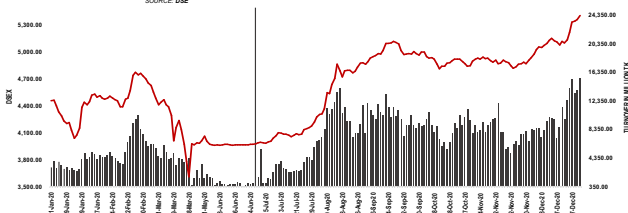


Stocks end terrible 2020 with vibrancy

The Bangladesh capital market concluded the pandemic-stricken 2020 with optimism thanks to confidence building measures by the capital market regulator and monetary easing by the central bank, though investors would wish to forget the first half of the year. The capital market commenced the year with the legacy of bear-run due to liquidity crunch, lack of good governance in financial sector, cloudy macro-economic outlook and sluggish investment activity. The outbreak of the Covid-19 pandemic in early March triggered freefall in the stock market and the economy went into apparent hibernation. However, government stimulus packages of Tk1.13-trillion helped increase of money flow. On the other hand, capital market regulator introduced floor price to tackle panic sale by the investors. Due to the pandemic, the bourses endured a marathon shutdown of 66 days. However, the stock exchanges witnessed some recovery after the restructuring of the Bangladesh Securities and Exchange Commission (BSEC). The new commission was up and going to reinstate the confidence of investors and ensure good governance in the market. The measures of the new commission included enforcing minimum shareholdings by sponsor-directors, floating companies with good fundamentals, taking punitive action against wrongdoers, cracking down on junk stocks etc. Moreover, government allowed investment of undisclosed money in stock market for FY2020-21 without any question. The BSEC was also active to launch debt instruments including Sukuk to strengthen the bond market. In the last part of 2020, the market remained vibrant riding on lower returns in the money market, hope for the prospective Covid-19 vaccine and proposal of another stimulus package.

Broad Index Movement in 2020
SOURCE: DSE



In 2020, DSEX, the main index of Dhaka Stock Exchange (DSE), soared by 949.13 points or 21.31% (Y-o-Y) to close at 5,402.07 points, the highest since June 30, 2019 though it lost 463.85 points or 10.42% in the first half of 2020. Earlier, the index shed 17.32% and 13.80% in 2019 and 2018 (Y-o-Y) respectively. In 2020, the Shariah index (DSES) and Blue-Chip index (DS30) increased by 24.23% (Y-o-Y) to 1,242.11 points and 29.78% (Y-o-Y) to 1,963.96 points respectively. In the 208 trading sessions of 2020, daily average turnover in the DSE was Tk6.49b, 35.10% higher as against the Tk4.80b in 237 trading sessions of 2019. In 2020, the BSEC allowed 8 companies to raise Tk9.62b, the highest amount in last six years. However, the BSEC dumped more than 11 IPO applications for noncompliance. Riding on the vibrant primary market including the largest ever IPO of Robi Axiata Limited (Tk5.24b), the market capitalization of the DSE surged by 32.01% (Y-o-Y) to the record level of Tk4.48-trillion in 2020, which came down to Tk2.87-trillion during the market bottom in March. In the year, most of the Asset Management Companies (AMCs) failed to declare dividend for the unit holders. Among the closed-end Mutual Funds (MFs) that made annual disclosures, 16 MFs declared no dividend and 12 MFs declared dividend ranging only 2.5% to 5% while Grameed One: Scheme Two under the management of AIMS declared the highest 7% cash dividend.

Fund raising from capital market paces up in 2020

The capital market experienced an accelerated momentum of fund raising in 2020 while private investments was suffering from stagnant situation due to reluctance of banks to disburse loans at single digit interest rate alongside the economic distress arising from the global pandemic. Following the joining of the new commission as the securities regulator, the number of Initial Public Offerings (IPOs) and right issues got more than doubled during the concluded calendar year compared to 2019. Total fifteen debutant companies and two already listed companies got nod to raise capital through IPOs and right shares amounting Tk14.52b and Tk777.5m respectively, as a result of expedited approval from the incumbent commission. According to Dhaka Stock Exchange (DSE) statistics, eight companies completed subscription of the issues and raised Tk9.85b through IPOs under fixed price method while three companies raised Tk3.11b under book building method in 2020. Moreover, the Bangladesh Securities and Exchange Commission (BSEC) approved 23 companies to raise Tk90.17b from the capital market through issuing bonds where the amount raised was around Tk50b on average between 2012 and 2019. The incumbent commission also allowed treasury bonds to be traded through Beneficiary Owner (BO) accounts aiming to make the local bond market more vibrant and functional.

