

BSEC for new rules to check price manipulation

The securities regulator warned eligible investors a number of times so far to refrain from manipulating the bidding price with high premium for the companies which issue shares under book-building. The Bangladesh Securities & Exchange Commission (BSEC) has again cautioned firm action to be taken against eligible investors if the regulator finds any trace of overbidding which is grossly irrational based on company earnings. It has been alleged that institutional investors in collusion with the issuer company bid higher during the book-building process to set the cut-off price high. According to the existing rule, eligible investors buy shares at cut-off price which is a weighted average price of all the bids. However, BSEC is reportedly pondering new strategy to compel participating bidders to buy shares at their highest bidding price. The strategy will be applicable in soon-to-be introduced small-cap board, a separate platform for companies with small capital, for the companies which will seek premium. BSEC does not desire small-cap companies to be allured in overvaluation in order to protect interest of general investors. If the move turns successful, the same system will be introduced on the main board too. On the other hand, Dhaka Stock Exchange (DSE) has submitted fresh listing and trading regulation proposals for the proposed small-cap board of the bourse to BSEC. DSE lowered the minimum trading requirement to Tk0.1m in one trade which was earlier proposed at Tk0.5m in the secondary trading of Small and Medium Enterprises (SMEs). DSE has recently initiated a project proposal titled 'ease of access to equity financing for small and medium enterprise' to operate the separate board.

RMG enjoy majority of export incentives

The existing incentive scheme set by government to encourage export is highly concentrated on the textile sector in Bangladesh. Bangladesh Bank (BB) statistics prepared by its accounts and budgeting department, illustrated that the government disbursed a total of Tk44.81b in subsidy to 19 export revenue earning sectors covering 26 products in the last fiscal year ended on June 30, 2018. Nevertheless, the textile sector bagged the major chunk of the incentives distributed during the last fiscal year. Local export-earning textiles receive approximately 40% of the cash incentives distributed by the government. Additionally, the sector also receives cash incentives at around 8% on their exports to non-traditional markets beyond the North American and European destinations. Small and Medium Enterprises (SMEs) of the sector gets subsidy at the rate of 3% as additional facility. Ready-Made Garment (RMG) sub-sector also enjoys benefit out of SME segment indirectly since it uses mostly the local textile products. Alongside of the incentives, the apparel makers also get other forms of support from the government - i.e. a facility from the Duty Exemption and Drawback Office (DEDO), bonded warehousing, and funding from the Export Development Fund (EDF) of the central bank. Under the bonded warehouse facility, industries get hundred percent tax exemption on import of or local purchase of the raw materials used in manufacturing exportable goods. DEDO facilitates refund of the money as paid in form of Value-Added Tax (VAT) and other taxes while EDF extends loan for RMG makers at LIBOR plus 2.5% interest rate. Some economists welcome the incentive scheme of the government as it is aiding to expand the volume of garments exports. However, some other economists suggest rationalization of the incentive scheme as some RMG makers grew to a stage now where they actually do not need any subsidy support.

DSE to delist four junks

The Dhaka Stock Exchange (DSE) has reportedly settled in principle to delist from the exchange four junk companies that are now traded in the Z group. The four companies that are going to face the music are among fifteen companies being reviewed by the DSE. The Dhaka bourse would seek approval from the Bangladesh Securities and Exchange Commission (BSEC) to delist the companies-Meghna Pet Industries, Meghna Condensed Milk Industries, Imam Button and Savar Refractories that are all loss-making concerns and failed to declare any dividend for years together. In September 2018, the DSE conducted physical investigations at the offices and factories of the four companies and found little activities there. Earlier, the DSE delisted Rahima Food Limited and Modern Dying & Screen Printing Limited in July 2018. The DSE officials have stated that there is no hope that the companies might improve business and provide dividends in near future.

Moribund deposit mobilization

Banks are now seeking deposits desperately as savers are not inclined to put funds with the banking companies at meager interest rates offered by the banks as the real rate of return of depositors turns negative if inflation and tax rates are taken into account. At the end of December of 2018, the weighted average interest rate on deposit was 5.26%, down from 5.30% a month earlier, whereas inflation (point to point) rate stood at 5.35% in December. The declaration of interest rate ceiling by a platform of private bankers has frustrated the deposit mobilization and the latest Monetary Policy Statement (MPS) has also admitted the pale picture of deposit collections by the banks. As per the statistics of Bangladesh Bank (BB), growth of deposit collection has slipped to 9% at the end of December of 2018 as against 10.22% in the corresponding period of the previous year. Banking sector experts have opined that interest rate should be determined by market rather than by the private bankers. They have also urged the government to readjust the interest rates on National Savings Certificates (NSCs) in line with the deposit rates offered by the banks.

