

# 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, 2021 to December 30, 2021. Mr. Rahman is former Chief Regulatory Officer (CRO) of Chittagong Stock Exchange Limited and is currently working as Deputy General Manager of Small and Medium Enterprise Foundation.

## Bangladesh Economic Outlook

- ◆ Bangladesh has received investment proposals totaling \$21.17 billion since the coronavirus pandemic struck the world nearly two years ago. The Bangladesh Investment Development Authority (Bida), has got proposals involving \$14.77 billion, the Bangladesh Economic Zones Authority \$5 billion, the Bangladesh Export Processing Zones Authority \$1.35 billion, and the Bangladesh Hi-Tech Park Authority \$5.5 billion. The proposals were received by the four investment promotion agencies between January 2020 and December 20 this year, and the figures were disclosed at the ongoing Dubai Expo 2020.
- ◆ The central bank relaxed rules for foreign nationals residing in Bangladesh to send remittances to their home countries. Foreigners were allowed to send home 75 per cent of their monthly income, but now they will be able to remit up to 80 per cent. The rest of the money, kept in the form of savings in banks, could be repatriated when the foreigners left permanently after expiry of their job contracts. But now the new rule allows repatriating the remainder at the end of every fiscal year.
- ◆ Thailand has decided to offer the duty-free, quota-free (DFQF) facility for Bangladeshi products in its market until 2026 to enhance bilateral trade volume. The previous such arrangement between the countries expired on December 31, 2020. The Thai Embassy in Dhaka has recently conveyed its government's latest decision on the DFQF scheme to the Ministry of Commerce (MoC). Bilateral trade between Bangladesh and Thailand dropped to US\$910.05 million in 2020 from \$1,067.90 million in 2019.
- ◆ Bangladesh has decided to join the world's largest trading bloc, the Regional Comprehensive Economic Partnership (RCEP), to stay eligible for duty-free trade facilities in the markets of nearly one-third of the global economies after it graduates to a developing nation in 2026.
- ◆ The central bank will lend \$50 million to under-pressure Sri Lanka as part of Bangladesh's efforts to support the Island nation suffering from a foreign exchange crisis. The credit under the first-ever loan to any country from Bangladesh will be given under the currency swap agreement inked by the BB and the Central Bank of Sri Lanka (CBSL). As per the deal, the BB will provide a total of \$250 million to help prop up the island nation's fast-depleting foreign reserves and ease pressure on its exchange rate. The Bangladesh Bank has extended validity of the credit facility it extended to Sri Lanka by three months after the expiry of the first three-month tenure of the credit facility.
- ◆ The Asian Development Bank (ADB) has confirmed US\$2.6 billion and pledged another tranche of \$1.96 billion in assistance for Bangladesh to facilitate socioeconomic recovery and bankrolling its development recipe respectively. A release from the bank said that the first amount for the last fiscal year was meant for helping the country's recovery from the Covid-19 shocks. And the second tranche is committed for financing projects and programmes. The aid package helps Bangladesh strengthening its public health system, speeding up the

country's social and economic recovery by widening social safety-net coverage, providing salary support to workers in export-oriented industries, and extending low-interest loans to affected industries and farmers.

- ◆ Bangladesh's foreign exchange reserve money recorded a decrease to Taka 46,073.32 crore at the end of December 2021 as compared to October 2021.
- ◆ The twelve-month average general inflation increased to 5.48 percent in November 2021 which was 5.44 in the month of October 2021.
- ◆ The point-to-point Food inflation increased to 5.98 percent in November 2021 from 5.70 percent in October 2021.

The summary of the economic outlook depicted below:

Particulars	31 October 2021	30 December 2021
<b>Foreign Exchange Reserve (In million US\$)</b>	46,459.3	46,073.32
<b>Interbank Taka-USD Exchange Rate (Average)</b>	85.6667	85.8000
<b>Call Money Rate (Weighted Average Rate)</b>	2.33	3.16
<b>Import (C&amp;F)</b> (in million US\$)	<b>November, 2020</b>	<b>November, 2021</b>
<b>Import (f.o.b)</b> (in million US\$)	4818.40	7854.60
	4457.00	7266.00
Export (EPB) (in million US\$)	<b>December, 2020</b>	<b>December, 2021</b>
	3309.86	4907.68
<b>Rate of Inflation on the basis of Consumer Price Index for National (Base:2005-06=100)</b>	<b>October, 2021</b>	<b>November, 2021</b>
<b>a) Twelve Month Average Basis</b>	5.44	5.48
<b>b) Point to Point Basis</b>	5.70	5.98
<b>GDP Growth Rate (in percent, Base: 2015-16=100)</b>	3.45 (2019-20)	5.43 (2020-21)

