

## Capital Market Overview

The market closed in green this week. The benchmark index DSEX (+0.91%) gained 61.23 points and closed the week at 6,760.62 points. The blue-chip index DS30 (-0.17%) lost 4.03 points and stood at 2,423.55 points. The Shariah-based index DSES (+0.16%) gained 2.30 points and stood at 1,461.34 points. The large cap index CDSET (+0.32%) gained 4.28 points and closed at 1,322.66 points. DSEX, DS30, DSES and CDSET showed YTD returns of +25.15%, +23.40%, +17.65%, +17.78%, respectively.

**Total Turnover During The Week (DSE):** BDT 103.1 billion (USD 1,214 million)

**Average Daily Turnover Value (ADTV):** BDT 25.8 billion ( $\Delta\%$  Week: -3.2%)

**Market P/E:** 19.1x

### Daily Index Movement during the Week:

Market performed four sessions during this week. The market performed positively by +0.74% in the first session and continued to be positive in the second session by +0.57%. The market turned negative in the third sessions by -0.23% and ended on a negative momentum of -0.17%.

### Sectoral Performance:

- All the financial sectors posted positive performance this week. General Insurance booked the highest gain of 6.53% followed by Bank (+2.56%), Mutual Fund (+1.28%), Life Insurance (+0.61%), and NBF1 (+0.54%).

- All the non-financial sectors registered negative performance this week except Fuel & Power (+1.69%). Food & Allied experienced the highest loss of 1.24% followed by Pharmaceutical (-1.24%), Telecommunication (-1.08%), and Engineering (-0.67%).

### Macroeconomic arena:

- The daily death toll from Covid-19 declined to 172 in Bangladesh on Wednesday, with the virus test-positivity rate also maintaining a downturn in recent days. The virus test positivity rate inched down further to 17.7% on the day, from the previous day's 19.2%.

- A local pharmaceutical company will bottle, label and dispense five million doses of Sinopharm Covid vaccines a month under a much-discussed co-production deal Bangladesh and China struck Monday. Bangladesh government, Incepta Pharmaceuticals Limited and China signed the tripartite memorandum of understanding to this effect.

- The tax revenue collection recorded an impressive 21% growth in the fiscal year (FY) 2020-21 over that of the previous FY. Greater mobilization of corporate and withholding tax made the feat possible.

- Spending through credit cards hit an all-time high in June thanks to the acceleration of digital payments on e-commerce platforms amid the ongoing coronavirus pandemic. Customers also spent more online ahead of Eid this year. Credit card transactions collectively stood at BDT 19.34 billion in June, up 13.25% from a month earlier and 115.46% year-on-year.

- Money transferred through growing mobile financial services (MFS) in Bangladesh rose 40.50% year-on-year to BDT 629.93 billion in June as people continue to rely on the digital platform amid the unabating coronavirus pandemic. Transactions totalled BDT 448.30 billion in the same month last year.

- Bangladeshi apparel exporters worry that the partial closure of a port in China, which is used to import most of the raw materials and machines, may cause a supply chain disruption. Alternative ports to bring in imported fabrics and machinery may increase freight cost and shipping time, they say.

### Stock Market arena:

- Stock brokers will be allowed to disburse margin loan at a ratio of 1:0.8 meaning that an investor will get BDT 80 as margin loan against his/her investment worth BDT 100 until the DSEX, broad index of Dhaka Stock Exchange (DSE), exists below 8000 points. And the margin loan ratio will be 1:0.5 if the DSEX crosses 8001 or above.

