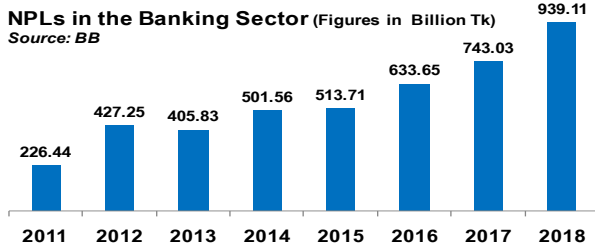


**NPLs in banks soar by 26%**

According to latest statistics from Bangladesh Bank (BB), Non-Performing Loans (NPLs) in the banking sector swelled by Tk196.08b or 26.39% (Y-o-Y) at the end of 2018 marking the highest hike in the last seven years. At the end of the year, the volume of NPLs bloated to Tk939.11b as against Tk743.03b in the previous year. The statistics revealed that the chunk of NPLs has amplified to 10.30% of the total loans in the banking sector in 2018 while the ratio was 9.31% in 2017. Among the banks, the State-owned Banks (SoBs) are in dire straits amid repeated government interventions while they hold 57% of the total NPLs in the banking sector. In 2018, the volume of NPLs with the 40 Private Commercial Banks (PCBs) escalated to Tk381.40b from Tk293.96b in 2017. However, the volume of NPLs dropped by more than 5% or Tk54.59b to Tk939.11b in the last quarter (October-December) of 2018 from Tk993.71 in the previous quarter (July-September) mainly as a result of stronger recovery drives by the commercial banks and rescheduling of loans before the last parliamentary polls. Economists assume that the actual amount of NPLs in the banking sector might be much higher than the central bank compiled, since many banks tend to conceal the actual amount of bad loans to show higher net profit. The experts have attributed the bulging NPLs in banking sector to frequent government interventions on banks bypassing BB, lack of corporate governance, poor lending practices and lengthy legal process to recover toxic loans.



**BB formulates offshore banking policy**

Bangladesh Bank (BB) has framed a policy for Offshore Banking Units (OBUs) of scheduled banks, making it compulsory to maintain Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) for offshore banking operations. As per the recently published policy, 75% of the total outstanding funds of OBUs will have to be invested in Bangladesh. Moreover, all the banks will have to maintain capital requirements under Basel-III Framework along with the implementation of Asset Liability Management (ALM) guidelines for the OBUs. The policy has also required the banks to renew the licenses of OBUs issued earlier in line with the new policy. According to the policy, OBUs may also use funds mobilized from domestic banking operations with a limit not exceeding 20% of its total regulatory capital. The policy has also delineated that all the regulatory limits imposed by the BB regarding funded and non-funded exposure shall also be applicable for offshore banking operation unless stated otherwise. Moreover, loans under OBUs will need to be reported to the Credit Information Bureau (CIB) of the central bank. Currently, 35 commercial banks are running their OBUs across the country. BB officials have opined that the new policy will help mitigate the risks of offshore banking operations as the central bank was not empowered fully earlier to closely monitor and supervise the operations of OBUs. Experts and economists have hailed the move of BB as there are reportedly some allegations of money laundering by vested quarters through the OBUs.

**BSEC to relax rules on increasing capital**

The Bangladesh Securities & Exchange Commission (BSEC) is reportedly directed by Prime Minister's Office (PMO) to exempt both local and local-foreign joint venture private limited companies from taking prior-approval of the Commission for raising paid-up capital up to Tk1b. Earlier, the BSEC granted such exemption for fully foreign-owned companies on advice of PMO allowing increase of paid-up capital up to Tk1b, subject to submission of the encashment certificate of such capital and payment of applicable fees to the Commission. According to regulation, all limited companies were required to take approval from the BSEC to increase their paid-up capital above Tk100m. However, the Commission reportedly showed hesitation to relax the rule for any limited companies anticipating exploitation of the benefit. According to BSEC, such exemption would weaken transparency and accountability of the companies. On the other hand, PMO and other business associations has been looking at the waiver as a positive change since it will reduce bureaucratic hassle and delays in attracting further investments.

