

Tightening of Investment Rules proposed

The capital market reform taskforce has put forward a set of reform proposals to the Bangladesh Securities and Exchange Commission (BSEC) including changes in margin loan regulations, mutual fund structures and corporate governance practices with an aim to transition towards a more controlled and transparent investment environment. One of the major proposed changes is a ban on individuals acquiring company directorships through margin loans, citing concerns over the ability of the lenders to recover their principal and interest. The proposed Equity Margin Rules 2025 aim to tighten conditions for margin loans, limiting eligibility to investors with a minimum capital of Tk1m and at least six months of secondary market experience. Additionally, the taskforce suggests restricting margin loans to only A-category stocks and lowering the price-to-earnings (P/E) ratio threshold for stocks of banks and financial institutions. In another development, the taskforce has recommended reforms to closed-end mutual funds, proposing liquidation after an initial 10-year tenure which was extended for another 10 years unless converted into open-end funds under specific conditions. A significant hurdle for this conversion is the requirement for 75% of unit holders to approve it to ensure alignment with investor interests. Further proposals include stricter investment guidelines. Mutual funds would be required to allocate a significant portion of their assets to listed securities, with growth and balanced funds targeting at least 51% and 50% exposure respectively. Furthermore, a special audit is mandated whenever a new trustee assumes responsibility in a bid to enhance governance. Additionally, the high-profile five-member Enquiry & Investigation Committee formed by BSEC has submitted reports on six companies, namely Beximco Green Sukuk Al Istisna'a, IFIC Guaranteed Sreepur Township Green Zero-Coupon Bond, Best Holdings Limited, Al-Amin Chemical Industries, Fortune Shoes and Quest BDC Limited. However, the BSEC has withheld any details of individuals implicated in these cases. This move reflects the commitment of the Commission to addressing irregularities and protecting investor interests.

4.22% GDP growth in FY2023-24

The Gross Domestic product (GDP) registered 4.22% growth in the FY2023-24, an 1.6 percentage points lower than initial estimate of 5.82%. Bangladesh Bureau of Statistics (BBS) revised the overall GDP size down to US\$450b in the FY2023-24 in final record from US\$459b in the preliminary estimation. According to revised data from BBS, the growth of agriculture, industry and service sectors dropped in FY2023-24 compared with that in FY2022-23. Of the three sectors, the industry sector grew only 3.51% in FY2023-24, while it logged 8.37% and 9.86% growth in the previous two fiscal years, respectively. Meanwhile, the agricultural sector recorded a 3.30% growth in FY2023-24, down from 3.37% in FY2022-23. The service sector also recorded a growth of 5.09%, down from 5.37% in the previous fiscal year. As a result of the revised GDP, per capita income stood at US\$2,738 in FY2023-24, down from the preliminary estimate of US\$2,784. The investment-to-GDP ratio was recorded at 30.70%, the domestic saving-to-GDP ratio at 23.96% and the national savings-to-GDP ratio at 28.42%. The BBS update also said that it had received final data on export incomes for FY2022-23 and FY2023-24 from the Bangladesh Bank which showed a wide gap with the previous figures. Export incomes as per the BB decreased by 15.29% in FY2022-23 and 21.07% in FY2023-24 from their previous calculations.

