

Weekly Market Update

Capital Market Overview

The market closed positive this week. The benchmark index DSEX (+0.13%) gained 7.21 points and closed the week at 5,407.01 points. The blue-chip index DS30 (-0.31%) lost 5.90 points and stood at 1,893.34 points. The shariah based index DSES (-1.29%) closed in red and stood at 1,262.10 points. DSEX, DS30, and DSES all posted negative YTD return of -13.41%, -17.08%, and -10.41% respectively.

Total Turnover During The Week (DSE) : BDT 34.4 billion (USD 413.5 million)
Average Daily Turnover Value (ADTV): BDT 6.9 billion (Δ% Week: +0.2%)

Market P/E: 16.82x
Market P/B: 2.17x

Daily Index Movement during the Week:

The market performed five sessions during the week. Market opened this week with negative movement of 0.79% in the first session and continued to be negative by 0.07% in the second session. Market rebounded in the third session by 0.53% and remained positive in the fourth and fifth session by 0.45% and 0.02% respectively.

Sectoral Performance:

• All the financial sectors showed positive performance this week except NBFIs (-1.51%) and Mutual Funds (-0.25%). Banks posted the highest gain of 2.96% followed by Life Insurance (+2.48%) and General Insurance (+0.40%).

• Non-financial sectors showed mixed performances. Food & Allied recorded the highest gain of 0.73% followed by Power (+0.39%). Telecommunication experienced highest loss of 6.46% followed by Pharmaceuticals (-0.28%) and Engineering (-0.15%).

Macroeconomic arena:

• The Finance minister has announced that the new bank interest rates of deposit and lending- 6.0% and 9.0% respectively will be effective from August 09 (today) as declared by the Prime Minister. According to the Finance minister, some of the banks have already implemented the new rates, remaining will implement it from today (Thursday).

• The central bank expects the overall inward remittance to cross the \$17 billion mark by the end of fiscal year (FY) 2018-19. In FY '18, remittance flow jumped by more than 17 per cent or USD 2.21 billion following higher fuel oil prices in the global market. This may grow by more than 16% to \$17.43 billion from last FY's USD 14.98 billion, according to the Monetary Policy Statement (MPS) of the Bangladesh Bank (BB).

• Sri Lankan investors have shown their interest to invest in the energy sector as the island nation is looking to tap into Bangladesh's growing demand for new energy resources. Simultaneously, the South Asian nation is also interested to invest in Bangladesh's financial arena.

• Country's import payments topped USD 51.5 billion with a 16.39-per cent growth in last fiscal year of 2017-2018 amid increased payments for food grains and petroleum imports.

Stock Market arena:

• The government's revenue earnings from the Dhaka bourse fell 11% year-on-year in July this year on the back of falling trade volume and value. The government bagged revenues of BDT 225 million in July this year which was BDT 252 million in July 2017, registering a decline of 11%, according to statistics from the Dhaka Stock Exchange.

• International tobacco manufacturer, Japan Tobacco Group, is going to acquire the tobacco business of Akij Group at \$124.8 billion, the second largest tobacco company in Bangladesh. The two entities signed the agreement in this regard in Dhaka on Monday.

• Aman Cotton Fibrous Ltd makes its share trading debut on stock exchanges on last Monday under "N" category. The company floated a total of 20.83 million ordinary shares and raised a fund worth BDT 800 million from the capital market under the book-building method. Aman Cotton will use the IPO fund to buy machinery, repay bank loans and meet the IPO expenses.

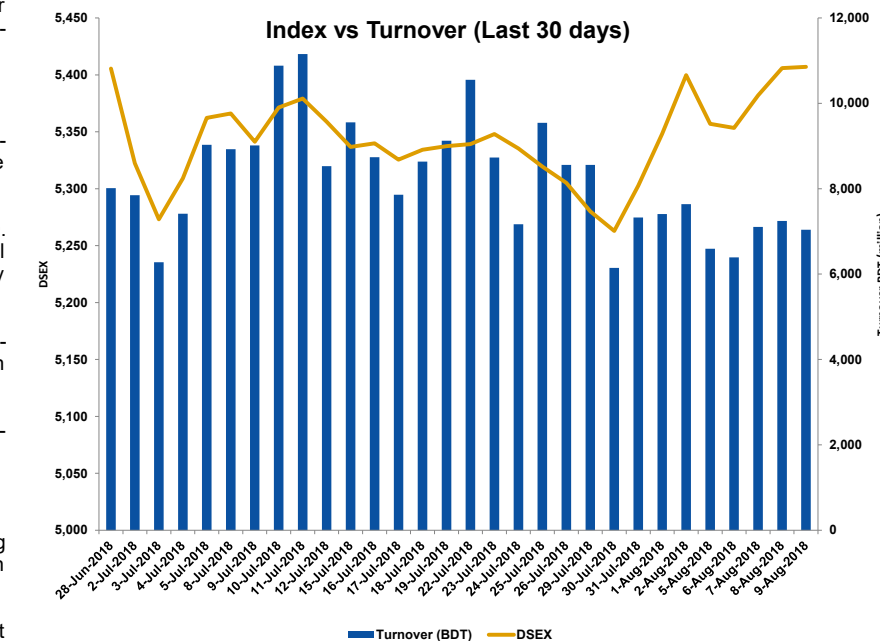
Table 1: Index

Index	Closing	Opening	Δ(Pts)	31-Dec-2016	Δ% Week	Δ%YTD
DSEX	5,407.01	5,399.79	7.21	6,244.52	0.13%	-13.41%
DS30	1,893.34	1,899.24	-5.90	2,283.23	-0.31%	-17.08%
DSES	1,245.86	1,262.10	-16.24	1,390.67	-1.29%	-10.41%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	19,252,209.4	19,204,567.1	0.2%
	Mn USD	231,591.6	231,018.5	
Turnover	Mn BDT	34,374.4	34,290.2	0.2%
	Mn USD	413.5	412.5	
Average Daily Turnover	Mn BDT	6,874.9	6,858.0	0.2%
	Mn USD	82.7	82.5	
Volume	Mn Shares	966.1	881.5	9.6%

