

No sign of optimism in stock market

The stock market experienced a deep free-fall that dragged down the key index of the premier bourse below psychological threshold of 5,000-points mark. The key index, DSEX came down to 4,966.44 points on July 22, 2019 which was the lowest since December 22, 2016 when it was at 4,956.73 points. Although, the bear-run and volatility infested the market sentiment for more than a year, the dual sessions of free-fall during the week battered investors' confidence drastically. DSEX lost 164.26 points in the first two sessions of the last week shedding Tk93.30b from market capitalization. The bear-run in the stock market was fuelled by rising Non-Performing Loans (NPLs), financial scams and liquidity crisis in the financial sector. The market lost 288.37 points or 5.3% in the last 18 sessions since parliament passed the budget for FY2019-20 at the end of June. The downtrend stemmed from varied tax imposition on listed companies which was aggravated by the tussle between market-mover Grameenphone (GP) and the telecom regulator. On top of that, the gas price hike added fuel to the negative sentiment as investors feared further deterioration of overall macroeconomic environment. Amid such fragile market condition, Bangladesh Bank (BB) moved to liquidate a listed Non-Bank Financial Institution (NBF), Peoples Leasing & Financial Services Limited. Panic spread across the market as investors feared some other NBFs might face the same fate due to poor business performance. However, a section of investors attributed the recent free-fall in market to the internal conflict between the securities regulator and the Dhaka Stock Exchange (DSE) arising from listing of controversial Coppertech Industries. Bangladesh Securities & Exchange Commission (BSEC) formed a committee to investigate whether the stakeholders had any play in the recent market plunge. Nevertheless, market usually tends to remain volatile ahead of approaching Monetary Policy Statements (MPS) announcement by BB.

Government borrowing from banks double in FY19

The government borrowed Tk264.46b from the banking system in the outgoing FY2018-19 to finance deficit budget partially, that soared by 125.44% (Y-o-Y) from Tk117.31b in the previous fiscal year, according to the statistics of Bangladesh Bank (BB). Revenue shortfall of Tk660b against the revised target mainly forced the government to borrow more from the banking sector. However, the bank borrowing of the government was 16.82% lower than the revised target of Tk308.95b for FY19. During the last two months of the fiscal year, the government borrowed the major percentage of funds to drive faster execution of Annual Development Program (ADP). Along with the revenue shortfall, declining trend in National Savings Certificates (NSCs) sales also pushed the loan amount from banks to rise. As per the data of BB, net sales of NSCs dropped by 1.33% (Y-o-Y) to Tk32.58b in May 2019 as against Tk33.0b in the corresponding month of 2018. The government now can avail Ways and Means Advances (WMAs) up to Tk40.0b from the central bank that requires no issuance of securities under which it had financed Tk10.0b in FY2018-19. Experts opined that if the rising trend of the bank borrowing continues for long, the financial sector will experience liquidity pressure as well as hike in interest rate. Moreover, BB officials are forecasting an increase in the figure of this borrowing in FY2019-20, as the lending amount to the government has been set at Tk473.64b through issuing long-term bonds and treasury bills in the finance bill-2019.

BSEC all-out to list Coppertech

The Bangladesh Securities and Exchange Commission (BSEC) directed Dhaka Stock Exchange (DSE) to complete the listing procedure of Coppertech Industries within 10 working days though the company allegedly gave fabricated financial figures in the prospectus of Initial Public Offering (IPO). Earlier, the Board of the Dhaka bourse decided to list Coppertech under intense pressure from different quarters. However, the DSE urged the BSEC to exempt the company from the section 5(3) of the Listing Regulations as the stipulated timeframe for its listing expired on June 23, 2019. According to the section 5(3), the stock exchange shall complete the listing procedures within a maximum period of 30 working days from the date of closure of subscription. However, the regulator did not exempt the DSE from the regulatory binding but sorted out a way to list Coppertech under the current regulations. Earlier, the Dhaka bourse had alerted the BSEC about numerous financial anomalies of the company including artificial paid-up capital and sought directive from the commission though the regulator turned a blind eye to the allegation. Later, the stock market watchdog directed the bourse to disburse the fund collected through the IPO subscription. However, the Financial Reporting Council had directed the Institute of Chartered Accountants of Bangladesh (ICAB) to investigate the anomalies though the ICAB failed to complete the probe as the auditor declined to cooperate with the ICAB.

