

Weekly Market Update

Capital Market Overview

The market closed negative this week. The benchmark index DSEX (-1.00%) lost 53.73 points and closed the week at 5,305.17 points. The blue-chip index DS30 (-0.85%) lost 16.27 points and stood at 1,890.51 points while the shariah based index DSES (-0.60%) closed in green and stood at 1,259.79 points. DSEX, DS30, and DSES all posted negative YTD return of -15.04%, -17.20%, and -9.41% respectively.

Total Turnover During The Week (DSE) : BDT 44.5 billion (USD 535.9 million)
Average Daily Turnover Value (ADTV): BDT 8.9 billion ($\Delta\%$ Week: +1.5%)

Market P/E: 16.79x
Market P/B: 2.17x

Daily Index Movement during the Week:

The market performed five sessions during the week. Market showed positive performance in the first session by 0.03% and in the second session, market continued to be positive by 0.17%. But in the third session, market closed in negative by -0.24%. In the fourth and fifth session, market remained negative respectively by -0.30% and -0.27%.

Sectoral Performance:

- All the financial sectors showed negative performance this week except Life Insurance (+1.41%). NBFIs posted the highest loss of 1.54% followed by General Insurance (-0.65%), Mutual Funds (-0.30%) and NBFIs (-0.11%).
- Non-financial sectors showed negative performance except Engineering (+0.38%). Pharmaceuticals recorded the highest loss of 3.82% followed by Power (-1.61%), Pharmaceuticals (-1.44%) and Food & Allied (-1.03%).

Macroeconomic arena:

- Bangladesh has held on to its stable credit profile from three global rating agencies, in what can be viewed as an endorsement of the way the central bank and the government are steering the economy. For the ninth year in a row Moody's and Standard & Poor's gave Bangladesh 'Ba3' and 'BB-' ratings respectively. Fitch gave a 'BB-' for the fifth time.
- The private sector credit growth declined further in June, the last month of the just concluded fiscal year of 2017-2018, to come down to near the Bangladesh Bank-set target of 16.8% for the second half of FY18. The private sector credit growth stood at 16.95% in June while the growth rate was 17.60% a month ago.
- The central bank has relaxed regulations, allowing banks to pay interest on resident foreign currency deposit (RFCD) accounts at Eurocurrency rates to encourage savings in such accounts. Earlier, the rate of interest on the balances of RFCD account was fixed at one quarter percentage (0.25%) less than the rate at which interest is paid on balances of bank in their foreign currency clearing accounts maintained with the Bangladesh Bank (BB).
- The Asian Development Bank is ready to lend USD 8.01 billion to Bangladesh over the next three years, almost the double the amount it had committed in the previous three years. Between 2015 and 2017, the Manila-based multilateral lender committed USD 4.08 billion.
- Bangladesh Bank has given the go-ahead to four state banks to disburse more loans this year in the wake of shrinking lending activities of private commercial banks. The credit ceiling of Sonali, Janata, Agrani and Rupali was enhanced in the latest meeting that the banking watchdog organizes once every three months to review the performance of public banks.

Stock Market arena:

- Beximco Pharmaceuticals Limited commenced export of extended release Metformin Hydrochloride (500mg and 750mg) to the US market. According to IQVIA market data, the US market for Metformin Hydrochloride is currently valued at USD 456.08 million. This is Beximco's fourth product for the US market following the successful launches of Carvedilol, Sotalol and Methocarbamol.
- BBS Cables informed the DSE that it has inked an agreement with Bangladesh Rural Electrification Board (BREB) under "Distribution Network Expansion for 100% Rural Electrification" projects for supply of conductor, insulated 600V for a total amount of above BDT 936.06 million.

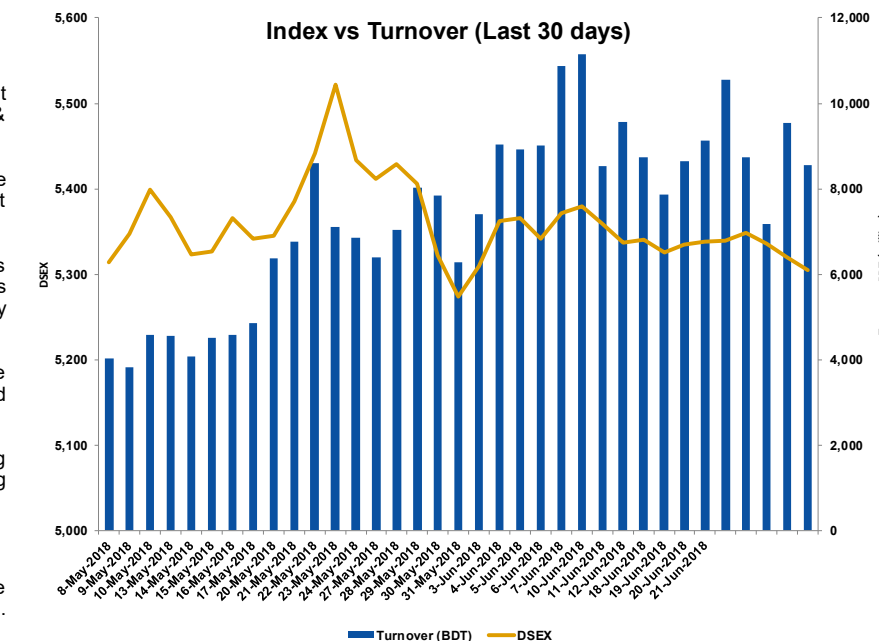
Table 1: Index

Index	Closing	Opening	Δ (Pts)	31-Dec-2016	$\Delta\%$ Week	$\Delta\%$ YTD
DSEX	5,305.17	5,358.91	-53.73	6,244.52	-1.00%	-15.04%
DS30	1,890.51	1,906.78	-16.27	2,283.23	-0.85%	-17.20%
DSES	1,259.79	1,267.38	-7.59	1,390.67	-0.60%	-9.41%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	19,257,504.3	19,308,481.4	-0.3%
	Mn USD	231,655.3	232,268.5	
Turnover	Mn BDT	44,547.3	43,909.1	1.5%
	Mn USD	535.9	528.2	
Average Daily Turnover	Mn BDT	8,909.5	8,781.8	1.5%
	Mn USD	107.2	105.6	
Volume	Mn Shares	1,026.6	913.7	12.4%

