

Capital Market Overview

The market closed in red this week. The benchmark index DSEX (-2.41%) lost -134.16 points and closed the week at 5,434.69 points. The blue-chip index DS30 (-3.75%) lost -80.78 points and stood at 2,073.89 points. The Shariah-based index DSES (-1.43%) lost -18.09 points and stood at 1,247.68 points. The large cap index CDESET (-2.96%) lost -35.26 points and closed at 1,157.25 points. DSEX, DS30, DSES and CDESET showed YTD returns of +0.60%, +5.60%, +0.45%, +3.05%, respectively.

Total Turnover During The Week (DSE): BDT 26.3 billion (USD 309 million)
Average Daily Turnover Value (ADTV): BDT 6.6 billion (Δ % Week: -24.2%)

Market P/E: 19.2x

Daily Index Movement during the Week:

Market performed four sessions during this week. In the first session, market performed negatively by -0.89%. Market reverted to positive in the second session by +0.25%. The market then turned negative in the third and fourth session by -0.30% and -1.48%, respectively.

Sectoral Performance:

- All the financial sectors registered negative performance this week except Bank (+0.18%). NBF1 experienced the highest loss of -5.75% followed by General Insurance (-5.05%), Mutual Fund (-2.12%), and Life Insurance (-1.37%).
- All the non-financial sectors registered negative performance this week. Food & Allied experienced the highest loss of 5.36% followed by Fuel & Power (-2.76%), Engineering (-2.57%), Pharmaceutical (-1.70%), and Telecommunication (-1.67%).

Macroeconomic arena:

- The first ever loan from the country's foreign exchange reserves was made available to a state agency for implementation of its development project on Monday. Under the agreement, the Payra port will get 524.56 million euros at 2.0% interest rate with a grace period of three years. It will repay the loan in seven years in six monthly installments. Port and power sector projects will primarily be financed from the fund where the government plans to provide USD 2.0 billion or equivalent in foreign currency.
- Bangladeshi expatriates sent USD 6.23 billion in remittances during the October-December quarter of last year, down 7.17% from the previous quarter. Remittance earnings declined in such countries where expatriates were in more trouble and most lost their jobs, said a former lead economist at the World Bank Dhaka Office. But the informal channels started to recover from September last year as most of the countries had withdrawn the travel bans, resulting in the downward trend of remittance in the fourth quarter of last year, said a BB official.
- The central bank has decided to increase by 5.0% points the maximum ceiling of dividend offered by banks to the shareholders. If implemented, the banks would be able to declare maximum 35% dividend from the existing level of 30%. Under the existing provision, the banks having capacity to keep 15% or more in capital reserve against all risk-weighted assets, including 2.5% capital conservation buffers, will be allowed to provide 30% dividend, including 15% cash dividend.
- Indications are there that consumers have returned to their spending habits that dropped to bare necessities. Credit card transactions have increased. Deposit patterns have also changed, showing a definitive consumption pattern. The transaction volume of credit cards crossed the pre-pandemic level, reaching a monthly value of over BDT 15.00 billion in December last year.

Stock Market arena:

- Bank funds amounting to BDT 18.63 billion are headed for the stock market as the investors are deeming it a better mode for gaining higher, cost-effective yields compared to other forms. Some 26 banks have formed funds of around BDT 29.00 billion utilising a Bangladesh Bank incentive. Of the funds, around BDT 10.37 billion has already been invested.
- Perpetual bonds issued by banks must be listed on the stock exchanges within 30 days of their subscription closure, as decided by the Bangladesh Bank and the Securities and Exchange Commission (BSEC) in a meeting on Monday. Since mid-2020, commercial banks have begun to get regulatory approval for perpetual bonds and eight banks are collecting BDT 36.00 billion in total through the newly popularised instrument.

