

PORTFOLIO



**CHITTAGONG
STOCK
EXCHANGE**

PORTFOLIO

SECOND QUARTER 2024

APRIL-JUNE 2024

The quarterly publication PORTFOLIO is published by Publication Department, Chittagong Stock Exchange PLC.

CSE Portfolio Invites Article:

Articles on subjects of interest to professionals in the securities market are welcome.

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Chittagong Stock Exchange PLC has recorded the highest transaction in its history. On June 30, 2024, shares and units worth Tk 6.24 billion were traded in CSE. A few companies traded large shares around the closing of June. Earlier, last year in 2023, the highest transaction in the history of CSE was Tk 5.30 bn. At the end of this financial year, the shares of 5 big companies have been traded for more than Tk 5.12 bn.

The capital market will play a leading role in the provision of large amounts of money, not banks as said by Dr. Sheikh Shamsuddin Ahmed, Honorable Commissioner, Bangladesh Securities and Exchange Commission, recently, in a seminar. The capital market can play a leading role in the economic development of the country in the provision of money in a large scale and in the long term. Although this type of financing is not appropriate from the bank sector, though it is still common in our country due to various reasons.

It is notable that CSE proposed to provide guidelines for qualitative expansion and sustainable development of the capital market in the national budget on the first working day of June, before announcing the national budget by the government. Creating an appropriate financial market structure is crucial to align with the current government's strategic development plan of upgrading Bangladesh to a middle-income country and a developed country by 2041. CSE also proposed to determine short and mid-term plans in the budget for the development of the capital market. In order to increase the tax-GDP ratio, increasing the number of listed companies and investors by reducing the tax rate of listed companies is important. As the honorable chairman of CSE said, the number of investors in the capital market is very small compared to the population. A downward trend has been observed for the past few years. Removal of double taxation on dividends is essential to increase the number of institutional and individual investors in the market. Besides, withdrawal of tax on capital gains of institutional investors and new taxation in this case should be avoided. Different strategies can be taken for the sake of sustainable development of the market. Among these, tax exemption for 3 years can be provided to encourage listing on traditional alternative trading boards and small cap boards. Apart from this, it is necessary to withdraw all taxes on hardware and software invested in commodity and equity derivatives for easy launch and provide tax exemption for five years to commodity exchanges to easily establish commodity exchanges.

CSE is pressing continuously to support formulating national policy for qualitative expansion of capital market.

Moreover, in order to increase the tax-GDP ratio and to encourage domestic and foreign institutional investment in the capital market, it is possible to increase sea-based investment in Bangladesh to a large extent if tax concessions are provided to blue bonds and green bonds with full tax exemption.

It is commendable that the Honorable Chairman of Bangladesh Securities and Exchange Commission (BSEC) recently announced that capital gains tax will not be levied in the capital market, according to media reports. The International Monetary Fund (IMF) authorities give different advice to Bangladesh every year. One of them is the imposition of tax on capital gains. But this is not possible in the current context of Bangladesh, so the decision of BSEC not to impose tax on capital gains during discussions with National Board of Revenue (NBR) on this issue is expected to encourage investors to invest more in the capital market.

Other countries around the world are moving forward through bond issues. Developmental works of the government should be done through issuing bonds. Then the tax burden on the people is reduced. Moving the country's economy forward through the stock market should become one of our main goals in the near future. Chairman of BSEC also mentioned recently that the developed countries of the world, including the United States, do national development through bonds. America issues trillions of dollars in bonds, they issue when they need to. Even a significant part of the money from Saudi Arabia's oil sales is stored there by the US central bank through bond issues, said John Perkins in his famous book.

Unfortunately, we have not yet formulated a national penetration policy in the corporate bond market development.

Meanwhile, along with the bond issue, new horizons are going to be opened in the country's economy by granting license to Chittagong Stock Exchange PLC by BSEC to establish commodity exchange. As the CSE is going to launch the commodity exchange, it is not realistic for the buyer-seller-consumer to expect that the commodity prices will come down to the expected level or be controlled once the commodity exchange is activated. Commodity exchange, also known as futures market or futures exchange, is an organized market for the purchase and sale of executory contracts, from which wheat, gold or cotton or other financial instruments can be traded at a specified future date. It is notable that OTC derivatives have not yet been developed in our country. Moreover, public expectations around commodity exchange will not gain proper foundation until policy or to-do determination for spot market, formulation of warehouse or storage regulations etc. are well completed.

But once the commodity exchange is launched, a standard mechanism of price discovery will be created and a structured ecosystem will stand up once investments in various areas including storage begin.

Economic Outlook

04 July 2024

	30 June 2023	30 June 2024	30 May 2024 ^R	30 June 2024			
1. Foreign Exchange Reserve (in million US\$)	31203.00	31203.00	24197.20	26815.23	21787.00 (BPM6)		
2. Interbank Taka-USD Exchange Rate (average)	03 July 2023	30 June 2024	30 June 2024	03 July 2024			
	108.8111	118.0000	118.0000	117.9355			
3. Overnight Call Money Rate	03 July 2023	30 June 2024	30 June 2024	03 July 2024			
Weighted Average Rate (in Percent)	6.37	9.01	9.01	8.78			
4. Broad/Overall Share Price Index	03 July 2023	30 June 2024	03 July 2024	Percentage change			
				03 Jul 24 over Jun 24	03 Jul 23 over Jun 23		
a) Dhaka Stock Exchange (DSE) [@]	6331.36	5328.40	5373.84	0.85	-0.20		
b) Chittagong Stock Exchange (CSE)	18705.40	15066.82	15157.03	0.60	0.02		
5. a) Wage Earners' Remittances (in million US\$)	June, 2023	FY23	June, 2024 ^P	FY24 ^P	FY23		
	2199.08	21610.73	2541.65	23915.27	21610.73		
b) Annual Percentage Change	19.69	2.75	15.58	10.66	2.75		
6. a) Import (C&F) (in million US\$)	April, 2023	July-Apr., FY23	April, 2024 ^P	July-Apr., FY24 ^P	FY23		
	5225.00	63500.00	5996.00	55213.00	75061.60		
b) Annual Percentage Change	-32.33	-14.44	14.76	-13.05	-15.81		
a) Import(f.o.b) (in million US\$)	April, 2023	July-Apr., FY23	April, 2024 ^P	July-Apr., FY24 ^P	FY23		
	5801.00	59740.00	6753.00	52373.00	69495.00		
b) Annual Percentage Change	-18.81	-13.00	16.41	-12.33	-15.76		
7. a) Export (EPB) (in million US\$)*	May, 2023	July-May, FY23	May, 2024 ^P	July-May, FY24 ^P	FY23		
	4849.62	50527.24	4070.93	51542.70	55558.77		
b) Annual Percentage Change	26.61	7.11	-16.06	2.01	6.67		
8. Current Account Balance (in million US\$)	July-April, FY23		July-April, FY24 ^P	FY23			
	-10188.0		-5729.0	-2665.0			
9. a) Tax Revenue (NBR) (Tk. in crore)	May, 2023	July-May, FY23	May, 2024 ^P	July-May, FY24 ^P	FY23		
	32122.16	282416.80	35001.98	324378.20	331454.89		
b) Annual Percentage Change	28.65	9.22	8.97	14.86	9.89		
10. Investment in National Savings Certificates (Tk. in crore)	May, 2023	July-May, FY23	May, 2024 ^P	July-May, FY24 ^P	FY23		
a) Net sale	551.07	-3028.71	-3094.71	-17742.95	-3295.94		
b) Total Outstanding	362260.50	362260.50	349650.48	349650.48	360714.19		
11. a) Reserve Money (RM) (Tk. in crore)	May, 2023	June, 2023 ^R	May, 2024 ^P	Percentage change			
				May'24 over May'23	May'24 over Jun'23	May'23 over Jun'22	FY23
	348268.70	383585.20	360751.70	3.58	-5.95	0.32	10.49
b) Broad Money (M2) (Tk. in crore)	1819909.60	1887167.90	1971804.70	8.35	4.48	6.54	10.48
Total Domestic Credit (Tk. in crore)	1876461.40	1926770.70	2095321.80	11.66	8.75	12.25	15.25
12. a) Net Credit to the Govt. Sector	361186.10	387349.80	424509.20	17.53	9.59	27.49	36.72
b) Credit to the Other Public Sector	44951.70	45164.70	48354.50	7.57	7.06	20.84	21.41
c) Credit to the Private Sector	1470323.60	1494256.20	1622458.10	10.35	8.58	8.81	10.58

