

BSEC ejects 17 non-compliant directors

The Bangladesh Securities and Exchange Commission (BSEC) declared casual vacancy in the posts of the directors who failed to comply with the minimum shareholding requirement despite repeated warnings. Exercising the vested powers, the capital market regulator notified the posts of 17 directors of 9 listed companies as vacant where majority of the non-compliant directors belongs to insurance companies. The BSEC also directed the boards of the respective companies to fill up the vacancy from any shareholders having minimum shareholding in the companies within 30 working days. On July 02, 2020, the capital market regulator gave ultimatum to 61 directors of 22 listed companies to comply with the notification on holding of minimum 2% shares by each director, other than independent one, in their respective companies within 45 days. Thereafter, 25 directors complied with the notification and 19 stepped down from the respective boards while the remaining 17 directors continued their directorship without complying with the directive. In 2011, the BSEC had made it mandatory for each sponsor-director to hold minimum 2% shares of a company by issuing a notification that was amended later in 2019 imposing additional restrictions. However, many directors continued holding their position exploiting the inertia of the securities commission.

Aid commitment plunges in July-August

Disbursement and commitment of foreign assistance witnessed a substantial fall in the first two months of the FY2020-21 as development partners tightened their fist in the pandemic period. However, slowdown of development activities during the pandemic also contributed to the drop in fund disbursement. According to statistics of the Economic Relations Division (ERD), foreign assistance commitments plunged by 75.51% (Y-o-Y) in the first two months of FY2020-21 while fund disbursements from the pipeline dropped by about 29%. In the July-August period, government received commitments of slightly over US\$354m as against US\$1,446m in the corresponding period of FY2019-20. As per the ERD statistics, development partners disbursed US\$528m in the period, which is nearly US\$221m less than the amount in the previous fiscal year. Economists fear that such a sharp decline in both fund commitment and disbursement would exert pressure on debt repayment capacity of the government.

Agencies implement 3.89% of ADP in Jul-Aug

Development spending of the government stood at Tk83.51b in the first two months of FY2020-21 as the implementation of mega infrastructure projects got slower mainly due to the Corona virus outbreak. Despite the reopening of the economy from the lockdown, development activities have not yet gained pace as the deadly virus still remains untamed. As per the statistics of the Planning Ministry, implementation rate of Annual Development Program (ADP) slipped to 3.89% of the Tk2.15 trillion allocated for the FY2020-21 as against 4.48% during the same period in FY2019-20. Government agencies managed to spend only Tk32.54b in July and Tk56.76b in August. The implementation rate remained below 1% for 18 Ministries and Divisions including the Bridges Division. The government had set an audacious allocation of Tk2.15 trillion for ADP in the FY2020-21, up by 6.33% from the revised target for FY2019-20. Economists have feared that the sluggish trend of development spending would continue in the coming months as the government will need more time to revive the economy.

BSEC sets index-based margin loan policy

Bangladesh Securities and Exchange Commission (BSEC) tuned the margin loan limit based on market movement to help minimize stock investors' risk exposure. The commission issued an order on 21 September last revising the margin loan ratio. According to the new rule, investors will be able to avail margin loan at 1:1 ratio when the broad index of Dhaka Stock Exchange (DSE), DSEX, stays below or equal to 4,000 points-mark. After exceeding 4,000 points, the margin loan ratio will be adjusted to 1:0.75 and the adjusted ratio will be valid up to 5,000 points. Between 5,001 points and 6,000 points-mark, the ratio will be 1:0.50 and above 6,000 points, the margin loan will be distributed at 1:0.25. The revision was introduced by BSEC to reduce investment risks in an upward market. The revised ratio of margin loan will be effective from October 1, 2020. However, following the revision, the stock market experienced sell pressure and correction in the indices last week. After the issuance of the order, the DSEX came down below 5,000 points-mark and lost around 125.87 points last week.

