

Capital Market Overview

The market closed in green this week. The benchmark index DSEX (+0.68%) gained 35.43 points and closed the week at 5,236.85 points. The blue-chip index DS30 (+0.67%) gained 12.26 points and stood at 1,850.01 points. The shariah based index DSES (+1.23%) gained 14.63 points and stood at 1,206.85 points. DSEX, DS30 and DSES all posted negative YTD return of -2.76%, -1.64% and -2.11% respectively.

Total Turnover During The Week (DSE): BDT 23.0 billion (USD 277.1 million)
Average Daily Turnover Value (ADTV): BDT 4.7 billion (Δ% Week: -2.8%)

Daily Index Movement during the Week:

The market performed five sessions during this week. Market opened this week with a positive movement of 0.29% in the first session. Market continued to be positive in the second and third sessions by +0.21% and +0.01% respectively. Market turned around in the fourth session by -0.09%. Market ended with a positive movement of 0.26% in the fifth session.

Sectoral Performance:

- The financial sectors showed negative performance during this week except General Insurance (+2.36%). Banks experienced the highest loss of 2.03% followed by Life Insurance (-1.49%), Mutual Funds (-1.75%), and NBFIs (-0.70%).
- The non-financial sectors posted positive performance during this week except Food & Allied (-1.31%). Power experience the highest gain of 2.34% followed by Engineering (+2.17%), Pharmaceuticals (+1.45%), and Telecommunication (+0.27%).

Macroeconomic arena:

- Once largely dependent on imports and multinational companies to meet the local demand, Bangladeshi pharmaceutical industry is growing very fast meeting 98% of domestic demand and posting a 27% growth in export earnings. In 2018, the country's domestic pharmaceutical market size stood at BDT 205.12 billion with 15.6% compound annual growth rate (CAGR) for the last five years. On top of that, the sector is expected to grow at 15% year-on-year to reach USD 5.11 billion by 2023, propelled by high investment by local companies as they seek to grab a bigger share of the global market.
- The country's point-to-point inflation was recorded at 5.62% in July, the first month of the current fiscal year (FY), 2019-20, showing a rising trend, according to official data. In July, the inflation increased by 0.10 percentage points from that of 5.52% in June last, according to the Bangladesh Bureau of Statistics (BBS) data, unveiled in Dhaka on Tuesday. In the month of July of the previous FY, 2018-19, the rate of inflation was recorded 5.51%.
- The country's merchandise trade deficit with the rest of the world narrowed in the past fiscal year (FY'19), despite slight rise in imports, the central bank said on Monday. The latest statistics showed that trade gap reached USD 15.49 billion in FY19, down from USD 18.17 billion in FY18. The double-digit expansion in goods exports and moderate growth in imports helped reduce the trade gap during the period. Balance of payments (BoP) table showed that export in terms of FoB (Free on Board) registered 10.10% growth in FY'19 while imports edged up by 1.80%. The gap in services trade also decelerated to USD 3.71 billion in FY19, which was USD 4.20 billion in FY18.
- Loan write-offs almost quadrupled in the first quarter of the year on the back of the central bank's easing of rules, in a sobering reminder of the banking sector's deteriorating financial health. Between January and March, BDT 5.57 billion was written-off, in contrast to BDT 1.41 billion a year earlier, according to data from Bangladesh Bank. Earlier in February, the central bank revised its policy to allow banks to write-off default loans that have been languishing in the bad category for three years, down from five years previously. Furthermore, lenders do not have to file any case with the money loan court to write off delinquent loans worth BDT 0.2 million, up from BDT 50,000 previously.

Stock Market arena:

- The posts and telecommunications ministry has allowed the Bangladesh Telecommunication Regulatory Commission to seek explanation from two mobile phone operators — Grameenphone and Robi — why their licences would not be revoked for not paying audit claims. The ministry gave the consent following a proposal from the telecom regulator as the mobile phone operators have refrained from paying audit claims made by the BTRC based on separate audits, ministry sources said.
- The Confidence Power Rangpur Ltd, a 99% subsidiary of Confidence Power Holdings Ltd, has started commercial operation from August 12, said an official disclosure on Tuesday. The Confidence Power Holdings is an associate company of Confidence Cement Ltd. The Confidence Cement, a listed company, has 41% stake in Confidence Power Holdings.

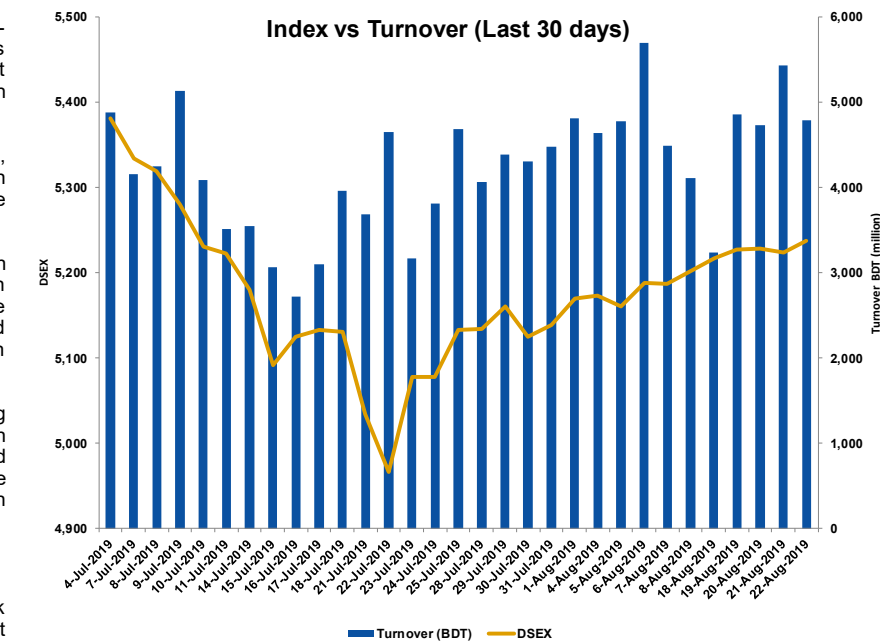
Table 1: Index

Index	Closing	Opening	Δ(Pts)	27-Dec-2018	Δ% Week	Δ%YTD
DSEX	5,236.85	5,201.42	35.43	5,385.64	0.68%	-2.76%
DS30	1,850.01	1,837.75	12.26	1,880.78	0.67%	-1.64%
DSES	1,206.85	1,192.22	14.63	1,232.82	1.23%	-2.11%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	19,413,062.0	19,294,920.4	0.6%
	Mn USD	233,526.5	232,105.4	
Turnover	Mn BDT	23,034.7	23,696.0	-2.8%
	Mn USD	277.1	285.0	
Average Daily Turnover	Mn BDT	4,606.9	4,739.2	-2.8%
	Mn USD	55.4	57.0	
Volume	Mn Shares	670.0	637.5	5.1%

