

BSEC allows cash dividend despite accumulated loss

The Bangladesh Securities and Exchange Commission (BSEC) clarified that the listed companies are allowed to declare and distribute cash dividend for a financial year from the profit of that year despite having accumulated negative retained earnings, subject to compliance of all other securities laws. The clarification came from the regulator on its previous notifications issued on June 20, 2018 regarding dividend declaration by listed companies and another one on May 23, 2019 regarding declaring bonus shares, as the notifications created confusions among investors and companies. The notification stated that the listed companies are not allowed to declare any dividend out of the capital reserve account or the revaluation reserve account or any unrealized gain or out of the profit earned prior to the incorporation of the company, if any, or through reducing paid-up capital or through doing anything so that the post-dividend retained earnings become negative or a debit balance. Market experts have opined that the decision would be a boon for the companies that have been unable to declare any dividend for years as the market watchdog can delist any company that failed to declare any dividend for five years at a stretch.

Contribution of LTUs to the national exchequer drops

Revenue collection from the Large Taxpayer's Unit (LTU) decreased by 15.60% (Y-o-Y) to Tk49.91b in the first two months of FY2019-20, from Tk59.13b in the same period of the previous fiscal year, due to sharp fall in indirect tax receipts from gas and tobacco sectors, according to the records of the National Board of Revenue (NBR). Tax receipt from these two large sources fell by Tk17.63b during the two months, on the heels of a hefty refund of Value-added tax (VAT), as per the new VAT law as well as the adjustment to the Advance Tax (AT), reported by the NBR. Revenue earnings from the gas sector declined by 68.33% (Y-o-Y) as against Tk11.79b in the July-August period of the last fiscal year mainly for the exemption of 93.24% Supplementary Duty (SD) in this sector in the second half of the last fiscal year. Tobacco sector, another large contributor to the national exchequer, significantly decreased by 16.42% (Y-o-Y), as the supply of cigarettes in upper brands slumped by 18.41% (Y-o-Y) on an average, as a consequence of imposing high tariff on this sector. The adjustments in the new law extended the scope of rebate facility that squeezed the revenue collection from the large group of taxpayers during the period.

Negative bank borrowing target set for October

Net bank borrowing by the government might turn negative in October this year as the government had around Tk15b as excess liquidity in its accounts as on September 26, 2019. Consequently, the Ministry of Finance (MoF) set the net negative bank borrowing target at Tk13.93b for October. As per the auction calendar issued by Bangladesh Bank (BB), the government might borrow up to Tk98b from the banking system in the month by issuing T-bills and T-bonds while repay Tk111.93b as maturity amount of the outstanding government securities. As per the budget documents of FY2019-20, the government set bank borrowing target of Tk473.64b for the fiscal year to partly finance the budget deficit, up from Tk308.95b in the previous fiscal year. Bankers opined that negative bank borrowing by the government would improve liquidity situation in the money market. However, BB officials predicted that such trend of bank borrowing by the government might continue until November, but it might pick up from December.

Fund raising through IPO sluggish in 2019

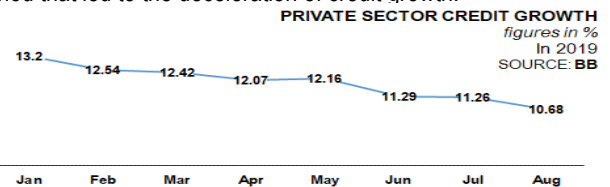
Only seven companies raised fund through Initial Public Offerings (IPOs) from the capital market this calendar year till September in 2019. The revision of public issue rules with rather conservative stance of the securities regulator in approving IPOs took a toll on the fund raising trend from the market. Alongside, the volatility in the equity market infused a negative sentiment among fund raisers. During Jan-Sept period of 2019, the seven companies raised Tk4.95b including premium through IPOs while eleven companies raised Tk5.01b through IPOs in the same period last year, as per Dhaka Stock Exchange (DSE) records. The amended Public Issue Rules compelled many issuer companies to review their IPO applications. The Bangladesh Securities & Exchange Commission (BSEC) revised the Public Issue Rules 2015 on July 16, 2019 tightening the lock-in provision on private placement shareholders and increasing the allotment quota for general investors.

