



AT CAPITAL DAILY MARKET UPDATE – July 04, 2017

Overview:

The DSEX closed at 5,760.5 points, up by 34.1 points. Total turnover was worth BDT 12.24 bn. Prices of 195 issues were increased whereas that of 107 issues were declined, and the price of the rests were remained unchanged.

Index Movements:

| INDEX | VALUE | DAY CH(%) | MTD(%) | YTD(%) |
|-------|---------|-----------|--------|--------|
| DSEX | 5,760.5 | +0.6% | +1.8% | +14.4% |
| DSES | 1,314.1 | +0.3% | +1.3% | +10.3% |
| DS30 | 2,114.4 | +0.4% | +1.5% | +16.8% |

| MARKET STAT | | TODAY | LAST DAY | CHANGE(%) |
|---------------------|-----------|-------------|-------------|-----------|
| MARKET CAP (Equity) | BDT MM | 3,263,860.6 | 3,244,622.6 | +0.6% |
| | USD MM | 40,798.3 | 40,557.8 | +0.6% |
| TURNOVER | BDT MM | 12,237.4 | 10,463.1 | +17.0% |
| | USD MM | 153.0 | 130.8 | +17.0% |
| VOLUME | MM SHARES | 401.8 | 320.4 | +25.4% |

Market commentary:

Upward momentum continued for the third consecutive session. DSEX, the broad index, was headed upward in the first 15 minutes of the session before paring the initial gain in the next 15 minutes. After that, DSEX rose sharply in the next 2 hours, gaining ~45.0 points. DSEX remained sideways till the end of the session. Market closed the session at 5,760.5, up by 34.1 points.

Gainers outnumbered the losers today – the ratio was 1.8 to 1.

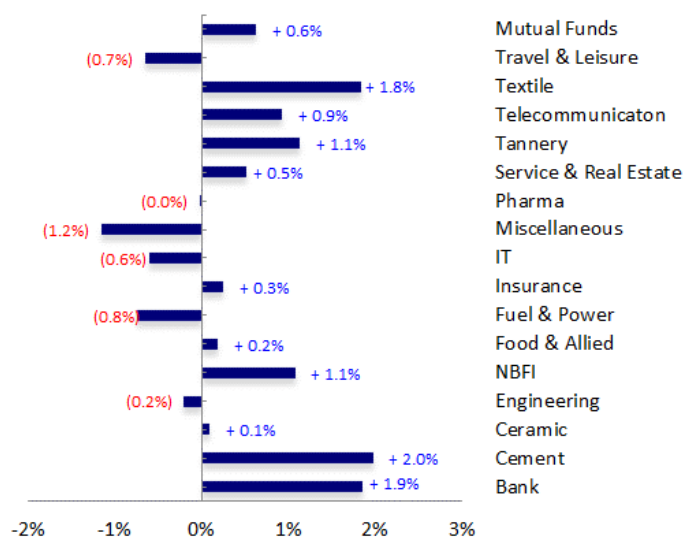
Turnover increased by 17% to BDT 12.24 bn. Textile sector dominated the turnover chart - the sector accounted for 23.0% of total turnover, followed by Bank (15.6%) and, NBF (11.4%) sector

Among prominent sectors, Bank, Cement, Telecommunication, Textiles, and NBF sectors outperformed the market whereas Food & Allied, Fuel & Power, Pharma, and Engineering sectors underperformed the market today.

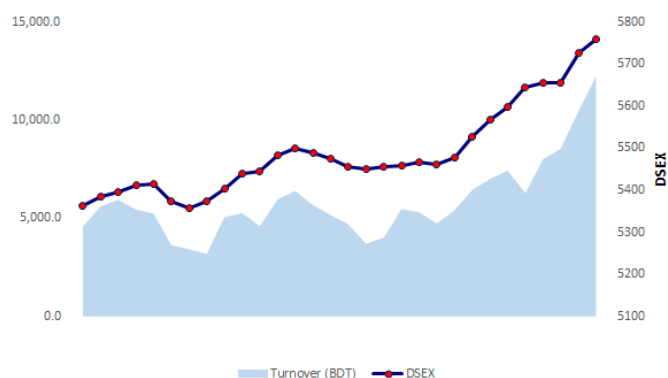
LankaBangla Finance topped the turnover chart today with the turnover of BDT 426mn - the stock gained 0.5%

| TOP 10 GAINERS | | | TOP 10 LOSERS | | |
|----------------|--------|---------|---------------|--------|---------|
| TRADING CODE | CLOSEP | %CHANGE | TRADING CODE | CLOSEP | %CHANGE |
| ICB | 195.1 | +6.3% | GSPFINANCE | 29.0 | +0.0% |
| ILFSL | 15.2 | +5.6% | BIFC | 9.9 | +0.0% |
| PRIMEFIN | 12.5 | +4.2% | MIDASFIN | 29.1 | +0.0% |
| FAREASTFIN | 10.9 | +2.8% | UNIONCAP | 25.4 | +0.0% |
| FASFIN | 17.2 | +2.4% | LANKABAFIN | 57.3 | +0.5% |
| PREMIERLEA | 19 | +2.2% | IDLC | 71.3 | +0.6% |
| ISLAMICFIN | 24.8 | +2.1% | DBH | 115.2 | +0.8% |
| IPDC | 45.9 | +2.0% | BDFINANCE | 21.6 | +0.9% |
| PLFSL | 10.5 | +1.9% | BAYLEASING | 25.4 | +1.2% |
| NHFIL | 48 | +1.9% | UNITEDFIN | 21.5 | +1.4% |

