

Mutual funds barred from declaring RIU

The Mutual funds are barred from declaring any Re-Investment Unit (RIU), stock dividend issued at NAV price, to the unitholders as per order issued by the Bangladesh Securities & Exchange Commission (BSEC) on July 16, 2019. Both open-end and closed-end mutual funds will now only be able to offer cash dividend to the unitholders. The order also included that the sponsors of open-end mutual fund, like sponsors of closed-end fund, will have to hold their entire investment for 1 year from the date of its formation and afterward, will have to keep at least 10% of the initial investment throughout the lifetime of the fund. As per the rule, in case of open-end funds, sponsors had to keep 10% of the fund for 3 years and then it can be handed to a qualified sponsor with the consent of the Commission.

BSEC amended public issue rules

The Bangladesh Securities & Exchange Commission (BSEC) finalized another amendment to the Public Issue Rules 2015 tightening the lock-in provision on pre-IPO private placement shareholders and increasing the quota for general investors. The commission also redefined the role of Eligible Investors (EIs) in the amended rule with a view to improving liquidity flow in the capital market. According to the new amendment, the EIs will have to invest a certain amount in the secondary market as set by the regulator to secure their quota facility in an Initial Public Offering (IPO) lottery. The commission extended the lock-in period for placement shareholders to two years which was previously one-year though most of the stakeholders demanded for three-year lock-in. The shares of Sponsor-Directors of the company and of shareholders who are holding 10% or more shares will face 3-year lock-in period. All lock-in period will be counted from the date of debut trading instead of issue date of prospectus as per previous rule.

Shareholders before IPO approval	Lock-in Period
Sponsor/Directors	3 years
Shareholder holding 10% or more shares	3 years
Transferred shares from shareholder holding 10% or more shares	3 years
Shares allotted in four years or before	1 year
Shareholding by Alternative Investment Fund	1 year
Other Pre-IPO shareholders	2 years

The latest amendment raised the IPO quota facility for general investors excluding Non-Resident Bangladeshis (NRBs) to 50% from previous quota of 40% under fixed price method of IPO while the quota for EIs reduced to 30% which was previously 40%. On the other hand, the quota for EIs, under book-building method of IPO, has been cut down by 10% to 50% from previous 60% and for general public, the quota has been raised to 50% which was 40% including NRBs before amendment. Under the new rule, a new bidding system, called True-Dutch Auction method will be adopted to discover the cut-off price in the book-building process. As per the new system, the share distribution will be started from the top bid to the bid where the total allocation for EIs exhausts. The cut-off price will be determined by the lowest bid and the remaining shares will be offered to general investors at 10% lower than the cut-off price. The company must raise minimum Tk300m or 10% of the company's paid-up capital, whichever is higher to issue shares for public under the fixed price system. Under the book-building method the minimum size of the public issue is set at Tk750m. Before applying for IPO, the company must utilize at least 80% of its pre-IPO paid-up capital. The regulator, however, abolished the condition of one-year positive net operating cash flow for issuing IPO by a company. Additionally, the IPO will be cancelled if the issue is under-subscribed below 65% in case of fixed-priced IPO.

Import bills edged up by 5.82% in July-May

Import payments registered a marginal growth of 5.82% in the first eleven months of FY2018-19 thanks to the higher imports of construction materials. According to the statistics of Bangladesh Bank (BB), the volume of import as per settlement of Letters of Credit (LCs) grew to US\$50.57b during the period from US\$47.79b in the corresponding period of previous fiscal year. However, the figure of LCs opening dropped by 17.50% (Y-o-Y) to US\$53.96b during the period. Import bills for intermediate goods soared by 35.49% (Y-o-Y) to US\$5.23b during the period where the major chunk of the imports was for the ongoing mega infrastructure projects. However, import of capital machinery slipped by 9.63% to US\$4.35b as against US\$4.81b in the corresponding period of previous fiscal though industrial raw material imports rose by 6.01% to US\$17.82b during the period. Bankers have gauged that import bills might increase slightly in July as businessmen usually maintain go-slow policy of placing import orders in May and June before the national budget.

