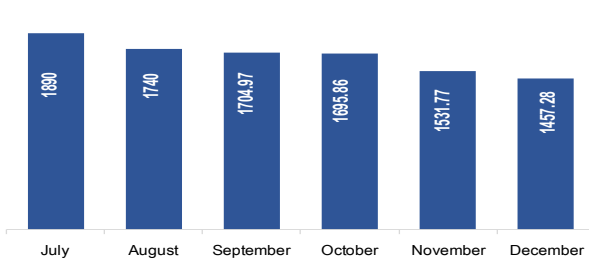


Liquidity in banks shrink on rising inflation

Liquidity surplus in the banking sector declined by Tk577.07b in December last year from that of June 2022 as high inflation have put pressure on bank deposits. Alongside, growing credit demand in the private sector and the extensive purchase of US dollars by the scheduled banks for settling import payments aggravated contraction of circulation of liquidity in the money market over the months. Additionally, government borrowing from the banking system also escalated during the period that also created a pressure on the money market reserve amount. Credit disbursement to the private sector rose 12.8% in December 2022 from 10.68% in December 2021. The point-to-point inflation stood at 8.71% in December 2022 from 6.05% in December of the preceding year. Monthly inflation rate rose to a decade high of 9.52% in August 2022, the Bangladesh Bureau of Statistics (BBS) figures showed. The central bank continued injecting US dollars into the foreign exchange (forex) market following the rising demand of greenback caused by higher import payments. The central bank injected US\$7.8b from July to December in 2022. As per the latest BB statistics, liquidity glut in the banking system further dropped to Tk1,457.28b in December 2022 from Tk1,531.77b a month earlier. The amount of excess liquidity was Tk2,034.35b in June 2022, but since then it has dropped continuously. The amount of excess liquidity reached a record high of Tk2,314.63b in June 2021. Interbank borrowing from the call money market is increasing as a result of the lack of liquidity. The weighted average interest rate in the inter-bank money market soared to 5.80% at the end of December 2022. It reached to 7% on 25 January 2023, which is a six year high.

Surplus Liquidity in June-December 2022

Figures in Tk (bn)



Banks CRAR weakens further

The Capital-to-Risk Weighted-Asset Ratio (CRAR) of all the scheduled banks weakened further in September 2022 due mainly to growing bad loans in the sector. As per Bangladesh Bank (BB) report, at the end of the third quarter of last year, banks CRAR stood at 11.01%, down from 11.15% in June 2022. However, in both quarters, the ratio was higher than the regulatory requirement of 10%. The CRAR was 11.41% in March 2022. The central bank figures showed that 11 banks out of 61 operating in the country faced capital shortfall of Tk326.06b at the end of September 2022. High default loans require maintaining a higher provision, which puts pressure on the capital base of the banks. According to BB reports, the volume of Non-Performing Loans (NPLs) rose to Tk1343.96b at the end of September 2022 despite enjoying policy support from the central bank with relaxed and suspended loan classification and provisioning requirements. On 30 June 2022 NPLs of the banking sector were Tk1252.57b which was Tk1011.50b at the end of 30 September 2021 and Tk1032.74b at the end of December 2021.

Interest spread squeezes in November

Interest spread in the banking sector declined to 2.96% in November 2022 against 3.02% in the previous month. As per the Bangladesh Bank (BB) report, the weighted average interest rate on lending rose to 7.18% in November 2022 from 7.15% a month earlier. Such rate on deposit products also rose to 4.22% from 4.13% in October this year. The central bank on 15 January 2023 raised the lending rate cap for consumer loans up to 12%. Banks have been following a 9% cap on lending since April 2020. It also levied the minimum deposit rate in August 2021. BB has withdrawn the floor on the deposit rate. Earlier on 08 August 2021, BB has set a floor on deposit interest rates and instructed the banks not to fix the rate for deposits below the inflation rate published three months before.

