

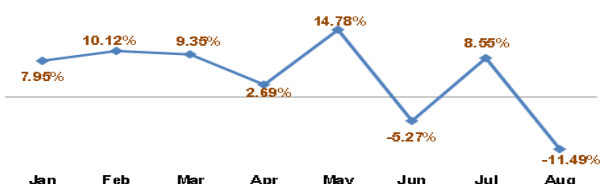
Liquidity worries condensed as government in cash crisis

The government is set to divert the surplus fund of different autonomous, semi-autonomous and statutory agencies, including non-financial corporations to the national exchequer hinting liquidity shortage within government itself. As per the available official data, total 68 self-governed agencies posted Tk2.12-trillion cash balance as idle money, deposited in different banks as FDR. The government recently approved a draft bill on the matter to finance different development projects and to support public welfare. The idle fund will reportedly be deposited to the national exchequer after keeping aside the operational cost along with an additional 25% of operational cost as emergency fund, money for general provident fund and pension. This move to utilize the idle funds of the state agencies, deposited as fixed deposit in banks has raised concern as it will intensify the liquidity stress further in the financial sector. On the other hand, the dependency of the government on the banking sector is on rise as the government has already borrowed Tk262.49b from the banking system within the first 51 days of the current fiscal year while the net bank borrowing by the government was Tk268.86b in the entire FY2018-19. The worries deepen further since the government has to bear huge interest liabilities soon along with increased operational cost. The stock market has already started reacting to the move as it led to panic sale among investors that dragged the key index of Dhaka Stock Exchange (DSE) down below the psychological threshold of 5,000 points-mark to 4,933.89 points last week. Dhaka stocks lost 1,016.12 points and eroded Tk505.79b in market capitalization between January 24, 2019 and September 12, 2019. In January 24, 2019, the index and market capitalization stood at 5,950 points and Tk4.19-trillion respectively, as per the DSE statistics.

Export earnings experience downtrend in August

Export earnings slid by 26.42% (month-on-month) in the second month of FY2019-20 to US\$2.84b from US\$3.89b in the preceding month due to negative growth in apparel exports that contributes 84% to the total export receipts. The provisional statistics of Export Promotion Bureau (EPB) showed that exporters fetched US\$6.73b in the first two months of the current fiscal year, 0.92% (Y-o-Y) lower than the US\$6.79b in the corresponding period of previous fiscal year. The production disruption in the garments industries due to Eid holidays accounted for this tumble in overall export earnings during the period, EPB reported. The apparel export earnings dropped by 11.46% (Y-o-Y), amounting US\$2.41b in August 2019. However, the leather and leather goods registered a marginal growth of 1.32% (Y-o-Y) in July-August of FY2019-20 after two years. Export of frozen and live fish products, jute and jute products and agro products declined by 5%, 0.43% and 24.36% (Y-o-Y) respectively during these two months. Economists attributed the fall in overall export to the appreciation of Taka on the heels of global currency fluctuation along with long Eid vacation and lower price offered by the buyers.

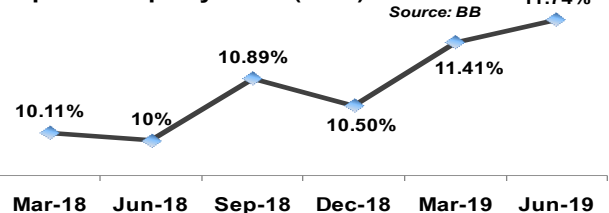
Growth Trend (Y-o-Y) of Export Earnings
Source: Export Promotion Bureau (EPB)



CAR of banks heightens with special provisioning scheme

Capital base of banking sector got stronger on record at the end of the second quarter (April-June) of 2019 as some banks were given special facility to keep provisioning against default loans in phases. Additionally, some banks recovered a fair amount of default loans. Capital Adequacy Ratio (CAR) of the banking sector stood at 11.74% as on June 30 this year, up from 11.41% in the previous quarter, as per the disclosure of Bangladesh Bank (BB). However, the banks were away from the roadmap set by the central bank for implementation of Basel III. BB asked the banks to maintain CAR at 12.50% in line with the global best practices from the first quarter of the year. As per BB, eleven banks, including seven State-owned Banks (SoBs) failed to maintain minimum capital base. These are - Sonali Bank, Janata Bank, Agrani Bank, Rupali Bank, Basic Bank, Bangladesh Krishi Bank, Rajshahi Krishi Unnayan Bank, AB Bank, Bangladesh Commerce Bank, ICB Islamic Bank and National Bank of Pakistan, which collectively have capital shortfall of Tk160.01b. Economists opined that rampant irregularities in disbursing loans left the banking sector in hot water and they underscored the full implementation of the Basel III.

