

Capital Market Overview

The market closed in red this week. The benchmark index DSEX (-0.98%) lost 44.24 points and closed the week at 4,469.66 points. The blue-chip index DS30 (-1.26%) lost 19.38 points and stood at 1,524.04 points. The Shariah-based index DSES (-0.70%) lost 7.21 points and stood at 1,028.29 points. The large cap index CDSET (-1.45%) lost 13.42 points and closed at 910.07 points. DSEX, DS30, DSES, and CDSET all posted negative YTD return of -0.98%, -1.26%, -0.70%, and -1.45%, respectively.

Total Turnover During The Week (DSE): BDT 22.3 billion (USD 267.7 million)
Average Daily Turnover Value (ADTV): BDT 4.5 billion ($\Delta\%$ Week: -1.8%)

Market P/E: 12.95x

Daily Index Movement during the Week:

The market performed five sessions during this week. Market opened this week with a positive movement of 0.32% in the first session. Then market turned around in the second session by -0.78% and reverted again in the third session by 0.40%. However, the market moved downward again by -0.64% in the fourth session and ended the week in negative at -0.27%.

Sectoral Performance:

- The financial sectors showed negative performance during this week except Life Insurance (+2.04%). NBFIs booked the highest loss of 7.38% followed by Mutual Funds (-2.59%), General Insurance (-2.19%), and Banks (-1.81%).
- All the non-financial sectors showed negative performance during this week except Food & Allied (+2.55%). Telecommunication booked the highest loss of 5.10% followed by Engineering (-3.00%), Power (-2.55%), and Pharmaceuticals (-0.46%).

Macroeconomic arena:

- The long-promised single-digit interest rate is now seeming to be more and more likely as the banks yesterday agreed to provide not more than 6% for savings from February 1 as part of their preparation to usher in 9% lending rate from April.
- Ten banks, both private commercial and state-run, lent aggressively in November last year bypassing the Bangladesh Bank (BB) criteria, exposing them to risk in the already battered banking sector.
- The government is planning on forming a public asset management company (PAMC) with an initial paid-up capital of BDT 50 billion to redress the financial sector against default loans. With the rollout of the planned draft, a secondary market for default loans will also be created.
- Defaulted loans in the industrial sector increased by 24.75% as of September 30 last year. The amount of industrial non-performing loans increased to BDT 544.16 billion at the end of September last year from BDT 436.20 billion a year ago.
- Bangladeshi businessmen are required to get authorization from Bangladesh Bank for foreign investment as small as USD 100.
- Revenue collection by the National Board of Revenue fell short by BDT 315.08 billion or 23% of the target in the first half of the current fiscal year 2019-2020. Tax officials managed to collect only BDT 1.05 trillion in income tax, VAT and customs duty in July-December of FY20 against the collection target of BDT 1.37 trillion for the period.
- Some 234,503 beneficiary owners' (BO) accounts were closed in last 12 months since January 23, 2019 due to non-payment of maintenance fees, regulatory move and depressed capital market outlook.

Stock Market arena:

- Renata is set to become the third local drug maker to export products to the tightly regulated US market, in a testament of the advances Bangladesh's pharmaceutical industry.
- Grameenphone filed a review petition with the Appellate Division of the Supreme Court asking permission to pay BDT 5.75 billion (25% of the principal amount), in 12 installments to the telecom regulator.

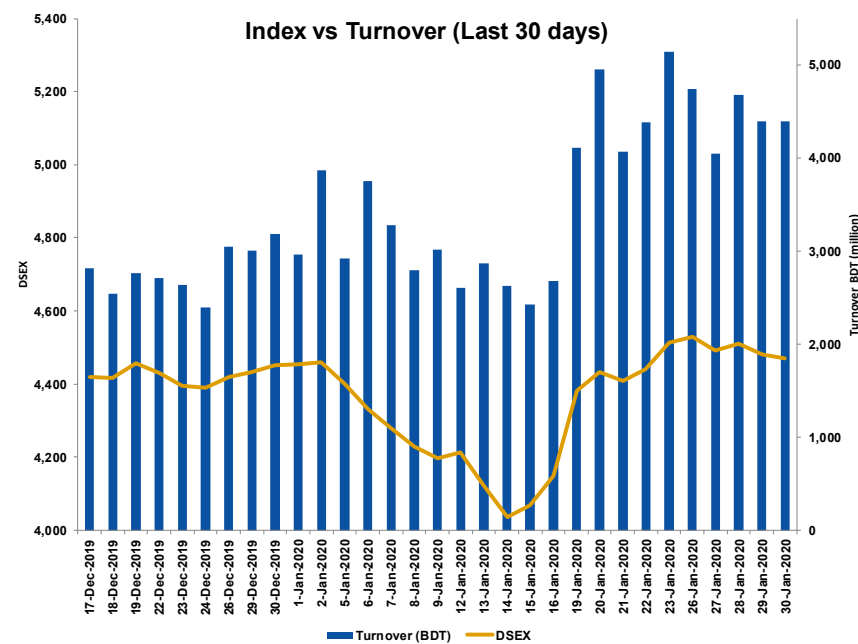
Table 1: Index

Index	Closing	Opening	Δ (Pts)	30-Dec-2019	$\Delta\%$ Week	$\Delta\%$ YTD
DSEX	4,469.66	4,513.89	-44.24	4,452.93	-0.98%	0.38%
DS30	1,524.04	1,543.43	-19.38	1,513.35	-1.26%	0.71%
DSES	1,028.29	1,035.49	-7.21	999.83	-0.70%	2.85%
CDSET	910.07	923.49	-13.42	899.76	-1.45%	1.15%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	17,173,199.7	16,966,578.8	1.2%
	Mn USD	206,582.5	204,096.9	
Turnover	Mn BDT	22,254.6	22,657.9	-1.8%
	Mn USD	267.7	272.6	
Average Daily Turnover	Mn BDT	4,450.9	4,531.6	-1.8%
	Mn USD	53.5	54.5	
Volume	Mn Shares	764.0	824.9	-7.4%