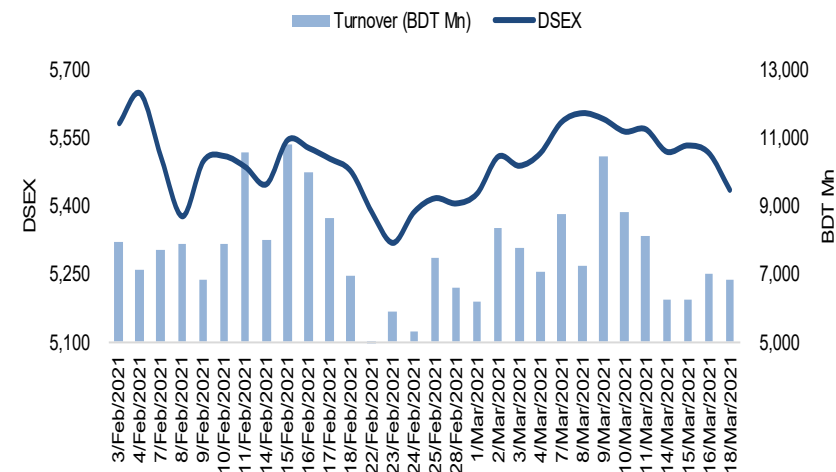
Table 1: Index

Index	Closing	Opening	Δ (Pts)	30-Dec-2019	Δ % Week	Δ %YTD
DSEX	5,434.69	5,568.86	-134.16	5,402.07	-2.41%	+0.60%
DS30	2,073.89	2,154.67	-80.78	1,963.96	-3.75%	+5.60%
DSES	1,247.68	1,265.77	-18.09	1,242.11	-1.43%	+0.45%
CDESET	1,157.25	1,192.51	-35.26	1,123.03	-2.96%	+3.05%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	4,720,976	4,828,543	-2.2%
	Mn USD	55,567	56,833	
Turnover	Mn BDT	26,279	43,309	-39.3%
	Mn USD	309	510	
Average Daily Turnover	Mn BDT	6,570	8,662	-24.2%
	Mn USD	77	102	
Volume	Mn Shares	678	1,038	-34.7%

Figure 1: DSEX & Turnover in last four weeks



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Table 3: Top Ten Gainers

Company Name	Close	Open	Δ%	Mcap (BDT Mn)	Turnover (BDT Mn)	PE	PB
AZIZPIPES	117.9	97.5	+20.9%	630	157.7	NM	NM
RAHIMAFOD	266.7	222.9	+19.7%	5,334	519.7	NM	27.7x
DSHGARME	127.5	112.2	+13.6%	961	25.7	NM	6.7x
ARAMIT	270.8	239.6	+13.0%	1,625	28.8	NM	1.9x
SONALIANSH	533.8	475.5	+12.3%	1,448	105.7	NM	2.4x
FIRSTFIN	6.2	5.6	+10.7%	721	0.7	NM	1.5x
LEGACYFOOT	69.1	62.9	+9.9%	904	68.2	NM	6.6x
STYLECRAFT	158.5	146.3	+8.3%	2,201	100.2	NM	6.7x
SAVAREFR	187.4	173.4	+8.1%	261	2.8	NM	77.1x
SILCOPHL	24.2	22.4	+8.0%	2,512	204.0	32.8x	1.1x

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (BDT Mn)	Turnover (BDT Mn)	PE	PB
LRBDL	43.1	54.7	-21.2%	6,260	788.4	29.0x	1.2x
NFML	18.5	21.3	-13.1%	1,710	106.4	34.6x	1.4x
REPUBLIC	43.4	49.8	-12.9%	2,013	48.8	19.4x	2.8x
PEOPLESINS	31.9	36.4	-12.4%	1,474	27.6	12.8x	1.1x
NORTHRNINS	29.9	33.9	-11.8%	1,276	29.3	17.8x	1.4x
AOL	37.6	42.6	-11.7%	3,858	81.6	18.2x	1.1x
LANKABAFIN	32.1	36.3	-11.6%	17,297	1,115.1	24.3x	1.8x
IDLC	57.9	65.4	-11.5%	21,831	57.0	10.9x	1.5x
ISLAMIINS	36.5	40.9	-10.8%	1,366	21.5	19.8x	2.5x
SAIFPOWER	19.1	21.4	-10.7%	6,835	170.1	21.1x	1.2x

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap (BDT Mn)	Turnover (BDT Mn)	PE	PB
BEXIMCO	77.2	83.6	-7.7%	67,652	2,999	NM	1.1x
ROBI	46.6	48.5	-3.9%	244,088	1,431	NM	3.7x
LANKABAFIN	32.1	36.3	-11.6%	17,297	1,115	24.3x	1.8x
LHBL	53.8	59.3	-9.3%	62,482	1,006	26.5x	3.6x
SUMITPOWER	45.4	50.0	-9.2%	48,482	883	8.8x	1.4x
BXPBARMA	180.6	189.7	-4.8%	80,568	869	20.1x	2.5x
LRBDL	43.1	54.7	-21.2%	6,260	788	29.0x	1.2x
GBBPOWER	31.7	30.7	+3.3%	3,227	788	23.4x	1.6x
BSCCL	174.4	169.5	+2.9%	28,760	748	25.8x	4.3x
BATBC	532.4	570.4	-6.7%	287,496	611	26.4x	7.7x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (BDT Mn)	P/E	P/B
ROBI	46.6	+56.4%	244,088	NM	3.7x
BATBC	532.4	+35.3%	287,496	26.4x	7.7x
BERGERPBL	1,768.1	+23.7%	82,001	33.2x	8.4x
SUMITPOWER	45.4	+16.7%	48,482	8.8x	1.4x
RECKITTEN	4,675.1	+15.5%	22,090	30.3x	42.9x
WALTONHIL	1,265.3	+13.6%	383,295	50.2x	7.2x
LHBL	53.8	+12.6%	62,482	26.5x	3.6x
HEIDELBCEM	166.0	+11.0%	9,380	NM	2.4x
BSRMLTD	66.4	+10.3%	15,675	9.1x	0.6x
SQUARETEXT	32.6	+9.4%	6,430	NM	0.9x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1,314.38	1,311.96	1,372.63	+0.18%	-4.24%
NBFIs	1,809.09	1,919.52	2,033.53	-5.75%	-11.04%
Mutual Funds	813.96	831.58	959.61	-2.12%	-15.18%
General Insurance	3,049.12	3,211.34	4,103.56	-5.05%	-25.70%
Life Insurance	2,000.15	2,028.00	2,162.58	-1.37%	-7.51%
Telecommunication	6,175.10	6,279.93	5,463.26	-1.67%	+13.03%
Pharmaceuticals	3,324.67	3,382.24	3,306.03	-1.70%	+0.56%
Fuel & Power	1,667.47	1,714.80	1,618.11	-2.76%	+3.05%
Cement	1,599.73	1,713.15	1,416.18	-6.62%	+12.96%
Services & Real Estate	1,067.73	1,109.13	1,083.79	-3.73%	-1.48%
Engineering	4,400.25	4,516.15	3,959.20	-2.57%	+11.14%
Food & Allied	20,128.83	21,268.68	14,705.76	-5.36%	+36.88%
IT	2,103.18	2,169.01	2,350.28	-3.04%	-10.51%
Textiles	1,022.87	1,032.63	1,087.41	-0.95%	-5.94%
Paper & Printing	5,377.44	5,444.35	5,487.56	-1.23%	-2.01%
Tannery	1,677.77	1,693.60	1,771.77	-0.94%	-5.31%
Jute	9,612.17	8,802.54	12,154.61	+9.20%	-20.92%
Ceramics	441.09	454.84	472.38	-3.02%	-6.62%
Miscellaneous	3,425.58	3,577.19	2,539.70	-4.24%	+34.88%

