

MF in renewed watch

The Bangladesh Securities and Exchange Commission (BSEC) has reportedly initiated a move to scrutinize the investments mutual funds have made in non-listed securities. The Commission would seek detailed investment reports of mutual funds which was previously not strictly monitored that left a loophole for many Asset Management Companies (AMCs) to indulge in unwarranted investments, which were later detected. Even when reports were submitted some did not contain the names and detailed particulars of the non-listed companies in which the investments were made although AMCs are required to provide detailed reports on quarterly basis. As per the securities rules, closed end mutual funds are allowed to invest up to 60% of the fund size in capital market and rest 40% in money market. Of the 60%, half of the amount has to be invested in listed securities. In case of investing in non-listed securities, MFs are only allowed to invest in those companies which received approval from BSEC to issue pre-IPO placement shares. Investment by mutual funds in non-listed securities in violation of rules first came into light in 2010 when the Commission found investment of Tk463.9m by mutual funds under management of LR Global Bangladesh in non-listed securities in disregard to rules. Based on the finding, the Commission fined LR Global Bangladesh Asset Management Company Tk5m, while Bangladesh General Insurance Company (BGIC), Trustee of the mutual funds was fined Tk0.25m and Auditors Hoda Vasi Chowdhury Tk0.5m.

Companies see better Q3 earnings

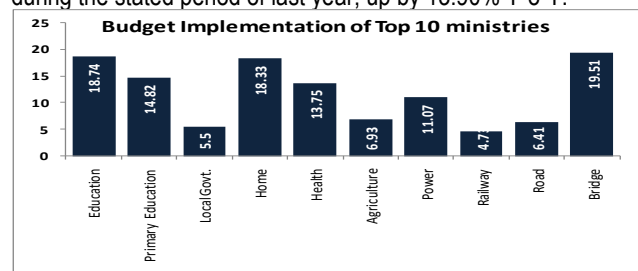
The third quarter of this year was favorable for the many listed companies as earnings of those companies increased during October-December (Q3) 2016 period compared to the same period of the previous year. Dhaka Stock Exchange (DSE) reports that the companies posted improved Earnings Per Share (EPS), Net Asset Value (NAV) per share and Net Operating Cash Flow per Share (NOCFPS) over the period. Among those, the highest positive change in quarterly earnings has been reported by Titas Gas, up by 165%, followed by Central Pharmaceuticals 117%, Jamuna Oil 95%, Miracle Industries 75%. Titas Gas reported EPS at Tk.0.82 for October-December, 2016 as against Tk.0.32 for October-December of 2015. Apart from EPS, other indicators of Titas Gas witnessed a slump. The NOCFPS came down to Tk.0.45 for July-December of 2016 in comparison to Tk.5.51 reported in previous year, but the NAV per share was Tk.62.55 as of December 31, 2016 against Tk58.75 in 2015. Central Pharmaceuticals published unaudited statement showing EPS of Tk.0.61 for October-December, 2016 against Tk.0.28 in same period of previous year. The NAV per share of the company stood at Tk.16.46 at the end of the December 31, 2016 in comparison to Tk16.88 reported a year ago. Jamuna Oil recorded EPS at Tk6.03 for October-December 2016 as against Tk.3.09 in previous year. The NAV per share was Tk.167.96 as of December 31, 2016 increasing Tk29.5 from the amount of preceding year. Miracle Industries reported EPS of Tk.0.28 during the stated period as against Tk.0.16 (restated) in corresponding period of last year. Over the period of July to December, the NOCFPS of the company fell to Tk0.30 as against Tk0.44 (restated) in earlier year.

H2 MPS for FY2016-17 unveiled

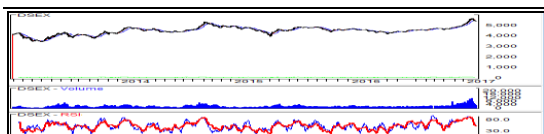
Bangladesh Bank (BB) has announced the Monetary Policy Statement (MPS) for the second half of the FY2016-17 without bringing any change in the previously announced H1 MPS. The private sector credit growth target will remain the same at 16.5%, and so will repo and reverse repo rates at 6.75% and 4.75% respectively. However, BB also indicated strong support for credit disbursement in productive sectors while tightening credit flows to unproductive sectors. Both food and non-food CPI inflation moderated during the past half-year, aided by favorable agricultural production, modest rise in global commodity prices, and growth supportive yet cautious monetary policy stance. Average CPI inflation declined to 5.5% by December 2016, a five-year low and well within the FY17 ceiling. Projected rise of global commodity prices in 2017, however, may continue exerting some upward pressure on domestic prices. Many economists considered the monetary policy prudent in the context of the present economic development but few issues remained unaddressed like improving governance in the banking system and efficient use of foreign-exchange reserves.

