

Stock market lost 303 points in twelve sessions of 2020

Dhaka bourse continued the pessimism in the new calendar year as investors found no way to come out from the hangover of uncertainty. The prime index of the bourse, DSEX shed 303.11 points in the last twelve sessions pushing the DSEX closer to the psychological threshold of 4,000-points. In the last week, DSEX lost 47.56 points or 1.13% to close at 4,149.83 despite adding 113.60 points in the last two sessions while the broad index stood at 4036.23 points on January 14, the lowest level since May 5, 2015. The continuous failure to prop up the stock market frustrated retail investors and instigated the panic sale to stop capital loss. The not so promising economic outlook, troubled financial sector, weak disclosure by listed companies and sell-offs by foreign investors kept the market bearish throughout the last year. However, the recent bear-run in the new year mainly prompted by the government move to implement single-digit lending rate from April 1, 2020. The move presumably might weaken profitability of the banking sector which is already in vulnerable financial state. On the other hand, the only entity to provide support and prevent free-fall of stock market, the state-owned Investment Corporation of Bangladesh (ICB) reported net loss in first quarter of FY2019-20 that stirred panic among the investors further as the investment capacity of ICB has dried up. Moreover, large-cap companies which contributed substantially to market movement also performed poorly in the last 12 trading sessions.

Market Capital of Top Five Companies

| Company | 1-Jan-20 | 16-Jan-20 | % Change |
|---------------|----------|-----------|----------|
| GP | 385,916 | 327,043 | -15% |
| BATBC | 174,582 | 162,522 | -7% |
| Square Pharma | 160,405 | 150,612 | -6% |
| United Power | 129,272 | 133,752 | 3% |
| Renata | 88,307 | 87,808 | -1% |

*Figures in million Tk.

Source: DSE

BB gives initial consent to another NBFi

Bangladesh Bank (BB) issued Letter of Intent to a new Non-Bank Financial Institution (NBFi), 'Strategic Finance and Investments', reportedly under political considerations. The NBFi applied for license in October last year and BB completed all processes in less than three months while it usually requires at least five to six months. The proposed chairperson of the NBFi is the sponsor-shareholder of Padma Bank that was rebranded from Farmers Bank after gross irregularities and loan scams. The decision of BB drew flaks from the industry experts as the sector has been hobbling with liquidity crunch and toxic loans. However, BB officials opined that BB would issue final approval after adequate verification and fulfillment of all regulatory requirements. At present, there are 33 NBFis in operation while the majority of them are struggling to survive amid rising default loans.

Sales of NSCs plummeted by 73% in Jul-Nov 2019

After increasing the source tax and digitalizing the selling process, net sales of National Savings Certificate (NSCs) nosedived to Tk58.41b in the first five months of FY2019-20, 73% lower than Tk216.61b in the previous corresponding period. In July-November period, the government borrowed 21% of its fiscal target from the NSCs while it was 83% in the same period of last fiscal. Only in November, net borrowing from NSCs accounted Tk3.20b compared to Tk38.33b in the previous corresponding fiscal year. Such drastic fall saw the government borrowing from the banking system Tk401.63b during the period, which is 85% of the fiscal target.

Government cuts growth projection

The government made has decided to cut down the GDP growth projections for FY2019-20 and FY2020-21 in the face of economic downturn fueled by the US-China trade tension. The growth projection has been slashed to 8.19% from 8.20% for FY2019-20 and 8.23% from 8.4% for FY2020-21. However, both the revised rates are still way higher than growth outlook by the World Bank (WB). The Washington-based multilateral lender also changed the projection for FY2019-20 to 7.2% from 7.4% though it kept the projection for FY2020-21 unchanged at 7.3%. The WB reported that the slowdown in economic growth could be attributed to falling export and imports, private investment activity and tax revenue collection. WB also forecasted global economic growth for 2019 and 2020 at 2.4% and 2.5% respectively, down from 3% growth in 2018. Economists attributed the slowdown in global economy to the rising geo-political tension. A prominent global credit rating agency, Fitch Solutions, projected the economic growth of Bangladesh at 7.8% for the current fiscal year.

