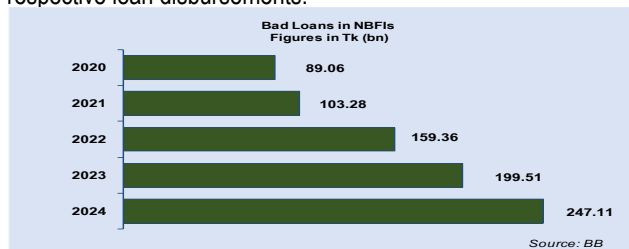


Taskforce set to drive market reforms

The Bangladesh Securities and Exchange Commission (BSEC) has recently formed a task force aimed at overhauling the capital market and addressing governance issues. This comes at a critical time as the DSEX, the key index of the Dhaka Stock Exchange (DSE), has experienced a significant decline, dropping 407.32 points since 01 September 2024. Investor sentiment has been shaky, and the formation of the task force indicates a strong regulatory response to these ongoing concerns. Comprised of university professors, chartered accountants and market professionals, the task force has been given a broad mandate. It will review existing market challenges and propose reforms, with an emphasis on aligning local capital market with global standards. The BSEC, along with intermediaries, will provide data and support to ensure that the task force is equipped to assess the market comprehensively. The 17 terms of reference (TOR) laid out for the task force are ambitious, covering key areas such as reducing bank dependency for long-term financing, improving corporate governance, enhancing BSEC's role in government financial policymaking and improved monitoring of market intermediaries. This signals a move towards greater market transparency, accountability and regulatory oversight - essential factors to attract both local and foreign investors. Notably, the market cap-to-Gross Domestic Product (GDP) ratio stands at 11.60%, significantly lower than regional peers like India and Nepal, underscoring the underdeveloped status of the market and the necessity for reform. In addition, the task force will look at improving disclosures and enforcing stricter penalties for market violations. These reforms are expected to address market manipulation, insider trading and irregularities, ultimately restoring investor confidence and providing a more robust framework for future growth. While the formation of the task force is a positive step, its success will hinge on decisive implementation of its recommendations in a timely manner. Failure to address the structural weaknesses identified could prolong the market stagnation.

Toxic loan in NBFIs up in 2024

The volume of Non-Performing Loans (NPLs) in the Non-Bank Financial Institutions (NBFIs) rose to Tk247.11b at the end of June 2024 which was Tk199.51b in June 2023 and Tk159.36b in June 2022, according to the Bangladesh Bank (BB) reports. In the past one year till June, bad loans at the NBFIs sector increased by Tk47.60b or 23.86%. The total disbursed loan was Tk745.34b at the end of June 2024. Currently, there are 34 NBFIs operating in Bangladesh. Most of these institutions have been facing an image crisis due to a wide range of corruption and maladministration. Several NBFIs are unfortunately mired in fraud and financial problems. The amount of defaulted loans in People's Leasing and Financial Services, Bangladesh Industrial Finance Company, Fareast Finance, International Leasing & Finance and First Finance was more than 90% of their respective loan disbursements.



Fourteen companies summoned for non-compliance

The Bangladesh Securities and Exchange Commission (BSEC) has directed 14 Z-category companies to submit their dividend disbursement reports. These are - Lub-rref (Bangladesh), SK Trims & Industries, Shepherd Industries, VFS Thread Dyeing, Fortune Shoes, Associated Oxygen, Desh Garments, Indo-Bangla Pharmaceuticals, Beach Hatchery, Advent Pharma, Khulna Power, Libra Infusions, Pacific Denims and Union Insurance. The companies declared dividends but failed to disburse and distribute them within the stipulated timeframe. Earlier the capital market regulator summoned the senior officials of these companies for their explanations regarding non-payment of dividends. The Dhaka Stock Exchange (DSE) downgraded 27 companies including these 14 to Z-category from 26 September 2024 for non-compliance with securities laws, in line with a Directive issued on 20 May 2024. As per the Directive, if any listed company fails to pay off or disburse at least 80% of the declared or approved dividends 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. Currently there are 85 companies in the Z- category at DSE.