Figure 1: DSEX & Turnover in last four weeks



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Table 3: Top Ten Gainers

	Mcap						
	Close	Open	Δ%	(mn BDT)	Vol (mn BDT)	P/E	P/B
Aman Cotton Fibrous Limited	71.30	40.00	78.3%	7,189.4	711.72	24.1x	2.2x
Meghna Pet Industries	17	12.80	32.0%	202.8	4.71	NM	NM
Progressive Life Ins	69.30	54.80	26.5%	891.6	4.92	NM	6.9x
Meghna Condensed Milk	18.10	14.90	21.5%	289.6	6.48	NM	NM
Provati Insurance	22.00	18.40	19.6%	653.5	164.53	12.9x	1.4x
Regent Textile Mills Limited	25.00	21.20	17.9%	2,887.5	528.28	21.1x	1.1x
Monno Jute Staffers	4,510.40	3,849.50	17.2%	2,074.8	143.95	9099.9x	97.4x
Legacy Footwear	265.80	226.90	17.1%	3,023.2	699.61	263.4x	15.8x
Simtex Industries Limited	47.60	41.40	15.0%	3,137.7	723.89	20.8x	2.8x
Trust Bank	34.90	30.40	14.8%	19,438.1	52.09	9.6x	1.7x

Table 4: Top Ten Losers

	Mcap						
	Close	Open	Δ%	(mn BDT)	Vol (mn BDT)	P/E	P/B
Savar Refractories	98.20	141.50	-30.6%	136.8	1.47	NM	15.7x
Padma Islami Life Insurance Limited	31.70	39.70	-20.2%	1,232.5	208.08	NM	3.2x
Fine Foods Ltd	27.70	33.20	-16.6%	375.8	68.71	43.5x	2.7x
ICB Islamic Bank	4.20	4.90	-14.3%	2,791.7	12.16	NM	NM
Renwick Jajneswar	985.80	1,137.40	-13.3%	1,971.6	45.64	319.5x	NM
Information Services Network Ltd.	19.90	22.90	-13.1%	217.3	5.22	NM	1.4x
Samata Leather	46.90	53.90	-13.0%	484.0	7.21	NM	3.2x
Queen South Textiles Mills Limited	52.00	59.00	-11.9%	5,207.8	121.76	35.7x	3.2x
Shaympur Sugar	26.30	29.80	-11.7%	131.5	3.37	NM	NM
Libra Infusions Limited	819.10	926.70	-11.6%	1,025.2	65.98	168.5x	0.5x

Table 5: Top Ten Most Traded Shares

	Mcap						
	Close	Open	Δ%	(mn BDT)	Vol (mn BDT)	P/E	P/B
BBS Cables Limited	118.10	104.80	12.7%	16,297.8	1,643.40	39.4x	7.1x
United Power Generation & Distribution Company Ltd	335.10	325.20	3.0%	133,785.0	1,092.59	32.0x	12.5x
Saiham Textile	33.50	31.00	8.1%	3,033.8	806.41	32.8x	1.8x
Simtex Industries Limited	47.60	41.40	15.0%	3,137.7	723.89	20.8x	2.8x
Dragon Sweater & Spinning Ltd.	46.30	48.10	-3.7%	10,205.3	722.50	70.1x	3.8x
Aman Cotton Fibrous Limited	71.30	40.00	78.3%	7,189.4	711.72	24.1x	2.2x
Legacy Footwear	265.80	226.90	17.1%	3,023.2	699.61	263.4x	15.8x
Paramount Textile Limited	66.20	61.20	8.2%	8,542.9	686.12	38.0x	4.4x
Far Chemical Industries Limited	19.10	20.00	-4.5%	3,442.6	589.01	11.7x	1.4x
Monno Ceramic	347.40	332.60	4.4%	8,728.2	553.66	3316.1x	3.8x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Berger Paints	1,186.20	15.00%	55,013.4	27.2x
Mutual Trust Bank	33.60	8.00%	19,265.0	13.2x
Summit Power	38.40	6.96%	41,006.5	9.4x
Marico Bangladesh Limited	1,161.10	4.97%	36,574.7	25.4x
Agni System Limited	22.60	3.20%	1,561.7	23.3x
Singer Bangladesh	196.70	0.61%	15,085.8	27.6x
Delta Brac Housing	134.00	-1.47%	16,328.1	20.8x
Atlas Bangladesh	129.40	-1.52%	3,897.0	NM
Apex Footwear Limited	322.90	-1.73%	3,632.6	44.3x
BATBC	3,301.70	-2.94%	198,102.0	26.1x

Table 6: Sector Indices

	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1405.25	1364.85	1848.21	2.96%	-23.97%
NBFIs	2157.48	2190.62	2714.85	-1.51%	-20.53%
Mutual Funds	745.53	747.39	788.81	-0.25%	-5.49%
General Insurance	1415.83	1410.20	1592.30	0.40%	-11.08%
Life Insurance	1792.43	1749.07	1834.85	2.48%	-2.31%
Telecommunication	5032.16	5379.71	6494.31	-6.46%	-22.51%
Pharmaceuticals	2648.00	2655.52	2821.05	-0.28%	-6.13%
Fuel & Power	1718.22	1711.52	1527.27	0.39%	12.50%
Cement	1867.40	1908.75	2280.58	-2.17%	-18.12%
Services & Real Estate	1104.25	1101.06	1224.11	0.29%	-9.79%
Engineering	3111.34	3116.15	3166.83	-0.15%	-1.75%
Food & Allied	14014.15	13913.15	15304.34	0.73%	-8.43%
IT	1598.43	1634.96	1484.41	-2.23%	7.68%
Textiles	1431.32	1370.84	1222.72	4.41%	17.06%
Paper & Printing	11895.95	12624.77	1013.11	-5.77%	1074.20%
Tannery	2734.62	2756.98	2642.41	-0.81%	3.49%
Jute	6845.30	7121.99	8867.22	-3.89%	-22.80%
Ceramics	621.78	639.46	597.46	-2.77%	4.07%
Miscellaneous	1879.63	1968.24	1725.62	-4.50%	8.93%