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
Tallu Spinning	5.20	3.80	36.8%	464.5	3.57	NM	0.4x
Keya Cosmetics	5	3.60	36.1%	5,401.4	67.99	4.5x	0.3x
United Airways (BD) Ltd.	2.00	1.50	33.3%	1,656.2	12.32	NM	0.2x
Delta Spinnings Ltd.	5.80	4.40	31.8%	965.6	10.09	23.1x	0.4x
Familytex (BD) Limited	3.90	3.00	30.0%	1,381.2	52.61	NM	0.3x
Generation Next Fashions Limited	5.10	4.00	27.5%	2,524.4	78.51	5.8x	0.5x
Appollo Ispat Complex Limited	6.50	5.20	25.0%	2,608.5	68.59	NM	0.4x
Standard Ceramic	370.90	307.30	20.7%	2,396.3	125.65	141.8x	29.2x
C & A Textiles Limited	3.00	2.50	20.0%	717.9	8.22	3.9x	0.2x
S. S. Steel Limited	29.20	24.50	19.2%	7,154.0	197.54	23.4x	1.8x

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Sunlife Insurance Company Limited	16.40	18.00	-8.9%	586.5	4.80	NM	1.6x
SEML FBLSL Growth Fund	22.60	24.80	-8.9%	1,648.5	35.46	NM	2.3x
VFS Thread Dyeing Limited	36.00	39.50	-8.9%	3,354.7	187.26	23.4x	2.1x
First Finance Limited	4.80	5.20	-7.7%	557.9	.88	NM	0.6x
Apex Tannery Limited	127.80	138.00	-7.4%	1,947.7	33.38	46.8x	2.9x
Vanguard AML BD Finance Mutual Fund One	6.40	6.90	-7.2%	667.6	9.70	NM	0.6x
IPDC	23.50	25.30	-7.1%	8,305.4	30.84	20.6x	1.5x
Beach Hatchery Ltd.	14.50	15.60	-7.1%	600.3	6.18	638.6x	1.4x
Bangladesh Submarine Cable Company Limited	121.00	130.10	-7.0%	19,953.6	218.33	43.6x	3.3x
ICB AMCL Sonali Bank Limited 1st Mutual Fund	6.80	7.30	-6.8%	680.0	8.34	NM	0.6x

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
United Power Generation & Distribution Com-	410.80	395.10	4.0%	196,808.9	1,633.95	26.6x	13.8x
Khulna Power Company Limited	58.30	58.40	-0.2%	23,169.2	811.40	11.4x	2.4x
JMI Syringes & Medical Devices Ltd	495.70	509.80	-2.8%	5,452.7	704.61	65.4x	7.0x
Orion Infusion	71.00	60.20	17.9%	1,445.5	696.97	35.3x	5.9x
Fortune Shoes Limited	41.40	40.30	2.7%	5,172.4	587.32	21.2x	3.1x
Monno Ceramic	215.70	212.30	1.6%	7,045.1	585.04	32.8x	3.1x
Bangladesh Shipping Corporation	55.40	58.20	-4.8%	8,450.4	488.10	54.6x	0.5x
Beacon Pharmaceuticals Limited	24.60	23.50	4.7%	5,682.6	448.39	32.4x	1.9x
Silco Pharmaceuticals Limited	31.20	28.50	9.5%	2,944.3	418.27	27.9x	0.0x
Coppertech Industries Limited	38.00	39.10	-2.8%	2,280.0	403.69	55.6x	3.2x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Marico Bangladesh Limited	1,818.00	51.47%	57,267.0	30.2x
Pragati Insurance	37.70	44.58%	2,472.8	11.8x
Power Grid Co. of Bangladesh Ltd.	60.60	26.25%	27,931.3	8.6x
Singer Bangladesh	207.30	21.83%	20,668.4	22.9x
Dutch-Bangla Bank	70.00	21.19%	35,000.0	8.7x
Pioneer Insurance	35.20	20.96%	2,463.3	8.7x
Berger Paints	1,535.80	14.26%	71,227.1	37.5x
Eastern Housing	53.00	13.73%	4,947.3	14.9x
Eastern Bank	36.90	12.75%	29,955.4	8.7x
Glaxo Smithkline	1,616.40	11.46%	19,471.9	NM

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1424.28	1453.80	1428.63	-2.03%	-0.30%
NBFIs	1805.78	1818.55	2087.55	-0.70%	-13.50%
Mutual Funds	672.81	684.79	644.52	-1.75%	4.39%
General Insurance	1922.75	1878.39	1488.77	2.36%	29.15%
Life Insurance	2185.05	2218.01	2251.96	-1.49%	-2.97%
Telecommunication	4493.67	4481.73	5088.05	0.27%	-11.68%
Pharmaceuticals	2834.70	2794.31	2698.49	1.45%	5.05%
Fuel & Power	1999.79	1954.05	1745.15	2.34%	14.59%
Cement	1441.02	1408.73	1676.63	2.29%	-14.05%
Services & Real Estate	1033.43	1014.32	1017.99	1.88%	1.52%
Engineering	3058.56	2993.52	2933.11	2.17%	4.28%
Food & Allied	15226.06	15428.83	15034.05	-1.31%	1.28%
IT	1865.06	1880.94	1545.46	-0.84%	20.68%
Textiles	1350.65	1316.71	1461.18	2.58%	-7.56%
Paper & Printing	7159.71	7108.29	9105.21	0.72%	-21.37%
Tannery	2397.51	2406.51	2560.38	-0.37%	-6.36%
Jute	17416.21	16859.74	21417.92	3.30%	-18.68%
Ceramics	552.20	507.16	579.64	8.88%	-4.73%
Miscellaneous	2099.18	2045.82	1943.42	2.61%	8.01%

