

**BSEC for reducing El quota in IPO**

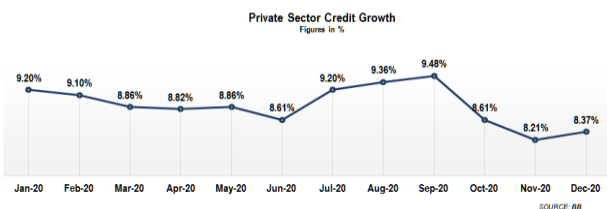
Bangladesh Securities and Exchange Commission (BSEC) is set to reduce quota for institutional Eligible Investors (EIs) in Initial Public Offerings (IPOs) to placate individual applicants who generally rush for scarce debutant listings at exorbitant prices. As per plans, the general investors will be allocated 70% shares of any IPO, up from the previous 60% in fixed price method and 50% under book building. Out of this 70% set aside, 5% will be reserved for non-resident Bangladeshis and the rest 65% for residents. Accordingly, quota for EIs in primary shares will come down by 10% in fixed price and 20% in book building processes respectively. However, Mutual Funds (MFs) will retain 10% quota for primary shares in the fixed price method while MFs will be treated as EIs in the book building system. At present, many institutional investors allegedly do not participate in secondary market and there are a number of institutions which exist only on paper but get allocation in IPOs. Since, as per an earlier decision of the BSEC, every general investor applying for primary shares will now get allocation beginning April 01, 2021, it necessitated the increase in IPO quota for general investors.

**Margin loan interest rate-cap deferred**

Bangladesh Securities and Exchange Commission (BSEC) has set the ceiling of interest rate on margin loans at 12%. Merchant bankers now can only charge the clients maximum 3% above cost of fund but within 12%. Earlier the rate charged on margin loans ranged between 14%-18%. The rate-cap was set to be effective from February 01, 2021, but as the time neared the market took a battering owing to forced sale by the merchant banks and the BSEC swiftly extended the effective date to July 2021 next. As per the current provision of margin loans, an investor will qualify for a loan amounting to a maximum of 50% (1:0.5) of his or her own investment.

**Private sector credit growth claw back**

Private sector credit growth inched up by 16-basis points at end December 2020 although credit demand from businesses and industries remained lethargic during the second wave of the Covid-19 pandemic. According to the latest statistics of Bangladesh Bank (BB), credit growth rate in the private sector increased to 8.37% in December from 8.21% in November last year. Even though the credit growth rose slightly in December, it remained well below the monetary target of 11.5% which was set to be achieved by the end of first half of FY2020-21. Meanwhile, the total amount of accrued interest in the banking sector went up since borrowers were allowed to defer their interest payment against loans and advances to tackle the pandemic fallout. Yet, actual credit disbursement to this segment reflected the feeble scenario as the overall amount of outstanding loans increased mainly due to the summation of accrued interest with the principal figure at the end of the fourth quarter. Outstanding loans in the private sector marginally grew to Tk11.41 trillion as of December in contrast to Tk11.20 trillion in the previous month.



**Government net bank borrowing Tk31.25b in Jul-Nov**

Net government borrowing from banking system fell by 92.31% (Y-o-Y) in July-November period of FY2020-21 against the backdrop of slower pace in implementation of the Annual Development Program (ADP) in the wake of the ongoing Covid-19 pandemic. During the first five months of this fiscal year, all the government ministries and divisions managed to spend only 18.75% of the Tk2.05 trillion targeted ADP allocation. Besides, the increasing sales of National Savings Certificates (NSCs) also contributed to this lower government borrowing amount from banking system. As per reports from Bangladesh Bank (BB), government net debt from the banking sector stood at Tk31.25b during the period against Tk406.46b in the earlier fiscal year. However, net lending to the government by scheduled banks as well as the central bank increased on a month-on-month basis in the single month November from Tk9.45b during July-October period of the current fiscal year 2020-21, according to BB.

**Call money rate dips below 2%**

As per latest statistics from Bangladesh Bank (BB), the weighted average call money rate in the money market dropped to 1.52% on January 20, 2021, slumping by 3.52%-points in the last one year. From the beginning of the current fiscal year, the intra-bank lending rate continued to fall and remained below 2% for the last two months consecutively owing to the expansionary monetary policy for the FY2020-21 announced by the central bank as well as poor credit demand from the private sector. Apart from this, liquidity glut in the banking sector swelled by 95% (Y-o-Y) to Tk2.04 trillion as of December 31, 2020, which also contributed to the fall in overnight lending rate. Due to the excess liquidity in the money market, the average daily borrowing from the call money market has also dropped. From January 10 to January 20 in 2021, schedule banks borrowed from the call money market ranged between Tk32.77b to Tk63.14b on a daily basis while the range was between Tk76.72b and Tk90.23b from July 9 to July 20 last year.

