

**BSEC drive against recalcitrant companies**

Bangladesh Securities & Exchange Commission (BSEC) has lately gone hard against securities rule violators in order to bring discipline in the stock market. The newly inducted commission which took responsibility on 17 May 2020, imposed hefty penalties of Tk440m in total on 44 individuals and institutions so far since June 23, 2020. The commission also framed a set of new conditions for Z-Category companies in order to bring good governance and accountability. It decided that the companies which are being traded in Z-Category for two years or more will have to restructure their boards within 45 working days after the announcement of the order in written form. The failure to comply the order will bar the directors from remaining on the board of any other listed company or stock market intermediary company. In addition, the regulator will appoint special auditor and observer in these entities to restructure the board and introduce responsible governance. Finally, if the conditions of these junk stocks still do not improve within four years, the commission might go for delisting the company. Meanwhile, BSEC decided to freeze the shares of directors/sponsors of these companies. The Z-Category companies must hold Annual General Meeting (AGM) within six months. Alongside, the commission decided to amend several sections of Dhaka Stock Exchange (Settlement of Transactions) Regulations, 2013 to categorize junk stocks. As per decision, the shares of a company will be traded under Z-Category if it fails to distribute cash dividend or hold AGM in two years consecutively. A company will be transferred to Z-Category in case of its no operation for six months or above or if incurred net operating loss or negative operating cash flow for consecutive two years or if negative retained earnings exceed paid-up capital of the company. The bourses can also downgrade a company under Z-Category for violation of securities rules. The trade settlement days for 'Z' category stocks will be changed to T+3 instead of T+9.

**Industrial growth loses 6.19%-points in pandemic**

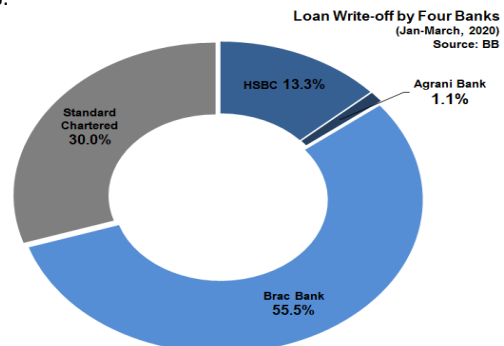
The industrial sector recorded 6.48% (Y-o-Y) growth in FY2019-20, down by 6.19%-points from 12.67% (Y-o-Y) in the previous fiscal year, due to the impact of Covid-19 pandemic. Although the industrial growth plunged during the year, the contribution of this sector to GDP increased marginally to 35.36% from 35% in FY2018-19. As per Bangladesh Bureau of Statistics (BBS), the size of the industrial sector rose to Tk3.96-trillion (at constant price) during the fiscal year from Tk3.72-trillion in FY2018-19. Meanwhile, the growth in manufacturing sub-sector also slumped by 8.36%-points to 5.84% (Y-o-Y). Large and medium scale industries under the manufacturing sub-sector crumbled by 9.37%-points and small-scale industries fell by 3.17%-points during the financial year.

**Export earnings from service-sector declines in FY20**

Export receipts from the service sector stood at US\$6.13b, registering negative growth of 5.56% (Y-o-Y) in FY2019-20, as per the Export Promotion Bureau (EPB). The figure fell short by 27.86% of target set at US\$8.5b for the fiscal year due to countrywide shutdown as a consequence of Coronavirus outbreak. In June 2020, single-month export earnings from this sector plummeted by 17.97% (Y-o-Y) to US\$416.35m. Earnings from financial services, computer services and information services grew by 9.25% (Y-o-Y), 15.24% (Y-o-Y) and 31.43% (Y-o-Y) respectively while the other services such as transportation, travel, construction and telecommunication registered a decline in export during the fiscal year.

