

### **BSEC impose floor prices again**

In a desperate move, the Bangladesh Securities and Exchange Commission (BSEC) has set the floor prices again for all listed securities through issuing an Order on 28 July 2022. The capital market regulator set the mechanism to prevent free-fall of stock prices as the capital market has been in doldrums for the past six months. According to the order, opening price of any listed security shall be set at the average of the closing price of 28 July 2022 and closing price of immediate preceding four trading days and this average price calculated for each security shall be considered as the floor price and lowest limit of the circuit breaker. In case of stock dividend and right share issuance, the floor price would be adjusted on immediate prior record date price of stock and declared corporate actions. Floor price for the newly listed security shall be reference price for the closing price of the first trading day, the Order said. Earlier, on 19 March 2020, the BSEC fixed the floor price of the stocks to prevent a similar massive fall of the index at the onset of the coronavirus pandemic. The Order that was issued prior to the imposition of the first countrywide lockdown, restricted the price movement of all the listed securities to as low as the average closing prices of immediate preceding five trading sessions till its effective date on 19 March 2020. The provision was highly criticized by market experts as it hampered the free price movement in the market, affecting the flow of liquidity. However, the Commission continued with the system for one year as the general investors were in confidence crisis fearing that the market might crash if the floor prices were lifted. BSEC initially lifted the floor prices of 66 listed companies on 07 April 2021 that resulted in sharp loss of 82.56 points or 1.55% of the benchmark index of DSE on the following session. Observing the reaction, the Commission set the downward limit of the daily circuit breaker to 2%. BSEC, then removed the floor prices of 30 more listed stocks on 03 June 2021 in another phase. On June 17, 2021, BSEC removed the floor prices for all listed securities, resuming the regular price change limit applicable to all the listed securities. Meanwhile, the market index returned to positive territory immediately with the reinstating of floor prices as the DSEX soared 153.44 points or 2.56% to settle at 6,133.96 points on 31 July 2022. At the end of the week on 04 August 2022, DSEX closed at 6,312.25 points.

### **Trade deficit hits \$33.25b in FY22**

Trade deficit increased by 39.82% (Y-o-Y) in the FY2021-22 due to massive surge in import payments. Even though the export earnings for the first time in the history crossed the milestone of US\$50b, comfortably overshooting the target of US\$43.5b set for the FY22, the import payments have outpaced export growth that kept the trade deficit quite high. As per Bangladesh Bank (BB) figures, trade deficit rose to US\$33.25b during the July-June period of FY2021-22 from US\$23.78b a year before. Between July and June last fiscal year, imports increased to US\$85.33b, up 35.95% (Y-on-Y) when exports grew 33.45% to US\$52.08b. Meanwhile, the higher trade deficit along with lower inflow of remittances pushed up the current account deficit to a record high of US\$18.25b during the time. In FY21, the current account deficit was at US\$4.57b. The previous widest deficit in the current account was US\$9.56b recorded in FY18. In the FY22 inward remittance saw a 15.13% decline despite providing various facilities. Remittance decreased by US\$3.75b to US\$21.03b in FY2021-22 from US\$24.78b in FY2020-21, according to BB figures.

### **Loan rescheduling policy tightened**

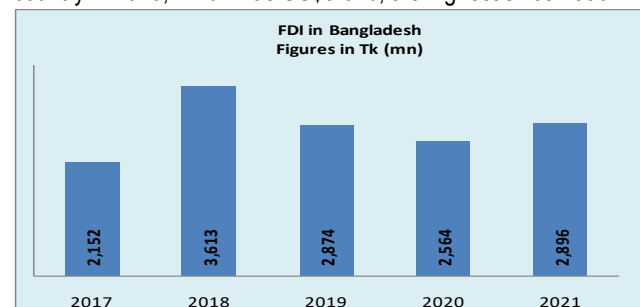
After receiving a mixed-bag of reactions, the Bangladesh Bank (BB) tightened its loan rescheduling policy for defaulted loans to some extent. The central bank issued a circular in this regard on 03 August 2022, making clarifications and additions in some areas on the recent circular on loan rescheduling which was issued on 18 July 2022. According to the previous policy, in cases of rescheduling default loans, the banks could book interest income to their income accounts even if principal amounts remained unrealized. From now, banks are barred from showing interest earned from a rescheduled default loan in their income accounts until they fully recover the principal amount. Lenders will not be permitted to transfer the provisioning amount kept against the defaulted loans after rescheduling those for the third and fourth times. The provisioning amount will be transferred to the income book of banks after realizing the whole amount.

