

Treasury yield climbs to record 12%

Yields on government treasury instruments have started rising and crossed 12% on 360 days for the first time amid tightened liquidity situation in the financial sector. The leap takes place after the market-based lending rate has been attempted to be reinstated. To let the market determine the lending rates, Bangladesh Bank withdrew the Six Months Moving Average Rate of Treasury Bill (SMART) cap system from 09 May 2024. Earlier, after lifting the 9% lending rate ceiling, the cap was replaced in June 2023 with an apparently market based but controlled corridor named SMART reference rate, calculated on the average rate of 182-day Treasury Bills with a 3% top up margin. The interest rate of 364-day Treasury Bills was 12% on 12 May 2024, which was 7.70% on 29 May 2023. Similarly, the interest rate of 182-day Treasury Bills also increased to 11.80%, which was 7.02% at the end of May 2023. For the 91-day Treasury Bills, the interest rate increased to 11.60%, which was 6.75% in May last year. The yields on long-term treasury instruments rose substantially as well. The cut-off yield on Treasury-Bonds with a maturity of 2-years, 5-years, 10-years, 15-years and 20-years stood at 12.05%, 12.40%, 12.15%, 12.20% and 12.25% in the last auction. In last December, the cut-off yield on Treasury-Bonds with a maturity of 2-years, 5-years, 10-years, 15-years and 20-years were 10.20%, 10.35%, 10.74%, 11.10% and 11.20% respectively.

Weighted Average Yields on T-Bills							
Month	91-Day	182-Day	364-Day	Month	91-Day	182-Day	364-Day
Aug-22	6.04%	6.69%	6.83%	Jul-23	7.40%	7.49%	8.75%
Sep-22	6.04%	6.48%	6.83%	Aug-23	7.31%	7.43%	8.25%
Oct-22	6.04%	6.50%	6.83%	Sep-23	7.35%	7.55%	8.05%
Nov-22	6.45%	6.71%	7.09%	Oct-23	9.60%	9.80%	9.95%
Dec-22	7.30%	7.50%	8.00%	Nov-23	10.35%	10.50%	10.70%
Jan-23	7.25%	7.48%	7.94%	Dec-23	11.10%	11.20%	11.50%
Feb-23	6.45%	7.10%	7.50%	Jan-24	11.35%	11.40%	11.60%
Mar-23	6.35%	7.05%	7.49%	Feb-24	11.40%	10.45%	11.60%
Apr-23	6.64%	7.10%	7.60%	Mar-24	11.35%	11.40%	11.60%
May-23	6.75%	7.02%	7.70%	Apr-24	11.35%	11.40%	11.50%
Jun-23	6.95%	7.25%	8.30%	12-May-24	11.60%	11.80%	12.00%

Source:BB

SCBs recovery from top defaulters dismal

Since over time, the condition of the State-owned Commercial Banks (SCBs) has been deteriorating, the central bank instructed four SCBs - Sonali, Janata, Agrani and Rupali and two specialized banks - BASIC and Bangladesh Development Bank to keep Non-Performing Loans (NPLs) within the limit in line with the International Monetary Fund (IMF) conditions. However, according to the Bangladesh Bank (BB) reports, defaulted loans of these banks have increased by 41.6% (Y-o-Y) to Tk858.70b at the end of March 2024 and 73.20% since March 2022 and the SCBs are struggling with challenges for recovering defaulted loans from their top loan defaulters. The top 20 defaulters in six SCBs have classified loans amounting to Tk304.91b, which constitutes around 36% of the total defaulted loans of the banks, as per BB reports. Meanwhile, until March this year the state-owned banks wrote off Tk181.71b in bad loans. The amount of classified loans is feared to balloon further if the amount of write-offs is included. In addition, recovery from defaulters remains stagnant. Janata Bank had a target for recovering NPLs of Tk25b but could recover only Tk410m. Agrani Bank recovered Tk680m of the target set at Tk15.35b. Sonali Bank had a target of Tk10b top recover, but it was able to recover Tk830m. Rupali Bank managed to recover Tk2b out of the Tk8b target.

Financial account deficit soars to US\$9.25b

In the first nine months of the current fiscal year, financial account experienced a deficit of US\$9.25b from only US\$2.92b recorded in the same period of the previous fiscal year. Sluggish foreign direct investment and reduced net foreign loans & grants coupled with a decline in foreign portfolio investments contributed to the deep deficit in the financial account. The trade deficit narrowed to US\$4.74b in the July-March period of FY2023-24 compared with that of US\$14.63b in the same period of FY2022-23, with the help of a rising surplus in the current account balance. The current account posted a surplus of US\$5.79b against a deficit balance of US\$3.29b during the same period a year ago. Export earnings in the first nine months of the current fiscal year increased by 4% to US\$40.87b while import payments declined by 15.41% to US\$45.62b, compared to the same period of FY2022-23. In the last fiscal year, financial accounts experienced a deficit of US\$2.14b, while it was a surplus of US\$15.45b in FY2021-22.

