

BSEC reset circuit breaker lower limit

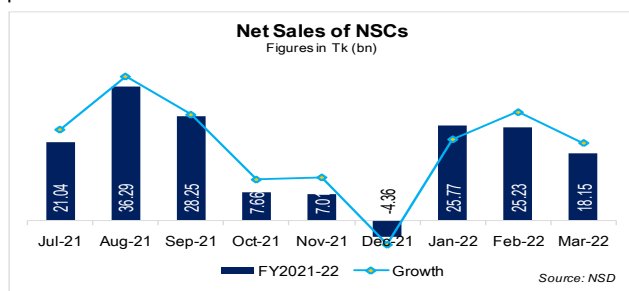
The Bangladesh Securities and Exchange Commission (BSEC) reset the regular circuit breaker on all listed securities to prevent the recent free-fall of the stock market. The regulator lowered the downward circuit breaker limit to 2% from 5% which was made effective from 26 May 2022. The upper limit would remain unchanged at 10%. The previous adjustment was made on 20 April 2022 when BSEC raised the downward circuit breaker limit to 5% from 2%, while upper limit remained same at 10%. Earlier, the regulator reduced the lower limit to 2% from 10% which was made effective from 09 March 2022 after the market had faced the steepest fall. On 07 March 2022 just a day before BSEC downgraded the circuit breaker lower limit, the DSEX, key index of Dhaka Stock Exchange (DSE), lost 182.12 points, the highest single-day fall since 16 March 2020 when the DSEX lost 196 points. Meanwhile, the market index returned to positive territory with the reset as the DSEX increased by 55.33 points or 0.81% to settle at 6,237.98 points on 26 May 2022. The turnover on DSE also increased to Tk5391.26m against Tk5131.17m in the previous session a day earlier.

Els investment limit raised

In an effort to accelerate liquidity flow in the capital market, the securities regulator has extended the investment ceiling for Eligible Investors (EIs) to avail the Initial Public Offering (IPO) quota. The Bangladesh Securities and Exchange Commission (BSEC) took this initiative on 23 May 2022 to support the capital market as the market suffered huge losses in the last few weeks. As per the new BSEC directive, EIs excluding the approved pension funds, provident funds and gratuity funds, must have a minimum investment of Tk30m in listed securities to qualify for IPO quota while the minimum investment will be Tk15m for the recognized pension, provident and gratuity funds. The earlier such investment requirement was Tk10m for EIs and Tk5m for recognized provident and gratuity funds.

Net sale of NSCs drop during Jul-Mar

As per the latest statistics from the National Savings Directorate (NSD), the net sales of National Savings Certificates (NSCs) dropped by 50.29% (Y-o-Y) to Tk165.04b in the first nine months of the current fiscal year against Tk332.02b 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 the last FY2020-21, the net sales of NSCs reached Tk419.59b, which was only Tk144.28b in the FY2019-20. The significant difference in interest rates between the deposit rate at banks and the rates on NSCs encourage savers to invest in these instruments rather than keeping funds in low-interest bank products.

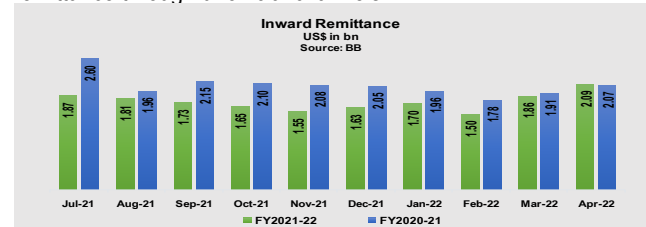


BSEC revise margin loan ceiling again

The Bangladesh Securities and Exchange Commission (BSEC) has extended the margin loan limit from existing 80% to 100%. The new direction is made effective from 23 May 2022. From now on, broker and merchant banks can extend credit facilities at 1:1 ratio (which was 1:0.8 earlier) if the Price to Earnings (P/E) ratio of the concerned security remains within 40. The latest adjustment came in response to the sharp fall at the stock exchanges, as the DSEX dropped 1.84% to 6,142.68, the lowest since 30 June 2021, on 22 May 2022. The key index of DSE closed at 6,150.48 points on 30 June 2021. Earlier on 15 November 2021, the BSEC scrapped the index-based margin loan limit and allowed broker and merchant banks to provide credit facilities at 1:0.80 ratio if the P/E ratio of the security remains within 40. The BSEC introduced the index-linked margin loan limit on 21 September 2020 to reduce risk of new investors from over-pricing of stocks as risk of borrowers increased with a surge of the market. Later, the BSEC made amendments on the limit observing a significant rise in share prices. The Commission on 26 December 2021, decided to reduce the duration of the margin loan restriction on the listed companies with category improvement from Z category to other categories i.e. A or B to 7-trading days from that of 30-trading days.

