

Surged sales of NSCs led to higher target for FY2021-22

A heavy buying spree of National Saving Certificates (NSCs) to get high-yield in the FY2020-21 has prompted the government to set upward its borrowing target through the high cost savings instrument in FY2021-22. The significant difference in interest rates between the deposit rate in banks and the interest rate of NSCs lured people to invest in these instruments rather than keeping funds in low-interest bank products. Banks are offering historically low interest against different deposit schemes, resulting from the excess liquidity situation in the banking system. As per statistics from Bangladesh Bank (BB), liquidity glut in the banking sector reached Tk2015.46b in April this year, up from Tk1984b a month ago. Savers are diverting their money to the NSCs due to higher yields. There are four types of savings certificates where the yield is up to 11.76%. Net borrowing target through NSCs was revised upward to Tk303.22b on June 03, 2021 in the revised budget for FY2020-21 from the original target of Tk200b. In the first half of FY21, the net sales of NSCs surpassed the target set for the entire fiscal year. 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) records. Upswing in savings instruments sales continued as in the July-April period of FY2020-21 net sales of NSCs were Tk347.29b, which is Tk44.07b more than the revised target for FY21. In the 2021-22 fiscal year budget the government has fixed the borrowing target through the national saving certificates at Tk320b to meet the budget deficit. No e-TIN will be needed to purchase savings certificates, or to open postal savings accounts, worth Tk0.2m. At present, e-TIN is required to buy savings certificates worth over Tk0.1m. Last December, the investment limit was set to discourage the purchase of savings certificates. Except in the case of pensioner savings certificates, total combined investment in all the three government savings certificates - the Five-year Bangladesh Savings Certificate, the Three-month Profit-bearing Savings Certificate, and the Family Savings Certificate would not exceed Tk5m under a single name and Tk10m under joint names

Eleven banks exceed ADR limit

The Advance-Deposit Ratio (ADR) in the banking sector slipped in March due to increased inflow of deposits and sluggish credit growth. As per Bangladesh Bank (BB), the conventional banks are allowed to keep ADR at 87% and Shariah-based banks at 92% after the upward adjustment of ADR limit by 2% which was set in the last calendar year to tackle the adverse economic impacts arising from the pandemic fallout. As per the figures from BB, overall ADR in the banking sector stood at 72.82% in March, 2021 while it was 68.13% in conventional banks and 84.53% in Shariah-based banks. Despite the ease in required limit of ADR, eleven banks could not manage to come within the regulatory limit. BASIC Bank, Padma Bank, National Bank, AB Bank, Midland Bank, One Bank, Rajshahi Krishi Unnayan Bank, Union Bank, Social Islami Bank, First Security Islami Bank and EXIM Bank exceeded the ADR limit. Of these banks, BASIC Bank, Padma Bank and National Bank failed to maintain required limit on account of several loan scandals. The ADR of BASIC Bank exceeded 100% and was the highest at 100.14% followed by Padma Bank (99.55%), Union Bank (95.34%), Social Islami Bank (94.59%) and First Security Islami Bank (94.26%).

Parliament approves Supplementary Budget

The parliament has passed the Supplementary Budget for the FY2020-21 to meet the additional expenditures of 19 ministries. Earlier, the Finance Minister placed the Supplementary Budget for the fiscal year in the House on June 03, 2021 along with the National Budget for the next fiscal year. According to the budget document a total of Tk5.68 trillion was allocated in favor of 62 ministries and divisions for the FY2020-21. However, allocation for 19 ministries and divisions has been increased by Tk139.87b in the Supplementary Budget and allocation for 43 ministries and divisions has been reduced by Tk424.82b. The revised budget outlay for the FY2020-21 now stands at Tk5.39 trillion. In the Supplementary Budget, Local Government Division has received the highest additional allocation of Tk28.9b followed by the Health Services Division Tk28.5b.

Inflation eased down in May

After continuing an uptrend from February to April this year, inflation decelerated moderately at the end of May 2021 due to lower prices of some food items. During the month, the point-to-point inflation went down to 5.26% which was 5.56% in April this year, according to Bangladesh Bureau of Statistics (BBS). Furthermore, the inflation rate remained lower compared to the same month of last year when it was 5.35%. According to the Consumer Price Index (CPI) of the BBS, food inflation plunged to 4.87%, down by 70- basis points from 5.57% in the last month. On the other hand, non-food price index surged by 31- basis points to 5.86% in May, registering the highest inflation rate in last eleven months. Meanwhile, urban and rural inflation were 5.24% and 5.28% in May from 5.39% and 5.66% in April respectively.