Table 7: Sector Trading Matrix

Sector Name	Daily average this	Daily average last	% Change	% of Total Turnover	P/E	P/B
Bank	552.0	444.6	+24.2%	8.9%	7.7x	0.7x
NBFI	412.6	672.0	-38.6%	6.6%	65.9x	3.0x
Mutual Fund	74.4	92.1	-19.2%	1.2%	NM	0.7x
General Insurance	242.0	392.2	-38.3%	3.9%	16.3x	1.6x
Life Insurance	14.4	25.3	-43.2%	0.2%	NM	NM
Telecommunication	583.4	781.0	-25.3%	9.4%	20.0x	6.7x
Pharmaceutical	786.8	858.8	-8.4%	12.7%	21.1x	2.6x
Fuel & Power	922.5	1,496.1	-38.3%	14.8%	13.2x	1.4x
Cement	299.6	656.1	-54.3%	4.8%	26.6x	2.3x
Services & Real Estate	84.6	186.8	-54.7%	1.4%	NM	0.9x
Engineering	438.5	568.5	-22.9%	7.1%	34.3x	2.7x
Food & Allied	431.5	786.0	-45.1%	6.9%	34.6x	8.1x
IT	88.4	129.6	-31.8%	1.4%	25.3x	1.9x
Textile	222.7	193.7	+15.0%	3.6%	NM	0.7x
Paper & Printing	40.5	21.2	+91.3%	0.7%	63.3x	1.1x
Tannery	36.2	31.4	+15.1%	0.6%	NM	1.8x
Jute	37.5	10.8	+247.3%	0.6%	NM	15.1x
Ceramics	30.1	53.7	-43.9%	0.5%	57.3x	1.5x
Miscellaneous	918.1	974.2	-5.8%	14.8%	53.1x	1.9x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (BDT Mn)	P/E	P/B
ECABLES	142.8	-15.8%	3,427	NM	12.1x
IPDC	23.7	-14.1%	8,795	12.7x	1.5x
MPETROLEUM	172.1	-13.1%	18,624	6.4x	1.1x
PRIMEBANK	15.3	-10.5%	17,324	14.4x	0.7x
CONFIDCEM	104.3	-9.7%	8,160	9.7x	1.5x
OLYMPIC	174.3	-8.8%	34,849	17.0x	4.2x
SHAHJABANK	20.9	-8.7%	20,484	10.9x	1.2x
IDLC	57.9	-8.7%	21,831	10.9x	1.5x
ENVOYTEX	22.8	-7.3%	3,824	26.8x	0.6x
TRUSTBANK	31.0	-7.2%	19,942	6.6x	1.1x

Important News: Business & Economy

Forex reserves may come under stress without quality lending

- The country's ballooning foreign exchange reserves may come under stress if the infrastructure projects to be bankrolled by the excess external capital are not monitored properly, experts warn. They expressed the fears after the government formed the Bangladesh Infrastructure Development Fund (BIDF) on March 15 to lend money from the reserves. The government decided to disburse BDT 54.17 billion (524.56 million British pounds) in foreign currency loans to dredge a channel for Payra Port, a seaport in Kalapara, Patuakhali. A 10-member central bank committee has strongly recommended not to allow any private company to take loans from the forex reserves.
- There is a high risk of investing the funds from the forex reserves given the weak corporate governance in the financial sector and the poor record of implementing government projects on time, economists said. In the past, the government revised the deadlines of a majority of infrastructure projects, escalating their cost compared to the initial estimate. If the same situation is repeated for the projects to be funded by the reserves, this will be a matter of concern for the financial stability in the country. The committee suggested that only strategic development projects of the government be allowed to take loans from the reserves.

