

Bangladesh offers easiest access to business in SA

Bangladesh and Pakistan are in a better position among the South Asian (SA) regional countries that ranked in the second best quartile on the ease of doing business last year, a World Bank (WB) study titled 'Doing Business in 2005: Removing Obstacles to Growth' revealed. While Bhutan, Sri Lanka and Nepal ranked the third best quartile, no economy in the region could secure a top position in the list. In 2003, Bangladesh along with other 58 countries reformed its business regulation and strengthened the protection of property right, increased the legal penalties for poor-quality data in its registry thus hastening the process of starting a new venture in the country. Only 35 days are required to start a business in Bangladesh, which is 89 in India, 62 in Bhutan, 50 in Sri Lanka and 24 in Pakistan. But, however, the cost of setting up business is the highest in Bangladesh among others in SA; a region that itself lags far behind the rich economies in this case. The cost of launching a new business in Bangladesh is 91% of the gross national income per capita (GNIpc) compared to the regional average of 45.4% and Organization for Economic Cooperation (OECD) average of 8%. The cost is 74.1% in Nepal, 49.5% in India, 36% in Pakistan, 11% in Bhutan and 10.7% in Sri Lanka. SA countries have the highest cost on firing workers, the lowest recovery rate for claimants in insolvency after Africa and the highest cost of enforcing a contract through the courts. Besides, Unwieldy administrative procedure of starting new business makes way for corruption. Non-availability and manipulation of required data, weak property right, fewer protections of legal rights for borrowers and lenders, contract enforcement, and disclosure requirements make it harder to start, operate, or close a business in this locale. Meanwhile, a recent pan-Asian survey of Japan External Trade Organization (JETRO) also found Bangladesh in advantageous position in respect of cost of gas, office rent and wage of workers though high cost of utilities, services, telecommunication, transport and taxation eat into the attractiveness of the country's investment climate.

NBFI Act to embrace reforms

The existing Financial Institutions Act is going to have reforms in line with the new banking companies act. Bangladesh Bank has initiated a move to introduce major reforms so as to make the act effective in the coming days. The reforms are aimed at bringing uniformity of regulatory acts between the banking and nonbanking sectors and upgrading the rules and regulations in the context of an advanced financial market. BB has already formed a high-profile committee to deal with the matter, which would prepare a draft proposal related to reforms and then submit to the Ministry of Finance for consent and to Ministry of Law for subsequent courses. The existing NBFI act was found cumbersome and incompatible with the banking laws, which are more comprehensive. Since these two financial sectors are supplementary to each other, it is not possible to move one keeping the other stumbling on. The reforms will help in particular the growing leasing sector, which is one of the major businesses by the NBFIs, and enable them to compete with the banks in many other services.

Interest-free Islamic bonds on the cards

The government has launched interest-free Islamic bond to cater to local Islamic banks' and financial institutions' demand. The instrument, Bangladesh Government Islamic Investment Bond (Islamic Bond), will be transacted in line with Islamic rules and regulations. This will bring a new dimension for the Islamic institutions in their Shariah-based fund management. The redemption periods of the bond have been fixed at 6 months, one and two years, and each government-approved certificate will be worth Tk100,000. Individuals and Institutions including nonresident Bangladeshis (NRBs) may purchase it by applying through BB in prescribed forms. BB has served a circular to all scheduled banks regarding the bond. Bond-holders can only make returns on the basis of profit and loss sharing. The 6-month bond-holder will earn 80% of the total profit and loss, while one year bondholder will get 90% and the two-year bond 95%, keeping the rest deposited in the reserve fund. Islamic banks maintain only 10% SLR instead of 16% since they cannot purchase bonds bearing interest as per Shariah law, now they can meet their statutory liquidity reserve (SLR) of the central bank through these bonds. At present there are 6 local and one foreign Islamic commercial banks operating in the country.

