

BSEC acts to set discipline in IPO bidding

The Bangladesh Securities and Exchange Commission (BSEC) has now devised a code of conduct for Eligible Investors (EIs) to adhere while participating in the bidding process under the book building method of public issue of securities. The regulator issued a directive on February 01, 2021 with immediate effect to restrain abnormal bidding by EIs in book building system to discover price for new issues. Through it, the Commission capped the maximum price the EIs can bid for a public issue under the process. The maximum limit for a bid is set upto 20% above or 1.2 times of the fair value of the shares and it also provided guideline for the fair value calculation. As per the new system, the net assets method where the value of net assets available for ordinary shareholders after excluding fictitious assets, bad debt, preference shareholders' claim and proposed dividend or any dividend payable and yield method where simple average of last five years profit after tax and a 10% or above discount factor will be considered to calculate fair value of the issue. BSEC also directed all EIs to be fair, neutral, honest and independent in analysis and to make decision without any influence, interference or pressure. Additionally, the EIs are asked not to disclose any information related to the valuation with the issuer, issue manager and other EIs. The stock exchanges have been asked to inform the BSEC within 7 working days if they find any discrepancy in the valuation.

H1 net sales of NSCs cross fiscal year target

Net sales of National Savings Certificates (NSCs) in the first half of the current fiscal year surpassed the target set for the entire fiscal year. In the national budget the net borrowing target from such instruments was set at Tk200b. The net sales of savings certificates were Tk204.87b during the July-December period of FY2020-21 compared to Tk54.33b in the same period of the previous fiscal year, as per the Department of National Savings (DNS) statistics. Gross sales of savings schemes were Tk549.76b during the H1 period of FY2020-21, whereas encashment was Tk344.89b. The gross sales were Tk342.11b and encashment was Tk287.78b in the H1 period of last fiscal year. As per DNS reports, the payment of yield was Tk162.63b in the first six months of FY20-21. It was Tk156.95b in the same period of FY2019-20. Banks are offering historically low interest against their deposits products resulting from the excess liquidity situation in the banking sector. At the end of December last year, the excess liquidity in the banking sector stood at Tk2047b, according to Bangladesh Bank. Savers are diverting their money to the NSCs due to the higher yield rates. There are four types of savings certificates with yield rates are up to 11.76%.

BB closes window of loan moratorium

The Bangladesh Bank (BB) lifted the loan moratorium facility that was introduced on March 19, 2020 for all types of borrowers to tackle the adverse impact of the COVID-19. After extending the deadline for three times up to December 31, 2020, BB directed the scheduled banks to resume the classification process of loans from January 01, 2021. However, the scheduled banks would be allowed to relax loan repayment facility further against term loans on the basis of relationship with clients. According to BB, the repayment tenure of the term loans can now be extended by 50% of the remaining repayment period but the extension will not exceed two years.

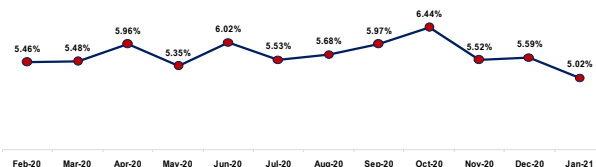
BB to continue expansionary policy

Bangladesh Bank (BB) has decided to continue with the expansionary monetary policy for the second half of FY2020-21. Earlier on July 29, 2020, BB adapted the expansionary monetary policy aiming to speed up recovery of the pandemic-hit economy. Private sector credit growth target has been kept unchanged at 14.8% with a hope of possible restoration of normal economic activities, overcoming the coronavirus-induced impact even though the growth was only 8.37% in December last year. The public sector credit growth target has been revised down to 31.7% from 44.4%. The growth in public sector credit until December 2020 was 17.2%, according to BB. Previously set Reserve Money (RM) target is also kept unchanged at 13.5%. The growth of reserve money was 21.3% in December 2020. The target for Broad Money (M2) supply has been revised down to 15% against previous target of 15.6%. Board money growth stood at 14.3% in December, 2020. Net foreign assets growth target is now revised down to 20.1% until June 2021 instead of the actual growth of 30.8% of December, 2020. Whereas, net domestic assets growth target is adjusted upward to 13.6% compared to 9.8% on December last year. The Gross Domestic Product (GDP) projection has been revised down to 7.4% from 8.2% set by the government. BB also said that inflation will remain within the target, which is 5.4% for the current fiscal year.

