

## Capital Market Overview

The market closed in red this week. The benchmark index DSEX (-2.95%) lost 158.49 points and closed the week at 5,222.30 points. The blue-chip index DS30 (-2.74%) lost 52.36 points and stood at 1,857.71 points. The shariah based index DSES (-3.15%) lost 38.79 points and stood at 1,194.60 points. DSEX, DS30 and DSES all posted negative YTD return of -3.03%, -1.23% and -3.10% respectively.

**Total Turnover During The Week (DSE):** BDT 21.1 billion (USD 254.2 million)  
**Average Daily Turnover Value (ADTV):** BDT 4.2 billion ( $\Delta\%$  Week: -13.2%)

### Daily Index Movement during the Week:

The market performed five sessions during this week. Market opened this week with a negative movement of 0.89% in the first session. Market continued to be negative in all the remaining sessions by -0.27%, -0.73%, -0.94%, and -0.16% respectively.

### Sectoral Performance:

- The financial sectors showed mixed performance during this week. General Insurance posted the highest gain of 2.21% followed by Mutual Funds (+1.66%). NBFIs experienced the highest loss of 4.29% followed by Banks (-1.78%) and Life Insurance (-1.14%).
- All the non-financial sectors posted negative performance during this week. Telecommunication posted the highest loss of 7.81% followed by Engineering (-4.21%), Food & Allied (-2.02%), Pharmaceuticals (-1.53%), and Power (-1.16%).

### Macroeconomic arena:

- The country's export earnings reached an all-time high of USD 40.53 billion in the just concluded fiscal year (FY), 2018-19, registering a 10.55% growth over that of the previous fiscal. The ready-made garment (RMG) sector contributed more than 84% or USD 34.13 billion to the total export income in FY 19.
- A massive decline in import and an inflow of record remittance have helped narrow the current account deficit by 40% in the first 11 months of the just concluded fiscal year, much to the relief of the Bangladesh Bank. This is a good trend that will help stabilize the country's foreign exchange regime, said a former adviser to a caretaker government.
- The government has been able to spend 94.32% of its development budget in 2018-19, going for a huge outlay in the last month of the just-concluded fiscal year, official data showed. The spending of BDT 1665.93 billion in the last fiscal year was the highest in the last six years, according to data from the Implementation Monitoring and Evaluation Division of the planning ministry. In June alone, the government spent BDT 465.51 billion, which accounted for more than one-fourth of the BDT 1766.20 billion development budget earmarked for the full fiscal year.
- The Supreme Court (SC) on Monday stayed the High Court (HC) order for two more months, thus allowing loan defaulters to enjoy the central bank's privileges. Earlier on July 02, the chamber judge had stayed the HC order that halted the Bangladesh Bank (BB) guidelines on special facilities for loan defaulters. With the latest SC order, defaulted borrowers will be able to reschedule loans by paying a 2.0% down payment for a maximum period of 10 years in line with BB guidelines issued on May 16. However, the apex court in its order barred these defaulters from getting fresh loans from any bank during the period.
- After a sharp rise, the average inflation rate fell to 5.48% in the just-concluded fiscal year, the government said. The inflation rate is 0.08% points lower than the government's 5.6% target in 2018-19 fiscal. But the average inflation rate in FY'18 was higher at 5.78%. After the steep rise since January this year, the point-to-point inflation rate in June dropped to 5.52%.

### Stock Market arena:

- Bangladesh Telecommunication Regulatory Commission (BTRC) decided on Thursday to limit bandwidth capacity of Grameenphone and Robi, two leading telecom operators of the country, as they failed to pay dues to the government. As per the decision, 30% bandwidth capacity of Grameenphone and 15% of Robi would remain blocked until they pay their dues, the senior assistant director of BTRC, confirmed.
- Trading of the shares of Sea Pearl Beach Resort & Spa Limited will commence on DSE from July 16 under 'N' category, according to a disclosure posted on the DSE website. DSE Trading Code for Sea Pearl Beach Resort & Spa Limited is "SEAPEARL" and DSE Company Code is 29004. Sea Pearl Beach Resort & Spa Limited (the owner of "Royal Tulip Sea Pearl Beach Resort & Spa Cox's Bazar"), a luxury resort & hotel in Bangladesh, started its commercial operation from 17 September, 2015.

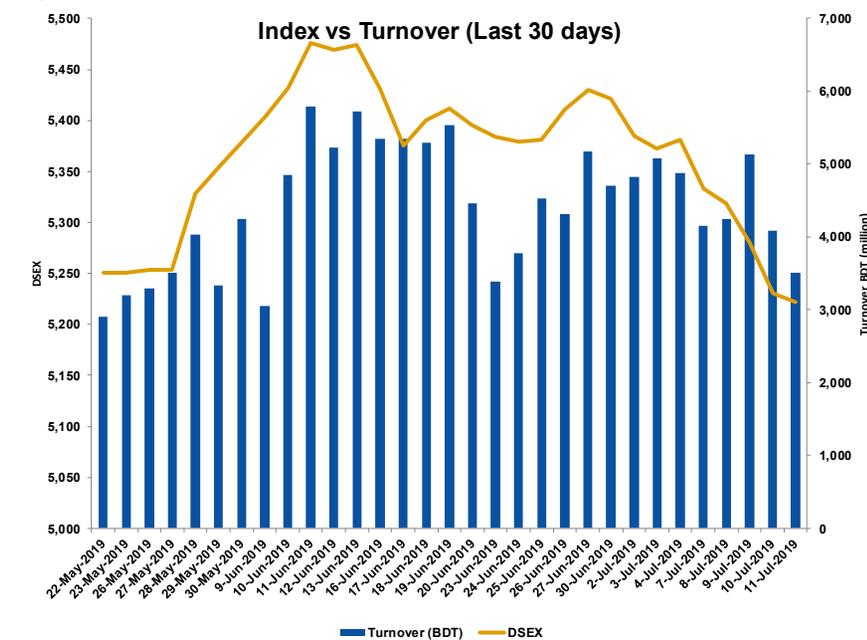
Table 1: Index

Index	Closing	Opening	$\Delta$ (Pts)	27-Dec-2018	$\Delta\%$ Week	$\Delta\%$ YTD
DSEX	5,222.30	5,380.79	-158.49	5,385.64	-2.95%	-3.03%
DS30	1,857.71	1,910.08	-52.36	1,880.78	-2.74%	-1.23%
DSES	1,194.60	1,233.39	-38.79	1,232.82	-3.15%	-3.10%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	19,519,420.9	15,925,164.8	22.6%
	Mn USD	234,806.0	191,569.4	
Turnover	Mn BDT	21,128.8	19,474.7	8.5%
	Mn USD	254.2	234.3	
Average Daily Turnover	Mn BDT	4,225.8	4,868.7	-13.2%
	Mn USD	50.8	58.6	
Volume	Mn Shares	812.6	595.3	36.5%

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
SEML FBLSL Growth Fund	17.60	11.00	60.0%	1,283.8	5.71	NM	1.8x
Prime Insurance	26	21.00	24.8%	1,071.0	180.55	20.6x	1.5x
Asian Tiger Sandhani Life Growth Fund	13.60	11.10	22.5%	840.3	561.97	NM	1.0x
Pragati Life Insurance	158.50	134.00	18.3%	2,115.8	197.35	NM	15.9x
Nitol Insurance	31.60	27.80	13.7%	1,270.6	92.31	11.4x	1.5x
SEML IBBL Shariah Fund	9.20	8.10	13.6%	920.0	22.11	NM	0.9x
Dhaka Insurance Limited	38.40	34.00	12.9%	1,540.8	231.77	20.3x	1.7x
CAPM BDBL Mutual Fund 01	9.00	8.00	12.5%	451.2	30.04	NM	0.9x
SEML Lecture Equity Management Fund	9.00	8.10	11.1%	450.0	51.63	NM	0.8x
Prime Finance First MF	19.20	17.40	10.3%	384.0	159.08	NM	1.7x

**Table 4: Top Ten Losers**

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Peoples Leasing	3.00	4.00	-25.0%	856.3	3.04	NM	0.3x
United Airways (BD) Ltd.	1.80	2.40	-25.0%	1,490.6	31.41	NM	0.2x
Samata Leather	56.30	69.40	-18.9%	581.0	4.66	NM	3.9x
Shaympur Sugar	22.40	27.40	-18.2%	112.0	.89	NM	NM
Meghna Pet Industries	9.20	11.20	-17.9%	110.4	1.73	NM	NM
Beximco Syntehtics	4.80	5.80	-17.2%	416.2	3.31	NM	0.3x
Jute Spinners	81.80	98.10	-16.6%	139.1	.60	NM	NM
Tung Hai Knitting & Dyeing Limited	3.10	3.70	-16.2%	330.6	2.15	3.8x	0.3x
Beach Hatchery Ltd.	13.30	15.80	-15.8%	550.6	10.99	585.8x	1.3x
BIFC	4.40	5.20	-15.4%	443.0	1.18	NM	NM

