

Weekly Market Update

Capital Market Overview

The market closed negative this week. The benchmark index DSEX (-0.80%) lost 43.18 points and closed the week at 5,362.28 points. The blue-chip index DS30 (-1.71%) lost 33.49 points and stood at 1,926.46 points while the shariah based index DSES (-0.20%) closed in red and stood at 1,261.32 points. DSEX, DS30, and DSES all posted negative YTD return of -14.13%, -15.63%, and -9.30% respectively.

Total Turnover During The Week (DSE) : BDT 30.6 billion (USD 367.7 million)
Average Daily Turnover Value (ADTV): BDT 7.6 billion ($\Delta\%$ Week: -13.7%)

Market P/E: 16.96x
Market P/B: 2.19x

Daily Index Movement during the Week:

The market performed four sessions during the week. Market remained opened in negative in the first session by -1.54% and continued to be negative in the second session by -0.93%. Market rebounded in the third session by +0.68% and closed in positive by 1.00%.

Sectoral Performance:

- All the financial sectors ended in negative. NBFIs posted the highest loss of -4.15% followed by Banks (-2.78%), Mutual Funds (-0.91%), Life Insurance (-0.84) and General Insurance (-0.58%).
- Non-financial sector showed mixed performance this week. Power experienced highest gain by 6.08% followed by Engineering (+1.89%). Pharmaceuticals recorded the highest loss of 2.49% followed by Telecommunication (-1.40%) and Food & Allied (-1.06%).

Macroeconomic arena:

- The central bank has relaxed regulations, allowing commercial banks to issue guarantee on behalf of foreign-controlled firms favoring the local authorities against counter-guarantee from foreign banks to facilitate the foreign firms' business activities in Bangladesh. The banks are also allowed to issue such guarantee in both local and foreign currencies without prior approval from the Bangladesh Bank (BB).
- The inflow of remittance increased by more than 17% or USD 2.21 FY 2017-18. The upward trend in fuel oil prices in the international market and the depreciating mode of the local currency against the USD have helped to increase the flow of inward remittance in the recent months.
- Country's overall exports grew 5.81% in the outgoing fiscal year (FY18) to USD 36.67 billion from USD 34.65 billion of the fiscal year 2016-17 (FY17) because of mainly the growth of the garments sector (+8.76%) which exceeded this fiscal's target.
- The World Bank (WB) has projected 6.7% economic growth in fiscal year (FY) 2018-19 for Bangladesh. According to Global Economic Prospects (GEP), in Bangladesh, growth is expected to recover from the effects of natural disasters in FY2017/18 and reach 6.7% in FY2018/19, supported in part by robust export growth and remittances.

Stock Market arena:

- Fund raising by companies through initial public offerings (IPOs) surged by 39% in the outgoing fiscal year (FY) compared to the previous fiscal. According to DSE, nine companies and two mutual funds (MF) raised an aggregate amount of BDT 5.41 billion through IPOs in FY 2017-18.
- Net foreign investment in the Dhaka Stock Exchange fell to BDT 2.07 billion in the negative in June because of fears over political uncertainty in the run up to national election at the year-end. Foreign investors bought shares worth BDT 4.46 billion and sold securities worth BDT 6.53 billion. Depreciation of the local currency against the USD also contributed to the sell-off by the foreign investors.
- The public subscription of ML Dyeing Ltd and Silva Pharmaceuticals Ltd will open on July 8 and July 29 respectively. ML Dyeing will raise BDT 200 million and Silva Pharmaceuticals will raise BDT 300 million from the capital market using the fixed price method.

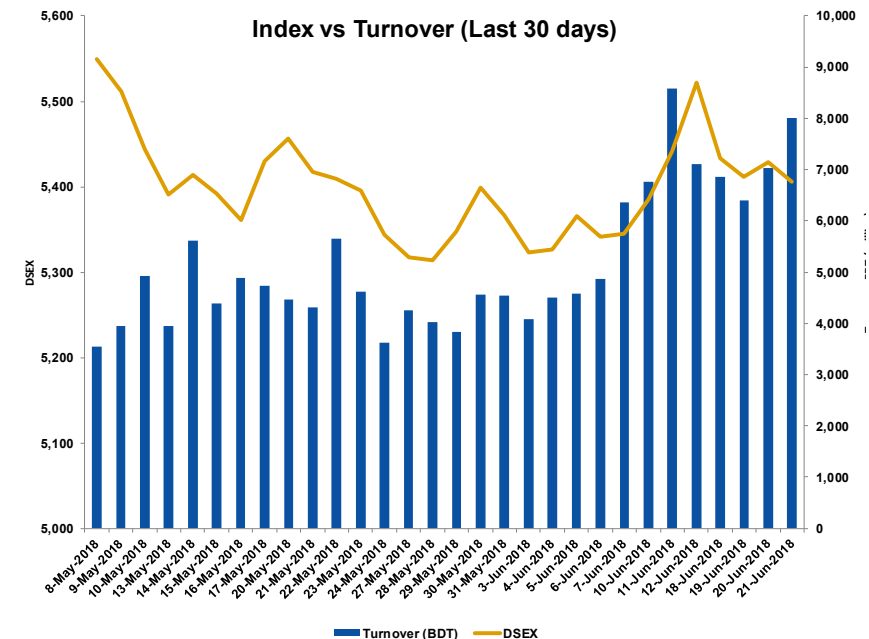
Table 1: Index

Index	Closing	Opening	Δ (Pts)	31-Dec-2016	$\Delta\%$ Week	$\Delta\%$ YTD
DSEX	5,362.28	5,405.46	-43.18	6,244.52	-0.80%	-14.13%
DS30	1,926.46	1,959.95	-33.49	2,283.23	-1.71%	-15.63%
DSES	1,261.32	1,263.79	-2.48	1,390.67	-0.20%	-9.30%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	15,323,733.7	19,322,186.4	-20.7%
	Mn USD	184,334.6	232,433.4	
Turnover	Mn BDT	30,567.0	35,419.9	-13.7%
	Mn USD	367.7	426.1	
Average Daily Turnover	Mn BDT	7,641.8	8,855.0	-13.7%
	Mn USD	91.9	106.5	
Volume	Mn Shares	671.3	789.7	-15.0%

