

DSE rebalances DSEX

The Dhaka Stock Exchange (DSE) has eliminated 15 banks along with 68 other companies from the broad index, DSEX calculation, due to the non-qualification criteria set by DSE. After the adjustment the total number of DSEX companies stands at 250. As per DSE, most of the dropped companies had sufficient market capitalization but failed to fulfill the turnover criterion as required by the index methodology because of the floor price. The index rebalancing came into effect from 21 January 2024, that included 16 new companies. The newly included companies are - Legacy Footwear, Daffodil Computers, Tosrifa Industries, Imam Button Industries, Zaheen Spinning, United Insurance, Meghna Pet Industries, Renwick Jajneswar, Zeal Bangla Sugar Mills, Meghna Condensed Milk, Navana Pharmaceuticals, Midland Bank, Libra Infusions, Trust Islami Life Insurance, Islami Commercial Insurance and Chartered Life Insurance. The DSEX index was adjusted on the day that floor price was lifted. The latest stint of floor price mechanism was introduced on 02 March 2023. After the semi-annual rebalancing, six new companies have been included in the DS30 index. A significant number of fundamentally sound companies like ACI, RAK Ceramics, Titas Gas, IDLC and IPDC have been excluded from the index. Rather some substandard companies, share prices of which have been abnormally increased in the last one and a half years with suspected manipulation, is set to play a role in the index movement which apparently influences investors. According to the DSE methodology, companies must have a free-float market capitalization of Tk100m to become a DSEX member. The index was launched under a Standard and Poor's-developed free-float methodology on 28 January 2013 with a view to replacing the then key index of the bourse, DGEN. Opening value of the DSEX was 4,055.91. The DGEN was at 4,171.41 points when the DSEX was launched in January 2013.

Export incentives reduced or withdrawn

The government has restructured the cash incentives against exports of products under 43 categories. The Bangladesh Bank (BB) in a circular issued on 30 January 2024 said that the government has decided to reduce the cash incentives against exports gradually as after the graduation of the country from the least developed status in 2026, the export subsidies would be prohibited under the provision of World Trade Organization (WTO). Now, the maximum rate has been set at 15% and the minimum at 0.5% and it would be applicable from 01 January to 30 June this year. The government used to give cash assistance ranging from 1% to 20% on export earnings. Meanwhile, exporters expressed utter disappointment saying that it would affect some sectors negatively while economists welcomed the move saying that this is the time to prepare for the Least Developed Country (LDC) graduation.

Imports drop in H1

Imports dropped by 18.19% (Y-o-Y) to US\$33.68b in the first half of FY2023-24, compared to US\$41.17b in the same period a year earlier, amid countless economic challenges. According to latest Bangladesh Bank (BB) reports, overall import orders also decreased by 5.33% (Y-o-Y) to US\$32.93b against US\$34.78b in the same period of the last fiscal year. There has been a severe shortage of the greenbacks and the foreign exchange reserves dropped to US\$21.87b at the end of December 2023. The central bank restricted imports of non-essential items to limit free fall of the reserves.

Banking sector to undergo reforms

The central bank has at last drawn up an action plan to bring good governance to the banking sector under which weak banks will be subject to mergers and acquisitions. Reportedly out of 61 banks 40 are performing comparatively well and among the 21 remaining, 8-10 may be merged. The banking sector is passing a challenging time with loan irregularities, liquidity crisis and Dollar shortage. The volume of Non-Performing Loans (NPLs) rose to Tk1,560.39b at the end of June 2023 from Tk1,316.21b at the end of March 2023 and Tk1,206.56b at end of December 2022, despite different initiatives. Capital-to-Risk Weighted-Asset Ratio (CRAR) of the sector stood at 11.19% in June 2023, down from 11.23% of the preceding quarter due mainly to growing bad loans. Fifteen banks faced capital shortfall of around Tk337.32b at the end of June 2023. Earlier, capital shortfall in eleven banks was Tk335.74b at the end of March 2023. Several banks, especially the Shariah-based, are currently facing severe liquidity shortages. Increased liquidity pressures have led to a steady rise in the weighted average call money rate since June 2023. The central bank has planned to introduce interest-free 'special liquidity support' for the Shariah-based banks amid a severe liquidity shortage. Meanwhile, BB plans a swap mechanism to acquire US Dollar from commercial banks to bolster foreign exchange reserves.

