

Private sector credit growth hits 13-year low

Credit flow to the private sector continues to plunge and hit a 13-year low in the FY2012-13. Poor investment scenario in the backdrop of prolonged political uncertainty, energy crisis and high bank interest rate dampened demand for credit. In an effort to increase investments Bangladesh Bank (BB) has slashed its rate on repurchase agreement (repo) and reverse repo rates by 50 basis points, after nearly four years. Even this incentive failed to arrest the decline in credit flow to the private sector. Also the government's appetite for higher borrowing from the banking system ultimately left lower funds available for the private sector. Private sector credit growth shrunk to 11.04% in FY13 against 19.72% of FY12, according to the BB reports. The lowest growth of 10.75% was experienced in FY1999-00. The declining trend in private sector credit growth has created stagnancy in local investment while import of capital machinery is also in a declining trend. This slow down will ultimately hamper the economic growth trends.

Private Sector Credit Growth (in %)			
FY1999-00	10.75	FY2006-07	15
FY2000-01	16.87	FY2007-08	25
FY2001-02	13.5	FY2008-09	14.6
FY2002-03	12.7	FY2009-10	24.2
FY2003-04	14.2	FY2010-11	25.8
FY2004-05	17	FY2011-12	19.72
FY2005-06	18.3	FY2012-13	11.04

Import growth shrinks in FY13

Imports nosedived and posted a negative growth for the first time since FY2001-02 by 4.36% in the last fiscal year. Import payments drastically declined as the import of capital machinery and industrial raw materials declined sharply amid a negative investment situation. The value of settlement of Letters of Credit (LCs) against import for the period was worth \$33.97b, compared to \$35.52b during the same period of FY12, according to Bangladesh Bank (BB). Because of the recent unfavorable business conditions the entrepreneurs were apparently reluctant to set up new industrial units, as a result import of capital machinery used for production has dropped by 15.94% to \$2.11b from \$2.51b, following which industrial raw material import also declined to \$13.03b by 2.54% from \$13.37b. However, low credit demand from the private sector helped increased liquidity in the banking sector. Additionally, most of the commercial banks were still reluctant to open fresh letters of credit in the last few months after revealing of some large loan scams. The decline in imports has sent the current account balance \$2.5b in the surplus last fiscal year from \$447m in deficit during FY2011-12.

BSEC inquire DSE Tower allotment

Dhaka Stock Exchange (DSE) allotted the office space of DSE Tower to its members and issued confirmation letters to this effect despite regulatory restrictions, alleged media reports. Although, the stock market regulator Bangladesh Securities and Exchange Commission (BSEC) earlier imposed a condition that before the completion of demutualization DSE can not purchase, sell or transfer any of the fixed assets. Reportedly the regulator sought explanation from DSE as well and asked to submit documentary evidence on its fixed assets within 03 September 2013.

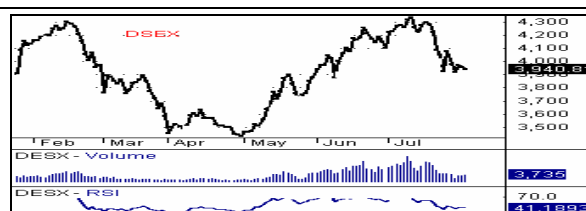
BB's profit up despite losses on forex & bullion

In order to diversify the foreign currency reserve and hedge against volatility risk Bangladesh Bank (BB) purchased substantial amount of gold and silver in the last fiscal year. But unfortunately BB counted Tk55.19b in losses from dollar and gold reserve in the FY2012-13 against a Tk39.52b profit in the FY2011-12 as Taka is appreciating continuously against US Dollar due to lower demand for and higher supply of the greenback. Furthermore, the price of gold and silver decreased both in foreign and local market. BB record shows that in the FY2012-13, BB has purchased the highest amount of US Dollars worth \$4.53b since FY05. Usually BB used to invest a major portion of foreign currencies with the US Dollar resulting that the BB counted a loss of Tk38.48b in the FY2012-13 from a profit figure of Tk31.73b in the FY2011-12. Experts opine that in order to minimize the exchange rate fluctuation as well as to increase income from foreign sources BB should diversify its forex reserve investment portfolio. The value of dollar depreciated significantly and exchange rate has slipped below Tk78 to Tk77.75 on June 30, 2013. Slower import, higher remittance inflow and steady growth of export earnings ensured hefty dollar supply but following the depreciation banks are losing interest to hold on to dollars. Nevertheless, BB had also made a large amount of losses by investing gold and silver in the FY2012-13 as the prices of the two precious metals decreased significantly both in the global and local market. The BB counted a loss of Tk16.57b in gold investment in the FY13 against a profit of Tk8.27b in the FY12. However, BB registered a loss in silver investment both in the FY13 and FY12. The loss amount had increased by investing in silver in the FY13 as the loss figure was Tk136.8m in the last financial year against Tk49.8m in the FY12. Apparently BB has kept aside the loss counted from dollar and gold reserve from its annual balance sheet. Consequently, operating profit of BB has increased remarkably to Tk41.52b from Tk38.58b in the FY12. At the same time profit from interest on the government borrowing rose by 5.20% to Tk31.45b from Tk29.90b of earlier fiscal year. As a result, the amount payable to government coffers by BB stood at Tk36.30b which is 4.28% more than it had paid in FY12.

