

Mutual Fund sector still in embryonic stage

The Mutual Fund (MF) sector in Bangladesh is yet to flourish after around 40 years from inception whereas in many regional countries, including neighboring India, it has secured a strong position in respective capital markets. The MF sector of India has already surpassed the Gross Domestic Product (GDP) of Bangladesh riding on high quality professionalism of the fund managers and dynamic marketing. In October, 2020, the size of MF industry in India was US\$368.41b whereas the size of the GDP of Bangladesh is estimated at US\$330b. The MF industry of Bangladesh stood at US\$1.65b or Tk137.24b only as of September 30, 2020, which was much lower than those of India (US\$368.41b), Malaysia (US\$197.57b), Thailand (US\$178.2b) and Pakistan (US\$5.6b). Currently, 37 closed-end MFs are being traded in the bourses and number of approved open-ended MFs is 62, according to the BSEC. Of the listed closed-end MFs, units of 27 MFs are being traded below face value of Tk10 each as on November 19, 2020. Market experts attribute unprofessionalism and non-compliance with securities laws by many fund managers to the lackluster performance of the sector. However, prolonged bear-run in the capital market and inadequate publicity are also responsible for the underperformance of the industry. Moreover, a significant number of investors are inclined to only invest for short span of time and such a tendency has hindered the expansion of the sector. On top of that, most of the Asset Management Companies (AMCs) have failed to declare attractive dividend as per expectations of the unit holders. In 2020, so far 28 closed-end MFs made annual disclosures where 16 MFs declared no dividend. On the other hand, 12 closed-end MFs declared dividend ranging only 2.5% to 5% while GRAMEEN One: Scheme Two under the management of AIMS of Bangladesh Limited declared the highest 7% dividend.

Most DS30 scrips post robust five year returns

Among the listed companies under the DSE Blue-chip index (DS30), 23 companies recorded positive historical price return in the last five years (Oct 2016-Oct 2020) while 5 companies posted negative return. Return of two companies was not taken into account as the companies have not completed five years since being listed. Beacon Pharmaceuticals registered the highest historical return of 526.30% followed by Paramount Textile 333.90%, United Power Generation 232.30% and Eastern Bank 128.20% while LafargeHolcim reported the most negative return of 49% followed by Titas Gas 36.30% and BSRM Limited 32.40%. Market experts opined that performance of some of the companies did not validate the price appreciations. After all, even a fundamentally strong company should have a rational price cap, they viewed.

Historical Price Return of Companies under DS30 (Oct 2016- Oct 2020)

Beacon Pharma	526.30%	Pubali Bank	59.60%
Paramount Tex.	333.90%	Meghna Petroleum	38.00%
United Power	232.30%	NBL	31.70%
EBL	128.20%	BSCCL	31.40%
Confidence Cement	108.00%	BATBC	21.80%
Lankabangla Fin.	103.60%	Padma Oil	20.50%
City Bank	88.60%	Square Pharma	17.00%
National Life	86.40%	Beximco	14.60%
Beximco Pharma	85.20%	IFAD Auto	-11.80%
Brac Bank	80.90%	Olympic	-12.70%
GP	73.20%	BSRM Ltd	-32.40%
Renata	67.80%	Titas Gas	-36.30%
IDLC	66.50%	LafargeHolcim	-49.00%
Singer BD	66.10%	Acme Lab	N/A
Summit Power	63.60%	BBS Cables	N/A

Source: DSE

Banks invest Tk6.22b in stocks till September

Banks finally injected fresh funds under the special liquidity support scheme for stock investment devised by Bangladesh Bank (BB) after prolonged effort by BB to bring the banks back in the capital market. In a bid to improve liquidity in the long bearish stock market, the central bank allowed all the scheduled banks to form special funds of Tk2b to invest in the capital market through a circular of February 10, 2020. According to the circular, banks can create the fund from their own source or by taking loan at 5% interest from the central bank through repurchase agreement (repo) against Treasury Bills (T-Bills) and Treasury Bonds (T-Bonds) they hold. Later, BB revised down the interest rate by 0.25% to 4.75% for banks to create special fund in another circular issued on September 24, 2020. On that note, banks formed funds worth Tk20.89b till September last of which, around 30% or Tk6.22b was invested and the rest is being invested gradually. According to BB, banks invested Tk5.42b through their own portfolios, Tk590m through subsidiaries and Tk150m via merchant banks. However, the banks did not avail the option to take loan from BB to create the fund as they had excess liquidity. Moreover, the call money rate is cheaper than the BB interest rate as banks can borrow at 2%-3% from call money market while the interbank rate is less than 1%. Banks were reluctant to invest in stocks due to persistent downtrend in the stock market till June this year. However, the low interest rate, sluggish private sector credit demand, increase in excess liquidity and imposition of floor price to tackle freefall of stock prices by the securities regulator during the pandemic motivated the banks to go for fresh investment, commentators opine.