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
Khulna Printing & Packaging Limited	21.20	14.70	44.2%	1,548.4	153.91	NM	1.2x
Padma Islami Life Insurance Limited	40	29.70	33.7%	1,543.5	286.82	NM	4.0x
Dragon Sweater & Spinning Ltd.	44.00	36.20	21.5%	9,698.3	799.09	66.6x	3.6x
Simtex Industries Limited	33.20	27.80	19.4%	2,188.5	292.45	14.5x	2.0x
Saiham Textile	27.90	23.40	19.2%	2,526.7	514.77	27.4x	1.5x
IT Consultants Limited	60.90	51.40	18.5%	6,336.8	511.78	60.9x	4.8x
Active Fine Chemicals Limited	39.30	33.50	17.3%	7,857.9	868.49	14.2x	2.7x
Saiham Cotton Mills Limited	17.90	15.30	17.0%	2,663.1	149.90	16.8x	1.0x
Global Heavy Chemicals Limited	51.00	43.60	17.0%	3,672.0	412.98	47.2x	1.3x
AFC Agro Biotech Ltd.	43.50	38.00	14.5%	3,962.0	207.00	15.0x	3.0x

Table 4: Top Ten Losers

	Mcap						
	Close	Open	Δ%	(mn BDT)	Vol (mn BDT)	P/E	P/B
Jute Spinners	110.60	155.70	-29.0%	188.0	4.56	NM	NM
Libra Infusions Limited	846.10	1,074.70	-21.3%	1,059.0	123.49	174.1x	0.5x
Meghna Pet Industries	17.60	22.30	-21.1%	211.2	6.56	NM	NM
Meghna Condensed Milk	20.30	25.70	-21.0%	324.8	6.42	NM	NM
Apex Tannery	170.80	207.50	-17.7%	2,603.0	348.06	57.8x	3.8x
Anwar Galvanizing	98.30	118.00	-16.7%	1,427.3	400.87	94.9x	11.5x
Monno Ceramic	310.80	370.30	-16.1%	7,808.7	843.59	2966.7x	3.4x
Shaympur Sugar	34.50	40.90	-15.6%	172.5	2.69	NM	NM
United Airways (BD) Ltd.	3.40	4.00	-15.0%	2,336.8	25.48	12.0x	0.3x
KDS Accessories Limited	99.80	117.20	-14.8%	5,994.0	1,049.27	47.7x	4.6x

Table 5: Top Ten Most Traded Shares

	Mcap						
	Close	Open	Δ%	(mn BDT)	Vol (mn BDT)	P/E	P/B
BBS Cables Limited	101.50	101.90	-0.4%	14,007.0	1,712.68	33.9x	6.1x
KDS Accessories Limited	99.80	117.20	-14.8%	5,994.0	1,049.27	47.7x	4.6x
IFAD Autos Limited	120.70	115.00	5.0%	27,586.7	1,039.40	26.3x	4.4x
Nahee Aluminium Composite Panel Ltd.	58.00	51.00	13.7%	2,784.0	1,011.13	33.0x	4.9x
The Peninsula Chittagong Limited	33.90	32.50	4.3%	4,022.8	942.42	64.0x	1.6x
Active Fine Chemicals Limited	39.30	33.50	17.3%	7,857.9	868.49	14.2x	2.7x
Monno Ceramic	310.80	370.30	-16.1%	7,808.7	843.59	2966.7x	3.4x
Bashundhara Paper Mills Limited	137.00	139.10	-1.5%	23,809.4	816.39	366.3x	13.7x
Pacific Denims Limited	24.00	22.60	6.2%	3,051.0	813.83	22.7x	1.6x
Dragon Sweater & Spinning Ltd.	44.00	36.20	21.5%	9,698.3	799.09	66.6x	3.6x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Berger Paints	1,276.30	23.73%	59,192.1	29.3x
Singer Bangladesh	212.80	8.85%	16,320.6	29.9x
Summit Power	38.80	8.08%	41,433.6	9.5x
Marico Bangladesh Limited	1,150.00	3.97%	36,225.0	25.2x
Atlas Bangladesh	135.70	3.27%	4,086.7	NM
Mutual Trust Bank	32.10	3.18%	18,405.0	12.6x
Apex Footwear Limited	336.80	2.50%	3,789.0	46.2x
Agni System Limited	22.30	1.83%	1,541.0	22.9x
S. Alam Cold Rolled Steels	33.90	1.50%	3,334.8	27.6x
Eastern Housing	49.90	1.42%	4,657.9	21.4x

Table 6: Sector Indices

	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1289.30	1290.75	1848.21	-0.11%	-30.24%
NBFIs	2140.72	2174.19	2714.85	-1.54%	-21.15%
Mutual Funds	740.48	742.69	788.81	-0.30%	-6.13%
General Insurance	1342.04	1350.88	1592.30	-0.65%	-15.72%
Life Insurance	1721.44	1697.51	1834.85	1.41%	-6.18%
Telecommunication	5340.22	5552.04	6494.31	-3.82%	-17.77%
Pharmaceuticals	2670.90	2710.03	2821.05	-1.44%	-5.32%
Fuel & Power	1710.33	1738.33	1527.27	-1.61%	11.99%
Cement	1958.15	1909.65	2280.58	2.54%	-14.14%
Services & Real Estate	1114.68	1087.63	1224.11	2.49%	-8.94%
Engineering	3131.71	3119.98	3166.83	0.38%	-1.11%
Food & Allied	13943.48	14088.07	15304.34	-1.03%	-8.89%
IT	1683.30	1561.22	1484.41	7.82%	13.40%
Textiles	1329.35	1314.95	1222.72	1.09%	8.72%
Paper & Printing	13810.90	13767.43	1013.11	0.32%	1263.22%
Tannery	2669.80	2735.31	2642.41	-2.40%	1.04%
Jute	6921.28	7682.41	8867.22	-9.91%	-21.95%
Ceramics	640.01	660.74	597.46	-3.14%	7.12%
Miscellaneous	1983.23	2014.05	1725.62	-1.53%	14.93%