Table 7: Sector Trading Matrix

Sector Name	Daily average this week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Banks	210.4	312.8	-32.73%	4.63%	8.6x	0.8x
NBFIs	86.0	100.4	-14.34%	1.89%	68.4x	1.7x
Mutual Funds	125.0	156.9	-20.33%	2.75%	NM	0.5x
General Insurance	338.0	223.5	51.23%	7.44%	14.5x	1.3x
Life Insurance	100.3	75.2	33.29%	2.21%	NM	9.1x
Telecommunication	85.9	115.9	-25.89%	1.89%	11.8x	9.3x
Pharmaceuticals	794.1	671.4	18.28%	17.47%	19.8x	2.6x
Fuel & Power	689.2	497.8	38.45%	15.17%	13.2x	2.3x
Cement	43.2	29.7	45.42%	0.95%	28.7x	2.7x
Services & Real Estate	71.1	70.1	1.43%	1.56%	NM	0.8x
Engineering	577.8	617.6	-6.45%	12.71%	15.5x	1.8x
Food & Allied	163.3	142.8	14.30%	3.59%	26.4x	8.9x
IT	86.6	156.1	-44.51%	1.91%	23.3x	2.9x
Textiles	539.9	527.2	2.40%	11.88%	17.7x	1.1x
Paper & Printing	17.2	17.8	-3.56%	0.38%	22.5x	1.8x
Tannery	154.7	182.9	-15.40%	3.41%	20.0x	2.7x
Jute	12.0	21.8	-45.22%	0.26%	NM	7.9x
Ceramics	160.6	237.5	-32.38%	3.54%	21.3x	2.1x
Miscellaneous	289.1	297.1	-2.69%	6.36%	27.7x	1.2x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
International Leasing	6.60	-49.42%	1,463.9	3.6x
Heidelberg Cement	218.40	-34.75%	12,340.4	17.6x
IFAD Autos Limited	73.30	-32.38%	18,177.7	12.9x
United Airways (BD) Ltd.	2.00	-31.03%	1,656.2	NM
AB Bank Limited	9.00	-25.00%	6,823.2	2009.8x
Aftab Automobiles Limited	34.60	-24.62%	3,312.3	17.4x
IDLC Finance Ltd.	53.50	-23.24%	20,172.2	8.8x
Lankabangla Finance	18.50	-19.21%	9,493.8	9.9x
Delta Life Insurance	94.10	-14.30%	11,644.9	NM
Bata Shoe	962.90	-13.75%	13,172.5	14.8x

Important News: Business & Economy

Bangladesh Bank seeks release of government fund for incentive for remittance

• Bangladesh Bank has requested the government to release fund for providing cash incentive against the inward remittance. The government in the budget for the fiscal year of 2019-2020 announced that 25 cash incentive would be provided to the beneficiaries of inward remittance. Banks would start disbursing incentive against remittance after getting fund allocation from the central bank. The government in the budget allocated BDT 30.60 billion for the purpose in an expectation that the incentive would significantly increase the remittance flow through the legal channels and discourage the illegal channels like 'hundi' business.

• In line with the budgetary announcement, the BB has already issued guidelines in this regard, stating that no document would be required for receiving the incentive against remittance worth up to USD 1,500. Banks would get three-month fund allocation from the central bank based on the average monthly repatriation of remittance through the banks in the preceding year, the BB guidelines said. If the allocated fund exhausts in three months, banks would continue giving the incentive and would adjust the amount later with the government's allocation.

• Officials of the banks said that they had been making preparations in this regard and expected that the procedure could be started after receiving money from the central bank. In FY06, the country's remittance earning was USD 4.9 billion, which grew by three times to reach USD 16.4 billion in FY19.

<https://www.newagebd.net/article/82125/bangladesh-bank-seeks-release-of-govt-fund-for-incentive-for-remittance>

Bangladesh pharmaceutical industry blooms bigger

• Once largely dependent on imports and multinational companies to meet the local demand, Bangladeshi pharmaceutical industry is growing very fast meeting 98% of domestic demand and posting a 27% growth in export earnings. In 2018, the country's domestic pharmaceutical market size stood at BDT 205.12 billion with 15.6% compound annual growth rate (CAGR) for the last five years. On top of that, the sector is expected to grow at 15% year-on-year to reach USD 5.11 billion by 2023, propelled by high investment by local companies as they seek to grab a bigger share of the global market.

• Growing per capita income, population growth, rise in life expectancy, changing disease profile, lifestyle change and rapid urbanization are the key drivers for boom in the domestic market consumption. Besides, new investment in the sector and adoption of modern technology have increased the production capacity. Life expectancy of people has significantly increased — the average life expectancy of 66.4 years in 2002 rose to 72.81 years in 2017.

• According to Export Promotion Bureau (EPB) data, Bangladesh's medicine exports registered a 25.60% rise to USD 130 million in FY19, which was USD 103.46 million the previous year. Bangladeshi pharmaceutical makers are now compliant and regulated as some leading companies have received certification from US FDA and UK MHRA, General Manager (Business Development of Beximco Pharmaceuticals) said. According to Bangladesh Association of Pharmaceutical Industries (BAPI), approximately 1,200 pharmaceutical products received registration for export in the last two years.

• In 2015, the World Trade Organization (WTO) Council extended patent waivers for pharmaceuticals products for its members in the least developed countries category to January 2033. As an LDC, Bangladesh will not need to pay royalty for producing patent drugs till 2033, which is a great opportunity for Bangladesh to improve its export share in the pharma products.

<https://www.dhakatribune.com/business/2019/08/22/bangladesh-pharmaceutical-industry-blooms-bigger>

Leather goods exports rebound

• Export of leather and leather goods from Bangladesh rebounded strongly after more than two years thanks to higher shipments to non-traditional markets and the US-China trade war, exporters said. Shipments in July amounted to USD 106.10 million, a 16.39% year-on-year growth, data of the Export Promotion Bureau (EPB) showed. This is the only sector after garments which fetched USD 1 billion last fiscal year. It, however, had registered negative growth over the past two years or so because of a gradual shift of tanneries from Hazaribagh to a newly built Savar Tannery Industrial Estate. Of the 155 tanneries that have relocated so far, 123 have gone into full or partial operation and the rest are in the process, according to tanners. Tanners are the main suppliers of raw materials to manufacturers and exporters of leather goods like shoes and bags.

• Value addition has recently increased a lot, said the president of the Leather goods and Footwear Manufacturers & Exporters Association of Bangladesh. For instance, of last fiscal year's USD 1.01 billion exports, 83% came from leather goods and the remaining from finished or tanned leather. Previously, it was vice versa.

