

NBFIs can book unrealized interest as income

Bangladesh Bank (BB) has determined that the Non-Bank Financial institutions (NBFIs) can show their unrealized interest earnings against the moratorium loans as income in the account for the year ending on 31 December 2021, if borrowers pay at least 25% of the due installments by this year. The borrowers will get a fresh opportunity to remain unclassified if they repay minimum 25% instead of 50% earlier of the total outstanding amounts of loans or lease for the months of January to December of 2021, according to a circular issued on 19 December 2021 by the central bank. However, the remaining 75% of the outstanding loans or leases will be payable within one year from the date of expiry of the loans or leases. However, the NBFIs will have to maintain an additional 2% special general provisioning against those moratorium enjoying loans. Earlier, BB likewise allowed the banks to report their unrealized interest earnings against the moratorium loans as income in the account for the year ending on 31 December 2021.

Govt bank borrowing surges as NSC sales drop

Net bank borrowing by the government has surged behind a drastic fall in net sales of national savings certificates. In the first five months of the current fiscal year, the government has borrowed Tk163.87b from the banking system. For deficit financing, the government targeted to borrow Tk764.52b from the banking system in FY2021-22 against the Tk797.49b revised target for FY2020-21, according to the budget documents. For FY2021-22, the borrowing target from saving certificates is Tk320b. In the previous fiscal year (FY21) the net borrowing from banks dropped by 63.9% to Tk260.78b from Tk722.46b a year ago, according to Bangladesh Bank (BB). In the FY2020-21 the net sales of NSCs was Tk419.59b, which was Tk144.28b in the FY2019-20. According to the latest figures from the National Savings Directorate (NSD), in October the net sales of NSCS dropped by 72.88% to Tk7.66b against Tk28.25b recorded in the same period of the previous fiscal year. The drastic fall is attributed to the recent reduction in yields on such borrowing tools of the government.

New Interest Rates of National Savings Certificates (NSCs)				
Savings Tools Category	Previous	New		
		Up to Tk1.5m	More than Tk1.5m to Tk3m	Above Tk3m
5-year Bangladesh Savings Certificate	11.28%	11.28%	10.30%	9.30%
3-month Profit-bearing Savings Certificate	11.04%	11.04%	10.00%	9.00%
Family Savings Certificate	11.52%	11.52%	10.50%	9.50%
Pensioner Savings Certificate	11.76%	11.76%	10.75%	9.75%
Post-office Savings Bank Fixed Deposit	11.28%	11.28%	10.30%	9.30%
Wage Earner Development Bond	12.00%	12.00%	11.00%	10.00%

The government has lowered the interest rates on all types of savings certificates with an aim to discourage wealthy people from pouring fresh investment in the risk-free savings tools. The revised interest rate was made effective from September 21, 2021. This new rates of interest will be applicable for both individuals and institutional investors. However, the revised rate will only be applicable for fresh investments while the existing certificate holders will continue receiving previous rates until the maturity of the issued instruments. Investments below Tk1.5m in the savings schemes will continue to enjoy the previous interest rates as well. If the investment amount is higher than Tk1.5m, investors will get a lower interest rate. The slabs of investment have been rearranged on the basis of the new yield rates.

IMF push up GDP growth forecast

The International Monetary Fund (IMF) has slightly raised its projection for the economic growth of Bangladesh to 6.6% for FY2021-22, up from 6.5% it forecasted earlier in October, 2021. The Washington-based multilateral lender reported that the Bangladeshi economy has rebounded from Covid-19 set-backs much quicker than other countries in the region. The projection, however, is still lower than the 7.2% forecasted by the government for FY2021-22. Prior to the IMF's projection, the World Bank (WB) forecasted the growth rate for Bangladesh in FY22 at 6.4%, while the Asian Development Bank (ADB) puts it at 6.8%. The Gross Domestic Product (GDP) growth is expected to pick up further to hit 7.1% in FY2022-23, the IMF said. Meanwhile, the GDP was recorded at 5.43% in the FY2020-21 consequent to the adoption of a new base year for calculating the ratio. The base year has been revised to 2015-16 from the 2005-06. According to the report of Bangladesh Bureau of Statistics (BBS), the size of GDP stood at Tk34,840b at current prices, considering the new base year. The per capita income for the FY2020-2021 has also been adjusted with the new 2015-16 base year and increased to US\$2,554, which was US\$2,227 with the 2005-06 base year, as per the BBS.

