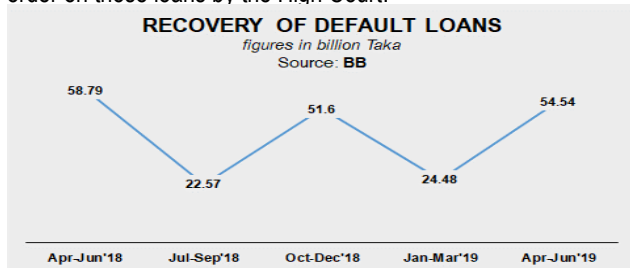


**Loan recovery decelerates despite relaxed BB policy**

Loan recovery by banks declined by 7.22% (Y-o-Y) in April-June quarter of 2019 despite offering the relaxed rescheduling facility to the loan defaulters. As per figures by Bangladesh Bank (BB), banks recovered Tk54.54b during the quarter. The total default loan in the sector stood at Tk1.12-trillion registering 25.83% (Y-o-Y) growth as of June 30, 2019. As per the new policy issued by BB, defaulters will be allowed to reschedule their classified loans by making only 2% down payment instead of existing 10%-50% and will be charged maximum of 9% interest on the rescheduled loans, replacing the current 12%-16% interest rate for 10-years extended period to repay. Banks traditionally go for a cash recovery drive before June and December to polish their half-yearly and annual accounts. However, the relaxed policy reportedly made the effort ineffective as it gave fresh lifeline to the defaulters and discouraged many regular borrowers to pay off duly as well. According to a BB report, banks are unable to classify an additional Tk800b as default loan due to the stay order on those loans by the High Court.



**Interest rate spread reduced to BB-set limit of 4%-points**

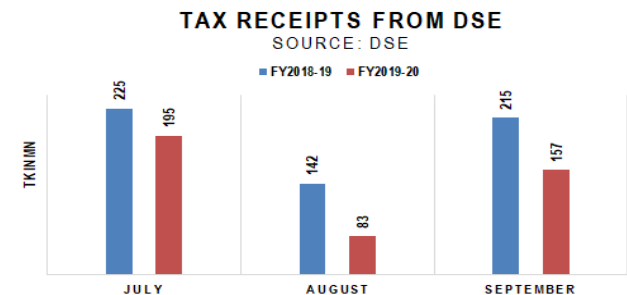
The banking sector observed a drop in weighted average interest rate spread to 4%-points amid a rise in deposit rate that was prompted by the liquidity crunch in the sector. The average spread in Private Commercial Banks (PCBs), State-Owned Banks (SOBs) and Specialized Banks came down to 4.12%-points from 4.42%-points, 2.19%-points from 2.22%-points and 1.84% points from 1.85%-points respectively in October 2019 compared to January 2019. However, Foreign Commercial Banks observed an increase in the spread to 6.73%-points from 6.22%-points during the period under review. Banking experts attributed the decrease in spread to the increase in the deposit rate without adjusting the lending rate. Although the overall spread squeezed down to 4%-points in the sector, around 30 banks are still maintaining the spread above the limit. In March 2018, BB reduced the limit by 1%-points from 5%-points as part of the move to bring down the lending and deposit rates to 9% and 6% respectively.

**Taka depreciates after 5 months**

The exchange rate of Taka started losing its value against the US Dollar after staying stable at Tk84.50 for five months in a row from May 2019. The US Dollar was quoted at Tk84.70 each in the inter-bank forex market on Thursday last (October 10, 2019). The exchange rate of US Dollar started to pick up from October 06, 2019 when it rose to Tk84.65 from Tk84.50 which was unchanged for the last five months. The rate reportedly rose to a maximum of Tk84.75 for sale of Bill for Collection due to the higher demand for the greenback to settle import bills. The latest depreciation came against the backdrop of negative growth in export earnings during the first quarter (Q1) of the current FY2019-20. As per BB report, the central bank sold around US\$59m to the banks at inter-bank forex rate during the Q1 of the current fiscal year.

**Lower trading volume hit tax earnings from DSE**

Tax receipts from the Dhaka stock Exchange (DSE) dropped by 25% (Y-o-Y) to Tk435m in the first quarter of the current FY2019-20 from Tk582m in the same period of the previous fiscal year due to the declining trend in the trading volume, according to DSE statistics. Of the total tax revenue, the prime bourse collected Tk249m from brokerage commission and Tk186m from the share sales by sponsor-directors of listed companies and placement holders during the period. However, the government earnings from the stock exchange soared by 89% (month-on-month) to Tk157m in September against Tk83m in the preceding month because of more trading sessions in September. Market analysts attributed this fall in revenue earnings from the Dhaka bourse mainly to sluggish trading activities of investors that resulted in a low turnover throughout the months. The daily average turnover of the bourse fell to Tk4.30b in the July-September period of the current fiscal year, 41.89% (Y-o-Y) lower than Tk7.40b in that quarter of FY2018-19.



