

Stocks bleed as investors losing confidence

Bear-run and volatility infested the stock market sentiments from the beginning of this year. The capital market experienced persistent crises of confidence and was stuck in the stagnant floor price trap. A significant portion of the investors has been showing reluctance to actively involve in the market. The turnover tumbled to 4-month low at Tk4.17b on 06 August 2023. It had been the lowest single-day transaction since 13 April 2023 when it was recorded at Tk4.14b. Along with a low turnover, DSEX, the benchmark index of the prime bourse, went down to 6,315.81 points, the lowest in seven weeks. Later on, 08 August the turnover further decreased to Tk3.86b which was the lowest since 29 March 2023 when the turnover was recorded at Tk3.83b. At the end of the week on 10 August 2023, DSEX closed at 6,297.25 points. Turnover dropped to Tk3.81b, down from the previous day's Tk4.19b. The weekend turnover was the lowest after Tk3.86 recorded two days earlier.

Companies being scrutinized for non-compliance

Operating status and associated issues of 42 non-compliant companies with the securities laws and listing regulations will be examined by the Dhaka Stock Exchange (DSE) with permission from the Bangladesh Securities and Exchange Commission (BSEC). Inspections will be carried out in phases due to a shortage of skilled manpower. In the first phase, DSE will visit 14 companies. Out of the 42 companies, some did not disburse declared dividends timely, some did not arrange Annual General Meetings (AGM) or did not submit quarterly financial statements regularly. After inspection, DSE will submit its findings to the Commission.

Thumbprints now mandatory for taking NBFIs loans

Bangladesh Bank (BB) through a circular issued on 07 August 2023 made it compulsory for Non-Bank Financial Institutions (NBFIs) to take thumbprints and signatures of borrower and guarantors in relevant loan documents to ensure proper recovery of money. NBFIs will need to accept the thumb impressions by verifying those with national identification number database, the circular said. Moreover, to mitigate the emerging legal complexities in loan recovery, the subject matter in the received or required documents must be ensured to be read and heard by relevant third parties, including the loan recipient and the guarantor. The new directive will significantly expedite the loan recovery process and reduce legal disputes related to loan defaulters; experts opined. The volume of Non-Performing Loans (NPL) in the NBFIs sector rose to Tk178.55b at the end of March 2023 from Tk168.21b at the end of December 2022. Earlier on 02 August 2023, BB made it compulsory for banks to take thumbprints and signature of borrowers and guarantors on relevant loan documents.

Foreign aid disbursement drop in FY2022-23

Inflow of foreign assistance decreased by 7.3% in the last fiscal year compared to FY2021-22, due to lack of spending capacity of government agencies. As per 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\$9.27b. Earlier a record disbursement of US\$10b was made in FY2021-22, which was US\$7.96b in the FY2020-21 and US\$7.27b in FY2019-20. Meanwhile, the foreign-aid commitments increased to US\$8.798b in FY2022-23, up from US\$8.20b in the previous fiscal year, ERD data shows.

Shabby performance of SCBs

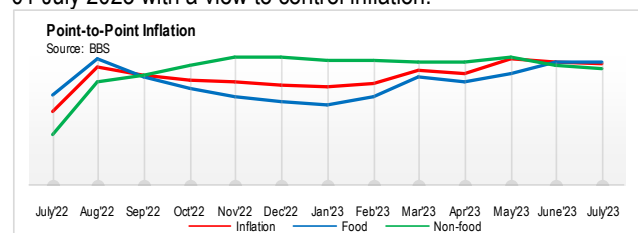
Overall condition of the State-owned Commercial Banks (SCBs) has been deteriorating over time. The central bank instructed four SCBs - Sonali, Janata, Agrani and Rupali and two specialized banks - BASIC Bank and Bangladesh Development Bank to keep nonperforming loans within the limit they had agreed under the Bangladesh Bank's (BB) annual performance agreements for the financial year 2022-23. The central bank has instructed them to speed up their recovery drives from defaulters as their record in recovering delinquent loans has remained quite dismal. The BB also asked the banks to take prompt measures to strengthen their capital base since these six banks have been facing capital shortfall for a long time. Sonali Bank agreed to keep the Non-Performing Loans (NPL) at Tk115b in FY2022-23 under the signed agreement, but the amount stood at Tk119.78b. At the end of FY2022-23 NPL of Janata Bank stood at Tk139.50b against its agreed limit of Tk120b. Agrani Bank's NPL stood at Tk148.10b although its management had agreed to keep the amount within Tk95b. Rupali Bank had a target to keep such loans within Tk55b, but the amount stood at Tk99.25b. Bangladesh Development Bank agreed to keep the amount within Tk7b but the amount stood at Tk10.24b.

