

BB reverses stance on ADR

Bangladesh Bank (BB) went in reverse gear from its earlier stance to lower Advance-Deposit Ratio (ADR) against the backdrop of acute liquidity crunch. As per the latest circular of BB, the conventional banks would be allowed to keep ADR at 85% and Shariah-based banks at 90%. Earlier in January of 2018, the central bank directed to lower ADR to 83.5% from 85% for conventional banks and to 89% from 90% for Shariah-based banks to arrest aggressive lending practices. Later, BB extended the deadline four times since January 2018 and the last deadline was scheduled for September 30, 2019. According to updated statistics of BB, average ADR of private banks stood at 84.42% while the ratio of 10 banks was well above 85%. Bankers hailed the decision and opined that the move would give a breathing space for the banks that are mired in severe liquidity scarcity. The bankers also envisaged that the private sector credit growth would get pace due to the decision as the private sector credit growth hit a six-year low of 11.26% in July of 2019 amid the cautious lending stance taken by the banks while credit growth rate in January last year was 18.36%.

Incumbent Commission approved 60 IPOs despite doubts

The Bangladesh Securities and Exchange Commission (BSEC) under the leadership of the current commission approved around 90 Initial Public Offerings (IPOs) since 2011 though the Dhaka Stock Exchange (DSE) reportedly raised doubts on the quality of around 60 of them. Among the 60 IPOs, the share prices of around 20 companies later dropped below their offer prices and another 11 companies are being traded near the face value as per the statistics of the DSE. The DSE gave negative opinion on the IPO proposals of Generation Next, Appollo Ispat, C&A Textile, Family Textiles, Fareast Finance, Mozaffar Hossain Spinning, Olympic Accessories and Zaheen Spinning and the shares of the companies are now being traded below par. The premier bourse also made negative observations on Intraco Refueling Station, Oimex, Advent Pharma, Queen South Textile, VFS Thread Dyeing, ML Dyeing, Kattali Textiles, Indo-Bangla Pharmaceuticals, SS Steel, New Line Clothings and Silco Pharmaceuticals though the regulator approved the IPO proposals. In the latest case, the BSEC approved the IPO of Coppertech Industries that was mired in controversies including allegations of fabricating financial figures amid widespread criticism from the different quarters of the stock market. Capital market experts opined that the regulator should pay heed to the observations and recommendations of the bourses with significance.

Government revenue from DSE dived by 57% in August

Tax receipts from the Dhaka Stock Exchange (DSE) plunged by 57% (month-on-month) to Tk83m in August 2019 mainly for lower trading activities of investors. In August, the prime bourse witnessed only 16 trading sessions due to the holidays of *Eid-ul-Azha*. Most importantly, lower share sale by the sponsor-directors contributed to the sharp decline in tax revenue from the bourse. Of the total tax earnings in August, government earned Tk74m from brokerage commission against Tk90m in July and Tk9m from the share sales by sponsors-directors and placement holders against Tk105m in July. Accumulated turnover of the bourse decreased by 17.31% to Tk73.98b in August as against Tk89.47b in July. DSEX, the benchmark index of the Dhaka bourse, also shed 43 points or 0.83% in the month.

Provisioning shortfall at 128.97b in June

The provisioning shortfall in the banking sector stood at Tk128.97b at the end of June 2019, according to Bangladesh Bank (BB) statistics. Thirteen banks in total, including four state-owned banks, amassed the total shortfall of Tk128.97b in the banking sector. The continuous rise of Non-Performing Loans (NPLs) in banks was attributed by banking experts as the main reason behind this huge provisioning shortfall. The Non-performing loans (NPLs) of banks swelled by 1.4% or Tk15.51b in the second quarter (April-June) of 2019 to Tk1,124.25b, compared to the previous quarter. As per regulations, banks have to keep 0.50% to 5% in provision with BB against defaulted loans for general category, 20% against classified loans of sub-standard category, 50% against classified loans of doubtful category, and 100% against classified loans of bad or loss category. The capital base of these 13 banks will erode significantly due to high provisioning requirement, BB concerns.

