

SC Chamber Judge halts LR Global stay order

The Appellate Division (AD) Chamber Judge of the Supreme Court (SC) on December 1, 2019 stayed the status quo that was issued by a High Court (HC) bench on changing the asset manager of Green Delta Mutual Fund and DBH 1st Mutual Fund. Earlier, the HC bench instructed all concerned parties to maintain status quo on continuance of LR Global Bangladesh Limited as the Asset Management Company (AMC) of the two mutual funds until January 8, 2020. Seven institutional investors holding majority units of both the funds reportedly filed the petition against the High Court Division stay order. LR Global Bangladesh, the asset manager of the two closed-end funds, sought the injunction order from the HC against the intent and decision of the unitholders. The institutional unitholders who own 72.5% of the total units of DBH 1st Mutual Fund and 70.12% of Green Delta Mutual Fund sought to change the AMC of the funds on the ground that the AMC tends to invest the corpus in risky securities.

Devaluation of Taka invites economic worry

Bangladesh Bank (BB) continued devaluing the Taka against the US Dollar for supporting the exporters to stay competitive in the global market. Export earnings have been under critical pressure as it dropped by 6.82% (Y-o-Y) to US\$12.72b in the first four months of FY2019-20. Economists attributed the downtrend in export earnings to declining orders from the major economies in the world as they were facing recession warnings amid the US-China trade war. On the other hand, the demand for the greenback is gradually increasing due to higher import payment arising from growing import of intermediate goods, fuel oil and capital machinery for power plants. As per figures of BB, the interbank exchange rate of the US Dollar increased to Tk84.9 on 28 November 2019, rising from Tk84.5 on October 3 this year and remained there till December 4, 2019. The local currency depreciated by Tk1 against the greenback so far in 2019 from Tk83.9 on January 02, 2019. Although, BB quoted the interbank exchange rate at Tk84.9, the US Dollar has been traded at Tk86.2 interbank while at the informal *kerb* market, the selling rates of the greenback hovered around Tk87.5, reportedly. Meanwhile, the forex reserves stood at US\$31.69b on November 28 last, coming down from US\$31.72b of the previous working day after selling of greenback to the banks. The central bank sold US\$299m so far during the fiscal year to provide foreign currency support to the banks to keep the Dollar rate stable, as per BB statistics. Economists fear that the devaluation is likely to intensify inflationary pressure in the economy significantly.

Provision shortfall in banking sector rises

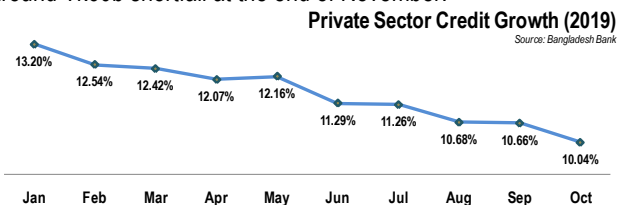
The banking sector experienced provision shortfall of Tk81.29b as at September 30, 2019, up by 22.89% from Tk66.15b in December 2018, as per the latest statistics of Bangladesh Bank (BB). The figures revealed that a total of 13 banks, including public and private, failed to maintain the minimum required provision of Tk624.63b against the classified loans worth Tk1.16-trillion recorded at the end of the nine months period of this year. The banks kept only Tk543.34b in provisions during the nine months, compromising the security of depositors' fund. Three state-owned commercial banks faced Tk64.39b in gap of provision and ten private commercial banks had Tk21.48b as provision shortfall, as reported by BB. However, the shortfall shrunk by 11.82% at the end of September against that of Tk92.19b as of June 30, 2019, according to BB.

Moody's view banking sector to face further stress

Moody's, the global credit ratings giant, in its report of November 29, 2019 affirmed negative outlook for the banking sector of Bangladesh on the ground of the persistent weakness in asset quality that stemmed from poor corporate governance and weak laws and regulations. In 2018, Moody's outlook was also negative for the sector. The report warned that the asset quality of the banking sector would deteriorate further in the coming days unless poor governance and loan recovery status is improved. The report criticized the role of the banking sector regulator as the rating agency observed regulatory forbearance that resulted in further understatement of asset risks. The report found that Non-Performing Loans (NPLs) with large corporate that accounted for more than half of the stressed assets of banks grew fast. According to the statistics of Bangladesh Bank (BB), the volume of NPLs soared to Tk1,162.88b, where Tk1,004.73b or 86.40% of the total NPLs was categorized as Bad Debt, at the end of September of 2019 as against Tk939.11b at the end of 2018. The rating agency warned that credit costs would increase mainly due to the deterioration of asset quality and such a situation would lead to erosion in the profitability of banks.

