

Banks report robust operating profit despite odds

Most of the Private Commercial Banks (PCBs) registered hefty operating profit in the concluded year 2018 as the banks charged much higher interest rate on lending than that on deposits disregarding the earlier commitment of bankers on single digit interest rate. Out of the 30 PCBs listed with the Dhaka Stock Exchange (DSE), 23 have revealed provisional figures of operating profit where operating profit of 20 PCBs has risen during the period while the same has declined for 3 PCBs.

Un-audited Operating Profit of PCBs

Bank	2018	2017	Growth	Bank	2018	2017	Growth
IBBL	27.70	24.20	14.46%	Trust Bank	6.60	6.30	4.76%
National Bank	12.30	11.56	6.40%	NCC Bank	6.55	5.35	22.43%
Pubali Bank	10.25	9.15	12.02%	Dhaka Bank	6.50	5.24	24.05%
Southeast Bank	10.12	9.01	12.32%	Jamuna Bank	6.20	4.64	33.62%
DBBL	9.22	7.55	22.12%	Premier Bank	6.18	4.40	40.45%
Bank Asia	8.11	6.71	20.86%	One Bank	5.60	5.40	3.70%
EBL	7.80	7.50	4.00%	First Security	5.25	4.77	10.06%
Al-Arafah	7.21	7.03	2.56%	MTB	5.15	4.16	23.80%
Exim Bank	7.10	6.50	9.23%	Shahjalal Bank	5.00	3.60	38.89%
City Bank	6.80	7.49	-9.21%	Standard Bank	3.80	3.54	7.34%
Mercantile Bank	6.73	7.11	-5.34%	Rupali Bank	3.45	5.42	-36.35%
SIBL	6.68	6.54	2.14%				

Figures in Bn (Taka), Source: Respective Banks

Among the banks, Islami Bank Bangladesh reported the highest amount of Tk27.70b with a growth of 14.46% (Y-o-Y) followed by National Bank Tk12.30b, Pubali Bank Tk10.25b and Southeast Bank Tk10.12b. On the other hand, Premier Bank has registered the highest growth of 40.45% (Y-o-Y) followed by Shahjalal Bank 38.89%, Jamuna Bank 33.62% and Dhaka Bank 24.05%. Bankers have attributed that the banks gave much emphasis on mobilizing funds by opening non-interest bearing capital and savings accounts and that consequently cut down costs and pushed up profits of the banks. However, banking sector experts have warned that operating profit of banks does not depict the true financial performance as the banks would have to keep provisions against the defaulted loans and net profit of the banks with hefty default loans would decrease substantially in the final count.

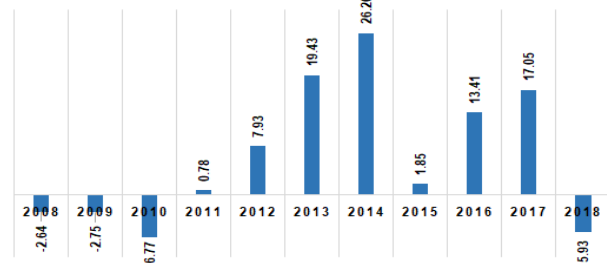
Revenue collection faces a massive hit in July-November

Sluggish revenue collection poses a great challenge for the new government as shortfall in revenue collection continues to widen so far in the FY2018-19. According to the provisional figures of National Board of Revenue (NBR), collection fell short of the target by Tk219.73b in the first five months of the FY2018-19. Deficit in VAT collection stood at the highest of Tk93.21b followed by customs duty by Tk74.97b and income tax by Tk51.55b. Tax officials managed to collect only Tk797.24b in July-November as against the target of Tk1.02 trillion for the period. However, revenue collection rose by 7.15% (Y-o-Y) in the period which is less than half of the growth of 16.52% NBR achieved in the corresponding period of last FY2017-2018. As the government set revenue collection target at Tk2.96 trillion for the entire fiscal year, NBR will have to collect Tk2.14 trillion or 73% of total target in the remaining seven months of the year. Economists have hinted that the government might resort to bank borrowing to meet the deficit in revenue collection and that will consequently unleash additional pressure on private sector credit growth.

