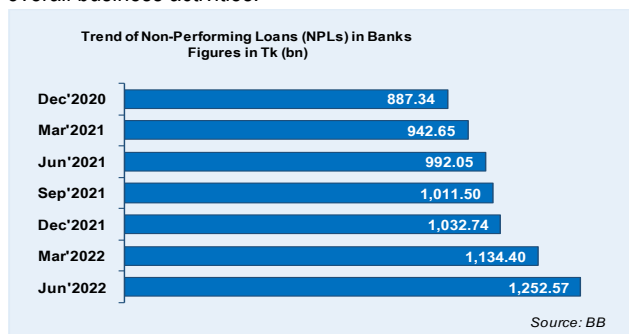


Toxic loans up again

Default loans in the banking sector rose by Tk118.17b as on June 30, 2022, despite enjoying policy support from the central bank with relaxed and suspended loan classification and provisioning requirements. The amount of classified loans is feared to balloon further if the amount of write-offs is included in the figure. Last year, the banking sector wrote off Tk24.42b in bad loans to clean their balance sheets. Banks every year have been witnessing rise in the volume of written-off loans which have low or no possibility to be recovered. In 2020 the volume was Tk9.71b, in 2019 some Tk25.97b and in 2018 they washed up Tk33.70b. Banks have to keep 100% provision against the written-off loans. According to Bangladesh Bank (BB) reports, the volume of Non-Performing Loans (NPLs) rose to Tk1252.57b at the end of June 2022 from Tk1134.4b at the end of March 2022. On 30 June 2021 NPLs of the banking sector were Tk992.05b which was Tk1011.50b at the end of September 2021. The defaulted loans jumped by Tk219.84b in six months from Tk1032.74b in December 2021. Of the total amount of defaulted loans, the amount in the private commercial banks increased by Tk48.74b to Tk626.78b in June 2022 from Tk578.04b three months ago. In the state-owned banks, the defaulted loans increased by Tk66.92b to Tk554.29b in June 2022 from Tk487.37b in March 2022. In the specialized banks and foreign commercial banks, the amount of defaulted loans stood at Tk41.94b and Tk29.57b respectively at the end of June 2022. Default loans went down last year and also in 2020 as the central bank offered a repayment and loan classification moratorium facility for all kind of borrowers, considering the economic distress arising from Covid-19 pandemic. The borrowers did not have to pay back any amount of their loans in 2020 but in 2021, they were asked to repay only 15% of their loans to avoid becoming defaulters. The NPLs is likely to fall in September this year following the latest BB policy on loan rescheduling and restructuring. On 18 July 2022 the central bank relaxed loan-rescheduling and-restructuring policy to facilitate overall business activities.



Agent banking accounts continue to grow

As per a Bangladesh Bank (BB) report, transactions through agent banking rose by 43.34% to Tk5648.44b in FY2021-22 compared to Tk3940.68b in FY2020-21, as a growing number of people are using the new banking window. Bank Asia introduced the first agent banking services in 2014. Apart from the sharp growth in transactions, the number of agent banking accounts has also increased year-on-year. The number of agent banking outlets rose to 19,738 as of June 2022 from 17,147 in the same month of year 2021. Out of a total of 19,738 agent banking outlets, 17,005 were in rural areas while the rest in urban areas.

Nine banks in provision shortfall

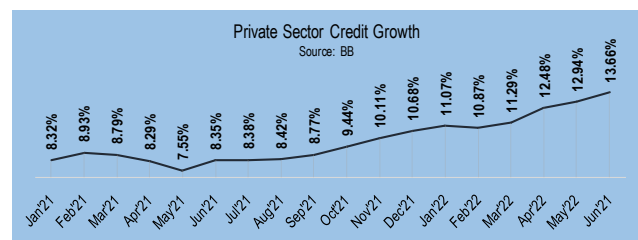
Overall provision shortfall in the banking sector narrowed slightly to Tk132.19b as of June 2022 from Tk147.46b at the end of March 2022 as some banks maintained higher than required provisioning. The volume of provision shortfall narrowed for State-owned Commercial Banks (SCBs) during the period as these banks maintained a regulatory forbearance for which their provisioning requirement has been eased. All the scheduled banks are required to make prescribed provisions against both classified and unclassified loans from their operating profits in a bid to mitigate financial risks. However, nine scheduled banks failed to maintain required provisions against classified loans as of June, 2022. The provisioning shortfall of the six state-owned commercial banks as of June stood at Tk106.17b, down by nearly 61% from December 2021. In contrast, the overall shortfall applicable to 43 private commercial banks rose to Tk26.02b in June. Among the private commercial banks, National Bank recorded the highest level of shortfall at Tk71.16b followed by Bangladesh Commerce Bank, Mutual Trust Bank, Standard Bank and Southeast Bank. Meanwhile, Sonali Bank managed to keep adequate provision of over Tk3.8b while Bangladesh Development Bank made extra provisioning of Tk194.9m in the second quarter of 2022. As per BB, the scheduled banks have to keep 0.25% to 2% provisions against the general category of loans, 20% against substandard category, 50% against doubtful loans and 100% against bad or loss category loans.

