

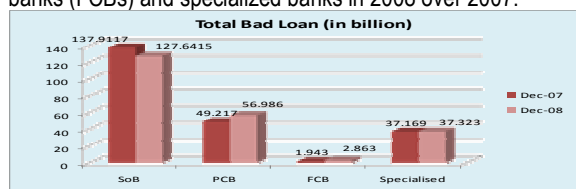
Small progress in bad loan scenario

Within one year, the amount of bad loan has been decreased by Tk1.42b while classified loans increased by Tk250b in 2007 over 2006. The scenario of bad loan in banking sector in 2008 is shown below:

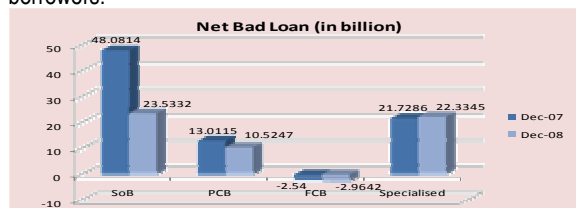
	2007	2008		
Total Disbursed Loan (TDL)	1,710.45b	2,083.62b		
	Total Bad Loan (TBL)	TBL % of TDL	Net Bad Loan (NBL)	NBL % of TDL
2007	226.24b	13.23%	80.25b	4.69%
2008	224.81b	10.79%	53.43b	2.56%

	Loan Provision	Suspended Interest	Provision Deficit
2008	126.23	45.16	9.90

The improvement of bad loan situation is mainly caused by the better performance of state owned banks (SoBs) in credit management. However, amount of bad loan have increased in the private commercial banks (PCBs), foreign commercial banks (FCBs) and specialized banks in 2008 over 2007.



Bangladesh Bank (BB) calculates the net bad loan after deducting reserve, provision and suspended interest against bad loan from total bad loans. The banks cannot show the interest income earned from the classified loans in their income statement. This outstanding interest can only be shown in the credit information bureau (CIB) report of the borrowers.



BB requires the banks to maintain 1%, 20%, 50% and 100% provision against non-classified loan, classified loan, doubtful debt, and bad loan respectively, except for short-term agricultural credit and small credits. On the other hand, for short-term agricultural credit and small credits the ratios are 5% against non-classified, classified and doubtful debt and 100% against bad loan. After conversion of SoBs into limited companies, all of the SoBs have been able to reduce the number of loss making branches by shifting such branches to profit making location, reducing excess manpower, wastages and bad loan, generating revenue by expanding business.

SoBs	2007		2008	
	Total no. of Br.	No. of loss br	Total no. of Br.	No. of loss br
Sonali Bank	1183	439	1181	191
Janata Bank	848	149	848	92
Agrani Bank	866	90	869	81
Rupali Bank	492	41	492	37

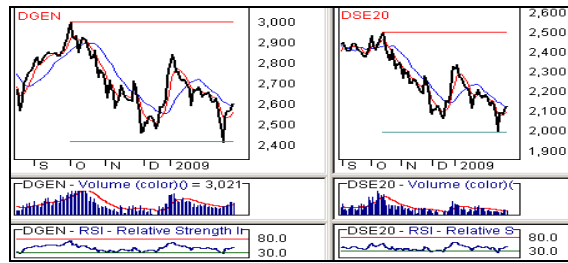
Steps towards automated clearing

To introduce automated clearing in Dhaka Clearing Region with more than 1050 branches of 49 banks in the second half of 2009, Bangladesh Bank (BB) has decided to establish Bangladesh Automated Cheque Processing System (BACPS) which is one of the two component of Bangladesh Automated Clearing House (BACH) while the other component is Bangladesh Electronic Fund Transfer Networks that is to be implemented immediately after the first phase. The basic features of BACPS are the adoption of new cheque design standard with a Magnetic Ink Character Recognition (MICR) code line and the exchange of cheque-image and data instead of paper cheques for clearing and settlement purpose. Retention of the original paper cheque will become the responsibility of the presenting banks rather than the payee banks. All scheduled banks which are members of Dhaka Clearing Region will be required to submit their list of selected branches and to finalize their "Point of Truncation (PoT)" for submission of their outward cheque images and data to BACPS and be prepared to handle cheque image and data as part of their inward clearing operations. Banks can choose to truncate and process their cheques at individual branch level or at a consolidation point in line with their business needs and each bank may have only one PoT. BB has specified the scanning methods of cheques, developing software integration and setting communication links. BB also set a time frame for accomplishing the different levels of implementing BACPS and it is expected to go live on August 03, 2009 and instructed all banks to inform the updates of their progress in regular intervals.