Inflation inches down though food prices surge

Point-to-Point inflation eased down by 7-basis points in April 2024. As per the recent release from the Bangladesh Bureau of Statistics (BBS), the point-to-point inflation stood at 9.74% in April this year, down from 9.81% in the preceding month. Despite the decline, inflation stayed well above the 7.5% target level set for the current fiscal year. Food inflation jumped to a five-month high of 10.22% last month from 9.87% in March. Earlier in November 2023, food inflation was recorded at 10.76%. Non-food inflation, on the other hand, went down by 30 basis points to 9.34%. According to BBS, the rate in the rural areas rose by 0.24 percentage points to 9.92% last month, the highest in eight months, while it was 9.46% in urban areas. April food and non-food inflation breakdowns in rural areas are 10.25% and 9.60%. The food and non-food breakdowns in cities are 10.19% and 9.71%.

Inflation							
Month	Inflation	Food	Non-Food	Month	Inflation	Food	Non-Food
Sep'22	9.10%	9.08%	6.04%	July'23	9.69%	9.76%	9.47%
Oct'22	8.91%	8.50%	6.39%	Aug'23	9.92%	12.54%	7.95%
Nov'22	8.85%	8.14%	6.08%	Sep'23	9.63%	12.37%	7.82%
Dec'22	8.71%	7.91%	6.33%	Oct'23	9.93%	12.56%	8.30%
Jan'23	8.57%	7.76%	6.39%	Nov'23	9.49%	10.76%	8.16%
Feb'23	8.78%	8.13%	9.82%	Dec'23	9.41%	9.58%	8.52%
Mar'23	9.33%	9.09%	9.72%	Jan'24	9.86%	9.56%	9.42%
Apr'23	9.24%	8.84%	9.72%	Feb'24	9.67%	9.44%	9.33%
May'23	9.94%	9.24%	9.96%	Mar'24	9.81%	9.87%	9.64%
June'23	9.74%	9.73%	9.60%	Apr'24	9.74%	10.22%	9.34%

Source:BBS

BDBL merging with Sonali Bank

State-owned Sonali Bank and Bangladesh Development Bank (BDBL) signed a Memorandum of Understanding (MoU) on 12 May 2024 for merger. It will be the second voluntary merger of local banks in the country recently. Earlier on 18 March 2024 Padma Bank signed a MoU for merger with Exim Bank. However, this will be the second such experience for BDBL. Earlier, in 2009 Bangladesh Shilpa Bank and Bangladesh Shilpa Rin Sangstha merged to form BDBL. According to the Bangladesh Bank reports, at the end of December 2023, the non-performing loans of BDBL stood at Tk9.82b which is 42.45% of the entire outstanding loans. On the other hand, at the same time, outstanding loans of Sonali Bank amounted to Tk930.96b, of which Tk131.50b was defaulted.

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	5,303.27	5,222.68	1.54
FTSE 100	8,420.26	8,433.76	-0.16
Nikkei 225	38,787.38	38,229.11	1.46
SENSEX	74,005.94	72,664.47	1.85
KSE 100	75,325.87	73,110.65	3.03

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	5,517.42	5,661.05	-2.54
Total Turnover, Tk	38,214.15	48,027.26	-20.43
Market Capital, Tk	4,007,305,326,041	4,069,099,229,843	-1.52
No of Issue Gain	85	240	
No of Issue Loss	290	128	
No of Unchanged Issues	17	25	

Top Gainers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (in BDTmn)
Reliance1 M.F.	15.70	19.90	26.75	178.84
Legacy Footwear	64.60	78.30	21.21	298.48
Sonali Life Insurance	78.10	92.10	17.93	242.06
National Life Ins.	99.40	116.70	17.40	62.87
eGeneration	44.40	51.60	16.22	1,468.00
ICB	55.30	63.90	15.55	58.11
Unilever	1863.10	2147.20	15.25	119.50
Golden Harvest Agro	14.70	16.80	14.29	310.57
Monno Ceramic	78.40	88.40	12.76	92.83
KBPPWBIL	179.60	201.60	12.25	164.65

Top Losers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (in BDTmn)
Dutch-Bangla Bank	62.50	49.90	-20.16	29.23
Pubali Bank	29.40	24.10	-18.03	3.74
IPDC Finance	26.00	22.60	-13.08	20.79
Mercantile Bank	11.50	10.00	-13.04	10.00
Bd.Thai Aluminium	22.70	20.10	-11.45	184.83
Shinepukur Ceramics	41.40	36.90	-10.87	373.23
Sonali Paper	429.00	382.50	-10.84	111.76
Sonali Ansh Industries	672.20	600.20	-10.71	507.84
Beacon Pharma	181.80	162.50	-10.62	327.76
Hami Industries PLC	142.50	127.50	-10.53	9.36