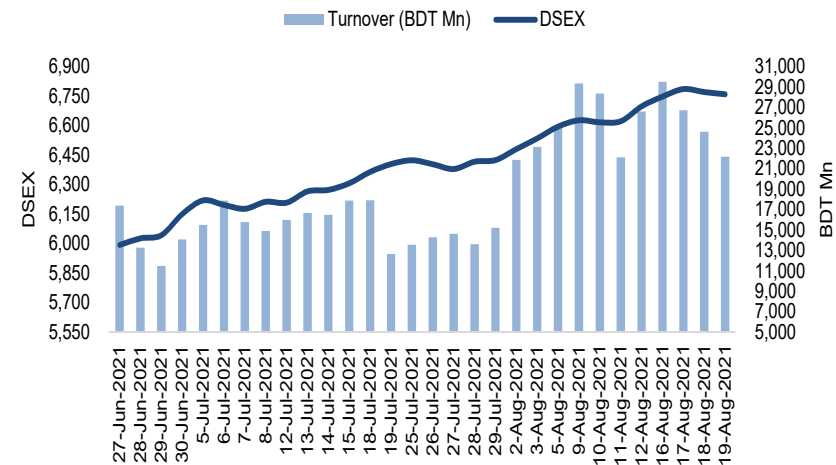
Table 1: Index

Index	Closing	Opening	$\Delta$ (Pts)	30-Dec-2019	$\Delta\%$ Week	$\Delta\%$ YTD
DSEX	6,760.62	6,699.39	+61.23	5,402.07	+0.91%	+25.15%
DS30	2,423.55	2,427.57	-4.03	1,963.96	-0.17%	+23.40%
DSES	1,461.34	1,459.04	+2.30	1,242.11	+0.16%	+17.65%
CDSET	1,322.66	1,318.38	+4.28	1,123.03	+0.32%	+17.78%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	5,497,216	5,478,687	
	Mn USD	64,704	64,485	+0.3%
Turnover	Mn BDT	103,119	106,542	-3.2%
	Mn USD	1,214	1,254	
Average Daily Turnover	Mn BDT	25,780	26,635	
	Mn USD	303	314	-3.2%
Volume	Mn Shares	3,530	3,518	+0.3%

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
SBACBANK	17.6	12.1	+45.5%	13,810	13.4	22.5x	1.3x
ICBIBANK	6.3	4.9	+28.6%	4,188	91.2	NM	NM
BIFC	8.5	7.0	+21.4%	856	17.8	NM	NM
CITYGENINS	47.7	39.3	+21.4%	3,252	816.1	21.7x	2.8x
MEGHNAPET	23.8	19.7	+20.8%	286	21.1	NM	NM
METROSPIN	27.3	23.1	+18.2%	1,684	457.1	31.4x	1.7x
HRTEX	77.1	65.5	+17.7%	1,951	184.2	NM	1.7x
ANLIMAYARN	49.9	42.6	+17.1%	892	214.0	NM	4.3x
GBBPOWER	42.8	36.6	+16.9%	4,357	1,144.5	29.0x	2.1x
DGIC	51.3	44.0	+16.6%	2,052	146.3	63.3x	4.5x

**Table 4: Top Ten Losers**

Company Name	Close	Open	Δ%	Mcap (BDT Mn)	Turnover (BDT Mn)	PE	PB
APOLOISPAT	13.3	14.7	-9.5%	5,337	1,027.5	NM	0.7x
SONALIPAPR	359.6	397.3	-9.5%	6,582	131.2	91.3x	1.2x
AMBEEPHA	439.5	480.0	-8.4%	1,055	15.8	NM	18.2x
MITHUNKNIT	16.5	18.0	-8.3%	536	19.6	NM	0.9x
BENGALWTL	29.0	31.4	-7.6%	2,653	84.3	NM	1.2x
FORTUNE	57.0	61.6	-7.5%	8,823	208.7	47.4x	4.2x
USMANIAGL	69.3	74.5	-7.0%	1,207	19.4	NM	0.8x
GEMINISEA	219.1	233.7	-6.2%	1,029	55.8	NM	NM
CENTRALPHL	20.4	21.7	-6.0%	2,444	350.1	NM	3.1x
GHAL	20.8	22.1	-5.9%	4,489	265.2	NM	1.5x

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

Company Name	Close	Open	Δ%	Mcap (BDT Mn)	Turnover (BDT Mn)	PE	PB
BEXIMCO	107.9	107.5	+0.4%	94,555	5,424	26.0x	1.4x
IFIC	17.0	16.8	+1.2%	28,915	3,345	15.8x	1.0x
LANKABAFIN	39.1	40.3	-3.0%	21,069	3,235	18.7x	2.0x
LHBL	71.9	67.9	+5.9%	83,503	1,929	22.8x	4.6x
ORIONPHARM	72.5	70.3	+3.1%	16,965	1,703	23.6x	0.9x
SAIFPOWER	30.3	29.2	+3.8%	10,843	1,691	37.8x	1.9x
MALEKSPIN	36.9	38.5	-4.2%	7,144	1,537	NM	0.8x
KEYACOSMET	10.5	9.5	+10.5%	11,806	1,424	NM	0.8x
ABBANK	15.8	15.7	+0.6%	13,206	1,412	28.9x	0.5x
NHFIL	68.4	61.0	+12.1%	8,005	1,362	21.2x	3.9x

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

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (BDT Mn)	P/E	P/B
EGEN	63.2	+532.0%	4,740	48.7x	2.5x
HEIDELBCEM	326.8	+118.4%	18,465	25.3x	4.2x
PIONEERINS	145.8	+113.0%	11,223	21.0x	3.1x
MICEMENT	83.3	+79.5%	12,370	17.4x	1.7x
GPHISPAT	51.6	+68.6%	20,491	19.1x	2.8x
BSRMLTD	99.1	+64.6%	23,394	8.3x	0.8x
SQUARETEXT	48.0	+61.1%	9,468	52.4x	1.3x
BSRMSTEEL	65.8	+54.8%	24,738	9.5x	1.1x
LHBL	71.9	+50.4%	83,503	22.8x	4.6x
DUTCHBANGL	83.1	+47.0%	52,561	9.6x	1.6x