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

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
National Life Insurance Company Ltd.	260.40	263.80	-1.3%	28,259.1	785.86	NM	26.0x
Runner Automobiles Limited	96.10	106.40	-9.7%	10,391.6	574.41	22.5x	1.6x
Asian Tiger Sandhani Life Growth Fund	13.60	11.10	22.5%	840.3	561.97	NM	1.0x
JMI Syringes & Medical Devices Ltd	470.50	473.30	-0.6%	5,175.5	454.70	62.0x	6.6x
Rupali Insurance	24.40	22.60	8.0%	1,870.6	424.13	13.9x	1.2x
Sinobangla Industries	64.80	63.50	2.0%	1,295.8	371.77	36.6x	3.0x
United Power Generation & Distribution Company Ltd	377.70	375.60	0.6%	180,951.2	341.12	24.4x	12.7x
Monno Ceramic	175.50	193.50	-9.3%	5,732.1	323.36	26.7x	2.5x
Grameenphone Ltd.	331.60	359.80	-7.8%	447,759.5	297.76	11.9x	10.6x
Rupali Life Insurance Co. Ltd.	62.20	61.50	1.1%	1,794.4	295.83	NM	6.2x

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

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Pragati Insurance	39.30	50.72%	2,577.7	12.3x
Pioneer Insurance	37.30	28.18%	2,610.3	9.2x
Marico Bangladesh Limited	1,500.20	25.00%	47,256.3	24.9x
Singer Bangladesh	203.40	19.54%	20,279.6	22.5x
Power Grid Co. of Bangladesh Ltd.	57.00	18.75%	26,272.0	8.1x
Dutch-Bangla Bank	68.20	18.07%	34,100.0	11.1x
Eastern Bank	37.80	15.50%	30,686.0	9.9x
BATBC	1,299.80	10.10%	233,964.0	25.1x
Rupali Bank	35.30	8.46%	14,620.2	28.1x
Bank Asia Ltd.	18.20	7.97%	21,219.5	7.8x

**Table 6: Sector Indices**

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1431.59	1457.59	1848.21	-1.78%	-22.54%
NBFIs	1887.12	1971.62	2714.85	-4.29%	-30.49%
Mutual Funds	758.85	746.46	788.81	1.66%	-3.80%
General Insurance	1982.94	1940.15	1592.30	2.21%	24.53%
Life Insurance	2312.10	2338.69	1834.85	-1.14%	26.01%
Telecommunication	4647.14	5040.94	6494.31	-7.81%	-28.44%
Pharmaceuticals	2737.93	2780.55	2821.05	-1.53%	-2.95%
Fuel & Power	1904.91	1927.28	1527.27	-1.16%	24.73%
Cement	1385.31	1464.77	2280.58	-5.42%	-39.26%
Services & Real Estate	936.48	981.68	1224.11	-4.60%	-23.50%
Engineering	2987.76	3119.22	3166.83	-4.21%	-5.65%
Food & Allied	16296.90	16632.87	15304.34	-2.02%	6.49%
IT	1758.88	1900.33	1484.41	-7.44%	18.49%
Textiles	1355.49	1449.28	1222.72	-6.47%	10.86%
Paper & Printing	7456.94	7986.41	1013.11	-6.63%	636.05%
Tannery	2392.99	2464.19	2642.41	-2.89%	-9.44%
Jute	16831.48	17161.79	8867.22	-1.92%	89.82%
Ceramics	474.39	506.72	597.46	-6.38%	-20.60%
Miscellaneous	1949.65	2013.55	1725.62	-3.17%	12.98%

**Table 7: Sector Trading Matrix**

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Banks	224.5	289.4	-22.45%	5.60%	9.4x	0.8x
NBFIs	107.5	135.1	-20.44%	2.68%	71.5x	1.8x
Mutual Funds	483.3	151.6	218.69%	12.05%	NM	0.6x
General Insurance	633.2	380.0	66.63%	15.79%	14.9x	1.3x
Life Insurance	306.2	196.2	56.09%	7.64%	NM	9.6x
Telecommunication	100.1	144.5	-30.71%	2.50%	12.2x	9.6x
Pharmaceuticals	316.4	459.6	-31.15%	7.89%	19.1x	2.5x
Fuel & Power	184.6	286.4	-35.56%	4.60%	12.6x	2.2x
Cement	29.8	31.2	-4.47%	0.74%	27.6x	2.6x
Services & Real Estate	47.7	75.3	-36.66%	1.19%	NM	0.8x
Engineering	515.7	743.0	-30.60%	12.86%	15.2x	1.8x
Food & Allied	138.5	165.4	-16.28%	3.45%	28.3x	9.5x
IT	86.3	156.8	-44.97%	2.15%	22.0x	2.8x
Textiles	437.8	811.7	-46.06%	10.92%	18.1x	1.1x
Paper & Printing	30.9	84.9	-63.67%	0.77%	23.5x	1.9x
Tannery	77.3	95.4	-18.92%	1.93%	20.0x	2.7x
Jute	15.1	12.2	23.90%	0.38%	NM	7.7x
Ceramics	85.5	84.6	1.17%	2.13%	18.3x	1.8x
Miscellaneous	189.3	255.0	-25.75%	4.72%	25.7x	1.1x

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

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
International Leasing	8.50	-37.96%	1,795.6	4.4x
United Airways (BD) Ltd.	1.80	-37.93%	1,490.6	NM
Heidelberg Cement	231.60	-30.80%	13,086.2	18.7x
IFAD Autos Limited	77.30	-28.69%	19,169.7	13.6x
Aftab Automobiles	33.60	-26.80%	3,216.6	16.8x
ACI Limited	254.10	-22.10%	12,676.8	NM
AB Bank	9.70	-19.17%	7,353.9	NM
RAK Ceramics Limited	31.80	-18.46%	12,372.2	14.4x
IDLC Finance Ltd.	57.50	-17.50%	21,680.4	9.5x
Lafarge Surma Cement	36.40	-16.32%	42,274.0	34.0x

## Important News: Business & Economy

### FY19 exports rise by 10.55%, hit USD 40.53 billion

- The country's export earnings reached an all-time high of USD 40.53 billion in the just concluded fiscal year (FY), 2018-19, registering a 10.55% growth over that of the previous fiscal. Bangladesh fetched USD 36.66 billion in FY 2017-18. The export earnings in FY 19 also surpassed the target, set for the fiscal, by 3.94%, according to the Export Promotion Bureau (EPB) data released on Monday. The single month earnings in June 2019, however, declined by 5.27% to USD 2.78 billion over that of June 2018. The June earnings also fell short of the target by 22.65%, according to the data.

- The ready-made garment (RMG) sector contributed more than 84% or USD 34.13 billion to the total export income in FY 19. In last fiscal, the RMG exports grew by 11.49% from USD 30.61 billion of FY 18. The sector's earnings also exceeded the respective target in FY 19 by 4.42%. The country earned USD 16.88 billion from knitwear exports, registering a growth of 11.19%. Bangladesh fetched USD 15.18 billion from knitwear exports in FY 18.

- Vice President of the Exporters Association of Bangladesh (EAB) said that the ongoing trade war between China and the US is offering an opportunity to local exporters. The country's garment exports in the US market have increased in the wake of the trade war between China and the US, as the latter is shifting orders to other countries, including Bangladesh. A former leader of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) claimed that profit margin is gradually declining with the rise in growth. The companies are forced to take orders at lower rates to continue operating factories, as their workers as well as installments of bank loans need to be paid, he noted.

- The country fetched USD 1.01 billion from exports of leather and leather goods in FY 19, registering a 6.06% decline over FY 18. On the other hand, export earnings from plastic products grew by 21.65% to USD 119.8 million, pharmaceuticals grew by 25.60% to USD 129.95 million, and furniture grew by 18.53% to USD 74.89 million in the last fiscal.

<http://today.thefinancialexpress.com.bd/first-page/fy19-exports-rise-by-1055pc-hit-4053b-1562607199>

<https://www.thedailystar.net/business/export/news/double-digit-export-growth-fy19-1768774>

<http://www.newagebd.net/article/77890/jute-leather-exports-fall-in-fy19>

<https://www.dhakatribune.com/business/economy/2019/07/08/earnings-from-jute-jute-goods-fall-by-20-41>

### Current account deficit narrows 40%

- A massive decline in import and an inflow of record remittance have helped narrow the current account deficit by 40% in the first 11 months of the just concluded fiscal year, much to the relief of the Bangladesh Bank. This is a good trend that will help stabilize the country's foreign exchange regime, said a former adviser to a caretaker government. At the end of May the current account deficit stood at USD 5.17 billion, according to data from the central bank. But the import of capital machinery and raw materials has nosedived, which is worrying though, he added. This means a slowdown in the productive sector and employment generation is impending.

