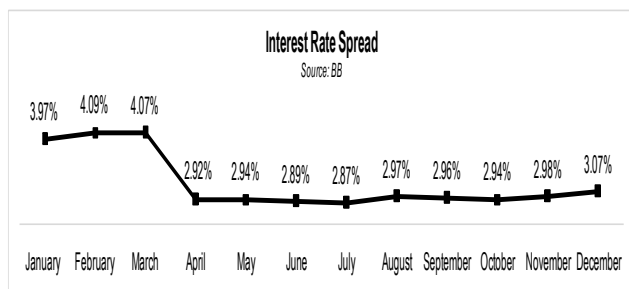


BB makes dividend payout conditional

Bangladesh Bank (BB) imposed cap on dividend disbursement by the banks to strengthen their capital base considering the pandemic-induced slowdown. BB issued a circular in this regard on February 07, 2021, setting six dividend sub-slabs under two slabs for the banks based on their existing capital base. The dividend policy shall be followed by all banks from the financial year ended on December 31, 2020. As per the new policy, banks having strong capital base can declare higher dividends. Banks which have refrained from opting for deferral in maintaining provisions and are capable of keeping 15% or more in capital reserve on all risk-weighted assets, including 2.5% capital conservation buffers, will be allowed to declare a maximum 30% dividend, including 15% in cash. Banks having capital reserve ranging from 13.5% to 15% with 2.5% capital conservation buffer would be able to declare maximum 25% dividend, including 12.5% in cash, subject to meeting other requirements including provisioning against risk-weighted assets. Banks that are not under any deferral facility and able to maintain a minimum of 11.875% capital can declare a maximum of 15% dividend including 7.5% in cash. While banks that have a minimum of 12.5% capital base and have enjoyed deferral facility can declare highest 12% dividend including 6% in cash. On maintaining a capital reserve between 11.875% to 12.5%, including capital conservation buffer upon adjustment of deferred provision, the banks would be able to declare a total of 10% dividend with a maximum of 5% in cash. Under the sixth and last criteria, banks could declare a maximum 5% stock dividend if they keep a minimum 10.625% and maximum 11.875% capital. Banks which would fail to maintain the capital as specified in the circular would not be eligible to declare any dividend.

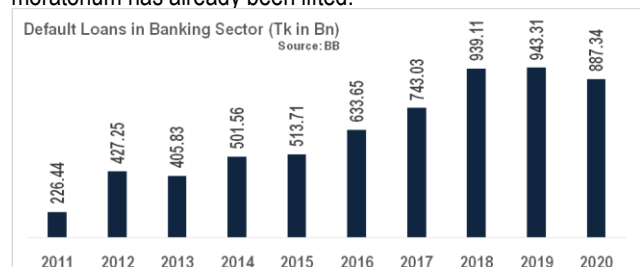
Interest spread widens in December

Interest spread of the banking sector widened to 3.07% in December 2020 as the banks raised lending rates slightly while slashing the interest rate on deposits, aiming at reducing the cost of funds. Banks are offering historically low interest against their deposits products resulting from the excess liquidity situation in the banking system. At the end of December last year, excess liquidity in the banking sector stood at Tk2047b. According to the latest statistics of Bangladesh Bank (BB), the overall weighted average spread between the lending rate and the deposit rate rose by 0.09% during the month from 2.98% in November 2020. The weighted average interest rate on deposits fell to 4.54% in December last from 4.64% in the previous month while the lending rate came down to 7.61% from 7.62%. The interest spread in the State Owned Commercial Banks, Private Commercial Banks, Foreign Commercial Banks and Specialized Banks stood at 2.13%, 3.14%, 5.90%, and 1.87% respectively at the end of December, as per BB reports.