Figure 1: DSEX & Turnover in last four weeks



Associate:

Md. Rafiqul Islam

mrafiqulislam@bracepl.com

Table 3: Top Ten Gainers

	Mcap						
	Close	Open	Δ%	(mn BDT)	Vol (mn BDT)	P/E	P/B
Legacy Footwear	109.60	75.30	45.6%	1,246.6	431.43	108.6x	6.5x
Dragon Sweater & Spinning Ltd.	28	19.70	42.6%	6,193.7	394.94	42.5x	2.3x
Bashundhara Paper Mills Limited	181.60	130.80	38.8%	31,560.5	2,559.51	NM	18.2x
Aziz Pipes	263.50	196.50	34.1%	1,341.9	372.96	485.4x	NM
Tosrif Industries Limited	22.40	17.80	25.8%	1,415.0	89.37	17.0x	0.8x
Pacific Denims Limited	19.90	16.00	24.4%	2,529.8	169.37	18.9x	1.3x
BD Autocars	456.10	367.00	24.3%	1,761.7	161.65	494.5x	164.3x
United Power Generation & Distribution Company Ltd	306.30	249.60	22.7%	122,287.0	958.03	29.3x	11.4x
AMCL (Pran)	285.40	233.30	22.3%	2,283.2	337.78	41.6x	4.3x
H.R. Textile	52.80	43.50	21.4%	1,335.8	394.82	36.8x	3.7x

Table 4: Top Ten Losers

	Mcap						
	Close	Open	Δ%	(mn BDT)	Vol (mn BDT)	P/E	P/B
Peoples Leasing	7.80	9.90	-21.2%	2,226.4	16.98	NM	1.1x
Standard Ceramic	142.00	175.20	-18.9%	917.4	11.15	NM	11.2x
Modern Dyeing	334.10	391.60	-14.7%	457.0	3.71	248.4x	70.5x
Midas Financing Ltd.	24.90	28.50	-12.6%	3,294.2	3.31	18.4x	2.6x
Pharma Aids	604.10	688.60	-12.3%	1,884.8	336.09	63.7x	14.2x
Northern Jute	306.20	348.10	-12.0%	655.9	108.49	71.7x	4.0x
Hakkani Pulp & Paper	59.00	67.00	-11.9%	1,121.0	7.88	NM	2.0x
Atlas Bangladesh	148.20	166.10	-10.8%	4,463.1	140.59	NM	1.0x
Sonali Aansh	303.50	338.00	-10.2%	823.1	80.68	184.1x	1.4x
JMI Syringes & Medical Devices Ltd	211.10	234.70	-10.1%	2,322.1	162.86	31.1x	3.3x
JMI Syringes & Medical Devices Ltd	211.10	234.70	-10.1%	2,322.1	162.86	31.1x	3.3x

Table 5: Top Ten Most Traded Shares

	Mcap						
	Close	Open	Δ%	(mn BDT)	Vol (mn BDT)	P/E	P/B
Bashundhara Paper Mills Limited	181.60	130.80	38.8%	31,560.5	2,559.51	NM	18.2x
Ratanpur Steel Re-Rolling Mills Limited	65.40	69.80	-6.3%	6,617.8	975.86	9.3x	2.1x
United Power Generation & Distribution Company Ltd	306.30	249.60	22.7%	122,287.0	958.03	29.3x	11.4x
Monno Ceramic	301.10	305.90	-1.6%	7,565.0	872.05	2874.1x	3.3x
Alif Industries Limited	104.00	102.00	2.0%	3,910.1	755.57	29.8x	8.5x
Prime Textile	37.00	35.20	5.1%	1,413.4	540.71	35.5x	0.9x
Beximco Limited	26.10	26.20	-0.4%	21,782.8	507.35	21.2x	0.4x
Fortune Shoes Limited	33.60	29.90	12.4%	3,650.3	486.13	19.5x	2.5x
Paramount Textile Limited	50.80	53.10	-4.3%	6,555.6	458.29	29.1x	3.4x
Legacy Footwear	109.60	75.30	45.6%	1,246.6	431.43	108.6x	6.5x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Berger Paints	1,327.10	28.66%	61,548.1	30.4x
Atlas Bangladesh	148.20	12.79%	4,463.1	NM
Summit Power	38.90	8.36%	41,540.4	9.5x
Marico Bangladesh Limited	1,159.30	4.81%	36,518.0	25.4x
Apex Footwear Limited	330.90	0.70%	3,722.6	45.4x
BATBC	3,406.00	0.13%	204,360.0	27.0x
Eastern Housing	48.30	-1.83%	4,508.6	20.7x
S. Alam Cold Rolled Steels	32.60	-2.40%	3,206.9	26.6x
Delta Brac Housing	132.20	-2.79%	16,108.8	20.5x
Beximco Limited	26.10	-3.33%	21,782.8	21.2x

Table 6: Sector Indices

	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1355.14	1393.86	1848.21	-2.78%	-26.68%
NBFIs	2191.03	2285.97	2714.85	-4.15%	-19.29%
Mutual Funds	753.91	760.80	788.81	-0.91%	-4.42%
General Insurance	1366.10	1374.08	1592.30	-0.58%	-14.21%
Life Insurance	1729.55	1744.24	1834.85	-0.84%	-5.74%
Telecommunication	5318.28	5393.66	6494.31	-1.40%	-18.11%
Pharmaceuticals	2705.87	2774.99	2821.05	-2.49%	-4.08%
Fuel & Power	1702.49	1604.96	1527.27	6.08%	11.47%
Cement	1898.11	1932.87	2280.58	-1.80%	-16.77%
Services & Real Estate	1051.20	1042.26	1224.11	0.86%	-14.13%
Engineering	2954.82	2900.14	3166.83	1.89%	-6.69%
Food & Allied	14641.30	14797.45	15304.34	-1.06%	-4.33%
IT	1391.83	1378.76	1484.41	0.95%	-6.24%
Textiles	1258.63	1184.24	1222.72	6.28%	2.94%
Paper & Printing	2358.55	1127.04	1013.11	109.27%	132.80%
Tannery	2566.62	2538.33	2642.41	1.11%	-2.87%
Jute	8012.05	8803.05	8867.22	-8.99%	-9.64%
Ceramics	658.71	622.30	597.46	5.85%	10.25%
Miscellaneous	1976.15	1992.25	1725.62	-0.81%	14.52%

