

Brokers with CCA deficit face the music

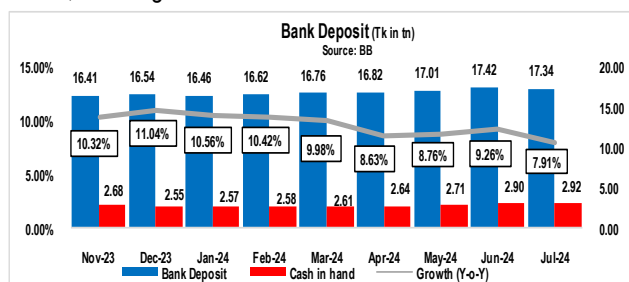
The Bangladesh Securities and Exchange Commission (BSEC) has imposed several restrictions on the errant brokerage firms that have deficit in their Consolidated Customer Accounts (CCA), in an effort to safeguard the interest of the investors and bring back discipline in the capital market. BSEC has acted against two brokerage houses - PFI Securities Limited and Dhanmondi Securities Limited. Travel ban has been imposed on top officials of the two brokerage houses. As eligible or qualified investors, the stockbrokers avail quota facility in Initial Public Offering (IPO), Repeat Public Offering (RPO) and Qualified Investors Offer (QIO). Under the restrictions, such facilities will also remain suspended. The stock exchanges suspend free limit facility, dividends against ownership of stock exchanges and opening of new branches and booths for the brokerage houses.

Two funds of Investasia Capital under scrutiny

The Bangladesh Securities and Exchange Commission (BSEC) has launched an investigation against charges of regulatory non-compliance or irregularities linked to two open-ended mutual funds, the asset manager and custodian. A three-member committee will investigate whether the Investasia Growth Fund and Investasia Balanced Unit Fund broke any laws pertaining to mutual funds or trust deeds, according to the Order issued by the BSEC on 09 September 2024. The investigation committee has been asked to submit its report within the next 60 days. Investasia Capital and Asset Management Limited is the asset manager and sponsor of the funds. The trustee and custodian is Sentinel Trustee and Custodial Services Limited. The committee will find out whether the asset manager broke any mutual fund rules, violated the trust deeds, any unlawful investment was made through the two funds and whether key management personnel were involved in any unlawful activities. Other tasks of the committee include identifying breaches of the Mutual Fund Rules 2001 by the asset manager, trustee, custodian, or other involved parties, examining the roles of independent external auditors. The asset management company that got its license in 2009 managed two funds and both are under investigation.

July deposit growth stalls

According to the Bangladesh Bank (BB) monthly disclosure, bank deposits in July 2024 experienced a (Y-o-Y) growth of just 7.9%, reaching Tk17.34-trillion compared to Tk16.07-trillion in July 2023. This is reportedly the lowest yearly deposit growth in a sixteen-month horizon. Moreover, (M-o-M) deposits in July 2024 decreased by 0.47% from June 2024. The increase in deposit withdrawals can be attributed to a five-day internet blackout, coupled with three days of bank closures and the broader economic slowdown stemming from political unrest. The (M-o-M) increase in cash in hand reinforces this scenario. Amidst the uncertainty, public preference shifted toward holding liquid cash, with currency outside the banking system increasing by Tk20b, reaching Tk2.92-trillion from Tk2.90-trillion in June 2024.



Ten banks in provision shortfall

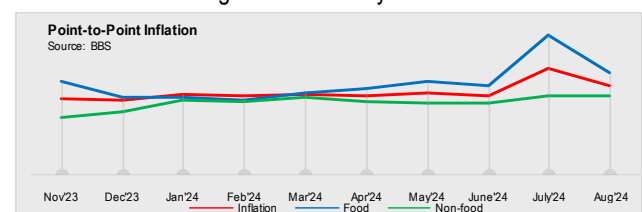
The amount of provision shortfall in banks increased significantly mainly due to the rising trend of the volume of Non-Performing Loans (NPLs). Ten scheduled banks failed to maintain required provisions against classified loans as of 30 June 2024. According to Bangladesh Bank (BB) reports, the volume of NPLs hit an all-time high at the end of the second quarter of this year. Overall NPLs rose to Tk2,113.91b at the end of June 2024 from Tk1,560.39b at the end of June 2023. At the end of June 2024, the total disbursed loans stood at Tk16,833.96b, with 12.56% classified as non-performing. Meanwhile, four state-owned and six private banks reported a combined provisioning shortfall of Tk315.49b. The provisioning shortfall of the two state-owned commercial banks and two specialized banks stood at Tk149.8b and six private banks had such deficit of Tk165.69. National Bank recorded the highest shortfall at Tk147.04b, up from Tk116.83b in June 2023. Agrani Bank suffered the second highest provision shortfall of Tk53.12b followed by the two other state-owned BASIC Bank and Rupali Bank. As per BB requirements, the scheduled banks must keep 0.50% to 5% provisions against the general category of loans, 20% against substandard category, 50% against doubtful loans and 100% against the bad or loss category loans.

