

Market cap to GDP ratio continue sliding

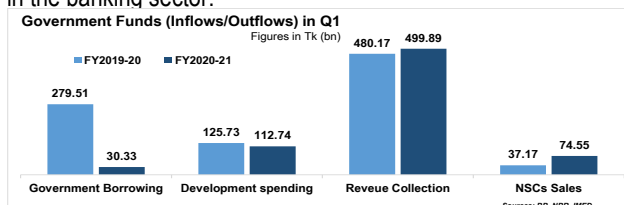
Market capitalization to Gross Domestic Product (GDP) ratio of Dhaka Stock Exchange (DSE) has been declining increasingly as the bourse id yet to level it up as an effective and dynamic market place, despite completing its six decades of operation. As per the statistics from the exchange, market cap to GDP ratio of the Dhaka bourse was 9.41% at the end of June, 2020 as against 13.06% at the end of the previous fiscal year. The ratio was at its highest at 50.67% in 2010 and came down to 33.23% as the market crash landed in 2010-11. Among the Asian countries, the ratios are- the Bombay Stock Exchange, Mumbai India (62.75%), Colombo Stock Exchange (14.92%), Bursa Malaysia (97.19%), Indonesia Stock Exchange (35.83%), Philippine Stock Exchange (61.95%) and the Stock Exchange of Thailand (89.29%). As the bourse has not yet implemented full automation, trading on the bourse remained suspended for 66 days during pandemic shutdown while many countries continued market operations. Capital market experts opine that the equity-centric bourse has been facing dearth of dynamic leadership, skilled human resource, corporate governance and consonance in the top-brass. Moreover, the DSE has also failed to reap the fruit of demutualization of the exchanges.

FDI drops by 18.98% in H1 of 2020

Inflows of net Foreign Direct Investment (FDI) to Bangladesh declined by 18.98% in the January-June period of 2020 as the pandemic fallout slowed investment ventures of foreign investors. According to the provisional statistics of Bangladesh Bank (BB), net inflow of FDI stood at US\$1.16b in the period as against US\$1.44b in the same period of last year. Moreover, net inflows of FDI dropped by 43.78% (Y-o-Y) to US\$582.17m in the first quarter of FY2020-21, as per BB. The United Nations Conference on Trade and Development (UNCTAD) reported that announced green-field investment projects dropped by 78% in Bangladesh in the first half of 2020. However, the UNCTAD also stated that global FDI flow contracted by 49% in the period in the midst of the pandemic. As per the UNCTAD, FDI in South Asia fell by 31% in the period. Among the neighboring countries, announced green-field projects fell by 97% in Sri Lanka and 33% in India in the period. The UNCTAD envisaged that the outlook would remain highly uncertain, depending on the duration of the health crisis and the effectiveness of policy interventions to mitigate the economic effects of the pandemic.

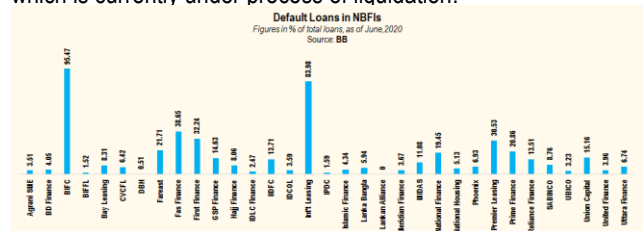
Government bank borrowing dives in Q1

Net government borrowing from the banking system plummeted by 90% (Y-o-Y) to Tk30.33b in the July-September period of FY2020-21, thanks to slow implementation of the development programs and lower spending on subsidy, according to the statistics of Bangladesh Bank (BB). Moreover, higher sales of National Savings Certificates (NSCs) and some progress in the revenue mobilization also led the government to borrow less from the banking sector. During the period, the government borrowed a total of Tk263.03b from commercial banks while it repaid Tk232.70b to the central bank. On the back of this significant fall in lending the government, excess liquidity soared in the banking sector.



Default loans in NBFIs jumped 26.51% in Jan-Jun

The Non-Bank Financial Institutions (NBFIs) observed disturbing rise in default loans during the first half of 2020 in absence of good governance and supervision. According to Bangladesh Bank (BB), Non-Performing Loans (NPLs) in the sector soared by 26.51% (Y-o-Y) to Tk89.05b at the end of June 2020. As per the central bank report, the NPLs in the 33 NBFIs increased to 13.29% of the total outstanding loans from Tk63.99b which was 9.53% of the total loans as of December 31, 2019. Economists attributed the mounting amount of NPLs in the financial institutions to the lack of corporate governance and also proper monitoring by the central bank. The default loans were largely piled up in the sector as several NBFIs saw their funds disappearing through swindling who took loans from the non-banks using fake documents, experts opined. Furthermore, some NBFIs reportedly attempted to hide the actual amount of classified loans through window dressing which later were unearthed by the central bank that may have resulted in the recent surge of NPLs in the sector. The BB report excluded the default loans of People's Leasing and Financial Services Limited which is currently under process of liquidation.