Net portfolio investment negative in 2018

Foreign portfolio investment in Dhaka Stock Exchange (DSE) concluded the year 2018 with negative balance which came about the first time after the 2010 market debacle. Net portfolio investment in DSE fell substantially during the concluded year due to chaotic situation in the financial sector, the devaluation of Taka against US dollar and the political uncertainty centering the 11th parliamentary election which took place on 30th December 2018. Overall market displayed high volatility along with declining market participation by investors during the year. Investors' confidence in the stock market started to become shaky from the first quarter of last year due to the turmoil in banking sector as the sector was plagued by liquidity crisis, rising Non-Performing Loans (NPLs) and financial scams. Consequently, foreign investors sold off their holdings during the year, intensifying the downtrend further. The net position of overseas investment in the stock market plummeted to Tk5.93b negative in 2018, which was Tk17.04b positive a year ago. In 2010, the massive share sell-offs by overseas investors closed the balance at Tk6.76b negative. During 2018, foreign investors bought shares worth Tk44.96b and sold shares worth Tk50.89b whereas they bought shares worth Tk65.76b and sold shares worth Tk48.71b in 2017.

NET FOREIGN PORTFOLIO INVESTMENT
figures in billion Tk.
SOURCE: DSE

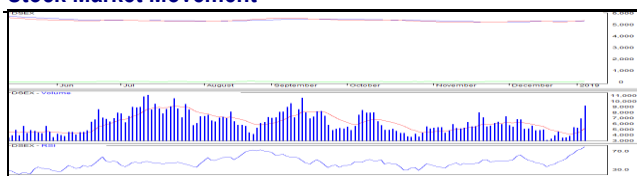


RMG export posts robust growth in 2018

The Ready-Made Garment (RMG) sector enjoyed significant growth in exports in 2018 as the sector managed to recover its lost image gradually after the Rana Plaza incident. The apparel exporters earned US\$30.02b during the first eleven months of 2018. It is anticipated to grow by more than 11% to US\$32.5b at the end of 2018, as per projections made by experts. RMG exporters fetched US\$29.21b in 2017, up by 1.89% from US\$28.66b in 2016. Experts attributed this sizeable growth in RMG export to the recovery from the image crisis that the sector experienced after the Rana Plaza collapse via the measures adopted by the manufacturers to improve workplace safety. Some 2,200 garment factories under the western retailers' platforms - Accord and Alliance - fixed more than 89% of the safety hazards. The platforms monitored and evaluated the remediation work progress of the RMG factories. Besides, some 80 garment factories have been certified by the United States Green Building Council for their environment-friendly units and 320 more factories are under the process to get the certificate. Alongside, the devaluation of Taka against US Dollar played a positive role in the overall increase in export earnings. On the other hand, the labor unrest centering the revision of new wage structure generated a moderate tension in the sector but could not bring any major damage.

The week's data runs 27 December 2018 to 03 January 2019

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	2,531.94	2,506.85	1.00
FTSE 100	6,837.42	6,728.13	1.62
Nikkei 225	19,561.96	20,014.77	-2.26
SENSEX	35,695.10	36,011.12	-0.88
KSE 100	37,547.49	37,490.93	0.15

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	5,590.47	5,385.64	3.80
Total Turnover, Tk	21,515,404,067.00	16,376,419,418.00	31.38
Market Capital, Tk	3,390,873,075,371	3,286,508,162,690	3.18
No of Issue Gain	312	210	
No of Issue Loss	29	112	
No of Unchanged Issues	6	24	

Top Gainers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
United Insurance	25.10	31.00	23.51	55,220,000
JMI Syringes	254.10	311.20	22.47	481,145,000
Continental Insu.	19.20	23.40	21.88	31,601,000
CVO Petrochemical	154.50	184.20	19.22	90,568,000
M.L. Dyeing Limited	29.70	34.70	16.84	200,273,000
Silva Pharma	30.10	34.90	15.95	194,960,000
Doreen Power	79.90	92.30	15.52	108,083,000
Asia Insurance Co.	17.50	20.10	14.86	2,850,000
Shurwid Industries	28.30	32.30	14.13	164,675,000
Quasem Industries	45.70	52.00	13.79	85,724,000

