

Profitability of banks endure drastic fall in 2018

Return on Equity (ROE) and Return on Assets (ROA) of banks shrank to almost half at the end of December of 2018 as against the previous year as per a report titled 'Bangladesh Systemic Risk Dashboard' published by Bangladesh Bank (BB). According to the report, ROE of banks dived to 4.4% at the end of December while the rate was 10.4% a year back. In addition, ROA of the banks dropped to around 0.3% in the same period while the rate was around 0.7% in the previous year. Moreover, as per another statistics of the BB, net profits of all banks tumbled by Tk40.40b in 2018 from Tk95.10b in 2017. However, the fresh report mentioned that the cost-to-income ratio of the banks decreased slightly from the position of June 2018 and the net interest income to total operating income ratio continued rising at the end of the period. As per the report published by the central bank earlier, Non-Performing Loans (NPLs) in the banking sector swelled to Tk1,108.74b at the end of March 2019 where the amount of NPLs soared by Tk169.62b or 18% in the first quarter (January-March) of 2019 as against the previous quarter. Moreover, a report, prepared by the central bank for the High Court, revealed that the actual defaulted and inactive loan amount would alarmingly reach Tk2.2 trillion if the loans of Tk800b mired in legal actions and the written off loans of Tk300b were added. Of late, the Finance Minister disclosed a list of top 300 defaulters in parliament where these 0.17% top defaulters captured more than half of all bad loans. The list of top defaulters included as many as 10 companies in the capital market and one brokerage firm that swallowed a total of Tk19.80b.

BSEC toughens stance on multiple BO accounts

The Bangladesh Securities and Exchange Commission (BSEC) instructed the Depository Participants (DPs) to rectify multiple Beneficiary Owner (BO) accounts that were opened using same National Identity Card, bank account and phone number by July 21 of 2019. The stock market regulator issued a circular in this regard. As per the existing rule, a person can open only a BO account using solely his/her National Identity Card, bank account and phone number not any others. The BSEC also directed the Central Depository Bangladesh Limited (CDBL) to submit compliance report as per the circular within July 31 so that the commission could take actions against such illegal practices. Market experts have opined that some unscrupulous investors open multiple BO accounts using fake information to hide themselves in IPO application and pre-IPO placement.

Bangladesh Bank keeps injecting greenback

Bangladesh Bank (BB) relentlessly pursues the practice of injecting greenback into the money market to cool down the exchange rate of Bangladeshi Taka against the US Dollar as the central bank pumped US\$2.30b in the current fiscal year (up to June 18). Demand for US dollar has mounted as capital machinery for mega infrastructure projects are being imported by state-owned commercial banks. In the last fiscal, the central bank injected US\$2.31b, the highest since FY2009-10, though it did not bring the desired outcome. Due to the continuous selling, forex reserve of Bangladesh Bank has stood at US\$31.34b as of May 31, 2019, down from US\$32.35b a year earlier. In spite of such frequent injections, bankers are pressing the central bank to inject more into the market to address the shortage of the hard currency. According to the central bank, the inter-bank exchange rate of the US dollar stood at Tk84.5, up from Tk83.9 at the beginning of January this year.

Institutional and foreign investors getting active

Both institutional and foreign investment rose in the bourses during May compared to April last, according to Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) statistics. Institutional investment rose in 148 listed companies while foreign investors increased their stakes in 26 listed ones. Of these companies, Prime Finance recorded highest rise in institutional stake while the City Bank saw highest rise in foreign stake. Institutions increased their position by 1% and more in 41 companies which also showed notable hike in share prices. However, institutions and foreign investors shorted their position out of 106 and 39 companies respectively.

