

Capital gains tax reduced

The National Board of Revenue (NBR) have adjusted its tax policy to address high capital gain taxes under the Income Tax Act 2023, which previously taxed gains at up to 40.5% on large individual investments. The new policy now caps the tax at 15% on capital gains exceeding Tk5m, reducing the total tax burden to a more favorable 20.25% for high-net-worth investors with assets above Tk500m. This significant reduction is likely to bolster investor sentiment and support increased capital flows into the stock market, a move that could stimulate market liquidity and trading volumes in the near term. Additionally, the structured surcharges, scaled according to net asset levels (10%-35% on net assets above Tk40m), align with efforts to generate tax revenues without disincentivizing high-value stock investments. However, a key drawback remains: the inability to carry forward capital losses for tax adjustments, which could limit portfolio diversification strategies for some investors. Following this reform DSEX, the key index of Dhaka Stock Exchange responded positively closing 61 points higher at 5,252.50 on 05 November 2024, indicating immediate market optimism. This policy shift may attract both local and foreign interest, fostering greater depth in the equity market over time.

Capital Gain Tax		
	Existing	New
Above Tk5.0m	30%	15%
Max surcharge for wealthy taxpayers	35%	-
Total tax incidence	40.5%	20.25%

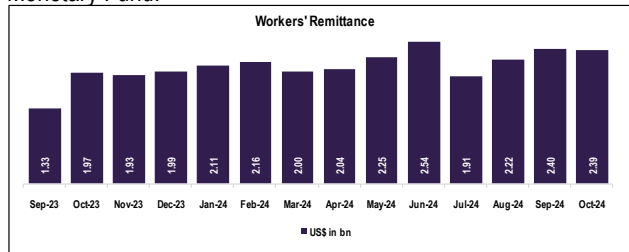
Source: NBR

BSEC orders issuance of tax deduction certificate

The Bangladesh Securities and Exchange Commission (BSEC) directed to ensure necessary compliance through cash dividend distribution and issuance of "tax deduction at source certificates" for listed companies. By streamlining the income tax reporting process and facilitating the management of tax information pertaining to investments, this project seems to improve accountability and transparency. The new guidelines require companies to notify shareholders directly once cash dividends are paid and tax deduction certificates are issued. Two stock exchanges were instructed to ensure that listed companies follow these guidelines.

Remittances hit US\$2.39b in October

Inward remittance increased by 21.32% to US\$2.39b in October this year compared to US\$1.97b in the same month of the past year as expatriates sent more money through formal channels following the changes in the political landscape on 05 August this year. The inflow showed this uptrend since the first month of the current fiscal year as remittance figure of July and August stood at US\$1.91b and US\$2.22b. Additionally this rise follows in September this year hitting a similar figure of US\$2.4b. Foreign exchange reserves stood at US\$19.87b till 30 October 2024 calculated using the BPM6 standard set by the International Monetary Fund.



Current account deficit decreases in Q1

The current account deficit narrowed sharply in the first three months of FY2024-25 driven mainly by a rise in export earnings and a strong rebound in remittances. According to the latest Bangladesh Bank reports, current account deficit during the first quarter of FY2024-25 stood at US\$127m, significantly lower than the US\$1.83b deficit during the same period last fiscal year. During the review period, export receipts grew 5.1% to US\$10.56b, while import costs rose to nearly US\$15.19b or expanded nearly 1% (Y-o-Y). Remittances reached US\$6.53b, up by 20% from US\$5.46b in the same months of FY2023-24. Both the financial and capital accounts have posted gained surpluses. The financial account posted a surplus of US\$560m, recovering from a deficit of US\$1.23b a year before. The capital account showed an improvement with a surplus of US\$156m, up from US\$42m in July-September of FY2023-24. The trade gap also narrowed during the three-month period. From July to September period this fiscal year, the trade deficit was US\$4.63b, down from US\$5.01b in the same period of FY2023-24. The balance of payments deficit was US\$1.45b, down from US\$2.86b in the previous fiscal year.

IMF slashes growth forecast

The Washington-based multilateral lender International Monetary Fund (IMF) in its flagship World Economic Outlook has revised down the Gross Domestic Product (GDP) projection for Bangladesh to 4.5% for FY2024-25 from the previous estimate of 6.6% due to significant uncertainties around the political and economic outlook following recent political turmoil. Industrial unrest and floods weigh heavily on economic activities. 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. IMF attributed this grim forecast to persistent inflationary pressures, with expectations that inflation will remain elevated, climbing to 10.7% in FY2024-25, up from 9.7% a year earlier. This revision comes one week after the World Bank lowered its growth forecast for Bangladesh to 4% from 5.7% for the ongoing fiscal year, citing supply chain disruptions caused by political unrest in July and August. Last month, ADB also trimmed its growth outlook to 5.1% down from its April projection of 6.6%.

Government bank borrowing surge

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. Meanwhile, the net sale of national savings certificates also surged in the review period. As per the latest statistics from the National Savings Directorate (NSD), the net sale of national savings certificates rose to over Tk83.32b in the July-September period following a period of negative growth over the past year.

