

BB raises policy rate further

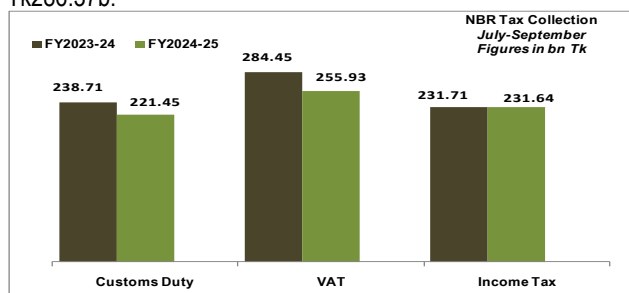
In a bid to rein in spiraling inflation, which has been stubbornly high for the last two years, the Bangladesh Bank (BB) has raised the regulatory policy rate by 50 basis points to 10%. The new rate came into effect from 27 October 2024. With the latest hike, the policy rate has been increased eleven times since May 2022, when it was only 5%. It is also the fifth time the central bank has hiked the rate this year and third policy rate hike after the formation of the interim government on 08 August 2024. Earlier on 25 September 2024, the central bank hiked the policy rate to 9.5% from 9%. For consumers, this will likely result in higher borrowing costs. The Standing Liquidity Facility (SLF), the upper ceiling of the interest rate corridor, has been raised by 50 basis points to 11.5%, while the lower limit of the corridor, the Standing Deposit Facility (SDF), has been increased to 8.5% from 8%. 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. Although inflation eased slightly to 9.92% in September from a peak of 10.49% in August, it remained high. 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.

Trend of Policy Rate Hike			
	Policy Rate		Policy Rate
27-Oct-24	10.00%	5-Oct-23	7.25%
25-Sep-24	9.50%	1-Jul-23	6.50%
27-Aug-24	9.00%	15-Jan-23	6.00%
9-May-24	8.50%	29-Sep-22	5.75%
18-Jan-24	8.00%	30-Jun-22	5.50%
27-Nov-23	7.75%	29-May-22	5.00%

Source: Bangladesh Bank

Revenue falls short of target

The National Board of Revenue (NBR) missed the target once again. In the first quarter of the current fiscal year, revenue collection fell short of the target set for the three-month period by Tk255.97b. As per latest figures from the NBR, revenue collection in July-September period of FY2024-25 was Tk709.02b, a decline of 6.07% (Y-o-Y) from Tk754.87b in the same period of the last fiscal year. Among the three wings, VAT wing has collected Tk255.93b, down from Tk284.45b last year against a target of Tk341.81b. Income Tax wing collected Tk231.64b, slightly under last year's collection of Tk231.71b, with a target of Tk336.81b. Customs department collected Tk221.45b, down from Tk238.71b in last year, with a target of Tk286.37b.



Market liquidity woes lead to FTSE exclusions

The latest annual review by FTSE Russell has dealt a significant blow to the capital market of Bangladesh, with 60 companies from the Dhaka Stock Exchange (DSE) removed from the FTSE Frontier Index Series. This marks the highest number of exclusions among global frontier markets, driven primarily by poor stock turnover and liquidity issues. Notably, blue-chip companies like the British American Tobacco Bangladesh, Grameenphone and Renata were ousted from the large-cap segment due to poor liquidity, sending a signal about the declining depth of the market. The review hit mid-cap stocks hard as well, with 31 out of 50 exclusions being Bangladeshi. Advent Pharma, Acme Laboratories and Singer Bangladesh saw their market cap fall, pushing them down to the FTSE's small-cap segment. Rest of the 28 firms were removed from the mid-cap category and a further 27 from small-cap due to liquidity issues. Experts point to restrictive price measures, like the floor price mechanism, as a key factor in stifling liquidity. This has made it difficult for many companies to maintain the trading volume required to remain in global indices. This review serves as a wake-up call for policymakers and market participants to improve market dynamics. In the global context, Bangladesh's position appears increasingly precarious, considering its lack of fresh entrants in the FTSE's investable stock universe and overwhelming number of exclusions from the frontier index. Without structural reforms to improve liquidity and investor sentiment, Bangladesh risks further isolation from international capital flows given the growing competition from other emerging and frontier markets like Vietnam and Pakistan.

