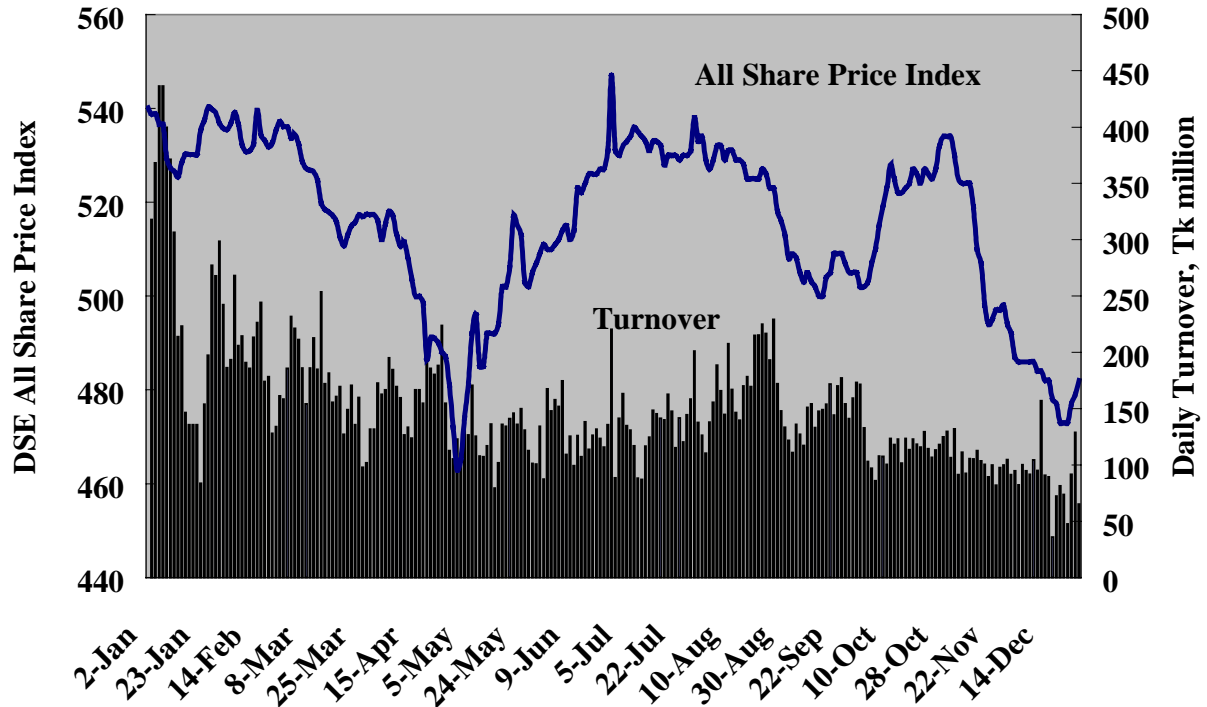


1999 Stock Market Roundup

January 01, 2000

We will be closed due to Eid vacation till Jan 10, 2000
Our next weekly will be published on January 15, 2000

Bangladesh Stock Market in 1999



Poor performance continued

Hang-over from 1996 boom and burst continued in 1999. Market was dull with 10.04% decline in DSE All Share Price Index. It declined from 540 on Jan 1, 1999 to 463 on May 03, 1999, around 14% decline. Trade suspension of JH Chemicals by DSE for offloading shares under lock-in which were later found to be forged allotment letters and court proceedings against the brokers accused in 1996 share scam shied away investors from the capital market.

Later the market recovered gradually to reach a year high of 547 on June 30, 1999. However, the upturn can not be attributed to any corrective force from either the regulatory body or DSE. Rather it was due to large scale speculative buying of low-cap poor-fundamental stocks.

Therefore, the uptrend could not be sustained and market started to decline in August. The breakout started as the money was driven out from the secondary market to subscribe the primary issues of Bionic Sea Food and Prime Bank. After that the market made a short take-off from 502 on Oct 2, 1999 to 534 on Nov 2, 1999 as the oversubscription money in the two issues was refunded and reinjected into the secondary market.

But it faced a major setback when Securities and Exchange Commission imposed a lock-in on noninstitutional pre-IPO private placement. This move really panicked the investors hampering the primary market, as it was totally unanticipated. It dipped the secondary market as well by hard-hitting the psychology of the relatively big market players especially the merchant banks who were locked with their issues due to withdrawal of non-institutional private investors from the IPOs in the pipeline.