**Table 6: Sector Indices**

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1,641.01	1,600.12	1,372.63	+2.56%	+19.55%
NBFIs	2,322.49	2,310.09	2,033.53	+0.54%	+14.21%
Mutual Funds	1,100.52	1,086.61	959.61	+1.28%	+14.68%
General Insurance	5,416.46	5,084.40	4,103.56	+6.53%	+31.99%
Life Insurance	2,683.21	2,666.94	2,162.58	+0.61%	+24.07%
Telecommunication	6,199.00	6,266.89	5,463.26	-1.08%	+13.47%
Pharmaceuticals	3,879.99	3,928.83	3,306.03	-1.24%	+17.36%
Fuel & Power	1,874.89	1,843.66	1,618.11	+1.69%	+15.87%
Cement	2,453.85	2,358.43	1,416.18	+4.05%	+73.27%
Services & Real Estate	1,219.19	1,200.39	1,083.79	+1.57%	+12.49%
Engineering	5,314.52	5,350.44	3,959.20	-0.67%	+34.23%
Food & Allied	23,151.10	23,442.66	14,705.76	-1.24%	+57.43%
IT	3,311.44	3,290.09	2,350.28	+0.65%	+40.90%
Textiles	1,583.07	1,555.37	1,087.41	+1.78%	+45.58%
Paper & Printing	6,489.29	6,641.12	5,487.56	-2.29%	+18.25%
Tannery	2,209.85	2,261.00	1,771.77	-2.26%	+24.73%
Jute	8,775.34	8,787.65	12,154.61	-0.14%	-27.80%
Ceramics	714.85	704.79	472.38	+1.43%	+51.33%
Miscellaneous	4,158.47	4,193.53	2,539.70	-0.84%	+63.74%

**Table 7: Sector Trading Matrix**

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Bank	3,322.2	2,194.8	+51.4%	13.5%	8.7x	0.9x
NBFI	2,893.3	2,287.8	+26.5%	11.8%	44.1x	3.7x
Mutual Fund	586.0	852.8	-31.3%	2.4%	NM	1.0x
General Insurance	1,632.9	1,044.2	+56.4%	6.6%	24.9x	2.6x
Life Insurance	457.2	280.4	+63.1%	1.9%	NM	NM
Telecommunication	249.3	349.7	-28.7%	1.0%	18.4x	6.0x
Pharmaceutical	2,193.9	2,892.6	-24.2%	8.9%	23.2x	2.9x
Fuel & Power	1,764.6	1,433.6	+23.1%	7.2%	13.8x	1.6x
Cement	857.3	784.3	+9.3%	3.5%	20.2x	3.0x
Services & Real Estate	605.9	504.2	+20.2%	2.5%	NM	1.0x
Engineering	2,295.8	3,497.2	-34.4%	9.3%	24.1x	2.6x
Food & Allied	681.4	964.1	-29.3%	2.8%	30.4x	8.8x
IT	500.6	701.9	-28.7%	2.0%	36.1x	2.8x
Textile	3,907.4	4,185.0	-6.6%	15.9%	NM	1.1x
Paper & Printing	152.7	253.1	-39.6%	0.6%	50.1x	1.3x
Tannery	91.4	165.6	-44.8%	0.4%	NM	2.5x
Jute	17.7	23.5	-24.4%	0.1%	NM	15.9x
Ceramics	461.3	690.6	-33.2%	1.9%	40.0x	2.3x
Miscellaneous	1,884.7	2,636.1	-28.5%	7.7%	28.4x	2.1x

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

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (BDT Mn)	P/E	P/B
KPCL	42.6	-6.0%	16,930	12.6x	1.8x
OLYMPIC	181.3	-5.1%	36,249	17.5x	4.1x
BATASHOE	681.5	-3.0%	9,323	NM	2.6x
MTB	21.4	-2.3%	17,387	28.2x	1.0x
DBH	79.1	-1.8%	14,022	12.5x	2.1x
ADNTEL	63.4	-1.4%	4,099	20.6x	2.5x
UNILEVERCL	2,814.0	+0.2%	33,899	77.8x	28.8x
BXPBARMA	191.2	+0.4%	85,297	18.7x	2.4x
MPETROLEUM	202.1	+2.1%	21,870	7.7x	1.2x
SQRPHARMA	227.0	+3.4%	201,224	13.9x	2.4x

## Important News: Business & Economy

### Covid-19 positivity rate drops

- The daily death toll from Covid-19 declined to 172 in Bangladesh on Wednesday, with the virus test-positivity rate also maintaining a downturn in recent days. The virus test positivity rate inched down further to 17.7% on the day, from the previous day's 19.2%. On Tuesday, the total fatalities from coronavirus were recorded at 198 across the country, according to the official figures.
- During the last 24 hours until 8:00 am on Wednesday, the highest number of fatalities from Covid-19 was reported at 67 in Dhaka division, followed by Chattogram division with 47, Khulna division 16, Sylhet division 15, Mymensingh 10, Rajshahi 08, Barishal 05, and Rangpur division 04.
- With the latest daily count, the total death toll from coronavirus reached 24,719 since the virus was first detected in Bangladesh in March 2020. According to the Directorate General of Health Services (DGHS) data, the total Covid-19 caseloads reached 1.4 million, and 1.3 million people recovered in the country since March 2020.