Figure 1: DSEX & Turnover in last four weeks



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Table 3: Top Ten Gainers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Zeal Bangla Sugar Mills	41.30	29.00	42.4%	247.8	6.46	NM	NM
Shaympur Sugar	32	22.60	42.0%	160.5	3.88	NM	NM
United Airways (BD) Ltd.	1.90	1.40	35.7%	1,573.5	8.71	NM	0.2x
VFS Thread Dyeing Limited	22.80	19.30	18.1%	2,337.1	258.13	11.5x	1.4x
Indo-Bangla Pharmaceuticals Limited	20.90	17.70	18.1%	2,330.5	316.71	13.2x	1.6x
Safko Spinnings	10.00	8.50	17.6%	299.8	13.68	NM	0.6x
Northern Jute	477.70	408.10	17.1%	1,023.2	250.29	16.8x	8.4x
Metro Spinning	6.90	5.90	16.9%	425.7	18.88	23.3x	0.5x
M.L. Dyeing Limited	43.60	37.30	16.9%	9,651.5	214.63	38.7x	2.4x
Oimex Electrode Limited	24.80	21.40	15.9%	1,408.4	149.07	16.7x	1.8x

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
BSRM Steel	36.10	41.60	-13.2%	13,571.9	22.70	12.2x	1.1x
Investment Corporation of Bangladesh	79.00	90.30	-12.5%	60,628.0	47.33	NM	2.9x
BIFC	2.20	2.50	-12.0%	221.5	.29	NM	NM
International Leasing	4.70	5.30	-11.3%	1,042.5	29.39	26.4x	0.4x
Silco Pharmaceuticals Limited	23.10	26.00	-11.2%	2,397.9	96.48	11.1x	1.0x
Bangladesh Lamps	129.60	145.80	-11.1%	1,214.4	14.85	NM	1.4x
MBL 1st Mutual Fund	5.60	6.30	-11.1%	560.0	.94	NM	0.5x
SEML IBBL Shariah Fund	6.40	7.20	-11.1%	640.0	8.68	NM	0.6x
M.I. Cement Factory Limited	38.60	43.20	-10.6%	5,732.1	7.10	NM	1.4x
Gemini Sea Food	156.10	174.60	-10.6%	733.1	14.22	375.9x	14.7x

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
LafargeHolcim Bangladesh Limited	50.30	44.80	12.3%	58,417.1	1,885.51	32.4x	3.8x
ADN Telecom Limited	45.10	41.40	8.9%	2,915.8	574.69	18.6x	2.8x
Square Pharmaceuticals	198.20	198.90	-0.4%	167,328.2	562.19	12.6x	2.5x
Paramount Textile Limited	65.20	62.90	3.7%	9,629.7	554.93	18.8x	4.2x
S. S. Steel Limited	12.90	13.50	-4.4%	3,634.6	505.23	5.4x	0.8x
Bangladesh Submarine Cable Company Limited	102.60	105.30	-2.6%	16,919.3	468.86	23.4x	2.8x
Grameenphone Ltd.	257.80	272.00	-5.2%	348,107.3	441.81	10.1x	8.2x
British American Tobacco Bangladesh Company Limited	1,073.40	1,031.70	4.0%	193,212.0	410.84	22.4x	7.9x
Khulna Power Company Limited	50.60	53.60	-5.6%	20,109.1	389.69	15.7x	2.1x
Pioneer Insurance	42.40	41.90	1.2%	2,967.2	369.43	9.5x	2.1x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
LafargeHolcim Bangladesh Limited	50.30	49.70%	58,417.1	32.4x
Olympic Industries	195.10	18.24%	39,008.1	19.5x
MJL Bangladesh Limited	74.00	16.90%	23,439.6	12.2x
Mutual Trust Bank	30.00	13.21%	19,093.0	10.6x
British American Tobacco Bangladesh Company Limited	1,073.40	10.67%	193,212.0	22.4x
Power Grid Co. of Bangladesh Ltd.	49.00	9.87%	22,584.7	5.6x
Shasha Denim Limited	26.90	8.91%	3,613.2	16.3x
Khulna Power Company Limited	50.60	8.35%	20,109.1	15.7x
Bata Shoe	753.50	8.25%	10,307.9	21.3x
Summit Power	39.20	7.99%	41,860.8	8.1x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1265.72	1289.01	1319.28	-1.81%	-4.06%
NBFIs	1548.09	1671.40	1565.13	-7.38%	-1.09%
Mutual Funds	586.43	602.05	591.17	-2.59%	-0.80%
General Insurance	1911.54	1954.25	1927.02	-2.19%	-0.80%
Life Insurance	2108.99	2066.83	2194.70	2.04%	-3.91%
Telecommunication	3631.86	3827.06	3993.59	-5.10%	-9.06%
Pharmaceuticals	2534.11	2545.78	2492.51	-0.46%	1.67%
Fuel & Power	1585.04	1626.53	1515.21	-2.55%	4.61%
Cement	1450.19	1351.14	1132.29	7.33%	28.08%
Services & Real Estate	990.43	981.97	886.70	0.86%	11.70%
Engineering	2219.31	2287.93	2257.22	-3.00%	-1.68%
Food & Allied	13443.07	13108.17	12121.49	2.55%	10.90%
IT	2021.08	2012.71	1823.13	0.42%	10.86%
Textiles	1036.89	1009.93	1042.04	2.67%	-0.49%
Paper & Printing	5247.37	5135.91	5233.20	2.17%	0.27%
Tannery	1861.98	1845.63	1826.45	0.89%	1.95%
Jute	9518.30	8732.21	11393.28	9.00%	-16.46%
Ceramics	451.23	457.75	459.10	-1.42%	-1.71%
Miscellaneous	1791.83	1781.23	1745.96	0.60%	2.63%