<https://www.thedailystar.net/business/news/leather-goods-exports-rebound-1788844>

Inflation inches up in July

• The country's point-to-point inflation was recorded at 5.62% in July, the first month of the current fiscal year (FY), 2019-20, showing a rising trend, according to official data. In July, the inflation increased by 0.1 percentage points from that of 5.52% in June last, according to the Bangladesh Bureau of Statistics (BBS) data, unveiled in Dhaka on Tuesday. In the month of July of the previous FY, 2018-19, the rate of inflation was recorded 5.51%. The highest inflation in the last 13 months was 5.63% in May, as per the BBS data.

• According to the BBS data, the rate of point-to-point inflation increased both in rural and urban areas in July. In the rural areas, the inflation rate was recorded 5.49% last month compared to 5.38% in June. In the urban areas, the inflation on point-to-point basis was recorded 5.88% in July, showing a rising trend from that of 5.78% in June. The BBS data showed that in the general index the food inflation on point-to-point basis increased to 5.42% in July from that of 5.40% in the previous month. Besides, the non-food inflation also rose to 5.94% last month from that of 5.71% in June.

• The Planning Minister said the inflation slightly increased in the first month of the fiscal year as prices of vegetables rose because of heavy rains and floods in the rural areas. The floods and rains hampered production and disrupted the supply chain. Besides, people bought more products in Eid-ul-Azha, pushing up the price of both food and non-food items. A former lead economist of the World Bank Bangladesh said floods were likely to have

caused the increase in food inflation in July relative to June, while implementation of the new VAT law and the upward revision in gas prices contributed to the rise in non-food inflation both relative to June 2019 and July 2018. He said a very strong growth in remittance in July is likely to have boosted demand pressure on both food and non-food inflation. The spending on the occasion of Eid-ul-Azha added about BDT 400 billion to the economy, up 29% year-on-year. Vegetables became significantly pricier throughout July largely due to inundated farmlands.

<http://today.thefinancialexpress.com.bd/first-page/inflation-inches-up-in-july-1566322742>
<https://www.thedailystar.net/business/news/inflation-edges-july-1787974>
<http://www.newagebd.net/article/82025/inflation-up-in-july-on-gas-price-hike-flood>
<https://www.dhakatribune.com/business/economy/2019/08/20/inflation-inches-up-in-july>

July exports up by 8.55%

- Country's earnings from shipment of merchandise products grew by 8.55% in the first month of the current fiscal year over the corresponding month of last fiscal. Bangladesh earned nearly USD3.89 billion in July last compared to USD 3.58 billion in July, 2018, according to, the Export Promotion Bureau (EPB) data revealed Tuesday. The export earnings during the month of July last were 1.59% up higher than the strategic target set for the same month.
- According to the EPB data, a positive growth in the export receipts from readymade garment (RMG) products - both knitwear and woven -- helped raise the country's overall export incomes. The country's earnings from export of RMG items reached at USD 3.31 billion in the first month of this fiscal, up by 9.7% over the same month of last fiscal. Leather and leather products, the next great export hope, also fared well. It raked USD 106.10 million, up 16.39%, and USD 14.17 million more than the target.

<http://today.thefinancialexpress.com.bd/last-page/july-exports-up-by-855pc-1566323220>
<https://www.thedailystar.net/business/export/news/exports-smash-record-july-fetch-389b-1787980>
<http://www.newagebd.net/article/82024/exports-hit-record-39b-in-july-on-pre-aid-shipment>
<https://www.dhakatribune.com/business/economy/2019/08/20/export-earnings-post-8-55-growth-in-july>

Bangladesh Bank asks banks to meet CRR, SLR requirements

- The central bank has asked the scheduled banks to comply with cash reserve ratio (CRR) and statutory liquidity ratio (SLR) rules concerning their offshore banking operations (OBO) from September 01 next. Under the new mechanisms, the banks will be eligible to comply with the CRR requirement using their balance of foreign currency clearing accounts held with the central bank, particularly for the OBOs. Besides, the banks will be allowed to maintain the SLR using their balance of nostro accounts, according to a notification, issued by the Bangladesh Bank (BB), on Monday.
- The banks, which have offshore banking operations(OBOs), need around BDT 230 billion to meet the CRR and SLR requirements. An extra liquidity pressure might be created if the banks were to comply with the CRR and SLR rules for OBOs, the chairman of the Association of Bankers, Bangladesh (ABB), said while explaining possible impact of the policy. In the past, the central bank was not empowered fully to monitor and supervise the OBU operations closely due to legal constraints, A BB official said. The OBUs were

exempted for maintaining CRR and SLR with the central bank of Bangladesh against their liabilities.

<http://today.thefinancialexpress.com.bd/first-page/bb-asks-banks-to-meet-crr-slr-requirements-1566235848>
<http://www.newagebd.net/article/81931/banks-must-keep-crr-slr-against-offshore-unit-exposures>
<https://www.dhakatribune.com/business/banks/2019/08/19/bb-asks-banks-to-maintain-crr-slr-for-offshore-operations>

FY'19 trade gap narrows

- The country's merchandise trade deficit with the rest of the world narrowed in the past fiscal year (FY'19), despite slight rise in imports, the central bank said on Monday. The latest statistics showed that trade gap reached USD15.49 billion in FY19, down from USD 18.17 billion in FY18. The double-digit expansion in goods exports and moderate growth in imports helped reduce the trade gap during the period. Balance of payments (BoP) table showed that export in terms of FoB (Free on Board) registered 10.10% growth in FY'19 while imports edged up by 1.80%. The gap in services trade also decelerated to USD 3.71 billion in FY19, which was USD 4.20 billion in FY18.
- The reduction in trade gap along with around 10% growth in inflow of remittances contributed to easing the pressure on current account balance. After a record-high current account deficit of USD 9.56 billion in FY'18, it came down to USD 5.25 billion in the past fiscal year.