Table 7: Sector Trading Matrix

	Daily average		% Change	% of Total Turnover	PE	PB
	this Week	last week				
Banks	329.1	123.8	165.87%	4.49%	8.7x	1.0x
NBFIs	151.5	65.7	130.58%	2.06%	20.6x	2.1x
Mutual Funds	33.6	14.3	134.25%	0.46%	NM	0.6x
General Insurance	28.3	5.6	402.02%	0.39%	12.5x	0.9x
Life Insurance	69.9	17.9	289.77%	0.95%	NM	7.6x
Telecommunication	74.2	43.4	71.18%	1.01%	23.4x	17.2x
Pharmaceuticals	617.6	208.7	195.91%	8.42%	20.4x	3.4x
Fuel & Power	554.8	127.8	334.01%	7.56%	14.4x	2.2x
Cement	54.9	28.8	90.55%	0.75%	21.4x	3.5x
Services & Real Estate	84.8	20.9	306.79%	1.16%	26.3x	0.9x
Engineering	1,391.6	341.2	307.90%	18.97%	23.4x	2.2x
Food & Allied	378.2	84.5	347.73%	5.16%	30.1x	10.6x
IT	147.9	39.4	275.32%	2.02%	26.9x	2.9x
Textiles	1,551.9	291.4	432.52%	21.15%	22.5x	1.2x
Paper & Printing	644.4	2.2	29369.56%	8.78%	NM	9.5x
Tannery	272.8	53.9	406.56%	3.72%	19.6x	3.1x
Jute	48.9	30.6	59.49%	0.67%	NM	3.4x
Ceramics	312.5	66.0	373.62%	4.26%	31.8x	2.5x
Miscellaneous	589.7	148.0	298.44%	8.04%	27.8x	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	12.20	-44.80%	9,249.2	6.1x
Lankabangla Finance	26.50	-40.40%	9,066.2	11.4x
Islamic Bank	23.20	-36.61%	37,351.8	8.3x
Prime Bank	15.80	-36.57%	17,890.1	8.2x
Eastern Bank	33.10	-35.23%	24,427.8	9.0x
United Airways (BD) Ltd.	3.70	-33.93%	2,543.0	13.1x
City Bank	31.90	-33.73%	30,878.8	7.6x
Uttara Bank	23.40	-33.71%	9,361.9	6.1x
EXIM Bank	11.50	-33.14%	16,240.9	5.5x
Dhaka Bank	13.40	-31.48%	10,888.6	7.0x

Important News: Business & Economy

Central bank will print 1,200 million currencies and banknotes

• The Bangladesh Bank (BB) will print 1,200 million pieces of currencies and banknotes of various denominations in the next fiscal year (FY), 2018-19. The target is up by 5.44% from FY 2017-18. The revised target was 1138.05 million pieces for the outgoing fiscal year. According to BB officials, The banknotes are being printed to feed the growing demand throughout the next fiscal year.

• The Security Printing Corporation Bangladesh Ltd. (SPCBL) printed 1016.80 million currencies and banknotes as of May in FY 2017-18, according to the SPCBL data. On the other hand, the demand for chequebooks and other security products is up, according to Financial Institutions Division (FID).

<https://thefinancialexpress.com.bd/economy/bangladesh/central-bank-will-print-1200m-currencies-and-banknotes-1530251803>

Guideline on NPL write-off underway

• The central bank is set to make a new guideline on writing off non-performing loans (NPLs). The Bangladesh Bank (BB) is actively considering a new strategy in the matters of writing off NPLs by the banks. The NPL problem has been taxing the brains of the people at the BB and relevant others in the sector. The practice of loan write-off is basically contributing to a shortfall of funds in the banking sector.

• The Anti-Corruption Commission (ACC) recently sent a charter of recommendations to the BB on the issue of write-off of the NPLs. It laid emphasis on putting maximum efforts to collect the irrecoverable loans. According to sources, banks are required to provision in full the amount they write off anytime. However, banks may write off a defaulted loan below BDT 50,000 without suing a borrower.

• As per existing rules, the oldest of bad or classified loans should be considered first for writing-off, the BB document showed. In spite of writing off a loan, a borrower will continue to be identified as a defaulter. According to the BB data, a total of BDT 481.92 billion was written off from 2003 to 2017 in the banking sector.

<http://today.thefinancialexpress.com.bd/public/first-page/guideline-on-npl-write-off-underway-1530293568>

Bangladesh Bank eases rules on bank guarantee to foreign firms

• The central bank has relaxed regulations, allowing commercial banks to issue guarantee on behalf of foreign-controlled firms favoring the local authorities against counter-guarantee from foreign banks. One of the Bangladesh Bank officials said that the banks are also allowed to issue such guarantee in both local and foreign currencies without prior approval from the Bangladesh Bank (BB).

• He also said the central bank has relaxed the guidelines for foreign exchange transactions to facilitate the foreign firms' business activities in Bangladesh. Under the existing regulations, the ADs are permitted to issue guarantee, bid bond or performance bond in foreign currency or in local currency on behalf of non-resident company favouring residents in Bangladesh, provided they hold a back to back guarantee covering the guaranteed

amount from an overseas correspondent or other overseas banks.