Table 7: Sector Trading Matrix

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Banks	242.7	408.4	-40.57%	5.64%	6.8x	0.8x
NBFIs	97.6	79.1	23.39%	2.27%	90.1x	2.1x
Mutual Funds	58.6	40.9	43.11%	1.36%	NM	0.5x
General Insurance	301.9	287.7	4.94%	7.01%	13.8x	1.2x
Life Insurance	78.7	54.8	43.62%	1.83%	NM	8.7x
Telecommunication	182.1	54.3	235.60%	4.23%	10.4x	7.5x
Pharmaceuticals	448.5	288.0	55.74%	10.42%	16.9x	2.2x
Fuel & Power	249.4	261.4	-4.60%	5.79%	10.2x	1.8x
Cement	413.4	190.5	117.02%	9.60%	30.9x	2.7x
Services & Real Estate	99.6	19.8	404.26%	2.31%	148.5x	0.8x
Engineering	709.6	410.9	72.70%	16.48%	13.7x	1.3x
Food & Allied	221.3	98.2	125.40%	5.14%	25.7x	7.6x
IT	217.0	244.4	-11.22%	5.04%	19.0x	2.7x
Textiles	539.1	256.4	110.24%	12.52%	NM	0.8x
Paper & Printing	24.7	10.0	147.66%	0.57%	200.7x	1.4x
Tannery	45.6	36.5	24.82%	1.06%	21.8x	2.0x
Jute	52.7	48.2	9.25%	1.22%	NM	4.3x
Ceramics	63.9	98.8	-35.32%	1.48%	24.6x	1.7x
Miscellaneous	258.8	141.1	83.37%	6.01%	20.1x	1.0x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Golden Harvest Agro Industries Ltd.	16.20	-17.35%	3,496.6	14.3x
BRAC Bank	50.00	-12.43%	61,668.8	12.0x
Lankabangla Finance	16.10	-10.56%	8,262.2	14.6x
Grameenphone Ltd.	257.80	-9.80%	348,107.3	10.1x
City Bank	19.10	-9.48%	19,413.0	7.5x
Heidelberg Cement	150.60	-8.62%	8,509.4	53.7x
Padma Oil Co.	176.10	-8.38%	17,298.8	6.0x
BSRM Steel	36.10	-7.91%	13,571.9	12.2x
Prime Bank	16.80	-7.69%	19,022.4	7.7x
Active Fine Chemicals Limited	13.80	-6.12%	3,311.1	4.9x

Important News: Business & Economy

Historically bad toxic loan situation makes government creative

• The government is homing in on forming a public asset management company (PAMC), a brainchild of the Finance Minister, as part of its efforts to redress the financial sector that is fast approaching a losing battle against default loans. The finance ministry has already prepared a draft act titled “Bangladesh Asset Management Company Act” to purchase default loans from banks and sell them off to individuals or corporate entities. Until September last year, default loans in the banking sector stood at BDT 1.16 trillion, up 23.82% from nine months earlier.

• The company will kick off its operation with an initial paid-up capital of BDT 50.00 billion. The PAMC will be allowed to ink agreement with both local and foreign institutions in order to increase its capital and funds. The Asian Development Bank has already showed its interest in providing financial support to the government in setting up the PAMC. The PAMC will take over the default loans, including collaterals such as lands and industrial plants of defaulters.

• In order to make the PAMC vibrant, a secondary market for default loans will be created, where people would be allowed to buy and sell default loans. As per the draft act, the government will form the board of directors of the PAMC comprising of 13 members, of which 12 will come from the different government agencies and the rest from the Federation of Bangladesh Chambers of Commerce and Industry. The central bank will be empowered to monitor the PAMC’s operation and it will prepare regulations on how the company will run as well.

<https://www.thedailystar.net/business/news/historically-bad-toxic-loan-situation-makes-govt-creative-1861045>

Bangladesh economy to graduate from 40th to 26th by 2029: Centre for Economics and Business Research (CEBR)

• Bangladesh’s economy will reach to 25th position in the Economic League Table (WELT) by 2034 from current 40, says a recent report of US-based Centre for Economics and Business Research (CEBR) report. The report also said the country will be in 30th largest economy of the world by 2024 in the WELT, outperforming the economy of Malaysia, Hong Kong and Singapore. The global report, titled World Economic League Table (WELT) 2020, of the CEBR also says that Bangladesh’s economy will further climb from the 40th place in the World Economic League Table in 2020 and 26th by 2029. The world economic league table with forecasts for 193 countries to 2034 was published recently.

• With a PPP adjusted GDP per capita of USD 5,028 in 2019, Bangladesh is a lower middle -income country, CEBR says. Bangladesh’s economy performed well last year, recording a 7.8% growth, according to the report. The country recorded 7.9% growth in 2018. The population increased at a rate of 1% per year since 2014. This has meant that per capita incomes have grown considerably in recent years. The government debt as a share of GDP rose to 34.6% last year. This is up from 34% in 2018. Despite this increase, the public sector finances remain in good shape. The relatively low debt burden has provided the government with the fiscal headroom to operate a budget deficit of 4.8% in 2019. The annual rate of GDP growth is forecast to slow to an average of 7.3% between 2020 and 2025, according to the report. Over the subsequent nine years, CEBR forecasts that the

economy will remain at this impressive rate, which will see Bangladesh climb from 40th place in the World Economic League Table in 2020 to 25th place by 2034.

<https://www.dhakatribune.com/business/2020/01/29/bd-economy-to-graduate-from-40th-to-26th-by-2029>

Defaulted industrial loans surge by 24.75% in one year till September

• The amount of defaulted loans in the industrial sector increased by 24.75% or BDT 107.95 billion as of September 30 last year as most of the bad loans that had been rescheduled in 2015 under a special loan restructuring facility for the sector became defaulted again. According to BB data, the amount of industrial non-performing loans increased to BDT 544.16 billion at the end of September last year from BDT 436.20 billion a year ago.

