

NBR sees lower revenue collection

National Board of Revenue (NBR) projected that the revenue collections in the current fiscal year might see hardly a 13% growth against 21% targeted. Terming the current revenue target ambitious the fiscal and monetary coordination council categorically ruled out any possibility of attaining the targeted growth. The council also attributed the shortfall to the political unrest in the last couple of months. The meeting discussed the overall economic situation including budget implementation, foreign aid and bank borrowing. Tax on some essential goods including sugar had to be brought down from the rates set in the budget, for which the government would suffer shortfall of Tk10.00b in revenues from these sectors. Besides, due to a huge number of pending tax-related cases Tk16.20b may not come into the government exchequer. As per NBR statistics, revenue growth in July-January was 9.06% against 12.11% in the corresponding period of the last fiscal. Bangladesh Bank (BB) expressed concern over the government's huge bank borrowing. It observed that the borrowing from the banks must be reined in, lest it might lead to higher inflation. As per a BB statistics, the government borrowed Tk63.0b in July-December period of the current fiscal, which came down to Tk58.0b in the next couple of months due to cautious fiscal measures of the present caretaker government. BB sees no likely drastic fall in import despite the ongoing anti-hoarding measures, but it might dip in the next 2 months. A steep decline in imports will leave negative impact on the price of essentials. The council observed that healthy amounts of foreign currency reserve, remittance, and export earnings bode well for the economy. Inflation rate on point-to-point basis was 6.13 in December against 6.37 in November of FY2006-07, while foreign reserve reached \$3.97b on February 14, 2007, against \$3.48b on June 30, 2006.

Rupali Bank to handed over soon

All formalities to hand over the ownership of Rupali Bank to the Saudi prince Bandar Bin Mohammad Bin Abdul Rahman Al-Saud will conclude in the next one month, expected the representative of the prince in the deal. The new owners will rename the bank, as it would be turned into an international bank. Privatization Commission (PC) formally handed over a letter of intent on the sale of the remaining 26% shares of the state-run Rupali Bank to Saudi prince. The prince will sign the final version of the Sales and Purchase Agreement (SPA) of earlier negotiated 67.26% shares and hand over the cheque. He is going to take over 93.26% government-held shares of the bank in exchange for over \$458m, while the rest of the shares remain as public issues. The 26% shares have been sold at the highest price of Tk2,670 each, the same at which the prince won the open bid for 67.26% shares. A domestic investors consortium also took part in the bid for 26% shares, but failed to outbid the prince. PC invited bids from 7 selected organizations listed through scrutiny from the interested ones, both from home and abroad. World Bank and the International Monetary Fund (IMF) have long pushed for the privatization of all four state-owned banks.

Row on VoIP license

The government would miss out a huge source of revenue if it allows the international mobile phone operators to provide voice over internet protocol (VoIP) calls, claimed the leaders of Internet Service Providers Association of Bangladesh (ISPAB). Bangladesh Telegraph and Telephone Board has a monopoly on all international calls. However until recently illegal VoIP services were being used to bypass the monopoly, offering international calls at much lower costs. During the past month a series of raids by the law enforcers has effectively closed down much of the VoIP service providers making it difficult for Bangladeshis abroad and foreigners to ring to Bangladesh due to a lack of capacity in BTTB system. The government is now considering how to establish legal VoIP services and ensure that it does not miss out on license and tax revenues from the operators. ISPAB warned against granting international calling rights and VoIP license to existing mobile telephone operators, which would give the mobile operators control over both the domestic and international markets, something many countries had separated on grounds of competition. Moreover, it would be very difficult for the government to monitor call volumes due to the mobile operators international networks. This would mean the government would have to rely on the operators to calculate revenues. Instead, ISPAB urged the government to award VoIP licenses only to local internet service providers, who would receive voice traffic from overseas and terminate calls to any mobile or the Public Switched Telephone Network (PSTN) operator. This would allow much closer monitoring by the government. Phone operators would still benefit, as they would continue to charge their customers for the call, and the government would have two sources of income, one from the VoIP license owner and another, VAT from phone operators. Earlier the mobile phone operators have offered thousands of SIM cards, E1 circuits (each equipped with 30 lines) along with support to the illegal businesses as part of special packages and earned millions from the calls, it is alleged. Bangladesh Telecommunication Regulatory Commission (BTRC) has been considering issuing VoIP licenses to mobile phone and PSTN operators and ISPs. But if license is issued to phone operators as well as ISPs, ISPs will lose out as international carriers will find them the least attractive partners. As a result, a fledging industry will die, and the mobile phone industry will grow into a monopolistic power. It would also affect the foreign exchange reserve, because the mobile operators would remit more profit than before, since majority shareholders of these companies are foreign.