Trade deficit widen in first four months

Trade deficit in the first four months of the current fiscal year rose to US\$9.09b from US\$3.49b in the same period of FY21 because of rising import payment pressures. Foreign trade has picked up in recent months with gradual reopening of economic activities, both domestic and global, after more than a year of pandemic Covid-19 shocks. As per Bangladesh Bank (BB) figures, import payments increased by 51.46% to US\$23.9b in July-October of FY2021-22 compared to US\$15.78b in the same period of FY2020-21. On the other hand, export earnings increased by 20.42% to US\$14.8b in the first four months of FY22 from US\$12.29b a year ago. The current-account deficit stood at US\$4.77b during the July-October period of FY22 which was a US\$3.64b surplus in the same period of the last fiscal year. The falling trend in current account deficit may continue in the coming months if the lower inflow of remittances and higher import payment obligations persist. The financial account had a surplus of US\$3.78b in Jul-Oct of FY22 following higher inflows of medium-and long-term loans as well as aid flows. Higher inflow of net Foreign Direct Investment (FDI) has also helped achieve higher growth of the financial-account surplus. The amount of net FDI rose by 5.36% to US\$452m during the period from US\$429m in the same period of last year. As per BB figures, trade deficit rose to US\$22.80b in the FY2020-21 from US\$17.86b a year before.

Sluggish execution of development program

In the July-October period of the current fiscal year, implementation of the Annual Development Program (ADP) registered the second lowest figures in the last five years. The lowest implementation rate of ADP was recorded at 12.79% in FY2020-21, during the period of pandemic-induced shutdown. Ministries and divisions managed to spend Tk309.19b in the first four months of FY2021-22, which is 13.06% of the total outlay of Tk2,367.93b for the fiscal year 2021-2022, as per the reports of the Implementation Monitoring and Evaluation Division (IMED).

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	4,725.79	4,620.64	2.28
FTSE 100	7,372.10	7,269.92	1.41
Nikkei 225	28,782.59	28,545.68	0.83
SENSEX	57,124.31	57,011.74	0.20
KSE 100	44,118.39	43,900.68	0.50

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	6,702.61	6,868.17	-2.41
Total Turnover, Tk	38,146,612,049	37,330,895,816	2.19
Market Capital, Tk	4,748,500,194,608	4,870,713,351,794	-2.51
No of Issue Gain	81	75	
No of Issue Loss	295	297	
No of Unchanged Issues	5	8	

Top Gainers

Company	Last Week	This Week	Change %	Turnover (Tk)
Asia Insurance	87.30	115.90	32.76	880,300,000
BNICL	117.50	136.70	16.34	202,972,000
Provati Insurance	110.90	127.80	15.24	143,973,000
Agrani Insurance	53.40	60.40	13.11	227,463,000
Global Insurance	46.70	52.40	12.21	168,767,000
Stylecraft	117.20	131.50	12.20	109,610,000
Pragati Life Ins.	86.20	95.80	11.14	31,536,000
Sonali Paper	769.50	853.50	10.92	1,098,124,000
Sonar Bangla Ins.	68.90	76.10	10.45	74,959,000
Janata Insurance	42.40	46.70	10.14	85,647,000

Top Losers

Company	Last Week	This Week	Change %	Turnover (Tk)
ACME Pesticides	31.40	27.10	-13.69	189,721,000
Beach Hatchery	32.40	28.00	-13.58	56,580,000
S. S. Steel	21.40	18.60	-13.08	97,717,000
Apex Footwear	311.20	277.60	-10.80	97,700,000
Khulna Power Co.	33.10	29.60	-10.57	47,325,000
Reckitt Benckiser (Bd.)	6089	5453.40	-10.44	98,697,000
Malek Spinning Mills	28.20	25.30	-10.28	107,822,000
Meghna Pet Industries	21.80	19.60	-10.09	2,094,000
BSRMLTD	108.10	97.90	-9.44	57,048,000
Golden Son	21.50	19.50	-9.30	192,942,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	501.19	512.59	-2.22	6,201.43	8,987.55	-31.00
Cement	406.11	410.59	-1.09	401.11	770.12	-47.92
Ceramic	792.57	816.40	-2.92	278.74	441.34	-36.84
Engineering	7,188.33	7,301.40	-1.55	1,961.43	3,369.19	-41.78
Food & Al.	5,953.08	5,850.81	1.75	2,161.46	2,057.24	5.07
Fuel & Pow.	4,177.70	4,240.94	-1.49	2,064.92	2,701.83	-23.57
Insurance	2,891.51	2,909.01	-0.60	2,803.62	4,233.75	-33.78
IT	658.62	656.60	0.31	1,478.40	1,947.30	-24.08
Jute	1,158.83	1,124.18	3.08	83.87	36.56	129.41
Misc.	2,775.05	2,848.14	-2.57	3,513.64	6,004.50	-41.48
Mutual Fund	515.65	524.77	-1.74	241.24	394.36	-38.83
NBFI	1,431.27	1,464.19	-2.25	2,376.54	3,814.73	-37.70
Paper	12,548.79	11,300.83	11.04	1,166.25	1,079.52	8.03
Pharma	1,667.38	1,676.53	-0.55	4,215.03	6,250.74	-32.57
Service	1,729.52	1,756.69	-1.55	1,135.54	660.56	71.91
Tannery	1,211.23	1,100.33	10.08	1,890.26	914.83	106.62
Telecom	4,674.53	4,741.73	-1.42	339.84	447.33	-24.03
Textile	1,750.44	1,810.72	-3.33	2,837.20	5,389.34	-47.36
Travel & Leis	579.84	582.76	-0.50	188.62	504.76	-62.63

