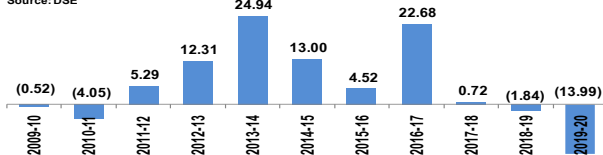


Foreign investors pull out record amount in FY20

Net foreign portfolio investment at the Dhaka Stock Exchange (DSE) registered negative balance of Tk13.99b in FY2019-20 on the back of a dismal situation in the financial sector along with global pandemic. In the earlier FY2018-19, the figure was also Tk1.84b in the negative, according to the records of the DSE. The statistics revealed that the foreign investors sold shares worth Tk55.43b during the fiscal year while they bought shares worth Tk41.44b. In FY2019-20, net investment by foreign investors was negative in all the months excluding May that had only one trading session due to a marathon shutdown to check the spread of Covid-19. The foreign investors increased share sales from January when the pandemic started spreading to the other countries from China. However, the widespread anomalies, poor regulatory control and prolonged volatility in the capital market also triggered the liquidation by the foreign investors. Moreover, single digit interest rate, fragile state of banking sector, tussle between the telecom regulator and Grameenphone and depreciation of Bangladesh Taka against the US Dollar lured the overseas investors to divest their investment. On top of it, slapping floor price by the regulator since March 19 to avert free fall in share prices shocked the foreign investors. In the fiscal year, the prime index of the Dhaka bourse shed 1,432.53 points or 26.42% to close at 3,989.09 points as on June 30, 2020. On the flip side, the average daily turnover at the bourse also plunged by 37.79% to Tk3.82b in the year as against the previous fiscal year. Experts also attribute that developed markets generated better returns for the investors than the frontier ones like Bangladesh in the pandemic period which was another reason for the exodus of foreign portfolio investments.

Net Foreign Investment at DSE (Figures in Tk Bn)
Source: DSE



Deadline for provisioning extended

The Bangladesh Securities and Exchange Commission (BSEC) extended the deadline for maintaining provision against unrealized losses in the accounts of stock dealer, stock brokers, and own and client portfolios of merchant banks until December 31, 2023 on considering the prevailing realities. The existing deadline will expire on December 31, 2020. The stock market regulator had issued a directive on provisioning requirements against unrealized losses in 2013 after stock market debacle in 2010, though the regulator deferred the deadline several times responding to request from the market intermediaries.

Deposit growth slips to 10.94% in June

Liquidity crisis in the banking sector continued to worsen as the propensity of savers to withdraw funds increased due to the economic woes in the wake of the Coronavirus. As per the latest statistics of Bangladesh Bank (BB), deposit growth in banking system dropped to 10.94% in June 2020 from 11.28% in the previous month. The rate was 11.07% in March when the pandemic started to spread in the country followed by 11.88% in April. As per records, total bank deposits stood at Tk11.81 trillion at end-June from Tk11.57 trillion in May. Moreover, increase of money outside the banking system also fuelled the liquidity crisis. As per the statistics of BB, currency outside the banking system increased by Tk371.05b to Tk1.94 trillion at the end of May from December last year.

Banks profitability shrinks in H1

The profitability of most banks shrunk significantly during the first half (H1) of 2020 due mainly to the slowdown in economic activities in the backdrop of pandemic and introduction of single-digit lending rate enforced by the government. The ceiling on lending and deposit interest rates at 9% and 6% respectively came into effect from April 01, 2020. Bangladesh Bank (BB) circulated the instruction in February last. Meanwhile, the outbreak of contagious coronavirus led the government to impose a general shutdown from March 26 to May 31 that dealt a serious blow in the banking sector as well as the overall economy. Inevitably, many banks lost significantly in operating profit during the period due to the drop in lending rate to 9% which was around 11%-12% accompanied by the plunge in commission earning owing to the downturn in export-imports. However, the prices of banking stocks did not reflect the actual sentiment of investors following the disclosure due to the floor-price set by the stock market regulator in mid-March.

