

UPDATE ON Dhaka Stock Market

The Journal is running a series of updates on Dhaka Stock Market. In this issue of THE COST & MANAGEMENT, A K M Shahidul Kirmany ACMA(UK), CGMA, FCMA has given a reflection of relevant changes and updates on the Dhaka Stock Market. The analysis of the Dhaka Stock Market has been done considering the period from February 27, 2019 to April 30, 2019. Mr. Kirmany is presently working with the VIPB Asset Management Company Limited as Chief Operating Officer.



Macro-economy Update

Additional exacerbation of liquidity crisis and increase in inflationary expectation are at present two of the major macro-economic concerns shaping the growth potential of Bangladesh. Import growth picked up after remaining passive in first half of FY19, stipulating more pressure on current account balance during the second half.

Private sector credit growth bottomed three years' low to 12.5% YoY in Feb'19, marked by high lending rate resulting from tight liquidity situation. Banks have been facing serious liquidity pressure which is evident in their high funding cost. Median fixed deposit rate increased 25bps in Mar'19 (Stood at 7.6%) while some banks are offering more than 10.0%. National Savings Certificate (NSD) has not been enough to meet the incremental borrowing demand of government. Government borrowing from banks grew 24.8%YoY in Feb'19, which is making the liquidity situation tighter. Moreover, Bangladesh Bank (BB) is pulling liquidity from market through selling greenbacks (USD 1.22bn during Jul'18-Jan'19) to fastener exchange rate. Although this impact was partially offset by government's borrowing from BB, on net basis, BDT worth about 48bn was pulled out from money circulation during Jul'18-Jan'19.

Inflation had been increasing during last three months. P2P general inflation rose to 5.55% in

Mar'19, driven mainly by food inflation ahead of Ramadan (in May).

Export growth slowed slightly in Feb'19 but remained fairly above the Jul'18-Feb'19 strategic target (7.8% above the target). Remittance from KSA and Kuwait grew 21.0% and 22.0% respectively whereas remittance from USA declined 8.0% during Jul'18-Feb'19. Import grew 7.4% YoY during Jul'18-Jan'19. Import growth of capital machineries and petroleum product witnessed 33.3% and 62.2% YoY growth respectively during Jul'18-Jan'19. The value of fresh LC opening during Jan'19 was highest in last 14 months, indicating that import may increase in coming months.

Stock Market Updates

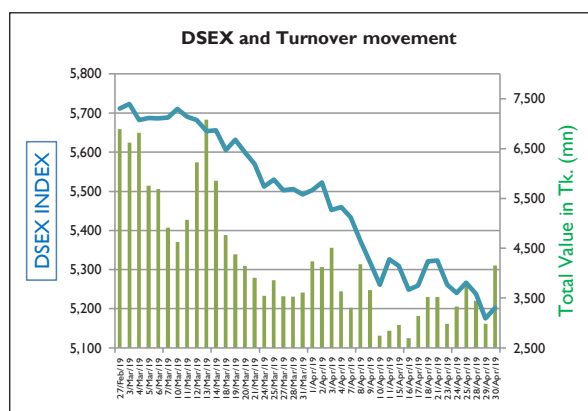
(February 27, 2019 to April 30, 2019)

- The benchmark index of Dhaka Stock Exchange (DSEX) was down by 8.91% during the period. The daily turnover was highest on March 13, 2019.

Changes in Indices (from February 27, 2019 to April 30, 2019)

Index	Open	Close	Point Change	% Change
DSEX	5,711.83	5,202.85	(508.98)	-8.91%
DSES	1,314.64	1,205.15	(109.49)	-8.33%
DS30	1,998.65	1,846.67	(151.98)	-7.60%

DSE Performance (from February 27, 2019 to April 30, 2019)



• Top ten gainers and losers in terms of market price from February 27, 2019 to April 30, 2019

Top ten gainer		Top ten loser	
TICKER	GAIN (%)	TICKER	LOSS (%)
STANCERAM	69.15%	BATBC	-63.12%
SAMATALETH	50.19%	DUTCHBANGL	-58.26%
IMAMBUTTON	43.89%	MONNOCERA	-49.46%
SAVAREFR	34.33%	MONNOSTAF	-44.64%
DULAMIACOT	29.19%	GLOBALINS	-39.90%
ISNLTD	25.86%	RNSPIN	-37.21%
BEACHHATCH	24.28%	LEGACYFOOT	-37.13%
PROGRESLIF	20.76%	CITYGENINS	-36.22%
FINEFOODS	18.88%	SONALIANS	-34.73%
KAY&QUE	17.30%	PROVATIINS	-34.16%

- Bangladesh Securities and Exchange Commission on Tuesday, April 30, 2019 postponed receiving any new IPO application until the public issue rules are amended. The Commission also decided not to accept any new application from the unlisted companies for the purpose of capital raising, which would diminish the existence of any 'placement shareholders'. The decisions were made at a regular commission meeting presided over by its Chairman M Khairul Hossain, a BSEC press release said.
- Dhaka stocks stretching the record losing streak to the 13th consecutive week, as investors were extremely worried about the market after the finance minister commented that the recent fall was normal.
- State-run Investment Corporation of Bangladesh has suggested that the Finance Ministry should introduce share buy-back by companies whose shares are trading at prices below their issue prices

at the country's stock market, allow investment of undisclosed money in the capital market and resume subscription of ICB unit fund to stabilise the market.