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	427.23	443.82	-3.74	1,796.31	2,843.56	-36.83
Cement	316.28	330.90	-4.42	379.59	401.82	-5.53
Ceramic	610.13	629.67	-3.10	976.72	1,345.28	-27.40
Engineering	4,301.64	4,447.72	-3.28	3,315.40	4,955.88	-33.10
Food & Al.	3,857.62	3,985.14	-3.20	3,368.34	3,893.50	-13.49
Fuel & Pow.	5,789.39	2,788.45	107.62	767.70	876.78	-12.44
Insurance	2,217.47	2,149.48	3.16	3,350.22	2,366.13	41.59
IT	583.64	604.03	-3.38	2,931.40	2,731.29	7.33
Jute	2,230.54	2,462.25	-9.41	511.55	585.39	-12.61
Misc.	2,604.61	2,610.81	-0.24	1,070.60	1,231.90	-13.09
Mutual Fund	394.90	394.69	0.05	1,237.48	984.06	25.75
NBFI	766.10	746.54	2.62	297.67	599.61	-50.36
Paper	9,962.32	10,721.88	-7.08	366.14	355.16	3.09
Pharma	1,391.53	1,441.41	-3.46	8,204.21	10,371.61	-20.90
Service	1,563.51	1,624.17	-3.73	551.72	703.61	-21.59
Tannery	914.72	942.91	-2.99	670.51	814.05	-17.63
Telecom	2,999.72	3,103.82	-3.35	226.80	498.37	-54.49
Textile	1,518.72	1,574.67	-3.55	4,618.46	6,493.50	-28.88
Travel & Leis.	1,570.88	1,654.25	-5.04	1,610.81	2,405.86	-33.05

Technical Talk

Dhaka stocks closed in red trajectory in the last week after two weeks gaining streak. DSEX dropped below 5,600 mark again. In the last five days, the DSEX lost total 143.63 points. Among the major sectors, Bank decreased by 3.74% followed by Textile 3.55%, Pharma 3.46% and IT by 3.38%.

DSE Broad Index (DSEX) stood at 5,517.42 points after decreasing by 143.63 points or 2.54% from the previous week. Total turnover reached at Tk38214.15m, which was 20.43% lower than the previous week. Market capitalization decreased by 1.52% and stood at Tk4007.31b (US\$34.09b) at the weekend against Tk4069.10b. DSE 30 decreased by 41.25 points or 2.05% and closed at 1,973.99 points against 2,015.24 points. Last week's weighted average Market PE was 10.87 which was 11.16 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 27.10.

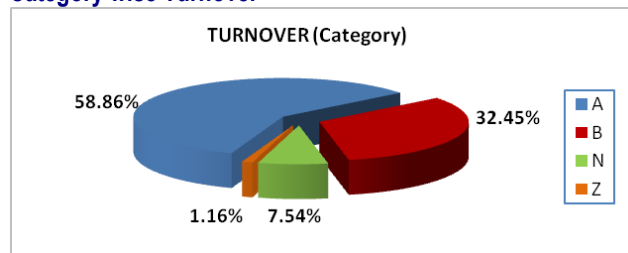
Top Turnover Companies

Company	Volume	Value (BDT mn)	% of total
eGeneration	29,447,195	1,468.00	3.84
Asiatic Laboratories	18,527,931	1,368.60	3.58
Navana Pharma	10,425,795	1,166.78	3.05
Best Holding	29,071,715	1,143.83	2.99
Taufika Foods	10,728,334	1,017.23	2.66
Orion Infusion	1,645,836	995.36	2.60

Top 10 Market Capital

			In million
Power grid	379,838	Robi	122,044
GP	313,675	BEXIMCO	103,842
BATBC	190,026	Berger paint	80,266
Square Pharma	184,205	Renata	80,230
Walton Hi-Tech	175,729	United Power	73,911

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t.oz)	2,419.80	2,366.90	2.23
Silver (USD/toz)	31.78	28.40	11.90
Brent Crude Oil (USD/bbl.)	83.96	82.73	1.49

Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	117.55	117.60	117.45	117.50	0.09	0.09
EUR	134.22	134.27	132.86	132.91	1.02	1.02
GBP	156.79	156.86	154.46	154.53	1.51	1.51
AUD	79.08	79.12	77.94	77.97	1.46	1.47
JPY	0.76	0.76	0.76	0.76	0.00	0.00
CAD	86.81	86.85	86.35	86.38	0.53	0.54
SAR	31.50	31.51	31.47	31.48	0.10	0.10

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)
-	-	-	-