OPERATING PROFITS OF BANKS IN JAN-JUN, 2020

Banks	In Billion Tk.		Change
	H1 2019	H1 2020	
Meghna Bank	0.45	0.12	-73%
Social Islami Bank	2.95	1.75	-41%
Southeast	5.05	3.42	-32%
Mercantile	3.31	2.43	-27%
Pubali	5.40	4.05	-25%
National Bank	2.68	2.02	-25%
Shahjalal Islami	3.25	2.47	-24%
Al-Arafah Islami	4.00	3.05	-24%
South Bangla Agriculture	0.90	0.70	-22%
NCC Bank	3.65	2.90	-21%
Jamuna Bank	3.10	2.80	-10%
EXIM	3.30	3.17	-4%
NRB Commercial	0.89	0.90	1%

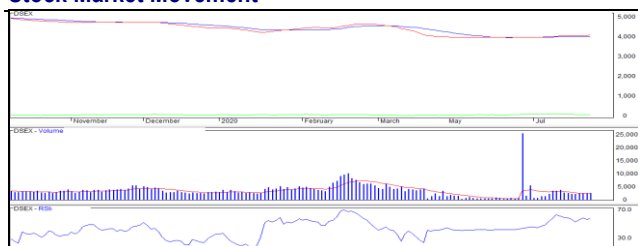
BB tackles Taka appreciation by buying US Dollars

Bangladesh Bank (BB) started to purchase the US Dollars to prevent appreciation of Taka against the greenback following a heavy inflow of remittance ahead of Eid-ul-Azha festivals. The appreciation of Taka might bring further discomfort to the local exporters as they have already been hurt due to the COVID-19 pandemic. Between July 1 and July 19, the central bank injected Tk22.90b in the banking sector to buy the greenback worth US\$270m. After hitting US\$36b-mark in forex reserve for the first time on July 02 this year, BB fell short of the mark for few days due to payments to the Asian Clearing Union. However, the forex reserve bounced back to US\$36.1b as of 19 July, 2020 because of the purchase BB made. Despite continued effort by BB, the exchange rate of US Dollar depreciated slightly to Tk84.8 on July 23 from Tk84.9 at the beginning of the month.

RMG shipments started to pick up

Read-Made Garments (RMG) sector hinted a sign of recovery after losing export orders worth US\$4.33b in the last three months of FY2019-20 due to the Covid-19 pandemic as the sector experienced an influx of orders from the European Union (EU) and USA between June and July this year. As per the statistics of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), apparel export recorded US\$2.25b, US\$0.37b, US\$1.23b and US\$2.24b in March, April, May and June respectively. In the first 18 days of FY2020-21, RMG export receipt stood at US\$1.57b, fueling optimism among the RMG exporters.

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	3,215.63	3,224.73	-0.28
FTSE 100	6,123.82	6,290.30	-2.65
Nikkei 225	22,751.61	22,696.42	0.24
SENSEX	38,128.90	37,020.14	3.00
KSE 100	37,607.62	37,330.85	0.74

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	4,080.94	4,069.11	0.29
Total Turnover, Tk	12,378,074,322.00	15,080,407,619.00	-17.92
Market Capital, Tk	2,592,515,619,724	2,572,062,743,934	0.80
No of Issue Gain	136	79	
No of Issue Loss	52	100	
No of Unchanged Issues	169	179	

Top Gainers

Company	Last Week	This Week	Change %	Turnover (Tk)
Dhaka Insurance Co.	27.30	35.50	30.04	97,563,000
Pioneer Insurance	33.80	41.40	22.49	410,683,000
Asia Insurance Co.	19.60	23.30	18.88	98,551,000
Eastern Insurance	44.40	52.10	17.34	192,377,000
Phoenix Insurance	23.20	26.80	15.52	34,420,000
Prime Textile	15.80	18.20	15.19	15,914,000
ADN Telecom	32.10	36.20	12.77	127,500,000
Pragati Insurance	32.60	36.20	11.04	12,218,000
National Housing	24.70	27.40	10.93	56,416,000
Metro Spinning Ltd.	8.50	9.40	10.59	57,442,000

