B a n g l a d e s h

Weekly Market Review

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Deposit-rate cap withdrawn

Bangladesh Bank (BB) has withdrawn the ceiling on the interest rate of bank deposits. The central bank issued a circular in this regard on 12 December 2023, stating that there is no need any more to have any floor rate of deposits as market-based lending rate system has been introduced in the financial market. Earlier in August 2021, BB fixed the interest-rate limit on deposits. At that time the central bank asked all the scheduled banks not to keep the interest rate below the rate of inflation. The minimum deposit rate was the average of three months' inflation rate. In April 2020, the central bank imposed a lending rate cap at 9% which has been replaced by a market based but controlled corridor named SMART (Six Months Moving Average Rate of Treasury Bills) reference rate, calculated on the average rate of 182 days Treasury Bills. Banks can add a 3.75% margin to the SMART when disbursing loans. On the other hand, Non-Banking Financial Institutions (NBFIs) can add margin at the rate of 5.75%. The SMART currently stands at 7.72%. Therefore, banks can now charge a maximum lending rate of 11.47%.

Discrepancies in export figures

In the previous fiscal year, the mismatch between export figures and proceeds realization reported by the Bangladesh Bank (BB) and the shipment figures of Export Promotion Bureau's (EPB) was highest in recent years at US$9.24b. As per the statistics from the EPB, exporters fetched US$55.55b in FY2022-23 against US$52.08b in the previous fiscal year. Export earnings crossed the milestone of US$50b for the second consecutive fiscal year. However, the central bank figures show that export earnings were US$46.31b in the same year. Traditionally, the gap exists in the data produced by the two government bodies. The gap between the EPB and BB figures hovers around US$4-5b, but it jumped in FY2021-22 to US$8.51b from US$4.73b in FY2020-21. A mismatch between export shipment and realized value has been notably pronounced after the central bank started to devalue the Taka amidst a rising Dollar crisis. At the same time, US$9.24b gap between export shipments and actual receipts points to potential capital flight.

Export Earnings					
Year	US$ in bn	Growth (Y-o-Y)	Year	US$ in bn	Growth (Y-o-Y)
FY12	24.30	5.99%	FY18	36.67	5.81%
FY13	27.03	11.22%	FY19	40.54	10.55%
FY14	30.19	11.69%	FY20	33.67	-16.93%
FY15	31.21	3.39%	FY21	38.75	15.07%
FY16	34.26	9.77%	FY22	52.08	34.25%
FY17	34.66	1.16%	FY23	55.55	6.66%

Source:EPB

Deposit in banks rise

Bangladesh Bank (BB) reported that the volume of bank deposits increased by more than Tk341.81b at the end of September this year, compared to the preceding quarter. Of the total deposits, state-owned banks held 25.32%, specialized banks 2.76%, foreign banks 4.83% and private banks 67.09% share. At the same time the number of bank accounts with over Tk10m in deposits has continued to grow to reach 1,13,586 at the end of September 2023 from 1,13,554 in June 2023. As per BB records, the number of bank accounts with more than Tk10m has long been growing without any break - from 75,563 at the of December 2018 to 1,01,976 at the end of December 2021 and then reaching 1,09,946 at the end of December 2022. While bank accounts with more than Tk10m continue to increase, bank deposits of poor and middle-income individuals have been declining possibly due to inflationary pressure.

Inflation edges down in November

Led by a decline in both food and non-food prices, inflation decelerated by 44 basis points to 9.49% in November this year. Last month, food inflation and non-food inflation stood at 10.76% and 8.16%, dropping from 12.56% and 8.30% respectively from the earlier month, according to Bangladesh Bureau of Statistics (BBS). Food inflation was 8.14% in November last year and non-food inflation 9.98%. Inflation in rural areas went down by 37 basis points to 9.62%. In urban areas, it fell by 56 basis points to 9.16%. Average inflation in FY2022-23 stood at 9.02%, the highest in 12 years. The 12-months average inflation widely exceeded the revised target of 7.5% set for FY2022-23.