Months	Point-to-Point Inflation	Food Inflation	Non-food Inflation
May-20	5.35%	5.09%	5.75%
Jun-20	6.02%	6.54%	5.22%
Jul-20	5.53%	5.70%	5.28%
Aug-20	5.68%	6.08%	5.05%
Sep-20	5.97%	6.50%	5.12%
Oct-20	6.44%	7.34%	5.00%
Nov-20	5.52%	5.73%	5.19%
Dec-20	5.29%	5.34%	5.21%
Jan-21	5.02%	5.23%	4.69%
Feb-21	5.32%	5.42%	5.17%
Mar-21	5.47%	5.51%	5.39%
Apr-21	5.56%	5.57%	5.55%
May-21	5.26%	4.87%	5.86%

Source: BBS

Trade deficit widen in first ten months

Trade deficit during the first ten months of the current fiscal year increased by 21.17% over the corresponding period of FY2019-20 because of rising import payment pressure on the economy. As per Bangladesh Bank (BB) figures, trade deficit rose to US\$17.23b in the first ten months of the current fiscal year from US\$14.22b in the same period of FY2019-20. Import payments increased by 13.54% to US\$48.56b in July-April of FY2020-21 compared to US\$42.77b in the same period of FY2019-20. On the other hand, export earnings increased by 8.97% to US\$31.33b in the first ten months of FY2020-21 from US\$28.75b a year ago. The current account deficit stood at US\$47m in the July-April period, which was a US\$3.77b deficit in the same period of the last fiscal year.

The week's data runs 03 June 2021 to 10 June 2021

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	↑ 4,247.44	4,229.89	0.41
FTSE 100	↑ 7,134.06	7,069.04	0.92
Nikkei 225	↑ 28,948.73	28,941.52	0.02
SENSEX	↑ 52,474.76	52,100.05	0.72
KSE 100	↑ 48,304.72	48,211.70	0.19

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	↑ 6,066.64	6,053.43	0.22
Total Turnover, Tk	↑ 121,882,399,845	102,586,569,509	18.81
Market Capital, Tk	↑ 4,500,568,763,415	4,490,570,288,451	0.22
No of Issue Gain	211	192	
No of Issue Loss	142	130	
No of Unchanged Issues	18	49	

Top Gainers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
Fortune Shoes	26.00	39.30	51.15	2,583,724,000
Coppertech Ind.	20.50	29.90	45.85	557,292,000
Ring Shine Textiles	7.80	10.90	39.74	1,117,958,000
Alif Industries	24.10	31.10	29.05	87,593,000
Safko Spinnings Mills	12.80	16.40	28.13	97,173,000
Alif Manufacturing	9.40	12.00	27.66	1,165,437,000
Nurani Dyeing	7.00	8.90	27.14	127,022,000
Desh Garments	133.30	168.20	26.18	64,460,000
Anwar Galvanizing	136.10	171.00	25.64	250,364,000
Popular Life Ins.	83.00	103.90	25.18	489,731,000