Public spending soars

Total expenditure in the first quarter of fiscal 2016-17 was 15.5% higher than a year earlier thanks to full implementation of the pay scale for government staff and various non-government educational institutions. Between the months of July and September last year, total spending stood at Tk428.94b, according to a report from the Finance Division. The salary scale for non-government school, college and madrasa teachers came into effect this year for which a big jump in non-development spending was recognized. Non-development expenditure shot up by 19.35% to Tk353.25b in the first quarter of the fiscal year. In contrast, a year earlier, non-development spending was 0.32% lower than the previous year. Even though the government this time placed a gigantic budget of Tk1107.00b, the implementation capacity of the ministries and divisions did not increase much. In the first quarter, the ministries and divisions spent Tk75.69b, up 0.42% from a year earlier. Successful implementation of the Annual Development Program (ADP) is considered a big challenge in meeting the annual growth target. To accelerate the rate of project realization, stress has been given on coordination among the Economic Relations Division, donor agencies and the ministries and divisions implementing the projects. Among the ten large ministries and divisions, the bridges division spent the highest in the first quarter, being 19.51% of its full-year allocation. The education ministry came in next at 18.74%, followed by home ministry at 18.33%, primary and mass education 14.82%, health ministry 13.75% and power division 11.07%. Meanwhile, revenue stream of the government also witnessed improved performance in the first three months of fiscal 2016-17 thanks to strong efforts by the National Board of Revenue. A total of Tk435.17b was deposited in the state coffer during the stated period of last year, up by 13.90% Y-o-Y.



Stock Market Movement



Global Markets	This Week	Last Week	+/- %
S&P 500	2,297.42	2,294.69	0.12
FTSE 100	7,188.30	7,184.49	0.05
Nikkei 225	18,918.20	19,467.40	-2.82
SENSEX	28,240.52	27,882.46	1.28
KSE 100	49,555.83	49,963.77	-0.82

DSE Indicators	This Week	Last Week	+/- %
DSE Broad Index	5,365.14	5,618.65	-4.51
Total Turnover, Tk	47,969,398,279.00	86,571,731,225.00	-44.59
Market Capital, Tk	3,026,930,762,898	3,143,645,358,977	-3.71
No of Issue Gain	44	150	
No of Issue Loss	281	168	
No of Unchanged Issues	5	12	

Top Gainers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
Rahim Textile Mills	244.70	289.90	18.47	99,017,000
Anlima Yarn Dyeing	29.40	32.00	8.84	49,161,000
Golden Harvest Agro	46.30	49.60	7.13	161,762,000
Pharma Aids Ltd.	261.90	278.20	6.22	182,674,000
Shasha Denims	76.30	80.90	6.03	432,794,000
Apex Foods Limited	138.70	144.90	4.47	54,678,000
Kohinoor Chemicals	386.20	403.30	4.43	66,689,000
Libra Infusions	460.80	480.70	4.32	9,715,000
Republic Insurance	26.00	27.10	4.23	25,256,000
National tubes Ltd.	115.90	120.50	3.97	207,812,000