<https://thefinancialexpress.com.bd/economy/bangladesh/bangladesh-bank-eases-rules-on-bank-guarantee-to-foreign-firms-1530246421>
<http://www.newagebd.net/article/44730/banks-can-give-guarantee-to-foreign-cos-sans-prior-nod>

Net sales of savings tools up in 11 months

• The net sale of state-run savings instruments increased by 2.0% during the last 11 months of fiscal year (FY) 2017-18 compared to the corresponding period of the previous fiscal. The net sale of savings schemes was worth BDT 478.61 billion in the July-May period of FY 2017-18, according to the Department of National Savings (DNS). In the 11 months of FY 2016-17, the net sale was worth BDT 469.69 billion.

<http://today.thefinancialexpress.com.bd/public/last-page/net-sales-of-savings-tools-up-in-11-months-1530208838>

Bangladesh Telecommunication Regulatory Commission (BTRC) mulls setting price range of internet

• After the imposition of cap on pay-per-use internet tariff, Bangladesh Telecommunication Regulatory Commission is likely to set a range of internet price with a view to making internet more affordable to the users. Under the existing rules and regulation of the telecom regulator, mobile phone operators and the broadband user are not supposed to follow any such range in setting prices of internet package.

• As a result, internet service providers including the broadband and mobile phone operators can charge high rate of bandwidth or data from the subscribers. Meanwhile, BTRC has imposed cap over the pay-per-use internet with a view to giving mobile internet users respite from billing shock.

<http://www.newagebd.net/article/44912/btrc-mulls-setting-price-range-of-internet>

The Jatiya Sangsad (JS) passes BDT 4.64 trillion budget for FY19

• The Jatiya Sangsad (JS) today passed a BDT 4.64 trillion national budget for fiscal year 2018-19 setting the GDP growth target at 7.8% in a bid to further alleviate poverty, reduce inequalities and bring basic and qualitative changes in the living standards of the people. The prices of 10-stick low category cigarettes increased from BDT 32 to BDT 35 while that of high-category 10-stick cigarettes to BDT 105 from BDT 102.

• The size of the national budget for FY19 is BDT 4.64 trillion, or 16.07%, higher than the original budget size of BDT 4.0 trillion of the outgoing fiscal year (FY18), BSS reported.

<https://thefinancialexpress.com.bd/economy/bangladesh/js-passes-BDT-464-trillion-budget-for-fy19-1530176284>

The state-owned commercial banks (SoCBs) to give funds to PCBs at 6.0% interest

- The state-owned commercial banks (SoCBs) have agreed to provide deposit to the private commercial banks (PCBs) at 6.0% interest rate for implementing the single-digit lending rate. The government is thinking about depositing its fund with both the public and the private sector banks at rates below 6.0% to help implement the proposed interest rate. Chief executive officer and managing director of the Sonali Bank Limited assured that we'll provide deposit to the PCBs at 6.0% interest rate.

- Meanwhile, the PCBs have started implementation of the proposed cut in their lending and deposit rates in line with the decisions of the Bangladesh Association of Banks (BAB). On June 20, BAB decided to bring down the interest rates on lending and deposit to 9.0% and 6.0% respectively from July 01. Chairman of the Association of Bankers, Bangladesh (ABB) said that PCBs are reducing the lending rates to 9.0% from the existing level in line with the decisions of their respective board of directors.

- As per the BAB decisions, the proposed interest rate on deposit will be applicable in case of the deposits having three-month maturity tenure only. The interest rates of other term-deposits (for six months and one year) will not come under such jurisdiction. Bangladesh Bank (BB) also assured the bankers to extend its support for implementing the single-digit lending rate.

<http://today.thefinancialexpress.com.bd/first-page/socbs-to-give-funds-to-pcbs-at-60pc-interest-1530554365>

<https://www.thedailystar.net/business/deposit-funds-private-banks-6pc-interest-1599106>

<http://www.newagebd.net/article/45031/scbs-to-give-pvt-banks-fund-at-6pc-interest>

Remittance rises 17%

- Inward remittance has bounced back strongly in the just concluded fiscal year, thanks to depreciation of the BDT against the USD. The country received remittances worth USD 14.98 billion in 2017-18, up 17.31% from the previous year. In 2016-17, the receipts were the lowest in six years -- USD 12.77 billion. On June 30, the interbank exchange rate was BDT 83.75, which was BDT 80.60 a year earlier. Bangladeshis living abroad are remitting more money through formal channels because of higher rate offered by local banks. The majority of the banks are facing a shortage of greenback for the last few months due to spiralling import payments against falling export earnings. So, the banks are putting in their best efforts to bump up remittance inflows through their respective channels. At the same time, the central bank has strengthened its surveillance on hundi, the illegal outlet that many turn to for moving funds cross-border.

<https://www.thedailystar.net/business/remittance-rises-17pc-1599103>

<http://www.newagebd.net/article/45033/remittance-inflow-rises-17pc-in-fy18-amid-dollar-appreciation>

Operators yet to cut VAT on internet use

- No internet service provider, including the mobile operators, has lowered the value-added tax at the end user level even though the government has slashed the tax burden by about 66% for customers from July 1. In contrast, when the government imposed supplementary duty on mobile services two years ago the operators scuppered to implement it, with the levy taking effect within hours. In the budget for fiscal 2018-19 the government lowered the VAT on internet usage to 5% from 15% to meet a longstanding demand of the ICT sector.

- This means, the operators were legally obliged to apply the reduced VAT from the early hours of July 1. The reason for the delay in implementing the new tax structure is that ISPs are complaining that it will increase their cost of doing business by about 10 to 12%; they will request the government to reconsider the move. Meanwhile, the mobile operators said they are not reducing the VAT at the end user level yet as the order is not clear.

<https://www.thedailystar.net/business/operators-yet-cut-vat-internet-use-1599100>

Remittance inflow soars 17% to USD 14.98 billion in last fiscal year

- The inflow of remittance jumped by more than 17% or USD 2.21 billion in the just-concluded fiscal year (FY), 2017-18, following higher fuel oil prices in the global market. The flow of inward remittance rose to \$14.98 billion in FY 2017-18 from \$12.77 billion a year ago. As Bangladesh Bank officials, the upward trend in fuel oil prices in the international market has contributed to raise the inflow of remittance, particularly from the Middle-East countries. He also said the depreciating mode of the local currency against the USD has also helped to increase the flow of inward remittance in the recent months.

