

Weekly Market Update

Mar 12, 2020 (Week: Mar 08, 2020 - Mar 12, 2020)

Dhaka Stock Exchange

DSEX lost 5.81% in the week

Capital Market Overview

The market closed in red this week. The benchmark index DSEX (-5.81%) lost 254.52 points and closed the week at 4,129.96 points. The blue-chip index DS30 (-5.52%) lost 80.66 points and stood at 1,381.59 points. The Shariah-based index DSES (-5.72%) lost 58.15 points and stood at 957.79 points. The large cap index CDSET (-5.72%) lost 49.47 points and closed at 815.04 points. DSEX, DS30, DSES and CDSET all showed negative YTD returns of -7.25%, -8.71%, -4.20% and -9.42% respectively.

Total Turnover During The Week (DSE): BDT 20.9 billion (USD 251.2 million)

Average Daily Turnover Value (ADTV): BDT 4.2 billion ($\Delta\%$ Week: -13.4%)

Market P/E: 12.00x

Daily Index Movement during the Week:

The market performed five sessions during this week. Market opened this week with a negative movement of -2.21% and continued to be negative in the second session (-6.52%). Market turned around in the third session by +3.70% and continued to be positive in the fourth session (+1.81%). The market then ended in negative at -2.40%.

Sectoral Performance:

- All financial sectors showed negative performance during this week. Life Insurance booked the highest loss of 9.33% followed by General Insurance (-8.14%), Mutual Funds (-6.19%), Banks (-5.84%), and NBFIs (-5.51%).
- All the non-financial sectors showed negative performance during this week. Engineering booked the highest loss of 9.01% followed by Telecommunication (-6.19%), Power (-5.15%), Food & Allied (-2.89%), and Pharmaceuticals (-2.38%).

Macroeconomic arena:

- Banks put up a spirited fight against the mounting default loans last year, as their loan recovery went up 15.46%. Banks retrieved BDT 154.65 billion from defaulters in 2019.
- Bangladesh will benefit from the fallout of the coronavirus as most of the globally renowned companies are planning to shift work orders from China to other Asian countries like Bangladesh.
- ECNEC has approved the country's first deep-sea port project to be built in Matarbari of Cox's Bazar by 2026.
- The capital base of the country's banks deteriorated as the capital shortfall of 12 banks increased by BDT 59.54 billion in Q4.
- The Coronavirus epidemic poses a threat to the country's apparel sector, as foreign buyers have started revising their business strategies amid the prevailing critical situation.
- The country's current account deficit declined by 61.37% in the first 7 months of this fiscal year due to fall in imports and increase in inward remittances
- The EU has offered to extend preferential market access for an additional three years from the graduation. (Until 2027)
- Bangladesh's GDP may contract by 1.1% in the worst-case scenario of a significant outbreak of coronavirus in the country.
- The government has advised the local active pharmaceutical (API) manufacturers not to export the essential products until import of the basic raw materials for medicines resumed fully from the coronavirus-hit China and India.

Stock Market arena:

- From now on, customers of IPDC Finance Ltd will be able to pay installments of loan through bKash
- Some eligible investors bid as low as BDT 12 for a stock of the electronics manufacturer that logged in profits of BDT 13.76 billion in its last financial year, while some placed bids as high as BDT 765, leaving most analysts scratching their heads.
- Square Pharmaceuticals has received the good manufacturing practices certificate from Congo, joining a growing list of medicine exporters from Bangladesh looking to make inroads into the African continent.

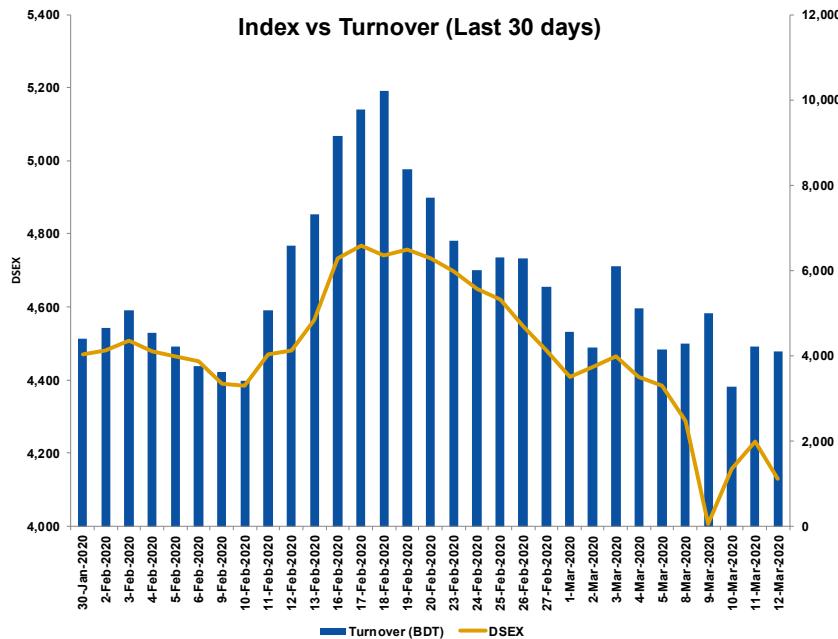
Table 1: Index

Index	Closing	Opening	Δ (Pts)	30-Dec-2019	$\Delta\%$ Week	$\Delta\%$ YTD
DSEX	4,129.96	4,384.48	-254.52	4,452.93	-5.81%	-7.25%
DS30	1,381.59	1,462.25	-80.66	1,513.35	-5.52%	-8.71%
DSES	957.79	1,015.93	-58.15	999.83	-5.72%	-4.20%
CDSET	815.04	864.51	-49.47	899.76	-5.72%	-9.42%

Table 2: Market Statistics

	This Week	Last Week	%Change
Mcap	Mn BDT	16,178,907.5	16,953,650.5
	Mn USD	194,621.8	203,941.4
Turnover	Mn BDT	20,885.5	24,107.9
	Mn USD	251.2	290.0
Average Daily Turnover	Mn BDT	4,177.1	4,821.6
	Mn USD	50.2	58.0
Volume	Mn Shares	831.6	1,025.0

Figure 1: DSEX & Turnover in last four weeks



Associate:

Md. Rafiqul Islam

mrafiqulislam@bracepl.com

Associate:

