

Capital Market Overview

The market closed in red this week. The benchmark index DSEX (-1.92%) lost -111.82 points and closed the week at 5,724.36 points. The blue-chip index DS30 (-0.78%) lost -17.24 points and stood at 2,191.21 points. The Shariah-based index DSES (-1.10%) lost -14.25 points and stood at 1,280.40 points. The large cap index CDSET (-2.38%) lost -30.04 points and closed at 1,230.93 points. DSEX, DS30, DSES and CDSET showed YTD returns of +5.97%, +11.57%, +3.08%, +9.61%, respectively.

Total Turnover During The Week (DSE): BDT 60.2 billion (USD 708 million)
Average Daily Turnover Value (ADTV): BDT 12.0 billion (Δ% Week: -23.1%)

Market P/E: 20.1x

Daily Index Movement during the Week:

Market performed five sessions during this week. In the first session, market performed negatively by -0.35% and continued to be negative in the second and third sessions by -0.44% and -1.63%. The market turned positive in the fourth session by +0.34% and ended with a positive movement of +0.17% in the fifth session.

Sectoral Performance:

- All the financial sectors registered negative performance this week. Mutual Fund experienced the highest loss of 5.31% followed by NBFi (-4.75%), Bank (-4.11%), Life Insurance (-2.51%), and General Insurance (-1.80%).

- Non-financial sectors posted mixed performance this week. Food & Allied booked the highest gain of 8.87% followed by Pharmaceutical (+0.13%). Telecommunication experienced the highest loss of 4.66% followed by Engineering (-3.15%), and Fuel & Power (-1.65%).

Macroeconomic arena:

- The country's current account balance recorded a surplus for the fifth consecutive month, reaching USD 4.1 billion in November 2020, as against a deficit of USD 1.4 billion recorded in the same period a year earlier. This is the highest-ever current account surplus since fiscal year (FY) 1996-97.

- Trade deficit narrowed by 21% in the first six months of the current fiscal year, compared to a year earlier, riding on a decline in imports, a worrying sign for a growing economy like Bangladesh. A narrowing trade deficit indicates a slump in consumption during the pandemic even after economic activities resumed in full swing in recent months. From July through December 2020, the trade balance improved to negative USD 6.46 billion from negative USD 8.22 billion in the same period of the previous year.

- Mobile money transactions have been gaining popularity in the country amid the contagion, with a 30% growth in 2020 to BDT 5.60 trillion compared to the previous year. The nationwide shutdown and the practice of social distancing have increased the demand for digital money transfer, according to industry people.

- The first lot of 5.0 million doses of Oxford-AstraZeneca Covid-19 vaccine from Serum Institute of India (SII) arrived in the capital at 11:15 AM on Monday through a special flight of Air India. Earlier, 2.0 million doses of vaccine arrived in Bangladesh as gift from the Indian government.

Stock Market arena:

- Leading pharmaceuticals company Beximco is going to buy the controlling stake in French drugmaker Sanofi with 35.5 million British pounds, after acquiring Nuvista in 2018. The development came after Sanofi Bangladesh Limited, where the French company has 54.6% shares, selected Beximco as the potential buyer with three years of guaranteed employment for its existing employees.

- Investment Corporation of Bangladesh (ICB) is planning to issue bonds worth USD 1 billion or around BDT 8.5 trillion to strengthen its support to the capital market. The state-owned investment company would mainly utilise the proceeds to lend to the market intermediaries who have been looking for low-cost funds for stronger market activities and providing margin loans.

- United Payra Power Plant Ltd, an associate company of Khulna Power Company Ltd (KPCL), has started commercial operation of its 150-megawatt HFO-based electricity unit in Patuakhali. KPCL owns a 35% stake in the high-fuel oil-based power plant in Kholishkhali in the southern district.

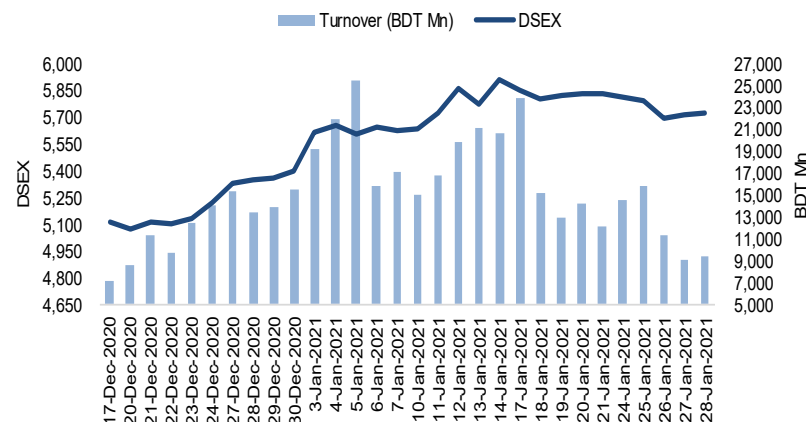
Table 1: Index

Index	Closing	Opening	Δ(Pts)	30-Dec-2019	Δ% Week	Δ%YTD
DSEX	5,724.36	5,836.18	-111.82	5,402.07	-1.92%	+5.97%
DS30	2,191.21	2,208.45	-17.24	1,963.96	-0.78%	+11.57%
DSES	1,280.40	1,294.65	-14.25	1,242.11	-1.10%	+3.08%
CDSET	1,230.93	1,260.97	-30.04	1,123.03	-2.38%	+9.61%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	4,840,127	4,922,891	-1.7%
	Mn USD	56,969	57,944	
Turnover	Mn BDT	60,163	78,249	-23.1%
	Mn USD	708	921	
Average Daily Turnover	Mn BDT	12,033	15,650	-23.1%
	Mn USD	142	184	
Volume	Mn Shares	1,437	2,292	-37.3%