Saving instruments' sales down

Frequent cuts in interest rates pushed the sales of state-run saving instruments (SIs) significantly down, around 14% that stood at Tk8.34b in July 2004 against Tk9.70b in July 2003. With a major fall in their gross sales, the government's net borrowing through sales of SIs also plunged by 40% to Tk3.05b in July 2004 against Tk5.10b previous July. Further, an enhanced surrendering of SIs by investors following the interest trim also bloated the volume of interest payment, Tk30b in FY2003-04 compared to Tk25.68b in FY02-03. Interest rates on SIs were slashed last in July 2004 by 1.015% that eventually made the instruments less attractive for investors. Meanwhile, the sales of 3-month profit-oriented SIs declined from Tk4.57b in July 2003 to Tk3.80b this July leading to decline in government borrowing from the same from Tk3.10b to Tk1.32b during the same period. Besides, the gross sales of 5-year profitbased SIs also dropped from Tk1.64b to Tk836.40m during the period, while its net sales had been Tk1.37b and Tk442m respectively. Though during the tenure of the present government rates of interest on SIs have been cut 4 times for ensuring a level playing field for the banking system, diverting investors to the country's ailing capital market, however, no visible impact has yet been measured to this effect. Despite a substantial decline in the sales of other state-run SIs, recently introduced pensioners' savings certificates (PSC) were evoked a growing response from investors mostly because of its better investment return compared to other schemes. Interest rate on PSC is around 11%, compared to 10.5% from other SIs. National Savings Directorate (NSD) sold the 5year PSC amounting to Tk10m in the first month after introduction, with 75% sold in Dhaka alone. Earlier, PSC was introduced especially for the retired employees in ensuring their financial securities in the face of curbing interest rate on existing SIs.

This week's data runs from 09 September 2004 to 12 September 2004

Stock Market Movement



	This Week	Last Week	+/- %
DSE General Index	1,571.67	1,520.25	3.38
Average Daily Turnover, Tk	225,061,192.00	229,892,022.00	-2.10
Market Capital, Tk	165,661,425,664	160,417,415,168	3.27
Market P/E*	11.14	10.97	1.55
Market PBR*	1.78	1.75	1.71
Market EPS, Tk per Tk100*	33.36	33.36	-
Market Dividend Yield, %	2.73	2.82	-3.19
1 Year Cap. Appreciation, %	84.48	84.62	-0.17

* PE is based on latest reported data of listed companies, which registered positive earning, PBR is based on latest reported book values, and companies with negative book value have been excluded. The companies earmarked as 'B' and 'Z' category by SEC have also been excluded from calculation. **1 year Holding Period Yield

Top Gainers

Company	Closing Price (Tk)			Avg. Daily Turnover, Tk
	This Week	Last Week	Change %	
Green Delta Ins.	1,771.50	1,299.25	36.35	2,200,624
BGIC	698.75	557.00	25.45	2,062,531
Heidelberg Cement	1,094.50	903.50	21.14	19,329,991
ICB AMCL First M. F.	199.75	168.00	18.90	480,150
United Insurance	743.25	637.25	16.63	607,051
Peoples Insurance	1,161.50	1,000.00	16.15	113,333
Lafarge Surma Cem	378.50	329.25	14.96	13,328,200
Central Insurance	331.25	290.00	14.22	56,895
Eastland Insurance	352.50	311.00	13.34	483,840
Aftab Automobiles	636.25	566.25	12.36	4,988,359

Top Losers

Company	Closing Price (Tk)			Avg. Daily Turnover, Tk
	This Week	Last Week	Change %	
Ragnamati Foods	2.10	2.30	-8.70	19,525
Banladesh Zipper	14.00	15.25	-8.20	700
Meghna Cond. Milk	2.30	2.50	-8.00	21,450
Wata Chemicals	221.00	238.75	-7.43	123,760
Rahima Foods	18.50	19.75	-6.33	4,625
Pharmaco Intl.	47.50	50.50	-5.94	33,075
Therapeutics	136.75	145.25	-5.85	80,704
Maq Enterprise	12.25	13.00	-5.77	10,550
Alltex Industries	71.25	75.50	-5.63	1,018,875
Rose Heaven	3.40	3.60	-5.56	100,075

