

Current account balance negative after FY2011-12

Current account balance of the country has stepped-down to negative territory registering a deficit of \$1.48b in the just concluded FY2016-17 mainly due to lackluster performance of inward remittance and export. However, the deficit has squeezed to \$1.48b at the eleventh hour after hitting \$2.1b in the first 11 months of the fiscal as imports declined by 8.30% in June. This is though a year back, the balance registered a all-time high surplus of \$4.26b. As per the latest monetary policy statement for July-December, Bangladesh Bank (BB) has forecast that the current account deficit might even escalate to \$2.72b in FY2017-18 consequent to recent pressures on the economy from external factors. The BB also estimated that the trade deficit might cross \$11b in FY2017-18 riding on the increasing import bills. The BB reports, however, reveal that the net foreign direct investment increased by 32.76% to \$1.70b in FY17 from that of \$1.28b in FY16. In FY17, medium- and long-term foreign loans also increased by 4.65% to \$3.17b from \$3.03b in FY16. During the period, the financial account of the balance of payments posted a surplus of \$4.17b against a surplus of only \$944m in FY16. Highly-placed officials of BB have said that the current account deficit is still not a matter of concern as the existing deficit is less than 1% of gross domestic product whereas a country may normally run a deficit of up to 2-3% of GDP. The officials also said foreign currency reserve is still growing and now stands at \$33.08b in August, up from \$30.3b a year ago. The central bank officials, however, admitted that the rising trade deficit would put some pressure on exchange rates and the exchange rate has already demonstrated the heat, surging to Tk80.7 per US Dollar on August 9 up from Tk78.4 on the same day a year back. Experts have pointed it as an abnormal phenomenon for the country and said that it would be a tough task to achieve 7.40% GDP growth in the current fiscal year. They also urge that the government take immediate measures to increase export earnings by creating new markets and ensuring smooth inflow of remittances.

Bank liquidity escalates on lax lending

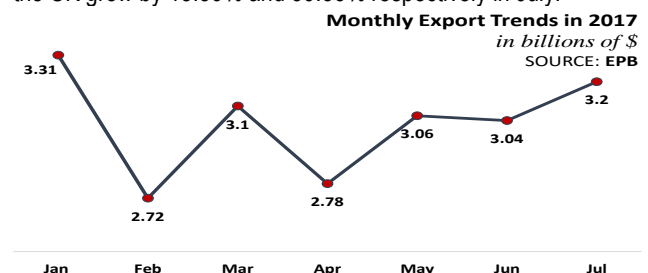
Excess liquidity with commercial banks has mounted up to Tk1.06 trillion as on the last week of June from below Tk1 trillion in May amid a persistent downturn in private investment. Experts in banking sector have tangled the situation to depressing credit growth particularly in private sector and squeezing government borrowing from the banking system. In recent times, government has been reluctant to borrow from the banking system and that has fuelled the surge in excess liquidity. However, a large portion of the excess liquidity has been channelled to the government-approved securities and treasury bills. According to Bangladesh Bank, total outstanding amount of the treasury bills stood over Tk250b as on August 06. Recently, the government has taken a break in fresh borrowing from the banking system through cancelling auctions of its securities from July 23 to August 31 to ensure proper cash management. Due to higher sales of government savings instruments alongside a rising trend in revenue collection, the government has been propelled to trim the size of borrowing from the banking sector. Moreover, private-sector credit growth has decreased further in June owing to lower trade financing for settling import-payment obligations. The growth in credit flow to private sector has come down to 15.66% (Y-o-Y) in June 2017 from 16.03% last May, Bangladesh Bank data showed. However, the central bank has projected in its first half-yearly monetary policy statement for the FY18 that the private-sector credit would grow at 16.2% in December 2017 and 16.3% in June 2018 respectively.

