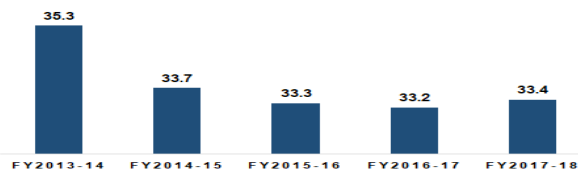


BB brings change in MPS for FY2019-20

Bangladesh Bank (BB) adjusted the key monetary and credit programs for the current FY2019-20 to accommodate the deviations from the monetary target that has already taken place during the first half of the fiscal year. As per the press release issued by the central bank, BB revised the government borrowing target from 24.3% to 37.7% for the second half of the fiscal year. To facilitate the increased target of government borrowing, BB raised the broad money growth target by 0.5% to 13% for the period under review. However, as on January 09, 2020, public sector credit stood at Tk517.4m which is 37.8% (Y-o-Y) growth against the revised target of 37.7% growth set by BB. This implies that the government actually needs to stop borrowing from banking sector and even make a small repayment to contain borrowing within the revised amount, as per BB expectation. Since, it is unlikely that the government will be able to source fund from other sources like revenue earning and external assistance, the desired containment of government bank borrowing is seemingly unattainable. On the other hand, BB kept private credit growth target unchanged at 14.8% for the fiscal year. At the end of November 2019, private sector credit registered 9.87% (Y-o-Y) growth which is the lowest since 2008. As per BB projection, the GDP growth will be around 8.2% during the fiscal year despite lower growth in the manufacturing sector and negative growth in export earnings since those will be offset by robust growth of inward remittance. According to BB, it will be quite challenging to keep inflation at 5.5% due to hike in prices of commodities including edible oil in the global market. However, economists expressed concern on increasing public debt as it might create inflationary pressure and interest rates, hampering the anticipated economic growth.

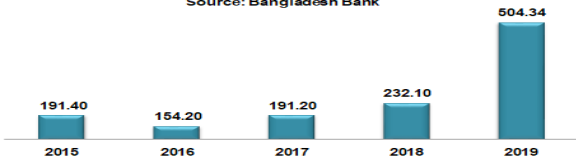
PUBLIC DEBT TO GDP RATIO
SOURCE: IMF



Loan rescheduling in 2019 beats all record

A Bangladesh Bank (BB) report unveiled that the banking sector rescheduled Tk504.34b in 2019 against the mounting amount of Non-Performing Loans (NPLs). The figure soared by 117.29% (Y-o-Y) from Tk232.10b a year earlier on the back of the lenient policy of the central bank. Under the relaxed policy, the defaulters can regularize their bad loans for ten years, with one-year grace period at 9% interest by making only 2% down payment. After extending the deadline for several times, the High Court (HC) again ordered the central bank to extend the deadline till February 17, 2020 so that the defaulters would apply for rescheduling bad loans under the policy. BB statistics revealed that the rescheduling amount in state-owned banks stood at Tk152.86b and Tk307.96b in private commercial banks while the specialized banks and the foreign banks rescheduled Tk43.15b and 0.37b respectively till December 2019. Economists, however, opposed this relaxed policy for loan defaulters as it demotivated the good borrowers to repay their debt on time.

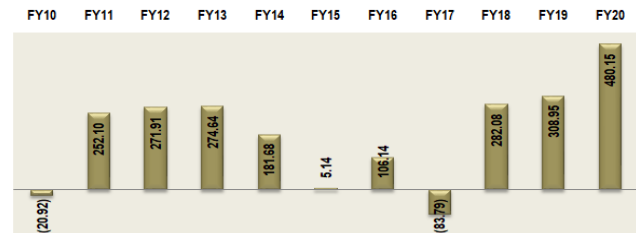
Rescheduled Loans
Tk in billion
Source: Bangladesh Bank



Government borrowing in H1 surpass entire fiscal target

Government borrowing from banking system reached Tk480.15b in the first six months (H1) of the FY2019-20, surpassing the target set for the entire fiscal year by Tk6.52b, according to the latest statistics released by Bangladesh Bank (BB). In FY2018-19, the government borrowed total Tk308.95b, as per records. The government found no other way without bank borrowing as the shortfall of revenue collection mounted to Tk268.76b in the first five months of FY2019-20. Moreover, sale of National Savings Certificates (NSCs) also plunged by 73.03% (Y-o-Y) in the July-November period, which also attributed to the hefty borrowing by the government. Economists fear that the volume of government bank borrowing might tend to Tk1.0-trillion at the end of FY019-20, which would eventually batter private sector credit growth.

