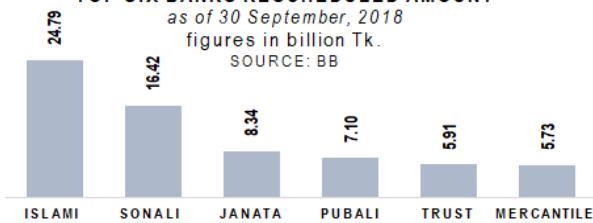


Loan reschedule keeps swelling

The size of rescheduled loans in the banking sector continued to bulge at the end of third quarter of 2018. During the nine months of 2018, banks rescheduled Tk109.63b which was a 30% (Y-o-Y) escalation. As per Bangladesh Bank (BB) statistics, a total of Tk895.15b was rescheduled by banks between 2012 and 2017. The rising trend of loan rescheduling has become a grave concern for the banking sector which has been suffering from liquidity crisis. However, BB also revealed that only six banks in the sector held 62% of the total loans rescheduled within this nine month period. The central bank attributed the ceaseless growth of rescheduled loans to poor due diligence, influenced lending, fraud and negligence to comply with risk management practices by the bankers. According to insiders, banks need to cooperate with the struggling defaulters whose businesses are in crisis for genuine reasons so that they are able to keep their loans performing. However, the rescheduling splurge has not made any noteworthy contribution yet to boost the cash recovery of banks from their top defaulters. BB reports showed that state-owned Sonali, Janata, Agrani and Rupali bank recovered a total of Tk13.08b from defaulters during January-September period of 2018 whereas these banks rescheduled total Tk27.22b during the period.

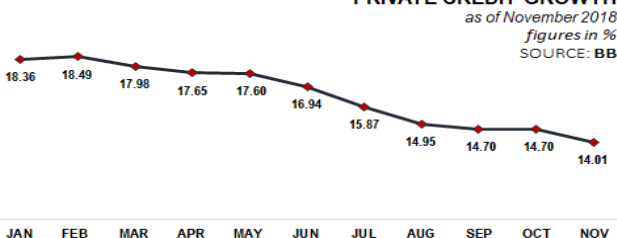
TOP SIX BANKS RESCHEDULED AMOUNT



Private credit falls further in November

Private sector credit growth descended further at the end of November 2018 due to restrained lending by banks and slow business activity ahead of the national parliamentary election which took place on December 30, 2018. Private credit growth came down to 14.01% (Y-o-Y) in November 2018 from 14.7% in October 2018. Bangladesh Bank (BB) set the ceiling of private sector credit growth at 16.80% for the first half of FY2018-19. Private sector credit growth came down below the 16%-mark in July 2018 and from there it experienced downward movement till November. Economists attributed the drop in the credit growth to the go-slow strategy of banks and also to increasing focus on recovery towards the end of the year. In addition, businesses remained cautious and kept investment activities slow ahead of the national poll fearing uncertainty. Besides, liquidity crunch in the overall sector and pressure from government to keep the lending rate within single digit led the banks to tighten lending policy. However, credit growth in public sector which remained negative in recent months, increased to 7.80% in November due to heavy borrowing by the government before the election.

PRIVATE CREDIT GROWTH



Most of the merchant banks fail to float IPOs

The Bangladesh Securities and Exchange Commission (BSEC) has so far issued license of merchant banking to sixty-one institutions but the merchant banks were able to float only fourteen companies in the capital market in 2018. Fund raising through Initial Public Offering (IPO), however, soared up in 2018 where thirteen companies and one close-end Mutual Fund (MF) raised a total of Tk6.01b as against six companies and two MFs that raised a total of Tk2.49b in 2017 as per the statistics of DSE. Though listing of new companies grew in 2018 but most of the merchant bankers failed to float any new issue last year.

Fund Raise through IPO (Taka in Billion)

Year	Number of Company/ MF	Fund Raised
2018	14	6.01
2017	8	2.49
2016	11	8.49
2015	16	9.72
2014	20	17.13

Source: DSE

According to the BSEC rules, a merchant bank has to submit at least one IPO proposal to the regulator in every two years. BSEC officials have opined that most of the merchant banks are not focused on IPOs and some merchant banks submit incomplete IPO documents only to retain license. However, the merchant bankers have complained that the lengthy process of IPO approval from the regulator is the main obstacle to float new companies. The merchant bankers have also urged BSEC to expedite the approval process of IPO and incentivize the new companies for publicly floating shares.