Non-Banks FIs to book stocks exposure at cost price

The Bangladesh Bank (BB) has allowed the Non-Bank Financial Institutions (NBFIs) to calculate their stock market exposure on cost price basis instead of market value of the securities. The central bank through issuing a circular on 14 August 2022 stated that the new calculation method has become effective immediately, replacing the previous calculation method. As per the circular, the purchasing price of shares of companies, mutual funds, debentures and corporate bonds would be considered while counting the highest exposure limit of the NBFIs. Earlier on 04 August 2022, BB allowed the scheduled banks to calculate the exposure limit on the basis of cost price.

Credit growth rises in June

Credit disbursement to the private sector saw a big jump in June 2022, backed by high import costs amid rising dollar prices. The credit disbursements rose to 13.66% in June 2022 from 12.94% a month ago, as per the Bangladesh Bank (BB) reports. Average credit growth of the last fiscal year stood at 10.68%, far below the monetary target set at 14.8% for the FY22. As part of a tightening of money flow, BB has inched down private sector credit growth ceiling to 14.01% for FY23. As fallout of the pandemic-induced sluggish economic activities, credit growth registered a historic low of 7.55% in May 2021, which turned upward in June 2021 (8.35%) and maintained the uptrend till now.



Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	4,228.48	4,280.15	-1.21
FTSE 100	7,550.37	7,500.89	0.66
Nikkei 225	28,930.33	28,546.98	1.34
SENSEX	59,646.15	59,462.78	0.31
KSE 100	43,270.65	42,857.57	0.96

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	6,241.44	6,148.77	1.51
Total Turnover, Tk	28,387,084,138	35,840,525,992	-20.80
Market Capital, Tk	4,406,146,762,364	4,357,953,296,106	1.11
No of Issue Gain	257	41	
No of Issue Loss	42	287	
No of Unchanged Issues	89	58	

Top Gainers

Company	Last Week	This Week	Change %	Turnover (Tk)
Kay & Que	249.20	302.30	21.31	107,821,000
Sonargaon Textiles	65.00	77.60	19.38	251,324,000
BB Monospool Paper	149.70	173.40	15.83	103,466,000
Paper Processing	179.00	206.70	15.47	274,467,000
Union Capital	9.10	10.50	15.38	80,370,000
Samorita Hospital	72.00	80.50	11.81	44,738,000
Orion Infusion	130.50	145.80	11.72	367,125,000
Safko Spinnings Mills	28.30	31.60	11.66	174,769,000
Anlima Yarn Dyeing	37.10	41.40	11.59	77,544,000
Sunlife Insurance	64.90	72.40	11.56	135,500,000