Government Net Bank Borrowing
Tk in billion
Source: Bangladesh Bank



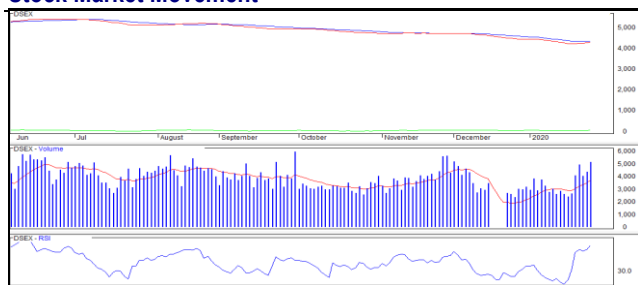
Net FDI falls by 30% in Jul-Sept 2019

Following macroeconomic slowdown in the calendar year 2019, net inflow of Foreign Direct Investment (FDI) registered US\$462.2m during July-September (Q3), which is nearly 30% lower than US\$656.10m during the period of April-June (Q2). In the Q3 period of 2019, overseas investment accounted US\$2.15b, 4.93% lower from US\$2.26b in the previous corresponding period. The highest amount of FDI was received from the United Kingdom (US\$90.01m) followed by Norway (US\$50.40m), the United Arab Emirates (US\$47.12m), United States (US\$44.46m) and Hong Kong of China (US\$36.02m). Among all the major sectors, the power sector attracted the highest volume of net FDI of US\$82.44m while second highest allocation went to the telecommunication sector (US\$75.63m) followed by textile and clothing (US\$70.05m), food (US\$40.38m) and construction (US\$38.13m). Experts attributed that acquisition of Dhaka Tobacco by Japan Tobacco by around US\$1.5b and investment of Chinese consortium to buy 25% stakes in Dhaka Stock Exchange (DSE) boosted FDI inflow in 2018 whereas there was no such major transaction in 2019.

ADP implementation not up to the mark in H1

The execution rate of Annual Development Program (ADP) slid to four-years low in the first half (H1) of the current FY2019-20 due to lack of proper assessment of projects, poor purchase planning and slow disbursement of funds by the development partners, as per the Implementation Monitoring and Evaluation Division (IMED). During the July-December period of FY2019-20, around 58 government agencies spent 26.36% of the total outlay, which is 1.09% less than the corresponding period of the previous fiscal year. However, overall spending reached Tk567.12b in H1, compared to Tk496.45b in the same period of the previous fiscal year, as the size of total ADP allocation in FY2019-20 is Tk2.15-trillion which is much higher than the Tk1.80-trillion of last fiscal year. The government is implementing around 1,617 projects under the ongoing ADP.

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	3,295.47	3,329.62	-1.03
FTSE 100	7,585.98	7,674.56	-1.15
Nikkei 225	23,827.18	24,041.26	-0.89
SENSEX	41,613.19	41,945.37	-0.79
KSE 100	42,633.03	43,167.77	-1.24

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	4,513.89	4,149.83	8.77
Total Turnover, Tk	22,657,899,869.00	13,207,307,921.00	71.56
Market Capital, Tk	2,866,451,901,986	2,611,345,916,968	9.77
No of Issue Gain	328	60	
No of Issue Loss	23	277	
No of Unchanged Issues	7	21	

Top Gainers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
ICB	64.00	90.30	41.09	80,657,000
Sea Pearl Beach	44.00	58.00	31.82	280,690,000
BSCCL	80.30	105.30	31.13	376,719,000
Gemini Sea Food	134.80	174.60	29.53	20,980,000
Heidelberg Cement	125.30	159.60	27.37	21,320,000
SEML IBBL Sh. F	5.70	7.20	26.32	14,679,000
Beximco Pharma	60.00	74.80	24.67	148,404,000
Global Insurance	17.60	21.80	23.86	54,435,000
Phoenix Fin.1stMF	5.40	6.60	22.22	40,946,000
Bangladesh Lamps	119.60	145.80	21.91	15,903,000