Table 7: Sector Trading Matrix

	Daily average	Daily average	% Change	% of Total	PE	PB
	this Week	last week		Turnover		
Banks	360.8	454.3	-20.57%	4.20%	8.3x	0.9x
NBFIs	156.8	272.8	-42.51%	1.82%	20.1x	2.1x
Mutual Funds	26.2	51.0	-48.75%	0.30%	NM	0.6x
General Insurance	31.0	56.6	-45.24%	0.36%	12.2x	0.9x
Life Insurance	144.6	53.4	170.65%	1.68%	NM	7.6x
Telecommunication	81.2	70.0	15.98%	0.94%	23.5x	17.3x
Pharmaceuticals	1,040.7	722.8	43.99%	12.10%	20.1x	3.3x
Fuel & Power	539.0	778.5	-30.77%	6.27%	14.5x	2.2x
Cement	112.9	164.0	-31.15%	1.31%	22.0x	3.6x
Services & Real Estate	348.5	267.5	30.28%	4.05%	27.9x	0.9x
Engineering	2,264.1	2,180.5	3.83%	26.33%	24.8x	2.4x
Food & Allied	353.0	415.0	-14.92%	4.11%	28.3x	10.0x
IT	394.1	217.0	81.59%	4.58%	32.5x	3.5x
Textiles	1,362.6	1,941.7	-29.82%	15.84%	23.6x	1.3x
Paper & Printing	194.9	446.6	-56.37%	2.27%	NM	7.5x
Tannery	282.3	338.3	-16.57%	3.28%	20.4x	3.3x
Jute	23.7	27.4	-13.48%	0.28%	NM	2.9x
Ceramics	200.9	214.5	-6.37%	2.34%	30.9x	2.4x
Miscellaneous	683.2	760.7	-10.18%	7.94%	27.5x	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	11.30	-48.87%	8,566.9	5.7x
Lankabangla Finance	25.60	-42.43%	8,758.3	11.0x
Prime Bank	14.70	-40.99%	16,644.6	7.6x
Eastern Bank	30.70	-39.92%	22,656.6	8.3x
United Airways (BD) Ltd.	3.40	-39.29%	2,336.8	12.0x
City Bank	29.30	-39.13%	28,362.0	7.0x
Islami Bank	22.70	-37.98%	36,546.8	8.2x
Dhaka Bank	12.50	-36.08%	10,157.3	6.5x
EXIM Bank	11.00	-36.05%	15,534.8	5.3x
Uttara Bank	22.80	-35.41%	9,121.8	5.9x

Important News: Business & Economy

World Bank (WB) mission in town to discuss USD 750 million budgetary credit line

• The World Bank (WB) has decided to provide USD 750 million in budgetary support after fielding a mission in Dhaka to discuss the potential lending. The bank's team is mainly working on the newly-developed indicators, to be fulfilled by the government for getting the policy credit. Then it will sit for negotiations in October this year. The proposed USD 750 million funds will be disbursed in three equal tranches in three years up to the fiscal year (FY), 2020-2021.

• The budgetary support titled "Development policy credit" will mainly be utilised in areas which will foster jobs in Bangladesh. Meanwhile, the government has recently sought budgetary support from the WB for facilitating job creation instead of its previous stance on policy and structural reform activities. Following the government's request, the Washington-based lender has prepared some new policy matrix focusing on more employment generation instead of its earlier 'policy reform matrix'.

<http://today.thefinancialexpress.com.bd/last-page/wb-mission-in-town-to-discuss-750m-budgetary-credit-line-1532541569>

Bangladesh Bank (BB) raises farm loan targets for banks

• The central bank has raised the farm loan disbursement target by 6.86% to BDT 218.00 billion for the current fiscal year compared to a year ago. A deputy governor of the Bangladesh Bank said that the farm loan target has been increased considering the rising demand for agriculture and rural credit. Banks will have to disburse a minimum 10% of their agriculture loan to the fisheries sector, the new inclusion in the agriculture credit policy.

• Some new sectors were also brought under the agriculture loan. They include the floating agriculture system, the integrated farming system, rearing of turkey birds and fish farming through the pen system. The lending target for state banks has been set at BDT 98.75 billion and for the private and foreign commercial banks at BDT 119.25 billion. Banks disbursed BDT 213.93 billion last fiscal year, which was about 105% of the target.

• They disbursed agricultural and rural credit among 3.96 million borrowers. Of them, the number of women borrowers was 1.58 million, receiving BDT 63.09 billion, according to the central bank data. Small and marginal farmers borrowed about BDT 150.92 billion in 2017-18. Besides, BDT 304.7 million was disbursed among 8,339 farmers in char, haor and less developed areas. The central bank imposes penalty on banks if they fail to achieve the disbursement target.

<https://www.thedailystar.net/business/bb-raises-farm-loan-targets-banks-1611112>
<http://www.newagebd.net/article/46909/bb-sets-farm-loan-target-at-BDT-21800cr-for-fy19>

Banks exceed ADR on higher than targeted private credit flow

• Higher than targeted private sector credit growth compared to deposits is believed to be the key reason for exceeding the advances-deposits ratio (ADR) by private banks. Increased investment in fixed income securities -- national savings tools -- is another reason for the recent overshoot of the ADR. Deputy managing director of BRAC Bank Ltd, presented the paper on 'prevailing money market situation and the way forward' at the

Institute of Chartered Accountants of Bangladesh (ICAB).

• He also added that the private sector credit growth was 19% at a time when the deposit growth was just 10%. He again said that BDT 100 billion annual investments in the savings certificates account for 5.0% of advances-deposits ratio for the entire banking system. He continued saying that the current account deficit is putting pressure on the local currency liquidity as well as foreign exchange rates.

• Citing higher non-performing loans (NPLs), he said the NPLs have posed a threat to banks' solvency at a time when many are struggling to meet the BASEL-III requirements. He, however, suggested the strengthening of governance and compliances in the banking industry with "zero tolerance" to regulatory compliances by banks.

<https://thefinancialexpress.com.bd/economy/bangladesh/banks-exceed-adr-on-higher-than-targeted-private-credit-flow-1532231882>

Cable industry flourishes

• Bangladesh's cable market is growing at 15-20% a year thanks to the expansion of power gridlines as the government looks to provide electricity for all by 2021. According to managing director of Eastern Cables, in 2017, the cable manufacturing industry was worth about BDT 60.00 billion, up from BDT 20.00 billion 10 years ago. He added that the demand for cables is increasing due to the expansion of power grid lines across the country in the last four years.

• There are more than 70 cable manufacturers in the market but the market leader is BRB with a 41% share, followed by Eastern at 15%, BBS at 13%, Paradise, Partex and Bizli at 6.5% each, and SQ at 5.3%. The other players account for 22.2% of the market. The cable manufacturers are dependent on raw material imports from Chile, China, India, Oman, Malaysia, South Korea and Singapore.