Healthy export earnings squeeze trade deficit

Trade deficit under the Balance of Payments (BoP) account has shrunk by 12.46% or US\$0.95b in July-November period of FY2018-19 in effect of a boost in export earnings mainly from RMG products. However, the slowed import of major goods especially the negative growth of capital machinery ahead of the 11th parliamentary polls has also contributed to shrink the balance of trade deficit. As per the statistics of Bangladesh Bank (BB), the amount of trade deficit decreased to US\$6.66b in July-November period of the current fiscal year from US\$7.61b in the same period of the last fiscal. During the period, export earnings increased by 16.75% (Y-o-Y) to US\$16.77b from US\$14.37b in the corresponding period of the last fiscal year while RMG export registered a robust growth of 18.59% to US\$14.18b against US\$11.96b in the first five months of the last fiscal.

Balance of Payments (July-November of FY2018-19)

Amount in USD Billion (Source: BB)

	FY18	FY17	Change (%)
Trade Balance	-6.66	-7.61	-12.5%
Current Account Balance	-2.56	-7.74	-66.9%
Financial Account	2.06	4.10	-49.7%
Overall Balance	-0.84	-0.48	74.7%

On the flip side, import payments grew by 6.64% (Y-o-Y) to US\$23.43b in the period while the figure was US\$21.97b in the same period last fiscal year. The figure of current account deficit declined to US\$2.56b from US\$4.74b in the same period of the previous fiscal year thanks to the rise in remittance inflows. However, net Foreign Direct Investment (FDI) declined to US\$620m during the period from US\$649m in the same period of the last year. Deficit in the overall balance of BoP, however, soared to US\$837m in the period from that of US\$479m in the same period of FY2017-18. Economists have warned that trade deficit is still at a higher zone for the country and also urged the government to diversify the export basket and to explore new destinations for exporting manpower.

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	2,596.26	2,531.94	2.54
FTSE 100	6,918.18	6,837.42	1.18
Nikkei 225	20,359.70	19,561.96	4.08
SENSEX	36,009.84	35,695.10	0.88
KSE 100	39,049.08	37,547.49	4.00

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	5,797.30	5,590.47	3.70
Total Turnover, Tk	49,256,464,127.00	21,515,404,067.00	128.94
Market Capital, Tk	3,515,365,201,843	3,390,873,075,371	3.67
No of Issue Gain	261	312	
No of Issue Loss	79	29	
No of Unchanged Issues	7	6	

Top Gainers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
United Insurance	31.00	43.90	41.61	177,854,000
Phoenix Insurance	30.80	40.90	32.79	192,798,000
JMI Syringes	311.20	388.60	24.87	913,003,000
Northern General Ins	19.20	23.70	23.44	62,020,000
CVO Petrochemical	184.20	224.80	22.04	559,642,000
Sunlife Insurance	27.00	32.70	21.11	149,036,000
Prime Islami life	56.50	67.90	20.18	179,613,000
Alif Manufacturing	10.10	12.10	19.80	644,994,000
Social Islami Bank	15.70	18.70	19.11	234,495,000
Al-Haj Textile Mills	91.70	109.20	19.08	394,673,000