Tax collection falls short by Tk580b in FY19

Revenue collection by the National Board of Revenue (NBR) accounted a hefty shortfall of Tk580b against the revised target in the FY2018-19 mainly for large-scale tax exemptions and sluggish import growth. As per the provisional figures of the NBR, the revenue wing collected Tk2.22 trillion in FY2018-19 as against its revised target of Tk2.80 trillion for the fiscal year. According to the provisional estimate, revenue collection grew by 7.76% over the previous fiscal year. However, officials of the NBR stated that the revenue collection growth could rise to 9% after compilation of final figures from the field-level VAT offices. In FY2018-19, the VAT wing collected the highest revenue amounting Tk856b, which is 40% of the combined collection. The income tax wing collected the second-highest amount of Tk723b while the customs wing garnered Tk644b. Despite the hefty shortfall, the government has set a highly ambitious revenue collection target of Tk3.25 trillion for the FY2019-20 where the NBR will have to achieve growth of 46.39%.

BB detects irregularity in loan disbursement by Islami Bank

Bangladesh Bank (BB) unearthed irregularities in sanctioning loans worth of Tk4b by Islami Bank Bangladesh Limited. The investigation found that the loan disbursement decision of the bank was completely away from banking rules and due diligence. As per the investigation, the bank issued investment facility of Tk2b for purchasing commercial floor space to Rongdhanu Builders Private Limited, owned by a former director of scam-hit Farmers Bank (now renamed as Padma Bank) and Tk2b to the brother of the former director this year. The central bank also found that the expected income from the floor space would not be sufficient for repayment of monthly installments against the loans. As per the information available at the Registrar of Joint Stock Companies and Firms (RJSC), the initial paid-up capital of Rongdhanu Builders Private Limited was Tk0.1m since its formation in 2008 though the paid-up capital of the entity was raised to Tk50m in December of 2018, few months before the issuance of the credit facility. Moreover, Rongdhanu Builders has another Tk2.85b credit facility from Social Islami Bank Limited. More shocking fact is that Islami Bank Bangladesh had issued credit facility worth of Tk10.25b in October last year to two entities against mortgage of the same floor space with other assets before the issuance of the Tk4b loans. However, the two entities gave another asset later replacing the floor space after objection raised by the central bank. Experts have opined that the bank is mired in troubles since the takeover of the bank by a Chattogram-based business group.

The week's data runs 11 July 2019 to 18 July 2019

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	2,976.61	3,013.77	-1.23
FTSE 100	7,508.70	7,505.97	0.04
Nikkei 225	21,466.99	21,685.90	-1.01
SENSEX	38,337.01	38,736.23	-1.03
KSE 100	32,458.77	33,672.49	-3.60

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	5,130.70	5,222.30	-1.75
Total Turnover, Tk	16,367,728,796.00	21,128,754,038.00	-22.53
Market Capital, Tk	3,231,331,110,519	3,274,782,626,795	-1.33
No of Issue Gain	66	60	
No of Issue Loss	273	281	
No of Unchanged Issues	15	13	

Top Gainers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
SEML FBLSL MF	17.60	27.80	57.95	5,837,000
VAMLRBBF	7.50	10.00	33.33	12,711,000
VAMLBDMF1	7.80	9.30	19.23	8,718,000
Fortune Shoes	34.40	39.90	15.99	964,760,000
SEMLLECMF	9.00	10.20	13.33	82,000,000
SEML IBBL S. F	9.20	10.20	10.87	21,444,000
National Polymer	108.90	118.80	9.09	264,288,000
Beacon Pharma	19.90	21.60	8.54	302,255,000
United Insurance	55.70	60.00	7.72	13,340,000
	38.40	40.70	5.99	271,245,000