FUND RAISING THRU IPOs IN 2019 (JAN-SEP)				
SL	Companies	Bid Price	Offer Price for General Public	Amount Raised (Tk in Billion)
1	Esquire Knit	45	40	1,500
2	Runner Auto	75	67	1,000
3	New Line	-	10	300
4	Silco Pharma	-	10	300
5	Coppertech	-	10	200
6	Sea Pearl Resort	-	10	150
7	Ring Shine	-	10	1,500
Total				4,950

SOURCE: DSE

Private credit sinks to 9-year low

The private sector credit growth came down to 10.68% (Y-o-Y) in August 2019, hitting the lowest after September 2010 when the growth stood at 6.09%, as per Bangladesh Bank (BB) figures. The growth is 2.52% lower than the 13.20% target set by BB for the first half of FY2019-20. Total outstanding loans with the private sector rose to Tk10.07-trillion in August 2019 from Tk9.10-trillion a year ago. Economists attributed the slowdown in private credit to the sluggish business activities and conservative approach of banks in loan distribution, in order to comply with the proposed provision of Advance-Deposit Ratio (ADR), lowering the previous limit which was due to be finalized in September this year. However, BB backpedaled from its stance and restored the previous ADR limit on September 17, 2019. Moreover, the declining trend in import of capital machineries and industrial raw materials indicated stagnant investment activities during the period that led to the deceleration of credit growth.



ADP implementation soars 52% (Y-o-Y) in Jul-Aug

Development spending registered 52.42% (Y-o-Y) growth, rising to Tk96.26b in the first two months of FY2019-20, compared to Tk63.18b in the corresponding period of FY2018-19. This head start of Annual Development Program (ADP) occurred due to proper utilization of fund by the Power Division. The Power Division alone implemented Tk33.82b, which is 11.83% of Tk285.83b allocated for the Division in FY2019-20. As per the monthly progress report of Implementation Monitoring and Evaluation Division (IMED), around 4.48% of the total allocation of Tk2.15-trillion was spent during the first two months of the current fiscal year. Of the total spending, 5.43% came from the government coffer and 3.13% from foreign aid.

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	2,952.01	2,961.79	-0.33
FTSE 100	7,155.38	7,426.21	-3.65
Nikkei 225	21,410.20	21,878.90	-2.14
SENSEX	37,673.31	38,822.57	-2.96
KSE 100	33,033.32	32,070.81	3.00

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	4,937.82	4,968.47	-0.62
Total Turnover, Tk	19,588,789,508.00	19,578,951,305.00	0.05
Market Capital, Tk	3,141,320,811,119.3	3,181,644,216,948	-1.27
No of Issue Gain	137	252	
No of Issue Loss	193	76	
No of Unchanged Issues	25	27	

Top Gainers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
CAPM BDBL MF	7.00	10.00	42.86	108,288,000
Standard Ceramic	550.10	707.40	28.59	26,713,000
Asian Tiger GF	8.00	9.70	21.25	304,245,000
VAMLRBBF	5.50	6.60	20.00	184,116,000
Phoenix Fin1st MF	6.10	7.30	19.67	19,186,000
SEML Lec Equity MF	7.50	8.80	17.33	71,459,000
Intech Limited	24.60	28.80	17.07	169,909,000
SEML FBLSL GF	15.70	18.20	15.92	91,045,000
Prime Bank 1st ICB	5.30	6.10	15.09	289,819,000
CAPM BDBL MF01	7.00	10.00	42.86	8,979,000

