

### **BB debunk BSEC condition on perpetual bonds**

While approving issuance of perpetual bonds by banks, the Bangladesh Securities and Exchange Commission (BSEC) has been imposing a condition limiting the capacity of the issuers to withhold periodic interest payment obligations. The BSEC condition, however, contradicts the Bangladesh Bank (BB) guideline on Risk-Based Capital Adequacy issued in 2014, as per international standards. Under the guideline, banks must have full discretion at all times to cancel payment to such perpetual bondholders in order to qualify the bonds as Additional Tier-1 capital in compliance with the Basel III accord. On the other hand, BSEC in the consent letters of the bonds restricted the full discretion of banks to cancel payments, in order to favor the bondholders. Consequently, the BB recently issued a letter to all the banks clarifying that the perpetual bond would not be considered as an additional Tier-1 capital with any such condition. The dispute between the two regulators resulted in blocking at least seven perpetual bonds of banks that were under process alongside affecting other stakeholders.

### **Regulator for listing of the Exchanges**

The capital market regulator instructed both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) to be enlisted in the stock market in order to comply with the requirements under the demutualization act and scheme of the stock exchanges. As per the exchanges demutualization act 2013, the bourses are required to offload 35% of the total shares to general public and institutional investors while the remaining 40% and 25% shares are for the members of the bourses and strategic investors respectively. Earlier on September 4, 2018, the DSE managed to pull a Chinese consortium of Shenzhen Stock Exchange and Shanghai Stock Exchange as its strategic shareholder; however, the CSE is yet to find any strategic investor as yet. Bangladesh Securities and Exchange Commission (BSEC) asked the bourses to submit a complete proposal and detailed action plan of their listing in the stock market in compliance with the demutualization act 2013 within January 10, 2022. BSEC also instructed the stock exchanges to notify the regulator if there is any restriction or conflict in the securities rule regarding the listing. Meanwhile, the regulator decided to conduct a special audit to assess the compliance condition of the two stock exchanges.

### **BB allow reporting unrealized interest as income**

Bangladesh Bank (BB) allowed the banks to report their unrealized interest earnings against the moratorium loans as income in the account for the year ended on 31 December 2021 if at least 25% of the payable amounts were settled by the borrowers. The recent move relaxed the loan classification policy till December 2021 only for the borrowers who paid at least 25% of the total dues during the year. The circular was issued on 14 December 2021 by BB with a view to strengthen financial base and enhancing shock-absorbing capacity of the banks. Earlier in 2020, BB issued a circular that asked the banks to maintain additional 1% provision against all unclassified loans creating the provision namely "Special General Provision – Covid -19" to contain the possibility of abnormal surge in non-performing loans. As per the latest BB instruction, the banks will have to keep 2% provision in excess of the previously maintained 1% provision in the said special account against the moratorium loans. However, BB also allowed banks to transfer the additional 1% provision which was previously set aside to the income account if the overdue amount is completely adjusted through cash recovery.

### **BSEC sets deadline to comply on minimum capital**

The Bangladesh Securities and Exchange Commission (BSEC) has asked for proposals from sixty-four listed companies within 30 days on how the companies would comply with the minimum paid-up capital requirement to remain on the main board of the bourses. As per the Dhaka Stock Exchange (Listing) Regulations 2015, a listed company must have a minimum paid-up capital of Tk300m. According to the issued letter of the BSEC, the companies that have paid-up capital above Tk200m will have to comply with the rule within 30 June 2022 and the companies that have paid-up capital below Tk200m will have to comply with this rule within 31 December 2022. As per the DSE reports, paid-up capital of thirteen listed companies is now below Tk50m, seventeen are below Tk100m, twenty are below Tk200m and the rest of the companies remaining below Tk300m. Out of listed Multinational Companies (MNCs), four will have to increase their paid-up capital to comply with the regulatory requirement where Bata Shoe is required to increase the paid-up capital by Tk163.20m followed by Linde Bangladesh Tk147.82m, Unilever Consumer Care Tk179.54m and Reckitt Benckiser (BD) Tk252.75m. Earlier in September this year, the BSEC formed a committee to scrutinize the overall condition of low-paid-up companies. Stock market experts have opined that prices of low-cap stocks are volatile and susceptible to manipulations.