BB urges 20 banks to increase capital market exposure

Bangladesh Bank (BB) has induced some 20 banks that have scope to increase capital market exposure within the regulatory limit to support the ailing stock market as the bourses have been enduring a sustained fall amid acute deficiency of confidence among the investors. According to the latest financial stability report of BB, capital market exposure of banks was 16.5% and 27.4% of prescribed capital on solo and consolidated basis respectively at the end of September, 2018 whereas regulatory limit for the banks was set at 25% and 50% of the prescribed capital on solo and consolidated basis respectively. As per the officials of BB, the banks have scope to invest up to Tk20b in the stock market within the regulatory limit. The scope was opened when the central bank made a change in the BB rules exempting calculation of non-listed securities from the stock market exposure of banks. The central bank has reminded the banks that they would ultimately be affected if the capital market continues to bleed.

Foreign assistance falls Tk160m in FY19

Bangladesh received foreign assistance of US\$6.21b in FY2018-19, US\$160m lower than the previous fiscal year. According to provisional figures of the Economic Relations Division (ERD), the government got US\$5.94b as concessional loans and US\$256m as grant in the fiscal year against the total target of US\$6.35b. Moreover, commitments of foreign assistance from different development partners including the World Bank (WB), the Asian Development Bank (ADB) and the Japan International Cooperation Agency (JICA) amounted US\$9.78b in the fiscal year where out of the total commitments the donors confirmed US\$6.85b as loans and US\$1.255b as grant. As per the ERD statistics, government repaid total US\$1.56b worth of interest (US\$387m) and principal (US\$1.18b) against its total outstanding MLT loans to the overseas lenders in last fiscal. Official of the ERD opined that the volume of external assistance disbursement can be increased, if the project implementing agencies can execute their foreign-funded projects in time.

Stock Market Movement



Global Markets

		This Week	Last Week	+/- %
S&P 500	↑	3,025.86	2,976.61	1.65
FTSE 100	↑	7,549.06	7,508.70	0.54
Nikkei 225	↑	21,658.15	21,466.99	0.89
SENSEX	↓	37,882.79	38,337.01	-1.18
KSE 100	↓	32,103.27	32,458.77	-1.10

DSE Indicators

		This Week	Last Week	+/- %
DSE Broad Index	↑	5,133.26	5,130.70	0.05
Total Turnover, Tk	↑	19,984,224,531.00	16,367,728,796.00	22.10
Market Capital, Tk	↑	3,247,589,677,139	3,231,331,110,519	0.50
No of Issue Gain		153	66	
No of Issue Loss		185	273	
No of Unchanged Issues		16	15	

Top Gainers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
SEML FBLSL GF	27.80	44.40	59.71	4,672,000
SEML IBBL SF	10.20	16.20	58.82	9,646,000
Phoenix Fin 1 st MF	6.60	10.30	56.06	134,465,000
ICBAGRAN1	7.70	9.70	25.97	154,217,000
Prime Bank 1st ICB	6.40	8.00	25.00	58,497,000
ICBEPMF1S1	5.60	6.90	23.21	39,290,000
SEML Lecture MF	10.20	12.50	22.55	157,800,000
ICBAMCL 2 nd MF	7.50	8.90	18.67	49,287,000
NCCBL MF-1	7.00	8.30	18.57	11,606,000
CAPMIBBL Is. MF	9.70	11.50	18.56	142,927,000

