

BSEC postpones probe on abnormal price movements

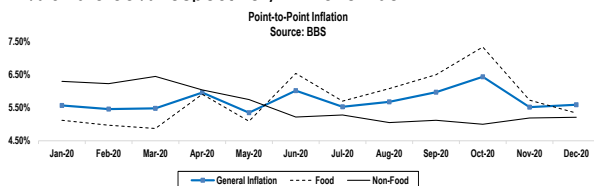
Bangladesh Securities and Exchange Commission (BSEC) held back from investigating the reasons behind abnormal share price movement of listed companies as the broad index of the Dhaka bourse fell by 91.02 points or 1.55% in the next day the directive was issued. On January 12, 2021, the capital market regulator directed the Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) to scrutinize share price movement (upward/downward) of companies by more than 50% during 30 or less working days to detect any price manipulation, insider trading or other market abuses. The bourses were also asked to submit reports on the investigation within 45 working days. The directive also asked the bourses to investigate abnormal change in Earnings per Share (EPS) and trade volume of listed companies. Recently, share price of many listed companies have increased abnormally in the post-pandemic reopening period. In the last 30 or less working days, share price of Robi Axiata Limited soared by 601.0% followed by Bangladesh Export Import Company (248.21%) and LankaBangla Finance (123.53%). The new commission has so far taken many effective and dynamic measures to overhaul the stock market. In the last meeting, the commission has set cap on interest rate of margin loans at 12%.

WB project 1.6% growth

World Bank (WB) in its Global Economic Prospects report published in January 2021 has projected that Gross Domestic Product (GDP) growth in Bangladesh will be 1.6% in FY2020-21 due to the lingering impact of Covid-19. The forecasted figure is far lower than the ambitious target of 8.2% projected by the government. The multilateral donor agency, however, forecasts 3.4% growth of GDP in the next fiscal year, expecting a widespread rollout of anti Covid vaccines. In the prospects report, it cited that remittance inflow had a double-digit growth in 2020 due to the increased use of formal channels to send money home and government incentives. Export growth is forecasted to remain weak, especially in the readymade garment sector. In September last year, the Asian Development Bank (ADB) estimated that Bangladesh would have a strong economic recovery in the current fiscal year with 6.8% GDP growth. A month later, the International Monetary Fund (IMF) announced its projection of 4.4% economic growth for FY2020-21.

2020 inflation at 3-year high

In the year 2020, the 12-month average inflation stood at 5.69%, hitting a 3-year high. Although the average inflation went up by 0.10% points in 2020 compared to the previous year, monthly inflation declined for the second consecutive month in December after a peak in October 2020. As per Bangladesh Bureau of Statistics (BBS), Point-to-Point (P-o-P) inflation slid down by 0.23% points to 5.29% in the last month of 2020 from 5.52% in November owing to a fall in food price inflation. Point-to-Point food inflation decelerated to 5.34% in December from 5.73% in the previous month while the non-food inflation increased slightly to 5.21% in December from 5.19% in the past month. According to the statistics, inflation in both metropolitan and rural areas decreased to 5.31% and 5.28% respectively in December from 5.47% and 5.55% respectively in November.

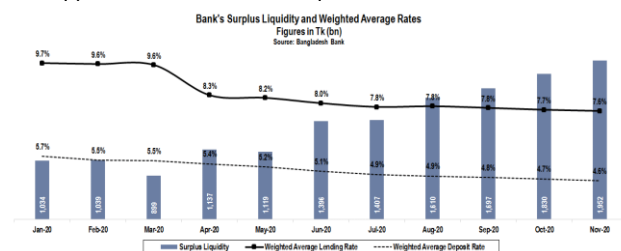


IPO-centric BOs likely to bring Tk8.64b in secondary market

The impending reforms in distribution of Initial Public Offering (IPO) carries a prospect of bringing Tk8.64b in the secondary market since around 0.43m Beneficiary Owners (BO) accounts are used for only IPO subscription, according to the reports of Central Depository Bangladesh Limited (CDBL). As per recent directive issued by the Bangladesh Securities and Exchange Commission (BSEC), IPO applicants have to have investment of at least Tk20,000 in the secondary market at market price to be eligible to apply for IPO shares. As a result, the BO holders who only hunt for IPOs will now require to maintain investments in the secondary market also. CDBL figures show that of 2.56m total BO accounts, only 1.5m are active and 0.62m BOs were inactive with negative equity as of January 5, 2020. At the end of June 2020, more than 0.2m BO accounts were closed for nonpayment of annual fees. Between October and December of the concluded year, the number of BO accounts rose by 0.26m. Effective from 1st April 2021, the pro-rata basis allotment for IPO shares will replace the current lottery allotment system as per the new rule and investors will have to apply with at least Tk10,000 or multiples thereof for the shares. Following the issue date of the directive, the benchmark DSEX index, and turnover at Dhaka Stock Exchange (DSE) rose by 216.89 points and Tk3.82b to 5618.96 points and Tk19.26b respectively.