- Exports have so far showed a good performance and more initiatives should be taken to keep it up, he said. Between July last year and May this year, exports increased 11.45% year-on-year to USD 37.18 billion, while imports grew only 2.62% to USD 51.84 billion. This narrowed the trade deficit by 14.56% year-on-year to USD 14.65 billion. Both current

account and trade deficit trends have given some breathing space to the government, said a former governor of the central bank.

- Despite attracting a record remittance last fiscal year, the inflow dropped 11.55% to USD 1.36 billion in June, he said, while urging the central bank and the government to focus on the issue on a priority basis. All things of the balance of payments are good, but foreign exchange reserve is not working as expected said an official of the central bank. Any country must maintain foreign exchange reserves to make import payments for at least three months and Bangladesh's reserves now are good for at most 5.2 months, down from 5.3 months a month ago and 5.8 months a year ago, he said.

<https://www.thedailystar.net/business/banking/news/current-account-deficit-narrows-40pc-1768762>

### 94.32% of Annual Development Programme (ADP) spent

- The government has been able to spend 94.32% of its development budget in 2018-19, going for a huge outlay in the last month of the just-concluded fiscal year, official data showed. The spending of BDT 1665.93 billion in the last fiscal year was the highest in the last six years, according to data from the Implementation Monitoring and Evaluation Division of the planning ministry. In June alone, the government spent BDT 465.51 billion, which accounted for more than one-fourth of the BDT 1766.20 billion development budget earmarked for the full fiscal year.

- From its own coffers, the government used BDT 1110.33 billion last fiscal year, which is 95.72% of the allocation. Some 92.70% of foreign aid allocation, or BDT 472.79 billion, was used for development purposes. The government's expenditure from its own sources rose in the last fiscal year, compared to what it was in 2017-18. The spending from the foreign component fell, year-on-year.

<https://www.thedailystar.net/business/news/9432pc-adp-spent-1769209>

<http://www.newagebd.net/article/77997/adp-implementation-9432pc-in-fy19>

### Inflation cools in FY'19 after steep increase

- After a sharp rise, the average inflation rate fell to 5.48% in the just-concluded fiscal year, the government said. The inflation rate is 0.08% points lower than the government's 5.6% target in 2018-19 fiscal. But the average inflation rate in FY'18 was higher at 5.78%. After the steep rise since January this year, the point-to-point inflation rate in June dropped to 5.52%, according to the Bangladesh Bureau of Statistics (BBS) data released on Tuesday.

- In May, the point-to-point inflation rate was recorded at 5.63%. The rate of inflation on point-to-point basis in June last year was, however, lower at 5.54%. BBS data showed food inflation dropped slightly to 5.40% in June from 5.49% a month earlier. Besides, non-food inflation fell to 5.71% from 5.84% in May. According to the BBS data, the rate of point-to-point inflation in rural and urban areas also fell in June.

- The food inflation in cities dropped to 5.01% compared with 5.09% in May. The non-food inflation in urban areas also dropped to 6.64% from 6.95% in May. During FY2019-20, the government aims to keep the inflation rate within the limit of 5.5%.

<http://today.thefinancialexpress.com.bd/first-page/inflation-cools-in-fy19-after-steep->

[increase-1562694492](https://www.thedailystar.net/business/news/annual-inflation-remains-within-target-1769218)  
<https://www.thedailystar.net/business/news/annual-inflation-remains-within-target-1769218>  
<http://www.newagebd.net/article/77996/inflation-drops-slightly-in-fy19>

### **Yearly electricity generation costs may rise to BDT 18 billion**

- Electricity generation costs in gas-fired power plants might increase annually to around BDT 17.75 billion due to the latest tariff hike in gas prices alone, if the current level of consumption continues. The country currently has a total of 132 power plants that supply electricity to the national grid for consumption by all types of clients, of which over half are gas-fired. According to Petrobangla, the gas-fired power plants consumed around 1.30 billion cubic feet per day (Bcf/d) of natural gas as on June 30, the day before the start of the fiscal year 2019-20.

- The new gas tariff became effective on July 01. Total Gas bill against electricity generation in the gas-fired power plants was BDT 97.52 million on June 30, according to state-run Bangladesh Power Development Board (BPDB). With the latest 40.82% gas tariff hike in power plants, the gas bill rose to BDT 137.32 million. According to Bangladesh Energy Regulatory Commission (BERC) statistics, total electricity generation expenditure, including fuel costs, for gas-fired power plants last year was around BDT 140 billion.

- Despite the rise in electricity generation costs, it would not require hiking power tariff, a senior official of the power division under the Ministry of Power, Energy and Mineral Resources said. He said some dual fuel power plants, which were running on costlier diesel, would run on natural gas. This would help bring down the costs. Besides, the government would not extend the tenure of the expensive oil-fired power plants further to reduce the costs, he said. BERC chairman echoed the same, saying the Commission might not need to increase power tariffs if the BPDB operates gas-and diesel-run power plants in sync.

- Power tariff was raised several times after that with the last hike in November 2017, he said. Member secretary of the National Committee to Protect Oil, Gas, Mineral Resources, Power and Ports questioned the domestic gas tariff hike at a time when gas price in the international market is on the decline. On June 30, the BERC announced the biggest ever hike in domestic gas prices by an average 32.8% with effect from the day one of the new fiscal year.

<http://today.thefinancialexpress.com.bd/public/first-page/yearly-electricity-generation-costs-may-rise-to-BDT-18b-1562261941>

### **Loan defaulters cheer as Supreme Court (SC) stays High Court (HC) order**

- The Supreme Court (SC) on Monday stayed the High Court (HC) order for two more months, thus allowing loan defaulters to enjoy the central bank's privileges. Earlier on July 02, the chamber judge had stayed the HC order that halted the Bangladesh Bank (BB) guidelines on special facilities for loan defaulters. With the latest SC order, defaulted borrowers will be able to reschedule loans by paying a 2.0% down payment for a maximum period of 10 years in line with BB guidelines issued on May 16. However, the apex court in its order barred these defaulters from getting fresh loans from any bank during the period.

<http://today.thefinancialexpress.com.bd/first-page/loan-defaulters-cheer-as-sc-stays-hc-order-1562607081>

### **3 economic zones get USD 17.91 billion investment proposals**

- Businesses from home and abroad have come up with investment proposals worth USD 17.91 billion in economic zones, which are now under construction. Around USD 5.78 billion will come as foreign direct investment from companies in China, South Korea, Japan, India, Singapore, the UK, Australia, Malaysia and the US. Over 60 local companies will invest the rest USD 12.13 billion, according to data from Bangladesh Economic Zones Authority (Beza).

- The domestic companies want to pour funds in pharmaceuticals and chemical, steel, textiles, garments, bicycle, automobile, tyre and tube, electronics and ceramic sectors. Both local and foreign businesses who will invest in the economic zones will enjoy the same facilities, said the executive chairman of Beza. Among the foreign ones, the highest investment proposal worth USD 2.83 billion came for the power sector from two Chinese companies.

- South Korean entity Super Petrochemical showed interest to invest USD 2.38 billion in petrochemicals, the second biggest amount. A Singaporean company stood third in the list with a fund of USD 400 million for the food processing sector. The executive chairman of Beza said that they hope the total investment in these zones will reach USD 50 billion by 2030. Mirsarai economic zone will get USD 25 billion and the other zones the rest USD 25 billion. India, Japan and China have not been included in this figure as those would come to special zones meant for their investors.

<https://www.thedailystar.net/business/news/3-economic-zones-get-1791b-investment-proposals-1769770>

### **Agricultural product exports fetch ever highest USD 909 million**

- Bangladesh received all-time high earnings from agricultural product exports in the just-passed fiscal year (FY), 2018-19, riding on processed food shipments. Business insiders have attributed this to massive development in 'compliance issues' of the country which put a positive impact on export receipts. The country fetched USD 909 million, 35% up from that of FY '18, by exporting processed items like vegetable, betel leaf, tea, dry food, tobacco, fruit and foliage. According to the Export Promotion Bureau (EPB), earnings from farm produce in FY '19 are also 28% higher than the USD 711 million target. Dry and other processed food items fetched 77% or USD 700 million of the total earnings. Vegetable sector showed a tremendous performance by pulling in USD 100 million followed by tobacco USD 63 million and spices USD 42 million.

- The country could increase exports to over USD 2.0 billion within years if the government ensures more chilling facilities for fresh produce at major hubs, Bangladesh Fruit, Vegetable and Allied Products Exporters' Association president added. Currently, it has only one chilling and packaging center located at Shyampur in Dhaka district. He said that export earnings could touch USD 1.0 billion mark this fiscal if we could boost exports of fruit, betel leaf, flower and foliage. Fruit and flower-foliage export earnings were only USD 6.0 million. Fruit export was a paltry USD 0.33 million.