Technical Talk

Dhaka stocks dropped in the past week with the key index falling to four-month low, amid confidence crisis among investors. The turnover of the Dhaka stocks dropped to Tk6.52b on 21 December hitting a fresh eight-month low, as investors were reluctant to make fresh investment. All sectors declined in market capitalization during the week except Paper, Insurance and Jute sectors. Among the major sectors, Tannery decreased by 6.76%, followed by Textile 3.58% and NBFI 3.36%.

DSE Broad Index (DSEX) stood at 6,702.61 points after decreasing by 165.56 points or 2.41% from the previous week. Total turnover reached at Tk38146.61m, which was 2.19% higher than the previous week. Market capitalization decreased by 2.51% and stood at Tk4748.5b (\$55.34b) at the weekend against Tk4870.71b. DSE 30 decreased by 74.47 points or 2.88% and closed at 2,511.99 points against 2,586.46 points. Last week's weighted average Market PE was 17.48 which was 17.93 previous week.

Based on the daily charts of DSE movement, which is used to track short-term trend, technical readings are as under:

Relative Strength Index (RSI)

The RSI indicator illustrates if the change of price movements is in overbought or oversold territory. Last week, RSI was at 50.59.

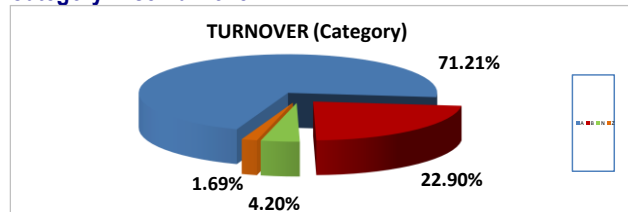
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
BEXIMCO	28,728,996	4,405,128,000	11.55
One Bank	114,162,104	1,596,584,000	4.19
Fortune Shoes	11,707,533	1,148,016,000	3.01
Sonali Paper	1,335,955	1,098,124,000	2.88
Genex Infosys	5,235,821	898,746,000	2.36
Asia Insurance	8,333,909	880,300,000	2.31

Top 10 Market Capital

		In million	
GP	473,010	United Power	142,373
Walton Hi-Tech	351,760	Beximco Ltd.	132,412
BATBC	343,386	RENATA	127,043
Square Pharma	189,966	ICB	93,878
ROBI	186,470	Beximco Pharma	87,126

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t.oz)	1,810.10	1,798.60	0.64
Silver (USD/t.oz)	22.91	22.36	2.46
Brent Crude Oil (USD/bbl.)	76.58	72.99	4.92

Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	85.80	85.85	85.80	85.85	0.00	0.00
EUR	99.24	99.30	98.39	98.45	0.86	0.86
GBP	116.82	116.88	115.95	116.02	0.75	0.74
AUD	62.11	62.15	61.45	61.48	1.07	1.09
JPY	0.76	0.76	0.76	0.76	0.00	0.00
CAD	67.13	67.18	66.87	66.91	0.39	0.40
SAR	22.97	22.98	22.98	22.99	-0.04	-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)
Union Insurance Co. Ltd.	15 Dec - 22 Dec, 2021	10	193.61
BD Thai Food & Bev. Ltd.	23 Dec - 29 Dec, 2021	10	150.00
Union Bank Limited	26 Dec - 30 Dec, 2021	10	4,280.00