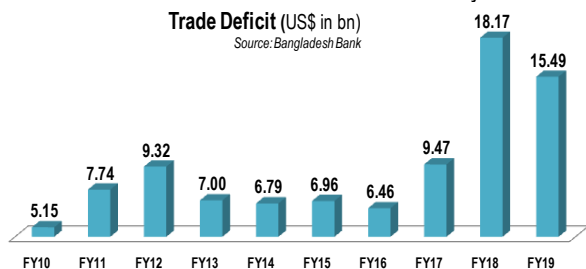


**New tax on stock dividend effective from next FY**

The new tax measures imposed on stock dividend declaration and retained earnings of listed companies will be applicable on the income for the ongoing fiscal year and therefore effective from next FY2020-21. According to the Income Tax Circular-1 (Paripatra) issued by National Board of Revenue (NBR), the current FY2019-20 will be considered as income year and the next FY2020-21 will be tax year for the new tax provisions imposed in the Finance Bill 2019 to be applicable on the listed companies only. The NBR further explained that the fiscal year of the companies whose accounting year ended in June, 2019 would be FY2019-20 and these companies will not be charged with taxes under the new rule for their financial disclosures. However, the companies whose financial year will end between July-December 2019 will face the newly-adopted tax measure that are related to stock dividend and retained earnings. As a result, Banks, Insurance and Non-Bank Financial Institutions (NBFIs) along with few Multinational Companies (MNCs) will face the new tax provision as their financial year ends within July-December. According to the Finance Bill 2019, the listed companies will be charged with 10% tax on stock dividend if the stock dividend declared by the company exceeds any cash dividend declared by it and 10% additional tax if the concerned companies prefer to retain more than 70% of its net profit.

**Trade deficit shrinks on low imports**

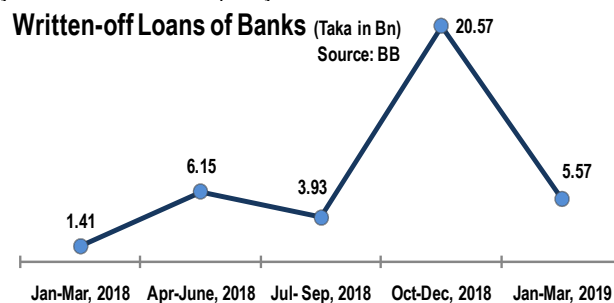
Trade deficit under the Balance of Payments (BoP) account narrowed by 14.75% (Y-o-Y) in the recently concluded fiscal year owing to a boost in export earnings mainly from RMG products as well as a slow growth of imports. The gap between export and import stood at US\$15.49b in FY2018-19 which was US\$18.17b in the previous fiscal year, according to the latest statistics of Bangladesh Bank (BB). During the fiscal year, export earnings hit the milestone of US\$40.53b, edged up by 10.56% (Y-o-Y) when the apparel sector witnessed a robust growth of 11.49% on the back of the rising orders from US buyers as a consequence of the US-China trade war. On the flip side, import payment slightly rose by 6.04% (Y-o-Y) to US\$54.64b in the FY2018-19 on the heel of experiencing a negative growth of 9.43% (Y-o-Y) in the capital machinery import. Basically, this negative capital machinery imports contributed to shrink the trade deficit as well the overall BoP. The current account deficit reached US\$5.25b in the FY2018-19, declining by 45.08% (Y-o-Y) from US\$9.56b in the previous fiscal year mainly due to a surge in remittance, which crossed the mark of US\$16b in the financial year.



However, economists opined that the lower import of capital machinery and industrial raw materials is an indication of stagnancy in the private investment. Alongside, they expressed concern on the export of the country that is heavily dependent on a single sector, which is conveying a hint of economic shock even if the trade gap would fall.

