

DSEX slumps below 6,000 points

The capital market has been in the doldrums since the beginning of the year amid crisis of confidence among investors. DSEX, the key index of the Dhaka Stock Exchange (DSE), dropped to a 34-month low on 14 March 2024 when it slipped to 5,968.04 points, being the lowest since 25 May 2021, when it was at 5,884.79 points. The turnover of the market stood at Tk5.15b, which was Tk4.83b on the previous trading day. In the last five days, the DSEX lost total 144.72 points.

Movement of DSEX			
Date	DSEX	Change (points)	Change (%)
7-Mar-04	6,112.76		
10-Mar-24	6,075.24	-37.52	-0.61%
11-Mar-24	6,058.39	-16.85	-0.28%
12-Mar-24	6,006.88	-51.52	-0.85%
13-Mar-24	5,974.11	-32.77	-0.55%
14-Mar-24	5,968.04	-6.06	-0.10%
Source: DSE	Total	-144.72	-2.37%

Tough measures for willful defaulters

The Bangladesh Bank (BB) through a circular issued on 12 March 2024 introduced strict measures for willful defaulters. The central bank will send the list of such willful defaulters to the concerned authorities for imposing ban on their overseas travels, suspending registration with the Bangladesh Securities and Exchange Commission (BSEC) and/or the Registrar of Joint Stock Companies and Firms (RJSC), in line with the Bank Company Act. Any willful defaulter shall not be eligible for any state awards or recognition. The willful defaulters list will also be forwarded to the registration authorities of vehicles, land, houses and flats, to take necessary actions. A bank may be fined Tk5m to Tk10m if it violates the central bank guideline on willful defaulters. The bank will have to count fines of an additional Tk100,000 for each day of the violation continuing. Interest levied on the loan of a willful defaulter cannot be waived and the loan cannot be rescheduled or also cannot be transferred to another bank. Even if a person gets removed from the list of willful defaulters, they will not be able to serve as a director of a bank for five years. If a bank director gets designated as a willful defaulter, the central bank will be able to declare the post vacant.

BB tightens rules on appointing NBFi directors

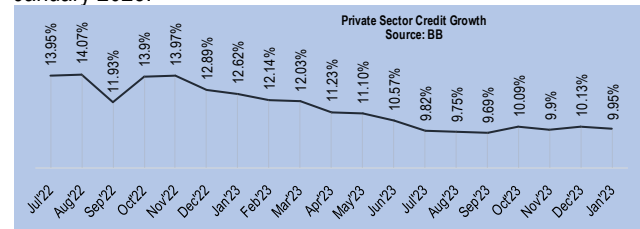
The Bangladesh Bank (BB) tightened rules on appointing independent directors at Non-Bank Financial Institutions (NBFIs), to ensure good governance in the sector. The central bank issued a circular in the matter on 13 March 2024 having immediate effect. It comes after BB fixed the age, education and other criteria for directors and independent directors of banks. The age limit for an independent director is to be between 45 and 75 and none of their family members can hold shares in the NBFi. In addition to having 10 years of management or professional experience, independent NBFi directors must hold a post-graduation qualification either in economics, banking, finance, business administration, law, or accounting from a recognized university. NBFIs can appoint a maximum of 2 independent directors on its 15-member board. In the event of appointing an independent director, there must be an assurance that the person concerned has not been convicted on any criminal offences and not involved in any forgery, financial crime or other illegal activities. According to the circular, the maximum tenure of an independent director will be three years and can be renewed in accordance with the Finance Company Act.

Banking sector to undergo reforms

According to Bangladesh Bank (BB) reports, the volume of Non-Performing Loans (NPLs) surged in the banking sector by Tk249.77b to reach Tk1,456.33b at the end of December 2023 from Tk1,206.56b in December 2022. It represents a substantial increase from the Tk1,032.74b in December 2021 and Tk887.34b in December 2020. The NPLs hit a record high of Tk1,560.39b in June 2023. Capital-to-Risk Weighted-Asset Ratio (CRAR) of the sector stood at 11.19% in September 2023, down from 11.23% of the preceding quarter due mainly to growing bad loans. Fourteen banks faced capital shortfall of Tk375.07b at the end of September 2023. Previously, capital shortfall in 15 banks was Tk337.32b in June and that in 11 banks was Tk335.74b at the end of March 2023. 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. Banks can merge voluntarily until December 2024; else BB would decide on the merger issue. In December 2023, BB issued a guideline, known as the Prompt Corrective Action (PCA) framework to give a procedural direction for mergers and acquisitions amidst the deteriorating financial condition of some banks and financial institutions. Reportedly out of 61 banks 40 banks are performing comparatively well and among the 21 remaining, 8-10 may be merged. Meanwhile, the ailing Padma Bank is poised to be merged with the listed Sariah based Exim Bank, as a first such instance.

