

Lower penalties fuel share manipulation

Penalty for manipulating share prices in Bangladesh are notably less severe than the global practice of fines that are two to three times greater than the illegal gains. In contrast to other countries, securities rules of Bangladesh do not stipulate a ratio between the fine and the gains from a contravention. Experts opine that the securities laws need to be revised to increase both the minimum and maximum penalties to ensure a stronger regulatory framework. Despite the massive market crashes in 1996 and 2010, the minimum penalty for manipulating share prices has stayed the same for more than 30 years. The minimum penalties were last raised by the regulator from Tk10,000 to Tk0.1m in 1993. In fiscal year 2016-17, the Commission implemented punitive measures in 174 cases, according to BSEC, in FY2020-21, FY2021-22 and FY2022-23, it was 622, 692 and 484 respectively. Meanwhile, the newly formed Commission has increased the amount of fines, imposing penalties based on the severity of offences. Earlier this month, the Bangladesh Securities and Exchange Commission (BSEC) has levied fines exceeding Tk1.35b on ten individuals, including government official Abul Khayer aka Hiro, his family members and two institutions owned by them for manipulating shares of Fortune Shoes, Delta Life Insurance, NRB Commercial Bank and Sonali Paper & Board Mills. Despite prior fines of Tk140m in 2022 for similar violations across eleven companies, Khayer and his associates have only paid Tk50m, while their realized and unrealized gains reportedly total over Tk1.5b. Meanwhile, on 10 December 2024, the BSEC fined twenty-one individual and firms Tk1.34b for manipulating the share prices of Bangladesh Finance, Orion Infusion and Orion Pharma. Earlier in October 2024, for manipulating the share price of Bangladesh Export Import Company (BEXIMCO) Limited, an aggregate record penalty of Tk4.29b was imposed on five companies and four individuals. This is the largest penalty ever levied by the regulator in the history of the local capital market.

Government bank borrowing surge

According to Bangladesh Bank (BB), the government has borrowed Tk562.29b from the commercial banks in the first four months of FY2024-25 to sustain the economy and repay old loans, raising serious concerns about its long-term fiscal health. The government also repaid Tk395.33b of loans hence the net bank loan stands at Tk166.95b, compared to a negative Tk26.71b in the same period of last year. The government borrowing came at a time when many banks are struggling with liquidity issues and are borrowing from BB. Increased borrowing from banks has led to a decline in private sector credit growth for much of the previous fiscal year. This trend has continued into the current fiscal year as well. Credit growth rate in the private sector fell sharply to 8.3% in October 2024 from 9.1% a month ago. This decrease marked the lowest growth rate since May 2021 when the credit growth fell to 7.55%.

Poor performance of SCBs

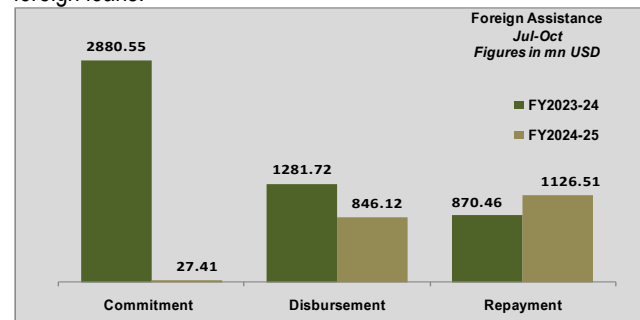
Overall condition of the State-owned Commercial Banks (SCBs) has been deteriorating over time. The central bank instructed four SCBs - Sonali, Janata, Agrani and Rupali and two specialized banks - BASIC Bank and Bangladesh Development Bank to keep non-performing loans within the limit. According to Bangladesh Bank reports, at the end of June 2024, non-performing loans in SCBs had ballooned to Tk1.02-trillion or 32.77% of total outstanding loans amounting Tk3.13-trillion.