<https://www.thedailystar.net/business/news/forex-reserves-may-come-under-stress-without-quality-lending-2062513>

Remittance declines 7.17% from top countries in Q4 of 2020

- Remittance, a lifeline of the country's economy, declined from the top countries in the fourth quarter of last year due to the global Covid-19 pandemic that negatively affected migration. Bangladeshi expatriates sent USD 6.23 billion in remittances during the October-December quarter of last year, down 7.17% from the previous quarter, according to a quarterly report of the central bank. Remittance inflow from top countries, including Saudi Arabia -- the largest remittance source -- UAE, Oman, Bahrain, Qatar, Italy, and Singapore witnessed a decline in the fourth quarter.
- Remittance earnings declined in such countries where expatriates were in more trouble and most lost their jobs, said a former lead economist at the World Bank Dhaka Office. Most Bangladeshi migrants are working in Middle Eastern countries; expatriates in these countries have lost their jobs due to the fall in oil prices caused by the Covid-19 pandemic, he added. Bangladesh received a record USD 6.71 billion as remittance in July to September quarter of last year owing to the collapse of the informal channels like the hundi system -- an illicit cross-border transaction network -- thanks to the travel ban brought on by the pandemic, said central bank officials.
- But the informal channels started to recover from September last year as most of the countries had withdrawn the travel bans, resulting in the downward trend of remittance in the fourth quarter of last year, said the BB officials seeking anonymity. total of 408,408 migrant workers returned home from 29 countries after they lost their jobs following the Covid-19 outbreak, according to the Bureau of Manpower, Employment and Training (BMET). Besides, some 550,000 aspirants who were expected to migrate abroad for jobs during the period did not get the opportunity to do so.

<https://www.dhakatribune.com/business/economy/2021/03/18/remittance-declines-7-17-from-top-countries-in-q4-of-2020>

Govt releases BDT 5.70 billion to support small firms

- The government has released BDT 5.70 billion from the BDT 15.0 billion stimulus package for their disbursement among small traders, entrepreneurs and farmers to help them survive the ongoing pandemic. Eight government and semi-government agencies will disburse the fund this fiscal year while the rest of the amount will be disbursed in the next fiscal year. The government approved the new packages on January 17 with an aim to improve the living standards of marginalised people living in rural areas. The loans will be given as grants among cottage, micro and small enterprises (CMSE) in rural areas that previously had no access to formal banking channels.
- Borrowers can avail the loan at 4% interest while the lenders will charge this interest as transaction costs. Borrowers will have to repay the loan within two years in 18 monthly instalments with a grace period of six months.

https://www.thedailystar.net/business/news/govt-releases-BDT_-570cr-support-small-firms-2062509

VAT on LPG down to 7%

- The National Board of Revenue (NBR) has decided to reduce VAT on Liquefied Petroleum Gas (LPG) to 7.0% from the existing 15% to make its prices affordable to the end-users. There will be 5.0% VAT at production or supply stage and 2.0% VAT at business stage, once the decision is implemented. A BERC Member (Gas) said that the consumers would get the benefit of 8.0% tax reduction, but local LPG prices vary in line with fluctuation in international prices.
- Currently, there is 5.0% VAT at retail stage, 5.0% VAT at business stage, and another 5.0% VAT at production or supply stage of the fuel. The VAT officials said they sent the letter to the BERC and requested it to fix the LPG prices on the basis of the reduced VAT rate.

<https://today.thefinancialexpress.com.bd/first-page/vat-on-lpg-down-to-7pc-1616004901>
<https://www.newagebd.net/article/132999/vat-on-lpg-for-users-waived-traders-cut>

Bangladesh Bank raises dividend payment limit for banks

- The central bank has decided to increase by 5.0% points the maximum ceiling of dividend offered by banks to the shareholders. If implemented, the banks would be able to declare maximum 35% dividend from the existing level of 30%, officials said. Under the existing provision, the banks having capacity to keep 15% or more in capital reserve against all risk-weighted assets, including 2.5% capital conservation buffers, will be allowed to provide 30% dividend, including 15% cash dividend, according to a notification, issued by the BB, on February 07.
- We may issue another notification soon to clarify the maximum limit of dividend, announced by non-banking financial institutions (NBFIs), a central banker said without elaborating. The circular issued earlier allowed the listed banks to pay a maximum of 30% dividend. He said the listed non-bank financial institutions (NBFIs) could pay a maximum of 15% cash dividend as per another circular issued by the central bank on February 24.

<https://today.thefinancialexpress.com.bd/first-page/bb-raises-div-payment-limit-for-banks-1615830045>

<https://www.thedailystar.net/business/news/bb-let-banks-nbfs-pay-higher-dividends-2061289>

<https://www.tbsnews.net/economy/banking/banks-highest-dividend-ceiling-be-revised-35-216940>

<https://www.dhakatribune.com/business/stock/2021/03/16/banks-allowed-35-cash-dividend>

Government bank borrowing turns negative in July-February

• The government's borrowing from the banking sector turned negative in the July-February period of the current fiscal year 2020-2021 amid heavy sales of national savings certificates and low spending on implementation of the annual development programme amid the COVID-19 outbreak. Bangladesh Bank data showed that the government repaid BDT 119.40 billion in bank loans in the eight months of FY21. For FY21, the government's budgetary projection was to borrow BDT 849.80 billion from the banking sector for deficit financing. The government's record BDT 802.38 billion borrowing in the FY 2019-20 was the reason for setting high bank borrowing target, officials said.