Amount in Tk (bn)			
State-owned Banks	Amount	Private Commercial Banks	Amount
Agrani Bank	53.12	National Bank	147.04
BASIC Bank	52.42	Bangladesh Commerce Bank	4.43
Rupali Bank	44.02	Standard Bank	3.91
Bangladesh Development Bank	0.24	Dhaka Bank	3.27
		Southeast Bank	1.98
		IFIC Bank	5.06

Source: BB

Inflation eases but still above 10%

Point-to-Point inflation eased down by 1.17 percentage points in August 2024 but still prevailed over double digits for the second consecutive month. As per the recent release from the Bangladesh Bureau of Statistics (BBS), the point-to-point inflation stood at 10.49% in August this year, down from 11.66% in the preceding month. Food inflation fell to 11.36% in August, a significant drop of 2.74 percentage points from the previous month. However, non-food inflation edged up marginally to 9.74% from 9.68% in July. According to BBS, the rate in the rural areas dropped by 0.94 percentage points to 10.95% last month while in urban areas, inflation in August was 10.01%, down from 11.27% in July. In rural areas, food inflation decreased from 14.06% to 11.44% in August. However, non-food inflation in rural areas increased from 9.84% to 10.45%. Food inflation in urban areas fell from 14.22% to 11.24% and non-food inflation decreased slightly from 9.43% to 9.20%. Earlier in July 2024 point-to-point inflation jumped to a 13-year high. Food inflation surged 14.10% in July, the highest in the last 13 years as a result of supply chain disruption because of the curfew imposed by the immediate past autocratic government to tackle demonstrations throughout the country.



Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	5,626.02	5,408.42	4.02
FTSE 100	8,273.09	8,181.47	1.12
Nikkei 225	36,581.76	36,391.47	0.52
SENSEX	82,890.94	81,183.93	2.10
KSE 100	79,400.60	79,002.32	0.50

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	5,726.52	5,728.65	-0.04
Total Turnover, Tk	32,214.55	39,940.61	-19.34
Market Capital, Tk	3,950,754,817,216	4,000,806,324,482	-1.25
No of Issue Gain	107	76	
No of Issue Loss	271	311	
No of Unchanged Issues	18	8	

Top Gainers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (in BDTmn)
National Tea Co.	271.80	320.30	17.84	27.29
KBPPWBIL	104.20	126.60	21.50	275.81
Northern Jute	127.70	122.00	-4.46	3.77
Jute Spinners	235.50	207.40	-11.93	3.56
Orion Infusion	362.60	310.80	-14.29	381.99
Libra Infusions	703.10	877.60	24.82	470.66
Beacon Pharma	120.00	114.90	-4.25	249.92
Miracle Industries	31.10	29.00	-6.75	161.64
Beximco Green Sukuk	50.00	43.00	-14.00	8.85
BD Submarine Cables	134.00	140.70	5.00	477.04

Top Losers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (in BDTmn)
Confidence Cement	76.30	84.00	10.09	535.93
Rupali Life Insurance	133.40	119.60	-10.34	203.97
Khulna Power	24.00	19.40	-19.17	69.04
Intraco Refueling Station	29.60	27.40	-7.43	143.70
Hami Industries	114.80	126.60	10.28	20.17
Golden Jubilee M.F.	10.80	10.90	0.93	55.51
Mithun Knitting	19.80	18.10	-8.59	8.29
CAPITECGBF	12.10	11.70	-3.31	84.36
Grameen Two	16.00	14.70	-8.13	31.13
Alltex Industries	14.90	14.90	0.00	9.96