GDP and Per capita income ascend

Since simultaneous use of two different base years in measuring Gross Domestic Product (GDP) was creating confusion among users the Bangladesh Bureau of Statistics (BBS) has decided to use only one base year of 2005-06 from the current fiscal year. As per the new base year, the growth rate of GDP has risen to 6.18% in FY2012-13 but with the old 1995-96 base year, the growth would be 6.03%. Under the new base year, GDP of FY13 in nominal terms stood at \$153.58b, whereas it came to \$134.17b using the old one. In the mean time per capita income also rises to \$1044 from \$923 earlier as BBS started to calculate GDP taking new base year. Bangladesh now stands fourth in South Asia after Sri Lanka (\$2923), India (\$1527) and Pakistan (\$1380) in terms of per capita income. Revision and rebasing helped raise the size of GDP and per capita income. The 17 years old base year calculates economic activities of the 15 sectors while it will reach 21 with the new one.

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %	PE
S&P 500	↑ 1655.17	1632.97	1.36	18.1
FTSE 100	↑ 6547.33	6412.93	2.10	14.5
Nikkei 225	↑ 13860.81	13388.86	3.52	16.4
SENSEX	↑ 19270.06	18619.72	3.49	13.6
KSE 100	↑ 22765.87	22160.85	2.73	10.9

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	↓ 4118.50	4127.48	-0.22
Total Turnover, Tk	↓ 24,200,980,739	26,537,229,877	-8.80
Market Capital, Tk	↓ 2,040,650,305,911	2,049,260,731,530	-0.42
No of Issue Gain	121	103	
No of Issue Loss	164	128	
No of Unchanged Issues	12	27	

Top Gainers

Company	Last Week	This Week	Change %	Turnover (Tk)
Hakkani Pulp	17.60	25.10	42.61	10,216,000
Legacy Footwear	14.60	20.80	42.47	30,750,000
Stylecraft	697.90	943.20	35.15	3,188,000
Desh Garments	30.20	39.20	29.80	8,007,000
Anwar Galvanizing	15.80	20.40	29.11	19,824,000
Rangpur Foundry	87.20	110.80	27.06	122,357,000
JMI Syringes	134.00	169.70	26.64	220,274,000
Miracle Ind.	12.20	15.00	22.95	19,844,000
Rahima Food	16.80	19.90	18.45	30,684,000
Modern Dyeing	74.20	85.90	15.77	2,108,000

Top Losers

Company	Last Week	This Week	Change %	Turnover (Tk)
ICB AMCL 1st MF	51.20	34.80	-32.03	31,657,000
Reliance One	9.60	8.20	-14.58	22,190,000
Northern Jute	18.00	16.20	-10.00	3,000
1st BSRS MF	99.80	89.90	-9.92	21,751,000
Shyampur Sugar	7.20	6.50	-9.72	3,000
Aramit	291.80	266.40	-8.70	12,302,000
Apex Spinning	80.00	73.30	-8.38	7,446,000
Submarine Cable	275.70	253.30	-8.12	996,635,000
NCC Bank MF	8.70	8.00	-8.05	103,000
Grameen2	17.60	16.20	-7.95	51,332,000