Table 7: Sector Trading Matrix

	Daily average		% Change	% of Total Turnover	PE	PB
	this Week	last week				
Banks	537.7	417.0	28.93%	8.24%	9.0x	1.0x
NBFIs	243.3	228.7	6.38%	3.73%	20.3x	2.1x
Mutual Funds	39.8	26.6	49.72%	0.61%	NM	0.6x
General Insurance	97.4	49.0	98.69%	1.49%	12.9x	1.0x
Life Insurance	99.1	115.2	-14.01%	1.52%	NM	7.9x
Telecommunication	78.3	50.2	55.87%	1.20%	22.1x	16.3x
Pharmaceuticals	510.4	580.8	-12.12%	7.82%	20.0x	3.3x
Fuel & Power	395.7	496.3	-20.27%	6.07%	14.6x	2.3x
Cement	102.0	77.1	32.28%	1.56%	21.0x	3.4x
Services & Real Estate	168.3	190.0	-11.41%	2.58%	27.7x	0.9x
Engineering	1,208.0	1,413.1	-14.52%	18.52%	24.6x	2.3x
Food & Allied	240.2	221.5	8.48%	3.68%	28.5x	10.0x
IT	205.4	256.3	-19.86%	3.15%	30.9x	3.3x
Textiles	1,743.4	1,428.1	22.08%	26.73%	24.2x	1.3x
Paper & Printing	79.7	107.6	-25.95%	1.22%	NM	6.4x
Tannery	251.0	370.6	-32.27%	3.85%	20.9x	3.3x
Jute	17.4	17.3	0.23%	0.27%	NM	2.9x
Ceramics	147.8	128.6	14.95%	2.27%	30.0x	2.3x
Miscellaneous	358.5	324.3	10.57%	5.50%	26.1x	1.3x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
AB Bank	12.50	-43.44%	9,476.6	6.3x
Lankabangla Finance	26.40	-40.63%	9,032.0	11.4x
United Airways (BD) Ltd.	3.60	-35.71%	2,474.2	12.7x
Islami Bank	23.60	-35.52%	37,995.8	8.5x
City Bank	31.80	-33.93%	30,782.0	7.6x
EXIM Bank	11.40	-33.72%	16,099.7	5.5x
Eastern Bank	34.10	-33.27%	25,165.8	9.3x
Prime Bank	17.00	-31.75%	19,248.8	8.8x
IDL Finance Ltd.	60.00	-29.66%	22,623.0	12.7x
Rupali Bank	37.80	-29.20%	14,232.3	NM

Important News: Business & Economy

New bank rates to take effect on August 09

• The new bank interest rates of deposit and lending- 6.0% and 9.0% respectively-will be effective from August 09. Finance Minister also said that the yield rate of savings tools would be reviewed next Wednesday. The minister said the new rates were due to be effective from today (Thursday) as declared by the Prime Minister. Finance Minister said that half the banks have already implemented the new rates. The remaining will make it effective on August 09. He also said the lending rate must be 9.0% except consumer loans and credit card loans which will enjoy flexibility. The minister said the current yield rate of savings tools is much higher than the market rate.

<http://today.thefinancialexpress.com.bd/public/first-page/new-bank-rates-to-take-effect-on-august-09-1533231636>

Global brands band together against Accord wind-down

• More than 180 global apparel brands have warned that any premature shutdown of the Accord might lead them to reconsider Bangladesh as their sourcing destination. The brands currently sourcing apparel products from here have already signed the 2018 Transition Accord. More than 220 brands are signatories to the existing Accord on Fire and Building Safety in Bangladesh.

• As per the Accord statement on July 27, The premature shutdown of the Accord, leaving workers in unsafe circumstances, would jeopardise the brands' ability to source from a safe industry. This [shutdown] may make them reconsider sourcing decisions and review the reputational risk of Bangladesh as a sourcing country. It also suggested that the Accord need to continue its operations in Bangladesh until the RCC is deemed ready.

<http://today.thefinancialexpress.com.bd/public/first-page/global-brands-band-together-against-accord-wind-down-1533318600>

MFS providers look wide apart over impact

• The country's top mobile financial service (MFS) providers have sparred over the possible impact of the new MFS regulations. Some have termed the new regulations timely and effective, but others have alleged that there will be largely a status quo in the mobile financial service arena. On July 30, the Bangladesh Bank issued a new set of regulations to regulate the MFS business.

• Managing director and CEO of Dutch Bangla Bank Limited said that the new regulations won't bring any essential change in the market. The bank owns the popular Rocket service in the MFS market. About the new regulations, he pointed out that mobile operators were even barred from forming subsidiary or partnership with banks for providing any MFS. He added that without mobile operators, it will be hard to bring large-scale investment in the MFS arena. bKash CEO argued that the latest regulations would help 'bring more players, more competition and more products' in the MFS market. MFS providers are now prohibited from lending from their own funds.

<http://today.thefinancialexpress.com.bd/public/first-page/mfs-providers-look-wide-apart-over-impact-1533318369>

Taxmen can now conduct enquiry for prosecution

• Taxmen will be able to conduct enquiry and investigation for prosecution purpose on tax-related offences from the current fiscal year (FY), 2018-19, officials said. The government, through a new provision in the Finance Act 2018, has empowered the tax authority to conduct enquiry and investigation prior to filing criminal cases against individuals and firms for tax-related offences.

• According to the provision, the deputy commissioner of taxes (DCTs) may make further enquiry and investigation, in addition to the enquiry already completed, for prosecution of an offence under the income tax law and the Money Laundering Prevention Act (MLPA) 2012. The offences include concealment of income, furnishing false audit report and statement, and unauthorised employment of foreigners.

• Besides, non-compliance of certain obligations including tax deduction at source, submission of tax returns, and furnishing information as per the requirement of tax offices under the income tax law are among the offences. Other predicated offences related to tax under MLPA are also included in the provision.