Top Losers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
NCC Bank	18.00	14.10	-21.67	309,299,000
Southeast Bank	16.70	13.90	-16.77	425,103,000
Islami Insurance B	72.20	60.10	-16.76	394,006,000
EXIM Bank	12.80	10.90	-14.84	148,970,000
Janata Insurance	49.00	41.80	-14.69	229,513,000
AB Bank	16.00	13.70	-14.38	947,089,000
Phoenix Insurance	74.60	64.70	-13.27	648,253,000
FIRSTSBANK	12.00	10.50	-12.50	428,059,000
GBB Power	33.20	29.20	-12.05	783,024,000
Northern Islami Ins.	69.20	60.90	-11.99	624,960,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	449.18	473.39	-5.12	10,203.34	17,861.16	-42.87
Cement	355.62	361.05	-1.50	2,547.33	3,772.23	-32.47
Ceramic	687.37	643.47	6.82	1,088.86	495.88	119.58
Engineering	7,745.44	7,396.52	4.72	12,266.83	7,060.79	73.73
Food & Al.	4,882.73	4,951.09	-1.38	2,587.89	2,242.03	15.43
Fuel & Pow.	3,880.22	3,910.37	-0.77	5,555.38	3,384.43	64.15
Insurance	3,151.29	3,087.67	2.06	29,869.98	28,019.65	6.60
IT	498.62	463.19	7.65	2,220.20	1,670.33	32.92
Jute	1,105.54	1,141.45	-3.15	93.14	43.24	115.39
Misc.	2,190.66	2,113.23	3.66	14,198.10	7,801.71	81.99
Mutual Fund	563.59	565.07	-0.26	1,910.34	2,888.81	-33.87
NBFI	1,242.27	1,236.85	0.44	7,924.49	6,470.09	22.48
Paper	6,734.11	6,272.03	7.37	262.56	86.31	204.20
Pharma	1,384.42	1,374.03	0.76	6,618.35	5,068.03	30.59
Service	1,321.04	1,253.94	5.35	1,818.21	1,129.26	61.01
Tannery	684.61	633.35	8.09	2,733.89	520.57	425.18
Telecom	4,874.40	4,936.41	-1.26	2,059.86	2,044.95	0.73
Textile	1,385.93	1,256.15	10.33	14,866.31	7,934.86	87.35
Travel & Leis	500.20	497.15	0.61	165.43	53.61	208.60

Technical Talk

Dhaka stocks advanced in the past week, stretching the gaining streak to the nine week. Investors turned their focus to textiles and engineering sectors in the past week. In the last trading days DSEX stood at 6,066 points, it was the highest level of DSEX in 40 months since February 14, 2018, when the core index was 6,102. The daily trade turnover on DSE touched more than a decade high thrice during the week. The expiration of the special facility to whiten black money at the end of this month also have some contribution to push up the turnover. Among the major sectors, Textile increased by 10.33% over the week followed by Tannery 8.09%, IT Sector 7.65%, Engineering 4.72%, Insurance 2.06% and Pharma 0.76%.

DSE Broad Index (DSEX) stood at 6,066.64 points after increasing by 13.21 points or 0.22% from the previous week. Total turnover reached at Tk121882.40m, which was 18.81% higher than the previous week. Market capitalization increased by 0.22% and stood at Tk4500.57b (\$53.01b) at the weekend against Tk4490.57b. DSE 30 increased by 1.51points or 0.07% and closed at 2,205.10 points against 2,203.59 points. Last week's weighted average Market PE was 18.48 which was also same as previous week.

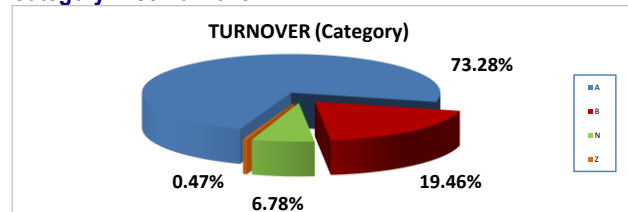
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
Beximco	114,077,341	10,807,316,000	8.87
LankaBangla Finance	80,306,172	3,006,335,000	2.47
Pioneer Insurance	14,845,867	2,636,387,000	2.16
Fortune Shoes	79,355,220	2,583,724,000	2.12
National Feed Mill	47,941,853	1,727,062,000	1.42
Sandhani Life Ins.	38,818,776	1,699,643,000	1.39

Top 10 Market Capital

Company	Volume	Value (Tk)	% of total
GP	476,116	United Power	144,924
Walton Hi-Tech	417,132	RENATA	113,359
BATBC	287,658	Beximco Ltd.	84,477
ROBI	235,183	ICB	82,730
Square Pharma	180,920	Berger Paint	81,811

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	1,879.50	1,894.10	-0.77
Silver (USD/t oz.)	28.05	27.92	0.47
Brent Crude Oil (USD/bbl.)	72.60	71.64	1.34

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	104.87	104.93	105.71	105.77	-0.79	-0.79
GBP	122.78	122.85	123.32	123.39	-0.44	-0.44
AUD	65.77	65.81	66.10	66.14	-0.50	-0.50
JPY	0.78	0.78	0.78	0.78	0.00	0.00
CAD	70.21	70.25	70.88	70.92	-0.95	-0.94
SAR	22.75	22.77	22.75	22.76	0.00	0.04

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)
Sonali Life Ins. Co. Ltd.	May 30-Jun 03,2021	10	190
Baraka Patenga Power	June 13- Jun 17, 2021	29	2,250

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