Bangladesh growth forecast slips amid policy uncertainty

The global rating agency Fitch has downgraded growth forecast of Bangladesh to 4.5% for FY2024-25, from an earlier projection of 5.3%, signals heightened concerns over near-term policy uncertainty. This adjustment comes in the wake of a tumultuous political transition along with the recent ousting of the Awami League government on 05 August 2024, which have created uncertainty in economic policy. While the new government moved quickly to stabilize the situation, including appointing a new finance minister and central bank governor, the shift in leadership has introduced unpredictability. Despite the political turbulence, key economic indicators remain relatively stable according to the Fitch commentary. Remittances improved to US\$2.4b in September, up from US\$2.22b in August and US\$1.91b from July 2024. Foreign reserves, although stable at US\$19.8b as of 08 October, have declined slightly from US\$20.5b as of 31 July, according to Fitch. Additionally, policy rate hike by the central bank and the shift to a crawling peg system for exchange rate signal efforts to mitigate pressure on forex reserves. Fitch expects high inflation to persist due to domestic supply shortages. The impact on the current account is expected to be modest. Looking ahead, Fitch warns of significant risks tied to the political environment. Delays in elections or a resurgence of political unrest could further strain external funding, potentially derailing the recovery process. Moreover, credit profile may face further downgrades if reforms stall or International Monetary Fund (IMF) loan program targets are not met. While there is potential for medium-term improvement, particularly if structural reforms are implemented, investors should brace for continued volatility in the near-term as the country navigates its uncertain political landscape.

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	5,808.12	5,864.67	-0.96
FTSE 100	8,248.84	8,358.25	-1.31
Nikkei 225	37,913.92	38,981.75	-2.74
SENSEX	79,402.29	81,224.75	-2.24
KSE 100	90,128.77	85,313.04	5.64

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	5,114.60	5,257.98	-2.73
Total Turnover, Tk	16,934.28	12,720.26	33.13
Market Capital, Tk	3,489,498,335,474	3,607,148,093,204	-3.26
No of Issue Gain	63	34	
No of Issue Loss	306	345	
No of Unchanged Issues	27	17	

Top Gainers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (in BDTmn)
IFAD Autos	22.00	27.30	24.09	106.74
United Finance	12.30	15.10	22.76	96.58
Runner Automobiles	20.60	23.70	15.05	8.85
Oimex Electrode	21.40	23.60	10.28	108.51
Far Chemical Ind.	14.80	16.30	10.14	3.32
Far East Knitting	17.00	18.70	10.00	360.10
Pubali Bank	25.20	27.30	8.33	169.21
International Leasing	3.80	4.10	7.89	3.50
BD National Ins.	36.30	39.00	7.44	27.13
KBPPWBIL	150.00	160.60	7.07	218.08

Top Losers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (in BDTmn)
New Line Clothings	18.90	14.00	-25.93	1.77
Pragati Life Insurance	210.80	160.50	-23.86	84.88
Padma Islami Life Ins.	18.20	14.00	-23.08	2.17
Baraka Power	11.40	9.20	-19.30	23.37
Hami Industries	67.90	55.20	-18.70	3.42
Esquire Knit Composite	18.90	15.40	-18.52	13.86
M.L. Dyeing	8.70	7.10	-18.39	10.32
CVO Petrochemical	121.50	100.20	-17.53	23.34
Global Heavy Chemical	20.80	17.20	-17.31	36.00
Aziz Pipes	58.90	48.90	-16.98	2.82