- Chairman of the Association of Bankers, Bangladesh (ABB) said that the strengthened surveillance of BB to check 'hundi', the illegal cross-border channel used to move funds, has also contributed to raise the remittance inflow. Currently, 29 exchange houses are operating across the globe with 1,205 drawing arrangements set up abroad to boost the remittance inflow.

<http://today.thefinancialexpress.com.bd/first-page/remittance-inflow-soars-17pc-to-1498b-in-last-fiscal-year-1530640014>

NBFIs to cut lending rates to single-digit

- The country's non-banking financial institutions (NBFIs) have agreed to lower the interest rates on lending to single-digit from the existing level shortly. Bangladesh Bank Deputy Governor said that NBFIs have willingly agreed to reduce their lending rates to single-digit phase by phase. He also added that Like the banks, the NBFIs have committed to reduce their lending rates to 9.0% in line with the decisions of their respective board of directors.

- The NBFIs are allowed to collect deposit from individuals and organizations. Currently, they are offering interest on term-deposit at rates ranging from maximum 14.87% to minimum 5.0%, according to the BB's monitoring report for the January-March period of 2018. The NBFIs have been advised to look for alternative instruments, including issuance of bond, along with taking deposits from various sources.

- At the meeting, the NBFIs also proposed to form a special revolving re-financing fund only for the financial institutions to meet their liquidity requirement. The central bank, however, declined the proposal, suggesting the NBFIs to avail such facility from the existing re-financing schemes. Currently, 34 NBFIs are operating in the country. On June 21, the central bank advised them to fix interest rates on deposit at a reasonable level for ensuring stability in the country's financial sector.

<http://today.thefinancialexpress.com.bd/first-page/nbfis-to-cut-lending-rates-to-single-digit-1530640158>

<https://www.thedailystar.net/business/nbfis-want-state-banks-deposits-lower-interest-1599556>

<http://www.newagebd.net/article/45118/nbfis-too-bring-down-lending-rate-at-9pc>

Inflation crawls down

- Inflation came down 9 basis points to 6.39% in June on the back of a decline in food prices, according to Bangladesh Bureau of Statistics. Planning Minister said that in the international market, the prices of various consumer items, including sugar, edible oil and lentil, witnessed a decline. In June, food inflation declined 58 basis points to 5.98%. In the previous month too it declined: 95 basis points to 6.56%. But in May, non-food inflation went up 41 basis points from April.

- According to lead economist of the World Bank's Dhaka office, the decline in year-on-year headline inflation in June relative to both May this year and June last year largely reflects the drop-off in food inflation. However, the food inflation is still high and could rise in the near future with increase in rice prices due to the re-imposition of 25% customs and 3% regulatory duties on rice imports in the budget for fiscal 2018-19. The rise in non-food inflation could be reflecting the second-round effects of high food inflation experienced since early 2017 as well as exchange rate depreciation and strong domestic demand.

<https://www.thedailystar.net/business/inflation-crawls-down-1599565>
<http://www.newagebd.net/article/45117/average-inflation-rises-in-fy18>

Annual Development Programme (ADP) spending hits record high

- Spending on development projects hit 93.09% of allocation in the just concluded fiscal year, the highest in the country's history, riding on a massive escalation in expenditure in the last month of fiscal 2017-18. Ministries and divisions spent BDT 1.46 trillion of the revised annual development programme (ADP) in the last fiscal year, according to Planning Minister. ADP implementation rate stood at 89.76% in 2016-17 when the government spent BDT 1.07 trillion.

- Historically, the ADP spending rate remains low in the beginning of a fiscal year and gets momentum in the second half of the year. Finance ministry officials said the ADP implementation rate of the IMED does not match that of the Office of the Comptroller and Auditor General (CAG) and CAG data always shows lower implementation rate.

<https://www.thedailystar.net/business/adp-spending-hits-record-high-1599574>
<http://www.newagebd.net/article/45121/fy18-sees-9371pc-adp-spending-says-kamal>

Nordic firms betting big on Bangladesh

- Nordic companies are faring well and are optimistic about their future in the country, found a survey by the Nordic Chamber of Commerce and Industry in Bangladesh and the Sweden Bangladesh Business Council. As many as 94% of the survey respondents said they would be expanding their operations with an expected investment of 213 million euros over the next three years. The disclosure in the Business Confidence Survey 2017, which was supported by the embassies of Sweden, Norway and Denmark, can be viewed as an endorsement of the country's business climate and investment outlook.

- As many as 82% of the respondents are looking to expand their operations in Bangladesh over the next three years, which is a slightly lower number compared with those in 2015 and 2013. Still a strong majority of the companies plan to increase their activities owing to

the respondents experiencing higher profits in comparison to other markets. The most common reason for entering Bangladesh is market demand, as indicated by 45.5% of the respondents in 2017 compared to 30% in 2015.

<https://www.thedailystar.net/business/nordic-firms-betting-big-bangladesh-1599583>
<http://www.newagebd.net/article/45116/nordic-cos-find-graft-infrastructure-biggest-business-challenges-in-bangladesh>

Remittance inflow soars 17% to USD 14.98 billion in last fiscal year

- The inflow of remittance jumped by more than 17% or USD 2.21 billion in the just-concluded fiscal year (FY), 2017-18, following higher fuel oil prices in the global market. The flow of inward remittance rose to USD 14.98 billion in FY 2017-18 from USD 12.77 billion a year ago, according to the Bangladesh Bank's (BB) provisional data. As per Bangladesh Bank (BB) officials, the upward trend in fuel oil prices in the international market has contributed to raise the inflow of remittance, particularly from the Middle-East countries.