• MD of Eastern Cable said that their market survey found that the sector witnessed an average growth of 15% in the last 15 years. The demand for cable is not only for the gridlines, it also has a big market in the housing and industrial sectors, he continued. The local players would have thrived more had they gotten the big contracts of the Bangladesh Power Development Board and Rural Electrification Board; those go to Chinese vendors thanks to their lower offers.

<https://www.thedailystar.net/business/cable-industry-flourishes-1611229>

Bangladesh has stable economic outlook: Thee Rating Agencies

• Bangladesh has held on to its stable credit profile from three global rating agencies, in what can be viewed as an endorsement of the way the central bank and the government are steering the economy. For the ninth year in a row Moody's and Standard & Poor's gave Bangladesh 'Ba3' and 'BB-' ratings respectively. Fitch gave a 'BB-' for the fifth time. However, the agencies have identified the banking sector, especially the state-owned banks, and the prospect of political uncertainty surrounding the upcoming general election as major risks.

• S&P said that the stable outlook reflects their expectation that Bangladesh's consistent

economic growth trajectory and strong donor support will continue to raise average income and broadly sustain the country's external profile over the next 12 months. The rating agency may raise the ratings if measures targeted at growing the revenue base and boosting collection efficiency materially improve Bangladesh's fiscal performance. It may also upgrade Bangladesh if the government significantly reduces energy, infrastructure and administrative bottlenecks, resulting in higher investment and eventually a sustained increase in trend growth for real per capita GDP.

- Conversely, S&P may downgrade Bangladesh if fiscal slippages result in rising public debt and external donor support declines materially. Low economic development, as represented by per capita GDP of USD 1,620 for 2018, is one of Bangladesh's main rating constraints. This income level offers a weak and narrow revenue base, in turn limiting the fiscal and monetary flexibility needed to respond to exogenous shocks. Nevertheless, Bangladesh's real per capita GDP growth of about 5.4% over the 2012-2021 period indicates consistently strong real GDP growth despite numerous structural impediments, in particular the shortage of power, S&P added.

<https://www.thedailystar.net/business/bangladesh-has-stable-economic-outlook-1610527>
<http://www.newagebd.net/article/46813/global-rating-agencies-retain-stable-outlook-for-bangladesh>

Private sector credit growth falls in June, but remains above Bangladesh Bank (BB) target

- The private sector credit growth declined further in June, the last month of the just concluded fiscal year of 2017-2018, to come down to near the Bangladesh Bank-set target of 16.8% for the second half of FY18. As per the central bank data, the private sector credit growth stood at 16.95% in June while the growth rate was 17.60% a month ago. Bangladesh Bank (BB) officials said that it might be the central bank's tightened monitoring of the disbursement of loans by the banks to contain classified loans and advance-deposit ratio that slowed down loan disbursement as a whole.

- The credit growth rate was 17.93% in March and 17.65% in April. The rate was 18.36% in January and 18.49% in February. The BB data also showed that the amount of outstanding loans to the private sector from banks stood at BDT 90.8 trillion in June this year from BDT 89.2 trillion in May. It was BDT 77.61 trillion in June, 2017. The private sector credit growth was higher compared with the BB's projected 16.3% growth for the first half of the 2017-18 fiscal that prompted the central bank to set a bigger growth target for the second half.

- In FY18, the credit growth was above BB estimation in 10 month, while the growth was below 17% for two months— in June, 2018 and in July, 2017 (16.94%). The domestic credit growth, however, was below the projected 15.8% in the fiscal year 2017-2018 due mainly to the government's 2.52% negative borrowing from banks. The total domestic credit grew by 12.84% to stand at BDT 102.18 trillion at the end of June.

<http://www.newagebd.net/article/46814/pvt-sector-credit-growth-falls-in-june-but-remains-above-bb-target>

Bangladesh Bank (BB) eases rules to attract dollar deposits

- The central bank has relaxed regulations, allowing banks to pay interest on resident foreign currency deposit (RFCD) accounts at Eurocurrency rates to encourage savings in

such accounts. Eurocurrency is a kind of currency held in banks located outside the country that issues it. One of the central bank officials said that they have relaxed their regulations to increase the inflow of cash USD through providing market-based interest rates on the deposit of foreign currency account

- He also said that the central bank took the latest measures in line with the recommendations of the Association of Bankers, Bangladesh (ABB). The central bank issued a circular in this connection on Tuesday and asked all authorised dealers in foreign exchange in Bangladesh to follow the latest instruction related to pay interest on RFCD accounts. Eurocurrency is not related to either the euro currency or the eurozone. Earlier, the rate of interest on the balances of RFCD account was fixed at one quarter% (0.25%) less than the rate at which interest is paid on balances of bank in their foreign currency clearing accounts maintained with the BB.

<http://today.thefinancialexpress.com.bd/print/bb-eases-rules-to-attract-dollar-deposits-1532454749>

Bangladesh seeks big Indian investment in 13 sectors

- Bangladesh has identified 13 sectors where it is seeking 'mega investment' from India in joint venture projects. The sectors include agro-processing, automobiles, ceramics, chemicals, gems and jewellery, light engineering, ICT, hospital and medical equipment, pharmaceuticals, and textiles. Bangladesh's high commissioner to India, pointed out the sectors and urged Indian companies to make mega investment by taking advantage of the country's impressive economic growth.

- He also added that the most practical cause of action would be to set up a series of buy-back projects where Indian investors will set up industries in Bangladesh and re-export to India and some other neighbouring countries. He advised the Indian businesses to take advantage of Bangladesh's competitive labour costs and closer proximity to India's north-eastern markets.

- The envoy said that today, Bangladesh is one of the fastest growing economies in the world with a record 7.28% GDP growth. Our growth rate is expected to reach 7.65% in the current fiscal year. The country which was once ridiculed as bottomless basket is now globally considered as a 'development miracle', Ali said, adding that Bangladesh's socio-economic achievement is a global role model.

<https://www.thedailystar.net/business/bangladesh-seeks-big-indian-investment-13-sectors-1610497>

Global raters air concern over state banks' health

- Three global ratings agencies- Moody's Investors Service, Standard & Poor's (S&P) and Fitch Ratings have identified poor governance standards and weak financial health as risk factors for the Bangladesh's banking sector, particularly for public banks. The agencies have also rated Bangladesh's outlook as stable, reflecting that upside and downside risks are well-balanced. The central bank released the latest credit ratings reports of three agencies on its website on 24th July, Sunday.

