

Forex reserve down on import financing

Forex exchange (forex) reserves, which witnessed a rapid surge during the pandemic, fell to US\$41.95b on May 11, 2022 due to higher import-payment obligations along with a routine payment to the Asian Clearing Union (ACU). Reserves were steadily rising for several years, breaking one record after another. Due to a slowdown in imports and rising remittance and export earnings during the pandemic, reserves crossed the US\$48.04b mark on August 24 last year, the highest ever in the history of Bangladesh. However, the reserve has been on the decline since then, due mainly to increased imports amid the ease of the pandemic. Overall import surged during the first nine months of the current fiscal year riding on higher prices of food grains, consumer goods and fuel oil in the international market. Besides, the global supply-chain disruption pushed the shipping cost that too contributed to the rise in import payment. As per Bangladesh Bank (BB) figures, import payments grew by 43.84% to US\$61.52b in the first nine months of FY22 against US\$42.77b in the same period of FY21. Meanwhile, inward remittance to Bangladesh continues to slide. Remittance inflow decreased by 17.75% to US\$15.29b against US\$18.59b in the corresponding period of the last fiscal year. A series of measures has been taken recently to ease the pressure on the foreign exchange reserve. Earlier on April 11, 2022, banks were instructed to impose a margin of at least 25% on the opening of Letters of Credit (LCs) against items considered non-essential. The government has decided to delay payments for at least six months for the projects that have no urgency right now and suspend foreign tours for officials except in emergencies. By international standards, a country has to have reserves equal to three months of import expenditure. With the amount of reserves that Bangladesh has now, it is possible to pay import costs for at least six months but given the global inflation, eight to nine months cover would be safe, expert opine.

Inflation on the rise in April

Inflation hit a 18-month high after October 2020, in April this year, fuelled by the escalating level of non-food inflation. Meanwhile, the Russia-Ukraine war that began in late February also disrupted the global supply chain that eventually intensified the inflationary pressure. As per the recent release from the Bangladesh Bureau of Statistics (BBS), the point-to-point inflation stood at 6.29% in April this year from 6.22% in the preceding month. The Point-to-Point inflation has been recording an upward trend over the last few months. In October 2020, the inflation rate was recorded at 6.44%. In April 2021, the point-to-point inflation was 5.56%. The last 12-months average inflation, which stood at 5.81%, exceeded the monetary target of 5.30% set for the fiscal year 2021-22. The inflation rate for non-food items saw a big jump of 0.35 percentage points to 6.39% while food inflation dropped to 6.24% from 6.34% a month ago. The rising demands consequent to resumption of economic activities, supply crisis, increasing shipping cost and devaluation of the Taka contributed to the spike in the non-food inflation. Dwellers of both rural and urban areas felt the bite of ballooning inflation but low-income group from the villages and fixed-income group from the cities were the worst sufferers. According to BBS, point-to-point inflation in the rural and urban areas went upward to 6.59% and 5.75% in the last month from 6.52% and 5.69% in March respectively. April food and non-food inflation breakdowns in rural areas are 6.64% and 6.15%. The food and non-food breakdowns in cities are 5.31% and 6.25%.

Taka losing value against US Dollar

Bangladeshi Taka (BDT) depreciated further and faced a steep devaluation against the US Dollar due to higher demand for the greenback to settle import payments. The latest devaluation came when the Bangladesh Bank (BB) devalued the inter-bank exchange rate by Tk0.80 to Tk87.5 per USD on May 16, 2022. The latest fall came a week after BB allowed depreciation by Tk0.25 a dollar. Meanwhile, the exchange rate for the US dollar in the informal or *kerb* market has crossed Tk103 for the first time ever on May 17, 2021 from Tk95-97 a day earlier. Dollar was quoted at Tk86.70 in the interbank market on May 09, 2022 against Tk86.45 of the previous working day. Economists have opined that the fall of the local currency against the dollar will help exporters and remitters but it will fuel inflation further by increasing the cost of imported goods. The central bank continued to inject USD into the market to meet the growing appetite of the economy. However, the clients have to pay more to purchase dollar than the quoted rate. Even banks are paying much higher to buy dollars from inter-bank forex market to meet urgent needs of business clients as they are not getting enough dollars from the central bank in proportion to the number of Letters of Credit (LCs) they have opened. The recent statistics revealed that BB has so far sold around US\$5.0b in the current fiscal year from the reserve directly to the commercial banks while it had bought a record volume of dollars amounting to US\$7.93b from the local banks in the last fiscal year when imports plummeted amid the coronavirus pandemic.