Sectoral Index & Turnover

Sector	P/E	Sectoral Index			Turnover (Tk.M)		
		This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	10.05	315.87	329.33	-4.09	752.12	757.04	-0.65
Cement	18.20	329.74	337.38	-2.26	1514.84	1895.94	-20.10
Ceramic	21.56	573.46	591.34	-3.02	327.28	321.02	1.95
Engineering	17.15	1325.02	1329.12	-0.31	2400.81	2488.47	-3.52
Food & Al.	21.25	1685.84	1697.64	-0.70	1098.34	1318.97	-16.73
Fuel & Pow.	11.17	2953.64	3004.05	-1.68	2678.11	3638.23	-26.39
Insurance	22.71	1217.85	1224.62	-0.55	1596.82	1663.33	-4.00
IT	15.26	209.90	204.61	2.59	442.04	299.85	47.42
Jute	19.50	352.10	359.37	-2.02	20.66	27.09	-23.74
Misc.	15.14	719.10	716.24	0.40	750.40	783.50	-4.22
Mutual Fund	9.45	477.07	512.87	-6.98	536.66	525.53	2.12
NBFI	14.90	1246.38	1220.60	2.11	1140.01	932.34	22.27
Paper	25.10	278.01	194.94	42.61	0.75	0.62	20.97
Pharma	14.09	771.01	825.44	-6.59	3519.90	2925.58	20.31
Service	16.10	808.89	777.49	4.04	169.73	187.03	-9.25
Tannery	11.55	636.11	665.75	-4.45	670.14	988.25	-32.19
Telecom	11.09	2364.54	2399.17	-1.44	2737.51	3206.18	-14.62
Textile	17.99	1008.26	1010.98	-0.27	2943.27	3469.52	-15.17
Travel & Leis.	15.01	807.53	786.20	2.71	832.13	859.66	-3.20

Technical Talk

Trading activities on the prime bourse remained sluggish during the week. The turnover did not move up in tandem with the Index, revealing weakness in trend. With the trading volume declining sharply and the indices going down last week, it is visible that the market lacks the much-needed aura of confidence to turn things around. GrameenPhone became the week's top turnover leader followed by Active Fine Chemicals, Bangladesh Submarine Cable and Square Pharma.

DSE Broad Index (DSEX) reached at 4118.50 points decreased by 8.98 points or 0.22% from the previous week. Total turnover reached at Tk24200.98m with 8.80% decrease from the last week's Tk26537.23m. On the other hand, market capitalization decreased by 0.42% and stood at Tk2040.65b (\$26.36b) at the weekend against Tk2049.26b. DSE-30 has moved upward by 5.47 points (0.36%) and closed at 1545.50 points against 1540.02. Last week's weighted average Market PE was 15.10 which was 0.81% lower than previous week's 15.22.

During the week, DSE General Price Index was above both 9 and 18-day moving average line.

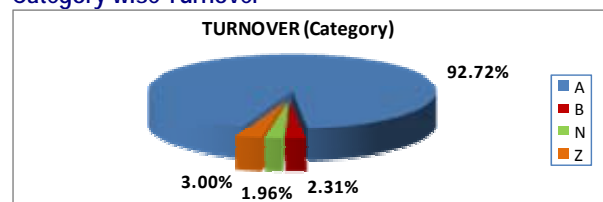
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
Grameenphone	7,994,400	1,740,878,000	7.19
Active Fine Chemicals	10,043,500	996,841,000	4.12
Submarine Cable Company	3,794,300	996,635,000	4.12
Square Pharma	4,499,400	791,788,000	3.27
Olympic Industries	3,463,000	781,666,000	3.23

Top 10 Market Capital

Company	Volume	Value (Tk)	% of total
Grameenphone	286,264	Islami Bank	54,008
BATBC	92,208	Lafarge Surma Cement	40,416
35.73OICB	89,817	ULC	35,730
Square Pharma	85,989	BSCCL	33,020
Titas Gas	83,194	Padma Oil	32,658

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	1386.70	1393.80	-0.51
Silver (USD/t oz.)	23.82	23.44	1.62
Brent Crude Oil (USD/bbl.)	115.88	114.17	1.50

Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	77.40	78.40	77.40	78.40	0.00	0.00
EUR	101.60	103.97	102.63	105.01	-1.00	-0.99
GBP	120.56	122.76	120.61	122.80	-0.04	-0.03
AUD	70.57	72.24	72.61	70.95	-2.81	1.82
JPY	0.77	0.79	0.81	0.78	-4.94	1.28
CAD	73.44	75.18	74.54	76.28	-1.48	-1.44
SAR	20.53	21.01	20.53	21.01	0.00	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 Public Offerings

Company	Subscription Period	Sponsor (M.Tk)	IPO (M.Tk)	Private Placement (M.Tk)
Paramount Textile	September 01-05, 2013		840	