

**H1 monetary policy unveiled**

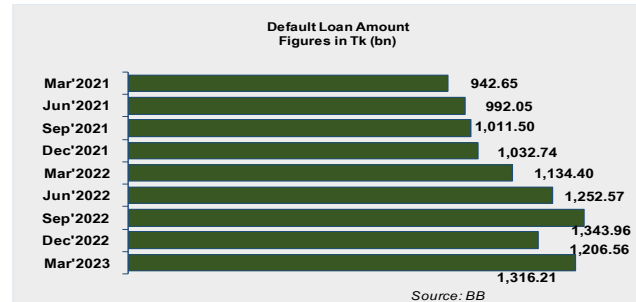
Bangladesh Bank (BB) unveiled the monetary policy for first half of the financial year 2023-24, pursuing contractionary stance by raising policy rate and cutting down private sector credit growth rate in a bid to contain inflation and stabilizing the exchange rate. The International Monetary Fund (IMF) gave some conditions when it agreed to lend US\$4.5b to support macroeconomic stability of Bangladesh, one of which was announcing the monetary policy twice a year, which used to be the system earlier. Based on the advice, BB unveiled the new policy lifting the existing interest rate cap. The MPS projects private sector credit growth at 11% in FY2023-24 against 14.1% in FY2022-23 and public sector credit growth to 30% from 37.7%. Credit disbursement to the private sector decreased to 11.23% in April 2023 from 12.03% a month back. The lending rate cap has been replaced by a market based but controlled corridor named SMART reference rate, calculated on the average rate of 182 days Treasury Bills with a 3% top up margin for banks and 5% for non-bank financial institutions (NBFIs). The reference rate will be announced monthly through BB's website, which for July 2023 is notified as 7.13%. Based on it, the maximum lending rate for bank loans will be 10.13% and for NBFIs 12.13%. BB has also increased the repurchase agreement (repo) rate, by 50 basis points to 6.50% and the reverse repo rate by 25 basis points to 4.50%, effective from 01 July 2023. Broad money target has been reduced to 9.5% up to December 2023, down by 1 percentage points from June estimation. Domestic credit target has been set at 16.9%, up 0.5-percentage points than that of June. BB acknowledged that reaching the GDP growth target of 7.5% may pose challenges due to high inflation. For FY2022-23, GDP growth is estimated at 6.03%, declining from 7.1% in FY2021-22 and 6.94% in FY2020-21. As per the recent release from the Bangladesh Bureau of Statistics (BBS), inflation surged to a decade high of 9.94% in May, up from 9.24% in April. BB will also now adopt a unified and market-driven single exchange rate regime, allowing the rate between Taka and USD or any other foreign currency to be determined by market forces.

**Bank Company Act Amendment Bill passed**

The Bank Company (Amendment) Bill 2023 has been passed in the parliament on 21 June 2023 with a last-minute controversial addition that extended the tenure of bank directors to twelve years from nine years after which they will not be eligible to sit on the board for the next three years. Earlier, in 2018 the tenure was increased to nine years from six years. According to the proposed law, not more than three directors of a bank can be from the same family, which is four at present. In 2018 the maximum number of family members allowed on a bank's board was raised to four from two amid widespread criticisms. The directors and their family members must provide collaterals, bonds, or securities for availing loans from the bank as per the amendment. Banks must now publish lists of willful defaulters on their websites and newspapers and send it to Bangladesh Bank (BB) which can impose ban on overseas travel against them. The regulator can also suspend a willful defaulter's registration with the Bangladesh Securities and Exchange Commission (BSEC) and the Registrar of Joint Stock Companies and Firms (RJSC). Even if a person gets removed from the list of willful defaulters, they will not be able to serve as a director for five years. If a bank director gets designated as a willful defaulter, the central bank will be able to declare their post vacant.

**BB again extend loan repayment moratorium**

Bangladesh Bank (BB) has once again relaxed the policy for rescheduling defaulted loans, citing justification of maintaining stability in the financial sector and proper management of classified loans. The central bank issued a circular in this regard on 20 June 2023. Although similar concessions were extended between 2020 and 2022, the level of non-performing loans (NPLs) has not gone down. As per the new circular, borrowers will not be considered defaulters if they repay 50% of the required repayment installments by 30 June 2023.