<http://today.thefinancialexpress.com.bd/last-page/agri-exports-fetch-ever-highest-909-million-1562782281>

## Furniture export posts 18.5% growth

- The export earnings from the country's furniture industry witnessed an 18.53% growth in the last fiscal year (FY19) totaling USD 74.89 million. This figure was also 7.0% higher than the fiscal target of USD 70 million, according to the latest data of the Export Promotion Bureau (EPB). The country bagged USD 63.18 million from furniture exports in the FY18.
- Industry insiders said the Bangladeshi furniture is gradually becoming popular among the foreign buyers due to its qualitative standard, time befitting design while the furniture industry has moved much ahead over the last one decade due to modern designs and innovations. The demand of Bangladeshi furniture is high especially in the Middle Eastern countries side by side the export market of furniture is gradually expanding in the USA, the UK, Japan, Australia, Russia, and South East Asian countries.

<http://today.thefinancialexpress.com.bd/trade-market/furniture-export-posts-185pc-growth-1562781076>

## Bangladesh exports to India cross USD 1 billion mark

- Bangladesh's exports to India, a non-traditional potential export destination, for the first time have reached the billion dollar mark, with goods worth USD 1.25 billion sold to the neighboring country in the just concluded fiscal year. According to Export Promotion Bureau (EPB) data, Bangladesh's exports to India stood at USD 1.25 billion, up by 42.91%, which was USD 873.27 million in the previous fiscal.
- Of the total amount, apparel sector earned USD 499.09 million in 2018-19 fiscal, which is 79.09% higher compared to USD 278.67 million in the previous year while knitwear products accounted for USD 369.43 million and woven items USD 129.66 million. Among other major products, Bangladesh exported to India vegetable textile fibre and paper yarn worth USD 141.84 million and animal and vegetable fat worth USD 158.57 million. It also earned USD 84.60 million and USD 33 million by exporting jute and jute goods and leather and leather goods respectively.
- Currently, there are 11 countries — the USA, Germany, the United Kingdom, Spain, France, Italy, Canada, Japan, the Netherlands, Poland and India, whose imports from Bangladesh is over USD 1 billion. India and Poland joined the club this year.

<https://www.dhakatribune.com/business/economy/2019/07/10/bangladesh-exports-to-india-cross-1bn-mark>

## Worries among 15 banks, NBFIs over BDT 8.50 billion deposit

- Some 15 banks and non-bank financial institutions (NBFIs) that have BDT 8.50 billion stuck with People's Leasing Financial Services (PLFS) are on edge over the government's decision to liquidate the ailing NBFIs as they stand to lose a large portion of the sums. Of the institutions, International Leasing and Financial Services (ILFS), another NBFIs, alone has deposited BDT 2.27 billion in PLFS, which is more than its paid-up capital of BDT 2.11 billion. ILFS may be in serious trouble if it has to write off the sum.
- Four state-owned commercial banks also have huge deposits with PLFS. In the event of liquidation external creditors are paid off first and then the depositors, debenture holders and preferential shareholders in that sequence, according to an executive director of Financial Reports Monitoring Division at Financial Reporting Council. But given the dire

position of PLFS, there is unlikely to be much to salvage from liquidation. For instance, in the first nine months of 2018 the NBFIs' operating expenses stood at BDT 224.8 million against the operating income of BDT 20.5 million.

- It has failed to repay depositors' money despite the maturity of funds, found a central bank report. PLFS sometimes failed to pay its employees' wages because of severe liquidity crunch. In the event of liquidation, the general shareholders' turn comes in the end, once all the parties have been paid off. They get a sum if the net asset value (NAV) per share is positive. But in PLFS's case its net asset value was BDT 67.66 in the negative as of March 31, so the chances of retail investors getting anything are next to nil. Dawned with the possibility, PLFS's retail investors yesterday tried to dump their shares but in vain.

<https://www.thedailystar.net/business/banking/news/worries-among-15-banks-nbfis-over-BDT-850cr-deposit-1769779>

## Government's July-May net borrowing up 8.0%

- The government's net borrowing from state-owned savings instruments rose by about 8.0% in the first 11 months of the just-concluded fiscal year compared to the corresponding period of the previous fiscal. According to the Department of National Savings (DNS) data, net sales of savings tools in the July-May period of FY 2018-19 stood at BDT 467.31 billion, up from BDT 433.63 billion in the same period of FY 2017-18. Sales of savings schemes have surged in recent years due to their higher yield rates, officials concerned said.
- Net sales of savings certificates in last 11 months also surpassed the government's revised target set for the FY 2018-19. The government revised the target of its net borrowing from savings instruments for FY 2018-19 upward to BDT 450 billion from BDT 261.97 billion. Meanwhile, government's interest payments also increased by more than 22% in the July-May period of the last fiscal year, the data showed. The government spent BDT 224.51 billion on interest payments in the 11 months of FY 2018-19, up from BDT 183.60 billion in the same period of FY 2017-18, according to DNS statistics.
- Amid growing sales of savings tools, the government has set a target of its net borrowing from instruments at BDT 270 billion for FY 2019-20. Officials, however, said sales of the instruments might fall in the coming months due to an increase in source tax on profit gains. The National Board of Revenue (NBR) has increased source tax on yield gains to 10% from 5.0% for all types of savings tools in the new fiscal year. Savers also find themselves in difficulties to purchase savings tools online.
- The government sells four types of savings instruments and yield rates are up to 11.76%. It also sells different types of bonds to local and expatriate Bangladeshis. An estimated 20 million investors are involved in this sector.

<http://today.thefinancialexpress.com.bd/last-page/govts-july-may-net-borrowing-up-80pc-1562694899>

## Government borrowing beyond monthly auction

- The government is increasingly borrowing from the banking system going beyond the regular monthly calendar of auctions. Primary dealers (PDs) said the government had borrowed money six-times over the past six months, hurried and unusual in recent years. This signifies that the public sector is failing to finance its widening budget deficit as a result of poor revenue mobilization. The government usually borrows through short-term and long-

term debt instruments to finance its budget deficit. The dealers said that such types of auction create troubles for managing their funds as they get notice within a day or two.

- The average amount that the government borrowed from the banking system in such a hurried manner was BDT 20 billion during the last six months beginning from January last. The government also held such an unplanned auction on Monday last to borrow BDT 30 billion through short term bills. Treasury chiefs working for different primary dealers said this type of borrowing is boon to those who have surplus fund but this is a problem for those who have liquidity crunch.

- The head of treasury at a privately-owned bank said that actually this time almost all banks under liquidity pressure and holding of such quick bidding creates problems for them. He said the government should have predicted its borrowing needs accurately. The 91-day T-bill yield rate increased by nearly 82% to 6.67 (annualised) in June over the same period in 2018, that of 182-day T-bill jumped by 59% and 364-day T-bill by 57% during period under review.

<http://today.thefinancialexpress.com.bd/first-page/govt-borrowing-beyond-monthly-auction-1562694434>

### **Apparel exports to US, Canada post double-digit growth**

- Bangladesh's apparel exports to major markets namely US and Canada posted a double-digit growth in the last fiscal year while that of European destinations showed a comparatively slow pace. Garment makers, however, said the ongoing trade war between the US and China helped in achieving such a higher growth in apparel export especially to the US market. They also held responsible a number of factors for slow growth in the EU countries that included diversified market options with price choice, competitor countries' devalued currencies and buyers' cautious order placing due to the last general election and wage hike in the country.

- Official data by Export Promotion Bureau (EPB) revealed that the US has again become the largest export destination for local readymade garment (RMG) items with earnings USD 6.13 billion in the just-concluded fiscal year, recording a 14.60% growth. RMG exports to US fetched USD 5.35 billion in fiscal year 2017-18. When asked, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) senior vice president said that in recent months, US buyers are coming to Bangladesh as an alternative to China due to the trade war between the two countries. In last six months, US buyers were showing more interest, making queries and placing more orders, he noted.

<http://www.today.thefinancialexpress.com.bd/last-page/apparel-exports-to-us-canada-post-double-digit-growth-1562694983>

### **Vietnam a step closer to beating Bangladesh in apparel exports**

- In a blow to apparel exporters, the EU, Bangladesh's largest export destination, has extended duty-free access to Vietnam, eliminating the competitive edge that the country held over its biggest rival in the trade. As a least-developed country Bangladesh enjoyed duty-free benefit to the EU since its independence, whereas Vietnam had to pay 12% duty. Now, Southeast Asian country has obtained the same privilege as Bangladesh thanks to the signing of a free trade agreement (FTA) with the EU on June 30. Bangladesh will face even tougher competition once it fully graduates from the LDC bracket in 2027 as the duty benefits would be withdrawn then. Exports to the EU will then face 12% duty but Vietnam

will continue to ship to the trading bloc at zero duty.

