

Loan write-off and toxic credits pile up

Default loans in the banking sector rose by Tk173.82b at the end of December 2022, despite enjoying policy support from the central bank with relaxed and suspended loan classification and provisioning requirements. According to Bangladesh Bank (BB) reports, the volume of non-performing loans stood at Tk1206.56b at the end of December 2022 from Tk1032.74b a year ago. Meanwhile, the banking sector wrote off Tk653.21b at the end of 2022 in bad loans to clean their balance sheet which was Tk604.98b at the end of 2021. Every year the banks have been witnessing a rise in the volume of written-off loans which have a low possibility of recovery. As per the rules the banks must keep 100% provision against the written-off of loans.

Sri Lanka repays US\$50m to Bangladesh

Despite struggling with an economic crisis, Sri Lanka repaid US\$50m to Bangladesh on 17 August 2023 out of the US\$200m loan that it took under a currency swap mechanism deal in September 2021. The next installment is expected by 30 August this year. The central bank of Sri Lanka was supposed to repay the amount in three months at an interest rate of LIBOR + 2%. However, the time was extended three times by about 27 months. Sri Lanka has taken funds through such swap deals also from India and China.

Interest spread slightly up in June

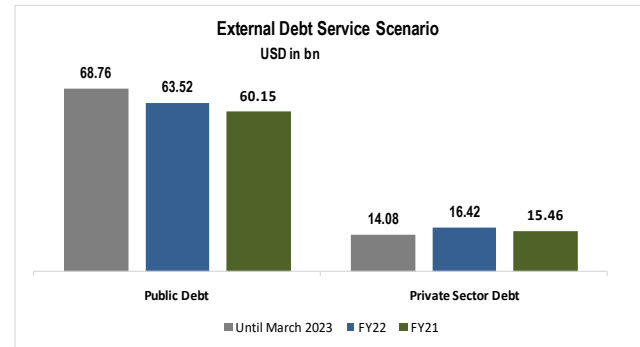
The weighted average interest rate on deposits stood at 4.38% in June 2023, up from 4.41% in the previous month. The rate was 3.97% in June 2022, according to Bangladesh Bank (BB). Meanwhile, the weighted average lending rate stood at 7.31% in June 2023, down from 7.32% a month earlier. The interest rate spread stood at 2.93% in June, which was 2.91% in the previous month. The spread, however, has been below 3% for the last eight months. The central bank on 15 January 2023 raised the lending rate cap for consumer loans at 12%. Banks have been following a 9% cap on lending rates since April 2020. It also imposed the minimum deposit rate in August 2021, which has since been withdrawn. Earlier on 08 August 2021, BB set a floor on deposit interest rates and instructed the banks not to fix the rate for deposits below the last published three months inflation rate.

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%
December'22	4.23%	7.22%	2.99%
January'23	4.29%	7.24%	2.95%
February'23	4.31%	7.27%	2.96%
March'23	4.35%	7.31%	2.96%
April'23	4.38%	7.29%	2.91%
May'23	4.41%	7.32%	2.91%
Jun'23	4.38%	7.31%	2.93%

Source: Bangladesh Bank

Foreign debt surges to US\$82.85b

According to the Bangladesh Bank (BB) reports, foreign debts had piled up to US\$82.85b by the third quarter of 2023 as government borrowing increased year on year. Out of the amount, the public debt had increased to US\$68.76b till March this year from US\$63.52b at the end of 2022. Meanwhile, the private-sector debt as of March 2023 decreased to US\$14.08b from US\$16.42b at the end of 2022. The foreign debt is likely to increase further in the next fiscal year, as the government has set a target to borrow Tk1.02-trillion from the external sources for financing the massive budget deficit.