Financial account deficit US\$2.14b in FY2022-23

In the last fiscal year, financial accounts experienced a deficit of US\$2.14b, while it was a surplus of US\$15.45b in FY2021-22. Sluggish foreign direct investments reduced net foreign loans and grants and a decline in foreign portfolio investments contributed to the deficit in the financial account. The current account deficit declined to US\$3.33b from a deficit balance of US\$18.63b in the previous fiscal year. Trade deficit in FY2022-23 amounted to US\$17.16b against US\$33.25b in FY2021-22. As per Bangladesh Bank (BB) figures, import payments declined by 15.76% to US\$69.49b compared with that of US\$82.5b in the previous fiscal year. On the other hand, as per Export Promotion Bureau (EPB) figures, exports increased by 6.66% to US\$55.55b in FY2022-23 from US\$52.08b in the previous fiscal year.

Inflation eases in July

Inflation fell slightly to 9.69% in July 2023 from 9.74% in June, according to the Bangladesh Bureau of Statistics (BBS). However, though inflation in July eased, it remained above the average inflation recorded at 9.02% in the previous fiscal year, which was the highest in 12 years. The 12-months average inflation exceeded the revised target of 7.5% set for the FY2022-23. Food inflation rose to 9.76% in July from 9.73% in the previous month. Non-food inflation eased to 9.47% last month from 9.6% in June, according to the BBS. Rural inflation was recorded at 9.75% and in urban areas at 9.43% in July from 9.82% and 9.45% respectively only a month ago. Meanwhile, Bangladesh Bank (BB) has re-fixed repurchase agreement (repo) rate upwards by 50 basis points to 6.50% effective from 01 July 2023 with a view to control inflation.



Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	4,464.05	4,478.03	-0.31
FTSE 100	7,524.16	7,564.37	-0.53
Nikkei 225	32,473.65	32,192.75	0.87
SENSEX	65,322.65	65,721.25	-0.61
KSE 100	48,442.58	48,588.99	-0.30

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	6,297.25	6,329.86	-0.52
Total Turnover, Tk	20,714.18	29,638.69	-30.11
Market Capital, Tk	4,482,444,767,754	4,496,282,797,703	-0.31
No of Issue Gain	35	76	
No of Issue Loss	144	96	
No of Unchanged Issues	206	216	

Top Gainers

Company	Weighted avg. Closing Price (Tk)			Turnover (in BDTmn)
	Last Week	This Week	Change %	
Ambee Pharma	537.90	645.10	19.93	86.76
National Tea Co.	393.10	436.30	10.99	24.90
Aramit Limited	266.60	293.40	10.05	45.39
Alif Industries	88.70	95.90	8.12	655.55
Far Chemical Ind.	10.90	11.70	7.34	181.93
Premier Cement	64.90	67.50	4.01	121.60
Daffodil Computers	65.90	68.40	3.79	21.82
Emerald Oil Ind.	151.00	156.20	3.44	531.89
Rangpur Foundry	164.00	169.20	3.17	19.20
Apex Spinning	135.80	138.70	2.14	35.64

Top Losers

Company	Weighted avg. Closing Price (Tk)			Turnover (in BDTmn)
	Last Week	This Week	Change %	
Deshbandhu Polymer	32.20	25.60	-20.50	506.36
CAPM IBBL Islamic M. F.	13.20	11.20	-15.15	20.83
Continental Insurance	48.40	41.90	-13.43	161.86
KBPPWBIL	32.50	28.90	-11.08	1,040.19
Prime Islami life Ins.	66.50	59.20	-10.98	38.18
Meghna Insurance	48.10	43.00	-10.60	117.17
Khulna Printing	12.40	11.10	-10.48	45.88
Republic Insurance	40.20	36.00	-10.45	28.70
Asia Pacific G. Ins.	58.60	52.60	-10.24	46.49
Metro Spinning	44.30	39.80	-10.16	370.87

