

Irregularities in ten funds of RACE

The Bangladesh Securities and Exchange Commission (BSEC) has taken away control from Bangladesh RACE Management PCL over its ten managed mutual funds. The ten funds are- EBL First Mutual Fund, Trust Bank 1st Mutual Fund, IFIC Bank 1st Mutual Fund, 1st Janata Bank Mutual Fund, Popular Life First Mutual Fund, PHP First Mutual Fund, EBL NRB Mutual Fund, AB Bank 1st Mutual Fund, First Bangladesh Fixed Income Fund and Exim Bank 1st Mutual Fund. RACE also manages two open-ended funds - RACE Special Opportunities Unit Fund and RACE Financial Inclusion Unit Fund. In an Order issued on 24 June 2024, the stock market regulator said that RACE opened the BO (Beneficiary Owner's) accounts in different brokerage houses, namely Multi Securities and Services Limited, The Smart Traders Limited and Trust Bank Securities Limited, for the mutual funds under its management bypassing the Custodians. This is a breach of rules, as securities under mutual funds are supposed to be kept in the safe custody of the approved custodian of the respective mutual funds. The Order came two weeks after the block transactions of assets in the portfolios of RACE managed pooled funds were suspended while an investigation has been underway into the activities of the AMC. Meanwhile, within a day of suspension, BSEC reinstated trading for ten mutual funds. Earlier, the BSEC formed an inquiry committee on 06 June 2024 on the allegation of fund mismanagement by the AMC. According to the latest Order, the trustees of the mutual funds has been asked to take control of all BO accounts opened and maintained with any stock broker in the name of the respective mutual funds and report to the Commission with detailed holding status within seven working days from the issuance of the Order. The stock market regulator also directed that every custodian of the funds shall take steps to close the BO accounts opened and maintained in the broker houses in lieu of the custodian of the mutual fund and ensure the transfer of all the securities held by the funds to the custodian's accounts within seven days. If it fails to transfer the securities, any type of trading of securities in the name of the mutual funds shall be suspended till further instruction and the respective custodian and the trustee shall report to the Commission within three days. Each of the concerned parties shall report to the Commission in detail about their steps and compliance status under the latest Order within ten working days. The state-owned Investment Corporation of Bangladesh (ICB) played the custodian role for six of the affected closed-end funds and BRAC Bank for four funds under the AMC. Additionally, ICB is the trustee of six of the funds while Bangladesh General Insurance Company (BGIC) is for the remaining four funds.

IMF set 6.6% GDP growth target for FY2024-25

The Washington-based multilateral lender International Monetary Fund (IMF) has projected the Gross Domestic Product (GDP) growth of Bangladesh at 6.6% for the upcoming fiscal year 2024-25. The projection nears the government target of 6.75% set for the period. IMF stated that growth momentum has moderated over the past year due to higher inflation and for that tighter monetary policy is required to tame inflation. The World Bank (WB) projected 5.7% GDP growth for the FY2024-25. The Bangladesh Bureau of Statistics (BBS) provisionally estimated GDP growth at 5.82% for FY2023-24. However, the assessments made by all the three multilateral development financiers fall well short of the ambitious target of 7.5% growth set by the government for the FY2023-24.

Amnesty to black money continue

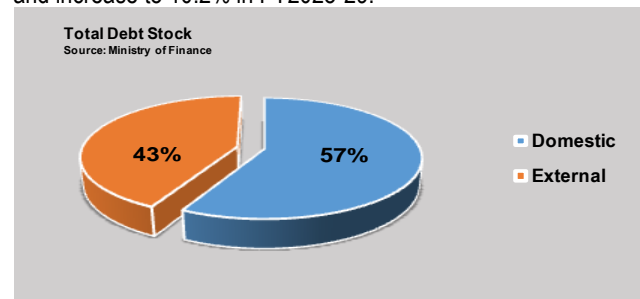
The scope for legalizing undisclosed money with an amnesty makes a return in the next financial year after interval of three fiscal years. The facility expired on 30 June 2021. To legalize such 'black' money, one must pay a flat 15% tax. On the other hand, high-net-worth honest tax paying individuals will face a 25% tax rate at the highest slab. According to the new provision, no authority can raise any question if a taxpayer pays tax at fixed rates for immovable properties such as flats and land and 15% tax on other assets, including cash, securities, bank deposits and savings schemes. Since independence, different governments have entertained calls for money whitening facilities in the annual budgets. Although legalizing such black money is morally unacceptable as it creates discrimination in favor of dishonest evaders against honest taxpayers, conscious citizens argue. According to the National Board of Revenue (NBR), in FY2020-21, about 12,000 individuals whitened Tk121.92b untaxed money through investment in various eligible areas.

