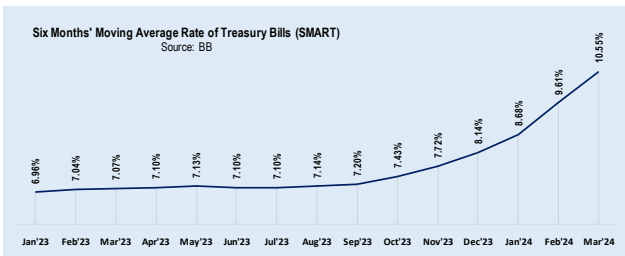


SMART rate removal drives up borrowing cost

Since Bangladesh Bank (BB) removed the Six Months Moving Average Rate of Treasury Bill (SMART) lending rate mechanism from 09 May 2024, the lending rate on consumer loans surged to 16% by July 2024. The inflation rate has increased over the last two years, despite the central bank's persistent efforts, elevating the inflationary risk for banks. The Bangladesh Bureau of Statistics (BBS) reported that average inflation in the just-concluded fiscal year stood at 9.73%, the highest in 13 years. The 12-months average inflation exceeded the target of 7.5% set for the FY2023-24. As a result, banks were forced to shift their preference away from risky consumer lending and toward higher-yielding government Treasury-bills and bonds amid liquidity shortages. Accordingly, loan charges have increased leading to a slow-down in consumer lending. The central bank has remained consistent with its contractionary monetary policy approach, but to no avail. As a result, lending rates for financially strong banks have reached 13%, while rates for weaker banks have climbed to 16%. In June 2023, the central bank replaced the 9% lending rate cap with a so called SMART reference rate, adding a 3% margin for banks and a 5% margin for Non-Bank Financial Institutions (NBFIs).



BB relax rules on bank independent directors

The Bangladesh Bank (BB) has relaxed some provisions of appointing bank directors to ensure good governance in the sector. The central bank issued a circular in this regard on 18 July 2024. It relaxed provisions in appointing any former Chief Executive Officer (CEO) and/or chartered accountants as independent directors of banks. Former CEO, chartered accountant or cost management accountant having graduation or post-graduation in any subject will be eligible to join as independent director in banks. Besides, qualified officials from the finance ministry, commerce ministry, industries ministry and law ministry, teachers in accounting or business, law and information technology, lawyers and bankers may get priority on being appointed as independent director. Meanwhile, BB through a circular issued on 14 February 2024 has set the age limit for an independent director to be between 45 and 75 and none of their family members can hold shares in the bank. For digital banks, priority will be given to independent directors with higher education in information technology. According to the circular, the maximum tenure of an independent director will be three years and can be reappointed in accordance with the Bank Company Act. In the event of appointing an independent director there must be an assurance that the person concerned cannot have not been convicted in any criminal offences or were not involved in any forgery, financial crime or other illegal activities. For the appointment, reappointment or removal of independent directors, prior clearance of BB will be required. A bank can have a maximum of 20 directors with three independent directors. However, if the number of directors is less than 20, the number of independent directors will be only two.

Government bank borrowing drop in FY2023-24

Bank borrowing by the government fell due to a severe liquidity crisis in the banking sector. In FY2023-24, the government borrowed Tk942.81b from the banking system against Tk1241.22b a year ago. For FY2023-24 the government set a target of borrowing Tk1.32-trillion from the banking system. For FY2024-25, on filling the deficit, the government plans to finance by borrowing Tk1.37-trillion from the banking system.

NRBC bank faces AGM irregularity probe

In response to allegations made by a shareholder that NRB Commercial (NRBC) Bank violated regulations during its Annual General Meeting (AGM) earlier this month, the Bangladesh Securities and Exchange Commission (BSEC) has formed a committee to investigate the report of irregularities. The regulator had filed an inquiry on 14 July 2024. As per the press release by the bank, the AGM was conducted in a hybrid arrangement that accommodated in-person shareholders employing a combination of physical and digital platforms. A shareholder, however, claimed that he was unable to physically attend the AGM and that those in person gained unfair advantages from a digital AGM. The AGM was postponed by four weeks by the High Court on 12 June 2024, responding to the writ petition. The BSEC had earlier given NRBC Bank the approval to raise Tk1.2b through an Initial Public Offering (IPO) on a fixed price basis in 2020. Of the entire amount, the bank placed Tk1.1b toward government, securities, Tk60.5m into the stock market, and Tk39.5m against IPO expenditures.

