

BB raises dividend payment limit for banks

The Bangladesh Bank (BB) has decided to increase the highest dividend ceiling for better performing banks. Those will be allowed to declare a maximum of 35% dividend from the existing level of 30%. Earlier on February 07, 2021 BB issued a circular imposing a cap on dividend disbursement by banks to strengthen their capital base considering the pandemic-induced slowdown. 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 35% dividend, including 17.5% in cash. BB revised the dividend payment limit as follows:

| Banks Dividend Ceiling for 2020 and Onwards | | | |
|---|--------------------------|---|---------------------------------------|
| Category | Deferral Status in 2020* | Capital Reserve Amount (Against Risk-Weighted Assets) | Applicable Dividend Ceiling |
| (A) 1 | Not Availed | Minimum 15% including 2.5% CCB | Max 35% including 17.5% Cash Dividend |
| (A) 2 | | Within 13.5%-15% including 2.5% CCB | Max 25% including 12.5% Cash Dividend |
| (A) 3 | | Minimum 11.875% including CCB | Max 15% including 7.5% Cash Dividend |
| (B) 1 | Availed | Minimum 12.5% including CCB | Max 12% including 6% Cash Dividend |
| (B) 2 | | Within 11.875%-12.5% including CCB | Max 10% including 5% Cash Dividend |
| (B) 3 | | Within 10.625%-11.875% including CCB | Max 5% Stock Dividend |

CCB = Capital Conservation Buffer

* Deferral facility for maintaining Provision offered by BB

Source: BB

Banks which would fail to maintain capital as specified in the circular would not be eligible to declare any dividend.

Development project funding from forex reserve

The first ever loan from the foreign exchange (forex) reserve has been made available to a state agency for implementation of its development project. Payra Port Authority became the first borrower of the Bangladesh Infrastructure Development Fund (BIDF) formed by the government. The forex reserve crossed the US\$44b-mark for the first time on February 24, 2021 and stands at US\$44.03b. The Finance Division, the Payra Port Authority and Sonali Bank signed a tripartite agreement on March 15, 2021 to finance the project. While the government sees the move as a historic one, economists criticize the idea of using the reserve. They fear that the reserve could be misused if the government extended BIDF to private-sector borrowers. The International Monetary Fund (IMF) has recently opposed the use of foreign currency reserve in development projects, which is customarily used to meet import bills.

ADP outlay slashed by 3.66%

The government has slashed the development budget for the current fiscal year by 3.66%, keeping the local portion of the fund almost unchanged while trimming the foreign part. As a result, the size of the Annual Development Program (ADP) has come down to Tk1976.43b from Tk2051.45b in the original plan. The allocation of the government fund to the revised ADP was trimmed by only Tk0.7m to Tk1346.43b. On the other hand, the portion of foreign funds has been slashed by 10.64% to Tk630b from Tk705.02b. Under the revised ADP, 1,785 development projects would be implemented during the remaining period of the current fiscal year. Among the 58 ministries and divisions, the allocation for 36 ministries and divisions was slashed, while it has been hiked for the rest 22.