Inward remittance exceeds US\$2b in April

Inward remittance exceeded US\$2b-mark after 11 months in April, soaring 12.37% (M-o-M) to US\$2.09b since the expatriates sent higher amount of money ahead of the Eid-ul-Fitr. Besides, the central bank has raised cash incentives on inward remittance by 0.5% to 2.5% that too contributed to the surge in the monthly receipt from the remitters. However, overall remittance inflow registered negative growth of 15.86% (Y-o-Y) to stand at US\$17.39b in the first ten months (July-April) of the current fiscal year, against US\$20.67b in the corresponding period of the last fiscal year, according to the latest statistics of Bangladesh Bank (BB). The inflow of remittance for the last time exceeded the US\$2b-mark in May 2021 when migrants sent US\$2.17b. During the pandemic period, the expatriates wired their earnings by preferring the formal channels over the illegal 'hundi' conduit due to the worldwide movement restrictions. Fund transfers through informal channels have made a comeback with the resumption of normal economic activities due mainly to a gap between official exchange rate of the US dollar and *kerb* market rates. Dollar was quoted at Tk87.90 in the interbank market while the exchange rate for the US Dollar in the informal *kerb* market is about Tk100 to Tk102, as per BB. Bangladeshis working abroad sent home a total of US\$22.07b in 2021, with marginal growth of 1.52% (Y-o-Y) from US\$21.74b in 2020. The declining inward remittance as well as ballooning import payment dragged the foreign exchange (forex) reserves down. Addressing the declining trend of remittance, the central bank has relaxed the requirement for availing 2.5% cash incentive for inward remittances worth US\$5,000 or above in a bid to discourage the sending of remittance through unofficial channels.



Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	4,158.24	3,901.36	6.58
FTSE 100	7,585.46	7,389.98	2.65
Nikkei 225	26,781.68	26,739.03	0.16
SENSEX	54,884.66	54,326.39	1.03
KSE 100	42,861.45	43,100.70	-0.56

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	6,237.98	6,258.25	-0.32
Total Turnover, Tk	30,542,359,120	32,357,357,725	-5.61
Market Capital, Tk	4,411,443,526,902	4,429,896,955,973	-0.42
No of Issue Gain	161	20	
No of Issue Loss	195	360	
No of Unchanged Issues	6	6	

Top Gainers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
SEMLLECMF	8.90	10.40	16.85	24,626,000
Lub-rref Bangladesh	31.80	36.10	13.52	66,993,000
GSP Finance	28.50	32.30	13.33	707,504,000
Paramount Textile	69.50	78.30	12.66	108,692,000
Renwick Jaineswar	829.20	930.70	12.24	2,987,000
VFS Thread Dyeing	21.90	24.40	11.42	152,233,000
Quasem Industries	54.70	59.40	8.59	159,325,000
National Feed Mill	16.90	18.30	8.28	62,718,000
Silva Pharma	22.60	24.30	7.52	426,403,000
MIDAS Financing	12.80	13.60	6.25	5,026,000

