

BB raises policy rate further

To control inflation, the Bangladesh Bank (BB) has raised the regulatory policy rate by 50 basis points to 9.5%, reflecting the prioritization of the interim government in containing inflationary pressures. The new rate of 9.5% came into effect from 25 September 2024. Earlier on 27 August 2024, the central bank hiked the policy rate to 9% from 8.5%. 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 11%, while the lower limit of the corridor, the Standing Deposit Facility (SDF), has been increased to 8% from 7.5%. These adjustments are expected to tighten liquidity in the banking system, leading to higher interest rates on loans. Inflationary pressures have remained elevated consistently exceeding 9% since March 2023 and reaching 10.49% in August 2024. 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%.

Twenty-seven companies thrown to 'Z' category

The Dhaka Stock Exchange (DSE) downgraded 27 companies to Z-category from 26 September 2024 for non-compliance with securities laws, in line with a Directive issued on 20 May 2024. The companies that have been downgraded to the Z-category are - Pacific Denims, Fortune Shoes, Energypac Power Generation, VFS Thread Dyeing, Shepherd Industries, SK Trims, Lub-rref (Bangladesh), Libra Infusions, Western Marine Shipyard, Phoenix Finance and Investments, Olympic Accessories, National Tubes, National Bank, Miracle Industries, GSP Finance, FAR Chemical Industries, Central Pharmaceuticals, Bd Thai Aluminium, Bay Leasing, Atlas Bangladesh, Anlima Yarn, Khulna Power Company, Beach Hatchery, Advent Pharma, Desh Garments, Ino-Bangla Pharmaceuticals and Associate Oxygen. As per the Directive, if any listed company fails to pay off or disburse at least 80% of the declared or approved dividend within the stipulated time frame it will be shifted to the lowest category. A listed company shall be shifted to the Z-category also if it fails to declare any dividend for two consecutive years from the date of declaration of the last dividend or date of listing with the stock exchanges. Out of the 27 companies, 14 failed to disburse at least 80% of the declared dividend within the stipulated timeframe and the remaining 13 failed to declare any dividend payments for two consecutive years. With the latest downgrading, currently there are 84 companies in the Z- category.

External deficit narrows in FY2023-24

Overall external deficit stood at US\$4.3b, down by 48% (Y-o-Y) in FY2023-24 from US\$8.2b a year ago, according to Bangladesh Bank (BB) reports. Current account deficit narrowed to US\$6.5b from US\$11.6b a year ago, reflecting a 44% (Y-o-Y) fall. Trade imbalance declined 18% (Y-o-Y) to US\$22.4b in FY2023-24 from US\$27.38b despite a fall in export earnings. This was because import contractions helped to cut the deficit.

Central bank guarantees loans for struggling banks

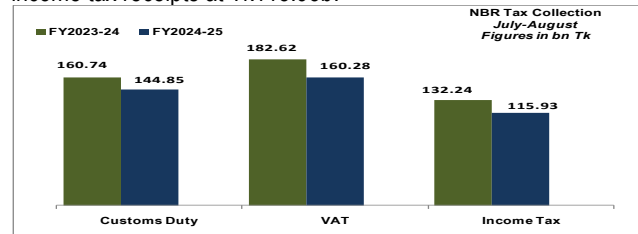
The liquidity crisis facing the banking sector has deepened, with nine private banks reporting a combined deficit of over Tk180b, as per Bangladesh Bank (BB) reports. Among these, First Security Islami Bank has the largest shortfall at Tk72.70b, followed by Social Islami Bank and National Bank with Tk33.94b and Tk23.42b respectively. The shortfall is primarily attributed to years of loan irregularities, mismanagement and eroded depositor confidence. With seven banks seeking Tk290b in liquidity support from BB, the central bank has stepped in as a guarantor, agreeing to facilitate interbank borrowing to from stronger banks. The seven banks include Union Bank, Islami Bank Bangladesh and Global Islami Bank - all of which have recently been freed from S Alam Group's control. While this intervention of the central bank offers short-term relief, long-term risks remain as these banks struggled to meet statutory liquidity requirements for nearly two years, having already mortgaged their assets for previous loans. Meanwhile, the decision to halt money printing for liquidity support and rely on interbank mechanisms signals a shift in policy aimed at curbing inflation.

| Banks with capital shortfall | |
|------------------------------|------------------|
| Bank | Figures in Bn Tk |
| First Security Islami Bank | 72.70 |
| Social Islami Bank | 33.94 |
| National Bank | 23.42 |
| Union Bank | 22.09 |
| Islami Bank Bangladesh | 22.02 |
| Bangladesh Commerce Bank | 3.81 |
| Padma Bank | 2.34 |
| ICB Islami Bank | 0.95 |
| Global Islami Bank | 0.39 |

Source: BB

Revenue collection drop by 11.47% in July-August

Revenue collection by the National Board of Revenue (NBR) decreased by 11.47% (Y-o-Y) during July-August of the current fiscal year, driven by the political unrest and the emphasis of the interim government on doing away with inflated figures. The NBR collected Tk421.06b in the first two months of FY2024-25 compared to Tk475.6b in the same period of previous fiscal year. In the first two months of FY2024-25, the Value-Added Tax (VAT) wing boasted the highest collection of revenue worth Tk160.28b. Customs tariff collection stood at Tk144.85b and income tax receipts at Tk115.93b.