**Slow export growth shows signs of stagnancy**

Export receipts registered a negative growth of 2.94% (Y-o-Y) in the first quarter (Jul-Sept) of FY2019-20 after more than a decade, mainly due to a slowdown in the shipments of the Ready-Made Garments (RMG). Overall earnings from export accounted US\$9.64b during the period against US\$9.94b in the same quarter of the previous fiscal year, according to statistics of the Export Promotion Bureau (EPB). In September, exporters fetched US\$2.91b or 7.3% (Y-o-Y) lower from US\$3.14b in the same month of last year. Receipts from RMG sector in the last quarter edged down by 1.64% (Y-o-Y) to US\$8.05b as the global economic woes brewing from the tumultuous situation of trade war and the BREXIT hit the consumption of RMG products in the leading export destinations. Following the leading sector, export of leather & leather goods, agricultural products and frozen products also dropped by 5.06%, 10.60%, and 9.08% respectively while the jute and jute goods made 1.84% positive growth during the period.

**Remittance recorded 16.45% (Y-o-Y) growth in Q1**

Inward remittance posted a 16.45% growth to US\$4.51b in the first quarter (Jul-Sept) of FY2019-20 compared to US\$3.87b in the corresponding period of last FY2018-19. According to the statistics of Bangladesh Bank (BB), the remitters sent US\$1.47b in September 2019, up by 28.95% (Y-o-Y). This uptrend in remittance is followed by the declaration of providing 2% cash incentives on remittance if made via the formal channels. However, the banks are yet to provide the service due to delay in releasing the government allocation worth Tk30.06b in this regard. Currently, the exchange rate of Taka against US dollar is also favorable for expatriates and banks are also offering better exchange rate to encourage remitters to send their money home using the banking channel.

## Stock Market Movement



### Global Markets

	This Week	Last Week	+/- %
S&P 500	2,970.27	2,952.01	0.62
FTSE 100	7,247.08	7,155.38	1.28
Nikkei 225	21,798.87	21,410.20	1.82
SENSEX	38,127.08	37,673.31	1.20
KSE 100	34,475.69	33,033.32	4.37

### DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	4,810.22	4,937.82	-2.58
Total Turnover, Tk	12,768,708,303.00	19,588,789,508.00	-34.82
Market Capital, Tk	3,048,963,575,513	3,141,320,811,119	-2.94
No of Issue Gain	36	137	
No of Issue Loss	305	193	
No of Unchanged Issues	14	25	

### Top Gainers

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

Company	Last Week	This Week	Change %	Turnover (Tk)
M.L. Dyeing Limited	23.80	28.60	20.17	17,557,000
Atlas Bangladesh	125.60	146.20	16.40	276,490,000
National tubes Ltd.	172.80	195.70	13.25	947,026,000
Prime Textile	24.20	27.10	11.98	64,969,000
Wata Chemicals	634.10	691.60	9.07	349,271,000
ICB Em. P MF	5.20	5.60	7.69	43,567,000
Usmania Glass	92.40	99.20	7.36	94,529,000
Shurwid Industries	21.80	23.20	6.42	77,896,000
Silco Pharma	32.00	34.00	6.25	200,024,000
Salvo Chemical	13.20	14.00	6.06	15,666,000

### Top Losers

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

Company	Last Week	This Week	Change %	Turnover (Tk)
Al-Haj Textile Mills	48.30	38.70	-19.88	15,635,000
SEML FBLSL GF	18.20	14.80	-18.68	192,226,000
CAPM BDBL MF01	10.00	8.20	-18.00	11,390,000
Phoenix Finance 1stMF	7.30	6.10	-16.44	37,107,000
Kattali Textile Limited	16.00	13.50	-15.63	30,579,000
R.N. Spinning Mills Ltd.	5.00	4.30	-14.00	16,624,000
National Polymer	91.60	79.80	-12.88	107,572,000
Active Fine Chemicals	21.20	18.50	-12.74	45,755,000
United Airways (BD)	1.60	1.40	-12.50	7,767,000
Yeakin Polymer Limited	8.10	7.10	-12.35	6,285,000