Md Mahirul Quddus

mmahirul.quddus@bracepl.com

Table 3: Top Ten Gainers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
In Tech Online Ltd.	21.70	13.20	64.4%	679.7	51.83	9.8x	2.1x
Orion Pharma Ltd.	45	27.80	61.5%	10,506.6	464.05	12.3x	0.6x
Chittagong Vegetable	129.80	83.30	55.8%	3,276.8	191.97	NM	9.9x
Hakkani Pulp & Paper	82.50	53.70	53.6%	1,567.5	191.40	NM	3.0x
Central Pharmaceuticals Limited	13.10	8.70	50.6%	1,569.4	195.77	3.2x	0.8x
Kohinoor Chemicals	517.40	345.90	49.6%	10,442.4	222.12	56.1x	11.1x
Orion Infusion	78.60	53.50	46.9%	1,600.3	436.15	39.4x	6.6x
ICB Employees Provident MF 1 Scheme 1	6.70	4.60	45.7%	502.5	26.27	NM	0.5x
Sea Pearl Beach Resort & Spa Limited	80.20	55.20	45.3%	9,684.2	286.52	220.1x	7.7x
Nahee Aluminium Composite Panel Ltd.	48.40	35.10	37.9%	3,092.2	288.94	14.0x	3.7x

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Far Chemical Industries Limited	10.30	368.40	-97.2%	2,246.4	260.46	14.7x	0.7x
Standard Ceramic	337.00	621.80	-45.8%	2,177.2	111.41	NM	26.5x
City General Insurance	13.80	21.10	-34.6%	940.7	16.37	9.5x	1.1x
Samata Leather	118.40	176.30	-32.8%	1,221.9	73.51	307.0x	8.2x
Shepherd Industries Limited	16.60	24.30	-31.7%	2,494.8	75.81	28.9x	1.0x
Emerald Oil Industries Ltd.	10.30	15.00	-31.3%	615.0	4.85	90.4x	0.7x
Prime Insurance	17.80	25.60	-30.5%	727.6	2.03	12.6x	1.0x
Northern Jute	356.30	508.90	-30.0%	763.2	130.28	16.0x	6.2x
Agrani Insurance Co. Ltd.	19.40	26.90	-27.9%	586.7	20.39	10.6x	1.2x
BRAC Bank	34.20	47.30	-27.7%	42,181.4	289.12	8.2x	1.1x

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Square Pharmaceuticals	179.80	197.10	-8.8%	151,794.2	632.92	11.5x	2.3x
Orion Pharma Ltd.	44.90	27.80	61.5%	10,506.6	464.05	12.3x	0.6x
Orion Infusion	78.60	53.50	46.9%	1,600.3	436.15	39.4x	6.6x
LafargeHolcim Bangladesh Limited	37.60	46.60	-19.3%	43,667.6	435.15	24.2x	2.9x
Grameenphone Ltd.	248.00	260.70	-4.9%	334,874.4	434.76	9.7x	7.9x
Beacon Pharmaceuticals Limited	65.10	47.90	35.9%	15,038.1	420.83	143.7x	5.1x
Monno Ceramic	122.50	119.20	2.8%	4,401.2	389.36	NM	1.9x
VFS Thread Dyeing Limited	24.20	22.90	5.7%	2,480.6	386.14	12.2x	1.5x
Khulna Power Company Limited	47.30	52.10	-9.2%	18,797.6	382.59	14.9x	1.9x
Khulna Printing & Packaging Limited	19.00	14.20	33.8%	1,387.8	313.80	NM	1.3x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Glaxo Smithkline	2,114.70	20.41%	25,474.6	87.6x
M.I. Cement Factory Limited	46.30	18.72%	6,875.6	NM
Bangladesh Steel Re-Rolling Mills Limited	57.30	17.42%	13,526.7	8.4x
LafargeHolcim Bangladesh Limited	37.60	11.90%	43,667.6	24.2x
MJL Bangladesh Limited	67.60	6.79%	21,412.4	11.6x
ACI Limited	189.90	4.63%	10,895.0	NM
Matin Spinning Mills Ltd.	34.30	3.31%	3,343.9	53.9x
IDLC Finance Ltd.	46.70	2.86%	17,608.3	10.6x
Bata Shoe	715.10	2.73%	9,782.6	20.2x
Doreen Power Generations and Systems Limited	60.10	2.04%	7,888.8	7.4x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1109.34	1178.13	1319.28	-5.84%	-15.91%
NBFIs	1444.25	1528.49	1565.13	-5.51%	-7.72%
Mutual Funds	591.39	630.39	591.17	-6.19%	0.04%
General Insurance	1628.64	1772.90	1927.02	-8.14%	-15.48%
Life Insurance	1824.14	2011.77	2194.70	-9.33%	-16.88%
Telecommunication	3468.36	3697.04	3993.59	-6.19%	-13.15%
Pharmaceuticals	2499.60	2560.63	2492.51	-2.38%	0.28%
Fuel & Power	1479.39	1559.75	1515.21	-5.15%	-2.36%
Cement	1252.91	1366.11	1132.29	-8.29%	10.65%
Services & Real Estate	985.51	1025.28	886.70	-3.88%	11.14%
Engineering	2140.76	2352.67	2257.22	-9.01%	-5.16%
Food & Allied	11985.05	12341.48	12121.49	-2.89%	-1.13%
IT	1863.96	2051.01	1823.13	-9.12%	2.24%
Textiles	1016.35	1126.01	1042.04	-9.74%	-2.46%
Paper & Printing	5418.03	5966.60	5233.20	-9.19%	3.53%
Tannery	1749.21	1879.49	1826.45	-6.93%	-4.23%
Jute	8670.86	9624.28	11393.28	-9.91%	-23.89%
Ceramics	408.65	421.17	459.10	-2.97%	-10.99%
Miscellaneous	1732.45	1838.56	1745.96	-5.77%	-0.77%

Table 7: Sector Trading Matrix

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Banks	272.7	226.8	20.22%	6.82%	6.0x	0.7x
NBFIs	98.8	111.6	-11.45%	2.47%	82.8x	2.0x
Mutual Funds	70.6	95.1	-25.79%	1.77%	NM	0.5x
General Insurance	113.4	131.7	-13.88%	2.84%	11.5x	1.1x
Life Insurance	54.6	70.3	-22.29%	1.37%	NM	7.5x
Telecommunication	111.0	95.2	16.70%	2.78%	9.9x	7.2x
Pharmaceuticals	882.3	982.6	-10.21%	22.07%	16.5x	2.2x
Fuel & Power	324.2	360.7	-10.12%	8.11%	9.6x	1.7x
Cement	131.0	161.8	-19.01%	3.28%	25.4x	2.3x
Services & Real Estate	97.2	101.2	-3.87%	2.43%	58.9x	0.8x
Engineering	568.1	652.5	-12.95%	14.21%	12.9x	1.3x
Food & Allied	168.1	201.7	-16.65%	4.21%	21.5x	6.8x
IT	102.5	174.5	-41.23%	2.57%	16.6x	2.4x
Textiles	476.6	812.2	-41.32%	11.92%	NM	0.7x
Paper & Printing	110.6	94.3	17.23%	2.77%	269.0x	1.4x
Tannery	79.9	74.9	6.73%	2.00%	21.6x	1.9x
Jute	36.0	44.0	-18.23%	0.90%	NM	4.0x
Ceramics	106.2	64.3	65.31%	2.66%	25.4x	1.6x
Miscellaneous	193.5	244.8	-20.96%	4.84%	19.1x	1.0x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
BRAC Bank	34.20	-40.11%	42,181.4	8.2x
Lankabangla Finance	13.70	-23.89%	7,030.6	12.4x
Eastern Cables	153.90	-22.74%	3,693.6	NM
Prime Bank	14.20	-21.98%	16,078.4	6.5x
City Bank	16.90	-19.91%	17,176.9	6.6x
Shahjalal Islami Bank	19.40	-17.09%	18,108.4	12.5x
Runner Automobiles Limited	49.80	-16.30%	5,654.3	9.8x
Delta Brac Housing	96.00	-16.01%	12,867.6	12.2x
Dutch-Bangla Bank	60.00	-15.85%	30,000.0	6.1x
Singer Bangladesh	153.00	-15.19%	15,254.5	14.8x

