

BSEC revise index ceiling for margin loan

The Bangladesh Securities and Exchange Commission (BSEC) raised the index-mark for investors to avail the maximum margin loan limit of 1:0.80 to 8,000 points from the previous 7,000 points-ceiling of DSEX index. The directive was issued on August 12, 2021 with immediate effect by the capital market regulator, while the market surge continues. The instruction will enable merchant banks and brokerage houses to provide margin loans to their clients at maximum 80% of their total investment as long as the key index of Dhaka Stock Exchange (DSE) remains below 8,000 points. The ratio will be adjusted to 1:0.50 if the DSEX reaches 8,001 points or above. According to BSEC, if the index goes above 7,000 points, the adjustment of the margin ratio by the merchant banks and brokerage firms might affect the trading volume of the market and trigger forced sales. The decision was made to maintain the current bullish market sentiment and trading volume, the BSEC justified.

Banks have to raise capital base

Banks will have to raise their capital base within 2026 in line with the requirements of Basel-III. In a circular issued on August 18, 2021 the central bank directed banks that from 2023, the lenders will have to increase their leverage ratio by 0.25% per year to take the ratio to 4% in 2026. According to Basel III, the ratio of Tier-1 capital to debt is called the leverage ratio. At present, the ratio of total debt to Tier-1 capital is 3%. An enhanced leverage ratio will increase the risk tolerance of banks against unforeseen losses. Again, the import cost of banks in foreign trade will be reduced. The implementation of this directive will increase the capital strength of banks. It will also increase their investment capacity. Although the banking industry implemented Basel-III in 2019, the leverage ratio has not increased proportionately, the Bangladesh Bank (BB) said in its circular. As per BB Financial Stability Report 2020, although the entire banking sector experienced a downward trend in leverage ratios, the sector as a whole, maintained a leverage ratio well above the regulatory minimum requirement led mainly by high leverage ratios of private and foreign commercial banks. The report said, the banking sector maintained a leverage ratio of 4.2% at the end of December 2020 against the regulatory minimum requirement of 3%, but it is 0.4 percentage point lower than 4.6% maintained at end-December 2019. Foreign banks maintained the highest leverage ratio of 12.7% followed by private banks at 5.5% in the reviewed year. The leverage ratio of state-owned commercial banks was the poorest among the bank categories which declined to 0.6% at the end-December 2020 compared to 1.2% recorded at end-December 2019.

Trade deficit widens in FY2019-20

The overall trade deficit increased by 27.66% (Y-o-Y) in the just concluded FY2020-21 because of the rising import payment pressure on the economy. As per Bangladesh Bank (BB) figures, trade deficit rose to US\$22.80b during the July-June period of FY2020-21 year from US\$17.86b a year before. Import payments stood at US\$60.68b in FY21 against US\$50.69b a year earlier. On the other hand, export earnings stood at US\$37.88b in FY21 against US\$32.83b in the previous fiscal year. Economists however assured that the large trade deficit would not turn into a matter of concern for the economy as the foreign exchange reserve and inflow of remittance was now in a comfortable position.

Net sales of NSCs skyrocket in FY2020-21

The significant difference in interest rates between the deposit rate in banks and the rates on National Saving Certificates (NSCs) lured people to invest in these instruments rather than keeping funds in low-interest bank products. Banks are offering historically low interest against different deposit schemes, resulting from the excess liquidity situation in the banking system. As per statistics from Bangladesh Bank (BB), liquidity glut in the banking sector reached Tk2315b in June this year, up from Tk1395b in June 2020. Savers are diverting their money to the NSCs due to higher yields. There are four types of savings certificates where the yield is up to 11.76%. Upswing in savings instrument sales continued as in the FY2020-21 net sales of NSCs were Tk419.59b which was Tk144.28b in the FY2019-20. A heavy buying spree of NSCs to get high-yield in the FY2020-21 has prompted the government to set upward its borrowing target through the high cost savings instruments in FY2021-22. Net borrowing target through NSCs was revised upward to Tk303.22b in the revised budget for FY2020-21 from the original target of Tk200b. In the first half of FY21, the net sales of NSCs surpassed the target set for the entire fiscal year. Net sales of savings certificates were Tk204.87b during the July-December period of FY2020-21, compared to Tk54.33b in the same period of the previous fiscal year, as per the Department of National Savings (DNS) records.

