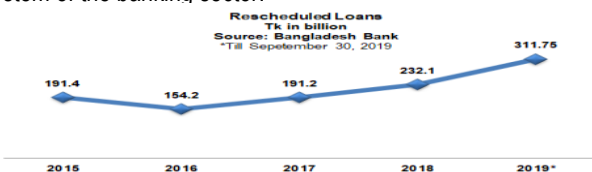


**More incentives for banks to facilitate single-digit interest**

With an objective to stimulate economic growth, Bangladesh Bank (BB) approved a proposal for single-digit lending rate to the industrial manufacturers last week in order to bring down their cost of fund. The proposal was placed by a special committee led by BB formed on December 12, 2019 to find ways to cut down the industrial lending rate to single-digit. However, the decision will be a pitfall for banking sector as the sector which has been suffering from severe liquidity crisis, will require to compromise with profitability. Banking experts fear that the policy might make banks more conservative to disburse loans to industries due to the lower interest rate aggravating the private sector credit growth further, overturning its contemplated objective. To facilitate the single-digit lending rate by any means, the banking regulator is set to enhance the range of incentives for banks including raising the limit of Advance-Deposit Ratio (ADR) for banks by 1%. Moreover, the state entities will have to deposit 50% of their funds in private banks. The funds except gratuity and provident funds will not be kept as fixed deposit in private banks. Thus, the government decided to deposit in private banks at almost no interest to ease liquidity and minimize the cost of funds for banks. Nevertheless, banks grabbed nine incentives in the past one and half years from government with a pledge to keep interest rate down to single digit, yet no progress has been observed in that regard. The central bank will issue a circular capping the lending rate at 9% for industries soon in order to make it effective from January 01, 2020.

**Regularization of bad loans surpass previous records**

As per the statistics of Bangladesh Bank (BB), loan rescheduling in the banking system soared to Tk311.75b in the first nine months (January-September) this year on the back of the relaxed policy. The figure was 34.32% (Y-o-Y) higher from Tk232.10b in December 2018 for a single year. Under the relaxed policy of BB, the defaulters can regularize their bad loans for ten years, with one-year grace period at 9% interest by making 2% down payment. Earlier, the High Court (HC) ordered the central bank to extend the deadline till October 20, 2019 so that the defaulters would apply for rescheduling their bad loans under the policy. However, the rising amount of bad loan regularization yet to rein the mounting Non-Performing Loans (NPLs) that stood at Tk1,162.88b as of September 2019. Only during the nine months, bad loans in the banking sector escalated by Tk223.77b hitting all the previous records. Economists hinted that the uptrend in both NPLs and loan rescheduling would hurt the profitability as well as the liquidity system of the banking sector.



**Foreign fund inflow lagged behind from the target**

Foreign fund inflow dropped by US\$27m to US\$3.31b in the first six months of this calendar year compared to US\$3.34b in the same period of previous year, as per the data from Economic Relations Division (ERD). Of the total disbursement, JICA, World Bank and Asian Development Bank outlaid US\$1.19b, US\$1.97b and US\$1.21b respectively. Government estimated Tk753.90b foreign fund inflow in the fiscal policy for 2019-20. The concerned officials attributed the decline in foreign fund inflow to the poor implementation capacity and excessive conditions attached to the foreign loans.

**BSEC approves replacement of LR Global**

The Bangladesh Securities and Exchange Commission (BSEC) gave final nod to change the Asset Management Company (AMC) of two close-end Mutual Funds (MFs) - DBH 1st Mutual Fund and Green Delta Mutual Fund. The capital market regulator replaced LR Global Bangladesh Limited, the AMC of the two funds, with another AMC upon the plea of two-thirds unitholders of the funds as per the Section 31 of the Bangladesh Securities and Exchange Commission (Mutual Fund) Rules 2001. Earlier, the institutional unitholders who own 72.5% of the total units of DBH 1st Mutual Fund and 70.12% of Green Delta Mutual Fund sought to change the AMC of the funds on the ground that LR Global tends to invest the corpus in risky securities. Bangladesh General Insurance Company (BGIC), the trustee of the funds, also sought direction from the BSEC following the plea of the unitholders to resolve the issue. To get legal recourse, LR Global had filed a writ petition with the High Court (HC) Division seeking an order to stop the removal attempt. A HC bench instructed all concerned parties to maintain status quo on continuance of LR Global as the AMC of the two funds until January 8, 2020. Later, seven institutional investors holding majority units of both the funds reportedly filed a petition against the HC stay order but the Appellate Division (AD) Chamber Judge of the Supreme Court (SC) on December 1, 2019 upheld the status quo. Subsequently on December 08, the full bench of the AD stayed the status quo which opened the avenue for the BSEC for changing the asset manager. To follow the due process, the trustee of the MFs asked LR Global not to make any transaction in the funds and to keep all related documents ready for audit by December 29.