Ligatization of Black Money and Tax Paid			
Period	Declared Income	(Tk in mn)	
		Declared Income	Tax
1971-75		22.5	1.9
1976-80		507.6	8.1
1981-90		458.9	45.9
1991-96		1507.9	150.8
1997-00		9504.1	1412.2
2001-06		8277.4	1027.7
2007-09		16829.9	9113.2
2010-13		18050.1	2304.1
2014-20		111074.3	10735.1
2020-21		121922.9	20410

Source: NBR

Debt-to-GDP climbs amid low revenue collection

According to the Ministry of Finance (MoF) report, the debt-to-Gross Domestic Product (GDP) ratio increased by approximately two and a half percentage points to 33.02% by the end of December 2023, up from 30.56% in December 2022, as the government continues to borrow to bankroll its expenditures amid lower collections of revenues. Although the ratio declined from 33.35% recorded during July-September quarter, it is forecasted to reach 41.40% at the end of FY2023-24 according to the International Monetary Fund (IMF) fiscal monitoring report released in April 2024. It was 39.8% in FY2022-23. The total outstanding debt witnessed a 22.02% (Y-o-Y) increase to Tk16,593.34b up from Tk13,598.99b in December 2022. Of the total debt, 57% was domestic and 43% external. The revenue-to-GDP ratio has ranged between 8% and 9% over the last one decade. The IMF forecasts that it would be 8.8% in FY2023-24 and increase to 10.2% in FY2028-29.



Stock Market Movement



Global Markets

		This Week	Last Week	+/- %
S&P 500	↓	5,460.48	5,487.03	-0.48
FTSE 100	↓	8,164.12	8,191.29	-0.33
Nikkei 225	↑	39,583.08	38,475.60	2.88
SENSEX	↑	79,032.73	77,267.13	2.29
KSE 100	↑	78,373.13	76,742.43	2.12

DSE Indicators

		This Week	Last Week	+/- %
DSE Broad Index	↑	5,355.41	5,244.13	2.12
Total Turnover, Tk	↑	28,021.34	18,822.74	48.87
Market Capital, Tk	↑	3,602,293,445,599	3,346,008,686,623	7.66
No of Issue Gain		300	54	
No of Issue Loss		64	323	
No of Unchanged Issues		32	17	

Top Gainers

Company	Weighted avg. Closing Price (Tk)			Turnover (in BDTmn)
	Last Week	This Week	Change %	
Samata Leather	45.10	53.30	18.18	16.45
Atlas Bangladesh	57.90	67.60	16.75	2.10
Mithun Knitting	27.20	31.60	16.18	115.13
Safko Spinnings Mills	10.90	12.50	14.68	3.91
Unilever	2015.20	2294.00	13.83	450.20
Crystal Insurance	94.70	106.50	12.46	257.08
CAPITECGBF	11.30	12.50	10.62	116.75
GHCL	35.60	39.30	10.39	35.56
VFS Thread Dyeing	12.70	13.90	9.45	74.87
Sena Kalyan Ins.	43.30	47.00	8.55	22.07

Top Losers

Company	Weighted avg. Closing Price (Tk)			Turnover (in BDTmn)
	Last Week	This Week	Change %	
Bangladesh Finance	18.00	15.20	-15.56	24.03
Global Islami Bank	7.50	6.40	-14.67	23.74
Sonali Aansh Industries	266.10	228.90	-13.98	71.58
KBPPWBIL	140.60	121.00	-13.94	1.06
Coppertech Industries	33.50	29.00	-13.43	35.50
NCC Bank	11.10	9.70	-12.61	9.38
Rupali Bank	27.60	24.20	-12.32	20.05
AIBL 1st Islamic M.F.	8.40	7.40	-11.90	12.09
National Polymer	40.00	35.40	-11.50	35.03
BIFC	10.50	9.30	-11.43	0.43