Important News: Business & Economy

Silver lining for the banking sector as loan recovery soars in 2019

- Banks put up a spirited fight against the mounting default loans last year, as their loan recovery went up 15.46%. Banks retrieved BDT 154.65 billion from defaulters in 2019.
- The managing director of a bank said the recovery of defaulted loans would have been much better had the central bank not offered the relaxed rescheduling facility. The facility allows defaulters to reschedule classified loans by making a down payment of only 2% of their outstanding amount instead of the existing 10-50%. Despite the relaxed rescheduling facility and a strong recovery effort, default loans stood at BDT 943.13 billion at the end of 2019, up 0.42% year-on-year.
- Default loans recovered by state-run banks rose 1.40% year-on-year to BDT 41.11 billion in 2019. It rose 22.66% to BDT 112.67 billion for private banks. Recovery at foreign banks, however, dropped 42% to BDT 875.2 million.

<https://www.thedailystar.net/business/news/silver-lining-the-banking-sector-loan-recovery-soars-2019-1879678>

Beneficiary for remittance incentive extended

- The Bangladesh Bank on Wednesday declared Bangladeshi citizens employed in local and foreign airlines and shipping companies abroad eligible for 2% cash incentive against remittance. Besides, the Bangladeshi citizens employed in different missions of organizations like the United Nations were also declared eligible for the cash incentives against the money they send legally to the country. However, government employees or employees of state-owned entities working abroad would not be eligible for the cash incentive. As per the previous notice of the central bank, only expatriate Bangladeshi workers were eligible for the subsidy.
- Riding on the incentive, remittance inflow rose by 20.06% or USD 2.09 billion year-on-year in July-February of the fiscal year 2019-2020. In the eight months of FY20, the country received USD 12.5 billion in remittance from the Bangladeshi expatriates working abroad against USD 10.41 billion received in the same period of the previous fiscal year.

- In a separate circular, the central bank on Wednesday allowed foreigners working in the country's export processing zones, economic zones and hi-tech parks to repatriate their net earnings from their foreign currency accounts maintained and operated as per the BB's Guidelines for Foreign Exchange Transactions. The foreign employees would be allowed to remit 75% of their net income.

<https://www.newagebd.net/article/101919/bangladeshis-employed-in-local-foreign-agencies-abroad-to-get-remittance-incentive>

<https://www.thedailystar.net/business/news/beneficiary-remittance-incentive-extended-1879561>

Import orders drop by 12% in January

- Bangladesh's import orders dropped by more than 12% or nearly USD 663 million in January last due to supply chain disruption caused by the coronavirus outbreak in China. Opening of letters of credit (LCs), generally known as import orders, came down to USD 4.63 billion in January from USD 5.29 billion a month ago, according to the central bank's

latest data. A central bank official predicted that the falling import trend might continue until June this year. Also, the settlement of LCs, generally known as actual import, in terms of value, fell by nearly 9.0% to USD 4.54 billion in January from USD 4.98 billion in the previous month.

- Meanwhile, the country's overall imports decreased by 4.44% to USD 34.58 billion in the first seven months of this fiscal year from USD 36.19 billion in the same period of FY '19. Most items, excepting clinker, crude petroleum, chemicals, pharmaceutical products, wheat, spices and pulses, saw a decline in imports. The country's overall export earnings dropped by nearly 5.0% to USD 26.24 billion during the July-February period of the current fiscal year (FY), 2019-20, from USD 27.56 billion in the same period of FY '19.

<https://today.thefinancialexpress.com.bd/trade-market/import-orders-drop-by-12pc-in-january-1583951790>

Readymade Garments buyers downsizing orders placed before: Bangladesh Garment Manufacturers and Exporters Association (BGMEA) president

- A section of international buyers has informed the Bangladeshi apparel exporters that they would reduce their existing export orders by 15-30% amid an adverse impact of coronavirus outbreak in China and its subsequent spreading to many other countries across the world. Some buyers are requesting to make air shipment of export products while the others are seeking discount on prices. They are arguing that demand for readymade garment products are declining as many brand shops in the countries affected by coronavirus are shut down as a measure to contain infection.

<https://www.newagebd.net/article/101915/rmg-buyers-downsizing-orders-placed-before-rubana>

Postal savings interest returns to previous rates by March 17

- The interest of post office savings schemes will return to its previous rates by March 17. Earlier on February 13 this year, the Internal Resources Division of the finance ministry published a gazette notification reducing interest rate on three-year fixed deposit scheme 6% from 11.28% on maturity. The interest rate on one-year savings was also reduced to 5% from 10.20% while it was slashed to 5.50% from 10.70% for two-year schemes.

- Amid massive hue and cry across the country after the announcement on February 13, the government later announced to reinstate previous rate after launching automation. The government launched the system with an aim to stop excessive investment and buying the instruments with untaxed money.

<https://thefinancialexpress.com.bd/economy/bangladesh/postal-savings-interest-returns-to-previous-rates-by-march-17-1583940773>

Infrastructure equipment market booming on mega projects

- Bangladesh's infrastructure equipment manufacturing sector is undergoing sweeping changes to meet the increased demand brought on by the implementation of the government's mega projects to accelerate economic growth. In 2019, the market size for infrastructure equipment was about BDT 15 billion. In 2001, it was less than BDT 1 billion,

according to market players. In the last two years alone, the demand for heavy-duty equipment increased almost 200%.

- In the last four or five years, the demand for such equipment rose in Bangladesh due to the ongoing development efforts undertaken by the government. The managing director of the Bangladesh Equipment Corporation (BEC) expects the rising trend in the demand for heavy construction equipment to continue for the next 10 years as the number of infrastructure development projects in Bangladesh will increase as well. The government has about USD 30 billion worth of development projects under construction across the country in a bid to mitigate Bangladesh's infrastructure issues and attract foreign direct investment to accelerate the country's economic growth.
- There are over 10 importers of heavy duty construction and infrastructure equipment including ACI Motors, Nitol Niloy Group and HNS Group. As much as 60% of the equipment available in Bangladesh is reconditioned and are either Japanese or German products, said the general manager of ACI Motors.