Sukuk hits the bond market

Sukuk, a Shariah-compliant bond, has recently been introduced in Bangladesh aiming to manage budget deficit. The government planned to raise Tk80b through the issuance of the Islamic bond to implement a safe water supply project. The first auction of Sukuk for the targeted amount of Tk40b was held on December 28, 2020 and the next auction for the rest Tk40b will be held in May, 2021. The denomination of each Sukuk is Tk10,000 with maturity of five years and the investors will receive a profit of 4.69% (in semi-annual basis) on their investment. Banks and individuals placed 39 bids worth Tk151.53b as the interest rate of the five-year T-bonds are currently offering interest rate of 4.64%. The auction committee of Bangladesh Bank allocated the fund proportionately among the bidders where every bidder received Sukuks equal to 26.4% of their investment.

Banks feared to see pale profitability in 2020

After experiencing a wobbly economic period due to Covid-19 fallout, the banking sector is feared to likely face a significant decline in profitability during 2020. Besides, the imposition of single-digit lending rate from April 01 this year curtailed the net interest income of the sector. According to the latest Bangladesh Bank (BB) statistics, the spread between the weighted average interest rate on advance and deposits squeezed to 2.94% in October 2020. The interest rate spread was 4.07% in March, and dropped to 2.92% in April after implementing the interest rate cap, BB statistics. Furthermore, the central bank directed the banks to keep an additional 1% provision against unclassified loans while preparing financial statements for 2020. Moreover, private sector credit growth also maintained a declining trend to stand at 8.21% (Y-o-Y) in November 2020 on the backdrop of restrained business activities. Similarly, the earning of banks from Letters of Credit (LCs) settlement commission also slumped due to the lower volume of imports. Experts predicted that the operating profit of the scheduled banks for the year ending on December 31, 2020 might fall within a range between 15% and 25%.

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	3,756.07	3,703.06	1.43
FTSE 100	6,460.52	6,502.11	-0.64
Nikkei 225	27,444.17	26,656.61	2.95
SENSEX	47,868.98	46,973.54	1.91
KSE 100	44,434.80	43,416.77	2.34

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	5,402.07	5,218.37	3.52
Total Turnover, Tk	58,034,623,909	56,237,500,981	3.20
Market Capital, Tk	3,887,138,147,500	3,663,796,142,747	6.10
No of Issue Gain	229	109	
No of Issue Loss	78	193	
No of Unchanged Issues	58	62	

Top Gainers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
Robi Axiata Limited	15.00	29.80	98.67	219,396,000
Crystal Insurance	27.10	39.40	45.39	5,025,000
Khan Brothers	8.40	11.10	32.14	116,641,000
LankaBangla Fin.	24.00	31.40	30.83	2,135,187,000
Intraco Refueling	14.50	18.70	28.97	265,956,000
Prime Finance & Inv.	10.10	12.60	24.75	274,278,000
Union Capital	6.80	8.40	23.53	52,823,000
Bay Leasing & Inv.	18.40	22.70	23.37	306,091,000
BEXIMCO	46.30	57.00	23.11	5,115,562,000
Desh Garments	124.20	151.80	22.22	48,315,000