Crisis-hit banks to undergo international audit

The new regulation by Bangladesh Bank (BB) enabling local banks to appoint global consultancy firms marks a critical intervention aimed at addressing systemic vulnerabilities in the banking sector. Enacted under the Special Regulations of Bangladesh Bank, 2024, this initiative aims to unearth and rectify governance lapses, deteriorating asset quality and regulatory violations plaguing crisis-hit banks. With the World Bank (WB) and International Monetary Fund (IMF) underwriting the process, firms like KPMG, Ernst & Young or Deloitte are poised to conduct independent assessments, ensuring credibility and transparency. The diagnostic evaluation will delve into critical areas including asset health, corporate governance, regulatory compliance and operational efficiency. By granting banks the latitude to share sensitive customer information, the central bank has signaled its commitment to systemic reform over short-term fixes. This phased evaluation, backed by detailed terms of reference, aligns with global best practices, reinforcing the credibility of the exercise. The findings will provide actionable insights into the root causes of the challenges, paving the way for evidence-based reforms of the sector.

Foreign aid disbursement and commitment down

Bangladesh received foreign aid worth US\$846.12m in the first four months of the current fiscal year, 31% lower than US\$1.28b received in the July-October period of the earlier fiscal year, according to the latest figures of the Economic Relations Division (ERD). Foreign debt repayment stood at US\$1.13b which is 33% higher than the amount received in loans and grants. The government repaid US\$870.46m during July-October of FY2023-24. New foreign aid commitments experienced a drastic fall by over 99%. The loan commitments stood at US\$27.41m in the first four months of the fiscal year, which was US\$2.88b in the same period of the last fiscal year. Sluggish implementation of the development activities pushed down the disbursements of foreign loans.



LC opening hits nine-month low

The opening of Letters of Credit (LCs) for imports declined to US\$5.26b in November 2024, hitting nine months low due to various restrictions imposed by the Bangladesh Bank (BB) and the ongoing Dollar crisis. The previous lowest amount was recorded in February 2024 when it was at US\$5.21b. In the first five months of the FY2024-25, LC opening declined marginally to US\$27.97b compared with that of US\$28.1b in the same period of FY2023-24, as per the BB data. While the official ceiling under the crawling peg system limits Dollar transactions to Tk120, some banks and exchange houses have been buying Dollars at rates ranging from Tk124 to Tk126. Therefore, the selling rate reached near Tk128 each recently.

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	5,970.84	5,930.85	0.67
FTSE 100	8,149.78	8,084.61	0.81
Nikkei 225	40,281.16	38,701.90	4.08
SENSEX	78,699.07	78,041.59	0.84
KSE 100	111,449.5	109,835.6	1.47

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	5,184.45	5,221.57	-0.71
Total Turnover, Tk	11,741.50	14,922.95	-21.32
Market Capital, Tk	3,538,861,207,892	3,565,190,007,911	-0.74
No of Issue Gain	101	172	
No of Issue Loss	250	168	
No of Unchanged Issues	45	57	

Top Gainers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (in BDTmn)
Sharp Industries	18.90	22.10	16.93	35.05
Renwick Jaineswar	598.90	697.30	16.43	2.58
Golden Harvest	10.30	11.40	10.68	71.97
KBPPWBIL	131.00	144.20	10.08	260.44
Far Chemical Ind.	19.40	21.30	9.79	19.05
SK Trims & Ind.	15.00	16.40	9.33	48.25
Provati Insurance	34.40	36.90	7.27	82.87
Orion Infusion	397.80	424.80	6.79	824.22
Sunlife Insurance	66.50	70.90	6.62	183.12
Dominage Steel	12.40	13.20	6.45	94.38

Top Losers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (in BDTmn)
SALAMCRST	11.50	9.70	-15.65	5.56
Monno Agro	417.50	359.30	-13.94	34.09
Peoples Leasing	2.60	2.30	-11.54	4.53
BIFC	8.90	7.90	-11.24	1.87
Jamuna Oil	189.80	170.30	-10.27	166.40
Mercantile Insurance	25.00	22.50	-10.00	0.36
First Finance	3.30	3.00	-9.09	0.44
ICBEPMF1S1	5.50	5.00	-9.09	0.55
Maksons Spinning Mills	6.70	6.10	-8.96	7.54
BD Welding Electrodes	10.70	9.80	-8.41	1.24

