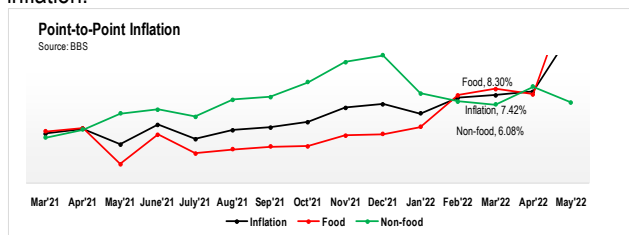


Inflation hits 8-year high

The point-to-point inflation surged to an eight-year high of 7.42% in May and up from 6.29% in April fuelled by the escalating level of food inflation. Meanwhile, the Russia-Ukraine war that began in late February also disrupted the global supply chain that eventually intensified the inflationary pressure. The previous highest was recorded way back in May 2014, when the point-to-point inflation was recorded at a new peak of 7.48%. The monthly inflation rate on the basis of base-year 2005-06 continues to maintain an upward trajectory for four months in a row. As per the recent release from the Bangladesh Bureau of Statistics (BBS), the average inflation rate stood at 5.99% during the June-May period against the revised target of 5.7% set for the FY2021-22. The government has set a 5.6% inflation target for FY23. The food inflation rose in May compared to the previous month but non-food inflation declined month-on-month. Food inflation that was at 6.24% in April 2022 was roaming at 8.3% in May, the highest since May 2014 when it was 9.09%. Meanwhile, non-food inflation decreased to 6.08% from 6.39% a month earlier. 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 7.94% and 6.49% in the last month from 6.59% and 5.75% in April respectively. May food and non-food inflation breakdowns in rural areas are 8.84% and 6.26%. The food and non-food breakdowns in cities are 7.08% and 5.85%. The Bangladesh Bank (BB) has re-fixed repurchase agreement (repo) rate upwards by 25 basis points to 5% on 29 May 2022 in order to control inflation. Economists have viewed that inflation may sustain some more months following the move by the government to make an upward adjustment to the piped gas prices and devaluation of the Taka contributed to the spike in the inflation.



NBFIs toxic loan up in Q1

Default loans with the Non-Bank Financial Institutions (NBFIs) rose by Tk12.16b to Tk142.32b in the first quarter (January-March) of the current calendar year 2022 from Tk130.16b in the last quarter of 2021, according to the Bangladesh Bank (BB). The total default loans of the sector were Tk103.54b at the end of March 2021, which was reduced by only Tk250m in the next quarter (April-June). In the July-September quarter, the defaulted loan jumped by Tk14.29b to Tk117.57b and by Tk12.59b to Tk130.16b in the October-December quarter of 2021. The NBFIs sector has been facing an image crisis due to a wide range of corruption. A number of NBFIs are mired in financial problems, including high amount of defaulted loans. There are 34 NBFIs in the country of which six are on the verge of collapse with excessive default loans, provision and principal amount deficit. Negligence to scrutinize while giving loans to any company has increased the number of default loans in the whole NBFIs sector.

