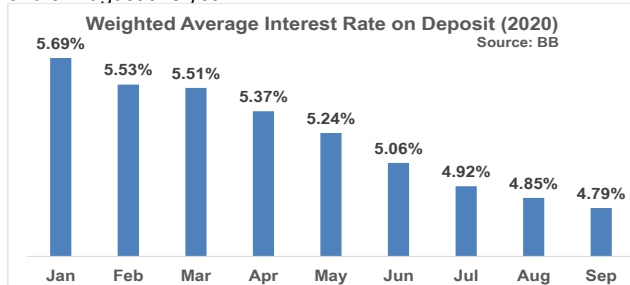


Five eligible investors face music for absurd bidding

The Bangladesh Securities and Exchange Commission (BSEC) barred five eligible investors from bidding in the next three Initial Public Offerings (IPOs) under book-building method for their earlier dubious biddings in pricing. The market regulator sought explanations from the top five bidders who bid ranging from Tk628 to Tk765 for each share of Walton Hi-Tech Industries. However, the cut-off price of the company was later discovered at Tk315 per share. Due to abnormal pricing, Walton floated only 0.93% shares in the market which was enough for the company to raise Tk1b. Moreover, the top five institutional bidders who bid for each share of Mir Akhter Hossain Limited ranging from Tk80 to Tk98 were also asked to provide explanations. As per the BSEC directive of February 22, 2018, the eligible investors must exercise due diligence and independent professional judgment to maintain objectivity, transparency and independence in the decision making for bidding. In recent days, abnormal bidding by eligible investors in book building process has become rampant in absence of strong punitive actions on the wrongdoers and against the backdrop general investors have to pay higher prices to acquire shares of these companies. Capital market experts opined that the regulator should seek explanation not only from the top five but also all the bidders that put abnormal prices in the bidding process to ensure accountability and transparency. Recently, BSEC has barred MTB Securities from participating as an eligible investor in the next three IPOs for violating rules during the IPO application process.

Average bank deposit rate in record low

The weighted average deposit rate in the banking sector slipped to all-time low of 4.79% in September 2020 leaving the savers, including pensioners and fixed-income group, in dire straits as the real interest rate turned negative after adjusting inflationary pressure. Moreover, many banks offered around 2% interest against deposits while the inflation rate hiked to 6.44% in October this year, the highest in last six years. As per the statistics of Bangladesh Bank (BB), the earlier lowest weighted average deposit rate was 4.82% in April 2009 while the rate recorded the highest rise of 8.86% in February 2013. Economists attributed this to excess liquidity in the banking system and the enforcement of the single digit regime from April this year which resulted in a sharp decline in deposit rates. As per BB, excess liquidity in the banking system increased to Tk1.61 trillion at the end of August this year.

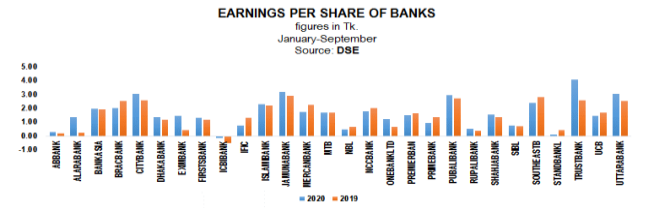


Stock categorization not to relegate this year

The Bangladesh Securities and Exchange Commission (BSEC) directed the bourses not to degrade the category of the listed companies in 2020 with a view to maintaining stability in the stock market during the pandemic crisis period. Consequently, status of 16 companies that failed to declare dividends for the year ending on June 30, 2020 would be maintained this year. However, category of the companies that declared higher dividend than that of the previous year would be promoted.

