

### BB clarify NBFIs' stock investment limits

The Bangladesh Bank (BB) specified the components to be considered as capital market investment for Non-Bank Financial Institutions (NBFIs). According to BB, although the Financial Institutions Act 1993 had set the limit of investment in shares of other companies by NBFIs, the rule required further clarifications to consider which types of investment would be capital market related. As per the act, the NBFIs are allowed to invest maximum 25% of their paid-up capital and reserve in the shares of financial entities, agriculture, or industry-related entities. The limit can be extended up to 50% through taking consent from BB. The central bank issued a circular on 15 February 2022 addressing the ambiguity regarding capital market investment for the non-banks. As per the circular, all listed shares, debenture, corporate bonds, mutual funds and other capital market instruments shall be considered as capital market investment and the investment value will be calculated based on market price of the instruments. However, the equity investment in their own subsidiary companies, long-term equity investment or venture capital, investment in shares of Central Depository Bangladesh Limited (CDBL) and stock exchanges shall be excluded from the calculation of capital market investment. On the other hand, the loans to their subsidiary companies, which are involved in stock market business directly or indirectly, shall be included in the calculation. Any loan or reserve maintained with other companies that are dealing with stock market directly or indirectly, shall also be considered as capital market investment. In addition, any fund created to invest in stock market will be counted as capital market investment. Effective immediately, the NBFIs shall report their capital market investment status within 7 working days at the end of every three months.

### Investment to GDP ratio keeps falling

Even though the economy of Bangladesh continued advancing on a fast pace, the investment-to-Gross Domestic Product (GDP) ratio kept falling over the last three years against the backdrop of fading investments from both the local and foreign sources. As per the recent report published by the Bangladesh Bureau of Statistics (BBS), the GDP growth rate of Bangladesh reached 6.94% in the fiscal year 2020-2021, which was 5.43% during the provisional estimate. According to the BBS report, the size of the GDP stood at US\$416b in FY21. The higher GDP size also boosted the per-capita income to US\$2,591 in the last fiscal year that previously was estimated to be US\$2,554. The investment-to-GDP ratio stood at 31.02% in the FY2020-21, declining by 29 percentage points from 31.31% in the previous financial year. The ratio was 32.50% in the fiscal year 2018-2019, BBS reported. Meanwhile, the public investment-GDP ratio for developing infrastructure and social services rose to 7.32% in FY2020-21, which was 7.29% in FY2019-20 and 6.96% in FY2018-19. Although the public investment-GDP ratio has been rising over the years, it is yet to touch the extended bubble because of delays in megaprojects completion. However, the private investment-GDP ratio dropped to 23.70% in the fiscal year 2020-2021 which was 24.01% in FY20 and 25.25% in FY19. Economists, however observe that although public investment is rising but delay in megaprojects completion is a big setback to reaping positive outcome from the investments.

### BB on dollar selling spree

Bangladeshi Taka (BDT) depreciated against the US Dollar in spite of repeated intervention by the Bangladesh Bank (BB) due to higher demand for the greenback to settle import payments, a pickup in international travels, moderate exports and falling remittance. The exchange rate for the US dollar in the informal or *kerb* market has crossed Tk90 for the first time ever on October 25, 2021. Dollar was quoted at Tk85.65 in the interbank market on that day. However, the central bank had managed to keep the market stable by buying greenbacks continuously for the last one and a half years. In the FY2020-21, BB bought a total of US\$8b from the commercial banks, which is registered as a record purchase ever. Meanwhile, BB switched gears after August, 2021 as the demand for foreign exchange surged in keeping with the trade and business recovery. The continued rally of the greenback prompted the central bank to change course from buying to selling mode in order to help the forex market handle the sudden growth. The central bank injected a record US\$3.15b into banks in the July-January period of the current fiscal year. The previous high was registered in FY2018-19 when the BB sold US\$2.34b

### Trade deficit widens in H1

Trade deficit during the first half of the current fiscal year surged by 127.37% over the corresponding period of the last FY2020-21 because of rising import payment pressure on the economy. As per Bangladesh Bank (BB) figures, the trade deficit rose to US\$15.62b in July-December period of FY22 from US\$6.87b in the same period of FY21. Though both the import and exports grew substantially, the import growth was higher than the export earnings that kept the trade deficit high. Export increased by 27.3% to US\$23.36b in July-December of FY22 from US\$18.35b in the first half of FY21. On the other hand, import payments grew by 54.46% to US\$38.97b in the H1 of FY22 against US\$25.23b in the same period of FY21. The current-account deficit stood at US\$8.18b during the July-December period of FY22 which was a US\$3.52b surplus in the same period of the last fiscal year. However, the financial account had a surplus of US\$6.68b in the H1 of FY22 against a surplus of US\$2.22b in the same period of FY21. Overall, the trade deficit increased by 27.66% (Y-o-Y) in FY2020-21. As per the BB, trade deficit rose to US\$22.80b during the July-June period of FY2020-21 from US\$17.86b a year before.

