

BB cut single borrowers exposure limit

The central bank reduced the exposure for the single borrowers in order to calibrate credit risk management of banks through limiting the concentration of loans among a small group of borrowers. On January 16, 2022, Bangladesh Bank (BB) issued a circular by formulating a new policy regarding the issue, whereby the central bank made amendments with a view to align with the observations of the International Monetary Fund (IMF). It will be made effective from April 01, 2022. Under the revised policy, scheduled banks are not allowed to lend more than 25% of capital to any company or group, which was 35% for both funded and non-funded loans earlier. However, the funded loan portion remained unchanged at 15% of the capital of banks. BB also withdrew the extra non-funded lending facility for exporters and now such clients may borrow up to 25% of the bank's capital, of which 15% will be funded and 10% non-funded. Along with the revision of loan exposure limit to the single borrowers, the BB enforced new lending limit for banks having less than 3% non-performing loans (NPLs) up to 50% of the respective bank's loans and advances to large-scale borrowers. The ceiling was set at 46% for the banks that have 3%-5% defaulted loans.

Trade deficit widen in first five months

As per Bangladesh Bank (BB) figures, trade deficit in the first five months of the current fiscal year rose to US\$12.53b from US\$5.05b 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 disruptions. As per the BB, import payments increased by 54% to US\$31.17b in July-November of FY2021-22 compared to US\$20.24b in the same period of FY2020-21. On the other hand, export earnings increased by 22.71% to US\$18.64b in the first five months of FY22 from US\$15.19b a year ago. The current-account deficit deteriorated further following higher import-payment obligations alongside lower inflow of remittances. The current-account deficit stood at US\$6.19b during the July-November period of FY22 which was a US\$3.55b 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 inward flow of remittances dropped by nearly 21% to US\$8.61b in the first five months of FY22 from US\$10.89b in the same period of FY21 as possibly fund transfers through informal channels have like *hundi* made a comeback with the resumption of normal economic activities. However, the financial account had a surplus of US\$4.59b during the July-November period of FY22 from US\$1.47b surplus in the same period of the last fiscal year, following higher inflows of medium-and long-term loans as well as aid flows. The overall trade deficit increased by 27.66% (Y-o-Y) in the FY2020-21 because of the rising import payment pressure on the economy. As per the BB, trade deficit rose to US\$22.80b during the July-June period of FY2020-21 year from US\$17.86b a year before. Import payments stood at US\$60.68b in FY21 against US\$50.69b a year earlier. On the other hand, export earnings stood at US\$37.88b in FY21 against US\$32.83b in the previous fiscal year.

Net sale of NSCs drop in Jul-Nov

A per the latest figures from National Savings Directorate (NSD), in the first five months of the current fiscal year the net sales of National Savings Certificates (NSCs) dropped by 47.36% to Tk100.25b against Tk190.45b in the same period of the previous fiscal year. Major policy shifts, including budgetary and taxation measures have turned out to be the discouraging factors for the savers to buy the high-interest bearing savings instruments. In the budget for fiscal year 2021-22 the government fixed the borrowing target through 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. In December 2020, 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. In FY21, the net sales of NSCs reached Tk419.59b, which was Tk144.28b in the FY2019-20. The significant difference in interest rates between the deposit rate in banks and the rates of NSCs lured people to invest in these instruments rather than keeping funds in low-interest bank products.