Inflation drops in January

The point-to-point inflation dropped to 5.02% in January 2021 from 5.29% in the previous month, mainly due to the declining prices of both food and non-food items. Food inflation declined to 5.23% in January from that of 5.34% in December while non-food inflation dropped by 0.52 percentage points to 4.69% in the month from 5.21% a month ago, according to the Bangladesh Bureau of Statistics (BBS). Overall point-to-point inflation in urban areas in January also dropped to 5.05% from that of 5.31% a month ago. In urban areas, food and non-food inflation also declined to 4.72% and 5.41% respectively in January, which were 4.77% and 5.93% respectively in December. In rural areas overall point-to-point inflation also declined to 5% in January from 5.28% in December. In rural areas, food and non-food inflation in January were 5.46% and 4.15% respectively against 5.60% and 4.67% in December.

INFLATION IN THE LAST 12 MONTHS
SOURCE: BBS



Export under stress

Bangladesh fetched US\$22.67b from merchandise export during the July-January period of FY2020-21, posting a 1.09% (Y-o-Y) decline against the backdrop of depressing garment shipment during the second wave of Covid-19. The shipment of Readymade Garment (RMG) during the period fell by 3.44% (Y-o-Y) to US\$18.40b against US\$19.06b in the same period of the previous fiscal year. Alongside, the leather and leather goods registered a negative growth of 5.78% (Y-o-Y) during the period, followed by frozen fish 8.62%, and agricultural product 2.06%. However, jute & jute goods export grew by 27.08% (Y-o-Y) and home textile export went up by 44.34% (Y-o-Y) during the period under review.

The week's data runs 28 January 2021 to 04 February 2021

Stock Market Movement



Global Markets

| | This Week | Last Week | +/- % |
|------------|-----------|-----------|-------|
| S&P 500 | 3,886.83 | 3,714.24 | 4.65 |
| FTSE 100 | 6,489.33 | 6,407.46 | 1.28 |
| Nikkei 225 | 28,779.19 | 27,663.39 | 4.03 |
| SENSEX | 50,731.63 | 46,285.77 | 9.61 |
| KSE 100 | 46,905.79 | 46,385.54 | 1.12 |

DSE Indicators

| | This Week | Last Week | +/- % |
|------------------------|-------------------|-------------------|--------|
| DSE Broad Index | 5,647.67 | 5,724.36 | -1.34 |
| Total Turnover, Tk | 37,524,242,500 | 60,162,963,605 | -37.63 |
| Market Capital, Tk | 4,198,727,564,688 | 4,244,744,569,392 | -1.08 |
| No of Issue Gain | 57 | 51 | |
| No of Issue Loss | 219 | 255 | |
| No of Unchanged Issues | 89 | 59 | |

Top Gainers

| Company | Last Week | This Week | Change % | Turnover (Tk) |
|---------------------|-----------|-----------|----------|---------------|
| Prime Insurance | 39.60 | 45.70 | 15.40 | 43,368,000 |
| M.I. Cement Factory | 47.40 | 52.50 | 10.76 | 40,766,000 |
| GQ Ball Pen | 110.30 | 119.40 | 8.25 | 33,238,000 |
| National Life Ins. | 241.20 | 257.20 | 6.63 | 1,553,000 |
| Hwa Well Textiles | 33.30 | 35.50 | 6.61 | 677,000 |
| BATBC | 1602.50 | 1698.60 | 6.00 | 2,803,507,000 |
| Reckitt Benckiser | 4133.50 | 4316.70 | 4.43 | 35,381,000 |
| BSRM Steels | 47.90 | 49.90 | 4.18 | 89,385,000 |
| Sonali Ansh | 468.00 | 483.40 | 3.29 | 43,295,000 |
| Walton Hi-Tech Ind. | 1025.60 | 1058.40 | 3.20 | 388,085,000 |