- Bangladesh's apparel exports have lost 3.64% value in terms of price per unit during 2014-2018, whereas Vietnam's price has gone up, said the president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA). Apart from erosion of competitiveness and the resulting trade diversion, the FTA may have a severe toll on the price level for Bangladeshi manufacturers, the president of BGMEA said. In 2018, Bangladesh exported USD 19.32 billion worth of garment items to the EU, up 11.17% year-on-year. Vietnam's exports that year stood at USD 3.92 billion with an annual growth of 9.74%, according to data from the BGMEA. With its 4% share Vietnam is currently is the sixth largest apparel exporting nation to the EU, whereas Bangladesh is the second with its share of 19%.

<https://www.thedailystar.net/business/news/vietnam-step-closer-beating-bangladesh-apparel-exports-1769221>

### **Gas price hike to raise ceramic production cost**

- The recent gas price hike will increase the cost of ceramics production by 10%, which will be a huge blow to the local ceramic manufacturers and consumers, sector people said. The government has increased gas prices by 37.89% for industrial use, 43.97% for captive power and 7.5% for compressed natural gas (CNG), which became effective from yesterday. The hike in gas price for industrial use and captive power will increase the production cost by 5%, said the general secretary of the Bangladesh Ceramic Manufacturers and Exporters Association (BCMEA).

- The demand for ceramics in Bangladesh is increasing by 20% on an average every year, according to data from the BCMEA. The sector, with a market size of around BDT 300 billion, has experienced 200% growth in production in the last 10 years, and Bangladesh now holds 0.14% of the global export market, it said. The sector meets 80% of the local demand, president of BCMEA said. In fiscal 2017-18, local ceramic makers exported goods to over 50 countries worth around USD 50 million, a 20% year-on-year rise, according to the BCMEA.

<https://www.thedailystar.net/business/news/gas-price-hike-raise-ceramic-production-cost-1769215>

<https://www.dhakatribune.com/business/2019/07/10/the-tale-of-a-rising-industry-3-local-tableware-finds-niche-international-market>

### **Overseas jobs drop by 18%**

- The country's overseas employment dropped by 18% in the first six months of the current year following a reduction in recruitment by Middle Eastern nations, official data showed. A total of 332,754 workers went abroad with jobs during the period between January and June this year while 392,002 workers in the same period of the previous year, according to the data of Bureau of Manpower Employment and Training (BMET). Overseas jobs also have shrunk in recent months as some countries like Malaysia and United Arab Emirates (UAE) stopped hiring Bangladeshi workers.

- Manpower recruiters said if traditional job markets do not reopen soon, it will be tough to maintain the previous uptrend in migration from Bangladesh. They also stressed the need for exploring job opportunities in prospective countries. Bangladesh sent 734,181 workers abroad in 2018 while 1,008,525 in 2017. Middle Eastern countries such as Saudi Arabia,

Oman, Qatar and Kuwait have reduced the recruitment of foreign workers following sluggish development works.

- As part of its policy reform, Saudi Arabia has engaged more local workers in its different sectors. Besides, Oman is discouraging recruitment of low-skilled workers from Bangladesh. However, the officials at the Ministry of Expatriates' Welfare and Overseas Employment said they were now focusing more on quality migration. If the number of outbound workers declines, it will not create problem as they will send more skilled workers abroad, the officials added. The flow of inward remittances grew by 9.65% to USD 1.44 billion in the just-concluded fiscal year (FY) as the exchange rate of local currency maintained a depreciating mode against US dollar.

- Strengthening supervision and monitoring by the central bank to check illegal 'hundi' transaction has also helped raise the inflow of remittances, officials said. Remittance inflow hit record USD 16.42 billion in FY 2019 against USD 14.98 billion a year before, according to the Bangladesh Bank's latest statistics. The BMET data revealed that Saudi Arabia recruited 188,747 workers in last six months, followed by Oman 37,352, Qatar 36,070 and Singapore 23,399. Bangladesh received USD 12.77 billion in remittance in FY 2017 while USD 14.93 billion in FY 2016.

<http://today.thefinancialexpress.com.bd/last-page/overseas-jobs-drop-by-18pc-1562607654>

### **Local ceramic industry grows to fetch foreign currencies**

- Ceramics industry has turned into a booming manufacturing sector in Bangladesh over the years, cashing in on growing demand both in domestic and international markets. At present the industry caters to 85% of local demands while because of high quality, ceramic products of Bangladesh have huge demand in international markets as well. According to Bangladesh Ceramics Manufacturers and Exporters Association (BCMEA), a total of 66 ceramic manufactures are operating in the country, producing mainly tableware, tiles and sanitary ware.

- According to the data of Export Promotion Bureau (EPB), the industry earned more than USD 45.74 million through export in 2017-18 fiscal year (FY), which was USD 35.57 million in 2016-17 FY, and USD 35.32 million in 2015-16 FY. Of different ceramic products, tableware is exported to more than 50 countries including the US, Canada, European Union countries and Australia; tiles to India, Nepal and Bhutan; and sanitary ware to the Middle East, especially to the UAE.

<https://www.dhakatribune.com/business/economy/2019/07/08/local-ceramic-industry-grows-to-fetch-foreign-currencies>

### **Growing demand fuels cement industry growth**

- According to Bangladesh Cement Manufacturers Association (BCMA), breaking the previous record, cement sale was the highest 33 million tons in 2018, up from 29 million tons in 2017 — an around 12% rise. The BCMA data shows that the consumption of cement across the country posted an average growth of 10-15% in the last 10 years. Local companies now holding 82% of the market share due to their competitive advantage in price and quality, shows BCMA data.

- According to the data of Export Promotion Bureau (EPB), the industry earned more than USD 45.74 million through export in 2017-18 fiscal year (FY), which was USD 35.57 million

in 2016-17 FY, and USD 35.32 million in 2015-16 FY. Of different ceramic products, tableware is exported to more than 50 countries including the US, Canada, European Union countries and Australia; tiles to India, Nepal and Bhutan; and sanitary ware to the Middle East, especially to the UAE.

<https://www.dhakatribune.com/business/economy/2019/07/08/local-ceramic-industry-grows-to-fetch-foreign-currencies>

### **Banks to form special cell to monitor top defaulters**

- Banks will form a special cell for monitoring their top defaulters having defaulted loans above BDT1.00 billion in a bid to bring down the volume of bad loans in the sector, according to a draft policy of Bangladesh Bank (BB). The central bank is going to hold a meeting with eleven banks and related department of the central bank on Monday to finalize the policy. A circular about the policy will then be sent to the chief executives of the banks concerned.

- In March this year, the central bank started working to strictly monitor the top defaulter companies in the banking sector. Recently, the bank sent a letter to different banks asking for more suggestions about the types of initiatives against top defaulters with defaulted loans above BDT 1.00 billion. Banks having a huge volume of defaulted loans have been told to attend this meeting. Eleven banks with four state-owned Sonali, Rupali, Agrani, Janata would participate in the meeting, said a senior BB official.

- Earlier, Bangladesh Bank (BB) had warned seven banks to reduce their soaring defaulted loans. The seven banks are Sonali, Janata, Agrani, Rupali, National Bank, Islami Bank Bangladesh and Al Arafah. According to the BB latest data, the non-performing loans (NPLs) of banks rose by a staggering BDT 169.62 billion in a period of three months till March this year, increasing the amount of stress loan in the banking sector to BDT 1.11 trillion, which is the largest ever in the country's history.

- The bad loan amount was 11.87% of total disbursed loans in the given month, according to the latest Bangladesh Bank (BB) data. A former Bangladesh Bank governor said that the policies adopted recently by the government and the central bank for banking sector went in the wrong direction. The defaulters were given leverage by these policies. Good borrowers are now feeling discouraged to pay debts.

<https://www.dhakatribune.com/business/banks/2019/07/07/banks-to-form-special-cell-to-monitor-top-defaulters>

### **Use of certified software a must from September 1: National Board of Revenue (NBR)**

- The National Board of Revenue (NBR) has made the use of its prescribed software mandatory for firms with annual turnover of BDT 50 million and above for maintaining records and accounts from September 1. The revenue collector imposed the condition as part of its scheme to implement the VAT and Supplementary Duty Act 2012 through automation of the VAT system. Companies that already use the software will have to apply to the NBR for approval to use the system, according to the order issued on June 30.

- This is the second time the NBR has set a deadline for firms to use its prescribed software to keep records of transactions and accounts with a view to ensuring that the actual amount of the indirect tax is coming to the state coffer. The NBR had earlier fixed the

deadline of January 2019. However, it did not enforce the rule for its delay in finalising the names of eligible firms to make the system. In February, the revenue collector named 11 firms eligible to develop the software.

- Transparency and accountability would be established if enterprises use the software, said a member of VAT policy of the NBR. As they will have to maintain accounts and keep records of their transactions in line with our prescribed format, the scope of confusion and misunderstanding will diminish. The software used by businesses would be connected with a server at the NBR. The NBR in its order said companies that are using the NBR-prescribed software will have to update their systems within this month by incorporating the changes brought in the VAT law for fiscal 2019-20.