Top Losers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
Meghna Pet Industries	11.30	9.30	-17.70	502,000
BIFC	2.90	2.50	-13.79	1,086,000
Heidelberg Cement	229.80	203.30	-11.53	20,708,000
Pragati Life Insurance	124.70	110.40	-11.47	37,325,000
Desh Garments Ltd.	173.70	154.90	-10.82	6,331,000
Meghna Condensed	16.60	14.90	-10.24	915,000
BD Autocars Ltd.	211.10	190.20	-9.90	64,923,000
Zeal Bangla Sugar Mills	35.30	31.90	-9.63	415,000
Gemini Sea Food Ltd.	243.20	220.30	-9.42	20,596,000
Stylecraft Limited	553.00	504.30	-8.81	50,150,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	407.34	404.05	0.82	1,246.73	1,059.09	17.72
Cement	252.98	256.03	-1.19	165.10	134.95	22.34
Ceramic	575.92	573.25	0.47	372.99	329.48	13.21
Engineering	2,391.33	2,417.46	-1.08	1,684.97	1,646.09	2.36
Food & Al.	4,341.57	4,283.08	1.37	524.22	463.78	13.03
Fuel & Pow.	4,318.50	4,235.47	1.96	1,670.48	1,105.22	51.14
Insurance	1,648.63	1,668.02	-1.16	2,950.03	3,154.94	-6.49
IT	330.13	332.46	-0.70	290.07	218.61	32.69
Jute	1,818.48	1,860.21	-2.24	42.91	31.24	37.38
Misc.	1,200.65	1,193.19	0.62	1,301.46	946.92	37.44
Mutual Fund	558.81	489.82	14.08	2,209.45	1,033.91	113.70
NBFI	1,066.32	1,052.62	1.30	472.68	461.39	2.45
Paper	8,812.70	9,134.95	-3.53	69.78	63.09	10.59
Pharma	1,165.78	1,156.78	0.78	2,381.47	1,702.40	39.89
Service	1,002.37	1,016.55	-1.39	132.12	102.98	28.29
Tannery	862.83	858.40	0.52	1,000.04	1,080.29	-7.43
Telecom	3,011.69	3,054.44	-1.40	446.25	507.86	-12.13
Textile	1,387.78	1,415.68	-1.97	1,624.85	1,537.45	5.68
Travel & Leis	541.83	548.44	-1.21	387.18	369.45	4.80

Technical Talk

Dhaka bourse edged up in the last week snapping a three-week losing streak as institutional investors led to stop the declines. However, the shaky investors remained cautious after the government's move to liquidate People's Leasing and Financial Services (PLFSL) and the claims issue of GP. Among the major gainers, Mutual Fund sector increased by 14.08% over the week followed by Fuel & Power 1.96%, Food & Allied 1.37% and NBFI 1.30%. However, Textile, Telecom, Cement, Insurance and Engineering sector decreased by 1.97%, 1.40%, 1.16% and 1.08% respectively to close the session flat.

DSE Broad Index (DSEX) reached 5,133.26 points increased by 2.56 points or 0.05% from the previous week. Total turnover reached at Tk19984.22m which was 22.10% higher than the previous week. Market capitalization increased by 0.50% and stood at Tk3247.59b (\$38.46b) at the weekend against Tk3231.33b. DSE 30 increased by 6.61 points or 0.36% and closed at 1,836.19 points against 1,829.58 points. Last week's weighted average Market PE was 13.48 which was 13.41 previous week.

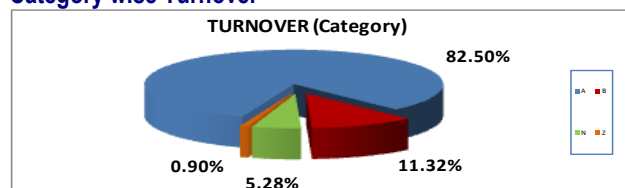
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
Fortune Shoes Limited	20,852,574	820,314,000	4.10
United Power Generation	1,819,937	693,981,000	3.47
Square Pharmaceuticals	2,071,174	518,793,000	2.60
Bangladesh Shipping	8,115,893	419,609,000	2.10
National Life Insurance	1,534,214	412,051,000	2.06
Beacon Pharmaceuticals	17,483,030	383,041,000	1.92

Top 10 Market Capital

			In million
GP	438,442	BRAC Bank	77,333
BATBC	233,658	ICB	74,163
Square Pharma	197,252	Berger Paint	66,756
United Power	189,287	MARICO	52,092
RENATA	95,201	Olympic Ind.	45,186

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	1,413.90	1,426.10	-0.86
Silver (USD/t oz.)	16.34	16.12	1.36
Brent Crude Oil (USD/bbl.)	63.39	61.93	2.36

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	94.45	94.51	95.26	95.32	-0.85	-0.85
GBP	104.85	104.91	105.85	105.91	-0.94	-0.94
AUD	58.66	58.70	59.78	59.82	-1.87	-1.87
JPY	0.79	0.79	0.79	0.79	-0.88	-0.88
CAD	64.46	64.50	64.99	65.02	-0.81	-0.81
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