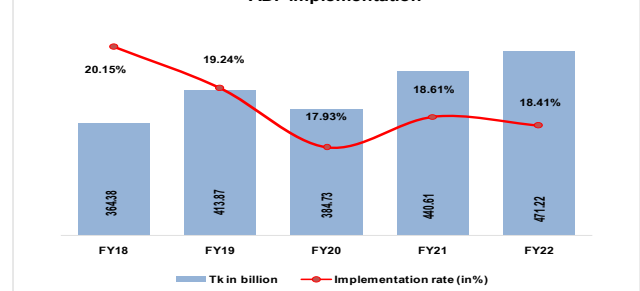
| Particulars | Weighted Average Interest Rate | | Spread |
|--------------|--------------------------------|----------|--------|
| | Deposits | Advances | |
| January'22 | 4.01% | 7.13% | 3.12% |
| February'22 | 4.02% | 7.10% | 3.08% |
| March'22 | 4.01% | 7.11% | 3.10% |
| April'22 | 4.02% | 7.09% | 3.07% |
| May'22 | 4.02% | 7.08% | 3.06% |
| Jun'22 | 3.97% | 7.09% | 3.12% |
| July'22 | 4.04% | 7.09% | 3.05% |
| August'22 | 4.07% | 7.11% | 3.04% |
| September'22 | 4.09% | 7.12% | 3.03% |
| October'22 | 4.13% | 7.15% | 3.02% |
| November'22 | 4.22% | 7.18% | 2.96% |

Source: Bangladesh Bank

ADP implemented lowest in six years

Implementation of Annual Development Program (ADP) was as usual sluggish in the first six months of FY2022-23, as only Tk603.13b of the allocation was spent, according to Implementation, Monitoring & Evaluation Division (IMED). In the first half of the FY2022-23 implementation of the ADP stood at 23.53%, the lowest in the last six years. The rate was 24.06% in the July-December period of FY2021-22. In the H1 of FY2016-17, the execution rate was lowest at 23.24%. The government ministries and agencies could not improve their capacities even during the recovery process from the Covid-19 pandemic when the projects suffered serious setbacks. IMED data shows that the government agencies and ministries spent Tk2.037-trillion of funds from the total ADP outlay of Tk2.19 trillion in FY22. The government has approved Tk2.46-trillion ADP for the FY2022-23.

ADP implementation



Stock Market Movement



Global Markets

| | This Week | Last Week | +/- % |
|------------|-----------|-----------|-------|
| S&P 500 | 4,070.56 | 3,972.61 | 2.47 |
| FTSE 100 | 7,765.15 | 7,770.59 | -0.07 |
| Nikkei 225 | 27,382.56 | 26,553.53 | 3.12 |
| SENSEX | 59,330.90 | 59,900.37 | -0.95 |
| KSE 100 | 40,450.53 | 38,407.98 | 5.32 |

DSE Indicators

| | This Week | Last Week | +/- % |
|------------------------|-------------------|-------------------|--------|
| DSE Broad Index | 6,296.26 | 6,265.44 | 0.49 |
| Total Turnover, Tk | 30,501,947,615 | 38,505,211,111 | -20.78 |
| Market Capital, Tk | 4,446,261,688,387 | 4,427,958,146,702 | 0.41 |
| No of Issue Gain | 63 | 114 | |
| No of Issue Loss | 119 | 68 | |
| No of Unchanged Issues | 205 | 207 | |

Top Gainers

Weighted avg. Closing Price (Tk)

| Company | Last Week | This Week | Change % | Turnover (Tk) |
|---------------------|-----------|-----------|----------|---------------|
| Dhaka Insurance | 52.00 | 65.00 | 25.00 | 249,442,000 |
| Sea Pearl Resort | 228.30 | 275.10 | 20.50 | 931,137,000 |
| Takaful Islami Ins. | 43.00 | 49.90 | 16.05 | 80,151,000 |
| Eastern Housing | 89.20 | 101.90 | 14.24 | 895,538,000 |
| Unique Hotel | 60.80 | 69.30 | 13.98 | 739,039,000 |
| Pioneer Insurance | 71.50 | 80.80 | 13.01 | 358,563,000 |
| National Housing | 43.30 | 48.70 | 12.47 | 393,454,000 |
| Beacon Pharma | 289.00 | 324.30 | 12.21 | 393,533,000 |
| Popular Life Ins. | 74.60 | 82.70 | 10.86 | 240,848,000 |
| Pragati Life Ins. | 150.60 | 166.50 | 10.56 | 472,953,000 |