Toxic loan drops 5.93% riding on relaxed policies

Default loans in banking sector slipped by 5.93% (Y-o-Y) in 2020 as Bangladesh Bank (BB) extended generous moratorium on loan classification till December 2020, considering the economic distress arising from Covid-19 pandemic. However, the progress did not cheer experts as the banks did not classify loans from middle of March of the year under the opportunity. As per the latest statistics of BB, Non-Performing loans (NPLs) stood at Tk887.34b at the end of December last year as against Tk943.31b in the end of the previous year. Moreover, the banks rescheduled and wrote off a hefty amount of default loans in 2020 which also helped bring down the amount of classified loans on record. In the January-September period, the banks cleaned Tk121.40b of default loans from their books through rescheduling and write-off. At the end of the December, toxic loans accounted for 7.66% of the total outstanding loans of Tk11.59 trillion whereas the ratio was 9.32% in December 2019. However, if credits disbursed by the Offshore Banking Units (OBUs) were excluded, volume of the NPLs would stand at Tk882.82b, 8.06% of the outstanding loans of Tk10.96 trillion. As per BB, forty-one Private Commercial Banks (PCBs) reported defaulted loans of Tk403.61b, down by 8.63% (Y-o-Y) in 2020 whereas nine State-owned Banks (SoBs) held Tk463.33b, down by 3.57% (Y-o-Y). Banking sector experts have opined that reported default loans do not reflect genuine picture of the banking industry as default loans dropped in the last two years due to the relaxed facilities. The experts have also warned that bad loans might escalate at a faster pace in 2021 as the moratorium has already been lifted.



Exporters benefit in less appreciation of Taka

Local currency of Bangladesh has become more export friendly in the recent times compared to the last year. The Bangladeshi Taka appreciated only 0.12% against the US Dollar during the pandemic while the Chinese Yuan and Indian Rupee against the greenback saw record appreciation of 8.95% and 3.41% respectively. Bangladesh Bank (BB) regulated the Dollar supply through aggressive buying from banks time to time that helped check appreciation of the Taka during the period. This created favorable condition for exports from Bangladesh since the currencies of its competitor countries are more overvalued than the Taka. The higher appreciation in currencies of the competitor countries narrowed the price gap with Bangladesh, enhancing competitiveness for Bangladeshi exports in international markets during a time when global export market are in short of orders due to the pandemic. The major rivals of Bangladesh in export market, Vietnam and Cambodia saw currency appreciation against the greenback by 0.38% and 0.76% respectively. According to BB statistics, the central bank purchased US\$5b in the first six months of the current FY2020-21, which was nearly seven times higher than its purchases in the entirety of FY2019-20. The BB intervention managed to tackle further appreciation of Taka despite the rising inflow of the foreign currency and the depreciation of the US Dollar in the international market.

The week's data runs 04 February 2021 to 11 February 2021

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	3,934.83	3,886.83	1.23
FTSE 100	6,589.79	6,489.33	1.55
Nikkei 225	29,520.07	28,779.19	2.57
SENSEX	51,544.30	50,731.63	1.60
KSE 100	45,808.36	46,905.79	-2.34

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	5,485.02	5,647.67	-2.88
Total Turnover, Tk	40,861,264,180	37,524,242,500	8.89
Market Capital, Tk	4,105,117,911,041	4,198,727,564,688	-2.23
No of Issue Gain	24	57	
No of Issue Loss	252	219	
No of Unchanged Issues	91	89	

Top Gainers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
Beacon Pharma	77.60	84.10	8.38	294,783,000
ISN	35.70	37.90	6.16	14,298,000
Anlima Yarn Dyeing	33.90	35.40	4.42	17,093,000
Reckitt Benckiser	4316.70	4467.80	3.50	115,012,000
BEXIMCO	82.70	85.20	3.02	7,012,663,000
Unilever	3055.30	3141.10	2.81	46,285,000
Matin Spinning Mills	34.30	35.20	2.62	1,376,000
Bank Asia Ltd	16.40	16.80	2.44	24,619,000
NCCBL Mutual Fund	8.80	9.00	2.27	43,883,000
Padma Oil	191.70	194.10	1.25	23,874,000