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
BEACONPHAR	80.3	70.0	+14.7%	18,549	216.5	46.7x	4.0x
REPUBLIC	54.7	47.9	+14.2%	2,537	654.7	24.5x	3.6x
BATBC	1,602.5	1,424.4	+12.5%	288,450	1,775.7	25.1x	7.7x
AGRANINS	42.1	37.8	+11.4%	1,273	499.6	66.1x	2.3x
AMANFEED	34.8	32.2	+8.1%	4,558	200.5	12.8x	1.0x
SHYAMPSUG	48.7	45.6	+6.8%	244	2.7	NM	NM
UPGDCL	285.9	269.8	+6.0%	165,735	974.7	23.4x	5.0x
METROSPIN	9.3	8.8	+5.7%	574	50.9	55.2x	0.6x
DACCADYE	7.8	7.4	+5.4%	680	7.4	NM	0.6x
EASTERNINS	103.3	98.3	+5.1%	4,453	57.5	25.9x	2.3x

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (BDT Mn)	Turnover (BDT Mn)	PE	PB
CAPMIBLMF	22.1	26.7	-17.2%	1,477	136.2	NM	2.5x
ROBI	53.1	61.7	-13.9%	278,134	4,332.3	NM	4.2x
BIFC	4.1	4.7	-12.8%	413	0.5	NM	NM
SONALIANS	468.0	534.5	-12.4%	1,269	46.2	NM	2.1x
ASIANS	107.0	122.1	-12.4%	5,036	60.1	36.9x	4.8x
NEWLIN	17.8	20.3	-12.3%	1,398	101.8	15.2x	0.7x
TALLUSPIN	4.3	4.9	-12.2%	384	2.8	NM	0.4x
INTECH	29.9	33.9	-11.8%	937	16.8	NM	2.8x
INTRACO	16.9	19.1	-11.5%	1,537	100.1	33.9x	1.4x
CAPMBDBLMF	10.0	11.3	-11.5%	501	46.8	NM	1.2x

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap (BDT Mn)	Turnover (BDT Mn)	PE	PB
BEXIMCO	85.0	83.3	+2.0%	74,487	9,344	NM	1.2x
BXPHARMA	183.7	198.2	-7.3%	81,951	5,698	22.0x	2.5x
ROBI	53.1	61.7	-13.9%	278,134	4,332	NM	4.2x
LANKABAFIN	41.5	46.3	-10.4%	22,362	3,744	31.4x	2.3x
SUMITPOWER	49.8	53.8	-7.4%	53,180	1,970	9.8x	1.5x
SQURPHARMA	236.2	229.7	+2.8%	209,380	1,932	15.0x	2.6x
EPGL	71.7	76.6	-6.4%	13,635	1,846	26.4x	1.6x
BATBC	1,602.5	1,424.4	+12.5%	288,450	1,776	25.1x	7.7x
UPGDCL	285.9	269.8	+6.0%	165,735	975	23.4x	5.0x
CITYBANK	30.6	32.7	-6.4%	31,101	951	10.0x	1.1x

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	53.1	+78.2%	278,134	NM	4.2x
BATBC	1,602.5	+35.7%	288,450	25.1x	7.7x
LANKABAFIN	41.5	+32.2%	22,362	31.4x	2.3x
SUMITPOWER	49.8	+28.0%	53,180	9.8x	1.5x
CITYBANK	30.6	+23.4%	31,101	10.0x	1.1x
IDLC	76.2	+20.2%	28,731	14.3x	2.0x
BARKAPOWER	30.2	+17.5%	7,111	11.7x	1.6x
BSRMLTD	70.2	+16.6%	16,572	16.3x	0.7x
POWERGRID	48.1	+15.1%	22,170	10.6x	0.4x
ACTIVEFINE	19.4	+14.8%	4,655	12.3x	0.8x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1,432.88	1,494.37	1,372.63	-4.11%	+4.39%
NBFIs	2,253.35	2,365.82	2,033.53	-4.75%	+10.81%
Mutual Funds	965.28	1,019.39	959.61	-5.31%	+0.59%
General Insurance	3,677.94	3,745.26	4,103.56	-1.80%	-10.37%
Life Insurance	2,122.71	2,177.36	2,162.58	-2.51%	-1.84%
Telecommunication	6,834.34	7,168.43	5,463.26	-4.66%	+25.10%
Pharmaceuticals	3,398.28	3,393.75	3,306.03	+0.13%	+2.79%
Fuel & Power	1,759.55	1,789.11	1,618.11	-1.65%	+8.74%
Cement	1,534.39	1,629.91	1,416.18	-5.86%	+8.35%
Services & Real Estate	1,113.38	1,156.46	1,083.79	-3.73%	+2.73%
Engineering	3,780.34	3,903.12	3,959.20	-3.15%	-4.52%
Food & Allied	18,380.71	16,882.76	14,705.76	+8.87%	+24.99%
IT	2,129.46	2,226.77	2,350.28	-4.37%	-9.40%
Textiles	1,069.77	1,082.93	1,087.41	-1.22%	-1.62%
Paper & Printing	5,311.33	5,412.77	5,487.56	-1.87%	-3.21%
Tannery	1,710.48	1,727.70	1,771.77	-1.00%	-3.46%
Jute	9,081.74	9,914.47	12,154.61	-8.40%	-25.28%
Ceramics	476.71	468.80	472.38	+1.69%	+0.92%
Miscellaneous	3,077.14	3,044.63	2,539.70	+1.07%	+21.16%