• The government also anticipated that NSC sales, another source for the government to borrow fund, would remain low, they said. In FY20, the net sales of NSC dropped to BDT 144.28 billion from BDT 499.39 billion in FY19. National Savings Directorate showed that the net sales of NSCs reached BDT 257.02 billion in July-January of the current fiscal year as investors found no other high-yielding investment product than the NSC. NSC sales in the first seven months of FY21 were higher by BDT 57.02 billion than the government's budgetary target of BDT 200.00 billion.

• With the government's repayment in July-February of FY21, the government's outstanding bank borrowing dropped to BDT 1.65 trillion at the end of February 28, 2021 from BDT 1.77 trillion at the end of June, 2020. Scheduled banks issued BDT 310.93 billion in credit to the government in the July-February period.

<https://www.newagebd.net/article/132825/government-bank-borrowing-turns-negative-in-july-february>

Reserve use for development funding begins

• The first ever loan from the country's foreign exchange reserves was made available to a state agency for implementation of its development project on Monday. In the maiden allocation, a project for capital and maintenance dredging of Rabnabad channel of Payra seaport received money from the central bank's reserves through a newly-formed facility known as 'Bangladesh Infrastructure Development Fund' (BIDF). A trilateral agreement was signed between the finance division, Payra Port Authority (PPA), and Sonali Bank Ltd at the Bangladesh secretariat for the allocation of money from the fund.

• Under the agreement, the Payra port will get 524.56 million euros at 2.0% interest rate with a grace period of three years. It will repay the loan in seven years in six monthly installments. Port and power sector projects will primarily be financed from the fund where the government plans to provide USD 2.0 billion or equivalent in foreign currency.

• Foreign currency reserve went up even during the Covid-19 pandemic, the PM said, adding the government has thought about the potential use of this foreign currency to move out from loan dependency rather make instances of own financing or loan. She said the government has framed the BIDF keeping the foreign currency reserve to meet the country's import cost of six months considering frequent natural calamities in the country and utilise the surplus reserves for 'profitable' development work.

<https://today.thefinancialexpress.com.bd/first-page/reserve-use-for-dev-funding-begins-1615829899>

Public hearing on telecom services on March 30

• Bangladesh Telecommunication Regulatory Commission (BTRC) is going to hold a public hearing on March 30 to understand users' experiences on quality of telecom services, according to an announcement published on its website on Monday. Due to the Covid-19, the commission had to cancel the third public hearing on service quality of telecom operators scheduled for 30 March 2020 - the same date last year. BTRC Deputy Director said that the commission had decided to host the event to learn directly from the users about their experiences over the quality of services of telecom operators and also to know users' perception of BTRC.

• Mobile phone subscribers increased by 4.5 million and internet subscribers by 11 million during this time period, said the BTRC. In the past one and a half years, around 3.5 million phones were manufactured locally in the country and a total of 12 mobile phone factories were approved to run operations.

<https://today.thefinancialexpress.com.bd/trade-market/public-hearing-on-telecom-services-on-march-30-1615825932>

BTRC to set up QoS benchmarking system

• The Bangladesh Tele-communication Regulatory Commission (BTRC) is set to install a state-of-the-art benchmarking system to strengthen the commission's capacity to monitor service quality of its licensees. The BTRC, on January 21, started conducting a six-month drive test in 300 upazilas across the country to measure the quality of services of the mobile operators.

• According to the BTRC policy, an operator's call success rate should be 97% or more, call drop should be less than 2.0%, and call setup time should be completed within seven seconds. Besides, the minimum speed of 3G data should be 2.0 Megabits per second (Mbps) and that of 4G data should be 7.0 Mbps. The test will produce monthly reports, and the companies concerned will be notified if they cannot meet the service quality standard set by the commission. In Dhaka, Grameenphone and Robi met the benchmark, while Banglalink was providing service at 6.49 Mbps, and Teletalk at 4.85 Mbps. In Barishal, all the four failed to meet the 4G internet speed.

<https://today.thefinancialexpress.com.bd/trade-market/btrc-to-set-up-qos-benchmarking-system-1615825898>

Bangladesh Bank (BB) extends tenure until June 30

• The central bank has extended the tenure of its different policy supports to export trade by three more months amid the Covid-19 pandemic, officials said. The exporters will now enjoy the facilities until June 30 this year, according to a notification issued by Bangladesh Bank (BB) on Sunday. The existing supports were scheduled to expire on March 31. Under the policy supports, the time for repatriation of export proceeds is extendable up to 210 days from the date of shipment instead of 120 days earlier. The back to back letters of credit (LCs) opened under supplier's/ buyer's credit are extendable to 180 days more within the permissible rate of interest.

