

Defaulters likely to get big bonanza

The Financial Institutions Division under the Ministry of Finance has reportedly framed a draft bailout package for loan defaulters, in consultation with Bangladesh Bank (BB) and a high-powered committee, where defaulters are going to avail the opportunity of restructuring large default loans by making down payment of up to only Tk10m. As per the generous draft package, the amount of down payment on a defaulted loan would be 1% of the defaulted loan but it would not exceed Tk10m. Besides, the proposed package is likely to give the defaulters 15 years to repay the loans with 02 years of moratorium period and banks would charge interest of only 7% on the rescheduled loans. Moreover, the borrowers who earlier restructured bad loans but failed to meet conditions have also been included in the draft bailout package. Earlier, a similar bailout was offered in 2015 allowing the defaulters to reschedule and repay loans on significantly relaxed terms. Using the special facility, eleven groups of industries rescheduled some Tk150b though most of them failed to repay their loans later. According to the current policy for restructuring bad loans, loan defaulters get maximum 12 years to repay long-term loans and 06 years for short-term loans by paying interest at discounted rate but not less than the cost of fund plus 1%. The present moratorium period is maximum 01 year while the down payment is 2% of the outstanding amount if such amount is less than Tk10b and 1% if the amount is Tk10b or above. Veteran economists have dubbed the draft bailout package as a 'reward' for the willful defaulters. They have also alerted that a tough time looms large in the banking sector as the relaxed policies can nothing but artificially reduce the amount of bad loans.

BTRC annuls restrictions on GP

The Bangladesh Telecommunication Regulatory Commission (BTRC) has withdrawn the four restrictions imposed on Grameenphone (GP) in February this year as GP challenged those in the High Court. Earlier, GP was slapped with the restrictions after the telecom regulator had declared it as a Significant Market Power (SMP). As per the Significant Market Power Regulations 2018, if an operator has more than 40% market share in terms of customer base or revenues and has the power to control the market, it can be declared as a SMP. In 2018, GP held 46.33% share of the active customer base and more than 50% of the total market revenue. In the letters issued earlier, BTRC barred GP from making any kind of market communication, allowed its customers to change operator within 30 days under Mobile Portability Service (MNP) instead of 90 days, and restrained the operator from signing any exclusive agreement and set mandatory call drop limit below 2% instead of 3%. While withdrawing the limits, the BTRC has, however, sought opinion of GP on the proposed twenty conditions including the scrapped ones that can be imposed on a SMP.

Tax receipt from DSE plunges by 29% in February

Revenue collection of the government from the Dhaka Stock Exchange (DSE) has slumped by 29% in February as against the collection of the previous month mainly for the lackluster participation of investors. According to the DSE, the National Board of Revenue (NBR) has received Tk232m from DSE in February whereas the figure was Tk326m in January, 2019. In February, the prime index of the Dhaka bourse, shed 110 points or 1.89% to close the month at 5,711 points whereas the index gained 436 points in January. Moreover, the daily average turnover also came down to Tk7.65b in February, which was Tk9.72b in January, 2019.

Government deposits dominate bank liquidity

The liquidity crunch in the banking sector is more intense than it appears as bulk of the existing liquidity in the sector is, in reality, generated by government deposits. According to Bangladesh Bank (BB), the Advance-Deposit Ratio (ADR) in the banking sector stood at 85.6% in November last year. The International Monetary Fund (IMF) recently analyzed the accounts and detected that the ADR, in fact, crossed over 92% if government deposit is not considered. Economists fear that the pace at which the government is spending for development activities and the size of the projects that it undertook might lead to withdrawal of the funds from banks and might even increase government borrowing from the banks at any time in the near future. In consequence, the ADR, which is yet to come within the new limit set by the central bank, will increase further. As of December 2018, the investable deposit in banking sector came down to Tk763.93b; of which, the lion's share is kept by four state-owned banks – Sonali, Agrani, Janata and Rupali bank.