**Loan write-offs declined in Jan-Mar 2020**

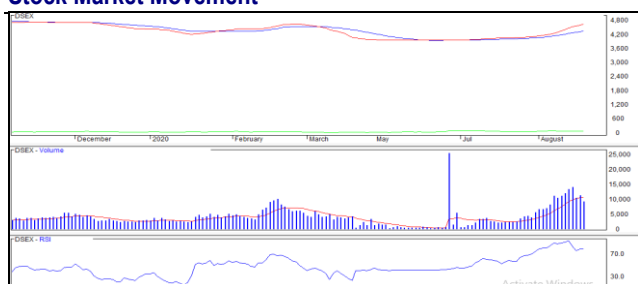
Volume of written-off loans in the banking sector declined by 94% (Y-o-Y) in the first quarter (January-March) of 2020 as capacity of banks for maintaining 100% provisioning against written-off loans decreased mainly for the fall in profits. As per the figures of Bangladesh Bank (BB), only four banks wrote-off a total of Tk335m, that was a three-year low, in the first quarter. At the end of March, default loans stood at Tk925.10b, which was 9% of the total outstanding loans in the banking sector. The banks also opted for relaxed rescheduling facility to ameliorate their financial positions. Earlier, Bangladesh Bank (BB) extended the deadline of rescheduling default loans further to September, providing a breathing space to the borrowers who have been undergoing economic hardship due to the global Covid-19 pandemic. Experts and economists opine that banks should exert all-out effort to strengthen their provisioning base like the global lenders to tackle the ongoing financial hardship. However, BB often permit relaxations on maintaining provisioning against default loans to some banks. At the end of March, eleven banks experienced a total provisioning shortfall of Tk86.32b and all of those took consent from the central bank to provide provisioning in phases.



**Banks invest Tk2.64b in stocks thru special funds**

Capital market investment by banks from special funds remained quite low even after six months from introduction of the facility by Bangladesh Bank (BB) as the banks invested only around Tk2.64b in the period. However, trading in the stock exchanges remained closed for 66 days after March 25, 2020 in the midst of the deadly Coronavirus pandemic. As per the statistics of BB, sixteen banks have so far formed special funds totaling Tk18.50b for stock market investment. Of the banks, Sonali Bank, Janata Bank, Agrani Bank, One Bank, Mercantile Bank, United Commercial Bank and NCC Bank formed special funds of Tk2b each while Pubali and City Bank formed funds of Tk500m each and EXIM Bank formed Tk800m as special fund. Earlier, BB allowed all the scheduled banks to form special funds of Tk2b to invest in the capital market. As per the directive circulated on February 10, 2020, banks can create the fund from their own source or by taking loan at 5% interest from the central bank through repurchase agreement (repo) against Treasury Bills (T-Bills) and Treasury Bonds (T-Bonds) they hold. Moreover, the banks would be allowed to take funds under the scope till January 13, 2025 and the investment is exempted from calculation of the capital market exposure of the banks. Experts attributed the poor appetite of the banks to form special funds to the acute deficiency of confidence over the market as the DSEX shed 1,432.54 points or 26.42% in the FY2019-20. However, the market bounced back in the FY2020-21 under the leadership of the newly reconstituted securities regulatory body. In the current new fiscal year, the DSEX so far regained 804.98 points.

## Stock Market Movement



### Global Markets

		This Week	Last Week	+/- %
S&P 500	↑	3,397.16	3,372.85	0.72
FTSE 100	↓	6,001.89	6,090.04	-1.45
Nikkei 225	↓	22,920.30	23,289.36	-1.58
SENSEX	↑	38,434.72	37,877.34	1.47
KSE 100	↓	39,621.59	40,290.74	-1.66

### DSE Indicators

		This Week	Last Week	+/- %
DSE Broad Index	↑	4,794.07	4,703.32	1.93
Total Turnover, Tk	↑	58,980,094,046.00	45,048,930,751.00	30.92
Market Capital, Tk	↑	3,010,233,067,768	2,966,074,740,026	1.49
No of Issue Gain		182	282	
No of Issue Loss		162	59	
No of Unchanged Issues		15	18	

### Top Gainers

#### Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
Orion Pharma Ltd.	45.00	62.70	39.33	2,096,666,000
EXIM Bank 1st MF	4.60	6.40	39.13	21,978,000
Daffodil Computers	54.00	71.30	32.04	132,350,000
IFIC Bank Ltd.	9.90	12.80	29.29	1,600,943,000
CAPM IBBL Is. MF	7.60	9.50	25.00	99,676,000
BEXIMCO	21.30	26.20	23.00	2,829,353,000
KDS Accessories	44.90	54.50	21.38	189,493,000
SEML FBLSL GF	9.00	10.70	18.89	150,808,000
Gemini Sea Food	153.90	181.80	18.13	49,496,000
ICB	88.90	104.30	17.32	186,527,000

### Top Losers

#### Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
Pioneer Insurance	72.20	58.90	-18.42	551,788,000
Global Insurance Co.	24.40	20.40	-16.39	122,760,000
United Insurance	54.40	46.10	-15.26	43,555,000
Nitol Insurance Co. Ltd.	44.60	38.10	-14.57	332,640,000
Janata Insurance	23.50	20.40	-13.19	63,221,000
Peoples Insurance	33.90	29.90	-11.80	268,026,000
Pragati Insurance Ltd.	53.60	47.30	-11.75	157,365,000
Provati Insurance	34.40	30.40	-11.63	139,083,000
Purabi Gen. Insurance	19.90	17.60	-11.56	174,754,000
Rupali Life Insurance	56.90	50.40	-11.42	201,768,000

### Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	374.42	368.23	1.68	7,727.45	5,105.67	51.35
Cement	252.33	247.02	2.15	1,449.92	1,207.93	20.03
Ceramic	567.79	557.57	1.83	566.28	550.61	2.85
Engineering	1,906.16	1,959.73	-2.73	4,593.99	5,182.59	-11.36
Food & Al.	3,260.23	3,328.08	-2.04	2,236.10	2,786.53	-19.75
Fuel & Pow.	3,738.79	3,628.34	3.04	4,358.04	2,840.32	53.44
Insurance	1,709.52	1,832.15	-6.69	7,298.66	5,834.26	25.10
IT	365.36	344.75	5.98	1,110.53	821.30	35.22
Jute	1,072.02	1,127.43	-4.91	178.66	243.50	-26.63
Misc.	1,280.20	1,155.22	10.82	4,483.70	2,967.65	51.09
Mutual Fund	428.24	393.12	8.93	1,879.30	772.81	143.18
NBFI	1,040.88	963.87	7.99	1,602.90	1,395.39	14.87
Paper	6,835.40	6,832.87	0.04	550.30	507.93	8.34
Pharma	1,250.63	1,212.57	3.14	12,319.18	7,409.20	66.27
Service	946.75	945.83	0.10	258.83	197.13	31.30
Tannery	599.81	603.63	-0.63	452.36	348.95	29.64
Telecom	2,697.76	2,719.85	-0.81	1,429.64	1,568.13	-8.83
Textile	1,157.10	1,145.86	0.98	4,148.16	3,116.63	33.10
Travel & Leis	579.91	588.28	-1.42	168.19	148.29	13.42

## Technical Talk

Dhaka stocks closed higher for the ninth straight week ended on Thursday though investors sold shares to book profit. However, many investors took position in large capitalized companies amid optimism. Among the major sectors, Mutual Fund increased by 8.93% over the week followed by NBFI 7.99%, Pharma 3.14% and Fuel & Power 3.04%.

DSE Broad Index (DSEX) stood at 4,794.07 points increased by 90.75 points or 1.93% from the previous week. Total turnover reached at Tk58980.09m which was 30.92% higher than the previous week. Market capitalization increased by 1.49% and stood at Tk3010.23b (\$35.46b) at the weekend against Tk2966.07b. DSE 30 increased by 52.76 points or 3.31% and closed at 1,647.07 points against 1,594.31 points. Last week's weighted average Market PE was 12.66 which was 12.45 previous week.

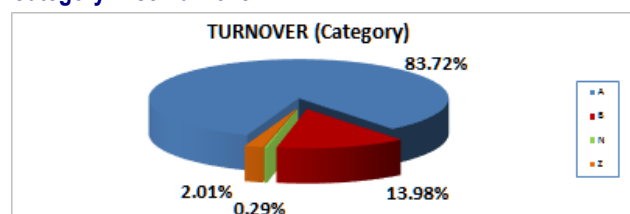
### Top Turnover Companies

Company	Volume	Value (Tk)	% of total
Beximco Pharma	31,872,723	3,442,373,000	5.84
Beximco	121,105,813	2,829,353,000	4.80
Orion Pharma Ltd.	36,862,508	2,096,666,000	3.55
IFIC Bank Ltd.	132,939,974	1,600,943,000	2.71
BRAC Bank Ltd.	41,264,188	1,569,794,000	2.66
Square Pharma	5,540,982	1,127,206,000	1.91

### Top 10 Market Capital

Company	Market Cap (In million)
GP	80,044
Square Pharma	69,613
BATBC	59,025
United Power	49,823
RENATA	48,925

### Category wise Turnover



### Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	1,933.80	1,956.70	-1.17
Silver (USD/t oz.)	27.12	27.69	-2.07
Brent Crude Oil (USD/bbl.)	44.90	44.96	-0.13

### 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	102.18	102.24	102.63	102.57	-0.44	-0.32
GBP	113.93	114.00	113.90	113.97	0.02	0.02
AUD	61.12	61.15	61.20	61.24	-0.14	-0.14
JPY	0.81	0.81	0.80	0.80	0.76	0.77
CAD	64.76	64.80	64.32	64.36	0.69	0.69
SAR	22.75	22.77	22.75	22.77	-0.01	-0.01

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)
Associated Oxygen Ltd.	Sep 10-16, 2020	10	150
Walton Hi-Tech indus.	Aug 09-16, 2020	252	1,000
Express Insurance	June 14-18, 2020	10	260.79