• The maximum amount of industrial loans, disbursed to the large borrowers who enjoyed restructuring facility under a special BB scheme in 2015, had failed to repay their loans, thus resulting in the surge in defaulted loans. Experts and bankers blamed lack of good governance, corruption, political interference in approving loans, and a culture of impunity for the surge in NPL (Non-Performing Loans).

• Showing economic damages caused by political unrests as an excuse, 15 big industrial groups had appealed to the Bangladesh Bank for long-term loan rescheduling under the central bank’s large-loan restructuring policy. In response, the central bank, in a major move on January 27, 2015, approved defaulters of large loans BDT 5 billion and above to reschedule their debts on the grounds that they were affected by ‘various external and domestic factors beyond their control’.

<https://www.newagebd.net/article/98035/defaulted-industrial-loans-surge-by-2475pc-in-one-year-till-sept>

<https://www.dhakatribune.com/business/2020/01/29/industrial-npls-surge-by-BDT54-416cr-in-a-year>

Government cuts stamp duty on bond trust deed

• Finance ministry has cut the stamp duty on registration of trust deed of issuance of bond, debenture and sukuk (Islamic bond) to 0.1% from 2% to boost the country’s bond market. The ministry has also set the highest amount of the duty at BDT 1 million on total value of a deed.

• The committee in its report also said that the high rate of stamp duty along with other fees, including issue manager fee, trustee fee and liability fee, increased the cost of issuance of bond. For example, an issuer had to pay BDT 40 million as stamp duty for registration of trust deed of bond worth BDT 2 billion, the committee said.

• Currently, 0.1% transaction tax, 0.05% for buyer and 0.05% for seller, is applicable on bond market.

<https://www.newagebd.net/article/98034/govt-cuts-stamp-duty-on-bond-trust-deed>

<https://today.thefinancialexpress.com.bd/last-page/ird-cuts-stamp-duty-on-bond-deed-reg-1580322444>

WB 'committed to develop Bangladesh'

- The World Bank's portfolio in Bangladesh has nearly doubled in the last six years to USD 11.6 billion, with the country being one of the largest beneficiaries of concessional credit.
- The World Bank is committed to join Bangladesh on its journey to upper middle-income status, in close cooperation with the government, stakeholders and development partners, and for the benefit of all people. It was among the first development partners to support Bangladesh following its independence. Since then, the World Bank has committed over USD 30 billion, mostly in grants, interest-free and concessional credits to Bangladesh.

<https://www.thedailystar.net/business/news/wb-committed-develop-bangladesh-1861024>

Bangladesh Bank warns banks of regulatory measures for import payments delay

- A good number of banks have recently showed an unwillingness to make import payments on time, which has had an adverse impact on the country's international image. As a result, many foreign banks are reluctant to accept letters of credit. Malpractice in the industry has also had a negative impact on the country's balance of payments.
- The central bank instructed banks to make their import payment to corresponding foreign banks on time or else strict actions will be taken against the errant lenders. The banks are also forced to pay additional interest to their corresponding lenders due to their failure to settle LCs promptly. Besides, the confirmation charge for LCs is also on the rise as a result of the added pressure on the country's foreign exchange reserve.
- In breach of global norms, some banks do not make import payments in order to provide extra facilities to their clients. Clients get extra time to adjust the bank loans against their LCs if their lenders do not duly make import payments. The illicit collaboration between banks and clients should be stopped for the greater interest of the country's financial sector.

<https://www.thedailystar.net/business/news/make-prompt-lc-payment-or-face-the-music-1861042>

<https://www.newagebd.net/article/98041/bb-warns-banks-of-regulatory-measures-for-import-payments-delay>

Bangladesh Special Economic Zone (BSEZ) may bring in foreign investment of USD 20 billion

- Bangladesh Special Economic Zone (BSEZ), dedicated for Japanese investors, is expected to bring in foreign investment worth USD20 billion. The Special Economic Zone (SEZ) being developed on 1,000 acres of land in Araihasar upazila of Narayanganj will be operational by 2022. The IDJEZP is a joint venture between the Bangladesh Economic Zones Authority (BEZA) and Japanese Sumitomo Corporation. Under the contract, Japanese firm TOA Corporation will develop the EZ exclusively for the Japanese investors.

<https://thefinancialexpress.com.bd/economy/bsez-may-bring-in-foreign-investment-of-us20b-1580189923>

Bank Deposits: Not more than 6% interest from February 1

- The long-promised single-digit interest rate is now seeming to be more and more likely as the banks yesterday agreed to provide not more than 6% for savings from February 1 as part of their preparation to usher in 9% lending rate from April. The decision was taken at a meeting of the Association of Bankers, Bangladesh (ABB), a forum of managing directors of banks.
- Some 20 banks have already lowered their interest rate for deposits to 6% this month from the previous 8-9%, a move that has prompted a flurry of savers to withdraw their funds. The savers are looking to park the funds with banks that are yet to bring down their interest rate. As per the ABB decision, banks will not follow the six% interest rate for deposit pension schemes (DPS), where savers park a specific amount of money every month and get a lump sum after a certain period
- To facilitate banks to charge 9% for loans from April, the finance ministry on January 20 instructed the autonomous, semi-autonomous and government companies to keep 50% of their surplus funds at 6% interest rate with private lenders. The remaining half of their deposits will go to state banks, which can offer no more than 6% interest.