Inflation							
Month	Inflation	Food	Non-food	Month	Inflation	Food	Non-food
Jan'22	5.86%	5.60%	6.26%	Jan'23	8.57%	7.76%	9.84%
Feb'22	6.17%	6.22%	6.10%	Feb'23	8.78%	8.13%	9.82%
Mar'22	6.22%	6.34%	6.04%	Mar'23	9.33%	9.09%	9.72%
Apr'22	6.29%	6.23%	6.39%	Apr'23	9.24%	8.84%	9.72%
May'22	7.42%	8.30%	6.08%	May'23	9.94%	9.24%	9.96%
June'22	7.56%	8.37%	6.33%	June'23	9.74%	9.73%	9.60%
July'22	7.48%	8.19%	6.39%	July'23	9.69%	9.76%	9.47%
Aug'22	9.52%	9.94%	8.85%	Aug'23	9.92%	12.54%	7.95%
Sep'22	9.10%	9.08%	9.13%	Sep'23	9.63%	12.37%	7.82%
Oct'22	8.91%	8.50%	9.58%	Oct'23	9.93%	12.56%	8.30%
Nov'22	8.85%	8.14%	9.98%	Nov'23	9.49%	10.76%	8.16%
Dec'22	8.71%	7.91%	9.96%				

Source:BBS

US$3.97b financial account deficit in Jul-Oct

In the July-October period of the current fiscal year, financial accounts experienced a deficit of US$3.97b against a surplus of US$1.28b in the same period of FY2022-23. Sluggish foreign direct investment, reduced net foreign loans and grants and a decline in foreign portfolio investments contributed to the deficit in the financial account. The trade deficit narrowed to US$3.8b in July-October of FY2023-24 compared with that of US$9.62b in the same period of FY2022-23. As per Bangladesh Bank (BB) figures, import payments declined by 20.58% to US$20.26b compared with that of US$25.51b in the same period in the previous year. On the other hand, as per Export Promotion Bureau (EPB) figures, exports increased by 3.65% to US$16.46b in the first four months of the FY2023-24 from US$15.88b in the same period of previous fiscal year. The current account posted a surplus of US$233m against a deficit balance of US$4.48b during the same period a year before. 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.

Government borrowing continues

In the first five months of the current fiscal year, the government borrowed Tk312.74b from the scheduled banks and repaid Tk276.35b to the central bank, as per the latest figures from the Bangladesh Bank (BB). In the same period of the previous fiscal year, the government borrowed Tk310.72b and repaid Tk10.55b. In FY2022-23, the government borrowed Tk1241.22b from the banking system against Tk686.52b a year ago. Of the total amount, Tk988.26b was borrowed from the central bank and remaining Tk252.96b from commercial banks. Initially, the target for borrowing from the banking system in FY2022-23 was set at Tk1063.44b, which was later revised upwards to Tk1154.25b. For FY2023-24, the government has set a target of borrowing Tk1.32-trillion from the banking system.

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The week's data runs 07 December 2023 to 14 December 2023

Stock Market Movement

Global Markets

		This Week	Last Week	+/- %
S&P 500	↑	4,719.19	4,604.37	2.49
FTSE 100	↑	7,576.36	7,554.47	0.29
Nikkei 225	↑	32,970.55	32,307.86	2.05
SENSEX	↑	71,483.75	69,825.60	2.37
KSE 100	↓	66,136.02	66,238.07	-0.15

DSE Indicators

		This Week	Last Week	+/- %
DSE Broad Index	↑	6,266.85	6,252.56	0.23
Total Turnover, Tk	↑	29,817.73	22,799.61	30.78
Market Capital, Tk	↑	4,473,012,514,248	4,466,255,007,536	0.15
No of Issue Gain		110	130	
No of Issue Loss		65	31	
No of Unchanged Issues		212	218	

Top Gainers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (in BDTmn)
Olympic Accessories	12.90	19.00	47.29	1,087.06
Anlima Yarn Dyeing	32.30	42.50	31.58	262.00
KBPPWBIL	73.10	95.50	30.64	281.87
Pacific Denims	13.00	16.20	24.62	893.31
WMSHIPYARD	11.80	14.30	21.19	486.77
Evince Textiles	10.00	12.00	20.00	274.99
Union Capital	8.00	9.50	18.75	107.32
CAPMIBBLMF	11.90	13.70	15.13	106.50
Indo-Bangla Pharma	17.00	19.20	12.94	453.67
Mercantile Islami Ins.	31.10	35.00	12.54	37.82

Top Losers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (in BDTmn)
BD Monospool Paper	286.90	254.60	-11.26	87.51
Sea Pearl Beach Resort	179.40	160.70	-10.42	541.02
Samorita Hospital	94.00	84.60	-10.00	178.79
Khulna Printing	31.20	28.30	-9.29	979.93
Samata Leather	73.60	67.10	-8.83	78.74
ATCSLGF	10.60	9.70	-8.49	161.22
Monno Ceramic	116.10	106.30	-8.44	393.48
Paper Processing	209.30	192.00	-8.27	93.23
Aftab Automobiles	35.30	32.70	-7.37	375.26
Meghna Pet Industries	40.60	37.80	-6.90	16.38