<http://today.thefinancialexpress.com.bd/first-page/fy19-trade-gap-narrows-1566236027>
<https://www.thedailystar.net/business/news/trade-deficit-shrinks-low-imports-1787725>
<http://www.newagebd.net/article/81933/fy19-trade-deficit-narrows-by-1476pc>
<https://www.dhakatribune.com/business/economy/2019/08/19/trade-deficit-falls-by-14-76-in-fy19>

Rawhide trading with cash starts, partially

- Trading in the city's wholesale hide and skin market began from Monday after a week's impasse over pay row and price debacle. Traders said they are selling hide and skins at the government-fixed prices only to those who purchase making cash payment. They will start selling in full swing after the August 22 meeting where the decision on the payment of dues will be made.
- Before Eid, the government announced the prices of different types of rawhides from animals sacrificed during the Eid-ul-Azha. As per the decision, tanners would buy per square feet salted cowhide and buffalo rawhide at BDT 45-50 in Dhaka and at BDT 35-40 outside the capital. The price of salted skin of castrated goats across the country has been fixed at BDT 18-20 per square feet while that of salted skin of un-castrated varieties has been fixed at BDT 13-15.
- There has been a big crisis in rawhide trade since the Eid-ul-Azha as a large number of merchants stopped buying rawhide from seasonal traders, many of whom dumped rawhide by the roadside in more than a dozen districts, failing to sell those. The merchants alleged that they were cash-strapped as the tanners didn't clear their dues before the Eid. Following the Eid, around 3.5 million pieces of rawhide out of more than 10 million were thrown away by seasonal traders as they could not find any buyers, said rawhide merchants and tanners.

They put the price of the dumped rawhide at BDT 1.0 billion.

<http://today.thefinancialexpress.com.bd/first-page/rawhide-trading-with-cash-starts-partially-1566236090>
<https://www.dhakatribune.com/business/2019/08/19/rawhide-procurement-target-may-not-be-achieved-fear-tanners>

Bangladesh Bank (BB) policy sparks flurry of loan write-offs

- Loan write-offs almost quadrupled in the first quarter of the year on the back of the central bank's easing of rules, in a sobering reminder of the banking sector's deteriorating financial health. Between January and March, BDT 5.57 billion was written-off, in contrast to BDT 1.41 billion a year earlier, according to data from Bangladesh Bank. Earlier in February, the central bank revised its policy to allow banks to write-off default loans that have been languishing in the bad category for three years, down from five years previously. Furthermore, lenders do not have to file any case with the money loan court to write off delinquent loans worth BDT 0.2 million, up from BDT 50,000 previously.

- Banks usually write off a maximum amount of default loans in the last quarter of the year with a view to cleaning up their balance sheets. Between October and December last year, banks wrote off BDT 20.57 billion. But the write-offs in the first quarter were uncharacteristically high, said a central bank official, adding that it might continue for the rest of the year for the BB's policy relaxation. A former deputy governor of the central bank, echoed the same. The write-off policy is exercised by almost all banks across the globe, but the trend is excessively high in Bangladesh. This is not good for the banks' health.

- He went on to blame the high write-offs on the surge in default loans -- in the absence of corporate governance. At the end of March, default loans in banks stood at BDT 1.11 trillion, up 25.15% year-on-year. Of the banks that took the facility to clean up their balance sheets, Dutch-Bangla Bank topped the chart, writing off BDT 2.91 billion. It was followed by Jamuna Bank, which wrote off BDT 1.91 billion. With the latest round, a total of BDT 532.58 billion has been written-off since the facility was introduced in January 2003 by the central bank to show lower amounts of default loans in banks' balance sheets.

- Of the amount, 76% has remained outstanding to date, meaning banks' efforts to recover the loans did not yield much. As of March, the state-owned banks have written off BDT 231.87 billion and private banks BDT 283.42 billion. As per the Bangladesh Bank norms, loans are written off after making 100% provisioning. Banks though are obligated to continue with their recovery efforts. Lenders opt for write-offs when all avenues for recovering the default loans have been exhausted, the former deputy governor of the central bank said. Loan write-offs have gradually been rising in recent years and the trend reflects the ongoing crisis in the banking sector.

<https://www.thedailystar.net/business/banking/news/bb-policy-sparks-flurry-loan-write-offs-1787005>

Government moves to allow all banks to handle Challan transactions

- All the 59 commercial banks are likely to be allowed to handle "challan" that serves as the biggest instrument of submitting money to the public exchequer. The Finance Division, which has been working on how to allow them to act parallel with the Sonali Bank and the Bangladesh Bank, said it might take effect within the next couple of months. People who need to deposit fees, taxes and even penalties use the mode of challan, the oldest

instrument. Currently, only the branches of the central bank and the largest state-owned commercial bank Sonali can handle it.

- They are looking to launch the facility for all banks from October in Dhaka, said an official at the Finance Division. He also said the facility would be expanded across the country later this year. He said the government receives the funds deposited through Challan two or three days after transactions. On introduction of the facility for all banks, the government will receive such funds in no time as those will be "real-time" transactions. Borrowing to meet urgent payment obligations will also come down. Bankers have said that this is a laudable move by the government as it will increase the deposit flow and also investment opportunities.

- People use challan as the biggest mode of money deposit to the government's consolidated fund to enjoy different services for purposes ranging from agriculture to utility. The Challan transactions account for over 90% of the national exchequer fund. The remaining 10% account for adjustments with the donor funds and others.

- Earlier, on an average, 9.2 million Challan transactions occurred through the branches of the Bangladesh Bank and the Sonali Bank. But in the fiscal year 2018-19, over 14.8 million Challan transactions took place through the channel fetching BDT 24 billion in commission to the Sonali Bank. The volume of money involving Challan transactions is over BDT 4.34 trillion a year.

<https://thefinancialexpress.com.bd/economy/bangladesh/govt-moves-to-allow-all-banks-to-handle-challan-transactions-1566015351>

AC sales soar on hot weather

- Air conditioner sellers have posted strong sales amid persistent hot weather throughout the entire period of April-July and rising disposable income of people. Equated monthly instalment (EMI) facility and availability of electricity also fuelled sales of the appliances once seen as a luxury, according to market players. The sales were so high that some retailers at one point failed to provide consumers with the required models of ACs as those went out of stock. Samsung posted a 200% year-on-year sales growth in June while Transtec clocked over 200% growth. Walton pulled off 180% sales growth, Esquire Electronics 250% and Pran-RFL's Vision brand about 150%.

