

BSEC toughens on minimum shareholding

The Bangladesh Securities and Exchange Commission (BSEC) barred the sale, transfer or pledge of shares held by sponsors and directors of listed companies if all the sponsors and directors other than the independent directors jointly hold less than 30% shares. As per the latest notification of the BSEC, such companies will also not be allowed to issue right shares, Repeat Public Offer (RPO) and bonus shares, and amalgamate with other companies in order to raise fund. Moreover, directorship will become vacant if a director fails to maintain at least 2% of the total shares of the company and the company will have to fill the vacancy within 30 working days. Earlier, the stock market regulator issued a circular in 2011 requiring sponsors and directors to hold a minimum 2% of total shares individually and 30% jointly. At present, about 50 listed companies are defaulter of the minimum share holding requirement.

Fourteen banks post negative cash flow in Jan-Mar

Among the 30 banks listed on Dhaka bourse, 14 have reported negative Net Operating Cash Flow Per Share (NOCFPS) for the first quarter (Jan-Mar) of 2019 as the banks borrowed funds more than they mobilized to meet their daily cash requirements amid delicate liquidity condition in the sector. However, the banks managed to report profit for the period. According to the Dhaka Stock Exchange (DSE), Rupali Bank reported the highest negative NOCFPS of Tk79.51 in the quarter as against negative NOCFPS of Tk32.11 in the corresponding quarter of the previous year. Bankers opined that higher amount of default loans, poor deposit growth and huge sales of National Savings Certificates (NSCs) are the key reasons of the current liquidity crunch. Bankers further believe that the liquidity crisis intensified in last couple of months due to poor loan recovery situation following the announcement of the finance minister over providing generous loan rescheduling facility to defaulters. As banks are desperate for easing liquidity, the interbank call money rate increased to 4.53% as on May 14 this year where the rate was 2.77% in June last year. Moreover, banks borrowed Tk134.76b from the central bank through Repurchase Agreement (REPO) in the current fiscal year (up to March 5, 2019).

Net Operating Cash Flow Per Share (NOCFPS) of Banks (Jan-Mar)

Bank	Q1 2019	Q1 2018	Bank	Q1 2019	Q1 2018
Rupali Bank	(79.51)	(32.11)	IFIC	(3.30)	3.05
Uttara Bank	(18.96)	(3.07)	NCC Bank	(0.58)	0.40
Trust Bank	(12.41)	(9.14)	National Bank	(2.76)	(9.07)
City Bank	(11.56)	(0.32)	AB Bank	(5.68)	(9.94)
MTB	(8.65)	(13.57)	Jamuna Bank	(6.83)	(0.31)
UCB	(5.78)	1.88	Social Islami	(7.92)	(8.65)
EXIM Bank	(4.00)	(7.91)	First Security	(1.83)	(3.61)

Source: DSE

NSCs cross annual target by 51.67% in 9 months

The sales of National Saving Certificates (NSCs) exceeded the annual target of Tk261.97b by 51.67% in the first nine months (July-March) of FY2018-19. According to the latest statistics, net sales of the government saving tools in the period stood at Tk397.33b. In March, government borrowing from savings tools amounted Tk41.31b though government imposed some restrictions like requiring TIN and bank account for investment in savings certificates in the middle of the month. At the end of March, outstanding government borrowing from these tools mounted to Tk2.77 trillion, whereas bank borrowing of government was below Tk900b at the same point of time. Accordingly, the government has planned to ramp up the borrowing target for the saving tools in the upcoming fiscal year.