Net bank borrowing of government drops by 74.13%

Net government borrowing from the banking system stood at Tk69.58b after repayment of Tk141.52b from July 01 to September 14 this year, as per the latest statistics of Bangladesh Bank (BB). Net bank borrowing plunged by 74.13% (Y-o-Y) till September 14 in FY2020-21 owing to surge in the sales of National Savings Certificates (NSCs). During the period, a section of depositors moved their savings from the banks to the government saving schemes following the implementation of 6% deposit rate in April 2020. Meanwhile, the rising inflow of the budgetary aid from international lenders in the first two months of the current fiscal year also pushed the net bank borrowing to go down, according to BB. However, the bank borrowing of the government is likely to increase in the coming months on the backdrop of revenue shortfall as well as the soaring expenditure, experts opine.

ADB forecasts 6.8% growth in FY21

The Asian Development Bank (ADB) anticipates 6.8% growth for Bangladesh economy in FY2020-21. The growth is likely to take place on the back of economic recovery from the adverse impact of the Covid19 pandemic. However, ADB also addressed the lingering uncertainty over the pandemic situation which might interrupt achieving the growth. ADB released Asian Development Outlook (ADO) 2020 update where it observed that the economic recovery is expected to be gradual in the first two quarters of the fiscal year with cautious resumption of economic activities and recovery of global economic conditions; however, the recovery afterward is likely to be more rapid on the back of a strong manufacturing base in tandem with projected strengthening of growth in the export destinations of Bangladesh. Although the forecast is 1.4%-point lower than the Bangladesh government target of 8.2% growth in the fiscal year, the ADB has actually provided far better outlook than the World Bank (WB) on Bangladesh economy. According to WB projection, Bangladesh GDP could grow at only 1.0% rate since it was hit hard by the pandemic. The International Monetary Fund (IMF) also projected lower GDP growth for Bangladesh in FY2020-21 than the ADB. As per IMF projection, Bangladesh is likely to experience 5.7% economic growth in FY2020-21.

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	3,298.46	3,319.47	-0.63
FTSE 100	5,842.67	6,007.05	-2.74
Nikkei 225	23,204.62	23,360.30	-0.67
SENSEX	37,388.66	38,845.82	-3.75
KSE 100	41,701.23	42,504.76	-1.89

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	4,978.78	5,104.65	-2.47
Total Turnover, Tk	45,737,270,393.00	56,353,321,636.00	-18.84
Market Capital, Tk	3,356,214,129,249	3,269,614,309,131	2.65
No of Issue Gain	125	212	
No of Issue Loss	244	119	
No of Unchanged Issues	10	28	

Top Gainers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
Federal Insurance	16.60	23.50	41.57	596,098,000
Rupali Insurance	23.20	31.60	36.21	987,873,000
Nitol Insurance Co.	50.40	67.20	33.33	906,946,000
Purabi Gen. Ins	20.30	26.70	31.53	773,206,000
Rupali Life Insurance	54.60	69.80	27.84	711,713,000
EXIM Bank 1st MF	5.60	7.00	25.00	25,151,000
Sandhani Life	24.90	31.10	24.90	389,789,000
FBFIF	4.10	5.10	24.39	412,039,000
Fareast Islami Life	48.00	58.90	22.71	188,938,000
Delta Life Insurance	68.80	84.00	22.09	166,605,000