Surplus liquidity strains banks return

According to the statistics of Bangladesh Bank (BB), liquidity glut in the banking system reached a record of Tk1.95 trillion in November 2020, propelled mostly by the heavy remittance inflow against low import payments. Besides, the new provision of allowing undisclosed black money to be put in banks and financial institutions also fuelled the liquidity in this sector. Nevertheless, deposit in commercial banks is continuously increasing though the weighted average interest rate on deposit went down to 4.64% in November last in comparison to 5.52% inflation rate. Meanwhile, the central bank purchased US\$5.0b, worth Tk465.63b, in the first six months of FY2020-21 which is nearly seven times higher than purchases in the entire FY2019-20. On the other hand, credit disbursement in private sector fell drastically to 8.21% (Y-o-Y) in November due to the ongoing Covid-19 induced sluggish business environment that also led to the surplus liquidity in the banks. Consequently, commercial banks have invested a large portion in treasury instruments. However, the cut-off yield on treasury securities also dropped throughout the period, which resulted in a marginal return from these investments in contrast to the rising maintenance cost of deposit. Moreover, the 9% cap on lending rate deteriorated the situation further for the banks because of the higher cost of deposit. Recently, the central bank launched the first auction of Tk40b Sukuk bond; type of Treasury bond complying with Shariah laws, where it received applications worth Tk150b from the commercial banks. Hence, this oversubscription of the Sukuk bond reflecting that banking sector is now desperately seeking new opportunities to invest to expand income base.



Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	3,768.25	3,824.68	-1.48
FTSE 100	6,735.71	6,873.26	-2.00
Nikkei 225	28,519.18	28,139.03	1.35
SENSEX	49,034.67	48,782.51	0.52
KSE 100	45,931.00	45,654.34	0.61

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	5,909.31	5,621.77	5.11
Total Turnover, Tk	93,432,946,921	99,511,868,870	-6.11
Market Capital, Tk	4,418,259,068,488	4,094,821,973,927	7.90
No of Issue Gain	146	215	
No of Issue Loss	168	114	
No of Unchanged Issues	50	36	

Top Gainers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
Robi Axiata Limited	47.60	70.10	47.27	5,808,502,000
BEXIMCO	65.60	87.40	33.23	8,122,116,000
LafargeHolcim BD	54.10	68.50	26.62	3,944,610,000
Alif Manufacturing	8.10	10.10	24.69	563,764,000
BSRMLTD	63.10	77.20	22.35	487,019,000
Summit Power	41.20	50.30	22.09	2,036,295,000
Asia Insurance	95.30	115.40	21.09	159,939,000
BSRM Steels	44.90	54.10	20.49	251,794,000
Appollo Ispat	7.50	8.90	18.67	470,343,000
IDLC Finance	72.10	85.40	18.45	1,232,817,000