Private sector credit growth drops in January

Credit disbursement to the private sector dropped in January 2024 as the lending rate went up due to contractionary monetary policy. Additionally, reduced imports owing to Dollar crisis and liquidity shortage were the reasons behind the slow credit growth. The policy rate has been increased several times which pushed up the cost of funds for banks. As part of tightening the money supply, Bangladesh Bank (BB) adopted the latest adjustment by raising its policy rate to 8% from 7.75% that came into effect from January 2024. The central bank cut the private sector credit growth target to 10% for the January-June period of FY2023-24 from 11% set for the first half of the current fiscal year. Disbursement decreased to 9.95% in January this year from 10.13% a month back, as per BB reports. It was 9.9% in November and 10.09% in October 2023. The rate was 12.62% in January 2023.



Government bank borrowing ballooning

In the first eight months of the current fiscal year, the government borrowed Tk440.91b from the scheduled banks and repaid Tk355.11b to the central bank, as per the latest figures from the Bangladesh Bank (BB). Meanwhile, the government reduced borrowing from other domestic sources. The net sales of national savings certificates plunged to a negative Tk60.63b in the July-December period of FY2023-24. In FY2022-23, the government borrowed Tk1241.22b from the banking system against Tk686.52b a year ago.

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	5,117.09	5,123.69	-0.13
FTSE 100	7,727.42	7,659.74	0.88
Nikkei 225	39,634.94	39,688.94	-0.14
SENSEX	72,475.25	74,119.39	-2.22
KSE 100	65,061.40	65,836.34	-1.18

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	5,968.04	6,112.76	-2.37
Total Turnover, Tk	27,938.81	40,530.58	-31.07
Market Capital, Tk	4,014,221,476,482	4,112,697,683,966	-2.39
No of Issue Gain	69	59	
No of Issue Loss	301	320	
No of Unchanged Issues	31	22	

Top Gainers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (in BDTmn)
Asiatic Laboratories	24.20	38.80	60.33	2.77
S. S. Steel	12.90	16.20	25.58	800.55
Golden Harvest Agro	15.80	19.20	21.52	291.81
Golden Son	19.10	23.20	21.47	1,253.26
Taufika Foods	46.90	53.70	14.50	1,121.08
Dominage Steel	15.50	17.60	13.55	235.33
Aramit	236.70	267.40	12.97	68.94
BD Building Systems	17.30	19.50	12.72	251.27
Oimex Electrode	22.70	25.10	10.57	132.81
BD Thai Food	29.70	32.70	10.10	55.06

Top Losers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (in BDTmn)
Kamaphuli Insurance	57.80	44.50	-23.01	355.04
Fu-Wang Ceramic	30.60	25.40	-16.99	1,595.21
Aamra networks	45.90	39.70	-13.51	65.10
Sikder Insurance	44.20	38.70	-12.44	103.05
Paper Processing	162.80	143.50	-11.86	20.79
Crystal Insurance	116.60	103.00	-11.66	65.38
NCCBL Mutual Fund-1	6.90	6.10	-11.59	3.50
Express Insurance	45.50	40.40	-11.21	60.23
H.R. Textile	103.30	92.00	-10.94	115.63
Sonar Bangla Insurance	40.40	36.00	-10.89	6.12