Top Losers

Company	Weighted avg. Closing Price (Tk)			Turnover (Tk)
	Last Week	This Week	Change %	
CAPM IBBL Islamic MF	20.80	17.40	-16.35	67,803,000
Prime Insurance	45.70	39.40	-13.79	112,844,000
M.I. Cement Factory	52.50	45.80	-12.76	7,401,000
GSP Finance	19.40	17.10	-11.86	101,716,000
Sonali Aansh Industries	483.40	426.30	-11.81	25,773,000
Generation Next	3.50	3.10	-11.43	11,085,000
City Bank	30.30	27.00	-10.89	427,996,000
First Finance	6.50	5.80	-10.77	11,784,000
Union Capital	8.40	7.50	-10.71	16,841,000
LankaBangla Finance	40.50	36.30	-10.37	1,995,440,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	377.36	392.12	-3.77	3,008.67	2,429.47	23.84
Cement	281.43	300.47	-6.34	848.19	1,220.23	-30.49
Ceramic	578.29	593.69	-2.59	259.78	210.66	23.32
Engineering	6,198.20	6,277.70	-1.27	2,611.82	2,677.65	-2.46
Food & Al.	5,143.55	5,121.14	0.44	5,259.22	3,136.43	67.68
Fuel & Pow.	3,722.44	3,832.06	-2.86	3,130.84	3,857.42	-18.84
Insurance	1,994.97	2,082.76	-4.22	2,032.46	2,550.88	-20.32
IT	331.39	337.16	-1.71	250.78	218.60	14.72
Jute	1,094.11	1,180.06	-7.28	26.94	44.80	-39.88
Misc.	1,858.74	1,839.52	1.04	7,537.89	6,656.07	13.25
Mutual Fund	479.97	508.76	-5.66	712.16	764.52	-6.85
NBFI	1,161.39	1,250.42	-7.12	3,398.10	3,264.37	4.10
Paper	6,493.33	6,805.92	-4.59	17.59	23.56	-25.33
Pharma	1,350.90	1,367.11	-1.19	4,421.24	4,077.99	8.42
Service	1,051.73	1,130.79	-6.99	311.30	345.24	-9.83
Tannery	588.01	594.28	-1.05	89.11	69.84	27.58
Telecom	5,042.27	5,142.15	-1.94	3,435.35	3,445.77	-0.30
Textile	1,118.16	1,138.46	-1.78	683.52	754.61	-9.42
Travel & Leis	549.56	555.27	-1.03	21.13	30.87	-31.56

Technical Talk

Dhaka stocks continued correction for the fourth straight week as risk-averse investors maintained sell-off on major sector issues. In the week, three sessions fell sharply while two posted gains. The nationwide mass COVID-19 vaccination drive had no positive impact on the stock market. No sector other than Miscellaneous and Food & Allied sector saw price appreciation during the week. Among the major sectors, NBFI decreased by 7.12% over the week followed by Cement 6.34%, Mutual Fund 5.66%, Bank 3.77%, Fuel & Power 2.86% and Telecom 1.94%.

DSE Broad Index (DSEX) stood at 5,485.02 points after decreasing by 162.65 points or 2.88% from the previous week. Total turnover reached at Tk40861.26m which was 8.89% higher than the previous week. Market capitalization decreased by 2.23% and stood at Tk4105.12b (\$48.35b) at the weekend against Tk4198.73b. DSE 30 decreased by 63.04 points or 2.90% and closed at 2,110.70 points against 2,173.74 points. Last week's weighted average Market PE was 17.56 which was 17.96 previous week.

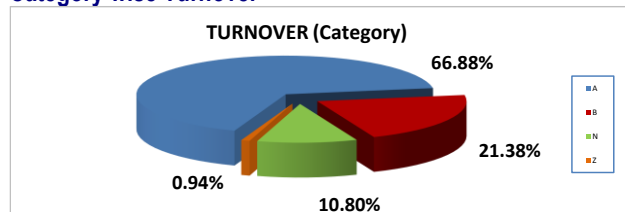
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
Beximco	90,064,617	7,012,663,000	17.16
BATBC	3,062,006	5,009,647,000	12.26
Robi Axiata Limited	60,507,289	2,643,684,000	6.47
Beximco Pharma	13,726,096	2,249,078,000	5.50
LankaBangla Finance	53,865,065	1,995,440,000	4.88
Square Pharma	4,347,630	984,422,000	2.41

Top 10 Market Capital

			In million
GP	503,392	United Power	143,027
Walton Hi-Tech	321,407	RENATA	104,491
BATBC	306,054	ICB	76,591
ROBI	234,659	Beximco Ltd.	74,662
Square Pharma	190,714	Berger Paint	70,856

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/oz.)	1,824.80	1,815.20	0.53
Silver (USD/oz.)	27.45	27.04	1.54
Brent Crude Oil (USD/bbl.)	62.64	59.59	5.12

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	104.99	105.05	104.08	104.15	0.87	0.86
GBP	120.50	120.57	118.49	118.56	1.70	1.70
AUD	65.99	66.03	65.08	65.12	1.40	1.40
JPY	0.82	0.82	0.82	0.82	0.00	0.00
CAD	67.22	67.26	66.68	66.71	0.81	0.82
SAR	22.75	22.77	22.75	22.76	0.00	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)
Lub-rref(Bangladesh)	Jan 26-Feb 01, 2021	27	1,500
NRB Commercial Bank	Feb 03-Feb 09,2021	10	1,200
Desh General Insurance	Feb 14-Feb 18,2021	10	160
Index Agro Ind. Ltd.	Feb 22-Feb 28, 2021	50	500