Eleven banks remain above ADR-limit in Sept

Despite the ease in required Advance-Deposit Ratio (ADR) by the Bangladesh Bank (BB), eleven banks could not manage to come within the regulatory limit even after three years till September 2020. As per a circular of 2018, banks were directed to bring down the ADR limit within 83.5% from 85% while for Shariah-based banks the rate was cut down to 89% from 90% by BB. However, BB had to relax the ADR to tackle the adverse economic impacts arising from the coronavirus pandemic. As per latest instructions, traditional banks and the Shariah-based banks are required to maintain the loan-deposit ratio within 87% and 92% respectively. According to BB report, the ADR of three banks – Agrani Bank, BASIC Bank and Padma Bank – exceeded 100%. ADR of BASIC Bank was the highest at 114.52% followed by Agrani Bank (Islamic wing) 108.57% and Padma Bank 104.51% till September 2020.

Banks	ADR	Banks	ADR
BASIC	114.52%	National Bank	92.75%
Agrani (Islamic Wing)	108.57%	First Security Islami	92.41%
Padma Bank	104.51%	AB Bank	91.65%
Union Bank	99.19%	Premier Bank (Islamic Wing)	90.61%
EXIM	96.85%	NRB Global	88.91%
RAKUB	95.65%		

*As of 30 September, 2020; Source: BB

DSE register 13-year low net profit in FY2019-20

According to Dhaka Stock Exchange (DSE), net profit of the premiere bourse tumbled by 75% (Y-o-Y) to Tk270m in FY2019-20, hitting the lowest since FY2006-07, due to lower number of trading sessions as the market remained closed during the long countrywide shutdown owing to global pandemic. Besides, the relocation cost of the new DSE office also contributed to this fall in the current financial year. However, the stock market also endured a prolonged bear-run before the COVID-19 outbreak alongside huge selling spree by the foreign investors in lack of confidence on the regulator and market. The government also started charging tax at full rate on the stock exchange from FY2019-2 that also shrunk the net profit of the bourse.

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	3,638.35	3,557.54	2.27
FTSE 100	6,367.58	6,351.45	0.25
Nikkei 225	26,644.71	25,527.37	4.38
SENSEX	44,149.72	43,882.25	0.61
KSE 100	40,807.09	40,187.18	1.54

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	4,869.09	4,879.96	-0.22
Total Turnover, Tk	31,489,413,249.00	39,091,038,906.00	-19.45
Market Capital, Tk	3,306,974,546,563	3,337,092,481,453	-0.90
No of Issue Gain	144	99	
No of Issue Loss	140	199	
No of Unchanged Issues	77	63	

Top Gainers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
Prime Insurance	35.00	47.60	36.00	114,440,000
Continental Ins	35.70	46.40	29.97	463,227,000
Provati Insurance	75.50	96.00	27.15	370,935,000
Pragati Insurance	49.10	61.70	25.66	171,673,000
Reliance Insurance	52.30	65.10	24.47	172,388,000
Green Delta Ins	52.60	65.10	23.76	231,917,000
Nitol Insurance Co.	55.90	68.70	22.90	829,399,000
Sonar Bangla Ins	43.40	53.00	22.12	331,932,000
Dhaka Insurance Co.	45.70	54.60	19.47	154,601,000
Kamaphuli Insurance	26.40	31.30	18.56	127,077,000