### **Net sale of NSCs drop during FY22**

The net sales of National Saving Certificates (NSCs) decreased by 52.54% (Y-on-Y) in the FY2021-22 due to various discouraging conditions including reduction of interest rate of savings certificates, the imposition of maximum investment limit and some major policy shifts, including budgetary and taxation measures. As per the latest statistics from the National Savings Directorate (NSD), the net sales of NSCs were Tk199.16b in the FY2021-22 which was Tk419.59b in the FY2020-21. The government has lowered the interest rates on all types of savings certificates in September last year. These new rates will be applicable for both individuals and institutional investors. Meanwhile, net bank borrowing by the government has surged behind a drastic fall in net sales of national savings certificates. In FY2021-22 the government has borrowed Tk647.55b from the banking system which was Tk260.78b a year ago. The government has set a target of borrowing Tk1.06-trillion from the banking system in FY2022-23. Besides, the government planned to borrow Tk350b through savings certificates.

### **FDI up by 12.95% last year**

Foreign Direct Investment (FDI) in Bangladesh rose by 12.95% to US\$2.9b in 2021, according to the World Investment Report 2022 prepared by the United Nations Conference on Trade and Development (UNCTAD). The economic recovery from the pandemic losses boosted the confidence of foreign investors, which accelerated new investment in the country. Of the South Asian nations, Bangladesh received the highest FDI after India in 2020, even in stagnation in the economy created by the global Covid-19 pandemic. Bangladesh received US\$2.56b FDI, down from US\$2.87b a year ago. However, a record FDI came into the country in 2018, which was US\$3.61b, the highest since 1990.



## Stock Market Movement



### Global Markets

|            | This Week | Last Week | +/- % |
|------------|-----------|-----------|-------|
| S&P 500    | 4,145.19  | 4,130.29  | 0.36  |
| FTSE 100   | 7,439.74  | 7,423.43  | 0.22  |
| Nikkei 225 | 28,175.87 | 27,801.64 | 1.35  |
| SENSEX     | 58,387.93 | 57,570.25 | 1.42  |
| KSE 100    | 42,096.24 | 40,150.36 | 4.85  |

### DSE Indicators

|                        | This Week         | Last Week         | +/- % |
|------------------------|-------------------|-------------------|-------|
| DSE Broad Index        | 6,312.25          | 5,980.51          | 5.55  |
| Total Turnover, Tk     | 50,586,428,078    | 31,691,982,301    | 59.62 |
| Market Capital, Tk     | 4,460,203,752,755 | 4,248,492,011,898 | 4.98  |
| No of Issue Gain       | 395               | 68                |       |
| No of Issue Loss       | 373               | 297               |       |
| No of Unchanged Issues | 8                 | 24                |       |

### Top Gainers

#### Weighted avg. Closing Price (Tk)

| Company              | Last Week | This Week | Change % | Turnover (Tk) |
|----------------------|-----------|-----------|----------|---------------|
| Malek Spinning Mills | 26.80     | 35.60     | 32.84    | 1,479,058,000 |
| Sonargaon Textiles   | 48.20     | 61.40     | 27.39    | 254,208,000   |
| Orion Infusion       | 104.70    | 132.30    | 26.36    | 863,422,000   |
| MHSML                | 26.10     | 32.90     | 26.05    | 247,504,000   |
| Simtex Industries    | 16.90     | 21.00     | 24.26    | 224,074,000   |
| Union Capital        | 7.10      | 8.80      | 23.94    | 46,896,000    |
| GHCL                 | 34.30     | 42.30     | 23.32    | 85,226,000    |
| Olympic Industries   | 110.50    | 136.10    | 23.17    | 792,315,000   |
| FAS Finance & Inv.   | 5.20      | 6.40      | 23.08    | 61,547,000    |
| Hwa Well Textiles    | 47.30     | 57.80     | 22.20    | 172,572,000   |