<https://today.thefinancialexpress.com.bd/first-page/covid-19-positivity-rate-drops-1629309959>

### Tripartite deal inked to produce China vaccine

- A local pharmaceutical company will bottle, label and dispense five million doses of Sinopharm Covid vaccines a month under a much-discussed co-production deal Bangladesh and China struck Monday. Bangladesh government, Incepta Pharmaceuticals Limited and China signed the tripartite memorandum of understanding to this effect.
- The government of Bangladesh will purchase necessary vaccine doses manufactured here at a cheaper rate, director-general of the health directorate said in his welcome address to the deal-signing ceremony.
- In recent days there have been some steady supplies from several sources but a high demand from people seeking health safeguards against the pandemic far outstripped the availability. The government has set a target to vaccinate 120 million people, meaning that it required 240 million doses for administering vaccines twice. And considering the 10% wastage the number would be higher.

<https://today.thefinancialexpress.com.bd/first-page/tripartite-deal-inked-to-produce-china-vaccine-1629137241>

<https://www.tbsnews.net/coronavirus-chronicle/covid-19-bangladesh/bangladesh-hopes-export-covid-vaccine-health-minister>

### Revenue receipts up 21%

- The tax revenue collection recorded an impressive 21% growth in the fiscal year (FY) 2020-21 over that of the previous FY. Greater mobilization of corporate and withholding tax made the feat possible on the part of the National Board of Revenue (NBR), the NBR data show. However, the collection fell short of the target by BDT 411.18 billion, set for the last FY. The NBR collected BDT 2.61 trillion in tax revenue in FY 2020-21 against the revised target of BDT 3.01 trillion.

<https://today.thefinancialexpress.com.bd/public/first-page/revenue-receipts-up-21pc-1628960769>

### Credit card use hits record high

- Spending through credit cards hit an all-time high in June thanks to the acceleration of digital payments on e-commerce platforms amid the ongoing coronavirus pandemic. Customers also spent more online ahead of Eid this year. Credit card transactions collectively stood at BDT 19.34 billion in June, up 13.25% from a month earlier and 115.46% year-on-year, data from the central bank showed. During the first three months after the Covid-19 outbreak in March 2020, credit card payments nosedived as spending on travel, tourism, and lifestyle products dropped. In the last fiscal year, credit card transactions totalled about BDT 184.50 billion, up 45.84%, year-on-year.
- In September last year, the central bank capped the interest rate on credit card loans at 20%, which came as a relief for clients as they would get rid of the burden of higher interest. Banks used to charge between 25 and 27% interest on credit card loans, way higher than the 9% interest rate ceiling applicable for all loan products in Bangladesh.

<https://www.thedailystar.net/business/economy/banks/news/credit-card-use-hits-record-high-2153251>

### MFS transactions off the charts

- Money transferred through growing mobile financial services (MFS) in Bangladesh rose 40.50% year-on-year to BDT 629.93 billion in June as people continue to rely on the digital platform amid the unabating coronavirus pandemic. Transactions totalled BDT 448.30 billion in the same month last year, data from Bangladesh Bank showed. The lockdowns, which put a curb on the movement of people and vehicles in the past four months, contributed to the growth in June, according to officials of several operators.
- Amid the growing popularity of mobile financial services, "tap" made a foray into the country's MFS segment on July 28. Trust Bank of Bangladesh has partnered with Axiata Digital Services of Malaysia to launch the Trust Axiata Pay, or "tap", under the joint venture Trust Axiata Digital Ltd. This took the number of MFS operators in the country to 17.

<https://www.thedailystar.net/business/economy/news/mfs-transactions-the-charts-2152546>

### Apparel makers worry as a Chinese port closes

- Bangladeshi apparel exporters worry that the partial closure of a port in China, which is used to import most of the raw materials and machines, may cause a supply chain disruption. Alternative ports to bring in imported fabrics and machinery may increase freight cost and shipping time, they say. The Chinese government decided to keep partially shut Ningbo-Zhoushan port, after a worker had come out Covid positive, threatening more damage to the already fragile supply chain as the Christmas shopping season nears.

<https://www.tbsnews.net/economy/apparel-makers-worry-chinese-port-closes-288307>

### Bangladesh Bank raises banks' leverage ratio

- The Bangladesh Bank has raised the lending limit of banks in proportion to their Tier 1 capital or core capital. In a circular on Wednesday, the central bank directed banks to get

prepared in 2022 to increase their leverage ratio. And from 2023, the lenders will have to increase their leverage ratio by 0.25% per year to take the ratio to 4.0% in 2026.