Trade deficit widen in first seven months

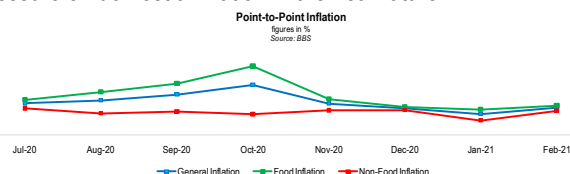
The overall trade deficit increased by 1.56% during the July-January period of FY2020-21 over the corresponding period of the earlier year because of rising import payment pressure on the economy. As per Bangladesh Bank (BB) data, trade deficit rose to US\$9.79b in the first seven months of the current fiscal year from US\$9.64b in the same period of FY2019-20. Import payments stood at US\$31.92b in the first seven months but it was US\$25.23b in the six months of FY2020-21. In other words, January alone saw a US\$6.69b rise in import costs. Apparently, more factories are going into production as the virus infection rate dropped until lately and the vaccination campaign continues. Therefore, imports of industrial raw materials and consumer items are spiraling. On the other hand, export earnings dropped by 1.02% to US\$22.13b in the first seven months of FY2020-21 from US\$22.36b a year ago. The current account balance, that was US\$4.1b surplus in the July-December period, dropped to US\$2.24b in surplus during the July-January period of FY2020-21 due mainly to higher import payments in January as well as a slight decline in exports. In July-January of FY2019-20, the deficit was US\$1.81b. Meanwhile, Foreign Direct Investments (FDI) still remained sluggish in the first seven months of FY2020-21. Net FDI during July-January fell by more than 27.6% to US\$530m. Though the current account balance surplus closed the downturn, the surplus in the Balance of Payments (BoP) rose to US\$6.41b in the July-January period.

Government bank borrowing decline in Jul-Feb

Government borrowing from the scheduled banks stood at Tk310.93b in the first eight months of the current fiscal year, according to the recent statistics of Bangladesh Bank (BB). Earlier the government set its bank borrowing target for the entire fiscal year at Tk849.80b. Later the target was slashed by more than 3% to Tk820b considering the execution level of development projects and higher sales of the savings instruments. The net sales of savings certificates was Tk204.87b during the July-January period of FY2020-21 as against Tk54.33b in the same period of the previous fiscal year, as per reports from the Department of National Savings (DNS).

Inflation on rise in February

Point-to-point inflation grew by 30-basis points to 5.32% in February 2021 against 5.02% in the preceding month, driven by a price hike in both food and non-food items, according to the latest figures from the Bangladesh Bureau of Statistics (BBS). The rate of inflation was 5.46% in February 2020, as per BBS. Food inflation rose 19- basis points to 5.42% and non-food inflation climbed by 48- basis points to 5.17% in February from the last month. Meanwhile, inflation in urban areas reached to 5.30% in February from 5.05% in January mainly triggered by the price surge in non-food items. Similarly, rural inflation also went up by 33- basis points to 5.33% in February. However, both World Bank (WB) and the Bangladesh Bank (BB) had forecasted a rise in global inflation due to the rise in commodity and food prices during the post-pandemic period, which might result in a pressure on domestic inflation in the near future.



Stock Market Movement



Global Markets

| | This Week | Last Week | +/- % |
|------------|-----------|-----------|-------|
| S&P 500 | 3,913.10 | 3,943.34 | -0.77 |
| FTSE 100 | 6,708.71 | 6,761.47 | -0.78 |
| Nikkei 225 | 29,792.05 | 29,717.83 | 0.25 |
| SENSEX | 49,858.24 | 50,405.32 | -1.09 |
| KSE 100 | 44,901.31 | 43,788.08 | 2.54 |

DSE Indicators

| | This Week | Last Week | +/- % |
|------------------------|-------------------|-------------------|--------|
| DSE Broad Index | 5,434.69 | 5,568.86 | -2.41 |
| Total Turnover, Tk | 26,278,582,121 | 35,959,779,246 | -26.92 |
| Market Capital, Tk | 4,130,822,968,430 | 4,237,574,756,678 | -2.52 |
| No of Issue Gain | 72 | 113 | |
| No of Issue Loss | 210 | 166 | |
| No of Unchanged Issues | 86 | 89 | |

