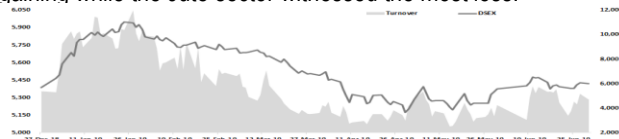


Stock market rises slightly in H1 of 2019

The stock market closed the first half (H1) of the ongoing calendar year on June 30, 2019 with moderate gain though the year started with buoyant surge driven by post-election hype. DSEX, the key index of DSE, rose by 10.48% on the back of post-election optimism to 5,950 points within just 18 trading days from 5,385.64 points on the last trading day of 2018. However, the bull-vibe lasted only for a short period and the indices started to fall on the worry of ailing conditions in the financial sector. The liquidity crisis and overwhelming toxic loans plagued the banking sector and ineffective regulatory measures worsened the condition in the financial sector. The rising trend in deposit interest rate in banks, high interest rate of government saving instruments and lack of confidence among investors in stock market drove a section of investors away from the capital market. At the end of June this year, DSEX closed at 5,421.62 points, up by only 35.98 points or 0.67% compared to the last session of 2018. Market capitalization of the prime bourse increased by 3.25% in six months to Tk3.99-trillion. The average daily turnover stood at Tk5.80b in the first half of 2019, up by 5.26% (Y-o-Y). Among sectors, General Insurance was the most gaining while the Jute sector witnessed the most loss.



Tax on reserves changed in the final budget

The National Parliament finalized the Finance Bill 2019 with some notable amendments including relaxation of tax measure on reserve and retained earnings of publicly listed companies. According to the final budget, the listed companies will be charged with a 10% tax, which was 15% in the proposed budget, if the concerned companies prefer to retain more than 70% of its profit after tax or net profit. The listed companies will have to distribute at least 30% of net profit as dividend, as per the amendment of proposed budget. The proposed budget had also imposed 15% tax on stock dividend to discourage companies from declaring bonus shares. The final budget reduced the tax rate to 10% on stock dividend if a listed company declares more stock dividend than cash dividend; meaning a company can declare tax-free stock dividend if it is within the same ratio of declared cash dividend or less. The government purportedly backed the tax measures to encourage cash dividend in the stock market that might attract investors and bring liquidity in the market. Among other notable changes, the government scrapped the opportunity to invest undisclosed money to buy land; instead it can be invested in special economic zones, Hi-Tech parks, residential buildings or apartments.

BSEC repeals compulsory IPO rule

Bangladesh Securities & Exchange Commission (BSEC) has withdrawn a provision of mandatory Initial Public Offering (IPO) and listing on the stock exchanges by companies if the paid-up capital of a company reaches Tk500m. The securities regulator introduced the rule on February 08, 2006 through a directive which mandated all local or foreign public companies to submit Initial Public Offering (IPO) application when their paid-up capital reaches Tk500m. However, the regulator failed to implement the rule in the last 13 years since introduction. The repeal of the rule, however, surprised economists as it happened at a time when the government wants companies to prefer raising long-term funds through capital market over borrowing funds from the banking sector, to reduce pressure on the banking system.

Remittance cross milestone of US\$16b

Inward remittance flow registered the highest ever figure in the just concluded FY2018-19 as the expatriates sent US\$16.42b in the last 12 months, according to the latest statistics of Bangladesh Bank. During the fiscal year, the inward remittance rose by 9.47% (Y-o-Y) from US\$14.98b in FY2017-18 mainly due to the continuous depreciation of Taka against the US Dollar as well as for the close monitoring of the central bank on illegal channels like *hundi*. Moreover, the private banks offered competitive commission to remitters on their hard-earned money leading them to prefer formal channel. Economists raised concern that the Remittance-to-GDP ratio decreased over the fiscals after FY2014-15. However, they hailed the proposal of the government in Budget 2019-20 to provide 2% cash incentives on money remitted by the expatriates as the initiative might boost the inflow in the coming months.