- According to Basel III, the ratio of Tier-1 capital to debt is called the leverage ratio. At present, the ratio of total debt to Tier-1 capital is 3.0%. Officials at the central bank said banks must increase their capital and then their lending capacity will go up. Such a directive has been issued to enhance the capacity of banks to strengthen the country's economic recovery during the Covid-19 pandemic.

<https://www.tbsnews.net/economy/banking/bb-raises-banks-leverage-ratio-290239>

<https://today.thefinancialexpress.com.bd/last-page/banks-asked-to-raise-leverage-ratio-1629310636>

<https://www.thedailystar.net/business/economy/banks/news/banks-asked-raise-core-capital-ratio-2155686>

### **Banks to remain open today as holiday reset for Ashura**

- Banks will remain open on Thursday as the government has re-fixed the holiday on Holy Ashura, reports UNB. Earlier, Thursday was announced as the public holiday on the occasion of Holy Ashura. Later as per the decision of the National Moon-sighting committee, the day was re-fixed, said a Bangladesh Bank circular on Wednesday.

<https://today.thefinancialexpress.com.bd/last-page/banks-to-remain-open-today-as-holiday-reset-for-ashura-1629310656>

<https://www.dhakatribune.com/business/2021/08/18/banks-to-remain-open-thursday-as-holiday-reset-for-ashura>

### **Post-import financing comes under Bangladesh Bank probe**

- Monitoring post-import financing (PIF) as a suspect behind an upturn in non-performing loans (NPLs) in the banking sector is being mounted by the regulator, officials said. Under the latest move, all the scheduled banks have been instructed to submit their PIF statements to the Department of Off-Site Supervision (DOS) of the central bank in a prescribed format on quarterly basis.

- Post-import financing is a short-term credit facility available to importers for settlement of their import bills which are going to mature. However, the first statement will have to be submitted to the central bank by the end of October this calendar year, as per the regulatory decree-one in a chain of late, meant for managing the money market..

- A considerable amount of the total NPLs has come from such short-term financing, posing a threat to the country's banking system, the central banker noted. Nearly 28% or BDT 247 billion of the total BDT 882.36 billion classified loans concentrated in the trade-financing sector in 2020, according to the central bank's latest Financial Stability Report (FSR) 2020.

<https://today.thefinancialexpress.com.bd/first-page/post-import-financing-comes-under-bb-probe-1629310111>

### **Light engineering lights up export hope**

- Bangladesh's light-engineering sector (LES) lights up trade hopes as it achieved nearly 81-per cent growth in shipments to overseas markets in the last fiscal year (FY), analysts say, as the country strives to enlarge its slim export basket.

- According to the Export Promotion Bureau (EPB), the Bangladeshi small and medium scale manufacturers exported USD 529 million worth of engineering goods in the FY 2020-2021, posting an 80.6% growth year on year. In the previous FY2020, the export of engineering products fetched USD 292.9 million, EPB data showed. A hub for nearly 800,000 jobs, after meeting some 30.0% of local demands, earned about half a billion US dollars in foreign exchange on average per annum.

<https://today.thefinancialexpress.com.bd/first-page/light-engineering-lights-up-export-hope-1629310014>

### **RMG may lose UK trade benefits post-LDC**

- Bangladesh's apparel products may lose duty-free access to the United Kingdom after it graduates to a developing country as regular tariffs will be applicable to any product when its import exceeds a set limit under the UK's new Generalised Scheme of Preferences (GSP).

- The UK has started formulating its own GSP scheme after Brexit. Bangladesh will enjoy duty-free access to the British market for all of its products except for arms and ammunition under the scheme's Least Developed Country Framework until 2026.

- The UK GSP scheme's provision on product or goods graduation states that for textiles, apparel and clothing goods, graduation applies when the import ratio referred to exceeds 47.2%, according to the document.

- The general threshold of 57.0% applies to all other goods. For live plants and floricultural goods, vegetable goods, animal or vegetable oils, fats and waxes and mineral goods, graduation applies when the import ratio referred to exceeds 17.5%. The UK will review the list of graduated goods every three years.

<https://www.tbsnews.net/economy/rmg/rmg-may-lose-uk-trade-benefits-post-ldc-290257>

### **National Board of Revenue (NBR) to launch e-TDS in September**

- The National Board of Revenue will launch an electronic tax deducted at source (e-TDS) system in September to automatically settle claims of tax and refund advance income tax for taxpayers. The system offer taxpayers an automated chalan. The eTDS system would establish data sharing with the e-return system to get tax deduction information on salary payment and other sectors.

- The taxpayers will be able to seek refunds on their paid taxes, adjust their TDS at the time of submission of tax returns and claim tax credit easily using the e-TDS system. The system also provides the taxpayers the opportunity to obtain their tax certificates, acknowledgement receipts and taxpayers' identification numbers anytime from their account in the system.

