

BB raises policy rate

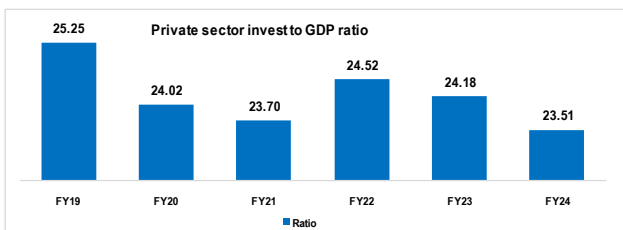
In a bid to rein in spiraling inflation, the Bangladesh Bank (BB) has raised the regulatory policy rate by 50 basis points to 9%, reflecting the commitment of the interim government to contain inflationary pressures. The new rate of 9% came into effect from 27 August 2024. For consumers, this will likely result in higher borrowing cost, while businesses, especially Small and Medium Enterprises (SMEs), may face tougher credit conditions, potentially slowing their growth. The Standing Liquidity Facility (SLF), the upper ceiling of the interest rate corridor, has been raised by 50 basis points to 10.50%, while the lower limit of the corridor, the Standing Deposit Facility (SDF), has been increased to 7.50% from 7%. These adjustments are expected to tighten liquidity in the banking system, leading to higher interest rates on loans. Experts, however, stress the need to address supply-side constraints and endorse that easing Letter of Credit (LC) conditions for essential goods could complement this rate hike by stabilizing prices through improved import flows. Inflationary pressures have remained elevated consistently exceeding 9% since March 2023 and reaching 11.66% in July, the first month of FY2024-25. The Bangladesh Bureau of Statistics (BBS) reported that average inflation for FY2023-24 was 9.73%, marking the highest level in 13 years and significantly surpassing the target of 7.5% set for the fiscal year. Despite these inflationary concerns, the central bank decided to maintain the policy rate at 8.50% on 18 July 2024 in its monetary policy statement. This decision comes after a series of rate hikes that began in late 2022 when the policy rate stood at 5.75%.

Six bank boards dissolved

The Bangladesh Bank (BB) dissolved the board of the scam and crisis-stricken six listed banks. These are – Islami Bank, Social Islami Bank, Global Islami Bank, National Bank, United Commercial Bank and Union Bank. Additionally, the board of First Security Islami Bank and Bangladesh Commerce Bank will also be restructured soon. Chattogram-based conglomerate S Alam Group has gained control directly and indirectly of these banks since 2017 ousting several founding shareholders and directors in the process. The Bangladesh Securities and Exchange Commission (BSEC) has already restricted the transfer or sale of shares of six listed banks controlled by S Alam group. Despite receiving special liquidity support from the central bank these banks continue to grapple with significant current account deficits.

Dismal investment scenario

The private investment scenario of the country is not very satisfying owing to lingering uncertainty caused by the persisting US Dollar crisis and high inflation. Private investment as a percentage of Gross Domestic Product (GDP) has been declining for the past three years. According to Bangladesh Bureau of Statistics (BBS), private investment to GDP ratio lost 0.67 percentage points (Y-o-Y) to 23.51% in FY2023-24.



BSEC reset circuit breaker lower limit

The Bangladesh Securities and Exchange Commission (BSEC) reset the regular circuit breaker on all listed securities except two that are still under floor price restriction. The regulator changed the lower circuit breaker back to 10% from 3% which was made effective from 29 August 2024. The upper limit would remain unchanged at 10%. The floor price will continue to be in place for BEXIMCO and Islami Bank while Khulna Power Company, Meghna Petroleum, Shahjibazar Power Company and BSRM Limited will have no floor. Earlier on 18 January 2024, BSEC issued an Order rescinding the floor price for all listed companies and mutual funds, except for 35, responding to a long-standing demand from the stakeholders. The floor price for the other companies was removed later as well in phases.

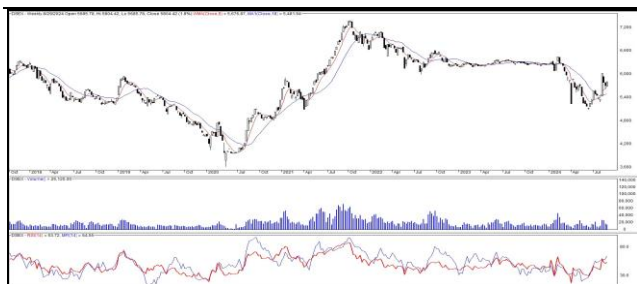
Discrepancy in revenue and export figures

Inconsistencies in the statistics of revenue collection and expenditure among government agencies still exist, despite recent efforts to remove mismatches in export data by the authorities. The figures for July-April of FY2023-24, compiled separately by the Finance Ministry and National Board of Revenue (NBR), show a significantly wide Tk114.51b gap. Finance ministry data showed that tax collection stood at Tk2779.25b in July-April of FY2023-24 but in the same period, NBR showed Tk2893.76b revenue collection. The tax collection figures published by the Finance Ministry and NBR showed a Tk40.31b discrepancy in the July-April period of FY2022-23.