Top Losers

Company	Last Week	This Week	Change %	Turnover (Tk)
Islami Bank Bd Ltd	19.80	17.40	-12.12	93,656,000
United Commercial	13.00	12.00	-7.69	17,709,000
Hakkani Pulp & Paper	80.20	74.20	-7.48	143,938,000
Progressive Life	113.20	105.80	-6.54	114,041,000
One Bank Limited	9.20	8.70	-5.43	10,910,000
Tung Hai Knitting	2.00	1.90	-5.00	366,000
Paramount Textile	56.00	53.20	-5.00	141,536,000
Agrani Insurance Co	24.60	23.40	-4.88	62,365,000
Jamuna Bank Ltd.	16.80	16.00	-4.76	13,443,000
IBBL Mudaraba Bond	989.00	944.00	-4.55	54,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	319.53	320.52	-0.31	610.46	980.05	-37.71
Cement	218.58	218.61	-0.01	7.25	167.60	-95.67
Ceramic	497.76	497.76	0.00	80.41	180.18	-55.37
Engineering	1,690.06	1,681.37	0.52	801.54	1,255.65	-36.17
Food & Al.	3,035.42	3,023.87	0.38	517.87	549.38	-5.73
Fuel & Pow.	3,260.30	3,224.68	1.10	472.45	1,068.90	-55.80
Insurance	1,462.27	1,406.97	3.93	2,523.32	1,408.54	79.14
IT	317.22	310.47	2.18	400.15	442.11	-9.49
Jute	953.12	952.32	0.08	11.43	51.99	-78.03
Misc.	1,028.49	1,023.85	0.45	562.45	661.53	-14.98
Mutual Fund	368.25	365.89	0.65	292.83	287.55	1.84
NBFI	806.01	792.07	1.76	209.79	149.12	40.69
Paper	6,414.82	6,490.76	-1.17	145.51	215.77	-32.56
Pharma	1,053.85	1,053.88	0.00	2,139.02	4,010.23	-46.66
Service	832.87	822.60	1.25	40.42	92.70	-56.39
Tannery	588.39	588.44	-0.01	5.18	62.59	-91.72
Telecom	2,330.40	2,252.21	3.47	799.97	882.73	-9.38
Textile	1,044.83	1,030.95	1.35	722.56	779.13	-7.26
Travel & Leis	570.71	570.71	0.00	4.63	0.93	397.31

Technical Talk

Dhaka stocks closed higher for the fifth straight week ended on Thursday as some investors continued buying shares on the expectation of bounce back of economy. Moreover, assurance of the stock market regulator on not to lift floor price until the stability of the market gave some confidence to investors for buying shares. Among the major sectors, Insurance increased by 3.93% over the week followed by Telecom 3.47%, NBFI 1.76% and Textile 1.35%, Fuel & Power 1.10% and Engineering 0.52%.

DSE Broad Index (DSEX) reached 4,080.94 points increased by 11.83 points or 0.29% from the previous week. Total turnover reached at Tk12378.07m which was 17.92% lower than the previous week. Market capitalization increased by 0.80% and stood at Tk2592.52b (\$30.54b) at the weekend against Tk2572.06b. DSE 30 increased by 5.83 points or 0.43% and closed at 1,374.59 points against 1,368.76 points. Last week's weighted average Market PE was 11.05 which was 10.96 previous week.

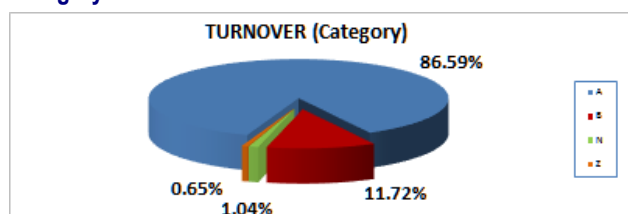
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
Grameenphone Ltd.	2,160,373	533,396,000	4.31
Square Pharma	2,594,291	453,153,000	3.66
Beximco Pharma	6,004,102	441,531,000	3.57
Pioneer Insurance	10,898,949	410,683,000	3.32
Nahee Aluminum	6,526,213	350,772,000	2.83
Bangladesh Submarine	2,916,571	266,571,000	2.15

Top 10 Market Capital

	In million		
GP	338,655	Berger Paint	60,690
BATBC	163,368	ICB	53,951
Square Pharma	157,813	Marico	50,384
United Power	116,044	Brac Bank	42,296
RENATA	83,459	LafargeHolcim	41,693

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	1,889.10	1,798.70	5.03
Silver (USD/t oz.)	22.95	19.50	17.68
Brent Crude Oil (USD/bbl.)	43.31	43.37	-0.14

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	100.24	100.30	98.98	99.04	1.27	1.27
GBP	110.28	110.35	109.34	109.41	0.86	0.86
AUD	60.96	61.00	59.73	59.79	2.07	2.02
JPY	0.80	0.80	0.80	0.80	-0.12	-0.11
CAD	63.66	63.69	62.86	62.90	1.26	1.26
SAR	22.75	22.77	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)
Express Insurance	June 14-18, 2020	10	260.79
Walton Hi-Tech indus.	Aug 09-Aug 16, 2020	252	1,000