

Twenty-two companies downgraded to 'Z' category

The Dhaka Stock Exchange (DSE) downgraded 22 companies to Z-category from 18 February 2024 after the Bangladesh Securities and Exchange Commission (BSEC) issued an Order on 15 February 2024 on category-wise placement. Of these, 3 were transferred from A-category and the remaining 19 from B-category. BSEC issued the new Order revising its Directive issued on 30 November 2023. The Directive pointed out that the relaxing of rules on the transfer of stocks to Z-category, effected during the pandemic, would no longer be effective from 28 February 2024. Instead, the transfer of stocks would be determined based on the Settlement of Transactions Regulations 2013. The companies that have been downgraded to the Z-category are - Zahintex Industries, Yeakin Polymer, Uttara Finance and Investment, Union Capital, The Dacca Dyeing & Manufacturing Company, Standard Ceramic Industries, Safko Spinnings Mills, Ring Shine Textiles, Renwick Jaineswar & Co (Bd), Regent Textile Mills, Premier Leasing & Finance, National Tea Company, Khulna Printing & Packaging, Keya Cosmetics, International Leasing & Financial Services, Intech Limited, GBB Power, FAS Finance & Investment, Delta Spinners, Aziz Pipes, Aramit Cement and Alltex Industries. The capital market regulator in the latest Order revised the criteria for companies to be considered and listed as junk. A listed company shall be shifted to the Z-category if it fails to declare any dividend for two consecutive years from the date of declaration of the last dividend or date of listing with the stock exchanges. If any company fails to hold the Annual General Meeting (AGM) within the stipulated timeframe it will be sent to the lowest category, the Order said. However, in the case of not holding an AGM due to any writ petition or any legal process pending before any court, a maximum of two years may be considered for such an action. A company will be treated as junk if it is not in operation or exploration for a minimum of six months excluding periods for renovations or in the event of unforeseeable circumstances. If any negative balance of retained earnings exceeds its paid-up capital, the company will be sent to the lowest category. Any listed company shall be placed in the Z-category for any non-compliance with any provision of the securities Laws, Rules, Regulations, Notifications, Orders and Directives. On the other hand, if any company is able to provide interim dividends on the basis of audited financial reports, it can be upgraded from the Z-category. As per the newly issued Order, no sponsor or director of Z-category companies, excluding bank, insurance companies and Non-Bank Financial Institutions (NBFIs), shall be allowed to transact any shares on any platform of the stock exchanges or outside the stock exchanges without prior approval of the Commission. The settlement cycle of Z-category stocks shall be T+3. With the latest downgrading, currently there are 49 companies in the Z- category.

Currency swap introduced

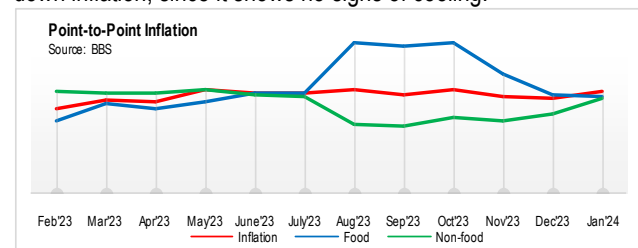
A currency swap arrangement has been launched for the first time in Bangladesh under which commercial banks can exchange the Taka for Dollars, or vice versa, with the Bangladesh Bank. The system came into force immediately, the central bank said in a circular issued on 15 February 2024. Under the arrangement, a minimum of US\$5m and equivalent in Taka can be swapped with a tenor of 7 to 90 days. The interbank reference rate, which is currently Tk110 per Dollar, will be considered as the spot rate.

Loan write-off policy relaxed further

Loans, which have been classified as bad for two years, can be written off. The Bangladesh Bank (BB) issued a circular in this regard on 18 February 2024 as part of its roadmap to reduce the higher volume of bad loans in the banking sector. Earlier in February 2019, BB lowered the timeframe to three years from five years. The facility was introduced in 2003. As per the circular, any assets against bad loans will have to be sold to recover the money. However, if this is not possible, then the loans will have to be written off. The BB guidelines said no loan account can be written off partially and approval of the board of directors is mandatory to write off the bad loans. Every year the banks have 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. The volume of non-performing loans rose to Tk1,456.33b at the end of December 2023 from Tk1,206.56b in December 2022.