TOP FIVE COMPANIES WITH INCREASE IN INSTITUTIONAL AND FOREIGN INVESTMENT IN MAY

Institutions		Foreign Investors	
Companies	Increase	Companies	Increase
Prime Finance	7.77%	The City Bank	0.33%
JMI Syringes	7.46%	BBS Cables	0.29%
Nitol Ins.	6.88%	BATBC	0.24%
ICB Islamic Bank	6.74%	ICB Islamic Bank	0.23%
Federal Ins.	5.00%	Olympic Ind.	0.14%

* Comparison with April Data

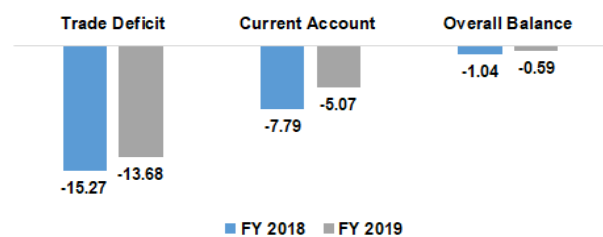
Source: DSE

Current account deficit narrows in Jul-Apr

The deficit in the current account balance shrank by 35% to US\$5.06b from US\$7.79b in the first 10 months of FY2018-19, as per figures of Bangladesh Bank (BB). The decline in trade deficit aided to narrow down the current account gap during the time period as the economy made less borrowings from external sources to manage its current account deficit. Export growth outpaced the import growth to contribute to the fall in trade deficit. During the period, trade deficit fell by 10.43% (Y-o-Y) to US\$13.67b from US\$15.27b in the corresponding period of previous fiscal year. According to the latest Bangladesh Systemic Risk Dashboard (BSRD) report published by BB, Current-Account-Balance-to-GDP ratio showed improvement in the first half of FY2018-19 as compared to the same period of previous fiscal year.

BALANCE OF PAYMENT

In billion US\$
Source: BB



Defaulters' incentives delayed by 2 more months

The special facilities for loan defaulters will remain stayed for further two months, as per High Court (HC) order. Earlier, the HC halted the special policy guideline issued by Bangladesh Bank (BB) till June 24, 2019 after hearing a writ petition filed by Human Rights and Peace for Bangladesh. BB circulated the policy on May 16, 2019 favoring defaulting borrowers by allowing them to reschedule loans for a maximum period of 10 years by paying only 2% down payment. They were also given the scope for availing the 'one time exit' facility getting all dues cleared within 360 days by paying only the respective bank's cost of funds and the principle loan amount.

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

Stock Market Movement



Global Markets

		This Week	Last Week	+/- %
S&P 500	↓	2,941.76	2,950.46	-0.29
FTSE 100	↑	7,425.63	7,407.50	0.24
Nikkei 225	↑	21,275.92	21,258.64	0.08
SENSEX	↑	39,394.64	39,194.49	0.51
KSE 100	↓	33,901.58	35,125.25	-3.48

DSE Indicators

		This Week	Last Week	+/- %
DSE Broad Index	↑	5,430.05	5,395.63	0.64
Total Turnover, Tk	↓	21,187,368,356.00	25,981,323,284.00	-18.45
Market Capital, Tk	↑	3,417,109,463,135	3,392,345,161,918	0.73
No of Issue Gain		159	102	
No of Issue Loss		172	226	
No of Unchanged Issues		23	26	

Top Gainers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
1STPRIMFMF	9.90	12.20	23.23	140,378,000
Runner Automobiles	80.80	96.30	19.18	342,536,000
Anlima Yarn Dyeing	37.00	40.90	10.54	110,622,000
National Polymer	97.00	107.20	10.52	383,961,000
Genex Infosys	50.70	55.50	9.47	401,115,000
Bashundhara Paper	65.00	71.10	9.38	107,654,000
Sinobangla Indust.	54.20	58.90	8.67	299,219,000
BGIC	23.80	25.80	8.40	66,482,000
Fine Foods Limited	38.20	41.40	8.38	89,386,000
Salvo Chemical	15.80	17.00	7.59	39,910,000

