

Banks to calculate stocks exposure at cost price

Banks can calculate their stock market exposure on the cost price basis instead of market value of the securities. The Bangladesh Bank (BB) through issuing a circular on 04 August 2022 stated that the new calculation method has become effective immediately, replacing the previous calculation method. The decision came after a longstanding demand from stock market intermediaries, stock exchanges and also the securities regulator. As per the circular, the purchasing price of shares of companies, mutual funds, debentures and corporate bond would be considered while counting the highest exposure limit of the banks. As per the Banking Companies Act 1991, a bank's investment in the capital market is limited to 25% of its capital, which includes paid-up capital, share premium, statutory reserve, and retained earnings.

Money whitening scheme receive poor response

The flow of undisclosed and/or illegal income into mainstream economy has dropped drastically in the last fiscal year. The poor response is attributed to higher tax rates imposed in the past year. According to the National Board of Revenue (NBR), only 2,300 taxpayers had availed the facility in the financial year 2021-22, down from 12,000 in the previous financial year. In the fiscal year 2020-21, there was an opportunity to whiten black money by paying only 10% tax compared with that of 25% in FY22. Besides, 5% penalty on that tax had to be paid to whiten black money. However, the policy of no question to be asked by government agencies about the source of undisclosed money remains. In the FY22, there was an opportunity to legalize all types of undisclosed money by investing in the stock market, land-flat purchases and the money deposited with the banks. In the current year an opportunity has been offered to legalize moveable or immovable assets and undisclosed cash which have been stacked abroad through laundered flight of capital, by just paying a nominal tax ranging between 7% and 15%. However, if the offshore assets of an individual taxpayer are not disclosed and are later discovered, the government might slap a fine equivalent to the value of the concealed assets. Since independence, different governments have entertained calls for money whitening facilities in the annual budgets. Although, legalizing such black money is morally unacceptable as it creates discrimination between honest and dishonest taxpayers, conscious citizens argue.

Ligatization of Black Money and Tax Paid		
Period	(Tk in mn)	
	Declared Income	Tax
1971-75	22.5	1.9
1976-80	507.6	8.1
1981-90	458.9	45.9
1991-96	1507.9	150.8
1997-00	9504.1	1412.2
2001-06	8277.4	1027.7
2007-09	16829.9	9113.2
2010-13	18050.1	2304.1
2014-20	111074.3	10735.1
2020-22	121922.9	20410

Source:NBR

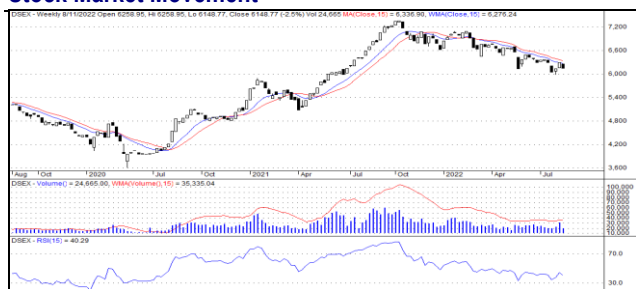
Forex market in doldrums

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 Bangladesh Bank (BB) has devalued Taka against the Dollar for the fourth time within two months by Tk0.30 as the greenback continues to appreciate in the market. The new interbank exchange rate was set at Tk95 per USD on 08 August 2022, raising the rate from the earlier Tk94.70 set on 25 July 2022. The local currency lost its value by Tk9.20 or more than 10% since January 2022. The Dollar traded at Tk85.80 on 08 January last. On 21 July 2021, Dollar was traded at Tk84.80, meaning there has been an 11.67% loss in the value of the local currency in a year. Meanwhile, there has also been a Dollar crisis in the open or *kerb* market. The exchange rate for the USD in the informal or *kerb* market has crossed Tk119 for the first time ever on 10 August 2022 from Tk115 a day earlier. Though the government has taken a number of measures, the demand for the USD remained very strong amid high trade deficit-driven depletion of foreign exchange reserve at a disturbing rate. 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 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. The BB has so far injected US\$1.49b from the reserves directly into the commercial banks as liquidity support for settling their import-payment obligations in the current fiscal year. In FY22, the central bank sold US\$7.62b from the reserves to the banks for the same purposes. There is a shortage of US Dollar due to rising import payments and declining inflows of remittance. The inflow of remittance fell 15.13% (Y-on-Y) to US\$21.03b in the FY22. Foreign exchange reserves stood at US\$39.60b on 08 August 2022 in contrast to US\$46.15b in December 2021, according to the central bank. Recently the central bank observed some anomalies in the money exchanges. So far BB has conducted inspections in more than 100 exchange houses and issued show-cause notices to 44 houses and suspended licenses of five houses. The central bank also moved for stern action against five private commercial banks and one foreign bank- Brac Bank, Dutch-Bangla Bank, The City Bank, Southeast Bank, Prime Bank and Standard Chartered Bank by ordering the banks to remove their treasury heads for their alleged involvement in irregularities in dollar sales.