Export Earnings					
Source: EPB					
Year	US\$ in bn	Growth (Y-o-Y)	Year	US\$ in bn	Growth (Y-o-Y)
FY10	16.20	35.96%	FY17	34.66	1.16%
FY11	22.93	41.49%	FY18	36.67	5.81%
FY12	24.30	5.99%	FY19	40.54	10.55%
FY13	27.03	11.22%	FY20	33.67	-16.93%
FY14	30.19	11.69%	FY21	38.75	15.07%
FY15	31.21	3.39%	FY22	52.08	34.25%
FY16	34.26	9.77%	FY23	55.55	6.66%
Jul-Apr of FY2023-24 (US\$47.47b as per EPB, US\$33.68b as per BB)					

Meanwhile, the export figures for July-April of FY2023-24, compiled separately by the Bangladesh Bank (BB) and Export Promotion Bureau (EPB), also shows a significantly wide US\$13.79b gap. The central bank had recently begun compiling the data under the BMP-6 method as per International Monetary Fund (IMF) prescription. According to the recent release from the EPB, overall exports rose by 3.94% to US\$47.47b in the period of the FY2023-24 compared to the US\$45.67b in the same period of FY2022-23. The figure under the exact same period of FY2023-24 however dropped to around US\$33.68b when the central bank used BPM6 method. This indicates that the EPB may have declared significantly excess export earnings for the July-April period. Balance of Payments and International Investment Position Manual, IMF Sixth Edition, commonly known as BPM6, is also a key condition by the international lender to calculate macroeconomic data. The difference between export figures has persisted for a long time. As per the statistics from the EPB, exporters fetched US\$55.55b in FY2022-23 against US\$52.08b in the previous fiscal year. Traditionally, the gap exists in the data produced by the two agencies. The gap between the EPB and BB figures hovers around US\$4-5b, but it jumped in FY2021-22 to US\$8.51b from US\$4.73b in FY2020-21. The revelation has baffled analysts as it might question different government statistical claims.

Stock Market Movement



Global Markets

		This Week	Last Week	+/- %
S&P 500	↑	5,648.40	5,634.61	0.24
FTSE 100	↑	8,376.63	8,327.78	0.59
Nikkei 225	↑	38,647.75	38,364.27	0.74
SENSEX	↑	82,365.77	81,086.21	1.58
KSE 100	↓	78,543.98	78,814.74	-0.34

DSE Indicators

		This Week	Last Week	+/- %
DSE Broad Index	↑	5,804.42	5,699.92	1.83
Total Turnover, Tk	↑	31,701.84	31,220.52	1.54
Market Capital, Tk	↑	4,059,164,512,594	3,971,564,930,070	2.21
No of Issue Gain		293	32	
No of Issue Loss		86	357	
No of Unchanged Issues		18	5	

Top Gainers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (in BDTmn)
KBPPWBIL	80.80	104.20	28.96	56.21
National Life Ins.	113.50	137.90	21.50	116.83
Pragati Insurance	52.80	62.30	17.99	53.32
Midland Bank	12.00	14.10	17.50	46.62
Envoy Textiles	37.10	43.40	16.98	15.68
MJL Bangladesh	87.60	102.40	16.89	1,023.24
Express Insurance	38.50	44.20	14.81	51.77
Paramount Ins.	42.10	48.30	14.73	36.80
BGIC	41.00	46.90	14.39	11.31
Prime Islami Life Ins.	37.60	42.80	13.83	21.20

Top Losers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (in BDTmn)
Sonali Paper & Board Mills	200.80	172.90	-13.89	117.49
Shahjibazar Power	65.50	59.00	-9.92	0.64
Khulna Power	26.60	24.00	-9.77	0.12
National Bank	8.20	7.40	-9.76	44.63
Marico Bangladesh	2492.7	2263.70	-9.19	101.02
Al-Haj Textile Mills	125.60	116.50	-7.25	21.93
Jute Spinners	253.80	235.50	-7.21	0.40
Islamic Finance & Inv.	15.60	14.60	-6.41	26.18
Standard Bank	7.90	7.40	-6.33	16.55
Tamijuddin Textile Mills	136.60	128.40	-6.00	10.42