- At present, four tax zones are using the system under a piloting programme of the e-TDS. The system will be featuring automation intelligence that is interlinked with other entities, including banks, the Bangladesh Road Transport Authority and the Bangladesh Computer Council, which helps the tax authority to ensure tax justice and detect tax evasion.

<https://www.newagebd.net/article/146691/nbr-to-launch-e-tds-in-sept>



## Outbound investments up to 5% of forex reserve on cards

- The government is set to provide outbound investment opportunities to local exporters and any company running their business in the domestic market for 10 years. This opportunity will be extended to small and medium enterprises interested in establishing backward and forward linkage industries, along with NGOs with a reputation for working towards society's betterment and improving people's quality of life in Bangladesh. The government will allow local companies with outbound investments to enlist in foreign stock markets too. However, Bangladesh's total outbound investment in a single fiscal year will not exceed 5% of the central bank's foreign exchange reserves for that particular fiscal year.
- According to the draft guideline, exporters will be able to make outbound investments reaching up to 25% of their average exports in the past five years. Other companies and NGOs will be able to invest up to 25% of their net assets – per their latest audited balance sheet. A company interested in making outbound investments must possess USD 5 million worth of net assets – reflected by their audited balance sheets in the last five years. The government will consider providing SMEs with the same opportunity based on solvency certificates provided by banks. A company seeking to invest overseas in a particular sector must have at least three years of business or manufacturing experience in that field, and of the three years, at least two must be profitable. This rule will be relaxed for ICT entrepreneurs.

<https://www.tbsnews.net/economy/outbound-investments-5-forex-reserve-cards-289750>

## NBFIs asked to ensure credit discipline

- The Bangladesh Bank yesterday asked non-bank financial institutions to release approved loans to bank accounts owned by genuine borrowers. Some NBFIs have recently credited funds to the accounts held by other persons or entities who have not applied for the loan, flouting rules, according to a central bank notice. Such a practice has already created a wide range of corruptions at some NBFIs, paving the way for scamsters to swindle a huge amount of money through fraudulent means, a BB official said. The financial health of the NBFIs – International Leasing & Financial Services Ltd, FAS Finance, Peoples' Leasing, and Reliance Finance – is in dire straits due to the scams.

<https://www.thedailystar.net/business/economy/banks/news/nbfis-asked-ensure-credit-discipline-2154926>

<https://www.tbsnews.net/economy/banking/central-bank-warns-nbfis-lending-anomalies-289738>

## Businesses look beyond border to grow, but it's not easy

- Political instabilities in host countries and persisting pandemic limit the gains expected from overseas investment of Bangladeshi entrepreneurs, prompting some to pull out. Industry people say overseas investment is preferable to diversify export products and get more duty-free advantages across the globe to help Bangladesh overcome the looming challenges of the post-LDC graduation period.
- In 2013, MJL Bangladesh Limited, as the first Bangladeshi company, formed a joint venture with a Myanmar-based petroleum company and invested USD 0.5 million in the neighbouring country. The company made good profit initially. But a few years later, MJL started facing losses owing to the increasing political unrest in Myanmar, frequent policy changes and lack of accountability. To go global, Square Pharmaceuticals Ltd, the domestic pharma giant, completed construction of its manufacturing plant in the Kenyan

capital Nairobi at a cost of USD 17 million in 2017. All necessary infrastructure is also ready. But the manufacturing is yet to start because of the pandemic.

- Similarly, ACI Group invested USD 100 million in 2015 to grab a huge drug market in the United States. The group completed the construction of the automated factory two years ago as per the specifications of the United States Food and Drug Administration (USFDA). But the company has not yet gone into production. In 2016, the Bangladesh Bank gave approval to BSRM for investing in the steel sector in Kenya. Subject to fulfilling some conditions, the company was permitted to invest USD 4.6 million from its balance in the export retention quota to build a factory in the country. But the company could not start setting up the factory even five years after getting approval.

<https://www.tbsnews.net/economy/businesses-look-beyond-border-grow-its-not-easy-289753>

## Daily Covid-19 deaths further drop to 174 in 24 hours

- Bangladesh reported 174 deaths from Covid-19 in the last 24 hours until Monday 8am, as the death curve has been witnessing a downward trend for the last four days. The death toll reported today is the lowest in 24 days as the country saw over 200 daily deaths for straight 20 days since 24 July.
- Meanwhile, the number of daily cases slightly grew up to 6,959, up from 6,684 a day ago, with an increase in the positivity rate of 21.08%. The positivity rate has been hovering at 20.0% for the last three days. Also, the death rate went up to 1.71% during the 24 hours period.
- With the latest additions, the death toll reached 24,349 and the case tally increased to 14,25,861 in the country. Of the deceased, Dhaka division reported the highest 70 deaths followed by 37 in Chattogram, 19 in Khulna, 17 in Rajshahi, 11 in Mymensingh, seven each in Barishal and Rangpur, and six died Sylhet division.

