

Floor price goes a DSEX hits five-month high

The key index of Dhaka Stock Exchange (DSE) hit its highest in more than five months on 16 January 2024 due to increased participation of investors as the tensions surrounding the national election eased. DSEX, settled at 6,331.61 points by adding 62.10 points since the election day 07 January 2024. Before it, DSEX posted its recent highest at 6,342.99 points on 02 August 2023. DSE also witnessed a four-month-high turnover on 16 January 2024 featuring Tk8b, the highest after 20 September last year, when a Tk8.55b turnover was recorded. Meanwhile, the Bangladesh Securities and Exchange Commission (BSEC) withdrew the floor price effective from 21 January 2024. However, 35 selective stocks will remain under floor restriction until further notice, as per the Order issued on 18 January 2024. The capital market regulator first introduced the floor price mechanism on 19 March 2020 to prevent free-fall of market at the onset of the coronavirus pandemic. The provision was highly criticized by experts as it hampered the free price movement in the market, affecting the flow of liquidity. However, the Commission continued with the system as the general investors were in confidence crisis. BSEC initially lifted the floor prices of 66 listed companies on 07 April 2021 and on 03 June 2021, removed the floor prices of 30 more listed stocks. On 17 June 2021, BSEC removed the floor prices for all listed securities, resuming the regular price change limit applicable to all the listed securities. Later on 28 July 2022, BSEC set the floor prices again for all listed securities. In 21 December 2022, floor price of 169 listed securities were lifted. BSEC re-imposed floor prices on these 169 listed securities on 01 March 2023.

Inflation decrease but remain above 9%

The point-to-point inflation decreased to 9.41% in December 2023 from 9.49% in the preceding month. It was recorded at 8.71% in December 2022 and 6.05% in December 2021. Since March 2023, inflation has persisted above 9%. The monthly inflation rate rose to a decade high of 9.94% in May 2023, the Bangladesh Bureau of Statistics (BBS) figures showed. Despite the fall last month, the last 12-months average inflation rose significantly to 9.47%. The average inflation for the 12 months in 2022 and 2021 were 7.67% and 5.54% respectively. Food inflation started at 7.76% in January which stood at 9.58% last month, down from 10.76% in November 2023 but it was 7.91% in the identical month a year prior. Food inflation surged 12.54% in August, the highest in the last 12 years. Non-food inflation increased to 8.52% in December from 8.16% earlier month. According to BBS data, rural inflation stood at 9.48% in December with food inflation at 9.66% and non-food inflation at 8.1%. In urban areas it was 9.15% during the same month with food inflation at 9.46% and non-food inflation at 8.3%.

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%	Dec'23	9.41%	9.58%	8.52%	

Source: BBS

H2 monetary policy unveiled

Bangladesh Bank (BB) unveiled the monetary policy for second half of the financial year 2023-24, pursuing contractionary stance like previous one, by raising policy rate and cutting down private sector credit growth 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. As part of tightening the money supply, BB raised its policy rate by 25 basis points to 8% from 7.75%. The policy rate hike is expected to raise bank lending rates further. Apart from the policy rate, the highest ceiling on policy rate corridor of Standing Lending Facility (SLF) rate has been reduced to 9.50% from 9.75% while the lowest limit on Standing Deposit Facility (SDF) rate has been raised to 6.50% from 5.75%. The central bank cut the private sector credit growth target to 10% from 11% amid liquidity shortage and higher inflationary pressures. The projected growth in public sector credit is 27.8%, down from 31% set for the current financial year earlier. Credit disbursement to the private sector dropped to 9.9% in November 2023 from 10.09% a month back. For FY2023-24, Gross Domestic Product (GDP) growth is estimated at 6.5%, declining from initial 7.5% projection, considering the existing economic challenges. The inflation projection has been revised upwards to 7.5% from previous estimates of 6%. Based on the IMF's advice, the crawling peg system has been introduced to prevent volatility in the foreign exchange market. Since mid-2022, Taka has been depreciating against the US Dollar. In its H2 monetary policy BB has expressed high optimism about the improvement of the Balance of Payment (BoP) at the end of FY2023-24. Despite different challenges, BB hopes that the current account deficit will come down to US\$332m at the end of current fiscal year due to the positive growth of export and remittance. BB also projected that the financial account will have US\$200m surplus at the end of the current fiscal year.

