

S&P lowers Bangladesh's rating to negative

After Moody's Investor Services, the international rating agency S&P Global has downgraded the long-term rating outlook for Bangladesh to negative from stable, citing risks that external liquidity position could deteriorate in the next year while foreign exchange reserves remain under pressure. However, the rating agency reaffirmed its BB- long-term and B short-term sovereign credit ratings but said they could be lowered if external debt or liquidity metrics worsened further. The negative ratings outlook reflects the deteriorating economic conditions and could hamper foreign investment. Earlier in May, the Moody's Investor Services downgraded long-term issuer and senior unsecured ratings of Bangladesh to B1 from Ba3 and affirmed the short-term issuer ratings at Not Prime but it kept the long-term outlook as stable, which indicates the rating agency does not anticipate any significant changes in the creditworthiness or its ability to meet financial obligations.

Non-compliant companies under scanner

Operating status and associated issues of 14 non-compliant companies with the securities laws and listing regulations will be examined by the Dhaka Stock Exchange (DSE) with permission from the Bangladesh Securities and Exchange Commission (BSEC). The 14 companies are - Fortune Shoes, National Feed Mills, Central Pharmaceuticals, CVO Petrochemical Refinery, Dulamia Cotton Spinning Mills, Family Tex (BD), Keya Cosmetics, Khan Brother PP Woven Bag Industries, Northern Jute Manufacturing Company, Regent Textile Mills, The Dacca Dyeing and Manufacturing Company, Usmania Glass Sheet Factory, Zaheen Spinning and Zaheen Tex Industries. Some of these companies did not disburse declared dividends timely, some did not arrange Annual General Meetings (AGM), or did not submit quarterly financials regularly. After inspection, DSE will disclose its findings to the Commission.

Bank Company Act Amendment gazetted

As per the recently amended Bank Company Act 2023, if a problem bank fails to effectively implement a revival or restructuring plan, and its higher authorities are engaged in wrongdoing, the central bank may take necessary actions, including forced amalgamation or restructuring, to safeguard the depositors' interest. The amendments grant the central bank the power to remove the board of directors of any bank, including state-owned banks. If chairperson, director, or chief executive is engaged in harmful activities or misusing funds through money laundering, malpractice, terrorist activities, or any offense related to the bank's interest, the central bank can remove them from their position through a written order, according to a gazette notification published on 24 July 2023. Additionally, subsidiaries and organizations will now be under the direct control and monitoring of the central bank. At present, such subsidiaries are regulated by the Bangladesh Securities and Exchange Commission (BSEC). In line with the latest amended Bank Company Act, BB on 26 July 2023 instructed banks to bring down the number of directors from the same family to three from four. The decision regarding who will resign should be reached through mutual agreement among the directors. If they fail to reach a consensus, the central bank has instructed to determine it through a lottery process. The latest amendment to the Bank Company Act cut the number of directors from the same family by one, but extended the tenure of directors from 9 years to 12 consecutive years.

Deposit interest rate at 26-month high

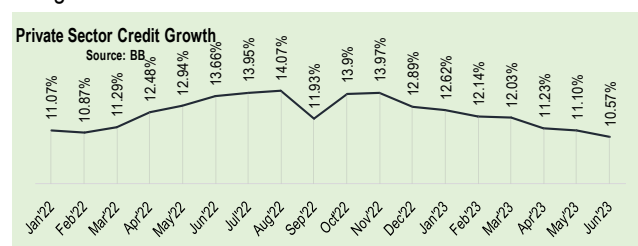
The weighted average interest rate on deposits stood at 4.41% in May 2023, being the highest in 26 months. Earlier the highest rate was 4.40% in March 2021, according to Bangladesh Bank (BB). Some banks are now collecting deposits at higher rates which fueled the increase. Meanwhile, the weighted average lending rate stood at 7.32% in May 2023, up from 7.29% a month earlier. The interest rate spread stood at 2.91% in May, which is same as the previous month. The spread, however, has been below 3% for the last seven months. The central bank on 15 January 2023 raised the lending rate cap for consumer loans up to 12%. Banks have been following a 9% cap on lending rates since April 2020. It also levied the minimum deposit rate in August 2021, which has now been withdrawn. Earlier on 08 August 2021, BB set a floor on deposit interest rates and instructed the banks not to fix the rate for deposits below the last published three months inflation rate. Meanwhile, 6 banks out of 61 operating in the country had negative spread at the end of May 2023, according to BB reports. Among these Padma Bank had spread of -4.59% in the negative, followed by National Bank of Pakistan -2.65% and Basic Bank -2.38%. ICB Islamic Bank, Bangladesh Development Bank and Bangladesh Commerce Bank are also in the negative range.