Top Losers

Weighted avg. Closing Price (Tk)

| Company | Last Week | This Week | Change % | Turnover (Tk) |
|-----------------------|-----------|-----------|----------|---------------|
| Intech | 29.60 | 24.10 | -18.58 | 15,408,000 |
| Orion Infusion | 367.50 | 329.00 | -10.48 | 457,239,000 |
| Lub-rref (Bangladesh) | 38.60 | 35.50 | -8.03 | 231,434,000 |
| Navana Pharma | 85.00 | 79.30 | -6.71 | 380,271,000 |
| Aamra technologies | 42.70 | 40.50 | -5.15 | 270,967,000 |
| Eastern Lubricants | 1570.3 | 1493.60 | -4.88 | 10,697,000 |
| Sonali Aansh | 412.30 | 392.30 | -4.85 | 14,482,000 |
| Libra Infusions | 745.60 | 709.60 | -4.83 | 16,955,000 |
| Sonargaon Textiles | 41.60 | 39.60 | -4.81 | 212,000 |
| Jute Spinners | 287.20 | 273.40 | -4.81 | 144,000 |

Sectoral Index & Turnover

| Sector | Sectoral Index | | | Turnover (Tk.M) | | |
|----------------|----------------|-----------|----------|-----------------|-----------|----------|
| | This Week | Last Week | Change % | This Week | Last Week | Change % |
| Bank | 454.66 | 455.22 | -0.12 | 434.75 | 643.42 | -32.43 |
| Cement | 323.90 | 329.05 | -1.57 | 429.52 | 857.06 | -49.88 |
| Ceramic | 819.57 | 818.56 | 0.12 | 799.66 | 971.74 | -17.71 |
| Engineering | 6,600.44 | 6,598.43 | 0.03 | 664.14 | 1,915.93 | -65.34 |
| Food & Al. | 4,842.22 | 4,839.58 | 0.05 | 1,182.62 | 1,133.91 | 4.30 |
| Fuel & Pow. | 3,867.90 | 3,872.47 | -0.12 | 908.90 | 1,364.05 | -33.37 |
| Insurance | 2,588.39 | 2,526.06 | 2.47 | 7,708.03 | 6,122.56 | 25.90 |
| IT | 703.08 | 706.23 | -0.45 | 5,027.72 | 6,794.73 | -26.01 |
| Jute | 1,652.40 | 1,731.82 | -4.59 | 20.62 | 48.07 | -57.10 |
| Misc. | 2,488.15 | 2,512.84 | -0.98 | 2,090.02 | 3,608.62 | -42.08 |
| Mutual Fund | 460.76 | 460.22 | 0.12 | 14.42 | 24.82 | -41.91 |
| NBFI | 1,186.63 | 1,183.02 | 0.31 | 464.36 | 310.35 | 49.63 |
| Paper | 15,255.44 | 14,959.62 | 1.98 | 1,484.63 | 1,966.81 | -24.52 |
| Pharma | 1,656.35 | 1,647.19 | 0.56 | 2,440.99 | 4,451.16 | -45.16 |
| Service | 1,852.75 | 1,776.40 | 4.30 | 1,116.59 | 1,395.65 | -19.99 |
| Tannery | 1,146.23 | 1,148.00 | -0.15 | 13.41 | 111.18 | -87.94 |
| Telecom | 3,822.47 | 3,822.47 | 0.00 | 6.52 | 9.80 | -33.48 |
| Textile | 1,855.77 | 1,868.31 | -0.67 | 1,033.65 | 1,725.18 | -40.08 |
| Travel & Leis. | 1,316.36 | 1,129.31 | 16.56 | 1,673.68 | 1,193.60 | 40.22 |

Technical Talk

Dhaka stocks extended the gaining streak for the third straight week, riding on selective large-cap issues. Investors, especially the institutional ones, became active after the December-end closing. Of the five trading days last week, the first session suffered losses while the four others managed to edge higher amid modest volatility. Among the major sectors, Insurance increased by 2.47% followed by Pharma 0.56% and NBFI 0.31%.