Most heavy duty construction and infrastructure equipment now comes from China as Bangladeshi contractors prefer Chinese products since it is comparatively cheaper than that of Japan or Germany, said the chairman of Nitol-Niloy Group. However, the market size for infrastructure equipment is yet to see any significant increase as contractors rent the necessary tools from Singapore while foreign contractors bring their own. Chinese construction machinery and equipment manufacturers control 60% of the market because of their competitive pricing. The remaining 40% is imported from Korea and Japan, he added.

<https://www.thedailystar.net/business/news/infrastructure-equipment-market-booming-mega-projects-1879594>

Economy shows mix trend: International Chamber of Commerce Bangladesh (ICCB)

The performance of Bangladesh economy in 2019 with reference to global, macro and micro levels presents a mixed picture. Globally, the country did not suffer any major setback during the year, but some headwind stemmed from slowed-down export and import due to shrinking global economic growth. The country recorded an estimated 8.15% GDP growth in FY19 - considered by Asian Development Bank (ADB) to be the fastest-growing economy in the Asia-Pacific region. The FDI also increased to 5.36% year-on-year during July-October period of FY20.

According to World Economic Forum (WEF) Bangladesh has been classed by the United Nations as one of the world's least developed countries (LDCs) since 1975, but its current trajectory means it is likely to shed that description by 2024. However, the ICCB expressed its concern over government's high borrowing from the banks. The growth of flow of loans to the private sector slowed to 11.32% in 2018-19 against a target of 16.5. Presently, banks are facing a liquidity crunch. This is mostly due to banks holding large amounts of non-performing loans (NPLs).

Bangladesh's economy will make one of the biggest jumps between 2020 and 2034 on the back of demographic dividend and rising per capita income. However, according to experts, two major aspects will govern the track of the economy of Bangladesh in the next decade: one is the graduation from a Least Developed Country (LDC) by 2024 and another is achieving Sustainable Development Goals (SDGs).

<https://thefinancialexpress.com.bd/economy/bangladesh/economy-shows-mix-trend-iccb-1583916755>

Bangladesh to benefit from coronavirus fallout: survey

- Bangladesh will benefit from the fallout of the coronavirus as most of the globally renowned companies are planning to shift work orders from China to other Asian countries, including Bangladesh, according to a new survey. Hong Kong-based QIMA, a leading provider of supply chain compliance solutions and which partners with brands, retailers and importers to secure, manage and optimize their global supply network, surveyed the executives of more than 200 globally renowned companies. Half of the survey respondents are considering shifting supplier sourcing away from China to new countries or regions, including Vietnam India, and Bangladesh, as well as near-shoring and re-shoring options.
- Apart from home regions, western respondents are considering buying more from Vietnam, India and Bangladesh. Respondents in the toy, accessories, homeware and footwear sectors reported higher levels of impact of the virus on their business, with up to 100% respondents indicating some impact and more than half saying their business was strongly affected.
- More than 90% are concerned about the long-term impact of the outbreak and almost as many expect to see significant changes in how they manage supply chains. Among the respondents whose supply chains are feeling the impact, more than half indicated that they had switched or considered switching to suppliers in regions or countries other than their current sourcing destinations because of the outbreak.

<https://www.thedailystar.net/business/news/bangladesh-benefit-coronavirus-fallout-survey-1879684>

Banks' corporate social responsibility (CSR) expenses down 28% in 2019

Banks have spent around BDT 6.48 billion as part of corporate social responsibility (CSR) initiatives last year, which was 28% less than that of the previous year. The figure was BDT 9.05 billion in 2018, and BDT 7.44 billion the year before. CSR expenses increased during the second half of 2019. In the first half, banks spent BDT 2.39 billion and the figure was BDT 4.09 billion during the second half.

In 2019, banks spent BDT 2.43 billion on disaster management, which was 37.48% of the CSR expenses. In the education sector, banks spent BDT 1.77 billion, which was 27.26% of the CSR expenditures. The health sector's CSR expense was BDT 730 million while the figure was BDT 330 million in the environment sector, BDT 280 million in the cultural sector, BDT 13.7 million in infrastructure, and BDT 930 million in other sectors.

<https://tbsnews.net/economy/banking/banks-csr-expenses-down-28-percent-2019-55045>
<https://www.newagebd.net/article/101920/banks-csr-spending-rises-by-4722pc-in-july-dec>

Bangladesh Bank buys US dollar from banks to keep forex market stable

The central bank has resumed purchasing the US dollar from the commercial banks after around three years to help the country's foreign exchange (forex) market remain stable. As part of the move, the Bangladesh Bank (BB) directly bought USD 110 million from six commercial banks at the market rate on Monday. The US dollar was quoted at BDT 84.95 in the inter-bank forex market on the day.

- The BB's intervention came against the backdrop of appreciating mode of Bangladesh Taka (BDT) against the US currency mainly due to lower import payment pressure on the economy recently. The export growth fell by 5.31% to USD 22.36 billion in the first seven months of the current fiscal year (FY), 2019-20, from USD 23.61 billion in the same period of FY '19 while import growth dropped by 4.43% to USD 32.00 billion from USD 33.49 billion. Higher inflow of remittance has also contributed to boosting supply of foreign exchange in the market in the recent months.

<https://thefinancialexpress.com.bd/economy/bangladesh/bb-buys-us-dollar-from-banks-to-keep-fx-market-stable-1583813208>

<https://www.newagebd.net/article/101820/bangladesh-bank-resumes-dollar-buy-as-remittance-rises-import-falls>

Government's bank borrowing soars

- Government's borrowing from the banking system continues to rise as it has taken fresh BDT 21.54 billion loans in February to take the eight months' figure to BDT 521.37 billion, up over 10% from the fiscal year's target. A massive revenue shortfall – BDT 374.97 billion in the first seven months -- has forced the government to take money from banks, posing a threat to crowd out private sector credit. Amid this situation, the Bangladesh Bank in January increased the government borrowing target from 24% to 37.7% for the second half of the current fiscal year. Data shows at the end of February, the government's net borrowing from the banking sector stood at over BDT 1.6 trillion.

- The private sector credit growth also continued its downward trend reaching 11 years' low at 9.20% in last January. A senior executive of a private bank said now banks prefer to invest in government treasury bills as interest rate on this instrument went up to 9% amid borrowing pressure. The banks have already started releasing their high cost deposits and shrunk lending activities as they have planned to implement the single digit in line with the government's instruction. During the first seven months of the current fiscal year, national savings' net sales were BDT 76.73 billion, which is 28% of government's fiscal year target – BDT 270 billion.