Top Losers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
Summit Alliance Port	28.60	25.00	-12.59	137,177,000
Baraka Power Limited	27.40	24.10	-12.04	107,506,000
Safko Spinnings Mills	12.70	11.20	-11.81	21,901,000
Pacific Denims Limited	9.40	8.50	-9.57	18,241,000
Kattali Textile Limited	10.50	9.50	-9.52	39,021,000
Stylecraft Limited	163.60	148.20	-9.41	41,615,000
Square Pharma	208.00	190.00	-8.65	478,987,000
The Peninsula Chitt.	20.20	18.60	-7.92	81,259,000
S. Alam Cold Rolled	21.00	19.40	-7.62	7,768,000
Bangas Ltd.	134.00	123.80	-7.61	64,872,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	382.32	384.92	-0.68	1,864.30	3,093.59	-39.74
Cement	223.80	224.27	-0.21	207.77	194.70	6.71
Ceramic	573.39	574.19	-0.14	238.77	429.77	-44.44
Engineering	4,610.01	4,817.48	-4.31	1,930.51	2,685.34	-28.11
Food & Al.	3,452.59	3,496.73	-1.26	503.81	620.38	-18.79
Fuel & Pow.	3,729.35	3,772.31	-1.14	777.34	1,075.78	-27.74
Insurance	2,218.14	2,019.75	9.82	9,983.56	5,938.83	68.11
IT	367.97	364.02	1.09	1,011.52	837.06	20.84
Jute	1,114.43	1,048.37	6.30	133.54	61.17	118.33
Misc.	1,169.99	1,161.90	0.70	1,374.93	1,404.40	-2.10
Mutual Fund	558.69	530.57	5.30	3,996.49	9,300.34	-57.03
NBFI	1,022.29	1,034.31	-1.16	1,027.85	824.81	24.62
Paper	6,473.23	6,479.37	-0.09	127.24	213.11	-40.29
Pharma	1,254.42	1,259.86	-0.43	3,108.28	5,128.06	-39.39
Service	975.23	1,027.27	-5.07	179.53	344.65	-47.91
Tannery	585.74	587.55	-0.31	143.20	155.10	-7.67
Telecom	2,979.71	3,052.64	-2.39	481.29	555.79	-13.40
Textile	1,140.22	1,136.43	0.33	944.54	1,144.24	-17.45
Travel & Leis	576.69	581.05	-0.75	111.13	146.77	-24.29

Technical Talk

Dhaka stocks closed in negative trajectory for the third straight week ended on Thursday as nervous investors booked profit on sector-wise issues. Moreover, IPO of Robi made many investors focus on primary market. Among the major sectors, Engineering decreased by 4.31% over the week followed by Telecom 2.39%, NBFI 1.16%, Fuel & Power 1.14%, Bank 0.68% and Pharma 0.43% while Insurance and Mutual Fund sectors increased by 9.82% and 5.30% respectively.

DSE Broad Index (DSEX) stood at 4,869.09 points decreased by 10.87 points or 0.22% from the previous week. Total turnover reached at Tk31489.41m which was 19.45% lower than the previous week. Market capitalization decreased by 0.90% and stood at Tk3306.97b (\$38.95b) at the weekend against Tk3337.09b. DSE 30 decreased by 11.64 points or 0.68% and closed at 1,689.70 points against 1,701.34 points. Last week's weighted average Market PE was 13.03 which was 13.23 previous week.

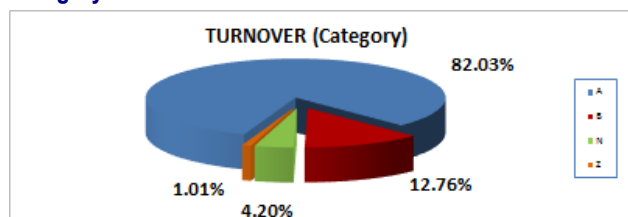
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
Beximco Pharma	12,121,587	1,730,598,000	5.50
Nitol Insurance Co.	12,563,223	829,399,000	2.63
Beximco	33,193,971	780,305,000	2.48
Northern Islami Ins	12,588,711	525,114,000	1.67
ADN Telecom Limited	9,732,113	523,870,000	1.66
Pioneer Insurance	6,261,216	500,610,000	1.59

Top 10 Market Capital

Company	Market Capital (In million)
GP	431,016
Walton Hi-Tech	216,109
BATBC	186,120
Square Pharma	168,426
United Power	159,311
RENATA	102,554
ICB	68,575
Marico	66,279
Berger Paint	62,813
Brac Bank	61,446

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	1,805.50	1,861.10	-2.99
Silver (USD/t oz.)	23.36	24.03	-2.79
Brent Crude Oil (USD/bbl.)	48.61	44.20	9.98

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	103.26	103.32	102.68	102.74	0.57	0.57
GBP	116.49	116.56	115.62	115.69	0.75	0.75
AUD	62.83	62.87	62.34	62.37	0.79	0.79
JPY	0.82	0.82	0.83	0.83	-0.44	-0.45
CAD	65.63	65.67	65.15	65.19	0.73	0.73
SAR	22.75	22.76	22.79	22.77	-0.16	-0.03

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)
Dominance 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