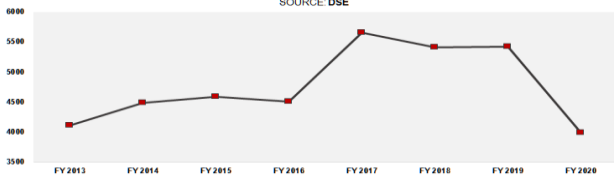


Stocks ends FY20 in despair - uncertainties for FY21

The local stock market endured an upsetting fiscal year ending on June 30, 2020 suffering deterioration in all indicators. At the end of FY2019-20 DSEX, the key market index of Dhaka Stock Exchange (DSE), plummeted by 1,432.54 points or 26.42% (Y-o-Y) to close at 3,989.09 points as against 5,421.62 points on June 30 of FY2018-19. Throughout the fiscal year, the market experienced persistent confidence crisis among investors due to liquidity crunch and lack of good governance in financial sector, cloudy macro-economic outlook and sluggish investment activity. The outbreak of coronavirus aggravated the economic indicators along with market sentiment further during the fiscal year.

DSEX MOVEMENT OVER FISCAL YEARS
SOURCE: DSE



Average daily turnover plunged by 47% (Y-o-Y) to Tk3.81b in FY2019-20 from Tk6.14b during the previous fiscal year. The imposition of floor price by the securities regulator to prevent free-fall of stock prices in the wake of coronavirus pandemic dried up the market so drastically that it led the daily turnover to hit a 13-year lowest value. In the end, market capitalization of the premier bourse stood at Tk3,119.67b, down from Tk3,998.16b, eroding by Tk878.49b or 21.97% (Y-o-Y) during the period under review. As per the DSE statistics, average market PE came down to 9.31 as on June 30, 2020 from 14.25 in the same period of last year. The countrywide general shutdown of 66 days to contain the outbreak of COVID-19 resulted in 203 trading days during the last fiscal year while the market observed 238 trading days in the previous fiscal year. Year 2020-21 also started with concern over uncertainties centering the ongoing pandemic, leaving not much hope for immediate market recovery.

BB forecast crowding out of private credit

Bangladesh Bank (BB) indicated the risk of crowding out of private sector credit due to the growing government borrowing from banks accompanied by the investment preference of banks for risk-free government securities over loan distributions. The debt-servicing capacity of the borrowers is likely to deteriorate due to the slowdown in economic activities because of the ongoing pandemic, leading to further rise of default loans in the banking sector, BB conjectured in the "Financial Stability Report 2019". Banking sector experts concurred with the BB assumption as the banks may mostly be reluctant to engage in lending as usual during this pandemic because of high credit risk. According to the report, private sector credit growth shrunk substantially in 2019 because of sluggish investment activities, higher lending rate and the necessity to regulate the inconsistency between the deposit and loan growth. On the other hand, banks inclined more toward investing in government securities than making loans due to the rising yield of these instruments with minimum risk. The report showed that the banks rescheduled loans amounting Tk527.70b at the end of December 2019, climbing by 127% (Y-o-Y) on the back of the special policy support by BB that offered loan rescheduling at 2% down payment. The relaxed rescheduling facility shrunk the volume of the default loan by Tk220b during the three months till December last year. In addition, the loan default by top three large borrowers would compromise the capital adequacy of twenty banks, according to BB findings.

Fund raising through IPOs eleven-year low in FY20

Fund-raising through Initial Public Offerings (IPOs) plunged by 46.23% (Y-o-Y) in FY2019-20 following controversies over allowing fundamentally weak companies to float shares. The prolonged bearish trend of the stock market also discouraged prospective companies to tap the primary market. On the other hand, a marathon shutdown of the stock market for coronavirus pandemic also contributed to the significant decline. In FY2019-20, the Bangladesh Securities and Exchange Commission (BSEC) approved IPOs of only two companies and one bond to raise Tk3.07b while thirteen companies and one close-end Mutual Fund (MFs) raised Tk5.71b a fiscal year earlier, as per records of the Dhaka Stock Exchange (DSE). During the just concluded fiscal year, Ring Shine Textiles raised Tk1.5b under fixed price method while ADN Telecom raised Tk570m under book building system. Additionally, Ashuganj Power Station Company issued bonds to raise Tk1b through IPO in the fiscal year. Against the backdrop of the controversies over IPOs, the BSEC stopped approving fresh IPO proposals until drafting some amendments to the public issue rules that was later finalized in September 2019. The previous Commission had approved IPOs of around 90 companies during their tenure where the DSE conveyed reservations on about 60 of the issues, which were not entertained. However, the newly appointed Commission assured to approve only fundamentally strong companies. The new Commission has recently fined an issuing company, its auditor and issue managers for non-compliances found in IPO proposal.