<https://tbsnews.net/economy/banking/govts-bank-borrowing-soars-54544>

The Executive Committee of the National Economic Council (ECNEC) okays country's first deep-sea port project

- The Executive Committee of the National Economic Council (ECNEC) has approved the country's first deep-sea port project to be built in Matarbari of Cox's Bazar by 2026. The Chattogram Port Authority and the Roads and Highways Division will implement the Matarbari Port Development Project involving BDT 177.77 billion. The Planning Minister said that out of total project cost, BDT 26.71 billion will come from the Government of Bangladesh portion, BDT 22.13 billion from the CPA while the rest of Taka 128.93 billion from Japan International Cooperation Agency (JICA).

- At present, ships greater than 190-metre length and 9.5-metre draft cannot dock at the jetties at Chattogram Port, forcing the authorities to carry containers by feeder vessels to and from mother vessels. Once the project is completed, mother vessels will be able to dock at Matarbari Port, and this will boost the country's economic growth. However, a feasibility study by the Japan International Cooperation Agency said that Matarbari deep-sea port is not economically viable, given the current demand.

<https://tbsnews.net/bangladesh/infrastructure/matarbari-port-development-project-approved-54286>

<https://thefinancialexpress.com.bd/economy/ecnec-approves-countrys-first-deep-sea-project-1583855403>

<https://www.thedailystar.net/business/news/matarbari-play-host-deep-seaport-1879117>

Annual Development Programme (ADP) implementation rate 37.09% thus far in current fiscal year

- The rate of the implementation of the annual development programme in the eight months (July-February) of the current fiscal year 2019-2020 stood at a three-year low as the government agencies could execute only 37.09% or BDT 797.86 billion of the ADP in the period. Officials and economists said that the government would have to cut the size of the ADP significantly to achieve the target of a full implementation as the execution of some mega projects, including Padma Bridge, might become slow down due to the impact of coronavirus outbreak in China. The progress in implementation of some other projects may also slow down if the coronavirus spread further in Bangladesh as the virus has already been detected in the country, they added.

- Policy Research Institute executive director said that the implementation rate should have been at least near 50% in the eight months whatever the situation was. He said that the government usually cut down the size of the ADP by on average 10% in the revised ADP. This year it may require to downsize the revised ADP at a higher rate as the impact of coronavirus may disrupt the implementation of some mega projects, he said.

<https://www.newagebd.net/article/101819/adp-implementation-rate-hits-3-yr-low-in-july-feb>
<https://tbsnews.net/bangladesh/infrastructure/adp-implementation-rate-july-feb-three-year-low-54355>

Bangladesh Bank prods banks on special funds

- The central bank has advised more than a dozen of scheduled banks to expedite the ongoing process of creating their special funds for investment in the capital market. Sonali Bank Limited and Rupali Bank Limited have already set up their special funds in line with the BB's latest advice to revive the country's ailing capital market. On February 10, the central bank allowed all scheduled banks to create a special fund of BDT 2.0 billion each with a five-year tenure only for investment in the capital market.

- Besides, three private commercial banks (PCBs) -- the City Bank, United Commercial Bank (UCB) and Shahjalal Islami Bank -- have also set up the funds. Eight more banks -- Bank Asia, NCC, Mercantile, Islami, NRB, National, Janata and Agrani -- are on the process of building the funds to be invested in stocks.

- As per the latest arrangement, the banks may form the special fund with their own resources or with funds received from the BB through repo or re-financing mechanism. Such investment will not be included in the banks' capital market exposures, both on solo and consolidated basis, until February 2025.

<https://today.thefinancialexpress.com.bd/first-page/bb-prods-banks-on-special-funds-1583862843>

<https://tbsnews.net/economy/banking/5-banks-build-tk1000cr-fund-stock-investment-8-pipeline-54547>

Protecting depositors' money in banks and Financial Institutions

- The government's move to increase insurance coverage of single depositor of any bank has created some confusion and debate regarding the protection of depositors' money. The existing insurance coverage of any bank deposit is BDT 0.1 million only. It means, no matter what the deposit amount is, a depositor will definitely get at least BDT 0.1 million in case of closure or liquidation of any bank while there is no insurance coverage for non-bank financial institution (NBFI).
- Now the government has proposed to increase the coverage amount to BDT 0.2 million for a single depositor of both bank and NBFI. The move came when depositors of three non-bank financial institutions (NBFI) are in deep trouble. The total amount of bank deposit in the country stood at BDT 10.64 trillion at the end of FY19, according to Bangladesh Bank statistics, it may be assumed that deposit worth BDT 9.78 trillion is fully insured.

<https://today.thefinancialexpress.com.bd/views-opinion/protecting-depositors-money-in-banks-and-fis-1583848550>

<https://www.newagebd.net/article/101743/only-09pc-of-walton-shares-can-be-offered-as-ipo-cut-off-price-set-at-BDT-315>

12 banks face capital shortfall of BDT 236.12 billion

- The capital base of the country's banks deteriorated as the capital shortfall of 12 banks increased by BDT 59.54 billion in the fourth quarter last year. At the end of December last year, the capital shortfall in 12 banks increased to BDT 236.12 billion from BDT 176.58 billion three months ago. Five state-owned banks, four private commercial banks, two specialized banks and one foreign commercial bank failed to maintain the required capital.
- The Bangladesh Bank has been pressing the banks to maintain the CAR at 12.5% as part of the implementation of Basel III in the country's banking sector. Riding on the rescheduling with 2% down payment, the defaulted loans in the country's banking sector dropped to BDT 943.31 billion at the end of December, 2019 but the banks' risk exposure increased. Although the 12 banks suffered capital shortfall, the rest 46 banks managed to maintain adequate capital against their risk weighted assets as the banking sector maintained BDT 138.31 billion in capital surplus.

<https://www.newagebd.net/article/101739/12-banks-face-capital-shortfall-of-BDT-23612cr>

Loan write-offs sink to a five-year low

- Loans written-off by banks plunged to a five-year low in 2019 as lenders preferred relaxed rescheduling facility offered by the central bank to clean up their balance sheets. In banking, banks write off bad debt that is declared non-collectable, removing it from their balance sheets. Last year, loans amounting to BDT 25.97 billion were written-off, down 19.03% from a year earlier, according to data from the central bank. Banks have to keep 100% provisioning against the written-off loans, making it difficult for many lenders amid lower incomes. This led lenders to use the relaxed rescheduling facility to bring down their defaulted loans, bankers say.
- In 2019, defaulted loans totaling BDT 501.86 billion were regularized, the highest on record for a single year. Of the sum, BDT 185.84 billion was regularized under the central bank's relaxed policy announced in May last year. The facility allows defaulters to

reschedule classified loans by just making a down payment of only 2% of their outstanding amount instead of the existing 10-50%. Banks recovered BDT 4.79 billion in down payment from the loans rescheduled under the policy. Despite a large amount of loans being rescheduled, defaulted loans went up 0.42% year-on-year to BDT 943.13 billion last year.