### Government bank borrowing up in Jul-Jan

Net bank borrowing by the government has surged behind a drastic fall in net sales of national savings certificates. In the first seven months of the current fiscal year, the government has borrowed Tk126.81b from the banking system. The amount of the total bank borrowing in the first seven months in FY21 was Tk101.97b. For deficit financing, the government targeted to borrow Tk764.52b from the banking system in FY2021-22 against the Tk797.49b revised target for FY2020-21, according to the budget documents. For FY2021-22, the borrowing target from saving certificates is Tk320b. In the previous fiscal year (FY21) the net borrowing from banks dropped by 63.9% to Tk260.78b from Tk722.46b a year ago, according to Bangladesh Bank (BB) figures. Meanwhile, as per the latest figures from the National Savings Directorate (NSD), in December the net sales of NSCs turned negative at Tk4.36b against positive Tk14.42b in the same month a year ago. The drastic fall is attributed to the recent reduction in yields on such borrowing tools of the government.

## Stock Market Movement



### Global Markets

	This Week	Last Week	+/- %
S&P 500	4,348.87	4,418.64	-1.58
FTSE 100	7,513.62	7,661.02	-1.92
Nikkei 225	27,122.07	27,696.08	-2.07
SENSEX	57,832.97	58,152.92	-0.55
KSE 100	45,675.87	46,079.37	-0.88

### DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	6,991.36	7,085.95	-1.33
Total Turnover, Tk	59,671,297,845	66,177,920,686	-9.83
Market Capital, Tk	4,936,832,246,256	4,994,312,605,466	-1.15
No of Issue Gain	87	235	
No of Issue Loss	280	125	
No of Unchanged Issues	19	26	

### Top Gainers

Company	Last Week	This Week	Change %	Turnover (Tk)
Apex Foods	177.80	232.10	30.54	307,255,000
Stylecraft	119.30	139.60	17.02	125,253,000
Tamijuddin Textile	234.70	273.10	16.36	284,648,000
Bangladesh Lamps	305.20	349.10	14.38	603,276,000
Samorita Hospital	94.10	106.80	13.50	196,929,000
Aramit Cement	40.10	45.50	13.47	182,420,000
Apex Tannery	130.10	147.40	13.30	181,250,000
Rahim Textile Mills	255.80	288.20	12.67	24,513,000
Ambee Pharma	464.40	519.10	11.78	23,306,000
BD.Autocars	139.40	155.50	11.55	79,930,000

### Top Losers

Company	Last Week	This Week	Change %	Turnover (Tk)
Union Insurance	65.50	54.70	-16.49	565,164,000
Reliance Insurance	96.70	82.60	-14.58	74,820,000
Green Delta Insurance	108.80	94.30	-13.33	268,109,000
Peninsula Chittagong	42.80	38.00	-11.21	227,128,000
Prime Islami life Ins.	79.50	71.50	-10.06	44,698,000
Bay Leasing & Inv.	35.40	31.90	-9.89	729,715,000
Sena Kalyan Insurance	74.50	67.20	-9.80	121,147,000
Queen South Textile	30.90	27.90	-9.71	710,274,000
BD Building Systems	26.80	24.30	-9.33	488,647,000
Fareast Islami Life Ins.	103.10	94.00	-8.83	469,550,000

### Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	508.33	513.72	-1.05	4,041.99	4,550.83	-11.18
Cement	411.03	418.08	-1.69	782.56	996.69	-21.48
Ceramic	854.70	873.41	-2.14	581.15	843.39	-31.09
Engineering	7,179.51	7,119.38	0.84	6,415.31	7,546.64	-14.99
Food & Al.	5,761.90	5,802.09	-0.69	3,862.03	4,165.11	-7.28
Fuel & Pow.	4,317.59	4,407.69	-2.04	2,446.82	3,414.15	-28.33
Insurance	2,964.63	3,124.45	-5.12	5,230.19	7,848.41	-33.36
IT	663.39	658.21	0.79	1,245.23	1,506.69	-17.35
Jute	1,120.51	1,075.18	4.22	99.51	36.37	173.57
Misc.	2,877.56	2,854.70	0.80	6,923.62	8,353.30	-17.12
Mutual Fund	507.21	514.53	-1.42	277.79	328.30	-15.38
NBFI	1,397.06	1,466.98	-4.77	2,491.09	4,136.77	-39.78
Paper	13,401.38	13,764.83	-2.64	1,785.29	1,499.87	19.03
Pharma	1,718.73	1,732.01	-0.77	7,772.57	7,919.09	-1.85
Service	1,902.41	1,983.05	-4.07	1,473.56	1,965.55	-25.03
Tannery	1,382.13	1,297.33	6.54	5,594.78	2,175.52	157.17
Telecom	4,693.97	4,761.81	-1.42	453.39	681.37	-33.46
Textile	1,903.15	1,917.66	-0.76	5,484.87	5,832.83	-5.97
Travel & Leis.	641.69	664.93	-3.49	938.41	702.04	33.67

## Technical Talk

Dhaka stocks dropped in the past week snapping previous week's winning streak as investors went for profit booking ahead of annual earnings and dividend declaration season. Out of its five trading sessions, three sessions faced corrections and the two other sessions ended marginally higher. Among the major sectors, Insurance decreased by 5.12%, followed by NBFI 4.77%, Fuel & Power 2.04%, Cement 1.69% and Telecom 1.42%.

DSE Broad Index (DSEX) stood at 6,991.36 points after decreasing by 94.59 points or 1.33% from the previous week. Total turnover reached at Tk59671.30m, which was 9.83% lower than the previous week. Market capitalization decreased by 1.15% and stood at Tk4936.83b (\$57.41b) at the weekend against Tk4994.31b. DSE 30 decreased by 23.64 points or 0.91% and closed at 2,573.85 points against 2,597.49 points. Last week's weighted average Market PE was 16.70 which was 16.89 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. RSI stood at 59.44.

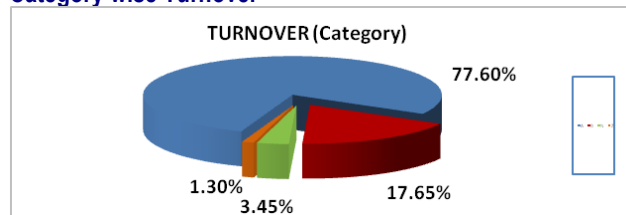
### Top Turnover Companies

Company	Volume	Value (Tk)	% of total
Fortune Shoes	36,970,032	5,016,555,000	8.41
BEXIMCO	27,504,509	4,075,834,000	6.83
Orion Pharma	22,210,652	2,462,951,000	4.13
BBS	16,847,877	2,258,516,000	3.78
SAIF Powertec	25,338,771	1,104,359,000	1.85
Rahima Food	2,474,220	897,236,000	1.50

### Top 10 Market Capital

Company	Volume	Value (Tk)	% of total
GP	481,787	United Power	147,243
BATBC	336,312	RENATA	132,364
Walton Hi-Tech	341,612	Beximco Ltd.	132,237
Square Pharma	201,313	ICB	99,357
Robi	194,851	LafargeHolcim	90,006

### Category wise Turnover



### Commodity Price

	This Week	Last Week	Change %
Gold (USD/oz.)	1,900.80	1,860.60	2.16
Silver (USD/oz.)	23.95	23.60	1.48
Brent Crude Oil (USD/bbl.)	93.65	94.99	-1.41

### Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	86.00	86.05	86.00	86.05	0.00	0.00
EUR	99.34	99.40	99.59	99.65	-0.25	-0.25
GBP	119.25	119.32	118.89	119.05	0.30	0.23
AUD	62.01	62.05	61.69	61.72	0.52	0.53
JPY	0.76	0.76	0.75	0.75	1.33	1.33
CAD	67.86	67.90	67.86	67.90	0.00	0.00
SAR	23.03	23.05	23.04	23.05	-0.04	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)
JMI Hospital Req. Mfg. Ltd.	27 Feb - 03 Mar, 2022	20.0	Tk750