

Fund raising through IPOs declines in 2019

Fund-raising through Initial Public Offerings (IPOs) dropped by 8.15% (Y-o-Y) in 2019 (up to December 19) in the wake of controversies over allowing fundamentally weak companies to float. The Bangladesh Securities and Exchange Commission (BSEC) approved IPOs of only eight companies to raise Tk5.52b so far in the bearish trend of the stock market in 2019 while thirteen companies and a close-end mutual fund (MFs) raised Tk6.01b a year earlier, as per records of the Dhaka Stock Exchange (DSE). In 2019, Esquire Knit raised Tk1.5b followed by Runner Automobiles (Tk1b) and ADN Telecom (Tk570m) under the book building method while Ring Shine Textiles raised Tk1.5b followed by New Line Clothings (Tk300m), Silco Pharmaceuticals (Tk300m), Coppertech Industries (Tk200m) and Sea Pearl (Tk150m) under the fixed price method. On top of it, fund raising through issuing rights shares also dived in 2019 as only one company collected Tk899m while two companies had collected Tk2.69b in 2018. Against the backdrop, the BSEC stopped taking fresh IPO proposals until finalizing some changes to the public issue rules that was later finalized in September. The incumbent Commission so far approved IPOs of around 90 companies where the DSE conveyed reservations on about 60 of the issues, which were eventually approved. Experts opined that good companies have the propensity to bypass the capital market apprehending it might take years to complete the IPO process. Moreover, companies also hesitated to float shares in the current volatile market. In 2019, the market remained bearish for almost 11 months when the key index slid to a 41-month low.

25% of stocks, MFs trading below face value

Around 25% of the listed companies and Mutual Funds (MFs) are traded below their face value of Tk10 in a negative market sentiment. Of 320 listed companies listed with the bourses, prices of 55 were traded below face value at the last trading day of the past week. Of 37 mutual funds, only four were traded above face value and the rest remained below face value in the backdrop of falling net asset values. Among these companies trading below par, United Airways (BD) was the lowest at Tk1.3, closely followed by C & A Textiles at Tk1.8, Familytex at Tk2.2 and Tunghai at Tk2.2. Of these 55, around 29 companies fell under Z-Category in the premiere bourse as most of these failed to declare any dividend due to poor performance. Market insiders also claim that many of these companies that went below par value did not deserve an offer price of Tk10 per share in their respective Initial Public Offering (IPO). Insiders attributed this situation to the failure of the regulator to bring companies with strong fundamentals and to take any strict action against the sponsors/directors of these companies who went for public offering with apparent ill-intent. Also many companies came below face value through issuing bonus shares year after year without any expansion move. The market capitalization in Dhaka Stock Exchange (DSE) came down to Tk3.39-trillion last week from Tk3.91-trillion in January 01, 2019, losing Tk516b so far.

High Court paves way to declare GP as SMP

The High Court (HC) Division has allowed the Bangladesh Telecommunication Regulatory Commission (BTRC) to declare Grameenphone (GP) as Significant Market Power (SMP) as the leading telecom operator enjoyed more than 50% revenue and 47% of total customer in the telecom industry. However, the HC also decided to amend the wording of the conditions and asked the telecom regulator to issue a notice within next 30 days and Grameenphone would get 15 days after the issuance of the notice to clarify its position while the regulator was asked to take final decision based on the reply of the operator.

RMG export slips in major destinations

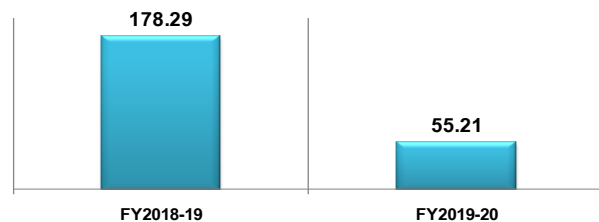
Ready-made Garments (RMG) exporters bagged only US\$2.24b from the major non-traditional markets in the first five months (July-November) of FY2019-20 as the demand for apparels in the international market slowed down in the backdrop of global economic woes. Export receipts from the non-traditional markets registered a negative growth of 6.67% (Y-o-Y) throughout the months from US\$2.40b in the same period of the last fiscal year, according to the statistics of Export Promotion Bureau (EPB). Adding to the peril, earnings from the three traditional export destinations also fell during the period as the Bangladeshi Taka appreciated against the greenback whereas the competing countries devalued their currencies against the US dollar. RMG export declined by 8.51% (Y-o-Y) in European Union (EU), 5.17% (Y-o-Y) in USA, and 13.15% (Y-o-Y) in Canada in the mentioned period of this fiscal year, as revealed by the EPB reports. Furthermore, export growth in Brazil and Turkey, two potential destinations of RMG, also plunged by 34.12% (Y-o-Y) and 34.92% (Y-o-Y) respectively because of imposing high tariff and supplementary duty on import of apparel products by these countries.