Top Turnover Companies

Company	Closing Price (Tk)			Avg. Daily Turnover, Tk
	This Week	Last Week	Change %	
Heidelberg Cement	903.50	1,094.50	21.14	19,329,991
Lafarge Surma Cem	329.25	378.50	14.96	13,328,200
Square Pharma	3,801.25	3,722.75	-2.07	13,231,688
Prime Bank	553.25	546.75	-1.17	7,424,313
One Bank Limited	283.50	284.50	0.35	6,791,050
Meghna Cement	326.75	356.00	8.95	6,427,769
Mutual Trust Bank	346.75	347.00	0.07	6,125,375
Beximco Pharma	64.10	63.40	-1.09	5,816,890
Mercantile Bank Ltd.	347.50	346.00	-0.43	5,389,325
National Life Ins.	1,885.00	2,107.75	11.82	5,307,206

Technical Talk

Hard rain fails to damp stock market

The capital market continued its bullish run during the week until hard rain raised a major obstacle, first time in its class in years, when Dhaka Stock Exchange was forced to suspend all activities. The unending rain crippled the whole city and clogged DSE floors, and caused the bourse to close operations for four days, plunging the week to two days only. However, the rain could not deter CSE, which ran all its operation normally yet with a scanty volume. The rain also failed to damp the market mood, as there were several book closures in the week including that of AIMS First Guaranteed Mutual Fund, which led to hot spot trading.

The DGEN increased by 51.42 points (3.38%) during the week at 1,571.67 against 1,520.25 of the previous week. Securities of banks and financial institutions also made a resounding comeback while the pharmaceuticals saw marginal gains.

The average daily turnover also stayed down in the week by 2.10% and reached Tk225.06m against Tk229.89m of the previous week. On the other hand, market capitalization went up by 0.19% to reach Tk165.66b (\$2.77b) at the weekend. The DSE-20 index for blue chips also fell by 5.09 points (0.28%) during the three-day week, which was 1,821.23 at the opening and closed at 1,816.14 (base 1000 on Jan 01, 2000). Based on the daily charts of the DSE movement, which has been used to track short-term trends, the technical readings are as under:

Moving Average

The DSE General Price Index remained in an upward trend both at the 9-day and the 18-day moving average line, triggering a sell signal.

Relative Strength Index (RSI)

The RSI indicator is now showing an upward trend. Currently RSI is 67.93 point, also indicating a sell signal.

Price Movement of AIMS First Guaranteed Mutual Fund



Sector Indicators

Sectors	PE	PBR	EPS	DY %	Sector Index	
					This Week	Last Week
Agro Processing	17.84	3.45	22.66	5.60	148.80	149.06
Cement	4.88	1.90	12.23	1.28	419.28	364.12
Ceramics	14.66	1.02	11.13	9.55	80.29	80.53
Commercial Banking	10.38	2.17	32.99	1.82	251.40	249.71
Engineering	15.11	2.51	21.23	4.24	131.72	129.07
Fishery	9.52	0.52	2.08	5.38	71.03	69.86
Food Processing	15.19	0.56	2.11	4.99	73.37	72.29
Fuel and Power	12.74	2.21	98.52	2.18	161.43	160.01
General Insurance	20.00	2.25	24.45	3.20	220.68	191.36
Information and Comm.	15.66	1.97	10.94	2.95	217.77	221.56
Jute	20.51	0.49	-24.07	2.15	141.07	141.95
Leasing	17.03	3.57	45.34	2.46	240.36	236.31
Leather	14.18	0.65	9.85	1.03	139.97	139.76
Life Insurance		20.45	-	1.34	591.42	543.69
Miscellaneous	9.44	1.31	10.68	4.35	112.53	111.31
Mutual Funds	10.50	1.07	16.20	4.69	146.25	140.39
Paper and Printing	10.20	0.25	-13.87	12.25	43.08	43.63
Pharma and Chemical	13.65	2.65	50.99	2.77	189.13	191.76
Services & Real Estate	15.13	0.52	4.10	3.23	86.47	85.99
Textile	4.91	0.71	12.85	6.00	47.66	48.14

Based on latest reported year of listed companies. Companies, which did not hold AGM for last two years, and new companies yet to report audited accounts have not been included in the calculation of the indicators. Companies that registered negative earnings have been excluded from PE calculation and those that have a negative book value have been excluded from calculation of PBR. Base period Index is 100 as on Jan 01, 2001.