Imports swelled by 9% in the last FY

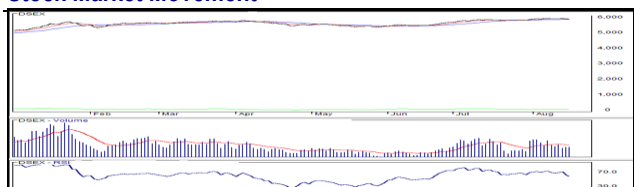
Bangladesh witnessed 9% (Y-o-Y) growth in imports during the just concluded FY2016-17 on the back of growing demand of capital machineries, industrial raw materials and food grain at home. Bangladesh Bank (BB) figures showed that the country brought more than US\$47b worth of goods during the concluded fiscal year. The actual import in terms of settlement of Letters of Credit (LCs) grew by 10.47% to US\$44.27b during FY2016-17 from US\$40.08b in the previous fiscal year, according to the latest statistics of BB. Large factories like spinning mills, textile mills, rerolling mills, auto rice mills paper mills and power plants imported significant number of machineries leading to the surge in overall import of the country. The import of capital machineries increased by 37.39% (Y-o-Y) to US\$4.85b against US\$3.53b of FY2015-16. Power and energy sector contributed substantially to push up the figure of capital machinery import. In FY2016-17, the import of capital machinery for power and energy sector soared by more than 133% to US\$1.33b from US\$573.06m in the previous fiscal year. Sector-wise, along with power and energy, textile, leather & tannery, garment, pharmaceuticals, telecom and ship-building industries instigated the growth in overall capital machinery import. The import of industrial raw material, petroleum products and food grains increased by 3.52%, 3.30% and 3% respectively in FY2016-17. The central bank took a number of steps during the concluded fiscal year to increase the import of rice to boost stock and stabilize the price level of the staple aiming to contain inflationary pressures. The efforts paid off as food inflation in July declined 0.56% points to 6.95% which was the lowest in three months. Nevertheless, import of consumer goods also increased by 9.18% (Y-o-Y) to US\$5.02b in FY2016-17.

Export rebound in July

After long twenty-two months of sluggish performance in export, the country witnessed a robust growth at last in July on the back of a surge in garments shipment. Export income posted 26.54% (Y-o-Y) growth in the first month of FY2017-18. According to the Export Promotion Bureau (EPB), the country fetched US\$3.20b in July 2017 compared to US\$2.53b in the corresponding month of 2016. However, the receipts narrowly missed the monthly target of US\$3.23b. Shipment of Ready-Made Garments (RMG) including knit and woven items boosted by 17.08% (Y-o-Y) to US\$2.47b during the month contributing 77.19% to the total export earnings. Nevertheless, the sustainability of this growth in earnings cannot be gauged based on a single month data. The substantial growth in July could have occurred due to lower volume of shipments in the earlier month because of Eid vacation. Major export items like home textiles, leather and leather products, agricultural products and frozen and live fishes rebounded as well. Home textiles were a star performer, rising by 60% (Y-o-Y) to US\$60.77m. Jute and jute goods, on the other hand, declined by 7.51% to US\$64.53m which is 29.18% less than the targeted US\$91.12m. Export earnings from the US and the UK grew by 18.86% and 39.53% respectively in July.



Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	2,425.55	2,441.32	-0.65
FTSE 100	7,323.98	7,309.96	0.19
Nikkei 225	19,470.41	19,729.74	-1.31
SENSEX	31,524.68	31,213.59	1.00
KSE 100	43,078.38	45,288.49	-4.88

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	5,861.12	5,901.81	-0.69
Total Turnover, Tk	24,464,169,912.00	48,794,534,964.00	-49.86
Market Capital, Tk	3,372,059,757,867	3,373,856,059,862	-0.05
No of Issue Gain	90	129	
No of Issue Loss	230	185	
No of Unchanged Issues	14	20	

Top Gainers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
BBS Cables Limited	109.50	130.80	19.45	1,144,207,000
Pubali Bank Ltd.	24.00	28.20	17.50	463,058,000
Monno Jute Staffers	670.80	781.10	16.44	11,879,000
Uttara Bank Ltd.	28.60	33.10	15.73	733,206,000
JMI Syringes	193.70	217.50	12.29	270,670,000
GQ Ball Pen	102.10	114.00	11.66	107,611,000
Dutch-Bangla Bank	126.30	140.70	11.40	283,646,000
IBNSINA	250.70	275.30	9.81	286,340,000
BD.Autocars Ltd.	111.40	122.20	9.69	78,138,000
Monno Ceramic	42.80	46.80	9.35	58,360,000