Stock Market Movement

		Dec 29, 1999	Jan 02, 1999	Change %
DSE All Share Price Index	↓	482	540	-10.76
Average Daily Turnover, Tk	↑	196,847,099	140,040,740	40.56
Market Capital, Tk	↓	43,861,632,153	49,085,956,031	-10.64
Market PEx*		9.13		
Market PBRx*		0.86		
Market EPS, Tk per Tk 100*		17.63		
Market Dividend Yield, %*		7.19		
1 Year Market HPY, %**		-10.76		

* Based on latest reported year of listed companies

** 1 year Holding Period Yield

Dominated by market speculators and low-cap poor-fundamental stocks

The market in 1999 is characterized by domination of market speculators with poor participation of retail investors. Computerization of bourses and daily netting off provision of settlement encouraged the speculation to sell short and neutralizing the position by taking a counter position at the end of the day. Though it helped the brokers to enhance their trading volume, the price reflections were far from fundamental performance of the companies. The following stocks were leaders in turnover and price appreciation most of the weeks:

- Sino Bangla
- Paper Processing
- Rahman Chemicals
- Aramit
- Mona Food
- Raspit Food
- Gem Knitwear
- Chic Tex
- Dynamic Textile
- Monospool Paper

However they made little impact on DSE All Share Price Index, as it is market capital weighted index and those stocks are of low capital base.

A good and bad year for the IPO and primary market

This year, the issuers were blessed by the pre-IPO private investment. It encouraged a significant number of companies to go for Initial Public Offering (IPO) which were long in queue due to long depression in the stock market. But encouragement of investing in IPOs was still there before SEC has imposed the lock-in. Private investors had helped to contain the issue size within moderate limit, therefore making most of the IPOs success.

Company	Subscription Period	IPO (M. Tk)	Private Placement (M. Tk)	Over subscription (x)
Sinobangla Industries	Jan-99	20.0	13.0	2.0
Rangpur Foundry	Apr-99	20.0	30.0	11.0
Bangladesh Welding Electrodes	Jul-99	30.0	40.0	0.9
Bionic Sea Food	Sep-99	20.0	30.0	4.5
Prime Bank Limited	Sep-99	27.5	172.5	2.7
Legacy Footwear	7Nov-22Nov,99	15.0	20.0	0.37
Southeast Bank	25Nov-7Dec,99	50.0	100.0	0.20
Dhaka Bank	05 Dec-28 Dec, 99	30.0	102.0	0.20
National Credit and Commerce Bank	12 Dec-7 Jan, 2000	52.5	142.5	NA
Miracle Industries	6 Jan-20 Jan 2000	12.5	72.5	NA

Total Tk 720 million has been raised from the market which is around 2% of the market capital. However, the enthusiasm faded out by imposition of the lock-in as evident from large reported initial undersubscription of Southeast Bank which was later taken up by the directors to salvage the issue.

Banks clearly dominated the IPO market in 1999. They were long been under pressure to go public as part of statutory requirement.

Slow pace of Capital Market Reform and confidence building measures

No significant progress in capital market reform was observed during the year, though few steps have been taken in that line which had little impact on the market:

• CDS company formed

A bill was passed in the Parliament regarding establishing and operating a Central Depository System (CDS). A committee was formed to implement the bill. However, the government has raised objection on holding position in the committee by members of the bourses which hampered the proceedings of the committee. Meanwhile a CDS company has been formed with Ex-CEO of Chittagong Stock Exchange Mr. Shamsul Kamal as the managing director. Bangladesh Bank is expected to provide Tk 120 million for setting-up the CDS.

• Amendment of Securities and Exchange Rules 1987

Made mandatory on the bourses to maintain separate account to deposit client's money

• Decision not to accept allotment letters to curb share forgery

Bourses of the country decided not to accept any allotment letter in lieu of share certificates to avoid the risk of forgery because allotment letters can be easily forged. Later SEC issued a directive in this regard.

• Proposition to amend Insurance Company Act 1938 to allow more insurance funds into the capital market

The act was proposed to be amended to allow investment of 70% of insurance funds in market instruments i.e. listed company stocks, secondary debt instruments. Currently insurance companies are allowed to invest not more than 30% of their fund in non-government securities subject to the approval of the Controller of Insurance.