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	500.02	504.46	-0.88	5,329.19	6,702.77	-20.49
Cement	336.46	342.01	-1.62	869.83	828.74	4.96
Ceramic	519.78	529.34	-1.81	233.30	350.51	-33.44
Engineering	4,495.50	4,664.31	-3.62	1,536.93	2,465.24	-37.66
Food & Al.	4,452.32	4,592.69	-3.06	2,854.20	5,259.13	-45.73
Fuel & Pow.	2,952.71	3,027.20	-2.46	3,135.37	4,200.45	-25.36
Insurance	2,117.18	2,195.20	-3.55	1,286.04	2,401.65	-46.45
IT	512.51	524.41	-2.27	1,342.33	1,176.70	14.08
Jute	2,170.87	1,857.21	16.89	582.03	177.90	227.17
Misc.	2,557.41	2,518.54	1.54	950.38	722.14	31.61
Mutual Fund	361.13	375.56	-3.84	470.26	587.45	-19.95
NBFI	832.43	867.21	-4.01	504.81	1,147.96	-56.03
Paper	6,566.72	6,326.12	3.80	421.34	515.55	-18.27
Pharma	1,396.98	1,374.63	1.63	5,679.30	5,291.68	7.33
Service	1,265.03	1,332.30	-5.05	434.30	303.83	42.94
Tannery	850.45	854.24	-0.44	239.48	460.21	-47.96
Telecom	4,088.27	4,149.99	-1.49	1,479.14	1,657.18	-10.74
Textile	1,467.16	1,478.90	-0.79	2,227.55	2,895.24	-23.06
Travel & Leis.	1,130.46	1,144.62	-1.24	789.63	1,289.47	-38.76

Technical Talk

Dhaka stocks continued correction for the second straight week as risk-averse investors maintained sell-off on major sector issues. Among the major sectors, NBFI decreased by 4.01% followed by Mutual Fund 3.84%, Engineering 3.62%, Insurance 3.55% and Food & Allied 3.06%.

DSE Broad Index (DSEX) stood at 5,726.52 points after decreasing by 2.13 points or 0.04% from the previous week. Total turnover reached at Tk32214.55m, which was 19.34% lower than the previous week. Market capitalization decreased by 1.25% and stood at Tk3950.75b (US\$32.92b) at the weekend against Tk4000.81b. DSE 30 decreased by 13.61 points or 0.64% and closed at 2,100.75 points against 2,114.36 points. Last week's weighted average Market PE was 10.88 which was 11.01 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 51.54 and 61.49 respectively, indicating an upward trend.

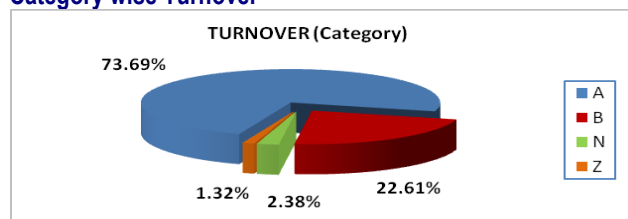
Top Turnover Companies

Company	Volume	Value (BDT mn)	% of total
Linde Bangladesh	1,700.49	1,155,848.00	5.28
Olympic Industries	1,086.96	5,189,235.00	3.37
BRAC Bank	971.44	17,222,913.00	3.02
Agni Systems	905.72	25,903,996.00	2.81
NRB Bank	817.53	60,173,357.00	2.54
Grameenphone	776.61	2,294,629.00	2.41

Top 10 Market Capital

Company	Volume	Value (BDT mn)	% of total
GP	447,759	BEXIMCO	103,842
BATBC	215,352	Brac Bank	97,688
Square Pharma	204,593	Renata	90,117
Walton Hi-Tech	195,146	United Power	84,346
Robi	146,138	Berger Paint	83,016

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/ton)	2,606.20	2,526.80	3.14
Silver (USD/ton)	31.07	28.27	9.89
Brent Crude Oil (USD/bbl)	72.12	71.52	0.84

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	139.57	139.57	139.70	139.70	-0.09	-0.09
GBP	165.38	165.38	165.43	165.43	-0.03	-0.03
AUD	80.85	80.85	80.48	80.48	0.46	0.46
JPY	0.87	0.87	0.85	0.85	2.35	2.35
CAD	88.77	88.77	88.87	88.87	-0.11	-0.11
SAR	32.14	32.14	32.13	32.13	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)
-	-	-	-