

White paper reveals capital market loot

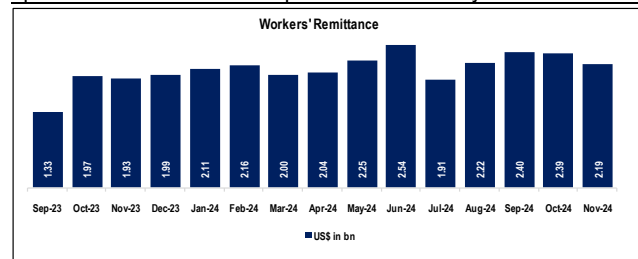
The White Paper Committee revealed its report, “Dissection of a Development Narrative” on 02 December 2024. The document exposed deep-rooted corruption, tax evasion and fiscal mismanagement under the last fascist regime, highlighting how flawed statistics and poor governance have derailed development efforts. The White Paper delivers a scathing indictment of the capital market, exposing systemic manipulation by influential players, from entrepreneurs to regulators. One critical observation is the flawed Initial Public Offering (IPO) valuations, which skewed by the book-building process, favor sponsors at the expense of general investors, while lengthy IPO cycles and settlement delays undermine market efficiency and liquidity. Regulatory gaps have been found to be glaring, with allegations that Bangladesh Securities and Exchange Commission (BSEC) officials exploited legal loopholes and granted concessions, undermining their role as watchdogs. The report notes market rigging as pervasive, with allegations of mutual fund embezzlement and artificial price inflation by powerful players. Notably, the controversial floor price mechanism has been a key focus. Imposed intermittently since 2020, it stifled liquidity and deterred foreign portfolio investments. Investors, unable to sell holdings below the floor, incurred interest costs on margin loans while manipulation in junk stocks persisted. Foreign investors, wary of such restrictions, have largely stayed away, further isolating the market. The legacy of the 2010-11 crash persists, with perpetrators largely unpunished due to political ties, fostering a culture of impunity. The White Paper also criticizes margin loan management, citing Tk130b in negative equity for market intermediaries, driven by inconsistent policies. Meanwhile, the Paper paints a grim picture of the banking sector, revealing that 10 banks are technically bankrupt and illiquid. Combined, these banks hold 33% of the total loans of the banking sector and 32% of its deposits, but their real asset values are only 52% of their reported figures, leading to negative net worth and illiquidity. The document also highlights the staggering level of distressed assets, with Non-Performing Loans (NPLs), restructured loans and written-off bad loans making up 31.7% of all bank loans as of June 2024. The report points to a lack of adequate provisioning, with a recognized shortfall of Tk193b as of June 2024, exacerbated significant levels of under-provisioning for bad loans. The Paper argues that the financial crisis was not driven by external factors but by collusion among business conglomerates, politicians, and key banking figures, distorting banking practices and weakened governance.

GDP growth target revised down

The interim government has revised down the economic growth projection for the current fiscal year to 5.25% from the previous estimate of 6.75%. Experts, however, say that 5.25% Gross Domestic product (GDP) growth is still an ambitious target as the country is facing the blow of political volatility following the recent change in government, ongoing financial crisis and business slowdown. The World Bank (WB) lowered its growth forecast to 4% from 5.7% for the ongoing fiscal year. The International Monetary Fund (IMF) revised down its growth projection to 4.5% for FY2024-25 from the previous estimate of 6.6%. The Asian Development Bank (ADB) also trimmed its growth outlook to 5.1% down from its earlier projection of 6.6%. According to the findings of the White Paper panel, GDP growth has been overstated since 1995 and the practice of making inflated estimates rose after the FY2012-13.

Remittance keeps rising

Overseas remittance inflow increased by 13.93% (Y-o-Y), reaching US\$2.19b in November this year compared to US\$1.93b in the same month of last year, according to Bangladesh Bank (BB) figures. However, November inward remittance marked an 8.3% decline from the US\$2.39b received in October. In July, remittance inflows fell below US\$2b for the first time in several months amid political upheaval. However, the downtrend reversed in August, being up by 39.62% from the US\$1.59b in the same month of 2023 as expatriates sent more money through formal channels following the changes in the political landscape on 05 August this year. In the July-November period of this fiscal year, remittance earnings stood at \$11.13b, up from \$8.80b at the same period of last fiscal year.

