

BB extends liquidity support to rescue stocks

Bangladesh Bank (BB) announced a temporary liquidity support for scheduled banks aiming to boost investment capacity of the banks as the stock market endured the brunt of a prolonged bear-run. As per the statistics, DSEX, the benchmark index of the bourse Dhaka Stock Exchange (DSE), lost 453.16 points or 8.37% so far in the current fiscal year (up to September 26) plunging below the psychological 5,000-mark while market capitalization has been squeezed by Tk232.84b. As per the September 22 circular of BB, the liquidity support would be provided in the form of Repurchase Agreement (Repo) where lenders would have to pay 6% interest to enjoy the facility. The tenure of the Repo might be extended up to six months on the basis of successful utilization of the fund by the banks. The lenders, whose investment volume is below the central bank ceiling, would get equivalent to 95% of the value of the T-bills and T-bonds. As per the Bank Company Act 1991 (Amended in 2018), stock market exposure of a bank is limited to up to 25% of its total eligible capital. However, the investment ceiling goes up to 50% if capital of subsidiary companies of a bank is considered. However, BB set condition that the aspirant banks would have to open fresh Beneficiary Owner (BO) account to invest the fund through their own portfolio or portfolios of their subsidiaries. The liquidity support for the banks would be available for the next three months. However, veteran stock market experts have warned that the support from the central bank would not have any long lasting effect if the other stakeholders would not play their due roles as some banks with adequate liquidity and room to invest are reluctant to invest in the stock market. BB officials confirmed that the exposure of banking sector in the stock market is still below 15% whereas the permissible limit is 25% of their total eligible capital components.

94 listed scrips dive below issue price

Share price of some 94 companies and mutual funds listed with the Dhaka Stock Exchange (DSE) dropped below their respective issue prices as confidence level of investors touched rock bottom. The 94 scrips include 62 companies and 32 funds while a total of 319 companies and 37 funds are listed with the DSE. The share prices of around 20 companies have been hovering at their face value in recent days. Of the 94 scrips, 48 entered capital market through Initial Public Offerings (IPO) during the tenure of the incumbent Commission. Moreover, share prices of the 37 companies listed before 2011 plunged by more than 80% during the current Commission. Market experts opine that share price manipulations, wrongdoings and breaching of rules have become rampant in the market in recent days. Against the backdrop of acute deficiency of confidence, foreign investors opted to exit from the beginning of 2018 and withdrew around Tk6.17b in the last seven months of the year.

Government to form AMC to buy NPLs

The government is pondering to form an Asset Management Company (AMC) to buy distressed loans from banks as part of its move to clean up toxic assets from the financial sector. As per the roadmap, the government is going to formulate a special law within FY2019-20 to form a Public Asset Management Company (PAMC). The law will empower the PAMC to purchase Non-Performing Loans (NPLs) from banks and sell them off to individuals or corporate entities sidestepping the lengthy legal procedure. As per Bangladesh Bank, the total amount of default loans in the banking sector stood at Tk1.12 trillion at the end of June of 2019, up by 20% from six months earlier.

Unsecured loans make up 6.37% of NBFi portfolio

The Non-Bank Financial Institutions (NBFIs) extended 6.37% of their outstanding loans without any security, as per Bangladesh Bank (BB) report. The report revealed that the NBFIs disbursed Tk693.28b worth loans as of 31 March, 2019 and of the amount, a sum of Tk44.13b was sanctioned without taking any security from the borrowers. According to industry insiders, the segments which require financing without any security include small and medium enterprises, export bill discounting, work order financing and working capital financing. The entities disbursed highest 39.73% of their loans or Tk275.41b against real estate i.e. land, building, apartments etc., followed by 13.17% or Tk9.50b loans against personal guarantee and 7.68% or Tk5.32b against financial obligations including insurance policies, savings certificates, checks and fixed deposit receipts, BB reported. The financial institutions also financed against gold, shares and securities, commodities, machinery or fixed assets, and vehicles, among others. According to BB, the total loan disbursement by the NBFIs increased by 1.63% or Tk11.11b in January-March of 2019 from Tk682.16b at the end of December 31, 2018. On the other hand, the total deposits in the NBFIs increased by 1.92% or Tk8.73b to Tk464.22b as of March this year from Tk455.49b three months back.