<https://www.thedailystar.net/frontpage/news/bank-deposits-not-more-6pc-interest-feb-1-1860631>

Private sector's appetite for credit craters

- Private sector credit growth dropped to the lowest since 2008 in December last year, in continuation of its downward trend of the previous 21 months. In December last year, the year-on-year credit growth stood at 9.83%, down from 9.87% from one month earlier, according to Bangladesh Bank data, which goes as far back as 2008.
- As of January 15, the government borrowed BDT 508.42 billion from the banking sector, exceeding its annual limit of BDT 473.64 billion for fiscal 2019-20. As per the National Board of Revenue's provisional data, it logged in BDT 1.05 trillion in collections for the first half of the fiscal year, up 7.3% year-on-year. The sum missed the periodic target by BDT 315.07 billion. The central has recently been forced to revise its key monetary and credit programs, setting a fresh government sector credit growth of 37.7% for fiscal 2019-20. In July last year, it had set the target of 24.3%.
- Rising defaulted loans is another reason behind the declining private sector credit growth, a former adviser to a caretaker government said. In the first nine month of 2019, defaulted loans increased 23.82% to BDT 1.16 trillion.

<https://www.thedailystar.net/business/news/private-sectors-appetite-credit-craters-1860514>
<https://www.dhakatribune.com/business/2020/01/28/fallout-of-falling-private-credit>

Bangladesh Securities and Exchange Commission (BSEC) toughens corporate governance code

- The Bangladesh Securities and Exchange Commission on Tuesday augmented punitive measures by inserting provision of delisting or suspension of share trading into the corporate governance code (CGC) for breaching the code by any listed company. If any listed company fails to comply with any provision of the CGC, it would be punishable offence under the Securities Ordinance, 1969. Therefore, the commission can, among

others, delist or suspend share trading of the defaulting company as per the amendments.

- The commission issued the CGC on June 3, 2018, making it mandatory for all listed companies to comply with the rules. The regulator issued the CGC to enhance corporate governance in the interest of investors and the capital market. No issuer company must, except with the approval of the general body of its shareholders, enter into any contract for the sale or purchase of assets of 50% (previously it was 1%) or above of the total tangible assets as shown in the statements of financial position as of the end of the immediate preceding completed financial year.

<https://www.newagebd.net/article/97949/bsec-toughens-corporate-governance-code>

Advance to Deposit Ratio (ADR): 10 banks overshoot Bangladesh Bank (BB) lending instructions

- The Bangladesh Bank has cautioned the banks and asked them to lower their lending in line with the ADR instructions. Ten banks, both private commercial and state-run, lent aggressively in November last year bypassing the Bangladesh Bank (BB) criteria, exposing them to risk in the already battered banking sector. While most of the scheduled banks remained cautious in lending and collecting fresh deposit ahead of a dictated deposit-lending regime beginning April, the roles of the banks concerned for excessive lending have irked the central bank.

- The banks in questions are Basic Bank, AB Bank, National Bank, NRB Bank, NRB Global, Agrani Bank, Padma Bank, Premier Bank, Union Bank and Rajshahi Krishi Unnayan Bank, according to the latest central bank data. A few of these 10 banks even exceeded and lent more than their deposits. The BB has cautioned these banks and asked them to lower their lending in line with the ADR instructions.

<https://www.dhakatribune.com/business/banks/2020/01/27/adr-ratio-10-banks-overshoot-bb-lending-instructions>

Some banks slash deposit rates ahead of schedule

- Nearly 20 private commercial banks (PCBs) out of 41 have already cut their interest rates on deposits by around 2.0% points that have already come into effect from January 2020. The banks are now offering varying rates of interest on fixed deposits, particularly for three-month, six-month and one-year periods, ranging from 5.50% to 10%. It was 3.50-11.50% earlier.
- However, the interest rate spread in the country's banking sector remained unchanged in November, as the commercial banks increased their interest rates on both lending and deposit in the same proportion. The weighted average rate on deposits rose to 5.71% in November from 5.66% a month before, while interest rates on lending stood at 9.63% from 9.58%.

<https://today.thefinancialexpress.com.bd/first-page/some-banks-slash-deposit-rates-ahead-of-schedule-1580146977>

Bangladesh Bank (BB) approval needed for as small as USD 100 investment aboard.

- Bangladeshi businesspeople are required to get authorization from Bangladesh Bank for investing abroad amounts as small as USD 100 while travelers have permission to take up to USD 12,000 with them. According to Bangladesh Bank data, ACI Limited had to recently get permission from the bank to invest USD 100 in the United States, which is around BDT8,400.

- But there are a good number of companies which have made investment abroad without taking permission from the central bank. Allegations have it that Bangladesh Nationalist Party-backed mayoral candidate for Dhaka North City Corporation election has investment in a Singapore company.

<https://www.dhakatribune.com/business/banks/2020/01/27/bb-s-approval-required-for-foreign-investment-as-small-as-100>

Made in Bangladesh smartphones to rule the roost soon

- Bangladesh is on its way to becoming self-reliant in smartphone production by the year end, with locally manufactured handsets now ruling the roost. And by 2022, the country will add another product to its export basket: smartphone, according to estimates.

- Currently, nine foreign brands have their plants in the country while five of them have stopped importing devices as they are meeting their demand from local production. Local manufacturers made about 5.4 million smart devices in their plants last year, while another 2.4 million were imported via the legal and grey channels, industry insiders said. Along with 25.1 million basic phones, total sales of handsets ran into 32.8 million in 2019, according to local manufacturers and importers.

- Of the manufacturers, Samsung is on the fore, controlling about one-fourth the market. And the South Korean tech giant make about 97% of their devices in the local plant that opened in 2018. Home-grown brands Walton and Symphony and China's Transsion Holdings, Vivo and Oppo meet their full demand from their plants in Bangladesh. Transsion is now making about 90,000 smartphones per month of two separate brands, while its total monthly production is 450,000 units, according to Chief Executive Officer of Transsion.