	July-March, FY23		July-March, FY24 ^P		Percentage change				
	Opening	Settlement	Opening	Settlement	July-March, FY24		FY23		
					Opening	Settlement	Settlement		
L/C Opening and Settlement (in million US\$)	Opening	Settlement	Opening	Settlement	Opening	Settlement	Settlement		
13. a) Consumer Goods	6148.45	6032.24	5247.90	4821.84	-14.65	-20.07	-11.37		
b) Capital Machinery	2389.18	2822.99	1939.04	2126.28	-18.84	-24.68	-36.65		
c) Intermediate Goods	4112.94	4112.18	3427.48	3694.03	-16.67	-10.17	-23.67		
d) Petroleum	7270.13	7447.24	7013.60	6847.22	-3.53	-8.06	15.93		
e) Industrial Raw Materials	17913.85	20827.14	17661.15	16271.29	-1.41	-21.87	-13.94		
f) Others	14519.52	15206.28	16086.75	15580.20	10.79	2.46	-4.96		
Total	52354.07	56448.07	51375.92	49340.86	-1.87	-12.59	-12.38		
Rate of Inflation on the basis of Consumer Price Index for National (Base:2005-06=100)	June, 2022	December, 2022	June, 2023 [#]	December, 2023 [#]	January, 2024 [#]	February, 2024 [#]	March, 2024 [#]	April, 2024 [#]	May, 2024 [#]
a) Twelve Month Average Basis	6.15	7.70	9.02	9.48	9.59	9.66	9.69	9.73	9.73
b) Point to Point Basis	7.56	8.71	9.74	9.41	9.86	9.67	9.81	9.74	9.89
Corresponding Period	June, 2021	December, 2021	June, 2022	December, 2022	January, 2023	February, 2023	March, 2023	April, 2023	May, 2023
a) Twelve Month Average Basis	5.56	5.55	6.15	7.70	7.92	8.14	8.39	8.64	8.84
b) Point to Point Basis	5.64	6.05	7.56	8.71	8.57	8.78	9.33	9.24	9.94
Classified Loan	June, 2021	December, 2021	June, 2022	December, 2022	March, 2023	June, 2023	September, 2023	December, 2023	March, 2024
15. a) % of Classified Loan on Total Outstanding	8.18	7.93	8.96	8.16	8.80	10.11	9.93	9.00	11.11
b) % of Net Classified Loan on Net Outstanding	-0.47	-0.43	0.49	-0.08	0.30	1.58	1.22	0.59	2.44
Agricultural and Non-farm Rural Credit (Tk. in crore)	April, '23	May, '23	July-May, FY23	April, '24	May, '24 ^P	July-May, FY24 ^P	FY23	FY22	FY21
16. a) Disbursement **	2807.06	2368.21	29297.80	3436.54	3191.92	33296.09	32829.89	28834.21	25511.35
b) Recovery	2668.16	3212.52	30100.73	3538.44	3426.43	32375.61	33010.09	27463.41	27123.90
c) Outstanding	51659.19	51063.85	51063.85	56487.15	56331.17	56331.17	52704.45	49802.28	45939.80
SME Loan (Tk. in crore)	Apr-Jun, FY22	Jul-Sept, FY23	Oct-Dec, FY23	Jan-Mar, FY23	Apr-Jun, FY23 ^P	Jul-Sept, FY24 ^P	Oct-Dec, FY24 ^P	FY23	FY22
17. a) Disbursement	56484.26	51676.81	60611.61	49068.40	62747.05	52654.90	64841.99	224103.87	207395.04
b) Outstanding	271448.58	273906.60	282896.54	283236.32	295842.02	298339.27	304241.45	295842.02	282896.54
Industrial Term Loan (Tk. in crore)	Oct-Dec FY22	Jan-Mar, FY22	Apr-Jun, FY22	Jul-Sept, FY23	Oct-Dec, FY23	Jan-Mar, FY23 ^P	Apr-Jun, FY23 ^P	FY23	FY22
18. a) Disbursement	18772.59	17340.49	21413.63	18562.45	29574.55	20907.66	26127.36	95172.03	72360.96
b) Recovery	18477.42	16572.97	16832.73	20610.17	50593.69	17899.35	17290.02	106393.23	64862.58
c) Outstanding	308918.45	310572.40	320410.22	328742.50	360051.14	383075.76	395317.82	395317.82	320410.22
19. GDP Growth Rate (in percent, Base: 2015-16)	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23 ^R	FY24 ^P
	7.27	6.59	7.32	7.88	3.45	6.94	7.10	5.78	5.82

Note: ** = About 52.36% of the target for agricultural credit disbursement has been achieved in the first six months of FY2023-24. P=Provisional, R=Revised, N= new base: 2015-16. #=Base Index 2021-22=100

@= DSE has been publishing Broad Index instead of General Index from 01 August, 2013.

*Revised according to the revised definition (primary commodities+manufactured commodities) of commodity exports by EPB.

Source : Bangladesh Bank's website

World Stock Market

Americas

Name	Value	Net Change	% Change	1 Month	1 Year	Date
INDU:IND DOW JONES INDUS. AVG	39,721.36	+429.39	+1.09%	+2.51%	+15.94%	7/10/2024
SPX:IND S&P 500 INDEX	5,633.91	+56.93	+1.02%	+4.81%	+26.91%	7/10/2024
CCMP:IND NASDAQ COMPOSITE	18,647.45	+218.16	+1.18%	+7.52%	+35.51%	7/10/2024
NYA:IND NYSE COMPOSITE INDEX	18,215.18	+166.60	+0.92%	+1.65%	+14.58%	7/10/2024
SPTSX:IND S&P/TSX COMPOSITE INDEX	22,350.22	+307.72	+1.40%	+2.11%	+12.43%	7/10/2024

Europe, Middle East & Africa

Name	Value	Net Change	% Change	1 Month	1 Year	Date
SX5E:IND Euro Stoxx 50 Pr	4,978.31	+19.45	+0.39%	+0.27%	+16.11%	7/10/2024
UKX:IND FTSE 100 INDEX	8,225.39	+31.88	+0.39%	+0.95%	+12.90%	7/10/2024
DAX:IND DAX INDEX	18,445.19	+37.97	+0.21%	+0.41%	+16.82%	7/10/2024
CAC:IND CAC 40 INDEX	7,610.45	+36.90	+0.49%	-2.29%	+5.56%	7/10/2024
IBEX:IND IBEX 35 INDEX	11,111.80	+40.20	+0.36%	-0.57%	+18.86%	7/10/2024

Asia Pacific

Name	Value	Net Change	% Change	1 Month	1 Year	Date
NKY:IND NIKKEI 225	42,224.02	+392.03	+0.94%	+7.89%	+31.12%	7/10/2024
TPX:IND TOPIX INDEX (TOKYO)	2,929.17	+19.97	+0.69%	+5.49%	+30.98%	7/10/2024
HSI:IND HANG SENG INDEX	17,832.33	+360.66	+2.06%	-1.89%	-4.35%	7/10/2024
SHSZ300:IND CSI 300 INDEX	3,468.17	+39.20	+1.14%	-2.11%	-10.37%	7/10/2024
AS51:IND S&P/ASX 200 INDEX	7,889.64	+72.83	+0.93%	+1.73%	+10.98%	7/10/2024
MXAP:IND MSCI AC ASIA PACIFIC	185.01	+0.94	+0.51%	+3.29%	+13.33%	7/10/2024

Source: Bloomberg

World Bank Commodities Price Data (The Pink Sheet)

July 2, 2024

	Unit	Annual Averages			Quarterly Averages				Monthly Averages				
		Jan-Dec	Jan-Dec	Jan-Dec	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	April	May	June	
		2021	2022	2023	2023	2023	2023	2024	2024	2024	2024	2024	
Energy													
Coal, Australia **	\$/mt	a/	138.1	344.9	172.8	164.7	151.9	136.9	126.9	137.4	135.0	142.0	135.1
Coal, South Africa **	\$/mt		119.8	240.6	119.1	111.8	98.1	115.4	105.6	105.3	104.9	105.6	105.3
Crude oil, average	\$/bbl		69.1	97.1	80.8	76.6	85.3	82.1	80.6	83.6	88.0	81.4	81.2
Crude oil, Brent	\$/bbl	a/	70.4	99.8	82.6	78.2	86.8	84.0	83.1	84.9	90.1	82.0	82.6
Crude oil, Dubai	\$/bbl		68.8	97.0	82.0	77.9	86.7	83.8	81.6	85.0	89.4	83.5	82.2
Crude oil, WTI	\$/bbl		68.0	94.4	77.7	73.8	82.5	78.4	77.0	80.8	84.6	78.8	78.9
Natural gas, Index	2010=100		130.7	281.6	102.9	89.3	91.2	106.5	76.8	81.1	70.6	82.2	90.4
Natural gas, Europe **	\$/mmbtu	a/	16.12	40.34	2.00	11.33	10.76	13.52	8.75	10.03	9.09	10.12	10.87
Natural gas, U.S.	\$/mmbtu	a/	3.85	6.37	2.54	2.16	2.59	2.74	2.13	2.08	1.60	2.13	2.51
Liquefied natural gas, Japan	\$/mmbtu	a/	10.76	18.43	14.39	13.49	12.58	13.26	13.72	12.05	11.88	12.16	12.11
Non Energy													
Agriculture													
Beverages													
Cocoa	\$/kg	b/	2.43	2.39	3.28	3.01	3.49	3.96	5.68	8.52	9.74	7.54	8.27
Coffee, Arabica	\$/kg	b/	4.51	5.63	4.54	4.83	4.14	4.35	4.56	5.28	5.27	5.08	5.48
Coffee, Robusta	\$/kg	b/	1.98	2.29	2.63	2.72	2.76	2.77	3.43	4.26	4.23	4.04	4.50
Tea, average	\$/kg		2.69	3.05	2.74	2.79	2.72	2.74	2.68	3.15	3.03	3.20	3.22
Tea, Colombo	\$/kg	b/	3.13	3.87	3.56	3.52	3.23	3.53	4.20	4.19	4.12	4.28	4.16
Tea, Kolkata	\$/kg	b/	2.83	2.83	2.43	2.62	2.73	2.51	1.65	3.05	2.66	3.13	3.36
Tea, Mombasa	\$/kg	b/	2.11	2.45	2.23	2.22	2.19	2.18	2.19	2.21	2.31	2.17	2.14
Food													
Oils and Meals													
Coconut oil	\$/mt	b/	1,636	1,635	1,075	1,045	1,073	1,090	1,197	1,408	1,425	1,402	1,398
Fish meal	\$/mt		1,481	1,596	1,815	1,784	1,871	1,850	1,748	1,717	1,702	1,719	1,730
Groundnuts	\$/mt		1,555	1,568	1,892	1,787	2,003	2,050	2,010	1,821	1,850	1,800	1,813
Groundnut oil **	\$/mt	b/	2,075	2,203	2,035	2,025	2,146	1,929	1,842	1,823	1,820	1,838	1,810
Palm oil	\$/mt	b/	1,131	1,276	886	919	856	816	882	890	936	859	874
Palmkernel oil	\$/mt		1,533	1,617	990	979	985	949	1,063	1,214	1,290	1,196	1,156
Soybean meal	\$/mt	b/	481	548	541	519	514	536	464	463	429	479	481
Soybean oil	\$/mt	b/	1,385	1,667	1,119	1,008	1,125	1,105	949	986	959	988	1,011
Soybeans	\$/mt	b/	583	675	598	601	612	543	518	482	477	490	480
Grains													
Barley	\$/mt	b/	...	...	...	...	...	...	...	...	...	...	...
Maize	\$/mt	b/	259.5	318.8	252.7	275.4	224.6	216.2	192.8	194.0	191.7	197.8	192.5
Rice, Thailand 5%	\$/mt	b/	458.3	436.8	553.7	508.3	600.7	610.7	632.3	617.3	592.0	628.0	632.0
Rice, Thailand 25%	\$/mt		448.3	429.7	532.9	493.7	570.3	582.0	599.3	584.0	564.0	593.0	595.0
Rice, Thailand A1	\$/mt		436.1	417.7	536.2	490.4	589.8	593.0	625.5	599.2	578.0	606.5	613.3
Rice, Vietnam 5%	\$/mt		446.3	404.5	523.7	478.0	546.1	626.2	608.4	567.0	571.5	568.0	561.6
Sorghum	\$/mt		...	...	...	...	...	...	...	...	...	...	...
Wheat, U.S., HRW **	\$/mt	b/	315.2	430.0	340.4	363.8	325.3	290.9	279.1	275.8	272.3	289.4	265.6
Wheat, U.S., SRW **	\$/mt		281.7	381.9	257.7	298.3	237.1	244.2	240.8	237.2	227.8	253.2	230.6
Other Food													
Bananas, EU	\$/kg		0.92	0.94	1.09	1.12	1.08	1.07	1.08	1.07	1.07	1.08	1.06
Bananas, U.S.	\$/kg	b/	1.21	1.49	1.60	1.62	1.56	1.56	1.61	1.38	1.63	1.42	1.09
Beef **	\$/kg	b/	5.34	5.62	4.90	5.21	4.80	4.88	5.37	5.93	6.05	5.88	5.85
Chicken **	\$/kg	b/	1.99	1.68	1.53	1.53	1.44	1.63	1.54	1.45	1.44	1.51	1.40
Lamb **	\$/kg		8.66	8.27	6.12	6.85	5.69	5.37	5.23	5.12	5.18	5.17	5.02
Oranges	\$/kg	b/	0.65	0.92	1.57	1.42	1.65	2.00	1.85	2.15	1.95	2.24	2.26
Shrimp	\$/kg		13.70	13.51	10.19	10.73	9.19	8.60	8.60	...	...	...	...
Sugar, EU	\$/kg	b/	0.39	0.34	0.35	0.36	0.36	0.35	0.35	0.35	0.35	0.35	0.35
Sugar, U.S.	\$/kg	b/	0.74	0.79	0.89	0.92	0.89	0.95	0.89	0.84	0.87	0.83	0.83
Sugar, World	\$/kg	b/	0.39	0.41	0.52	0.54	0.54	0.54	0.49	0.43	0.45	0.42	0.43