BoP deficit narrows in Jul-Jan of FY19

The deficit in overall Balance of Payment (BoP) shrunk by US\$59m to US\$975m in the first seven months of FY2018-19 compared to the US\$1.03b deficit in the same period of FY2017-18. Analyzing the figures posted by Bangladesh Bank (BB), the reduction in BoP deficit appears mostly fueled by the decline in trade deficit and the increase in the secondary income during the period. Trade deficit narrowed by US\$393m or 4.06% to US\$9.68b during July-January of FY2018-19 against US\$10.08b in the corresponding period of the previous fiscal year. Trade deficit mostly declined in July-December period of this fiscal year. However, it increased by US\$2.02b in January alone as import payment soared in January after facing a slowdown in the previous months amid uncertainty centering the national election. During the period under review, export receipt registered a 12.81% (Y-o-Y) growth while import payment posted 7.41% (Y-o-Y) growth, helping in reducing the trade deficit moderately. On the other hand, net inflow of Foreign Direct Investments (FDI) increased by 10.94% to US\$1.06b in the current fiscal year till January last. Current account deficit stood at US\$4.33b in the said period against US\$5.40b a year ago. The secondary income increased by 10.11% to US\$9.35b from US\$8.53b, contributing to the improvement in overall BoP deficit, BB reports.

Government slashes ADP

The government has finally revised the Annual Development Program (ADP) by trimming down the actual ADP to Tk1.65-trillion instead of raising it to Tk2.01-trillion which had been proposed earlier. The allocation for the original ADP was set to Tk1.73-trillion for FY2018-19. However, the number of development projects for this fiscal year has been increased to 1,916 from 1,451, which is a 32% increase against the 4.62% reduction in allocation size. According to the quarters related to the matter, the number of projects shot up this year because the Planning Ministry went on an approval spree ahead of the national parliamentary election on December 30, 2018. In the approved revision, the funding from internal source was increased by 0.89% to Tk1.14-trillion, while the allocation from external source was slashed by 15% to Tk510b. The transport sector has got top priority, grabbing 23.05% allocation of the total outlay, followed by the power sector.

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	2,800.71	2,822.48	-0.77
FTSE 100	7,207.59	7,228.28	-0.29
Nikkei 225	21,627.34	21,570.19	0.26
SENSEX	38,164.61	38,073.49	0.24
KSE 100	38,531.87	38,477.93	0.14

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	5,600.56	5,653.21	-0.93
Total Turnover, Tk	17,201,677,630.00	28,841,114,897.00	-40.36
Market Capital, Tk	3,561,531,112,695	3,608,787,399,082	-1.31
No of Issue Gain	70	93	
No of Issue Loss	262	230	
No of Unchanged Issues	18	26	

Top Gainers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
Eastern Lubricants	1318.80	1467.60	11.28	115,988,000
Renwick Jaineswar	1465.00	1627.60	11.10	126,935,000
Fine Foods Limited	35.50	39.40	10.99	34,984,000
Reckitt Benckiser	3246.20	3596.50	10.79	276,041,000
Rupali Life Insurance	92.60	101.50	9.61	125,093,000
Marico Bangladesh	1526.50	1655.10	8.42	412,352,000
Rangpur Foundry	161.10	173.20	7.51	28,387,000
BD.Autocars Ltd.	218.80	230.80	5.48	68,121,000
JMI Syringes	310.30	327.00	5.38	105,538,000
Libra Infusions	999.10	1051.10	5.20	94,788,000

Top Losers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
United Insurance	75.50	54.30	-28.08	22,300,000
Monno Ceramic	353.90	317.10	-10.40	487,639,000
Beach Hatchery Ltd.	22.20	19.90	-10.36	37,989,000
Sonar Bangla Insurance	56.80	51.10	-10.04	123,033,000
Mercantile Insurance	33.70	30.60	-9.20	30,111,000
Uttara Bank Ltd.	31.50	29.00	-7.94	155,153,000
GlaxoSmithKline(GSK)	1566.9	1443.10	-7.90	24,334,000
BRAC Bank Ltd.	88.50	81.70	-7.68	942,301,000
Simtex Industries	28.70	26.50	-7.67	45,869,000
Asia Insurance Co. Ltd.	26.90	24.90	-7.43	46,655,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	447.41	461.77	-3.11	2,828.03	4,680.20	-39.57
Cement	313.62	319.70	-1.90	291.92	518.57	-43.71
Ceramic	762.88	801.91	-4.87	512.89	1,351.27	-62.04
Engineering	2,531.91	2,558.13	-1.03	2,178.16	3,643.96	-40.23
Food & Al.	5,061.36	5,170.87	-2.12	1,314.11	2,423.56	-45.78
Fuel & Pow.	4,468.94	4,556.35	-1.92	1,756.66	2,876.76	-38.94
Insurance	1,490.35	1,539.36	-3.18	1,016.11	1,905.26	-46.67
IT	345.92	348.33	-0.69	281.43	856.51	-67.14
Jute	2,424.67	2,217.68	9.33	94.66	85.60	10.58
Misc.	1,484.42	1,558.68	-4.76	631.03	1,061.19	-40.54
Mutual Fund	438.67	443.73	-1.14	44.39	116.72	-61.97
NBFI	1,214.71	1,245.16	-2.45	615.22	1,078.13	-42.94
Paper	10,053.53	10,519.58	-4.43	50.37	88.84	-43.31
Pharma	1,233.25	1,228.90	0.35	2,251.09	2,349.72	-4.20
Service	1,139.00	1,150.80	-1.03	100.16	264.01	-62.06
Tannery	926.49	969.14	-4.40	718.79	1,045.54	-31.25
Telecom	3,690.31	3,608.92	2.26	556.55	915.52	-39.21
Textile	1,478.79	1,500.76	-1.46	1,358.85	2,838.26	-52.12
Travel & Leis	485.07	488.45	-0.69	65.39	96.60	-32.31

