

Banks exempted from stock category downgrades

The Bangladesh Securities and Exchange Commission (BSEC), in a letter issued on April 07, 2022 asked Dhaka and Chittagong stock exchanges not to degrade any listed banks in the lowest Z category even if they fail to pay cash dividends for two consecutive years, due to any regulatory restrictions. Though now this facility is now only applicable for listed banks, it may be extended to Non-Bank Financial Institutions (NBFIs) and insurance companies as well. As per BSEC rules, if any listed company fails to pay cash dividends for two consecutive years, it will be put in the Z category. Earlier on February 07, 2021 the Bangladesh Bank (BB) issued a circular imposing a cap on dividend disbursement by banks to strengthen their capital base, considering pandemic-induced slowdown. The dividend policy shall be followed by all banks from the financial year ended on December 31, 2020 and onwards. As per the 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. Banks may dish out 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. BB revised the dividend 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

Listed banks that could not pay any cash dividends to their shareholders for 2020 and only paid stock dividends would have been categorized “Z” this year in cases of failure to pay any cash dividends for 2021, if the BSEC rule was still applied.

CSE to introduce first local commodity exchange

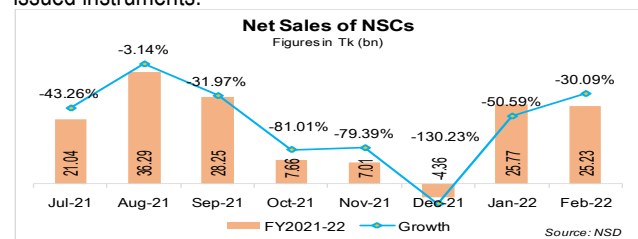
The Chittagong Stock Exchange (CSE) plans to introduce the first-ever Commodity Exchange of Bangladesh in 2022. As part of the move, the bourse signed a contract with the Multi Commodity Exchange of India Limited (MCX) last week. The MCX will work with the CSE as consultant to formulate rules and regulations for the proposed exchange, identify the right products for the market and provide other technical assistances. The MCX was one of the first exchanges to open in India in 2003 that provides a platform for price discovery and risk management across varied segments, including industrial metals, energy and agricultural commodities. In 2007, the Bangladesh government took initiative to establish a commodity exchange that did not translate into reality due to complexities over warehouses and the lack adequate eligible traders. The port-city bourse got nod from the Bangladesh Securities and Exchange Commission (BSEC) to establish a commodity exchange on October 28, 2021, subject to ensuring consumer rights and all other necessary infrastructure facilities.

Trade deficit soars to \$22.31b in 8 months

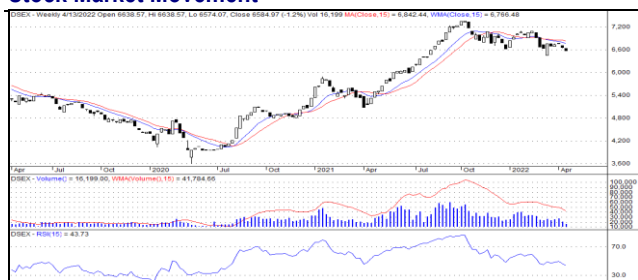
Trade deficit in the first eight months of the current fiscal year surged by 80.5% due to rising import payment pressure on the economy. Although both import and exports grew substantially, the import payments have outpaced export growth that kept the trade deficit quite high. As per Bangladesh Bank (BB) figures, the trade deficit rose to US\$22.31b in July-February period of FY22 from US\$12.36b in the same period of FY21. The trade deficit in the first eight months of FY22 was almost the same as it was in the entire FY21 which was at US\$22.80b. If the ongoing trend continues, trade deficit may expand over US\$30b in FY22. Export increased by 29.79% to US\$32.07b in July-February of FY22 from US\$24.71b in the corresponding period of FY21. On the other hand, import payments grew by 46.7% to US\$54.38b in the first eight months of FY22 against US\$37.07b in the same period of FY21. Meanwhile, the higher trade deficit along with lower inflow of remittances pushed up the current-account deficit to a record high of US\$12.83b during the July-February period, in contrast to a surplus of US\$825m a year ago. The previous widest deficit in the current account was US\$9.56b recorded in FY18. In the period under review, inward remittance slid 19.47% (Y-o-Y) to fall at US\$13.44b against US\$16.69b received in the corresponding period of the previous fiscal year. Due to the massive surge in import payments and the decline in remittance flows, foreign exchange reserve dropped below US\$44b in March after reaching a record high of US\$48b in August 2021. However, the financial account had a surplus of US\$10.93b in July-February of FY22 against a surplus of US\$6.47b in the same period of FY21.