Top Gainers

| Company | Weighted avg. Closing Price (Tk) | | | Turnover (Tk) |
|--------------------|----------------------------------|-----------|----------|---------------|
| | Last Week | This Week | Change % | |
| Aziz Pipes | 97.50 | 117.90 | 20.92 | 157,711,000 |
| Rahima Food | 222.90 | 266.70 | 19.65 | 519,689,000 |
| Desh Garments | 112.20 | 127.50 | 13.64 | 25,677,000 |
| Aramit Limited | 239.60 | 270.80 | 13.02 | 28,814,000 |
| Sonali Aansh Ind. | 475.50 | 533.80 | 12.26 | 105,668,000 |
| Legacy Footwear | 62.90 | 69.10 | 9.86 | 68,181,000 |
| Stylecraft | 146.30 | 158.50 | 8.34 | 100,175,000 |
| Silco Pharma | 22.40 | 24.20 | 8.04 | 204,020,000 |
| Islami Bank | 26.10 | 28.00 | 7.28 | 85,292,000 |
| Anlima Yarn Dyeing | 42.90 | 46.00 | 7.23 | 207,956,000 |

Top Losers

| Company | Weighted avg. Closing Price (Tk) | | | Turnover (Tk) |
|-----------------------|----------------------------------|-----------|----------|---------------|
| | Last Week | This Week | Change % | |
| Lub-rref (Bangladesh) | 54.70 | 43.10 | -21.21 | 788,388,000 |
| National Feed Mill | 21.30 | 18.50 | -13.15 | 106,400,000 |
| Republic Insurance | 49.80 | 43.40 | -12.85 | 48,781,000 |
| Peoples Insurance | 36.40 | 31.90 | -12.36 | 27,619,000 |
| Northern Islami Ins. | 33.90 | 29.90 | -11.80 | 29,295,000 |
| Associated Oxygen | 42.60 | 37.60 | -11.74 | 81,575,000 |
| LankaBangla Finance | 36.30 | 32.10 | -11.57 | 1,115,059,000 |
| BD Finance & Inv. | 33.00 | 29.20 | -11.52 | 229,840,000 |
| IDLC Finance | 65.40 | 57.90 | -11.47 | 56,990,000 |
| Islami Insurance | 40.90 | 36.50 | -10.76 | 21,541,000 |

Sectoral Index & Turnover

| Sector | Sectoral Index | | | Turnover (Tk.M) | | |
|---------------|----------------|-----------|----------|-----------------|-----------|----------|
| | This Week | Last Week | Change % | This Week | Last Week | Change % |
| Bank | 375.43 | 374.59 | 0.22 | 2,208.17 | 2,222.94 | -0.66 |
| Cement | 293.24 | 314.05 | -6.63 | 1,198.43 | 3,280.52 | -63.47 |
| Ceramic | 563.05 | 580.78 | -3.05 | 120.50 | 268.63 | -55.14 |
| Engineering | 6,977.01 | 7,160.22 | -2.56 | 1,753.96 | 2,842.58 | -38.30 |
| Food & Al. | 4,899.95 | 5,177.45 | -5.36 | 1,697.85 | 3,833.88 | -55.71 |
| Fuel & Pow. | 3,860.00 | 3,976.94 | -2.94 | 3,690.04 | 7,480.26 | -50.67 |
| Insurance | 1,907.45 | 1,978.99 | -3.61 | 1,025.76 | 2,087.55 | -50.86 |
| IT | 373.34 | 382.39 | -2.36 | 353.51 | 647.90 | -45.44 |
| Jute | 1,279.31 | 1,171.55 | 9.20 | 150.00 | 53.98 | 177.86 |
| Misc. | 1,913.96 | 1,998.53 | -4.23 | 3,672.40 | 4,870.84 | -24.60 |
| Mutual Fund | 457.20 | 467.10 | -2.12 | 297.64 | 460.69 | -35.39 |
| NBFI | 1,083.38 | 1,139.96 | -4.96 | 1,650.48 | 3,359.89 | -50.88 |
| Paper | 6,748.55 | 6,873.93 | -1.82 | 162.16 | 105.96 | 53.04 |
| Pharma | 1,365.53 | 1,388.70 | -1.67 | 3,175.30 | 4,390.01 | -27.67 |
| Service | 1,111.95 | 1,203.43 | -7.60 | 294.59 | 874.68 | -66.32 |
| Tannery | 595.97 | 601.27 | -0.88 | 144.77 | 157.22 | -7.92 |
| Telecom | 4,858.43 | 4,940.90 | -1.67 | 2,333.56 | 3,905.20 | -40.24 |
| Textile | 1,117.98 | 1,128.92 | -0.97 | 890.63 | 968.31 | -8.02 |
| Travel & Leis | 552.82 | 555.82 | -0.54 | 43.87 | 59.44 | -26.19 |