Capital Adequacy Ratio (CAR) of Banks
Source: BB



Bank deposits rises by more than 12% in July

Deposit in the banking system grew by more than 12% (Y-o-Y) in July 2019 thanks to lower sales of National Savings Certificates (NSCs). In June, the amount of deposit collection by banks logged an 11.48% growth. The amount of deposits in the banking sector rose to around Tk12 trillion (excluding inter-bank balance) as of July 31 this year from Tk11.81 trillion a month ago. To overcome the dire liquidity crisis, some private banks are offering double-digit interest rate on fixed deposit scheme ranging from 2% to 11.5%, as per recent monitoring report of BB. Savers returned to the bankers in the month as government tightened the compliances for purchasing NSCs. The net sales of NSCs plunged by more than 57% to Tk21.60b in July 2019 compared to Tk50.36b during the same period of the last year. Experts added that the festival induced surge in inward remittance also contributed to the deposit growth in recent months.

Call money rate rises to four-year high

The call money rate in the banking sector hit a four-year high amid aggressive government borrowing from the banking channel by issuing T-bills and T-bonds at higher rates. As per the statistics of Bangladesh Bank (BB), the inter-bank weighted average rate of call money exceeded 5% on August 22 this year after October of 2015. On August 22, the highest rate in the call money market was 5.5% and the lowest was 4.5%. Since then, the average rate has been hovering at above 5% in the market. On the flip side, the cut off yield rate of 91-days T-bills hiked to 7.9% on August 26 this year while the rate of the T-bills with same maturity was 2.4% as on January 1, 2019. Money market experts have opined that the government is alluring banks to supply funds to the government amid the dismal growth in revenue collection by the National Board of Revenue (NBR).

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	3,007.39	2,978.71	0.96
FTSE 100	7,367.46	7,282.34	1.17
Nikkei 225	21,988.29	21,199.57	3.72
SENSEX	37,384.99	36,981.77	1.09
KSE 100	31,481.31	30,467.20	3.33

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	4,933.89	5,013.02	-1.58
Total Turnover, Tk	16,861,802,396.00	19,733,107,554.00	-14.55
Market Capital, Tk	3,111,373,850,700	3,161,309,958,942	-1.58
No of Issue Gain	66	104	
No of Issue Loss	276	233	
No of Unchanged Issues	13	18	

Top Gainers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
National tubes Ltd.	128.30	167.90	30.87	1,017,297,000
Usmania Glass	89.70	104.60	16.61	77,939,000
Gemini Sea Food	272.50	314.50	15.41	131,549,000
Atlas Bangladesh	125.40	139.80	11.48	30,557,000
Monno Jute Staffers Ltd.	1777.60	1967.90	10.71	559,585,000
Beacon Pharma	26.20	28.70	9.54	592,232,000
Standard Ceramic	409.30	444.30	8.55	132,070,000
Wata Chemicals	603.00	652.40	8.19	384,200,000
Shepherd Industries	35.10	37.90	7.98	13,524,000
Samorita Hospital	67.20	71.80	6.85	15,489,000

Top Losers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
United Power	388.70	321.10	-17.39	4,305,000
VFS Thread Dyeing	30.00	24.90	-17.00	3,614,000
M.L. Dyeing Limited	27.20	22.70	-16.54	956,000
Global Insurance Co.	23.20	20.00	-13.79	27,127,000
Aramit Cement	17.90	15.50	-13.41	3,866,000
Phoenix Finance 1stMF	6.80	5.90	-13.24	105,482,000
Northern Jute	1268.4	1101.60	-13.15	66,807,000
Silco Pharmaceuticals	35.20	30.80	-12.50	3,527,000
Coppertech Industries	32.80	28.80	-12.20	639,000
Simtex Industries	20.70	18.30	-11.59	846,000