- It also said Bangladesh's state-owned banks account for 30 per cent of the banking system assets and exhibit significantly weaker asset quality, profitability, and capital

adequacy than private commercial banks. On the other hand, S&P assessed a moderate risk related to contingent liabilities from financial institutions, in particular the state-owned commercial banks (SoCBs) sector.

- Fitch rating also said that the official non-performing loan ratio is high at 10.1 per cent in June 2017, while the capital-to-risk weighted-asset ratio (CRAR) is low at 10.9 per cent. The CRAR for the six state-owned commercial banks is well below the 10 per cent regulatory minimum.

<http://today.thefinancialexpress.com.bd/first-page/global-raters-air-concern-over-state-banks-health-1532367886>

UK wants to invest in infrastructure

- British trade envoy Rushanara Ali MP, said that the United Kingdom wants to invest in a big way in Bangladesh to help achieve its middle-income country status saying the next generation of British Bangladeshis can make the difference with their cemented ties with Bangladesh. According to her infrastructure is a big area for investment. She listed the energy sector, especially renewable energy, and technological cooperation, education and skill sharing as some of the potential areas for cooperation.

- Talking about investment barriers, she said further improvement in business climate meant that more investors were looking at Bangladesh for future investment, not just from the UK but from other countries. She, expressed optimism that they have been working together and a favorable business environment was considerably worked out

<https://www.thedailystar.net/business/uk-wants-invest-infrastructure-1610026>

ADB doubles commitment for next three years

- The Asian Development Bank is ready to lend \$8.01 billion to Bangladesh over the next three years, almost the double the amount it had committed in the previous three years. Between 2015 and 2017, the Manila-based multilateral lender committed \$4.08 billion.

- The ADB has already sent an indicative plan to the government about its intent to bankroll various mega projects with the view to reducing high transport and logistics costs and improving access to domestic, regional and international markets. It will focus on the development of transport corridors integrating roads, railways and ports in order to ease congestion, improve climate resilience, continue institutional reforms and facilitate trade.

- The bank will provide about \$140 million for the Bangladesh-India grid interconnection project, \$35 million in technical assistance loan for the Dhaka Metro line-5 (South) and \$250 million in investment for the first phase of the same project

<https://www.thedailystar.net/business/banking/adb-doubles-commitment-next-three-years-1610032>

NBR review body to scrutinize draft of new income tax law

- The National Board of Revenue (NBR) has formed a review committee for scrutinising draft of the new income tax law to assess its possible impact after implementation. The newly-formed body would also conduct a study to align the draft income tax law with the

international best practices

- The seven-member review committee will analyse income tax laws of other countries to recommend on the basis of their best practices. They will also identify the possible threats and barriers for implementing the new law and scrutinize whether the new law has any conflict with the country's socio-economic context. The committee then will have to submit a report after compiling the feedback of the field-level tax officers on the draft of the new law.

<https://www.google.com/search?q=NBR+review+body+to+scrutinize+draft+of+new+income+tax+law&ie=utf-8&oe=utf-8&client=firefox-b-ab>

Private sector credit growth exceeds target in June

- Private sector credit growth exceeded the target, set by the central bank earlier, in June despite a declining trend in recent months. The growth in credit flow to private sector came down to 16.95% in June 2018 on a year-on-year basis from 17.60% a month ago. It was 15.66% in June 2017, according to the Bangladesh Bank (BB) statistics. The central bank in its outgoing monetary policy had set a target for the private sector credit growth at 16.80% at the end of June, 2018.

- The BB is now formulating the next monetary policy statement (MPS) for the first half (H1) of the current fiscal year (FY) 2018-19 aiming to achieve a maximum economic growth with curbing inflation. According to Bangladesh Bank official, the private sector credit growth will be fixed for H1 of the FY 19, considering achievement of the growth with containing the inflationary pressure on the economy. Private sector credit growth normally increases slightly in June each year because of charging quarterly interest on loans and advances.

- Managing director (MD) and chief executive officer (CEO) of Pubali Bank Ltd. said that private sector credit growth is marginally higher than the BB's target by the end of June as booking interest on loans. He also said that higher import payments particularly for trade financing have contributed to exceeding the private credit growth target. Bangladesh's overall imports grew by nearly 17% in the first 11 months of the FY 18 mainly due to higher import of food grains and fuel oils. The settlement of letters of credit (LCs), in terms of value, rose to USD 47.79 billion during the July-May period in the FY 18 from nearly USD 41 billion during the same period in the FY 17, the BB data showed.

<http://today.thefinancialexpress.com.bd/first-page/pvt-sector-credit-growth-exceeds-target-in-june-1532282239>

State banks allowed to lend more

- Bangladesh Bank has given the go-ahead to four state banks to disburse more loans this year in the wake of shrinking lending activities of private commercial banks. The credit ceiling of Sonali, Janata, Agrani and Rupali was enhanced in the latest meeting that the banking watchdog organises once every three months to review the performance of public banks. The largest of the four, Sonali, saw the ceiling increase to 17% for 2018, up from 14% set for last year. The bank sat on huge deposits due to slow lending after the Hallmark loan scam.

- The bank's credit growth was only 8% in 2017, far below the ceiling set in a memorandum

of understanding signed between BB and the state banks. Sonali's credit-deposit ratio was the lowest—35%—in December last year, which improved to 40% in April this year, according to central bank data. Bangladesh Bank suggested the bank go for moderate lending to meet up the loan demand in the market. Sonali's total deposit stood at BDT 1,000 trillion as of April this year against BDT 433.38 trillion in the loan book.

- Agrani and Rupali were allowed to let their ceilings hit 20% this year, which is much higher than the industry average for private credit growth of 18% last year. Agrani's limit was increased—which was 17% last year—as the bank is investing in three power projects of the government. The bank's loan-deposit ratio was 55.48% as of April this year. Janata wanted a higher ceiling, but the central bank did not pay heed to the call as the bank has been going through a lot of trouble due to irregularities in lending.