- He also said the depreciating mode of the local currency against the USD has also helped to increase the flow of inward remittance in the recent months. As per the chairman of the Association of Bankers, the strengthened surveillance of BB to check 'hundi', the illegal cross-border channel used to move funds, has also contributed to raise the remittance inflow. Currently, 29 exchange houses are operating across the globe with 1,205 drawing arrangements set up abroad to boost the remittance inflow.

<https://www.thedailystar.net/business/adp-spending-hits-record-high-1599574>
<http://www.newagebd.net/article/45121/fy18-sees-9371pc-adp-spending-says-kamal>

Exports see 5.81% growth in FY18

- Country's overall exports grew 5.81% in the outgoing fiscal year (FY18) to USD 36.67 billion from USD 34.65 billion of the fiscal year 2016-17 (FY17) riding on the higher shipment of garment products, according to Export Promotion Bureau (EPB). However, the earnings are only USD 840 million less than the fiscal year's target of USD 37.50 billion. Like previous fiscals, the garment sector was the driving force and helped maintain the robust growth in the FY18.

- According to the EPB's latest data, both the export earning and growth of the garment sector surpassed the target in FY18. Export of garments products registered an 8.76% growth to USD 30.61 billion, which was 1.51% higher from the fiscal's target of USD 30.16 billion. In FY17, the country earned USD 28.15 billion by exporting garments items.

<https://thefinancialexpress.com.bd/economy/bangladesh/exports-see-581pc-growth-in-fy18-1530715655>
<http://today.thefinancialexpress.com.bd/first-page/apparel-exports-top-30-billion-in-fy18-1530725803>
<http://www.newagebd.net/article/45115/fy18-exports-post-paltry-58pc-growth>

Finance Minister warns companies of steps for not executing new rate

- Finance Minister warned the companies concerned of taking tough actions against them for not executing new VAT (value added tax) rate on Internet. In the budget for the fiscal

year (FY) 2018-19, the government downsized the VAT rate on Internet to 5.0% from the previous 15%. Accordingly, the Internet cost at consumer-end was supposed to go down from July 1, the first day of the new FY. However, none of the Internet service providers, including the cell-phone operators, lowered the Internet charge until now.

- Finance Minister said that steps will be taken against (the Internet service providers), if they do not implement the decision regarding VAT. The Internet users pay a total of 21.75% VAT, duties and surcharge on their use. Of the total, VAT rate was 15%, which the govt lowered to 5.0% in the new budget. The government earns nearly BDT 11 billion from these tax incidences.

<http://today.thefinancialexpress.com.bd/last-page/muhith-warns-cos-of-steps-for-not-executing-new-rate-1530726210>

<http://www.newagebd.net/article/45182/muhith-warns-of-action-as-internet-vat-cut-decision-not-implemented>

Bangladesh Bank (BB) official: Government working to launch Sukuk

- The government is working on launching Sukuk, a Shariah-compliant or Islamic bond, to help Islamic finance industry to flourish in the country, according to Bangladesh Bank's Deputy Governor. Two to three Bangladeshi teams have already visited some countries that are practising Islamic banking, including Malaysia and Bahrain, to gather experience on introducing Sukuk and a new team will be doing the same soon, he added. Sukuk shows elements resembling both shares and bonds, depending on the applicable underlying Islamic financial contract and structure.

- In countries where Sukuk has been introduced, Islamic banks and financial institutions are using it to operate their liquidity management. Islamic banks use Sukuk to maintain the statutory liquidity ratio with their respective central bank and float it to mobilise long-term funds. Many Islamic countries have introduced the tool to mobilise long-term funds from the global market. According to Islamic Financial Service Industry Stability Report 218, Saudi Arabia has issued the largest share of Sukuk issuance (38.81%) whereas Malaysia possesses 32.88%

<https://www.thedailystar.net/business/govt-working-launch-sukuk-says-bb-official-1600327>

World Bank projects 6.7% growth for Bangladesh this fiscal year

- The World Bank (WB) has projected 6.7% economic growth in fiscal year (FY) 2018-19 for Bangladesh. The global lending agency has made the projection in its 'Global Economic Prospects (GEP)' in June 2018. According to GEP, in Bangladesh, growth is expected to recover from the effects of natural disasters in FY2017/18 and reach 6.7% in FY2018/19, supported in part by robust export growth and remittances. The WB in its GEP also forecast 7.0% GDP (gross domestic product) growth for Bangladesh in FY 2019-20 and FY 2020-21.

- About South Asia, the WB said growth in the region is projected to accelerate to 6.9% in 2018, mainly reflecting strengthening domestic demand in India as temporary policy-driven disruptions fade. Elsewhere in the region, ongoing recoveries in Bangladesh, Pakistan and Sri Lanka are expected to be accompanied by moderating activity in Afghanistan, Bhutan and the Maldives, it said.

<https://thefinancialexpress.com.bd/economy/bangladesh/world-bank-projects-67pc-growth-for-bangladesh-this-fiscal-year-1530677214>

Mobile Number Portability (MNP) service to be launched in August

- The much awaited mobile number portability (MNP) service is almost ready to serve the country's mobile phone customers from the next month (August). The assigned firm, Infozillion BD Teletech Consortium Limited (IBTCL), has connected the mobile network operators (MNOs), public switched telephone network (PSTN) operators and other operators with the MNP platform. IBTCL managing director said that Robi and Banglalink have been fully connected with the MNP platform while work is going on for market leader Grameenphone. Connecting the state-own Teletalk is yet to start.

<http://www.newagebd.net/article/45183/mnp-service-to-be-launched-in-august>

FY18 exports post paltry 5.8% growth

- The country's export earnings in the just concluded financial year 2017-18 stood \$36.66 billion, growing by only 5.8% from \$34.65 billion in the previous fiscal year. The amount of export earnings in the FY 18 is \$84 million lower than the government set target of \$37.5 billion for the financial year. EPB officials said that despite moderate growth in shipment of readymade garment products, the drop in exports of non-RMG items like leather and leather goods contributed to the lower growth in overall export earnings in FY18.