<https://www.tbsnews.net/coronavirus-chronicle/covid-19-bangladesh/daily-covid-19-deaths-further-drop-174-24hrs-289087>

<https://today.thefinancialexpress.com.bd/first-page/infection-rate-rises-again-1629137410>

## Dhaka seeks to borrow USD 500 million from Asian Infrastructure Investment Bank (AIIB)

- Dhaka has sought USD 500 million worth of funds from the Asian Infrastructure Investment Bank (AIIB) for defraying the buy of COVID-19 vaccine, officials said Monday, as Bangladesh grapples with the virus surge. The government is expecting the financial support from the Beijing-based lender within this calendar year, 2021, a joint secretary at the Economic Relations Division (ERD) told the FE.
- Meanwhile, the Asian Development Bank (ADB) tops the lists in terms of financial help to Bangladesh in vaccine procurement as it has already offered a big sum of USD 940 million in loan. In June this year, the Manila-based lender approved the USD 940-million loan. Besides, the World Bank (WB) Board in March this year had also offered USD 500 million worth of loan for Bangladesh for importing vaccines.

<https://today.thefinancialexpress.com.bd/first-page/dhaka-seeks-to-borrow-500-million-from-aiib-1629137365>

## **Banks reject Bangladesh Bank bills for low yield**

- The central bank on Monday failed to mop up idle money from the banking system by auctioning bills as banks did not warm up to low yield. According to the Bangladesh Bank, banks participated in the auction of seven-day and 14-day bills with an offer of BDT 46.9 billion in total. Central bank bills are monetary policy instruments to drain excess liquidity from the banking system.
- In the first auction on 9 August, banks purchased seven-day bills worth BDT 15.1 billion at the yield rate of 0.54%. Sonali Bank, Janata Bank and Uttara Bank purchased 14-day bills valued at BDT 11.0 billion with 0.75% as the yield rate.
- On the second day of auction on 11 August, 30-day bills were auctioned, with banks placing bids amounting to BDT 63.8 billion. Banks purchased bills worth BDT 60.7 billion at a yield rate of 1.25%, according to the Bangladesh Bank.
- The total excess liquidity in the banking sector almost doubled in the last year and stood at BDT 2.4 trillion this June. The figure was BDT 1.4 trillion a year ago. Inflation is already on the rise. The inflation rate was recorded at 5.56% in FY21, overshooting the government's target of 5.4%. In June this year, inflation was 5.64% – the highest in the last eight months.

<https://www.tbsnews.net/economy/banking/banks-reject-bb-bills-low-yield-289249>

## **Chinese firm to invest USD 6.0 million in Dhaka EPZ**

- Chinese company Kaixi Fashion Bangladesh Co Ltd plans to invest USD 6.0 million to establish a lingerie manufacturing factory in the Dhaka Export Processing Zone. It will produce 24 million pieces of ladies undergarments annually, Bangladesh Export Processing Zones Authority (Bepza) said in a statement yesterday.
- The industry will also create 2,031 jobs for Bangladeshi nationals, according to the statement. Mohammad Faruque Alam, a member of Bepza, and Xiao Hongxi, managing director of Kaixi Fashion Bangladesh, signed a deal in this regard at the Bepza Complex in Dhaka yesterday.

<https://www.thedailystar.net/business/economy/news/chinese-firm-invest-6m-dhaka-epz-2153956>

## **Agent banking going places**

- Transactions through agent banking more than doubled to BDT 3.94 trillion in the last fiscal year as the new window has taken financial services to the doorsteps of people. The volume rose 106% in FY2020-21, data from the Bangladesh Bank showed, against BDT 1.91 trillion in the previous fiscal year.
- The central bank has awarded 28 agent banking licences since 2013. The aim is to provide a secure alternative delivery channel of banking services to the underprivileged, under-served population who live in remote locations that are beyond the reach of the traditional banking network. Twenty-four banks have rolled out the service as of September last year. The banks with a notable presence include Bank Asia, Islami Bank Bangladesh Ltd, Dutch-Bangla Bank Ltd, Brac Bank, City Bank, Mutual Trust Bank, Al-Arafah Islami Bank, Agrani Bank, NRB Commercial Bank, and Modhumoti Bank.

<https://www.thedailystar.net/business/economy/banks/news/agent-banking-going-places-2153246>

## **Banks' capital base weaker than regional peers**

- The capital base of the banking industry in Bangladesh is much weaker than its peer countries in South Asia, which indicates their fragile financial health and poor brand image in the outside world. Banks maintained a capital adequacy ratio (CAR) of 11.60% last year, way less than 18.6% in Pakistan, 16.5% in Sri Lanka, and 15.8% in India.
- In the past, only state-run banks used to experience a lower capital position. But the problem has recently spread to private banks due to a lack of corporate governance and poor management. A former governor of the central bank blamed the high volume of defaulted loans for the lower CAR. The NPLs in the banking sector stood at BDT 950.85 billion as of March, up 7.1% from three months earlier and 2.8% year-on-year. Banks have to set aside a large amount of provisioning against the defaulted loans that ultimately hit the capital base.