**Telenor serves notice to settle audit dispute**

Telenor Group, the parent company of Grameenphone (GP), dispatched a legal notice via a legal agency based in Singapore in October 14, 2019 to the President of the People's Republic of Bangladesh to settle the tussle between the telecom regulator and the mobile operator through arbitration. However, the issue was revealed on December 19. In the notice, Telenor also mentioned that they would go to international court unless the audit issue was solved through arbitration. However, Telenor later clarified that it was not a legal notice for arbitration rather an invitation letter to the President as it was important for Telenor Group to protect its assets in Bangladesh. In the notice, the legal firm claimed that such letters should be sent to heads of state as Telenor made bilateral investment treaty with the government of Bangladesh. Meanwhile, the Bangladesh Telecommunication Regulatory Commission (BTRC) replied on November 17 that no arbitration would be possible outside the court as the telecom company had filed a writ with the High Court (HC) over the audit claim. Earlier the Appellate Division (AD) of Bangladesh Supreme Court (SC) instructed the stock market giant GP to pay Tk20b from the disputed audit claim of Tk125.80b within three months. However, GP would get 30 days to file an appeal to seek review of the order.

**Lukewarm trade dampens demand for greenback**

The demand for US dollar in the domestic market dropped in the first half (up to December 22) of FY2019-20 as a consequence of the recent slowdown in overall international trading activities along with robust remittance growth. As per the statistics of Bangladesh Bank (BB), monthly average sales of the US dollar by the central bank squeezed to around US\$70m in the period with total sales of US\$383m while the average figure of monthly sales was US\$93.67m in the first half of the previous fiscal year.

## Stock Market Movement



### Global Markets

	This Week	Last Week	+/- %
S&P 500	3,240.02	3,221.22	0.58
FTSE 100	7,644.90	7,582.48	0.82
Nikkei 225	23,837.72	23,816.63	0.09
SENSEX	41,575.14	41,681.54	-0.26
KSE 100	40,848.53	40,832.99	0.04

### DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	4,418.84	4,456.84	-0.85
Total Turnover, Tk	10,790,630,330.00	11,189,225,626.00	-3.56
Market Capital, Tk	2,802,347,143,430	2,813,238,674,953	-0.39
No of Issue Gain	90	111	
No of Issue Loss	229	208	
No of Unchanged Issues	37	37	

### Top Gainers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
Anlima Yarn Dyeing	36.40	43.00	18.13	124,491,000
H.R. Textile Ltd.	34.30	38.70	12.83	28,130,000
Prime Textile	19.90	22.20	11.56	24,263,000
United Power	233.50	257.60	10.32	177,508,000
Quasem Industries	33.00	36.30	10.00	170,526,000
Silco Pharma	28.50	31.10	9.12	89,263,000
United Insurance	51.90	55.60	7.13	13,482,000
Matin Spinning Mills	29.80	31.80	6.71	167,000
Runner Automobiles	57.70	61.50	6.59	30,435,000
Confidence Cement	100.00	106.20	6.20	22,798,000

### Top Losers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
Aziz Pipes Ltd.	128.50	112.10	-12.76	16,859,000
Sonali Aansh Industries	375.90	329.20	-12.42	14,021,000
Jamuna Oil Com. Ltd.	161.30	141.80	-12.09	32,838,000
Ring Shine Textiles	12.20	10.90	-10.66	265,602,000
Kamaphuli Insurance	24.00	21.60	-10.00	106,034,000
Peoples Insurance	23.80	21.60	-9.24	23,392,000
Familytex (BD) Ltd.	2.20	2.00	-9.09	8,437,000
SEML FBLSL GF	12.10	11.00	-9.09	43,685,000
Pharma Aids Ltd.	427.20	388.60	-9.04	33,599,000
Golden Harvest Agro	21.90	20.00	-8.68	195,390,000

### Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	367.86	373.26	-1.45	811.20	714.31	13.56
Cement	208.90	211.49	-1.22	125.74	163.32	-23.01
Ceramic	584.22	603.14	-3.14	255.36	333.64	-23.46
Engineering	1,876.77	1,874.03	0.15	1,211.09	1,178.76	2.74
Food & AI.	3,195.46	3,263.87	-2.10	451.67	379.94	18.88
Fuel & Pow.	3,448.12	3,391.08	1.68	790.16	595.39	32.71
Insurance	1,644.03	1,666.18	-1.33	1,664.26	2,224.99	-25.20
IT	345.05	343.03	0.59	522.92	470.25	11.20
Jute	1,460.21	1,542.60	-5.34	134.03	43.29	209.64
Misc.	1,071.28	1,080.15	-0.82	514.97	450.46	14.32
Mutual Fund	378.75	381.42	-0.70	197.50	251.76	-21.55
NBFI	901.78	910.51	-0.96	339.94	399.22	-14.85
Paper	6,753.63	6,836.79	-1.22	74.16	83.69	-11.39
Pharma	1,040.40	1,040.97	-0.05	1,219.53	1,312.34	-7.07
Service	839.40	870.43	-3.56	41.03	22.15	85.27
Tannery	647.07	638.52	1.34	187.21	198.12	-5.51
Telecom	2,650.23	2,708.47	-2.15	240.86	144.76	66.39
Textile	1,123.30	1,140.48	-1.51	1,379.15	1,765.44	-21.88
Travel & Leis	497.28	504.95	-1.52	52.64	73.78	-28.66

## Technical Talk

Dhaka stocks continued to bleed in the last week trailing the bearish trend of the previous three weeks due to dearth of confidence among investors amid liquidity crunch. The last week saw four trading sessions whereas of them first three sessions lost points while last one closed higher. Among the major sectors, Telecom sector decreased by 2.15% over the week followed by Textile 1.51%, Bank 1.45%, Insurance 1.33%, NBFI 0.96% and Pharma 0.05%.

DSE Broad Index (DSEX) reached 4,418.84 points decreased by 38 points or 0.85% from the previous week. Total turnover reached at Tk10,790.63m which was 3.56% lower than the previous week. Market capitalization decreased by 0.39% and stood at Tk2,802.35b (\$33.01b) at the weekend against Tk2,813.24b. DSE 30 decreased by 4.52 points or 0.30% and closed at 1,508.95 points against 1,513.47 points. Last week's weighted average Market PE was 11.46 which was 11.55 previous week.

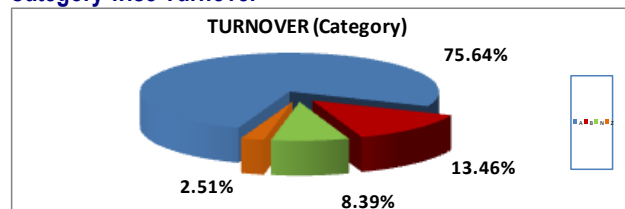
### Top Turnover Companies

Company	Volume	Value (Tk)	% of total
Khulna Power Company	7,751,303	359,645,000	3.33
Square Pharmaceuticals	1,621,549	298,274,000	2.76
Ring Shine Textiles	23,537,563	265,602,000	2.46
Beacon Pharmaceuticals	5,639,578	239,642,000	2.22
National Life Insurance	819,485	235,217,000	2.18
Paramount Textile	3,935,009	234,620,000	2.17

### Top 10 Market Capital

			In million
GP	387,401	BRACBANK	69,809
BATBC	172,098	BERGERPBL	64,308
Square Pharma	158,970	ICB	58,863
United Power	135,754	MARICO	51,959
RENATA	87,897	Lafarge Holcim	39,371

### Category wise Turnover



### Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	1,510.70	1,478.20	2.20
Silver (USD/t oz.)	17.91	17.06	5.00
Brent Crude Oil (USD/bbl.)	67.92	66.54	2.07

### 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	94.63	94.69	94.54	94.60	0.10	0.10
GBP	110.53	110.59	110.66	110.73	-0.12	-0.12
AUD	59.11	59.15	58.87	58.91	0.41	0.41
JPY	0.78	0.78	0.78	0.78	-0.08	-0.09
CAD	64.88	64.92	64.91	64.94	-0.04	-0.04
SAR	22.74	22.75	22.75	22.76	-0.04	-0.04

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)
ADN Telecom Limited	Nov 04 - Nov 11, 2019	27	570