<https://www.thedailystar.net/business/state-banks-allowed-lend-more-1609648>

Economist, bankers see little scope for banks in Bangladesh to cut interest rate

- A leading economist and top bank executives said that it would be difficult for banks to bring down interest rate on deposit to 6% and lending rate to 9% given the country's inflation situation and banks' non-performing loans. They also added that it would be difficult for banks to cut down deposit rate to 6% as the inflation rate in the country was around 6%. Besides, they again added that with over 10% non-performing loans, it will be tough for the banks to cut the interest rate.

- Chairman of Bankers' Association said that move to cut the deposit and lending rate to 6-9% had created a tricky situation in the banking sector. Prime Bank deputy managing director said that the bank owners' directive about cut in interest rate was not clear. The bank CEOs have been asked to cut lending rate to 9%, but it is not clear for which sector the lending rate would be 9%, he also added.

<http://www.newagebd.net/article/46608/economist-bankers-see-little-scope-for-banks-in-bangladesh-to-cut-interest-rate>

Telcom companies not welcome in mobile financial services

- The central bank continues to flip-flop over letting mobile operators have a slice of the mobile financial services pie, with its latest decision being that carriers cannot hold any shares in companies that provide MFS. In the board meeting on July 15 that saw the MFS regulation get the green light, the Bangladesh Bank directors decided against letting the mobile operators in the MFS field. But in the draft Bangladesh Mobile Financial Services Regulations, 2018 the central bank allowed mobile operators to hold a maximum of 49% shares in MFS providers.

- Many disputed issues may also emerge and a tussle will be created between the BB and the Bangladesh Telecommunication Regulatory Commission if the mobile operators were to get the approval to provide the service. According to BB officials, the branch-less banking is now becoming popular and mobile operators will hijack the industry if they were allowed to provide MFS. Earlier in 2017, the central bank had prepared another draft regulation where it also stated that no mobile operator can hold any share in an MFS provider.

<https://www.thedailystar.net/business/telcos-not-welcome-mobile-financial-services->

[1609666](#)

Global RMG retailers sourcing more from Bangladesh due to factory remediation: Alliance

- Vice-president of VF Corporation, a US-based large global apparel company, said that global retailers and brands have increased their import of apparel products from the compliant factories in Bangladesh as the country's RMG sector has become one of the safest places for workers in the world thanks to remediation work of Alliance, Accord and national action plan. He also added that Bangladesh's RMG industry has transformed over last five years. It has become one of the safest places for the workers in the world.

<http://www.newagebd.net/article/46648/global-rmg-retailers-sourcing-more-from-bangladesh-due-to-factory-remediation-alliance>

Use ADR to overcome troubled loan situation

- Businesses and professionals raised concern over the growing volume of non-performing loans (NPLs), which could jeopardize the economic health of the country. To overcome the unpleasant situation, they suggested prioritises Alternative Dispute Resolution (ADR) as another avenue for resolving commercial disputes faster and cheaper. To make the ADR mechanism more effective like many other countries, they also suggested establishing a legal framework for the operation of such institutes in Bangladesh.

- The chairman of BIAC Mahbubur Rahman said troubled loans will not become performing unless the existing laws and regulations are implemented properly. He highlighted the importance of justice against the financial fraudulence for the sake of the country's financial sector.

- NPL rose to BDT 885 billion or 10.78% of the total outstanding loans as of March, 2018. Six state-owned commercial banks account for 49% NPL, while 40 private commercial banks (PCBs) make up 42%.

<http://today.thefinancialexpress.com.bd/first-page/use-adr-to-overcome-troubled-loan-situation-1532192078>

Costs of opening outlets in Bangladesh among highest in the region

- The costs of opening up a single super store in Bangladesh are at least four times as much as those of neighbouring countries, according to an analysis. Businesses have to spend as high as BDT 45 million for opening up a 4,000 square feet super store. The opening of similar-size super stores in Sri Lanka and Indonesia costs BDT 11 million. The Bangladesh Super Market Owners Association (BSOA) prepared the analysis to present it to the chairman of the National Board of Revenue (NBR).

- The annual sale of super stores has slipped by 15% in the last six months. Common people are being discouraged to buy things from super shops due to uneven VAT situation

<https://thefinancialexpress.com.bd/trade/costs-of-opening-superstores-in-bd-among-highest-in-the-region-1532231559>

Advocacy group decries Bangladesh Garment Manufacturers and Exporters

Association (BGMEA) 's wage proposal

- A foreign anti-sweatshop advocacy group has strongly condemned the owners' minimum monthly wage proposal for ready-made garment (RMG) workers in Bangladesh.
- Bangladesh Garment Manufacturers and Exporters Association (BGMEA) proposed BDT 6,360 as the minimum wage for the workers.
- Ineke Zeldenrust of the EU-based anti-sweatshop advocacy group Clean Clothes Campaign (CCC) said, "We strongly condemn the proposal handed in by the BGMEA as well as the entire wage revision process so far". The group made a plea to global brands to take action in this regard.
- According to the group the Bangladesh garment industry employers' association has shown utmost disregard for workers.
- The current minimum wage is BDT 5,300 set in 2013. According to the global trade union federation, the new minimum wage should be set at BDT 16,000.

<http://today.thefinancialexpress.com.bd/last-page/advocacy-group-decries-bgmeas-wage-proposal-1532192417>

Thrust on land ports' capacity-building

- The trade prospects between Bangladesh and India are being hindered by some challenges including lack of capacity in the land customs ports, non-payment issue of an Indian company and non-tariff barriers.
- Bangladesh apparel exports to India witnessed a 114.69% growth to USD 279 million in the just concluded fiscal year of 2017-18 over that of corresponding fiscal.
- The trade deficit between the two neighbouring countries, however, stood at USD 5.47 billion mostly favoring India.
- The observations were disclosed at a business to business meeting with an Indian yarn and fabric exporters association and leaders of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

<http://today.thefinancialexpress.com.bd/trade-market/thrust-on-land-ports-capacity-building-1532189977>

Money market unstable due to banks' problems

- According to analysts, Bangladesh's money market has been volatile due to the deepening problems in the banking sector. The problems include: liquidity crisis, non-performing loans, growing gap between lending and deposit growth, widening current account deficit, a distortion in the interest rate market and a lack of skilled manpower.
- According to Mustafizur Rahman the Bangladesh Bank could have been more proactive in bringing back stability in the banking sector. The central bank should adopt a zero tolerance policy to rescheduling default loans by bypassing its regulations as many influential borrowers frequently enjoy the facility. It will also have to strengthen its monitoring on the

banking sector to restore corporate governance.