### Sectoral Index & Turnover

#### Sectoral Index

#### Turnover (Tk.M)

#### Sector

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	379.59	386.33	-1.74	670.14	1,295.36	-48.27
Cement	231.89	241.10	-3.82	54.78	83.72	-34.57
Ceramic	671.92	681.31	-1.38	614.18	737.81	-16.76
Engineering	2,224.02	2,327.61	-4.45	2,587.17	2,605.02	-0.69
Food & Al.	3,728.43	3,853.15	-3.24	354.44	461.75	-23.24
Fuel & Pow.	3,771.10	3,974.91	-5.13	1,027.80	1,314.40	-21.80
Insurance	1,565.11	1,614.84	-3.08	1,005.58	2,756.48	-63.52
IT	326.15	342.15	-4.67	244.43	319.89	-23.59
Jute	1,720.70	1,856.59	-7.32	91.15	115.78	-21.27
Misc.	1,203.83	1,225.28	-1.75	679.90	883.28	-23.03
Mutual Fund	403.08	421.75	-4.43	1,008.44	1,381.09	-26.98
NBFI	939.39	979.04	-4.05	211.46	715.25	-70.44
Paper	6,885.62	7,441.96	-7.48	40.24	54.73	-26.47
Pharma	1,176.44	1,180.54	-0.35	1,880.78	2,044.09	-7.99
Service	908.04	956.82	-5.10	31.77	83.13	-61.78
Tannery	756.85	780.15	-2.99	272.56	540.56	-49.58
Telecom	3,093.23	3,204.67	-3.48	349.13	685.26	-49.05
Textile	1,154.49	1,210.97	-4.66	980.94	1,420.68	-30.95
Travel & Leis	466.13	479.89	-2.87	57.85	86.64	-33.23

## Technical Talk

Dhaka bourse closed in red trajectory in the last week that ended on Thursday as investors got panicked amid acute deficiency of confidence. Many shaky investors opted to liquidate stocks from all sectors while others adopted wait-and-see approach. The investors' activity was mostly focused on engineering sector which grabbed 20.6% of the weekly turnover followed pharmaceuticals & chemicals 16.7% and fuel & power 8.9%. Among the major losers, Fuel & Power sector decreased by 5.13% over the week followed by Textile 4.66%, Engineering 4.45% and NBFI 4.05%.

DSE Broad Index (DSEX) reached 4,810.22 points decreased by 127.60 points or 2.58% from the previous week. Total turnover reached at Tk12,768.71m which was 34.82% lower than the previous week. Market capitalization decreased by 2.94% and stood at Tk3,048.96b (\$36.0b) at the weekend against Tk3,141.32b. DSE 30 decreased by 50.70 points or 2.89% and closed at 1,704.54 points against 1,755.24 points. Last week's weighted average Market PE was 12.90 which was 13.31 previous week.

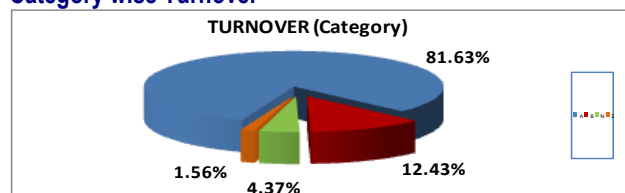
### Top Turnover Companies

Company	Volume	Value (Tk)	% of total
National tubes Ltd.	4,940,404	947,026,000	7.42
Standard Ceramic	542,691	386,289,000	3.03
Wata Chemicals Limited	522,184	349,271,000	2.74
Summit Power Ltd.	8,266,270	348,834,000	2.73
Square Pharmaceuticals	1,445,807	345,795,000	2.71
Monno Jute Staffers Ltd.	194,356	311,594,000	2.44

### Top 10 Market Capital

	In million		
GP	449,650	BRACBANK	74,989
BATBC	199,494	BERGERPBL	70,318
Square Pharma	187,547	ICB	64,395
United Power	137,124	MARICO	54,882
RENATA	102,780	Summit Power	44,424

### Category wise Turnover



### Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	1,494.80	1,507.10	-0.82
Silver (USD/t oz.)	17.52	17.59	-0.37
Brent Crude Oil (USD/bbl.)	59.10	57.71	2.41

### Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	84.70	84.75	84.70	84.75	0.00	0.00
EUR	94.01	94.07	93.47	93.52	0.58	0.58
GBP	107.42	107.49	104.74	104.80	2.56	2.56
AUD	57.81	57.84	57.63	57.66	0.31	0.31
JPY	0.79	0.79	0.80	0.80	-1.35	-1.36
CAD	64.51	64.55	63.93	63.97	0.90	0.90
SAR	22.70	22.71	22.69	22.71	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