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
	Bank	415.03	400.41	3.65	1,709.83	1,038.87
Cement	323.63	291.40	11.06	443.73	149.72	196.38
Ceramic	563.85	531.86	6.02	219.58	197.50	11.18
Engineering	4,492.84	3,604.79	24.64	1,540.47	1,206.66	27.66
Food & Al.	3,804.76	3,590.12	5.98	4,058.32	2,400.72	69.05
Fuel & Pow.	2,814.61	2,624.67	7.24	804.63	266.32	202.13
Insurance	2,080.23	1,933.76	7.57	2,705.33	1,528.65	76.98
IT	524.95	498.89	5.22	618.38	726.80	-14.92
Jute	1,215.43	1,100.78	10.41	199.22	72.64	174.27
Misc.	2,512.52	2,485.28	1.10	382.98	247.09	54.99
Mutual Fund	375.31	355.84	5.47	1,211.65	483.12	150.80
NBFI	713.75	650.13	9.79	393.75	165.48	137.94
Paper	8,585.84	8,044.13	6.73	401.08	134.19	198.90
Pharma	1,389.68	1,275.16	8.98	4,104.16	3,881.90	5.73
Service	1,422.60	1,341.58	6.04	153.44	114.98	33.45
Tannery	885.97	863.49	2.60	445.88	537.50	-17.05
Telecom	3,086.29	2,812.23	9.75	377.69	261.78	44.28
Textile	1,409.88	1,366.41	3.18	2,032.43	1,762.37	15.32
Travel & Leis.	1,388.22	1,384.53	0.27	1,004.67	897.28	11.97

Technical Talk

Dhaka stocks advanced last week, largely driven by large-cap stocks. The key index exceeded 5,300 mark after a month. Out of its five trading days, four ended higher while one ended lower. Among the major sectors, Food & Allied increased by 5.98% followed by Mutual Fund 5.47%, IT 5.22%, Bank 3.65% and Textile by 3.15%.

DSE Broad Index (DSEX) stood at 5,355.41 points after increasing by 111.28 points or 2.12% from the previous week. Total turnover reached at Tk28021.34m, which was 48.87% higher than the previous week. Market capitalization increased by 7.66% and stood at Tk3602.29b (US\$30.54b) at the weekend against Tk3346.01b. DSE 30 increased by 47.09 points or 2.51% and closed at 1,922.57 points against 1,875.48 points. Last week's weighted average Market PE was 10.21 which was 9.46 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 34.01.

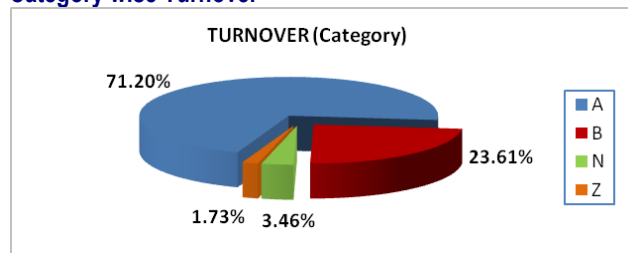
Top Turnover Companies

Company	Volume	Value (BDT mn)	% of total
Beacon Pharma	5,955,557	862.12	4.58
Taufika Foods	7,758,299	708.62	3.76
Asiatic Laboratories	12,533,032	688.91	3.66
Sea Pearl Resort	5,590,190	527.12	2.80
Central Pharma	22,188,497	471.18	2.50
Orion Pharma	6,433,336	459.82	2.44

Top 10 Market Capital

Company	Value (BDT mn)	Value (US\$ mn)
GP	325,962	BEXIMCO 103,842
Walton Hi-Tech	197,661	Renata 87,846
Square Pharma	188,459	Berger paint 84,004
BATBC	173,772	United Power 76,984
Robi	122,568	LafargeHolcim 73,631

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	2,336.90	2,344.20	-0.31
Silver (USD/t oz.)	29.33	29.51	-0.59
Brent Crude Oil (USD/bbl.)	84.90	85.34	-0.52

Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	117.95	118.00	117.95	118.00	0.00	0.00
EUR	132.98	133.03	133.80	133.86	-0.61	-0.62
GBP	157.40	157.46	157.58	157.65	-0.11	-0.12
AUD	78.99	79.03	78.05	78.08	1.20	1.22
JPY	0.75	0.76	0.76	0.76	-1.32	0.00
CAD	86.41	86.44	86.12	86.16	0.34	0.32
SAR	31.60	31.61	31.61	31.62	-0.03	-0.03

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)
-	-	-	-