- April, May and June are the peak season for AC retailers as temperature starts to climb from March. Nearly 90% of the ACs are sold during the months. The 1.5-tonne and 2-tonne non-inverter and inverter ACs of Transtec and Sharp of Esquire Electronics were out of stock for around three weeks in June thanks to the huge demand for the two segments. The sales exceeded their expectation. Our stock of 1.5-tonne and 2-tonne Sharp AC was sold out before June 15, said general manager of Esquire Electronics, the authorised sole distributor of Japanese giant electronics brands General and Sharp.

- Transtec's 1.5-tonne inverter AC was out of stock for around three weeks in June, said marketing manager of Transcom Digital, which owns Transtec brand. In order to drive the sales this year, manufacturers and retailers also came up with EMI, exchange offer, discount and cash-back facilities. Market players expect the sale of ACs would cross 0.7 million units this year. Till June 15, more than 350,000 units were sold. The market size may reach BDT 45.00 billion this year, from BDT 35.00 billion in 2018.

- The annual demand for ACs has grown 20% on an average in the last six years,

according to executive director of Walton, a local manufacturer. He said that customers are shifting from non-inverter ACs to inverter ACs because of lower energy consumption by the latter. The price of ACs has also come down, allowing the mid-income group to afford it.

<https://www.thedailystar.net/business/news/ac-sales-soar-hot-weather-1786990>

Bangladesh Bank (BB) plans uniform method to calculate cost of funds

- The central bank is set to come up with a new formula for calculating the cost of funds for banks with a view to bringing down the interest rate on lending, much to the trepidation of bankers. The cost of funds is the interest rate paid by lenders for the funds they use in their business. The move comes as banks now calculate their cost of fund following different methods, raising questions of transparency. In a bid to bring uniformity the Bangladesh Bank has now decided to come up with a blanket formula that all banks must use to calculate their cost of funds.

- Bankers said that the forthcoming method will help the central bank to keep the interest rate on lending at 9% -- a move that will have a negative impact on lenders. The new formula will show a lower cost of fund, said the managing director of a bank wishing not to be named. He fears that the central bank may stipulate a lower spread between the cost of funds and the interest rate charged to borrowers in order to bring down the interest rate on lending to single digits. To make profit, banks keep the spread at at least 5%, he said. The spread between the cost of funds and the interest rate charged to borrowers represents one of the main sources of profit for many financial institutions.

- The cost of funds is one of the most important input costs for a lender since a lower cost will end up generating better returns when the funds are used for short-term and long-term loans to borrowers. Lenders will be forced to decrease their interest rate on lending when the new central bank guidelines will be implemented, said a central bank official.

- According to the draft guidelines, banks have to include their interest expense on deposits, borrowings, subordinate bonds and administrative and other expenses to calculate their total cost. A portion of provisioning against default loans will not be calculated to determine the default loans. Lenders will also be allowed to include a maximum of 70% of their administrative expenses -- such as salary payment to their employees -- when they will calculate their total cost. Besides, expenditures related to the corporate social responsibility and performance and incentive bonus payment for their employees will not be included with the total cost.

- Banks are now calculating 100% administrative cost, provisioning for default loans, CSR expenditure and performance and incentive bonus to determine their total cost. For this reason, the total cost of banks will decrease when the new method will be effective. This will have a positive impact on the interest rate on lending, the BB official said.

<https://www.thedailystar.net/business/banking/news/bb-plans-uniform-method-calculate-cost-funds-1786630>

Government's borrowing from banks almost half of its plan

- The government's bank borrowing last fiscal year was almost half of what it had planned to, thanks to its lower development expenditure and higher sales of national savings certificates, much to the relief of the cash-strapped banking sector. In fiscal 2018-19, BDT 171.79 billion was borrowed from the banking sector although the target set at the

beginning of the year was BDT 308.95 billion, according to data from the Bangladesh Bank. The difference was made up by extensive sales of savings certificates: BDT 499.39 billion against the target of BDT 261.97 billion. Furthermore, the need to borrow from banks was not pressing as implementation of the development budget lagged.

- The ministries and divisions could not spend BDT 186.19 billion of the development budget of BDT 1.67 trillion, according to the data from the planning ministry. Similarly, the full allocation for non-development purposes and subsidies was not used up, said a finance ministry official. The lower expenditure on all fronts also cushioned the blow of the National Board of Revenue missing its collection target of BDT 2.8 trillion by a staggering BDT 561.08 billion.

<https://www.thedailystar.net/business/banking/news/govts-borrowing-banks-almost-half-its-plan-1786588>

Government considers LNG buy from spot market

- State-run Rupantarita Prakritik Gas Company Ltd has initiated master sales agreements (MSAs) with 17 global suppliers separately to source liquefied natural gas (LNG) from spot market. Final deals will be signed soon following the approval from the cabinet committee on economic affairs, a senior company said. He said the Energy and Mineral Resources Division under the Ministry of Power, Energy and Mineral Resources (MPEMR) has already decided, in principle, to import around one-fourth of the country's total LNG requirement from the spot market to reap the benefit of falling prices.

- Spot market for the LNG was developed over the past several years with the gluts of LNG output alongside the growth of emerging markets for LNG (liquefied natural gas). Market insiders said the Platts JKM, which represents the prices of spot cargoes delivered to northeast Asia, averaged around USD 4.93 per MMBtu (million British thermal unit) in the second quarter of 2019, down from USD 8.26 per Mmbtu a year ago. However, state-run Petrobangla has been importing LNG under term deals within the range of around USD 8.5 per Mmbtu to USD 10 per Mmbtu over the past one year since April 24, 2018, when the first shipment reached Moheshkhali Island in the Bay of Bengal.

- The imported LNG is re-gasified at FSRUs (floating, storage, re-gasification units) before it is added to the national grid for use by end users. Officials said the 17 interested LNG suppliers have been selected following a competitive bidding. They will provide fuel to the country's LNG-receiving terminals from the spot market following instructions time to time, based on demand, said the officials referring to some features of the initials.

<http://today.thefinancialexpress.com.bd/first-page/govt-considers-lng-buy-from-spot-mkt-1566060148>

Korea keen to invest in 10 PPP projects

- Korea has shown interest to invest in 10 public-private partnership (PPP) projects in the aviation, rail and power sectors under government-to-government arrangements. However, Bangladesh sought investment in 14 projects in the rail, road, power and textile sectors at the first Bangladesh-Korea joint platform meeting held in Seoul last month.