No harmony between trade and GDP growth

The contribution of foreign trade in Bangladesh economy observed mixed trend till FY2018-19 after FY2011-12 when the trade-GDP ratio of the economy peaked at 48.11%. The trade-GDP ratio came down to 38.89% in FY2018-19, based on figures by Bangladesh Bureau of Statistics (BBS). According to the findings, the GDP growth outpaced the growth in foreign trade including goods and services gradually after FY2011-12. Economists attributed such fluctuation in foreign trade to the lack of synchronization between GDP growth and overall foreign trade. In the last fiscal year, Export-GDP ratio and Import-GDP ratio came down to 15.91% and 22.98% respectively from 27.95% and 20.16% during FY2011-12.

CAG detects Tk117.10b anomalies in sixteen ministries

The Office of Comptroller and Auditor General (OCAG) reported financial irregularities of Tk117.10b against 16 ministries of government, which they detected in the last five fiscal years till FY2017-18. Between FY2012-13 and FY2017-18, the OCAG raised 434 objections in 34 audit reports. The anomalies include breach of laws & policies, disregard of government instructions & rules, weak internal control, irregularities, corruption etc. As per the report, audit objections against BASIC Bank amounted Tk38.85b. The OCAG also detected 29 issues involving Tk10.01b against the Large Taxpayer Unit (LTU) of National Board of Revenue (NBR) in FY2014-15.

COMPANIES/DEPARTMENTS	AMOUNT IN BILLION Tk. INVOLVED IN AUDIT OBJECTIONS
BASIC Bank	38.85
Large Taxpayer Unit, Dhaka	18.62
Karnaphuli Paper Mills	15.93
Livestock Department, Textile Mills Corp. Jute Mills Corp.	7.91
Civil Aviation Authority	5.49
Agrani Bank	5.48
National Board of Revenue	4.15

SOURCE: AUDIT REPORTS OF OCAG

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	2,961.79	2,992.07	-1.01
FTSE 100	7,426.21	7,344.92	1.11
Nikkei 225	21,878.90	22,079.09	-0.91
SENSEX	38,822.57	38,014.62	2.13
KSE 100	32,070.81	32,111.10	-0.13

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	4,968.47	4,855.99	2.32
Total Turnover, Tk	19,578,951,305.00	18,979,521,733.00	3.16
Market Capital, Tk	3,181,644,216,948	3,107,306,186,873	2.39
No of Issue Gain	252	83	
No of Issue Loss	76	239	
No of Unchanged Issues	27	33	

Top Gainers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
Sonar Bangla Ins	28.00	36.00	28.57	383,059,000
Monno Ceramic	144.90	181.40	25.19	335,904,000
SEML Lecture MF	6.10	7.50	22.95	77,826,000
Standard Ceramic	453.00	550.10	21.43	184,207,000
Eastern Insurance	39.70	47.40	19.40	171,439,000
Peoples Insurance	19.90	23.50	18.09	40,911,000
Republic Insurance	22.30	26.20	17.49	101,273,000
VAMLBDMF1	5.80	6.70	15.52	11,734,000
Agrani Insurance Co	23.60	27.20	15.25	100,233,000
Bank Asia Ltd.	17.20	19.80	15.12	109,005,000