Banks CRAR weakens further

The Capital-to-Risk Weighted-Asset Ratio (CRAR) of all the scheduled banks weakened further in June 2023 due mainly to growing bad loans in the sector. As per Bangladesh Bank (BB) report, at the end of the second quarter of last year, banks CRAR stood at 11.19%, down from 11.23% of the preceding quarter. However, in both quarters, the ratio was higher than the regulatory requirement of 10%. The CRAR was 11.83% in December 2022. The central bank figures showed that 15 banks out of 61 operating in the country faced capital shortfall of around Tk337.32b at the end of June 2023. Earlier, capital shortfall in 11 banks was Tk335.74b at the end of March 2023. According to BB reports, the volume of Non-Performing Loans (NPLs) rose to Tk1,560.39b at the end of June 2023 from Tk1,316.21b at the end of March 2023 and Tk1,206.56b at end of December 2022, despite different initiatives.

Loan write-offs pile up

As per Bangladesh Bank (BB) statistics, loan write-off by the banks stood at Tk677.21b at the end of June 2023 while the figure was Tk604.02b on 30 June 2022 and Tk568.89b on 30 June 2021. Every year the banks has been witnessing a rise in the volume of written-off loans which has no possibility of recovery. As per the rules, the banks must keep 100% provision against the written-off loans.

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	4,839.81	4,783.83	1.17
FTSE 100	7,461.93	7,624.93	-2.14
Nikkei 225	35,963.27	35,577.11	1.09
SENSEX	71,423.65	72,568.45	-1.58
KSE 100	63,281.07	64,638.55	-2.10

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	6,336.76	6,301.70	0.56
Total Turnover, Tk	36,372.56	21,978.61	65.49
Market Capital, Tk	4,522,848,813,081	4,504,602,540,562	0.41
No of Issue Gain	94	147	
No of Issue Loss	84	33	
No of Unchanged Issues	209	200	

Top Gainers

Company	Weighted avg. Closing Price (Tk)			Turnover (in BDTmn)
	Last Week	This Week	Change %	
Orion Infusion	373.40	469.80	25.82	1,761.76
Beach Hatchery	48.00	59.10	23.13	771.78
Sandhani Life Ins.	27.70	33.80	22.02	749.00
Karnaphuli Insurance	38.40	44.60	16.15	812.05
Intech	25.60	29.20	14.06	121.85
Deshbandhu Polymer	40.70	46.30	13.76	872.39
KBPPWBIL	129.90	145.90	12.32	549.89
Express Insurance	35.90	39.30	9.47	479.26
Samorita Hospital	84.90	92.50	8.95	360.57
Kohinoor Chemicals	441.90	479.00	8.40	222.01

Top Losers

Company	Weighted avg. Closing Price (Tk)			Turnover (in BDTmn)
	Last Week	This Week	Change %	
FAS Finance & Inv.	6.20	5.60	-9.68	96.12
MIDAS Financing	12.80	11.90	-7.03	58.55
Midland Bank	15.80	14.80	-6.33	288.62
IFIL Islamic M. F. 1	6.80	6.40	-5.88	55.67
Bengal Windsor	24.90	23.50	-5.62	88.84
Yeakin Polymer	27.30	25.90	-5.13	230.44
Trust Islami Life Ins.	56.90	54.10	-4.92	115.15
Prime Finance First M. F.	35.00	33.30	-4.86	288.04
Sonali Life Insurance	80.60	76.70	-4.84	83.69
Confidence Cement	89.00	84.80	-4.72	1.39