<https://today.thefinancialexpress.com.bd/print/korea-keen-to-invest-in-10-ppp-projects-1566060813>

BDT 51.5 billion project taken for Pyra Port

- The government is going to build one of the biggest multipurpose terminals of the country at the Pyra Seaport with the financial support of India, officials said. They also said the Pyra Port Authority (PPA) has taken up a project at a cost of BDT 51.50 billion, where BDT 44.02 billion will come from the Indian Line of Credit (LoC). The berthing length of the multipurpose terminal will be 1,200 metres, they added. According to the PPA officials, the terminal will be mainly used for handling general cargo, sand and aggregate, and grains.
- The terminal's three berths with a length of 550 metres will be used for handling general cargo, two berths with a length of 400 metres for handling sand and aggregate, and one berth with a length of 250 metres for handling grains. Official said that they have already sent the BDT 51.50-billion cost project proposal to the Planning Commission for getting approval. Construction of the multipurpose terminal is expected to be completed by 2022. He also said of the total cost, BDT 44.02 billion will come from the USD 4.50 billion Indian LoC-III.
- The official claimed that Pyra, the third seaport of Bangladesh, will be the largest one by 2028 in terms of handling cargoes. It will annually operate about 3.0 million twenty-foot equivalent units (TEUs) of containers then. During that time, the Chittagong Port will handle 2.23 million TEUs, and the Mongla Port will handle 46,000 TEUs, he noted.

<http://today.thefinancialexpress.com.bd/last-page/BDT-515b-project-taken-for-pyra-port-1566060719>

Important News: Capital Market

BTRC gets govt nod to issue show-cause notice for GP, Robi's licence cancellation

- The posts and telecommunications ministry has allowed the Bangladesh Telecommunication Regulatory Commission to seek explanation from two mobile phone operators — Grameenphone and Robi — why their licences would not be revoked for not paying audit claims. The ministry gave the consent following a proposal from the telecom regulator as the mobile phone operators have refrained from paying audit claims made by the BTRC based on separate audits, ministry sources said. A BTRC official admitted the issue of receiving approval from the ministry adding that the commission was processing the show-cause letters which would be served on GP and Robi.
- The mobile operators have 765 of the country's mobile phone subscribers under their belt. Violation of licensing conditions or regulations of the commission could result in such regulatory measures. Before the cancellation or suspension of licence of any telecom licensee, the commission has the legal binding to service a 30-day notice seeking explanation from the licensee asking why its licence would not be cancelled for violation of licensing conditions and regulatory guidelines. In line with the telecom act, the BTRC official said, the commission would now service show-cause notices on the mobile phone operators within a few days as part of its move to realise BDT 134.47 billion in audit claims from the operators. The commission would take the next course of action based on

responses from the mobile phone operators, he said.

<https://www.newagebd.net/article/82126/btrc-gets-govt-nod-to-issue-show-cause-notice-for-gp-robis-licence-cancellation>

Walton to export refrigerators, ACs to India

- Local electronics manufacturer Walton is all set to export refrigerators and air-conditioners to India. According to a deal signed on Monday, Walton as an original equipment manufacturer will supply 0.1 billion units of refrigerators and 20,000 residential air-conditioners to Hyundai Electronics. Hyundai will import the products through its partner Goldenarch Consumer Electronics Pvt Ltd. In July, Walton started exporting ACs to Yemen, a Middle Eastern country. The company has been exporting refrigerators to Yemen for the last couple of years, news agency UNB reported recently. The company has set a target to earn USD 1 billion from exports of electronics and electrical appliances by 2028.

<https://www.thedailystar.net/business/news/walton-export-refrigerators-acs-india-1788832>

Summit to raise BDT 1 billion through Mudaraba bond

- Summit Communication plans to raise BDT 1 billion from the local market by issuing a Shariah-based non-convertible Mudaraba bond to expand its fiber optic cable network up to the remotest part of the country. Each certificate will have a face value of BDT 10 million and the minimum subscription will be BDT 50 million, the company's CEO said. The leading nationwide telecommunication transmission network operator currently has 44,000-kilometre fiber optic cable, covering all the upazilas and about 1,000 union parishads. Green Delta Capital Ltd will be the issue manager of the bond while LankaBangla Finance will be the trustee. Summit Holdings will be the corporate guarantor.

<https://www.thedailystar.net/business/news/summit-raise-BDT-100cr-through-mudaraba-bond-1788829>

Confidence Power Rangpur starts commercial operation

- The Confidence Power Rangpur Ltd, a 99% subsidiary of Confidence Power Holdings Ltd, has started commercial operation from August 12, said an official disclosure on Tuesday. The Confidence Power Holdings is an associate company of Confidence Cement Ltd. The Confidence Cement, a listed company, has 41% stake in Confidence Power Holdings.
- According to the disclosure, the Confidence Power Rangpur has started commercial operation of its heavy fuel oil (HFO)-based net 113MW Power Plant consisting of Unit of Bergen Engines supplied along with related auxiliaries by Norway to sell the whole production of electricity to the Bangladesh Power Development Board (BPDB). In January 2018, the board of directors of the Confidence Cement agreed to invest in the new power plant projects located at Bogra, Rangpur and Chittagong under Confidence Power Holdings. The Confidence Power Bogra Unit-2, a 99% subsidiary of Confidence Power Holdings, also started commercial operation on March 30, this year.

<http://today.thefinancialexpress.com.bd/stock-corporate/confidence-power-rangpur-starts-commercial-operation-1566313889>

The Anti-Corruption Commission (ACC) launches probe against Bangladesh Securities and Exchange Commission (BSEC) chairman

• The Anti-Corruption Commission (ACC) has launched an investigation into allegations of embezzlement and money laundering against securities market regulator Bangladesh Securities and Exchange Commission (BSEC) Chairman M Khairul Hossain. According to the allegations, Khairul Hossain embezzled and laundered money through the process of low quality initial public offering (IPO) approval. During his eight-year tenure, 84 IPOs were approved and around half of them were alleged to be of low quality.

• It was alleged that a good number of low quality firms resorting to malpractices often showed higher profitability in their annual financial statements while applying for IPO approvals to the securities regulator during the last eight years. A section of BSEC senior officials knowing everything about fake and concocted statements of companies in question kept approving their IPOs, sometimes with higher premiums. After getting listed, it was found that the earning per share (EPSs) of most of the firms started going downwards, suggesting their earlier earnings reports were either overestimated, or fake, an expert said.