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	377.74	383.57	-1.52	871.57	1,052.37	-17.18
Cement	246.24	250.76	-1.80	57.88	74.84	-22.65
Ceramic	642.14	666.72	-3.69	722.85	1,286.49	-43.81
Engineering	2,416.36	2,458.20	-1.70	3,144.23	3,299.84	-4.72
Food & Al.	3,835.91	3,955.09	-3.01	883.50	605.94	45.81
Fuel & Pow.	4,089.39	4,309.23	-5.10	1,172.71	2,151.08	-45.48
Insurance	1,495.97	1,551.19	-3.56	889.78	1,058.37	-15.93
IT	352.99	356.49	-0.98	421.64	691.42	-39.02
Jute	2,140.85	2,338.82	-8.46	179.66	179.66	-0.43
Misc.	1,264.41	1,279.25	-1.16	795.12	897.81	-11.44
Mutual Fund	380.35	397.67	-4.36	416.67	498.61	-16.43
NBFI	973.87	990.25	-1.65	508.14	539.33	-5.78
Paper	8,289.47	8,589.56	-3.49	58.83	72.21	-18.53
Pharma	1,210.30	1,211.48	-0.10	3,669.64	3,744.52	-2.00
Service	993.34	1,026.78	-3.26	83.50	102.58	-18.60
Tannery	829.45	835.78	-0.76	481.79	767.09	-37.19
Telecom	2,831.91	2,750.63	2.96	404.84	399.20	1.41
Textile	1,282.16	1,343.94	-4.60	1,599.60	1,783.36	-10.30
Travel & Leis	505.76	513.36	-1.48	97.83	129.47	-24.44

Technical Talk

Dhaka bourse endured another sharp fall for the third consecutive week ended on Thursday as anxious investors opted to dump shares anticipating further loss. Moreover, general investors were panicked over the liquidity, GP and NPL issues that triggered sell pressure on almost all shares. Among the major losers, Fuel & Power sector decreased by 5.10% over the week followed by Textile 4.60%, Mutual Fund 4.36%, Insurance 3.56%, Engineering 1.70% and NBFI 1.65%.

DSE Broad Index (DSEX) reached 4,933.89 points decreased by 79.13 points or 1.58% from the previous week. Total turnover reached at Tk16,861.80m which was 14.55% lower than the previous week. Market capitalization decreased by 1.58% and stood at Tk3,111.37b (\$36.84b) at the weekend against Tk3,161.31b. DSE 30 decreased by 21.14 points or 1.20% and closed at 1,737.06 points against 1,758.20 points. Last week's weighted average Market PE was 13.04 which was 13.33 previous week.

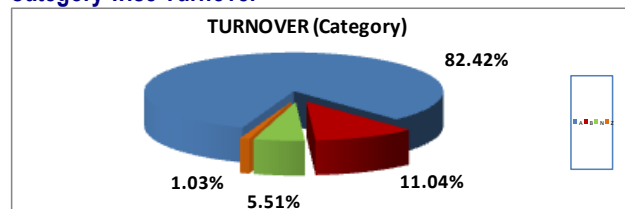
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
National tubes Ltd.	6,934,879	1,017,297,000	6.03
JMI Syringes & Medical	1,184,216	600,076,000	3.56
Beacon Pharmaceuticals	21,176,443	592,232,000	3.51
Monno Ceramic	2,602,784	569,285,000	3.38
Monno Jute Staffers Ltd.	287,575	559,585,000	3.32
Stylecraft Limited	588,449	528,678,000	3.14

Top 10 Market Capital

			In million
GP	410,626	BERGERPBL	73,207
BATBC	201,348	BRACBANK	70,796
Square Pharma	192,439	ICB	69,070
United Power	169,218	MARICO	55,490
RENATA	102,611	LHBL	43,087

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	1,498.70	1,515.40	-1.10
Silver (USD/t oz.)	18.04	18.57	-2.82
Brent Crude Oil (USD/bbl.)	60.38	60.95	-0.94

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	94.01	94.07	93.62	93.68	0.42	0.42
GBP	105.90	105.97	103.99	104.05	1.84	1.84
AUD	58.38	58.42	58.12	58.15	0.45	0.45
JPY	0.79	0.79	0.79	0.80	-0.62	-1.09
CAD	63.90	63.93	64.44	64.48	-0.85	-0.85
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)
Ring Shine Textile	Aug 25 - Sep 09, 2019	10	1500