**Rising cost challenge for cement industry**

The local cement makers are in a tight corner as prices of raw materials and supplementary products to manufacture the essential construction material are on rise, impeding the growth potential of the sector. Devaluation of the Taka against US Dollar made it further costly for the cement manufacturers. According to a research, price of clinker, the core raw material to manufacture cement, went up by 30% between 2016 and 2018. The cement makers have been counting US\$10 additional cost per ton due to the rise in price of clinker. At the same time, price of other important raw materials, gypsum and slug, increased by US\$3.3 and US\$6 respectively. Moreover, the freight and unloading costs from sea port also increased, making imports costlier. Apart from rising manufacturing cost, the transportation cost inside city also rose significantly due to the weight-limit on the vehicles plying on the Dhaka-Chittagong highway, as set by the authority. Moreover, the continuous depreciation of Taka against US Dollar has been intensifying the pressure for the cement manufacturers. Many listed companies of this sector witnessed fall in profit margin despite having a rise in sales.

Y-o-Y GROWTHS OF CEMENT COMPANIES		
Based on Last Audited Report Available		
Companies	Revenue	Net Profit
Aramit	-1%	-455%
Confidence	8%	-25%
Heidelberg	-8%	-47%
Lafarge Holcim	1%	-64%
Meghna	11%	24%
MI Cement	33%	-52%
Premier	8%	-18%

However, despite experiencing lower profitability, the cement market in Bangladesh is growing bigger each year. The sector has been growing by 11% on average in seven years. Due to the consistent double digit growth, companies are also enhancing their production capacity to meet the growing demand. The per capita cement consumption rose to 190 kilogram (kg) in 2018 while it was 94.76 kg in 2011. However, Bangladesh is still lagged behind in per capita cement consumption compared to average global cement consumption which is 515 kg. According to projection by World Cement Association, cement market of some Asian countries including Bangladesh will witness double digit growth in 2019.

The week's data runs 20 February 2019 to 27 February 2019

## Stock Market Movement



### Global Markets

	This Week	Last Week	+/- %
S&P 500	2,803.69	2,792.67	0.39
FTSE 100	7,106.73	7,178.60	-1.00
Nikkei 225	21,602.69	21,425.51	0.83
SENSEX	36,063.81	35,871.48	0.54
KSE 100	39,539.01	40,016.13	-1.19

### DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	5,711.83	5,745.83	-0.59
Total Turnover, Tk	26,676,535,707.00	29,134,225,638.00	-8.44
Market Capital, Tk	3,562,963,733,397	3,568,542,898,867	-0.16
No of Issue Gain	82	94	
No of Issue Loss	242	229	
No of Unchanged Issues	24	26	

### Top Gainers

Company	Last Week	This Week	Change %	Turnover (Tk)
Takaful Islami Ins	28.20	34.10	20.92	44,282,000
Provati Insurance	35.00	40.40	15.43	203,254,000
Sonar Bangla Ins	58.60	67.30	14.85	502,000,000
Monno Ceramic	363.00	413.70	13.97	1,211,545,000
United Insurance	75.60	83.80	10.85	42,028,000
City General Ins	17.80	19.60	10.11	77,586,000
Purabi Gen. Ins	17.10	18.80	9.94	103,483,000
Dutch-Bangla Bank	163.30	179.20	9.74	324,951,000
Safko Spinnings Mills	18.70	20.30	8.56	93,142,000
Kamaphuli Insurance	19.80	21.40	8.08	76,480,000

### Top Losers

Company	Last Week	This Week	Change %	Turnover (Tk)
Emerald Oil Industries	23.30	16.40	-29.61	60,870,000
Imam Button Industries	21.70	18.00	-17.05	1,717,000
Meghna Condensed	21.70	18.40	-15.21	2,386,000
Shyampur Sugar Mills	33.30	28.60	-14.11	872,000
United Finance Limited	23.30	20.40	-12.45	120,339,000
Prime Finance First MF	11.40	10.00	-12.28	7,848,000
Premier Leasing	10.50	9.30	-11.43	18,228,000
Beach Hatchery Ltd.	19.00	17.30	-8.95	6,280,000
Beximco Synthetics Ltd.	7.10	6.50	-8.45	2,767,000
Legacy Footwear Ltd.	196.60	180.70	-8.09	644,574,000

### Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	448.70	451.62	-0.65	2,252.39	1,848.19	21.87
Cement	306.59	308.50	-0.62	215.62	213.65	0.92
Ceramic	873.81	845.67	3.33	1,283.43	926.20	38.57
Engineering	2,651.25	2,705.04	-1.99	2,966.77	3,427.63	-13.45
Food & Al.	4,240.92	4,203.90	0.88	458.06	634.98	-27.86
Fuel & Pow.	4,651.93	4,724.84	-1.54	3,796.03	3,463.00	9.62
Insurance	1,649.21	1,637.77	0.70	3,221.30	2,963.88	8.69
IT	363.89	373.21	-2.50	481.86	717.24	-32.82
Jute	2,461.92	2,272.47	8.34	78.43	74.64	5.09
Misc.	1,456.21	1,457.93	-0.12	623.89	989.95	-36.98
Mutual Fund	442.77	450.36	-1.69	79.86	103.47	-22.82
NBFI	1,239.82	1,258.77	-1.51	656.05	823.38	-20.32
Paper	11,022.44	11,262.62	-2.13	85.00	110.70	-23.22
Pharma	1,223.24	1,217.50	0.47	2,525.36	2,657.55	-4.97
Service	1,225.51	1,230.71	-0.42	175.57	177.50	-1.09
Tannery	935.32	938.98	-0.39	1,782.18	1,688.58	5.54
Telecom	3,689.64	3,613.74	2.10	1,936.69	2,198.64	-11.91
Textile	1,603.57	1,639.90	-2.22	2,240.70	4,498.14	-50.19
Travel & Leis	502.84	506.89	-0.80	260.39	564.78	-53.89

## Technical Talk

Dhaka stocks endured another bearish week ended on Wednesday extending the losing streak for the fifth straight week as nervy investors were in selling spree. During the week, banking and financial institutions sectors continued to suffer losses after the news published on bulging Non-Performing Loans (NPLs) in the banking sector. Among the major losers, Textile decreased by 2.22% over the week followed by Engineering 1.99%, Fuel & Power 1.54%, NBFI 1.51%, Bank 0.65% and Cement 0.62%.

DSE Broad Index (DSEX) reached at 5,745.83 points decreased by 34 points or 0.59% from the previous week. Total turnover reached at Tk26676.54m which was 8.44% lower than the previous week. Market capitalization also inched down marginally by 0.16% and stood at Tk3562.96b (\$42.34b) at the weekend against Tk3568.54b. DSE 30 has decreased by 3.53 points or 0.18% and closed at 1,998.65 points against 2,002.18 points. Last week's weighted average Market PE was 16.19 which was 16.31 previous week.

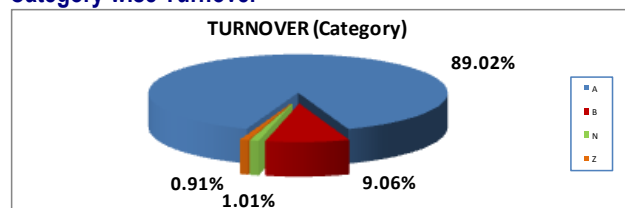
### Top Turnover Companies

Company	Volume	Value (Tk)	% of total
Bangladesh Submarine	7,752,532	1,344,956,000	5.04
United Power Generation	3,104,162	1,272,667,000	4.77
Monno Ceramic	3,200,191	1,211,545,000	4.54
Square Pharmaceuticals	4,078,357	1,118,354,000	4.19
Fortune Shoes Limited	29,404,986	1,103,079,000	4.14
Khulna Power Company	16,715,288	1,102,023,000	4.13

### Top 10 Market Capital

Company	Volume	Value (Tk)	% of total
GP	531,343	BRAC Bank	87,087
BATBC	223,038	Berger Paint	85,089
Square Pharma	216,031	ICB	83,861
United Power	195,324	LafargeHolcim	47,384
RENATA	93,985	Olympic Ind.	46,386

### Category wise Turnover



### Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	1,312.80	1,326.70	-1.05
Silver (USD/t oz.)	15.16	15.79	-4.03
Brent Crude Oil (USD/bbl.)	66.31	66.93	-0.93

### Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	84.15	84.20	84.15	84.20	0.00	0.00
EUR	96.23	96.29	95.95	96.01	0.29	0.29
GBP	111.46	111.52	110.15	110.21	1.19	1.19
AUD	59.92	59.95	60.32	60.35	-0.66	-0.66
JPY	0.76	0.76	0.77	0.77	-1.09	-1.09
CAD	63.67	63.71	64.43	64.46	-1.17	-1.17
SAR	22.55	22.56	22.55	22.56	0.00	0.00

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)
Runner Automobiles	Jan 31 - Feb 10, 2019	67	400
Esquire Knit Composite	Jan 06 - Jan 20, 2019	40	562
SEMI FBLSL Growth Fund	Dec 02 - Dec 13, 2018	10	1,000
New Line Clothings	Feb 18 - Feb 28, 2019	10	300

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