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Recently Listed

Company	Subscription Period	IPO (M.Tk)	Private Placement (M.Tk)	Trading started on DSE on
One Bank Ltd.	August 11-12, 2003	196.98	97.02	December 06, 2003
Lafarge Surma Cement Ltd.	November 10-15, 2003	150	743.90	December 29, 2003
Bank Asia Ltd.	September 21-22, 2003	200	100	January 08, 2004
Jmi Bangla Co. Ltd	November 02-06, 2003	30	20	January 11, 2004 at CSE
Dafodil Computers Ltd.	October 07-12, 2003	45	30	February 15, 2004 at CSE
Mercantile bank Ltd.	October 21-22, 2003	213.19	106.575	February 17, 2004

Last Initial Public Offering

Company	Subscription Period	IPO (M.Tk)	Private Placement (M.Tk)	Purpose of the issue
EXIM Bank	July 24-28, 2004	408.04	-	To expand equity base
Mercantile Insurance	August 28-Sept.01, 2004	90.00	-	Statutory requirement

Exchange Rate

	This Week		Last Week		Change %	
	T.T.O.D	BC	T.T.O.D	BC	T.T.O.D	BC
USD	59.7500	59.8000	59.7500	59.8000	0.000	0.000
EUR	73.3312	73.3925	73.5403	73.6018	-0.284	-0.284
GBP	106.9764	107.0659	107.4843	107.5742	-0.473	-0.473
AUD	42.3508	42.3862	42.1955	42.2308	0.368	0.368
JPY	0.5509	0.5514	0.5543	0.5548	-0.613	-0.613
CHF	47.6247	47.6646	47.9727	48.0128	-0.725	-0.725
CAD	46.5234	46.5623	46.7345	46.7736	-0.452	-0.452
HKD	7.6685	7.6749	7.6689	7.6753	-0.005	-0.005
SGD	35.5169	35.5466	35.3843	35.4140	0.375	0.374
AED	16.4004	16.4141	16.4004	16.4141	0.000	0.000
SAR	16.0597	16.0731	16.0601	16.0735	-0.002	-0.002

Based on Standard Chartered selling rates to public in Taka.

Notes: USD-US dollar, GBP Great Britain Pound, AUD-Australian Dollar, JPY- Japanese Yen, CHF-Swiss Franc, CAD-Canadian Dollar, HKD-Hong Kong Dollar, SGD-Singapore Dollar, AED-UAE Dirham, SAR-Saudi Riyal

Book Closure

Name of the Company	Share transfer & Book closure		Year end	AGM Date	Dividend Pro. %
	From	To			
1 st ICB MF	15-08-04	24-08-04	06-04		200
2 nd ICB MF	15-08-04	24-08-04	06-04		50
3 rd ICB MF	15-08-04	24-08-04	06-04		50
4 th ICB MF	15-08-04	24-08-04	06-04		45
5 th ICB MF	15-08-04	24-08-04	06-04		24
6 th ICB MF	15-08-04	24-08-04	06-04		17.50
7 th ICB MF	15-08-04	24-08-04	06-04		15
8 th ICB MF	15-08-04	24-08-04	06-04		14
ICB AMCL Fund	17-08-04	31-08-04	06-04		12
Islami Bank	19-08-04	17-09-04	12-03	17-09-04	20B:100
AB Bank	22-08-04	11-09-04	12-03	11-09-04	5B:100
National Bank	22-08-04	19-09-04	12-03	19-09-04	20B:100
Central Insuran	29-08-04	11-09-04	12-03	11-09-04	1B:5
Bionic Sea Fd.	01-09-04	29-09-04	12-03	29-09-04	6
Lexco Ltd.	01-09-04	23-09-04	12-03	23-09-04	5
Apex Foods	02-09-04	23-09-04	06-04	23-09-04	13
Apex Spinning	02-09-04	23-09-04	06-04	23-09-04	15
Square Pharma	05-09-04	21-09-04	03-04	21-09-04	70,20B:100
Southeast Bank	08-09-04	29-09-04	12-03	29-09-04	20,20B:100
Federal Insura.	09-09-04	27-09-04	12-03	27-09-04	10
Sandhani Life Ins	14-09-04	28-09-04	12-03	28-09-04	14B:100
Purabi Gen. Ins.	14-09-04	28-09-04	12-03	28-09-04	10
Midas Finance	19-09-04	10-10-04	06-04	10-10-04	1B:10
Apex Tannery	30-09-04	14-10-04	06-04	14-10-04	12
IFIC Bank	08-11-04	07-12-04	12-03	07-12-04	1B:10
The City Bank			12-03	27-09-04	1R:1