- Companies that are not obliged to use the software will also have the freedom to install the prescribed system by procuring it from enlisted developers. The software must have features for full automation of business process in line with the VAT law, which has come into effect from July 1 after a delay of seven years.

<https://www.thedailystar.net/business/news/use-certified-software-must-sep-1-nbr-1768351>  
<http://www.newagebd.net/article/77788/use-of-specialised-vat-software-must-for-businesses-from-sept-1>

### Soaring NPL poses downside risk to growth momentum

- Rising non-performing loans (NPLs) and tight liquidity condition on the domestic front alongside external challenges are likely to pose downside risk to growth momentum, the central bank has said. The external challenges include global economic slowdown, uncertainties over a lingering US-China trade conflicts, tightening financial condition in the global market and a delayed Brexit deal. A good financial and fiscal policy measures would be required to maintain growth and price stability, the Bangladesh Bank (BB) said in its latest quarterly report for January-March.

- The indicators of the banking sector showed some concerns during the third quarter (Q3) of the fiscal year (FY) 2018-19, as reflected in the NPL, capital adequacy, provision shortfall position and liquidity conditions, according to the BB report. Overall NPL edged up during the period under review, driven mainly by the state-owned commercial banks (SoCBs) and private commercial banks (PCBs), the report noted. The central bank's views came against the backdrop of NPLs in the banking sector that surpassed the BDT 1.0 trillion-mark for the first time in March 2019.

- The volume of classified loans jumped by more than 18% to BDT 1,108.73 billion in Q1 of the year from BDT 939.11 billion in the preceding quarter, the BB data showed. Besides, the share of NPL also rose to 11.87% of the total outstanding loans in the January-March period of 2019 from 10.30% in the previous quarter. The classified loans cover substandard, doubtful and bad/loss of total outstanding credits, which stood at BDT 9,337.27 billion as on March 31. It was BDT 9,114.30 billion three months before.

- Economic activity maintained its momentum during the period under review in line with projected 8.1% GDP (gross domestic product) growth in FY 19, supported by both strong domestic and external demands. The report also said a pick-up in remittance inflows and acceleration in the government's mega project implementation helped boost domestic demand.

<http://today.thefinancialexpress.com.bd/public/first-page/soaring-npl-poses-downside-risk-to>

[-growth-momentum-1562346915](#)

### Deposits in school banking rise to BDT 15.46 billion

- School banking is gradually getting huge responses from the students across the country as deposits with the banking accounts increased to around BDT 15.46 billion at the end of March 2019, reports BSS. The central bank's latest quarterly report on financial inclusion shows that a total of Taka 15.46 billion was deposited with 19,54,231 school banking accounts at 55 scheduled banks on March 31 this year.

- According to the report, the school banking service is more popular in the cities than in the rural areas as 12,37,458 school banking accounts were opened in the cities against 7,16,773 accounts in the rural areas. The banking is also more popular among the male students than the female as 11,44,775 school banking accounts were opened by male students against 8,09,456 by female. Bangladesh Bank launched the programme in November 2010 for school students to help them save up for the future, learn financial literacy at an early age and build the habit of saving, A BB official said.

<http://today.thefinancialexpress.com.bd/public/trade-market/deposits-in-school-banking-rise-to-BDT-1546b-1562342474>

### Tax collection faces headwinds in FY'19

- Tax collection faced a BDT 600 billion shortfall in the just-concluded fiscal year (FY) against the revised target, lowest in five years. The National Board of Revenue (NBR) mobilised BDT 2.22 trillion tax revenue in FY 2018-19 against its revised target for BDT 2.80 trillion, according to provisional figure. The original target of the board was BDT 2.96 trillion for the fiscal year that has just gone by. In the provisional estimate, the revenue collection growth stood at 7.76% over the corresponding year.

- However, officials said that the revenue collection growth could stand at 9.0% after compilation of final figure from the field-level VAT offices. A senior official of the NBR said that the revenue collection figure will increase further by end of this month. He said that VAT offices usually receive revenue after middle of the month from businesses. In FY 2018-19, the VAT wing collected the highest revenue worth BDT 856 billion, which is 40% of the combined collection. The income tax wing collected the second-highest amount of BDT 723 billion while the customs wing BDT 644 billion.

- Officials said that a large-scale tax exemptions and slower import of revenue generating products are responsible for sluggish growth in revenue collection. The executive director of the Policy Research Institute (PRI) said that import payment dropped to 3.0% last year, which was 25% the year before. The lack of reform in the tax administration is mainly responsible for poor revenue collection growth. It may go down further in the current fiscal year unless the government takes proper initiative, he added.

- For FY 2019-20, the government set BDT 3.25 trillion target for the NBR. To achieve the target, the NBR will have to achieve 46.39% growth in revenue collection this year.

<http://today.thefinancialexpress.com.bd/public/first-page/tax-collection-faces-headwinds-in-fy19-1562262105>

<https://www.thedailystar.net/business/news/revenue-collection-target-realistic-given-gdp-growth-1767607>

## No network access for unregistered handsets

- Telecom operators' network access will be barred for unregistered and stolen equipment like mobile handsets to prevent smuggling and protect local assemblers. According to a draft directive of Bangladesh Telecommunication Regulatory Commission (BTRC) on Thursday, the authorities will set up and maintain a national equipment identity register (NEIR). The NEIR will be brought under the directives styled 'Equipment identity register (EIR)' for mobile network operators (MNOs) in Bangladesh.

- Mobile phone importers and manufacturers have long been demanding setting up of an NEIR to control and regulate use of equipment on mobile phone networks. The EIR would be a database of all IMEI (international mobile equipment identity) numbers comprising types of lists (say black, white and grey) of mobile handsets. The MNOs will design, develop, build, install, operate and maintain their respective EIRs that will include all the features instructed by BTRC time to time. It is to be noted that all MNOs should develop their respective EIRs having a common design and architecture compatible with the NEIR to be determined by BTRC.

- They will later migrate all data to the NEIR and maintain real-time synchronisation. The white list will comprise IMEIs of devices that are permitted to use. The grey list consists of devices that do not conform to the standards but could be permitted to connect under supervision or triggering an alert. The black list will have IMEIs of devices reported stolen or lost or shifted from grey list after grace period is over and they are been denied network access. Currently, illegal imports are causing around BDT 10 billion losses to the government and eating away at sales of handsets imported by legal importers.

- The draft directives were made after the BTRC's decision in last December to introduce the NEIR. The commission asked individuals and entities associated with the telecoms industry and customers to deposit their comments by this July 18. The NEIR would preserve IMEIs to make it easier to extract information about legally imported or locally manufactured headsets.

<http://today.thefinancialexpress.com.bd/public/last-page/no-network-access-for-unregistered-handsets-1562262250>

## Record gas price spike puts squeeze on Bangladesh garment makers

- Apparel makers such as Dhaka-based Ananta Group are powering Bangladesh's economic expansion, the fastest in Asia, but a record high gas price spike threatens to derail the industry's growth according to a report of the Nikkei Asian Review. In an attempt to cut losses from imported liquefied natural gas, the government raised gas prices by almost one-third on average, effective July 1, the start of fiscal year 2019-20 (FY '20), according to Nikkei Asian Review. The country subsidises gas and sells it at below production cost.

- With annual sales of more than USD 300 million, the 27-year-old Ananta employs 26,000 people and churns out bottoms, sweaters and men's suits for top Western high-street retailers such as H&M, Gap, Levi's, Marks & Spencer, Jack & Jones and Zara. The gas price hike will make it difficult for the company to sustain its growth, the company's managing director, said.

- With gas costs constituting around 1.5% of manufacturing expenditures in the apparel industry, a 38% hike in gas price means an almost one% increase in production costs,

noted the President of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA). This may not sound much in terms of%, but for an industry struggling for every penny this will be another blow, she added. When challenges like erratic gas supply, pressure fluctuations and steep drops in product prices dissuade entrepreneurs from investing, this sudden price surge would cripple their financial plans, the BGMEA president said.

- The assumed supply of around 850 million cubic feet (MMcf) of re-gasified LNG a day to the national grid by 2020 prompted the authorities to implement the hike, the largest since 2015. The last hike took force in 2017. For industrial users like Ananta, prices have been raised by 38% and for captive power operators the rate is as high as 43.97%. Household consumers will see their prices rise by almost a quarter.

<http://today.thefinancialexpress.com.bd/trade-market/record-gas-price-spike-puts-squeeze-on-bangladesh-garment-makers-1562428224>

## Cement price rises BDT 50 per bag

- The retail price of each 50-kg bag of cement has edged up 12%, or BDT 50, to BDT 460-470 -- a development that will push up construction costs, be it the government's mega projects or private buildings. Cement manufacturers attributed the price hike to the recent rise in gas price for industries and their captive power generation and tax measures imposed on import of raw materials used to produce the construction material. According to new tax measure, cement makers have to pay 5% advance income tax (AIT) to import raw materials and there is no scope to adjust the tax at the end of the year.