- Dhaka Stock Exchange on Thursday, April 16, 2019 placed before market regulator Bangladesh Securities and Exchange Commission a set of proposals that included ceiling on issuance of placement shares at 25 per cent of a company's paid up capital and limiting placement-share holders to 50 investors.
- A group of aggrieved retail investors are staging a token hunger strike in front of the Dhaka Stock Exchange (DSE) building on Monday, April 29, 2019 in protest against inaction of the authorities concerned on the market slump under the banner of Bangladesh Pujibazar Biniogkari Oikya Parishad.
- Most of the listed banks, which so far disclosed financial statements, have witnessed moderate rise in earnings per share (EPS) in 2018 compared to previous year. The dividends recommended by many of those banks, however, have almost remained same for the year ended on December 31, 2018 compared to previous year.
- According to DSE information, the consolidated EPS of Islami Bank Bangladesh rose to Tk 3.92 from Tk 3.06, Jamuna Bank to Tk 3.07 from Tk 2.77 (restated), BRAC Bank to Tk 5.17 from Tk 4.86, Dutch-Bangla Bank to Tk 21.01 from Tk 12.28, Uttara Bank to Tk 4.17 from Tk 3.83, and Eastern Bank to Tk 4.22 from Tk 3.29.
- The consolidated EPS of First Security Islami Bank rose to Tk 2.03 from Tk 1.72, Premier Bank to Tk 2.84 from Tk 2.46, Standard Bank to Tk 1.44 from Tk 1.42, and Bank Asia to Tk 2.01 from Tk 1.90.
- The consolidated EPS of Pubali Bank jumped to Tk 3.63 for 2018 from Tk 0.06 (restated) reported for 2017.
- The consolidated EPS of Al-Arafah Islami Bank declined to Tk 2.35 from Tk 3.0, Shahjalal Islami Bank to Tk 1.47 from Tk 1.58, City Bank to Tk 2.30 from Tk 3.57 and Exim Bank to Tk 1.65 from Tk 2.34.
- Jamuna Bank has recommended 20 per cent cash dividend for the year ended on December 31, 2018 against 22 per cent stock dividend compared to same period of the previous year.

- Of others, Al-Arafah Islami Bank recommended 15 per cent cash and 2.0 per cent stock against 15 per cent cash and 5.0 per cent stock, Islami Bank 10 per cent cash against 10 per cent stock, Shahjalal Islami Bank 10 per cent stock against 10 per cent stock, Bank Asia 5.0 per cent cash and 5.0 per cent stock against 12.50 per cent stock, and BRAC Bank 15 per cent stock against 25 per cent stock.
- City Bank has recommended 6.0 per cent cash and 5.0 per cent stock against 19 per cent cash and 5.0 per cent stock, Dutch-Bangla Bank 150 per cent stock against 30.0 per cent cash, Eastern Bank 20 per cent cash and 10 per cent stock against 20 per cent cash, First Security Islami Bank 10 per cent stock against 10 per cent stock, Premier Bank 15.50 per cent against 15 per cent stock and Pubali Bank 10 per cent cash and 3.0 per cent stock against 5.0 per cent cash and 5.0 per cent.
- The country's apex trade body on April 30, 2019 demanded a 2.5 percentage point reduction in corporate tax for both listed and non-listed companies and a hike in tax-free income limit for individual taxpayers for fiscal 2019-20. The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) appealed for fixing the tax rate for manufacturing companies at 30 percent for next fiscal year to encourage investment and job creation.
- The Bangladesh Securities and Exchange Commission (BSEC) on Tuesday, April 23, 2019 approved drafts of three new rules. The approval was given at a commission meeting presided over by BSEC Chairman M Khairul Hossain, held at its headquarters. The rules are Bangladesh Securities and Exchange Commission (Investment Sukuk) Rules, 2019, Bangladesh Securities and Exchange Commission (Exchange Traded Derivatives) Rules, 2019 and Bangladesh Securities and Exchange Commission (Short-sale) Rules, 2019.
- The Bangladesh Securities and Exchange Commission (BSEC) approved a non-convertible zero coupon bond worth Tk255 crore proposed by IDLC Finance Limited. This bond is fully redeemable, unsecured, and unlisted, according to a press release. Through this bond, IDLC Finance will be able to strengthen its liquidity position—the difference between the value of liquid assets plus incoming cash flows and outgoing cash flows resulting from commitments—to meet the current funding requirements of IDLC Finance.
- Net foreign investment at Dhaka Stock Exchange (DSE) turned negative in March after two months of positive trend as the foreign investors went for selling shares over caution on volatility in the banking sector and capital market. The net foreign investment dipped to Tk 123 crore negative in March after injecting Tk 498 crore in the previous two months. Net investment was Tk323 crore in February and Tk 175 crore in January. In March, the foreign investors sold shares worth Tk498 crore against their purchase of shares worth Tk375 crore. In February, they bought shares worth Tk587.15 crore against their sales worth Tk263.97 crore.
- The Bangladesh Securities and Exchange Commission (BSEC) formed a committee to amend the rules for 'Z' category companies. BSEC director Md Mansur Rahman will lead the three-member committee. Other members are deputy director of BSEC Md Nazrul Islam and Sheikh Md Lutful Kabir. The committee will make necessary recommendations discussing the notification issued in 2002 for the 'Z' category companies.
- The state-owned Investment Corporation of Bangladesh (ICB) has made a set of recommendations to the government including offering the money whitening facility for the stock business and creation of a Tk 5,000 crore 'market support fund' to revive the ailing capital market. 

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Sources of the information:

- Website of Dhaka Stock Exchange
- The Daily Financial Express
- The Daily Star
- The Daily New Age