BB maintains a tight policy amid inflation risks

Bangladesh Bank (BB) has announced the monetary policy for the second half of FY2024-25, continuing its contractionary stance to control inflation and stabilize the exchange rate. The policy rate remains unchanged at 10%, with the Standing Lending Facility (SLF) at 11.5% and the Standing Deposit Facility (SDF) at 8.5%. During the first half of FY2024-25, private sector credit growth has declined to 7.3% in December 2024, falling short of the 9.8% target due to higher borrowing costs and weaker loan demand. In contrast, public sector credit growth rose to 18.1%, surpassing the 14.2% projection as the government increased its reliance on bank borrowing to meet fiscal obligations, which further crowded out private credit. Meanwhile, the inflation forecast has been revised upwards to a 7%-8% range by June 2025, reflecting lingering cost-push pressures from energy price, disruptions from the twin floods in August and September 2024 and exchange rate pass-through effect. Broad money (M2) growth stood at 7.6% in December 2024, slightly below the 8.2% projection. The central bank maintained the crawling peg exchange rate system, with the midpoint adjusted to Tk119 per dollar in January 2025. The Taka depreciated by less than 3% in H1FY25, supported by interventions from BB and the narrowing of the unofficial and official exchange rate gap. Despite large repayments of past arrears, the current and financial accounts have turned positive during the first half of FY2024-25, aided by stronger remittance inflows and a narrowing trade deficit. This helped stabilize forex reserves around US\$20b, covering 3.7 months of imports. Domestic credit growth reached 9.4%, slightly missing its target, while liquidity support measures, such as repo allotments and emergency assistance to distressed banks, have kept systemic risks in check. The financial sector remains under stress, with ongoing banking reforms targeting liquidity shortages and Non-Performing Loans (NPLs). Market-driven interest rates, introduced in May 2024, have increased the cost of borrowing but are expected to improve financial discipline. Declining treasury yields reflect higher investment demand from banks and Non-Bank Financial Institutions (NBFIs). The policy of gradual forex relaxation and monetary tightening is aimed at stabilizing inflation and external balances. BB expects forex reserves to remain steady, though foreign debt servicing and rising import demand will likely exert pressure. The effectiveness of this policy will be tested in the coming months as fiscal pressures and responses from the financial market shape the broader economic outlook.

Deposits in banks rises

Bangladesh Bank (BB) reported that deposits in the banking sector increased by about Tk357.43b in the three months ending in December 2024, reflecting a gradual recovery of depositor confidence and a reduction in financial irregularities under the interim government. Liquidity support to struggling banks from the stronger banks was a key factor in stabilizing the sector. In addition, the central bank directly provided liquidity support to six weak banks. BB reports revealed that total deposits, excluding interbank and government deposits, rose to Tk17.77-trillion in December up from Tk17.41-trillion in September 2024. This was a significant improvement from Tk17,312.6b in August and Tk17,340.26b in July 2024. Nearly half of the total deposits were term deposits. The top five banks had 32.7% of the total deposits while 46.4% of deposits were concentrated in ten banks.

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	6,114.63	6,025.99	1.47
FTSE 100	8,732.46	8,700.53	0.37
Nikkei 225	39,149.43	38,787.02	0.93
SENSEX	75,939.21	77,860.19	-2.47
KSE 100	112,337.40	110,522.70	1.64

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	5,201.48	5,179.18	0.43
Total Turnover, Tk	21,072.38	21,329.74	-1.21
Market Capital, Tk	3,551,069,123,668	3,532,190,006,294	0.53
No of Issue Gain	183	265	
No of Issue Loss	166	103	
No of Unchanged Issues	49	27	

Top Gainers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (in BDTmn)
New Line Clothings	9.40	12.10	28.72	272.29
Al-Haj Textile Mills	118.40	146.70	23.90	270.44
Appollo Ispat	3.80	4.70	23.68	38.98
Tosrifia Industries	18.50	22.80	23.24	69.33
Nurani Dyeing	3.90	4.80	23.08	10.55
Sonali Paper	131.40	153.20	16.59	253.76
Ring Shine Textiles	4.00	4.60	15.00	36.60
Power Grid	32.00	36.70	14.69	123.78
Silva Pharmaceutical	9.90	11.20	13.13	21.71
Renwick Jaineswar	550.00	620.60	12.84	0.40

Top Losers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (in BDTmn)
ICBSONALI1	7.30	6.30	-13.70	29.87
Hami Industries	118.70	108.00	-9.01	7.15
Express Insurance	51.10	47.10	-7.83	92.94
S. S. Steel	9.40	8.70	-7.45	73.45
Crystal Insurance	51.90	48.20	-7.13	130.31
Khulna Printing	29.60	27.50	-7.09	269.16
Alif Manufacturing	8.50	7.90	-7.06	80.43
Mithun Knitting	16.10	15.00	-6.83	4.44
Alif Industries	87.30	81.40	-6.76	146.13
Padma Islami Life Ins.	18.50	17.30	-6.49	2.42