- Until last fiscal year, cement manufacturers paid 5% AIT for raw material imports and the tax was adjustable. In addition, there is another 5% advance tax (basically VAT), which cement makers will have to pay while importing raw materials and other required ingredients. The new tax measures and gas price hike have caused a price rise of BDT 53 for a 50-kg bag, according to the Bangladesh Cement Manufacturers Association (BCMA).

- Some brands adjusted the price on July 1, the first day of the fiscal year, the president of BCMA said. Of the total price hike, BDT 42 is for tax and VAT measures and BDT 11 for gas price hike, according to BCMA's assessment. Despite the latest hike, the price of cement is still lower than five years ago, when it rose to BDT 500 a bag, said also the first vice-president of BCMA. The manufacturers did not have any intention to increase the price as the sector has been clocking 10 to 15% annual growth for the last 10 years. But the tax measures and the gas price hike have forced them to adjust the price.

- At present, 42 cement factories are active, with their combined installed manufacturing capacity standing at 550 million tonnes. The investment in the sector is about BDT 300.00 billion. The market size of the cement sector is BDT 130.00 billion and the annual demand is 350 billion tonnes. Of the consumption, individuals account for 25%, real estate and commercial developers 30% and the government 45%.

<http://today.thefinancialexpress.com.bd/trade-market/record-gas-price-spike-puts-squeeze-on-bangladesh-garment-makers-1562428224>

## Important News: Capital Market

### Bangladesh Securities and Exchange Commission (BSEC) may allow any firm with BDT 50 million paid up capital to become DSE TREC holder

• The Bangladesh Securities and Exchange Commission is going to propose that a firm having BDT 50 million in paid up capital would be eligible for brokerage operation in the capital market, allowing financially-weak companies to be TREC holders of the stock exchanges. A BSEC body headed by its executive director submitted its proposal before the commission in May to frame BSEC (trading right entitlement certificate) rules, 2019. The body previously proposed BDT 10 million in paid up capital, but it changed it to BDT 50 million after the risk-based capital adequacy rules were published.

• The regulator will soon seek public opinions on the matter after approving the recommendations of the committee. The eligibility criteria proposed by the body didn't focus on the financial health of a company except the paid-up capital requirement. The proposed rules said that any firm would be eligible for TREC if its paid-up capital was at least BDT 50 million. It tagged condition that the net asset value of the firm must be 75% of its paid-up capital. There is no other specific requirement set in the rules for becoming a TREC holder.

• It didn't propose minimum capital reserve requirement to understand its business capacity. The requirement would ease competition and would depress the good companies including the foreign firms who have already expressed their interest to be DSE TREC holder. UK-based EFG Private Bank, CDF London, Black Rock and Aberdeen Asset Management, China-based CITIC CLSA Securities and USA-based Goldman Sachs Group have expressed their intention to get DSE brokerage licence.

• The rules will also facilitate a huge number of companies to apply for the licence that might create a chaotic environment as the bourse by law cannot deny companies who fulfil the requirements. Market experts said the BSEC body should propose auction system so that the bourse could pick up some of the best companies according to its need. DSE officials said that the bourse had recommended that the commission introduce the auction system. It had also proposed BDT 100 million in minimum paid-up capital for becoming TREC holder and additional BDT 150 million for the scope for dealer operation. The BSEC would also set BDT 0.1 million as TREC licence fee while the DSE had requested the commission to set it at BDT 10 million.

<http://www.newagebd.net/article/78110/bsec-may-allow-any-firm-with-BDT-5cr-paid-up-capital-to-become-dse-trec-holder>

### Delisting of 14 non-performing companies

• The country's premier bourse is yet to take its final decision regarding delisting of 14 non-performing companies as the securities regulator has not yet delivered its instruction. The Dhaka Stock Exchange (DSE) has reviewed the performances of the companies which violated the listing regulations by recommending no dividend in last five years.

• A senior official of the prime bourse that the DSE is unable to take its final decision before getting instruction from the securities regulator. A DSE director, however, said they would discuss the pending issue of the non-performing companies at a board meeting to be held on July 11. The prime bourse is also reviewing the performances of 14 companies in line with the section 51 (1) (c) of the listing regulations.

• The companies which are being reviewed by the DSE as per section 51 (1) (c) are: Jute Spinners, Meghna Condensed Milk Industries, Meghna Pet Industries, ICB Islamic Bank, Dulamia Cotton Spinning Mills, Samata Leather Complex, Shyampur Sugar Mills, Zeal Bangla Sugar Mills, Imam Button Industries, Savar Refractories, Beximco Synthetics, Shinepukur Ceramics, Sonargaon Textiles, Beach Hatchery, ICB Islamic Bank, Dulamia Cotton and United Airways (BD).

<http://today.thefinancialexpress.com.bd/stock-corporate/delisting-of-14-non-performing-cos-1562692824>

### Don't panic

• The Bangladesh Bank yesterday assured the depositors of People's Leasing and Financial Services (PLFS) not to worry about their money as they would be getting it back within the shortest possible time. The central bank will act in line with the decision of the High Court to liquidate the non-bank financial institution so that depositors can get back their fund within a shortest possible time. When probed what would the BB do if PLFS's assets turn out to be worth less than what depositors are owed, an executive director of the central bank said the High Court would give a verdict to this end.

• Asked whether the central bank would follow the same liquidation process for some other NBFIs that are now unable to pay back their depositors, he said that some went through liquidity crunch but none failed to repay. The central bank is now working to protect the interest of all NBFIs depositors, said the spokesperson of the central bank and also an executive director.

<https://www.thedailystar.net/business/banking/news/dont-panic-1769782>  
<http://www.newagebd.net/article/78108/bb-says-plfs-liquidation-for-depositors-interest>  
<https://www.dhakatribune.com/business/banks/2019/07/10/bb-depositors-to-get-back-their-money>  
<http://today.thefinancialexpress.com.bd/first-page/peoples-leasing-depositors-to-get-back-money-bb-1562781657>

### General shareholders may lose BDT 1.93 billion

• The general shareholders of People's Leasing and Financial Service (PLFS) that is staring at liquidation are likely to lose their entire amount, further raising the stakes for the government to penalize those responsible for driving the company into the ground. As of May 31, retail investors held 68% of the non-bank financial institution's stock, according to the Dhaka Stock Exchange. If the liquidation goes through -- which will be a first in Bangladesh's financial sector -- the general shareholders stand to lose about BDT 1.93 billion and institutional investors BDT 257.5 million.

• The general shareholders' turn comes in the end, once all parties have been paid off. They get a sum if the net asset value per share is positive. But in PLFS's case its net asset value or NAV is BDT 67.66 in the negative as of March 31.

• The NBFIs' problems began in earnest in 2013-14, when some of its directors made off with more than BDT 10 billion by way of submitting fake documents, according to a central bank inspection report. In 2015, the central bank had removed five directors for their involvement in the financial scandal. But it was not enough. Since then the bank has been on a downward spiral. For instance, in the first nine months of last year PLFS's operating

expenses stood at BDT 224.8 million against the operating income of BDT 20.5 million. The PLFS sometimes failed to pay the wages to its employees because of the severe liquidity crunch, some officials informed The Daily Star. The NBF has failed to repay the depositors' money despite maturity of the funds, found the central bank report. Default loans and net losses have recently escalated as well.

<https://www.thedailystar.net/business/news/general-shareholders-may-lose-BDT-193cr-1769224>

<https://www.dhakatribune.com/business/2019/07/10/people-s-leasing-liquidation-move-leaves-depositors-worrying>

### **Sea Pearl Beach Resort to make debut July 16**

• Trading of the shares of Sea Pearl Beach Resort & Spa Limited will commence on DSE from July 16 under 'N' category, according to a disclosure posted on the DSE website. DSE Trading Code for Sea Pearl Beach Resort & Spa Limited is "SEAPEARL" and DSE Company Code is 29004. Sea Pearl Beach Resort & Spa Limited (the owner of "Royal Tulip Sea Pearl Beach Resort & Spa Cox's Bazar"), a luxury resort & hotel in Bangladesh, started its commercial operation from 17 September, 2015.

• The company 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 securities regulator -- Bangladesh Securities and Exchange Commission -- approved the IPO proposal of the company on February 19 this year. The IPO subscription for shares of the company by the eligible investors through electronic subscription system was held between April 23 and May 06. The company will utilise the IPO fund for interior, finishing, furniture & fixture (157 rooms) 71.22%, acquisition of land 17.77%, and bearing the IPO expenses 11.01%.