Inflation drops by 28-basis points in July

The slowdown in both food and non-food inflation prompted a moderate decline in overall inflation during July- the first month of FY2021-22. According to the recent report of Bangladesh Bureau of Statistics (BBS), point-to-point inflation inched down by 28-basis points to 5.36% in July 2021 from 5.64% a month earlier in June, the last month of the previous fiscal year. However, the inflation still surpassed the target of 5.3% set for the current fiscal year. Food inflation declined to 5.08% in July 2021 from 5.45% in June 2021 and the non-food inflation fell by 14-basis points to 5.80% in July this year from 5.94% a month back. In July, point-to-point inflation, food and non-food inflation stood at 5.06%, 4.01% and 6.24% respectively in urban areas, which were 5.29%, 4.14% and 6.59% respectively in the preceding month. In rural areas, point-to-point inflation and food inflation decelerated to 5.53% and 5.56% respectively in the month from 5.84% and 6.04% respectively in June while non-food inflation slightly rose to 5.47% from 5.46%, BBS reported.

Months	Point-to-Point Inflation	Food Inflation	Non-food Inflation
Jul-20	5.53%	5.70%	5.28%
Aug-20	5.68%	6.08%	5.05%
Sep-20	5.97%	6.50%	5.12%
Oct-20	6.44%	7.34%	5.00%
Nov-20	5.52%	5.73%	5.19%
Dec-20	5.29%	5.34%	5.21%
Jan-21	5.02%	5.23%	4.69%
Feb-21	5.32%	5.42%	5.17%
Mar-21	5.47%	5.51%	5.39%
Apr-21	5.56%	5.57%	5.55%
May-21	5.26%	4.87%	5.86%
Jun-21	5.64%	5.45%	5.94%
Jul-21	5.36%	5.08%	5.80%

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	4,441.67	4,468.00	-0.59
FTSE 100	7,087.90	7,218.71	-1.81
Nikkei 225	27,013.25	27,977.15	-3.45
SENSEX	55,329.32	55,437.29	-0.19
KSE 100	47,599.82	47,169.84	0.91

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	6,760.62	6,699.39	0.91
Total Turnover, Tk	103,118,525,595	106,541,767,907	-3.21
Market Capital, Tk	4,901,987,986,127	4,875,948,003,841	0.53
No of Issue Gain	224	188	
No of Issue Loss	143	178	
No of Unchanged Issues	11	12	

Top Gainers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
SBACBANK	12.10	17.60	45.45	13,413,000
City General Ins.	39.30	47.70	21.37	816,091,000
Metro Spinning	23.10	27.30	18.18	457,059,000
H.R. Textile	65.50	77.10	17.71	184,195,000
Anlima Yarn Dyeing	42.60	49.90	17.14	213,981,000
GBB Power	36.60	42.80	16.94	1,144,472,000
Desh General Ins.	44.00	51.30	16.59	146,305,000
Ring Shine Textiles	11.40	13.20	15.79	1,003,623,000
Purabi Gen. Ins.	38.30	44.30	15.67	254,302,000
Stylecraft	168.20	193.20	14.86	396,756,000

Top Losers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
Apollo Ispat Complex	14.70	13.30	-9.52	1,027,450,000
Sonali Paper	397.30	359.60	-9.49	131,178,000
Ambee Pharma	480.00	439.50	-8.44	15,777,000
Mithun Knitting	18.00	16.50	-8.33	19,567,000
BENGALWTL	31.40	29.00	-7.64	84,290,000
Fortune Shoes	61.60	57.00	-7.47	208,738,000
USMANIAGL	74.50	69.30	-6.98	19,364,000
Gemini Sea Food	233.70	219.10	-6.25	55,773,000
Central Pharma	21.70	20.40	-5.99	350,116,000
Golden Harvest Agro	22.10	20.80	-5.88	265,174,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	493.29	481.01	2.55	13,288.98	8,779.04	51.37
Cement	423.05	406.59	4.05	3,429.36	3,137.20	9.31
Ceramic	878.77	866.53	1.41	1,845.14	2,762.53	-33.21
Engineering	8,227.64	8,283.24	-0.67	9,183.13	13,988.65	-34.35
Food & Al.	5,246.35	5,312.47	-1.24	2,706.72	3,838.63	-29.49
Fuel & Pow.	4,308.32	4,235.08	1.73	7,534.79	6,286.12	19.86
Insurance	3,074.34	2,944.25	4.42	8,199.31	5,172.25	58.53
IT	583.08	579.78	0.57	2,002.25	2,807.65	-28.69
Jute	1,187.96	1,189.62	-0.14	232.11	219.89	5.56
Misc.	2,367.95	2,388.01	-0.84	7,538.91	10,544.29	-28.50
Mutual Fund	619.73	611.89	1.28	2,344.07	3,411.08	-31.28
NBFI	1,420.75	1,413.11	0.54	11,573.13	9,151.10	26.47
Paper	7,499.27	7,360.81	1.88	610.91	1,012.26	-39.65
Pharma	1,577.98	1,597.81	-1.24	8,794.22	11,588.25	-24.11
Service	1,498.46	1,481.94	1.11	1,961.43	1,420.99	38.03
Tannery	782.76	800.09	-2.17	365.70	662.31	-44.78
Telecom	4,834.57	4,887.52	-1.08	997.09	1,398.74	-28.71
Textile	1,801.62	1,770.78	1.74	15,629.68	16,740.00	-6.63
Travel & Leis	508.00	497.96	2.02	461.99	595.76	-22.45