Taka depreciates further

The value of Bangladeshi Taka has eroded again against the greenback as mounting demand for the US dollar surpassed the supply of the same. According to forex dealers, the Bangladeshi currency deflated by Tk0.10 in the interbank foreign exchange market as on February 11 of 2019 though Bangladesh Bank (BB) sold US\$85m to the commercial banks on the same day for keeping the market stable. On the day, the US dollar was quoted at Tk84.05 in the inter-bank forex market against Tk83.95 of the previous working day. On the other hand, the exchange rate of the US dollar rose to maximum Tk84.12 each for sale of Bill for Collection (BC) on the day from maximum Tk83.95 of the previous working day. Earlier, the local currency depreciated by Tk0.05 on January 03 this year against the greenback in the inter-bank forex market. BB officials have stated that repayment of private sector loans denominated in foreign currency along with due interest has also contributed to flare the demand for US dollar as there are total outstanding foreign loans worth of US\$11b in private sector. Treasury experts have foreseen that the local currency might depreciate further in future as the demand for the US dollar is gradually increasing mainly for the higher import bills for nuclear power plant, petroleum products and LNG.

Stock Market Movement



Global Markets

		This Week	Last Week	+/- %
S&P 500	↑	2,775.60	2,707.88	2.50
FTSE 100	↑	7,236.68	7,071.18	2.34
Nikkei 225	↑	20,900.63	20,333.17	2.79
SENSEX	↓	35,808.95	36,546.48	-2.02
KSE 100	↓	40,486.67	40,887.35	-0.98

DSE Indicators

		This Week	Last Week	+/- %
DSE Broad Index	↓	5,750.29	5,811.92	-1.06
Total Turnover, Tk	↓	40,783,084,903.00	41,197,538,656.00	-1.01
Market Capital, Tk	↓	3,568,309,222,686	3,621,852,615,647	-1.48
No of Issue Gain		155	124	
No of Issue Loss		178	208	
No of Unchanged Issues		16	17	

Top Gainers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
Global Insurance Co.	18.30	24.20	32.24	162,855,000
Sonar Bangla Ins	48.80	61.10	25.20	571,820,000
Fortune Shoes	31.60	39.40	24.68	2,411,653,000
Nurani Dyeing	16.50	19.80	20.00	677,648,000
Eastern Insurance	44.60	52.30	17.26	243,161,000
Indo-Bangla Pharma	29.20	34.20	17.12	333,456,000
SK Trims	45.60	53.30	16.89	463,727,000
Alif Industries Limited	64.80	75.70	16.82	182,564,000
Republic Insurance	26.50	30.60	15.47	63,500,000
Paramount Ins	21.60	24.90	15.28	135,213,000

Top Losers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
Meghna Condensed	27.80	22.10	-20.50	73,667,000
Savar Refractories	139.80	112.60	-19.46	251,564,000
Imam Button Industries	27.10	22.20	-18.08	191,238,000
Shyampur Sugar Mills	36.40	30.60	-15.93	115,714,000
Meghna Pet Industries	16.30	13.90	-14.72	86,627,000
Sonargaon Textiles Ltd.	40.90	34.90	-14.67	91,616,000
Jute Spinners Ltd.	121.90	105.10	-13.78	101,097,000
Dulamia Cotton	45.00	39.20	-12.89	60,199,000
Emerald Oil Industries	26.00	22.90	-11.92	158,538,000
Genex Infosys Limited	55.40	49.2	-11.19	16,276,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	449.77	460.71	-2.37	2,248.51	3,205.91	-29.86
Cement	313.90	321.90	-2.48	296.34	386.72	-23.37
Ceramic	809.81	798.22	1.45	1,531.81	817.67	87.34
Engineering	2,702.61	2,695.35	0.27	4,181.35	4,432.42	-5.66
Food & Al.	4,227.54	4,250.50	-0.54	968.68	1,187.89	-18.45
Fuel & Pow.	4,600.57	4,751.19	-3.17	4,881.97	7,656.14	-36.23
Insurance	1,682.99	1,616.89	4.09	5,106.42	6,355.26	-19.65
IT	382.87	389.12	-1.61	1,322.98	1,127.33	17.36
Jute	2,414.67	2,488.30	-2.96	123.75	102.40	20.85
Misc.	1,493.82	1,474.22	1.33	1,595.23	1,868.93	-14.65
Mutual Fund	451.87	460.71	-1.92	148.53	200.46	-25.91
NBFI	1,261.55	1,287.14	-1.99	1,563.14	1,666.94	-6.23
Paper	11,099.56	10,980.12	1.09	192.86	175.23	10.06
Pharma	1,216.35	1,225.35	-0.73	4,146.10	3,310.80	25.23
Service	1,237.69	1,248.01	-0.83	348.52	606.88	-42.57
Tannery	958.53	961.80	-0.34	3,264.27	881.83	270.17
Telecom	3,632.20	3,774.55	-3.77	1,717.78	2,584.41	-33.53
Textile	1,683.46	1,631.73	3.17	5,813.1	3,843.2	51.26
Travel & Leis	502.54	499.97	0.52	181.67	169.19	7.38