ADB downgrade GDP growth forecast

The Manila-based Asian Development Bank (ADB) has slashed the Gross Domestic Product (GDP) growth projection for Bangladesh to 5.1% for FY2024-25 from the previous estimate of 6.6%, citing political unrest, supply chain disruptions and recent severe floods. Elevated inflation, power shortages, import restrictions and financial-sector vulnerabilities weighed on the economic outlook, the lender showed as the reasons behind the lower-growth forecast. It also forecasts that inflation may cross the double-digit mark as the prices of essentials are still higher than expected. Earlier in April 2024, the World Bank (WB) projected a 5.7% GDP growth for the FY2024-25.

Trade deficit narrows in July-August

Trade deficit during the first two months of FY2024-25 stood at US\$2.75b, down from US\$3.04b in the same period of FY2023-24, according to the latest Bangladesh Bank (BB) reports. The narrowing trade deficit is attributed to a rise in export earnings coupled with a decline in import expenditure. During the period, import expenses fell by 1.20% to US\$9.91b from US\$10.03b in the same period of FY2023-24 while export earnings grew by 2.43% to US\$7.16b from US\$6.99b. The current-account balance returned into green zone in August, after months of negativity, mainly as lower import expenses and higher inflow of remittances. In July-August, the current account surplus reached US\$111m, compared to a deficit of US\$610m during the same period of the last fiscal year. On the other hand, Bangladeshis working abroad sent home a total US\$4.63b during the said period.

ADP implementation hit 12 years low

Implementation of the Annual Development Program (ADP) in the first two months of the current fiscal year was the lowest in the past 12 years due to work disruptions amidst political turmoil. According to the Implementation, Monitoring & Evaluation Division (IMED), Tk71.43b of the ADP was spent during the period, reflecting an implementation rate of 2.57%. The government allocated Tk2.78-trillion, ADP for FY2024-25, up by 9.6% from FY2023-24 revised budget of Tk2.54-trillion.

Stock Market Movement



Global Markets

		This Week	Last Week	+/- %
S&P 500	↑	5,815.03	5,751.07	1.11
FTSE 100	↓	8,253.65	8,280.63	-0.33
Nikkei 225	↑	39,605.80	38,635.62	2.51
SENSEX	↑	81,957.00	81,688.45	0.33
KSE 100	↑	85,728.13	83,589.81	2.56

DSE Indicators

		This Week	Last Week	+/- %
DSE Broad Index	↓	5,422.06	5,462.58	-0.74
Total Turnover, Tk	↓	14,667.27	21,310.93	-31.17
Market Capital, Tk	↓	3,716,522,401,510	3,731,114,801,284	-0.39
No of Issue Gain		211	57	
No of Issue Loss		146	331	
No of Unchanged Issues		38	8	

Top Gainers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (in BDTmn)
Agni Systems	33.50	41.20	22.99	747.45
Rangpur Dairy	23.30	27.20	16.74	106.07
Fu Wang Food	12.20	14.00	14.75	93.90
Fu-Wang Ceramic	12.20	13.60	11.48	105.96
SALAMCRST	11.30	12.50	10.62	6.50
Salvo Chemical	27.30	30.20	10.62	108.34
GHCL	23.80	26.30	10.50	53.79
Intraco Refueling	20.60	22.70	10.19	79.49
Taufika Foods	81.10	89.20	9.99	412.18
Prime Finance 1s M.F.	31.00	33.90	9.35	31.77

Top Losers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (in BDTmn)
Meghna Pet Industries	26.30	22.30	-15.21	2.21
BD Submarine Cable	137.20	122.60	-10.64	44.07
Runner Automobiles	23.20	20.80	-10.34	1.90
Prime Islami Life Ins.	37.40	33.80	-9.63	1.19
Desh Garments	84.30	77.20	-8.42	5.00
Islami Bank Bangladesh	61.50	56.80	-7.64	624.13
Social Islami Bank	12.20	11.30	-7.38	321.88
First Security Islami Bank	8.20	7.60	-7.32	205.12
Fareast Islami Life Ins.	41.30	38.30	-7.26	3.98
Chartered Life Ins.	41.50	38.50	-7.23	3.79