Commodity exchange contemplated

A recent study conducted by the Bureau of Economic Research of the University of Dhaka has recommended establishing a commodity exchange in the country to aid in the stability of prices of essential commodities and to shield the end-level consumers from retail market volatility along with the assurance of fair prices for farmers. The suggestion has expressed conviction that such an exchange would assist to assimilate Bangladesh with the price dynamics of international markets effectively and to tackle the vagaries created by local commodity traders who are insensitive and unresponsive to global price fall, but hyperactive to jack-up local prices even after a slender raise in price of any commodity in the international market. The local farmers have no idea about the price differences of commodities at different collection centers countrywide but this information would ultimately come to the commodity exchange market. Commodity exchange would also aid future trade in farm products and protect farmers and consumers from the volatilities in prices. It suggested that only the insensitive commodities like jute, potato, onion and other spices would be traded in the proposed exchange market. The findings also recommended introducing a law to set a legal framework for establishing the market and formulating a regulatory commission to supervise the activities of the market. However, the real aspects of Bangladesh clearly state that without developing the infrastructure specifically the utility services and transportation facilities, the commodity exchange market may not be able to reduce the price asymmetry of commodities. Moreover, if the severe influence of the jobber can not be minimized, fair price may not be ensured for both the farmers and end-level consumers.

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	770.05	826.84	-6.9%
FTSE 100	3889.06	4189.59	-7.2%
Nikkei 225	7416.38	7779.4	-4.7%
SENSEX	8843.21	9634.74	-8.2%
KSE 100	5969.09	5625.9	6.1%

DSE Indicators

	This Week	Last Week	+/- %
DSE General Index	2599.08	2538.38	2.39
Total Turnover, Tk	14,933,009,713.05	11,650,851,664.05	28.17
Market Capital, Tk	750,943,327,066	800,155,796,566	-6.15
No of Issue Gain*	215	58	
No of Issue Loss*	60	218	
No of Unchanged Issues*	1	-	

*Issues-Gain, Loss, Unchanged—are reported on Average price basis.

Top Gainers

Company	Weighted avg. Closing Price (Tk)			Turnover ('000) Tk
	Last Week	This Week	Change %	
BLTC	117.75	237.50	101.90	141.96
Purabi G. Ins.	229.68	365.75	67.05	18,391.99
Rahman Chemical	118.66	200.50	66.66	1,991.44
Sonali Ansh	691.43	1075.00	55.47	306.38
BD. Autocars	234.47	376.00	53.72	31,297.07
Modern Industries	82.00	123.75	50.95	10.52
1st BSRS M F	749.18	1100.50	50.76	170,982.20
Dulamia Cotton	67.00	101.50	49.09	1,625.21
Gulf Foods	81.38	116.50	47.97	9,127.84
Desh Garments	74.21	109.00	45.98	360.74

Top Losers

Company	Weighted avg. Closing Price (Tk)			Turnover ('000) Tk
	Last Week	This Week	Change %	
BEMCO Ltd.	51.00	42.00	-17.65	11.34
Quasem Textile	7.01	5.90	-15.69	94.56
Eagle Star Textile	11.60	10.00	-13.62	12.02
Hakkani P& Paper	37.11	32.50	-12.21	602.73
Bengal Fine Ceramic	60.00	54.00	-10.00	54.00
Singer BD	1971.24	1787.25	-9.95	42,678.16
BD. Zipper	26.29	23.75	-9.66	22.56
Sonargaon Textile	220.00	201.50	-8.33	614.09
Alpha Tobacco	15.87	14.60	-7.81	126.55
Peoples Insurance	902.07	820.00	-7.76	61,696.51