Top Losers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
S. S. Steel Limited	16.0	13.50	-15.63	679,137,000
Mozaffar Hossain Spin	10.8	9.30	-13.89	30,712,000
Standard Ceramic	645.3	578.40	-10.37	186,943,000
Silco Pharmaceuticals	28.6	26.00	-9.09	187,861,000
Tosirfa Industries	13.0	12.00	-7.69	5,514,000
Anlima Yarn Dyeing	40.7	38.30	-5.90	92,161,000
Meghna Condensed	13.2	12.50	-5.30	527,000
Shepherd Industries	24.0	22.90	-4.58	2,255,000
Delta Spinners Ltd.	4.9	4.70	-4.08	2,350,000
Paramount Insurance	40.5	39.2	-3.21	131,398,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	365.32	343.84	6.25	2,080.72	1,243.29	67.36
Cement	249.85	214.58	16.43	1,436.31	899.75	59.64
Ceramic	584.63	539.68	8.33	335.38	331.37	1.21
Engineering	1,903.88	1,745.73	9.06	3,458.58	1,663.76	107.88
Food & Al.	3,508.26	3,100.47	13.15	887.17	435.16	103.87
Fuel & Pow.	3,654.05	3,366.45	8.54	1,548.46	905.93	70.92
Insurance	1,594.34	1,497.13	6.49	2,266.03	1,076.01	110.60
IT	339.58	316.83	7.18	1,006.61	1,008.19	-0.16
Jute	1,049.24	1,003.76	4.53	237.16	347.40	-31.73
Misc.	1,088.64	1,007.41	8.06	1,206.27	581.61	107.40
Mutual Fund	387.07	364.33	6.24	328.35	220.59	48.85
NBFI	967.64	799.62	21.01	600.41	346.04	73.51
Paper	6,541.25	5,989.41	9.21	58.29	36.42	60.06
Pharma	1,071.09	987.81	8.43	2,832.29	1,488.59	90.27
Service	906.89	805.11	12.64	107.01	41.23	159.56
Tannery	649.54	589.88	10.11	254.47	133.36	90.82
Telecom	2,533.98	2,241.74	13.04	1,000.83	316.12	216.60
Textile	1,091.21	1,025.68	6.39	2,020.00	1,199.96	68.34
Travel & Leis	568.37	496.45	14.49	340.44	159.49	113.45

Technical Talk

Dhaka Stocks bounced back strongly in the last week ended on Thursday snapping a two-week losing streak amid growing confidence in the market. The six-point directive of Prime Minister towards the BSEC to form policies for reviving capital market made investors optimistic. During the week, a section of investors opted for bargain-hunting of low-price shares. Among the major sectors, NBFI sector increased by 21.01% over the week followed by Cement 16.43%, Telecom 13.04%, Engineering 9.06%, Fuel & Power 8.54%, Pharma 8.43%, Insurance 6.49%, Textile 6.39% and Bank 6.25%.

DSE Broad Index (DSEX) reached 4,513.89 points increased by 364.06 points or 8.77% from the previous week. Total turnover reached at Tk22,657.90m which was 71.56% higher than the previous week. Market capitalization increased by 9.77% and stood at Tk2,866.45b (\$33.76b) at the weekend against Tk2,611.35b. DSE 30 increased by 136.83 points or 9.73% and closed at 1,543.43 points against 1,406.60 points. Last week's weighted average Market PE was 12 which was 10.92 previous week.

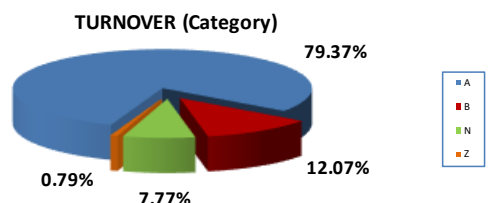
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
LafargeHolcim	31,336,121	1,333,231,000	5.88
Square Pharma	5,343,870	1,047,430,000	4.62
S. S. Steel Limited	49,095,292	679,137,000	3.00
Khulna Power	12,130,205	640,270,000	2.83
Grameenphone Ltd.	2,292,453	624,110,000	2.75
Beacon Pharma	9,971,151	475,373,000	2.10

Top 10 Market Capital

Company	Value (Tk)	In million	
GP	367,282	BERGERPBL	69,300
BATBC	185,706	BRAC Bank Ltd.	64,354
Square Pharma	179,673	ICB	63,272
United Power	146,294	MARICO	52,173
RENATA	90,119	LafargeHolcim	52,030

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t.oz)	1,564.60	1,549.00	1.01
Silver (USD/t.oz)	17.77	17.88	-0.60
Brent Crude Oil (USD/bbl.)	55.59	64.62	-13.97

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	94.09	94.14	94.64	94.70	-0.58	-0.59
GBP	111.34	111.41	110.80	110.86	0.49	0.50
AUD	58.28	58.31	58.65	58.69	-0.64	-0.65
JPY	0.78	0.79	0.78	0.78	0.60	0.67
CAD	64.93	64.96	65.32	65.36	-0.60	-0.61
SAR	22.74	22.76	22.75	22.76	-0.02	-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)
N/A			