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World Bank Commodities Price Data (The Pink Sheet)

July 2, 2024

	Unit	Annual Averages			Quarterly Averages				Monthly Averages				
		Jan-Dec	Jan-Dec	Jan-Dec	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	April	May	June	
		2021	2022	2023	2023	2023	2023	2024	2024	2024	2024	2024	
Raw Materials													
Timber													
Logs, Africa	\$/cum		414.2	368.9	378.6	381.2	381.0	376.6	379.9	376.8	375.6	378.2	376.6
Logs, S.E. Asia	\$/cum	b/	271.4	228.0	212.4	217.0	206.1	201.5	200.5	191.1	193.7	190.9	188.7
Plywood	¢/sheets		497.7	418.2	389.5	398.1	378.0	369.5	367.8	350.5	355.3	350.1	346.0
Sawnwood, Africa	\$/cum		659.3	593.0	595.9	599.8	606.8	594.8	607.6	604.9	600.2	605.2	609.1
Sawnwood, S.E. Asia	\$/cum	b/	750.0	674.5	677.7	682.2	690.1	676.5	691.1	688.0	682.7	688.4	692.8
Other Raw Materials													
Cotton	\$/kg	b/	2.23	2.86	2.09	2.07	2.11	2.03	2.14	1.91	1.99	1.91	1.83
Rubber, RSS3	\$/kg		2.07	1.81	1.58	1.54	1.51	1.65	2.07	2.23	2.28	2.15	2.26
Rubber, TSR20 **	\$/kg	b/	1.68	1.54	1.38	1.34	1.34	1.46	1.58	1.69	1.63	1.69	1.75
Fertilizers													
DAP	\$/mt		601.0	772.2	550.0	533.9	505.1	544.7	599.2	536.7	545.0	522.0	543.0
Phosphate rock	\$/mt	b/	123.2	266.2	321.7	344.8	345.4	282.5	250.0	152.5	152.5	152.5	152.5
Potassium chloride **	\$/mt	b/	542.8	863.4	383.2	369.3	348.8	328.5	295.4	307.3	305.0	307.0	310.0
TSP	\$/mt	b/	538.2	716.1	480.2	475.2	434.8	459.4	451.3	450.4	442.5	434.9	473.8
Urea, E. Europe **	\$/mt	b/	483.2	700.0	358.0	310.0	366.8	383.6	338.9	313.7	320.0	284.8	336.3
Metals and Minerals													
Aluminum	\$/mt	b/	2,473	2,705	2,256	2,266	2,160	2,192	2,199	2,523	2,506	2,565	2,498
Copper	\$/mt	b/	9,317	8,822	8,490	8,474	8,368	8,176	8,444	9,751	9,464	10,139	9,648
Iron ore	\$/dmt	b/	161.7	121.3	120.6	112.0	115.2	129.0	123.3	113.0	112.8	118.9	107.5
Lead	\$/mt	b/	2,200	2,151	2,136	2,119	2,172	2,116	2,074	2,166	2,129	2,221	2,147
Nickel	\$/mt	b/	18,465	25,834	21,521	22,366	20,392	17,256	16,627	18,416	18,164	19,587	17,498
Tin	\$/mt	b/	32,384	31,335	25,938	26,181	26,797	24,435	26,218	32,262	31,775	32,978	32,033
Zinc	\$/mt	b/	3,003	3,481	2,653	2,540	2,436	2,498	2,446	2,834	2,733	2,959	2,809
Precious Metals													
Gold	\$/toz	c/	1,800	1,801	1,943	1,978	1,929	1,976	2,072	2,336	2,331	2,351	2,326
Platinum	\$/toz	c/	1,091	962	966	1,028	932	911	910	980	940	1,015	985
Silver	\$/toz	c/	25.2	21.8	23.4	24.2	23.6	23.2	23.4	28.8	27.5	29.4	29.6
Indexes (2010=100)													
Total		d/	100.9	142.5	108.0	103.7	108.9	107.6	104.4	108.4	111.6	106.7	107.0
Energy			95.4	152.6	107.0	100.4	109.1	107.2	102.5	105.3	109.6	102.6	103.8
Non Energy			112.1	122.1	110.2	110.2	108.5	108.4	108.2	114.8	115.6	115.1	113.6
Agriculture			107.7	119.3	110.9	111.6	109.8	110.0	111.2	115.9	118.1	114.7	114.8
Beverages			93.5	106.3	107.8	107.8	107.5	114.9	140.4	187.3	200.8	173.2	187.8
Food			120.9	138.1	125.4	126.8	123.4	122.1	117.6	116.6	116.6	118.1	115.1
Oils and Meals			127.1	145.2	118.9	117.1	117.2	112.9	107.0	106.2	104.9	106.8	107.0
Grains			123.8	150.4	133.0	138.0	128.0	122.7	117.4	116.3	113.8	119.3	115.6
Other Food			110.2	117.7	127.2	129.5	127.2	133.6	131.8	130.7	134.7	132.0	125.3
Raw Materials			82.9	80.3	77.1	76.5	78.0	78.2	80.5	77.9	79.7	76.9	77.0
Timber			90.4	80.1	79.1	79.9	79.8	78.1	79.4	78.4	78.1	78.4	78.6
Other Raw Materials			74.8	80.5	74.9	72.7	76.1	78.3	81.7	77.3	81.5	75.2	75.3
Fertilizers			152.3	235.7	153.5	148.9	153.6	146.1	116.4	113.5	113.8	108.5	118.2
Metals and Minerals			116.4	115.0	104.0	103.0	100.8	100.7	101.2	112.6	110.5	116.6	110.6
Base Metals		e/	117.7	122.4	109.0	109.1	105.9	103.5	105.1	120.8	118.3	124.8	119.2
Precious Metals			140.2	136.8	147.3	150.5	146.6	149.2	155.4	177.5	175.8	179.0	177.6

Notes and Abbreviations:

a/ Included in the energy index; b/ Included in the non-energy index; c/ Included in the precious metals index; d/ Metals and Minerals excluding iron ore.

\$ = US dollar bbl = barrel cum = cubic meter dmt = dry metric ton kg = kilogram mmbtu = million British thermal units mt = metric ton toz = troy oz
.. = not available ** = see next page "Changes in the recent issues"

Capital Market Governance in Bangladesh: A Cornerstone for Growth

Dr. Emon Kalyan Chowdhury

Introduction

The capital market of Bangladesh has witnessed significant growth in recent years, emerging as a crucial engine for financing the nation's ambitious development goals (Hossin et al., 2024). However, this growth story hinges on a critical element: effective capital market governance. Just as a sturdy foundation is vital for a towering structure, a robust governance framework is essential for fostering a thriving capital market.

The Pillars of Effective Governance

Effective capital market governance rests on several key pillars:

Transparency and Information Asymmetry: A well-regulated market ensures timely and accurate disclosure of financial information by listed companies. This mitigates information asymmetry, the situation where companies possess more information than investors. Investors rely on this information to make informed investment decisions. Clear and comprehensive financial statements, regular updates on company performance, and material disclosures about potential risks all contribute to transparency (Merter & Özer, 2024).

Fair and Efficient Market Conduct: A strong regulatory framework deters unethical practices like insider trading and market manipulation. Insider trading involves using non-public information for personal gain in the market. Market manipulation refers to artificially influencing stock prices through deceptive practices. The BSEC enforces regulations that deter such activities, fostering a fair and efficient market environment where investment decisions are based on genuine market forces.

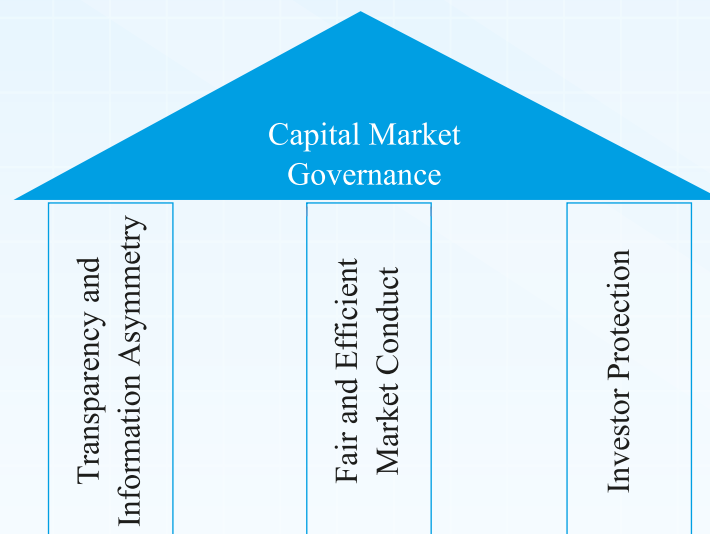


Figure 1. Pillars of Effective Capital Market Governance

Investor Protection: Investor confidence is paramount for a healthy capital market. Effective governance includes investor protection measures like clear guidelines for complaints redressal mechanisms and robust dispute resolution processes. This empowers investors to seek recourse in case of any wrongdoing, fostering a sense of security and encouraging participation.