• The National Board of Revenue (NBR) officials said tax officials were only empowered to summon taxpayers, both individual and corporate, and ask them to provide required information. They usually collected information from various sources, including banks and internal audit, to conduct investigation. On the basis of the collected information, the taxmen launched prosecution-related steps. With the new provision, the DCTs now have the authority to conduct full-fledged enquiry and investigation.

<http://today.thefinancialexpress.com.bd/first-page/taxmen-can-now-conduct-enquiry-for-prosecution-1533400975>

<http://www.newagebd.net/article/47689/income-tax-officials-allowed-to-conduct-extensive-enquiry-for-prosecution>

Bangladesh withdraws port restrictions on goods from Tripura

• Bangladesh has withdrawn port restrictions on 27 goods from the northeastern Indian state of Tripura, say sources in the Department of Industry and Commerce. The goods include: raw rubber, broomsticks, bamboo products, CNG spare parts, stone boulders, and paan. The withdrawal of port restrictions for raw rubber was welcomed by the Tripura Chamber of Commerce and Industry. According to it's President a huge quantity of raw rubber is produced in Tripura. The export of this item to Bangladesh will greatly benefit the state. At the time, the state government and Tripura business chamber urged Bangladesh's delegation to withdraw port restrictions on goods from Tripura.

<https://www.dhakatribune.com/business/2018/08/04/bangladesh-withdraws-port-restrictions-on-goods-from-tripura>

Import payments top USD 51.5 billion in FY18

• Country's import payments topped USD 51.5 billion with a 16.39-per cent growth in last fiscal year of 2017-2018 amid increased payments for food grains and petroleum imports. As per Bangladesh Bank data, letters of credit worth USD 51.53 billion were settled in FY18 against USD 44.27 billion in FY17. The total payment for import, however, would have been

much higher in FY18 if freight on board prices of products were considered. Bangladesh Bank (BB) officials said that the rice and wheat import remained high in the just concluded fiscal year in line with the previous fiscal year and so did the import payments.

- Besides the high import payments for food grains, higher payments for petroleum in the wake of price rise of the item in the international market was another reason for the hike in import payments in the fiscal year, they said. Crude oil was traded at round USD 70 a barrel in last couple of weeks, while its price was USD 50 a barrel a year ago.

<http://www.newagebd.net/article/47726/import-payments-top-515b-in-fy18>

Single digit interest closer to reality

- All state-owned enterprises have promised not to demand more than 6% from banks for parking their funds with them with a view to facilitating the long-delayed single digit interest rate for lending. The development comes after private banks told Finance Minister last week that it would not be possible to bring down the lending rate to 9% if the SoEs do not keep their funds with them. Of the 57 banks in the country, 40 are private. At present, the SoEs tend to keep their funds through an unofficial process of competitive bidding among banks; whichever bank offers the highest interest rate they go to them with their deposits.
- The minister said that the SoEs the practice must now stop; they must deposit their funds with private banks at 6% interest or lower. However, the funds kept as fixed deposits will be lowered to 6% after the expiry of the existing term. Earlier on June 20, banks announced that the interest rate on lending and deposit would come down to single digits from July 1. But, none of the rates came down, and

<https://www.thedailystar.net/business/single-digit-interest-closer-reality-1616506>

Eight new power plants add 1742MW to national grid

- Prime Minister inaugurated eight newly constructed power plants on Sunday, adding some 1742 megawatts (MW) of electricity to the national grid. The eight power plants are Ghorashal 350MW Combined Cycle Power Plant, Kooda 300MW Power Plant in Gazipur, Daudkandi 200MW Power Plant, Kushiara 163MW combined cycle Power Plant at Fenchuganj, Noapara 100MW Power Plant, Kamolaghat 54MW Power Plant, Simple Cycle (Gas Turbine) of Siddhirganj 335MW Combined Cycle Power Plant and Siddhirganj 225MW combined cycle power plant.

<http://today.thefinancialexpress.com.bd/trade-market/eight-new-power-plants-add-1742mw-to-national-grid-1533486492>

CPD proposes BDT 9,228 as RMG workers' lowest wage

- The Centre for Policy Dialogue (CPD) proposed on Sunday BDT 9,228 (USD 110) as the minimum monthly wage for the entry-level workers of the country's ready-made garment (RMG) sector. Labour leaders, however, strongly rejected the think-tank's wage proposal and adhered to their demand of BDT 16,000 for the same. CPD proposed BDT 8,200 as the minimum monthly wage in 2013. The organisation also proposed abolishing the seventh grade in the wage structure, and upgrade the workers to the sixth grade, considering factors like rise in their skills and use of technology in the industry etc.

- It also recommended progressive wage hike for the workers of other grades also. The think-tank's proposals also included incorporating childcare facility as well as providing

education and communication allowances in the wage structure. According to CPD Research Director, The proposed minimum wage for the newly-introduced grade-six is proposed to be BDT 10,028. If a worker does not have any children, the grade-six wage would be BDT 9,228. CPD made the recommendations by taking into consideration slowdown in profit margin of enterprises as well as their possible business risks in future including trade war and rise in petroleum and gas prices.

<http://today.thefinancialexpress.com.bd/last-page/cpd-proposes-BDT-9228-as-rmg-workers-lowest-wage-1533490764>

<https://www.thedailystar.net/business/rmg-minimum-wage-cpd-proposes-BDT-10028-1616509>

<http://www.newagebd.net/article/47727/rights-groups-oppose-cpd-proposal-to-set-rmg-workers-minimum-wage-at-BDT-9228>

Inward remittances may cross USD 17 billion this fiscal

- The central bank expects the overall inward remittance to cross the USD 17 billion mark by the end of fiscal year (FY) 2018-19. Multiple moves are already in place to spur inflows.

• In FY '18, remittance flow jumped by more than 17% or USD 2.21 billion following higher fuel oil prices in the global market. This may grow by more than 16% to USD 17.43 billion from last FY's USD 14.98 billion, says the latest Monetary Policy Statement (MPS) of the Bangladesh Bank (BB). Remittance inflows and export growth may sustain their recent performances, driven by global output growth and stronger economic activity in the Middle East for higher oil prices, it projected. The government and the central bank have taken measures to reduce the cost of remittance transfer.