DSE Broad Index (DSEX) stood at 6,296.26 points after increasing by 30.82 points or 0.49% from the previous week. Total turnover reached at Tk30501.95m, which was 20.78% lower than the previous week. Market capitalization increased by 0.41% and stood at Tk4446.26b (\$41.86b) at the weekend against Tk4427.96b. DSE 30 increased by 22.09 points or 1% and closed at 2,208.61 points against 2,208.61 points. Last week's weighted average Market PE was 14.21 which was 14.18 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 47.55.

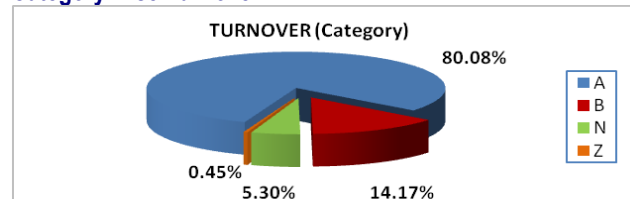
Top Turnover Companies

| Company | Volume | Value (Tk) | % of total |
|-------------------|------------|---------------|------------|
| Genex Infosys | 21,635,343 | 2,202,091,000 | 7.22 |
| BSC | 9,929,043 | 1,296,660,000 | 4.25 |
| Aamra networks | 18,608,474 | 1,182,918,000 | 3.88 |
| Bashundhara Paper | 12,509,437 | 1,131,614,000 | 3.71 |
| Sea Pearl Resort | 3,530,748 | 931,137,000 | 3.05 |
| Eastern Housing | 9,596,310 | 895,538,000 | 2.94 |

Top 10 Market Capital

| Company | Market Capital (In million) |
|----------------|-----------------------------|
| GP | 386,996 |
| Walton Hi-Tech | 317,378 |
| BATBC | 280,098 |
| Square Pharma | 185,977 |
| Robi | 157,138 |
| RENETA | 139,689 |
| United Power | 135,475 |
| BEXIMCO | 101,302 |
| MARICO | 76,277 |
| LafargeHolcim | 75,257 |

Category wise Turnover



Commodity Price

| | This Week | Last Week | Change % |
|----------------------------|-----------|-----------|----------|
| Gold (USD/t oz.) | 1,943.90 | 1,927.70 | 0.84 |
| Silver (USD/t oz.) | 23.73 | 24.06 | -1.39 |
| Brent Crude Oil (USD/bbl.) | 86.07 | 87.61 | -1.76 |

Exchange Rate

| | This Week | | Last Week | | Change % | |
|-----|-----------|--------|-----------|--------|----------|-------|
| | TT | BC | TT | BC | TT | BC |
| USD | 106.21 | 106.21 | 106.79 | 106.79 | -0.54 | -0.54 |
| EUR | 117.77 | 117.77 | 117.61 | 117.61 | 0.14 | 0.14 |
| GBP | 134.35 | 134.35 | 134.39 | 134.39 | -0.03 | -0.03 |
| AUD | 75.84 | 75.84 | 74.09 | 74.09 | 2.36 | 2.36 |
| JPY | 0.83 | 0.83 | 0.84 | 0.84 | -1.19 | -1.19 |
| CAD | 80.20 | 80.20 | 79.51 | 79.51 | 0.87 | 0.87 |
| SAR | 28.44 | 28.44 | 28.59 | 28.59 | -0.52 | -0.52 |

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) |
|-------------------|---------------------|-------------|------------|
| Grameen Bank-AIMS | 22 Jan-07 Mar, 2023 | 10 | 362 |
| First Unit Fund | | | |