

BB frames MPS for whole fiscal year

Bangladesh Bank (BB) unveiled the Monetary Policy Statement (MPS) for a whole fiscal year, first time, replacing the tradition of releasing it on half-yearly basis. The central bank adopted cautiously accommodative policy for FY2019-20 with an aim to retain inflation at 5.5% along with achieving the targeted economic growth of 8.2%. The latest annual MPS included a significant reduction in private sector credit growth target, setting it at 13.2% for the first half and 14.8% for the overall FY2019-20 against the target of 16.5% growth set for the previous fiscal year. On the other hand, BB upheaved the public sector credit growth target to 25.2% for the first half and 24.3% for the whole fiscal year while the growth target for the same was at 10.9% for FY2018-19. In the just-concluded fiscal year, public and private sector credit growth stood at 21.1% and 11.3% respectively. BB set the domestic credit growth target at 15.9% for the ongoing fiscal year. The targets for Broad Money (M2) supply and Reserve Money (RM) have been projected at 12.5% and 12% respectively. The policy rates i.e. Cash Reserve Requirement (CRR), Statutory Liquidity Ratio (SLR), Repo and Reverse Repo will remain unchanged for FY2019-20, intact at 5.5%, 13%, 6% and 4.75% respectively, according to the MPS. BB listed a couple of near-term domestic risk factors that may hamper attainment of the monetary program objectives during the fiscal year. According to BB, recent upward revision of fuel gas prices and new Value-Added Tax (VAT) law implementation have already affected prices in the beginning of this fiscal year and the effect might linger over the coming months. In the addressing note, BB Governor denied the much-talked-about liquidity shortfall in the banking sector and attributed the ongoing liquidity crisis to a mismatch in the liquidity status among banks as some banks had sufficient liquidity while some did not. He also asserted that the surplus liquidity stood at Tk868.16b at banks after maintaining CRR and SLR provisions as of June, 2019.

Market intermediaries to get fresh fund

Twenty seven entities related to stock market are going to get nearly Tk860m from capital market refinancing scheme shortly as per the decision taken at a meeting of the scheme monitoring committee. Merchant banks, stock dealers and stock brokers have already been included in the list for receiving the fund subject to complying with the existing rules and regulations. The fund will be disbursed by the Investment Corporation of Bangladesh (ICB) to the share market related entities. Earlier, the government extended the tenure of the capital market refinancing scheme until December 31, 2022 with some amendments to help revamp the stock market.

Source tax on saving certificates revised

The government moderated the provision of 10% source tax imposed on national saving instruments to relieve the small savers and pensioners. The Finance Minister decided to keep the earlier provision of 5% source tax on interest income unchanged for the saving certificates holder(s) worth up to Tk0.5m. However, the source tax of 10% on interest income will be applicable on the National Saving Certificates (NSCs) exceeding Tk0.5m effective from 1st July of FY2019-20. The Minister attributed the measure to benefit small investors and to prevent high net-worth investors to take advantage of it. After placing the proposal of additional tax imposition on government saving tools in the Budget for FY2019-20, savers and even Members of the Parliament (MPs) requested the government to withdraw the provision.

