



AT CAPITAL DAILY MARKET UPDATE – May 11, 2017

Overview:

The DSEX closed at 5,496.2 points, down by 14.8 points. Total turnover was worth BDT 6.87 bn. Prices of 126 issues were increased whereas that of 163 issues were declined, and the price of the rests were remained unchanged.

Index Movements:

INDEX	VALUE	DAY CH(%)	MTD(%)	YTD(%)
DSEX	5,496.2	(0.3%)	(0.5%)	+9.1%
DSES	1,273.4	(0.1%)	(0.1%)	+6.8%
DS30	2,024.0	(0.1%)	(0.4%)	+11.8%

MARKET STAT		TODAY	LAST DAY	CHANGE(%)
MARKET CAP (Equity)	BDT MM	3,118,552.9	3,126,543.7	(0.3%)
	USD MM	39,777.5	39,879.4	(0.3%)
TURNOVER	BDT MM	6,870.6	7,740.3	(11.2%)
	USD MM	87.6	98.7	(11.2%)
VOLUME	MM SHARES	192.2	239.1	(19.6%)

Market commentary:

Market maintained the negative session for the fifth straight session. After giving two positive spikes in the first hour of the session, DSEX, the broad index, fell sharply, hitting ~5,500 level. Moreover, DSEX remained sideways till the end of the session, trading within a range of 7 points. Market closed the session at 5,496.2, down by 14.8 points.

Turnover decreased by 11.2% to BDT 6.87 bn. Fuel & Power sector dominated the turnover chart - the sector accounted for 14.5% of total turnover, followed by Bank (14.4%) and, NBFi sector (14.0%).

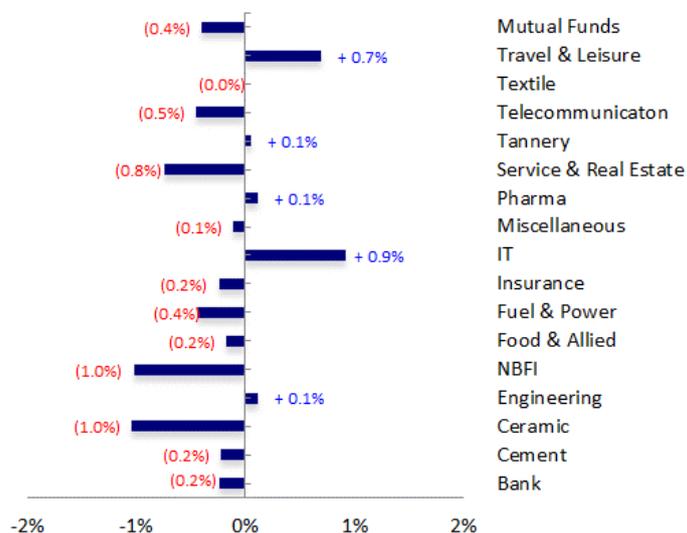
Losers dominated the gainers strongly today – the ratio was 1.3:1 today.

All of the sectors, except NBFi, Telecommunication, Fuel & power sector, outperformed the market today.

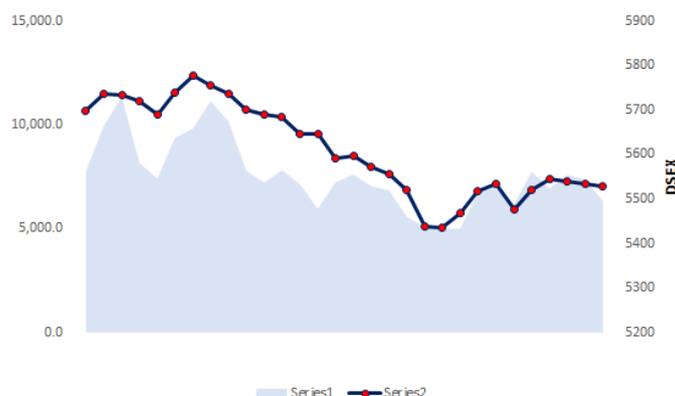
Doreen Power topped the turnover chart for the second consecutive sessions today with the turnover of BDT 403mn - the stock gained 0.5%.