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	463.91	462.18	0.37	411.74	183.68	124.16
Cement	351.77	353.30	-0.43	451.03	466.65	-3.35
Ceramic	821.69	827.38	-0.69	1,466.47	1,071.94	36.81
Engineering	6,673.19	6,668.21	0.07	5,226.64	3,447.20	51.62
Food & Al.	5,050.00	5,059.97	-0.20	2,158.67	2,439.81	-11.52
Fuel & Pow.	3,893.26	3,902.33	-0.23	772.34	681.71	13.29
Insurance	2,553.16	2,522.19	1.23	3,250.70	1,959.28	65.91
IT	601.09	603.11	-0.33	896.26	1,243.63	-27.93
Jute	2,327.43	2,390.07	-2.62	191.18	361.26	-47.08
Misc.	2,528.09	2,519.57	0.34	2,180.67	2,087.70	4.45
Mutual Fund	475.52	473.48	0.43	878.77	578.81	51.82
NBFI	1,196.95	1,194.33	0.22	204.83	79.51	157.60
Paper	13,566.79	13,864.60	-2.15	1,342.19	1,566.76	-14.33
Pharma	1,640.93	1,634.15	0.41	4,327.96	2,655.46	62.98
Service	1,714.42	1,720.55	-0.36	366.59	330.24	11.01
Tannery	1,202.06	1,203.46	-0.12	296.36	449.79	-34.11
Telecom	3,822.47	3,822.47	0.00	3.07	1.72	77.99
Textile	1,922.88	1,900.30	1.19	2,684.99	1,344.09	99.76
Travel & Leis.	916.39	966.16	-5.15	627.42	643.22	-2.46

Technical Talk

Stocks extended the winning streak for the second consecutive week riding on rumour-based stocks in anticipation of quick gain. Of the five trading sessions, three sessions experienced declines while the remaining two managed to close higher Among the major sectors, Insurance increased by 1.23% followed by Insurance 1.19%, Mutual Fund 0.43% and Pharma by 0.41%%.

DSE Broad Index (DSEX) stood at 6,266.85 points after increasing by 14.23 points or 0.23% from the previous week. Total turnover reached at Tk29817.73m, which was 30.78% higher than the previous week. Market capitalization increased by 0.15% and stood at Tk4473.01b ($40.66b) at the weekend against Tk4466.26b. DSE 30 increased by 8.15 points or 0.39% and closed at 2,107.12 points against 2,115.27 points. Last week's weighted average Market PE was 14.88 which was 14.57 in 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 48.95.

Top Turnover Companies

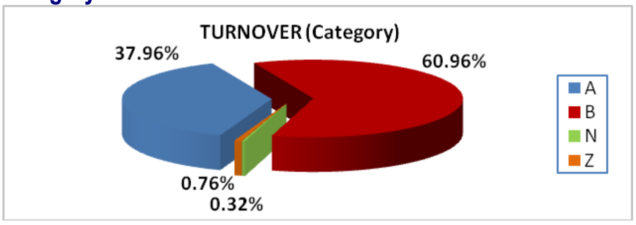
Company	Volume	Value (BDT mn)	% of total
Central Pharma	60,287,253	1,429.78	4.80
Olympic Accessories	65,499,613	1,087.06	3.65
Khulna Printing	31,249,577	979.93	3.29
Pacific Denims	60,447,825	893.31	3.00
Fu-Wang Ceramic	40,303,997	849.78	2.85
Bd.Thai Aluminium	37,090,032	775.68	2.60

Top 10 Market Capital

In million

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	80,702
ROBI	157,138	LafargeHolcim BD	80,135

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	2,033.80	2,020.80	0.64
Silver (USD/t oz.)	24.17	23.29	3.78
Brent Crude Oil (USD/bbl.)	76.89	75.95	1.24

Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	110.00	110.00	110.25	110.25	-0.23	-0.23
EUR	124.66	124.66	123.37	123.37	1.05	1.05
GBP	142.99	142.99	141.81	141.81	0.83	0.83
AUD	74.05	74.05	72.34	72.34	2.36	2.36
JPY	0.78	0.78	0.76	0.76	2.63	2.63
CAD	82.62	82.62	81.44	81.44	1.45	1.45
SAR	29.48	29.48	29.54	29.54	-0.20	-0.20

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)
Sikder Insurance	21 Dec-28 Dec, 2023	10	160

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