• Amendment of Trust Act 1882 proposed to allow 25% of the pension fund for investment in the capital market

• SEC contemplated some strict measures to shape corporate governance

- AGM to be held within 6 months after the close of the financial year
- Share certificates to be issued within 90 days of closing of subscription
- Number of sponsor directors to be proportionate to their paid-up capital
- Institutional investors having shares more than 5% to be directors of the company
- General investors to be represented by a director in the company
- Jumbo or sponsor shares to be kept with a custodian bank to stop prior offloading
- Dividend payment to be made within 60 days of declaration

SEC has proposed for amendment of the Companies Act 1994 to incorporate these provisions

Poor dividend reflecting poor corporate performance

This year poor dividends by companies with good fundamental history. Market dividend declined by around 10%. Around Tk 1.90 billion was provided as dividend in 1999 which is 4.33% of the market capital. The major companies which reduced dividend per share in 1999 compared to the last year are Beximco Textile, BEXIMCO, Prime Textile, Apex Footwear, Ashraf Textile, Shinepukur, Beximco Pharma, Beximco Fisheries, Beximco Pharma, Monno Ceramic and Eastern Housing. The companies which improved their dividend-per-share performance are Confidence Cement, National Tubes, Aziz Pipes, Alpha Tobacco, Singer, Uttara Finance, 1st ICB Mutual Fund, Square Pharma, BATBC and United Insurance.

Top 20 Beta

		Least 20 Beta	
Bangladesh Luggage	1.46	S T M (ORD)	0.52
Apex Foods	1.18	Metalex Corporation	0.61
Amam Sea Food	1.14	Monospool Paper	0.67
Raspit Food	1.13	Rahim Textile	0.73
Dhaka Fisheries	1.12	Pubali Bank	0.76
Eastern Cables	1.11	Quasem Silk	0.77
Aftab Automobiles	1.11	Saleh Carpet	0.77
Quasem Drycells	1.1	GMG Ind. Corp.	0.78
Kay & Que	1.1	Eagle Box & Cartoon	0.79
Olympic Industries	1.1	Quasem Textile	0.79
AMCL (Pran)	1.09	Eastern Bank	0.81
Wonderland Toys	1.09	Al Baraka Bank	0.81
Singer Bangladesh	1.08	AB Biscuit	0.81
Monno Jutex	1.08	Texpick Industries	0.81
Chittagong Cement	1.08	Nothern Jute	0.81
Lexco	1.07	Modern Dyeing	0.82
Meghna Cement	1.07	National Oxygen	0.82
Bangladesh Lamps	1.07	Peoples Insurance	0.82
Tripti Industries	1.07	Bangla Process	0.83
Bengal Fine Ceramic	1.06	Shampur Sugar	0.84

*Beta indicates volatility of the stock's return relative to the market. It has been derived from daily returns since April 1997.

Top 20 Liquid

	Liquidity Index		Liquidity Index
Zeal Bangla Sugar	14.42	Eagle Star Textile	0.92
Rahman Chemicals	9.14	Dhaka Vegetable	0.84
Paper Processing	7.75	BD. Autocars	0.68
Raspit Food	6.83	Meghna Shrimp	0.66
Pharmaco	6.33	Bengal Biscuits Ltd	0.66
Shinepukur Holdings	3.36	Quasem Silk	0.58
Monospool Paper	3.08	Himadri	0.57
Dynamic Textile Ind	2.83	Renwick Jaineswar	0.57
Saleh Carpet	1.84	Ashraf Textile	0.5
Delta Millers	1.47	Aramit	0.46

Liquidity Index = $\frac{\text{Number of market lots traded}}{\text{Price of a market lot}}$, average daily for last one month