- Symphony, once the market leader, has not been importing any smart gadgets since June last year, said Managing Director of Edison Group, its parent company. The company is assembling about 150,000 smartphones every month in its plant in Ashulia on the outskirts of Dhaka. In the plant they are also making 125,000 units of basic phones a month and no imports would be required by the year-end. Our target is to export devices by 2022, and to that end, we are in a process to set up two new plants, he said. Vivo and Oppo opened their plants in the second half of 2019 soon after the government increased import duties for smartphones to 57% from 32%.

- Three other brands -- 5-Star, Winstar and Lava -- have also their plants in Bangladesh. Both Transsion and Symphony are mulling over opening plants to manufacture mobile accessories, which is seeing a rising demand. At the end of last year, Bangladesh's active mobile connections stood at 166.4 million.

<https://www.thedailystar.net/business/news/made-bangladesh-smartphones-rule-the-roost-soon-1860034>

Tax receipts BDT 315.08 billion short of H1 target

- Revenue collection by the National Board of Revenue fell short by BDT 315.08 billion or 23% of the target in the first half of the current fiscal year 2019-2020 due to poor performance by the three wings of the NBR and gloomy economic activities. Tax officials managed to collect only BDT 1.05 trillion in income tax, VAT and customs duty in July-December of FY20 against the collection target of BDT 1.37 trillion for the period.
- Failure in implementation of the value-added tax online system fully that included online VAT returns submission and installation of electronic fiscal devices, tax and duty exemption at higher rates to various sectors, and decline in import of major products were the key reasons for the shortfall.
- The government enjoyed a huge amount of duty exemption for the implementation of mega projects such as Padma Bridge and metro rail projects while the private sector also enjoyed a significant amount of exemption in import of machinery and raw materials. Revenue from the gas sector also saw a huge deficit in the period following giving exemption of 93% supplementary duty on the product. Poor contributions of the telecom, real estate and transport sectors to corporate tax payment were also identified as a major factor.

<https://www.newagebd.net/article/97780/tax-receipts-BDT-31508cr-short-of-h1-target>
<https://www.thedailystar.net/business/news/govt-rests-easy-nbr-collections-rise-1859563>
<https://today.thefinancialexpress.com.bd/first-page/h1-tax-revenue-misses-target-by-a-big-margin-1580062044>

Lubricant consumption rises but prices stay high

- The market for various petroleum products has expanded at an average rate of about 6% in the last eight years following a rise in the number of vehicles and power plants in service. But, the end users are yet to enjoy the benefits that usually accompany a competitive market, such as product diversity and lower costs, due to a lack of local production.
- In 2019, the market size for petroleum products reached BDT 36.16 billion, with total demand standing at 0.16 million tonnes. In anticipation of the growing engine oil market, Pertamina Lubricant, an Indonesian state-owned oil and gas company, launched their Bangladesh operations last week. The demand for lubricants will continue to rise for the next 15 years at least, with rental power plants and the industrial sector together accounting for about 40% of total consumption.
- The Bangladesh oil market is consolidated by the top five players. MJL Bangladesh (Mobil), Navana Petroleum (Caltex/Chevron), Trade Services International (Total), Rahimafrooz (BP) and Ranks Petroleum (Royal Dutch Shell PLC) who account for about 50% of the total market share while the remaining half is split up between other brands. Despite the growing market for engine oils, consumers have yet to experience any benefits as the prices still remain high. Only from market saturation can the benefits be reaped due to increased competition in the industry.

<https://www.thedailystar.net/business/news/lubricant-consumption-rises-prices-stay-high-1859560>

Bank debt tops BDT 500 billion

- The government's net bank borrowing crossed BDT 500 billion until middle of this month, compelled by the need for meeting budget deficit, officials said. Falling trend in sales of national savings certificates coupled with a shortfall in revenue collection has led to higher debt from the banking sector during the period, they noted. Of the total, the government borrowed BDT 434.60 billion from the banks using treasury bills (T-bills) and bonds, and the remaining BDT 73.81 billion has been sourced from the central bank.
- Senior bankers, however, said liquidity pressure on the market is already in evidence after higher bank borrowing by the government. Bankers feared liquidity pressure on the market would intensify in the coming months, particularly from the final quarter of this fiscal when the pace of implementation of annual development programme, or ADP, gets expedited. Besides, the demand for credit may go up from April since the regulator instructed the banks to implement single-digit interest rates on both lending and deposits, the CEO of Mutual Trust Bank explained.
- A senior central banker dismissed such an apprehension, though. He insisted there will be no crowding-out effects on the private sector since the government and private expenditures are substitutive not complementary.

<https://today.thefinancialexpress.com.bd/public/first-page/bank-debt-tops-BDT-500-billion-1579802502>

Stingy listed companies sap investor spirit

- Most of the listed companies are keeping the majority of their profits instead of sharing the spoils with their shareholders in the form of cash dividends -- in yet another reason for the currently low confidence in the stock market.
- Of the 359 listed companies, 309 logged in profits in their last financial year. The 309 companies' total profits stood at BDT 230.15 billion, but 53.85% was retained by them. This, arguably, does not look too bad - and Grameenphone is to thank for it. If Grameenphone's dividend amount is taken out, the percentage that the companies hold on to for themselves rises to about 68%.
- Some 80 companies did not pay anything to the shareholders despite recording profits, according to data from the Dhaka Stock Exchange. And most of the companies' directors hold less than 40% shares. However, 34 companies provided higher dividends than their profits. Of them, 17 are mutual funds and three are multinationals.