Private credit growth dives in October

Private sector credit growth plunged to 10.04% (Y-o-Y) in October 2019, the lowest after September 2010, mirroring a gloomy picture of the economy. According to the statistics of Bangladesh Bank (BB), credit growth in October was 3.16% lower than the target of 13.20%, set by the central bank for the first half of FY2019-20. BB revealed that the outstanding credit disbursed by the banking system was Tk10.25-trillion in October 2019, up from Tk9.32-trillion a year ago. The credit growth maintained this downtrend from December 2017 amid a whammy situation in the banking sector mainly for the swelling volume of default loans. Moreover, aggressive borrowing by the government from the banking system contributed to the lackluster investment in the private sector. As per the statistics of BB, the government already borrowed 90% (Tk426.07b) of its annual target by November 21. The dire fact is that government plans to borrow Tk45.55b more in December as its account had around Tk60b shortfall at the end of November.



BSEC gives go-ahead to Alternative Trading Board rules

The Bangladesh Securities and Exchange Commission (BSEC) approved the BSEC (Alternative Trading Board) Rules, 2019 keeping provision of trading in all type of non-listed securities, including debenture, sukuk, open-end mutual funds and alternative investment funds. However, the securities must meet some requirements and eligibilities to be traded on the board. Trading of shares of delisted companies will also be allowed on the board on some conditions. The rules also allow conditional trading of the existing companies on the OTC (Over-the-Counter) market. All the securities must be in dematerialized form to be included on the board. Under the rules, any buy or sale of securities must be conducted through a stock-dealer or stockbroker of a stock exchange. The rules will come into effect after publishing gazette notification in this regard.

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	3,145.91	3,140.98	0.16
FTSE 100	7,239.66	7,346.53	-1.45
Nikkei 225	23,354.40	23,293.91	0.26
SENSEX	40,445.15	40,793.81	-0.85
KSE 100	40,732.25	39,287.65	3.68

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	4,671.34	4,731.44	-1.27
Total Turnover, Tk	23,109,871,625.00	23,760,650,381.00	-2.74
Market Capital, Tk	2,940,354,612,980	2,983,893,375,535	-1.46
No of Issue Gain	140	180	
No of Issue Loss	194	156	
No of Unchanged Issues	21	19	

Top Gainers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
Paramount Ins	26.30	36.40	38.40	507,281,000
Zaheen Spinning	8.00	10.30	28.75	146,393,000
Prime Finance MF	14.40	17.10	18.75	137,950,000
Prime Insurance	23.50	27.40	16.60	70,753,000
Daffodil Computers	52.40	60.50	15.46	246,687,000
Evince Textiles	10.10	11.50	13.86	66,105,000
BD National Ins	21.40	24.20	13.08	181,463,000
Sinobangla	69.60	77.00	10.63	363,375,000
International Leasing	5.70	6.30	10.53	85,506,000
Islami Bank Bd Ltd	18.40	20.30	10.33	247,404,000

Top Losers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
Stylecraft Limited	714.20	312.60	-56.23	197,218,000
ACI Limited.	271.90	218.70	-19.57	48,303,000
Queen South Textile	33.80	28.00	-17.16	101,272,000
Progressive Life	94.00	78.40	-16.60	14,485,000
Bangas Ltd.	207.20	174.00	-16.02	164,070,000
Active Fine Chemicals	19.10	16.40	-14.14	147,124,000
Salvo Chemical	11.60	10.10	-12.93	2,638,000
First Finance Limited.	4.40	3.90	-11.36	415,000
Coppertech Industries	28.20	25.20	-10.64	142,174,000
Orion Pharma Ltd.	31.40	28.10	-10.51	18,452,000