- Written-off loans would have increased significantly if banks had not got the relaxed rescheduling facility, said Zahid Hussain, a former lead economist of the World Bank's Dhaka office. Banks' efforts to clean up the balance sheet using the facility will not bring any good for them. A total of BDT 560.16 billion has been written off since the facility was introduced in January 2003. Of the amount, 79% has remained outstanding to date, meaning banks' efforts to recover the loans did not bear much fruit.
- As of December last year, state-owned banks have written off BDT 232.58 billion and private banks BDT 308.89 billion. Two state-run specialized banks -- Bangladesh Krishi Bank and Rajshahi Krishi Unnayan Bank -- wrote off BDT 6.04 billion and foreign banks BDT 12.65 billion.

<https://www.thedailystar.net/business/news/loan-write-offs-sink-five-year-low-1878646>

RMG export likely to plunge further

- The Coronavirus epidemic poses a threat to the country's apparel sector, as foreign buyers have started revising their business strategies amid the prevailing critical situation. Sector insiders opined that export earning of the country's USD34-billion ready-made garment (RMG) sector, which is witnessing a negative growth in the current fiscal year (FY), 2019-20, might decline further.
- They feared that work orders might plunge due to disruption in supply chain. It includes delay in importing raw materials, buyers' adopting 'wait and watch' policy, and possible slowdown in demand from consumers' side. The prices of basic raw materials, including sewing thread and level yarns used in production, are still high due to the virus outbreak. Buyers might defer their shipments considering the overall situation, and so, local suppliers might incur financial loss.
- About 46% of raw materials for the local RMG industry are sourced from China. Bangladesh imported textile fibers and articles worth USD 5.02 billion, out of its total USD 13.63 billion import, from China in FY 2018-19.

<https://www.today.thefinancialexpress.com.bd/first-page/rmg-export-likely-to-plunge-further-1583775078>

Bangladesh Telecommunication Regulatory Commission (BTRC) wants to pull the plug on 2G handsets

- Bangladesh Telecommunication Regulatory Commission (BTRC) is apparently discouraging use and trade of second generation (2G) mobile phones, popularly known as basic or feature phones, as per letters it recently sent to listed handset importers, producers and vendors. Mobile operators welcomed the move but the letter recipients say it would not be a workable approach to popularizing smartphones. About 70% of the mobile phone users are still using 2G devices as most have no demand for higher technology and the telecom regulator should not deprive them, they said.

- Bangladesh has a huge number of mobile phones users in the country who do not need smartphones at all as they are using mobile phones only for talking. A basic phone costs only BDT 750 but for smartphones at least BDT 3,000 is required and this extra spending will either be meaningless or unbearable for them, said a former general secretary of Bangladesh Mobile Phone Importers Association.

- Dismissing the analysis, mobile phone operators said it was a much-needed direction and true advancement towards the vision of a Digital Bangladesh. The chief corporate and regulatory officer at Robi said their 4G network currently covers 75% of the country's population, whereas 4G handset penetration had stalled at less than 30% of mobile subscribers. Moreover, although Robi has become the country's first mobile carrier to introduce voice over long term evolution (VoLTE) technology, it does not have that much customers with VoLTE-enabled handsets, he said.

- Some 32.8 million handsets were sold in the country in 2019, about 25.1 million of which were basic phones, according to local manufacturers and importers. About 5.4 million smart devices were locally manufactured last year, while another 2.4 million were imported via the legal and grey channels, according to industry insiders.

- Bangladesh witnessed the launch of 3G services in October 2012 and 4G in February 2018. The regulator is now formulating the 5G guidelines.

<https://www.thedailystar.net/business/news/btrc-wants-pull-the-plug-2g-handsets-1878637>

3 banks inform Bangladesh Bank of stocks special fund formation

- Three banks on Sunday informed the Bangladesh Bank that they had formed special funds for the stock market as part of a central bank move to form such funds to support the ailing market. United Commercial Bank, Shahjalal Islami Bank and state-owned Sonali Bank had informed the central bank on the day that they had set up the special fund.

- Under the BB's low-cost cash facility for stocks, each bank is allowed to form a BDT 2 billion special fund by borrowing money at 5% interest from the central bank taking the combined size of the special funds meant for the capital market to BDT 6 billion. The fund would be valid till February 2025 and the banks would be allowed to take the money under the scope till January 13, 2025.

<https://www.newagebd.net/article/101744/3-banks-inform-bangladesh-bank-of-stocks-special-fund-formation>

Yarn prices soar as virus fear triggers panic buying

- Prices of yarn marked a sharp rise in the domestic market over the last one month as the coronavirus fear has triggered panic buying, according to industry insiders. The widely consumed 30-carded yarn is now selling between USD 2.95 and USD 3 per kilogramme -- an 11% increase from a month ago, said the secretary of the Bangladesh Textile Mills Association. Yarn prices had been showing an upward trend since last October due to higher demand from garment manufacturers, he said, adding that the virus outbreak is now fueling the prices further. However, the primary textile sector that comprises spinning and weaving is not affected yet as the supply chain remains unscathed. The garment makers need not worry as the local textile millers and spinners are ensuring uninterrupted supply of yarn and fabrics, he said.

- The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) last month sought special financial assistance from the central bank to steer clear of any negative impact of the coronavirus on the garment supply chain. The supply chain of fabrics and other raw materials has been affected badly due to the outbreak as Bangladeshi apparel makers source 46% of their raw materials from China, the BGMEA said in a letter to the Bangladesh Bank. In fiscal 2018-19, imports from China amounted to USD 13.63 billion, USD 5.02 billion of which were textiles.

<https://www.thedailystar.net/business/news/yarn-prices-soar-virus-fear-triggers-panic-buying-1878652>

Strong remittance shrinks current account deficit

- The country's current account deficit declined by 61.37% in the first seven months of this fiscal year due to fall in imports and increase in inward remittances. According to the Bangladesh Bank data, from July to January of this financial year, the current account deficit stood at USD 1.51 billion, down from USD 4.04 billion for the same period a year ago. The country's trade deficit eased by 2.33% or USD 230 million in the first seven months of the current fiscal year 2019-2020 as import, specifically from China, contracted further in January due to the coronavirus outbreak.

- At the said time, net foreign direct investment increased by around 4%. Data show that in the said period, the country's trade deficit narrowed to USD 9.64 billion from USD 9.87 billion a year ago. The strong inflow of remittance spurred by the government's 2% cash subsidy contributed to reducing the pressure on the foreign exchange market. From July to February of FY20, remittance was up by 20% compared to the same period of FY19. The consequence of slow private sector credit growth and import expenditure was reflected in the piling up of excess liquidity and foreign exchange reserve. Foreign exchange reserve crossed the USD 33.36 billion mark in February, the highest in the last two-and-a-half years. The inter-bank foreign exchange rate remained stable for the last three months at BDT 84.90-84.95. Currently, banks' total foreign currency holdings are around USD 1 billion – which is considered sufficient for banks' daily transactions.