### Top Losers

#### Weighted avg. Closing Price (Tk)

| Company                | Last Week | This Week | Change % | Turnover (Tk) |
|------------------------|-----------|-----------|----------|---------------|
| United Insurance       | 51.30     | 47.00     | -8.38    | 8,424,000     |
| Pragati Life Insurance | 79.90     | 74.60     | -6.63    | 6,007,000     |
| NRB Commercial Bank    | 20.70     | 19.40     | -6.28    | 33,447,000    |
| Yeakin Polymer         | 21.30     | 20.10     | -5.63    | 15,182,000    |
| PF1STMF                | 11.30     | 10.70     | -5.31    | 46,323,000    |
| Nitol Insurance        | 44.30     | 43.10     | -2.71    | 22,362,000    |
| VAMLRBBF               | 7.60      | 7.40      | -2.63    | 1,210,000     |
| SEMLLECMF              | 9.30      | 9.20      | -1.08    | 11,104,000    |
| Dulamia Cotton         | 72.70     | 72.10     | -0.83    | 6,294,000     |
| Fortune Shoes          | 80.10     | 79.50     | -0.75    | 1,957,542,000 |

### Sectoral Index & Turnover

| Sector         | Sectoral Index |           |          | Turnover (Tk.M) |           |          |
|----------------|----------------|-----------|----------|-----------------|-----------|----------|
|                | This Week      | Last Week | Change % | This Week       | Last Week | Change % |
| Bank           | 460.65         | 441.79    | 4.27     | 2,200.98        | 1,468.81  | 49.85    |
| Cement         | 359.85         | 332.21    | 8.32     | 700.18          | 407.83    | 71.68    |
| Ceramic        | 827.27         | 782.09    | 5.78     | 1,212.65        | 671.23    | 80.66    |
| Engineering    | 6,799.20       | 6,486.05  | 4.83     | 3,250.22        | 2,578.01  | 26.08    |
| Food & Al.     | 4,914.46       | 4,752.55  | 3.41     | 2,593.95        | 1,145.24  | 126.50   |
| Fuel & Pow.    | 3,932.58       | 3,797.62  | 3.55     | 2,557.52        | 1,583.04  | 61.56    |
| Insurance      | 2,329.44       | 2,199.79  | 5.89     | 3,825.12        | 1,521.12  | 151.47   |
| IT             | 490.25         | 467.60    | 4.84     | 1,281.11        | 727.07    | 76.20    |
| Jute           | 1,074.30       | 1,033.55  | 3.94     | 23.41           | 23.87     | -1.90    |
| Misc.          | 2,692.49       | 2,470.29  | 8.99     | 5,433.66        | 2,826.97  | 92.21    |
| Mutual Fund    | 480.60         | 468.34    | 2.62     | 506.64          | 350.03    | 44.74    |
| NBFI           | 1,219.62       | 1,144.52  | 6.56     | 2,196.40        | 1,448.27  | 51.66    |
| Paper          | 11,851.06      | 11,034.29 | 7.40     | 1,918.42        | 761.62    | 151.89   |
| Pharma         | 1,634.16       | 1,561.98  | 4.62     | 4,905.15        | 2,689.81  | 82.36    |
| Service        | 1,612.89       | 1,481.33  | 8.88     | 613.48          | 290.58    | 111.13   |
| Tannery        | 1,079.47       | 1,048.26  | 2.98     | 2,161.44        | 732.66    | 195.01   |
| Telecom        | 3,940.63       | 3,780.71  | 4.23     | 686.98          | 525.29    | 30.78    |
| Textile        | 1,967.06       | 1,810.86  | 8.63     | 11,918.72       | 6,610.21  | 80.31    |
| Travel & Leis. | 610.18         | 570.82    | 6.90     | 490.28          | 137.26    | 257.19   |

### Technical Talk

Dhaka stocks ended four-week losing streak last week as investors put fresh funds on sector-wise lucrative stocks as the securities regulator has set the floor prices again for all listed securities. All the five trading days of the week ended higher. Besides, the Bangladesh Bank asked banks to calculate their stock market exposure at cost price instead of market price that might encourage some investors to buy shares. Among the major sectors, Textile increased by 8.63% followed by NBFIs 6.56% and Insurance 5.89%.