<https://www.thedailystar.net/business/news/stingy-listed-companies-sap-investor-spirit-1858999>

Budget deficit crosses 5% for first time in 11 years

- Budget deficit went past the sensible limit of 5% last fiscal year, for the first time in 11 years, largely because of lower-than-expected revenue collection, official figures showed yesterday. The deficit, a situation when spending exceeds revenue, was 5.18% in 2018-19, 4.05% a year ago, according to the data released by the finance division. The last time the fiscal deficit went past 5% was in 2007-08 when it stood at 5.8%.
- The revised budget aimed to generate BDT 3.17 trillion in revenues in the last fiscal year,

but the government managed to earn BDT 2.52 trillion at the end, down 20.44%. Collection by the National Board of Revenue (NBR) was BDT 2.19 trillion against the target of BDT 2.8 trillion. Although the spending was down 13% to BDT 3.85 trillion against the planned BDT 4.43 trillion, it was enough for the budget deficit to overshoot the target.

- Low-cost foreign borrowing to bankroll the deficit financing declined compared to the target, while borrowing from the costly domestic sources went up. The government had aimed to borrow BDT 433.96 billion from external sources in FY19, but it stood at BDT 266.85 billion in the end. Domestic borrowing was up 5.5% at BDT 998.93 billion.
- Revenue generation by the NBR rose only by 0.8% in the first quarter of FY20 against 13% in FY19. Non-tax revenue fell by 45% against a staggering 52% growth in the first quarter last fiscal year.

<https://www.thedailystar.net/business/news/budget-deficit-crosses-5pc-first-time-11-years-1858348>

Unpaid loans by bank directors hit BDT 1.73 trillion

- The unpaid loans taken by the owners of Bangladesh's banks have topped BDT 1.73 trillion, which is more than 11% of the total credit disbursed by them. The bank directors have borrowed the money mostly from other banks, according to Bangladesh Bank accounts. They have taken over BDT 1.71 trillion from the other banks and more than BDT 16.15 billion from their own organization as of September, 2019.
- The finance minister said the default loans given by the banks and financial institutions to 8,238 firms totaled at BDT 969.86 billion. More than half of them, 4,198, have not repaid a single taka. The other companies have paid a total of BDT 258.36 billion.

<https://today.thefinancialexpress.com.bd/public/trade-market/unpaid-loans-by-bank-directors-hit-BDT-173tn-1579801608>

Bangladesh Security and Exchange fails to rein in companies' bonus share issuance

- The Bangladesh Securities and Exchange Commission has failed to rein in bonus dividend declarations by the listed companies due to lack of financially sound companies on the market, monitoring and proper punitive action. According to the Dhaka Stock Exchange data, around 132 companies issued 3.42 billion bonus shares to raise BDT 34.19 billion in 2019. Of the 299 companies that declared dividends in the year 2019, 73 companies declared stock dividend along with cash dividend and 59 companies declared only stock dividend for the year 2019.
- The market regulator has been trying for years to control declaration of bonus dividend by the companies with imposing several restrictions on them. But the companies are still declaring bonus dividend indiscriminately, upsetting the investors mostly. The BSEC has been facing criticisms for approving many fundamentally weak companies in the market. Lack of monitoring and incapacity of the market regulator encouraged the companies to continue doing the ill practices through declaring stock dividends that swelled their paid-up capital and minimized the possibility of cash dividend in future.

<https://www.newagebd.net/article/97579/bsec-fails-to-rein-in-cos-bonus-share-issuance>

Number of active beneficiary owners' (BO) accounts dips

- Some 234,503 beneficiary owners' (BO) accounts were closed in last 12 months since January 23, 2019 due to non-payment of maintenance fees, regulatory move and depressed capital market outlook. The number of active BO accounts stood at 2,578,283 as of January 23, 2020 which was 2,812,785, just a year ago on January 23, 2019, according to data from the Central Depository Bangladesh Ltd (CDBL), which preserves electronic data of all individual and institutional investors.
- The officials familiar with the development said a good number of BO accounts were closed in 2019 due to non-payment of maintenance fees and a regulatory move taken to ensure compliances. An official concerned said a good number of BO accounts were closed after June, 2019 following a circular issued by the Bangladesh Securities and Exchange Commission (BSEC) to remove irregularities occurred during opening accounts.

<https://today.thefinancialexpress.com.bd/public/stock-corporate/number-of-active-bo-accounts-dips-1579887076>

Meena Bazar in talks to take over Agora

- Meena Bazar, one of the country's biggest supermarket chains, is in talks to acquire its peer Agora in a bid to scale up its business volume to strengthen its foothold. The discussions, which is halfway through, is expected to be complete by the middle of this year. Insiders said Agora's owners, Brummer and Partners and Rahimafrooz, started discussions with Meena Bazar's owner Gemcon Group a couple of months ago for what will be the first acquisition in Bangladesh's organised grocery retail sector.
- Once the acquisition is complete, the number of Meena Bazar stores will double to 34 and it will become the second biggest retail chain after Shwapno. Agora has 17 stores, mostly in Dhaka. Shwapno, a concern of ACI, is the biggest retail supermarket with more than 120 stores, including 61 Shwapno stores and 67 franchisees, known as Shwapno Express, mostly in Dhaka and Chattogram.
- Today, Bangladesh has more than 150 supermarkets and convenience stores. Annual turnover in organized grocery retail sector rose 19% year-on-year to BDT 23 billion in 2019, according to operators. The sector has been registering 24% compound annual growth. Yet, organized grocery sector accounts for 2% of wholesale and retail trade as 5% VAT on sales keeps many customers away from superstores and is holding back the sector from expanding at a brisk pace, according to operators.

<https://www.thedailystar.net/business/news/meena-bazar-talks-take-over-agora-1861033>
<https://today.thefinancialexpress.com.bd/last-page/talks-start-for-agora-sell-off-1580322726>

Important News: Capital Market

Bad news for Grameenphone: Telenor may not approve the final dividend in the upcoming AGM

- For Grameenphone, it is all bad news for now. The company posted a meagre profit in 2019. It could have been even worse by being in the negative, had the company not revised its previous year's data. Topping it all off, Grameenphone fears that Telenor, its lion

shareholder, may not approve the final dividend in the upcoming annual general meeting (AGM) if its hurdle to repatriate dividends remains unresolved.