Lending rates rise

The lending rate ceiling in banks reached 12.38% at the end of December 2023 from 11% in the previous month that crawled up to 12.43% at end January 2024. Interest rate increased further after Bangladesh Bank (BB) raised the policy rate by 25 basis points to 8% on 17 January 2024 from 7.75%, as part of tightening the money supply. In June 2023 the lending rate cap was replaced by a market based but controlled corridor named SMART (Six Months Moving Average Rate of Treasury Bills) reference rate, calculated on the average rate of 182 days Treasury Bills with a 3% top up margin for banks and 5% for Non-Bank Financial Institutions (NBFIs). Later in November 2023 the corridor margin was raised to 3.75% for banks and 5.75% for NBFIs. The SMART currently stands at 8.68%. The interest on deposits will also increase as a result of the hike in lending rates. BB withdrew ceiling on the interest rate of bank deposits earlier.

Revenue shortfalls widen

According to latest figures from the National Board of Revenue (NBR), revenue collection was Tk1,656.29b in July-December period of FY2023-24, witnessing a shortfall of Tk232.27b against the target. Despite achieving a double-digit growth, all the three wings of the revenue board missed their respective targets. The collection of customs revenue lagged the target by Tk86.63b followed by income taxes by Tk85.92b and Value-Added Tax (VAT) by Tk60.70b. In the first half, the VAT wing boasted the highest collection of revenue worth Tk647.37b marking a 16% growth over the corresponding period of last year. Income tax receipts stood at Tk518.24b in the July-December period of FY2023-24, jumping 16% (Y-o-Y). Customs tariff collection grew 9% (Y-o-Y) to Tk490.68b. Meanwhile, the total revenue earnings have been estimated at Tk5-trillion for FY2023-24. Of this, NBR will collect Tk4.30-trillion and further Tk700b will be collected from other sources. In FY2022-23, NBR collected Tk3.25-trillion in revenue, registering a 7.84% growth against 15.26% in the previous fiscal year.

Stock Market Movement



Global Markets

		This Week	Last Week	+/- %
S&P 500	↑	4,958.61	4,890.97	1.38
FTSE 100	↓	7,615.54	7,635.09	-0.26
Nikkei 225	↑	36,158.02	35,751.07	1.14
SENSEX	↑	72,085.63	70,700.67	1.96
KSE 100	↓	62,989.88	63,783.28	-1.24

DSE Indicators

		This Week	Last Week	+/- %
DSE Broad Index	↑	6,213.99	6,156.41	0.94
Total Turnover, Tk	↓	45,847.49	48,521.66	-5.51
Market Capital, Tk	↑	4,201,908,081,325	4,188,946,186,249	0.31
No of Issue Gain		182	74	
No of Issue Loss		175	308	
No of Unchanged Issues		40	14	

Top Gainers

Company	Weighted avg. Closing Price (Tk)			Turnover (in BDTmn)
	Last Week	This Week	Change %	
Khulna Printing	31.20	50.00	60.26	1,173.14
Sikder Insurance	12.10	19.30	59.50	0.33
Malek Spinning Mills	24.70	33.10	34.01	792.69
Aramit Cement	25.80	33.80	31.01	164.23
Aftab Automobiles	37.30	48.70	30.56	820.15
S. S. Steel	11.70	14.20	21.37	286.84
Evince Textiles	14.20	17.20	21.13	1,146.54
Central Insurance	42.50	51.40	20.94	253.54
Shasha Denims	20.70	24.90	20.29	56.00
Coppertech Ind.	26.40	31.70	20.08	244.37

Top Losers

Company	Weighted avg. Closing Price (Tk)			Turnover (in BDTmn)
	Last Week	This Week	Change %	
Standard Ceramic	126.60	101.60	-19.75	3.10
GSP Finance	18.00	15.00	-16.67	3.73
Kay & Que	270.40	229.60	-15.09	76.69
Progressive Life Ins.	60.00	52.80	-12.00	62.31
Bangladesh Finance	26.20	23.10	-11.83	102.06
ACI	197.10	175.40	-11.01	168.06
Emerald Oil	81.00	72.40	-10.62	56.91
IPDC	35.70	32.00	-10.36	127.66
EBL First Mutual Fund	5.90	5.30	-10.17	37.10
Jute Spinners	314.50	284.60	-9.51	29.59