Technical Talk

The Dhaka stocks closed the week in green trajectory for the nine straight weeks as a section of investors continued buying shares, especially those of banks and insurance companies amid optimism. The week featured four trading days, of them three sessions closed higher while one saw marginal correction. Surplus liquidity in the financial market provoked investors to inject funds in the stock market. Besides, BSEC on August 12 raised the DSEX ceiling to 8,000 points instead of 7,000 points for investors to get the highest margin loan at ratio of 1:0.8 to expand liquidity flow to the market. Among the major sectors, Insurance increased the highest by 4.42%, followed by Cement 4.05%, Bank 2.55%, Textile 1.74%, Fuel & Power 1.73%, Mutual Fund 1.28% and NBFI 0.54%.

DSE Broad Index (DSEX) stood at 6,760.62 points after increasing by 61.23 points or 0.91% from the previous week. Total turnover reached at Tk103118.53m, which was 3.21% lower than the previous week. Market capitalization increased by 0.53% and stood at Tk4901.99b (\$57.74b) at the weekend against Tk4875.95b. DSE 30 decreased by 4.02 points or 0.17% and closed at 2,423.55 points against 2,427.57 points. Last week's weighted average Market PE was 19.71 which was 19.65 previous week.

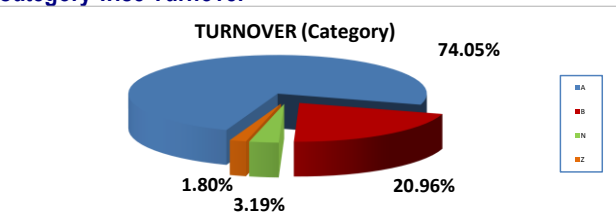
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
Beximco Ltd.	51,462,433	5,423,640,000	5.23
IFIC Bank	197,069,628	3,344,847,000	3.24
LankaBangla Finance	80,384,730	3,235,118,000	3.14
LafargeHolcim BD	27,589,073	1,928,627,000	1.87
Orion Pharma	23,833,007	1,703,281,000	1.65
SAIF Powertec	55,175,242	1,691,469,000	1.64

Top 10 Market Capital

Company	Volume	Value (Tk)	% of total
GP	485,298	United Power	154,357
Walton Hi-Tech	425,190	RENATA	124,805
BATBC	304,344	Beximco Ltd.	94,555
ROBI	218,422	ICB	92,937
Square Pharma	191,642	LafargeHolcim BD	83,503

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	1,782.60	1,781.50	0.06
Silver (USD/t oz.)	22.97	23.74	-3.24
Brent Crude Oil (USD/bbl.)	64.98	70.23	-7.48

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	104.11	104.17	102.42	102.48	1.65	1.65
GBP	120.25	120.32	119.23	119.30	0.86	0.85
AUD	65.85	65.89	64.91	64.95	1.45	1.45
JPY	0.78	0.79	0.79	0.79	-1.27	0.00
CAD	69.48	69.52	67.91	67.95	2.31	2.31
SAR	22.75	22.78	22.75	22.76	0.00	0.09

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)
Beximco Green Sukuk Al Istisna'a	16 Aug - 23 Aug, 2021	100	7,500