

UPDATE ON Financial Market



The Journal is running a series of updates on Financial Market of Bangladesh (i.e. Money Market and Capital Market). In this issue of THE COST & MANAGEMENT, Mr. Mohammad Shamsur Rahman, FCMA has given a reflection of relevant changes and updates on Financial Market. The analysis of the market has been done considering the period from November 01, 2020 to December 31, 2020. Mr. Rahman is currently working as Chief Regulatory Officer (CRO) of Chittagong Stock Exchange Limited.

Bangladesh Economic Outlook

- ◆ Reserve money recorded an increase of Taka 38,133.80 crore or 15.19 percent at the end of October 2020 against the increase of Taka 22,919.70 crore or 10.05 percent at the end of October 2019. Of the sources of reserve money, net foreign assets of Bangladesh Bank increased by Taka 66,376.20 crore while net domestic assets of Bangladesh Bank decreased by Taka 28,242.40 crore at the end of October 2020 as compared to October 2019.
- ◆ The twelve-month average general inflation increased to 5.77 percent in October 2020 which was 0.37 percentage point higher than the target of 5.40 percent for FY21.
- ◆ The point-to-point Food inflation increased to 7.34 percent in October 2020 from 6.50 percent in September 2020 while non-food inflation decreased to 5.00 percent in October 2020 from 5.12 percent in September 2020. As a result, point to point general inflation increased significantly to 6.44 percent in October 2020 which was 5.97 percent in September 2020.
- ◆ Total merchandise commodity export during July-October, FY21 increased by USD 123.39 million or 0.97 percent to USD 12,844.64 million compared to USD 12,721.25 million during July-October, FY20. However, according to EPB data, merchandise commodity export in October of FY21, was lower by USD 125.43 million or 4.08 percent and stood at USD 2,947.80 million from USD 3,073.23 million in October of FY20.
- ◆ Custom based import during July-September, FY21 fell by USD 1,637.50 million or 11.43 percent and stood at USD 12,686.50 million against USD 14,324.00 million during July-September, FY20. Settlement of import LCs during July-September, FY21 decreased by 13.75 percent and stood at USD 11,501.27 million against USD 13,335.28 million of July-September, FY20. Fresh opening of import LCs during July-September, FY21 decreased by 8.90 percent and stood at USD 13,300.44 million against USD 14,599.31 million of July-September, FY20.
- ◆ Receipts of workers' remittances during July-October, FY21 increased by USD 2,664.64 million or 43.25 percent and stood at USD 8,825.64 million against USD 6,161.02 million of July-October, FY20.
- ◆ The weighted average call money rate in the inter-bank money market decreased to 2.06 percent up to November 24th of FY21 from 2.61 percent in October of FY21.
- ◆ The general index of industrial production (medium & large-scale manufacturing) increased by 9.29 percent and stood at 470.58 in July of FY21 over July of FY20.
- ◆ Bangladesh Taka and Indian Rupee (INR) appreciated by 0.12 percent and 2.10 percent respectively against the US dollar at the end of October 2020 as compared to its level of end June 2020. As per the latest available data, Bangladesh Taka has recently been depreciating against the Indian Rupee.
- ◆ Trade balance recorded a lower deficit of USD 2039 million during July-September, FY21 as compared to the deficit of USD 3840 million during July-September, FY20. Current account balance incurred surplus at USD

3534 million due to significant increase in inflow of workers' remittances. The overall balance also achieved a remarkable surplus of USD 3098 million during July-September, FY21 as compared to the deficit of USD 204 million during July-September, FY20, with the support of surplus in current account balance.

- ◆ NBR tax revenue during July-September, FY21 stood at Taka 49,989.72 crore which was higher by Taka 1,974.02 crore or 4.11 percent against the collection of Taka 48,015.70 crore during July-September, FY20. While, total tax revenue during July-September, FY21 stood at Taka 50,884.84 crore which was higher by Taka 1,629.89 crore or 3.31 percent against the collection of Taka 49,254.95 crore during July-September, FY20.

The summary of the economic outlook depicted below:

Particulars	30 November 2020	30 December 2020
Foreign Exchange Reserve (In million US\$)	41269.02	43172.47
Interbank Taka-USD Exchange Rate (Average)	84.8000	84.8028
Call Money Rate (Weighted Average Rate)	1.86	2.12
Import (C&F) (in million US\$)	September 2020 4652.50	November 2020 4818.40
Import (f.o.b) (in million US\$)	4304.00	4457.00
Export (EPB) (in million US\$)	September 2020 3018.76	November 2020 3078.95
Rate of Inflation on the basis of Consumer Price Index for National (Base:2005-06=100)	October 2020 5.77	November 2020 5.73
a) Twelve Month Average Basis	6.44	5.52
b) Point to Point Basis		
GDP Growth Rate (in percent, Base: 2005-06=100)	8.15 (2018-19)	5.24 (2019-20)