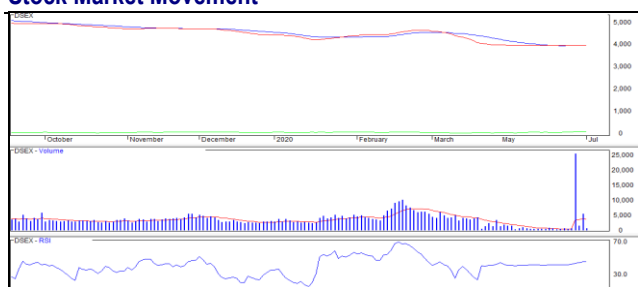
Private credit inches up to 8.86% in May 2020

Private sector credit growth edged up in May despite lower credit demand in the wake of the Coronavirus pandemic related disruptions in the economy. As per the statistics of the Bangladesh Bank (BB), private sector credit growth inched up to 8.86% (Y-o-Y) in May, while it was 8.83% a month back. However, the central bank had set target of 14.8% for the second half (H2) of the FY2019-20. In May, economic activities started on a limited scale and the government began to release funds from the stimulus packages worth Tk1.03-trillion with a view to containing the impact of Covid-19. Moreover, banks started disbursing loans and opening and settling Letters of Credit (LCs) on a limited scale. However, senior economists attributed the uptick to the interest capitalization by the banks as the central bank instructed not to classify any types of loan until September 2020 to rescue borrowers from the savage of Covid-19. The economists also warned that excessive borrowing target by the government for FY2020-21 would hit hard the private sector investments.

Trade deficit widens by 7.28% in Jul-May

Trade deficit under the Balance of Payment (BoP) broadened by 7.28% (Y-o-Y) to US\$16.07b in the July-May period of FY2019-20 on the back of squeezing export earnings in the wake of the Coronavirus Pandemic. According to the latest statistics of Bangladesh Bank (BB), export earnings fell by 18.16% (Y-o-Y) to US\$30.18b in the period while payment against import also dropped by 10.81% (Y-o-Y) to US\$46.24b. At the end of the period, current account deficit squeezed by 15.13% (Y-o-Y) to US\$4.37b. Net Foreign Direct Investment (FDI) also dipped by 19.04% (Y-o-Y) to US\$1.96b in the July-May period of the fiscal year. However, the overall account recorded a surplus balance of US\$1.63b at the end of the period as against a deficit of US\$682m in the same period of the FY2018-19.

Stock Market Movement



Global Markets

		This Week	Last Week	+/- %
S&P 500	↑	3,130.01	3,009.05	4.02
FTSE 100	↓	6,157.30	6,159.30	-0.03
Nikkei 225	↓	22,306.48	22,512.08	-0.91
SENSEX	↑	36,021.42	35,171.27	2.42
KSE 100	↑	35,051.38	33,939.49	3.28

DSE Indicators

		This Week	Last Week	+/- %
DSE Broad Index	↑	3,986.74	3,969.28	0.44
Total Turnover, Tk	↑	33,348,172,242.00	2,843,532,580.00	1,072.77
Market Capital, Tk	↑	2,535,211,229,238	2,525,821,270,399	0.37
No of Issue Gain		48	33	
No of Issue Loss		18	21	
No of Unchanged Issues		281	283	

Top Gainers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
Paramount Ins	39.80	43.10	8.29	31,967,000
GlaxoSmithKline	2046.30	2208.60	7.93	180,170,000
Pubali Bank Ltd.	20.80	22.40	7.69	5,140,000
Ambee Pharma Ltd.	441.50	473.60	7.27	26,916,000
BSCCL	79.50	84.70	6.54	278,070,000
Fine Foods Limited	41.90	44.50	6.21	43,316,000
Pharma Aids Ltd.	388.00	409.00	5.41	58,829,000
Wata Chemicals	306.80	321.80	4.89	107,813,000
National Bank Ltd.	6.90	7.20	4.35	40,401,000
NCC Bank	11.70	12.20	4.27	23,840,000