### **BB injects about US\$2.0b in forex-market**

Bangladesh Bank (BB) continued injecting US dollars into the foreign exchange (forex) market following the rising demand of greenback caused by higher import payments, particularly for fuel oils, liquefied natural gas and fertilizers, during the post-Covid economic recovery period. Additionally, the declining trend of remittance over the months also created pressure on the inter-bank forex market. As a part of the move to ease the forex-market crisis, BB has so far released US\$2.17b to the scheduled banks between August 18 and December 09 this year. BB reported that around US\$143m was sold to the commercial banks during the first nine days of the current December. Although the central bank frequently injected US dollars to keep the domestic currency stable, the Taka still depreciated by Tk1.0 against the US dollar during the period. The US dollar was quoted at Tk85.80 on the inter-bank forex-market on December 09, 2021. It was Tk84.80 on August 17, 2021. Meanwhile, Forex reserves dropped by US\$2.96b to US\$45.10b on the day from US\$48.06b this past August.

### **NBR manages 30% of revenue target**

Revenue collection by the National Board of Revenue (NBR) went up by 14.99% (Y-o-Y) in the first five months of the current fiscal year, indicating recovery of business activities from the Covid-induced slowdown. The revenue board managed to bag Tk1,002.67b during the period against Tk871.94b a year earlier, according to the latest reports. However, total tax receipts fell Tk130.99b short of the target of Tk1,133.66b set for the July-November period. During the first five months of FY2021-22, the revenue board managed to achieve nearly 30% of the total target of Tk3,300b set for the entire fiscal year. Among the three wings of the NBR, the Value Added Tax (VAT) wing fetched the highest revenue of Tk366.05b, registering 9.44% (Y-o-Y) growth in the first five months of this fiscal year. Custom duty surged by 22.56% (Y-o-Y) to Tk339.65b and income tax 14.07% (Y-o-Y) to Tk23.72b in the mentioned period, NBR reported.

The week's data runs 9 December 2021 to 15 December 2021

## Stock Market Movement



### Global Markets

	This Week	Last Week	+/- %
S&P 500	4,620.64	4,712.02	-1.94
FTSE 100	7,269.92	7,291.78	-0.30
Nikkei 225	28,545.68	28,437.77	0.38
SENSEX	57,011.74	58,786.67	-3.02
KSE 100	43,900.68	43,395.78	1.16

### DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	6,868.17	6,984.74	-1.67
Total Turnover, Tk	37,330,895,816	53,090,146,179	-29.68
Market Capital, Tk	4,870,713,351,794	4,925,988,073,567	-1.12
No of Issue Gain	75	278	
No of Issue Loss	297	79	
No of Unchanged Issues	8	23	

### Top Gainers

#### Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
Eastern Lubricants	2618.20	3180.20	21.47	184,307,000
Sonali Paper	642.90	769.50	19.69	985,893,000
Libra Infusions	886.20	1054.30	18.97	136,646,000
Fortune Shoes	89.60	104.00	16.07	1,698,437,000
Reckitt Benckiser	5258.30	6089.00	15.80	159,969,000
Apex Footwear	270.10	311.20	15.22	95,065,000
Rahim Textile Mills	258.10	293.80	13.83	18,825,000
UNILEVERCL	2955.90	3304.80	11.80	112,127,000
AMCL(PRAN)	269.00	300.40	11.67	202,781,000
Pharma Aids	584.60	647.80	10.81	493,830,000

### Top Losers

#### Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
One Bank	18.30	14.40	-21.31	2,916,222,000
Anlima Yarn Dyeing	44.10	39.70	-9.98	64,896,000
Desh Garments	175.40	158.00	-9.92	65,810,000
Delta Spinners	10.20	9.20	-9.80	28,920,000
Generation Next	6.50	5.90	-9.23	16,368,000
SK Trims & Industries	33.50	30.50	-8.96	56,046,000
Mithun Knitting	14.60	13.30	-8.90	2,906,000
Kattali Textile	36.00	32.80	-8.89	142,623,000
Alif Manufacturing Co.	16.20	14.90	-8.02	252,472,000
Intech Limited	31.60	29.10	-7.91	15,776,000

### Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	501.19	512.59	-2.22	6,201.43	8,987.55	-31.00
Cement	406.11	410.59	-1.09	401.11	770.12	-47.92
Ceramic	792.57	816.40	-2.92	278.74	441.34	-36.84
Engineering	7,188.33	7,301.40	-1.55	1,961.43	3,369.19	-41.78
Food & AI.	5,953.08	5,850.81	1.75	2,161.46	2,057.24	5.07
Fuel & Pow.	4,177.70	4,240.94	-1.49	2,064.92	2,701.83	-23.57
Insurance	2,891.51	2,909.01	-0.60	2,803.62	4,233.75	-33.78
IT	658.62	656.60	0.31	1,478.40	1,947.30	-24.08
Jute	1,158.83	1,124.18	3.08	83.87	36.56	129.41
Misc.	2,775.05	2,848.14	-2.57	3,513.64	6,004.50	-41.48
Mutual Fund	515.65	524.77	-1.74	241.24	394.36	-38.83
NBFI	1,431.27	1,464.19	-2.25	2,376.54	3,814.73	-37.70
Paper	12,548.79	11,300.83	11.04	1,166.25	1,079.52	8.03
Pharma	1,667.38	1,676.53	-0.55	4,215.03	6,250.74	-32.57
Service	1,729.52	1,756.69	-1.55	1,135.54	660.56	71.91
Tannery	1,211.23	1,100.33	10.08	1,890.26	914.83	106.62
Telecom	4,674.53	4,741.73	-1.42	339.84	447.33	-24.03
Textile	1,750.44	1,810.72	-3.33	2,837.20	5,389.34	-47.36
Travel & Leis	579.84	582.76	-0.50	188.62	504.76	-62.63

## Technical Talk

Dhaka stocks dropped in the past week snapping a two-week winning streak. Out of its four trading sessions the market lost in three sessions. The market remained closed on December 16 on the occasion of Victory Day. Among the major sectors, Textile decreased by 3.33%, followed by Ceramic 2.92%, Miscellaneous 2.57%, Financial Institutions 2.25% and Banking 2.22%.

DSE Broad Index (DSEX) stood at 6,868.17 points after decreasing by 116.57 points or 1.67% from the previous week. Total turnover reached at Tk37330.9m, which was 29.68% lower than the previous week. Market capitalization decreased by 1.12% and stood at Tk4870.71b (\$56.77b) at the weekend against Tk4925.99b. DSE 30 decreased by 45.73 points or 1.74% and closed at 2,586.46 points against 2,632.19 points. Last week's weighted average Market PE was 17.93 which was 18.54 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. Last week, RSI was at 56.72.

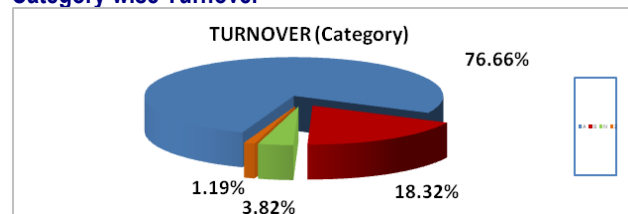
### Top Turnover Companies

Company	Volume	Value (Tk)	% of total
One Bank	190,620,941	2,916,222,000	7.81
BEXIMCO	18,524,321	2,839,804,000	7.61
Fortune Shoes	17,129,928	1,698,437,000	4.45
GSP Finance	45,606,408	1,255,905,000	3.36
Genex Infosys	6,137,628	1,070,549,000	2.87
Sonali Paper	1,365,661	985,893,000	2.64

### Top 10 Market Capital

Company	Market Capital (Tk)	In million	
GP	479,627	United Power	146,663
BATBC	354,996	Beximco Ltd.	135,216
Walton Hi-Tech	354,699	RENATA	127,647
ROBI	199,041	ICB	97,826
Square Pharma	192,714	Beximco Pharma	90,605

### Category wise Turnover



### Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	1,798.60	1,783.10	0.87
Silver (USD/t oz.)	22.36	22.22	0.65
Brent Crude Oil (USD/bbl.)	72.99	71.96	1.43

### Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	85.80	85.85	85.80	85.85	0.00	0.00
EUR	98.39	98.45	100.32	100.32	-1.92	-1.86
GBP	115.95	116.02	116.82	116.82	-0.75	-0.69
AUD	61.45	61.48	61.53	61.54	-0.13	-0.10
JPY	0.76	0.76	0.78	0.78	-2.91	-2.91
CAD	66.87	66.91	67.80	67.82	-1.37	-1.34
SAR	22.98	22.99	22.92	22.92	0.28	0.33

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)
Union Insurance Co. Ltd.	15 Dec - 22 Dec, 2021	10	193.61
BD Thai Food & Bev. Ltd.	23 Dec - 29 Dec, 2021	10	150.00
Union Bank Limited	26 Dec - 30 Dec, 2021	10	4,280.00

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