Top Losers

| Company | Last Week | This Week | Change % | Turnover (Tk) |
|----------------------|-----------|-----------|----------|---------------|
| Energypac Power | 71.70 | 54.40 | -24.13 | 1,095,722,000 |
| Robi Axiata | 53.10 | 44.90 | -15.44 | 2,714,516,000 |
| Shinepukur Ceramics | 27.90 | 24.10 | -13.62 | 171,673,000 |
| Summit Power | 49.80 | 43.60 | -12.45 | 1,210,176,000 |
| Asia Insurance | 107.00 | 93.70 | -12.43 | 51,717,000 |
| Associated Oxygen | 43.90 | 38.60 | -12.07 | 87,858,000 |
| Quasem Industries | 43.20 | 38.20 | -11.57 | 55,650,000 |
| Dominage Steel | 27.00 | 24.10 | -10.74 | 105,258,000 |
| Shyampur Sugar Mills | 48.70 | 43.50 | -10.68 | 772,000 |
| Summit Alliance Port | 29.90 | 26.80 | -10.37 | 115,007,000 |

Sectoral Index & Turnover

| Sector | Sectoral Index | | | Turnover (Tk.M) | | |
|---------------|----------------|-----------|----------|-----------------|-----------|----------|
| | This Week | Last Week | Change % | This Week | Last Week | Change % |
| Bank | 392.12 | 398.69 | -1.65 | 2,429.47 | 4,406.28 | -44.86 |
| Cement | 300.47 | 292.61 | 2.69 | 1,220.23 | 1,208.70 | 0.95 |
| Ceramic | 593.69 | 613.44 | -3.22 | 210.66 | 534.17 | -60.56 |
| Engineering | 6,277.70 | 6,040.87 | 3.92 | 2,677.65 | 2,685.07 | -0.28 |
| Food & Al. | 5,121.14 | 4,911.17 | 4.28 | 3,136.43 | 2,380.22 | 31.77 |
| Fuel & Pow. | 3,832.06 | 4,005.59 | -4.33 | 3,857.42 | 7,906.16 | -51.21 |
| Insurance | 2,082.76 | 2,100.31 | -0.84 | 2,550.88 | 4,698.95 | -45.71 |
| IT | 337.16 | 340.36 | -0.94 | 218.60 | 308.76 | -29.20 |
| Jute | 1,180.06 | 1,161.79 | 1.57 | 44.80 | 66.09 | -32.21 |
| Misc. | 1,839.52 | 1,888.43 | -2.59 | 6,656.07 | 10,110.08 | -34.16 |
| Mutual Fund | 508.76 | 521.69 | -2.48 | 764.52 | 1,116.90 | -31.55 |
| NBFI | 1,250.42 | 1,266.56 | -1.27 | 3,264.37 | 5,863.23 | -44.32 |
| Paper | 6,805.92 | 6,701.72 | 1.55 | 23.56 | 35.97 | -34.49 |
| Pharma | 1,367.11 | 1,388.73 | -1.56 | 4,077.99 | 9,206.28 | -55.70 |
| Service | 1,130.79 | 1,221.46 | -7.42 | 345.24 | 683.81 | -49.51 |
| Tannery | 594.28 | 603.70 | -1.56 | 69.84 | 115.75 | -39.66 |
| Telecom | 5,142.15 | 5,374.62 | -4.33 | 3,445.77 | 5,326.53 | -35.31 |
| Textile | 1,138.46 | 1,153.05 | -1.27 | 754.61 | 1,400.30 | -46.11 |
| Travel & Leis | 555.27 | 556.64 | -0.24 | 30.87 | 62.49 | -50.60 |