Table 7: Sector Trading Matrix

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Bank	881.3	1,889.5	-53.4%	7.6%	8.2x	0.8x
NBFI	1,172.6	1,583.9	-26.0%	10.1%	94.7x	3.5x
Mutual Fund	223.4	410.3	-45.6%	1.9%	NM	0.8x
General Insurance	894.7	969.5	-7.7%	7.7%	19.2x	1.8x
Life Insurance	45.0	130.7	-65.5%	0.4%	NM	NM
Telecommunication	1,065.3	2,150.5	-50.5%	9.2%	22.1x	7.1x
Pharmaceutical	1,825.2	1,405.9	+29.8%	15.7%	21.9x	2.6x
Fuel & Power	1,581.2	2,214.8	-28.6%	13.6%	14.1x	1.5x
Cement	241.7	480.9	-49.7%	2.1%	36.4x	2.4x
Services & Real Estate	149.3	262.3	-43.1%	1.3%	93.9x	0.9x
Engineering	537.0	776.3	-30.8%	4.6%	36.0x	2.1x
Food & Allied	492.1	365.8	+34.6%	4.2%	30.1x	8.3x
IT	61.8	108.8	-43.2%	0.5%	23.0x	2.0x
Textile	280.1	555.8	-49.6%	2.4%	156.2x	0.8x
Paper & Printing	7.2	19.6	-63.3%	0.1%	62.0x	1.1x
Tannery	23.2	50.3	-53.9%	0.2%	NM	1.8x
Jute	13.2	29.7	-55.6%	0.1%	NM	11.1x
Ceramics	106.8	81.7	+30.7%	0.9%	64.1x	1.7x
Miscellaneous	2,022.0	1,923.4	+5.1%	17.4%	51.8x	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	140.1	-17.3%	3,362	NM	10.1x
WALTONHIL	1,025.6	-7.9%	310,683	45.8x	3.9x
SHAHJABANK	21.1	-7.9%	20,680	11.0x	1.2x
BANKASIA	16.8	-7.7%	19,587	9.8x	0.7x
MPETROLEUM	187.9	-5.1%	20,334	7.0x	1.2x
OLYMPIC	182.3	-4.6%	36,449	17.8x	4.4x
PRIMEBANK	16.4	-4.1%	18,569	15.5x	0.7x
BXPHARMA	183.7	-3.6%	81,951	22.0x	2.5x
PADMAOIL	198.9	-3.0%	19,538	7.4x	1.3x
JAMUNAOIL	161.2	-2.6%	17,800	8.8x	0.9x

Important News: Business & Economy

Current account in surplus for fifth month

• The country's current account balance recorded a surplus for the fifth consecutive month, reaching USD 4.1 billion in November 2020, as against a deficit of USD 1.4 billion recorded in the same period a year earlier, according to the Bangladesh Bank's (BB) latest data. This is the highest-ever current account surplus since fiscal year (FY) 1996-97, according to the BB data. The current account has been in the deficit territory until last FY, beginning from 2016-17. It started entering into positive territory from this fiscal.

• Economists said the surplus in current account balance is mainly due to a contraction in trade deficit, largely on account of a steeper decline in merchandise imports amid the Covid-19 pandemic as compared to exports on a year-on-year basis. An independent economist said that this is due to high remittance inflow and low import rate. The rising trend will start to fall after growth in import, he noted. Bangladeshi workers sent nearly USD 11.0 billion during the first five months of FY 21. They had sent USD 7.7 billion during the same period a year earlier.

<https://today.thefinancialexpress.com.bd/first-page/current-account-in-surplus-for-fifth-month-1611337378>

Trade deficit narrows by 21% in six months of FY21

• Trade deficit narrowed by 21% in the first six months of the current fiscal year, compared to a year earlier, riding on a decline in imports, a worrying sign for a growing economy like Bangladesh. A narrowing trade deficit indicates a slump in consumption during the pandemic even after economic activities resumed in full swing in recent months. From July through December 2020, the trade balance improved to negative USD 6.46 billion from negative USD 8.22 billion in the same period of the previous year. The import growth fell 6.80% year-on-year in the July-December period of the current fiscal year when the export growth was negative 0.44%.

• Following a strong growth in export and remittances, the foreign exchange reserves are expected to continue its uptrend. Cargo handled by the Chattogram port started increasing sharply after May 2020 and came back to the pre-pandemic level in November 2020. The private sector credit growth in trade and commerce and consumer finance increased significantly during the first quarter of FY21.

<https://tbsnews.net/economy/trade/trade-deficit-narrows-21-six-months-fy21-192760>
<https://www.thedailystar.net/business/news/trade-deficit-narrows-falling-imports-2035181>

Mobile money transactions grew by 30% in 2020

• Mobile money transactions have been gaining popularity in the country amid the contagion, with a 30% growth in 2020 to BDT 5.60 trillion compared to the previous year. The nationwide shutdown and the practice of social distancing have increased the demand for digital money transfer, according to industry people. The demand for mobile banking jumped in the middle of last year when the virus curve was climbing to its peak, resulting in a significant rise in the number of service recipients and transactions. In July 2020, the number of active clients rose to 427 million. That same month the total mobile money transactions went up to BDT 630.00 billion, which was higher than at any other time of the year.

• As money transfer by the government to the poor slowed down, the number of active clients came down to 31.6 million in November, but again rose to 32.3 million the next month. The number of registered MFS subscribers was, however, close to 100 million. The number of transactions and other services through mobile banking was also higher in December last year than in the previous month. There was also a 15.5% jump in remittance inflow in December through mobile banking compared to November.