Top Losers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
M.H.Spining Mills	16.60	14.70	-11.45	80,692,000
Pioneer Insurance	83.30	75.30	-9.60	319,658,000
Pragati Insurance	69.00	63.30	-8.26	154,528,000
GQ Ball Pen Ind.	154.10	141.90	-7.92	59,410,000
IFAD Autos	51.00	47.20	-7.45	428,461,000
Genex Infosys	59.20	55.00	-7.09	343,793,000
Janata Insurance	42.60	39.70	-6.81	108,376,000
Phoenix Insurance	47.70	44.70	-6.29	206,916,000
Premier Cement Mills	65.00	61.10	-6.00	8,584,000
Green Delta Insurance	65.50	61.60	-5.95	54,716,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	394.68	388.19	1.67	5,573.13	3,769.59	47.84
Cement	270.33	271.67	-0.49	1,963.87	1,923.87	2.08
Ceramic	613.55	608.42	0.84	1,098.57	979.19	12.19
Engineering	6,374.08	5,771.57	10.44	5,550.10	4,796.71	15.71
Food & Al.	3,929.57	3,602.11	9.09	1,464.28	871.72	67.98
Fuel & Pow.	3,745.41	3,739.72	0.15	2,868.09	1,852.76	54.80
Insurance	2,284.30	2,322.60	-1.65	6,547.92	13,595.83	-51.84
IT	380.24	377.17	0.81	1,335.35	778.26	71.58
Jute	1,554.88	1,330.14	16.90	294.33	220.98	33.19
Misc.	1,560.97	1,440.25	8.38	6,484.44	6,357.03	2.00
Mutual Fund	518.63	506.21	2.45	2,045.23	1,531.54	33.54
NBFI	1,191.56	1,077.86	10.55	5,607.17	1,614.83	247.23
Paper	7,034.52	6,657.72	5.66	200.84	228.29	-12.03
Pharma	1,421.51	1,374.79	3.40	8,244.91	8,141.90	1.27
Service	1,180.48	1,102.04	7.12	771.23	378.43	103.80
Tannery	630.06	623.98	0.97	762.34	1,073.39	-28.98
Telecom	4,296.38	3,730.25	15.18	1,744.14	1,434.67	21.57
Textile	1,198.72	1,166.88	2.73	2,358.59	1,539.10	53.25
Travel & Leis	589.88	585.68	0.72	228.37	131.56	73.59

Technical Talk

Dhaka stocks remained upbeat week in the last week of 2020 as investors put bet on the market amid optimism in the New Year. The regulatory moves and improvement of economic activities ignited the buying appetite of the bargain hunters on large-cap companies. Among the major sectors, Telecom increased by 15.18% over the week followed by NBFI 10.55%, Engineering 10.44%, Pharma 3.40% and Textile 2.73%.

DSE Broad Index (DSEX) stood at 5,402.07 points increased by 183.70 points or 3.52% from the previous week. Total turnover reached at Tk58034.62m which was 3.20% higher than the previous week. Market capitalization increased by 6.10% and stood at Tk3887.14b (\$45.78b) at the weekend against Tk3663.80b. DSE 30 increased by 87.23 points or 4.65% and closed at 1,963.96 points against 1,876.74 points. Last week's weighted average Market PE was 16.50 which was 14.39 previous week.

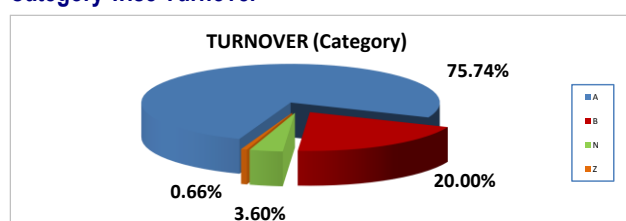
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
Beximco	101,898,994	5,115,562,000	8.81
Beximco Pharma	17,880,729	3,232,920,000	5.57
IFIC Bank Ltd.	192,168,250	2,844,077,000	4.90
LankaBangla Finance	75,231,462	2,135,187,000	3.68
LafargeHolcim BD	30,035,546	1,417,545,000	2.44
Square Pharma	6,250,648	1,347,032,000	2.32

Top 10 Market Capital

	In million		
GP	468,689	United Power	152,750
Walton Hi-Tech	337,402	RENATA	107,865
BATBC	212,544	Beximco Pharma	84,984
Square Pharma	194,576	ICB	79,615
Robi	156,090	Marico	67,372

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	1,901.60	1,882.60	1.01
Silver (USD/t oz.)	26.53	25.95	2.24
Brent Crude Oil (USD/bbl.)	51.91	51.37	1.05

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	106.37	106.43	105.72	105.78	0.61	0.61
GBP	117.83	117.90	117.90	117.97	-0.06	-0.06
AUD	65.22	65.26	64.74	64.78	0.74	0.74
JPY	0.83	0.83	0.83	0.83	0.00	0.00
CAD	66.67	66.71	66.43	66.47	0.36	0.36
SAR	22.74	22.75	22.75	22.76	-0.04	-0.05

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)
Mir Akhter	Dec 24-30, 2020	54	560.83
Energypac Power	Dec 07-13, 2020	31	1,500
Taufika Foods and Agro	Jan 03-07, 2021	10	300
eGeneration Ltd.	Jan 12-18, 2021	10	150