Top Losers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
Pragati Life Insurance	114.7	108.60	-5.32	41,563,000
AIBL 1st Islamic MF	8.1	7.70	-4.94	87,000
Jamuna Oil Com. Ltd.	190.5	182.30	-4.30	78,242,000
National Life Insurance	216.2	207.80	-3.89	142,479,000
GlaxoSmithKline(GSK)	1450.2	1398.50	-3.57	18,567,000
Popular Life Insurance	113.8	110.10	-3.25	3,986,000
Keya Cosmetics Ltd.	6.6	6.40	-3.03	61,437,000
British American Toba.	3541.7	3450.10	-2.59	5,765,000
Sunlife Insurance	27.7	27.00	-2.53	40,263,000
Prime Islami life .	57.9	56.5	-2.42	33,549,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	442.53	424.46	4.26	2,041.77	1,860.09	9.77
Cement	325.56	310.02	5.01	223.28	343.90	-35.07
Ceramic	760.99	705.20	7.91	255.10	139.72	82.57
Engineering	2,585.46	2,444.39	5.77	3,395.78	1,613.86	110.41
Food & Al.	3,984.57	4,035.51	-1.26	816.79	572.05	42.78
Fuel & Pow.	4,163.89	3,920.80	6.20	1,877.77	1,792.26	4.77
Insurance	1,507.10	1,492.51	0.98	1,183.05	1,322.73	-10.56
IT	313.11	296.12	5.74	991.66	939.40	5.56
Jute	2,604.41	2,573.52	1.20	147.30	127.90	15.17
Misc.	1,244.85	1,187.76	4.81	1,299.49	756.87	71.69
Mutual Fund	440.04	426.21	3.25	89.82	92.70	-3.11
NBFI	1,274.13	1,204.69	5.76	1,074.15	631.22	70.17
Paper	12,678.42	11,596.69	9.33	238.72	118.98	100.64
Pharma	1,172.45	1,157.35	1.30	2,619.60	1,925.50	36.05
Service	1,214.78	1,132.07	7.31	153.23	80.93	89.34
Tannery	927.71	909.30	2.02	250.20	242.71	3.08
Telecom	3,361.02	3,368.91	-0.23	187.53	272.50	-31.18
Textile	1,664.04	1,562.65	6.49	4,258.8	2,653.8	60.48
Travel & Leis	531.03	501.77	5.83	291.08	94.58	207.76

Technical Talk

Dhaka stocks rocketed by 3.80% in the last week ended on Thursday as sensible investors have taken long position in relatively discounted shares after solving the political puzzle of parliamentary polls. The rational investors showed their buying interest in power, banks, financial, telecom, engineering and food sectors at lucrative price levels. Among the major gainers, Textile increased by 6.49% over the week followed by Fuel & Power 6.20%, Engineering 5.77%, NBFI 5.76%, IT 5.74%, Cement 5.01% and Banks 4.26%.

DSE Broad Index (DSEX) reached at 5,590.47 points increased by 204.83 points or 3.80% from the previous week. Total turnover reached at Tk21515.40m which was 31.38% higher than the previous week. Market capitalization increased by 3.18% and stood at Tk3390.87b (\$40.42b) at the weekend against Tk3286.51b. DSE 30 has increased by 61.21 points or 3.25% and closed at 1,941.99 points against 1,880.78 points. Last week's weighted average Market PE was 15.68 which was 15.09 previous week.

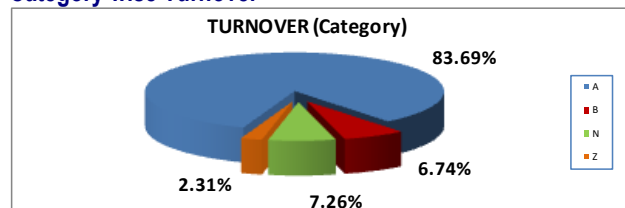
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
BBS Cables Limited	8,532,144	888,644,000	4.13
BEXIMCO	30,381,243	772,599,000	3.59
Paramount Textile	10,950,713	765,816,000	3.56
Saiham Cotton Mills	23,382,511	629,575,000	2.93
IFAD Autos Limited	5,128,450	566,690,000	2.63
Khulna Power Company	7,649,990	494,150,000	2.30

Top 10 Market Capital

Company	Volume	Value (Tk)	% of total
GP	493,400	86,233	86,233
BATBC	207,006	80,438	80,438
Square Pharma	201,039	63,440	63,440
United Power	155,703	55,049	55,049
RENATA	91,964	44,530	44,530

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t.oz.)	1,282.60	1,281.00	0.12
Silver (USD/t.oz.)	15.64	15.45	1.23
Brent Crude Oil (USD/bbl.)	57.45	54.44	5.53

Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	83.90	83.95	83.90	83.95	0.00	0.00
EUR	96.10	96.16	96.70	96.76	-0.62	-0.62
GBP	107.10	107.16	107.37	107.43	-0.25	-0.25
AUD	60.07	60.11	59.60	59.63	0.79	0.79
JPY	0.78	0.78	0.77	0.77	1.04	1.03
CAD	63.09	63.12	61.82	61.86	2.04	2.04
SAR	22.48	22.50	22.48	22.49	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)
Esquire Knit Composite	Jan 06 - Jan 20, 2019	40	562
SS Steel Limited	Oct 28 - Nov 07, 2018	10	250
Genex Infosys	Nov 18 - Nov 29, 2018	10	200
SEML FBLSL Growth Fund	Dec 02 - Dec 13, 2018	10	1,000

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