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	462.95	471.31	-1.77	1,680.29	2,513.37	-33.15
Cement	358.25	365.80	-2.06	432.43	925.48	-53.28
Ceramic	680.71	722.91	-5.84	1,702.78	2,295.32	-25.82
Engineering	5,104.03	5,144.33	-0.78	4,862.26	4,818.28	0.91
Food & Al.	4,451.52	4,639.33	-4.05	3,533.63	4,053.43	-12.82
Fuel & Pow.	3,041.76	3,104.66	-2.03	775.09	945.62	-18.03
Insurance	2,363.01	2,470.07	-4.33	1,824.37	3,506.36	-47.97
IT	612.18	635.52	-3.67	651.97	1,284.37	-49.24
Jute	2,371.37	2,361.89	0.40	66.02	79.24	-16.69
Misc.	2,665.00	2,687.34	-0.83	867.15	1,088.78	-20.36
Mutual Fund	419.60	428.64	-2.11	412.15	613.58	-32.83
NBFI	845.58	866.48	-2.41	361.20	550.06	-34.33
Paper	12,540.56	13,368.77	-6.20	256.93	605.55	-57.57
Pharma	1,498.79	1,544.14	-2.94	3,730.71	6,529.82	-42.87
Service	1,571.29	1,599.03	-1.74	201.55	316.32	-36.28
Tannery	1,031.61	1,063.74	-3.02	586.47	961.77	-39.02
Telecom	3,354.07	3,451.76	-2.83	342.06	834.83	-59.03
Textile	1,600.31	1,644.69	-2.70	3,088.54	5,021.79	-38.50
Travel & Leis.	1,658.40	1,669.30	-0.65	765.21	1,097.54	-30.28

Technical Talk

Dhaka stocks saw a massive fall last week, prolonged the losing streak for the fifth consecutive week. DSEX dropped below 6,000 points as investors continued offloading shares to protect their funds. All five trading days faced price erosion. Among the major sectors, Insurance decreased by 4.33% followed by Food & Allied 4.05%, IT 3.67% and Pharma by 2.94%.

DSE Broad Index (DSEX) stood at 5,968.04 points after decreasing by 144.72 points or 2.37% from the previous week. Total turnover reached at Tk27938.81m, which was 31.07% lower than the previous week. Market capitalization decreased by 2.39% and stood at Tk4014.22b (\$36.49b) at the weekend against Tk4112.7b. DSE 30 decreased by 42.76 points or 2.04% and closed at 2,051.58 points against 2,094.34 points. Last week's weighted average Market PE was 12.24 which was 12.59 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 35.19.

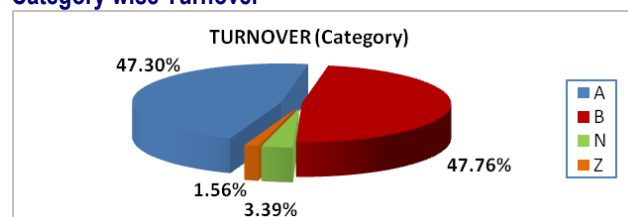
Top Turnover Companies

Company	Volume	Value (BDT mn)	% of total
Fu-Wang Ceramic	55,504,762	1,595.21	5.71
Golden Son	56,673,985	1,253.26	4.49
Taufika Foods	20,969,897	1,121.08	4.01
Orion Infusion	1,823,273	1,103.99	3.95
S. S. Steel	50,790,535	800.55	2.87
Central Pharma	25,702,950	715.48	2.56

Top 10 Market Capital

Company	Volume	Value (BDT mn)	% of total
GP	328,528	RENETA	103,842
BATBC	232,200	BEXIMCO	100,612
Walton Hi-Tech	217,563	United Power	88,635
Square Pharma	191,296	LafargeHolcim BD	84,432
ROBI	157,138	Berger Paint	83,740

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t.oz.)	2,150.40	2,186.20	-1.64
Silver (USD/t.oz.)	25.21	24.53	2.79
Brent Crude Oil (USD/bbl.)	85.67	81.89	4.62

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	125.76	125.76	126.37	126.37	-0.48	-0.48
GBP	147.08	147.08	148.54	148.54	-0.98	-0.98
AUD	72.59	72.59	73.28	73.28	-0.94	-0.94
JPY	0.75	0.75	0.76	0.76	-1.32	-1.32
CAD	81.66	81.66	82.02	82.02	-0.44	-0.44
SAR	29.48	29.48	29.48	29.48	0.00	0.00

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)
-	-	-	-