Trade deficit inches up in Jul-Nov 2019

Trade deficit under the Balance of Payments (BoP) account increased slightly by US\$28m or 0.42% (Y-o-Y) in the July-November period of FY2019-20 mainly for slowdown in international trade. According to the latest statistics of Bangladesh Bank (BB), trade deficit edged up to US\$6.68b at the end of the period from US\$6.65b in the corresponding period a year earlier. However, balance of trade deficit in November squeezed by 79.51% to US\$1.06b from the previous month, indicating lethargy in the economy. Meanwhile, the current account deficit plunged by 54.76% (Y-o-Y) to US\$1.1b in the July-November period against US\$2.4b in the last corresponding period, as per BB. The record growth in inward remittance by 22.68% (Y-o-Y) in the period contributed to narrow the current account deficit along with 5.26% (Y-o-Y) negative growth in import bills while export receipts decreased by 7.51% (Y-o-Y). The statistics also showed that the country received US\$1.12b as net Foreign Direct Investment (FDI) in the period against US\$1.08b in the same period of last fiscal. Consequently, the overall deficit of BoP dived to US\$307m in the mentioned period, down by 63.32% (Y-o-Y) from US\$837m in the same period of last fiscal. Economists opined that narrower deficit expose the lukewarm trend of the economy as business community endured lack of confidence in activating their investment plans for want of conducive climate.

Revenue collection lags target by 24.31% in Jul-Nov 2019

The National Board of Revenue (NBR) garnered only Tk836.92b in the first five months of FY2019-20 with a minimal growth of 5.06% (Y-o-Y), as per the provisional data of NBR. The collection fell short of target by 24.31% or Tk268.76b set for the period mainly for the lethargic performance of the Value-added Tax (VAT) and custom wings of NBR alongside the economic woes. Revenue collection from the income tax and VAT wings registered 13.30% (Y-o-Y) and 3.59% (Y-o-Y) positive growth respectively in the period while the custom duty collection slightly down by 0.07% (Y-o-Y) from the same period of FY2018-19.

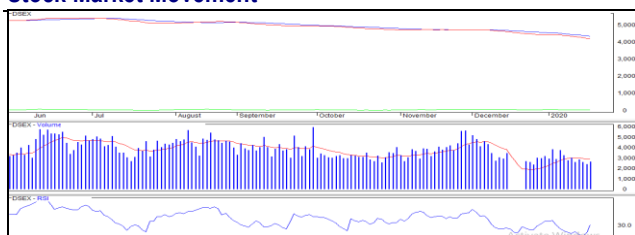
Revenue Collection (Tk in billion)

Source: NBR

| Months | FY2019-20 | | | FY2018-19 | | |
|--------------|---------------|---------------|---------------|---------------|---------------|--------------|
| | Custom | VAT | Tax | Custom | VAT | Tax |
| July | 53.00 | 58.47 | 42.81 | 48.48 | 49.42 | 39.22 |
| August | 42.72 | 53.52 | 45.67 | 48.65 | 61.44 | 39.38 |
| September | 53.72 | 61.74 | 62.21 | 54.33 | 64.38 | 56.48 |
| October | 57.05 | 73.78 | 46.26 | 54.85 | 67.93 | 39.36 |
| November | 54.37 | 80.2 | 51.41 | 54.73 | 73.19 | 44.76 |
| Total | 260.86 | 327.71 | 248.36 | 261.04 | 316.36 | 219.2 |

The week's data runs 09 January 2020 to 16 January 2020

Stock Market Movement



Global Markets

| | | This Week | Last Week | +/- % |
|------------|---|-----------|-----------|-------|
| S&P 500 | ↑ | 3,329.62 | 3,265.35 | 1.97 |
| FTSE 100 | ↑ | 7,674.56 | 7,587.85 | 1.14 |
| Nikkei 225 | ↑ | 24,041.26 | 23,850.57 | 0.80 |
| SENSEX | ↑ | 41,945.37 | 41,599.72 | 0.83 |
| KSE 100 | ↓ | 43,167.77 | 43,207.05 | -0.09 |

DSE Indicators

| | | This Week | Last Week | +/- % |
|------------------------|---|-------------------|-------------------|--------|
| DSE Broad Index | ↓ | 4,149.83 | 4,197.39 | -1.13 |
| Total Turnover, Tk | ↓ | 13,207,307,921.00 | 15,771,296,084.00 | -16.26 |
| Market Capital, Tk | ↓ | 2,611,345,916,968 | 2,654,763,217,244 | -1.64 |
| No of Issue Gain | | 60 | 34 | |
| No of Issue Loss | | 277 | 310 | |
| No of Unchanged Issues | | 21 | 15 | |