<https://tbsnews.net/economy/trade/strong-remittance-shrinks-current-account-deficit-53629>
<https://www.newagebd.net/article/101633/trade-deficit-eases-23pc-in-7-months-as-import-from-china-slows>

Mobile operators cool down on investment plans

- The mobile industry's combined investment fell 19% year-on-year to BDT 36.96 billion in 2019, the lowest in recent years, as the regulatory regime continues to spook the foreign owners of the top three carriers. Under the new licensing regime, only dedicated tower companies can establish mobile network infrastructure; mobile operators are barred from getting into the business.

- With the restriction on the two top operators -- Grameenphone and Robi -- coupled with the fact that the tower companies are yet to be operational, the carriers could not expand network during the period which affected the investment and service quality. Robi has cut back on its investment the most last year: about 32%. Grameenphone's investment declined more than 13% in 2019 from the previous year. The underlying reasons being strain on their capacity to invest put forth by the audit settlements combined with the less favorable regulatory environment.

<https://www.thedailystar.net/business/news/mobile-operators-cool-down-investment-plans-1878208>

The National Board of Revenue (NBR) toughens up on power plants

- The National Board of Revenue (NBR) has tightened the rules regarding duty-free import power plant equipment in a bid to curb abuse of the privilege through import of materials not directly related to power plant construction. The revenue administration listed 20 items -- including steel sheet, rod, cement, household goods, office furniture, dredger, anchor boat and vehicles -- that are outside the purview of zero-duty import benefit for power plants.
- Public and private companies will have to import plant and equipment before commercial production of electricity begins and notify the power division and customs about the commencement of power generation. Once commercial production starts, power plant operators can import spare parts worth up to 10% of their import value duty-free for up to 12 years. Erection materials, machinery and spare parts that are imported on a temporary basis should be returned abroad within six months of start of commercial production. And temporarily imported materials cannot be sold, rented or handed over without payment of import tariff and taxes.

<https://www.thedailystar.net/business/news/nbr-toughens-power-plants-1878202>

Exporters on the ropes

- Export earnings in February edged down 1.80% year-on-year to USD 3.32 billion mainly because of a slowdown in apparel shipment. The February earning is also 10.74% short of the USD 3.72 billion target set for the month, while overall exports in July-February, the first eight months of the current fiscal year, fell 4.79% to USD 26.24 billion. The July-February receipt is also 12.72% less than the periodic target of USD 30.06 billion.
- In July-February, garment shipment declined 5.53% year-on-year to USD 21.84 billion, which is also 13.45% less than the target of USD 25.24 billion set for the period. Of the earnings, some USD 10.89 billion came from knitwear export and USD 10.94 billion from woven garment. However, both knitwear and woven exports declined 5.17% and 5.88% respectively in the July-February period when the overall growth in apparel shipment stood at 5.53% negative.

<https://www.thedailystar.net/business/news/exporters-the-ropes-1876930>

<https://www.dhakatribune.com/business/economy/2020/03/07/exports-fall-by-1-8-in-february>

<https://today.thefinancialexpress.com.bd/public/first-page/july-feb-exports-drop-by-479pc-1583427560>

Bangladesh to enjoy existing trade preference in European Union (EU) till 2027

- The EU has offered to extend preferential market access for an additional three years from the graduation, meaning Bangladesh will enjoy the special treatment in EU market until 2027. Germany will continue its development cooperation with Bangladesh even after 2024.
- Bangladesh Investment and Development Authority (BIDA) Executive Chairman said they

were working on providing all services an investor requires from the one stop service (OSS) center.

<https://thefinancialexpress.com.bd/economy/bd-to-enjoy-existing-trade-preference-in-eu-till-2027-1583475085>

Government learns its lesson on price controls

- The government has decided against setting floor or ceiling prices for mobile internet, much to the dismay of a couple of mobile carriers who were pushing for a price bound to make it a level playing field. The government's resistance comes after its earlier move to fix a price band for voice calls ended up hiking the cost for end users. In August last year the government fixed the floor price of BDT 0.45 per minute for all mobile calls. Previously, the minimum charge was BDT 0.25 per minute for calls on the same network and BDT 0.60 per minute for calls to a different network. Before the price bound came, the average charge for calls to another mobile number for Grameenphone subscribers was BDT 0.64 per minute. This went up to BDT 0.73 per minute from the fourth quarter of 2019. It is the same scenario for other networks' users.
- Currently, there are about 94 million active mobile internet connections in the country and more than half of them are using regular packages and offers. About 35-40% of the internet users are using promotional packages, which are cheaper than the regular packages, according to a report presented at the meeting. The move would have also hampered internet penetration and hence the government's Digital Bangladesh agenda, said a senior official of the Bangladesh Telecommunication Regulatory Commission (BTRC). It will be state-run Teletalk that will be most hit by the price bound on data price and Grameenphone the most benefitted.

<https://www.thedailystar.net/business/news/govt-learns-its-lesson-price-controls-1877911>

Coronavirus stands to wipe USD 3 billion off Bangladesh economy: Asian Development Bank (ADB)

- Bangladesh's gross domestic product may contract by as much as 1.1% in the hypothetical worst-case scenario of a significant outbreak of coronavirus in the country, said the Asian Development Bank (ADB) in an analysis. That means, the novel virus, which is yet to arrive in Bangladesh, could wipe USD 3.02 billion off the USD 300 billion-plus economy. In such a scenario, 894,930 jobs will be lost, according to the ADB.

- China is the biggest trading partner of Bangladesh and the biggest source of raw materials. The world's second largest economy accounted for more than a fifth of the country's imports of USD 56 billion in fiscal 2018-19, Bangladesh Bank data showed. The world's second largest economy is also emerging as an export destination for Bangladesh. Bangladesh receives 0.5-0.6 million tourists every year and of them a major portion comes from China.

<https://www.thedailystar.net/business/news/coronavirus-stands-wipe-3b-bangladesh-economy-1877950>

Interest rate caps poised to shrink National Board of Revenue's (NBR) collections

- The state coffers' receipts from the banking sector, which accounts for about one-third of the National Board of Revenue's Large Taxpayers Unit's (LTU) collections, are likely to fall in the wake of interest rate caps on loans and deposits, said taxmen and bankers. Banks accounted for 35% of tax collection of Large Taxpayers Unit, the main tax collector for income tax under the NBR, in the first half of the current fiscal year. One of the reasons banks' profits will shrink is because of inclusion of consumer loans to the 9% interest rate bracket, the managing director of Trust Bank said.
- The LTU is responsible for collecting tax from 439 big companies, including banks and insurances, along with 720 individuals. Its total collection was nearly one-fourth the total income tax of BDT 730 billion collected by the NBR in fiscal 2018-19. On the surface it seems banks' income will decline for interest rate cuts, said a senior official of LTU seeking to remain unnamed. But if the demand for loans increases because of the lower interest rates and the amount of defaulted loans improves, there would be no effect on tax collection, he added. Tax collection from the banking sector will definitively reduce if there is no improvement in default loan situation, said a senior research fellow at the Centre for Policy Dialogue.
- The reduction of deposit rate though will hit the tax receipts on interest earnings from savings and fixed deposits. Deposit growth in banks saw a steep decline in January, in a development that can be viewed as the direct impact of the capping of interest rate on savings to 6%. The NBR collected BDT 65.77 billion tax on interest income of saving and fixed deposits last fiscal year, up 9% year-on-year, according to data from the field office.