Source: Bangladesh Bank

Bangladesh Capital Market Updates

- ◆ The stock market regulator has approved National Polymer's application to raise Tk 547.38 million through rights issue. The company will issue one rights share against existing one share (1R:1). The company will issue more than 36.49 million rights shares of Tk15 each, including Tk 5.0 as a premium. The raised fund will be used to cope with the business growth, strengthen the capital base of the company, repay bank loans and purchase land. AAA Financial & Investment Ltd will be the issue manager of the company's rights issue.
- ◆ The Bangladesh Securities and Exchange Commission has approved the following proposal to raise fund from the capital market through an initial public offering under fixed price and book building method:

Name/Nature	Amount	Purpose	Issue managers
Mir Akhter Hossain Limited	Tk 125 crore	Purchase machinery, repay bank loan, and bear the IPO expense.	IDLC Investments Limited
NRB Commercial Bank Limited	Tk 120 crore	Purchase government securities, invest in the secondary market and bear the IPO expense.	Asian Tiger Capital Partners Investment Limited and AFC Capital Limited
Desh General Insurance Company	Tk 16 crore	Invest in treasury bond, fixed deposit receipt (FDR) and capital market along with bearing the IPO expenses.	Prime Finance Capital Management
Sonali Life Insurance Company	Tk 19 crore	Invest the fund in government securities, fixed deposit receipts (FDRs) and in the secondary market.	ICB Capital Management and Agrani Equity and Investment Limited
Index Agro Industries Limited	Tk 50 crore	Construct a building and buy machinery along with bearing the IPO expenses.	AFC Capital Ltd and EBL Investments Limited

- ◆ The Bangladesh Securities and Exchange Commission has allowed the following institutes to float for raising fund through bond:

Name of Institute	Nature of Bond	Amount	Trustee
Social Islami Bank	Unsecured contingent-convertible bond, Mudaraba perpetual bond	Tk 500 crore	EBL Investment Limited

Islami Bank Bangladesh Limited	Non-convertible, fully redeemable, unsecured and unlisted	Tk 600 crore	Green Delta Insurance Company
First Security Islami Bank	Unsecured, contingent convertible, floating rate, Mudaraba Perpetual bond	Tk. 600 crore	Green Delta Insurance Company
United Commercial Bank	Unsecured, floating rate, conditional-convertible, perpetual bond	Tk. 400 crore	MTB Capital
Trust Bank Limited	Unsecured, non-convertible and floating-rate, subordinated bond	Tk. 400 crore	Green Delta Insurance Company

- ◆ The Bangladesh Securities and Exchange Commission has approved the following proposal to raise fund from the capital market:

Name of Sponsor	Nature of fund	Amount	Trustee and Custodian
Candle Stone Investments Partner Ltd	Candle Stone Rupali Bank Growth Fund	Tk 100 crore	Investment Corporation of Bangladesh (ICB) and Brac Bank
UCB AML First Mutual Fund	Open-end mutual fund	Tk 20 crore	Sandhani Life Insurance Company and BRAC Bank

DSE and CSE Market Updates (from November 01, 2020 to December 30, 2020)

- ◆ The DSE Broad Index (DSEX) at the end of December 2020 stood at 5402.07 which was 11.47 percent higher than the index of 4846.1 at the beginning of November 2020. The daily turnover was highest on December 30, 2020. Changes in indices of DSE (from November 01, 2020 to December 30, 2020):

Indices	Open	Close	Point Change	% change
DSEX	4846.1	5402.07	555.97	11.47%
DSES	1098.8	1242.11	143.31	13.04%
DS30	1680.13	1963.96	283.83	16.89%

(*considering 1st November as base)

- ◆ The CSE All Share Price Index (CASPI) at the end of December 2020 stood at 15592.92 which was 12.79 percent higher than the index of 13824.13 at the beginning of November 2020. The daily turnover was highest on December 14, 2020. Changes in indices of CSE (from November 01, 2020 to December 30, 2020):

Indices	Open	Close	Point change	% Change
CASPI (All share index)	13824.13	15592.92	1768.79	12.79%
CSE-30	11370.18	12426.52	1056.34	9.29%
CSCX	8319.75	9403.55	1083.8	13.03%
CSE 50 (Benchmark)	995.32	1160.37	165.05	16.58%
CSI (CSE Shariah Index)	888.07	1018.84	130.77	14.73%

(*considering 1st November as base)

- ◆ The total market capitalization of all shares and debentures of the listed securities of DSE stood higher by 13.45 percent at Tk. 4482.30 billion as on December 30, 2020 from Tk. 3950.99 billion on November 01, 2020. On the other hand, the total market capitalization of all shares and debentures of the listed securities of CSE stood higher 15.23 percent at Tk. 3754.94 billion as on December 30, 2020 from Tk. 3258.59 billion on November 01, 2020.

Source: website of BSEC, DSE & CSE

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