Net sale of NSCs drop during Jul-Feb

As per the latest statistics from National Savings Directorate (NSD), the net sales of National Savings Certificates (NSCs) dropped by 49.88% (Y-o-Y) to Tk146.89b in the first eight months of the current fiscal year against Tk293.11b in the same period of the previous year. Some major policy shifts, including budgetary and taxation measures mainly discouraged the savers to buy the still comparatively high-interest bearing savings instruments. The government fixed the borrowing target through selling saving certificates at Tk320b to meet the budget deficit in the fiscal year 2021-22. In FY2020-21, the net sales of NSCs reached Tk419.59b, which was Tk144.28b in the FY2019-20. The significant difference in interest rates between the deposit rate in banks and the rates on NSCs encourage depositors to invest in these instruments rather than keeping funds in low-interest bank products. Meanwhile, the government lowered the interest rate on all types of savings instruments in September last year, which was made effective from September 21, 2021. These new rates are applicable for both individuals and institutional investors. However, the revised rates will only be applicable for fresh investments while the existing certificate holders will continue receiving previous rates until maturity of the issued instruments.



Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	4,392.59	4,488.28	-2.13
FTSE 100	7,616.38	7,669.56	-0.69
Nikkei 225	27,093.19	26,985.80	0.40
SENSEX	58,338.93	59,447.18	-1.86
KSE 100	46,601.54	44,444.58	4.85

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	6,584.97	6,641.23	-0.85
Total Turnover, Tk	22,636,770,906	30,392,749,571	-25.52
Market Capital, Tk	4,619,236,565,018	4,654,611,004,989	-0.76
No of Issue Gain	76	31	
No of Issue Loss	280	324	
No of Unchanged Issues	28	10	

Top Gainers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
JHRML	35.30	51.40	45.61	6,570,000
IPDC	42.80	47.70	11.45	1,719,858,000
Prime Insurance	78.80	86.80	10.15	57,294,000
Sonali Paper	804.40	872.80	8.50	773,302,000
Apex Tannery	140.90	152.80	8.45	187,482,000
H.R. Textile	73.80	79.40	7.59	174,692,000
City Bank	25.10	26.50	5.58	98,798,000
Pharma Aids	817.00	862.40	5.56	187,226,000
PRIME1ICBA	7.30	7.70	5.48	129,000
Oimex Electrode	19.20	20.20	5.21	30,700,000

Top Losers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
Mercantile Bank	16.00	14.80	-7.50	10,398,000
Paramount Textile	84.20	77.90	-7.48	146,654,000
Takaful Islami Ins.	70.20	65.00	-7.41	11,810,000
GBB Power	30.10	28.00	-6.98	134,236,000
M. H. Spinning Mills	38.80	36.30	-6.44	62,329,000
Bank Asia	20.20	18.90	-6.44	2,609,000
BDCOM Online Ltd.	37.30	34.90	-6.43	287,318,000
Uttara Bank	24.90	23.30	-6.43	67,456,000
Dragon Sweater	19.00	17.80	-6.32	70,301,000
CAPMBDBLMF	11.10	10.40	-6.31	7,416,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	461.76	467.96	-1.32	1,288.44	2,002.74	-35.67
Cement	406.32	410.66	-1.06	670.88	1,435.54	-53.27
Ceramic	736.13	746.73	-1.42	142.07	173.88	-18.29
Engineering	6,963.49	6,985.61	-0.32	2,324.48	3,545.69	-34.44
Food & Al.	5,308.70	5,314.08	-0.10	1,096.14	1,697.80	-35.44
Fuel & Pow.	4,069.34	4,102.10	-0.80	863.57	1,102.21	-21.65
Insurance	2,600.27	2,635.76	-1.35	1,510.91	2,228.55	-32.20
IT	586.11	599.43	-2.22	1,293.03	1,490.00	-13.22
Jute	1,098.01	1,091.19	0.63	21.62	40.63	-46.79
Misc.	2,782.31	2,784.80	-0.09	1,860.14	2,447.68	-24.00
Mutual Fund	483.37	489.35	-1.22	203.84	394.66	-48.35
NBFI	1,221.94	1,237.14	-1.23	2,567.75	3,359.64	-23.57
Paper	14,408.30	13,788.26	4.50	993.04	793.12	25.21
Pharma	1,671.49	1,666.62	0.29	2,104.93	2,372.17	-11.27
Service	1,650.00	1,694.13	-2.60	194.45	301.75	-35.56
Tannery	1,285.81	1,323.90	-2.88	742.62	568.22	30.69
Telecom	4,162.52	4,241.25	-1.86	258.55	304.55	-15.10
Textile	1,805.50	1,836.75	-1.70	1,740.49	3,459.55	-49.69
Travel & Leis.	630.76	634.52	-0.59	339.43	417.55	-18.71

