

**Foreign investors bet on strong scrips**

Stake of foreign portfolio investors in the fundamentally strong listed companies remained stable in the midst of intense uncertainty caused by the Covid-19 pandemic that hit the global economy awfully. Market analysts feared that the foreign investors would dump their shares after the withdrawal of the lock down. However, it appears that the disciplinary drive of the new securities commission convinced not only the local but also the foreign investors. Analyzing the statistics of the Dhaka Stock Exchange (DSE), it is observed that stake of foreign portfolio investors in companies with strong fundamentals remained stable after the reopening of the stock exchanges. As per the reports of the DSE, foreign investors held 42.17% of total stake of Brac Bank at the end of July 2020 while their stake was 42.42% in June and 43.2% in February this year. Delta Brac Housing (DBH) reported foreign stake of 40.9% at the end of July as against 41.2% in February this year. The twin bourses had been enduring downward trend since the beginning of 2019. Against the backdrop, net portfolio investment also hovered in the negative zone. 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 884.09 points or 22.16% since July.

**Foreign Stake in Listed Companies**

	Feb-20	Jun-20	Jul-20
<b>Brac Bank</b>	43.2%	42.4%	42.2%
<b>DBH</b>	41.2%	40.9%	40.9%
<b>Olympic Industries</b>	40.0%	40.2%	40.1%
<b>Beximco Pharma</b>	36.3%	34.4%	34.1%
<b>Islami Bank</b>	23.5%	23.3%	23.2%
<b>Renata</b>	22.8%	22.8%	22.8%
<b>ML Dyeing</b>	21.9%	21.9%	21.9%
<b>Shepherd</b>	19.5%	18.8%	18.8%
<b>Square Pharma</b>	19.5%	18.6%	18.0%
<b>VFS Thread</b>	18.3%	18.3%	18.3%

Source: DSE

**Overseas investment in Open-end MFs thru NITA allowed**

Bangladesh Bank (BB), through a circular, permitted foreign investors including Non-Resident Bangladeshis (NRBs) to invest in local Open-end Mutual Funds (MFs) with the balance held in Non-resident Investors' Taka Account (NITA) with a view to attracting more foreign funds to the local stock market. However, Foreign Exchange Investment Department of BB needs to be informed within 14 days of the issuance of the units of funds in favor of foreign investors including the NRBs. The circular requires the funds to be operated under registration from the Bangladesh Securities and Exchange Commission (BSEC). According to the circular, the NITAs may be credited with the dividend income from the mutual funds after deduction of applicable taxes. The accounts may be credited with the sale proceeds of the units of funds on receipt of approval from the central bank. However, if the fund managers are irregular in weekly public disclosure of Net Asset Value (NAV) or the underlying investment in unlisted shares/securities is 30% or more of the total fund then an application along with a valuation report of the funds shall be sent to BB. The eligible amounts payable to the NRBs may be freely transferred to resident Bangladeshi nationals upon written request to fund managers by the concerned unitholders.

**Default loan rises in Apr-Jun despite BB ease**

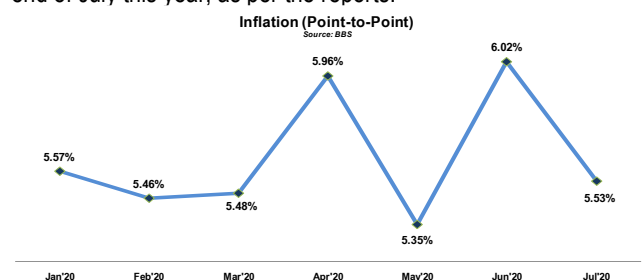
Banks observed rise in default loans in April-June period of 2020 despite the moratorium imposed by the central bank on loan classification till September, considering the economic distress arising from Covid-19 pandemic. As per Bangladesh Bank (BB) reports, the default loans in the banking sector soared by Tk36.06b to Tk961.16b at the end of June against Tk925.10b in March 2020, although the banks did not recognize any fresh defaulter following the directive. According to bankers, several banks failed to reschedule some defaulted loans following restriction from BB to regularize them. As of 30 June 2020, total outstanding loans stood at Tk1049.72b taking the ratio of toxic loans against total loans to 9.16% which was 9.03% three months ago. Earlier, the ratio showed declining trend by coming down to 9.19% in December 2019 from 12% in September last year owing to the loan rescheduling spree with just 2% down payment by defaulters under the special package offered by BB. At withdrawal of moratorium facility after September this year, banks are likely to see significant increase in the amount of default loans as majority portion of outstanding loans has already become irregular due to nonpayment, experts fear.