It is to be noted that despite the benefit of no re-payment of loan installments, the amount of defaulted loans has not decreased. On the contrary, the volume of non-performing loans rose to Tk1316.21b at the end of March 2023 from Tk1206.56b at the end of December 2022. It represents a substantial increase from the Tk1032.74b in December 2021 and Tk887.34b in December 2020. The latest NPL figure is the second highest in the history of the banking sector and was just behind the Tk1343.96b reported in the September quarter of 2022.

**Eight companies downgraded to Z category**

Eight companies are going to be downgraded from A and B category to Z category due to their non-compliance with dividend disbursements. The A category companies are - Fortune Shoes, Taufika Food and Lovello Ice-cream, Lub-rref (Bangladesh), Associated Oxygen and S. S. Steel whereas B category companies are - Advent Pharma, Safko Spinning Mills and Pacific Denims. All these companies had previously declared cash dividends for the FY2021-22, but they finally did not disburse the announced dividends. The Bangladesh Securities and Exchange Commission (BSEC) in a letter sent to the non-compliant companies said non-payment of dividends among shareholders after announcements within the stipulated timeframe tantamount to market manipulation. As a result, their category has been downgraded. Meanwhile, another five companies - Oryza Agro Industries, BD paints, Mamun Agro Products, Krishibid Seed and Krishibid Feed of the Small & Medium Enterprises (SME) board also indulged in the same wrongdoing and are being slapped other penalties because there is no category for the bourse's SME companies.

**Forex reserve crosses US\$30b-mark**

Forex exchange (forex) reserves crossed US\$30b-mark on 21 June 2023 as the inflow of remittances is maintaining an upward trend now ahead of Eid-ul-Azha festival. The reserves stood at US\$30.02b on 21 June which was US\$29.95b a day ago, as per Bangladesh Bank (BB) reports. The Asian Development Bank (ADB) has recently given US\$400m in budget support, which also led to a hike in the forex reserve. The reserves stood at US\$48.04b on 24 August 2021, the highest ever in the history of Bangladesh. To stabilize the foreign exchange market, BB has so far sold over US\$13.43b to the banks in FY2022-23.

## Stock Market Movement



### Global Markets

	This Week	Last Week	+/- %
S&P 500	↓ 4,348.33	4,409.59	-1.39
FTSE 100	↓ 7,461.87	7,642.72	-2.37
Nikkei 225	↓ 32,781.54	33,706.08	-2.74
SENSEX	↓ 62,979.37	63,384.58	-0.64
KSE 100	↓ 40,090.36	41,335.53	-3.01

### DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	↑ 6,319.25	6,280.02	0.62
Total Turnover, Tk	↓ 29,584,744,162	38,696,111,325	-23.55
Market Capital, Tk	↑ 4,490,997,617,583	4,470,062,678,202	0.47
No of Issue Gain	162	42	
No of Issue Loss	23	141	
No of Unchanged Issues	208	207	

### Top Gainers

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

Company	Last Week	This Week	Change %	Turnover (Tk)
KBPPWBIL	15.00	19.50	30.00	469,105,000
Olympic Accessories	9.90	12.10	22.22	170,016,000
Central Pharma	11.20	12.90	15.18	195,009,000
Meghna Insurance	42.30	48.50	14.66	254,508,000
Bd.Thai Aluminium	13.60	15.40	13.24	93,921,000
MIDAS Financing	10.20	11.50	12.75	8,828,000
Prime Islami life Ins.	66.50	74.70	12.33	160,661,000
Islami Commercial Ins.	31.70	35.50	11.99	111,547,000
Crystal Insurance	40.90	45.70	11.74	66,458,000
Zaheen Spinning	9.90	11.00	11.11	93,820,000

### Top Losers

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

Company	Last Week	This Week	Change %	Turnover (Tk)
Samata Leather	74.90	69.80	-6.81	57,534,000
Apex Tannery	124.00	117.50	-5.24	52,004,000
Oimex Electrode	26.50	25.60	-3.40	104,859,000
Fareast Islami Life Ins.	78.10	75.60	-3.20	453,469,000
Meghna Pet Industries	44.60	43.40	-2.69	17,768,000
Legacy Footwear	110.30	107.60	-2.45	346,367,000
Meghna Condensed Milk	32.30	31.60	-2.17	12,677,000
Advent Pharma	28.80	28.20	-2.08	431,636,000
Nitol Insurance	37.70	37.00	-1.86	5,596,000
Peoples Insurance	32.80	32.20	-1.83	18,382,000

### Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	451.74	449.76	0.44	486.35	414.49	17.34
Cement	351.40	344.65	1.96	530.02	889.18	-40.39
Ceramic	807.69	805.04	0.33	146.68	472.80	-68.98
Engineering	6,673.89	6,650.48	0.35	1,958.36	2,412.52	-18.82
Food & Al.	5,132.11	5,111.91	0.40	2,513.23	3,550.83	-29.22
Fuel & Pow.	3,912.37	3,905.07	0.19	849.27	1,937.35	-56.16
Insurance	2,637.80	2,565.24	2.83	6,235.61	10,546.49	-40.88
IT	689.69	672.07	2.62	1,701.22	2,687.33	-36.69
Jute	1,970.59	1,896.32	3.92	176.56	136.76	29.11
Misc.	2,506.96	2,483.51	0.94	1,799.99	1,789.86	0.57
Mutual Fund	448.96	447.49	0.33	135.23	149.44	-9.51
NBFI	1,197.34	1,194.51	0.24	155.89	88.51	76.13
Paper	14,737.07	14,690.73	0.32	1,092.40	1,754.72	-37.75
Pharma	1,634.51	1,632.38	0.13	1,992.48	3,572.67	-44.23
Service	1,824.48	1,776.25	2.72	538.75	587.91	-8.36
Tannery	1,260.39	1,251.84	0.68	567.72	929.23	-38.90
Telecom	3,822.47	3,822.47	0.00	7.40	4.20	76.28
Textile	1,893.78	1,878.84	0.79	1,660.23	2,056.23	-19.26
Travel & Leis.	1,139.61	1,130.14	0.84	699.03	1,773.51	-60.58

## Technical Talk

Dhaka stocks advanced in the last week after a fall in the previous two weeks. However, the movement towards gaining territory was led by particular small-cap and junk stocks. Besides, most of the companies were restricted by their floor prices, which limited investors from rebalancing their portfolios. Among the major sectors, Insurance increased by 2.83% followed by IT 2.62%, Textile 0.79% and Bank by 0.44%.

DSE Broad Index (DSEX) stood at 6,319.25 points after increasing by 39.23 points or 0.62% from the previous week. Total turnover reached at Tk29584.74m, which was 23.55% lower than the previous week. Market capitalization increased by 0.47% and stood at Tk4490.99b (\$41.11b) at the weekend against Tk4470.06b. DSE 30 increased by 5.24 points or 0.24% and closed at 2,187.74 points against 2,182.50 points. Last week's weighted average Market PE was 14.35 which was 14.29 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 53.38.

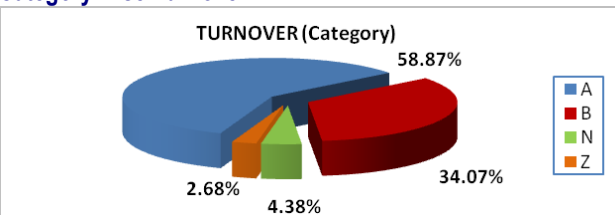
### Top Turnover Companies

Company	Volume	Value (Tk)	% of total
Meghna Life Insurance	9,970,016	1,056,813,000	3.57
Gemini Sea Food	945,519	796,277,000	2.69
Navana Pharma	5,805,921	664,016,000	2.24
BSC	5,240,679	656,531,000	2.22
Eastern Housing	6,074,238	615,448,000	2.08
Trust Islami Life Ins.	7,542,927	578,185,000	1.95

### Top 10 Market Capital

Company	Volume	Value (Tk)	% of total
GP	386,996	RENETA	139,689
Walton Hi-Tech	317,378	United Power	135,475
BATBC	280,098	BEXIMCO	103,571
Square Pharma	185,977	Berger Paint	83,299
Robi	157,138	LafargeHolcim BD	78,857

### Category wise Turnover



### Commodity Price

	This Week	Last Week	Change %
Gold (USD/ton)	1,930.30	1,970.70	-2.05
Silver (USD/ton)	22.46	24.27	-7.48
Brent Crude Oil (USD/bbl)	74.32	76.29	-2.58

### Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	109.24	109.24	109.30	109.30	-0.05	-0.05
EUR	121.38	121.38	121.93	121.93	-0.45	-0.45
GBP	141.67	141.67	142.94	142.94	-0.89	-0.89
AUD	73.33	73.33	75.56	75.56	-2.95	-2.95
JPY	0.77	0.77	0.78	0.78	-1.28	-1.28
CAD	83.29	83.29	83.24	83.24	0.06	0.06
SAR	29.27	29.27	29.29	29.29	-0.07	-0.07

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)
-	-	-	-