<https://tbsnews.net/economy/banking/mobile-money-transactions-grew-30-2020-192718>
<https://www.newagebd.net/article/128493/mfs-transactions-rise-by-BDT-127-lakh-cr-in-2020>

5 million vaccine doses reach capital

• The first lot of 5.0 million doses of Oxford-AstraZeneca Covid-19 vaccine from Serum Institute of India (SII) arrived in the capital at 11:15 AM on Monday through a special flight of Air India. The managing director (MD) of Beximco Pharmaceuticals Ltd (BPL) - exclusive distributor of the SII vaccine, received the consignment at the airport. Earlier, 2.0 million doses of vaccine arrived in Bangladesh as gift from the Indian government.

<https://today.thefinancialexpress.com.bd/first-page/5m-vaccine-doses-reach-capital-1611595460>

Revenue collection indicates economic recovery

• The revenue collection figures of the National Board of Revenue (NBR) have indicated a turning point for the country's economy even amid the Covid-19 pandemic. According to the NBR, its revenue collection growth in the first six months of the current fiscal year was 4.11%. However, as all sectors of the economy have not yet returned to normal, the agency was lagging behind the target by BDT 308.07 billion. The NBR chairman said the government's revenue collection target for the first six months of the fiscal year 2020-2021 was BDT 1.41 trillion.

<https://tbsnews.net/economy/nbr/revenue-collection-indicates-economic-recovery-191527>

BB renews call to exhaust stimulus packages by Mar

• The central bank has asked the banks to exhaust all stimulus packages by March to help revive the economy, battered by Covid-19. They've advised the bankers to disburse the stimulus packages within the deadline for revamping the country's economic activities, the central bank's spokesperson said. An executive director of the central bank, said that the BB also gave a 'strong message' to clear both local and foreign unsettled import bills immediately. The private sector credit growth will be increased in the coming months if the banks implement the financial packages fully by March 31, the spokesperson said.

<https://today.thefinancialexpress.com.bd/first-page/bb-renews-call-to-exhaust-stimulus-packages-by-mar-1611767527>
<https://www.thedailystar.net/business/news/enhanced-credit-limit-apparel-stay-until-june-2035177>

Economy will return to high growth path next fiscal year: UN

• Bangladesh's economy will return to the high growth trajectory in the next fiscal year

overcoming the scarring impacts of the coronavirus pandemic, according to a United Nations report. The country's gross domestic product (GDP) will grow by 7.6% in the fiscal year of 2021-22 following a 5.1% expansion in the current fiscal year, said the World Economic Situation and Prospects 2021 report produced by the United Nations Department of Economic and Social Affairs. The UN forecast is higher than the projection made by the World Bank and is in line with that of the International Monetary Fund (IMF).

- The WB has said Bangladesh's economy will expand by 3.4% in the FY22 from 1.6% in the current fiscal year. The IMF has forecast 7.9% growth in the FY22. The government has lowered the GDP growth projection for the current fiscal year to 7.4% taking into account the fallouts of the coronavirus pandemic. The report urged the policymakers in South Asia to strengthen their efforts to formalise labour markets and strengthen their social protection systems to dampen the impact of the crisis on the most vulnerable and improve macroeconomic resilience.

<https://www.thedailystar.net/business/news/economy-will-return-high-growth-path-next-fiscal-year-un-2034569>

BB in a tight spot

- The central bank plans to continue its expansionary monetary policy in the second half of the current fiscal year because of the persistent business slowdown caused by the coronavirus pandemic. The monetary policy committee of the central bank will sit on January 31 to decide whether the unconventional tools of the policy will be revised, said a number of central bankers with direct knowledge about the matter. The major targets of the monetary policy for 2020-21 will not change to a large extent given the economic hardship, they said.

- But economists termed the situation "very challenging" for the central bank to implement the monetary policy in the wake of an escalation of excess liquidity in the banking industry. The central bank's stance of continuing the expansionary monetary policy is justified, but it has to contain the excess liquidity at any cost, they said. If the economy does not rebound within June, the central bank will face a difficult situation to ease the pressure of the excess liquidity, said the executive director of the Policy Research Institute of Bangladesh.

<https://www.thedailystar.net/business/news/bb-tight-spot-2033997>

Cash crunch makes survival harder for garment exporters

- Pandemic-struck local garment suppliers are struggling to survive because of a poor cash flow caused by delays in payments by international retailers and brands despite the restoration of the orders. In April last year, the buyers started cancelling or suspending the orders following the spread of the virus, which forced shops to shut amid lockdowns in Europe and North America, two major export destinations of Bangladesh. Some 90% of USD 3.18 billion worth orders have been restored so far after negotiations by the manufacturers.

- The managing director of Kappa Fashions Ltd, said nine small and medium-sized garment exporters had together settled with their Hong Kong-based buyer at 43.5% discount after nearly a year of negotiation. The exact date of the export receipt from Asia Today is not finalised yet. They are hopeful that the buyer will complete payment in March this year, he said.

[https://www.thedailystar.net/business/news/cash-crunch-makes-survival-harder-garment-](https://www.thedailystar.net/business/news/cash-crunch-makes-survival-harder-garment-exporters-2033989)

[exporters-2033989](https://www.thedailystar.net/business/news/cash-crunch-makes-survival-harder-garment-exporters-2033989)

Govt targets USD 4 billion from ship exports by 2025

- The cabinet yesterday approved the Shipbuilding Industry Development Policy 2020 to facilitate the growth of the labour-intensive sector and generate export earnings. The policy aims to fetch USD 4 billion through ship exports by 2025, according to Cabinet Secretary. Under the policy, benefits and loans can be accessed by shipbuilders. In order to implement the policy, there are plans to reduce taxes and VAT as well as provide long-term loans to public and private shipbuilders.