Top Losers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
Fortune Shoes Limited	33.30	29.00	-12.91	563,709,000
Yeakin Polymer Limited	9.70	8.60	-11.34	21,892,000
Monno Jute Staffers	1600.2	1491.00	-6.82	561,299,000
Bashundhara Paper	57.60	54.30	-5.73	25,936,000
United Airways (BD)	1.80	1.70	-5.56	4,001,000
National Life Insurance	258.30	244.00	-5.54	75,250,000
The Dacca Dyeing	3.70	3.50	-5.41	334,000
Miracle Industries	18.70	17.80	-4.81	21,051,000
Indo-Bangla Pharma	21.00	20.10	-4.29	75,566,000
Nurani Dyeing	12.10	11.60	-4.13	43,607,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	388.53	378.74	2.59	1,460.60	938.32	55.66
Cement	244.00	241.74	0.93	92.20	76.62	20.34
Ceramic	647.60	599.98	7.94	537.44	571.51	-5.96
Engineering	2,359.52	2,315.96	1.88	2,787.43	3,865.81	-27.90
Food & Al.	3,931.39	3,850.26	2.11	504.93	848.58	-40.50
Fuel & Pow.	4,021.46	4,051.09	-0.73	1,278.23	1,136.93	12.43
Insurance	1,645.18	1,598.67	2.91	3,196.97	2,043.46	56.45
IT	333.53	331.71	0.55	238.33	316.47	-24.69
Jute	1,965.34	1,969.37	-0.20	70.99	136.34	-47.93
Misc.	1,229.27	1,222.32	0.57	598.56	952.47	-37.16
Mutual Fund	392.70	376.80	4.22	539.48	348.67	54.72
NBFI	989.36	966.00	2.42	501.10	305.81	63.86
Paper	7,709.90	8,091.35	-4.71	41.69	72.56	-42.55
Pharma	1,180.48	1,156.04	2.11	2,433.23	3,216.93	-24.36
Service	980.33	973.47	0.71	76.26	115.34	-33.88
Tannery	780.85	797.39	-2.08	850.95	925.27	-8.03
Telecom	3,328.51	3,109.13	7.06	1,207.21	507.07	138.07
Textile	1,220.16	1,214.18	0.49	1,327.09	1,661.81	-20.14
Travel & Leis	496.75	492.56	0.85	94.23	84.58	11.41

Technical Talk

Dhaka bourse bounced back strongly in the last week snapping a four-week losing streak as optimistic investors showed enthusiasm on large-cap shares. Bangladesh Bank's market supportive measures coupled with the government move to resolve GP's dispute with the telecom regulator cheered investors' confidence. Among the major gainers, Telecom sector increased by 7.06% over the week followed by Mutual Fund 4.22%, Insurance 2.91%, NBFI 2.42% and Pharma 2.11%.

DSE Broad Index (DSEX) reached 4,968.47 points increased by 112.48 points or 2.32% from the previous week. Total turnover reached at Tk19,578.95m which was 3.16% higher than the previous week. Market capitalization increased by 2.39% and stood at Tk3,181.64b (\$37.67b) at the weekend against Tk3,107.31b. DSE 30 increased by 33.02 points or 1.90% and closed at 1,768.95 points against 1,735.93 points. Last week's weighted average Market PE was 13.34 which was 13.02 previous week.

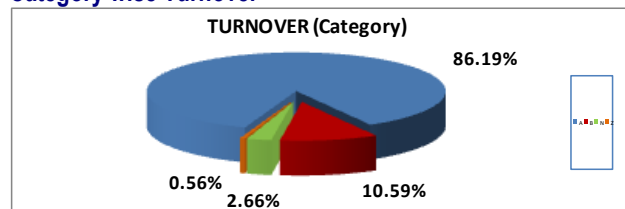
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
Grameenphone Ltd.	2,675,891	962,648,000	4.92
National tubes Ltd.	3,824,433	616,672,000	3.15
Fortune Shoes Limited	17,859,452	563,709,000	2.88
Monno Jute Staffers Ltd.	372,619	561,299,000	2.87
VFS Thread Dyeing	15,103,542	390,856,000	2.00
Square Pharmaceuticals	1,628,880	384,002,000	1.96

Top 10 Market Capital

Company	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.)	1,507.90	1,498.40	0.63
Silver (USD/t oz.)	17.81	17.77	0.22
Brent Crude Oil (USD/bbl.)	62.74	64.40	-2.58

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	92.85	92.91	93.52	93.58	-0.72	-0.72
GBP	104.05	104.11	105.68	105.75	-1.55	-1.55
AUD	57.42	57.46	57.46	57.49	-0.06	-0.06
JPY	0.79	0.79	0.79	0.79	-0.35	-0.34
CAD	64.08	64.12	64.03	64.06	0.09	0.09
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