Net sales of NSCs plummeted to 69.08% in Jul-Oct 2019

After digitalizing the selling processes and increasing the source tax, net sales of National Savings Certificate (NSCs) came down to Tk55.12b in the first four months of FY2019-20, which is 69.08% lower than Tk178.29b in previous corresponding period, despite their attractive interest rates ranging from 11.04% to 11.76%. Only in October 2019, the net borrowing of the government from the NSCs stood at Tk8.23b compared to Tk44.17b, according to the Department of National Savings. On the flip side, bank borrowing of government skyrocketed as the cost of bank borrowing is mostly below 8% whereas the NSCs cost them above 11%. Government borrowed Tk421.18b from the banking system as of December 02, 2019 while the target for borrowing from banking sector in FY2019-20 is Tk473.64b.

Net Sales of NSCs from Jul-Oct (Tk in bn)

Source: Department of National Savings



Deposit growth rises in October

Deposits in the banking system rose by 12.19% (Y-o-Y) in October 2019, hitting a 30-month highest growth after April 2017, riding on the declining trend in the sales of National Savings Certificates (NSCs). As per the latest statistics of Bangladesh Bank (BB), deposit collections by banks stood at Tk11.06-trillion as of October of 2019 while the figure was Tk9.86-trillion in the corresponding month of the last year. In June, banks registered deposits growth of 9.93% which gradually increased to 10.69% in July, 11.40% in August and 11.88% in September this year. In July-October period of FY2019-20, net sales of NSCs dropped by 69.08% (Y-o-Y) or Tk123.17b as the government doubled the source tax on NSCs and also tightened the compliances for purchasing the instruments. Moreover, experts attributed the growth in deposit collection in recent months to the surge in remittance inflow through legal channels.

The week's data runs 12 December 2019 to 19 December 2019

Stock Market Movement



Global Markets

		This Week	Last Week	+/- %
S&P 500	↑	3,221.22	3,168.80	1.65
FTSE 100	↑	7,582.48	7,353.44	3.11
Nikkei 225	↓	23,816.63	24,023.10	-0.86
SENSEX	↑	41,681.54	41,009.71	1.64
KSE 100	↓	40,832.99	40,916.59	-0.20

DSE Indicators

		This Week	Last Week	+/- %
DSE Broad Index	↓	4,456.84	4,514.45	-1.28
Total Turnover, Tk	↓	11,189,225,626.00	15,739,879,704.00	-28.91
Market Capital, Tk	↓	2,813,238,674,953	2,853,970,264,527	-1.43
No of Issue Gain		111	64	
No of Issue Loss		208	277	
No of Unchanged Issues		37	15	

Top Gainers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
Karnaphuli Ins	20.20	24.00	18.81	145,961,000
Al-Haj Textile Mills	35.70	41.20	15.41	37,346,000
Rahim Textile Mills	234.20	268.60	14.69	28,931,000
Beacon Pharma	36.90	42.30	14.63	375,280,000
Standard Ceramic	601.30	684.90	13.90	252,299,000
Golden Harvest Agro	19.30	21.90	13.47	106,778,000
Genex Infosys	60.30	68.00	12.77	266,927,000
Anlima Yarn Dyeing	32.70	36.40	11.31	59,348,000
Central Pharma	8.20	9.10	10.98	31,353,000
Janata Insurance	19.30	20.90	8.29	38,866,000