Banks see higher profits on waiver of provisioning

Most listed banks reported growth in profits during January-September period of 2020 owing mainly to the waiver from provisioning requirements against loans as was required by Bangladesh Bank (BB). Of the twenty-nine listed banks, twenty experienced growth in year-on-year profits while eight posted decline and the remaining one postponed unveiling the quarterly disclosure. Although, the government imposed cap on lending rate at 9% in last April resulted in a sharp fall in interest income for 25 banks during the period, most managed to offset the loss in interest income by investing in government securities and cutting costs. As per BB requirement, banks need to report profit only after deducting 1% of their entire loan portfolio as general provisioning, in addition to provisions against defaulted loans ranging from 20% to 100%, depending on the classification of respective loans based on the risk of default. The central bank exempted the banks from these provisioning against classified loans from January 1 to December 31 this year in the wake of business interruptions owing to coronavirus pandemic across the country. Besides, some banks saw increased profit due to higher earnings from retail banking alongside reduced deposit cost and expenses during the period. On the other hand, banks were more inclined to invest in risk-free government securities than on private lending during the pandemic period. The interest rate on government treasury bills went up to above 8% in June last due to high government borrowing from banks while the rate for the private-sector loans came down to 9%. However, banking experts expressed apprehensions on the sustainability of the earnings growth as the government slowed down borrowing from the banking system, leading the yield on treasury bills plummet to less than 1%. In addition, the net cash flow from operation set off bleak picture due to the persisting sluggish loan repayment activity. Although, the slowdown in private credit growth and government bank borrowing led to increase in excess liquidity with the banks, the capacity of banks to repay depositors' money in the long run deteriorated due to erosion in cash inflow, experts opine. According to Dhaka Stock Exchange (DSE) reports, net cash flow from operating activities declined by 2.96% (Y-o-Y) while the EPS of banks soared by 8% (Y-o-Y) during the nine months of the current year.



Inflation hits 6-year high

Point-to-Point general inflation rose to 6.44% in October 2020 after six years since the end of October 2014 when the inflation stood at 6.60%. According to Bangladesh Bureau of Statistics (BBS), the hike in food prices contributed to the recent surge in general inflation as the food inflation escalated to 7.34% during the month from 6.50% a month earlier. Moreover, the prolonged flood situation and significant hike in coarse rice price led rural inflation to rise 6.67% while inflation in urban areas came down to 6.30% due to the migration of people from city to village in the wake of pandemic. Economists attributed the rise in inflation to disruptions in supply chain, prolonged floods and absence of government control over commodity market syndicates. The economic uncertainty with decline in household income deepened further by the surge in inflation.

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	3,585.15	3,509.44	2.16
FTSE 100	6,316.39	5,910.02	6.88
Nikkei 225	25,385.87	24,325.23	4.36
SENSEX	43,637.98	41,893.06	4.17
KSE 100	40,569.35	40,731.61	-0.40

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	4,905.04	4,942.12	-0.75
Total Turnover, Tk	45,564,419,447.00	42,224,532,249.00	7.91
Market Capital, Tk	3,384,719,321,820	3,385,235,791,149	-0.02
No of Issue Gain	103	171	
No of Issue Loss	188	121	
No of Unchanged Issues	70	69	

Top Gainers

Company	Last Week	This Week	Change %	Turnover (Tk)
CAPM IBBL Is. MF	15.80	23.80	50.63	250,392,000
SEML IBBL SF	9.20	13.40	45.65	394,165,000
Prime Fin 1st MF	17.00	24.30	42.94	270,446,000
VAMLRRBF	8.80	12.10	37.50	123,595,000
SEML FBLSL GF	9.70	12.80	31.96	277,052,000
Associated Oxygen	50.20	65.60	30.68	839,306,000
Asian Tiger SLGF	9.20	11.90	29.35	364,998,000
NCCBL MF1	8.00	10.20	27.50	198,904,000
RELIANCE1	10.90	13.70	25.69	419,425,000
CAPM BDBL MF1	10.30	12.80	24.27	269,332,000