HC halts BB incentives for loan defaulters

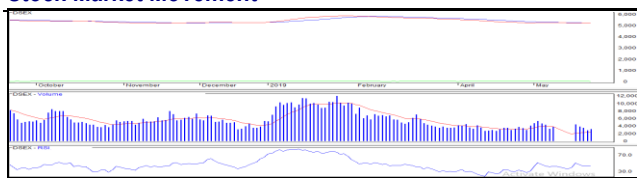
Despite criticism from economists and bankers, the Bangladesh Bank (BB) finalized an incentive package for the loan defaulters which, however, got stayed by the High Court (HC) until June 24, 2019. Hearing the writ petition filed by Human Rights and Peace for Bangladesh, the HC bench expressed dissatisfaction and imposed a stay order on the special policy guideline of BB circulated on May 16, 2019. BB, however, decided not to appeal against the stay order and asked all scheduled banks to act according to the HC order. As per the now stayed policy, the defaulters would be allowed to reschedule their classified loans with only 2% down payment against the existing 10%-50%. The interest rate on rescheduled loans would be 3% higher than the bank's cost of fund but cannot exceed 9% while the existing rate was 12%-16%. Moreover, the defaulters would enjoy a loan repayment period of 10 years with a grace period of one year. Based on the bank's relationship with the client, the accrued interest on the defaulted loan can be waived, leaving the defaulter to pay only the principal amount with the new interest rate of 9%. On top of that, the borrowers will also be able to avail 'One Time Exit' facility by paying only the bank's cost of funds and the principle loan amount by 360 days after being approved for such facility by the banks concerned. The central bank also instructed banks to stop the facilities if the clients do not pay their instalments regularly after the grace period is over. In case of monthly instalments, if the client fails to pay up for six months straight, the facilities will be withdrawn. In case of quarterly instalments, two back-to-back non-payments will result in cancellation of the facilities. Nevertheless, the circular also proposed offering reward to good borrowers in the form of interest rebates, along with other incentives. Those having unclassified loan accounts for consecutive four quarters before September each year will be considered as good borrowers, qualifying to receive a minimum 10% rebate on interest incurred in the previous year. The rescheduled loan under the special policy will be reported as "Special Mention Account" in the financial statement. However, banks cannot show them as income without actual recovery and they will have to maintain provision against those accounts as per the loan classification rule. Economists, however, fear that the policy will motivate habitual defaulters to continue their notorious activities and might discourage good borrowers to repay their regular instalments.

Development spending increases in Jul-Apr

The Annual Development Program (ADP) spending saw 17.47% (Y-o-Y) rise during July-April of FY2018-19. Spending by Ministries & Divisions rose to Tk970.30b in the first ten months of the ongoing fiscal year against Tk826.03b during the same period of previous fiscal year, as per figures reported by Implementation Monitoring and Evaluation Division (IMED). Development spending was 54.94% of the revised outlay of Tk1.76-trillion during the period. Government will have to spend Tk795.90b in the final two months of FY2018-19 which is Tk397.95b per month to meet the revised ADP goal. Most spending was funded from own coffer during the period. The utilization of government own fund increased by 29.65% (Y-o-Y) to Tk602.61b while spending from foreign fund grew by only 0.25% (Y-o-Y) to Tk318.62b during the ten months. The top performer was the Science and Technology Ministry, which spent 71.36% of its ADP allocation, followed by Power Division spending 69.79%, as per IMED.

The week's data runs 16 May 2019 to 23 May 2019

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	2,826.06	2,859.53	-1.17
FTSE 100	7,277.73	7,348.62	-0.96
Nikkei 225	21,117.22	21,250.09	-0.63
SENSEX	39,434.72	37,930.77	3.96
KSE 100	35,703.81	33,166.62	7.65

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	5,250.60	5,230.79	0.38
Total Turnover, Tk	17,930,201,054.00	14,615,179,833.00	22.68
Market Capital, Tk	3,271,544,949,926	3,261,872,185,260	0.30
No of Issue Gain	171	122	
No of Issue Loss	143	195	
No of Unchanged Issues	37	33	

Top Gainers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
Global Insurance Co.	12.90	18.40	42.64	108,665,886
Eastern Cables Ltd.	296.40	353.70	19.33	301,158,822
City General Ins	13.20	15.70	18.94	40,117,673
Janata Insurance	14.80	17.30	16.89	57,650,544
Premier Leasing	7.90	9.20	16.46	23,886,143
SK Trims	44.00	50.40	14.55	566,619,722
Islami Insurance	18.70	21.40	14.44	39,054,106
Purabi Gen. Ins	14.10	16.10	14.18	32,566,259
VAMLBDMF1	6.70	7.60	13.43	454,601
Dhaka Insurance Co.	23.60	26.20	11.02	38,740,923

Top Losers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
Rupali Life Insurance	89.00	71.80	-19.33	101,575,019
United Commercial	19.70	16.70	-15.23	139,061,432
Al-Arafah Islami Bank	21.60	18.90	-12.50	36,723,213
National Feed Mill	12.60	11.10	-11.90	104,209,851
Standard Insurance Ltd.	34.00	30.30	-10.88	52,522,448
Social Islami Bank Ltd.	16.00	14.50	-9.38	46,172,759
Daffodil Computers Ltd.	49.10	45.10	-8.15	48,903,242
Dutch-Bangla Bank Ltd.	74.50	68.50	-8.05	141,181,205
ICBAMCL2ND	8.00	7.40	-7.50	6,614,546
EXIMBANK	12.10	11.30	-6.61	200,997,678