• The global average cost of sending USD 200 was 7.1% in the first quarter of 2018, more than twice the Sustainable Development Goal (SDG) target of 3.0%. According to World Bank's Migration and Development brief, major barriers to reducing remittance costs are de-risking by banks and exclusive partnerships between national post offices and money transfer operators. These factors constrain the introduction of more efficient technologies like internet and smartphone apps and the use of cryptocurrency and blockchain in remittance services.

• Meanwhile, remittances to South Asia grew a moderate 5.8% to USD 117 billion in 2017. In 2018, the volume is likely to grow modestly by 2.5% to USD 120 billion, the WB added. More than 2.32 million workers went abroad with jobs in 2015, 2016 and 2017 calendar years, according to the official figure. Remittance flows from Saudi Arabia are affected mainly due to regulatory changes in the kingdom. The official said most of banks are now offering higher rates for remittances to encourage non-resident Bangladeshis to send money through official channels. Meanwhile, inward remittances fell by more than 5.0% in July, the first month of FY '19, following the Eid-ul-Fitr celebrations.

- The remittances from Bangladeshis working abroad were estimated at more than USD 1.32 billion in July, down by USD 67.45million from the level of June. In June, the amount stood at USD 1.38 billion, according to the central bank statistics. It was USD 1.11 billion in July 18.

<http://today.thefinancialexpress.com.bd/trade-market/inward-remittances-may-cross-17-billion-this-fiscal-bb-1533578632>

Government to set new rates of export incentive, cash subsidy

- Like in the last fiscal year, the goods and products under export categories will get cash incentive or subsidy against shipments during the current fiscal year. The government is likely to sit tomorrow (Wednesday) to set new rates of cash incentive/subsidy and also re-fix the existing ones against export items for fiscal year 2018-19 (FY '19).

- New traditional and non-traditional export items are going to get cash incentive/subsidy in the FY '19, sources said. The government has taken the initiative to bring new potential and diversified items under the facility with the view to boosting the country's export basket, they said. Some 27 export-oriented sectors enjoyed export subsidy or cash incentive facilities in fiscal year 2017-18.

- For FY '19, the government earmarked some BDT 45 billion as cash incentives/subsidy for the country's export-oriented sectors, according to a ministry official. The amount was same for the last fiscal year, according to ministry data. In the FY '18, export-oriented sectors enjoyed cash incentives from 2.0% to 20%.

<http://today.thefinancialexpress.com.bd/trade-market/govt-to-set-new-rates-of-export-incentive-cash-subsidy-1533578790>

Recapitalising state banks poses biggest downside risk to economy- Dhaka Metropolitan Chamber of Commerce and Industry.

- A leading chamber was critical on Monday of recapitalising the state lenders, saying it is one of the biggest downside risks to the economy. The Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) was also critical of the growing requirement for subsidy payments by the state to different public sector agencies, most of which have remained inefficient for years. The government has allocated BDT 15 billion as recapitalisation for state-owned banks for the current fiscal year. It has been keeping the provision for quite a number of fiscal years as the state-owned banks lack fund. The views of the MCCI came in the quarterly report prepared for April-June period of the fiscal year 2017-18.

- In the quarter (Q4 of FY18), some risk factors such as power and gas shortage and weak infrastructure appeared as major obstacles to the expansion of economic activity as they disrupt industrial production and also discourage new investment. However, the overall economic situation is positive as indicated by steady improvements in the major economic indicators. The average annual inflation in the just-concluded financial year (FY18) increased by 0.34% point to 5.78% from 5.44% in the previous fiscal year. The rate of annual average inflation also remained higher than the government's target of 5.5% in FY18. The chamber predicted that the foreign exchange reserves would fall in July and September due to the payment to the Asian Clearing Union (ACU) against imports.

<http://today.thefinancialexpress.com.bd/first-page/recapitalising-state-banks-poses-biggest-downside-risk-to-economy-says-mcci-1533576883>

'No changes' to yield rates of savings tools before next election

- Finance Minister yesterday ruled out the possibility of reducing the yield rates of state-run savings instruments before the upcoming national elections. He also said that they have assigned a committee to assess the overall situation of the savings schemes and make their reports as to whether the rates of return can be rationalized.

- The committee has also been instructed to make its recommendations about whether the number of existing savings tools can be reduced. The committee has been given two months' time to submit its report to the ministry. The finance ministry in consultation with the IRD will carry out the assessment. The minister said savings instruments are not only the investment tools but they also play a key role in respect of social safety net programmes. He also said that the state-run DNS is working on automation of savings tools, which is to be completed by January next.

- About the source of fund to be invested in savings tools, the finance minister said to check if the government has taken some steps so that beyond certain amounts all the transactions can take place through cheques issued by banks. Meanwhile, officials of the DNS told the FE that the rates of return are currently higher on the savings instruments than that of bank deposits.

<http://today.thefinancialexpress.com.bd/first-page/no-changes-to-yield-rates-of-savings-tools-before-next-election-1533664214>

Country in the grip of 'twin deficits'

- Fiscal deficits in developing economies including Bangladesh have direct impact on the current account imbalance, reflecting the 'twin-deficits'. This new relationship was found in the latest study conducted by the International Monetary Fund (IMF) on 114 developing economies, including Bangladesh.

- Twin deficits phenomena returned to Bangladesh in the fiscal year, 2016-17, (FY'17) after five years and further widened in FY'18. The country last experienced the twin deficits in FY'12. Economists familiar with the development told the Financial Express that the current deficit has been worsening since the mega projects were taken up, which in turn had been boosting the imports.

- In the meantime, the 'twin deficits' situation is expected to worsen further, as the central bank projects the current deficit may exceed USD 10 billion or equivalent to over 3.5% of the GDP this fiscal year. The Bangladesh Bank (BB), in its latest Monetary Policy Statement, said the current account is widening due to higher trade deficit despite a rebound in the receipt of remittances. The fiscal deficit is projected at nearly 5.0% this fiscal year to June 30 next.