Deposit in banks rises

According to the Bangladesh Bank (BB) monthly disclosure, bank deposits in June 2024 experienced a (Y-o-Y) growth of 9.26%, reaching Tk17.42-trillion compared to Tk15.95-trillion in June 2023 though the economy has long been dealing with multiple crises and sustained inflationary pressures. According to BB figures, deposit growth in June 2024 was 9.26%, which in June 2023 was 8.21%. Nearly half of the total deposits were term deposits. At the same time the number of bank accounts with over Tk10m increased to 1,18,784 as of June 2024. The number was 1,16,908 at the end of December and 1,13,554 in June 2023.

Stock Market Movement



Global Markets

| | | This Week | Last Week | +/- % |
|------------|---|-----------|-----------|-------|
| S&P 500 | ↑ | 5,738.17 | 5,702.55 | 0.62 |
| FTSE 100 | ↑ | 8,320.76 | 8,229.99 | 1.10 |
| Nikkei 225 | ↑ | 39,829.56 | 37,723.91 | 5.58 |
| SENSEX | ↑ | 85,571.85 | 84,544.31 | 1.22 |
| KSE 100 | ↓ | 81,299.05 | 82,027.27 | -0.89 |

DSE Indicators

| | | This Week | Last Week | +/- % |
|------------------------|---|-------------------|-------------------|-------|
| DSE Broad Index | ↓ | 5,639.13 | 5,735.27 | -1.68 |
| Total Turnover, Tk | ↑ | 33,965.40 | 24,523.46 | 38.50 |
| Market Capital, Tk | ↓ | 3,863,083,918,659 | 3,965,719,006,867 | -2.59 |
| No of Issue Gain | | 40 | 142 | |
| No of Issue Loss | | 349 | 213 | |
| No of Unchanged Issues | | 7 | 42 | |

Top Gainers

Weighted avg. Closing Price (Tk)

| Company | Last Week | This Week | Change % | Turnover (in BDTmn) |
|---------------------|-----------|-----------|----------|---------------------|
| Islami Bank | 49.40 | 64.40 | 30.36 | 1,551.67 |
| Social Islami Bank | 10.30 | 13.00 | 26.21 | 1,040.32 |
| Islamic Finance | 13.90 | 16.40 | 17.99 | 241.24 |
| Grameen2 | 13.40 | 15.20 | 13.43 | 108.92 |
| First Security Bank | 6.80 | 7.70 | 13.24 | 264.73 |
| Rahim Textile Mills | 132.90 | 148.60 | 11.81 | 66.77 |
| Global Islami Bank | 6.50 | 7.20 | 10.77 | 336.76 |
| Union Bank | 6.40 | 7.00 | 9.38 | 99.24 |
| ICB Islamic Bank | 3.40 | 3.70 | 8.82 | 13.79 |
| Dhaka Bank | 11.60 | 12.50 | 7.76 | 134.37 |

Top Losers

Weighted avg. Closing Price (Tk)

| Company | Last Week | This Week | Change % | Turnover (in BDTmn) |
|---------------------|-----------|-----------|----------|---------------------|
| New Line Clothings | 30.30 | 22.70 | -25.08 | 2.77 |
| Khulna Power Co. | 16.40 | 12.50 | -23.78 | 38.82 |
| Shinepukur Ceramics | 17.40 | 13.30 | -23.56 | 110.48 |
| BD Building Systems | 14.00 | 10.80 | -22.86 | 45.20 |
| Navana Pharma | 63.90 | 49.30 | -22.85 | 161.48 |
| KBPPWBIL | 171.60 | 134.00 | -21.91 | 303.87 |
| Metro Spinning | 16.10 | 12.60 | -21.74 | 24.68 |
| Khulna Printing | 12.80 | 10.10 | -21.09 | 25.84 |
| Olympic Accessories | 12.00 | 9.50 | -20.83 | 41.18 |
| Fu Wang Food | 17.80 | 14.10 | -20.79 | 60.82 |