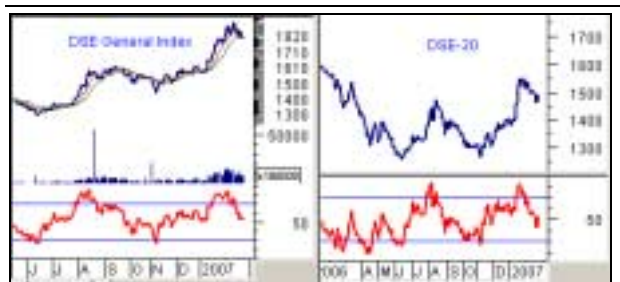
DSE gets a new building

Dhaka Stock Exchange (DSE) is going to have a new address soon, as it laid foundation for a modern 14-storied DSE Tower at Nikunja in Uttara. The new office building is expected to be complete by 2009, which will house the bourse's major offices along with a large number of corporate offices of the brokers, dealers, and other stock related organizations. The new office building would not only relocate the stock businesses, but also expand other line of similar businesses, it is expected.

This week's data runs from 15 February to 22 February 2007

DGEN & DSE20 Movement

Stock Market Movement



| | This Week | Last Week | +/- % |
|-------------------------|------------------|------------------|--------|
| DSE General Index | 1807.31 | 1851.71 | -2.40 |
| Total Turnover, Tk | 3,782,481,075.15 | 5,345,059,877.85 | -29.23 |
| Market Capital, Tk | 313,658,775,152 | 317,482,776,333 | -1.20 |
| No of Issue Gain* | 123 | 120 | |
| No of Issue Loss* | 112 | 109 | |
| No of Unchanged Issues* | 2 | 8 | |

*Issues-gain, Loss Unchanged –are reported on Average price basis.

Top Gainers

| Company | Weighted avg.Closing Price (Tk) | | Change % | Turnover(00 Q1 Tk) |
|--------------------------|---------------------------------|-----------|----------|--------------------|
| | Last Week | This Week | | |
| Bangladesh Welding | 12.91 | 45.40 | 229.36 | 61,024.70 |
| Renwick Jaineswar | 109.24 | 212.00 | 94.62 | 2,775.49 |
| 1 st BSRS M F | 255.39 | 433.25 | 68.77 | 46,453.61 |
| Shampur Sugar Mills | 8.66 | 14.20 | 65.01 | 3,522.49 |
| Zeal Bangla Sugar Mills | 12.20 | 19.50 | 57.30 | 10,264.73 |
| Legacy Footwear | 4.40 | 6.70 | 53.64 | 5,779.80 |
| Raspit Data Mgt | 3.39 | 5.10 | 47.20 | 1,971.05 |
| Lexco Ltd. | 45.00 | 67.75 | 41.64 | 836.27 |
| Beach Hatchery Ltd. | 4.14 | 5.30 | 32.85 | 4,147.00 |
| Eastern Lubricants | 127.90 | 166.80 | 30.47 | 400.49 |

Top Losers

| Company | Weighted avg.Closing Price (Tk) | | Change % | Turnover(00 Q1 Tk) |
|------------------------|---------------------------------|-----------|----------|--------------------|
| | Last Week | This Week | | |
| Prime Islami Life Ins. | 403.61 | 305.25 | -23.14 | 24,180.09 |
| Modern Industries | 36.00 | 31.00 | -12.81 | 4.24 |
| BEXTEX Ltd. | 21.49 | 18.70 | -11.77 | 50,984.88 |
| Brac Bank Ltd. | 612.22 | 531.00 | -11.72 | 248,647.82 |
| Grameen M F One | 52.50 | 45.10 | -11.31 | 234,203.78 |
| AIMS First | 5.27 | 4.55 | -11.20 | 175,862.70 |
| Metro Spinning Ltd. | 12.00 | 10.80 | -10.00 | 10.80 |
| ICB AMCL Islamic M F | 274.91 | 241.50 | -9.78 | 25,497.48 |
| Padma Oil Co. | 680.00 | 615.00 | -9.56 | 61.50 |
| BEXIMCO Ltd. | 33.09 | 29.80 | -9.46 | 7,098.03 |

Exchange Rate

| | This Week | | Last Week | | Change % | |
|-----|-----------|--------|-----------|--------|----------|-------|
| | TT | BC | TT | BC | TT | BC |
| USD | 68.10 | 69.45 | 68.15 | 69.45 | -0.07 | 0.00 |
| EUR | 87.90 | 92.60 | 88.00 | 92.61 | -0.11 | -0.01 |
| GBP | 131.35 | 137.18 | 132.12 | 137.87 | -0.58 | -0.50 |
| AUD | 52.47 | 56.32 | 52.01 | 55.79 | 0.88 | 0.95 |
| JPY | 0.56 | 0.59 | 0.56 | 0.59 | 0.00 | 0.00 |
| CHF | 53.89 | 56.97 | 53.95 | 56.99 | -0.11 | -0.04 |
| CAD | 58.04 | 60.84 | 57.91 | 60.63 | 0.22 | 0.35 |
| HKD | 8.70 | 8.91 | 8.71 | 8.91 | -0.11 | 0.00 |
| SGD | 44.28 | 46.34 | 44.26 | 46.28 | 0.05 | 0.13 |
| AED | 18.39 | 19.06 | 18.41 | 19.06 | -0.11 | 0.00 |
| SAR | 18.01 | 18.67 | 18.03 | 18.67 | -0.11 | 0.00 |

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.