- Loan from the Export Development Fund (EDF) is extendable to an additional 180 days instead of 90 days. Refinancing from the EDF up to 180 days is allowable in case of justifiable grounds required for settlement of import payments against back to back LCs opened under supplier's/buyer's credit. The BB's latest move came against the backdrop of falling export earnings in the recent months, following the second wave of coronavirus in America and Europe. The earnings from exports dropped by nearly 4.0% year-on-year to USD 3.19 billion in February from USD 3.32 billion a year ago, according to the latest statistics of state-run Export Promotion Bureau (EPB).

- Besides, export earnings during the July-February period of the current fiscal year (FY) declined by 1.45% to USD 25.86 billion from USD 26.24 billion in the same period of the previous financial year. The big exporters will get relief slightly from the extension of the policy supports, a former president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA).

<https://today.thefinancialexpress.com.bd/first-page/bb-extends-tenure-until-june-30-1615745666>

<https://www.thedailystar.net/business/news/bb-policy-support-exporters-extended-2060785>

<https://www.tbsnews.net/economy/trade/export-policy-support-extended-till-30-jun-216418>

<https://www.newagebd.net/article/132747/policy-relaxation-time-extended-for-export-business>

Return of the great consumers

- Indications are there that consumers have returned to their spending habits that dropped to bare necessities. Credit card transactions have increased. Deposit patterns have also changed, showing a definitive consumption pattern. The transaction volume of credit cards crossed the pre-pandemic level, reaching a monthly value of over BDT 15.00 billion in December last year. The head of the Card Division at the City Bank said it is a good sign that people are moving out as restrictions on movement have been eased. Consumers are spending money through credit cards for visiting restaurants and travelling to local tourist destinations, he mentioned.

- However, the new wave of the coronavirus is worrisome and they cannot say how long this behaviour will sustain, he further said. The transaction trend in e-commerce also reflects the rise of consumer spending as the pandemic pushed customers to online shopping. The transaction value in e-commerce platforms also more than doubled from the pre-pandemic level, recording BDT 6.00 billion in December last year, according to the Bangladesh Bank. The return of consumers' spending habit to the normal level put the brakes on pandemic savings in January this year. Savings have been swelling since the virus hit the country in March last year as people shied away from consumption.

- Demand deposits with banks, which show disposable income, declined by BDT 60.00 billion in January after reaching a record high of BDT 1.48 trillion in December last year. However, the year-on-year growth of demand deposits – money deposited in bank accounts with funds that depositors may withdraw on-demand at any time – climbed a record high of 25.47% in January, according to Bangladesh Bank data. Even though demand deposits fell by 4% in January from the previous month, time deposits showed the opposite trend reflecting that earnings of low-income people, who were spending their savings amid job cuts and income losses during pandemic, have returned to normal.

<https://www.tbsnews.net/economy/return-great-consumers-216484>

Nine public sector banks hold 27% assets, deposits in banking sector

- Nine public sector banks including 3 specialized banks still hold about 27% of deposits and assets in the banking sector while 50 private commercial banks (PCB) including foreign ones hold the remaining 73%, reports UNB. Bangladesh Bank's annual report for 2019-20 revealed these figures saying that the total deposits of the banking sector stood at BDT 12145.2 billion in 2019, up from BDT 10798.7 billion in 2018 showing an increase by 12.46%. At the end of December 2019, the Bangladesh Bank said the total assets of the banking sector stood at BDT 16298.4 billion which was 11.84% higher than that of the previous year.

- According to the report, from the year 2018 to 2019, considering the share in total deposit of the banking sector, the SCBs' share decreased from 26.6% to 25.0% while the PCBs' share increased from 66.0% to 68.1%. The FCBs' share decreased from 4.8% to 4.3% and SBs' share remained same which was 2.6% in both years, it noted. A professor of Bangladesh Institute of Bank Management said still there is huge scope for growth of the banking sector as the country lacks focus-based banks that would serve the specific area of the economy.

- As per the BB report, the number of bank branches increased to 10,578 at the end of December 2019 from 10,286 of December 2018. As on 31 December 2019, total number of branches of the 59 scheduled banks were 10,578, said the BB report adding that among these, 48.51% (5131) of the bank branches were in rural areas and the rest (5447 branches or 51.49%) were in urban areas.

<https://today.thefinancialexpress.com.bd/trade-market/nine-public-sector-banks-hold-27pc-assets-deposits-in-banking-sector-1615650498>

<https://www.tbsnews.net/economy/banking/nine-public-sector-banks-hold-27-percent-assets-deposits-banking-sector-215887>

BDT 58.83 billion digital connectivity project on way

- The government is set to undertake a huge BDT 58.83 billion digital connectivity project, in a move that could equip every corner of the country with the latest ICT infrastructure, making almost all government services digital and increasing the use of ICT at field levels. Under the project, the government will establish 109,244 broadband and user connections, 10,000 digital labs, 57 specialised labs, a central cloud platform and frontier technology centre of excellence, IT infrastructure in district and upazila complexes and training facilities.