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	461.63	461.92	-0.06	2,332.34	3,081.16	-24.30
Cement	253.92	252.97	0.37	114.06	121.89	-6.42
Ceramic	453.57	425.23	6.66	245.81	248.42	-1.05
Engineering	3,583.13	3,567.94	0.43	1,805.48	2,057.03	-12.23
Food & Al.	3,846.20	3,844.01	0.06	1,700.43	1,609.39	5.66
Fuel & Pow.	2,572.19	2,513.62	2.33	1,495.14	1,089.79	37.20
Insurance	1,753.70	1,779.27	-1.44	1,352.74	1,498.64	-9.74
IT	423.75	421.44	0.55	781.56	1,006.78	-22.37
Jute	1,462.99	1,454.15	0.61	113.93	98.26	15.95
Misc.	2,546.48	2,545.14	0.05	1,084.78	829.32	30.80
Mutual Fund	311.30	312.64	-0.43	350.12	380.94	-8.09
NBFI	667.59	677.62	-1.48	466.99	430.07	8.59
Paper	6,768.71	6,448.75	4.96	924.68	858.15	7.75
Pharma	1,239.90	1,231.51	0.68	2,531.53	2,778.89	-8.90
Service	1,129.01	1,143.34	-1.25	326.35	427.55	-23.67
Tannery	744.23	740.63	0.49	131.57	129.81	1.35
Telecom	4,186.46	4,146.69	0.96	786.00	750.07	4.79
Textile	1,348.27	1,326.24	1.66	3,197.06	2,914.89	9.68
Travel & Leis.	851.05	847.23	0.45	260.48	207.10	25.77

Technical Talk

Dhaka stocks advanced for the second week in a row as investor confidence increased slightly with the macroeconomic outlook improving and the Bangladesh Bank's decision to maintain the policy rate at its current level. Among the major sectors, Fuel & Power increased by 2.33% followed by Textile 1.66% and Pharma 0.68%.

DSE Broad Index (DSEX) stood at 5,201.48 points after increasing by 22.30 points or 0.43% from the previous week. Total turnover reached at Tk21072.38m, which was 1.21% lower than the previous week. Market capitalization increased by 0.53% and stood at Tk3551.07b (US\$29.11b) at the weekend against Tk3532.19b. DSE 30 increased by 6.21 points or 0.32% and closed at 1,919.11 points against 1,912.90 points. Last week's weighted average Market PE was 9.75 which was 9.72 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 43.36 and 49.11 rising from 42.91 and 49.52 respectively, indicating a downtrend.

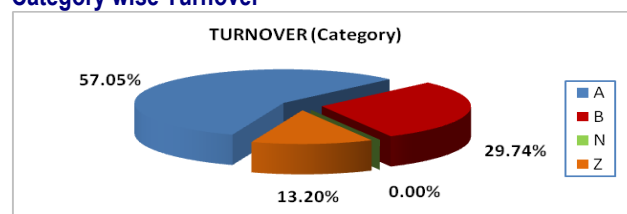
Top Turnover Companies

Company	Volume	Value (BDT mn)	% of total
Robi Axiata	18,463,081	536.30	2.55
Orion Infusion	1,129,028	418.35	1.99
Beach Hatchery	3,511,612	378.38	1.80
Taufika Foods	4,346,147	370.51	1.76
KBPPWBIL	2,120,138	368.47	1.75
BSC	3,907,940	343.31	1.63

Top 10 Market Capital

Company	Value (BDT mn)	% of total
GP	457,212	103,850
Square Pharma	190,764	91,848
BATBC	188,298	83,485
Robi	155,043	75,216
Walton Hi-Tech	148,132	70,317

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	2,893.70	2,886.10	0.26
Silver (USD/t oz.)	32.66	32.19	1.46
Brent Crude Oil (USD/bbl.)	74.57	74.70	-0.17

Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	122.00	122.00	122.00	122.00	0.00	0.00
EUR	131.88	131.88	129.78	129.78	1.62	1.62
GBP	158.18	158.18	155.97	155.97	1.42	1.42
AUD	77.91	77.91	76.90	76.90	1.31	1.31
JPY	0.81	0.81	0.81	0.81	0.00	0.00
CAD	86.46	86.46	85.78	85.78	0.79	0.79
SAR	32.70	32.70	32.69	32.69	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)
-	-	-	-