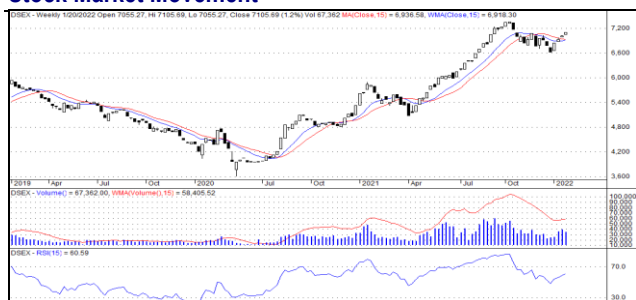
New Interest Rates of National Savings Certificates (NSCs)				
Savings Tools Category	Previous	New		
		Up to Tk1.5m	Tk1.5m to Tk3.0m	Above Tk3.0m
5-year Bangladesh Savings Certificate	11.28%	11.28%	10.30%	9.30%
3-monthly Profit-bearing Savings Certificate	11.04%	11.04%	10.00%	9.00%
Family Savings Certificate	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, meanwhile, lowered the interest rates on all types of savings certificates in September last year. The revised interest rate was made effective from September 21, 2021. These new rates will be applicable for both individuals and institutional investors. However, the revised rates 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. However, if the investment amount is higher than Tk1.5m, the investors will get a lower interest rate. The slabs of investment have been rearranged on the basis of the new yield rates. Meanwhile, net bank borrowing by the government has surged with a deep 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.

Forex reserve hits all time high in 2021

Bangladesh in 2021 started with a foreign exchange (forex) below \$42.86b. The forex reserve crossed the US\$48b-mark to reach US\$48.06b for the first time on August 24, 2021. The reserves touched US\$44b-mark for the first time on February 24 last year. The forex reserve crossed the US\$46b-mark to reach US\$46.08b on June 29, 2021. Higher inflow of foreign loans and assistance have helped push up the forex reserve.

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	4,397.94	4,662.85	-5.68
FTSE 100	7,494.13	7,542.95	-0.65
Nikkei 225	27,522.26	28,124.28	-2.14
SENSEX	59,037.18	61,223.03	-3.57
KSE 100	45,018.28	45,763.45	-1.63

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	7,105.69	7,017.23	1.26
Total Turnover, Tk	82,431,925,135	78,324,400,128	5.24
Market Capital, Tk	4,978,401,599,939	4,972,612,721,660	0.12
No of Issue Gain	224	146	
No of Issue Loss	139	219	
No of Unchanged Issues	23	19	

Top Gainers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
Pharma Aids	626.00	791.00	26.36	713,887,000
Fu Wang Food	17.60	21.80	23.86	1,130,555,000
GHCL	32.60	40.30	23.62	23,214,000
Samorita Hospital	96.70	118.20	22.23	442,759,000
Desh Garments	157.70	192.10	21.81	210,077,000
Prime Islami life Ins.	67.20	80.50	19.79	390,378,000
Yeakin Polymer	12.20	14.30	17.21	45,110,000
Orion Infusion	90.80	105.40	16.08	917,811,000
Gemini Sea Food	303.40	351.30	15.79	264,296,000
ACI Formulations	155.20	178.80	15.21	178,664,000

Top Losers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
Tallu Spinning Mills	12.70	10.70	-15.75	133,982,000
Eastern Lubricants	3040	2668.40	-12.22	226,763,000
Taufika Foods	51.80	45.80	-11.58	904,488,000
Titas Gas	49.60	44.40	-10.48	1,050,453,000
Beximco Green Sukuk	101.00	90.50	-10.40	186,996,000
Eastern Cables	150.70	135.90	-9.82	21,757,000
Bashundhara Paper Mill	67.70	61.40	-9.31	472,410,000
Power Grid	75.40	70.50	-6.50	2,180,673,000
National tubes	96.90	91.20	-5.88	93,287,000
IFAD Autos	53.10	50.20	-5.46	104,568,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	504.58	503.22	0.27	3,959.10	4,895.23	-19.12
Cement	412.62	424.00	-2.68	1,191.68	2,175.55	-45.22
Ceramic	892.84	912.80	-2.19	2,516.28	1,784.22	41.03
Engineering	7,105.34	7,235.73	-1.80	7,595.04	7,433.47	2.17
Food & Al.	5,891.24	5,872.68	0.32	4,703.44	3,585.07	31.20
Fuel & Pow.	4,436.04	4,506.03	-1.55	6,897.05	10,508.30	-34.37
Insurance	3,044.24	3,014.79	0.98	7,766.93	8,312.84	-6.57
IT	652.31	663.76	-1.73	1,380.96	1,144.29	20.68
Jute	1,108.70	1,104.82	0.35	61.08	53.52	14.13
Misc.	2,980.68	2,844.87	4.77	11,721.72	9,292.07	26.15
Mutual Fund	517.52	520.60	-0.59	400.92	598.07	-32.96
NBFI	1,447.95	1,464.92	-1.16	2,826.67	4,019.21	-29.67
Paper	13,661.74	14,089.77	-3.04	1,322.80	1,473.61	-10.23
Pharma	1,708.69	1,680.44	1.68	8,549.70	6,150.67	39.00
Service	1,968.89	1,809.22	8.83	3,919.82	1,595.30	145.71
Tannery	1,324.95	1,291.47	2.59	4,134.70	2,950.09	40.16
Telecom	4,769.82	4,855.97	-1.77	1,357.84	3,171.55	-57.19
Textile	1,892.10	1,794.51	5.44	8,817.21	5,313.22	65.95
Travel & Leis	644.02	589.39	9.27	1,123.10	1,043.71	7.61

