

Tax net to expand to achieve revenue target

Bangladesh has ranked 110th in the Global Competitiveness Report (GCR) 2005-06 among 117 countries, with 8 points down from last year's position. Among the neighbors India and Pakistan have improved their positions, to 50th and 83rd this year from last year's 55th and 91st. Last year Bangladesh ranked 102nd among 104 countries. Its ranking would change marginally to 101st this year should GCR cover the same countries it had last year. Many new entrants to the survey are better placed than Bangladesh. The total picture is worsening in Bangladesh compared to the global situation. Corruption and governance still remain major problems. It is experiencing a deteriorating trend in investment and business environment index. The government is suffering from indecision, and policy instability increases concern about the business environment. Bangladesh also ranked the lowest among 117 countries this year both in the corruption sub-index and the public institution index. Growth Competitiveness Index (GCI) of 2005 and 2004 shows change in the country credit rating in Bangladesh, which was negative 5%, had been the worst. This year's survey covered 93 companies in Bangladesh, which are contributing most to the national economy. As per the survey, the graft situation has further deteriorated. Most respondents cited corruption as major determining factor affecting business environment. The overall composition of public spending is wasteful and the situation remains unchanged. Public trust in financial honesty of politicians is still very low, but slightly improved in 2005. In terms of illegal payments to influence government policies, laws, regulations, and diversion of public funds to companies, the situation worsened. Apart from these, 4 other top determining factors cited are inept bureaucracy, inadequate infrastructure, policy instability and crime and theft. About freedom of press, the study said ability to publish or broadcast news without fear of censorship or retaliation has slid from better to good and the judicial system is heavily influenced by political interference. It also necessarily means that Bangladesh improved in many areas, but not enough. Low cost of labor and natural resources are still the major competing factors for Bangladesh. Investment, production and export are good, but not better than last year's. The survey was designed to cover companies with total assets of at least Tk100m that include 46 manufacturing companies, 13 financial institutions, 7 real estate and construction firms, 8 ICT enterprises, 7 transport and engineering firms and 12 others.

New market for pharmaceuticals export

Export market of Bangladeshi pharmaceuticals will expand to North Africa in March next year, as a team from the country has just visited the region exploring new market opportunities. Square Pharmaceuticals has already exported its products to Libya. Bangladesh is the only least developed country (LDC) among 50 in the world that is self sufficient in pharmaceuticals industry. As an LDC country it is eligible to export and produce pharmaceuticals without patent till 2016. Some 16 members of the delegation drawn from leading pharmaceutical companies like Square, Beximco, Navana, ACME, Jayson, EsKayef, Alco, Orion and Biopharma visited Egypt, Algeria, Morocco, Tunisia, Libya and Sudan.

NCBs under IAS prism

Agrani Bank incurred a staggering loss of Tk21.72b in 2004 while it attempted to achieve international standard in its financial statement by making it more transparent. In 2003, the bank made a net profit of Tk2.5m. For the first time its annual report has been prepared in line with International Accounting Standards (IAS) 30 in 2004. In doing so, the shortfall against the outstanding bad loans since 1972 were covered, resulting in the calculation of huge loss. The bank has already started making profit and during the first 6 months of the current year, it made a profit of Tk1.09b, which might stand around Tk2.50b at the yearend. The bank would still require 8 years to cover the loss. In 2004, the bank's total classified loans stood at Tk26.92b, 95% of which (Tk25.48b) was bad loan. The bank had provision of Tk20.96b against the bad loan. The annual report was prepared in line with the diagnostic report. There was no clearly written guideline for accounting system, and was also lack of staff with the required skills and experience for preparation of accounts. The report prepared by the advisors also identified the necessity of a lot of provisions to be made for bad and doubtful assets under the heads of loans and advances, investments, other assets, etc for the sake of reflecting the true financial position of the bank. Meanwhile, as part of NCB reforms, advisory teams that are working with Sonali and Janata banks will prepare their annual report of 2005 in line with the IAS-30, for the first time. The 2 banks will have to keep about Tk34.0b provisioning for their bad loans. Janata Bank has recently been awarded the bank of the year 2005 in Bangladesh. London-based Financial Times group magazine, "The Banker", announced the award for improved performance. It was also awarded The Asian Banking Award 2005 for financing program for physically handicapped people.