Sectoral Index & Turnover

Sector	P/E	Sectoral Index			Turnover (Tk.M)		
		This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	13.50	249.57	253.52	-1.56	1362.58	2193.15	-37.87
Cement	11.50	140.48	137.14	2.44	424.80	329.07	29.09
Ceramic	57.62	1,366.22	1,327.02	2.95	528.31	712.25	-25.83
Engineering	42.58	449.84	398.02	13.02	2471.61	1049.62	135.48
Food & Al.	36.44	239.15	224.27	6.63	546.65	310.54	76.03
Fuel & Pow.	15.26	1,516.32	1,463.56	3.61	1810.83	1342.08	34.93
Insurance	29.30	548.86	552.12	-0.59	1593.14	985.04	61.73
Investment	24.09	1,773.52	1,667.74	6.34	1129.95	785.66	43.82
IT	40.04	300.55	295.23	1.80	408.76	245.94	66.20
Jute	23.95	246.83	182.09	35.56	1.46	1.22	19.05
Misc.	24.32	669.69	651.18	2.84	707.78	764.25	-7.39
NBFI	19.21	497.94	482.26	3.25	672.28	485.80	38.39
Paper	29.39	499.16	535.76	-6.83	3.35	3.61	-7.24
Pharma	34.47	380.09	368.99	3.01	1756.78	1410.07	24.59
Service	37.89	1,108.70	1,027.05	7.95	653.30	247.46	164.00
Tannery	22.28	326.85	315.49	3.60	264.03	199.98	32.03
Textile	19.50	248.72	230.48	7.91	551.93	293.50	88.05

Technical Talk

After a protracted bearish spell market turned green last week. Intraday volatility eased and liquidity flow improved significantly. Daily average turnover stood TK2.98b which was 28% higher than previous week's TK2.33b. Institutional buying lead by public sector financial institutions helped arresting market fall and restoring investors' confidence. Last week's trading pattern showed that investors were buying across the board and trading was not centered to few groups of stocks like last couple of weeks. Banking stocks failed to find bottom yet and the sector declined by 1.56%. Except it most of the sectors advanced markedly lead by engineering, investment, textile, food and fuel. Insurance stocks finished mixed. DSE General Index reached at 2599 rose by 60.70 points or 2.39% from the previous week. Total turnover reached at TK14933.01m with 28.17% increase from the last week's TK11650.85m. On the other hand, market capital fell by 6.15% and stood at TK750.94b (\$10.10b) at the weekend against TK800.16b. DSE-20 has moved upward by 31.46 points (1.50%) and closed at 2126.39 points against 2094.93 points. Last week weighted average Market PE was 17.03 which was 3.63% lower than previous week's 16.27. During the week, DSE General Price Index was above of both 9 and of 18-day moving average line.

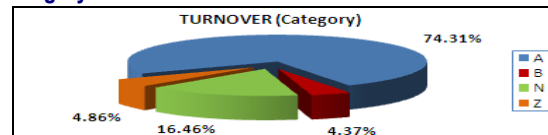
Top Turnover Companies

Company	Volume	Value(000)Tk	% of total
Titas Gas TDCL	1,182,150	568,248	3.75
Beximco Pharma	3,289,383	530,775	3.50
Aftab Auto.	645,780	492,898	3.25
BEXIMCO Ltd.	2,457,462	476,846	3.15
Summit Power	516,162	470,611	3.11
Shinepukur Ceramics	4,311,600	461,988	3.05
Eastern Housing	1,275,416	427,979	2.83
Golden Son	5,707,500	328,010	2.17
Grameen1:Scheme2	6,097,000	327,836	2.16
BSRM Steels Ltd.	649,600	306,079	2.02

Top 10 Market Capital

Company	Value(000)Tk	% of total
Square Pharma	35,960	22,903
Titas Gas TDCL	32,201	20,766
Lafarge Surma Cement	29,560	20,325
Dutch Bangla Bank	27,665	19,742
Islami Bank BD	23,285	15,646

Category wise Turnover



Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	69.52	68.45	69.40	68.40	0.17	0.07
EUR	91.06	88.49	91.08	86.45	-0.02	2.36
GBP	102.30	98.45	102.36	97.43	-0.06	1.05
AUD	47.80	44.25	46.81	43.24	2.11	2.34
JPY	0.78	0.77	0.79	0.75	-1.27	2.67
CAD	55.69	54.44	56.68	54.46	-1.75	-0.04
SAR	18.66	18.10	18.64	18.09	0.11	0.06

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 Initial Public Offering

Company	Subscription Period	Sponsor (M.Tk)	IPO (M.Tk)	Private Placement (M.Tk)
Republic Insurance Company Ltd.	October 26-30, 2008	-	90.00	-
BSRM Steels Ltd.	November 09-13, 2008	-	200.00	-
Prime Finance First Mutual Fund	January 04-11, 2009	40.00	100.00	60.00
Bay Leasing & Investment Ltd.	January 18-22, 2009	-	255.00	-