Corporate Announcements

- ICB AMCL unit fund: The NAV of ICB AMCL Unit Fund stood at Tk110.76 on the basis of cost price and Tk126.14 on current market price at the closing of business operation on September 15, 2004 against the face value of Tk100 per unit.

- Five cos' under CDS: The securities of five listed companies are being brought under the central depository system from September 28, 2004. Companies are Eastern Housing Limited, Reckitt Benckiser (BD) Limited, The National Bank Limited, the Bangladesh Online Limited.

- Reform boost bank shares: Various reforms in the banking sector as well as more information disclosure and dividend payment have triggered a surge in their share prices in the stock market. Most of the category banking shares registered a rise between 25-50% during the last 40 days reflecting buyers' strong demand for such scripts. Shareholders find the private commercial banks lucrative for their improved financial strength as a result shares of banks account for as 49.79% in the sector-wise turnover in the trading on DSE in August'04. The banking sector contribution in sector wise market capitalization also rose to 38% in August'04 from 35% in July'04.

- Banks profits on rise: half-yearly reports ended June '04, the posted profits of Islami Bank Bangladesh, National Bank, Mutual Trust Bank and Dhaka Bank showed a rise by 262%, 69.06%, 26.68% and 10% respectively of the corresponding period of June 30, '03. The profit after taxes of Bank Asia, Eastern Bank, Prime Bank, Al-Arafah, Southeast Bank and Dutch Bangla Bank during June' 04 were Tk118.64m against Tk89.65m in June'03, Tk143.864m against previous Tk123.78m, Tk288.41mm against previous Tk224.18m, Tk78.42m against previous Tk55.09m, Tk217.57mm against previous Tk150.42m and Tk138.08mm against previous Tk137.88m respectively.

Top 20 Market Capital

	Tk million
Lafarge Surma Cement	21,978.99
Square Pharma	16,167.88
BATBC	9,040.59
Islami Bank	7,938.00
Prime Bank	5,827.25
Eastern Bank	4,156.25
Heidelberg Cement	4,023.81
Beximco Pharma	3,605.45
Dhaka Bank	3,472.83
Bank Asia	3,259.52
Rupali Bank	3,171.84
Southeast Bank	3,051.66
Mercantile Bank	2,772.48
Singer Bangladesh	2,554.24
Bata Shoe	2,512.77
Mutual Trust Bank	2,482.00
BOC (BD)	2,407.00
GlaxoSmith	2,347.19
Standard Bank	2,282.89
Square Textile	2,163.85

Least 20 Market Capital

	Tk million
Petro Synthetics	0.97
The Engineers	2.02
Modern Industries	2.47
Texpick Industries	2.68
Rahima Foods	3.70
National Oxygen	3.75
Quasem Textile	3.86
Padma Printers	4.00
Azadi Printers	4.06
Quasem Silk	4.20
Rabeya Flour	4.86
Himadri	4.95
Bangladesh Hotels	5.40
Ragnamati Foods	6.30
Paper Processing	6.45
Metalex Corporation	6.75
Karim Pipe	7.09
Saleh Carpet	7.33
GB JV Food	7.50
Bangladesh Plantation	7.55

Yawer Sayeed, Managing Director & CEO
Wasiq al Azad, Head of Operations
Laila Mahmuda Shilpi, Manager
Gazi Afshana Banu, Executive Officer
Zakia Rashid, Executive Officer

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