Inflation on the rise in January

Point-to-point inflation jumped to 9.86% in January 2024 from 9.41% in December 2023. It was at 8.57% in January 2023. Inflation has persisted above 9% since March 2023, the Bangladesh Bureau of Statistics (BBS) figures shows. Food inflation fell slightly to 9.56% in January this year from 9.58% a month back. On the other hand, non-food inflation surged by 90 basis points to 9.42%. According to BBS data, inflation has increased in both rural and urban areas. In the rural areas, January inflation was 9.70%, which was 9.49% in December last year. On the other hand, in the urban areas it rose to 9.99% from 9.15%. Bangladesh Bank has re-fixed repurchase agreement (repo) rate upwards by 25 basis points to 8% from 7.75% with the aim of curbing inflation by tightening the cost of borrowing. The central bank also cut the private sector credit growth target to 10% from 11%. All these measures are aimed at bringing down inflation, since it shows no signs of cooling.



Quarterly GDP disclosed for the first time

Bangladesh Bureau of Statistics (BBS) released the quarterly Gross Domestic Product (GDP) figure for the first time in line with the condition of the structural reform program set by the International Monetary Fund (IMF). First quarterly GDP grew at 6.07% in July-September of FY2023-24. This represents a significant drop from the 8.76% recorded in the same period for FY2022-23. The agriculture sector witnessed a drastic fall in growth of 0.84% in July-September of FY2023-24 while it was 2.07% in the same period of FY2022-23. The service sector's growth fell to 3.96% from 12.87% while the industrial sector grew 9.67% from 7.17%. The World Bank (WB), Asian Development Bank (ADB) and IMF estimate 5.6%, 6% and 6.5% growth respectively for FY2023-24. However, the assessments made by all the three multilateral development financiers fall well short of the ambitious target of 7.5% growth set by the government for FY2023-24.

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	5,088.80	5,005.57	1.66
FTSE 100	7,706.28	7,711.71	-0.07
Nikkei 225	39,098.68	38,487.24	1.59
SENSEX	73,142.80	72,426.64	0.99
KSE 100	62,926.11	59,800.98	5.23

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	6,273.96	6,336.25	-0.98
Total Turnover, Tk	33,701.47	74,403.97	-54.70
Market Capital, Tk	4,271,576,379,081	4,311,953,327,629	-0.94
No of Issue Gain	121	73	
No of Issue Loss	247	309	
No of Unchanged Issues	30	16	

Top Gainers

Company	Weighted avg. Closing Price (Tk)			Turnover (in BDTmn)
	Last Week	This Week	Change %	
Esquire Knit	25.30	31.10	22.92	60.64
Monno Fabrics	23.90	28.60	19.67	713.86
Central Insurance	50.40	59.70	18.45	296.82
Queen South Textile	17.00	19.90	17.06	87.00
VFS Thread Dyeing	16.00	18.70	16.88	124.93
AFC Agro Biotech	19.20	22.00	14.58	188.97
H.R. Textile	83.90	96.00	14.42	171.27
Sunlife Insurance	42.50	48.00	12.94	81.68
Active Fine Chemical	16.60	18.50	11.45	280.08
Gemini Sea Food	385.00	428.30	11.25	538.44

Top Losers

Company	Weighted avg. Closing Price (Tk)			Turnover (in BDTmn)
	Last Week	This Week	Change %	
Khulna Printing	43.10	33.80	-21.58	144.45
BD Monospool Paper	220.90	183.30	-17.02	3.67
Safko Spinnings Mills	19.20	16.20	-15.63	13.39
Union Capital	12.50	10.80	-13.60	56.23
Aftab Automobiles	61.90	53.50	-13.57	808.52
Mithun Knitting	24.80	21.60	-12.90	35.35
Beacon Pharma	270.70	236.00	-12.82	396.71
International Leasing	6.50	5.70	-12.31	12.80
Yeakin Polymer	26.70	23.50	-11.99	62.25
Sikder Insurance	49.30	43.50	-11.76	312.77