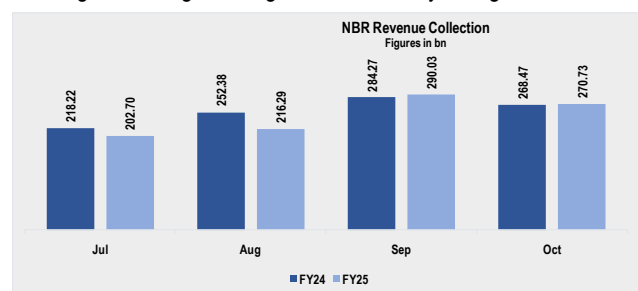


Current account deficit decrease

The current account deficit narrowed sharply in the first four months of FY2024-25 driven mainly by a rise in export earnings and a strong rebound in inward remittances. According to the Bangladesh Bank reports, current account deficit during July-October of FY2024-25 stood at US\$752m, significantly lower than the US\$3.16b deficit during the same period last fiscal year. During the review period, export receipts grew 8.3% to US\$14.29b, while import costs rose to nearly US\$20.95b or expanded nearly 1% (Y-o-Y). The financial account posted a surplus of US\$1.19b, recovering from a deficit of US\$873m a year before. Net foreign direct investment decreased by 19.83% to US\$388m compared with that of US\$484m in the same period of the previous year. The trade gap also narrowed during the four-month period. From July to October period this fiscal year, the trade deficit was US\$6.66b, down from US\$7.54b in the same period of FY2023-24. The balance of payments deficit was US\$2.14b, down from US\$3.83b in the previous fiscal year.

Revenue falls short of target

In the first four months of the current fiscal year, revenue collection fell short of the target set for the period by Tk310b. As per latest figures from the National Board of Revenue (NBR), revenue collection in July-October period of FY2024-25 was Tk1023.34b against the target of Tk1333.34b. The collection was Tk10.55b or 1%, lower than the same period of the last fiscal year. In FY2023-24, NBR collected Tk3.25-trillion in revenue, marking a 7.84% growth against 15.26% a year ago.



Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	6,090.27	6,032.38	0.96
FTSE 100	8,308.61	8,287.30	0.26
Nikkei 225	39,091.17	38,208.03	2.31
SENSEX	81,709.12	79,802.79	2.39
KSE 100	109,005.6	101,356.5	7.55

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	5,196.82	5,192.59	0.08
Total Turnover, Tk	22,217.47	19,065.60	16.53
Market Capital, Tk	3,558,510,991,021	3,565,777,277,258	-0.20
No of Issue Gain	166	213	
No of Issue Loss	178	126	
No of Unchanged Issues	40	51	

Top Gainers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (in BDTmn)
Dragon Sweater	8.30	11.50	38.55	313.27
Miracle Industries	17.60	22.60	28.41	48.42
The Dacca Dyeing	11.20	13.10	16.96	21.73
Desh Garments	69.00	80.30	16.38	14.25
M.L. Dyeing	8.10	9.20	13.58	40.31
Dulamia Cotton Mills	73.80	83.80	13.55	21.13
Prime Fin. First M.F.	39.30	44.50	13.23	233.64
Golden Jubilee M.F.	8.40	9.40	11.90	110.38
National Bank	5.20	5.80	11.54	30.79
EBL First M.F.	3.60	4.00	11.11	3.26

Top Losers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (in BDTmn)
Emerald Oil Industries	31.40	25.80	-17.83	295.39
New Line Clothings	9.70	8.20	-15.46	103.51
BIFC	10.50	9.00	-14.29	2.22
Kohinoor Chemicals	550.70	488.20	-11.35	46.46
NRB Bank	14.30	13.10	-8.39	874.31
Padma Oil	212.00	195.00	-8.02	47.23
Hami Industries	81.80	75.90	-7.21	4.39
Esquire Knit Composite	21.30	19.90	-6.57	15.80
Sikder Insurance	23.20	21.80	-6.03	20.75
BSC	93.80	88.30	-5.86	364.21