Top Losers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
Zeal Bangla Sugar Mills	199.90	157.10	-21.41	13,583,000
National Polymer	71.60	56.60	-20.95	55,421,000
Crystal Insurance	53.80	45.10	-16.17	459,773,000
ADN Telecom	61.00	51.80	-15.08	333,001,000
Peoples Insurance	47.20	40.90	-13.35	250,123,000
Continental Insurance	43.60	38.10	-12.61	143,108,000
Northern Islami Ins.	43.30	38.00	-12.24	172,763,000
Sonali Aansh	594.70	523.40	-11.99	139,070,000
Dulamia Cotton	59.40	52.70	-11.28	3,797,000
Meghna Pet Industries	13.30	11.80	-11.28	2,949,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	411.84	408.01	0.94	8,779.56	13,861.75	-36.66
Cement	347.23	295.74	17.41	4,924.89	4,155.96	18.50
Ceramic	630.66	633.53	-0.45	882.52	1,346.95	-34.48
Engineering	6,551.96	6,188.04	5.88	7,675.32	7,072.69	8.52
Food & Al.	4,440.27	4,012.07	10.67	2,449.17	2,097.58	16.76
Fuel & Pow.	4,038.27	3,773.17	7.03	8,488.75	6,939.64	22.32
Insurance	2,125.97	2,183.51	-2.64	5,518.31	7,746.22	-28.76
IT	360.21	368.52	-2.26	1,201.61	1,534.99	-21.72
Jute	1,272.34	1,392.93	-8.66	198.56	285.69	-30.50
Misc.	1,922.99	1,647.46	16.72	9,580.46	9,821.03	-2.45
Mutual Fund	564.47	560.41	0.72	4,127.32	4,183.09	-1.33
NBFI	1,363.77	1,294.46	5.35	11,904.57	10,294.91	15.64
Paper	7,136.22	6,846.42	4.23	152.05	153.90	-1.20
Pharma	1,417.18	1,353.81	4.68	11,356.53	15,215.68	-25.36
Service	1,345.69	1,257.63	7.00	1,496.09	1,272.84	17.54
Tannery	617.58	619.04	-0.24	365.60	878.31	-58.37
Telecom	5,943.87	5,080.83	16.99	7,519.34	6,047.19	24.34
Textile	1,201.46	1,184.68	1.42	4,663.74	3,718.48	25.42
Travel & Leis	561.54	593.54	-5.39	223.92	222.04	0.85

Technical Talk

Dhaka stocks closed the week with a milestone in market capitalization on the back of enthusiastic participation of investors in large cap sectors. The ongoing regulatory moves and improvement of economic activities strengthened the confidence level of investors. Among the major sectors, Cement increased by 17.41% over the week followed by Telecom 16.99%, Fuel & Power 7.03%, Engineering 5.88%, NBFI 5.35% and Pharma 4.68%.

DSE Broad Index (DSEX) stood at 5,909.31 points increased by 287.54 points or 5.11% from the previous week. Total turnover reached at Tk93,432.95m which was 6.11% lower than the previous week. Market capitalization increased by 6.69% and stood at Tk5,017.09b (\$52.04b) at the weekend against Tk4,702.70b. DSE 30 increased by 188.71 points or 9.21% and closed at 2,236.78 points against 2,048.07 points. Last week's weighted average Market PE was 18.83 which was 17.46 previous week.

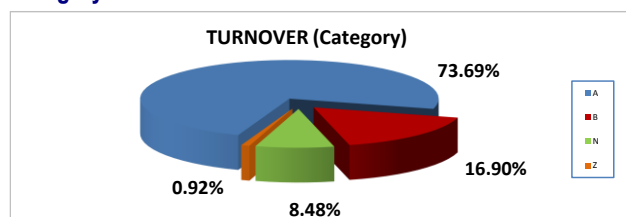
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
Beximco	106,460,044	8,122,116,000	8.69
Robi Axiata Limited	88,521,585	5,808,502,000	6.22
Beximco Pharma	27,024,899	5,390,384,000	5.77
LankaBangla Finance	123,000,604	5,089,661,000	5.45
LafargeHolcim BD	62,601,731	3,944,610,000	4.22
IFIC Bank	185,151,915	3,004,395,000	3.22

Top 10 Market Capital

			In million
GP	504,877	United Power	143,712
Robi	367,179	RENATA	103,384
Walton Hi-Tech	339,522	ICB	89,177
BATBC	249,894	Beximco Pharma	80,138
Square Pharma	201,182	LafargeHolcim	79,554

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz)	1,827.70	1,849.90	-1.20
Silver (USD/t oz)	24.83	25.50	-2.63
Brent Crude Oil (USD/bbl)	54.82	56.24	-2.52

Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	84.90	84.95	84.90	84.95	0.00	0.00
EUR	105.20	105.26	106.78	106.85	-1.48	-1.49
GBP	118.70	118.77	118.39	118.46	0.26	0.26
AUD	66.07	66.11	66.52	66.56	-0.68	-0.68
JPY	0.82	0.82	0.83	0.83	-1.20	-1.20
CAD	67.22	67.26	67.32	67.36	-0.15	-0.15
SAR	22.75	22.76	22.75	22.76	0.00	0.00

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)
Taufika Foods and Agro	Jan 03-07, 2021	10	300
eGeneration Limited	Jan 12-18, 2021	10	150
Lub-rref(Bangladesh)	Jan 26-Feb 01, 2021	27	1,500