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	478.02	479.92	-0.40	3,128.69	8,983.12	-65.17
Cement	368.96	371.79	-0.76	333.26	1,171.30	-71.55
Ceramic	743.16	747.11	-0.53	1,450.03	2,548.22	-43.10
Engineering	5,295.20	5,402.66	-1.99	3,004.07	7,465.72	-59.76
Food & Al.	5,071.31	5,077.73	-0.13	2,299.80	4,904.13	-53.10
Fuel & Pow.	3,248.18	3,299.00	-1.54	1,098.00	2,656.13	-58.66
Insurance	2,529.85	2,535.24	-0.21	3,184.73	4,796.12	-33.60
IT	655.36	684.93	-4.32	1,732.84	4,397.59	-60.60
Jute	2,362.05	2,275.53	3.80	138.40	343.51	-59.71
Misc.	2,738.70	2,768.66	-1.08	1,330.05	3,051.06	-56.41
Mutual Fund	437.54	447.89	-2.31	381.26	1,008.56	-62.20
NBFI	929.96	955.83	-2.71	572.91	2,572.04	-77.73
Paper	13,250.59	13,463.60	-1.58	408.94	1,952.98	-79.06
Pharma	1,575.05	1,607.26	-2.00	5,409.63	12,743.66	-57.55
Service	1,675.02	1,723.00	-2.78	649.29	1,456.73	-55.43
Tannery	1,072.68	1,112.81	-3.61	719.22	2,125.71	-66.17
Telecom	3,747.40	3,764.67	-0.46	781.83	165.03	373.74
Textile	1,722.48	1,676.78	2.72	4,025.25	6,668.36	-39.64
Travel & Leis.	1,664.14	1,753.72	-5.11	1,649.89	3,537.93	-53.37

Technical Talk

Dhaka stocks closed in red trajectory in the last week as investors liquidated shares to book some profit on quick-gaining stocks. Out of its five trading days, the market gained only on the first trading day of the week. Among the major sectors, IT decreased by 4.32% followed by NBFI 2.71%, Mutual Fund 2.31%, Pharma by 2% and Engineering by 1.99%.

DSE Broad Index (DSEX) stood at 6,273.96 points after decreasing by 62.29 points or 0.98% from the previous week. Total turnover reached at Tk33701.47m, which was 54.70% lower than the previous week. Market capitalization decreased by 0.94% and stood at Tk4271.58b (\$38.83b) at the weekend against Tk4311.95b. DSE 30 decreased by 17.49 points or 0.81% and closed at 2,139.58 points against 2,157.06 points. Last week's weighted average Market PE was 12.50 which was 12.61 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 48.35.

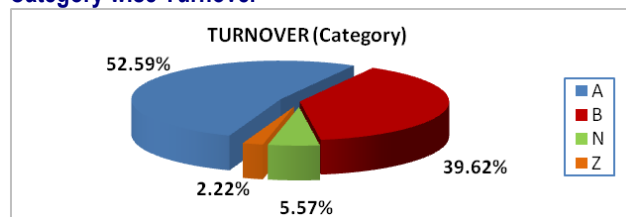
Top Turnover Companies

Company	Volume	Value (BDT mn)	% of total
Best Holdings	36,388,704	1,440.13	4.27
Orion Infusion	2,000,154	1,384.95	4.11
Fu-Wang Ceramic	42,542,982	1,134.61	3.37
Aftab Automobiles	13,981,687	808.52	2.40
Taufika Foods	16,072,752	797.77	2.37
Fu-Wang Ceramic	28,081,482	756.43	2.24

Top 10 Market Capital

Company	Volume	Value (BDT mn)	In million
GP	386,996	RENETA	110,957
BATBC	280,098	BEXIMCO	103,842
Walton Hi-Tech	230,468	United Power	99,128
Square Pharma	195,374	Berger Paint	87,997
ROBI	157,138	LafargeHolcim BD	85,129

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	2,045.80	2,025.50	1.00
Silver (USD/t oz.)	22.98	23.48	-2.13
Brent Crude Oil (USD/bbl.)	81.73	83.30	-1.88

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	124.99	124.99	124.49	124.49	0.40	0.40
GBP	146.49	146.49	145.55	145.55	0.65	0.65
AUD	72.54	72.54	72.22	72.22	0.44	0.44
JPY	0.74	0.74	0.74	0.74	0.00	0.00
CAD	81.86	81.86	81.99	81.99	-0.16	-0.16
SAR	29.48	29.48	29.48	29.48	0.00	0.00

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)
-	-	-	-