Top Losers

Company	Last Week	This Week	Change %	Turnover (Tk)
Hamid Fabrics Limited	24.40	20.80	-14.75	18,687,000
Delta Spinners Ltd.	6.50	5.60	-13.85	13,628,000
International Leasing	5.80	5.00	-13.79	48,093,000
Intech Limited	41.10	35.70	-13.14	35,329,000
Bangladesh Welding	20.90	18.30	-12.44	21,589,000
Paramount Textile	66.20	58.00	-12.39	472,393,000
Meghna Pet Industries	13.90	12.20	-12.23	1,633,000
Bangladesh Shipping	44.80	39.40	-12.05	99,757,000
GQ Ball Pen Industries	227.60	200.50	-11.91	95,874,000
Savar Refractories	241.50	214.50	-11.18	7,126,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	382.63	380.83	0.47	2,824.51	3,333.92	-15.28
Cement	227.09	229.88	-1.21	220.28	327.18	-32.67
Ceramic	574.98	582.27	-1.25	668.69	698.84	-4.31
Engineering	5,108.23	4,671.35	9.35	3,731.67	2,772.05	34.62
Food & Al.	3,524.53	3,617.44	-2.57	624.53	665.59	-6.17
Fuel & Pow.	3,888.51	3,939.66	-1.30	1,462.43	1,469.75	-0.50
Insurance	2,121.67	2,146.98	-1.18	10,272.47	14,097.17	-27.13
IT	365.16	372.64	-2.01	1,603.48	1,473.33	8.83
Jute	1,036.66	1,114.12	-6.95	54.21	78.66	-31.09
Misc.	1,169.10	1,182.03	-1.09	2,775.70	1,883.35	47.38
Mutual Fund	579.43	520.21	11.39	7,990.35	3,233.43	147.12
NBFI	1,056.98	1,098.96	-3.82	1,686.96	1,906.93	-11.54
Paper	6,423.87	6,609.10	-2.80	71.21	86.98	-18.13
Pharma	1,242.62	1,252.32	-0.77	6,099.08	5,652.65	7.90
Service	1,045.11	1,031.02	1.37	596.64	347.03	71.93
Tannery	590.91	590.42	0.08	407.86	282.10	44.58
Telecom	3,088.86	3,136.99	-1.53	544.33	503.48	8.12
Textile	1,141.08	1,175.34	-2.91	1,537.09	1,758.28	-12.58
Travel & Leis	587.04	594.38	-1.24	248.94	378.73	-34.27

Technical Talk

Dhaka stocks closed in red in the last week ended on Thursday as shaky investors booked profit on sector-wise issues based on latest corporate declarations. Moreover, IPO of Robi will hit the market within a few days and consequently many investors disposed of shares of other companies. Among the major sectors, NBFI decreased by 3.82% over the week followed by Textile 2.91%, Telecom 1.53%, Fuel & Power 1.30% and Insurance 1.18%.

DSE Broad Index (DSEX) stood at 4,905.04 points decreased by 37.07 points or 0.75% from the previous week. Total turnover reached at Tk45564.42m which was 7.91% higher than the previous week. Market capitalization decreased by 0.02% and stood at Tk3384.72b (\$39.87b) at the weekend against Tk3385.24b. DSE 30 decreased by 14.05 points or 0.81% and closed at 1,711.60 points against 1,725.64 points. Last week's weighted average Market PE was 13.50 which was 13.49 previous week.

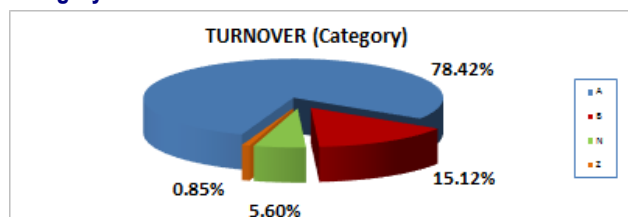
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
Beximco Pharma	32,199,942	4,394,261,000	9.64
Beximco	77,690,650	1,895,216,000	4.16
Asia Insurance Co. Ltd.	9,762,228	1,013,226,000	2.22
BRAC Bank Ltd.	22,091,074	977,967,000	2.15
Associated Oxygen	14,645,634	839,306,000	1.84
Walton Hi-Tech	982,638	784,719,000	1.72

Top 10 Market Capital

Company	Volume	Value (Tk)	% of total
GP	445,869	RENATA	103,295
Walton Hi-Tech	253,490	ICB	71,065
BATBC	192,186	Marico	66,219
Square Pharma	183,016	Berger Paint	61,094
United Power	164,581	Brac Bank	60,062

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	1,872.60	1,945.30	-3.74
Silver (USD/t oz.)	24.29	25.17	-3.50
Brent Crude Oil (USD/bbl.)	43.53	40.93	6.35

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	102.50	102.56	101.63	101.69	0.85	0.85
GBP	114.79	114.86	112.77	112.84	1.79	1.79
AUD	62.04	62.08	61.25	61.28	1.30	1.30
JPY	0.82	0.82	0.82	0.82	-0.29	-0.29
CAD	64.98	64.02	64.92	64.95	0.10	-1.44
SAR	22.75	22.77	22.75	22.76	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)
Dominance Steel	Oct 19-25, 2020	10	300
Crystal Insurance	Nov 10-16, 2020	10	160
Robi Axiata Limited	Nov 17-23, 2020	10	5,237