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	464.98	466.95	-0.42	2,973.63	3,276.28	-9.24
Cement	277.14	276.31	0.30	200.26	272.05	-26.39
Ceramic	425.95	411.73	3.45	270.78	119.32	126.94
Engineering	3,528.07	3,534.43	-0.18	2,002.42	1,288.52	55.40
Food & Al.	3,938.08	3,930.82	0.18	1,566.28	1,967.10	-20.38
Fuel & Pow.	2,616.04	2,659.11	-1.62	1,248.90	965.29	29.38
Insurance	1,893.62	1,932.50	-2.01	1,213.21	1,337.34	-9.28
IT	433.32	438.34	-1.15	1,446.83	1,349.57	7.21
Jute	1,814.63	1,865.07	-2.70	220.95	382.35	-42.21
Misc.	2,492.29	2,438.57	2.20	812.72	919.43	-11.61
Mutual Fund	342.34	332.71	2.90	901.61	366.28	146.16
NBFI	800.75	792.76	1.01	1,001.60	811.66	23.40
Paper	6,845.97	4,835.03	41.59	305.42	146.84	108.00
Pharma	1,260.10	1,252.35	0.62	2,946.49	2,310.65	27.52
Service	1,128.58	1,105.93	2.05	391.70	277.02	41.40
Tannery	744.05	729.65	1.97	126.34	80.31	57.32
Telecom	3,862.65	3,874.89	-0.32	583.37	452.32	28.97
Textile	1,203.72	1,179.23	2.08	2,466.77	1,578.12	56.31
Travel & Leis.	914.81	937.31	-2.40	531.39	299.81	77.24

Technical Talk

Dhaka stocks closed in green trajectory, riding on selective large-cap issues. Among the major sectors, Mutual Fund increased by 2.9% followed by Textile 2.08%, NBFI 1.01% and Pharma 0.62%.

DSE Broad Index (DSEX) stood at 5,196.82 points after increasing by 4.23 points or 0.08% from the previous week. Total turnover reached at Tk22217.47m, which was 16.53% higher than the previous week. Market capitalization decreased by 0.20% and stood at Tk3558.51b (US\$29.65b) at the weekend against Tk3565.78b. DSE 30 decreased by 4.31 points or 0.22% and closed at 1,911.92 points against 1,916.23 points. Last week's weighted average Market PE was 9.44 which was 9.51 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 42.77 and 36.87 declining from 42.62 and 40.96 respectively, indicating a downtrend.

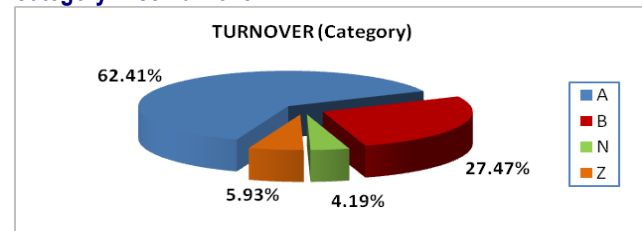
Top Turnover Companies

Company	Volume	Value (BDT mn)	% of total
NRB Bank	62,979,645	874.31	3.94
Genex Infosys	14,277,240	473.43	2.13
Asiatic Laboratories	13,458,924	451.21	2.03
Agni Systems	14,630,431	393.01	1.77
BSC	4,007,485	364.21	1.64
ICB	4,662,200	336.85	1.52

Top 10 Market Capital

Company	Value (BDT mn)	% of total
GP	428,855	103.847
BATBC	190,296	84.769
Square Pharma	189,701	82.915
Walton Hi-Tech	146,587	82.209
Robi	138,281	74.679

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	2,654.90	2,673.90	-0.71
Silver (USD/t oz.)	31.49	31.10	1.24
Brent Crude Oil (USD/bbl.)	71.06	71.98	-1.28

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	133.19	133.19	133.28	133.28	-0.07	-0.07
GBP	160.59	160.59	160.52	160.52	0.04	0.04
AUD	77.06	77.06	78.56	78.56	-1.91	-1.91
JPY	0.81	0.81	0.81	0.81	0.00	0.00
CAD	85.20	85.20	86.13	86.13	-1.08	-1.08
SAR	32.10	32.10	32.10	32.10	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)
-	-	-	-