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	470.75	471.82	-0.23	1,287.28	1,861.80	-30.86
Cement	363.22	361.04	0.60	771.99	474.58	62.67
Ceramic	803.25	805.48	-0.28	407.16	315.64	29.00
Engineering	6,694.17	6,674.27	0.30	3,630.44	2,679.92	35.47
Food & Al.	5,075.76	5,035.12	0.81	2,643.76	1,377.45	91.93
Fuel & Pow.	3,889.77	3,887.44	0.06	1,533.15	772.23	98.53
Insurance	2,637.62	2,628.05	0.36	7,054.82	3,379.90	108.73
IT	632.89	630.77	0.34	1,866.16	1,151.23	62.10
Jute	2,202.78	2,201.05	0.08	123.19	57.22	115.28
Misc.	2,656.82	2,619.02	1.44	2,256.39	951.40	137.16
Mutual Fund	483.86	487.58	-0.76	1,272.96	1,264.00	0.71
NBFI	1,201.88	1,203.69	-0.15	782.07	858.68	-8.92
Paper	14,187.88	14,011.30	1.26	1,179.79	920.12	28.22
Pharma	1,672.83	1,649.03	1.44	4,715.87	1,834.00	157.14
Service	1,808.39	1,771.57	2.08	1,106.70	542.17	104.12
Tannery	1,207.86	1,198.61	0.77	273.53	137.74	98.58
Telecom	3,822.47	3,822.47	0.00	3.42	6.28	-45.55
Textile	1,904.34	1,904.81	-0.02	758.34	820.56	-7.58
Travel & Leis.	817.05	800.97	2.01	1,885.30	859.83	119.26

Technical Talk

Dhaka stocks extended gains in the past week for the second consecutive week due to increased participation of investors as the tensions surrounding the national election eased. Turnover reached four-month high at Tk8b on 16 January 2024. Among the major sectors, Pharma increased by 1.44% followed by Food & Allied 0.81% and Insurance by 0.36%.

DSE Broad Index (DSEX) stood at 6,336.76 points after increasing by 35.06 points or 0.56% from the previous week. Total turnover reached at Tk36372.56m, which was 65.49% higher than the previous week. Market capitalization increased by 0.41% and stood at Tk4522.85b (\$41.12b) at the weekend against Tk4504.60b. DSE 30 increased by 11.80 points or 0.56% and closed at 2,129.71 points against 2,117.91 points. Last week's weighted average Market PE was 13.29 which was 13.23 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 60.71.

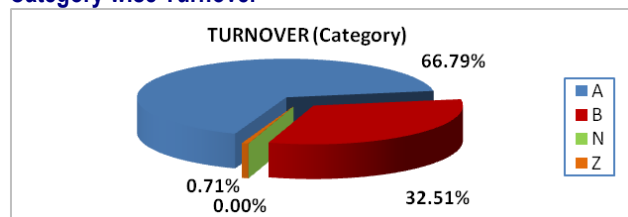
Top Turnover Companies

Company	Volume	Value (BDT mn)	% of total
Orion Infusion	4,001,521	1,761.76	4.84
Sea Pearl Resort	13,343,723	1,568.30	4.31
BSC	8,299,626	997.79	2.74
Deshbandhu Polymer	20,162,990	872.39	2.40
Bd.Thai Aluminium	31,460,034	867.88	2.39
Karnaphuli Insurance	18,890,220	812.05	2.23

Top 10 Market Capital

Company	Volume	Value (BDT mn)	In million
GP	386,996	RENETA	139,689
Walton Hi-Tech	317,378	United Power	135,475
BATBC	280,098	BEXIMCO	103,842
Square Pharma	187,928	Berger Paint	86,690
ROBI	157,138	LafargeHolcim BD	83,038

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t.oz)	2,031.80	2,053.60	-1.06
Silver (USD/t.oz)	22.75	23.36	-2.61
Brent Crude Oil (USD/bbl.)	78.69	78.36	0.42

Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	110.00	110.00	110.00	110.00	0.00	0.00
EUR	124.68	124.68	125.30	125.30	-0.49	-0.49
GBP	143.24	143.24	143.82	143.82	-0.40	-0.40
AUD	72.95	72.95	73.92	73.92	-1.31	-1.31
JPY	0.75	0.75	0.77	0.77	-2.60	-2.60
CAD	82.32	82.32	82.45	82.45	-0.16	-0.16
SAR	29.48	29.48	29.49	29.49	-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)
Best Holding Ltd.	14 Jan-18 Jan, 2024	24	3,500
NRB Bank Ltd.	28 Jan-01 Feb 2024	10	1,000