<http://today.thefinancialexpress.com.bd/stock-corporate/sea-pearl-beach-resort-to-make-debut-july-16-1562603592>

### **Bangladesh Telecommunication Regulatory Commission (BTRC) chief rules out GP's arbitration plea**

• Bangladesh Telecommunication Regulatory Commission (BTRC) chairman said that there is no scope for arbitration in the existing law regarding the bandwidth cut-off. The statement came in response to Grameenphone (GP) chief executive officer (CEO) Michael Patrick Foley's call for making arbitration to settle the ongoing conflict with BTRC regarding bandwidth interrupt.

• On Thursday last, the Commission partially blocked the bandwidth capacity of mobile telephony firms Grameenphone and Robi for the non-payment of dues discovered in audits. BTRC claimed BDT125.79 billion from GP and BDT 86.72 billion from Robi after the audits. Terming the blocking of bandwidth "inappropriate and illegal," GP boss said the directive has added burden to the customers and the business community with investors and IIG operators. He urged the BTRC to withdraw the directives and cooperate in resolving the "disputed audit demand" issue through a constructive arbitration process under the Arbitration Act 2001.

• Grameenphone had served a notice of arbitration on the BTRC inviting the regulator to a constructive arbitration process to resolve the disputed audit claim. BTRC has remained silent, GP said. The directive issued by the BTRC is not addressed to Grameenphone, but

the telecom regulator has publicly stated that the bandwidth capacity will remain blocked until it clears the payment, GP said.

• The BTRC chief made it clear Grameenphone demanded holding of arbitration to settle the ongoing conflict with the BTRC, but it is not possible. The BTRC is monitoring customers' sufferings and it will decide on the next course of action in its next meeting, he said.

<http://today.thefinancialexpress.com.bd/first-page/btrc-chief-rules-out-gps-arbitration-plea-1562522437>

<https://www.thedailystar.net/business/news/bandwidth-block-illegal-gp-robi-1768342>

<http://www.newagebd.net/article/77790/gp-terms-btrcs-bandwidth-cut-move-illegal>

<https://www.dhakatribune.com/business/2019/07/07/btrc-chairman-no-arbitration-possible-regarding-bandwidth-cut-off>

<https://www.dhakatribune.com/business/2019/07/07/gp-demands-arbitration-to-settle-bandwidth-cut-off>

### **IPDC to issue rights shares from July 10**

• IPDC Finance will make subscription rights offerings from July 10 to 31. The non-bank financial institution will issue an ordinary share against existing two as part of an effort to raise around BDT 1.41 billion from the stock market to strengthen its capital base.

<https://www.thedailystar.net/business/news/ipdc-issue-rights-shares-july-10-1768339>

### **Bangladesh Telecommunication Regulatory Commission (BTRC) decides to cut bandwidth capacity of GP, Robi**

• Bangladesh Telecommunication Regulatory Commission (BTRC) decided on Thursday to limit bandwidth capacity of Grameenphone and Robi, two leading telecom operators of the country, as they failed to pay dues to the government. As per the decision, 30% bandwidth capacity of Grameenphone and 15% of Robi would remain blocked until they pay their dues, the senior assistant director of BTRC, confirmed.

• BTRC will send a letter to International Internet Gateway (IIG) to implement its decision immediately after the authorities concerned receive the notice from the regulator. The senior assistant director of BTRC said that limiting bandwidth would hamper services provided by the company with an increase in call drops and slow internet speed. In separate statements, both the operators said they were 'surprised and disturbed' by the instructions. They also questioned the legality of such a move.

• In a statement, the head of External Communications of Corporate Communications of Grameenphone Ltd said, this instruction disregards our invitation to BTRC for a constructive arbitration process on the audit. He added that the decision to forcefully reduce bandwidth runs counter to supporting customer interests. This instruction seems to be designed to penalise our gateway partners and could have a negative impact on millions of Bangladeshi data users.

• In another statement, the chief of corporate and regulatory affairs of Robi, said they were deeply disturbed by this draconian step from a regulator. Robi is confident that it can ensure quality service even with limited bandwidth, he added. Grameenphone has BDT 125.79 billion in arrears and Robi BDT 8.67 billion. Of the total amount, Grameenphone owes BDT 84.94 billion to Bangladesh Telecommunication Regulatory Commission (BTRC)

and BDT 40.85 billion to National Board of Revenue (NBR).

<http://today.thefinancialexpress.com.bd/public/last-page/btrc-decides-to-cut-bandwidth-capacity-of-gp-robi-1562262495>  
<https://www.dhakatribune.com/business/2019/07/04/btrc-curbs-internet-capacity-of-gp-robi-for-payment-failure>

### **Envoy Textiles to issue 87 million preference shares**

- The board of directors of Envoy Textiles has decided to issue 87 million preference shares at par through private placement to potential investors. Preference share is a share which entitles the holder to a fixed dividend, whose payment takes priority over that of ordinary share dividends. The tenure of the preference shares will be five years with a face value of BDT 10 each at par for a total amount of BDT 870 million. Dividend will be paid semi-annually on arrear basis at a fixed rate, it said.
- The issuance of share is subject to the approval of Bangladesh Securities and Exchange Commission (BSEC), aimed at making capital investment in BMRE (Balancing, Modernisation, Rehabilitation and Expansion) and settling the existing high-cost debt, the disclosure added. Envoy Textiles, listed on the Dhaka Stock Exchange (DSE) in 2012, disbursed 10% cash and 2.0% stock dividends for the ended on June 30, 2018.
- On the prime bourse, each Envoy Textiles share traded between BDT 34.70 and BDT 35.30 on Thursday, before closing at BDT 35, advancing 0.28%. The company's share traded between BDT 31 and BDT 41.20 in the last one year. The company's unaudited earnings per share (EPS) stood at BDT 0.88 for January-March 2019 period as against BDT 0.47 for January-March 2018.
- The net operating cash flow per share (NOCFPS) was BDT 1.88 for July 2018-March 2019 as against BDT 1.89 for July 2017-March 2018. The net asset value (NAV) per share was BDT 38.84 as on March 31, 2019 and BDT 38.01 as on June 30, 2018. The company's paid-up capital is BDT 1.67 billion and authorised capital is BDT 4.0 billion, while the total number of securities is 167.73 million.

<http://today.thefinancialexpress.com.bd/public/stock-corporate/envoy-textiles-to-issue-87m-preference-shares-1562257884>

### **Sea Pearl Beach Resort to make debut on DSE, CSE Tuesday**

- Sea Pearl Beach Resort & Spa Ltd is set to make its share trading debut on Tuesday (July 09) on the bourses under 'N' category, officials said. Sea Pearl Beach Resort & Spa Limited (the owner of "Royal Tulip Sea Pearl Beach Resort & Spa Cox's Bazar"), a luxury resort & hotel in Bangladesh, started its commercial operation from 17 September, 2015. The company 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 securities regulator -- Bangladesh Securities and Exchange Commission -- approved the IPO proposal of the company on February 19 this year. The IPO subscription for shares of the company by the eligible investors through electronic subscription system was held between April 23 and May 06. The company will utilise 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. The company's pre-IPO paid-up capital is BDT 1.0 billion and authorised capital is BDT 2.0 billion. Banco Finance and Investment Ltd and Prime Bank Investment jointly worked as the issue manager for the IPO process. The principal activities of the company throughout the period were carrying out resort & hotel business. 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/public/stock-corporate/sea-pearl-beach-resort-to-make-debut-on-dse-cse-tuesday-1562340605>

### **Berger brings express painting service**

- Berger has created 16 centres to provide the customers with one-stop painting solution. Berger Paints Bangladesh Limited has brought express painting service (EPS), whereby trained professionals will provide color consultation to make a perfect home. Recently, Berger launched an "Experience Zone" featuring all products, and services including virtual reality which enables users to experience, and experiment the actual color of his home in 3D. It also gives a clear idea of painting the exterior, and interior.
- Head of (project, prolinks, décor) Berger Bangladesh adds with that change, there is a change in balance with the people's cell wall. Keeping these things in mind, Berger Paints is launching new services. Berger has created 16 centres to provide the customers with one-stop painting solution. It will cater to all painting related requirements of customers through the most modern method of painting, he adds.
- The company has taken a scheme to increase services under the 'experience zones' of Berger Paints nationwide. In this year, 15 experience zones will be set up in different places of the country, says the décor manager. There is a Berger Weather-coat anti-dirt. This is the first paint product in Bangladesh which provides a warranty of 7 years. For health-conscious consumers, there is 'Berger Breathe Easy' which is completely eco-friendly, and without any smell. As a result, a house becomes instantly 'ready' even if it is freshly painted
- For consumers with sophisticated taste, there is 'Luxury Silk Paint'. It has a layer of crystal which gives a smooth glow. As for the global warming issue, the world is getting warmer every minute. Berger has introduced a paint which is also compatible with weather change. Berger weather coat anti-dirt supreme is providing a staggering warranty of 10 years.

<https://www.dhakatribune.com/business/2019/07/04/berger-brings-express-painting-service>