Govt bank borrowing surge while NSC sales in negative

Net bank borrowing by the government surged behind a drastic fall in net sales of national savings certificates. In FY2022-23, the government borrowed Tk1241.22b from the banking system against Tk886.52b a year ago. Of the total amount, Tk988.26b was borrowed from the central bank and remaining Tk252.96b from the commercial banks. Initially, the target for borrowing from the banking system in FY2022-23 was set at Tk1063.44b, which was later revised to Tk1154.25b. For FY2023-24 the government has set a target of borrowing Tk1.32-trillion from the banking system. The net sales of National Savings Certificates (NSCs) turned negative for the first time in FY2022-23. As per the latest figures from the National Savings Directorate (NSD), the net sales of NSCs were Tk32.95b in the negative in FY2022-23, which was Tk199.16b positive in the FY2021-22 and Tk419.59b in FY2020-21. The government borrowed Tk808.58b against repayment of Tk841.54b in FY2022-23. Nevertheless, initial target of borrowing from NSCs were set at Tk350b in FY2022-23 but the target was later reduced to Tk200b. The scope for investment in saving certificates has been squeezed further and set at Tk180b for FY2023-24.

Revenue collection up by 15.38% in July

Revenue collection by the National Board of Revenue (NBR) grew by 15.38% (Y-on-Y) in the first month of the current fiscal year due to a hefty rise in Value-Added Tax (VAT) collection following the inflationary pressures. VAT collection grew by 21.51% in July compared to that of the corresponding month of the last fiscal year. However, the aggregate tax revenue collection in the month fell short of target by Tk18.66b. The NBR collected Tk205.61b against the target of Tk224.27b. In FY2022-23, NBR collected Tk3252.72b in revenue, registering a 7.84% growth against 15.26% in the previous fiscal year. However, total tax receipts fell short of target set for the period by Tk447.27b. Meanwhile, the total revenue earnings have been estimated at Tk5-trillion for FY2023-24. Of this, NBR will collect Tk4.30-trillion and another Tk700b will be collected from other sources.

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	4,405.71	4,369.71	0.82
FTSE 100	7,338.58	7,262.43	1.05
Nikkei 225	31,624.28	31,450.76	0.55
SENSEX	64,886.51	64,948.66	-0.10
KSE 100	47,683.04	48,220.68	-1.11

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	6,280.09	6,254.83	0.40
Total Turnover, Tk	21,906.19	14,903.37	46.99
Market Capital, Tk	4,480,177,678,944	4,462,104,240,858	0.41
No of Issue Gain	97	27	
No of Issue Loss	60	135	
No of Unchanged Issues	225	229	

Top Gainers

Company	Weighted avg. Closing Price (Tk)			Turnover (in BDTmn)
	Last Week	This Week	Change %	
Miracle Industries	29.90	42.70	42.81	368.09
Aramit Cement	22.40	28.80	28.57	57.27
SK Trims	25.40	29.30	15.35	101.22
Emerald Oil	140.00	156.50	11.79	690.77
Rupali Bank	27.40	30.40	10.95	199.90
Rupali Life Insurance	103.50	114.70	10.82	913.77
Yeakin Polymer	24.50	27.10	10.61	258.87
Chartered Life Ins.	49.30	54.50	10.55	50.75
Fu Wang Food	30.30	33.10	9.24	1,934.46
BENGLAWTL	23.60	25.70	8.90	57.83

Top Losers

Company	Weighted avg. Closing Price (Tk)			Turnover (in BDTmn)
	Last Week	This Week	Change %	
Mercantile Islami Ins.	33.30	31.50	-5.41	24.44
Northern Jute	222.50	212.90	-4.31	6.87
Jute Spinners	359.10	344.70	-4.01	3.24
Sea Pearl Beach Resort	182.40	175.10	-4.00	982.84
Zeal Bangla Sugar	125.50	120.80	-3.75	5.52
GQ Ball Pen Industries	131.20	126.50	-3.58	30.73
KBPPWBIL	25.70	24.80	-3.50	365.62
Simtex Industries	25.70	24.80	-3.50	331.46
Far Chemical	11.50	11.10	-3.48	121.10
GENNEXT	6.40	6.20	-3.13	108.91