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	477.91	482.55	-0.96	3,604.14	2,481.86	45.22
Cement	279.46	292.51	-4.46	258.64	174.37	48.33
Ceramic	397.33	417.26	-4.78	119.50	117.17	1.99
Engineering	3,414.27	3,539.20	-3.53	904.01	653.11	38.42
Food & Al.	3,917.00	4,078.54	-3.96	1,788.15	1,129.29	58.34
Fuel & Pow.	2,475.67	2,558.00	-3.22	604.43	440.28	37.28
Insurance	1,695.95	1,809.70	-6.29	860.68	713.90	20.56
IT	445.18	474.74	-6.23	974.09	1,233.03	-21.00
Jute	2,090.69	2,117.20	-1.25	115.59	139.60	-17.20
Misc.	2,424.53	2,444.18	-0.80	459.02	438.18	4.76
Mutual Fund	311.72	320.72	-2.81	280.74	276.10	1.68
NBFI	747.40	747.62	-0.03	502.99	254.11	97.94
Paper	4,738.45	5,378.32	-11.90	178.22	174.54	2.11
Pharma	1,235.55	1,268.84	-2.62	2,572.42	2,064.94	24.58
Service	974.83	1,016.58	-4.11	123.49	84.36	46.39
Tannery	723.51	754.92	-4.16	155.35	83.02	87.12
Telecom	3,777.60	4,012.81	-5.86	642.49	389.26	65.05
Textile	1,204.37	1,262.35	-4.59	1,351.58	977.47	38.27
Travel & Leis.	928.91	986.07	-5.80	410.93	306.62	34.02

Technical Talk

Dhaka stocks continued correction for the fifth straight week as a section of investors continued selling shares amid worries. Among the major sectors, Insurance decreased by 6.29% followed by IT 6.23%, Textile 4.59% and Food & Allied 3.96%.

DSE Broad Index (DSEX) stood at 5,114.60 points after decreasing by 143.38 points or 2.73% from the previous week. Total turnover reached at Tk16934.28m, which was 33.13% higher than the previous week. Market capitalization decreased by 3.26% and stood at Tk3489.5b (US\$29.08) at the weekend against Tk3607.15b. DSE 30 decreased by 51.22 points or 2.65% and closed at 1,879.18 points against 1,930.40 points. Last week's weighted average Market PE was 9.67 which was 10.12 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 37.06 and 42.70 declining from 41.25 and 45.22 respectively, indicating a downtrend.

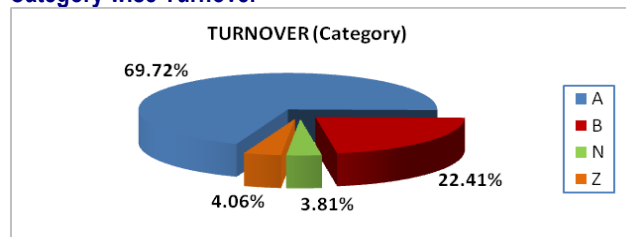
Top Turnover Companies

Company	Volume	Value (BDT mn)	% of total
Taufika Foods	11,811,784	1,166.11	6.89
Agni Systems	17,711,784	626.43	3.70
NRB Bank	40,916,178	527.79	3.12
Square Pharma	2,152,893	480.19	2.84
Grameenphone	1,459,091	471.16	2.78
Brac Bank	9,000,102	431.21	2.55

Top 10 Market Capital

Company	Value (BDT mn)	% of total
GP	427,910	103,842
Square Pharma	192,803	89,354
BATBC	192,240	83,707
Walton Hi-Tech	141,165	80,456
Robi	126,234	77,351

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	136.04	136.04	136.94	136.94	-0.66	-0.66
GBP	163.36	163.36	164.49	164.49	-0.69	-0.69
AUD	79.66	79.66	80.90	80.90	-1.53	-1.53
JPY	0.80	0.80	0.81	0.81	-1.23	-1.23
CAD	86.82	86.82	87.39	87.39	-0.65	-0.65
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)
-	-	-	-