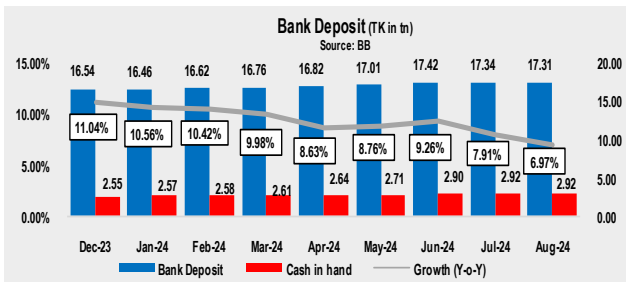


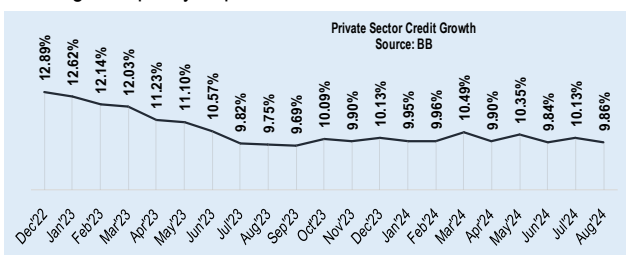
Deposit fall highlights deepening bank woes

The recent sharp decline in bank deposits, totaling around Tk109.64b in just two months, reflects growing depositor anxiety amid an ongoing liquidity crunch in the banking sector. Bangladesh Bank (BB) data shows deposits have steadily dropped, falling to Tk17.31-trillion in August from Tk17.42-trillion in June. This drop comes as banks, struggling to meet short-term obligations, are offering deposit interest rates as high as 13% - a stark contrast to the pre-crisis average of 6-8%. Several factors are at play: banks facing difficulty in meeting regulatory requirements such as Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) are driving up rates to attract much-needed liquidity. Additionally, the recent policy rate hike to 9.5% has pushed deposit, loan and bond rates higher. However, this situation stems from deeper systemic issues, including widespread irregularities, growing Non-Performing Loans (NPLs) and depositor distrust, which have been exacerbated by high inflation and political instability. With currency held outside banks rising by Tk260b from July to August to Tk2.92-trillion, the banking system seems to be under significant stress. This rate hike, while addressing the immediate liquidity crunch, poses significant long-term risks. Higher deposit rates compress the interest rate spread, reducing bank profitability and leading to higher lending costs, which raises the cost of investment and potentially stifling economic growth. While deposit rate hikes may offer short-term fixes, a long-term solution lies in addressing bad loans and restoring depositor confidence.



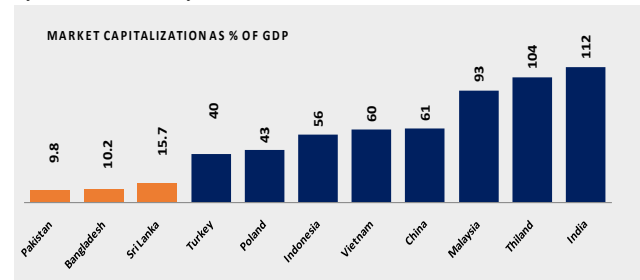
Credit growth drops in August

Credit disbursement to the private sector dropped in August 2024 after an unexpected increase in credit growth in July 2024 even though the overall economic activities were halted in July because of mass uprising that led to the fall of the autocratic regime on 05 August 2024. It is possible that some loan-related irregularities might have taken place in the banking sector in that crisis-hit month. As per Bangladesh Bank (BB) reports, growth dropped to 9.86% in August from 10.13% in July and 9.84% in June. Turmoil in the banking sector and business environment were the reasons behind the slow credit growth. The central bank has set the private sector credit growth target at 9.80% for the first half of FY2024-25 citing rising inflationary pressures and focusing on liquidity to productive sectors.