Top Losers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
Ring Shine Textiles	15.00	12.20	-18.67	628,899,000
Shyampur Sugar Mills	21.10	18.50	-12.32	276,000
New Line Clothings	17.40	15.50	-10.92	112,413,000
S. S. Steel Limited	24.70	22.10	-10.53	103,513,000
Bangas Ltd.	163.60	147.40	-9.90	47,477,000
Kattali Textile Limited	12.70	11.50	-9.45	78,296,000
Meghna Condensed	10.60	9.60	-9.43	1,050,000
Shepherd Industries	29.50	26.80	-9.15	4,131,000
CAPM IBBL Islamic MF	8.90	8.10	-8.99	6,365,000
Tallu Spinning Mills	3.40	3.10	-8.82	584,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	373.26	375.03	-0.47	714.31	1,356.16	-47.33
Cement	211.49	220.44	-4.06	163.32	305.45	-46.53
Ceramic	603.14	603.11	0.00	333.64	316.52	5.41
Engineering	1,874.03	1,910.15	-1.89	1,178.76	1,398.54	-15.72
Food & Al.	3,263.87	3,327.96	-1.93	379.94	573.31	-33.73
Fuel & Pow.	3,391.08	3,454.42	-1.83	595.39	933.84	-36.24
Insurance	1,666.18	1,629.62	2.24	2,224.99	2,537.59	-12.32
IT	343.03	330.14	3.91	470.25	577.17	-18.53
Jute	1,542.60	1,511.72	2.04	43.29	84.26	-48.63
Misc.	1,080.15	1,092.91	-1.17	450.46	965.39	-53.34
Mutual Fund	381.42	383.65	-0.58	251.76	508.86	-50.52
NBFI	910.51	929.41	-2.03	399.22	547.95	-27.14
Paper	6,836.79	7,008.29	-2.45	83.69	233.74	-64.20
Pharma	1,040.97	1,063.83	-2.15	1,312.34	1,655.24	-20.72
Service	870.43	884.47	-1.59	22.15	47.22	-53.10
Tannery	638.52	645.43	-1.07	198.12	376.76	-47.41
Telecom	2,708.47	2,741.68	-1.21	144.76	245.33	-40.99
Textile	1,140.48	1,182.32	-3.54	1,765.44	2,139.59	-17.49
Travel & Leis	504.95	516.44	-2.22	73.78	86.73	-14.93

Technical Talk

Dhaka stocks continued the bearish sentiment in the last week due to dearth of confidence among investors amid liquidity crunch. The last week saw four trading sessions whereas of them first three sessions lost points while last one closed higher. Among the major sectors, Textile sector decreased by 3.54% over the week followed by Pharma 2.15%, NBFI 2.03%, Engineering 1.89%, Fuel & Power 1.83%, Telecom 1.21%, and Bank 0.47%.

DSE Broad Index (DSEX) reached 4,456.84 points decreased by 57.61 points or 1.28% from the previous week. Total turnover reached at Tk11,189.23m which was 28.91% lower than the previous week. Market capitalization decreased by 1.43% and stood at Tk2,813.24b (\$33.14b) at the weekend against Tk2,853.97b. DSE 30 decreased by 34.65 points or 2.24% and closed at 1,513.47 points against 1,548.12 points. Last week's weighted average Market PE was 11.55 which was 12.69 previous week.

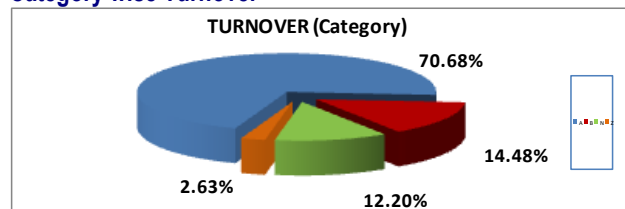
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
Ring Shine Textiles	46,031,676	628,899,000	5.62
Beacon Pharmaceuticals	9,348,840	375,280,000	3.35
Genex Infosys Limited	4,158,923	266,927,000	2.39
Standard Ceramic	384,500	252,299,000	2.25
Khulna Power Company	5,822,963	248,425,000	2.22
Bangladesh National Ins	8,900,876	228,911,000	2.05

Top 10 Market Capital

			In million
GP	396,043	BRACBANK	70,426
BATBC	176,256	BERGERPBL	65,003
Square Pharma	154,496	ICB	59,247
United Power	123,053	MARICO	52,145
RENATA	89,958	Lafarge Holcim	40,416

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	1,478.20	1,466.70	0.78
Silver (USD/t oz.)	17.06	16.85	1.26
Brent Crude Oil (USD/bbl.)	66.54	64.20	3.64

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	94.54	94.60	94.91	94.96	-0.39	-0.39
GBP	110.66	110.73	113.45	113.51	-2.45	-2.45
AUD	58.87	58.91	58.68	58.71	0.33	0.33
JPY	0.78	0.78	0.78	0.78	-0.08	-0.08
CAD	64.91	64.94	64.81	64.85	0.14	0.14
SAR	22.75	22.76	22.75	22.77	-0.03	-0.03

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

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