The Benefits of Good Governance

A well-governed capital market offers a multitude of benefits for Bangladesh:

Attracting Investment: Strong regulatory oversight and investor protection measures make the market more attractive to both domestic and foreign investors. This increased participation leads to a deeper and more liquid market, facilitating the mobilization of capital for productive ventures. Companies can raise funds for expansion, innovation, and job creation, contributing to economic growth (Brada et al., 2021).

Long-Term Investment: Investors are more likely to make long-term investments in a market with strong governance. This is because they are confident in the stability and sustainability of the market, minimizing the risk of sudden downturns caused by manipulation or fraudulent practices. Long-term investment is crucial for financing infrastructure projects and fostering economic development.

Resource Allocation: An efficient capital market ensures that resources are allocated to the most promising ventures. Companies with strong fundamentals and sound business models are more likely to attract investment, leading to efficient allocation of capital and fostering overall economic growth.

The Road Ahead

While Bangladesh has made significant strides in strengthening its capital market governance framework, there's still room for improvement. Further efforts are needed to enhance corporate governance practices of listed companies, promote investor education initiatives, and improve the efficiency of the legal system for timely resolution of disputes.

By continuously strengthening its governance framework, Bangladesh can create a capital market that fosters trust, transparency, and investor confidence. This, in turn, will unlock the full potential of the market as a powerful engine for sustainable economic growth and national development.

Importance of Capital Market Governance

A robust capital market governance framework acts as the bedrock upon which a thriving capital market is built. Effective governance fosters trust and transparency, attracting domestic and foreign investors who are the lifeblood of the market. Let's delve deeper into the crucial role governance plays:

Mitigating Information Asymmetry: Imagine a scenario where listed companies hold onto vital financial information, leaving investors in the dark. This information asymmetry creates a

significant disadvantage for investors who cannot make informed investment decisions. Capital market governance addresses this by mandating timely and accurate disclosure of financial information. This includes comprehensive financial statements, regular updates on company performance, and material disclosures about potential risks. With this transparency, investors can assess the financial health of companies and make informed investment choices, minimizing the risk of bad investments.

Deterring Unethical Practices: A well-governed market discourages unethical practices that can erode investor confidence and disrupt market stability. Insider trading, the act of using non-public information for personal gain in the market, is a prime example. Imagine a company insider learning about an upcoming merger before it becomes public and using that knowledge to buy stocks at a lower price. Capital market governance establishes clear regulations and enforces them through the BSEC, effectively deterring such insider trading activities. Similarly, strong governance discourages market manipulation, where individuals or entities artificially inflate or deflate stock prices using deceptive tactics. By enforcing fair market conduct regulations, the BSEC ensures a level playing field for all investors, fostering trust and confidence in the market's integrity.

Protecting Investors: Investors are the cornerstone of any capital market. Effective governance prioritizes their protection by establishing clear investor protection measures. This includes:

Clear guidelines for complaints redressal mechanisms: Investors should have a readily accessible process to file complaints in case of any wrongdoing by listed companies or intermediaries. The BSEC plays a crucial role in ensuring these complaints are addressed fairly and promptly.

Robust dispute resolution processes: Inevitably, disputes may arise between investors and other market participants. A well-governed market ensures efficient and impartial mechanisms for resolving such disputes, fostering a sense of security for investors and encouraging wider participation.

Beyond the Basics: The Ripple Effect of Good Governance

The benefits of effective capital market governance extend far beyond simply attracting investors. It creates a ripple effect that stimulates economic growth and development:

Deeper and More Liquid Market: As investor confidence increases due to strong governance, participation in the market broadens. This leads to a deeper market with a larger pool of capital available for investment. Furthermore, with increased participation, the market becomes more liquid, meaning securities can be easily bought and sold without significant price fluctuations. A deeper and more liquid market facilitates the efficient mobilization of capital, fueling economic activity.

Long-Term Investment Horizon: Investors are more likely to make long-term investments in a market where they are confident in its stability and transparency. Strong governance fosters this confidence by minimizing the risk of sudden market disruptions caused by manipulation or

fraudulent practices. Long-term investment is crucial for financing infrastructure projects, fostering innovation, and driving sustainable economic growth (Epstein & Rhodes, 2018).

Efficient Allocation of Resources: A well-governed capital market ensures that resources are channeled towards the most promising ventures. Companies with strong fundamentals and sound business models are more likely to attract investment through the capital market. This efficient allocation of resources leads to economic growth by directing resources towards productive ventures that generate jobs and contribute to national development.

The Bangladesh Context

The Bangladeshi capital market has made significant strides in recent years towards strengthening its governance framework. Here's a closer look at the key institutions and ongoing efforts:

The Bangladesh Securities and Exchange Commission (BSEC): The BSEC serves as the primary regulatory body, wielding significant power in shaping the market landscape. They have implemented several regulations promoting transparency, such as the mandatory International Financial Reporting Standards (IFRS) for listed companies. IFRS ensures a standardized format for financial statements, allowing investors to easily compare the financial health of different companies. Additionally, the BSEC has issued guidelines for initial public offerings (IPOs) to ensure fairness and transparency during the process of companies raising capital from the public. For instance, the BSEC recently mandated book building for IPOs, a process that allows investors to indicate their willingness to pay a certain price for shares. This method helps determine a fair market price for the IPO, protecting investors from potential manipulation.

Demutualization of Stock Exchanges: Previously, stock exchanges in Bangladesh were owned by their member brokers, creating a potential conflict of interest. The demutualization process has transformed them into independent entities, reducing the influence of brokers and paving the way for technological advancements. For example, both the Dhaka and Chittagong Stock Exchanges have implemented a modern trading platform that facilitates faster and more efficient execution of trades. This not only benefits investors but also enhances the overall market's competitiveness (Chowdhury, 2017).

Challenges and Areas for Improvement

While progress has been made, challenges remain:

Strengthening Corporate Governance: Corporate governance practices of some listed companies need improvement. Ensuring independent boards of directors, robust internal controls, and timely disclosure of material information are crucial for building investor confidence. For instance, a recent case where a listed company failed to disclose crucial financial information eroded investor trust and led to a significant drop in its stock price. This highlights the need for stricter enforcement of corporate governance regulations by the BSEC.

Investor Education: Many potential investors in Bangladesh lack the financial literacy and knowledge to make informed investment decisions. The BSEC and other stakeholders can play a

more active role in promoting investor education initiatives. These initiatives could include workshops, online resources, and collaborations with universities to equip potential investors with the necessary knowledge and skills.

Legal System Efficiency: Timely resolution of disputes related to the capital market is essential for investor protection. However, the Bangladeshi legal system can be slow and cumbersome. Streamlining legal procedures and establishing specialized courts for financial disputes could significantly improve the efficiency of the system and boost investor confidence.

Elements of Bangladesh Capital Market Framework

This framework provides a comprehensive lens for analyzing the effectiveness of capital market governance in Bangladesh. It considers five key elements that work together to build a robust and well-functioning market:

Regulatory Framework

This element focuses on the legal and regulatory environment established by the BSEC, which serves as the cornerstone of good governance. Key aspects include:

Listing Requirements: These set the standards companies must meet to be listed on the stock exchange. This includes minimum financial thresholds, ownership structure requirements, and disclosure obligations.

Disclosure Regulations: These regulations dictate the type and frequency of financial information listed companies must disclose to the public. This ensures transparency and empowers investors to make informed decisions. Examples include quarterly and annual financial statements, material event disclosures, and insider trading disclosures.

Investor Protection Measures: These measures aim to safeguard investors from fraud and manipulation. They may include:

- a) Minimum capital requirements for stockbrokers to ensure financial stability.
- b) Licensing and registration of market intermediaries to maintain professional standards.
- c) Clear guidelines for handling complaints and disputes related to the market.

Market Infrastructure

This element examines the operational structure of the capital market, encompassing the institutions that facilitate trading and settlement of securities. Key players include:

Stock Exchanges: These platforms provide the venue where investors and companies can buy and sell securities. Efficient trading systems, fair price discovery mechanisms, and robust clearing and settlement processes are crucial aspects.

Depositories: These institutions hold and manage investors' securities electronically, ensuring safekeeping and facilitating efficient transfer of ownership.

Clearing Houses: These entities act as intermediaries between buyers and sellers, guaranteeing the settlement of trades and minimizing settlement risk.

Market Intermediaries

This element analyzes the roles and responsibilities of various market participants who contribute to market efficiency and investor protection. Key players include:

Listed Companies: These are companies that have issued shares to the public and are subject to BSEC regulations and listing requirements. They have a responsibility to adhere to good corporate governance practices, maintain transparency, and fulfill their obligations to shareholders.

Stockbrokers: They act as intermediaries between investors and the stock exchange, executing buy and sell orders on behalf of their clients. Ethical conduct, compliance with regulations, and providing sound investment advice are crucial aspects.

Investment Advisors: These professionals provide personalized investment advice to clients, helping them make informed investment decisions based on their risk tolerance and financial goals.

Credit Rating Agencies: They assess the creditworthiness of companies and issue credit ratings that reflect the risk of default. This information helps investors make informed decisions about the risk associated with investing in a particular company.

Enforcement Mechanisms

This element focuses on the BSEC's capacity to monitor market activity, investigate irregularities, and take appropriate enforcement actions. Effective enforcement mechanisms are essential for deterring misconduct and ensuring adherence to regulations. Key aspects include:

Market Surveillance: The BSEC employs various tools to monitor market activity for signs of manipulation or suspicious trading patterns.

Investigation and Enforcement: The BSEC has the authority to investigate potential violations of regulations and take disciplinary actions against companies and market intermediaries. This may include fines, suspension of trading licenses, or even criminal prosecution in severe cases.

Sanctions and Penalties: Clearly defined sanctions and penalties for violations act as a deterrent for misconduct.

Stakeholder Engagement

This element considers the level of participation and collaboration between the BSEC, listed companies, investor groups, academia, and other stakeholders. Effective governance requires open communication and collaboration:

BSEC and Listed Companies: The BSEC needs to maintain a constructive dialogue with listed companies to ensure adherence to regulations and promote best practices.

Investor Groups: Investor associations should be actively involved in advocating for investor rights and providing feedback on regulatory changes.

Academia and Research Institutions: Research can provide valuable insights into market dynamics and inform policy decisions.

Media: Media plays a crucial role in disseminating information about the capital market and promoting investor education.

The Interconnectedness of the Framework

These five elements are not isolated but rather interconnected. A strong regulatory framework empowers the BSEC to effectively monitor and enforce regulations. Efficient market infrastructure facilitates smooth trading and settlement, while responsible market intermediaries ensure adherence to regulations. Finally, robust stakeholder engagement provides valuable feedback and fosters a collaborative approach to improving governance. By analyzing all five elements together, this conceptual framework provides a holistic understanding of the capital market governance landscape in Bangladesh, allowing for a comprehensive assessment of its strengths and weaknesses.