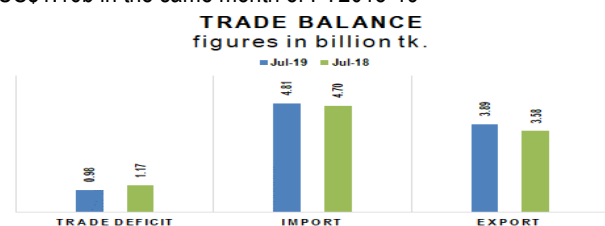
Provisioning Shortfall as of June 30, 2019			
State Banks	Amount in Bn. Tk	Private Banks	Amount in Bn. Tk
Agrani	8.53	AB Bank	35.94
BASIC	30.74	Commerce Bank	5.11
Rupali	9.83	Mutual Trust	1.26
Sonali	19.42	Dhaka Bank	3.30
		National Bank	7.28
		Shahjalal Islami	1.00
		Social Islami	3.70
		Standard	1.03
		Trust Bank	1.84
Total	68.51	Total	60.46

ADP spending saw mild growth in Jul-Aug

The Annual Development Program (ADP) spending rose slightly by 4.48% (Y-o-Y) during July-August of FY2019-20. The government agencies including ministries and divisions spent Tk9.63b in July-August of FY2019-20 compared to Tk6.32b in the same period of previous fiscal year, according to the Implementation Monitoring and Evaluation Division (IMED) of the Planning Ministry. As per figures reported by IMED, the Election Commission Secretariat spent the highest 22.03% of the allocation from the government fund followed by Rural Development and Cooperatives Division 16.26%, Power Division 13.80% and Science & Technology 13.08% during the period. The total allocation for ADP is Tk2.15-trillion; of which Tk1.30-trillion will come from the government coffer and Tk718b from foreign sources. According to BB, slow progress in implementing mega projects was responsible behind the slow growth of ADP.

Trade deficit squeezed as imports fell

Import payments dropped by 2.46% or US\$115.47m to US\$4.81b in the first month of FY2019-20 due to a significant decline in imports of capital machineries and industrial raw material. According to the central bank, the import of capital machineries and industrial raw materials dropped by 20.78% (Y-o-Y) and 6.4% (Y-o-Y) respectively in July 2019. Moreover, the Letter of Credit (LC) settlement reduced to US\$4.57m in July 2019 from US\$4.69m in the same month of previous year. This tepid import growth squeezed down the trade deficit by 15.6% (Y-o-Y) to US\$979m in July during this fiscal year compared to US\$1.16b in the same month of FY2018-19



Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	2,992.07	3,007.39	-0.51
FTSE 100	7,344.92	7,367.46	-0.31
Nikkei 225	22,079.09	21,988.29	0.41
SENSEX	38,014.62	37,384.99	1.68
KSE 100	32,111.10	31,481.31	2.00

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	4,855.99	4,933.89	-1.58
Total Turnover, Tk	18,979,521,733.00	16,861,802,396.00	12.56
Market Capital, Tk	3,107,306,186,873	3,111,373,850,700	-0.13
No of Issue Gain	83	66	
No of Issue Loss	239	276	
No of Unchanged Issues	33	13	

Top Gainers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
Provati Insurance	20.00	26.40	32.00	127,075,000
Global Insurance Co.	20.00	23.60	18.00	237,893,000
Federal Insurance	11.90	14.00	17.65	129,108,000
Paramount Ins	18.90	22.00	16.40	41,709,000
Janata Insurance	15.00	17.30	15.33	27,482,000
Agrani Insurance Co	20.60	23.60	14.56	44,255,000
National Life Ins	225.50	258.30	14.55	55,178,000
Northern General Ins	19.10	21.60	13.09	27,279,000
Purabi Gen. Ins	14.20	16.00	12.68	59,882,000
Republic Insurance	19.90	22.30	12.06	47,719,000

Top Losers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
Monno Ceramic	209.20	144.90	-30.74	378,986,000
Al-Haj Textile Mills	68.10	51.00	-25.11	79,490,000
JMI Syringes & Medical	520.80	392.60	-24.62	523,493,000
Monno Jute Staffers	1967.9	1600.20	-18.68	868,383,000
Saiham Cotton Mills	23.70	19.60	-17.30	41,669,000
Kay & Que Ltd.	216.60	179.80	-16.99	76,699,000
Gemini Sea Food Ltd.	314.50	264.00	-16.06	115,222,000
Stylecraft Limited	879.60	739.10	-15.97	435,688,000
Wata Chemicals	652.40	548.40	-15.94	312,430,000
Saiham Textile Mills	42.00	35.60	-15.24	4,314,000