**Excess liquidity in banks record Tk1.39-trillion**

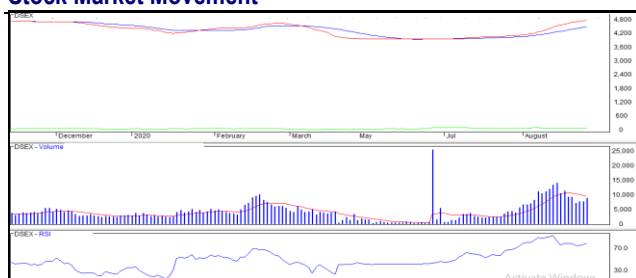
Excess liquidity in the banking sector surged by more than 55% at the end of June, 2020 to Tk1.39-trillion from Tk0.89-trillion three months earlier, Bangladesh Bank (BB) reports. The rise in surplus liquidity with banks is mainly due to the ongoing deceleration of private sector credit growth and the hike in government borrowing as the government borrowing instruments from banking system i.e. Treasury Bills and Bonds come into liquidity calculation. Government borrowing from banks soared by 109% (Y-o-Y) to Tk722.46b as on June 30, 2020. On the other hand, private sector credit growth decelerated continuously in the recent months due to the pandemic-situation and also because of the reluctance of banks to lend at single digit interest rate. At the end of June this year, private credit reported 8.61% (Y-o-Y) growth, as per BB statistics.

**Inflation drops in July 2020**

Point-to-point inflation stood at 5.53% in the first month of FY2020-21, coming down by 49-basis points from a month earlier, on the back of a significant fall in food inflation, according to the Bangladesh Bureau of Statistics (BBS). However, the figure surpassed the target set for the fiscal year by 13-basis points. The double digit inflation in pharmaceutical products together with the increasing cost of transport contributed to the non-food inflation to go up by six basis points to 5.28% during the months whereas food inflation plunged by 84 basis points to 5.7% compared to the last month. Inflation in both urban and rural areas also declined to 5.72% and 5.43% respectively at the end of July this year, as per the reports.



## Stock Market Movement



### Global Markets

	This Week	Last Week	+/- %
S&P 500	3,508.01	3,397.16	3.26
FTSE 100	5,963.57	6,001.89	-0.64
Nikkei 225	23,279.92	22,920.30	1.57
SENSEX	39,847.03	38,434.72	3.67
KSE 100	41,056.22	39,621.59	3.62

### DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	4,873.18	4,794.07	1.65
Total Turnover, Tk	41,442,213,384.00	58,980,094,046.00	-29.74
Market Capital, Tk	3,108,710,601,477	3,010,233,067,768	3.27
No of Issue Gain	181	182	
No of Issue Loss	150	162	
No of Unchanged Issues	29	15	

### Top Gainers

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

Company	Last Week	This Week	Change %	Turnover (Tk)
Miracle Industries	18.70	24.50	31.02	163,771,000
CAPM IBBL Isl. MF	9.50	12.30	29.47	85,836,000
Queen South Textile	26.00	33.60	29.23	222,849,000
SEML Lec Equity MF	6.30	8.00	26.98	75,813,000
Eastern Lubricants	956.40	1172.30	22.57	88,849,000
Desh Garments Ltd.	133.20	160.90	20.80	33,236,000
Eastern Insurance	80.70	95.60	18.46	301,356,000
Northern Jute	388.40	458.80	18.13	184,580,000
CAPM BDBL MF1	7.80	9.20	17.95	9,631,000
BATBC	952.40	1094.10	14.88	830,133,000

### Top Losers

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

Company	Last Week	This Week	Change %	Turnover (Tk)
Premier Leasing	6.10	5.10	-16.39	14,222,000
First Finance Limited.	7.00	6.00	-14.29	522,000
Al-Haj Textile Mills	41.70	36.60	-12.23	6,120,000
Beacon Pharma	88.40	77.80	-11.99	264,997,000
Progressive Life	141.70	126.60	-10.66	47,922,000
Familytex (BD) Ltd.	3.10	2.80	-9.68	16,776,000
Maksons Spinning Mills	6.20	5.60	-9.68	20,186,000
Tung Hai Knitting	3.30	3.00	-9.09	4,608,000
IFIC Bank Ltd.	12.80	11.70	-8.59	971,565,000
ICB Islamic Bank	3.50	3.20	-8.57	1,299,000

### Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	371.44	374.42	-0.80	3,612.13	7,727.45	-53.26
Cement	264.31	252.33	4.75	1,446.84	1,449.92	-0.21
Ceramic	568.21	567.79	0.07	440.62	566.28	-22.19
Engineering	1,965.96	1,906.16	3.14	3,402.81	4,593.99	-25.93
Food & Al.	3,671.83	3,260.23	12.62	1,954.75	2,236.10	-12.58
Fuel & Pow.	3,852.84	3,738.79	3.05	3,177.81	4,358.04	-27.08
Insurance	1,775.28	1,709.52	3.85	3,838.75	7,298.66	-47.40
IT	359.19	365.36	-1.69	781.49	1,110.53	-29.63
Jute	1,253.53	1,072.02	16.93	278.47	178.66	55.86
Misc.	1,275.90	1,280.20	-0.34	4,499.52	4,483.70	0.35
Mutual Fund	430.72	428.24	0.58	1,182.46	1,879.30	-37.08
NBFI	1,024.78	1,040.88	-1.55	1,122.63	1,602.90	-29.96
Paper	6,890.38	6,835.40	0.80	173.03	550.30	-68.56
Pharma	1,274.91	1,250.63	1.94	8,439.42	12,319.18	-31.49
Service	938.04	946.75	-0.92	150.93	258.83	-41.69
Tannery	634.86	599.81	5.84	378.18	452.36	-16.40
Telecom	2,945.37	2,697.76	9.18	1,586.89	1,429.64	11.00
Textile	1,180.96	1,157.10	2.06	3,184.42	4,148.16	-23.23
Travel & Leis	577.61	579.91	-0.40	89.23	168.19	-46.95

## Technical Talk

Dhaka bourse closed higher for the tenth straight week ended on Thursday as investors saw a ray of hope of reviving the economy from the pandemic-induced shock. Moreover, many investors took position in large capitalized companies riding on the recent moves of the regulator to ensure discipline in the market. Among the major sectors, Food & Allied increased by 12.62% over the week followed by Telecom 9.18%, Insurance 3.85%, Engineering 3.14%, Fuel & Power 3.05%, Textile 2.06% and Pharma 1.94%.

DSE Broad Index (DSEX) stood at 4,873.18 points increased by 79.11 points or 1.65% from the previous week. Total turnover reached at Tk41442.21m which was 29.74% lower than the previous week. Market capitalization increased by 3.27% and stood at Tk3108.71b (\$36.62b) at the weekend against Tk3010.23b. DSE 30 increased by 43.03 points or 2.61% and closed at 1,690.10 points against 1,647.07 points. Last week's weighted average Market PE was 13.06 which was 12.66 previous week.

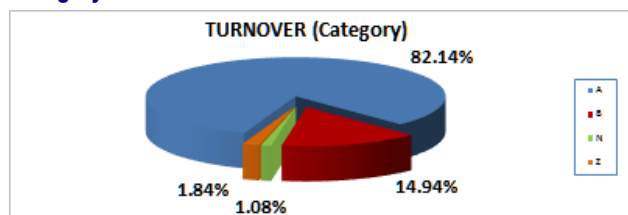
### Top Turnover Companies

Company	Volume	Value (Tk)	% of total
Beximco	99,307,064	2,580,878,000	6.23
Beximco Pharma	19,284,666	2,126,091,000	5.13
Orion Pharma Ltd.	24,163,004	1,439,695,000	3.47
LafargeHolcim	24,169,389	1,054,681,000	2.54
Grameenphone Ltd.	3,370,477	1,034,008,000	2.50
IFIC Bank Ltd.	83,799,681	971,565,000	2.34

### Top 10 Market Capital

Company	Volume	Value (Tk)	% of total
GP	425,209	ICB	76,975
Square Pharma	195,482	Berger Paint	68,185
BATBC	196,938	Marico	63,032
United Power	140,813	LafargeHolcim	52,726
RENATA	95,338	Brac Bank	50,251

### Category wise Turnover



### Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	1,964.60	1,933.80	1.59
Silver (USD/t oz.)	27.61	27.12	1.80
Brent Crude Oil (USD/bbl.)	45.81	44.90	2.03

### 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	102.49	102.55	102.18	102.24	0.31	0.31
GBP	114.95	115.02	113.93	114.00	0.89	0.89
AUD	61.77	61.80	61.12	61.15	1.06	1.06
JPY	0.81	0.81	0.81	0.81	-0.16	-0.16
CAD	64.90	64.94	64.76	64.80	0.21	0.21
SAR	22.76	22.76	22.75	22.77	0.03	-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