Bangladesh lags behind frontier market peers

Bangladeshi stock market performed poorly between January 2014 and July 2024 even though most Asian frontier stock markets performed well during the period. The local capital market experienced persistent crises of confidence and bear-run mostly because of faulty market mechanisms and lack of product diversification. Volatility infested the market sentiment hence a significant portion of the investors has been showing reluctance to actively involve in the market. The last two chairmen of the Bangladesh Securities and Exchange Commission (BSEC) during their tenures failed to strengthen the market. The institutional framework of the securities regulator has been destroyed over the years to the benefit of a handful of people. The interim government has taken a few initiatives for addressing past grievances and reinforcing market discipline. Meanwhile, Bangladesh is far behind the frontier markets in terms of market capitalization as a percentage of Gross Domestic Product (GDP). India was the best performer followed by Thailand, Malaysia and China.



Government bank borrowing surges

Bank borrowing by the government nearly doubled in the first three months of FY2024-25 compared to the same period of last year, primarily due to lower revenue collection. As per the latest figures from the Bangladesh Bank (BB) in July-September of FY2024-25, the government borrowed Tk472.09b through the sale of treasury bills and bonds compared to Tk244.74b during the same period of the previous fiscal year. The government also repaid Tk427.94b to the central bank compared to Tk303.78b repaid during the same period last year. 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.

WB reset GDP growth target at 4% for FY2024-25

The multilateral development financier World Bank (WB) has revised down its Gross Domestic Product (GDP) projection for Bangladesh to 4% for FY2024-25 from the previous estimate of 5.7% due to significant uncertainties around the political and economic outlook following recent political turmoil. The revised projections would mark the lowest growth rates since FY2019-20 when economy expanded by only 3.45% due to the severe impact of pandemic. In its latest report titled "World Bank South Asia Development Update" the lender forecasts a bit higher economic growth for the next FY2025-26, with the GDP growth rising to 5.5% in the coming year. This revision comes two weeks after the Asian Development Bank (ADB) lowered its growth forecast for Bangladesh to 5.1% from 6.6% for the ongoing fiscal year, citing supply chain disruptions caused by political unrest in July and August.

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	5,864.67	5,751.07	1.98
FTSE 100	8,358.25	8,280.63	0.94
Nikkei 225	38,981.75	38,635.62	0.90
SENSEX	81,224.75	81,688.45	-0.57
KSE 100	85,313.04	83,589.81	2.06

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	5,257.98	5,422.06	-3.03
Total Turnover, Tk	12,720.26	14,667.27	-13.27
Market Capital, Tk	3,607,148,093,204	3,716,522,401,510	-2.94
No of Issue Gain	34	211	
No of Issue Loss	345	146	
No of Unchanged Issues	17	38	

Top Gainers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (in BDTmn)
BIFC	9.10	11.40	25.27	10.06
Ambee Pharma	807.60	888.50	10.02	14.51
Paramount Textile	49.60	54.40	9.68	36.90
Rahim Textile Mills	135.00	145.60	7.85	18.71
Meghna Pet Ind.	22.30	24.00	7.62	2.07
Pharma Aids	626.10	670.10	7.03	43.68
NRB Bank	12.20	12.90	5.74	311.44
GQ Ball Pen	126.40	133.60	5.70	41.97
KBPPWBIL	142.00	150.00	5.63	209.95
Taufika Foods	89.20	94.20	5.61	574.17

Top Losers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (in BDTmn)
Union Insurance	29.80	23.10	-22.48	1.47
Global Heavy Chemical	26.30	20.80	-20.91	46.44
RSRMSTEEL	12.10	9.70	-19.83	3.23
National Tea	254.20	208.10	-18.14	35.39
Northern Islami Ins.	36.20	30.30	-16.30	0.49
Tallu Spinning Mills	5.90	5.00	-15.25	0.60
Chartered Life Ins.	38.50	32.80	-14.81	12.23
Purabi Gen. Insurance	20.30	17.40	-14.29	11.91
Asia Pacific General Ins.	34.60	29.70	-14.16	11.18
Shyampur Sugar Mills	131.90	113.40	-14.03	6.87