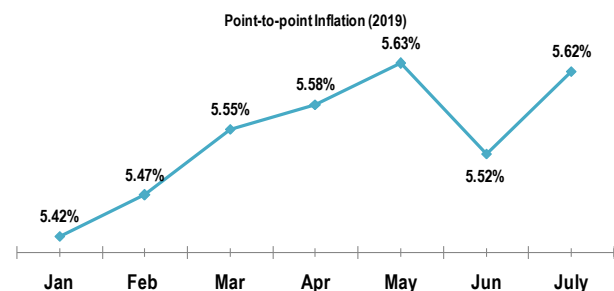
**Lenient policy hikes written-off loans**

Volume of loans written-off by banks soared by 295% (Y-o-Y) in the first quarter (January-March) of 2019 thanks to the eased rules of Bangladesh Bank (BB). The unprecedented growth denotes the current grave situation in the financial sector. As per the statistics of BB, banks wrote-off Tk5.57b in the January to March period against Tk1.41b a year back. Earlier in February, BB relaxed its policy to allow banks to write-off default loans that were classified in the bad category for three years as against five years in the previous rules. Moreover, banks were exempted from filing any case with the Money Loan Court to write off bad loans worth up to Tk0.02m while the previous ceiling was Tk50,000. In the previous quarter (October and December), banks wrote off Tk20.57b as they usually write off a maximum amount of default loans in the last quarter of a year to clean up the balance sheets. At the end of March, a total of Tk532.58b was written-off since the facility had been introduced in January 2003 to report lower amounts of outstanding default loans. As of March, the State-Owned Banks (SoBs) so far wrote-off Tk231.87b and private banks cleaned bad loans of Tk283.42b. Of the written-off loans, 76% still remains outstanding as the efforts of the banks was not up to the mark to recover the loans. As per BB, total default loans in banking sector stood at Tk1.11 trillion at the end of March, up by 25.15% (Y-o-Y) in the absence of corporate governance. Veteran bankers opined that the amount of written-off loans might rise further in the rest of the year due to the recent policy relaxations.



**July point-to-point inflation rose to 5.62%**

Point-to-point inflation moved upward by 10 basis points to 5.62% in July, the first month of FY2019-20, compared to 5.52% in June last, riding on hike of gas price, disruption in food supply due to flood and surge in demand for food and non-food items before Eid-ul-Azha. According to Bangladesh Bureau of Statistics (BBS), food inflation edged up to 5.42% in July from 5.40% in the previous month and the non-food inflation rose to 5.94% from that of 5.71% in June. Following the price hike in food and non-food items, inflation in urban areas increased to 5.88% from 5.78% and in rural areas it rose to 5.49% from 5.38% in June.



The week's data runs 08 August 2019 to 22 August 2019

## Stock Market Movement



### Global Markets

	This Week	Last Week	+/- %
S&P 500	2,847.11	2,888.68	-1.44
FTSE 100	7,094.98	7,117.15	-0.31
Nikkei 225	20,710.91	20,418.81	1.43
SENSEX	36,701.16	37,350.33	-1.74
KSE 100	31,350.01	28,764.63	8.99

### DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	5,236.85	5,201.42	0.68
Total Turnover, Tk	23,034,667,289.00	23,695,976,703.00	-2.79
Market Capital, Tk	3,297,506,687,859	3,278,733,915,677	0.57
No of Issue Gain	212	195	
No of Issue Loss	130	141	
No of Unchanged Issues	13	19	

### Top Gainers

#### Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
Familytex (BD) Ltd.	3.00	3.90	30.00	52,613,000
Generation Next	4.00	5.10	27.50	78,508,000
Appollo Ispat	5.20	6.50	25.00	68,586,000
Standard Ceramic	307.30	370.90	20.70	125,645,000
S. S. Steel Limited	24.50	29.20	19.18	197,536,000
Orion Infusion Ltd.	60.20	71.00	17.94	696,974,000
SEML IBBL SF	8.60	10.10	17.44	46,280,000
Global Insurance Co.	29.00	33.80	16.55	272,251,000
Saiham Textile Mills	40.00	46.20	15.50	39,902,000
R.N. Spinning Mills	5.20	6.00	15.38	106,850,000

### Top Losers

#### Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
Sunlife Insurance	18.00	16.40	-8.89	4,801,000
SEML FBLSL GF	24.80	22.60	-8.87	35,458,000
VFS Thread Dyeing	39.50	36.00	-8.86	187,262,000
First Finance Limited.	5.20	4.80	-7.69	880,000
Apex Tannery Limited	138.00	127.80	-7.39	33,380,000
Vanguard AML BD MF	6.90	6.40	-7.25	9,695,000
IPDC Finance Limited	25.30	23.50	-7.11	30,839,000
Beach Hatchery Ltd.	15.60	14.50	-7.05	6,180,000
Bangladesh Submarine	130.10	121.00	-6.99	218,330,000
ICB AMCL Sonali MF	7.30	6.80	-6.85	8,337,000