Technical Talk

Dhaka stocks prolonged the losing streak for the third week ended on Thursday as investors were nervy and sold their shares of major sectors. Fortune Shoes dominated the turnover chart capturing 5.91% of the total turnover followed by United Power, Monno Ceramic, Bangladesh Submarine Cable Company and Legacy Footwear. Among the major losers, Telecom decreased by 3.77% over the week followed by Fuel & Power 3.17%, Cement 2.48%, Bank 2.37%, NBFI 1.99% and Pharma 0.73%.

DSE Broad Index (DSEX) reached at 5,750.29 points decreased by 61.63 points or 1.06% from the previous week. Total turnover reached at Tk40783.08m which was 1.01% lower than the previous week. Market capitalization also decreased by 1.48% and stood at Tk3568.31b (\$42.40b) at the weekend against Tk3621.85b. DSE 30 has decreased by 27.01 points or 1.33% and closed at 1,999.08 points against 2,026.09 points. Last week's weighted average Market PE was 16.31 which was 16.61 previous week.

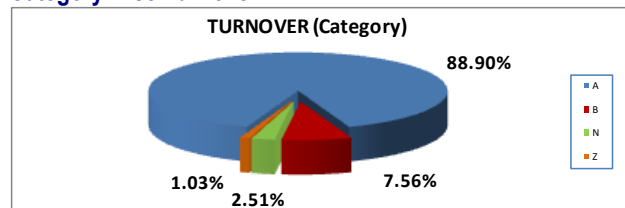
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
Fortune Shoes Limited	65,729,358	2,411,653,000	5.91
United Power Generation	5,757,863	2,329,763,000	5.71
Monno Ceramic	4,283,925	1,443,599,000	3.54
Bangladesh Submarine	6,942,166	1,042,630,000	2.56
Legacy Footwear Ltd.	3,351,498	720,654,000	1.77
Paramount Textile	9,679,945	698,454,000	1.71

Top 10 Market Capital

Company	Volume	Value (Tk)	% of total
GP	526,482	Berger Paint	86,908
BATBC	219,336	BRAC Bank	84,942
Square Pharma	208,298	ICB	83,233
United Power	188,329	LafargeHolcim	48,429
RENATA	94,758	Olympic Ind.	47,805

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	1,318.80	1,313.30	0.42
Silver (USD/t oz.)	15.76	15.82	-0.41
Brent Crude Oil (USD/bbl.)	66.29	62.07	6.80

Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	84.15	84.20	83.90	83.95	0.30	0.30
EUR	95.55	95.60	95.56	95.62	-0.01	-0.01
GBP	108.82	108.88	108.90	108.96	-0.07	-0.07
AUD	60.46	60.50	59.81	59.84	1.09	1.09
JPY	0.77	0.77	0.77	0.77	-0.39	-0.39
CAD	63.88	63.92	63.55	63.58	0.53	0.53
SAR	22.55	22.56	22.49	22.50	0.29	0.29

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)
Silco Pharmaceuticals	Mar 07 - Mar 19, 2019	10	300
New Line Clothing Ltd.	Feb 18 - Feb 28, 2019	10	300
Runner Automobiles	Jan 31 - Feb 10, 2019	67	400
Esquire Knit Composite	Jan 06 - Jan 20, 2019	40	562
SEML FBLSL Growth Fund	Dec 02 - Dec 13, 2018	10	1,000