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	482.55	496.09	-2.73	2,481.86	3,765.86	-34.10
Cement	292.51	309.99	-5.64	174.37	224.55	-22.35
Ceramic	417.26	435.82	-4.26	117.17	165.51	-29.21
Engineering	3,539.20	3,762.86	-5.94	653.11	791.13	-17.45
Food & Al.	4,078.54	4,202.18	-2.94	1,129.29	1,190.77	-5.16
Fuel & Pow.	2,558.00	2,638.30	-3.04	440.28	669.87	-34.27
Insurance	1,809.70	1,943.51	-6.88	713.90	590.58	20.88
IT	474.74	507.78	-6.51	1,233.03	1,181.59	4.35
Jute	2,117.20	2,144.43	-1.27	139.60	152.07	-8.20
Misc.	2,444.18	2,452.64	-0.35	438.18	349.98	25.20
Mutual Fund	320.72	329.56	-2.68	276.10	178.94	54.30
NBFI	747.62	772.02	-3.16	254.11	246.81	2.96
Paper	5,378.32	5,630.65	-4.48	174.54	154.67	12.84
Pharma	1,268.84	1,297.75	-2.23	2,064.94	2,237.67	-7.72
Service	1,016.58	1,114.27	-8.77	84.36	120.21	-29.83
Tannery	754.92	776.99	-2.84	83.02	104.36	-20.45
Telecom	4,012.81	4,069.00	-1.38	389.26	560.13	-30.51
Textile	1,262.35	1,300.86	-2.96	977.47	820.70	19.10
Travel & Leis.	986.07	1,032.65	-4.51	306.62	349.99	-12.39

Technical Talk

Dhaka stocks witnessed a huge decrease in the past week, the key Index tumbled below the 5,300 mark. Among the major sectors, Insurance decreased by 6.88% followed by IT 6.51%, Engineering 5.94% and NBFI 3.16%.

DSE Broad Index (DSEX) stood at 5,257.98 points after decreasing by 164.08 points or 3.03% from the previous week. Total turnover reached at Tk12720.26m, which was 13.27% lower than the previous week. Market capitalization decreased by 2.94% and stood at Tk3607.15b (US\$30.06b) at the weekend against Tk3716.52b. DSE 30 decreased by 54.59 points or 2.75% and closed at 1,930.40 points against 1,984.99 points. Last week's weighted average Market PE was 10.12 which was 10.24 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 42.25 and 48.22 declining from 43.79 and 49.55 respectively, indicating a downtrend.

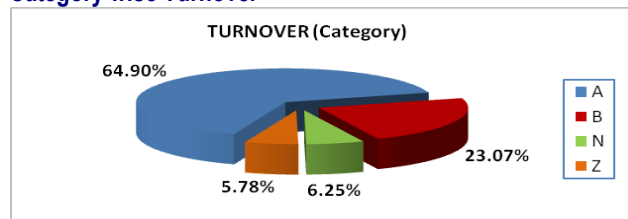
Top Turnover Companies

Company	Volume	Value (BDT mn)	% of total
Agni Systems	23,041,922	858.99	6.75
Taufika Foods	6,098,356	574.17	4.51
Techno Drugs	9,545,473	456.96	3.59
Brac Bank	7,283,581	374.99	2.95
NRB Bank	24,820,271	311.44	2.45
Islami Bank	5,516,985	302.32	2.38

Top 10 Market Capital

Company	Value (BDT mn)	In million
GP	452,351	103,842
BATBC	198,936	87,778
Square Pharma	198,654	86,778
Walton Hi-Tech	146,648	81,727
Robi	137,234	76,520

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	2,736.40	2,673.20	2.36
Silver (USD/toz.)	33.93	32.45	4.56
Brent Crude Oil (USD/bbl.)	73.16	78.09	-6.31

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	136.94	136.94	138.32	138.32	-1.00	-1.00
GBP	164.49	164.49	165.35	165.35	-0.52	-0.52
AUD	80.90	80.90	81.99	81.99	-1.33	-1.33
JPY	0.81	0.81	0.82	0.82	-1.22	-1.22
CAD	87.39	87.39	88.87	88.87	-1.67	-1.67
SAR	32.11	32.11	32.11	32.11	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)
-	-	-	-