<https://www.thedailystar.net/business/news/govt-targets-4b-ship-exports-2025-2033993>

Private credit growth inches up in Dec

- Despite demand for loans being suppressed by the ongoing business slowdown, private sector credit growth crept up in December after undergoing a steep descent in the previous two months. The year-on-year credit growth stood at 8.37% in December, up from 8.21% a month earlier, showed data from Bangladesh Bank. In its monetary policy statement for fiscal 2020-21, the central bank set a private sector credit growth target of 11.5% by December last year and 14.8% by June this year.

- But till date, this has turned out to be far from reality because of the financial meltdown brought on by the coronavirus pandemic. Banks add accrued interest to the principal amount of loans in the final month of every quarter, which usually pushes up credit growth temporarily, said bankers. For this reason, the credit growth inched up last month, which is why the increase in growth should not be termed an extraordinary phenomenon, they said. Credit growth has been subdued in the last two years but it started undergoing a tailspin soon after the government declared the lockdown in March last year to keep the deadly flu at bay.

- The growth commenced to increase since July last year riding on the implementation of stimulus packages by both the government and the central bank. But the increasing trend lasted till September and the growth started to nosedive again from October.

<https://www.thedailystar.net/business/news/private-credit-growth-inches-dec-2033393>

<https://www.dhakatribune.com/business/2021/01/25/private-sector-credit-growth-still-depressed>

Deposit growth in Islamic banks higher in Sept-end quarter

- Year-on-year deposit growth in the country's Islamic banks at the September-end quarter of 2020 was much higher than the growth rate in the country's overall banking sector at the end of the same quarter, reflecting a growing public interest in Shariah-based banking system. The latest Bangladesh Bank data showed that deposit growth in the country's Islamic banks was 21.94% or BDT 575.13 billion year on-year at the end of September 2020 while the growth rate in deposits in the country's overall banking sector was 13.1% or BDT 1.43 trillion.

- Deposits in the Islamic banks surged to BDT 3.19 trillion at the end of September 2020 from BDT 2.62 trillion in the previous year. On the contrary, overall deposits in the country's banking sector increased to BDT 12.3 trillion at the end of September 2020 from BDT 10.93 trillion a year ago. With the increasing public hype over the Islamic or Shariah-based banking system, the market share of the Islamic banks against overall deposits in the

banking industry rose to 25.85% at the end of September 2020 from 23.98% a year ago.

- To reap in the benefits of the growing popularity of the Islamic banking segment, two of the country's conventional scheduled banks — NRB Global Bank and Standard Bank — were converted into Islamic banks in February 2020. Excess liquidity in the Shariah-based banks tripled to BDT 182.54 billion at the September-end quarter of 2020 from BDT 61.30 billion a year ago.

<https://www.newagebd.net/article/128175/deposit-growth-in-islamic-banks-higher-in-sept-end-quarter>

Higher freight deepens apparel exporters' woes

- The rising air and sea shipment costs have landed apparel makers in deeper trouble, as they reel under the lingering effects of Covid-19, industry people say. Freight forwarders attributed the rise in shipment costs to the capacity constraints, lengthy loading and unloading activities due to coronavirus-linked operational suspensions and growing demand. The new concern for the factories was highlighted in a new study. According to the survey, 61.97% out of 610 factories reported that their shipping cost is higher than the pre-pandemic period.

- According to industry people, the average rate to carry goods to the European airports in November and December was USD 3.0 to USD 3.20 per kg. The rate was USD 7.50-USD 8.0 per kg for the USA, they said. Local exporters shipped goods by nearly 40 airlines before the pandemic, but half of them suspended flights or drastically reduced frequency. On the other hand, the number of containers carrying exportable goods has drastically fallen due to lockdown in major importing countries, longer loading and unloading operations caused by Covid-19 movement restrictions and the growing demand, they added.

<https://today.thefinancialexpress.com.bd/first-page/higher-freight-deepens-apparel-exporters-woes-1611420705>

Economy reopens, but poverty rises

- Bangladesh had made a consistent progress in reducing the poverty rate until the pandemic pushed it back up to double the number of poor people and triple the number of extreme poor. Inequality has gone up too, according to the findings of a study done by South Asian Network on Economic Modeling (Sanem), a network of economists and policymakers. The research was done to analyze the impact of the pandemic on income, expenditure, employment, education, health and social safety net. A nationwide survey was conducted for the research through telephonic interviews of 5,600 households from 2 November 2020 to 17 December 2020.

- About 42% of the population now live below the poverty line. The figure was 21.6% in 2018, according to a survey by Sanem and General Economics Division of the Planning Commission. The Bangladesh Bureau of Statistics (BBS) estimated the poverty rate at 24.3% in 2016. The poverty rate doubled last year both in rural and urban areas to 45.3% and 35.4% respectively, said Sanem's Executive Director Selim Raihan. In 2018, 24.5% people living in villages and 16.3% in cities were poor. The rate of extreme poor increased to 33.2% in rural areas and 19% in urban areas. Overall, the extreme poverty rate went up to 28.5% from 9.4%.