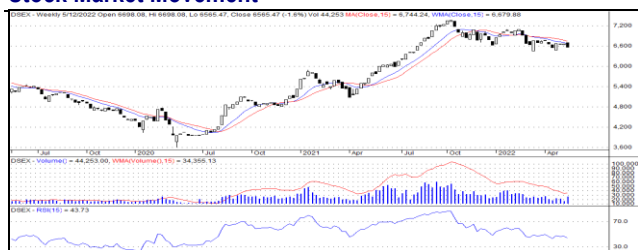
Interest spread widens in March

Interest rate spread in the banking sector widened to 3.10% in March 2022 from 3.08% a month earlier, as the average lending rate grew slightly in recent months with gradual reopening of economic activities while deposit rates dropped slightly. As per a recent Bangladesh Bank (BB) report, the weighted average deposit rate fell to 4.01% in March from 4.02% in the previous month; the rate was 4.01% in January, 2022 while such rate on lending was 7.11% in March which was 7.10% in February 2022. The weighted average lending rate was 7.13% in January this year. The interest spread in the State owned Commercial Banks (SCBs), Private Commercial Banks (PCBs), Foreign Commercial Banks (FCBs) and Specialized Banks (SBs) stood at 2.50%, 3.11%, 5.42%, and 1.76% respectively at the end of March, as per the BB report.

Particulars	Weighted Average Interest Rate		Spread
	Deposits	Advances	
January'21	4.51%	7.56%	3.05%
February,21	4.44%	7.48%	3.04%
March'21	4.40%	7.45%	3.05%
April'21	4.36%	7.40%	3.04%
May'21	4.14%	7.40%	3.26%
June'21	4.13%	7.33%	3.20%
July'21	4.11%	7.30%	3.19%
August'21	4.05%	7.24%	3.19%
September'21	4.08%	7.24%	3.16%
October'21	4.01%	7.15%	3.14%
November'21	3.99%	7.15%	3.16%
December'21	3.99%	7.18%	3.19%
January'22	4.01%	7.13%	3.12%
February'22	4.02%	7.10%	3.08%
March'22	4.01%	7.11%	3.10%

Source: Bangladesh Bank

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	3,901.36	4,023.89	-3.05
FTSE 100	7,389.98	7,418.15	-0.38
Nikkei 225	26,739.03	26,492.29	0.93
SENSEX	54,326.39	52,793.62	2.90
KSE 100	43,100.70	43,486.46	-0.89

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	6,258.25	6,565.47	-4.68
Total Turnover, Tk	32,357,357,725	53,979,310,030	-40.06
Market Capital, Tk	4,429,896,955,973	4,638,942,756,815	-4.51
No of Issue Gain	20	123	
No of Issue Loss	360	227	
No of Unchanged Issues	6	35	

Top Gainers

Company	Last Week	This Week	Change %	Turnover (Tk)
SALAMCRST	24.60	33.00	34.15	135,962,000
Beacon Pharma	259.40	295.60	13.96	175,052,000
Bangas	139.30	151.30	8.61	277,536,000
ILFSL	5.50	5.90	7.27	33,988,000
FAS Finance & Inv.	5.10	5.40	5.88	50,053,000
Fu-Wang Ceramic	17.80	18.80	5.62	571,809,000
Silva Pharma	21.60	22.60	4.63	107,644,000
Islami Bank	33.00	34.20	3.64	911,411,000
Golden Harvest Agro	18.30	18.90	3.28	300,655,000
BD Thai Food	37.00	38.20	3.24	188,122,000