Technical Talk

Dhaka stocks plunged in the last week, the second week in a row as investors selling off their shares to avoid further losses amid continuous volatility in the market. The capital market regulator has taken various initiatives to stabilize the market but those interventions failed to stop the market fall. Only Paper, Jute and Pharma sectors increased during the week. Among the major sectors, Telecom decreased by 1.86%, followed by Textile 1.70%, Insurance 1.35%, Bank 1.32%, NBFI 1.23% and Cement 1.06%.

DSE Broad Index (DSEX) stood at 6,584.97 points after decreasing by 56.26 points or 0.85% from the previous week. Total turnover reached at Tk22636.77m, which was 25.52% lower than the previous week. Market capitalization decreased by 0.76% and stood at Tk4619.24b (\$53.59b) at the weekend against Tk4654.61b. DSE 30 decreased by 11.14 points or 0.45% and closed at 2,440.45 points against 2,451.59 points. Last week's weighted average Market PE was 15.20 which was 15.39 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 43.73.

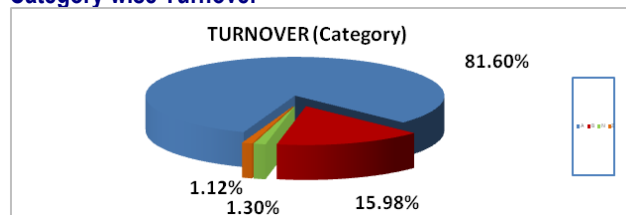
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
IPDC	36,446,139	1,719,858,000	7.60
BEXIMCO	10,071,348	1,474,373,000	6.51
Sonali Paper	880,345	773,302,000	3.42
Genex Infosys	5,646,909	645,179,000	2.85
LafargeHolcim BD	7,945,700	618,823,000	2.73
Provati Insurance	5,340,511	581,382,000	2.57

Top 10 Market Capital

			In million
GP	431,961	United Power	143,591
Walton Hi-Tech	331,767	RENATA	131,282
BATBC	311,256	Beximco Ltd.	127,417
Square Pharma	199,274	LafargeHolcim	90,123
Robi	164,995	Berger Paint	81,472

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	1,977.10	1,950.40	1.37
Silver (USD/toz.)	25.86	24.91	3.81
Brent Crude Oil (USD/bbl.)	111.60	102.49	8.89

Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	86.20	86.25	86.20	86.25	0.00	0.00
EUR	95.31	95.36	95.66	95.72	-0.37	-0.38
GBP	114.42	114.48	114.60	114.65	-0.16	-0.15
AUD	64.70	64.73	64.61	64.64	0.14	0.14
JPY	0.69	0.69	0.70	0.70	-1.43	-1.43
CAD	68.68	68.72	68.93	68.97	-0.36	-0.36
SAR	23.10	23.12	23.10	23.11	0.00	0.04

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)
Meghna Insurance Co. Ltd.	11 – 18 May, 2022	10	160