Top Losers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
Sunlife Insurance	24.1	21.10	-12.45	9,732,000
Imam Button Industries	20.1	18.20	-9.45	722,000
CAPMBDBLMF	9.7	8.80	-9.28	2,288,000
Dulamia Cotton	12.9	11.80	-8.53	909,000
ICBAMCL2ND	9.9	9.10	-8.08	1,520,000
Beach Hatchery Ltd.	17.7	16.30	-7.91	11,138,000
Fu Wang Food Ltd.	25.6	23.60	-7.81	354,268,000
Regent Textile Mills	27.1	25.20	-7.01	53,432,000
1STPRIMFMF	17.4	16.20	-6.90	30,507,000
Maksons Spinning Mills	12.0	11.2	-6.67	18,983,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	466.59	466.76	-0.04	7,421.27	13,158.53	-43.60
Cement	392.57	402.40	-2.44	495.36	1,099.40	-54.94
Ceramic	689.45	698.68	-1.32	160.33	295.44	-45.73
Engineering	2,813.61	2,824.15	-0.37	3,488.76	6,561.08	-46.83
Food & Al.	3,758.72	3,762.47	-0.10	756.82	1,671.32	-54.72
Fuel & Pow.	4,310.08	4,307.86	0.05	1,560.14	2,821.59	-44.71
Insurance	1,295.21	1,308.11	-0.99	256.57	722.60	-64.49
IT	253.44	260.23	-2.61	334.88	987.09	-66.07
Jute	995.91	1,014.56	-1.84	83.06	240.54	-65.47
Misc.	1,132.97	1,147.17	-1.24	758.44	1,295.71	-41.47
Mutual Fund	537.91	547.55	-1.76	569.67	1,938.75	-70.62
NBFI	1,598.66	1,612.86	-0.88	1,687.08	3,481.25	-51.54
Paper	1,443.00	1,424.89	1.27	64.95	129.62	-49.89
Pharma	1,630.00	1,640.11	-0.62	2,490.91	3,398.65	-26.71
Service	1,615.30	1,646.24	-1.88	261.94	1,009.05	-74.04
Tannery	954.86	956.01	-0.12	616.96	973.29	-36.61
Telecom	3,618.28	3,518.30	2.84	499.89	661.03	-24.38
Textile	1,423.29	1,458.56	-2.42	2,664.4	7,040.6	-62.16
Travel & Leis.	558.10	568.62	-1.85	130.05	399.82	-67.47

Technical Talk

Dhaka bourse finished the week with moderate correction that ended on Thursday as risk-averse investors bagged profits on sector-wise issues. In the week, market snapped the last three-weeks winning streak since most of the investors preferred profit booking on sector-specific stocks that witnessed significant gain in the past few weeks. During the week, Bank sector dominated the turnover chart capturing nearly 30% of the week's total turnover value followed by Engineering 14% and Textile 11%. Among the major losers, Textile declined by 2.42% over the week closely followed by Mutual Fund 1.76%, Insurance 0.99%, NBFI 0.88%, Pharma 0.62% and Engineering 0.37%.

DSE Broad Index (DSEX) reached at 5861.12 points decreased by 40.69 points or 0.69% from the previous week. Total turnover reached at Tk24464.17m which was 49.86% lower than the previous week mainly for three trading days. On the other hand, market capitalization moved down by 0.05% and stood at Tk3372.06b (\$41.27b) at the weekend against Tk3373.86b. DSE 30 has also moved down by 16.62 points or 0.78% and closed at 2,109.10 points against 2,125.72 points. Last week's weighted average Market PE was 16.21 which was 16.23 previous week.

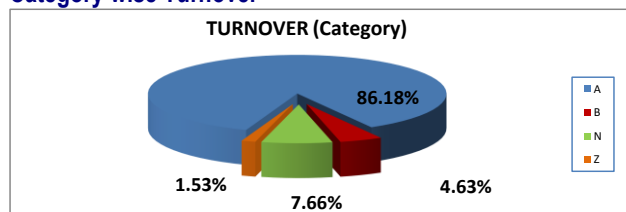
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
BBS Cables Limited	9,394,071	1,144,207,000	4.68
IFIC Bank Ltd.	40,949,573	838,181,000	3.43
Uttara Bank Ltd.	22,098,111	733,206,000	3.00
IFAD Autos Limited	4,433,026	718,888,000	2.94
C & A Textiles Limited	40,906,045	561,574,000	2.30
City Bank Ltd.	11,787,894	513,236,000	2.10

Top 10 Market Capital

Company	Volume	Value (Tk)	% of total
GP	529,318	BRAC Bank	70,390
Square Pharma	192,270	UPGDCL	63,116
BATBC	178,692	Renata	60,012
ICB	116,184	Olympic	56,103
Lafarge Surma Cement	69,682	Islami Bank	54,579

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	1,286.60	1,290.20	-0.28
Silver (USD/t oz.)	16.95	17.08	-0.76
Brent Crude Oil (USD/bbl.)	52.85	52.03	1.58

Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	81.70	81.75	81.70	81.75	0.00	0.00
EUR	96.59	96.65	97.07	97.13	-0.49	-0.49
GBP	105.50	105.57	106.58	106.65	-1.01	-1.01
AUD	65.14	65.18	64.87	64.91	0.43	0.43
JPY	0.76	0.76	0.76	0.76	-0.01	-0.03
CAD	65.28	65.32	64.80	64.84	0.76	0.75
SAR	21.89	21.91	21.90	21.91	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	Offer Price	IPO (M.Tk)
ICB AMCL First Agrani Bank MF	Aug 01-Aug 10 2017	10	500
AAMRA Networks Ltd.	Aug 06-Aug 16 2017	35	150.41
Oimex Electrode Ltd.	Sep 05-Sep 13 2017	10	150