

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 May 01, 2020 to June 30, 2020. Mr. Rahman is currently working as Chief Regulatory Officer (CRO) of Chittagong Stock Exchange Limited.



Bangladesh Economic Outlook

- ◆ The government has signed a loan agreement of \$ 250 million (budget support) with the International Development Association (IDA) of the World Bank Group to finance the 'Second Jobs Development Policy Credit (DPC-2)' programme. The credit amount, to be repaid in 30 years (with 5 years grace period), will have an interest rate of 1.25 per cent along with 0.75 per cent service charge on the outstanding amount. This fund will be utilized for emergency health related services and for implementing stimulus packages announced by the prime minister.
- ◆ Reserve money recorded an increase of Taka 47827.20 crore or 21.25 percent at the end of March, 2020 against the increase of Taka 12839.90 crore or 6.05 percent at the end of March, 2019. Of the sources of reserve money, net foreign assets and net domestic assets of Bangladesh Bank increased by Taka 11723.20 crore and Taka 36104.00 crore respectively at the end of March, 2020 as compared to March, 2019.
- ◆ The twelve-month average general inflation increased to 5.63 percent in April, 2020 which was 0.13 percentage point higher than the target of 5.50 percent for FY20.
- ◆ The point to point Food inflation increased sharply at 5.91 percent and non-food inflation fell to 6.04 percent in April, 2020 from 4.87 and 6.45 percent in March, 2020. Therefore, point to point general inflation significantly increased to 5.96 percent in April, 2020 which was 5.48 percent in March, 2020.
- ◆ Total merchandise commodity export during July-April, 2019-20 fell by USD 4.44 billion or 13.09 percent to USD 29.49 billion compared to USD 33.94 billion during July-April, 2018-19. The export in April, 2020 was also lower by USD 2.21 billion or 80.97 percent and stood at USD 0.52 billion from USD 2.73 billion in March, 2020.
- ◆ Total receipts of workers' remittances during July-April, 2019-20 increased by USD 1.56 billion or 11.76 percent and stood at 14.87 billion against 13.30 billion of July-April, 2018-19. Receipts of workers' remittances in April, 2020 stood lower at USD 1.09 billion against USD 1.28 billion of March, 2020. This was also lower by USD 0.34 billion against USD 1.43 billion of April, 2019.
- ◆ The weighted average call money rate in the inter-bank money market increased to 4.97 percent in May, 2020 from 4.89 percent in April, 2020, moving in-between the interest rate (Repo & Reverse Repo) corridor.
- ◆ Bangladesh Taka and Indian Rupee (INR) have depreciated by 0.53 percent and 8.25 percent respectively against the US dollar at the end of April, 2020 as compared to its level of end June, 2019. As per the latest available data, Bangladesh Taka (BDT) has recently been appreciating against the Indian Rupee.
- ◆ The Bangladesh Bank has reduced the cash reserve ratio for the country's non-bank financial institutions by one percentage point amid liquidity crisis in the country's financial sector. The policy relaxation would allow the NBFIs to utilize around Tk 350 crore, kept as CRR with the BB, for income generation purposes.

The summary of the economic outlook depicted below:

Particulars	30 April 2020	30 June 2020
Foreign Exchange Reserve (In million US\$)	33109.81	36016.76
Interbank Taka-USD Exchange Rate (Average)	84.9500	84.8500
Call Money Rate (Weighted Average Rate)	4.96	5.02
	February 2020	May 2020
Import (C&F) (in million US\$)	4723.70	3533.60
Import (f.o.b) (in million US\$)	4371.00	3270.00
Export (EPB) (in million US\$)	April 2020	May 2020
	520.01	1465.30
Rate of Inflation on the basis of Consumer Price Index for National (Base:2005-06=100)	April 2020	May 2020
a) Twelve Month Average Basis	5.63	5.61
b) Point to Point Basis	5.96	5.35
GDP Growth Rate (in percent, Base: 2005-06=100)	7.86 (2017-18)	8.15 (2018-19)

Source: Bangladesh Bank

Bangladesh Capital Market Updates

- ◆ The Bangladesh Securities and Exchange Commission (BSEC) has approved the initial public offering of Walton Hi-Tech Industries, allowing the company to raise Tk 100 crore by issuing 29.28 lakh shares at Tk 252-315 each. The commission on January 7 allowed Walton to conduct IPO bidding by eligible institutional investors under the book building method of public issue rules. The cut-off price of the company's shares stood at BDT 315 each, but its shares will be allotted to the general investors along with NRB investors at BDT 252 each. The company will use the IPO proceeds in business expansion, paying bank loans and meeting the IPO expenses. AAA Finance and Investment is the issue manager of the company's IPO.
- ◆ The market regulator has allowed City Bank and Jamuna Bank to float non-convertible perpetual bonds worth Tk 400 crore each. The banks will float the bonds that include unsecured nonconvertible, Basel III compliant perpetual and floating rate bonds. The face value of each unit of the bonds of the two banks will be Tk 10 lakh and coupon rate will be 11-14 per cent. Only banks, financial institutions, corporate institutions and other eligible investors will be allowed to subscribe the bonds through private placement. IDLC Investment Limited is acting as the trustee while City Bank Capital Resources Limited is the lead arranger for both the bonds.
- ◆ The BSEC has approved the RACE Special Opportunities Unit Fund, an open-ended mutual fund with a primary target to raise Tk 350 million of which Tk 250 million came from Premier Bank, the sponsor of the fund. The remaining Tk 100 million will be collected through sales of units of Tk 10 each. Bangladesh RACE Management PCL is the fund manager of the unit fund.
- ◆ The public subscription of Express Insurance Ltd has been extended until July 2, 2020 with the permission of securities regulator. The IPO (initial public offering) subscription of the non-life insurer, which took place between June 14 and June 18, will now continue until July 02, 2020. AAA Finance and Investment, IIDFC Capital, and BLI Capital are working as issue managers of Express Insurance.

DSE and CSE Market Updates (from May 31, 2020 to June 30, 2020)

- ◆ The benchmark index of Dhaka Stock Exchange (DSEX) was 0.48 percent lower than of the beginning of the month. The daily turnover was highest on June 28, 2020. Changes in indices of DSE (from May 31, 2020 to June 30, 2020):

Indices	Open	Close	Point Change	% change
DSEX	4008.29	3989.03	-19.26	-0.48
DSES	920.69	925.08	4.39	0.47
DS30	1330.86	1340.98	10.12	0.76

(*considering 31st May as base)

- ◆ The benchmark index of Chittagong Stock Exchange (CSE50) was 0.15 percent higher than of the beginning of the month. The daily turnover was highest on June 28, 2020. Changes in indices of CSE (from May 31, 2020 to June 30, 2020):

Indices	Open	Close	Point Change	% change
CASPI (All share index)	11328.00	11332.59	4.59	0.04
CSE-30	9975.51	9925.12	-50.39	-0.50
CSCX	6859.90	6862.14	2.24	0.032
CSE 50 (Benchmark)	815.00	816.29	1.29	0.15
CSI (CSE Shariah Index)	729.30	733.28	3.98	0.54

(*considering 31st May as base)

- ◆ The total market capitalization of all shares and debentures of the listed securities of DSE stood lower by 1.33 percent at Tk. 3119.67 billion as on June 30, 2020 from Tk. 3316.18 billion on May 31, 2020. On the other hand, the total market capitalization of all shares and debentures of the listed securities of CSE stood lower 1.37 percent at Tk. 2447.57 billion as on June 30, 2020 from Tk. 2481.50 billion on May 31, 2020.

Source: website of BSEC, DSE & CSE

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