BB offers relief amid student unrest

In two separate circulars issued on 24 July 2024, Bangladesh Bank (BB) directed banks and Non-Bank Financial Institutions (NBFIs) to waive fines on late payments due to the countrywide student unrest. The central bank aims to alleviate financial stress, particularly among borrowers and credit card holders who were unable to meet payment deadlines. Additionally, the central bank reinforces its commitment to safeguarding the interest of the depositors as it ensures that payments made by 31 July 2024 for various savings schemes should not be cancelled or will not attract delay fees. With these directives, including the refund or adjustment of any previously charged interest or fees, BB acknowledges the difficulties of the borrowers and cardholders in meeting payment deadlines during turbulent times.

ADB downgrade GDP growth forecast

The Manila-based Asian Development Bank (ADB) in its Asian Development Outlook (ADO) for July 2024 has revised down the Gross Domestic Product (GDP) growth projection for Bangladesh to 6.5% for FY2024-25 from the previous estimate of 6.6%, as inflation remains steep and reserves keep receding. ADB said monthly inflation rates in Bangladesh might continue to be near double digits in the upcoming months and may persist due to high domestic food prices. The projection nears the government target of 6.75% set for the period. Meanwhile, ADB's forecast came just before the country witnessed five days of severe disruptions in economic activities amidst an internet shutdown, student protest, violence and subsequent curfew to control the situation. Earlier in June 2024, the Washington-based multilateral lender International Monetary Fund (IMF) has projected GDP growth of Bangladesh at 6.6% for the fiscal year 2024-25, while the World Bank (WB) projected a 5.7% GDP growth for the FY2024-25.

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	5,459.10	5,615.35	-2.78
FTSE 100	8,285.71	8,252.91	0.40
Nikkei 225	37,667.41	41,190.68	-8.55
SENSEX	81,332.72	80,519.34	1.01
KSE 100	78,144.16	80,030.38	-2.36

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	5,413.65	5,506.78	-1.69
Total Turnover, Tk	6,567.24	22,204.46	-70.42
Market Capital, Tk	3,639,439,903,109	3,670,043,018,118	-0.83
No of Issue Gain	76	220	
No of Issue Loss	304	154	
No of Unchanged Issues	13	22	

Top Gainers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (in BDTmn)
Techno Drugs	35.00	42.30	20.86	0.62
Libra Infusions	810.10	907.60	12.04	99.68
Agni Systems	29.40	32.30	9.86	247.10
Midland Bank	42.80	46.80	9.35	47.92
Silco Pharma	21.50	23.30	8.37	90.42
Midland Bank	22.40	24.20	8.04	71.34
Zeal Bangla Sugar	101.20	109.20	7.91	0.37
Uttara Finance	17.90	19.00	6.15	0.03
Dulamia Cotton	57.70	61.00	5.72	0.10
AMCL(PRAN)	249.80	243.20	-2.64	6.47

Top Losers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (in BDTmn)
KBPPWBIL	118.00	111.10	-5.85	1.55
Sea Pearl Beach Resort	82.40	77.70	-5.70	204.95
Rupali Life Insurance	166.90	157.40	-5.69	43.97
Orion Infusion	554.70	523.50	-5.62	267.32
Premier Leasing	3.60	3.40	-5.56	0.18
Eastland Insurance	26.00	24.60	-5.38	9.43
SK Trims & Industries	22.70	21.50	-5.29	1.54
Trust Bank 1st M.F.	3.80	3.60	-5.26	0.29
Renwick Jaineswar	749.30	710.00	-5.24	0.32
Linde Bangladesh	1051.3	996.80	-5.18	15.01