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	456.90	456.41	0.11	2,829.43	4,692.31	-39.70
Cement	370.80	359.76	3.07	790.10	1,063.43	-25.70
Ceramic	659.49	680.58	-3.10	636.05	651.43	-2.36
Engineering	5,339.16	5,266.90	1.37	7,289.75	6,150.63	18.52
Food & Al.	5,045.66	5,060.84	-0.30	3,032.07	3,379.66	-10.28
Fuel & Pow.	3,264.49	3,279.52	-0.46	1,686.77	2,039.56	-17.30
Insurance	2,502.14	2,491.38	0.43	6,661.98	6,244.24	6.69
IT	637.41	625.74	1.87	1,988.04	1,883.53	5.55
Jute	2,083.90	2,232.44	-6.65	70.46	180.77	-61.02
Misc.	2,750.59	2,781.25	-1.10	2,506.89	2,478.43	1.15
Mutual Fund	436.31	436.30	0.00	906.26	1,127.02	-19.59
NBFI	921.57	929.45	-0.85	1,320.39	1,250.30	5.61
Paper	13,120.11	12,823.26	2.31	1,822.78	1,923.97	-5.26
Pharma	1,625.78	1,614.25	0.71	5,825.12	6,564.75	-11.27
Service	1,636.17	1,609.03	1.69	634.98	959.75	-33.84
Tannery	1,049.00	1,060.50	-1.08	780.65	1,324.47	-41.06
Telecom	3,761.52	3,765.11	-0.10	164.84	192.95	-14.57
Textile	1,586.52	1,531.15	3.62	4,947.52	3,439.77	43.83
Travel & Leis.	764.31	787.12	-2.90	609.23	1,057.74	-42.40

Technical Talk

Dhaka stocks rebounded from a sharp fall in the previous week as investors continued to inject fresh funds on selective issues following the floor price removal. Index saw a positive trend for the most of the trading sessions. Among the major sectors, Textile increased by 3.62% followed by IT 1.87%, Engineering 1.37% and Pharma by 0.71%.

DSE Broad Index (DSEX) stood at 6,213.99 points after increasing by 57.58 points or 0.94% from the previous week. Total turnover reached at Tk45847.49m, which was 5.51% lower than the previous week. Market capitalization increased by 0.31% and stood at Tk4201.91b (\$38.20b) at the weekend against Tk4188.95b. DSE 30 increased by 2.17 points or 0.10% and closed at 2,116.78 points against 2,114.61 points. Last week's weighted average Market PE was 12.43 which was 12.39 in 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 46.38.

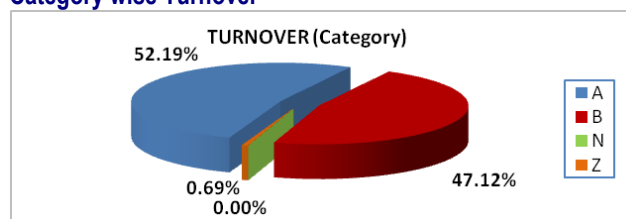
Top Turnover Companies

Company	Volume	Value (BDT mn)	% of total
Bd.Thai Aluminium	64,381,670	2,067.65	4.51
Orion Infusion	3,107,564	1,628.50	3.55
Fu Wang Food	44,051,579	1,381.88	3.01
Khulna Printing	29,702,338	1,173.14	2.56
Evince Textiles	71,948,178	1,146.54	2.50
Karnaphuli Insurance	17,928,729	976.14	2.13

Top 10 Market Capital

			In million
GP	386,996	RENETA	139,689
Walton Hi-Tech	280,098	BEXIMCO	103,842
BATBC	229,408	United Power	103,534
Square Pharma	193,246	Berger Paint	88,874
ROBI	157,138	LafargeHolcim BD	85,361

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t.oz)	2,057.10	2,018.20	1.93
Silver (USD/t.oz)	22.79	22.90	-0.48
Brent Crude Oil (USD/bbl.)	77.48	83.16	-6.83

Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	110.00	110.00	110.00	110.00	0.00	0.00
EUR	124.60	124.60	125.39	125.39	-0.63	-0.63
GBP	145.92	145.92	146.73	146.73	-0.55	-0.55
AUD	72.02	72.02	72.70	72.70	-0.94	-0.94
JPY	0.75	0.75	0.75	0.75	0.00	0.00
CAD	82.13	82.13	82.19	82.19	-0.07	-0.07
SAR	29.48	29.48	29.48	29.48	0.00	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)
Best Holding Ltd.	14 Jan-18 Jan, 2024	24	3,500
NRB Bank Ltd.	28 Jan-01 Feb 2024	10	1,000