Top Losers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
Sonali Paper	756.60	567.60	-24.98	233,602,000
Bangas	151.30	128.30	-15.20	128,740,000
Rangpur Dairy	50.00	42.50	-15.00	317,692,000
Pioneer Insurance	85.80	74.60	-13.05	126,145,000
Eastland Insurance	31.50	27.60	-12.38	22,245,000
Aramit Cement	28.00	24.90	-11.07	22,536,000
FIRSTSBANK	11.30	10.10	-10.62	73,360,000
Aman Feed	38.40	34.40	-10.42	100,819,000
NRB Commercial Bank	22.40	20.10	-10.27	207,557,000
Dhaka Insurance	56.80	51.00	-10.21	12,814,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	449.76	456.81	-1.54	2,731.00	3,176.04	-14.01
Cement	368.69	372.90	-1.13	422.95	619.59	-31.74
Ceramic	756.69	771.62	-1.93	1,314.24	2,318.20	-43.31
Engineering	6,725.16	6,775.18	-0.74	2,090.87	2,585.84	-19.14
Food & Al.	4,965.99	4,970.36	-0.09	1,815.89	2,991.97	-39.31
Fuel & Pow.	3,991.01	3,973.45	0.44	1,046.21	1,227.05	-14.74
Insurance	2,197.66	2,250.49	-2.35	1,959.54	1,735.83	12.89
IT	499.54	515.51	-3.10	878.96	1,075.13	-18.25
Jute	994.67	985.75	0.90	12.15	25.82	-52.96
Misc.	2,686.80	2,688.99	-0.08	4,588.23	4,063.01	12.93
Mutual Fund	463.45	464.44	-0.21	223.31	259.27	-13.87
NBFI	1,203.76	1,184.05	1.66	2,960.25	1,482.36	99.70
Paper	10,877.16	12,837.58	-15.27	424.63	469.75	-9.61
Pharma	1,615.99	1,625.03	-0.56	3,752.12	3,869.48	-3.03
Service	1,565.45	1,547.88	1.14	520.11	691.26	-24.76
Tannery	1,191.17	1,225.80	-2.82	832.34	598.68	39.03
Telecom	3,926.12	3,947.46	-0.54	341.25	439.08	-22.28
Textile	1,722.56	1,700.44	1.30	2,288.54	2,710.57	-15.57
Travel & Leis.	630.65	635.73	-0.80	370.34	612.84	-39.57

Technical Talk

Dhaka stocks prolonged the losing streak for the fourth straight week despite the regulatory measures imposed to halt the free-fall of stocks. Major sectors posted mixed performances with the NBFI sector posted the highest gain of 1.66% followed by textile 1.30%. On the other hand, among the major sectors, Insurance decreased by 2.35% followed by Ceramic 1.93% and Bank by 1.54%.

DSE Broad Index (DSEX) stood at 6,237.98 points after decreasing by 20.27 points or 0.32% from the previous week. Total turnover reached at Tk30542.36m, which was 5.61% lower than the previous week. Market capitalization decreased by 0.42% and stood at Tk4411.44b (\$50.14b) at the weekend against Tk4429.90b. DSE 30 decreased by 9.29 points or 40% and closed at 2,307.39 points against 2,316.68 points. Last week's weighted average Market PE was 14.29 which was 14.38 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 36.82

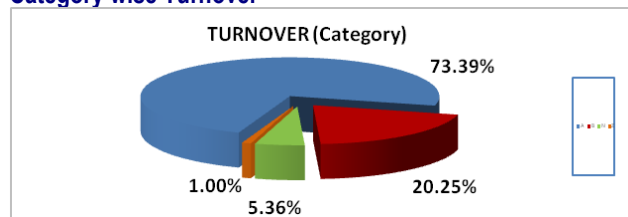
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
BEXIMCO	17,658,784	2,305,139,000	7.55
IPDC	28,518,766	1,346,143,000	4.41
JMI Hospital Requisite	14,080,891	1,109,237,000	3.63
Shinepukur Ceramics	26,394,423	1,003,436,000	3.29
BSC	7,738,620	909,845,000	2.98
Southeast Bank	53,095,392	783,082,000	2.56

Top 10 Market Capital

			In million
GP	406,170	United Power	143,185
Walton Hi-Tech	325,587	RENATA	130,093
BATBC	292,086	Beximco	117,777
Square Pharma	187,662	LafargeHolcim	84,200
Robi	153,995	ICB	79,453

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t.oz.)	1,857.30	1,845.10	0.66
Silver (USD/t.oz.)	22.14	21.77	1.70
Brent Crude Oil (USD/bbl.)	115.45	112.69	2.45

Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	87.98	88.00	87.55	87.60	0.49	0.46
EUR	96.27	96.32	93.83	93.88	2.60	2.60
GBP	113.21	113.28	110.66	110.73	2.30	2.30
AUD	63.30	63.34	61.75	61.79	2.51	2.51
JPY	0.70	0.70	0.69	0.69	1.45	1.45
CAD	69.47	69.51	68.63	68.67	1.22	1.22
SAR	23.56	23.58	23.46	23.47	0.43	0.47

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)
-	-	-	-