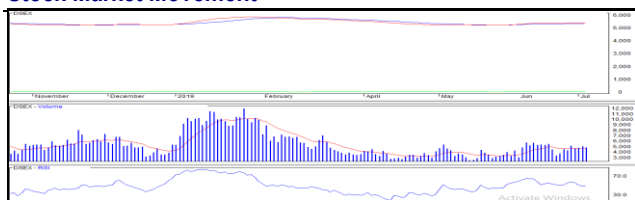
Fund raising through IPOs edged up in FY2018-19

A total of thirteen companies, where most of them were small-cap, and one close-end Mutual Fund (MF) raised an aggregate amount of Tk5.71b through Initial Public Offerings (IPOs) in FY2018-19, 5.54% (Y-o-Y) or Tk297.5m higher than the previous fiscal year. In FY2017-18, nine companies and two MFs had raised Tk5.41b through IPOs. In the first half of the just concluded fiscal year, the primary market remained vibrant with active participation from investors where IPO subscriptions in the period were oversubscribed by 30 times on an average. However, the second half experienced scarcity of confidence from investors as IPOs was oversubscribed by only 10 times on an average. Moreover, the newly listed companies also performed poorly in the secondary market in the second half. In the last fiscal year, two companies raised Tk2.50b under the book building method of IPO while three companies had raised Tk3.36b under the method in the previous year. Stock market experts opined that the capital market regulator apparently failed to bring good companies in the stock market as most of the companies that got approval for IPOs were fundamentally weak.

Portfolio investment turns negative in FY19

Foreign portfolio investment in the Dhaka Stock Exchange (DSE) concluded FY2018-19 with negative balance as the foreign investors kept liquidating shares from capital market amid shaky condition in the banking sector and the stock market. In the just concluded fiscal year DSEX, the prime index of the DSE, gained only 16 points to close at 5,421.6 points as on June 30, 2019. In the fiscal year, foreign investors bought shares worth Tk40.17b while they sold Tk42.01b worth of shares closing the net position at Tk1.84b in negative, according to the statistics of the DSE. In the fiscal year, net foreign investment remained negative in nine months and positive only in three months - September, January and February as overseas investors were mostly on selling mode. In the earlier FY2017-18, net position of the overseas investors was Tk717m as they purchased shares worth Tk59b whereas sold shares worth Tk58.28b. Experts attributed that confidence level of the investors started to become shaky from the first quarter of the fiscal year due to the political uncertainty centering on parliamentary election and the unease in banking sector as the sector was plagued by liquidity crisis, rising Non-Performing Loans (NPLs) and financial scams.

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	2,990.41	2,941.76	1.65
FTSE 100	7,553.14	7,425.63	1.72
Nikkei 225	21,746.38	21,275.92	2.21
SENSEX	39,513.39	39,394.64	0.30
KSE 100	34,190.02	33,901.58	0.85

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	5,380.79	5,430.05	-0.91
Total Turnover, Tk	19,474,719,133.00	21,187,368,356.00	-8.08
Market Capital, Tk	3,384,896,139,866	3,417,109,463,135	-0.94
No of Issue Gain	165	159	
No of Issue Loss	166	172	
No of Unchanged Issues	23	23	

Top Gainers

Company	Last Week	This Week	Change %	Turnover (Tk)
Prime Finance 1st MF	12.20	17.40	42.62	113,141,000
Phoenix Fin 1st MF	6.10	7.80	27.87	55,281,000
CAPM IBBL Isl. MF	7.70	9.60	24.68	45,076,000
National Life Ins. Co.	219.70	263.80	20.07	427,006,000
Dhaka Ins. Co.	29.30	34.00	16.04	99,146,000
CAPM BDBL MF 01	6.90	8.00	15.94	8,914,000
PHP First MF	4.80	5.50	14.58	50,378,000
H.R. Textile Ltd.	46.20	52.80	14.29	232,534,000
Metro Spinning Ltd.	7.80	8.90	14.10	66,692,000
SEML IBBL Shariah	7.10	8.10	14.08	7,969,000