Top Losers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
Stylecraft Limited	892.0	783.60	-12.15	207,660,000
Bangas Ltd.	353.3	315.60	-10.67	314,352,000
Advent Pharma Limited	40.9	37.30	-8.80	193,592,000
Saiham Textile Mills	53.6	49.40	-7.84	53,559,000
Fine Foods Limited	44.0	40.70	-7.50	158,400,000
M.L. Dyeing Limited	34.7	32.10	-7.49	223,519,000
Kattali Textile Limited	27.5	25.50	-7.27	137,374,000
Indo-Bangla Pharma	34.6	32.10	-7.23	216,937,000
Silva Pharmaceuticals	34.9	32.40	-7.16	277,540,000
SK Trims & Industries	48.4	45.2	-6.61	173,547,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	463.67	442.53	4.78	6,120.15	2,041.77	199.75
Cement	329.01	325.56	1.06	737.55	223.28	230.33
Ceramic	770.20	760.99	1.21	437.77	255.10	71.61
Engineering	2,643.53	2,585.46	2.25	7,237.88	3,395.78	113.14
Food & Al.	4,113.33	3,984.57	3.23	2,604.08	816.79	218.82
Fuel & Pow.	4,276.70	4,163.89	2.71	3,855.25	1,877.77	105.31
Insurance	1,618.13	1,507.10	7.37	3,849.67	1,183.05	225.40
IT	321.63	313.11	2.72	1,911.16	991.66	92.72
Jute	2,930.27	2,604.41	12.51	337.66	147.30	129.23
Misc.	1,229.84	1,244.85	-1.21	2,215.14	1,299.49	70.46
Mutual Fund	469.59	440.04	6.71	299.27	89.82	233.20
NBFI	1,366.60	1,274.13	7.26	2,878.35	1,074.15	167.97
Paper	12,371.84	12,678.42	-2.42	321.96	238.72	34.87
Pharma	1,201.97	1,172.45	2.52	5,466.60	2,619.60	108.68
Service	1,266.54	1,214.78	4.26	462.04	153.23	201.53
Tannery	926.50	927.71	-0.13	528.90	250.20	111.40
Telecom	3,583.97	3,361.02	6.63	880.23	187.53	369.39
Textile	1,668.03	1,664.04	0.24	8,296.8	4,258.8	94.81
Travel & Leis	526.69	531.03	-0.82	384.49	291.08	32.09

Technical Talk

Dhaka stocks continued the rallies in the last week ended on Thursday as rational investors were in buying mood after solving the political puzzle of parliamentary polls. The rational investors showed their buying appetite in financial institutions, telecom, banks, food and power sectors at lucrative price levels. Among the major gainers, Insurance increased by 7.37% over the week followed by NBFI 7.26%, Mutual Fund 6.71%, Telecom 6.63%, Banks 4.78% and Fuel & Power 2.71%.

DSE Broad Index (DSEX) reached at 5,797.30 points increased by 206.83 points or 3.70% from the previous week. Total turnover reached at Tk49256.46m which was 128.94% higher than the previous week. Market capitalization increased by 3.67% and stood at Tk3515.37b (\$41.90b) at the weekend against Tk3390.87b. DSE 30 has increased by 69.75 points or 3.59% and closed at 2,011.74 points against 1,941.99 points. Last week's weighted average Market PE was 16.26 which was 15.68 previous week.

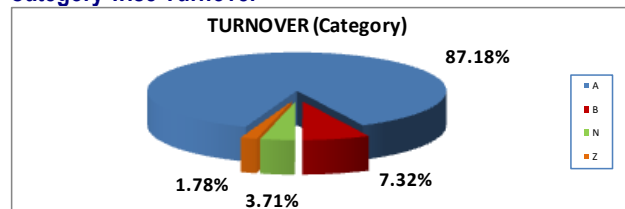
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
BBS Cables Limited	11,467,476	1,255,847,000	2.55
Olympic Industries	4,423,895	1,105,771,000	2.24
BRAC Bank Ltd.	13,507,960	1,045,405,000	2.12
BEXIMCO	35,651,905	925,413,000	1.88
JMI Syringes	2,417,334	913,003,000	1.85
Paramount Textile	12,018,752	852,936,000	1.73

Top 10 Market Capital

Company	Value (million)
GP	516,760
BATBC	207,162
Square Pharma	206,562
United Power	155,847
ICB	97,116
RENATA	92,342
BRAC Bank	84,299
Berger Paint	62,963
LafargeHolcim	54,817
Olympic Ind.	52,584

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	1,288.10	1,282.60	0.43
Silver (USD/t oz.)	15.62	15.64	-0.13
Brent Crude Oil (USD/bbl.)	60.64	57.45	5.55

Exchange Rate

Currency	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	96.72	96.78	96.10	96.16	0.65	0.65
GBP	108.11	108.18	107.10	107.16	0.95	0.95
AUD	60.91	60.95	60.07	60.11	1.40	1.40
JPY	0.78	0.78	0.78	0.78	-0.03	-0.01
CAD	63.60	63.64	63.09	63.12	0.82	0.82
SAR	22.48	22.49	22.48	22.50	-0.02	-0.02

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