**Current account surplus US\$4.1b in Nov 2020**

Current account surplus under Balance of Payment (BoP) account soared to US\$4.1b in November 2020 as against deficit of US\$1.4b in the same month of 2019. This was the highest current account surplus since FY1996-97, according to Bangladesh Bank (BB) records. Economists attributed the growing trend of the surplus in current account balance to the contraction of trade deficit arising from steep fall in merchandise imports during the pandemic.

**Deadline of wealth statement extended**

The central bank extended the submission deadline of wealth statement by bank directors to February 28, 2021 through issuing a notice on January 21, 2021. As per Section 18 of Bank Company Act, 1991, submission of yearly statement of the board of directors of all scheduled banks by their Directors, Managing Directors (MDs) and the officers immediate two tiers below the MD regarding particulars of their own and of family business has been mandated. Earlier, the deadline for submission of such statements was fixed for January 20 of each calendar year. However, the central bank extended the deadline for submission of the wealth statement for the year ended on December 31, 2020 this year considering the pandemic period.

## Stock Market Movement



### Global Markets

	This Week	Last Week	+/- %
S&P 500	3,714.24	3,768.25	-1.43
FTSE 100	6,407.46	6,735.71	-4.87
Nikkei 225	27,663.39	28,519.18	-3.00
SENSEX	46,285.77	49,034.67	-5.61
KSE 100	46,385.54	45,931.00	0.99

### DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	5,724.36	5,836.18	-1.92
Total Turnover, Tk	60,162,963,605	78,248,742,449	-23.11
Market Capital, Tk	4,244,744,569,392	4,325,176,387,790	-1.86
No of Issue Gain	51	84	
No of Issue Loss	255	229	
No of Unchanged Issues	59	51	

### Top Gainers

Company	Last Week	This Week	Change %	Turnover (Tk)
Beacon Pharma	70.00	80.30	14.71	216,480,000
Republic Insurance	47.90	54.70	14.20	654,662,000
BATBC	1424.40	1602.50	12.50	1,775,714,000
Agrani Insurance Co	37.80	42.10	11.38	499,641,000
Aman Feed Limited	32.20	34.80	8.07	200,461,000
United Power	269.80	285.90	5.97	974,672,000
Metro Spinning Ltd.	8.80	9.30	5.68	50,947,000
Eastern Insurance	98.30	103.30	5.09	57,519,000
Bengal Windsor	17.60	18.40	4.55	27,925,000
Prime Islami life	54.40	56.50	3.86	31,763,000

### Top Losers

Company	Last Week	This Week	Change %	Turnover (Tk)
CAPM IBBL Islamic MF	26.70	22.10	-17.23	12,628,000
Robi Axiata Limited	61.70	53.10	-13.94	1,963,121,000
Bangladesh Indus. Fin	4.70	4.10	-12.77	5,434,000
Sonali Ansh Industries	534.50	468.00	-12.44	330,694,000
Asia Insurance Co. Ltd.	122.10	107.00	-12.37	170,245,000
New Line Clothings	20.30	17.80	-12.32	1,303,000
Tallu Spinning Mills	4.90	4.30	-12.24	3,651,000
Intech Limited	33.90	29.90	-11.80	18,508,000
Intraco Refueling	19.10	16.90	-11.52	9,414,751,000
CAPM BDBL MF	11.30	10.00	-11.50	28,223,000

### Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	398.69	415.88	-4.13	4,406.28	9,447.41	-53.36
Cement	292.61	310.84	-5.87	1,208.70	2,404.58	-49.73
Ceramic	613.44	603.17	1.70	534.17	408.56	30.75
Engineering	6,040.87	6,236.55	-3.14	2,685.07	3,881.63	-30.83
Food & Al.	4,911.17	4,510.91	8.87	2,380.22	1,738.86	36.88
Fuel & Pow.	4,005.59	4,091.75	-2.11	7,906.16	11,073.78	-28.60
Insurance	2,100.31	2,145.68	-2.11	4,698.95	5,501.14	-14.58
IT	340.36	352.58	-3.47	308.76	544.06	-43.25
Jute	1,161.79	1,268.31	-8.40	66.09	148.70	-55.56
Misc.	1,888.43	1,868.56	1.06	10,110.08	9,617.22	5.12
Mutual Fund	521.69	550.94	-5.31	1,116.90	2,051.32	-45.55
NBFI	1,266.56	1,330.59	-4.81	5,863.23	7,919.35	-25.96
Paper	6,701.72	6,893.29	-2.78	35.97	97.88	-63.25
Pharma	1,388.73	1,386.24	0.18	9,206.28	7,119.56	29.31
Service	1,221.46	1,320.92	-7.53	683.81	1,221.79	-44.03
Tannery	603.70	609.41	-0.94	115.75	251.31	-53.94
Telecom	5,374.62	5,637.36	-4.66	5,326.53	10,752.60	-50.46
Textile	1,153.05	1,166.88	-1.19	1,400.30	2,779.11	-49.61
Travel & Leis	556.64	558.54	-0.34	62.49	89.86	-30.46

## Technical Talk

Dhaka stocks continued correction for the second straight week as investors booked quick profit in lower-than-expected earnings declaration of some listed companies. Moreover, investors remained nervous during the week, over the probable impact of adjustment of the margin loan rate by January 31 – which, however, later extended to June 30 last week. Among the major sectors, Cement decreased by 5.87% over the week followed by Mutual Fund 5.31%, Telecom 4.66%, Bank 4.13%, Engineering 3.14%, Insurance 2.11% and Fuel & Power 2.11%.

DSE Broad Index (DSEX) stood at 5,724.36 points after decreasing by 11.82 points or 1.92% from the previous week. Total turnover reached at Tk60,162.96m which was 23.11% lower than the previous week. Market capitalization decreased by 1.86% and stood at Tk4,244.74b (\$50.0b) at the weekend against Tk4,325.18b. DSE 30 decreased by 17.24 points or 0.78% and closed at 2,191.21 points against 2,208.45 points. Last week's weighted average Market PE was 18.09 which was 18.43 previous week.

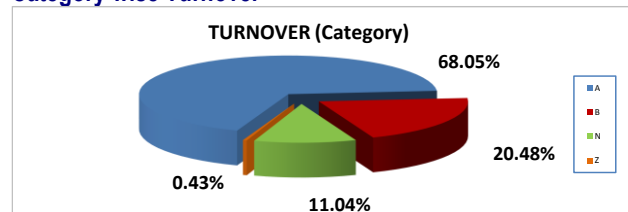
### Top Turnover Companies

Company	Volume	Value (Tk)	% of total
Beximco	107,597,818	9,344,428,000	15.53
Beximco Pharma	28,248,415	5,698,482,000	9.47
Robi Axiata Limited	79,647,580	4,332,334,000	7.20
LankaBangla Finance	86,836,837	3,743,903,000	6.22
Summit Power Ltd.	37,780,327	1,970,163,000	3.27
Square Pharma	8,191,987	1,932,032,000	3.21

### Top 10 Market Capital

Company	Volume	Value (Tk)	In million
GP	509,063	United Power	150,668
Walton Hi-Tech	310,683	RENATA	103,534
BATBC	288,450	ICB	84,342
ROBI	278,134	Beximco Pharma	74,501
Square Pharma	199,409	Berger Paint	72,428

### Category wise Turnover



### Commodity Price

	This Week	Last Week	Change %
Gold (USD/oz.)	1,849.80	1,855.50	-0.31
Silver (USD/oz.)	27.06	25.57	5.85
Brent Crude Oil (USD/bbl.)	55.02	55.15	-0.24

### Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	84.90	84.95	84.90	84.95	0.00	0.00
EUR	105.10	105.17	105.09	105.15	0.01	0.02
GBP	119.35	119.42	119.08	119.15	0.23	0.23
AUD	65.22	65.26	66.37	66.40	-1.73	-1.72
JPY	0.82	0.82	0.83	0.83	-1.30	-1.25
CAD	66.78	66.82	67.65	67.69	-1.29	-1.29
SAR	22.75	22.76	22.75	22.76	0.00	0.02

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)
Lub-rref(Bangladesh)	Jan 26-Feb 01, 2021	27	1,500
NRB Commercial Bank	Feb 03-Feb 09,2021	10	1,200
Desh General Insurance	Feb 14-Feb 18,2021	10	160
Index Agro Ind. Ltd.	Feb 22-Feb 28, 2021	50	500