Top Losers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
BIFC	4.40	2.90	-34.09	1,041,000
First Finance Limited.	5.50	4.00	-27.27	2,184,000
Fareast Finance	4.60	3.50	-23.91	3,292,000
Pragati Life Insurance	158.50	124.70	-21.32	68,305,000
Emerald Oil Industries	14.00	11.10	-20.71	2,177,000
Al-Haj Textile Mills	59.00	46.80	-20.68	56,998,000
Union Capital Ltd.	9.70	7.70	-20.62	22,100,000
International Leasing	8.50	6.80	-20.00	61,015,000
Delta Spinners Ltd.	6.10	4.90	-19.67	3,677,000
Monno Ceramic	175.50	142.20	-18.97	287,079,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	404.05	407.14	-0.76	1,059.09	1,122.32	-5.63
Cement	256.03	256.16	-0.05	134.95	149.16	-9.53
Ceramic	573.25	608.32	-5.76	329.48	427.72	-22.97
Engineering	2,417.46	2,491.60	-2.98	1,646.09	2,578.25	-36.15
Food & Al.	4,283.08	4,374.47	-2.09	463.78	692.39	-33.02
Fuel & Pow.	4,235.47	4,279.73	-1.03	1,105.22	922.87	19.76
Insurance	1,668.02	1,704.13	-2.12	3,154.94	4,697.36	-32.84
IT	332.46	337.01	-1.35	218.61	431.53	-49.34
Jute	1,860.21	2,022.43	-8.02	31.24	75.29	-58.51
Misc.	1,193.19	1,191.57	0.14	946.92	946.62	0.03
Mutual Fund	489.82	487.87	0.40	1,033.91	2,416.42	-57.21
NBFI	1,037.82	1,079.80	-3.89	461.39	537.28	-14.13
Paper	9,134.95	9,497.40	-3.82	63.09	154.32	-59.11
Pharma	1,156.78	1,173.19	-1.40	1,702.40	1,857.40	-8.34
Service	1,016.55	1,053.96	-3.55	102.98	137.54	-25.12
Tannery	858.40	846.88	1.36	1,080.29	386.54	179.48
Telecom	3,054.44	3,076.98	-0.73	507.86	500.74	1.42
Textile	1,415.68	1,449.56	-2.34	1,537.45	2,364.70	-34.98
Travel & Leis	548.44	457.02	20.01	369.45	101.05	265.60

Technical Talk

Dhaka bourse endured another downturn in the last week ended on Thursday extending the losing streak for the third straight week as most of the investors were opted to remain in the sidelines. The shaky investors got panic after the government's move to liquidate People's Leasing and Financial Services (PLFSL) and the claims issue of GP. Among the major losers, NBFI sector decreased by 3.89% over the week followed by Engineering 2.98%, Textile 2.34%, Insurance 2.12%, Pharma 1.40% and Fuel & Power 1.03%.

DSE Broad Index (DSEX) reached 5,130.70 points decreased by 91.60 points or 1.75% from the previous week. Total turnover reached at Tk16367.73m which was 22.53% lower than the previous week. Market capitalization decreased by 1.33% and stood at Tk3231.33 b (\$38.26b) at the weekend against Tk3274.78b. DSE 30 decreased by 28.13 points or 1.51% and closed at 1,829.58 points against 1,857.71 points. Last week's weighted average Market PE was 13.41 which was 13.67 previous week.

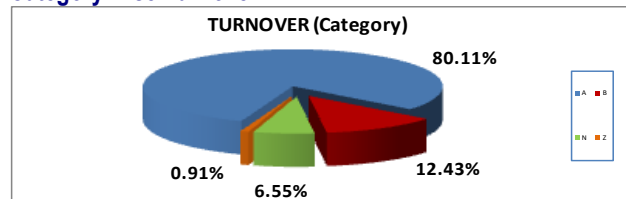
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
Fortune Shoes Limited	25,196,394	964,760,000	5.89
United Power Generation	1,351,680	508,846,000	3.11
Grameenphone Ltd.	1,079,323	356,154,000	2.18
Sinobangla Industries	4,970,186	332,029,000	2.03
Federal Insurance	20,817,233	323,513,000	1.98
Sea Pearl Beach Resort	9,271,698	306,055,000	1.87

Top 10 Market Capital

Company	Volume	Value (Tk)	% of total
GP	446,004	BRAC Bank	75,976
BATBC	229,500	ICB	73,256
Square Pharma	201,039	Berger Paint	66,529
United Power	180,472	MARICO	47,042
RENATA	93,768	Olympic Ind.	44,966

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	1,426.10	1,404.30	1.55
Silver (USD/t oz.)	16.12	15.07	6.99
Brent Crude Oil (USD/bbl.)	61.93	66.52	-6.90

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	95.26	95.32	95.68	95.73	-0.43	-0.43
GBP	105.85	105.91	106.48	106.54	-0.59	-0.59
AUD	59.78	59.82	59.57	59.61	0.36	0.36
JPY	0.79	0.79	0.79	0.79	0.18	0.18
CAD	64.99	65.02	65.14	65.17	-0.23	-0.23
SAR	22.63	22.64	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