- Data showed that earnings from RMG sector in the FY18 grew by 8.7% to \$30.6 billion from \$28.15 billion in the FY17. EPB sources said that poor export earnings in June, the last month of FY18, also contributed to the lower earnings in the year. Although total data for June was not available, sources said, export earnings in the month were three% lower than the same month of last year.

<http://www.newagebd.net/article/45115/fy18-exports-post-paltry-58pc-growth>

Portfolio investment up 17.18%

- Transactions in foreign portfolio investment in Bangladesh stock market rose 17.18% in the outgoing fiscal year (FY) 2017-18 compared to previous FY. The net position in foreign portfolios marginally rose in the FY 2017-18, as the amount of the securities sold was greater than the amount of securities purchased during the period.

Important News: Capital Market

- In the FY 2017-18, the amount of transactions in foreign portfolios stood at above BDT 117.29 billion, which was 7.37% of annual turnover observed on the premier bourse DSE. On the other hand, the amount of transactions in foreign portfolios was above BDT 100.09 billion in the FY 2016-17. As a result, in 2017-18 the foreign portfolio transactions rose 17.18% or above BDT 17.19 billion compared to that of the FY 2016-17.

- According to the DSE information, the foreign portfolio investors purchased securities worth above BDT 59.01 billion in the FY 2017-18. During same period, they sold securities worth above BDT 58.28 billion. As a result, the net position in foreign portfolios rose only 1.25% or above BDT 730 million in the FY 2017-18.

<http://today.thefinancialexpress.com.bd/public/stock-corporate/portfolio-investment-up-1718-per-cent-1530210624>

Foreign funds fall further in Dhaka Stock Exchange (DSE)

- Net foreign investment in the Dhaka Stock Exchange fell to BDT 2.07 billion in the negative in June because of fears over political uncertainty in the run up to national election at the year-end. Foreign investors bought shares worth BDT 4.46 billion and sold securities worth BDT 6.53 billion, according to data from the premier bourse. The net foreign investment plummeted to BDT 2.83 billion in the negative in May and BDT 250 million in April.
- Fears of political uncertainty prompted foreign investors to go for sell-off, according to a merchant banker. He said the depreciation of the local currency against the USD also contributed to the sell-off by the foreign investors. Moreover, foreigners are concerned about the future of the economy as it had suffered during the parliamentary election in the past because of polls-related unrest.

<https://www.thedailystar.net/business/foreign-funds-fall-further-dse-1598041>

Nine companies, two Mutual Funds raise BDT 5.41 billion through IPOs

- Fund raising by companies through initial public offerings (IPOs) surged by 39% in the outgoing fiscal year (FY) compared to the previous fiscal. Nine companies and two mutual funds (MF) raised an aggregate amount of BDT 5.41 billion through IPOs in FY 2017-18, according to data available from the Dhaka Stock Exchange (DSE).
- In FY 2016-17, six companies and three mutual funds collected BDT 3.90 billion. Fund raising by companies through IPOs was slow in FY 2016-17 mainly due to the revised Public Issue Rules-2015. Three of the nine companies in the outgoing fiscal raised funds applying the book building method.

<http://today.thefinancialexpress.com.bd/public/stock-corporate/nine-cos-two-mfs-raise-BDT-541b-through-ipos-1530289676>

United Power to acquire two plants

- The board of directors of United Power Generation & Distribution Company has decided to acquire two power plants of the United Group. United Power will acquire majority shares (92.41%) at face value in the United Ashuganj Energy Ltd. (UAEL). United Ashuganj Energy is located at Ashuganj in Brahmanbaria having generation capacity of 195 MW power by natural gas.

<http://today.thefinancialexpress.com.bd/public/stock-corporate/united-power-to-acquire-two-plants-1530210648>

Mixed trend marks H1 profit earning by private commercial banks (PCBs)

- The unaudited operating profit of the country's private commercial banks (PCBs) showed a mixed trend in the first half (H1) of the current calendar year (2018). Of the 40 PCBs, the operating profit of 14 recorded an upward trend, while that of six banks witnessed a downturn, according to the provisional data for the six-month period from January to June. In the final count, the amount of profit may be a little higher or lower, said officials of different commercial banks. The unaudited operating profit, however, does not indicate the

actual financial position of a bank. The banks have to leave aside funds for provisioning their bad debts and taxes payable to the government.

- The rising trend in credit, practically in the private sector, helped the banks to pick up their operating profit in the first half of the year compared to that of the same period last year, according to the bankers. The private sector credit growth was higher than the target, set by the central bank for the January-June period of the just-concluded fiscal year (FY), 2017-18. However, the last couple of months of the year saw a falling trend in the private sector credit growth. The credit growth rate came down to 17.65% in April 2018 on a year-on-year basis from 17.98% in March, according to the Bangladesh Bank's (BB) latest statistics.

- The central bank earlier projected that the private sector credit would grow at the rate of 16.80% in June 2018. The country's overall imports grew by over 15% in the first 10 months of FY 2018, mainly due to higher import of food grains and fuel oils. The settlement of letters of credit (LCs), in terms of value, rose to nearly USD 43 billion during the July-April period of FY 18 from USD 37.37 billion in the same period of FY 17. Besides, the upward trend in interest rate spread also pushed up the overall operational profit of the banks, according to another private banker.

<http://today.thefinancialexpress.com.bd/first-page/mixed-trend-marks-h1-profit-earning-by-pcb-1530467302>

<https://www.thedailystar.net/business/banks-operating-profits-soar-despite-challenges-1598356>

<http://www.newagebd.net/article/44965/operating-profits-of-most-banks-inch-up-in-h1>

IPO subscription of two companies to begin this month

- The public subscription of ML Dyeing Ltd and Silva Pharmaceuticals Ltd will open on July 8 and July 29 respectively. ML Dyeing will raise BDT 200 million and Silva Pharmaceuticals will raise BDT 300 million from the capital market using the fixed price method. The initial public offering (IPO) subscription of ML Dyeing will be continued till July 19. The securities regulator, Bangladesh Securities and Exchange Commission (BSEC), approved the company's IPO proposal on May 14. Using the fixed price method, ML Dyeing will float 20 million ordinary shares at an offer price of BDT 10 each. The market lot is 500 shares and an investor needs BDT 5,000 to apply for one lot.

