23 to allocate 15 million ordinary shares among the successful applicants. The results will be published on the websites of Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE) and the company after the lottery draw.
- The Sea Pearl Beach Resort raised a fund worth BDT 150 million from the capital market by floating 15 million ordinary shares at a face value of BDT 10 each using the fixed price method. The subscription for shares of the company by the eligible investors through electronic subscription system was held between April 23 and May 06. The Sea Pearl Beach (the owner of "Royal Tulip Sea Pearl Beach Resort & Spa in Cox's Bazar") is a luxury hotel in Bangladesh which started commercial operation on 17 September 2015.
- The Bangladesh Securities and Exchange Commission approved the IPO proposal of the company on February 19 this year. The company's pre-IPO paid-up capital is BDT 1.0 billion and authorised capital is BDT 2.0 billion. The company will use the IPO fund for interior, finishing, furniture & fixture (157 rooms) 71.22%, acquisition of land 17.77%, and bearing the IPO expenses 11.01%. According to the financial statements ended on June 30, 2018, the company's net asset value (NAV) per share stood at BDT 10.48 while the weighted average (three years) earnings per share (EPS) was BDT 0.41.
- Banco Finance and Investment Ltd and Prime Bank Investment Ltd are jointly working as

the issue manager for the IPO process. The principal services of Sea Pearl Beach Resort and Spa Limited are: Rooms and Suites, Food & Beverage. After completing all procedures, it will be the 5th listed company in the 'Travel & Leisure' sector in the Dhaka Stock Exchange (DSE).

<http://today.thefinancialexpress.com.bd/stock-corporate/sea-pearl-ipo-lottery-draw-may-23-1557332134>

Net foreign investment in Dhaka Stock Exchange (DSE) dips in April

- Net foreign investment in the Dhaka Stock Exchange (DSE) remained negative for the two straight months in April as overseas investors continued their selling binge. Foreign investors collected shares worth BDT 2.57 billion but sold BDT 4.11 billion worth of shares last month, resulting in their net position of a negative BDT 1.54 billion, according to statistics available with the DSE.

- In March, the overseas investors' net position was also negative BDT 1.23 billion, as they purchased shares worth BDT 3.75 billion and sold shares worth BDT 4.98 billion, the DSE data shows. Market analysts said that the foreign investors sold shares in line with the local investors amid lack of confidence and dearth of quality stocks. Foreign investors look for companies that performed well, maintain good governance and have growth potential. "But we were not provide to them with a long list of such companies," said a merchant banker, preferring anonymity.

- He noted that researchers can recommend names of only 30 to 35 companies, out of more than 300 listed, to meet foreign investors' criteria. A former finance adviser to the caretaker government suggested to bring quality stocks to attract foreign investors as well as increased depth of the market. A local stockbroker, who deals with foreign investors, said depreciation of local currency against the USD was another reason for withdrawal of funds by the foreign investors.

- However, he said, the foreign investors are not the market drivers of the country's capital market as foreign investment makes up less than 2.0% of DSE's total market cap and is the lowest among South Asian countries. Stock indices also took a big hit in April. DSEX, the benchmark index of the premier bourse, fell 289 points or 5.26% during the month to settle at 5,202. In 2018, net foreign funds in stocks were in the negative BDT 5.93 billion as nine months out of 12 were in the negative territory. The overseas investors bought shares worth BDT 44.96 billion and sold shares worth BDT 50.89 billion in 2018.

<http://today.thefinancialexpress.com.bd/stock-corporate/net-foreign-investment-in-dse-dips-in-april-1557244544>

Foreign funds fall in Dhaka Stock Exchange (DSE)

- Net foreign investment at Dhaka Stock Exchange fell in the last two months owing to a government move which puts a number of restrictions on Grameenphone alongside a fear of further depreciation of the local currency. Investment from foreign investors hit BDT 1.54 billion in the negative zone in April after they bought shares amounting to BDT 2.57 billion and sold issues worth BDT 4.11 billion. The net foreign investment was BDT 1.23 billion in the negative in March.