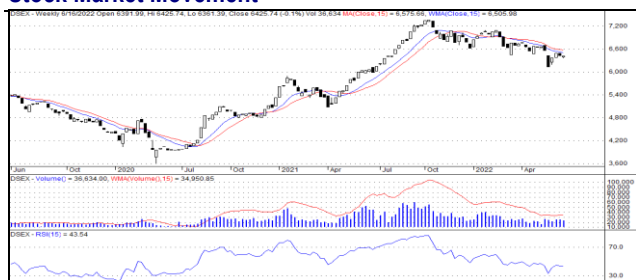
Call money rate jump to 5.03%

Credit growth rate in the private sector rebounded and reached a three year high in April with signs of acceleration of economic recovery. The credit disbursements rose to 12.48% in April 2022 from 11.29% a month ago. The growth rate in April 2022 was the highest after the growth rate of 12.54% in February 2019. Meanwhile, the rising credit demand has already put pressure on money rates. Due to the pandemic affected sluggish economic activities, credit growth registered a historic low of 7.55% in May 2021, which turned upward a bit in June 2021 (8.35%) and maintained the uptrend till now. Lending rates, call money rates, bond rates all are now on the upward trend. Demand for loans has grown significantly with the improved pandemic control condition. Apart from the private sector, government borrowing from the banking system also escalated during the period that also created a pressure in the money market reserve amount. Besides, the extensive purchase of US Dollars by the scheduled banks for settling import payments contracted the circulation of liquidity in the money market over the months. According to statistics released by Bangladesh Bank (BB), liquidity glut in the banking system further dropped to Tk1,865.96b in April 2022 from Tk1,981.15b a month earlier. The amount of excess liquidity reached a record high of Tk2,314.63b in June 2021 from Tk1,033.58b in January 2020. The liquidity-stressed banks desperately turned to the inter-bank call money market to borrow funds. Consequently, the overnight borrowing rate has increased to a two-year high on 20 June 2022. The weighted average interest rate in the inter-bank money market on the day increased to 5.03%, equaling the previous peak recorded on 16 June 2020. The rate was hovering at 2% and was even below 2% for a long period of time since August 2020. Many private banks were following the policy of borrowing cheaply from the call money market without taking deposits at higher interest rates. The BB has set a floor on deposit interest rates as banks have been reducing such rates. No bank can pay interest on term deposits less than the prevailing rate of inflation. For this particular reason, many banks have recently reduced their deposits while preferring borrowing from the call money market.

BB again extend loan repayment moratorium

Through a circular issued on 22 June 2022 Bangladesh Bank (BB) has again extended the policy relaxation involving loan installment repayments to scheduled banks by their borrowers. Under the new arrangement, large industrial borrowers are allowed to repay their term loans, which became unclassified on 01 April, 2022 in phases - 50% by June, 60% by July-September, and 75% by October to December of 2022, without becoming a defaulter. The loan moratorium facility was introduced on 19 March 2020 for all types of borrowers to tackle the adverse impact of COVID-19 and later in 2021 the deadline was extended in several phases. It is to be noted that despite the benefit of non-payment of loan installments, the amount of defaulted loans has not decreased. On the contrary, the volume of Non-Performing Loans (NPLs) stood at Tk1134.41b at the end of March 2022 from Tk1032.74b in December 2021. Meanwhile, in a separate circular issued on 16 June 2022 the central bank further relaxed the repayment policy for the borrowers of outstanding loans or leases from the Non-Banking Financial Institutions (NBFIs). Such borrowers would not become defaulters until September 2022 by making 2% down payment under a one-time only exit policy.

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	3,911.74	3,674.84	6.45
FTSE 100	7,208.81	7,016.25	2.74
Nikkei 225	26,491.97	25,963.00	2.04
SENSEX	52,727.98	51,360.42	2.66
KSE 100	41,051.79	42,140.76	-2.58

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	6,327.65	6,425.74	-1.53
Total Turnover, Tk	38,221,783,423	43,000,459,563	-11.11
Market Capital, Tk	4,467,814,431,895	4,519,865,261,472	-1.15
No of Issue Gain	74	117	
No of Issue Loss	297	251	
No of Unchanged Issues	19	21	

Top Gainers

Company	Last Week	This Week	Change %	Turnover (Tk)
Meghna Insurance	19.30	30.90	60.10	490,000
ISN	46.80	53.10	13.46	151,227,000
Sonargaon Textiles	35.30	39.30	11.33	255,820,000
Al-Haj Textile Mills	107.90	117.90	9.27	407,562,000
Fine Foods	43.60	47.60	9.17	132,240,000
Sinobangla Ind.	54.10	59.00	9.06	219,895,000
Titas Gas	38.50	41.80	8.57	297,986,000
GHCL	32.00	34.30	7.19	10,050,000
Intech	28.10	29.60	5.34	44,226,000
PREBPBOND	4800.00	4900.00	2.08	191,000