Bangladesh advances in global FDI position

With foreign direct investment (FDI) growing in the last couple of years, Bangladesh has now advanced to the 122nd position from the previous 133rd in the World Investment Report (WIR) 2005 index of the United Nations Conference on Trade and Development (Unctad). Improved investment environment and the privatization of assets are the reasons behind the high FDI flow in Bangladesh in 2004. Bangladesh attracted \$460m FDI with 72% growth, second highest in South Asia with Pakistan racing first at 74% in 2004, from the previous year's \$268m. The other Asian countries that received strong FDI in 2004 are China, Korea, Macao, Mongolia, Qatar, Singapore, Syria and Vietnam. Aggressive marketing seems to be the main factor in attracting FDI. If the present efforts are continued, the desired FDI target of \$1.0b could be possible within a couple of years. Macroeconomic stability, changing global investment situation and buying capacity of people are the reasons for Bangladesh to become a major destination for FDI inflow. Bangladesh's overall performance in capturing FDI is positive compared to other neighboring states, as it has advanced 11 steps, while India paced 2, Nepal and Pakistan 5 and Sri Lanka took 8 steps ahead. Global FDI rose 2% to \$648b in 2004 after 3 years of decline. Inflows to the developing countries surged by 40% to \$233b, while the developed economies experienced 14% drop to \$380b.

This week's data runs from 22 September 2005 to 29 September 2005

Stock Market Movement

	This Week	Last Week	+/- %
DSE General Index	1,673.21	1,655.30	1.08
Total Turnover, Tk	1,336,141,323.55	578,748,895.30	130.87
Market Capital, Tk	211,315,886,994	209,336,030,721	.95
Market PEx	14.22	14.09	.92
Market EPS, Tk per Tk 100	31.82	31.27	1.76

* 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	Weighted avg. Closing Price (Tk)			Turnover ('00 Q. Tk.)
	This Week	Last Week	Change %	
Miracle Industries	20.73	15.72	31.87	56,852.03
AB Bank Ltd.	370.30	287.48	28.81	13,647.04
IFIC Bank Ltd	585.89	498.16	17.61	23,566.84
Northern Jute Ltd.	12.48	10.78	15.77	232.13
PopularLife Ins.	763.13	661.56	15.35	35,600.01
Quasem Silk Mills	2.40	2.10	14.29	4.80
Sinobangla	11.57	10.17	13.77	2,985.06
Chittagong Vegetabl	34.60	30.75	12.52	13.84
Raspit Inc (bd) Ltd.	.89	.80	11.25	15.13
Keya Cosmetics	50.58	45.67	10.75	55,031.04

Top Losers

Company	Weighted avg. Closing Price (Tk)			Turnover ('00 Q. Tk.)
	This Week	Last Week	Change %	
UCBL	1,179.45	1,492.13	-20.96	44,718.85
Tulip Dairy	17.38	21.38	-18.71	15.29
Eagle Star textile	1.20	1.40	-14.29	1.80
Sandhani Life Ins	473.68	550.00	-13.88	138.31
BD Monospool	24.50	27.50	-10.91	8.58
Padma printers	1.30	1.45	-10.34	.78
German Bangla Food	.90	1.00	-10.00	35.10
5 th ICB	303.00	335	-9.55	6.06
1 st BSRS	96.50	106.00	-8.96	19.30
BD Thai	102.00	111.50	-8.52	2.04

Top Turnover Companies

Company	Volume	Value('000)Tk.	% of total
South East Bank Ltd	230,634	130,836	9.58
Beximco Pharma	966,374	71,599	5.24
Meghna Life Insurance	104,600	60,381	4.42
Miracle Industries	2,742,500	56,852	4.16
Keya Cosmetics Ltd	1,088,000	55,031	4.03
Prime Bank Ltd	79,620	54,970	4.03
Export Import Bank	103,313	53,623	3.93
Uttara Bank Ltd	17,750	45,917	3.36
UCBL	37,915	44,719	3.27
Mercantile Bank Ltd	103,324	43,504	3.19