- The move from Bangladesh Telecommunication Regulatory Commission (BTRC) against Grameenphone, the largest stock in the DSE with a market capitalisation of BDT 485.29

billion, has spooked foreign investors, said a top official of a brokerage house, which deals with foreign investment.

- The commission declared Grameenphone as the operator with Significant Market Power (SMP) in an attempt to enhance competition in the industry. On this ground, the regulator has already taken some decisions that will squeeze the business of the mobile phone operator. The BTRC's decision came in February and the foreign investors' investment has been declining since March. The top official of the brokerage house says foreign investors sold not only the stocks of Grameenphone but also those of other companies as they lack confidence.

- This was not the first time regulators' sudden moves against listed companies have hurt stocks. For example, Bangladesh Energy Regulatory Commission (BERC) cut the distribution charge for Titas Gas in 2015. As a result, the utility company lost more than BDT 30.00 billion in market value over a period of five months. Any sudden decision hampers investors' decision said a brokerage official adding that there was a lack of coordination among all regulators.

<https://www.thedailystar.net/business/news/foreign-funds-fall-dse-1740415>
<http://www.newagebd.net/article/71740/foreign-fund-at-dse-remains-negative-for-2nd-month>

Revenue collection from Dhaka Stock Exchange (DSE) thrives 84% in April

- The government's tax collection from the prime bourse jumped 84% month-on-month in April riding on shares sales by sponsor-directors and placement holders. Market analysts said that higher shares sale by sponsor-directors and placement holders in April kept the government earnings afloat despite trading activities fell sharply. According to statistics available with the Dhaka Stock Exchange (DSE), the sponsor-directors and placement holders sold shares worth BDT 7.26 billion during the month under review.

- The government collected revenue worth nearly BDT 433 million in April which was BDT 235 million in March, 2019, registering an increase of 84% month-on-month, the DSE data shows. Of the total earnings in April, BDT 363 million came from share sales by sponsor-directors and placement holders. A leading broker said it was the highest earnings from the sponsor-directors and placement holders share sale in recent months. The daily average turnover on the DSE came down to BDT 3.49 billion in April, which was BDT 4.84 billion in March, 2019, the DSE data shows.

<http://today.thefinancialexpress.com.bd/stock-corporate/revenue-collection-from-dse-thrives-84pc-in-april-1557164414>

Bangladesh Securities Exchange Commission (BSEC) approves BDT 3.0 billion DBH Bond

- The securities regulator has given consent for issuance non-convertible zero coupon bond BDT 3.0 billion of the Delta Brac Housing Finance Corporation (DBH). The approval came at a meeting of the Bangladesh Securities and Exchange Commission (BSEC) held recently presided over by its chairman. As per the BSEC approval, denomination of the fully redeemable, unsecured and unlisted non-convertible bond is BDT 1.0 million per unit with tenure up to five years. The bond will be issued to the institutional investors, insurance companies, corporate entities and other eligible investor thorough private placement within the range of interest from 7.0% to 8.0% per annum.

<http://today.thefinancialexpress.com.bd/stock-corporate/mnacs-show-mixed-eps-trends-in-january-march-1556986165>
<https://www.thedailystar.net/business/news/regulator-approves-BDT-300cr-dbh-bond-1737814>

Banglalink getting back in the race

- Banglalink has started to get back its business after its hefty investment in strengthening network, with the operator logging in 4.5% higher revenue in the first three months of the year, its parent company Veon said yesterday. The operator registered BDT 1,121.30 crore as revenue in the first quarter of 2019, thanks to an acceleration of data revenue growth resulting from network improvements following spectrum acquisition in February last year and continued expansion of its distribution footprint. Its data revenue during the quarter stood at BDT 224.44 crore, up 36% from a year earlier and 25.2% from the previous quarter. However, Veon has not mentioned anything about Banglalink's profitability status.

<https://www.thedailystar.net/business/telecom/news/banglalink-getting-back-the-race-1737826>