- With the new IT infrastructure covering eight divisions, 64 districts and all upazilas, including union and village levels, the government wants to make its services accessible to the people in a quicker and easier manner by converting them into e-services. The project proposal will be placed at the Executive Committee of the National Economic Council on Tuesday for approval. The 100% broadband penetration will increase the accessibility of ICT across the country, ensuring good governance at all levels of the government, and human resource development through the application of new ICT technology, the planning commission and ICT division said.

https://www.thedailystar.net/business/news/BDT_-5883cr-digital-connectivity-project-way-2060237

Bangladesh Bank just made the debate on using forex reserves more polemic

- The idea of using the foreign exchange reserves, a safety net for a nation, is contentious enough on its own. And now the ten-member committee formed last year by the central bank to formulate a policy on how the reserves can be used locally has come with a suggestion that will make the discussion decidedly hot-button. The committee, headed by Bangladesh Bank Executive Director Mohd. Humayun Kabir, recommends letting only state-run companies, which are problematic enough on their own, take loans from the reserves.

- If the draft policy is approved, government-owned companies will be eligible to take loans from the central bank reserves against the sovereign guarantee, according to the draft policy on local use of the reserve. Economists in the neighbouring country strongly opposed the move, so a decision is yet to be taken on that front. A former lead economist of the World Bank's Dhaka office said that lending from the foreign exchange reserves would make it complicated for Bangladesh to get loans from multilateral lenders.

<https://www.dhakatribune.com/business/economy/2021/03/14/bb-just-made-the-debate-on-using-forex-reserves-more-polemic>

Capital machinery import yet to get momentum

- Import of capital machinery, industrial raw materials and intermediate goods is yet to get momentum despite the pickup in economic activity in Bangladesh because of the persisting coronavirus pandemic. This will only further its already adverse impact on the economy in the days to come as uncertainty is deepening after the deadly flu started spreading once again, both locally and globally. Between July and December of the current fiscal year, the import of capital machinery stood at USD 2.65 billion, down 36.62% year-on-year, data from the central bank showed. The import of capital goods, however, increased 10% during the period.

- The trend indicates that businesspeople are yet to get back their confidence to set up new industrial units or expand their existing ones, said the chairman of the Chittagong Stock Exchange. Coronavirus infections are surging in some European countries, which are forcing them to impose lockdowns for the second or third times.

<https://www.thedailystar.net/business/news/capital-machinery-import-yet-get-momentum-2060241>

Calls for corporate tax cuts getting louder

- At present, a non-listed company has to pay 32.5% corporate tax while its publicly traded counterparts have to pay 25%. Like all previous budgets, talks of corporate tax cuts are on the table again ahead of the budget for fiscal 2021-22. Although businesses say that reducing corporate tax rates would bring in more investment and create employment, the rate in Bangladesh is still higher than both the regional and global averages. However, the global average corporate tax rate is 23.8%, while that in Asia is 21.1%, according to data compiled by the Dhaka Chamber of Commerce and Industry (DCCI).

- Businesses in Vietnam, Indonesia and Myanmar pay, on average, 20% corporate tax while it is 25.2% in India, 29% in Pakistan and 28% in Sri Lanka, according to DCCI. If the government were to reduce the tax rates gradually, it would not hurt revenue collection; rather, it would boost investors' confidence, the managing director of AK Khan Telecom. It is a good sign that the government brought down the corporate tax rate by 2.5% point this fiscal year, he said, adding that further cuts in the next budget could bring it to 25% within the next two or three years.

<https://www.dhakatribune.com/business/2021/03/14/calls-for-corporate-tax-cuts-getting-louder>

Important News: Capital Market

DSE extends timeframe for applying for new TREC

- The Dhaka Stock Exchange (DSE) has extended the timeframe for applying for a new TREC licence from the prime bourse by 10 more days until March 28. The DSE management has decided to extend the deadline for applying for new trading rights entitlement certificate (TREC) licence at a meeting held on Tuesday, said a DSE high official. Earlier on February 2, the country's prime bourse invited applications from eligible firms to submit applications by March 18 to issue trading right entitlement certificates. Despite the initial deadline expiring today (Thursday), the management of the DSE did not get expected response from the potential firms.

- Many firms are showing interest in receiving a TREC licence, but the interested ones barely got enough time to prepare themselves in line with regulations concerned, said the DSE official, seeking anonymity. So, the management of the DSE decided to extend the deadline until March 28 so that potential firms can apply for new TREC licence, he added.

<https://today.thefinancialexpress.com.bd/stock-corporate/dse-extends-timeframe-for-applying-for-new-trec-1616002965>

Agrani Bank sole supplier of forex for Padma bridge

- Agrani bank is the sole supplier of foreign currencies to the Padma bridge project and made payments of USD 1.2 billion to international contractors and consultancy firms as of December last year. It came up with the greenbacks from its own earnings over the last seven years. It did not have to buy any foreign currency from the reserve of the Bangladesh Bank to finance one of the largest infrastructure projects in the country, said Agrani Bank officials. The bank will pay a further USD 700 million in foreign currency by this June. The rest of the payments will gradually be made until June 2022. The government pays back Agrani in local currency for the dollars.

