

AIMS First declare stock and right

The Trustee of AIMS First Guaranteed Mutual Fund (AFGMF), the first mutual fund in the country under private initiative, declared a combined 70% stock dividend and 130% right entitlement for the years 2007-08 and 2008-09. Unitholders will receive 7 units against holding of 10 units as stock dividend and will be entitled to 13 units against holding of 10 units at a price equal to the net asset value (NAV) on the Record Date under the right offer, subject to approval from or otherwise from the Securities & Exchange Commission (SEC). The Record Day will be announced only after clearance of the proposal from the SEC. Earlier AFGMF paid 20% stock and 10% cash dividend for the year 2006-07. Later disbursements were withheld owing to a stay order from the High Court when some small investors challenged an amendment bought about on July 22, 2008 to the Rules by the SEC debarring closed-end mutual funds from declaring right or bonus. The High Court on November 08, 2009 declared illegal the amendment to the Rules and the SEC preferred not to appeal against it. Meanwhile, trading of the units has been suspended at the stock exchanges pending SEC decision on the proposal.

NBFIs to raise paid-up capital to Tk500m

Non-Banking Financial Institutions (NBFIs) will have to raise their paid-up capital from the existing Tk250m to Tk500m by December 31, 2010. Earlier Bangladesh Leasing & Finance Companies Association applied to Bangladesh Bank (BB) seeking extension up to June 30, 2011 which has been turned down. Currently 29 NBFIs are operating in the country of which 20 are publicly listed and only 4 of those have paid-up capital above Tk500m. These are-IPDC Tk784m, People's Leasing Tk721m, Prime Finance Tk645m, National Housing Finance and Investment Tk520m. To meet the requirement the NBFIs may issue right or bonus shares or consider merger with other NBFIs.

Banks improving but non-core activities increase risk

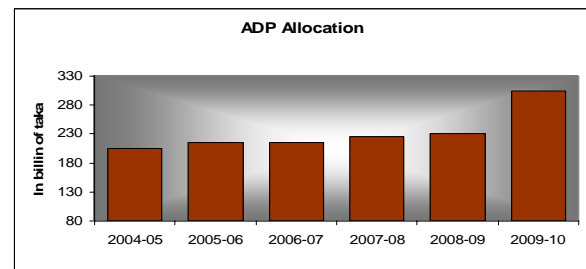
IMF recently published a report on the health of the country's financial system titled "Bangladesh: Financial System Stability Assessment" with major focus on the fitness of the banking sector. It scrutinized the performance and sustainability of business models of banks for the period 2003-2009. It applauded improvement of regulatory environment, steady decline in non-performing loan and strengthening of capital base. The asset base of the sector has doubled and credit flow to the private sector tripled-a healthy sign indicating the stimulation of the private sector. There have also been some negative observations which can potentially increase vulnerability in the sector. A significant rise in this risk has been due to the non-banking activities of the bank, mainly their investments in the capital market of the country. Most of the banks have a substantial exposure to the capital market and spend quite some time managing their portfolios. This is not only a deviation of attention from main operation, but also exposes them to additional risk arising from volatility of the capital market. Besides this, other risks and vulnerabilities are also present in terms of loan classification; provisioning and also capital maintained is inconsistent in the sector. It is also noted, some government moves, like setting interest rate ceilings, providing lenient debt service arrangements for certain sectors of the economy-tends to increase inefficiency, reduce transparency and adds to risk, especially in the case of state-owned-banks and specialized banks which are usually subjected to such non-prudential regulations.

Home loan soar at faster pace

Credit flow to the housing sector continued an upward trend in recent years. Home loan financed by specialized private financiers has been rising in the past few years. According to the Bangladesh Bank (BB) statistics, from FY2006-07 to FY2008-09 average housing loans provided by the private sector rose by 26% a year. Delta-Brac Housing Finance Corporation (DBH), IDLC Finance and National Housing Finance & Investments are the market leader among the private housing finance companies. Home loans by Delta-Brac, IDLC and National Housing stood at Tk12.20b, Tk3.90b and Tk1.70b respectively at the end of FY2008-09. While private housing finance companies lending to the sector recorded consistent rise, the share of the sole state-owned specialized housing loan provider Bangladesh House Building Finance Corporation (BHBFC) is going down slowly. BHBFC's housing loans stood at Tk24.90b at the end of FY2008-09 which was Tk25.20b in FY2006-07 and Tk26.30b in FY2005-06. Meanwhile, the commercial banks are also increasingly coming forward to provide home loans. At the end of June 2009, private bank market share in the sector crossed 41%, going up from 35% three years ago. The banks outstanding home loans have doubled to Tk123.60b in FY2008-09 from Tk64b in FY2005-06. Private bank lending to the housing sector stood at Tk74.90b at the end of FY2008-09 against Tk35.10b three years ago. Private bank lending to the sector increased by over 113% in the three years to FY2008-09. Housing loans from four state-owned banks also rose by over 42% in the same period. Outstanding housing loans by the four state-owned banks were Tk25.80b in FY2005-06 which rose to Tk36.70b at the end of FY2008-09.