Technical Talk

Dhaka stocks experienced another bearish week ended on Thursday extending the losing streak for the eighth straight week as nervous investors continued their selling binge on sector-wise shares. The shaky investors sold their holdings mostly from the banking and financial institution sectors amid ongoing corporate declarations. Among the major losers, Insurance decreased by 3.18% over the week followed by Bank 3.11%, NBFI 2.45%, Fuel & Power 1.92%, Textile 1.46% and Engineering 1.03%.

DSE Broad Index (DSEX) reached 5,600.56 points decreased by 52.65 points or 0.93% from the previous week. Total turnover reached at Tk17201.68m which was 40.36% lower than the previous week. Market capitalization also decreased by 1.31% and stood at Tk3561.53b (\$42.27b) at the weekend against Tk3608.79b. DSE 30 has edged down by 0.09 points or 0.00% and closed at 2,005.58 points against 2,005.49 points. Last week's weighted average Market PE was 16.18 which was 16.39 previous week.

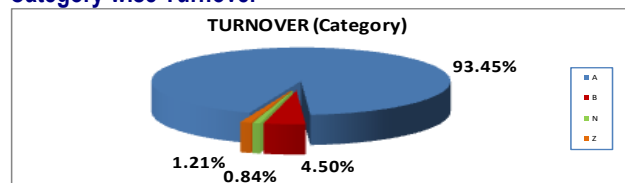
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
BATBC	204,889	983,617,000	5.72
BRAC Bank Ltd.	10,958,300	942,301,000	5.48
United Power Generation	1,859,950	747,553,000	4.35
Dutch-Bangla Bank Ltd.	2,601,262	565,032,000	3.28
Square Pharmaceuticals	2,046,671	551,880,000	3.21
Monno Ceramic	1,471,691	487,639,000	2.83

Top 10 Market Capital

Company	Volume	Value (Tk)	% of total
GP	536,474	Berger Paint	89,876
BATBC	279,486	BRAC Bank	87,623
Square Pharma	212,953	ICB	83,163
United Power	190,389	MARICO	52,136
RENATA	94,565	LafargeHolcim	51,681

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/oz.)	1,311.60	1,297.30	1.10
Silver (USD/oz.)	15.35	15.25	0.60
Brent Crude Oil (USD/bbl.)	67.03	67.16	-0.19

Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	84.25	84.30	84.25	84.30	0.00	0.00
EUR	95.82	95.88	96.00	96.06	-0.19	-0.19
GBP	111.65	111.71	112.30	112.37	-0.58	-0.58
AUD	60.12	60.06	60.25	60.29	-0.21	-0.38
JPY	0.77	0.77	0.76	0.76	1.48	1.49
CAD	63.15	63.18	63.57	63.60	-0.66	-0.66
SAR	22.58	22.59	22.58	22.59	-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)
Runner Automobiles	Jan 31 - Feb 10, 2019	67	1,000
Esquire Knit Composite	Jan 06 - Jan 20, 2019	40	1,500
New Line Clothings	Feb 18 - Feb 28, 2019	10	300
Silco Pharmaceuticals	Mar 07 - Mar 19, 2019	10	300
Coppertech Industries	Mar 31 - Apr 09, 2019	10	200