### 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	404.54	412.77	-1.99	1,052.12	1,564.01	-32.73
Cement	266.46	260.49	2.29	215.79	148.39	45.42
Ceramic	706.22	648.09	8.97	803.18	1,187.70	-32.38
Engineering	2,556.82	2,502.94	2.15	2,888.76	3,087.99	-6.45
Food & Al.	4,087.03	4,141.46	-1.31	816.35	714.24	14.30
Fuel & Pow.	4,492.90	4,390.12	2.34	3,445.91	2,488.93	38.45
Insurance	1,629.16	1,625.18	0.25	2,191.13	1,493.45	46.72
IT	357.35	360.40	-0.84	433.13	780.49	-44.51
Jute	2,092.69	2,025.82	3.30	59.83	109.22	-45.22
Misc.	1,282.96	1,250.35	2.61	1,445.60	1,485.56	-2.69
Mutual Fund	432.56	440.26	-1.75	624.80	784.27	-20.33
NBFI	1,047.93	1,055.71	-0.74	430.10	502.13	-14.34
Paper	9,118.83	9,053.34	0.72	85.83	88.99	-3.56
Pharma	1,214.65	1,197.35	1.45	3,970.28	3,356.81	18.28
Service	1,107.60	1,067.21	3.78	183.72	176.77	3.93
Tannery	844.68	848.54	-0.45	773.72	914.59	-15.40
Telecom	2,975.36	2,967.45	0.27	429.27	579.26	-25.89
Textile	1,444.40	1,408.09	2.58	2,699.32	2,636.10	2.40
Travel & Leis	535.18	533.16	0.38	171.84	173.79	-1.12

## Technical Talk

Dhaka bourse continued gains for the fourth consecutive week ended on Thursday as investors showed their appetite for shares that would close accounts in June. However, some investors remained worried about the possibility of extra liquidity pressure on the money market following the move with regard to Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) rules. Among the major gainers, Ceramic sector increased by 8.97% over the week followed by Textile 2.58%, Fuel & Power 2.34% and Pharma 1.45%.

DSE Broad Index (DSEX) reached 5,236.85 points increased by 35.43 points or 0.68% from the previous week. Total turnover reached at Tk23,034.67m which was 2.79% lower than the previous week. Market capitalization increased by 0.57% and stood at Tk3,297.51b (\$39.05b) at the weekend against Tk3,278.73b. DSE 30 increased by 12.26 points or 0.67% and closed at 1,850.01 points against 1,837.75 points. Last week's weighted average Market PE was 13.81 which was 13.73 previous week.

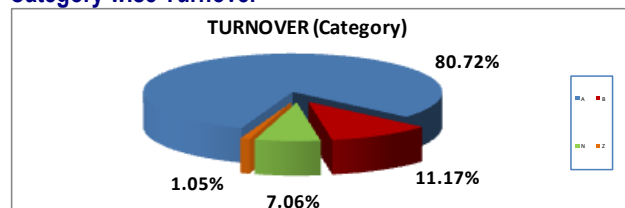
### Top Turnover Companies

Company	Volume	Value (Tk)	% of total
United Power Generation	4,082,038	1,633,950,000	7.09
Khulna Power Company	13,579,777	811,404,000	3.52
JMI Syringes & Medical	1,381,562	704,609,000	3.06
Orion Infusion Ltd.	10,342,492	696,974,000	3.03
Fortune Shoes Limited	14,357,605	587,322,000	2.55
Monno Ceramic	2,660,647	585,036,000	2.54

### Top 10 Market Capital

	In million		
GP	431,691	BRAC Bank	75,236
BATBC	216,648	ICB	73,605
Square Pharma	198,515	Berger Paint	71,227
United Power	196,809	Marico	57,267
RENATA	95,958	LafargeHolcim	46,339

### Category wise Turnover



### Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	1,497.30	1,519.60	-1.47
Silver (USD/t oz.)	17.01	17.19	-1.01
Brent Crude Oil (USD/bbl.)	59.90	58.23	2.87

### 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	94.59	94.65	94.13	94.19	0.49	0.49
GBP	103.96	104.03	102.88	102.94	1.05	1.05
AUD	57.37	57.40	57.56	57.59	-0.34	-0.34
JPY	0.81	0.81	0.80	0.80	0.92	0.92
CAD	63.93	63.97	63.97	64.01	-0.05	-0.05
SAR	22.63	22.65	22.63	22.64	0.02	0.02

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

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