Dismal implementation force ADP revision

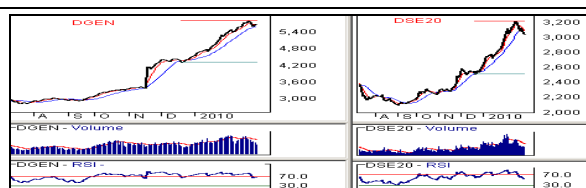
The rate of Annual Development Program (ADP) project implementation in the current fiscal year has been dismal and just like other years the government has downsized the ADP to Tk285b. The government has tabled a Tk305b ADP for the FY2009-10 up from 32.61% from the revised ADP of Tk230b for the past year. The number of projects was raised to 1,058 from 886. In the now revised ADP, fund for the foreign-aided projects has been slashed by 12%. Allocations to power, health and transport sectors has been reduced by 28%, 8% and 14% respectively while 18% in physical infrastructure, water supply and public works sector in the revised budget.



However, in some sectors the rate of ADP implementation was good. In the revised ADP the allocation for oil, gas and natural resources went up by 26% while for water resources 34%, rural development and rural institutions 10%, agriculture 5%, and education 3%. The highest allocation of 14.94% went to education and religious affairs, 13.82% to rural development and rural institutions and 13.61% to the transport sector.

This week's data runs from 18 February to 25 February 2010

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	1104.49	1109.17	-0.42%
FTSE 100	5354.52	5358.17	-0.07%
Nikkei 225	10126.03	10123.58	0.02%
SENSEX	16429.55	16191.63	1.47%
KSE 100	9657.79	9902.62	-2.47%

DSE Indicators

	This Week	Last Week	+/- %
DSE General Index	5683.93	5760.95	-1.34
Total Turnover, Tk	42,423,702,269	74,228,011,843	-42.85
Market Capital, Tk	1,940,285,763,253	1,968,858,942,344	-1.45
No of Issue Gain	65	61	
No of Issue Loss	180	186	
No of Unchanged Issues	3	2	

Top Gainers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
Saiham Textile	333.50	376.00	10.26	2,303,000
National Tea	3742.75	4085.00	9.14	143,000
Sonali Aansh	1556.00	1684.75	8.27	1,074,000
Bd.Thai Aluminum	1234.63	1331.25	7.92	210,988,000
Atlas Bangladesh	433.34	462.30	7.41	501,610,000
Golden Son	67.54	72.60	7.24	519,316,000
Samorita Hospital	1032.08	1100.50	6.64	27,219,000
Shinepukur Ceramics	88.30	92.50	5.35	688,126,000
Metro Spinning	59.15	61.30	4.97	91,513,000
BEXTEX Ltd.	94.76	98.40	4.79	2,611,483,000

Top Losers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
Chittagong Veg.	413.84	299.75	-27.29	610,000
Sinobangla Ind.	59.06	49.10	-17.20	44,412,000
CMC Kamal	251.88	213.25	-15.29	53,000
H.R.Textile	393.47	352.75	-11.03	12,699,000
ICB Emp. Prov. M F	27.13	23.80	-10.53	61,071,000
1st BSRS M F	1137.67	996.50	-10.23	36,512,000
Padma Oil Co.	754.86	679.20	-10.10	236,146,000
Modern Dyeing	490.00	441.50	-9.90	4,000
DBH 1st M F	27.21	24.30	-9.33	88,111,000
Prime Bank 1st M F	23.12	20.90	-8.73	43,467,000