<http://today.thefinancialexpress.com.bd/first-page/country-in-the-grip-of-twin-deficits-1533664018>

July inflation drops to 15-month-low

- The point-to-point inflation rate declined to 5.51% in July, which is the lowest in 15 months, official data showed. According to the Bangladesh Bureau of Statistics (BBS) data, unveiled on Tuesday, the inflation rate was at the lowest level in last month after April 2017. In April last year, the point-to-point inflation was 5.47%, the BBS data showed. The inflation rate, recorded during the last 15 months (from May 2017 to June 2018), did not drop below the rate of this July.

- According to BBS, the point-to-point inflation was recorded at 5.57% in July 2017. The BBS data showed that the food inflation rate in July 2018 was recorded at 6.18% compared

to 5.98% in the previous month. For the non-food items, the inflation rate dropped to 4.49% in last month from 4.48% in June. In the urban areas, the inflation rate was higher than that in the rural areas, the BBS data showed.

<http://today.thefinancialexpress.com.bd/first-page/july-inflation-drops-to-15-month-low-1533664329>

Government set to fix goods export target at USD 39 billion

- The government is set to fix the country's goods export earnings target at USD 39 billion for fiscal year 2018-19, officials said. It is 6.36% higher than the USD 36.66 billion earnings target in the just-concluded FY 2017-18, they added. The government is going to fix the total export earnings target at USD 43.6 billion including USD 4.6 billion from services.

- Taking the global economic scenario into consideration, the government is going to set goods and services export targets at USD 39 billion and USD 4.6 billion respectively for the current fiscal year. Earlier, the state-owned Export Promotion Bureau (EPB) had proposed setting the country's goods and service export target at USD 44.50 billion for FY 2018-19. The EPB proposal included a USD 40.0 billion goods export target and USD 4.50 billion from the services sector.

- The government is likely to set the export earnings target from readymade garments at USD 32.69 billion for FY 19, the ministry official said. The target is 6.78% higher than earnings of USD 30.61 billion in FY'18. The export earnings target from knitwear and woven might be set at USD 16.15 billion and USD 16.54 billion, according to the EPB revised proposal.

<http://today.thefinancialexpress.com.bd/last-page/govt-set-to-fix-goods-export-target-at-39b-1533664578>

SL investors show interest to invest in energy sector

- Sri Lankan investors have shown their interest to invest in the energy sector as the island nation is looking to tap into Bangladesh's growing demand for new energy resources. Simultaneously, the South Asian nation is also interested to invest in Bangladesh's financial arena, said officials from Bangladesh Investment Development Authority (BIDA).

- Recent figures suggest that 45 Sri Lankan firms have invested approximately USD 300 million in Bangladesh, most of which has come in the apparel sector. Financial sector is an area where Sri Lanka already has some visible presence through entities like Commercial Bank of Ceylon. In the energy arena, on the other hand, notable Sri Lankan entities include LAUGFS which is a major player in the local LPG market.

<http://today.thefinancialexpress.com.bd/trade-market/sl-investors-show-interest-to-invest-in-energy-sector-1533666650>

USD 44 billion export target set for FY '18

- The government has set its export target at USD 44 billion, including USD 5.0 billion from service sector, for fiscal year (FY) 2018-19. The projection is 7.31% up from the last fiscal

year's target. Nine new exportables have been included in the list of cash incentive/subsidy facilities for FY '19. Commerce minister declared the target at a meeting at his secretariat office on Wednesday. The government fixed an export target for FY '19. Hefty export earnings were made except leather sector in the just-concluded fiscal year.

- He also said that the government has set export targets for goods and services at USD 39 billion and USD 5.0 billion respectively for FY '19. The target was USD 41 billion for FY '18. Export growth will be 10% from the ready-made garment (RMG) sector this FY, he mentioned. According to the EPB data, the total export earnings rose by 5.81% to USD 36.66 billion in FY '18. It earned USD 34.65 billion from exports in FY '17.

<http://today.thefinancialexpress.com.bd/first-page/44b-export-target-set-for-fy-18-1533751583>

<https://www.thedailystar.net/news/business/export/export-target-39b-1617958>

<http://www.newagebd.net/article/47958/govt-aims-647pc-export-growth-in-fy19>

Inward remittances may cross USD 17 billion this fiscal: Bangladesh Bank (BB)

- The central bank expects the overall inward remittance to cross the USD 17 billion mark by the end of fiscal year (FY) 2018-19. Multiple moves are already in place to spur inflows. In FY '18, remittance flow jumped by more than 17% or USD 2.21 billion following higher fuel oil prices in the global market. This may grow by more than 16% to USD 17.43 billion from last FY's USD 14.98 billion, says the latest Monetary Policy Statement (MPS) of the Bangladesh Bank (BB).

- Remittance inflows and export growth may sustain their recent performances, driven by global output growth and stronger economic activity in the Middle East for higher oil prices, it projected. It said the government and the central bank have taken measures to reduce the cost of remittance transfer. They are working to curb unauthorised intermediaries' role in transferring remittances to support inflows through official channels, the statement added. The global average cost of sending USD 200 was 7.1% in the first quarter of 2018, more than twice the Sustainable Development Goal (SDG) target of 3.0%.

<https://thefinancialexpress.com.bd/economy/bangladesh/inward-remittances-may-cross-17-billion-this-fiscal-bb-1533616665>

Bangladesh Bank (BB) reports 18% increase in remittance in July

- Bangladeshi expatriates sent home US USD 1,316.93 million remittance in the first month of the current fiscal 2018-19, which is 18% higher than the amount received in the corresponding period of the preceding fiscal. According to Bangladesh Bank (BB), the country received USD 1,115.57 million remittance in July 2017. In July this fiscal, six state-owned commercial banks - Agrani, Janata, Rupali, Sonali, Basic and BDBL received USD 320.51 million while one state-owned specialised bank, Bangladesh Krishi Bank, received USD 11.63 million.