- The total cost for the 6.15km bridge is BDT 301.93 billion, or USD 3.56 billion. Of this, USD 2.4 billion needs to be paid in foreign currency and the rest in the local currency, according to the Bridges Division, the implementing authority of the project. Starting with USD 6.26 million in 2013, Agrani Bank has so far paid out USD 1.2 billion. Last year, it contributed USD 126 million, according to the bank's data.

<https://www.thedailystar.net/business/news/agrani-bank-sole-supplier-forex-padma-bridge-2061309>

Listing of perpetual bonds must by 30 days of subscription closure

- Perpetual bonds issued by banks must be listed on the stock exchanges within 30 days of their subscription closure, as decided by the Bangladesh Bank and the Securities and Exchange Commission (BSEC) in a meeting on Monday. The capital market regulator is set to come up with detailed instructions in this regard, said the BSEC executive director and the spokesperson. The deadline for making the bonds tradable in the secondary market will be set on a case-to-case basis, but the commission is convinced that 30 days are grossly enough for listing, he said. The move comes to offer investors the freedom to exit with ease

any day.

- Earlier, in July last year, BSEC decided all the perpetual bonds issued by banks must be tradable in the main board of a local bourse. Since mid-2020, commercial banks have begun to get regulatory approval for perpetual bonds and eight banks are collecting BDT 36.00 billion in total through the newly popularised instrument. The City Bank Ltd is going to arrange the closure ceremony of the first-ever Basel-III complying perpetual bond in the country on Tuesday. And, the others are set to follow through while many more such bonds are in the pipeline.

- The BSEC on Monday also said the money and capital market regulators decided to work together on making the treasury bills and bonds tradeable in the bourses so that different types of investors can invest in the government securities. The meeting also decided in principle to welcome banks' investment in special purpose vehicles, asset-backed securities, diversified debt securities out of their BDT 2.00 billion capital market investment funds the central bank instructed for in early 2020.

<https://www.tbsnews.net/economy/stock/listing-perpetual-bonds-must-30-days-subscription-closure-217003>

Another BDT 18.63 billion bank fund for stock market

- Bank funds amounting to BDT 18.63 billion are headed for the stock market as the investors are deeming it a better mode for gaining higher, cost-effective yields compared to other forms. Some 26 banks have formed funds of around BDT 29.00 billion utilising a Bangladesh Bank incentive. Of the funds, around BDT 10.37 billion has already been invested. On February 10, the banking regulator rolled out the package that allows banks to set up a BDT 2.00 billion fund by taking it from Bangladesh Bank through a repurchase agreement against treasury bills and bonds they own. The banks will have to pay 5% interest for the fund and the credit tenure will be up to February 2025.

- Such investments by banks may give a boost to the stock market, which is already showcasing an upward trend, opined a former caretaker government finance and planning adviser, yesterday. However, investing in stock markets is not the primary function of banks, so they should focus on lending money to the real economic sector, he reminded. As banks' credit growth is falling, they are searching for other sources of income, he said, also a former chairman of the Bangladesh Securities and Exchange Commission (BSEC).

<https://www.thedailystar.net/business/news/another-BDT-1863cr-bank-fund-stock-market-2060745>

Index Agro IPO lottery draw Mar 22

- Index Agro Industries, the poultry and fish feed producer, is set to hold its initial public offering (IPO) lottery draw on March 22 to allocate IPO shares. Index Agro Industries, which received IPO approval from the Bangladesh Securities and Exchange Commission (BSEC) on December 23, 2020, raised BDT 500 million under the book-building method to expand its business. The IPO subscription of the company was held between February 22 and February 28, this year. Index Agro Industries' cut-off price was fixed at BDT 62 each through electronic bidding by eligible investors.

<https://today.thefinancialexpress.com.bd/stock-corporate/index-agro-ipo-lottery-draw-mar-22-1615740161>

New IPO price discovery methods conservative, say listed firms

- The Bangladesh Association of Publicly Listed Companies (BAPLC) has said the new methods to discover primary share prices in book building are conservative and might discourage the listing of good companies. In a letter to the Bangladesh Securities and Exchange Commission (BSEC) chairman in mid-February, the association requested him to formulate a more market-based approach for pricing primary shares when companies seek premium over face value.

- BAPLC also requested the BSEC not to execute the 1 February 2021 directive issued by the latter. The directive included a code of conduct for eligible institutional investors (EIs) regarding the price they can quote in bidding under the initial public offering (IPO) of the book building method. BAPLC in its letter said the strict valuation methods that the BSEC had allowed are conservative for discovering a company's share prices as there is no provision for securities valuation methods generally accepted worldwide. Moreover, the valuation methods advised by the BSEC do not take into consideration many important factors like the issuer company's brand value, management strength, and industry situation.

- In case of reckless or manipulative behaviour by EIs, the regulator can come up with pre-emptive or punitive measures instead of keeping the pricing method too tight for all, opined the listed companies. The BSEC received the BAPLC letter and a meeting has been scheduled to discuss the points, said a BSEC Commissioner. After observing some irregularities in bidding, the BSEC came up with the code of conduct and there is always room for positive changes, if situation and time demand so, he said.

<https://www.tbsnews.net/economy/stock/new-ipo-price-discovery-methods-conservative-say-listed-firms-215959>