Foreign aid inflow soars

Inflow of foreign assistance went up by 25.63% in the last fiscal year, compared to the FY21, mostly riding on the pandemic related budget assistance released by the development partners. As per the reports from the Economic Relations Division (ERD), during the period foreign development partners, including the World Bank (WB), Asian Development Bank (ADB), Islamic Development Bank (IDB) as well as Japan disbursed US\$10b in the FY22, which was US\$7.96b in the FY21 and US\$7.27b in FY20. The Manila-based development lender ADB topped the fund disbursement list with US\$2.56b. Japan has become the second biggest financial support provider with US\$2.21b. The third highest lender is WB, which disbursed US\$1.67b.

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	4,280.15	4,145.19	3.26
FTSE 100	7,500.89	7,439.74	0.82
Nikkei 225	28,546.98	28,175.87	1.32
SENSEX	59,462.78	58,387.93	1.84
KSE 100	42,857.57	42,096.24	1.81

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	6,148.77	6,312.25	-2.59
Total Turnover, Tk	35,840,525,992	50,586,428,078	-29.15
Market Capital, Tk	4,357,953,296,106	4,460,203,752,755	-2.29
No of Issue Gain	41	395	
No of Issue Loss	287	373	
No of Unchanged Issues	58	8	

Top Gainers

Company	Last Week	This Week	Change %	Turnover (Tk)
SEMLFBSLGF	8.50	9.80	15.29	43,330,000
SEAPEARL	48.20	53.80	11.62	843,522,000
Intraco Refueling	34.70	38.10	9.80	1,079,286,000
RD Food Products	39.20	42.50	8.42	273,045,000
Coppertech Ind.	40.30	43.40	7.69	656,247,000
Sonali Paper	651.50	696.50	6.91	665,936,000
Sonargaon Textiles	61.40	65.00	5.86	265,655,000
EBL NRB M.F.	6.90	7.30	5.80	126,296,000
Sinobangla Ind.	54.50	57.30	5.14	121,167,000
Hakkani Pulp & Paper	58.50	61.20	4.62	39,002,000