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	387.16	380.77	1.68	3,519.59	2,590.87	35.85
Cement	222.49	232.63	-4.36	798.10	653.53	22.12
Ceramic	604.29	626.29	-3.51	243.98	325.46	-24.57
Engineering	1,972.73	2,042.54	-3.42	1,872.41	3,149.94	-40.56
Food & Al.	3,515.44	3,579.82	-1.80	565.44	786.85	-28.14
Fuel & Pow.	3,590.10	3,693.18	-2.79	1,054.96	1,606.02	-34.31
Insurance	1,605.81	1,608.67	-0.18	3,970.05	3,179.81	24.85
IT	345.78	324.23	6.65	638.32	386.05	65.35
Jute	1,574.83	1,480.30	6.39	93.92	65.16	44.14
Misc.	1,113.48	1,110.23	0.29	1,445.18	984.98	46.72
Mutual Fund	388.38	385.15	0.84	524.65	355.84	47.44
NBFI	961.61	970.38	-0.90	1,768.63	1,115.70	58.52
Paper	6,912.82	6,903.17	0.14	92.30	104.70	-11.84
Pharma	1,098.44	1,122.93	-2.18	2,062.39	3,149.82	-34.52
Service	911.13	915.35	-0.46	113.76	98.23	15.82
Tannery	646.16	637.98	1.28	629.21	720.90	-12.72
Telecom	2,841.71	2,945.06	-3.51	361.79	689.57	-47.53
Textile	1,146.46	1,232.92	-7.01	2,803.27	3,206.17	-12.57
Travel & Leis	528.63	516.18	2.41	201.98	231.00	-12.56

Technical Talk

Stocks observed negative session in the last week ended on Thursday as the economic concern among investors deepened. All the economic indicators except inward remittance showed pessimistic condition during the ongoing fiscal year. Among the major sectors, Textile sector decreased by 7.01% over the week followed by Telecom 3.51%, Engineering 3.42%, Fuel & Power 2.79%, Pharma 2.18%, NBFI 0.90% and Insurance 0.18%.

DSE Broad Index (DSEX) reached 4,671.34 points decreased by 60.10 points or 1.27% from the previous week. Total turnover reached at Tk23,109.87m which was 2.74% lower than the previous week. Market capitalization decreased by 1.46% and stood at Tk2,940.35b (\$34.63b) at the weekend against Tk2,983.89b. DSE 30 decreased by 41.89 points or 2.54% and closed at 1,605.82 points against 1,647.71 points. Last week's weighted average Market PE was 12.06 which was 12.26 previous week.

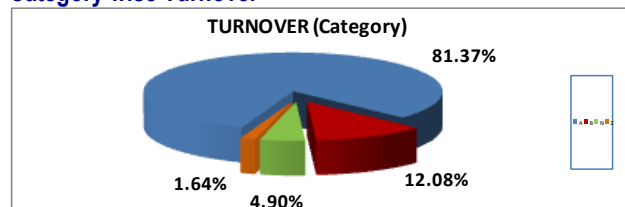
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
LafargeHolcim			
Bangladesh Limited.	19,527,590	751,914,000	3.25
Sonar Bangla Insurance	12,367,550	595,280,000	2.58
Paramount Insurance	15,831,304	507,281,000	2.20
Fortune Shoes Limited	17,845,646	456,532,000	1.98
SK Trims & Industries	9,172,363	447,695,000	1.94
United Finance Limited	23,359,477	441,167,000	1.91

Top 10 Market Capital

			In million
GP	415,082	BRACBANK	72,152
BATBC	193,014	BERGERPBL	65,810
Square Pharma	168,679	ICB	62,930
United Power	134,964	MARICO	54,079
RENATA	93,502	Lafarge Holcim	42,042

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/ftoz.)	1,476.90	1,453.40	1.62
Silver (USD/toz.)	16.94	16.91	0.18
Brent Crude Oil (USD/bbl.)	63.39	63.01	0.60

Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	84.90	84.95	84.90	84.95	0.00	0.00
EUR	94.38	94.43	94.02	94.17	0.38	0.27
GBP	111.84	111.90	110.03	110.10	1.64	1.64
AUD	58.36	58.40	57.73	57.76	1.09	1.09
JPY	0.79	0.79	0.78	0.78	0.86	0.84
CAD	64.37	64.41	64.27	64.31	0.15	0.15
SAR	22.75	22.77	22.75	22.77	0.00	0.00

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
ADN Telecom Limited	Nov 04 - Nov 11, 2019	27	570