

**Private sector credit growth nosedive**

Private sector credit growth has dipped to its lowest since FY1999-00 to 10.60% in December 2013 due to political unrest, energy crisis and poor infrastructure. The growth was 16.61% in December 2012. Bangladesh Bank (BB) in its H2 monetary policy has set the credit growth in the private sector at 16.5% almost similar to the first half-yearly MPS of FY2013-14. Low credit demand from the private sector is leading to piling-up of idle money which in the end leaves an unfavorable impact on the profitability of the banks. The overall excess liquidity in the banks stood at around Tk901.70b on December 31, 2013. Subsequently, both the deposit and lending rates were slashed. On average, the deposit and lending rates in last December stood at 8.39% and 13.45% respectively in contrast to 8.47% and 13.8% a year ago.

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

The growth in the term loans was also negative as many big corporate houses were now increasingly availing overseas loans available at low rates. Between July and December last year, banks disbursed Tk215.65b in term credit against Tk219.54b in the corresponding period of the previous fiscal year. This slowdown is hampering smooth economic growth.

**Trade deficit widen in H1**

Overall trade deficit narrowed by 58.31% to sum up \$1.53b in the first six months of the current fiscal year from \$3.67b in the same period of the FY2012-13. The reasons for the narrow trade deficit were a mix of rise in exports and a drop in imports of industrial raw materials, capital machinery and intermediate goods. The narrowed trade gap has failed to put positive impact on the macro-economic situation as the required import products for industrial sector declined massively. Export earnings reached \$14.51b in the July-December period of FY2013-14 against \$12.38b during the same period of FY2012-13. The export earnings would have increased more in the period if the political crisis could have been avoided. On the other hand, import payment stood at \$16.04b in the first six months of FY2013-14 while it was \$16.06b in the same period of the FY2013-14. The decreasing trade deficit helped achieve a healthy current account balance during the period as it reached to \$2.65b from \$1.18b in the corresponding period of the previous fiscal year. The expatriate workers inward remittance usually plays an important role in increasing the current account balance, but the inflow posted a negative growth of 8.32% in the first half of the FY2013-14. Remittance stood at \$6.72b in July-December of FY2013-14 against \$7.33b in the same period of the FY2012-13. The BB data, however, showed that the financial account which includes foreign direct investment, portfolio investment and medium and long-term loans declined by 76.48% to \$428m in the first half of the FY2013-14 from \$1.82b during the same period of the FY2012-13.

**New surveillance software at DSE**

Dhaka Stock Exchange (DSE) launched new surveillance software after more than one year of purchase under pressure of the regulator, in order to ensure transparency through detecting suspected and potential market manipulations more effectively. The software was purchased in November 2012 from a Swedish IT firm. After the 2010-2011 market crash, the Bangladesh Securities and Exchange Commission (BSEC) on December 17, 2012 launched the same software which detected 2,974 suspicious transactions in its just 30-minute run on the opening day. The software, jointly funded by the Bangladesh government and the Asian Development Bank (ADB), has been procured under the 'Improvement of Capital Market Governance Project' worth Tk150m. Implementation of the surveillance software was one of ADB conditions for releasing \$300m policy support assistance.

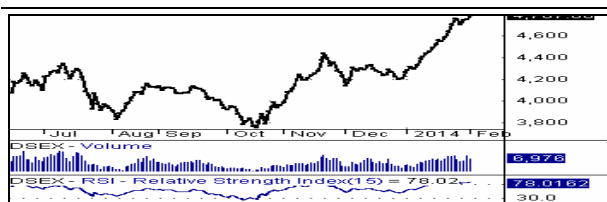
**Interest rate spread still high**

The higher lending rate and lower deposit rates offered by some Private Commercial Banks (PCBs) and Foreign Commercial Banks (FCBs) lead to high spread in the banking system of Bangladesh. Overall interest spread in the banking system was 5.06% at the end of December 2013, up from 4.97% in the previous month. The weighted average rate on lending stood at 13.45% from 13.42% in November while the interest rate on deposits was at 8.39% from 8.45% in previous month. Among the private commercial banks Brac Bank had highest spread of 9.28% and among the foreign commercial banks Standard Chartered had the highest spread of 10.27%. State owned and specialized banks have lower spreads ranging between 2% to 5%. The average spread of the four government-owned commercial banks is 3.47%, private commercial banks 5.27%, foreign commercial banks 8.59% and specialized banks 3.04%. Bangladesh Bank urges keeping the spread within 5% except for high-risk consumer credit and against small and medium enterprise (SME) loans.