Top Losers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
Mithun Knitting	10.80	8.80	-18.52	3,661,000
First Finance Limited.	4.00	3.50	-12.50	1,325,000
GQ Ball Pen Industries	82.80	75.70	-8.57	48,255,000
Quasem Industries	31.40	28.80	-8.28	17,953,000
KDS Accessories	49.70	45.70	-8.05	32,977,000
Takaful Islami Ins	30.70	28.50	-7.17	4,497,000
United Insurance	60.00	55.80	-7.00	10,475,000
United Power	307.50	286.20	-6.93	198,821,000
Global Insurance Co.	24.90	23.20	-6.83	151,021,000
Bank Asia Ltd.	19.80	18.50	-6.57	86,110,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	386.33	388.53	-0.57	1,295.36	1,460.60	-11.31
Cement	241.10	244.00	-1.19	83.72	92.20	-9.20
Ceramic	681.31	647.60	5.21	737.81	537.44	37.28
Engineering	2,327.61	2,359.52	-1.35	2,605.02	2,787.43	-6.54
Food & Al.	3,853.15	3,931.39	-1.99	461.75	504.93	-8.55
Fuel & Pow.	3,974.91	4,021.46	-1.16	1,314.40	1,278.23	2.83
Insurance	1,614.84	1,645.18	-1.84	2,756.48	3,196.97	-13.78
IT	342.15	333.53	2.58	319.89	238.33	34.22
Jute	1,856.59	1,965.34	-5.53	115.78	70.99	63.09
Misc.	1,225.28	1,229.27	-0.32	883.28	598.56	47.57
Mutual Fund	421.75	392.70	7.40	1,381.09	539.48	156.00
NBFI	979.04	989.36	-1.04	715.25	501.10	42.74
Paper	7,441.96	7,709.90	-3.48	54.73	41.69	31.27
Pharma	1,180.54	1,180.48	0.01	2,044.09	2,433.23	-15.99
Service	956.82	980.33	-2.40	83.13	76.26	9.02
Tannery	780.15	780.85	-0.09	540.56	850.95	-36.48
Telecom	3,204.67	3,328.51	-3.72	685.26	1,207.21	-43.24
Textile	1,210.97	1,220.16	-0.75	1,420.68	1,327.09	7.05
Travel & Leis	479.89	496.75	-3.39	86.64	94.23	-8.05

Technical Talk

Dhaka bourse closed in red trajectory in the last week that ended on Thursday as cautious investors opted wait-and-see approach amid ongoing bearish trend. The market supportive measures of Bangladesh Bank coupled with the government move to resolve dispute between GP and the telecom regulator apparently failed to boost investors' confidence. Among the major losers, Telecom sector decreased by 3.72% over the week followed by Insurance 1.84%, Fuel & Power 1.16% and NBFI 1.04%.

DSE Broad Index (DSEX) reached 4,937.82 points decreased by 30.65 points or 0.62% from the previous week. Total turnover reached at Tk19,588.79m which was 0.05% higher than the previous week. Market capitalization decreased by 1.27% and stood at Tk3,141.32b (\$37.09b) at the weekend against Tk3,181.64b. DSE 30 decreased by 13.71 points or 0.77% and closed at 1,755.24 points against 1,768.95 points. Last week's weighted average Market PE was 13.31 which was 13.34 previous week.

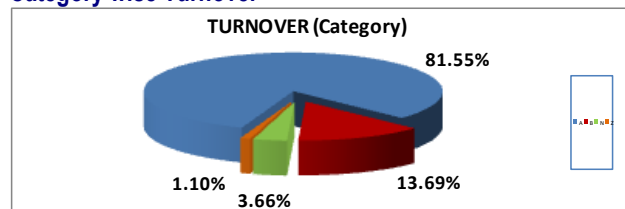
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
National tubes Ltd.	3,496,213	574,184,000	2.93
Monno Jute Staffers Ltd.	291,499	461,200,000	2.35
Bangladesh Submarine	3,531,175	440,006,000	2.25
Bangladesh Shipping	8,056,318	415,336,000	2.12
Monno Ceramic	2,159,478	409,745,000	2.09
Beacon Pharmaceuticals	14,217,906	402,571,000	2.06

Top 10 Market Capital

Company	Volume	Value (Tk)	% of total
GP	465,989	BRACBANK	75,976
BATBC	205,362	BERGERPBL	71,060
Square Pharma	185,180	ICB	67,535
United Power	150,826	MARICO	54,608
RENATA	103,947	Summit Power	44,424

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	1,507.10	1,507.90	-0.05
Silver (USD/t oz.)	17.59	17.81	-1.27
Brent Crude Oil (USD/bbl.)	57.71	62.74	-8.02

Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	84.70	84.75	84.45	84.50	0.30	0.30
EUR	93.47	93.52	92.85	92.91	0.66	0.66
GBP	104.74	104.80	104.05	104.11	0.66	0.66
AUD	57.63	57.66	57.42	57.46	0.36	0.36
JPY	0.80	0.80	0.79	0.79	1.23	1.23
CAD	63.93	63.97	64.08	64.12	-0.24	-0.24
SAR	22.69	22.71	22.63	22.64	0.30	0.30

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