- The high classified loans indicate that the banks have less money, meaning their cost of fund is high.
- The sponsors of banks have recently taken a decision not to charge more than 6% interest on fixed deposit schemes

<https://www.thedailystar.net/business/banking/money-market-unstable-due-banks-problems-1609036>

Domestic power generation hits new high

- Bangladesh witnessed record levels of power generation, at 11,387MW, according to the Power Development Board (PDB). The previous highest level of electricity generation was 11,306MW, on July 14. Meanwhile, the country's third highest level of power generation was recorded at 11,210MW on July 11, just four days after first crossing the 11,000MW mark.
- As of June 30 this year, Bangladesh's installed power generation capacity, including captive power, stood at 18,753 MW. The PDB has taken up an extensive capacity expansion plan to add about 11,600 MW in the next five years, to meet the government target of generating 24,000MW of electricity by 2021, and 40,000MW by 2030.

<https://www.dhakatribune.com/bangladesh/power-energy/2018/07/22/domestic-power-generation-hits-new-high>

Important News: Capital Market

KPPL to resume production in two months

- Khulna Printing & Packaging Limited (KPPL) is set to resume its production within two months, according to a disclosure posted on the DSE website. Earlier on Monday, the company said in another disclosure that the board of directors has decided to re-open the factory and start its production, commercial operation, etc. immediately riding on supports of the regulatory authority. The KPPL said that they have initiated procurement of raw materials and other materials for production purpose.
- After arriving of all production related materials from foreign countries, they will be able to start production of our company, it said. It is estimated that to start production two months' time period will be required. The KPPL has recommended no dividend for the year ended on June 30, 2017. The company reported a loss of BDT 0.59 per share for January-March, 2018 against a loss of BDT 0.17 per share for the same period of the previous year.
- The company's share price closed at BDT 20.20 each on Wednesday with a rise of 9.78% or BDT 1.8 on the DSE. KPPL, a 'Z' category company, was listed with the stock exchanges in 2014. The board of directors of the company at its meeting on January 02 last year decided to stop production temporarily.

<http://today.thefinancialexpress.com.bd/stock-corporate/kppl-to-resume-production-in-two-months-1532543532>

Inks BDT 936 million deal with BREB

• Meanwhile, BBS Cables informed the DSE that it has inked an agreement with Bangladesh Rural Electrification Board (BREB) under "Distribution Network Expansion for 100% Rural Electrification" projects for supply of conductor, insulated 600V for a total amount of above BDT 936.06 million. The goods will have to be delivered within four months from the date of signing of the contract on July 24 this year. Bangladesh Building Systems Limited holds 16.67% stake in the BBS Cables Limited, which will eventually have a prospective on the profitability of the company after completion of the job, said the disclosure.

<http://today.thefinancialexpress.com.bd/stock-corporate/inks-BDT-936m-deal-with-breb-1532543665>

One Bank's Q2 earnings fall 86%

• The earnings per share (EPS) of One Bank significantly declined for April-June (Q2), 2018 compared to same period of the previous year. The bank's net operating cash flow per share (NOCFPS), however, rose for the same period. According to un-audited financial statement for Q2, the consolidated EPS of the company declined 86% to BDT 0.09 for the second quarter of 2018 compared to same period of the previous year. The company's consolidated EPS was BDT 0.64 for April-June, 2017.

• The bank's consolidated EPS was BDT 0.40 for January-June, 2018 as against BDT 1.81 for January-June, 2017. The bank reported its consolidated NOCFPS of BDT 12.83 for January-June, 2018 as against BDT 7.22 for January-June, 2017. The consolidated NAV (net asset value) per share was BDT 17.51 as on June 30, 2018 and BDT 18.55 as on December 31, 2017.

<http://today.thefinancialexpress.com.bd/stock-corporate/one-banks-q2-earnings-fall-86pc-1532543738>

Bangladesh Securities & Exchange Commission (BSEC) approves BDT 100 million Shariah Unit Fund

• The securities regulator has approved the draft prospectus of CAPITEC Padma P.E. Shariah Unit Fund. The regulator also imposed a penalty worth BDT 0.1 million on each of the directors, other than independent and nominated ones, of Keya Cosmetics for not submitting quarterly statement for the period ended on September 30, 2017. As per the BSEC approval, the initial size of the CAPITEC Padma P.F. Shariah Unit Fund will be of BDT 100 million, said a statement.

• The sponsor of the unit fund will contribute BDT 10 million and remaining BDT 90 million will be collected from public through sales of units. Padma Life Insurance Limited Employees Provident Fund is the sponsor of the unit fund, while CAPITEC Asset Management is the fund manager. Investment Corporation of Bangladesh (ICB) is working as trustee and custodian of the CAPITEC Padma P.F. Shariah Unit Fund. The securities regulator has also decided to issue warning letters to three stock brokers of Dhaka Stock Exchange (DSE) for not submitting audited financial statements for the year ended on June 30, 2017.

• The stock brokers are Unique Share Management, AB & Company, Alliance Securities and Management. As per existing rules, the ICB Capital Management Limited (ICML) was supposed to apply for 18,582 rights shares of Saif Powertec on behalf of 25 investors. But without taking investors' consent, the ICB Capital Management applied for the shares to include in the own portfolio of ICML through renunciation. That's why the securities regulator cancelled the application of rights shares and decided to warn the ICML as it breached the securities rules, said the statement.

<http://today.thefinancialexpress.com.bd/stock-corporate/bsec-approves-BDT-100m-shariah-unit-fund-1532456320>

GSK employees protest production closure process

• Employees of GlaxoSmithKline (GSK) Bangladesh, a British pharmaceuticals giant, protested on Tuesday the process of shutting down the company's production in the country. They made the protest at a press conference in the city.

<http://today.thefinancialexpress.com.bd/first-page/gsk-employees-protest-production-closure-process-1532454384>

VIPB announces div for two MFs

• VIPB Asset Management Company has announced 13% and 14% cash dividend for Southeast Bank 1st Mutual Fund and NLI First Mutual Fund respectively for the financial year 2017-18. The audited financial reports of both of the mutual funds (MFs) were reviewed and approved in the trustee committee meeting on July 24, 2018. Southeast Bank 1st Mutual Fund made a profit of BDT 141 million. Its earning per unit was BDT 1.41. NLI First Mutual Fund made a profit of BDT 82 million and its earnings per unit was BDT 1.63.