Top Losers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
The Dacca Dyeing	5.00	4.50	-10.00	4,351,000
Exim Bank	9.30	8.60	-7.53	4,530,000
Beximco Synthetics Ltd.	6.60	6.20	-6.06	3,577,000
Generation Next	2.40	2.30	-4.17	9,121,000
Bangladesh Welding	14.80	14.30	-3.38	2,388,000
Eastern Lubricants Ltd.	943.70	918.70	-2.65	18,380,000
Desh Garments Ltd.	104.70	103.00	-1.62	3,926,000
Phoenix Finance 1stMF	7.70	7.60	-1.30	15,066,000
ICB AMCL Second MF	7.80	7.70	-1.28	1,536,000
First Security Is.Bank	8.30	8.20	-1.20	29,811,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	312.09	309.48	0.84	480.46	382.42	25.64
Cement	218.60	218.58	0.01	3.53	1.62	118.49
Ceramic	497.76	497.76	0.00	7.38	10.28	-28.18
Engineering	1,678.34	1,678.16	0.01	39.07	81.05	-51.80
Food & Al.	3,016.28	3,015.51	0.03	78.47	28.32	177.07
Fuel & Pow.	3,217.57	3,203.28	0.45	216.61	245.20	-11.66
Insurance	1,314.53	1,316.99	-0.19	58.52	61.14	-4.29
IT	303.02	303.02	0.00	4.34	2.81	54.52
Jute	978.18	959.01	2.00	22.91	28.59	-19.87
Misc.	1,016.31	1,016.30	0.00	35.97	25.18	42.86
Mutual Fund	365.06	365.12	-0.02	51.47	65.26	-21.13
NBFI	787.91	787.65	0.03	14.37	10.45	37.52
Paper	6,412.29	6,412.29	0.00	1.50	0.38	291.15
Pharma	1,030.78	1,021.85	0.87	1,627.27	1,038.67	56.67
Service	819.64	819.64	0.00	2.30	2.18	5.65
Tannery	588.39	588.39	0.00	1.03	0.88	17.23
Telecom	2,216.27	2,210.62	0.26	315.69	160.15	97.12
Textile	1,021.27	1,021.28	0.00	60.24	43.81	37.51
Travel & Leis	570.71	570.71	0.00	9.32	0.47	1,866.46

Technical Talk

Dhaka stocks closed with a modest gain in the last week ended on Thursday when the volume of turnover hit nine years high on the back of hefty block transactions of GlaxoSmithKline Bangladesh. Among the major sectors, Pharma increased by 0.87% over the week followed by Bank 0.84%, Fuel & Power 0.45% and Telecom 0.26%.

DSE Broad Index (DSEX) reached 3,986.74 points increased by 17.46 points or 0.44% from the previous week. Total turnover reached at Tk33348.17m which was 1,072.77% higher than the previous week. Market capitalization increased by 0.37% and stood at Tk2535.21b (\$29.86b) at the weekend against Tk2525.82b. DSE 30 increased by 9.18 points or 0.69% and closed at 1,339.49 points against 1,330.32 points. Last week's weighted average Market PE was 9.30 which was 10.64 previous week.

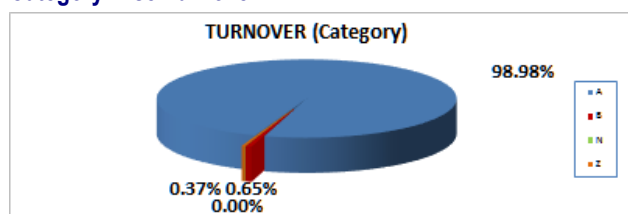
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
Beximco Pharma	7,407,887	497,096,000	1.49
Bangladesh Submarine	3,319,419	278,070,000	0.83
GlaxoSmithKline(GSK)	84,871	180,170,000	0.54
Indo-Bangla Pharma	7,446,176	150,940,000	0.45
Square Pharma	682,886	117,798,000	0.35
Central Pharma	8,595,927	113,170,000	0.34

Top 10 Market Capital

Company	Volume	Value (Tk)	% of total
GP	322,452	Berger Paint	60,690
BATBC	163,368	ICB	52,493
Square Pharma	155,825	Marico	49,219
United Power	116,044	Brac Bank	42,296
RENATA	82,646	LafargeHolcim	41,693

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/ft.oz.)	1,784.00	1,763.10	1.19
Silver (USD/ft.oz.)	18.24	17.90	1.95
Brent Crude Oil (USD/bbl.)	43.14	41.05	5.09

Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	84.90	84.95	84.90	84.95	0.00	0.00
EUR	97.54	97.59	97.38	97.44	0.16	0.16
GBP	108.13	108.20	107.49	107.56	0.60	0.60
AUD	59.04	59.07	58.58	58.62	0.77	0.77
JPY	0.80	0.80	0.80	0.80	-0.24	-0.24
CAD	62.73	62.77	62.57	62.61	0.26	0.26
SAR	22.75	22.76	22.75	22.76	0.03	0.03

Based on Standard Chartered selling rates to public in Taka. Notes: USD-US Dollar, GBP-Great Britain Pound, AUD-Australian Dollar, JPY- Japanese Yen, CAD-Canadian Dollar, SAR-Saudi Riyal.

Last Public Offerings

Company	Subscription Period	Offer Price	IPO (M.Tk)
Express Insurance	June 14-July 02, 2020	10	260.79