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	457.26	459.05	-0.39	1,167.99	1,329.58	-12.15
Cement	269.53	272.37	-1.04	105.76	119.67	-11.63
Ceramic	405.06	413.17	-1.96	41.37	88.66	-53.34
Engineering	3,512.05	3,525.79	-0.39	1,135.30	1,207.38	-5.97
Food & Al.	3,918.80	3,861.71	1.48	790.70	913.33	-13.43
Fuel & Pow.	2,538.92	2,604.60	-2.52	549.52	833.96	-34.11
Insurance	1,842.64	1,860.71	-0.97	1,011.94	853.46	18.57
IT	420.18	418.76	0.34	304.44	585.52	-48.00
Jute	1,757.44	1,789.33	-1.78	78.23	125.63	-37.73
Misc.	2,519.34	2,505.36	0.56	821.14	897.61	-8.52
Mutual Fund	324.71	326.76	-0.63	326.06	346.98	-6.03
NBFI	730.78	758.10	-3.60	357.49	381.69	-6.34
Paper	6,324.47	6,474.62	-2.32	116.89	159.52	-26.73
Pharma	1,278.78	1,292.84	-1.09	2,055.91	3,655.88	-43.76
Service	1,103.79	1,125.95	-1.97	109.78	232.38	-52.76
Tannery	740.93	740.34	0.08	80.03	52.10	53.62
Telecom	3,963.30	4,001.62	-0.96	594.14	813.81	-26.99
Textile	1,179.37	1,201.47	-1.84	1,119.67	1,497.19	-25.22
Travel & Leis.	871.02	882.55	-1.31	109.39	162.70	-32.76

Technical Talk

Dhaka stocks decreased in the last week after a short lived rebound in the previous week as risk-averse investors reluctant to buy stocks amid the ongoing confidence crisis in the market. Among the major sectors, NBFI decreased by 3.6% followed by Fuel & Power 2.52%, Textile 1.84% and Pharma 1.09%.

DSE Broad Index (DSEX) stood at 5,184.45 points after decreasing by 37.12 points or 0.71% from the previous week. Total turnover reached at Tk11741.5m, which was 21.32% lower than the previous week. Market capitalization decreased by 0.74% and stood at Tk3538.86b (US\$29.49b) at the weekend against Tk3565.19b. DSE 30 decreased by 11.02 points or 0.57% and closed at 1,927.28 points against 1,938.30 points. Last week's weighted average Market PE was 9.44 which was 9.5 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 42.54 and 41.55 declining from 43.82 and 47.42 respectively, indicating a downtrend.

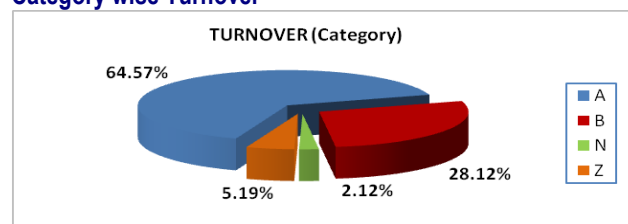
Top Turnover Companies

Company	Volume	Value (BDT mn)	% of total
Orion Infusion	2,008,124	824.22	7.02
Robi Axiata	15,583,965	443.51	3.78
BSC	4,367,011	407.71	3.47
GPH Ispat	12,208,229	275.60	2.35
Oimex Electrode	9,443,545	265.85	2.26
KBPPWBIL	1,866,298	260.44	2.22

Top 10 Market Capital

Company	Value (BDT mn)	% of total
GP	435,472	103,847
Square Pharma	192,005	86,362
BATBC	191,214	83,517
Walton Hi-Tech	148,193	76,797
Robi	146,662	75,321

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t.oz.)	2,636.50	2,640.50	-0.15
Silver (USD/t.oz.)	29.98	30.08	-0.33
Brent Crude Oil (USD/bbl.)	73.41	72.99	0.58

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	131.41	131.41	131.43	131.43	-0.02	-0.02
GBP	158.53	158.53	158.41	158.41	0.08	0.08
AUD	75.03	75.03	75.39	75.39	-0.48	-0.48
JPY	0.77	0.77	0.77	0.77	0.00	0.00
CAD	83.71	83.71	83.94	83.94	-0.27	-0.27
SAR	32.14	32.14	32.13	32.13	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)
-	-	-	-