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	435.08	436.20	-0.26	611.62	1,920.75	-68.16
Cement	317.31	324.28	-2.15	131.82	603.48	-78.16
Ceramic	562.29	559.33	0.53	58.62	231.87	-74.72
Engineering	4,394.95	4,469.74	-1.67	546.40	2,155.27	-74.65
Food & Al.	3,823.76	3,837.35	-0.35	779.20	2,602.74	-70.06
Fuel & Pow.	2,777.78	2,803.22	-0.91	105.01	565.50	-81.43
Insurance	2,101.45	2,123.30	-1.03	383.13	1,952.65	-80.38
IT	553.18	541.50	2.16	414.72	1,010.93	-58.98
Jute	1,289.24	1,297.71	-0.65	47.52	269.85	-82.39
Misc.	2,551.13	2,557.41	-0.25	123.40	459.31	-73.13
Mutual Fund	366.53	369.94	-0.92	243.56	850.65	-71.37
NBFI	718.02	728.59	-1.45	90.10	762.66	-88.19
Paper	8,733.72	8,851.00	-1.33	110.39	570.31	-80.64
Pharma	1,393.22	1,401.96	-0.62	1,592.22	4,762.25	-66.57
Service	1,447.62	1,440.34	0.51	63.45	199.59	-68.21
Tannery	881.43	880.73	0.08	67.24	321.73	-79.10
Telecom	3,196.60	3,169.20	0.86	118.12	193.17	-38.85
Textile	1,401.98	1,411.63	-0.68	407.03	1,815.59	-77.58
Travel & Leis.	1,314.81	1,328.90	-1.06	253.85	928.75	-72.67

Technical Talk

After a break of three days, trading resumed in DSE on 24 July 2024. The stock market opened at 11am and closed at 1.50pm. Amid the ongoing uncertainties, participation of investors remained low. Turnover hit a one and half year low at Tk1.59b on 24 July. Among the major sectors, Engineering decreased by 1.67% followed by NBFI 1.45%, Insurance 1.03% and Mutual Fund by 0.92%.

DSE Broad Index (DSEX) stood at 5,413.65 points after decreasing by 93.13 points or 1.69% from the previous week. Total turnover reached at Tk6567.24m, which was 70.42% lower than the previous week. Market capitalization decreased by 0.83% and stood at Tk3639.44b (US\$30.84b) at the weekend against Tk3670.04b. DSE 30 decreased by 20.50 points or 1.05% and closed at 1,932.77 points against 1,953.27 points. Last week's weighted average Market PE was 10.31 which was 10.70 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 39.18.

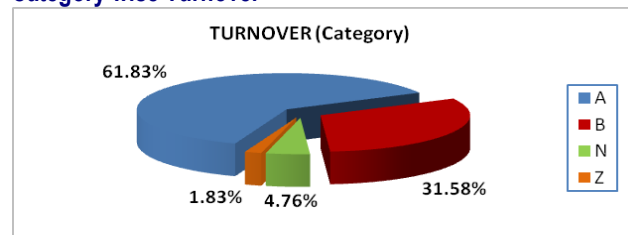
Top Turnover Companies

Company	Volume	Value (BDT mn)	% of total
Sea Pearl Resort	19,574,409	1,784.31	4.01
Beacon Pharma	11,944,292	1,069.23	2.40
Orion Pharma	14,454,630	1,066.45	2.40
Salvo Chemical	20,654,014	999.75	2.25
Asiatic Laboratories	16,047,625	892.04	2.01
Far East Knitting	39,111,440	801.13	1.80

Top 10 Market Capital

Company	Volume	Value (BDT mn)	% of total
GP	343,111	BEXIMCO	103,842
Walton Hi-Tech	188,846	Berger paint	85,785
Square Pharma	188,548	Reneta	84,290
BATBC	180,900	United Power	75,940
Robi	123,615	Marico	69,354

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/oz)	2,385.70	2,416.00	-1.25
Silver (USD/oz)	28.07	31.03	-9.52
Brent Crude Oil (USD/bbl)	79.67	85.01	-6.28

Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	118.00	118.00	117.95	118.00	0.04	0.00
EUR	134.57	134.57	134.24	134.30	0.25	0.20
GBP	159.54	159.54	159.33	159.40	0.13	0.09
AUD	77.68	77.68	80.19	80.23	-3.13	-3.18
JPY	0.78	0.78	0.74	0.74	5.41	5.41
CAD	87.07	87.11	87.07	87.11	0.00	0.00
SAR	31.61	31.62	31.61	31.62	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)
-	-	-	-