Top 20 Market Capital

			In million
Lafarge Surma Cement	25,608	Southeast Bank Ltd	4,994
Square Pharma	13,769	Bank Asia Ltd.	4,816
Islami Bank	12,902	Dhaka bank Ltd.	4,743
Prime Bank	9,666	Export Import bank	4,562
Eastern Bank	7,612	Mercantile bank Ltd	4,207
Rupali Bank	6,658	National Bank Ltd	4,207
BATBCL	6,170	City Bank Ltd.	4,199
Beximco Pharma	5,625	Mutual Trust Bank Ltd.	3,929
Pubali Bank	5,222	Dutch Bangla Bank	3,618
UCBL	5,158	Heidelberg Cement	3,001

Technical Talk

The market slightly ups this week

This week, the DSE General Index surged 108 basis points from 1673.21 to 1655.30. The total Turnover moved up by 130.87% corresponding to the 1st week's figure. Apart from that, Market capitalization & PEx slightly went up during the last day's session. The market took cautious steps, and buying pressure moved the turnover volume by more than 100%, though price appreciation was made its turn very insignificantly.

Recently Listed

OCompany	Subscription Period	IPO (M.Tk)	Private Placement (M.Tk)	Trading started on DSE on
Grameen Mutual Fund One	July 11 - 16, 2005	50.00	103.50	September 04, 2005
Meghna Life Insurance	July 03 - 07, 2005	45.00	-	September 04, 2005
Fareast Islami Life Insurance	May 07 - 11, 2005	45.00	-	July 20, 2005
People's Leasing & Financial Services	May 14 - 18, 2005	63.60	42.40	July 20, 2005
Popular Life Insurance	April 24 - 28, 2005	45.00	-	July 12, 2005
Global Insurance	Jan 29 - Feb 09, 2005	90.00	-	April 16, 2005
Agrani Insurance	January 09 - 13, 2005	90.00	-	March 05, 2005

Last Initial Public Offering

Company	Subscription Period	IPO (M.Tk)	Private Placement (M.Tk)	Purpose of the issue
Nilol Insurance	July 24 - 28, 2005	90.00	-	Business and infrastructure expansion
Prime Finance & Investment	July 30 - 03 Aug, 2005	50.00	-	To be utilized in the financing and investment activities
Premier Leasing International	August 14 - 18, 2005	100.50	-	To be utilized for lease finance and lending business.
Asia Pacific General Insurance	August 21-25, 2005	105.00	-	Business Expansion
Summit Power Limited	August 27-31, 2005	280.00	-	Business Expansion
Sonar Bangla Insurance	September 11-15, 2005	90.00	-	Business expansion and invested in procuring assets, shares and term deposit
Islami Finance and Investment	September 25-29, 2005	100.00	-	To be utilized for leasing and lending business.
Progressive Life Insurance	October 08-12, 2005	45.00	-	To be utilized for investment

Exchange Rate

	This Week		Last Week		Change %	
	T.T./O.D	BC	T.T./O.D	BC	T.T./O.D	BC
USD	66.7700	66.8000	66.8900	66.9200	-0.18	-0.18
EUR	81.4460	81.4826	82.4954	82.5324	-1.27	-1.27
GBP	118.9708	119.0242	121.7264	121.7810	-2.26	-2.26
AUD	51.7000	51.7232	52.2678	52.2913	-1.09	-1.09
JPY	0.5992	0.5995	0.6069	0.6071	-1.27	-1.25
CHF	52.3892	52.4127	53.1802	53.2040	-1.49	-1.49
CAD	57.4712	57.4970	57.8583	57.8843	-0.67	-0.67
HKD	8.6233	8.6271	8.6390	8.6429	-0.18	-0.18
SGD	40.3688	40.3869	40.6626	40.6809	-0.72	-0.72
AED	18.3318	18.3401	18.3602	18.3685	-0.15	-0.15
SAR	17.9383	17.9464	17.9792	17.9873	-0.23	-0.23

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

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