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	509.57	510.92	-0.26	6,332.15	8,048.99	-21.33
Cement	353.13	335.80	5.16	433.44	399.00	8.63
Ceramic	554.86	534.12	3.88	213.42	127.02	68.02
Engineering	4,785.22	4,376.14	9.35	1,345.28	1,409.22	-4.54
Food & Al.	4,640.89	4,518.82	2.70	3,509.58	2,881.12	21.81
Fuel & Pow.	3,026.07	2,923.00	3.53	1,776.69	872.02	103.74
Insurance	2,220.33	2,061.91	7.68	1,504.12	969.90	55.08
IT	540.03	520.16	3.82	587.90	668.84	-12.10
Jute	1,942.91	1,874.17	3.67	88.62	155.52	-43.02
Misc.	2,487.53	2,479.92	0.31	432.69	544.97	-20.60
Mutual Fund	394.40	381.72	3.32	474.20	511.83	-7.35
NBFI	869.39	831.94	4.50	649.50	919.28	-29.35
Paper	6,763.77	7,204.45	-6.12	227.32	280.89	-19.07
Pharma	1,383.83	1,377.83	0.44	4,981.79	5,166.34	-3.57
Service	1,376.71	1,317.14	4.52	142.26	283.48	-49.82
Tannery	865.16	849.08	1.89	191.77	185.82	3.20
Telecom	4,271.89	4,257.88	0.33	1,853.62	3,470.92	-46.60
Textile	1,519.08	1,436.69	5.73	1,925.40	2,062.67	-6.66
Travel & Leis.	1,206.06	1,209.94	-0.32	719.46	839.51	-14.30

Technical Talk

Stocks ended two-week losing streak last week as a section of investors put fresh funds on sector-wise lucrative stocks. Among the major sectors, Engineering increased by 9.35% followed by Insurance 7.68%, Textile 5.73%, NBFI 4.50%, IT 3.82% and Fuel and Power 3.53%.

DSE Broad Index (DSEX) stood at 5,804.42 points after increasing by 104.50 points or 1.83% from the previous week. Total turnover reached at Tk31701.84m, which was 1.54% higher than the previous week. Market capitalization increased by 2.21% and stood at Tk4059.16b (US\$33.83b) at the weekend against Tk3971.56b. DSE 30 increased by 34.12 points or 1.63% and closed at 2,124.71 points against 2,090.59 points. Last week's weighted average Market PE was 11.28 which was 11.11 in previous week.

Based on the weekly chart of index movement, which is used to track short-term trend, technical readings are as under:

Relative Strength Index (RSI) & Money Flow Index (MFI)

The RSI illustrates if the change of price movements is in overbought or oversold territory. MFI also depicts the same however; it incorporates trade volume along with the price change. Both RSI and MFI stood at 53.72 and 64.55 respectively, indicating an upward trend.

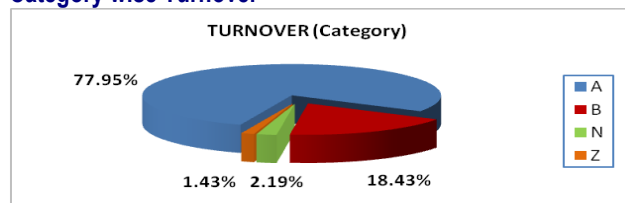
Top Turnover Companies

Company	Volume	Value (BDT mn)	% of total
Olympic Industries	7,753,564	1,493.11	4.71
Grameenphone	3,989,410	1,360.07	4.29
BRAC Bank	20,880,143	1,111.16	3.51
BATBC	2,638,095	1,095.56	3.46
MJL Bangladesh	10,133,712	1,023.24	3.23
Square Pharma	3,638,038	855.47	2.70

Top 10 Market Capital

Company	Value (BDT mn)	% of total
GP	367,282	69.300
BATBC	185,706	64.354
Square Pharma	179,673	63.272
United Power	146,294	52.173
Renata	90,119	52.030

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	2,536.00	2,548.70	-0.50
Silver (USD/t oz.)	29.25	29.46	-0.71
Brent Crude Oil (USD/bbl.)	77.04	79.07	-2.57

Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	120.00	120.00	120.00	120.00	0.00	0.00
EUR	139.20	139.20	141.03	141.03	-1.30	-1.30
GBP	165.49	165.49	166.52	166.52	-0.62	-0.62
AUD	81.59	81.59	81.95	81.95	-0.44	-0.44
JPY	0.83	0.83	0.84	0.84	-1.19	-1.19
CAD	89.38	89.38	89.29	89.29	0.10	0.10
SAR	32.14	32.14	32.14	32.14	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)
-	-	-	-