Top 20 Market Capital

	Tk million	Least 20 Market Capital	Tk Million
BATBC	4,000	The Engineers	1.60
Chittagong Cement	2,098	Bangladesh Plant	4.56
Singer Bangladesh	1,882	Rabeya Flour Mills	4.80
Glaxo Wellcome	1,662	Himadri	5.25
Square Pharma	1,613	Bangladesh Hotels	5.40
BOC	1,354	Azadi Printers	5.73
Bata Shoe	1,354	Pharma Aids	5.98
Beximco Pharma	1,328	Bangla Process	7.60
Shinepukur Holdings	1,184	National Oxygen	7.98
Beximco Textile	915	Petro Synthetic	7.98
Monno Fabrics	840	Monno Stafflers	9.08
Rupali Bank	838	Therapeutics	9.60
Islami Bank	671	Mutual Jute	10.01
Eastern Housing	670	Texpick Industries	10.40
IDLC	653	Hill Plantation	10.80
Eastern Bank	618	Modern Industries	11.44
Padma Oil	613	Savar Refractories	13.37
Padma Textile	607	Bangas Ltd.	13.41
National Tea	446	Modern Dyeing	13.82

Top 20 gainers of the year

Company	Average Price (Tk)			Avg. Daily Turnover, Tk
	Dec 29, 1999	Jan 02, 1999	Change %	
Paper Processing	181	39	364	6,200,977
Eastern Lubricant	160	53	202	104,496
Monospool Paper	122	42	190	3,042,870
Glaxo Wellcome	138	60	130	595,139
Chittagong Cement	813	453	79	1,232,073
Rahman Chemicals	66	38	74	657,698
National Tea	676	391	73	229,189
Bangla Process	95	60	58	24,909
Pharmaco	88	56	57	1,532,400
Renata	500	350	43	95,362
City Bank	175	125	40	1,550
Texpick Industries	133	95	40	688,266
Modern Dyeing	101	74	36	30,279
S T M (ORD)	100	74	35	1,084
Dandy Dyeing	64	49	31	119,270
Janata Insurance	150	115	30	26,473
Samorita Hospital	141	110	28	4,126,496
Rupon Oil	16	13	23	744,577
Sonargao Textile	78	64	22	20,969
Green Delta	455	381	19	12,256

Top 20 losers of the year

Company	Average Price (Tk)			Avg. Daily Turnover, Tk
	Dec 29, 1999	Jan 02, 1999	Change %	
Mark Bd Shilpa	41	93	-55.91	61,391
Beximco Ltd	30	62	-51.61	291,159
Meghna Vegetable	66	134	-50.75	297,118
Sonali Paper	15	30	-50.00	31,912
Kay & Que	106	209	-49.28	436,833
Peoples Insurance	339	640	-47.03	10,183
Quasem Textile	11	20	-45.00	241,933
Bangladesh Luggage	37	67	-44.78	37,608
Paragon Leather	47	85	-44.71	595,526
Saleh Carpet	5	9	-44.44	500,479
Bangladesh Plant	456	810	-43.70	4,096
Perfume Chemical	48	85	-43.53	384,495
Monno Jutex	716	1260	-43.17	7,769
Apex Tannery	124	216	-42.59	242,194
Beximco Pharma	30	52	-42.31	797,896
Excelsior Shoes	36	62	-41.94	181,863
Jute Spinners	128	220	-41.82	3,115
BCIL	68	116	-41.38	31,253
Ashraf Textile	10	17	-41.18	378,180

Top 20 turnover of the year

Company	Average Price (Tk)			Avg. Daily Turnover, Tk
	Dec 29, 1999	Jan 02, 1999	Change %	
Paper Processing	181	39	364	6,200,977
Dhaka Fisheries	124	123	1	4,912,714
Dynamic Textile	36	35	3	4,160,705
Samorita Hospital	141	110	28	4,126,496
Gem Knitwear	95	80	19	3,396,847
Tulip Dairy & Food	165	251	-34	3,065,092
Monospool Paper	122	42	190	3,042,870
Delta Millers	53	56	-5	2,859,803
Gulf Food	130	164	-21	2,565,115
JH Chemicals	83	150	-45	2,273,491
Meghna Shrimp	99	95	4.21	2,205,441
Imam Button	89	95	-6.32	2,017,678
Aramit	46	58	-20.69	1,877,338
Nothern Jute	31	29	6.90	1,818,298
Samata Leather	77	105	-26.67	1,771,392
Raspit Food	15	15	0.67	1,711,296
Pharmaco	88	56	57.14	1,532,400
BATBC	100	90	11.11	1,297,987
Bengal Biscuits Ltd	71	95	-25.26	1,275,233
Mona Food	86	143	-39.86	1,264,693