<https://www.thedailystar.net/business/news/interest-rate-caps-poised-shrink-nbrs-collections-1877947>

Government discourages Active Pharmaceutical Ingredient (API) export amid China supply snag

- The government has advised the local active pharmaceutical (API) manufacturers not to export the essential products until import of the basic raw materials for medicines resumed fully from the coronavirus-hit China and India. Local pharmaceutical product makers have started to look for alternative markets to source APIs as local manufactures can only meet 3-5% of the API demand.
- Bangladesh depends highly on imports to meet its demand for APIs as the country imports 97% of its annual requirements of the pharma raw materials. Roughly 60% of the country's pharmaceutical raw materials come from China while another 30% are imported from India. Shipments of APIs and other raw materials from China have remained suspended after the outbreak of the coronavirus epidemic.

<https://www.newagebd.net/article/101546/government-discourages-api-export-amid-china-supply-snag>

Quality, compliance factors boost Bangladesh exports to US: United States Trade Representative (USTR)

- The top United States trade official for South and Central Asia said that Bangladeshi readymade garments in the United States had expanded their market in the recent years, attributing the development to improved product quality and compliance factors like workplace safety. They also added that Bangladesh has emerged as the third largest readymade garment (RMG) product supplier to the United States after China and Vietnam.
- The US trade official said US companies became enthusiastic for investing in Bangladesh as it appeared to be a large market with rapid growth and in many respects Bangladesh government's policy seemed worked in attracting foreign investments. He however added that US entrepreneurs were concerned about custom proceeding delay, difficulties in capital and profit repatriation as well as lack of transparency in issuing various trade related licenses.
- According to official figures the two-way Bangladesh-US trade volume in 2019 was around USD9 billion, an amount which was doubled in 10 years. Garment products account for 95% of Bangladesh's total exports to the US market while US imposes 15.62% duty for RMG imports inside their country. But Bangladesh's performance indicated that tariffs were no impediment in its ability for growing access to the US market.

<https://www.newagebd.net/article/101550/quality-compliance-factors-boost-bangladesh-exports-to-us-ustr>

<https://thefinancialexpress.com.bd/economy/bangladesh/bangladesh-third-largest-rmg-product-supplier-to-us-1583590112>

Important News: Capital Market

IPDC inks deal with bKash

- From now on, customers of IPDC Finance Ltd will be able to pay installments of loan through bKash. Very soon, the installment payment of Monthly DPS Savings Scheme through bKash will also be launched. To provide these services, IPDC Finance, one of the leading loan distribution organizations has signed an agreement with bKash, the largest mobile financial service provider of the country.

<https://today.thefinancialexpress.com.bd/stock-corporate/ipdc-inks-deal-with-bkash-1583953240>

Institutional investors lose their head while bidding for Walton shares

- Walton Hi-Tech Industries is flying high, so it is reasonable to assume there would be a clamor for a slice of the home grown electronics giant. But what transpired at the recently concluded book-building session for Walton's initial public offering left most analysts scratching their heads. Some eligible investors bid as low as BDT 12 for a stock of the electronics manufacturer that logged in profits of BDT 13.76 billion in its last financial year, while some placed bids as high as BDT 765, according to the Electronic Subscription System for EIIs. Such outsize deviation in the amount eligible investors were willing to pay for a stock was never seen before.

- A high official of the BSEC said preferring anonymity that the regulator itself is irritated

with the abnormal bidding from eligible investors because Walton is not the only case. In order to get eligible investors to place realistic bids, the regulator has already issued a notice informing them that will get shares at their bidding price. Despite that, some of the institutional investors are bidding abnormally high or low. The fact that institutional investors are behaving like retail investors is disappointing, said the chief executive officer of MTB Capital.

- As the company's cut-off price is BDT 315, the company's free-float would be less than 1% shares or about 2.7 million shares. Walton would make its debut on the stock market at around BDT 280, which is about 10% less than the cut-off price.

<https://www.thedailystar.net/business/news/institutional-investors-lose-their-head-while-bidding-walton-shares-1878655>

Now Square gets approval to ship medicines to Congo

Square Pharmaceuticals has received the good manufacturing practices certificate from Congo, joining a growing list of medicine exporters from Bangladesh looking to make inroads into the African continent. Last month, Apex Pharma received the same certification, which came from the Directorate of Pharmacy & Medicine under the public health ministry of Congo. Although Bangladesh has long been exporting pharmaceutical products to many countries of the world, the African continent eluded the local drug makers. This certificate will open the door for the local medicine-maker to export pharmaceutical products to 11 central African countries as well.

Set up in 1958, Square Pharmaceuticals is the largest pharmaceutical company in Bangladesh, a position it has held among all national and multinational companies since 1985. It pioneered exports of medicines from Bangladesh in 1987 and has been selling antibiotics and other pharmaceutical products in 42 countries, according to the company's website. It has received approvals to export products to the US, the UK and Australia.

Bangladesh's earning from pharmaceuticals exports rose 25.60% to USD 129.95 million in the last fiscal year, according to the Export Promotion Bureau. Pharma exports grew 7.23% to USD 96.72 million in the first eight months of the fiscal year. The government has targeted to earn USD 169.59 million in pharmaceuticals exports in fiscal 2019-20. Bangladesh exports pharma products to about 150 countries and caters to 97% of the domestic market.

<https://www.thedailystar.net/business/news/now-square-gets-approval-ship-medicines-congo-1878634>

Delta Hospital's share bidding begins Mar 22

The bidding to determine the cut-off price for initial public offering (IPO) shares of Delta Hospital Ltd. through electronic subscription system will begin on March 22. Each eligible investor (EI) who intends to participate in the electronic bidding for the company's ordinary shares requires to maintain a minimum investment of BDT 10 million in the listed securities at market price as on March 11, 2020.

As per the regulatory approval, the company will raise a capital worth BDT 500 million. As per the revised public issue rules, eligible investors and the mutual funds are allowed to purchase 40% and 10% shares respectively at the cut-off price. General public and non-resident Bangladeshis (NRBs) will get 40% and 10% of shares respectively at a 10% discount on the cut-off price through IPO lottery. The company will utilize the IPO proceeds

for buying capital machinery, repay bank loans and bear the IPO expenses.

<https://today.thefinancialexpress.com.bd/public/stock-corporate/delta-hospitals-share-bidding-begins-mar-22-1583424231>