Sectoral Index & Turnover

| Sector | Sectoral Index | | | Turnover (Tk.M) | | |
|----------------|----------------|-----------|----------|-----------------|-----------|----------|
| | This Week | Last Week | Change % | This Week | Last Week | Change % |
| Bank | 520.79 | 501.86 | 3.77 | 8,831.19 | 2,942.94 | 200.08 |
| Cement | 321.13 | 335.46 | -4.27 | 332.56 | 297.88 | 11.64 |
| Ceramic | 450.92 | 506.86 | -11.04 | 238.85 | 189.18 | 26.26 |
| Engineering | 4,086.88 | 4,453.86 | -8.24 | 1,444.07 | 1,562.01 | -7.55 |
| Food & Al. | 4,355.52 | 4,431.24 | -1.71 | 2,129.88 | 1,837.28 | 15.93 |
| Fuel & Pow. | 2,753.28 | 2,932.02 | -6.10 | 1,832.68 | 1,916.37 | -4.37 |
| Insurance | 1,998.09 | 2,164.61 | -7.69 | 1,495.47 | 1,286.19 | 16.27 |
| IT | 488.76 | 516.41 | -5.35 | 1,211.80 | 764.56 | 58.50 |
| Jute | 2,252.95 | 2,358.06 | -4.46 | 1,085.44 | 1,063.60 | 2.05 |
| Misc. | 2,485.66 | 2,556.81 | -2.78 | 817.08 | 986.68 | -17.19 |
| Mutual Fund | 343.26 | 355.18 | -3.35 | 616.11 | 358.08 | 72.06 |
| NBFI | 776.78 | 842.33 | -7.78 | 803.51 | 417.78 | 92.33 |
| Paper | 6,004.06 | 6,767.77 | -11.28 | 428.22 | 639.31 | -33.02 |
| Pharma | 1,336.30 | 1,381.42 | -3.27 | 4,847.97 | 4,144.55 | 16.97 |
| Service | 1,155.73 | 1,278.87 | -9.63 | 252.97 | 272.31 | -7.10 |
| Tannery | 800.26 | 845.48 | -5.35 | 192.62 | 218.86 | -11.99 |
| Telecom | 4,222.87 | 4,226.79 | -0.09 | 2,542.20 | 1,179.48 | 115.54 |
| Textile | 1,337.32 | 1,448.79 | -7.69 | 2,545.48 | 1,804.29 | 41.08 |
| Travel & Leis. | 1,085.97 | 1,173.45 | -7.45 | 900.49 | 1,118.14 | -19.47 |

Technical Talk

Dhaka stocks closed in red trajectory in the last week. Investors reacted negatively after 28 companies downgraded to Z category due to non-compliance with securities laws. Among the major sectors, Engineering decreased by 8.24% followed by NBFI 7.78%, Textile 7.69% and Fuel & Power 6.10%.

DSE Broad Index (DSEX) stood at 5,639.13 points after decreasing by 96.14 points or 1.68% from the previous week. Total turnover reached at Tk33965.40m, which was 38.50% higher than the previous week. Market capitalization decreased by 2.59% and stood at Tk3863.08b (US\$32.19b) at the weekend against Tk3965.72b. DSE 30 decreased by 41.51 points or 1.97% and closed at 2,064.93 points against 2,106.44 points. Last week's weighted average Market PE was 10.7 which was 10.91 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 49.05 and 59.84 respectively, indicating an upward trend.

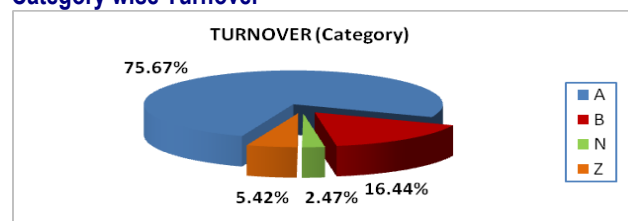
Top Turnover Companies

| Company | Volume | Value (BDT mn) | % of total |
|------------------|----------|----------------|------------|
| Sonali Aansh | 1,051.10 | 3,292,948.00 | 4.29 |
| Linde Bangladesh | 978.70 | 659,165.00 | 3.99 |
| Grameenphone | 720.68 | 2,159,029.00 | 2.94 |
| Sea Pearl Resort | 634.47 | 11,955,904.00 | 2.59 |
| Orion Infusion | 577.74 | 1,505,126.00 | 2.36 |
| BRAC Bank | 571.16 | 10,461,079.00 | 2.33 |

Top 10 Market Capital

| Company | Market Capital (In million) |
|----------------|-----------------------------|
| GP | 471,795 |
| BATBC | 214,380 |
| Square Pharma | 203,529 |
| Walton Hi-Tech | 181,060 |
| Robi | 145,091 |
| BEXIMCO | 103,842 |
| Islami Bank | 103,683 |
| Brac Bank | 97,511 |
| Renata | 84,910 |
| Berger Paint | 82,242 |

Category wise Turnover



Commodity Price

| | This Week | Last Week | Change % |
|----------------------------|-----------|-----------|----------|
| Gold (USD/t oz.) | 2,680.80 | 2,647.10 | 1.27 |
| Silver (USD/t oz.) | 31.92 | 31.50 | 1.33 |
| Brent Crude Oil (USD/bbl.) | 71.98 | 74.72 | -3.67 |

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 | 140.67 | 140.67 | 140.65 | 140.65 | 0.01 | 0.01 |
| GBP | 168.54 | 168.54 | 167.87 | 167.87 | 0.40 | 0.40 |
| AUD | 83.25 | 83.25 | 82.09 | 82.09 | 1.41 | 1.41 |
| JPY | 0.85 | 0.85 | 0.84 | 0.84 | 1.19 | 1.19 |
| CAD | 89.25 | 89.25 | 88.88 | 88.88 | 0.42 | 0.42 |
| SAR | 32.15 | 32.15 | 32.14 | 32.14 | 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) |
|---------|---------------------|-------------|------------|
| - | - | - | - |