<http://www.newagebd.net/article/82026/acc-probing-ipo-anomalies-complaints-against-bsec-chair-khairul>
<https://www.dhakatribune.com/business/stock/2019/08/20/acc-launches-probe-against-bsec-chairman>

ICB representative resigns from ACI board over 'Shwapno' issue

• The representative of state-owned Investment Corporation of Bangladesh (ICB) has resigned from the board of listed company Advanced Chemical Industries (ACI) Limited as its subsidiary 'Shwapno', a chain super shop brand, has been incurring huge losses. The super shop has been running at a loss since its inception in 2008. In the 2017-18 fiscal year, 'Shwapno' incurred a loss of BDT 1.35 billion, and its accumulated loss in the year stood at BDT 8.91 billion. As per official sources, ICB owns 18.86%, including 8.16% ICB Unit Fund, share of ACI Limited. Asked about ICB share in the company, the officials said they might sell their shares if they got good price.

<https://www.dhakatribune.com/business/stock/2019/08/20/icb-representative-resigns-from-aci-board-over-shwapno-issue>

IPO subscription of Ring Shine Textiles begins August 25

• The company will offload ordinary shares worth BDT 1.50 billion under the fixed price method. The initial public offering (IPO) of Ring Shine Textiles Ltd (RSTL) begins on August 25, with the company aiming to raise BDT 1.50 billion by offloading 1.50 billion ordinary shares under the fixed price method. The IPO will stay open for both resident and non-resident Bangladeshis till September 9 this year. A market lot consists 500 shares and an investor has to submit BDT 5,000 to apply for each lot of the company's IPO shares priced at BDT 10 each.

• The Bangladesh Securities and Exchange Commission (BSEC) approved Ring Shine Textiles' IPO on March 12. According to the financial statement of June 30, 2018, the company's net asset value (NAV) per share stood at BDT 23.17, while the weighted average of earnings per share (EPS) was BDT 1.46. AFC Capital Limited and CAPM Advisory Limited will act as the issue manager for the IPO process. Authorized capital of

the company stands at BDT 4.40 billion and paid-up capital stands at BDT 2.85 billion.

• The major activities of the RSTL is manufacturing and marketing gray and finished fleece fabrics of various qualities, and dyed yarn to the ready-made garment (RMG) industry of Bangladesh. RSTL commenced commercial operation in August, 1998, and converted to a public limited company on June 8, 2017. After completing all the procedures, the company will be the 56th listed company in the textile sector in the DSE.

<https://www.dhakatribune.com/business/stock/2019/08/18/ipo-subscription-of-ring-shine-textiles-begins-aug-25>

26 listed companies' categories changed in first six months

• The categories of 26 listed companies were changed during January-June, 2019 based on their performances including the recommendation of dividends. Of 26 companies, 14 were upgraded to 'A' category from their previous 'Z' and 'N' categories, according to information of Dhaka Stock Exchange (DSE). Three 'Z' category companies were upgraded to 'B' category, while seven 'A' category companies were degraded to 'B' category. Two 'A' category companies were also degraded to 'Z' category, the worst performing status, as they failed to declare any dividend.

• The 'N' category companies which were upgraded to 'A' category are M. L. Dyeing, Indo-Bangla Pharmaceuticals, Advent Pharma, VFS Thread Dyeing, Kattali Textile, SK Trims & Industries, Bashundhara Paper Mills, Intraco Refueling Station, Aman Cotton Fibrous and Queen South Textile Mills. Three 'Z' category companies namely Bangas, Shurwid Industries and Eastern Cables were upgraded to 'A' category. The 'B' category company Bangladesh Autocars was also upgraded to 'A' category. Presently the number of 'A' category companies is 220 on the premier bourse DSE.

• Three 'Z' category companies namely Kay & Que (Bangladesh), Standard Ceramic and Hakkani Pulp & Paper were upgraded to 'B' category. Seven 'A' category companies were degraded to 'B' category as they failed to recommend at least 10% dividend. The seven companies Appollo Ispat Complex, National Feed Mills, Regent Textile Mills, Central Pharmaceuticals, Paramount Insurance Company, Agrani Insurance Company, and FAS Finance & Investment. Two 'A' category companies were degraded to 'Z' category due to their failure for recommending dividend. The companies are Keya Cosmetics and Delta Spinners. Presently, the shares of 42 listed companies are being traded under the 'Z' category.

<http://today.thefinancialexpress.com.bd/stock-corporate/26-listed-companies-categories-changed-in-first-six-months-1566054560>

Bangladesh Securities and Exchange Commission (BSEC) to follow new rules in dealing with pending IPOs

• The Bangladesh Securities and Exchange Commission will follow new public issue rules in dealing with the pending applications for initial public offerings of different companies. The new rules would be issued through a gazette notification soon, BSEC officials said. They said that the new public issue rules would repeal the existing rules, so the repealed rules would be ineffective for the pending IPOs. The officials, however, said that the commission might consider the IPO size of the companies under the rules they had submitted the applications.

- There are around 26 companies who had applied for IPOs under the existing public issue rules and have been waiting for IPO approval from the commission. The commission on April 29 had said in a press release that the IPO applications submitted before April 29 would be considered under the existing rules. Market experts said continuation of repealed rules was against the spirit of laws. On July 16, the BSEC finalised the new public issue rules after analysing opinions from stakeholders and general public. According to the finalised new public issue rules, the size of the public issue under the fixed price method must be minimum BDT 300 million or 10% of the company's paid-up capital, whichever is higher. Previously, it was BDT 150 million.
- The size of the public issue under the book building method must be at least BDT 750 million. Previously, it was BDT 500 million. The other changes including bidding process, IPO quota facility and share lock-in system would also be applied to the pending issues. The IPO quota facility for the general investors has been raised to 50% from 40% under the fixed price method of IPO and it has been increased to 40% from 30% under the book building method. The quota facility for the eligible investors has been cut to 50% from 60% under the book building method while it has been reduced to 30% from 40% under the fixed price method.
- But the shares held by placement shareholders and alternative investment funds would face a two-year lock-in period. The period would be counted from the first trading day of the issue on the stock exchanges. According to the new rules, the eligible investors including financial institutions must have to invest a certain amount of fund at the secondary market to get the IPO quota facility reserved for them. The commission would set the amount in the consent letter of every IPO. If an EI does not invest the BSEC-set amount at the secondary market, the EI would lose the IPO quota facility.

newagebd.net/article/81718/bsec-to-follow-new-rules-in-dealing-with-pending-ipos