Technical Talk

The Dhaka stocks closed the week in green trajectory for the fourth straight week as a section of investors showed buying appetite for sector-specific scripts. The core index gained all the sessions in the past week. The two other indices - DS30 index and DSE Shariah Index (DSES) also advanced in the previous week. Among the major sectors, Textile increased by 5.44%, followed by Pharma 1.68%, Insurance 0.98% and Bank 0.27%.

DSE Broad Index (DSEX) stood at 7,105.69 points after increasing by 88.46 points or 1.26% from the previous week. Total turnover reached at Tk82431.93m, which was 5.24% higher than the previous week. Market capitalization increased by 0.12% and stood at Tk4978.40b (\$57.89b) at the weekend against Tk4972.61b. DSE 30 increased by 19.08 points or 0.73% and closed at 2,635.38 points against 2,616.30 points. Last week's weighted average Market PE was 16.93 which was 16.94 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. RSI closed at 60.59.

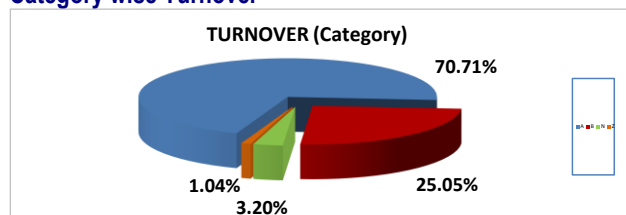
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
BEXIMCO	46,127,931	6,962,416,000	8.45
BSC	28,143,543	3,876,505,000	4.70
Fortune Shoes	28,466,792	3,699,619,000	4.49
SAIF Powertec	69,325,487	3,165,462,000	3.84
GPH Ispat	36,747,612	2,307,191,000	2.80
Power Grid	29,676,089	2,180,673,000	2.65

Top 10 Market Capital

Company	Market Capital (In million)
GP	148,344
BATBC	140,562
Walton Hi-Tech	127,833
Robi	102,258
Square Pharma	89,579

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	1,836.10	1,817.30	1.03
Silver (USD/t oz.)	24.35	22.99	5.92
Brent Crude Oil (USD/bbl.)	87.78	86.25	1.77

Exchange Rate

Currency	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	86.00	86.05	86.00	86.05	0.00	0.00
EUR	99.51	99.57	100.38	100.44	-0.87	-0.87
GBP	118.93	118.99	120.29	120.36	-1.13	-1.14
AUD	62.10	62.14	62.97	63.01	-1.38	-1.38
JPY	0.76	0.76	0.76	0.76	0.00	0.00
CAD	68.70	68.74	69.13	69.17	-0.62	-0.62
SAR	23.04	23.06	23.03	23.04	0.04	0.09

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)
-	-	-	-