Top Losers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
IPDC Finance Limited	32.00	26.10	-18.44	37,691,000
Eastern Insurance Co.	56.00	46.30	-17.32	333,962,000
Al-Haj Textile Mills	72.90	60.70	-16.74	71,954,000
Sonar Bangla Insurance	46.10	39.20	-14.97	189,988,000
Peoples Insurance	25.10	22.20	-11.55	66,127,000
Sunlife Insurance	32.20	28.50	-11.49	41,898,000
Premier Leasing	10.60	9.50	-10.38	21,987,000
Progressive Life Ins.	96.70	88.00	-9.00	2,663,000
Rupali Life Insurance	67.10	61.50	-8.35	173,458,000
Northern General Ins.	25.80	23.70	-8.14	92,402,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
	Bank	422.18	417.66	1.08	1,918.40	1,552.17
Cement	274.93	274.61	0.11	208.46	202.31	3.04
Ceramic	664.37	672.62	-1.23	447.03	516.60	-13.47
Engineering	2,584.36	2,563.07	0.83	2,347.94	2,490.24	-5.71
Food & Al.	4,547.84	4,547.72	0.00	919.44	1,000.21	-8.08
Fuel & Pow.	4,382.41	4,302.72	1.85	1,805.54	1,956.75	-7.73
Insurance	1,619.09	1,698.86	-4.70	3,017.58	5,802.07	-47.99
IT	355.43	349.41	1.72	655.58	494.19	32.66
Jute	2,161.55	2,065.02	4.67	126.94	159.13	-20.23
Misc.	1,254.08	1,238.47	1.26	1,375.00	1,175.12	17.01
Mutual Fund	438.53	426.40	2.85	361.01	86.35	318.08
NBFI	1,152.62	1,175.66	-1.96	630.60	1,008.54	-37.47
Paper	9,713.21	8,986.66	8.08	128.28	72.45	77.07
Pharma	1,194.67	1,186.71	0.67	2,525.01	2,670.47	-5.45
Service	1,116.55	1,118.54	-0.18	219.11	336.25	-34.84
Tannery	879.44	866.84	1.45	616.61	711.07	-13.28
Telecom	3,399.64	3,348.80	1.52	544.70	440.58	23.63
Textile	1,537.92	1,546.02	-0.52	2,558.82	4,531.95	-43.54
Travel & Leis	480.86	473.44	1.57	83.24	94.78	-12.17

Technical Talk

Dhaka bourse bounced back to green trajectory in the last week as investors were optimistic on the possibility of adjustment of the budgetary measures for the capital market. Investors showed interest mostly in telecom, bank, power, pharma and food sectors. Among the major losers, Fuel & Power sector increased by 1.85% over the week followed by Telecom 1.52%, Bank 1.08%, Engineering 0.83% and Pharma 0.67%.

DSE Broad Index (DSEX) reached 5,430.05 points increased by 34.42 points or 0.64% from the previous week. Total turnover reached at Tk21187.37m which was 18.45% lower than the previous week. Market capitalization increased by 0.73% and stood at Tk3417.11b (\$40.46b) at the weekend against Tk3392.35b. DSE 30 increased by 30.52 points or 1.61% and closed at 1,924.91 points against 1,894.39 points. Last week's weighted average Market PE was 14.18 which was 14.07 previous week.

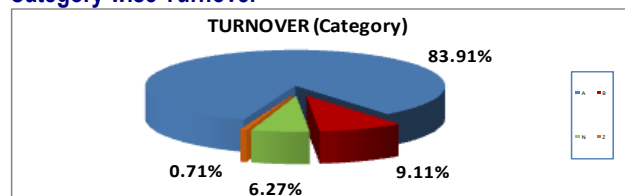
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
United Power Generation	2,777,453	1,048,013,000	4.95
JMI Syringes & Medical	1,518,236	708,521,000	3.34
Square Pharmaceuticals	2,250,496	590,751,000	2.79
Bangladesh Shipping Co.	8,460,057	436,285,000	2.06
Fortune Shoes Limited	12,045,113	435,297,000	2.05
Genex Infosys Limited	7,475,754	401,115,000	1.89

Top 10 Market Capital

Company	Market Capital (In million)
GP	82,143
BATBC	81,698
Square Pharma	67,999
United Power	47,805
RENATA	47,619

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/ton)	1,408.40	1,399.30	0.65
Silver (USD/ton)	15.21	15.31	-0.65
Brent Crude Oil (USD/bbl)	65.67	65.34	0.51

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	96.52	96.57	96.50	96.56	0.02	0.02
GBP	107.50	107.57	107.89	107.96	-0.36	-0.36
AUD	59.59	59.62	58.77	58.81	1.39	1.39
JPY	0.79	0.79	0.79	0.80	-0.54	-0.54
CAD	64.86	64.90	64.20	64.13	1.03	1.19
SAR	22.63	22.65	22.63	22.64	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)
Coppertech Industries	Mar 31 - Apr 09, 2019	10	200
Sea Pearl Beach Resort	Apr 23 - May 06, 2019	10	150

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