Benchmarking Bangladesh Against International Best Practices

The International Organization of Securities Commissions (IOSCO)

IOSCO plays a critical role in promoting sound and stable capital markets globally. Established in 1986, IOSCO brings together securities regulators from over 130 jurisdictions to foster cooperation and exchange best practices. One of its most significant contributions is the development of the Objectives and Principles of Securities Regulation (OPSR). The OPSR is a comprehensive framework that outlines the essential elements of effective capital market governance. It serves as a benchmark for securities regulators worldwide, guiding them in establishing and enforcing regulations that promote:

Investor Protection: The OPSR emphasizes the paramount importance of safeguarding investors' interests. This includes ensuring clear and timely disclosure of material information by listed companies, prohibiting manipulative market practices, and providing mechanisms for investors to address grievances and seek redressal.

Fair, Efficient, and Transparent Markets: The OPSR promotes the creation of markets where prices reflect genuine supply and demand, and all participants have access to relevant information. This includes preventing insider trading and market manipulation, establishing fair competition among market intermediaries, and promoting efficient trading mechanisms.

Reduction of Systemic Risk: The OPSR recognizes the interconnectedness of financial markets and emphasizes the need for measures that mitigate systemic risk. This includes promoting sound risk management practices by market participants, fostering robust clearing and settlement systems, and ensuring effective oversight of financial institutions.

The Ten Key Principles of the OPSR

The OPSR is organized around ten key principles that provide a roadmap for achieving the core objectives outlined above. These principles address various aspects of capital market governance, including:

Responsibilities of the Regulator: This principle emphasizes the need for a clear legal mandate, adequate resources, and operational independence for the regulatory body.

Licensing and Supervision: This principle outlines the importance of licensing market intermediaries and establishing a framework for ongoing supervision to ensure compliance with regulations.

Enforcement: This principle highlights the need for effective enforcement mechanisms to deter misconduct and promote market integrity.

Disclosure and Transparency: This principle emphasizes the importance of timely and accurate disclosure of material information by listed companies to promote informed investment decisions.

Fair Dealing: This principle prohibits manipulative market practices such as insider trading and market manipulation to ensure fair competition and protect investors.

Market Abuse: This principle outlines the need for regulations and enforcement mechanisms to prevent market abuse activities that distort market prices.

Settlement Systems: This principle emphasizes the importance of efficient and reliable settlement systems to minimize risk and ensure timely completion of transactions.

Cross-Border Cooperation: This principle recognizes the increasing globalization of financial markets and highlights the need for cooperation between regulatory bodies in different jurisdictions.

Investor Education: This principle emphasizes the importance of investor education initiatives to empower investors with the knowledge and skills necessary for informed investment decisions.

Technology and Innovation: This principle acknowledges the rapid advancements in technology and the need for regulations to adapt and address potential risks associated with technological innovation in the financial sector.

The Importance of the OPSR for Bangladesh

The OPSR provides a valuable framework for Bangladesh as it strives to strengthen its capital market governance. By benchmarking its regulatory framework against the OPSR principles, Bangladesh can identify areas for improvement and implement best practices established by IOSCO. This can lead to a more robust, efficient, and investor-friendly market that fuels economic growth and development.

For instance, the OPSR's emphasis on investor education aligns with the identified weakness in Bangladesh's current framework. By developing and implementing comprehensive investor education initiatives, Bangladesh can empower potential investors and foster greater participation in the market.

Bangladesh Capital Market Scenario

Strengths of Bangladesh's Capital Market Governance

Demutualization of Stock Exchanges: The shift from member-owned to independent stock exchanges has reduced conflicts of interest and paved the way for technological advancements. This is evident in the implementation of a modern trading platform at both the exchanges, streamlining order execution and enhancing market efficiency.

Mandatory IFRS for Listed Companies: The adoption of International Financial Reporting Standards ensures a standardized format for financial statements, allowing investors to easily compare the financial health of different companies. This transparency fosters trust and facilitates informed investment decisions.

Book Building for IPOs: The recent introduction of book building in IPOs signifies a move towards a more market-driven approach for determining initial share prices. This reduces the risk of manipulation and helps ensure a fair price for both investors and companies raising capital.

Weaknesses of Bangladesh's Capital Market Governance

Uneven Corporate Governance Practices: While some companies have adopted robust corporate governance practices, others still lack strong independent boards and transparent disclosure mechanisms. A recent instance where a listed company withheld crucial financial information eroded investor confidence and led to a significant drop in its stock price. This highlights the need for stricter enforcement of corporate governance regulations by the BSEC.

Limited Investor Education: Many potential investors lack the financial literacy and knowledge to make informed investment decisions. This can lead to participation in the market based on speculation or uninformed choices, increasing risk and potentially hindering long-term investment.

Timely Dispute Resolution: The Bangladeshi legal system can be slow and cumbersome, discouraging investors from pursuing disputes related to the capital market. Streamlining legal procedures or establishing specialized courts for financial disputes could significantly improve the efficiency of the system and boost investor confidence.

Positive Impact of Good Governance

Increased Investor Participation: As governance practices strengthen, investor confidence rises. This leads to a larger pool of investors entering the market, boosting trading activity and overall market liquidity. For instance, the BSEC's efforts to improve disclosure regulations might attract new investors who are more confident in the transparency and accessibility of financial information.

Deeper and More Liquid Market: With increased investor participation, the market becomes deeper, offering a wider range of investment options. Furthermore, the market becomes more liquid, meaning securities can be easily bought and sold without significant price fluctuations. This liquidity attracts even more investors, creating a positive feedback loop that fuels market growth.

Long-Term Investments: Strong governance fosters investor confidence in the stability and sustainability of the market. This encourages long-term investments, which are crucial for financing infrastructure projects and fostering innovation. For example, if investors are confident that the BSEC effectively deters market manipulation, they are more likely to invest in Bangladeshi companies for the long term, contributing to the nation's economic development.

Negative Impact of Weak Governance

Market Volatility: Inconsistent enforcement of regulations or instances of manipulation can erode investor confidence and lead to market volatility. Investors become hesitant to invest due to uncertainty, leading to sudden drops in stock prices and reduced trading activity. A recent case of insider trading might discourage investors from participating in the market, hindering its overall growth potential (Zabel, 2020).

Limited Access to Capital for Companies: Weak governance can make it difficult for companies to raise capital through the market. Investors may be hesitant to invest in companies with poor disclosure practices or a history of non-compliance with regulations. This can hinder economic growth by limiting the ability of companies to access funding for expansion and job creation.

Capital Market Transformation in Bangladesh

Building on a strong foundation, the BSEC has taken significant strides in strengthening capital market governance. Here's a look at the progress made:

Enhanced Corporate Governance

Strict Enforcement: BSEC's robust enforcement mechanisms ensure compliance with corporate governance regulations. Penalties for non-compliance, including fines, trading suspensions, and even delisting, have acted as a strong deterrent.

Independent Boards: Listed companies now have well-established independent boards with robust oversight capabilities, fostering transparency and accountability.

Improved Disclosures: Comprehensive and timely disclosure of material information by listed companies is the norm. Forward-looking statements, risk assessments, and related-party transactions are all transparently communicated.

Investor Education at the Forefront

National Programs: Collaborative efforts between BSEC and stakeholders have resulted in comprehensive investor education programs. These programs cater to various investor segments, equipping them with financial literacy, investment knowledge, and risk awareness.

Digital Outreach: Leveraging online platforms and social media, BSEC effectively disseminates educational materials and conducts webinars. Partnerships with universities and financial institutions further amplify outreach.

Investor-Friendly Information: Financial information is presented in a clear, concise manner, using plain language, infographics, and interactive tools, making it easily understandable for everyone.

Efficient Dispute Resolution

Streamlined Legal System: The government's focus on expediting the legal system, particularly for capital market cases, has led to faster resolution of disputes. Specialized courts or simplified procedures have contributed to this efficiency.

Alternative Dispute Resolution (ADR) Mechanisms: ADR options like mediation and arbitration are actively promoted and utilized. This provides investors with faster and more cost-effective options for resolving disputes.

A Strengthened Regulatory Framework

Continuous Review and Update: BSEC's regulations are constantly reviewed and updated to reflect market developments and international best practices. New technologies like blockchain are proactively addressed, and emerging risks are effectively mitigated.

Market Manipulation Curbed: Stricter regulations and robust surveillance mechanisms effectively deter market manipulation practices. Increased penalties for insider trading and price rigging further strengthen market integrity.

Cybersecurity Fortified: Robust cybersecurity measures safeguard market infrastructure and investor data from cyber threats, ensuring a secure and reliable market environment.

Commitment to Continuous Improvement and Collaboration

IOSCO Benchmarking: Regular assessments against the International Organization of Securities Commissions (IOSCO) Objectives and Principles of Securities Regulation (OPSR) ensure ongoing improvement and alignment with global standards.

Stakeholder Engagement: BSEC fosters open communication and collaboration with listed companies, investor groups, academia, and the media through regular interactions, workshops, and consultations. This collaborative approach ensures a dynamic and inclusive capital market ecosystem.

Conclusion

Capital market governance plays a pivotal role in unlocking the potential of Bangladesh's capital market. A well-defined framework fosters trust, transparency, and investor confidence, leading to increased investment, economic growth, and job creation. This conceptual paper lays the groundwork for future research that will provide valuable insights for policymakers, regulators, and market participants to create a robust and sustainable capital market for Bangladesh.

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ECONOMIC

NEWS

Bitcoin soars to two-week high after Trump attack

Bitcoin surged to a two-week high on Jul 15 '24 after the attempted assassination of US presidential candidate Donald Trump raised the odds of the former president, who has presented himself as a champion of cryptocurrency, winning the upcoming election.

Trump said he was shot in the ear during the attack at a rally in Pennsylvania on Jul 13. His campaign said he was doing well. Some investors said the attack bolstered his chances of winning back the White House and trades betting on his victory are expected to increase this week.

Bitcoin rose 8.6 percent to \$62,508, touching a two-week high of \$62,698 earlier in the session, taking its year-to-date gains to 47 percent. Ether was also up 6.8 percent at \$3,322. Bitcoin had a strong start to the year after the launch of exchange-traded funds in the US, propelling it to a record \$73,803.25 in mid-March but has since struggled. It fell to an over four months low in early July as traders fretted over the likely dumping of tokens from defunct Japanese exchange Mt. Gox.