Top Losers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
ICB AMCL 2nd MF	9.4	7.60	-19.15	10,113,000
Shinepukur Ceramics	12.7	10.50	-17.32	10,689,000
LankaBangla Finance	51.6	43.30	-16.09	1,240,556,000
Savar Refractories	65.3	55.00	-15.77	70,000
ICB Islamic Bank	6.2	5.30	-14.52	24,284,000
Prime Fin First MF	14.2	12.20	-14.08	36,273,000
Phoenix Finance	35.1	30.20	-13.96	196,231,000
Pragati Insurance Ltd.	35.3	30.40	-13.88	3,324,000
Sonar Bangla Insurance	20.7	18.00	-13.04	2,404,000
ICB AMCL 3rd MF	7.7	6.7	-12.99	15,509,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	401.06	434.36	-7.67	4,718.35	11,016.8	-57.17
Cement	482.19	491.87	-1.97	1,981.66	3,231.82	-38.68
Ceramic	726.50	748.27	-2.91	295.79	532.44	-44.45
Engineering	2,350.98	2,429.92	-3.25	5,590.32	10,195.1	-45.17
Food & Al.	3,396.94	3,420.38	-0.69	2,577.17	3,770.12	-31.64
Fuel & Pow.	3,561.97	3,678.22	-3.16	2,354.40	3,993.47	-41.04
Insurance	941.69	1,006.35	-6.43	3,731.06	7,549.02	-50.58
IT	191.35	200.28	-4.46	565.17	1,918.12	-70.54
Jute	624.96	610.25	2.41	43.14	91.50	-52.85
Misc.	1,232.56	1,273.22	-3.19	3,098.55	4,437.98	-30.18
Mutual Fund	468.97	509.33	-7.92	1,806.26	4,069.31	-55.61
NBFI	720.05	1,441.71	-50.06	3,677.39	6,827.83	-46.14
Paper	1,010.71	1,008.65	0.20	628.73	1,439.00	-56.31
Pharma	1,517.85	1,547.37	-1.91	4,986.61	7,112.34	-29.89
Service	1,813.94	1,884.86	-3.76	345.73	555.60	-37.77
Tannery	912.52	930.89	-1.97	351.89	734.74	-52.11
Telecom	2,842.55	2,856.03	-0.47	458.46	816.92	-43.88
Textile	1,228.95	1,277.63	-3.81	8,326.7	14,211.9	-41.41
Travel & Leis.	600.68	644.39	-6.78	161.34	515.99	-68.73

Technical Talk

Almost all the sectors perceived major correction on the premiere bourse last week as investors went for quick profit-taking speculating further correction in coming days. Besides the panic sales, a number of banks were busy in adjusting their capital market exposure that increased due to the market surge in recent weeks. This correction was also triggered by the sale pressure of institutions for their month end adjustment. Among the major sectors, Mutual Fund witnessed hefty loss by 7.92% over the week followed by Bank 7.67%, Textile 3.81%, Engineering 3.25% and Fuel & Power 3.16%.

DSE Broad Index (DSEX) reached at 5,365.14 points decreased by 253.51 points or 4.51% from the previous week. Total turnover reached at Tk47969.40m with 44.59% decrease from the last week's Tk86571.73m. On the other hand, market capitalization decreased by 3.71% and stood at Tk3026.93b (\$37.96b) at the weekend against Tk3143.65b. DSE 30 has moved downward by 81.58 points or 4.00% and closed at 1,956.90 points against 2,038.48. Last week's weighted average Market PE was 15.41 which was 3.69% lower than previous week's 16.00.

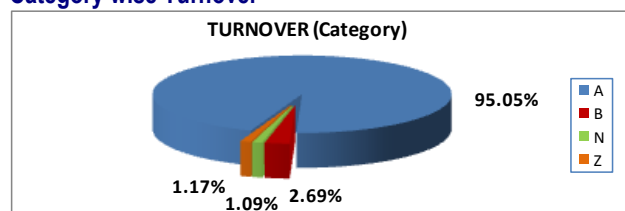
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
BEXIMCO	56,775,975	1,863,797,000	3.89
Islami Bank Bd Ltd	39,083,671	1,728,601,000	3.60
Ratanpur Steel Re-Rolling	18,099,139	1,383,880,000	2.88
LankaBangla Finance Ltd.	26,081,805	1,240,556,000	2.59
Baraka Power Limited	24,081,780	1,075,243,000	2.24
SAIF Powertec Limited	15,989,645	1,069,672,000	2.23

Top 10 Market Capital

Company	Volume	Value (Tk)	% of total
GP	410,896	Olympic	61,341
Square Pharma	178,346	Reneta	58,508
BATBC	149,262	Berger	53,346
Lafarge Surma Cement	95,813	UPGDCL	52,808
Islami Bank	67,942	Titas Gas	50,055

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	1,219.70	1,191.00	2.41
Silver (USD/t oz.)	17.46	17.12	1.96
Brent Crude Oil (USD/bbl.)	56.84	55.52	2.38

Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	79.75	79.80	79.55	79.60	0.25	0.25
EUR	86.49	86.54	85.99	86.05	0.58	0.58
GBP	101.25	101.31	100.87	100.93	0.38	0.38
AUD	61.26	61.30	60.54	60.58	1.18	1.18
JPY	0.71	0.72	0.71	0.71	0.79	0.79
CAD	61.62	61.66	61.22	61.25	0.66	0.66
SAR	21.37	21.39	21.32	21.34	0.24	0.24

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	Offer Price	IPO (M.Tk)
Pacific Denims Limited	Dec11-19-2016	10	750
SEML IBBL Shariah Fund	Dec11-21-2016	10	1000
Shepherd Industries Limited	Jan 08-16-2016	10	200