Sector Movement in DSE (July 04- July 03)



Last 1 Month DSEX





News:

Rod prices not going down

The prices of rods that sprang up amid speculation of 15 percent uniform VAT from July 1 have stayed at that level though the government has backtracked on its decision to implement the new law from fiscal 2017-18. Some millers said the prices are unlikely to decline owing to a spiral in the prices of scrap, the raw material for steel, and the imposition of 5 percent regulatory duty on it from this fiscal year. But some said the increased supply when all mills will start production in full swing in 10 days to 15 days may cause the prices of steel to decline marginally. Rod prices began increasing in the last week of May, ahead of the announcement of fiscal 2017-18's budget on June 1, amid increased demand from a section of traders and contractors over speculation of a price hike. For instance, the price of a tonne of 60-grade rod, which sold at Tk 52,000-Tk 53,000 in the third week of May, gradually went up to Tk 53,500-Tk 54,500 per tonne mainly because of speculation ahead of the placement of the budget in parliament. The budget had announced the implementation of the new VAT law from July 1. The prices have remained at that level since, according to data from the Trading Corporation of Bangladesh. At some places, each tonne of the same grade of rod is being sold as high as Tk 56,000, said Mohammad Mintu Mia, manager of Janata Trading at Farmgate. "We have been informed by some millers that prices may decline. But, that may take some time." Mintu said one of their regular customers had enquired about the possibility of a price fall since the government has shelved its plan to implement the new VAT law for two years. The VAT and Supplementary Duty Act 2012 seeks to apply an uniform 15 percent VAT rate on most goods and services. At present, each tonne of rod priced at Tk 50,000 is subjected to VAT of Tk 900. Bangladesh Auto Re-Rolling and Steel Mills Association (BARSMA) at a press briefing in the middle of last month warned that customers would have to pay as much as Tk 7,800 as VAT for each tonne of rod if the uniform rate was applied.

<http://www.thedailystar.net/business/rod-prices-not-going-down-1428049>

Delayed B'desh VAT execution stalls revenue reform: Moody's

Global credit rating agency Moody's Investors Service on Monday said that delayed implementation of the new VAT law by Bangladesh was 'credit negative' as it would impede revenue collection and underscore the institutional hurdles to effective policymaking in the country. The agency in its report Moody's Credit Outlook-July, 2017 said that deferral of the new VAT law, the third postponement since 2015, would only marginally reduce projected revenue gains for the fiscal 2018 budget, since the more significant revenue increase was projected for later years. 'We expected the now-delayed VAT's implications for future revenue collection and broader revenue reform to be more far-reaching,' the outlook said. It was the budget's most crucial revenue measure, and would have improved the progressivity of the tax system while strengthening compliance, it said. Revenues from the VAT were budgeted to account for about 32 per cent of total collections in fiscal 2018, only a 0.2 percentage point higher as a proportion of total receipts than fiscal 2017 levels. However, the International Monetary Fund estimates that once the new VAT took effect, its collections would directly lift tax revenues by 1 per cent of GDP each year, it said. Moody's, however, estimated that it would be approximately 10 per cent of revenues. Bangladesh last week passed budgetary proposals for the fiscal year 2018 but deferred implementation of a new digital value-added tax (VAT) system which sought to impose a uniform 15 per cent tax rate on goods and services by two years to July 2019. The report said that Bangladesh's revenue collections were significantly lower, at around 10 per cent of GDP, and among the lowest of all the countries that Moody's rate. Delayed VAT implementation will make it difficult for the government to achieve its target of raising revenues to 14 per cent of GDP by fiscal 2020, it observed. It will also weigh on fiscal imbalances. Bangladesh has recorded consistent fiscal deficits, averaging 3.3 per cent of GDP over the past 10 years. Repeated delays in implementing the VAT law also pointed to difficulties associated with effective policy reform in Bangladesh. Previous postponements were due to opposition from business owners and other vested interest groups. Delay this time, in the context of elections scheduled for 2018, indicates the political hurdles to implementing meaningful reforms, it said.

<http://www.newagebd.net/article/18980/delayed-bdesh-vat-execution-stalls-revenue-reform-moodys>