China's economy falters as property, consumer pain worsens

China's economy grew much slower than expected in the second quarter, as a protracted property downturn and job insecurity knocked the wind out of a fragile recovery, keeping alive expectations Beijing will need to unleash even more stimulus.

The world's second-largest economy grew 4.7% in April-June, official data showed, its slowest since the first quarter of 2023 and missing a 5.1% analyst forecast in a Reuters poll. It also slowed from the previous quarter's 5.3% expansion. Of particular concern was the consumer sector, with retail sales growth grinding to an 18-month low as deflationary pressures forced businesses to slash prices on everything from cars to food to clothes.

"Overall, the disappointing GDP data shows that the road to hitting the 5% growth target remains challenging," said Lynn Song, chief economist for Greater China at ING. "A negative wealth effect from falling property and stock prices, as well as low wage growth amid various industries' cost cutting, is dragging consumption and causing a pivot from big-ticket purchases toward basic 'eat, drink and play' theme consumption," he added.

The years-long property crisis deepened in June as new home prices fell at the fastest pace in nine years, battering consumer confidence and constraining debt-laden local government's ability to generate fresh funds through land sales.

BSEC Actions: April-June 2024

BSEC Order regarding circuit breaker

Bangladesh Securities and Exchange Commission has issued Order No. BSEC/Surveillance/2020-975/359, dated April 24, 2024 which reads as follows: "Whereas, the Bangladesh Securities and Exchange Commission, in the interest of investors and securities market and for the development of securities market, has decided to issue certain further direction for regulating the share price movement of the listed securities in the stock exchange trading as a temporary arrangement till further notice; Now, therefore, in exercise of the power conferred by the section 20A of the Securities and Exchange Ordinance, 1969 (Ordinance No. XVII of 1969), the Bangladesh Securities and Exchange Commission hereby directs the Dhaka Stock Exchange PLC and the Chittagong Stock Exchange PLC the followings: - (a) Circuit limit as applicable as per the Commission's Order No. BSEC/Surveillance/2020-975/219 dated 17 June 2021 shall remain unchanged for upper limit for all securities, and standard downward price change limit (circuit breaker) of 3.0% (three percent) shall be applicable for all securities other than securities in the floor price; (b) Clause (b) of the Commission's Order No. BSEC/Surveillance/2020-975/345 dated 06 February 2024 shall have no effect. This Order shall be effective from 25 April 2024."

Exchange News

April-June 2024

CSE Congratulates BSEC Chairman Professor Shibli Rubayat-UI-Islam

30 April 2024, Dhaka: CSE Board Members felicitated Prof. Shibli Rubayat-UI-Islam, Honorable Chairman, Bangladesh Securities and Exchange Commission.



It is to be noted that Mr. Shibli has been appointed as the chairman of BSEC for the second time.

Mr. Asif Ibrahim, the Chairman, CSE; Mr. Abdul Halim Chowdhury, Dr. Rezwanul Haque Khan, Ishtar Mahal, Major (Retd) Emdadul Islam, Mr. Mohammad Nasir Uddin Chowdhury and Mr. Md. Rezaul Islam, CSE Directors were present.

CSE Chairman said, 'The efforts you have made since you came to the helm of BSEC for market development and protection of investors' interests and development of the securities market are undoubtedly commendable.'

CSE Congratulates the newly appointed Secretary of Financial Institutions Department

30th May 2024 Dhaka: Mr. M. Shaifur Rahman Mazumdar FCA, FCMA, Managing Director, Chittagong Stock Exchange PLC congratulated Md. Abdur Rahman Khan FCMA, the newly appointed Secretary of Financial Institutions Division of Ministry of Finance. Mr. Mazumdar and Mr. Khan discussed on the scope of

ongoing and future development work of the capital market, especially the inclusion of government institutions with the capital market. The Secretary emphasized on expanding the capital market by listing quality companies and multinational ones. Both promised to work together.



CSE Congratulates BSEC Commissioner Mr. Sheikh Shamsuddin Ahmed and Dr. ATM Tarikuzzaman CPA

23 May 2024, Dhaka: Mr. M. Shaifur Rahman Mazumdar FCA, FCMA, Managing Director, Chittagong Stock Exchange PLC felicitated Mr. Sheikh Shamsuddin Ahmed and Dr. ATM Tarikuzzaman CPA, Commissioners, Bangladesh Securities and Exchange Commission. It is to be noted that both of them have been appointed as commissioners of BSEC.

CSE Managing Director and Commissioners discussed on various capital market issues and hoped that the Commission and CSE would work together for the development of capital market.



CSE Congratulates new BSEC Commissioner Mr. Mohsin Chowdhury

30th June 2024, Dhaka: Mr. M. Shaifur Rahman Mazumdar FCA, FCMA Managing Director, Chittagong Stock Exchange PLC congratulated Md. Mohsin Chowdhury, Honorable Commissioner, BSEC. It is to be mentioned that Mr. Mohsin is appointed as the Commissioner of the BSEC. Both of them discussed on various capital market issues, particularly, commodity derivatives and the ongoing activities regarding the establishment of commodity exchange. They also hoped that the Commission and CSE would work together.



CSE Chairman Mr. Asif Ibrahim visits Qianhai Mercantile Exchange (QME)



22nd May 2024: Mr. Asif Ibrahim, Chairman, CSE PLC visited Qianhai Mercantile Exchange (QME) located in Guangdong, China. On this occasion, Mr. Ibrahim had a meeting with the senior officials of QME and fruitfully discussed on future contacts in terms of consulting, business cooperation, information technology and buyer-seller supports for setting up an efficient commodity exchange in Bangladesh.

Qianhai Mercantile Exchange (QME) is a physical commodity trading platform formed by a joint venture of Hong Kong Exchanges and Hong Kong Clearing Limited, whose shareholders are Hong Kong Group and Qianhai Financial

Holding. It is located in Shikou, Qianhai Pilot Free Trade Zone, Guangdong, China. QME was officially



debuted with alumina trading on 19 October 2018. The first physical transaction was 3000 tons of alumina at 3030 yen per ton and this transaction took place between Chelco Trade and Ximen Jiangu. It is notable that this transaction marked the first ever benchmark price transaction for physical alumina based on actual transactions in the market at that time. QME's mission is to establish a standardized resource-infrastructure to connect financial markets through technology, cross-border cooperation and finance, to provide a practical solution of financing problems for physical enterprises.

Signing Service-Level Agreements (SLAs) for supply, installation, commissioning and maintenance of hardware and system software for Commodity Exchange



09 July 2024, Chattogram: This agreement was signed between Chittagong Stock Exchange PLC and Togi Services Limited. Mr. M. Shaifur Rahman Mazumdar FCA, FCMA, Managing Director, CSE and Mr. Mohammad Uzzal Mollah, Chief Operating Officer, Togi Services Ltd. signed the agreement on behalf of their respective organizations. The concerned officials of CSE were present at this time.



Signing Agreement between CSE and Chella Software Pvt Ltd-India (Chella Soft)

13 May 2024, Dhaka: A Software Licensing Agreement was signed between Chittagong Stock Exchange PLC



(CSE) and Chella Software Private Limited-India (Chella Soft) for clearing settlement and risk management system for the establishment of Commodity Exchange. The signing ceremony was held at Radisson Blue Water Garden Hotel. Under this agreement, Chella Soft will provide automated systems for real-time settlement, risk management and collateral management including commodity derivatives and equity derivatives contracts to

the Chittagong Stock Exchange. Mr. M. Shaifur Rahman Mazumdar FCA, FCMA, Managing Director, CSE and Mr. Sunil Manglo, President, Chella Soft signed the agreement on behalf of their respective organizations. At that time the board members of CSE and other senior officials of Chella Soft and CSE were present.

CSE's Pre-Budget Press Conference

02 June 2024, Chattogram : A pre-Budget 2024-2025 press conference was held by CSE at its corporate office and expressed its expectations about the capital market. Major (Retd) Emdadul Islam, Mohammad Naqib Uddin Khan, Md Akhtar Parvez, Directors; M. Shaifur Rahman Mazumdar FCA, FCMA, Managing Director and other senior officials of CSE attended the conference.

CSE proposed to provide guidelines for qualitative expansion and sustainable development of the capital market in the national budget, before announcing the national budget by the government. Creating an appropriate financial market structure is crucial to align with the current government's strategic development plan of upgrading Bangladesh to a middle-income country and a developed country by 2041. CSE also proposed to determine short and mid-term plans in the budget for the development of the capital market. In



Workshop on Anti-Money Laundering and Countering the Financing of Terrorism (AML & CFT)

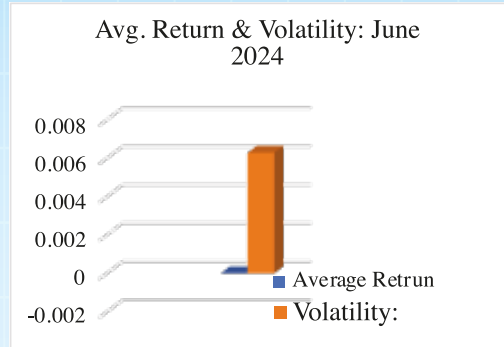


26 May 2024, Chattogram: BSEC and CSE organized a day-long workshop on Anti-Money Laundering and Countering Terrorist Financing (AML & CFT) at CSE Corporate Office. All stock brokers and stock dealers associated with the exchange were present in the workshop. Dr. Sheikh Shamsuddin Ahmad, Commissioner, BSEC was present as the chief guest and Mr. Mohammad Jahangir Alam, Executive Director, BSEC was the special guest. Mr. Mohammad Siddiqur Rahman, Additional Director; Mr. Mohammad Nuruzzaman, Assistant Director; Mr. Mithun Chandra Nath, Assistant Director, BSEC; Mr. M. Shaifur Rahman Mazumdar FCA, FCMA, Managing Director and Mr. Mohammad Mehedi Hasan CFA, Chief Regulatory Officer, CSE and Heads of various departments of the Exchange were also present in the workshop.