Source: Bangladesh Bank

## Bangladesh Capital Market Updates

- ◆ Securities market swallows a gain-only bond as the Tk 50-billion government Sukuk was oversubscribed nearly five times to Tk 233.04 billion in its auction. A total of 31 institutions -- both conventional and Shariah-compliant financial institutions -- along with three individuals took part in the auction of the Bangladesh Government Investment Sukuk (BGIS), generally known as Ijarah Sukuk, held at the central bank. A financial unit styled special-purpose vehicle (SPV) allocated the bond certificates as per set quota for the auction of the blue chip, Sukuk. Bangladesh Bank (BB) had earlier set the quota with priority given to Shariah-based Islamic banks, non-banking financial institutions (NBFIs) and insurance companies for staking their bets. A separate Islamic securities unit under the Debt Management Department of the central bank acts as SPV. Investors will receive a profit of 4.65 per cent annually on their investment in the Islamic bonds. The capital gains will be paid on a half-yearly basis. In the private sector, BEXIMCO, a leading business conglomerate of Bangladesh, has already issued asset-backed Green-Sukuk bonds worth Tk 30 billion for the first time in the country for expanding its businesses.
- ◆ The BSEC approved a closed end mutual fund of Tk 50 crore sponsored by the stabilisation fund. ICB Asset Management Company is the manager of "Shuborno Joyonti Fund", having a tenure of 10 years and planned marking the country's 50 years of independence. For the celebrations, the BSEC also decided to award the top-performing market intermediaries -- stock broker, merchant bank and asset Management Company. The stock market regulator approved an Investment Corporation of Bangladesh (ICB) investment of Tk 100 crore from a capital market stabilisation fund to ensure liquidity in the secondary market.
- ◆ The Bangladesh Securities and Exchange Commission allowed JMI Hospital Requisite Manufacturing Limited to raise Tk 75 crore through an initial public offering under the book building method. The company will

discover its IPO cut off price through participation of eligible investors in bidding. The company will utilise the IPO proceeds in purchasing machinery, construction buildings, land development, paying loans and meeting IPO expenses. Janata Capital and Investment Limited is the issue manager of the company. Under the BSEC approval, JMI Hospital must distribute shares to general investors at 20 per cent discounted rate of the accrued cut off price.

- ◆ The Bangladesh Securities and Exchange Commission has approved the draft prospectuses of the following three open-end mutual funds (MFs):

Name of Fund	Nature of fund	Amount	Trustee
Ekush Growth Fund	Open-end mutual fund	Tk 25 crore	Ekush Wealth Management
Bangladesh Race Management Private Fund	Open-end mutual fund	Tk 25 crore	SENTINEL Trustee & Custodian Services Limited
HF Asset Management Limited Shariah Unit Fund	Open-end mutual fund	Tk 25 crore	Investment Corporation of Bangladesh
EDGE High Quality Income Fund	Open-end mutual fund	Tk 25 crore	Sandhani Life Insurance Company 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
AB Bank Limited	Additional Tier-I compliant Perpetual Bond	Tk 600 crore	MTB Capital Limited
NRB Commercial Bank Limited	Non-convertible, fully redeemable, unsecured, Subordinated Bond	Tk 300 crore	
	UCB Investments Limited		
Premier Bank Limited	Basel-III compliant Perpetual Bond	Tk 200 crore	MTB Capital Limited
Pubali Bank Limited	Basel-III compliant Perpetual Bond	Tk 500 crore	Green Delta Capital Limited
Jamuna Bank Limited	Coupon bearing subordinated bond	Tk 250 crore	EC Securities Limited
Meghna Bank Limited	Coupon bearing subordinated bond	Tk 200 crore	--
Southeast Bank Limited	Floating rate, subordinated bond	Tk 500 crore	--

### DSE and CSE Market Updates (from November 01, 2021 to December 30, 2021)

- ◆ The DSE Broad Index (DSEX) at the end of December 2021 stood at 6756.66 which was 3.49 percent lower than the index of 7000.95 at the beginning of November 2021. The daily turnover was highest on November 21 2021. Changes in indices of DSE (from November 01, 2021 to December 30, 2021):

Indices	Open	Close	Point Change	% Change
DSEX	7000.95	6756.66	-244.29	-3.49%
DSES	1470.5	1431.12	-39.38	-2.68%
DS30	2620.6	2532.58	-88.02	-3.36%

(\*considering 01st November 2021 as base)

- ◆ The CSE All Share Price Index (CASPI) at the end of December 2021 stood at 19,666.07 which was 3.98 percent lower than the index of 20,480.31 at the beginning of November 2021. The daily turnover was highest on December 22, 2021. Changes in indices of CSE (from November 01, 2021 to December 30, 2021):

change	Open	Close	Point Change	% change
CASPI (All share index)	20480.31	19,666.07	-814.24	-3.98%
CSE-30	14447.93	13913.13	-534.8	-3.70%
CSCX	12305.08	11813.45	-491.63	-4.00%
CSE 50 (Benchmark)	1528.94	1471.5	-57.44	-3.76%
CSI (CSE Shariah Index)	1266.49	1211.44	-55.05	-4.35%

(\*considering 01st November 2021 as base)

- ◆ The total market capitalization of all shares and debentures of the listed securities of DSE stood lower by 3.02 percent at Tk. 5421.96 billion as on December 30, 2021 from Tk. 5590.87 billion on November 01, 2021. On the other hand, the total market capitalization of all shares and debentures of the listed securities of CSE also stood lower 4.27 percent at Tk. 4700.24 billion as on December 30, 2021 from Tk. 4909.78 billion on November 01, 2021.

Source: website of BSEC, DSE & CSE

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