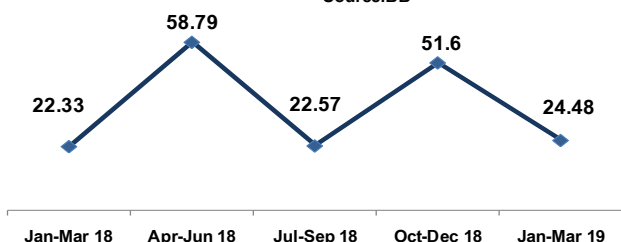
One-third of NBFIs in danger

Financial health of at least one-third of the Non-Bank Financial Institutions (NBFIs), listed with the bourses, deteriorated alarmingly mainly for the lapses in supervision by regulatory bodies and lack of accountability of the management of those NBFIs. Imprudent lending policy of the NBFIs also contributed to pile a hefty amount of bad loans leading the NBFIs to dire straits. Moreover, a rather alarming situation is looming large as these NBFIs have started to default on the deposit & loans taken from different banks. Earlier, Bangladesh Bank appointed observers at three of the ailing NBFIs, namely Bangladesh Industrial Finance Company Limited (BIFC), First Finance and Peoples Leasing & Financial Services Limited to mitigate the NBFIs from financial trauma. However, all the observers are now out of their duties. Recently, one of the ailing NBFIs, Peoples Leasing, has been directed to be liquidated by the government as per proposal of the central bank. According to the Ministry of Finance (MoF), the volume of loans and advances of the NBFIs stood at Tk11.31b as of December 31, 2018 where 66.14% of the loans and advances were found toxic. As per the Annual Report of 2018 prepared by the Financial Institution Division of the MoF, the BIFC topped the list of ailing NBFIs followed by Peoples' Leasing, FAS Finance & Investment Limited, First Finance Limited, International Leasing and Financial Services Limited (ILFSL), Prime Finance and Investment Limited, Fareast Finance and Investment Limited, Bay Leasing and Investment Limited, Premier Leasing and Finance Limited, Reliance Finance Limited and Union Capital Limited. Veteran economists have opined that the central bank should have been more proactive in protecting the NBFIs. Additionally, they have alerted that the risk from the vulnerable NBFIs might spill over to the overall financial sector.

Q1 loan recovery rises by 9.68%

Loan recovery by banks in the first quarter of 2019 was 9.68% (Y-o-Y) higher though the recovery drive was not compatible with the alarming growth of default loans. According to the statistics of Bangladesh Bank (BB), banks recovered Tk24.48b of bad loans in the first quarter (January-March) of 2019. At the end of March, total defaulted loans in the banking sector stood at Tk1.11 trillion, up by 18% from the previous quarter and 25.15% from a year earlier. Bankers opined that the reason for the spiral of bad loans was that many regular borrowers became dormant after they sensed that a generous rescheduling policy is in the offing. As per the new policy, defaulters will be allowed to reschedule their classified loans by providing only 2% down payment instead of the prevailing requirement of 10%-50%. A maximum of 9% interest rate will be charged on the rescheduled loans whereas the existing interest rate is 12%-16%. Experts view that the bail-out offer for defaulters created a moral hazard for good borrowers as they were tempted to turn bad too.

Recovery of Default Loans (Tk in Bn)
Source:BB



Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	2,932.05	3,025.86	-3.10
FTSE 100	7,407.06	7,549.06	-1.88
Nikkei 225	21,087.16	21,658.15	-2.64
SENSEX	37,118.22	37,882.79	-2.02
KSE 100	31,666.41	32,103.27	-1.36

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	5,169.74	5,133.26	0.71
Total Turnover, Tk	22,022,309,455.00	19,984,224,531.00	10.20
Market Capital, Tk	3,273,353,336,625	3,247,589,677,139	0.79
No of Issue Gain	182	153	
No of Issue Loss	154	185	
No of Unchanged Issues	18	16	

Top Gainers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
Monno Ceramic	141.80	214.20	51.06	711,404,000
Monno Jute Stafflers	734.40	1054.10	43.53	139,702,000
Stylecraft Limited	504.30	703.70	39.54	164,830,000
Intech Limited	24.30	31.60	30.04	140,243,000
Legacy Footwear	105.20	133.50	26.90	271,113,000
Sonali Aansh	424.70	521.80	22.86	81,538,000
Desh Garments Ltd.	154.90	189.10	22.08	22,452,000
Standard Ceramic	255.90	310.80	21.45	109,482,000
BD.Autocars Ltd.	190.20	227.40	19.56	118,804,000
Renwick Jaineswar	1298.50	1536.60	18.34	31,944,000

Top Losers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
VAMLRBBF	10.70	6.70	-37.38	42,105,000
Sunlife Insurance	25.70	16.50	-35.80	18,798,000
Vanguard AML BD F.	9.90	7.00	-29.29	37,571,000
SEML IBBL Shariah	16.20	11.60	-28.40	137,699,000
SEML Lecture E MF	12.50	9.00	-28.00	193,418,000
CAPM BDBL MF1	10.50	7.60	-27.62	21,399,000
EXIM Bank 1st MF	6.90	5.00	-27.54	18,424,000
SEML FBLSL Growth F.	44.40	32.40	-27.03	19,074,000
EBL First Mutual Fund	7.60	5.60	-26.32	8,222,000
PHP First Mutual Fund	5.90	4.40	-25.42	47,428,000

Sectoral Index & Turnover

Sectoral Index

Turnover (Tk.M)