Top Losers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
Bangladesh Welding	26.60	23.10	-13.16	57,578,000
Monno Ceramic	159.30	141.00	-11.49	507,106,000
Hakkani Pulp & Paper	93.50	83.30	-10.91	190,714,000
Usmania Glass Sheet	65.10	58.20	-10.60	7,599,000
Anwar Galvanizing Ltd.	125.10	112.10	-10.39	91,447,000
Legacy Footwear Ltd.	79.10	71.50	-9.61	67,676,000
Mithun Knitting	13.70	12.40	-9.49	3,235,000
Stylecraft Limited	225.50	206.20	-8.56	80,802,000
Active Fine Chemicals	17.80	16.30	-8.43	97,347,000
Samorita Hospital Ltd.	73.90	67.80	-8.25	48,046,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	379.42	393.58	-3.60	2,998.51	6,087.15	-50.74
Cement	251.42	258.42	-2.71	710.70	1,037.94	-31.53
Ceramic	586.88	625.70	-6.20	798.59	1,423.54	-43.90
Engineering	4,203.04	2,123.08	97.97	3,381.69	6,196.19	-45.42
Food & Al.	3,718.05	3,958.99	-6.09	1,129.29	2,324.27	-51.41
Fuel & Pow.	3,943.31	4,068.19	-3.07	1,812.46	3,851.78	-52.94
Insurance	2,027.48	1,819.63	11.42	13,838.46	9,206.89	50.31
IT	383.94	400.72	-4.19	885.89	1,839.41	-51.84
Jute	1,266.87	1,340.82	-5.52	183.31	246.48	-25.63
Misc.	1,218.96	1,260.55	-3.30	2,231.11	2,600.47	-14.20
Mutual Fund	460.75	416.28	10.68	2,291.83	775.75	195.43
NBFI	1,099.08	1,138.29	-3.45	4,026.41	3,930.11	2.45
Paper	7,433.03	7,768.67	-4.32	381.68	864.91	-55.87
Pharma	1,249.99	1,282.74	-2.55	4,904.87	7,654.90	-35.93
Service	1,023.83	1,054.26	-2.89	202.06	475.96	-57.55
Tannery	607.04	630.05	-3.65	233.60	444.60	-47.46
Telecom	3,124.10	3,177.50	-1.68	1,120.88	1,038.55	7.93
Textile	1,257.63	1,266.41	-0.69	3,306.72	4,713.48	-29.85
Travel & Leis	592.15	600.91	-1.46	243.20	272.05	-10.60

Technical Talk

Dhaka bourse snapped the thirteen-week gaining streak in the last week ended on Thursday as risk-averse investors booked profit on quick-gaining stocks. The revised margin loan policy by the BSEC also affected the market sentiment as the regulator set maximum margin loan limit in line with the DSE core index. Among the major sectors, Bank decreased by 3.60% over the week followed by NBFI 3.45%, Fuel & Power 3.07%, Pharma 2.55%, Telecom 1.68% and Textile 0.69%.

DSE Broad Index (DSEX) stood at 4,978.78 points decreased by 125.87 points or 2.47% from the previous week. Total turnover reached at Tk45737.27m which was 18.84% lower than the previous week. However, market capitalization increased by 2.65% and stood at Tk3356.21b (\$39.53b) at the weekend against Tk3269.61b. DSE 30 decreased by 60.40 points or 3.43% and closed at 1,701.20 points against 1,761.60 points. Last week's weighted average Market PE was 13.30 which was 13.72 previous week.

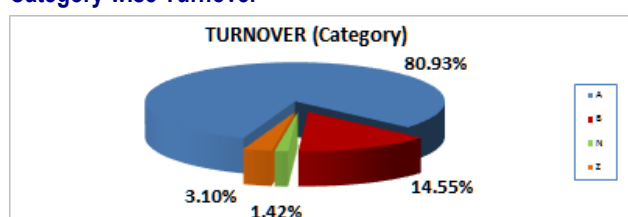
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
Beximco Pharma	16,879,909	1,989,301,000	3.53
Beximco	58,094,763	1,497,479,000	2.66
Rupali Insurance	31,679,166	1,399,108,000	2.48
BRAC Bank Ltd.	3,417,219	1,080,494,000	1.92
Delta Brac Housing	10,594,589	997,079,000	1.77
Nitol Insurance Co.	10,545,161	997,055,000	1.77

Top 10 Market Capital

	In million		
GP	452,621	RENATA	93,776
BATBC	201,780	ICB	74,212
Square Pharma	186,178	Berger Paint	64,957
Walton Hi-Tech Ind.	171,760	Marico	63,696
United Power	154,568	Brac Bank	55,024

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	1,894.90	1,940.00	-2.32
Silver (USD/t oz.)	23.12	26.99	-14.33
Brent Crude Oil (USD/bbl.)	41.94	43.30	-3.14

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	100.75	100.81	101.78	101.84	-1.01	-1.01
GBP	110.41	110.48	111.89	111.96	-1.32	-1.32
AUD	59.97	60.01	62.00	62.03	-3.26	-3.26
JPY	0.81	0.81	0.82	0.82	-0.54	-0.54
CAD	63.75	63.79	64.49	64.53	-1.15	-1.15
SAR	22.75	22.76	22.75	22.76	0.01	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)
Associated Oxygen Ltd.	Sep 10-16, 2020	10	150
Dominance Steel	Oct 19-25, 2020	10	300