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	416.37	411.11	1.28	3,412.61	2,799.25	21.91
Cement	273.51	277.24	-1.35	145.47	267.56	-45.63
Ceramic	671.91	674.69	-0.41	382.07	421.86	-9.43
Engineering	2,548.57	2,402.88	6.06	2,235.79	1,809.56	23.55
Food & Al.	4,459.92	4,456.93	0.07	442.71	404.66	9.40
Fuel & Pow.	4,068.98	4,034.11	0.86	1,393.09	1,400.68	-0.54
Insurance	1,484.21	1,442.57	2.89	1,448.58	587.81	146.44
IT	341.88	347.33	-1.57	361.37	465.87	-22.43
Jute	2,050.68	2,090.70	-1.91	27.52	18.43	49.31
Misc.	1,275.12	1,305.06	-2.29	1,256.33	898.20	39.87
Mutual Fund	435.17	430.61	1.06	81.91	118.10	-30.65
NBFI	1,141.91	1,112.99	2.60	946.12	435.04	117.48
Paper	9,024.05	9,120.87	-1.06	43.35	57.90	-25.12
Pharma	1,134.83	1,136.29	-0.13	1,402.19	1,319.74	6.25
Service	1,093.26	1,099.39	-0.56	57.79	62.13	-6.99
Tannery	833.33	828.48	0.59	880.96	972.20	-9.38
Telecom	3,156.37	3,220.46	-1.99	380.94	394.63	-3.47
Textile	1,468.34	1,470.71	-0.16	1,169.72	1,531.99	-23.65
Travel & Leis	464.13	462.23	0.41	41.06	70.08	-41.42

Technical Talk

Dhaka stocks closed higher in the last week ended on Thursday snapping a two-week losing streak as the market-supportive measures brought a ray of hope to general investors. Recently, Bangladesh Bank excluded banks' investments in non-listed companies from capital market exposure to provide room for fresh investments in the stock market. Among the major gainers, Engineering sector increased by 6.06% over the week followed by Insurance 2.89%, NBFI 2.60%, Bank 1.28% and Fuel & Power 0.86%.

DSE Broad Index (DSEX) reached 5,250.60 points increased by 19.81 points or 0.38% from the previous week. Total turnover reached at Tk17930.20m which was 22.68% higher than the previous week. Market capitalization increased by 0.30% and stood at Tk3271.54b (\$38.74b) at the weekend against Tk3261.87b. DSE 30 increased by 14.61 points or 0.80% and closed at 1,832.82 points against 1,818.21 points. Last week's weighted average Market PE was 14.00 which was 14.00 previous week.

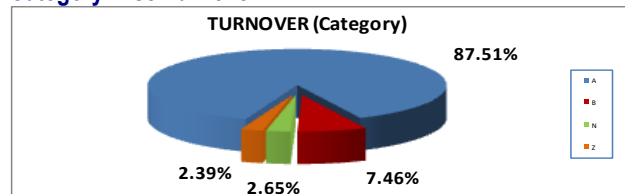
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
BRAC Bank Ltd.	786,341,000	798,639,718	4.45
Fortune Shoes Limited	701,280,000	714,444,854	3.98
SK Trims & Industries	557,993,000	566,619,722	3.16
United Power Generation	337,813,000	338,740,452	1.89
IFIC Bank Ltd.	322,103,000	336,788,723	1.88
Eastern Cables Ltd.	300,357,000	301,158,822	1.68

Top 10 Market Capital

Company	Volume	Value (Tk)	% of total
GP	456,266	ICB	78,419
BATBC	240,282	BRAC Bank	74,989
Square Pharma	195,911	Berger Paint	70,439
United Power	156,949	LafargeHolcim	45,874
RENATA	93,744	Olympic Ind.	44,766

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t.oz.)	1,284.80	1,285.00	-0.02
Silver (USD/t.oz.)	14.58	14.48	0.68
Brent Crude Oil (USD/bbl.)	67.76	72.62	-6.69

Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	84.45	84.50	84.45	84.50	0.00	0.00
EUR	95.12	95.17	94.72	94.77	0.42	0.42
GBP	107.66	107.72	107.71	107.77	-0.05	-0.05
AUD	58.77	58.81	58.31	58.34	0.80	0.80
JPY	0.78	0.78	0.77	0.78	0.71	0.71
CAD	63.17	63.21	63.08	63.12	0.14	0.14
SAR	22.63	22.65	22.63	22.65	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)
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
Sea Pearl Beach Resort	Apr 23 - May 06, 2019	10	150

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