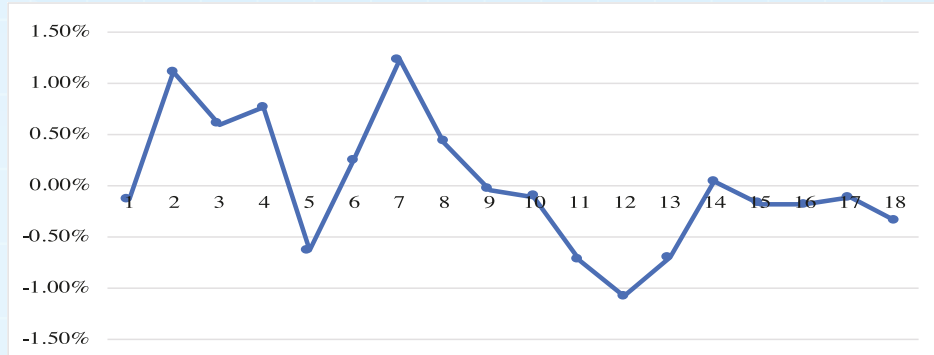
Market Trend

Average Return & Volatility: June 2024

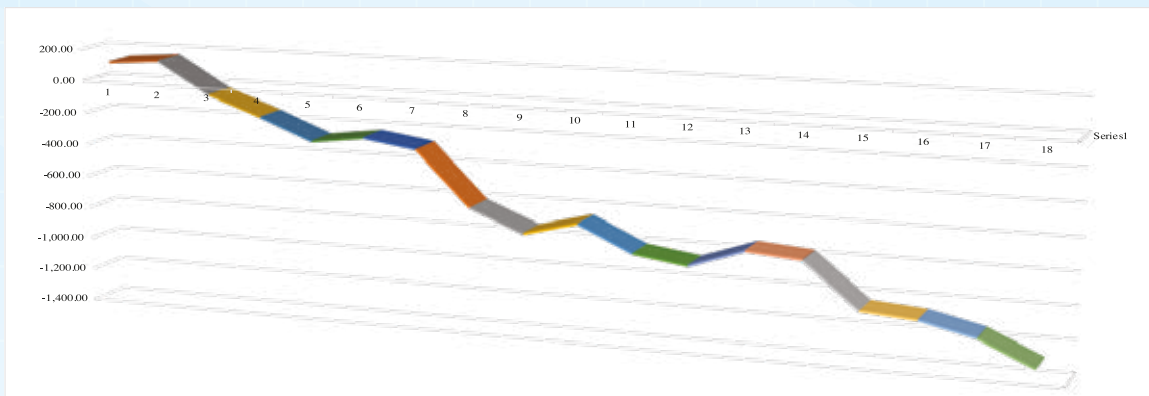
Average Return: June 2024	-0.00011%
Volatility: June 2024	0.006301499



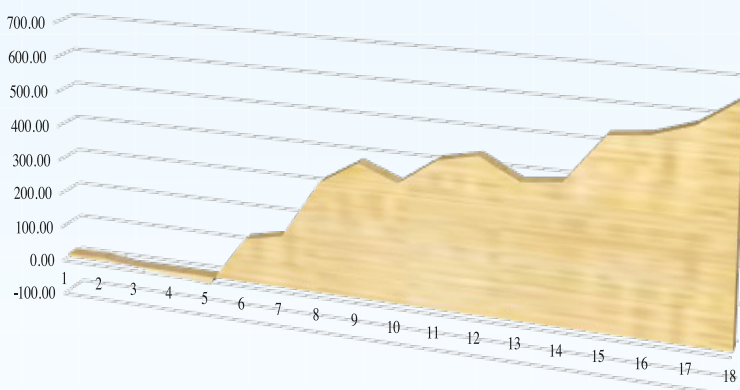
Daily Return: June 2024



Momentum (14 Days): June 2024



Velocity (14 Days): June 2024



$$\text{Rate of Return} = \frac{\text{Current Value} - \text{Original Value}}{\text{Original Value}} \times 100$$

$$p = mv$$

p = momentum

m = mass

v = velocity

$$\bar{v} = \frac{\Delta x}{\Delta t}$$

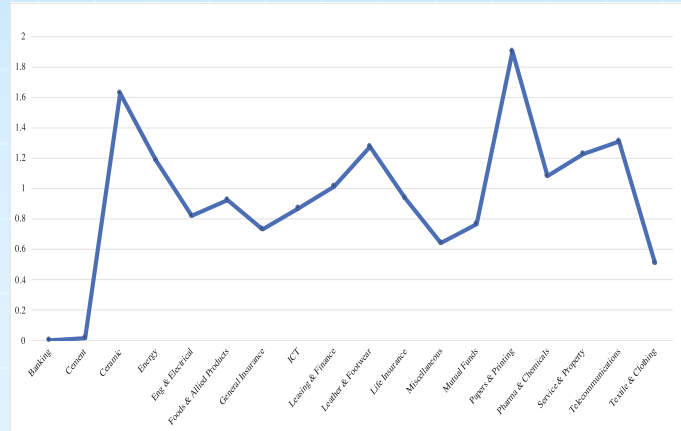
\bar{v} = average velocity

Δx = displacement

Δt = change in time

Sectoral Volatility: June 2024

Banking	0.006187515	Leather & Footwear	1.276448201
Cement	0.013623783	Life Insurance	0.935516815
Ceramic	1.625670457	Miscellaneous	0.644842926
Energy	1.182987848	Mutual Funds	0.767503724
Eng & Electrical	0.820096607	Papers & Printing	1.898833615
Foods & Allied Products	0.922192254	Pharma & Chemicals	1.0834271
General Insurance	0.734216816	Service & Property	1.22714538
ICT	0.871770623	Telecommunications	1.310742636
Leasing & Finance	1.013253263	Textile & Clothing	0.510661287



N.B. All calculations have been done based on Sectoral Index.

$$\sigma_T = \sigma\sqrt{T}$$

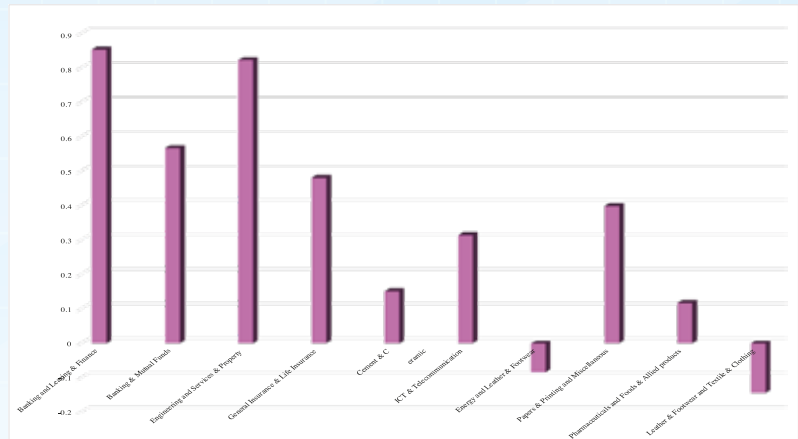
σ_T = volatility over a time horizon

σ = standard deviation of returns

T = number of periods in a time horizon

Sectoral Correlation Coefficient: June 2024

Banking and Leasing & Finance	0.853261688
Banking & Mutual Funds	0.566928464
Engineering and Services & Property	0.822870941
General Insurance & Life Insurance	0.4803401
Cement & CCeramic	0.151316711
ICT & Telecommunication	0.313733329
Energy and Leather & Footwear	-0.084079184
Papers & Printing and Miscellaneous	0.398484147
Pharmaceuticals and Foods & Allied products	0.116949859
Leather & Footwear and Textile & Clothing	-0.144281593



$$r = \frac{\sum (x_i - \bar{x})(y_i - \bar{y})}{\sqrt{\sum (x_i - \bar{x})^2 \sum (y_i - \bar{y})^2}}$$

r = correlation coefficient

x_i = values of the x-variable in a sample

\bar{x} = mean of the values of the x-variable

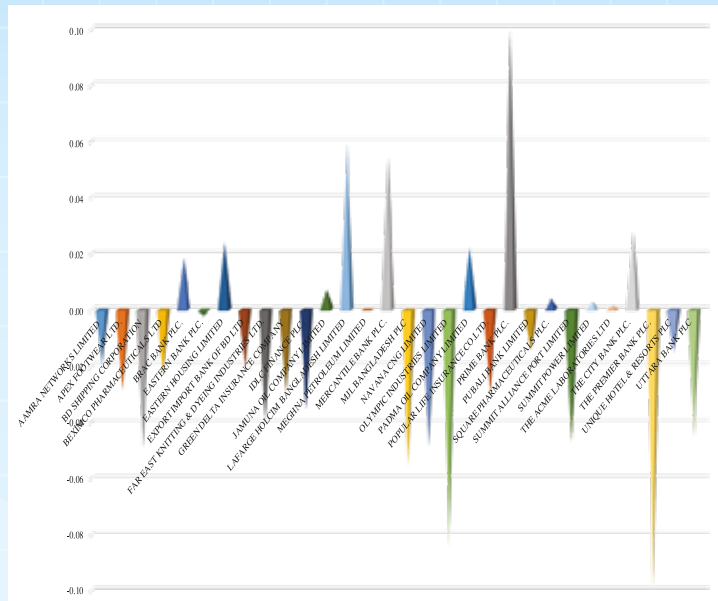
y_i = values of the y-variable in a sample

\bar{y} = mean of the values of the y-variable

PORTFOLIO PORTFOLIO

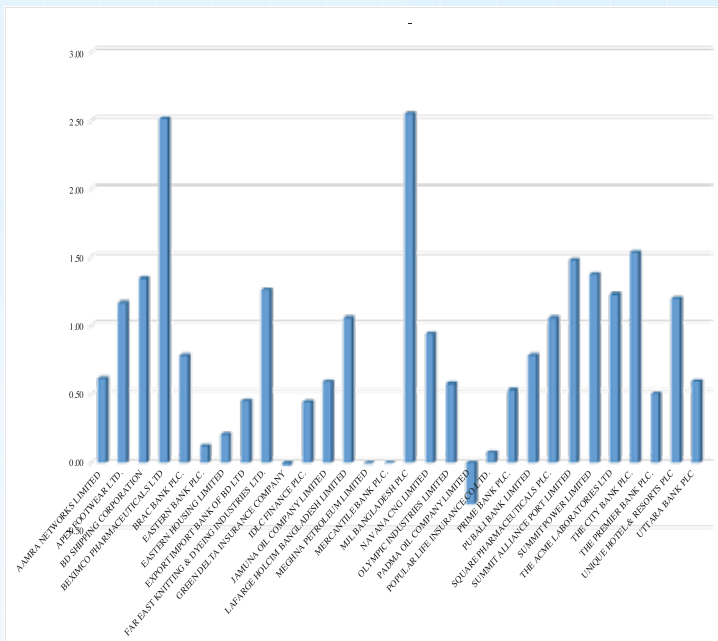
Alpha of Companies belonging to CSE-30 Index: June 2024