BoP surplus exceeds US\$3.0b in Q1

Overall Balance of Payment (BoP) recorded surplus in the first quarter (Q1) of FY2020-21 reaching at US\$3.09b as a result of sluggish imports, high remittance and external fund inflow. According to Bangladesh Bank (BB), the BoP was at deficit of US\$204m in the same period of previous fiscal year. During the July-September period, import dropped by around 12% (Y-o-Y) while inward remittance surged by around 49% contributing to the surplus in the BoP. As per BB figures, trade deficit during the quarter shrunk by 46.9% (Y-o-Y) to US\$2.03b from US\$3.84b in July-September period of FY2019-20. Although, Foreign Direct Investment (FDI) plunged by 60% (Y-o-Y) to US\$68m, the Medium and Long Term (MLT) loans from development partners increased by 54% (Y-o-Y) to US\$1.3b in Q1 of FY2020-21. According to BB, the BoP surplus reflects recent record high forex reserve at over US\$40b which provided adequate liquidity buffer to safeguard the domestic economy from external shocks.

Foreign loan disbursement rises in Jul-Sep

Disbursement of foreign assistance rebounded in the July-September period of FY2020-21 since the development partners started to release promised budgetary support to tackle the pandemic situation. Moreover, some development activities picked up pace contributing to the rise in fund disbursements. According to the Economic Relations Division (ERD), disbursement from the development lenders surged by 55.21% (Y-o-Y) to US\$1,445m in the first quarter against that of US\$931m in the same quarter of FY2019-20. On the flip side, foreign assistance commitments plunged by 60.46% (Y-o-Y) in the quarter to US\$797.47m from US\$2016.76m in corresponding period of the last fiscal year. Meanwhile, repayment of principal and interest amount to the foreign lenders witnessed an increase to US\$508m during the period, which was US\$459m in the first quarter of FY2019-20.

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	3,269.96	3,465.39	-5.64
FTSE 100	5,577.27	5,860.28	-4.83
Nikkei 225	22,977.13	23,516.59	-2.29
SENSEX	39,614.07	40,685.50	-2.63
KSE 100	39,888.00	41,266.00	-3.34

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	4,846.10	4,914.04	-1.38
Total Turnover, Tk	39,622,853,887.00	42,407,921,440.00	-6.57
Market Capital, Tk	3,317,448,328,873	3,373,564,250,238	-1.66
No of Issue Gain	106	125	
No of Issue Loss	210	183	
No of Unchanged Issues	44	51	

Top Gainers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
Bay Leasing	18.10	21.20	17.13	130,144,000
AB Bank 1st MF	5.90	6.90	16.95	353,952,000
Bd.Thai Aluminium	20.50	23.60	15.12	238,756,000
EXIM Bank 1st MF	6.20	7.10	14.52	60,257,000
Reliance One	9.90	11.30	14.14	116,335,000
AIBL 1st Islamic MF	7.20	8.20	13.89	26,918,000
Asia Insurance Co.	68.60	78.10	13.85	585,503,000
EBL NRB MF	5.80	6.60	13.79	38,402,000
Asian Tiger MF	8.70	9.80	12.64	118,856,000
1st Janata Bank MF	5.70	6.40	12.28	120,730,000