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	464.02	464.69	-0.14	414.59	660.79	-37.26
Cement	355.31	357.38	-0.58	414.58	469.89	-11.77
Ceramic	794.79	798.91	-0.52	58.85	246.52	-76.13
Engineering	6,635.59	6,658.61	-0.35	1,413.65	1,611.61	-12.28
Food & Al.	5,135.67	5,134.49	0.02	3,116.27	4,098.82	-23.97
Fuel & Pow.	3,906.93	3,902.77	0.11	469.59	639.49	-26.57
Insurance	2,557.10	2,667.96	-4.16	3,726.81	9,481.15	-60.69
IT	647.90	670.71	-3.40	813.00	1,370.95	-40.70
Jute	2,182.97	2,188.59	-0.26	149.95	123.06	21.86
Misc.	2,518.00	2,529.38	-0.45	2,343.08	3,639.42	-35.62
Mutual Fund	446.42	448.09	-0.37	29.60	28.80	2.78
NBFI	1,195.87	1,196.74	-0.07	35.52	40.01	-11.23
Paper	14,265.98	14,416.18	-1.04	1,132.08	444.19	154.87
Pharma	1,637.34	1,632.93	0.27	1,388.62	1,232.87	12.63
Service	1,711.53	1,748.96	-2.14	166.07	324.47	-48.82
Tannery	1,241.86	1,236.64	0.42	743.16	682.11	8.95
Telecom	3,822.47	3,822.47	0.00	3.68	3.81	-3.57
Textile	1,900.13	1,912.35	-0.64	1,679.97	2,258.46	-25.61
Travel & Leis.	1,104.35	1,133.51	-2.57	803.55	1,340.48	-40.06

Technical Talk

Dhaka stocks continued correction for the third straight week amid dismal participation from investors. The capital market experienced persistent crises of confidence and was stuck in the stagnant floor price trap. Among the major sectors, Insurance decreased by 4.16% followed by IT 3.4% and by Textile 0.64%.

DSE Broad Index (DSEX) stood at 6,297.25 points after decreasing by 32.61 points or 0.52% from the previous week. Total turnover reached at Tk20714.18m, which was 30.11% lower than the previous week. Market capitalization decreased by 0.31% and stood at Tk4482.44b (\$40.94b) at the weekend against Tk4496.28b. DSE 30 decreased by 9.59 points or 0.45% and closed at 2,142.94 points against 2,152.52 points. Last week's weighted average Market PE was 14.41 which was 14.44 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 48.97.

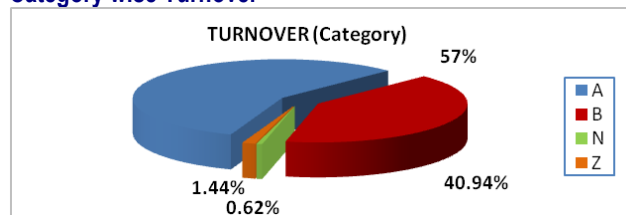
Top Turnover Companies

Company	Volume	Value (BDT mn)	% of total
KBPPWBIL	32,780,206	1,040.19	5.02
Fu Wang Food	30,261,348	1,010.07	4.88
Sonali Paper	1,291,777	807.07	3.90
Sea Pearl Resort	3,229,733	691.46	3.34
Alif Industries	6,926,536	655.55	3.16
Legacy Footwear	4,312,672	567.63	2.74

Top 10 Market Capital

Company	Market Cap (In million)
GP	386,996
Walton Hi-Tech	317,378
BATBC	280,098
Square Pharma	187,573
Robi	157,138
RENETA	139,689
United Power	135,475
BEXIMCO	103,571
Berger Paint	84,408
LafargeHolcim BD	78,857

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t.oz)	1,945.70	1,978.20	-1.64
Silver (USD/t.oz)	22.75	23.73	-4.13
Brent Crude Oil (USD/bbl.)	86.62	86.07	0.64

Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	109.50	109.50	109.50	109.50	0.00	0.00
EUR	122.28	122.28	122.99	122.99	-0.58	-0.58
GBP	141.82	141.82	142.43	142.43	-0.43	-0.43
AUD	71.53	71.53	72.32	72.32	-1.09	-1.09
JPY	0.76	0.76	0.78	0.78	-2.56	-2.56
CAD	81.89	81.89	82.29	82.29	-0.49	-0.49
SAR	29.33	29.33	29.34	29.34	-0.03	-0.03

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)
-	-	-	-