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	465.89	463.10	0.60	470.47	328.71	43.13
Cement	359.45	351.72	2.20	697.19	484.40	43.93
Ceramic	792.49	793.71	-0.15	198.91	60.82	227.06
Engineering	6,636.27	6,626.61	0.15	1,252.44	971.97	28.86
Food & Al.	5,131.50	5,098.58	0.65	4,262.04	2,579.14	65.25
Fuel & Pow.	3,910.71	3,902.90	0.20	466.34	434.72	7.27
Insurance	2,529.97	2,515.55	0.57	3,558.61	2,280.84	56.02
IT	639.79	623.80	2.56	1,097.33	653.38	67.95
Jute	2,143.65	2,153.69	-0.47	157.41	215.89	-27.09
Misc.	2,538.12	2,506.82	1.25	1,817.54	1,234.40	47.24
Mutual Fund	446.69	446.32	0.08	43.96	41.22	6.65
NBFI	1,194.95	1,195.05	-0.01	48.53	21.52	125.47
Paper	14,028.25	13,928.64	0.72	1,122.61	740.30	51.64
Pharma	1,643.71	1,636.11	0.46	1,089.84	1,312.08	-16.94
Service	1,694.78	1,683.28	0.68	195.57	117.82	65.99
Tannery	1,236.50	1,229.62	0.56	430.87	325.45	32.39
Telecom	3,822.47	3,822.47	0.00	3.15	2.24	40.64
Textile	1,889.70	1,888.89	0.04	1,471.35	869.69	69.18
Travel & Leis.	994.78	1,010.27	-1.53	1,132.45	707.88	59.98

Technical Talk

Dhaka stocks advanced in the previous week as some investors went for buying shares while many others maintained a cautious approach. Out of its five trading sessions, three sessions ended higher while two suffered losses. Among the major sectors, IT increased by 2.56% followed by Food & Allied 0.65% and Bank by 0.60%.

DSE Broad Index (DSEX) stood at 6,280.09 points after increasing by 25.26 points or 0.40% from the previous week. Total turnover reached at Tk21906.19m, which was 46.99% higher than the previous week. Market capitalization increased by 0.41% and stood at Tk4480.18b (\$40.91b) at the weekend against Tk4462.10b. DSE 30 increased by 8.83 points or 0.42% and closed at 2,130.50 points against 2,121.67 points. Last week's weighted average Market PE was 14.39 which was 14.33 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 47.28.

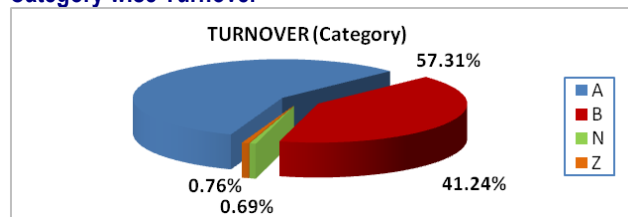
Top Turnover Companies

Company	Volume	Value (BDT mn)	% of total
Fu Wang Food	55,982,860	1,934.46	8.83
Sea Pearl Resort	5,437,672	982.84	4.49
Rupali Life Insurance	7,925,178	913.77	4.17
Sonali Paper	1,233,019	818.73	3.74
Emerald Oil	4,404,775	690.77	3.15
Gemini Sea Food	816,083	577.04	2.63

Top 10 Market Capital

Company	Volume	Value (BDT mn)	% 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	187,218	Berger Paint	87,158
ROBI	157,138	MARICO	81,368

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	1,943.30	1,918.40	1.30
Silver (USD/t oz.)	24.29	22.80	6.51
Brent Crude Oil (USD/bbl.)	84.14	84.84	-0.83

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	120.67	120.67	121.46	121.46	-0.65	-0.65
GBP	140.51	140.51	142.28	142.28	-1.24	-1.24
AUD	70.45	70.45	70.49	70.49	-0.06	-0.06
JPY	0.76	0.76	0.76	0.76	0.00	0.00
CAD	80.91	80.91	81.24	81.24	-0.41	-0.41
SAR	29.34	29.34	29.35	29.35	-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)
-	-	-	-