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	496.09	505.20	-1.80	3,765.86	5,816.89	-35.26
Cement	309.99	312.15	-0.69	245.29	173.24	41.59
Ceramic	435.82	421.16	3.48	165.51	160.08	3.39
Engineering	3,762.86	3,878.52	-2.98	791.13	922.38	-14.23
Food & Al.	4,202.18	4,171.99	0.72	1,190.77	1,170.86	1.70
Fuel & Pow.	2,638.30	2,639.20	-0.03	669.87	1,649.91	-59.40
Insurance	1,943.51	1,950.05	-0.34	590.58	967.95	-38.99
IT	507.78	486.84	4.30	1,181.59	949.80	24.40
Jute	2,144.43	2,204.32	-2.72	152.07	691.24	-78.00
Misc.	2,452.64	2,463.14	-0.43	349.98	571.35	-38.75
Mutual Fund	329.56	328.33	0.37	178.94	346.47	-48.35
NBFI	772.02	741.29	4.15	246.81	374.26	-34.05
Paper	5,630.65	5,589.63	0.73	154.67	266.41	-41.94
Pharma	1,297.75	1,298.54	-0.06	2,237.67	3,021.13	-25.93
Service	1,114.27	1,144.00	-2.60	120.21	192.82	-37.65
Tannery	776.99	781.39	-0.56	104.36	202.83	-48.55
Telecom	4,069.00	4,062.38	0.16	560.13	1,341.59	-58.25
Textile	1,300.86	1,302.69	-0.14	820.70	1,318.65	-37.76
Travel & Leis.	1,032.65	1,024.15	0.83	349.99	565.02	-38.06

Technical Talk

Dhaka stocks continued correction for the third straight week as risk-averse investors maintained sell-off on major sector issues. Among the major sectors, Engineering decreased by 2.98% followed by Bank 1.80%, Insurance 0.34% and Textile 0.14%.

DSE Broad Index (DSEX) stood at 5,422.06 points after decreasing by 40.52 points or 0.74% from the previous week. Total turnover reached at Tk14667.27m, which was 31.17% lower than the previous week. Market capitalization decreased by 0.39% and stood at Tk3716.52b (US\$30.97b) at the weekend against Tk3731.11b. DSE 30 decreased by 5.86 points or 0.29% and closed at 1,984.99 points against 1,990.85 points. Last week's weighted average Market PE was 10.24 which was 10.33 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 weekly RSI and MFI stood at 43.79 and 49.55 declining from 48.11 and 58.25 respectively, indicating a downtrend.

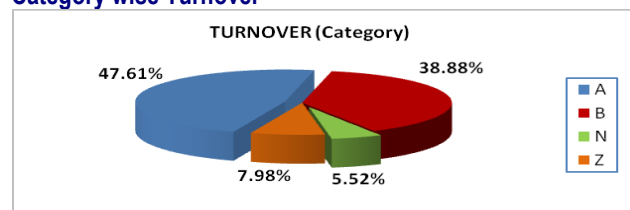
Top Turnover Companies

Company	Volume	Value (BDT mn)	% of total
Grameenphone	3,188,552	1,102.42	4.29
BRAC Bank	16,007,843	870.27	3.99
Islami Bank	13,374,010	862.69	2.94
Social Islami Bank	62,992,642	793.67	2.59
MJL Bangladesh	7,536,447	735.26	2.36
Sonali Aansh	2,215,062	688.81	2.33

Top 10 Market Capital

Company	Volume	Value (BDT mn)	% of total
GP	456,536	BEXIMCO	103,842
BATBC	206,442	Brac Bank	92,202
Square Pharma	199,540	Islami Bank	91,447
Walton Hi-Tech	158,613	Berger Paint	81,444
Robi	140,900	Renata	80,058

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	2,678.20	2,673.20	0.19
Silver (USD/t oz.)	31.73	32.45	-2.22
Brent Crude Oil (USD/bbl.)	77.98	78.09	-0.14

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	137.66	137.66	138.32	138.32	-0.48	-0.48
GBP	164.56	164.56	165.35	165.35	-0.48	-0.48
AUD	81.31	81.31	81.99	81.99	-0.83	-0.83
JPY	0.81	0.81	0.82	0.82	-1.22	-1.22
CAD	87.54	87.54	88.87	88.87	-1.50	-1.50
SAR	32.12	32.12	32.11	32.11	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)
-	-	-	-