Banks having Interest Spread above 5% as of December, 2013			
Banks	Deposit Rate	Lending	
		Rate	Spread
Standard Chartered Bank	4.42	14.69	10.27
Citi Bank N.A	2.28	11.73	9.45
Brac Bank	6.95	16.23	9.28
Woori Bank	4.29	13.36	9.07
Dutch-Bangla Bank	5.58	13.80	8.22
HSBC	5.12	12.40	7.28
One Bank	8.27	15.22	6.95
Commercial Bank of Ceylon	6.92	13.55	6.63
Prime Bank	8.69	15.01	6.32
Premier Bank	9.42	15.71	6.29
IFIC Bank	8.84	14.98	6.14
Jamuna Bank	9.54	15.50	5.96
Bangladesh Commerce Bank	9.73	15.53	5.80
Bank Asia	9.02	14.59	5.57
Eastern Bank	8.84	14.32	5.48
Social Islami Bank	9.84	15.24	5.40
Habib Bank	8.04	13.43	5.39
AB Bank	9.32	14.66	5.34
The City Bank	8.65	13.80	5.15
Southeast Bank	9.74	14.79	5.05

The week's data runs 06 February to 13 February 2014

## Stock Market Movement



### Global Markets

	This Week	Last Week	+/- %	PE
S&P 500	1838.63	1797.02	2.32	17.5
FTSE 100	6663.62	6571.68	1.40	15.0
Nikkei 225	14313.03	14462.41	-1.03	14.8
SENSEX	22298.41	21636.85	3.06	14.4
KSE 100	26394.13	26681.78	-1.08	12.5

### DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	4759.33	4845.09	-1.77
Total Turnover, Tk	28,956,792,883	36,645,537,477	-20.98
Market Capital, Tk	2,305,415,570,499	2,324,641,592,781	-0.83
No of Issue Gain	48	149	
No of Issue Loss	244	138	
No of Unchanged Issues	6	11	

### Top Gainers

#### Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
Submarine Cable	186.90	216.60	15.89	1,448,613,000
DESCO	60.30	69.30	14.93	255,280,000
Apex Tannery	155.70	173.30	11.30	145,237,000
NCCBL Mutual Fund	9.50	10.50	10.53	47,718,000
Olympic Industries	185.60	203.90	9.86	1,111,157,000
National Life Ins.	320.30	347.00	8.34	66,930,000
Square Pharma	248.10	266.20	7.30	1,753,697,000
ACI Formulations	83.40	89.30	7.07	56,305,000
Rupali Life Ins.	100.70	107.80	7.05	62,382,000
Delta Life Ins.	262.30	278.70	6.25	800,194,000

### Top Losers

#### Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
Stylecraft	1157.00	995.00	-14.00	310,000
GSP Finance	29.50	26.20	-11.19	55,173,000
Desh Garments	82.90	73.90	-10.86	19,688,000
Peoples Insurance	39.20	35.10	-10.46	33,019,000
Prime Finance MF	23.70	21.30	-10.13	67,146,000
Libra Infusions	517.00	467.60	-9.56	2,875,000
Legacy Footwear	39.90	36.10	-9.52	15,505,000
Union Capital	33.40	30.30	-9.28	9,937,000
IFIC Bank	37.50	34.10	-9.07	147,676,000
AB Bank	33.90	30.90	-8.85	155,596,000

## Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	404.87	424.82	-4.70	2899.53	5500.39	-47.28
Cement	339.70	354.27	-4.11	1150.37	1250.11	-7.98
Ceramic	618.21	628.31	-1.61	321.69	402.96	-20.17
Engineering	1649.07	1649.69	-0.04	3784.78	3487.81	8.51
Food & Al.	2200.63	2246.80	-2.06	610.09	885.68	-31.12
Fuel & Pow.	3182.19	3118.06	2.06	4431.75	4611.43	-3.90
Insurance	1466.26	1466.73	-0.03	2471.97	2735.91	-9.65
IT	225.01	239.70	-6.13	424.41	840.03	-49.48
Jute	373.93	382.52	-2.25	7.43	12.59	-40.99
Misc.	718.14	734.62	-2.24	613.72	526.38	16.59
Mutual Fund	544.93	554.23	-1.68	642.13	796.26	-19.36
NBFI	1211.06	1254.86	-3.49	1597.86	2376.13	-32.75
Paper	326.74	353.32	-7.52	3.07	4.43	-30.81
Pharma	1061.12	1018.60	4.17	4410.74	3085.57	42.95
Service	884.42	928.92	-4.79	155.07	280.06	-44.63
Tannery	760.32	754.93	0.71	427.79	355.92	20.19
Telecom	2312.48	2307.50	0.22	2101.93	1365.75	53.90
Textile	1232.93	1289.23	-4.37	2293.50	3259.16	-29.63
Travel & Leis.	741.93	752.90	-1.46	514.73	694.32	-25.87

## Technical Talk

The stock market declined last week after a six week bull run. Out of its five trading sessions, market gained marginally in only one session while went down in remaining four sessions. AFC Agro Biotech made its debut on February 11, 2014 with Tk48 open price; it traded within Tk48-66.50 band on that day and closed at Tk65. Two listed company- GrameenPhone and NCC Bank Mutual Fund-1 made corporate declaration last week.

DSE Broad Index (DSEX) reached at 4759.33 points decreased by 85.76 points or 1.77% from the previous week. Total turnover reached at Tk28956.79m with 20.98% decrease from the last week's Tk36645.54m. On the other hand, market capitalization decreased by 0.83% and stood at Tk2305.42b (\$29.79b) at the weekend against Tk2324.64b. DSE-30 has moved upward by 14.75 points (0.88%) and closed at 1696.66 points against 1681.91. Last week's weighted average Market PE was 16.78 which was 1.63% higher than previous week's 17.06.

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

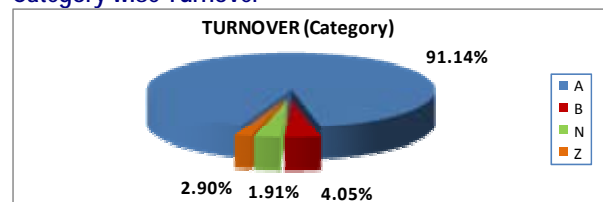
### Top Turnover Companies

Company	Volume	Value (Tk)	% of total
Square Pharma	6,728,200	1,753,697,000	6.06
Submarine Cable	7,068,700	1,448,613,000	5.00
Meghna Petroleum	4,084,800	1,173,999,000	4.05
Olympic Industries	5,665,000	1,111,157,000	3.84
Jamuna Oil	3,739,700	879,908,000	3.04

### Top 10 Market Capital

Company	Value (Tk)	% of total
Grameenphone	286,399	52,544
Square Pharma	113,704	48,778
BATBC	101,868	46,125
Titas Gas	83,391	34,882
ICB	70,400	30,436
Islami Bank		52,544
Lafarge Surma Cement		48,778
ULC		46,125
Padma Oil		34,882
Pubali Bank		30,436

### Category wise Turnover



### Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	1318.30	1267.30	4.02
Silver (USD/t oz.)	21.43	19.92	7.58
Brent Crude Oil (USD/bbl.)	108.94	109.57	-0.57

### 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	104.94	107.37	104.15	106.57	0.76	0.75
GBP	126.71	129.02	125.90	128.19	0.64	0.65
AUD	68.90	70.52	69.03	70.64	-0.19	-0.17
JPY	0.75	0.77	0.75	0.78	0.00	-1.28
CAD	69.82	71.47	69.61	71.25	0.30	0.31
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)
Matin Spinning Mills Ltd.	January 26-30, 2014		1261.70	
Hwa Well Textiles (BD)	February 17-23, 2014		200.00	
Far Chemical Industries	March 10-16, 2014		120.00	

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