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	408.12	407.34	0.19	1,302.26	1,246.73	4.45
Cement	258.02	252.98	1.99	191.93	165.10	16.25
Ceramic	636.17	575.92	10.46	847.80	372.99	127.29
Engineering	2,477.07	2,391.33	3.59	2,325.58	1,684.97	38.02
Food & Al.	4,188.91	4,341.57	-3.52	752.48	524.22	43.54
Fuel & Pow.	4,270.11	4,318.50	-1.12	1,885.94	1,670.48	12.90
Insurance	1,603.92	1,648.63	-2.71	2,278.37	2,950.03	-22.77
IT	356.90	330.13	8.11	763.28	290.07	163.14
Jute	2,088.24	1,818.48	14.83	96.32	42.91	124.45
Misc.	1,244.76	1,200.65	3.67	1,716.61	1,301.46	31.90
Mutual Fund	451.88	558.81	-19.13	1,800.58	2,209.45	-18.51
NBFI	1,047.20	1,066.32	-1.79	391.09	472.68	-17.26
Paper	9,176.82	8,812.70	4.13	80.93	69.78	15.98
Pharma	1,186.93	1,165.78	1.81	2,979.29	2,381.47	25.10
Service	1,019.05	1,002.37	1.66	175.04	132.12	32.49
Tannery	861.81	862.83	-0.12	1,322.97	1,000.04	32.29
Telecom	3,132.31	3,011.69	4.01	516.44	446.25	15.73
Textile	1,403.10	1,387.78	1.10	1,806.25	1,624.85	11.16
Travel & Leis	527.94	541.83	-2.56	249.13	387.18	-35.66

Technical Talk

Dhaka bourse continued gains for the second consecutive week ended on Thursday as institutional investors emerged to support the market. Most of the investors took fresh position to rebalance their portfolios at the current lucrative price level. Among the major gainers, Telecom sector increased by 4.01% over the week followed by Engineering 3.59%, Pharma 1.81% and Textile 1.10%.

DSE Broad Index (DSEX) reached 5,169.74 points increased by 36.48 points or 0.71% from the previous week. Total turnover reached at Tk22022.31m which was 10.20% higher than the previous week. Market capitalization increased by 0.79% and stood at Tk3273.35b (\$38.76b) at the weekend against Tk3247.59b. DSE 30 increased by 2.31 points or 0.13% and closed at 1,838.50 points against 1,836.19 points. Last week's weighted average Market PE was 13.57 which was 13.48 previous week.

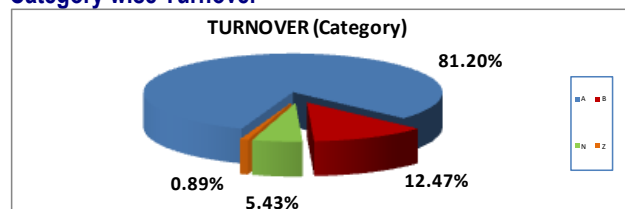
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
Fortune Shoes Limited	22,769,298	944,213,000	4.29
United Power Generation	2,350,644	915,735,000	4.16
Bangladesh Shipping	13,479,020	769,116,000	3.49
Monno Ceramic	3,977,617	711,404,000	3.23
Square Pharmaceuticals	1,880,101	473,168,000	2.15
Beacon Pharmaceuticals	19,857,560	461,607,000	2.10

Top 10 Market Capital

			In million
GP	455,186	BRAC Bank	77,333
BATBC	222,930	ICB	74,163
Square Pharma	198,751	Berger Paint	69,391
United Power	183,778	MARICO	54,678
RENATA	94,992	Lafarge Holcim	46,107

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	1,420.90	1,413.90	0.50
Silver (USD/t oz.)	16.12	16.34	-1.33
Brent Crude Oil (USD/bbl.)	60.50	63.39	-4.56

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	94.30	94.36	94.45	94.51	-0.16	-0.16
GBP	102.93	102.99	104.85	104.91	-1.83	-1.83
AUD	57.72	57.76	58.66	58.70	-1.61	-1.61
JPY	0.80	0.80	0.79	0.79	1.95	1.96
CAD	64.30	64.34	64.46	64.50	-0.26	-0.26
SAR	22.63	22.64	22.63	22.65	-0.03	-0.03

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
Ring Shine Textile	Aug 25 - Sep 09, 2019	10	1500