Particulars	Weighted Average Interest Rate		Spread
	Deposits	Advances	
May'22	4.02%	7.08%	3.06%
Jun'22	3.97%	7.09%	3.12%
July'22	4.04%	7.09%	3.05%
August'22	4.07%	7.11%	3.04%
September'22	4.09%	7.12%	3.03%
October'22	4.13%	7.15%	3.02%
November'22	4.22%	7.18%	2.96%
December'22	4.23%	7.22%	2.99%
January'23	4.29%	7.24%	2.95%
February'23	4.31%	7.27%	2.96%
March'23	4.35%	7.31%	2.96%
April'23	4.38%	7.29%	2.91%
May'23	4.41%	7.32%	2.91%

Source: Bangladesh Bank

Private sector credit growth 17-month low

Credit disbursement to the private sector slowed further and hit a 17-month low in June 2023 due to weak credit demand amid the current economic slowdown. It is feared that a downtrend in private credit growth would cause further slowdown in economic activities. Disbursement decreased to 10.57% in June 2023 from 11.10% a month back, as per Bangladesh Bank (BB) reports. The growth rate in June 2023 was the lowest after 10.68% recorded in December 2021. Growth has been declining since November last year when it was recorded at 13.97%. BB has fixed the private sector credit growth ceiling at 11% for FY2023-24 against 14.01% for FY2022-23.



Stock Market Movement



Global Markets

		This Week	Last Week	+/- %
S&P 500	↑	4,582.23	4,536.34	1.01
FTSE 100	↑	7,694.27	7,663.73	0.40
Nikkei 225	↑	32,759.23	32,304.25	1.41
SENSEX	↓	66,160.20	66,684.26	-0.79
KSE 100	↑	47,139.06	45,888.25	2.73

DSE Indicators

		This Week	Last Week	+/- %
DSE Broad Index	↓	6,339.51	6,365.61	-0.41
Total Turnover, Tk	↓	32,566.89	47,354.13	-31.23
Market Capital, Tk	↓	4,498,498,252,371	4,512,834,854,096	-0.32
No of Issue Gain		50	118	
No of Issue Loss		135	23	
No of Unchanged Issues		203	197	

Top Gainers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (in BDTmn)
Crystal Insurance	53.60	65.80	22.76	804.88
Asia Insurance	48.90	57.90	18.40	510.62
Express Insurance	30.00	33.90	13.00	229.06
Meghna Insurance	50.10	56.60	12.97	477.49
Rupali Bank	33.20	36.10	8.73	316.58
Asia Pacific Ins.	55.70	60.50	8.62	161.34
Legacy Footwear	125.90	136.30	8.26	744.79
Republic Insurance	37.30	40.20	7.77	85.17
Desh General Ins.	33.10	35.30	6.65	89.75
Alif Industries	83.30	88.50	6.24	728.79

Top Losers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (in BDTmn)
Rupali Life Insurance	156.20	125.80	-19.46	838.72
Midland Bank	16.20	14.20	-12.35	386.59
Aziz Pipes	129.50	115.60	-10.73	164.79
Navana Pharma	109.00	98.60	-9.54	246.02
Meghna Pet Industries	36.60	33.30	-9.02	12.01
Rangpur Dairy	57.00	51.90	-8.95	802.12
Sonargaon Textiles	37.30	34.00	-8.85	100.53
Yeakin Polymer	31.40	28.70	-8.60	506.49
Simtex Industries	26.60	24.40	-8.27	186.45
Far Chemical	12.10	11.20	-7.44	94.03