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	5,995.54	5,728.80	4.66
FTSE 100	8,072.39	8,177.15	-1.28
Nikkei 225	39,500.37	38,053.67	3.80
SENSEX	79,486.32	79,724.12	-0.30
KSE 100	93,406.04	91,126.48	2.50

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	5,316.33	5,199.40	2.25
Total Turnover, Tk	30,290.68	20,832.63	45.40
Market Capital, Tk	3,641,959,427,038	3,570,991,995,171	1.99
No of Issue Gain	254	279	
No of Issue Loss	111	101	
No of Unchanged Issues	29	15	

Top Gainers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (in BDTmn)
Global Heavy Chemical	18.30	26.10	42.62	118.85
Shinepukur Ceramic	11.80	15.20	28.81	163.08
Aftab Automobiles	31.00	38.80	25.16	356.08
Midland Bank	27.90	34.60	24.01	506.33
Aramit Cement	11.40	14.00	22.81	4.79
Envoy Textiles	35.60	43.30	21.63	25.70
Legacy Footwear	40.00	48.20	20.50	20.53
Orion Pharma Ltd.	37.80	45.50	20.37	873.64
S. Alam Steels	10.50	12.60	20.00	18.63
Fu Wang Food	12.50	15.00	20.00	174.82

Top Losers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (in BDTmn)
Prime Finance	5.70	5.10	-10.53	2.73
Pharma Aids	673.30	615.50	-8.58	316.75
Shyampur Sugar Mills	98.20	90.20	-8.15	7.81
Purabi Gen. Insurance	20.30	18.70	-7.88	13.11
Fareast Finance	4.10	3.80	-7.32	2.13
Renwick Jaineswar	645.00	597.80	-7.32	0.86
KBPWBIL	152.70	141.60	-7.27	214.62
Queen South Textile	12.90	12.00	-6.98	22.64
Zeal Bangla Sugar Mills	91.60	85.30	-6.88	2.07
International Leasing	4.40	4.10	-6.82	1.81

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	479.96	475.40	0.96	4,577.68	3,851.00	18.87
Cement	289.30	285.72	1.25	286.83	184.70	55.30
Ceramic	428.29	397.04	7.87	338.47	173.50	95.09
Engineering	3,703.25	3,601.84	2.82	2,250.87	1,390.22	61.91
Food & Al.	4,039.33	4,066.23	-0.66	1,684.96	1,564.89	7.67
Fuel & Pow.	2,664.80	2,537.41	5.02	1,771.01	773.70	128.90
Insurance	1,840.73	1,811.46	1.62	1,563.90	1,181.93	32.32
IT	450.28	444.67	1.26	1,581.44	1,134.59	39.38
Jute	2,274.94	2,120.96	7.26	402.59	156.74	156.86
Misc.	2,484.80	2,473.01	0.48	1,278.62	800.57	59.71
Mutual Fund	345.93	343.33	0.76	789.02	477.27	65.32
NBFI	792.43	772.65	2.56	1,282.09	787.83	62.74
Paper	5,186.79	4,711.72	10.08	402.09	251.39	59.95
Pharma	1,303.18	1,261.34	3.32	5,785.32	3,340.84	73.17
Service	1,073.46	1,033.82	3.84	443.36	284.76	55.70
Tannery	736.27	735.71	0.08	124.43	92.39	34.67
Telecom	3,911.61	3,885.74	0.67	885.24	750.36	17.98
Textile	1,228.85	1,227.66	0.10	2,606.99	2,150.05	21.25
Travel & Leis.	1,066.08	974.24	9.43	1,294.85	605.36	113.90

Technical Talk

Dhaka stocks continued its upward trend as the decision to lower capital gains tax boost up investor confidence. Among the major sectors, Fuel & Power increased by 5.02% followed by Pharma 3.32%, Engineering 2.82%, NBFI 2.56% and Insurance 1.66%.

DSE Broad Index (DSEX) stood at 5,316.33 points after increasing by 116.93 points or 2.25% from the previous week. Total turnover reached at Tk30290.68m, which was 45.40% higher than the previous week. Market capitalization increased by 1.99% and stood at Tk3641.96b (US\$30.35b) at the weekend against Tk3570.99b. DSE 30 increased by 39.49 points or 2.05% and closed at 1,965.54 points against 1,926.05 points. Last week's weighted average Market PE was 10.15 which was 10.05 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 44.88 and 51.79 rising from 40.28 and 45.62 respectively, indicating a downtrend.

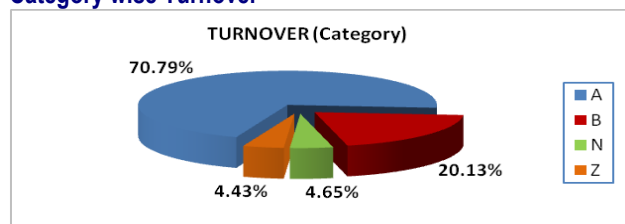
Top Turnover Companies

Company	Volume	Value (BDT mn)	% of total
Orion Pharma	20,194,665	873.64	2.88
BSC	9,280,612	829.21	2.74
Islami Bank	12,517,370	708.85	2.34
Far East Knitting	33,360,943	673.88	2.22
Agni Systems	18,138,634	609.78	2.01
Brac Bank	10,396,383	537.06	1.77

Top 10 Market Capital

Company	Value (BDT mn)	% of total
GP	433,581	103,842
BATBC	199,746	92,735
Square Pharma	196,703	90,078
Walton Hi-Tech	158,674	82,158
Robi	140,377	77,168

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	2,691.70	2,745.90	-1.97
Silver (USD/t oz.)	31.43	32.58	-3.53
Brent Crude Oil (USD/bbl.)	73.97	72.91	1.45

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	135.06	135.06	136.52	136.52	-1.07	-1.07
GBP	162.86	162.86	162.91	162.91	-0.03	-0.03
AUD	79.43	79.43	79.13	79.13	0.38	0.38
JPY	0.79	0.79	0.79	0.79	0.00	0.00
CAD	86.71	86.71	86.45	86.45	0.30	0.30
SAR	32.11	32.11	32.13	32.13	-0.06	-0.06

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)
-	-	-	-