Top Losers

Company	Last Week	This Week	Change %	Turnover (Tk)
Peoples Leasing & Fin.	4.60	4.00	-13.04	5,756,000
First Finance Limited.	6.80	6.00	-11.76	1,629,000
Meghna Condensed	18.00	16.00	-11.11	1,209,000
Emerald Oil Industries	15.20	13.60	-10.53	3,526,000
Kay & Que Ltd.	214.20	193.10	-9.85	23,973,000
Bangladesh Submarine	139.80	126.20	-9.73	439,700,000
Monno Jute Staffers	1050.00	954.00	-9.14	83,062,000
Int. Leasing & Financial	11.00	10.00	-9.09	46,216,000
Meghna Pet Industries	12.20	11.20	-8.20	711,000
Beach Hatchery Ltd.	17.10	15.80	-7.60	4,825,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	414.75	422.18	-1.76	1,157.76	1,918.40	-39.65
Cement	270.85	274.93	-1.48	124.91	208.46	-40.08
Ceramic	649.13	664.37	-2.29	338.23	447.03	-24.34
Engineering	2,600.90	2,584.36	0.64	2,971.86	2,347.94	26.57
Food & AI.	4,464.65	4,547.84	-1.83	661.65	919.44	-28.04
Fuel & Pow.	4,329.99	4,382.41	-1.20	1,145.69	1,805.54	-36.55
Insurance	1,698.15	1,619.09	4.88	2,304.91	3,017.58	-23.62
IT	364.11	355.43	2.44	627.37	655.58	-4.30
Jute	2,062.12	2,161.55	-4.60	48.61	126.94	-61.70
Misc.	1,230.62	1,254.08	-1.87	1,020.00	1,375.00	-25.82
Mutual Fund	479.89	438.53	9.43	606.58	361.01	68.02
NBFI	1,128.43	1,152.62	-2.10	540.27	630.60	-14.32
Paper	10,171.75	9,713.21	4.72	339.78	128.28	164.88
Pharma	1,191.45	1,194.67	-0.27	2,143.00	2,525.01	-15.13
Service	1,115.43	1,116.55	-0.10	181.86	219.11	-17.00
Tannery	871.66	879.44	-0.88	381.41	616.61	-38.14
Telecom	3,337.72	3,399.64	-1.82	578.16	544.70	6.14
Textile	1,549.83	1,537.92	0.77	3,512.49	2,558.82	37.27
Travel & Leis	475.21	480.86	-1.18	119.46	83.24	43.52

Technical Talk

Dhaka stocks returned to negative trajectory in the last week as the reviewed tax measure for the listed companies and gas price hike dampened investors' confidence. During the week, Textile sector dominated the turnover chart capturing nearly 17% of the week's total turnover value followed by Engineering 15% and Pharma 12%. Among the major losers, NBFIs sector decreased by 2.10% over the week followed by Telecom 1.82%, Bank 1.76%, Fuel & Power 1.20% and Pharma 0.27%.

DSE Broad Index (DSEX) reached 5,380.79 points decreased by 49.26 points or 0.91% from the previous week. Total turnover reached at Tk19474.72m which was 8.08% lower than the previous week. Market capitalization decreased by 0.72% and stood at Tk3975.64b (\$40.46b) at the weekend against Tk4004.58b. DSE 30 decreased by 14.83 points or 0.77% and closed at 1,910.08 points against 1,924.91 points. Last week's weighted average Market PE was 14.18 which was 14.18 previous week.

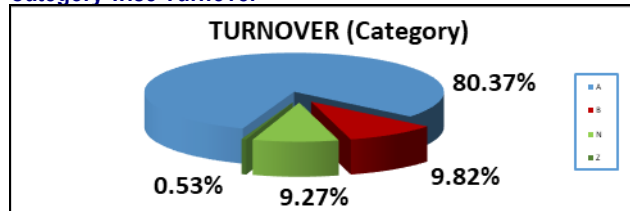
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
Runner Automobiles	5,224,514	548,528,000	2.82
United Power	1,385,679	523,079,000	2.69
National Polymer	3,994,392	450,969,000	2.32
Bangladesh Submarine	3,312,349	439,700,000	2.26
National Life Ins. Co.	1,772,888	427,006,000	2.19
Singer Bangladesh	2,110,833	414,137,000	2.13

Top 10 Market Capital

Company	Market Capital (In million)
GP	485,838
BATBC	238,716
Square Pharma	205,063
United Power	179,945
RENATA	96,007
ICB	79,814
BRAC Bank	79,676
Berger Paint	66,042
MARICO	47,178
Olympic Ind.	46,586

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t.oz.)	1,417.70	1,408.40	0.66
Silver (USD/t.oz.)	15.25	15.21	0.31
Brent Crude Oil (USD/bbl.)	63.82	65.67	-2.82

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	95.29	95.35	96.52	96.57	-1.27	-1.27
GBP	106.06	106.12	107.50	107.57	-1.35	-1.35
AUD	59.24	59.28	59.59	59.62	-0.58	-0.58
JPY	0.79	0.79	0.79	0.79	-0.52	-0.52
CAD	64.91	64.95	64.86	64.90	0.08	0.08
SAR	22.63	22.65	22.63	22.65	-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