- The IPO subscription of Silva Pharmaceuticals will open on July 29 which will be continued till August 5. The securities regulator approved the company's IPO proposal on June 11 to raise a capital worth BDT 300 million under the fixed price method. As per the approval, the company will offload 30 million ordinary shares at an offer price of BDT 10 each. The pharmaceutical company will purchase machineries, construct building, repay bank loans and bear the IPO expenses with the IPO fund.

<http://today.thefinancialexpress.com.bd/stock-corporate/ipo-subscription-of-two-cos-to-begin-this-month-1530457381>

Bashundhara Paper Mills share trading debut today

- Bashundhara Paper Mills Ltd will make its share trading debut today (Monday) on the Dhaka and Chittagong Stock Exchanges under "N" category. DSE trading code for the company is "BPML" and company code is 19512 while CSE scrip Id is 19011 and scrip code is "BPML". The company's (un-audited) net profit after tax stood at BDT 321.76 million in the nine months for the period from July, 2017 to March, 2018. The post-IPO EPS stood

at BDT 1.85 for the period from July, 2017 to March, 2018. The net asset value (NAV) per share was BDT 34.07 as of March 31, 2018. AAA Finance & Investment is working as issue manager for Bashundhara Paper's IPO. The Bashundhara Paper Mills produces different types of papers and paper products.

<http://today.thefinancialexpress.com.bd/stock-corporate/bashundhara-paper-mills-share-trading-debut-today-1530469155>
<https://www.dhakatribune.com/business/stock/2018/07/01/bashundhara-paper-mills-to-debut-on-the-bourses-on-monday>

Merchant banks get more time for loss provisioning

- The securities regulator has extended the time frame by two years to complete provisioning of the unrealised losses in the portfolios of merchant banks and their clients. The Bangladesh Securities and Exchange Commission (BSEC) extended the timeframe following a request by Bangladesh Merchant Bankers Association (BMBA). The existing timeframe in this regard is scheduled to end on December 31, 2018.
- Previously, the BSEC extended the timeframe for five times. A BSEC executive director said that the regulator extended the timeframe considering the situation of the merchant banks. He explained that many of the merchant banks are yet to come out of the woes of 2010-11 stock market debacles. The regulator also considered the market situation, he added. Presently, there are 60 merchant banks operating in the country's capital market.

<http://today.thefinancialexpress.com.bd/stock-corporate/merchant-banks-get-more-time-for-loss-provisioning-1530636265>

Bay's leather park eyes USD 25 million Chinese fund

- Chinese companies are likely to invest USD 25 million at the Bay's planned leather and footwear industrial park in the Mirsarai Economic Zone in Chittagong. According to Bay Group, 18 leather and footwear makers based in China are interested to make the investment in order to produce leather goods and footwear. The investment figure is an initial estimation and it will go up gradually. At least 1,000 jobs will be created directly at the park.
- According to Hassan, the Chinese investors are keen to establish their production units out of China in order to lower production cost. Bay Footwear, one of the top footwear exporters in Bangladesh, has already sought 100 acres of land from the Bangladesh Economic Zones Authority (Beza) to set up the industrial park. Established in 2001, Bay Footwear supplies products to global brands Timberland and Clarks and its key export destinations are the US, Europe, and Asia.
- Its current annual production capacity stands at 2 million to 4 million pieces and it has already created jobs for about 4,500 people. On the initiative of Bay Footwear, Paban Chowdhury, executive chairman of the Beza, said leather is a potential sector for Bangladesh with good export records over the years. The leather and leather goods sector, the second largest export earner after garments, fetched \$999.07 million in the July-May period of the just concluded fiscal year.

<https://www.thedailystar.net/business/bays-leather-park-eyes-25m-chinese-fund-1599559>

Dhaka Stock Exchange (DSE) buys 2.26 million shares of 123 companies

- Dhaka Stock Exchange (DSE) has bought more than 2.26 million shares of 123 companies on behalf of two brokerage houses on Tuesday to execute trade settlement. DSE chief financial officer said that two brokerage houses failed to execute trade settlement with the Central Depository Bangladesh Limited (CDBL) on Monday due to technical glitch. So the DSE, on behalf of the brokerage houses, bought shares and executed the trade settlement

<http://today.thefinancialexpress.com.bd/stock-corporate/dse-buys-226m-shares-of-123-companies-1530636320>

Dhaka Bank to embrace massive digitization

- Managing Director and CEO said that the second generation PCB is aiming to automate a number of its core banking processes by the end of this year. Payment technology company Visa has identified six banks for launching its contactless NFC cards in Bangladesh and Dhaka Bank is one of them, he added. Highlighting the ongoing digitisation drive in his company, the Dhaka Bank CEO mentioned that the bank has recently automated its personal loan processing scheme and is now piloting the system.
- Recently, Dhaka Bank has also adopted a new core banking software called Oracle Super Cluster. Earlier, Dhaka Bank Ltd (DBL) also introduced its own mobile app 'Dhaka Bank GO' for its customers. As per the CEO, Currently, the bank is looking to diversify our loan portfolio so that at least 40% of our total loan portfolio consists of consumers and SMEs by 2019.

<http://today.thefinancialexpress.com.bd/stock-corporate/dhaka-bank-to-embrace-massive-digitisation-1530718213>

Aman Cotton publishes IPO lottery results

- Aman Cotton Fibrous will allocate 8.33 million ordinary shares among the successful applicants as the company held IPO lottery draw on Wednesday. The result has already been published on the websites of Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE), the company and the issue manager. Aman Cotton 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 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.

<http://today.thefinancialexpress.com.bd/stock-corporate/aman-cotton-publishes-ipo-lottery-results-1530718276>