- Of the state-owned banks, Agrani Bank received USD 130.76 million, Janata Bank USD 82.52 million, Rupali Bank USD 17.02 million, Sonali Bank USD 90.08 million and Basic Bank received USD 0.08 million. Besides, the expatriates have sent USD 972.39 million through private commercial banks. Among the private commercial banks, Islami Bank Bangladesh Limited (IBBL) received the highest amount of USD 246.55 million as Dutch-Bangla Bank (DBBL) received USD 70.54 million, reports BSS. On the other hand, the

expatriates have sent USD 12.40 million through the foreign commercial banks.

<https://thefinancialexpress.com.bd/economy/bangladesh/bb-reports-18pc-increase-in-remittance-in-july-1533462068>

Imports hit all-time high

• For the first time in Bangladesh's 47-year history, imports crossed the USD 50 billion mark in a single fiscal year, fuelling fears of inflation and further depreciation of the local currency against the dollar. In fiscal 2017-18, letters of credit settlement stood at USD 51.53 billion, up 16.40% year-on-year, on the back of rising demand for food grains and petroleum products. Rice imports ballooned more than 23 times to USD 1.71 billion thanks to abnormal flooding last year that destroyed crops. Import of petroleum products stood at USD 3.34 billion last fiscal year, up 32.70% year-on-year, according to data from the Bangladesh Bank.

• The requirement for petroleum products has increased significantly in recent times as a number of fuel-based power plants are being set up to meet the growing demand for electricity, said the managing director of Dhaka Bank. The recent price surge in global oil market also played a role in increasing the payment for the item last fiscal year. On June 30, the inter-bank exchange rate stood at BDT 83.75 per dollar, up from BDT 80.60, according to data from the BB.

<https://www.thedailystar.net/news/business/imports-hit-all-time-high-1617994>

Government earnings from Dhaka Stock Exchange (DSE) fall 11% in July

• The government's revenue earnings from the Dhaka bourse fell 11% year-on-year in July this year on the back of falling trade volume and value. Market insiders said the bearish market trend coupled with sluggish trading activities affected the government's revenue earnings from the prime bourse. The government bagged revenues of BDT 225 million in July this year which was BDT 252 million in July 2017, registering a decline of 11%, according to statistics from the Dhaka Stock Exchange.

• Of the total earnings in July this year, BDT 187 million came from the TREC (trading right entitlement certificate) holders' commission, popularly known as brokerage commission. And BDT 38 million from the share sales by sponsor-directors and placement holders, the DSE data shows. The DSE, on behalf of the government, collects the tax as TREC holders' commission at a rate of 0.05% and from sponsor-directors' and placement holders' shares sales at a rate of 5.0%. The DSE then deposits the amount to the public exchequer.

• The daily turnover, another important gauge, came down to BDT 8.48 billion on average in July 2018, down 10.75% over the previous year's July. DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), also lost about 103 points or 2.0% in July this year.

<http://today.thefinancialexpress.com.bd/public/stock-corporate/govt-earnings-from-dse-fall-11pc-in-july-1533234463>

Most MNCs register increased EPS in H1

Important News: Capital Market

• The earnings of most of the multinational companies (MNCs) listed with the country's capital market increased during the first half (H1) of this year as compared to the same period of previous year. According to the un-audited financial statements for January-June 2018, the consolidated earnings per share (EPS) of seven companies, out of 11, increased during the period under review.

• The EPS of LafargeHolcim, BATBC, Singer Bangladesh, Bata Shoe, Grameenphone (GP), Marico Bangladesh and Linde Bangladesh increased in the H1. Market operators said that the MNCs earn more as the companies are well-managed and have reputation of their product quality. The consolidated EPS of Heidelberg Cement declined to BDT 9.55 for January-June 2018 as against BDT 12.71 for January-June 2017. The EPS of Reckitt Benckiser also fell to BDT 19.37 for January-June, 2018 as against BDT 25.65 for January-June, 2017.

• Among the top MNCs in terms of dividend declarations, Reckitt Benckiser disbursed highest 790% cash dividend for the period ended on December 31, 2017. BATBC and Marico Bangladesh disbursed 600% cash dividends each, followed by Glaxo SmithKline 550% cash dividend in 2017.

<http://today.thefinancialexpress.com.bd/stock-corporate/most-mnacs-register-increased-eps-in-h1-1533395362>

Aman Cotton Fibrous makes trading debut tomorrow

• Aman Cotton Fibrous Ltd makes its share trading debut on stock exchanges tomorrow (Monday) under "N" category, officials said. The company floated a total of 20.83 million ordinary shares and raised a fund worth BDT 800 million from the capital market under the book-building method.

• Of the total 20.83 million shares, 12.50 million were issued to the eligible investors at the cut-off price of BDT 40 each, which was set by the eligible investors through electronic bidding in November last year. Remaining 8.33 million shares were issued to the general public, including affected small investors and non-resident Bangladeshis, at 10% discount on the cut-off price, meaning they received each share at BDT 36.

• Total subscription received from resident Bangladeshis, affected small investors and non-resident Bangladeshis is BDT 3.49 billion against the public issue of BDT 300 million, which is oversubscribed by 11.64 times. Aman Cotton will use the IPO fund to buy machinery, repay bank loans and meet the IPO expenses. The net asset value (NAV) per share including revaluation surplus (considering Pre-IPO paid up shares) would be BDT 41.56 as on 31 March 2018.

<http://today.thefinancialexpress.com.bd/stock-corporate/aman-cotton-fibrous-makes-trading-debut-tomorrow-1533395380>

IPO subscription of two companies this month

• The public subscription of Indo-Bangla Pharmaceuticals Ltd and Kattali Textile Ltd will open on August 09 and August 28 respectively, officials said. The initial public offering

(IPO) subscription of Indo-Bangla Pharmaceuticals is set to open on August 09 which will be continued till August 16 for resident and non-resident Bangladeshis.