<https://tbsnews.net/economy/economy-reopens-poverty-rises-190528>

<https://www.dhakatribune.com/business/economy/2021/01/24/extreme-poverty-trebled-in-2020>

<https://www.newagebd.net/article/128071/poverty-inequality-surge-survey>

Exports exceed pre-Covid level

- The country's merchandise exports exceeded the pre-Covid-19 level in December, showing a rebound in shipment, despite sluggish import. Some 55,905 twenty-foot equivalent units were shipped in December, 2020, up by 5,730 TEUs from pre-COVID-19 month of February, 2020, according to Bangladesh Inland Container Depots Association (BICDA) statistics, a group of 18 privately-owned inland depots. However, this is the statistics relating to volume, not values. The state-run Export Promotion Bureau said the shipment values have increased by less than 1.0% during July-November, 2020 period.

<https://today.thefinancialexpress.com.bd/public/first-page/exports-exceed-pre-covid-level-1611252162>

Government's net bank borrowing rising slowly

- The amount of net bank loans of the government in the first five months of the current fiscal year (FY21) is much lower compared to that of the same period a year ago, even though the amount of borrowing is increasing slowly. In the July-October period of the current fiscal, the government's net bank debt was BDT 16.3 million. In July-November, the amount rose to around BDT 31.25 billion. The net debt of the government in July-November last year was BDT 406.46 billion.

- The combined net debt – including banking and non-banking sectors – of the government in July-November this year was about BDT 240 billion, which is less than half of that of the same period last fiscal. Outside the banking system, most loans have been taken from savings certificates in July-November this fiscal.

<https://tbsnews.net/economy/banking/govts-net-bank-borrowing-rising-slowly-189556>

Bangladesh Bank in a quagmire as excess liquidity balloons

- Bangladesh Bank has fallen in a quagmire tackling an escalation of excess liquidity trending in banks, emerging from slow credit growth and implementation of stimulus packages and an upward trend in receiving remittance. Excess liquidity in the banking sector escalated 95% year-on-year to BDT 2.05 trillion in December last year, which have largely been invested in treasury bills and bonds, showed data from the central bank. There is no scope to mop up liquidity from banks at this moment as the excess fund has not had any impact on inflation because of suppressed demand among consumers and investors due to the economic hardship brought on by the coronavirus pandemic. But the surplus liquidity has brought woes for depositors to a great extent as the real interest rate has already entered into a negative territory.

- General inflation stood at 5.52% in November whereas a majority of banks offered interest rates from 3% to 4% on fixed deposit receipts (FDRs). This means the real interest rate is in a negative 2% to 3%. But on the contrary, a section of people have started investing their funds heavily in the capital market and housing zones. Such a phenomenon may create an asset bubble in the days ahead, said the executive director of the Policy Research Institute of Bangladesh. If the asset bubble starts to grow, the central bank should consider mopping up funds from the market. The central bank recently thought of doing so but later backtracked from the stance, said a number of Bangladesh Bank officials, who are directly

involved in monitoring the liquidity situation in the market.

<https://www.thedailystar.net/business/news/bb-quagmire-excess-liquidity-balloons-2031993>

Important News: Capital Market

Beximco to buy Sanofi stake

- Leading pharmaceuticals company Beximco is going to buy the controlling stake in French drugmaker Sanofi with 35.5 million British pounds, after acquiring Nuvista in 2018. The development came after Sanofi Bangladesh Limited, where the French company has 54.6% shares, selected Beximco as the potential buyer with three years of guaranteed employment for its existing employees. Other facilities like pension, provident fund and gratuity will be the same as before, the company insiders said. Other stakeholders of the company are the ministry of industries having 25.369% shares and the state-run Bangladesh Chemical Industries Corporation or BCIC owns the remaining 19.962%.
- Confirming the major acquisition bid, high-ups at the multinational company said the shares sale will be done via a cash transaction that will take place at closing, anticipated within three to nine months, according to the company officials. The transaction is subject to approval by the Foreign Exchange Investment Department of Bangladesh Bank and completion of the Share Purchase Agreement, they said.

<https://today.thefinancialexpress.com.bd/public/first-page/beximco-to-buy-sanofi-stake-1611251710>

<https://www.thedailystar.net/business/news/beximco-buy-majority-stake-sanofi-bangladesh-2031997>

<https://tbsnews.net/economy/stock/beximco-acquire-majority-stake-sanofi-bangladesh-189331>

ICB plans for USD 1bn bond to help capital market

- Investment Corporation of Bangladesh (ICB) is planning to issue bonds worth USD 1 billion or around BDT 8.5 trillion to strengthen its support to the capital market. The state-owned investment company would mainly utilise the proceeds to lend to the market intermediaries who have been looking for low-cost funds for stronger market activities and providing margin loans, according to sources informed about a meeting between the ICB and the Bangladesh Securities and Exchange Commission (BSEC) on Tuesday.
- ICB itself might use part of the bond proceeds for market making, or payoff expensive loans, said sources. Alongside giving the plan, BSEC is also working to help ICB secure foreign investments in the planned bond. A Swiss investment bank already expressed its interest to invest in the planned bond against which ICB would pay comparatively low interests in line with the international markets.

<https://tbsnews.net/economy/stock/icb-plans-1bn-bond-help-capital-market-192193>

United Payra Power goes into operation

- United Payra Power Plant Ltd, an associate company of Khulna Power Company Ltd (KPCL), has started commercial operation of its 150-megawatt HFO-based electricity unit in Patuakhali. KPCL owns a 35% stake in the high-fuel oil-based power plant in Kholishkhali in

the southern district. Power generation began on January 18, said KPCL in a security filing yesterday. The plant will supply electricity to the national grid for 15 years under a power purchase agreement with Bangladesh Power Development Board.