Technical Talk

Dhaka stocks dipped in the last week after a gain in the previous two weeks as investors became worried over current COVID-19 situation in the country. Four trading days has been observed during the week. In the week, majority of share prices dipped and investors were also disinterested to pour fresh fund. Among the major sectors, IT decreased by 2.36% over the week followed by Mutual Fund 2.12%, Telecom 1.67%, Pharma 1.67% and Textile by 0.97%

DSE Broad Index (DSEX) stood at 5,434.69 points after decreasing by 134.17 points or 2.41% from the previous week. Total turnover reached at Tk26278.58m, which was 26.92% lower than the previous week. Market capitalization decreased by 2.52% and stood at Tk4130.82b (\$48.66b) at the weekend against Tk4237.57b. DSE 30 decreased by 80.78 points or 3.78% and closed at 2,073.89 points against 2,154.67 points. Last week's weighted average Market PE was 16.90 which was 17.23 previous week.

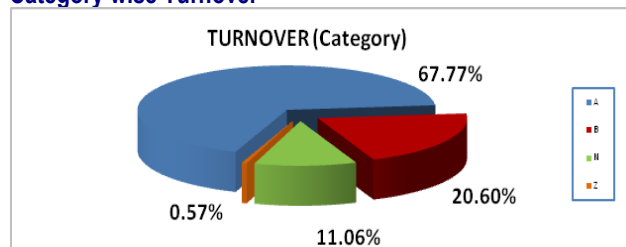
Top Turnover Companies

| Company | Volume | Value (Tk) | % of total |
|---------------------|------------|---------------|------------|
| Beximco | 36,651,894 | 2,999,221,000 | 11.41 |
| Robi Axiata | 29,901,289 | 1,430,952,000 | 5.45 |
| LankaBangla Finance | 32,389,011 | 1,115,059,000 | 4.24 |
| LafargeHolcim BD | 17,804,095 | 1,005,519,000 | 3.83 |
| Summit Power | 18,703,497 | 882,839,000 | 3.36 |
| Beximco Pharma | 4,715,229 | 869,448,000 | 3.31 |

Top 10 Market Capital

| | In million | | |
|----------------|------------|----------------|---------|
| GP | 464,638 | United Power | 144,133 |
| Walton Hi-Tech | 383,295 | RENATA | 104,996 |
| BATBC | 287,496 | Berger Paint | 82,001 |
| ROBI | 244,088 | Beximco Pharma | 73,243 |
| Square Pharma | 180,161 | ICB | 72,754 |

Category wise Turnover



Commodity Price

| | This Week | Last Week | Change % |
|----------------------------|-----------|-----------|----------|
| Gold (USD/t.oz) | 1,743.90 | 1,725.80 | 1.05 |
| Silver (USD/t.oz) | 26.34 | 26.01 | 1.25 |
| Brent Crude Oil (USD/bbl.) | 64.48 | 69.20 | -6.82 |

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 | 103.59 | 103.65 | 103.32 | 103.38 | 0.26 | 0.26 |
| GBP | 121.37 | 121.44 | 121.26 | 121.33 | 0.09 | 0.09 |
| AUD | 66.76 | 66.80 | 66.08 | 66.12 | 1.03 | 1.03 |
| JPY | 0.79 | 0.79 | 0.79 | 0.79 | 0.00 | 0.00 |
| CAD | 68.79 | 68.83 | 67.67 | 67.71 | 1.66 | 1.65 |
| 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) |
|------------------------|---------------------|-------------|------------|
| 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 |