- The Grameenphone board recommended a 40% final cash dividend for 2019 in addition to a 90% interim cash dividend disbursed from its half-yearly profit. The total 130% annual dividend is the lowest since 2010. The bad news for Grameenphone shareholders is that this low dividend is also at risk of being disapproved in the upcoming AGM. Norwegian company Telenor Mobile Communications AS, which holds 55.8% of Grameenphone shares, did not receive the interim dividends disbursed to all other shareholders in mid-2019, said the latest price-sensitive information document of the company. Grameenphone failed to remit Telenor's receivable dividend as it could not get clearance from Bangladesh Bank to do so. The controlling shareholder may not approve Grameenphone's final dividend if the issue remains unresolved till the 23rd AGM of the company, set to be held on April 21, 2020, said Grameenphone.

- The company board considers its failure to remit Telenor's interim dividend as an unequal treatment to shareholders. The document also said that the problem with Bangladesh Bank relates to the issuance of the shares issued against the "in-kind" contribution of three nonresident shareholders, including Telenor in 1997. Some pre-formation expenditures take place before and during the registration of a company. More than two decades ago, Grameenphone issued some shares to promoters against their spending, a Grameenphone official said. The shares are called issued against "in-kind" contribution. Such shares do not exceed 2% of existing Grameenphone shares. The company had been paying dividends against such shares until last year. Unfortunately, it became an issue after so long. However, we hope things will be okay before the next AGM. It will be a serious problem if Telenor refuses to approve the recommended dividend for 2019.

<https://tbsnews.net/bangladesh/telecom/bad-news-grameenphone-low-profit-uncertain-dividend-40043>

Renata to set foot in the US this year

- Renata is set to become the third local drug maker to export products to the tightly regulated US market, in a testament of the advances Bangladesh's pharmaceutical industry have made over the years. The company got the approval from the US Food & Drug Administration (USFDA) for three products: Risperidone, Metoprolol Tartrate, and Glycopyrrolate, which are prescribed for schizophrenia, hypertension and peptic ulcer respectively.

- At present, the pharmaceutical arms of local business giants Square and Beximco have the approval of the USFDA to export their products.

- Renata, which raked in BDT 466.8 million in its last financial year by exporting to 27 countries, is hopeful that shipments to the US will kick off from this year, according to the drug makers' General Manager for International Regulatory Affairs.

- In the human pharmaceutical products, Renata's net sales soared 19% last year, outperforming a buoyant market that registered a 16.3% growth. Renata remains market leader in the animal health sector: its sales grew 10.8% against the industry growth of 9.4%. As a result, it is constructing an animal nutrition factory in Bhaluka upazila of Mymensingh.

<https://www.thedailystar.net/business/news/renata-set-foot-the-us-year-1860031>

Robi questions Bangladesh Telecommunication and Regulatory Commission (BTRC) report on telecom complaints

- Robi Axiata Limited, the country's second largest mobile operator, yesterday raised questions about the telecom regulator's customer complaint management and reporting procedures. In a letter signed by Vice President of Robi's Regulatory Affairs wing, the operator asked Bangladesh Telecommunication Regulatory Commission (BTRC) to facilitate a better system in this regard. On January 13, the BTRC published a comprehensive report on customer grievances with various mobile operators. Out of the 14,000 complaints received last year, only 37% were resolved, according to the report. Actually, there were only 3,641 complaints regarding Robi's services while the rest were queries, which should not be reported as complaints, said the operator. With 48.9 million active users as of last December, Robi said the number of actual complaints they received is just 0.007% of their total customer base.

- Last year, customers lodged 3,630 complaints against Grameenphone and the market leader has resolved only 986 cases, or just 27.16%. On the other hand, the country's third biggest operator Banglalink resolved about half of the 1,488 complaints they received. Teletalk and the Bangladesh Telecommunications Company (BTCL) received 1,363 and 59 complaints respectively. Teletalk, the state-owned operator, resolved 138 complaints while the BTCL did not respond to any whatsoever, according to the BTRC report. Once the most dominant market player, the BTCL is currently struggling to stay afloat with about 500,000 active connections. From other segments, the BTRC received 1,681 complaints, of which 46.46% were resolved.

<https://www.thedailystar.net/business/news/robi-questions-btrc-report-telecom-complaints-1859941>

GP wants to pay BDT 5.75 billion in 12 instalments

- Grameenphone yesterday filed a review petition with the Appellate Division of the Supreme Court asking permission to pay BDT 5.75 billion to the telecom regulator as an adjustable deposit. The petition was filed against a previous SC order issued on November 24 last year that asked the operator to pay BDT 20 billion to the Bangladesh Telecommunication Regulatory Commission (BTRC) by February 23. In the petition, the carrier also sought an order allowing it to pay the amount in 12 equal instalments, which means it wants to pay BDT 479.2 million every month. Confirming the development the head of regulatory affairs at Grameenphone said they wanted to pay BDT 5.75 million, which represented 25% of the principal amount which the BTRC claimed Grameenphone owed. A top executive officer at Grameenphone, the leading carrier with a 46% market share, said his company sought the instalment facility as a High Court bench had earlier allowed Robi to pay their dues in instalments.

- However, a Supreme Court lawyer said if the Appellate Division did not hear the petition, Grameenphone would be left with no option but to pay the BDT 20 billion. Failing to do so could result in the BTRC taking measures, including appointing administrators, against Grameenphone, he said.

<https://www.thedailystar.net/frontpage/news/gp-wants-pay-BDT-575cr-12-instalments-1859518>

<https://www.newagebd.net/article/97778/gp-appeals-to-pay-btrc-BDT-575cr>

<https://www.dhakatribune.com/business/2020/01/26/gp-wants-to-pay-BDT575cr-to-btrc-in-instalments>