Sectoral Index & Turnover

Sector	P/E	Sectoral Index			Turnover (Tk.M)		
		This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	15.79	399.90	418.68	-4.49	9097.14	23054.86	-60.54
Cement	57.78	172.42	180.47	-4.46	564.85	1012.12	-44.19
Ceramic	142.40	1,599.76	1,540.27	3.86	757.13	607.65	24.60
Engineering	47.44	1,102.12	1,112.85	-0.96	3796.59	4641.31	-18.20
Food & Al.	25.61	584.44	600.90	-2.74	677.44	1482.40	-54.30
Fuel & Pow.	25.47	2,711.98	2,749.80	-1.38	3555.47	5376.67	-33.87
Insurance	44.25	994.41	987.99	0.65	1717.46	2558.31	-32.87
Investment	38.50	3,867.58	4,158.14	-6.99	1327.41	2336.66	-43.19
IT	63.69	267.98	275.41	-2.70	159.70	389.31	-58.98
Jute	44.60	369.05	352.13	4.80	1.08	0.56	94.08
Misc.	56.56	1,657.96	1,667.88	-0.59	5132.89	9284.28	-44.71
NBFI	37.61	1,246.07	1,260.84	-1.17	6329.84	8878.71	-28.71
Paper	31.49	577.19	607.01	-4.91	2.01	4.39	-54.29
Pharma	35.82	642.16	654.43	-1.87	2671.76	4885.97	-45.32
Service	51.78	2,273.08	2,328.90	-2.40	339.20	684.91	-50.47
Tannery	18.75	515.81	529.81	-2.64	339.75	886.13	-61.66
Telecom	30.57	3,693.00	3,612.00	2.24	1968.68	4307.40	-54.30
Textile	32.62	605.61	600.98	0.77	3635.46	3772.62	-3.64

Technical Talk

At last longest bullish spell in bourses snapped as investors went down to book profit. Benchmark DSE general index lost 144 points from the peak 5828 it hit in February 17. Liquidity flow also declined drastically as investors and traders choose to refrain from trading in sloppy market situation. Average daily turnover declined by 28.56%. In last trading day lowest single day turnover of the year recorded at Tk8.84b. Except telecom, insurance and ceramic all sector declined last week. Despite modest dividend announcement all banks nose dived as investors find lack of surprise in declaration and are reluctant to hold banks predicting ex-dividend price correction. Even after sending GP and Marico in spot market, they rose consistently in last three day overcoming initial fall at the beginning of the week. DSE halted the trading of the AIMS First Mutual Fund following 70% stock dividend and 130% right entitlement declaration which was forwarded to SEC for approval.

DSE General Index reached at 5683.93 fell by 77.02 points or 1.34% from the previous week. Total turnover reached at Tk42423.70m with 42.85% decrease from the last week's Tk74228.01m. On the other hand, market capital dropped by 1.45% and stood at Tk1940.29b (\$27.88b) at the weekend against Tk1968.86b. DSE-20 has moved downward by 76.19 points (2.44%) and closed at 3049.40 points against 3125.58 points. Last week weighted average Market PE was 30.92 which was 1.37% lower than previous week's 31.35.

During the week, DSE General Price Index was below of 9 but above of 18-day moving average line.

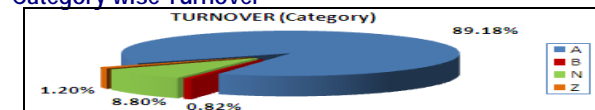
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
BEXIMCO	12,314,400	4,788,271,000	11.29
LankaBangla Finance	6,508,000	2,742,704,000	6.47
BEXTEX	26,435,200	2,611,483,000	6.16
Grameenphone	5,585,200	1,968,682,000	4.64
Summit Power	1,060,750	1,440,674,000	3.40
AB Bank	918,085	1,149,349,000	2.71
Navana CNG	4,165,800	1,089,239,000	2.57
Prime Finance	359,850	887,954,000	2.09
Southeast Bank	1,846,050	887,954,000	2.09
Keya Cosmetics	6,779,500	780,973,000	1.84

Top 10 Market Capital

Company	Volume	Value (Tk)	% of total
Grameenphone	503,851	BEXIMCO Ltd.	36,045
ICB	63,751	BATBCL	32,132
Square Pharma	53,880	AB Bank	31,443
Titas Gas TDCL	46,583	Beximco Pharma	28,411
Islami Bank BD	39,354	Summit Power	28,134

Category wise Turnover



Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	68.60	69.60	68.60	69.60	0.00	0.00
EUR	92.44	94.78	93.97	96.32	-1.63	-1.60
GBP	105.75	107.87	107.87	110.02	-1.97	-1.95
AUD	60.98	62.51	61.46	63.02	-0.78	-0.81
JPY	0.76	0.78	0.75	0.78	1.33	0.00
CAD	64.77	66.39	65.29	66.96	-0.80	-0.85
SAR	18.21	18.65	18.20	18.65	0.05	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, CAD-Canadian Dollar, SAR-Saudi Riyal.

Last Initial Public Offering

Company	Subscription Period	Sponsor (M.Tk)	IPO (M.Tk)	Private Placement (M.Tk)
Phoenix Fin. 1st M F	March 07-11, 2010	200.00	300.00	100.00
ICB AMCL 3rd NRB M F	March 28- April 01, 2010	100.00	800.00	100.00