DSE Broad Index (DSEX) stood at 6,312.25 points after increasing by 331.74 points or 5.55% from the previous week. Total turnover reached at Tk50586.43m, which was 59.62% higher than the previous week. Market capitalization increased by 4.98% and stood at Tk4460.2m (\$47.10b) at the weekend against Tk4248.49b. DSE 30 increased by 119.95 points or 5.59% and closed at 2,265.20 points against 2,145.25 points. Last week's weighted average Market PE was 14.16 which was 13.59 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 44.54

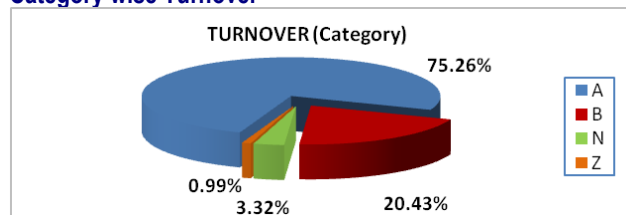
### Top Turnover Companies

| Company         | Volume     | Value (Tk)    | % of total |
|-----------------|------------|---------------|------------|
| BEXIMCO         | 16,711,578 | 1,941,115,000 | 6.12       |
| Matin Spinning  | 12,280,048 | 951,528,000   | 3.00       |
| KDS Accessories | 12,222,386 | 945,722,000   | 2.98       |
| Fortune Shoes   | 8,164,950  | 654,005,000   | 2.06       |
| IPDC            | 10,382,460 | 605,425,000   | 1.91       |
| Sonali Paper    | 947,248    | 586,888,000   | 1.85       |

### Top 10 Market Capital

|                |         |               | In million |
|----------------|---------|---------------|------------|
| GP             | 404,685 | United Power  | 138,083    |
| Walton Hi-Tech | 329,010 | RENATA        | 127,267    |
| BATBC          | 282,474 | Beximco       | 112,081    |
| Square Pharma  | 191,562 | Berger paint  | 83,680     |
| Robi           | 157,138 | LafargeHolcim | 81,412     |

### Category wise Turnover



### Commodity Price

|                            | This Week | Last Week | Change % |
|----------------------------|-----------|-----------|----------|
| Gold (USD/t oz.)           | 1,792.40  | 1,782.70  | 0.54     |
| Silver (USD/t oz.)         | 19.86     | 20.34     | -2.34    |
| Brent Crude Oil (USD/bbl.) | 94.46     | 103.74    | -8.95    |

### Exchange Rate

|     | This Week |        | Last Week |        | Change % |       |
|-----|-----------|--------|-----------|--------|----------|-------|
|     | TT        | BC     | TT        | BC     | TT       | BC    |
| USD | 94.70     | 94.75  | 94.70     | 94.75  | 0.00     | 0.00  |
| EUR | 98.38     | 98.43  | 98.74     | 98.79  | -0.36    | -0.36 |
| GBP | 116.63    | 116.69 | 117.55    | 117.61 | -0.78    | -0.78 |
| AUD | 65.77     | 65.81  | 66.50     | 66.53  | -1.10    | -1.08 |
| JPY | 0.71      | 0.71   | 0.72      | 0.72   | -1.39    | -1.39 |
| CAD | 73.61     | 73.65  | 74.40     | 74.73  | -1.06    | -1.45 |
| SAR | 25.33     | 25.35  | 25.34     | 25.35  | -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) |
|---------|---------------------|-------------|------------|
| -       | -                   | -           | -          |