Technical Talk

The stock market witnessed a bearish trend in the last week. PGCB topped the turnover leaders followed by Brac Bank, Grameen Mutual Fund One, AIMS First Guaranteed M F.

DSE General Index reached at 1807.31 fell by 44.4 points (2.40%) against 1851.71 in the previous week. Turnover on DSE went down by 29.23% and reached at TK3782.48m against last week's TK5345.06m. Market capital declined by 1.20% and stood at TK313.66b (\$4.55b). DSE-20 has moved upward by 6.07 points (0.41%) and closed at 1490.36 against 1484.29 points.

During the week, DSE General Price Index moved below both 18-day and 9-day moving average line. In other term, the Relative Strength Index (RSI) reached at 53.02 points against 61.54 points.

Turnover Companies

| Company | Volume | Value(000)Tk. | % of total |
|---------------------|------------|---------------|------------|
| Power Grid Co. Ltd. | 1,127,300 | 518,445 | 13.74 |
| Brac Bank Ltd. | 460,050 | 248,648 | 6.59 |
| Grameen M F One | 5,030,150 | 234,204 | 6.21 |
| AIMS First | 37,577,500 | 175,863 | 4.66 |
| DESCO Ltd. | 256,500 | 160,259 | 4.25 |
| Eastern Cables Ltd. | 237,201 | 126,037 | 3.34 |
| UCBL | 65,060 | 119,117 | 3.16 |
| Dhaka Bank Ltd. | 239,211 | 112,257 | 2.98 |
| Pubali Bank Ltd. | 105,102 | 95,435 | 2.53 |
| National Bank Ltd. | 113,487 | 93,455 | 2.48 |

Top 20 Market Capital

| | | | In million |
|----------------------|--------|--------------------|------------|
| Rupali Bank Ltd. | 27,701 | Export Import Bank | 6,326 |
| Lafarge Surma Cement | 26,436 | Eastern Bank Ltd. | 6,291 |
| Power Grid Co. Ltd. | 16,757 | Dhaka Bank Ltd. | 6,051 |
| Square Pharma | 14,490 | City Bank Ltd. | 5,483 |
| Islami Bank BD Ltd. | 13,245 | Brac Bank Ltd. | 5,405 |
| Pubali Bank Ltd. | 10,896 | BATBCL | 5,362 |
| Prime Bank Ltd. | 9,389 | Bank Asia Ltd. | 4,701 |
| DESCO Ltd. | 7,942 | Beximco Pharma | 4,648 |
| Southeast Bank Ltd. | 7,274 | Uttara Bank Ltd. | 4,614 |
| National Bank Ltd. | 6,633 | Mercantile Bank | 4,545 |

Recently Listed

| Company | Subscription Period | IPO (M.Tk) | Private Placement (M.Tk) | Trading started on DSE on |
|---|-------------------------------|------------|--------------------------|---------------------------|
| Bangladesh Finance Co. Limited | Industrial August 20-24, 2006 | 110.96 | - | November 15, 2006 |
| Industrial Promotion & Dev. Company of Bangladesh Limited | September 24-28, 2006 | 278.00 | - | December 03, 2006 |
| Brac Bank Ltd. | November 12-16, 2006 | 850.00 | - | January 31, 2007 |
| Prime Islami Life Insurance Limited | November 26-30, 2006 | 45.00 | - | February 14, 2007 |

Last Initial Public Offering

| Company | Subscription Period | IPO (M.Tk) | Private Placement (M.Tk.) | Purpose of the issue |
|-------------------------------|--------------------------|------------|---------------------------|---|
| Shahjalal Islami Bank Limited | January 14-18, 2007 | 935.83 | - | Strengthen the capital base of the bank and expansion |
| ICB AMCL First NRB M F | January 28- Feb 11, 2007 | 100.00 | - | To be utilized in investment |
| Golden Son Limited | March 04- 08, 2007 | 60.00 | - | Strengthen the capital base of the business and expansion |
| Premier Bank Limited | March 18-22, 2007 | 845.00 | - | To be utilized for investment & lending |
| Union Capital Limited | May 06-10, 2007 | 75.00 | - | To be utilized for lease finance and term financing |

ASSET & INVESTMENT MANAGEMENT SERVICES OF BANGLADESH LIMITED

Chandrashila Suvastu Tower (5th floor), 69/1 Panthopath, Dhaka 1205, Bangladesh

Tel : (+88-02) 862 1821-3; Fax : (+88-02) 862 1109; e-mail : aims@aims-bangladesh.com; web: http://www.aims-bangladesh.com