- The NBL filed the writ petition as four directors of the company were 'loan defaulters' as the guarantors of loans disbursed by the bank. The HC withdrew its stay order later on as the Indo-Bangla Pharmaceuticals and NBL reached a solution regarding the loan issue. The Bangladesh Securities and Exchange Commission (BSEC) approved the company's IPO proposal on October 3, 2017. As per the BSEC approval, Indo-Bangla will raise a fund worth BDT 200 million by issuing 20 million ordinary shares at an offer price of BDT 10 each under the fixed price method.

- The company will utilise 29.29% of the IPO proceeds for construction and other civil works, 62.36% for purchasing machineries and 8.35% for bearing IPO expenses, according to the IPO prospectus. The company's pre-IPO paid-up capital is BDT 730 million and authorised capital is BDT 1.0 billion.

<http://today.thefinancialexpress.com.bd/stock-corporate/ipo-subscription-of-two-companies-this-month-1533396636>

City Bank launches online supply finance chain

- City Bank yesterday launched a digital "Supply Chain Finance and Distributor Finance Facility" through which suppliers will get paid whenever invoices are approved while buyers will enjoy increased liquidity and improved working capital. The online platform will also enable SME businesses' easy access to finance, particularly short-term working capital, along with other banking facilities. A statement of the bank said the process would help link buyers, suppliers and financing institutions to lower financing costs and improve business efficiency. Apex Footwear Ltd and EON Group have already been using the platform while an agreement has been signed with Pran-RFL Group.

<https://www.thedailystar.net/business/banking/city-bank-launches-online-supply-finance-chain-1616386>

Japan Tobacco to buy Akij tobacco in Bangladesh for USD 1.48 billion

The total worth of the deal is around USD 1,476 million (BDT 124.8 billion), the biggest-ever involving a Bangladeshi company, according to the Thomson Reuters data. This transaction will add around 17 billion units to the JT Group's overall volume and will be part of the company's continuous drive to expand in the emerging markets, the Japanese tobacco giant said in a statement.

- Akij holds about a 20% share of the cigarette market in Bangladesh, the eighth largest cigarette market in the world, with volumes exceeding 86 billion units and growing by about 2.0% year-on-year, according to the figures coming from JT. Akij currently occupies the number two position in both the value and base segments, together covering up to 90% of Bangladesh's cigarette market, with brands such as Navy and Sheikh respectively.

- Japan Tobacco on the other hand was formed when JT Group acquired the non-US operations of RJ Reynolds. In 2007, it acquired UK-based Gallaher. Currently, it has presence in 130 countries dealing with nine flagship brands and employing 40,000 people across the globe. JT entered the Bangladesh market back in 2016 and until now, it has only tobacco brand in Bangladesh market named Winston.

<http://today.thefinancialexpress.com.bd/last-page/japan-firm-to-buy-akij-tobacco-for-1476m-1533577556>

Most companies see earnings rise in H1

- The earnings of most of the general insurance companies listed with the country's stock exchanges increased during the first half (H1) of this year as compared to the same period of previous year. According to the un-audited financial statements for January-June 2018, earnings per share (EPS) of 23 companies, out of 35, increased and of 12 companies declined during the period under review.

<http://today.thefinancialexpress.com.bd/stock-corporate/most-cos-see-earnings-rise-in-h1-1533654201>

IIDFC, ICB Capital Management ink deal to issue bond

- The IIDFC recently signed an agreement with ICB Capital Management Limited to issue BDT 2.0 billion coupon bearing non-convertible fully redeemable subordinated bond. Managing Director of IIDFC and Chief Executive Officer of ICB Capital Management Limited signed the agreement on behalf of their respective sides in the capital.

<http://today.thefinancialexpress.com.bd/trade-market/iidfc-icb-capital-management-ink-deal-to-issue-bond-1533666718>

BDT 115.30 billion discrepancies detected after GP audit

- Grameenphone's alleged financial discrepancies have ballooned almost three times to BDT 115.30 billion after the telecom regulator ran another audit of the operator's books. In the first audit that was conducted in 2011, financial discrepancies amounting to BDT 30.34 billion were detected in the operator's books from its inception in 1996 through to March 2011. Grameenphone then disputed the appointment process of the auditing firm. So in October 2015, the Bangladesh Telecommunication Regulatory Commission appointed Toha Khan Zaman & Co to pore over the country's leading operator's books from its inception until June 2015.

- Toha Khan Zaman & Co found a discrepancy of BDT 74.44 billion in Grameenphone's payments to the BTRC. The chartered accountants found another discrepancy of BDT 40.86 billion pertaining to value-added tax and other levies of the National Board of Revenue, according to the documents available. Grameenphone has also disputed the findings of the latest audit report, which was handed in on February 22 after several bouts of delays.

<https://www.thedailystar.net/news/business/telecom/BDT-11530cr-discrepancies-detected-after-gp-audit-1617973>

<http://www.newagebd.net/article/47957/after-audits-govt-claims-on-gp-stand-at-BDT-11530cr-on-robi-BDT-867cr>

IPO subscription of Indo-Bangla Pharma opens today

- The public subscription of Indo-Bangla Pharmaceuticals Ltd begins today (Thursday) for raising a fund worth BDT 200 million. The initial public offering (IPO) subscription was supposed to begin on April 08, but was suspended following a writ petition filed with the High Court by National Bank Limited (NBL). The NBL filed the writ petition as four directors of the company were 'loan defaulters' as the guarantors of loans disbursed by the bank. The HC withdrew its stay order later as the Indo-Bangla Pharmaceuticals and NBL reached a solution regarding the loan issue.
- As per the BSEC approval, Indo-Bangla will raise a fund worth BDT 200 million by issuing 20 million ordinary shares at an offer price of BDT 10 each under the fixed price method. The market lot is 500 shares and an investor needs BDT 5,000 to apply for one lot. The required amount (per lot) of foreign currency for NRBs and foreign applicants for the IPO is USD 60.43 or GBP 43.60 or EUR 49.26, according to the Dhaka Stock Exchange (DSE).

<http://today.thefinancialexpress.com.bd/stock-corporate/ipo-subscription-of-indo-bangla-pharma-opens-today-1533743432>