<https://www.thedailystar.net/business/news/united-payra-power-goes-operation-2031965>
<https://www.dhakatribune.com/business/2021/01/21/united-payra-commences-operation-of-150mw-power-plant>

Samsung starts manufacturing ACs in Bangladesh

- South Korean tech giant Samsung has started its first air conditioner (AC) manufacturing plant in Bangladesh with a goal to manufacture 30,000 units annually. AC units manufactured in the plant – owned by Samsung's country distributor Fair Electronics and located in Narsingdi – will have a 30% value addition, and the retail price is expected to drop by 25%-30% as a result, Fair Electronics Chairman said. They will increase the annual production target of Samsung AC units to 100,000 in the next five years, he said adding that Fair Electronics has previously been assembling Samsung ACs, but it will now manufacture them.
- Bangladesh currently has an annual market demand for 500,000 AC units, and a large portion of the units are being imported. Along with Samsung, Walton is among the only two companies that manufacture AC units in the country. The market leader in AC unit sales is Walton, followed by General from the UK.

<https://tbsnews.net/economy/industry/samsung-starts-manufacturing-acs-bangladesh-192748>

<https://www.thedailystar.net/business/news/local-production-cools-down-ac-prices-2035185>

Brokerages have until 30 Jun to adjust margin loans

- Stockbrokers and merchant banks now have until 30 June to adjust the margin loan rate at 12%. Bangladesh Securities and Exchange Commission (BSEC) said it would not enforce compliance on stockbrokers and merchant banks until then. But no directive would be issued in this regard, said a BSEC official. On 13 January, the commission set 12% as the maximum interest rate on margin loans. It was supposed to be adjusted within February. Previously, there was no fixed interest rate on margin loans. Stockbrokers and merchant banks used to charge interest as they wished, causing it to rise to 14-18%.

<https://tbsnews.net/economy/stock/brokerages-have-until-30-jun-adjust-margin-loans-192736>

Shurwid Industries to face the music for lying about paying dividends

- The Bangladesh Securities and Exchange Commission (BSEC) on Wednesday formed an inquiry committee to investigate Shurwid Industries for lying about its dividend disbursements. In July last year, the stock market regulator froze the beneficiary owners (BO) accounts of sponsor-directors of Shurwid Industries in this regard. The commission had also asked the Central Depository of Bangladesh and depository participants to freeze all types of securities directly or indirectly held by the company's sponsors shareholders, directors, chief financial officer and company secretary until further order, BSEC officials said.
- Earlier on January 29, the company informed the BSEC that it had disbursed dividends to all of its shareholders, but some complained to the commission that they did not receive

dividends from the company. The company had recommended a 10% cash dividend for the year ended on June 30, 2019 and held annual general meeting on December 30, 2019. The commission also asked Dhaka Stock Exchange to investigate the affairs of Shurwid Industries, including all its offices and factory premises.

<https://www.dhakatribune.com/business/stock/2021/01/28/shurwid-industries-to-face-the-music-for-lying-about-paying-dividends>
<https://www.newagebd.net/article/128497/bsec-probes-shurwids-deceiving-dividend-declaration>

Stocks plunge as margin loan ceiling comes into effect February 1

• Dhaka stocks plunged on Tuesday as many brokerage houses and merchant banks went for forced sales to comply with a BSEC instruction over margin loan interest rate. The Bangladesh Securities and Exchange Commission on January 13 set the upper ceiling on interest rate of margin loans provided by stockbrokers and merchant bankers to investors at 12% that includes a charge of maximum 3% spread over cost of funds. The directive will come into effect on February 1. DSEX, the key index of Dhaka Stock Exchange, lost 1.63%, or 94.55 points, to close at 5,695.37 points on Tuesday.

<https://www.newagebd.net/article/128392/stocks-plunge-as-margin-loan-ceiling-comes-into-effect-february-1>

Bourses asked to submit detailed plan within 15 days

• The securities regulator has asked both the bourses to submit a detailed plan within 15 days regarding the issuance of new TREC (Trading Right Entitlement Certificate). The Bangladesh Securities and Exchange Commission (BSEC) delivered its instruction on Thursday through a letter sent to the managing directors of both Dhaka Stock Exchange and Chittagong Stock Exchange. The regulatory instruction came as part of the process of the demutualisation process of the stock exchanges. Both the bourses are supposed to issue new TREC on completion of five years after the demutualization. The managing director of the Chittagong Stock Exchange (CSE) said that they would submit a plan regarding issuance of a certain number of new TRECs within the ongoing fiscal year.

<https://today.thefinancialexpress.com.bd/stock-corporate/bourses-asked-to-submit-detailed-plan-within-15-days-1611588787>

KTM motorcycles are official now

• Runner Automobiles Ltd launched Europe's top motorcycle brand KTM in Bangladesh on Monday. The two premium 125cc models – KTM 125 Duke and KTM RC 125 – are now up for sale at a price 15% lower than the price charged by grey market importers. KTM is considered to be the most premium brand among the ones Runner has included in its gigantic fleet – UM, Vespa, Aprilia, and Runner. The KTM 125 Duke is priced at BDT 350,000, while its EU edition with many advanced features comes with a price tag of BDT 480,000. The 125 RC is priced at BDT 470,000.

<https://tbsnews.net/feature/wheels/ktm-motorcycles-are-official-now-191338>
<https://www.newagebd.net/article/128278/austrian-motorcycle-brand-ktm-launched-in-bangladesh>

Lub-rref IPO subscription to begin today

• The initial public offering (IPO) subscription of Lub-rref (Bangladesh) Limited is due to begin today. On 18 November last year, the Bangladesh Securities and Exchange Commission (BSEC) approved that the company publish its IPO prospectus to raise BDT 1.50 billion for business expansion. According to the book building method of IPO, half of the company's shares will be issued to eligible institutional investors who have set the cut-off price of the shares at BDT 30 each through bidding. The general public can apply to buy the remaining half of the local lubricant company's shares at a 10% discount on the cut-off price.