• The dividend record date for both the funds is on August 14, 2018. Initially the dividend will be sent to the unit holders via Bangladesh Electronic Fund Transfer Network (BEFTN). Later cheques will be issued for those who won't receive the dividend via BEFTN. The unit-holders would be able to collect the cheques from the office of VIPB Asset Management. The dividend of margin category unit holders will be sent to their respective DPs.

<http://today.thefinancialexpress.com.bd/stock-corporate/vipb-announces-div-for-two-mfs-1532456224>

Bangladesh Securities & Exchange Commission (BSEC) fines Keya Cosmetics shareholding directors BDT 0.1 million each for rules violation

• The Bangladesh Securities and Exchange Commission on Tuesday slapped BDT 0.1 million in fine on each of the shareholding directors of Keya Cosmetics Limited as the company breached repeatedly securities rules in regards to submission of financial reports to the commission on due time. Keya Cosmetics Limited breached securities rules by not submitting to the commission financial reports for the first quarter ending on September 30, 2017 on due time,.

• As the company made similar offences earlier, the commission imposed BDT 0.1 million in fine on each of the directors, excepting nominated and independent directors. The commission also warned three brokerage firms — Unique Share Management, AB and Company and Alliance Securities and Management — as

they failed to submit financial reports for the year ending on June 30, 2017 on due time.

- The commission also found that ICB Capital Management Limited broke securities rules by applying for 18,582 rights shares of Saif Powertec against its own portfolio through renunciation instead of applying in favour of 25 investors without the consent of the investors. Therefore, the commission cancelled the ICBCML's rights shares and warned it for the malpractice.

<http://www.newagebd.net/article/46815/bsec-fines-keya-cosmetics-shareholding-directors-BDT-1-lakh-each-for-rules-violation>

Regulator okays Kattali Textile IPO despite DSE's objection

- The capital market regulator has given a go-ahead to the initial public offering of Kattali Textile disregarding tough observations from the Dhaka Stock Exchange. On June 26, the Bangladesh Securities and Exchange Commission (BSEC) approved the IPO proposal of the garment exporter, which plans to raise Tk 34 crore from the market
- Earlier The DSE recommended the IPO of Kattali Textile should not be approved as it failed to submit some documents what the premier bourse wanted to verify the authenticity of the data presented in the draft prospectus of the company

<https://www.thedailystar.net/business/regulator-okays-kattali-textile-ipo-despite-dses-objection-1610035>

MIDAS Finance in 'A' category

MIDAS Financing Ltd will be placed in "A" category from existing "Z" category with effect from today (Tuesday), according to DSE web-posting on Monday.

The company disbursed 10 per cent stock dividend for the year ended on December 31, 2017, it said.

The stockbrokers and merchant bankers have been requested not to provide loan facilities to their clients against trading of the shares of MIDASFIN up to 30 trading days from July 24, 2018.

<http://today.thefinancialexpress.com.bd/stock-corporate/midas-finance-in-a-category-1532360081>

Beximco Pharma commences export of fourth product to US market

- Beximco Pharmaceuticals Limited announced that it has commenced export of extended release Metformin Hydrochloride (500mg and 750mg) to the US market. This is Beximco's fourth product for the US market following the successful launches of Carvedilol, Sotalol and Methocarbamol. Beximco Pharma received US Food and Drug Administration (FDA) approval for Metformin Hydrochloride, a generic equivalent to Bristol-Myers Squibb's anti-diabetic drug Glucophage, in December 2016. According to IQVIA market data, the US market for Metformin Hydrochloride is currently valued at USD 456.08 million.

- In August 2016, Beximco Pharma became the first Bangladeshi pharmaceutical company to export medicine to the US market following its manufacturing site approval by the US FDA in June 2015. Beximco Pharma currently exported product to more than 50 countries and has been accredited by the leading global regulatory authorities namely US FDA, AGES (EU), TGA (Australia), Health Canada, GCC (Gulf) and TFDA (Taiwan).

<http://today.thefinancialexpress.com.bd/stock-corporate/beximco-pharma-commences-export-of-fourth-product-to-us-market-1532280542>

Zaheen Spinning to submit revised rights issue proposal

- The securities regulator has asked Zaheen Spinning, a listed company, to submit revised proposal of issuing rights shares. At the same time, the Bangladesh Securities and Exchange Commission (BSEC) has cancelled the schedule of rights share subscription. The company secretary said that they have decided to bring changes in rights issue proposal due to some internal complexities. The company was supposed to complete rights share subscription during July 29 to August 26, 2018. Earlier, the securities regulator approved the proposal of issuing rights shares on March 7 last. The company was supposed to issue one rights share against one existing share at an offer price of BDT 10 each to raise a capital worth above BDT 985.52 million.

<http://today.thefinancialexpress.com.bd/stock-corporate/zaheen-spinning-to-submit-revised-rights-issue-proposal-1532280426>

<http://www.newagebd.net/article/46650/bsec-calls-off-subscription-of-zaheen-spinnings-right-offer>

Indo-Bangla Pharma IPO subscription begins today

- The IPO subscription of Indo-Bangla Pharmaceuticals Limited starts today and will end on July 26, following the withdrawal of the High Court's (HC) stay order in this regard.
- The IPO subscription of Indo-Bangla Pharmaceuticals was supposed to begin on April 08, but was suspended following a writ petition filed with the HC by National Bank Limited (NBL). The bank filed the writ petition as four directors of Indo-Bangla Pharmaceuticals were 'loan defaulters' as the guarantors of loans disbursed by the bank.
- The Bangladesh Securities and Exchange Commission (BSEC) approved the company's IPO proposal on October 3, 2017. Indo-Bangla Pharmaceuticals 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.

<http://today.thefinancialexpress.com.bd/stock-corporate/indo-bangla-pharma-ipo-subscription-begins-today-1532188472>

BRAC Bank raises authorised capital

- BRAC Bank Limited has increased its authorised capital to BDT 20 billion as per the bank's earlier decision, after obtaining necessary approval from the Bangladesh Bank. Earlier the banks authorised capital was BDT 12 billion. Referring to its earlier disclosure disseminated on March 14, 2018 regarding the decision, the company informed the DSE on Thursday that they increased the capital.

<http://today.thefinancialexpress.com.bd/stock-corporate/brac-bank-raises-authorized-capital-1532188550>