Top Gainers

Weighted avg. Closing Price (Tk)

| Company | Last Week | This Week | Change % | Turnover (Tk) |
|----------------------|-----------|-----------|----------|---------------|
| Olympic Industries | 165.00 | 183.00 | 10.91 | 86,711,000 |
| BRAC Bank Ltd. | 46.50 | 50.30 | 8.17 | 369,382,000 |
| Phoenix Fin 1stMF | 5.00 | 5.40 | 8.00 | 23,876,000 |
| Standard Insurance | 43.70 | 46.70 | 6.86 | 141,921,000 |
| Renata Ltd. | 1026.80 | 1090.30 | 6.18 | 62,707,000 |
| Sea Pearl Beach | 41.70 | 44.00 | 5.52 | 136,540,000 |
| Matin Spinning Mills | 30.40 | 32.00 | 5.26 | 392,000 |
| Standard Bank Ltd. | 7.90 | 8.30 | 5.06 | 11,319,000 |
| Bangladesh Building | 17.10 | 17.90 | 4.68 | 106,199,000 |
| Paramount Ins. | 38.70 | 40.50 | 4.65 | 83,428,000 |

Top Losers

Weighted avg. Closing Price (Tk)

| Company | Last Week | This Week | Change % | Turnover (Tk) |
|-----------------------|-----------|-----------|----------|---------------|
| Northern Jute | 578.50 | 414.80 | -28.30 | 336,779,000 |
| S. S. Steel Limited | 22.10 | 16.00 | -27.60 | 188,372,000 |
| Stylecraft Limited | 237.20 | 182.30 | -23.15 | 81,436,000 |
| ADN Telecom Limited | 47.10 | 36.40 | -22.72 | 558,967,000 |
| Aziz Pipes Ltd. | 98.90 | 80.30 | -18.81 | 27,011,000 |
| Golden Harvest Agro | 17.40 | 14.30 | -17.82 | 55,175,000 |
| Ring Shine Textiles | 9.00 | 7.40 | -17.78 | 287,294,000 |
| Gemini Sea Food Ltd. | 163.90 | 134.80 | -17.75 | 8,942,000 |
| International Leasing | 5.30 | 4.40 | -16.98 | 50,246,000 |
| VFS Thread Dyeing | 19.20 | 16.10 | -16.15 | 48,885,000 |

Sectoral Index & Turnover

| Sector | Sectoral Index | | | Turnover (Tk.M) | | |
|---------------|----------------|-----------|----------|-----------------|-----------|----------|
| | This Week | Last Week | Change % | This Week | Last Week | Change % |
| Bank | 343.84 | 363.38 | -5.38 | 1,243.29 | 1,531.86 | -18.84 |
| Cement | 214.58 | 220.33 | -2.61 | 899.75 | 265.67 | 238.67 |
| Ceramic | 539.68 | 610.61 | -11.62 | 331.37 | 425.65 | -22.15 |
| Engineering | 1,745.73 | 1,934.85 | -9.77 | 1,663.76 | 1,737.34 | -4.24 |
| Food & Al. | 3,100.47 | 3,290.73 | -5.78 | 435.16 | 407.15 | 6.88 |
| Fuel & Pow. | 3,366.45 | 3,500.75 | -3.84 | 905.93 | 988.34 | -8.34 |
| Insurance | 1,497.13 | 1,633.56 | -8.35 | 1,076.01 | 1,520.05 | -29.21 |
| IT | 316.83 | 354.73 | -10.68 | 1,008.19 | 543.43 | 85.52 |
| Jute | 1,003.76 | 1,405.10 | -28.56 | 347.40 | 159.33 | 118.03 |
| Misc. | 1,007.41 | 1,091.04 | -7.67 | 581.61 | 716.43 | -18.82 |
| Mutual Fund | 364.33 | 381.65 | -4.54 | 220.59 | 174.30 | 26.56 |
| NBFI | 799.62 | 912.20 | -12.34 | 346.04 | 343.02 | 0.88 |
| Paper | 5,989.41 | 6,825.69 | -12.25 | 36.42 | 67.43 | -45.99 |
| Pharma | 987.81 | 1,048.89 | -5.82 | 1,488.59 | 1,347.77 | 10.45 |
| Service | 805.11 | 884.78 | -9.00 | 41.23 | 69.53 | -40.70 |
| Tannery | 589.88 | 650.27 | -9.29 | 133.36 | 165.50 | -19.42 |
| Telecom | 2,241.74 | 2,617.36 | -14.35 | 316.12 | 276.84 | 14.19 |
| Textile | 1,025.68 | 1,159.43 | -11.54 | 1,199.96 | 1,429.92 | -16.08 |
| Travel & Leis | 496.45 | 509.83 | -2.62 | 159.49 | 49.69 | 220.98 |