Top Losers

Company	Last Week	This Week	Change %	Turnover (Tk)
1st Janata Bank M. F.	6.40	6.20	-3.13	13,472,000
Reliance One MF	11.50	11.20	-2.61	2,818,000
ICBSONAL11	8.00	7.80	-2.50	902,000
SEMLIBLSF	8.80	8.60	-2.27	3,420,000
Trust Bank First M. F.	6.00	5.90	-1.67	18,262,000
FAS Finance & Inv.	6.30	6.20	-1.59	42,616,000
IFILISLMF1	6.50	6.40	-1.54	1,051,000
EBL NRB Mutual Fund	7.30	7.20	-1.37	167,565,000
EBL First Mutual Fund	7.50	7.40	-1.33	3,722,000
Dominage Steel	23.30	23.00	-1.29	21,478,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	451.61	451.66	-0.01	692.65	1,113.67	-37.81
Cement	374.59	357.52	4.77	868.52	734.09	18.31
Ceramic	835.81	801.24	4.31	460.52	656.91	-29.90
Engineering	6,688.15	6,625.01	0.95	2,363.78	3,068.76	-22.97
Food & Al.	4,877.52	4,854.72	0.47	1,853.68	2,359.32	-21.43
Fuel & Pow.	3,909.06	3,891.12	0.46	1,208.41	2,204.79	-45.19
Insurance	2,296.75	2,251.87	1.99	1,205.21	1,534.99	-21.48
IT	499.06	482.27	3.48	995.46	1,005.54	-1.00
Jute	1,116.89	1,081.29	3.29	34.60	30.36	13.96
Misc.	2,610.11	2,559.62	1.97	3,619.56	4,480.72	-19.22
Mutual Fund	481.54	482.35	-0.17	520.57	467.64	11.32
NBFI	1,215.38	1,196.09	1.61	1,498.01	1,041.50	43.83
Paper	12,539.44	12,184.20	2.92	1,139.62	957.51	19.02
Pharma	1,617.98	1,594.67	1.46	2,422.80	3,743.13	-35.27
Service	1,679.57	1,587.84	5.78	628.11	564.62	11.25
Tannery	1,080.40	1,067.47	1.21	918.38	118.37	675.86
Telecom	3,825.98	3,828.80	-0.07	354.57	355.99	-0.40
Textile	1,955.12	1,885.74	3.68	5,378.50	7,934.42	-32.21
Travel & Leis.	645.81	618.69	4.38	585.86	1,199.17	-51.14

Technical Talk

Dhaka stocks rebounded last week as a section of investors put fresh funds on sector-wise lucrative stocks. Last week saw three trading days as market was closed on 09 and 15 August due to public holiday. All three trading days of the previous week posted gains. Among the major sectors, Textile increased by 3.68% followed by Insurance 1.99%, NBFI 1.61% and Pharma 1.46%.

DSE Broad Index (DSEX) stood at 6,241.44 points after increasing by 92.67 points or 1.51% from the previous week. Total turnover reached at Tk28387.08m, which was 20.80% lower than the previous week. Market capitalization increased by 1.11% and stood at Tk4406.15b (\$46.38b) at the weekend against Tk4357.95b. DSE 30 increased by 25.66 points or 1.17% and closed at 2,220.05 points against 2,194.39 points. Last week's weighted average Market PE was 13.96 which was 13.84 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 40.29.

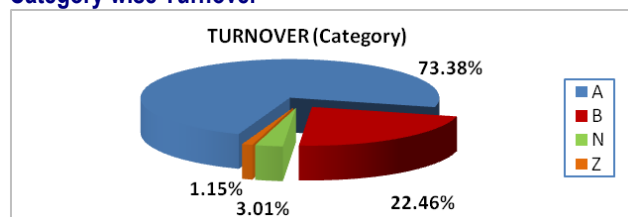
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
BEXIMCO	17,653,671	2,101,264,000	7.40
Malek Spinning Mills	23,666,179	866,126,000	3.05
IPDC	14,212,864	858,726,000	3.03
Fortune Shoes	10,694,277	850,230,000	3.00
LafargeHolcim	11,190,401	805,398,000	2.84
BSC	6,313,287	724,242,000	2.55

Top 10 Market Capital

			In million
GP	387,266	United Power	136,808
Walton Hi-Tech	320,074	RENATA	126,994
BATBC	280,098	Beximco	105,772
Square Pharma	188,459	LafargeHolcim	85,826
Robi	157,138	Berger Paint	81,862

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	1,760.30	1,818.90	-3.22
Silver (USD/toz.)	18.97	20.84	-8.95
Brent Crude Oil (USD/bbl.)	95.76	97.97	-2.26

Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	95.00	95.05	95.00	95.05	0.00	0.00
EUR	97.27	97.32	99.75	99.80	-2.49	-2.48
GBP	114.64	114.71	118.24	118.30	-3.04	-3.03
AUD	65.65	65.68	67.58	67.61	-2.86	-2.85
JPY	0.70	0.70	0.72	0.72	-2.78	-2.78
CAD	73.48	73.52	74.71	74.75	-1.65	-1.65
SAR	25.42	25.84	25.39	25.41	0.12	1.69

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)
Navana Pharma	13 Sep – 19 Sep, 2022	24	750