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	465.17	463.67	0.32	801.78	1,463.83	-45.23
Cement	360.29	363.48	-0.88	1,035.21	1,384.21	-25.21
Ceramic	798.97	803.33	-0.54	292.89	581.98	-49.67
Engineering	6,668.44	8,263.72	-19.30	2,493.20	4,397.47	-43.30
Food & Al.	5,129.90	5,163.36	-0.65	4,689.21	7,844.46	-40.22
Fuel & Pow.	3,902.15	3,906.25	-0.10	1,051.81	3,388.77	-68.96
Insurance	2,723.23	2,699.02	0.90	9,364.96	7,613.78	23.00
IT	663.70	684.94	-3.10	1,579.94	2,258.94	-30.06
Jute	2,217.44	2,218.47	-0.05	289.84	392.87	-26.23
Misc.	2,490.16	2,499.71	-0.38	2,142.75	3,284.64	-34.76
Mutual Fund	448.98	450.13	-0.26	57.10	116.13	-50.83
NBFI	1,196.98	1,198.01	-0.09	87.34	348.52	-74.94
Paper	14,369.30	14,507.38	-0.95	562.08	1,016.04	-44.68
Pharma	1,630.71	1,638.68	-0.49	1,723.58	3,481.70	-50.50
Service	1,739.10	1,776.06	-2.08	246.39	423.57	-41.83
Tannery	1,247.37	1,249.25	-0.15	857.17	791.43	8.31
Telecom	3,822.47	3,822.47	0.00	7.68	37.78	-79.66
Textile	1,908.87	1,917.60	-0.46	2,410.05	3,234.23	-25.48
Travel & Leis.	1,139.07	1,187.48	-4.08	1,446.74	1,626.15	-11.03

Technical Talk

Dhaka stocks closed in red trajectory in the last week snapping a two-week winning streak, as investors liquidated shares to book some profit on quick-gaining stocks amid rising political tensions. Out of five trading sessions, first three sessions suffered losses while the last two posted marginal gains. Among the major sectors, Engineering decreased by 19.30% followed by IT 3.10%, Food & Allied 0.65% and Pharma by 0.49%.

DSE Broad Index (DSEX) stood at 6,339.51 points after decreasing by 26.10 points or 0.41% from the previous week. Total turnover reached at Tk32566.89m, which was 31.23% lower than the previous week. Market capitalization decreased by 0.32% and stood at Tk4498.509b (\$41.270b) at the weekend against Tk4512.83b. DSE 30 decreased by 36.92 points or 1.68% and closed at 2,159.87 points against 2,196.79 points. Last week's weighted average Market PE was 14.42 which was 14.46 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 54.33.

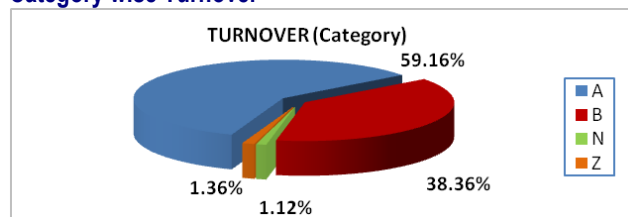
Top Turnover Companies

Company	Volume	Value (BDT mn)	% of total
Fu Wang Food	45,303,799	1,628.20	5.00
Sea Pearl Resort	5,557,031	1,273.89	3.91
KBPPWBIL	27,633,773	936.13	2.87
Gemini Sea Food	1,064,336	871.07	2.67
Rupali Life Insurance	6,406,689	838.72	2.58
Crystal Insurance	13,481,760	804.88	2.47

Top 10 Market Capital

Company	Value (BDT mn)	% of total
GP	386,996	139,689
Walton Hi-Tech	317,378	135,475
BATBC	280,098	103,571
Square Pharma	186,155	81,310
Robi	157,138	80,019

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	1,998.20	1,963.90	1.75
Silver (USD/t oz.)	24.48	24.78	-1.23
Brent Crude Oil (USD/bbl.)	84.50	80.73	4.67

Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	109.00	109.00	109.00	109.00	0.00	0.00
EUR	122.49	122.49	123.71	123.71	-0.99	-0.99
GBP	142.89	142.89	142.97	142.97	-0.06	-0.06
AUD	72.86	72.86	73.71	73.71	-1.15	-1.15
JPY	0.78	0.78	0.78	0.78	0.00	0.00
CAD	82.66	82.66	82.85	82.85	-0.23	-0.23
SAR	29.21	29.21	29.22	29.22	-0.03	-0.03

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)
-	-	-	-