Top Losers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
Generation Next	4.70	3.40	-27.66	26,332,000
Renwick Jaineswar	1323.1	989.20	-25.24	16,648,000
Savar Refractories	279.50	215.60	-22.86	14,091,000
Zahintex Industries	6.00	4.70	-21.67	5,322,000
Fine Foods Limited	81.50	64.80	-20.49	87,599,000
Tallu Spinning Mills	4.90	4.00	-18.37	1,309,000
Continental Insurance	52.10	42.80	-17.85	570,745,000
Familytex (BD) Ltd.	3.40	2.80	-17.65	13,014,000
Tung Hai Knitting	3.60	3.00	-16.67	5,030,000
United Airways (BD)	1.80	1.50	-16.67	26,549,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	375.22	375.17	0.01	1,700.45	1,425.87	19.26
Cement	232.98	242.72	-4.01	271.66	232.39	16.90
Ceramic	540.60	548.71	-1.48	200.07	158.44	26.27
Engineering	4,504.60	4,803.68	-6.23	2,703.05	1,943.63	39.07
Food & Al.	3,592.59	3,669.55	-2.10	561.96	585.40	-4.00
Fuel & Pow.	3,889.14	3,837.02	1.36	1,066.33	580.88	83.57
Insurance	2,110.26	2,181.06	-3.25	17,749.52	13,457.22	31.90
IT	359.60	363.11	-0.97	794.85	544.55	45.97
Jute	1,075.57	1,162.96	-7.51	60.67	163.13	-62.81
Misc.	1,143.54	1,183.40	-3.37	1,343.73	1,192.61	12.67
Mutual Fund	518.31	483.51	7.20	3,103.19	1,277.55	142.90
NBFI	1,078.75	1,109.83	-2.80	2,306.36	1,172.79	96.66
Paper	6,493.33	6,640.93	-2.22	63.52	98.06	-35.22
Pharma	1,223.42	1,250.68	-2.18	3,509.25	2,336.73	50.18
Service	913.85	926.36	-1.35	103.25	72.61	42.20
Tannery	586.08	588.90	-0.48	202.88	143.81	41.07
Telecom	3,077.78	3,085.23	-0.24	624.76	641.18	-2.56
Textile	1,162.20	1,206.97	-3.71	1,927.71	1,538.74	25.28
Travel & Leis	587.04	591.65	-0.78	254.49	215.57	18.05

Technical Talk

Dhaka stocks closed in red in the last week as the nervous investors dumped sector-wise shares amid ongoing corporate declarations. In the week, retail investors opted profit-booking while institutional investors remained on the sidelines. Among the major sectors, Engineering decreased by 6.23% over the week followed by Textile 3.71%, Insurance 3.25%, NBFI 2.80%, Pharma 2.18%, Food & Allied 2.10% and Telecom 0.24%.

DSE Broad Index (DSEX) stood at 4,846.10 points decreased by 67.94 points or 1.38% from the previous week. Total turnover reached at Tk39622.8m which was 6.57% lower than the previous week. Market capitalization decreased by 1.66% and stood at Tk3317.45b (\$39.07b) at the weekend against Tk3373.56b. DSE 30 decreased by 12.31 points or 0.73% and closed at 1,680.13 points against 1,692.44 points. Last week's weighted average Market PE was 13.20 which was 13.38 previous week.

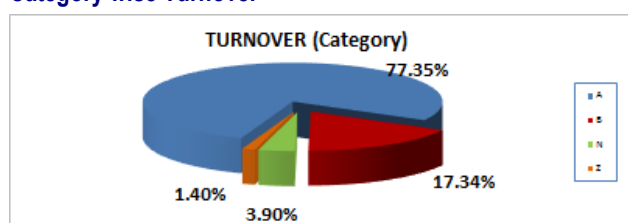
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
Beximco Pharma	13,123,950	1,550,032,000	3.91
Sandhani Life	28,023,679	1,019,561,000	2.57
Global Insurance Co.	15,640,709	923,468,000	2.33
Express Insurance	21,620,083	887,602,000	2.24
Pioneer Insurance	9,796,355	885,351,000	2.23
Beximco	37,625,950	792,065,000	2.00

Top 10 Market Capital

			In million
GP	445,194	RENATA	103,791
Walton Hi-Tech	207,657	ICB	71,602
BATBC	195,552	Marico	66,131
Square Pharma	179,222	Berger Paint	61,344
United Power	160,892	Brac Bank	55,024

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	1,865.60	1,901.10	-1.87
Silver (USD/t oz.)	23.34	24.67	-5.38
Brent Crude Oil (USD/bbl.)	38.26	42.46	-9.89

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	101.79	101.85	102.73	102.79	-0.92	-0.92
GBP	113.16	113.22	113.55	113.61	-0.34	-0.34
AUD	60.30	60.33	60.93	60.97	-1.04	-1.04
JPY	0.82	0.82	0.82	0.82	0.23	0.22
CAD	64.20	64.24	64.97	64.01	-1.19	0.35
SAR	22.75	22.77	22.75	22.77	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)
Associated Oxygen Ltd.	Sep 10-16, 2020	10	150
Dominage Steel	Oct 19-25, 2020	10	300
Crystal Insurance	Nov 10-16, 2020	10	160
Robi Axiata Limited	Nov 17-23, 2020	10	5,237