TOP 10 GAINERS			TOP 10 LOSERS		
TRADING CODE	CLOSEP	%CHANGE	TRADING CODE	CLOSEP	%CHANGE
SAMATALETH	27.0	+9.8%	FAREASTFIN	13.5	(9.4%)
NORTHERN	397	+8.7%	ILFSL	15.0	(9.1%)
BDWELDING	13.4	+8.1%	MIDASFIN	25.6	(5.5%)
TUNGHAI	16.4	+5.8%	GSPFINANCE	29.9	(5.1%)
NPOLYMAR	104.4	+5.3%	DULAMIACOT	7.8	(4.9%)
BDCOM	36.7	+5.2%	FIRSTFIN	14.1	(4.7%)
NLTUBES	113.9	+4.8%	UNIONCAP	27.3	(4.5%)
REGENTTEX	31	+4.4%	FASFIN	19.2	(4.5%)
SPCERAMICS	12	+4.3%	PRAGATIINS	34.5	(3.9%)
AL-HAJTEX	114.8	+4.0%	PREMIERLEA	20.0	(3.8%)

Sector Movement in DSE (May 11 - May 9)



Last 1 Month DSEX





News:

AB Bank faces fund crisis for bad loans

AB Bank is facing financial crunch after its provision shortfall totalled Tk 1,340 crore at the end of 2016. The first generation private commercial bank maintained only Tk 250 crore against the required provision of Tk 1,590 crore because of bad loans, mostly in its offshore banking unit. The bank will face capital shortfall if the deficit amount is maintained. The required capital of the bank was over Tk 3,000 crore while its capital surplus was only Tk 135 crore as of December last year. Amid this situation, the BB on May 3 appointed Sheikh Mozaffar Hossain, a general manager of the central bank, as an observer to AB to closely monitor the bank's financial activities. According to a Bangladesh Bank investigation report, AB's offshore unit disbursed over \$55 million in foreign currency loans to four companies breaching rules in 2015. The companies are: Globatt ME General Trading LLC of the UAE, Semat City General Trading LLC of the UAE, ATZ Communications Pte Ltd of Singapore and Eurocars Holding Pte Ltd of Singapore. AB was asked to recover the outstanding loans from the four companies by May 31 last year. The outstanding loans with the four companies stood at \$59.47 million as of June 2016. But the bank could recover only \$19.378 million as of October 2016, according to the BB report. AB did not classify the loans; rather it sought exemption from the central bank from maintaining the required shortfall, in an effort to show inflated profit in its balance sheet to retain investor's confidence. Last month, the central bank gave AB a chance to get rid of the shortfall in phases in four years which started from 2016. The bank was asked to maintain 10 percent of the shortfall in 2016 and 30 percent from 2017 to 2019. The net profit of the bank stood at Tk 101 crore in 2016 after maintaining 10 percent provision against the total deficit, according to the BB. Of the 10 percent retained provision, Tk 29 crore was set aside for the default loans of the offshore unit. Bad loans are not responsible for the high provision shortfall, said Moshir Rahman Chowdhury, managing director of the bank. Businessmen have a tendency to file writ petition to avoid being declared as a loan defaulter, he said. He said banks have to keep provision against the loans to restrict them from becoming bad.

<http://www.thedailystar.net/business/banking/ab-bank-faces-fund-crisis-bad-loans-1403860>

More products, services may get VAT waiver in FY '18

The government is likely to exempt more products and services from VAT in the upcoming fiscal year (FY), 2017-18, under the new VAT law. Education and medical services may be fully exempted from payment of VAT (value added tax). Officials said an extended list of Value Added Tax (VAT)-exempted products and services is under preparation for the next FY to provide relief to both consumers and industries. The VAT and Supplementary Duty Act 2012 is scheduled to be implemented from July 1, 2017. It is set to offer a wide range of VAT exemptions compared to that of the existing VAT law, framed in 1991. Basic food items, life-saving drugs, agricultural products and their transportation, medical services, education, and newspaper printing, publication and distribution along with a few other items would get VAT exemption under the new law. Areas of basic food items and life-saving drugs may also be widened in the upcoming FY. Sources concerned said majority of the products that are currently enjoying VAT exemption under the VAT law 1991 will continue to enjoy the waiver under the new law. Currently, there are some 535 products in the exemption list under the existing VAT law. Besides, some services are also enjoying VAT exemption. The number of products and services under VAT exemption may be increased to 1,200 in the new law, the sources also said. Officials said the new law has the provision of exempting small businesses having annual turnover of up to Tk 3.0 million from payment of VAT. They said the new law would be more business-friendly compared to the exiting one, as scopes of harassment by the VAT officials would reduce due to introduction of the automated system.

<http://print.thefinancialexpress-bd.com/2017/05/11/172244>