Top Losers

Company	Last Week	This Week	Change %	Turnover (Tk)
Apex Tannery	162.30	147.10	-9.37	49,473,000
Peoples Insurance	51.20	46.50	-9.18	88,517,000
Olympic Accessories	12.00	11.00	-8.33	50,305,000
Eastland Insurance	31.30	28.70	-8.31	20,573,000
Yeakin Polymer	23.30	21.40	-8.15	128,119,000
Paramount Insurance	57.30	52.70	-8.03	23,197,000
Rangpur Dairy	47.60	44.00	-7.56	171,035,000
Asia Insurance	62.00	57.50	-7.26	74,259,000
Sunlife Insurance	47.40	44.10	-6.96	62,730,000
BD National Insurance	73.80	68.70	-6.91	40,700,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	453.03	460.31	-1.58	1,693.23	2,006.01	-15.59
Cement	360.08	367.67	-2.07	403.15	549.70	-26.66
Ceramic	904.86	943.95	-4.14	2,400.26	3,916.80	-38.72
Engineering	6,778.00	6,876.30	-1.43	3,204.56	3,971.96	-19.32
Food & Al.	5,021.90	5,080.23	-1.15	2,177.37	2,149.58	1.29
Fuel & Pow.	4,090.45	4,075.32	0.37	1,613.33	1,382.34	16.71
Insurance	2,359.75	2,433.36	-3.03	1,721.25	3,004.67	-42.71
IT	503.90	515.42	-2.23	1,095.83	1,544.67	-29.06
Jute	1,039.37	1,063.17	-2.24	19.15	39.39	-51.37
Misc.	2,757.50	2,727.58	1.10	6,065.15	4,746.48	27.78
Mutual Fund	476.17	485.35	-1.89	208.14	346.21	-39.88
NBFI	1,216.58	1,253.48	-2.94	1,478.64	3,365.26	-56.06
Paper	10,789.81	10,735.72	0.50	584.40	432.24	35.20
Pharma	1,622.39	1,636.37	-0.85	2,844.57	3,898.28	-27.03
Service	1,642.80	1,731.49	-5.12	752.78	741.84	1.47
Tannery	1,158.49	1,195.30	-3.08	534.58	571.78	-6.51
Telecom	3,925.05	3,956.82	-0.80	326.14	324.04	0.65
Textile	1,801.39	1,834.39	-1.80	4,253.02	5,356.26	-20.60
Travel & Leis.	640.06	659.88	-3.00	371.16	522.05	-28.90

Technical Talk

Dhaka stocks plunged further in the last week extending the losing streak for the second straight week as panic-driven investors continued their sell-offs amid persistent macroeconomic uncertainties. Out of its five trading sessions, the first three sessions saw a sharp fall while the last two sessions saw a marginal gain. Among the major sectors, Ceramic decreased by 51.37% followed by Tannery 42.71%, Insurance 39.88% and NBFIs 29.06%.

DSE Broad Index (DSEX) stood at 6,327.65 points after decreasing by 98.09 points or 1.53% from the previous week. Total turnover reached at Tk38221.78m, which was 11.11% lower than the previous week. Market capitalization decreased by 1.15% and stood at Tk4467.81b (\$48.07b) at the weekend against Tk4519.87b. DSE 30 decreased by 29.35 points or 1.26% and closed at 2,298.60 points against 2,327.95 points. Last week's weighted average Market PE was 14.30 which was 14.47 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 42.51

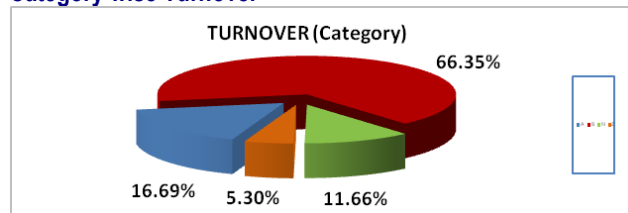
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
BEXIMCO	23,281,344	3,188,708,000	8.34
Shinepukur Ceramics	28,774,899	1,448,855,000	3.79
JMI Hospital Requisite	13,792,564	1,199,183,000	3.14
BSC	8,983,413	1,073,647,000	2.81
Anwar Galvanizing	2,147,201	902,647,000	2.36
Fu Wang Food	29,635,762	686,310,000	1.67

Top 10 Market Capital

			In million
GP	410,086	United Power	145,619
Walton Hi-Tech	324,860	RENATA	129,021
BATBC	292,680	Beximco	118,128
Square Pharma	190,587	Berger paint	82,910
Robi	150,329	LafargeHolcim	80,135

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/oz.)	1,828.10	1,841.90	-0.75
Silver (USD/oz.)	21.13	21.63	-2.31
Brent Crude Oil (USD/bbl.)	112.62	113.56	-0.83

Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	92.95	93.00	92.95	93.00	0.00	0.00
EUR	100.09	100.15	99.02	99.07	1.08	1.09
GBP	116.29	116.36	115.32	115.38	0.84	0.85
AUD	64.92	94.95	65.57	65.60	-0.99	44.74
JPY	0.69	0.69	0.70	0.70	-1.43	-1.43
CAD	72.45	72.49	72.48	72.52	-0.04	-0.04
SAR	24.89	24.91	24.90	24.91	-0.04	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)
-	-	-	-