<https://www.thedailystar.net/business/economy/banks/news/banks-capital-base-weaker-regional-peers-2153271>

## **Unrealized rescheduled loans threat to banks**

- Unrealized rescheduled loans might create a challenging situation for the profitability and solvency of banks in the coming days, the Bangladesh Bank has warned. Although both default and rescheduled loans went down last year, the two types of stressed assets would become a cause for concern for the banking sector, said a BB official, who was engaged in preparing the report. Last year, the central bank relaxed rules on loan classification to offset the business slowdown derived from the coronavirus pandemic, helping lenders bring down both rescheduled and classified loans in tandem.
- Because of the same relaxed policy, the amount of loans rescheduled fell to at least a five-year low in 2020. Defaulters regularized NPLs amounting to BDT 133.70 billion, down 74.47% year-on-year. In 2019, the BB issued a relaxed policy on loan rescheduling and a one-time exit policy to address the long-standing bad debts, pushing the volume of the rescheduled loans higher.

<https://www.thedailystar.net/business/economy/banks/news/unrealised-rescheduled-loans-threat-banks-2152556>

## **Banks show high profit, but it's not real**

- Banks appear to have attained high profits even amid the pandemic-led crisis, but negative cash flow reflects a rainy day looming on the horizon for them as their profits exist only on paper with no real income. In the six months, 10 out of listed 30 banks suffered negative cash flow of BDT 49 billion.
- Bankers have attributed the negative cash flow mainly to payment deferral. Nevertheless, banks are recording interest income in their accounts despite not receiving payments. This accrual accounting method is helping banks show high profits, they add.
- The adoption of such an approach will have some negative impacts on banks. Firstly, banks are disbursing dividends by taking unrealised interest incomes into account, which will ultimately deteriorate their financial health in the future. Because it is uncertain whether

banks will finally be able to realise those interest incomes. Secondly, negative cash flow has kept banks away from lending activities, a core business for them, resulting in a pile of excess liquidity with low private sector credit growth.

<https://today.thefinancialexpress.com.bd/stock-corporate/tax-receipts-from-dse-jump-54pc-in-july-1629042847>

<https://www.tbsnews.net/economy/banking/banks-show-high-profit-its-not-real-288301>

## Important News: Capital Market

### Investors allowed to avail of credit facilities as per existing margin ratio

- Investors will be allowed to avail credit facilities as per the existing margin ratio until the broad index of the premier bourse exists below 8000 points. The Bangladesh Securities and Exchange Commission (BSEC) has kept the existing highest margin loan ratio unchanged taking into account the ongoing pandemics situation.
- As a result, stock brokers will be allowed to disburse margin loan at a ratio of 1:0.8 meaning that an investor will get BDT 80 as margin loan against his/her investment worth BDT 100 until the DSEX, broad index of Dhaka Stock Exchange (DSE), exists below 8000 points. And the margin loan ratio will be 1:0.5 if the DSEX crosses 8001 or above.

<https://today.thefinancialexpress.com.bd/public/stock-corporate/investors-allowed-to-avail-of-credit-facilities-as-per-existing-margin-ratio-1628953347>

<https://www.thedailystar.net/business/economy/stock/news/bsec-spurs-loans-despite-criticism-2152541>

### Anwar Galvanizing to double production capacity

- Anwar Galvanizing, a listed concern of the Anwar Group of Companies, has decided to double its production capacity within 2022 investing BDT 270 million. The increase by 2,417 tonnes will take its total capacity to manufacture galvanised corrugated sheets and iron fittings to 4,725 tonnes per annum. The new project will be financed from a mix of the company's own resources and borrowed finance. It hopes that the increase would take its market share from 25% to 52%.

<https://www.thedailystar.net/business/economy/news/anwar-galvanizing-double-production-capacity-2154956>

### Tax receipts from DSE jump 54% in July

- The government bagged revenue worth BDT 289 million in the first month of the FY 2021-22, which was BDT 188 million in the same month in the FY 2020-21, registering an increase of 54%. Market analysts said on the back of rising trading volume, the government earnings from the Dhaka bourse rose accordingly, as earning is related to turnover.
- The market turnover rose significantly as the buoyant investors have given boost to the capital market amid growing confidence riding on various regulatory reforms to bring discipline in the market, said a merchant banker. The daily turnover, the important gauge, jumped to 15.53 billion on average in July 2021, soaring 445% over the previous fiscal year's July of BDT 2.85 billion.