Top Losers

Company	Last Week	This Week	Change %	Turnover (Tk)
M.H. Spinning Mills	32.90	28.20	-14.29	140,061,000
Hwa Well Textiles (BD)	57.80	51.40	-11.07	92,034,000
Esquire Knit Composite	40.00	35.70	-10.75	146,842,000
Simtex Industries	21.00	18.90	-10.00	170,786,000
Orion Pharma	92.10	83.00	-9.88	553,918,000
Tosrifa Industries	28.40	25.80	-9.15	151,921,000
Olympic Industries	136.10	123.70	-9.11	804,613,000
Islamic Finance & Inv.	22.40	20.40	-8.93	43,780,000
Index Agro Industries	116.70	106.40	-8.83	65,290,000
Asia Insurance	54.60	49.90	-8.61	50,569,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	451.66	460.65	-1.95	1,113.67	2,200.98	-49.40
Cement	357.52	359.85	-0.65	734.09	700.18	4.84
Ceramic	801.24	827.27	-3.15	656.91	1,212.65	-45.83
Engineering	6,625.01	6,799.20	-2.56	3,068.76	3,250.22	-5.58
Food & Al.	4,854.72	4,914.46	-1.22	2,359.32	2,593.95	-9.05
Fuel & Pow.	3,891.12	3,932.58	-1.05	2,204.79	2,557.52	-13.79
Insurance	2,251.87	2,329.44	-3.33	1,534.99	3,825.12	-59.87
IT	482.27	490.25	-1.63	1,005.54	1,281.11	-21.51
Jute	1,081.29	1,074.30	0.65	30.36	23.41	29.66
Misc.	2,559.62	2,692.49	-4.93	4,480.72	5,433.66	-17.54
Mutual Fund	482.35	480.60	0.36	467.64	506.64	-7.70
NBFI	1,196.09	1,219.62	-1.93	1,041.50	2,196.40	-52.58
Paper	12,184.20	11,851.06	2.81	957.51	1,918.42	-50.09
Pharma	1,594.67	1,634.16	-2.42	3,743.13	4,905.15	-23.69
Service	1,587.84	1,612.89	-1.55	564.62	613.48	-7.96
Tannery	1,067.47	1,079.47	-1.11	118.37	2,161.44	-94.52
Telecom	3,828.80	3,940.63	-2.84	355.99	686.98	-48.18
Textile	1,885.74	1,967.06	-4.13	7,934.42	11,918.72	-33.43
Travel & Leis.	618.69	610.18	1.39	1,199.17	490.28	144.59

Technical Talk

Dhaka stocks closed in red trajectory in the last week ended on Thursday after a gain in the previous week as investors liquidated shares to avoid further losses. Last week saw four trading days as 09 August was public holiday on the occasion of holy Ashura. DSEX closed lower in all the four trading sessions. Among the major sectors, Textile decreased by 4.13% followed by Insurance 3.33%, Telecom 2.84%, Engineering 2.56% and Pharma 2.42%.

DSE Broad Index (DSEX) stood at 6,148.77 points after decreasing by 163.48 points or 2.59% from the previous week. Total turnover reached at Tk35840.52m, which was 29.15% lower than the previous week. Market capitalization decreased by 2.29% and stood at Tk4357.95b (\$45.87b) at the weekend against Tk4460.2b. DSE 30 decreased by 70.81 points or 3.13% and closed at 2,194.39 points against 2,265.20 points. Last week's weighted average Market PE was 13.84 which was 14.16 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 40.29.

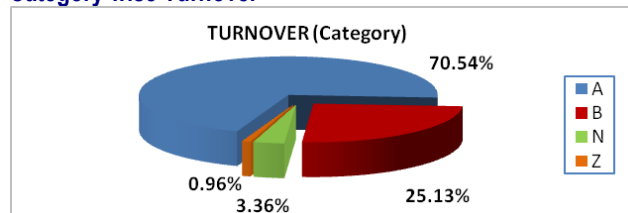
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
BEXIMCO	27,226,191	3,328,328,000	9.29
Malek Spinning Mills	30,799,879	1,120,796,000	3.13
Intraco Refueling	29,173,491	1,079,286,000	3.01
Sea Pearl Resort	15,532,762	843,522,000	2.35
Olympic Industries	5,919,726	804,613,000	2.24
Sonali Paper	990,505	665,936,000	1.86

Top 10 Market Capital

Company	Value (Tk)	% of total
GP	387,941	135,997
Walton Hi-Tech	318,408	126,994
BATBC	280,260	102,617
Square Pharma	187,573	82,849
Robi	157,138	81,180

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	1,818.90	1,792.40	1.48
Silver (USD/t oz.)	20.84	19.86	4.91
Brent Crude Oil (USD/bbl.)	97.97	94.46	3.72

Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	95.00	95.05	94.70	94.75	0.32	0.32
EUR	99.75	99.80	98.38	98.43	1.39	1.39
GBP	118.24	118.30	116.63	116.69	1.38	1.38
AUD	67.58	67.61	65.77	65.81	2.75	2.74
JPY	0.72	0.72	0.71	0.71	1.41	1.41
CAD	74.71	74.75	73.61	73.65	1.49	1.49
SAR	25.39	25.41	25.33	25.35	0.24	0.24

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)
-	-	-	-