Technical Talk

Dhaka stocks shed points in the last week for the second week in a row though the market averted freefall in the last two sessions amid the move of government to stabilize the market. Out of five trading sessions, the DSEX witnessed sharp fall in first three sessions hitting 56-month low. Among the major sectors, Telecom sector decreased by 14.35% over the week followed by NBFI 12.34%, Textile 11.54%, Engineering 9.77%, Insurance 8.35%, Pharma 5.82% and Bank 5.38%.

DSE Broad Index (DSEX) reached 4,149.83 points decreased by 47.56 points or 1.13% from the previous week. Total turnover reached at Tk13,207.31m which was 16.26% lower than the previous week. Market capitalization decreased by 1.64% and stood at Tk2,611.35b (\$30.76b) at the weekend against Tk2,654.76b. DSE 30 increased by 0.22 points or 0.02% and closed at 1,406.60 points against 1,406.38 points. Last week's weighted average Market PE was 10.92 which was 11.13 previous week.

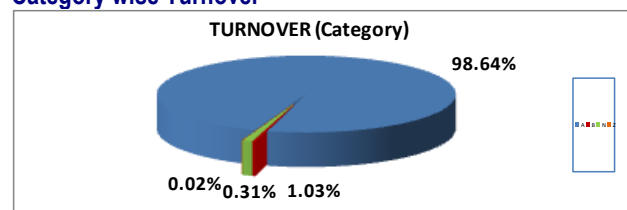
Top Turnover Companies

| Company | Volume | Value (Tk) | % of total |
|------------------------|------------|-------------|------------|
| LafargeHolcim | | | |
| Bangladesh Limited. | 21,117,303 | 865,651,000 | 6.55 |
| ADN Telecom Limited | 13,295,196 | 558,967,000 | 4.23 |
| Square Pharmaceuticals | 2,960,983 | 501,478,000 | 3.80 |
| Khulna Power Company | 8,682,779 | 453,090,000 | 3.43 |
| BRAC Bank Ltd. | 7,577,784 | 369,382,000 | 2.80 |
| Beacon Pharmaceuticals | 7,892,334 | 360,225,000 | 2.73 |

Top 10 Market Capital

| | | | In million |
|---------------|---------|---------------|------------|
| GP | 327,043 | BRAC Bank | 62,039 |
| BATBC | 162,522 | BERGER Paint | 60,305 |
| Square Pharma | 161,155 | MARICO | 50,447 |
| United Power | 133,752 | ICB | 49,116 |
| RENATA | 87,808 | LafargeHolcim | 44,945 |

Category wise Turnover



Commodity Price

| | This Week | Last Week | Change % |
|----------------------------|-----------|-----------|----------|
| Gold (USD/t oz.) | 1,549.00 | 1,551.70 | -0.17 |
| Silver (USD/t oz.) | 17.88 | 17.86 | 0.08 |
| Brent Crude Oil (USD/bbl.) | 64.62 | 65.37 | -1.15 |

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 | 94.64 | 94.70 | 94.92 | 94.97 | -0.29 | -0.29 |
| GBP | 110.80 | 110.86 | 111.21 | 111.27 | -0.37 | -0.37 |
| AUD | 58.65 | 58.69 | 58.92 | 58.95 | -0.45 | -0.45 |
| JPY | 0.78 | 0.78 | 0.78 | 0.78 | -0.63 | -0.61 |
| CAD | 65.32 | 65.36 | 65.38 | 65.42 | -0.10 | -0.10 |
| SAR | 22.75 | 22.76 | 22.75 | 22.76 | 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) |
|---------------------|-----------------------|-------------|------------|
| ADN Telecom Limited | Nov 04 - Nov 11, 2019 | 27 | 570 |

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