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	378.74	377.74	0.26	938.32	871.57	7.66
Cement	241.74	246.24	-1.83	76.62	57.88	32.37
Ceramic	599.98	642.14	-6.57	571.51	722.85	-20.94
Engineering	2,315.96	2,416.36	-4.16	3,865.81	3,144.23	22.95
Food & Al.	3,850.26	3,835.91	0.37	848.58	883.50	-3.95
Fuel & Pow.	4,051.09	4,089.39	-0.94	1,136.93	1,172.71	-3.05
Insurance	1,598.67	1,495.97	6.87	2,043.46	889.78	129.66
IT	331.71	352.99	-6.03	316.47	421.64	-24.94
Jute	1,969.37	2,140.85	-8.01	136.34	179.66	-24.11
Misc.	1,222.32	1,264.41	-3.33	952.47	795.12	19.79
Mutual Fund	376.80	380.35	-0.93	348.67	416.67	-16.32
NBFI	966.00	973.87	-0.81	305.81	508.14	-39.82
Paper	8,091.35	8,289.47	-2.39	72.56	58.83	23.34
Pharma	1,156.04	1,210.30	-4.48	3,216.93	3,669.64	-12.34
Service	973.47	993.34	-2.00	115.34	83.50	38.13
Tannery	797.39	829.45	-3.87	925.27	481.79	92.05
Telecom	3,109.13	2,831.91	9.79	507.07	404.84	25.25
Textile	1,214.18	1,282.16	-5.30	1,661.81	1,599.60	3.89
Travel & Leis	492.56	505.76	-2.61	84.58	97.83	-13.54

Technical Talk

Dhaka bourse closed with another sharp fall for the fourth consecutive week ended on Thursday as anxious investors opted to dump shares amid acute deficiency of confidence. Government's recent moves including the Bangladesh Bank's declaration to ease Advance-Deposit Ratio (ADR) and the Finance Minister's assurance to settle GP issue failed to bring the investors back to the market. Among the major losers, Textile sector decreased by 5.30% over the week followed by Pharma 4.48%, Engineering 4.16%, Fuel & Power 0.94% and NBFI 0.81%.

DSE Broad Index (DSEX) reached 4,855.99 points decreased by 77.90 points or 1.58% from the previous week. Total turnover reached at Tk18,979.52m which was 12.56% higher than the previous week. Market capitalization decreased by 0.13% and stood at Tk3,107.31b (\$36.79b) at the weekend against Tk3,111.37b. DSE 30 decreased by 1.13 points or .006% and closed at 1735.93 points against 1,737.06 points. Last week's weighted average Market PE was 13.02 which was 13.04 previous week.

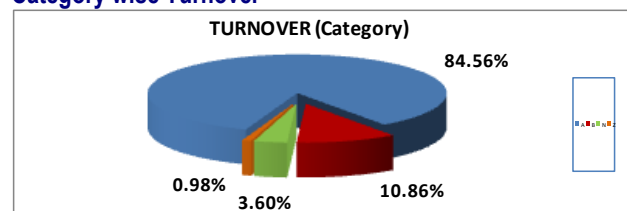
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
National tubes Ltd.	7,225,630	1,208,353,000	6.37
Monno Jute Staffers Ltd.	490,500	868,383,000	4.58
JMI Syringes & Medical	1,139,353	523,493,000	2.76
Square Pharmaceuticals	2,127,421	497,387,000	2.62
Legacy Footwear Ltd.	3,480,096	469,659,000	2.47
Stylecraft Limited	538,263	435,688,000	2.30

Top 10 Market Capital

	In million		
GP	Volume	Value (Tk)	% of total
GP	452,756	BRACBANK	73,016
BATBC	205,524	BERGERPBL	70,963
Square Pharma	179,026	ICB	68,721
United Power	168,639	MARICO	54,457
RENATA	102,433	LHBL	42,622

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t.oz)	1,498.40	1,498.70	-0.02
Silver (USD/t.oz)	17.77	18.04	-1.49
Brent Crude Oil (USD/bbl.)	64.40	60.38	6.66

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	93.52	93.58	94.01	94.07	-0.52	-0.52
GBP	105.68	105.75	105.90	105.97	-0.21	-0.21
AUD	57.46	57.49	58.38	58.42	-1.58	-1.58
JPY	0.79	0.79	0.79	0.79	0.48	0.48
CAD	64.03	64.06	63.90	63.93	0.20	0.20
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