Top Losers

Company	Last Week	This Week	Change %	Turnover (Tk)
Rangpur Dairy & Food	61.20	50.00	-18.30	720,415,000
ACI Formulations	220.20	181.60	-17.53	572,424,000
Asia Insurance	65.20	53.90	-17.33	102,025,000
Delta Life Insurance	134.40	112.50	-16.29	166,732,000
Sonar Bangla Insurance	53.50	44.80	-16.26	24,256,000
Provati Insurance	86.80	73.30	-15.55	255,859,000
Genex Infosys	103.80	87.90	-15.32	339,144,000
Takaful Islami Ins.	60.10	50.90	-15.31	15,662,000
Islami Insurance BD	49.30	42.00	-14.81	19,454,000
Eastern Insurance	67.60	57.60	-14.79	48,852,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	456.81	461.77	-1.07	3,176.04	2,253.03	40.97
Cement	372.90	387.44	-3.75	619.59	760.76	-18.56
Ceramic	771.62	838.10	-7.93	2,318.20	2,070.19	11.98
Engineering	6,775.18	7,186.96	-5.73	2,585.84	5,447.97	-52.54
Food & Al.	4,970.36	5,296.89	-6.16	2,991.97	3,717.82	-19.52
Fuel & Pow.	3,973.45	4,142.17	-4.07	1,227.05	2,738.38	-55.19
Insurance	2,250.49	2,509.63	-10.33	1,735.83	2,688.85	-35.44
IT	515.51	564.65	-8.70	1,075.13	2,387.01	-54.96
Jute	985.75	1,069.46	-7.83	25.82	44.29	-41.70
Misc.	2,688.99	2,842.48	-5.40	4,063.01	5,563.43	-26.97
Mutual Fund	464.44	483.82	-4.00	259.27	308.35	-15.92
NBFI	1,184.05	1,258.86	-5.94	1,482.36	3,731.57	-60.28
Paper	12,837.58	14,253.00	-9.93	469.75	718.94	-34.66
Pharma	1,625.03	1,671.09	-2.76	3,869.48	6,625.16	-41.59
Service	1,547.88	1,743.01	-11.20	691.26	1,982.63	-65.13
Tannery	1,225.80	1,290.22	-4.99	598.68	1,489.76	-59.81
Telecom	3,947.46	4,070.27	-3.02	439.08	523.90	-16.19
Textile	1,700.44	1,841.23	-7.65	2,710.57	5,943.94	-54.40
Travel & Leis.	635.73	706.70	-10.04	612.84	1,983.77	-69.11

Technical Talk

Dhaka stocks continued correction for the third straight week as panic-driven investors continued their sell-offs to avoid further losses. Out of four trading sessions, the market witnessed sharp fall in all four sessions. Among the major sectors, Insurance decreased by 10.33% followed by IT 8.70%, Ceramic 7.93%, Textile 7.65% and Food and Allied 6.16%.

DSE Broad Index (DSEX) stood at 6,258.25 points after decreasing by 307.22 points or 4.68% from the previous week. Total turnover reached at Tk32357.36m, which was 40.06% lower than the previous week. Market capitalization decreased by 4.51% and stood at Tk4429.90b (\$50.60b) at the weekend against Tk4638.94b. DSE 30 decreased by 90.24 points or 3.75% and closed at 2,316.68 points against 2,406.92 points. Last week's weighted average Market PE was 14.38 which was 15.04 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 stood at 43.42.

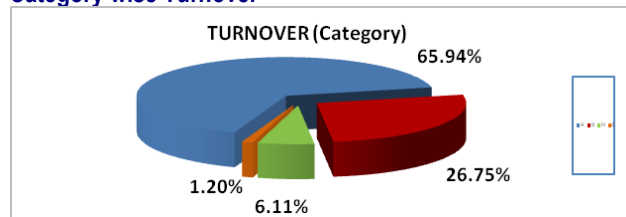
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
JMI Hospital Requisite	25,613,246	2,302,040,000	4.26
BEXIMCO	12,555,597	1,831,520,000	3.39
ACI Formulations	7,781,918	1,600,761,000	2.97
Shinepukur Ceramics	40,944,191	1,576,655,000	2.92
IPDC	26,365,478	1,499,215,000	2.78
Unique Hotel	18,056,890	1,332,959,000	2.47

Top 10 Market Capital

			In million
GP	408,601	United Power	142,257
Walton Hi-Tech	329,828	RENATA	130,317
BATBC	291,330	Beximco	115,762
Square Pharma	190,676	LafargeHolcim	84,896
Robi	156,090	Berger Paint	80,345

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t.oz)	1,845.10	1,807.60	2.07
Silver (USD/t.oz)	21.77	21.03	3.52
Brent Crude Oil (USD/bbl.)	112.69	109.71	2.72

Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	87.55	87.60	86.70	86.75	0.98	0.98
EUR	93.83	93.88	93.06	93.11	0.83	0.83
GBP	110.66	110.73	108.13	108.19	2.34	2.35
AUD	61.75	61.79	60.25	60.29	2.49	2.49
JPY	0.69	0.69	0.67	0.68	2.99	1.47
CAD	68.63	68.67	67.02	67.06	2.40	2.40
SAR	23.46	23.47	23.23	23.24	0.99	0.99

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)
-	-	-	-