<https://tbsnews.net/economy/stock/lub-rref-ipo-subscription-begin-today-191473>
<https://www.dhakatribune.com/business/2021/01/26/lub-rref-ipo-subscription-begins-tuesday>

DSE finds Oimex Electrode's financial reports 'fabricated'

• The Dhaka Stock Exchange has found a number of irregularities, including falsification of financial statements, poor recordings, mismanagement and auditors' negligence in Oimex Electrode Limited. A DSE inspection team visited the Oimex's factory on December 7, 2020 and its head office on December 27 following a Bangladesh Securities and Exchange Commission's instruction to conduct an inspection in the affairs of the company. The team submitted its report to the BSEC on January 6. After visiting both the factory and the head office of Oimex Electrode, the inspection team said that the total financial statements prepared by the company are materially misstated, said the DSE inspection report.

<https://www.newagebd.net/article/128177/dse-finds-oimex-electrodes-financial-reports-fabricated>
<https://www.dhakatribune.com/business/2021/01/25/oimex-electrode-fudges-financial-statement>

General investors to get 70% IPO shares

• To put an end to market manipulation, the regulator has finalised its rules, allowing general investors to buy 70% shares of any initial public offerings (IPOs), up from the previous 50% and 60% in two separate categories. As a result, general investors' IPO quota will increase by 10% in fixed price and 20% in book building methods. Consequently, institutional investors' quota in primary shares will come down by 10% and 20% in fixed price and book building processes respectively. Of the 70% shares set aside for general investors, the regulator fixed 65% for resident Bangladeshis and only 5% for non-resident Bangladeshis.

• In other words, institutional investors will get 20% IPO shares in fixed price and 30% in the book building systems. Mutual funds will get only 10% primary shares in the fixed price method while they will be treated as institutional investors in the book building system.

<https://tbsnews.net/economy/stock/general-investors-get-70-ipo-shares-190480>

BSRM Steel Mills to merge with parent company

• BSRM Steel Mills Ltd is set to merge with its parent company BSRM Ltd, a move that will help the country's leading rod producer cut costs and boost profit. The board of directors of the group approved the merger with effect from February 1, BSRM Ltd, a listed company, said in a security filing yesterday. The main activity of BSRM Ltd is to manufacture MS (mild

steel) products. BSRM Steel Mills is a melting unit and produces raw materials for BSRM Ltd. As a non-listed company, BSRM Steel Mills has to pay 10%age points higher corporate tax compared to a listed firm and bear some extra costs as a separate entity, said a top official of BSRM Ltd. Now, these costs will reduce, he said.

<https://www.thedailystar.net/business/news/bsrm-steel-mills-merge-parent-company-2031981>

Samsung to make another high-end device in Bangladesh plant

- Samsung's juggernaut in manufacturing the latest smartphones in Bangladesh continues as the South Korean tech giant has taken to assembling its flagship smart device Galaxy S21 Ultra 5G in its local plant. The handset, which was rolled out globally on January 14, would be the second 5G-enabled smartphone of Samsung assembled in Bangladesh. The first 5G smartphone was Note 20 Ultra 5G which hit markets last year. In the US, the Galaxy S21 Ultra is priced at USD 1,199.99. If the device is imported, the price would be more than BDT 166,000. Thanks to local assembling, the price of the device will be down by at least BDT 26,000.

- Fair Electronics, which started assembling Samsung handsets in 2019, churned out 1.4 million units of 4G-enabled smartphones that year and 1.6 million last year. According to the chief marketing officer of Fair Electronics, Samsung accounts for 19% to 21% of smartphone sales in Bangladesh and Fair manufactures 99% of Samsung smartphones in the country. According to Bangladesh Telecommunication Regulatory Commission, the current annual handset sales in the country amounted to BDT 100 billion.

- Over 14.5 million handsets were assembled in the country's 10 manufacturing plants in fiscal 2019-20, comprising Fair's 0.98 million, Edison's 1.42 million, Caricare Technology bd's 4.3 million and Anira International's 1.1 million. In that fiscal, local consumers bought 29.4 million handsets, of which 77% sets were 2G-enabled, 5% 3G and 18% 4G. Locally assembled smartphones met 51% of the country's demand for handsets in fiscal 2019-20, whereas imported ones the remaining 49%.

<https://www.thedailystar.net/business/news/samsung-make-another-high-end-device-bangladesh-plant-2032001>

New IPO share allotment system from April 01

- The Bangladesh Securities and Exchange Commission (BSEC) issued a directive on Wednesday to introduce the new system of allotment of IPO shares among the general investors within March 31. From April 1, there will be no lottery for IPO (initial public offering) shares. Instead, general investors will be allotted the IPO shares on pro rata basis. As a result, general investors who will deposit funds against the IPO shares, offered by issuer companies, will get shares in accordance with their respective portions of funds. The BSEC officials said someone willing to buy the IPO shares must be an investor of the secondary market. And he must have the listed companies' shares of at least BDT 20,000 in his BO (beneficiary owner's) account, according to the securities regulator. Besides, the BO account-holder should make an IPO application involving at least BDT 10,000 or its multiples.

<https://today.thefinancialexpress.com.bd/public/stock-corporate/new-ipo-share-allotment-system-from-april-01-1611247498>

<https://tbsnews.net/economy/stock/every-ipo-applicant-receive-stocks-april-189499>