Technical Talk

Dhaka stocks continued correction for the third straight week as risk-averse investors maintained sell-off on major sector issues. In the week, first three sessions saw sharp decline while the last two ended higher after the announcement of regulator on proposal to reduce corporate tax for listed companies. Among the major sectors, Fuel & Power decreased by 4.33% over the week followed by Telecom 4.33%, Mutual Fund 2.48%, Bank 1.65%, Pharma 1.56% and Textile 1.27%.

DSE Broad Index (DSEX) stood at 5,647.67 points after decreasing by 76.69 points or 1.34% from the previous week. Total turnover reached at Tk37524.24m which was 37.63% lower than the previous week. Market capitalization decreased by 1.08% and stood at Tk4198.73b (\$49.45b) at the weekend against Tk4244.74b. DSE 30 decreased by 17.47 points or 0.80% and closed at 2,173.74 points against 2,191.21 points. Last week's weighted average Market PE was 17.96 which was 18.09 previous week.

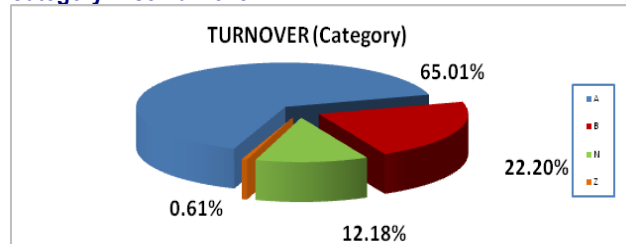
Top Turnover Companies

| Company | Volume | Value (Tk) | % of total |
|---------------------|------------|---------------|------------|
| Beximco | 71,262,472 | 6,009,741,000 | 16.02 |
| BATBC | 1,778,444 | 2,803,507,000 | 7.47 |
| Robi Axiata Limited | 54,723,604 | 2,714,516,000 | 7.23 |
| LankaBangla Finance | 49,603,789 | 1,950,215,000 | 5.20 |
| Beximco Pharma | 10,213,636 | 1,805,502,000 | 4.81 |
| Summit Power Ltd. | 26,590,686 | 1,210,176,000 | 3.23 |

Top 10 Market Capital

| Company | Market Capital (In million) |
|----------------|-----------------------------|
| GP | 145,609 |
| Walton Hi-Tech | 103,853 |
| BATBC | 82,730 |
| ROBI | 72,067 |
| Square Pharma | 70,235 |
| United Power | 609,517 |
| RENATA | 320,619 |
| ICB | 305,748 |
| Beximco Pharma | 235,183 |
| Berger Paint | 193,837 |

Category wise Turnover



Commodity Price

| | This Week | Last Week | Change % |
|----------------------------|-----------|-----------|----------|
| Gold (USD/ft.oz.) | 1,815.20 | 1,849.80 | -1.87 |
| Silver (USD/ft.oz.) | 27.04 | 27.06 | -0.09 |
| Brent Crude Oil (USD/bbl.) | 59.59 | 55.02 | 8.31 |

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 | 104.08 | 104.15 | 105.10 | 105.17 | -0.97 | -0.97 |
| GBP | 118.49 | 118.56 | 119.35 | 119.42 | -0.72 | -0.72 |
| AUD | 65.08 | 65.12 | 65.22 | 65.26 | -0.22 | -0.22 |
| JPY | 0.82 | 0.82 | 0.82 | 0.82 | 0.00 | 0.00 |
| CAD | 66.68 | 66.71 | 66.78 | 66.82 | -0.15 | -0.16 |
| SAR | 22.75 | 22.76 | 22.75 | 22.76 | 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) |
|------------------------|---------------------|-------------|------------|
| 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 |