Name of Companies	Alpha
AAMRA NETWORKS LIMITED	-0.02
APEX FOOTWEAR LTD.	-0.03
BD SHIPPING CORPORATION	-0.05
BEXIMCO PHARMACEUTICALS LTD	-0.02
BRAC BANK PLC.	0.02
EASTERN BANK PLC.	-0.002
EASTERN HOUSING LIMITED	0.02
EXPORT IMPORT BANK OF BD LTD	-0.02
FAR EAST KNITTING & DYEING INDUSTRIES LTD.	-0.04
GREEN DELTA INSURANCE COMPANY	-0.03
IDLC FINANCE PLC.	-0.04
JAMUNA OIL COMPANY LIMITED	0.01
LAFARGE HOLCIM BANGLADESH LIMITED	0.06
MEGHNA PETROLEUM LIMITED	0.00
MERCANTILE BANK PLC.	0.05
MJL BANGLADESH PLC	-0.06
NAVANA CNG LIMITED	-0.05
OLYMPIC INDUSTRIES LIMITED	-0.08
PADMA OIL COMPANY LIMITED	0.02
POPULAR LIFE INSURANCE CO.LTD.	-0.03
PRIME BANK PLC.	0.10
PUBALI BANK LIMITED	-0.01
SQUARE PHARMACEUTICALS PLC.	0.00
SUMMIT ALLIANCE PORT LIMITED	-0.05
SUMMIT POWER LIMITED	0.00
THE ACME LABORATORIES LTD	0.00
THE CITY BANK PLC.	0.03
THE PREMIER BANK PLC.	-0.10
UNIQUE HOTEL & RESORTS PLC	-0.02
UTTARA BANK PLC	-0.05



Beta of Companies belonging to CSE-30 Index: June 2024

Name of Companies	Beta
AAMRA NETWORKS LIMITED	0.62
APEX FOOTWEAR LTD.	1.17
BD SHIPPING CORPORATION	1.35
BEXIMCO PHARMACEUTICALS LTD	2.52
BRAC BANK PLC.	0.78
EASTERN BANK PLC.	0.12
EASTERN HOUSING LIMITED	0.21
EXPORT IMPORT BANK OF BD LTD	0.45
FAR EAST KNITTING & DYEING INDUSTRIES LTD.	1.27
GREEN DELTA INSURANCE COMPANY	-0.02
IDLC FINANCE PLC.	0.44
JAMUNA OIL COMPANY LIMITED	0.59
LAFARGE HOLCIM BANGLADESH LIMITED	1.06
MEGHNA PETROLEUM LIMITED	-0.01
MERCANTILE BANK PLC.	0.00
MJL BANGLADESH PLC	2.55
NAVANA CNG LIMITED	0.95
OLYMPIC INDUSTRIES LIMITED	0.58
PADMA OIL COMPANY LIMITED	-0.30
POPULAR LIFE INSURANCE CO.LTD.	0.08
PRIME BANK PLC.	0.53
PUBALI BANK LIMITED	0.79
SQUARE PHARMACEUTICALS PLC.	1.06
SUMMIT ALLIANCE PORT LIMITED	1.48
SUMMIT POWER LIMITED	1.38
THE ACME LABORATORIES LTD	1.23
THE CITY BANK PLC.	1.54
THE PREMIER BANK PLC.	0.51
UNIQUE HOTEL & RESORTS PLC	1.20
UTTARA BANK PLC	0.59



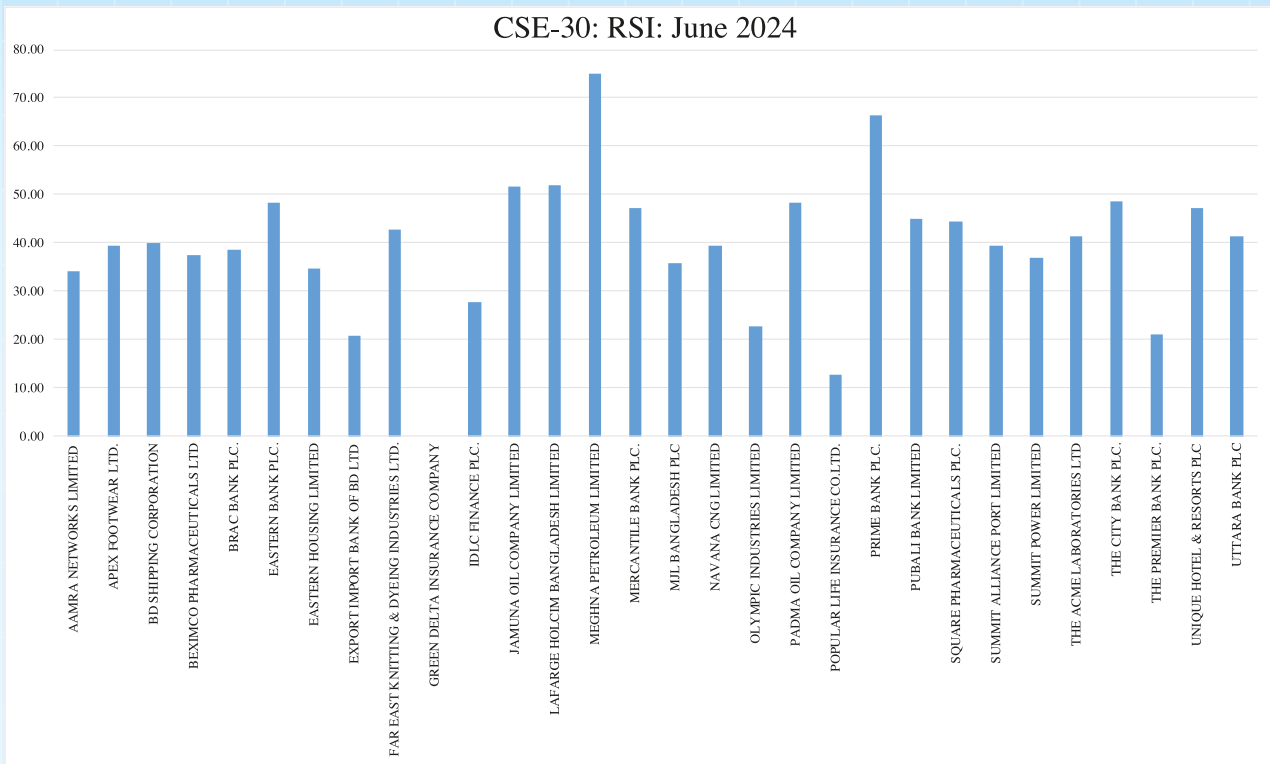
Alpha = R - Rf - beta (Rm - Rf). In this formula, R represents the portfolio's return, Rf represents the risk-free rate of return, beta represents the systematic risk of a portfolio, and Rm represents the market return, for each benchmark.

Beta

$$\beta_i = \frac{\text{Cov}(r_i, r_m)}{\text{Var}(r_m)}$$

- β_i = market beta of asset
- Cov = covariance
- Var = variance
- r_m = average expected rate of return on the market
- r_i = expected return on an asset

RSI (Relative Strength Index) of Companies belonging to CSE-30 Index



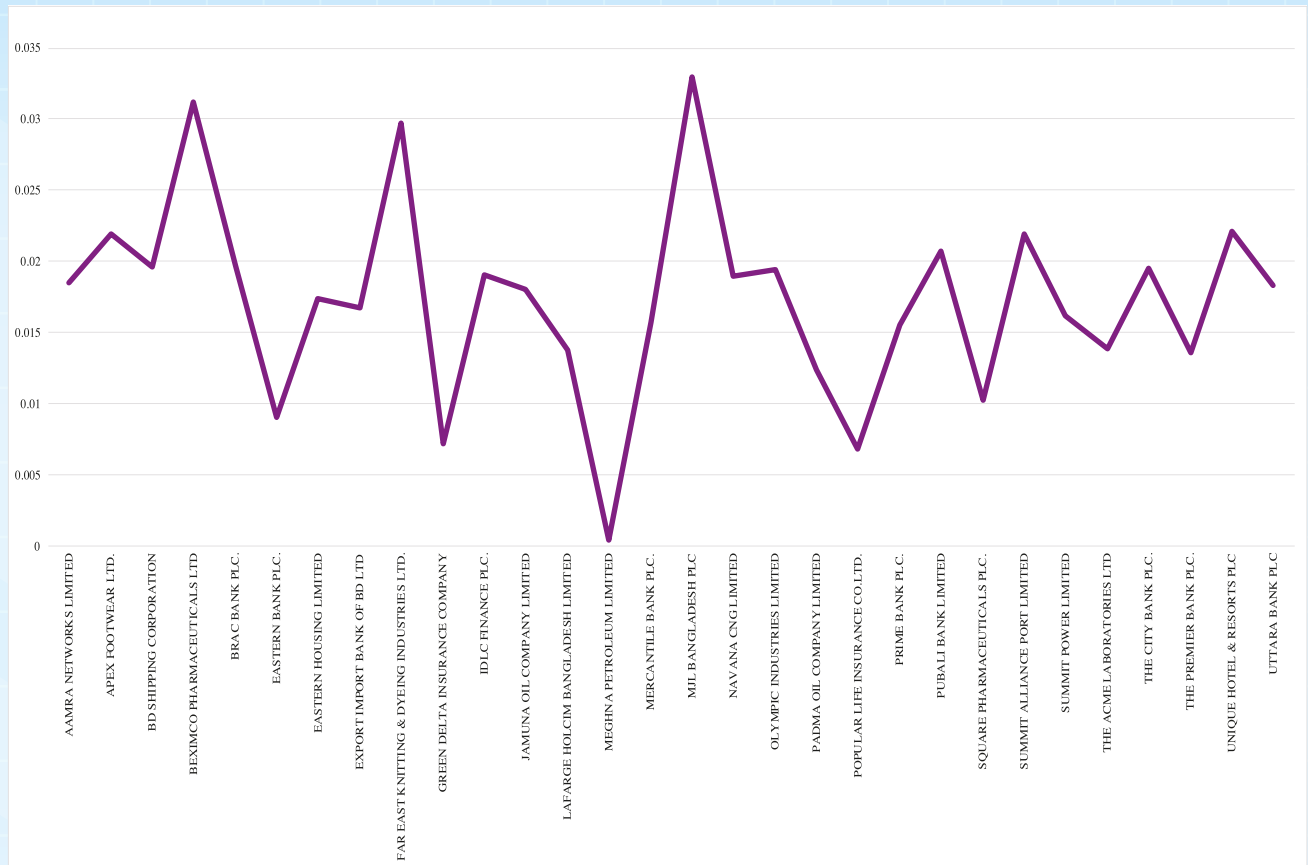
Name of Companies	RSI Mar
AAMRA NETWORKS LIMITED	34.26
APEX FOOTWEAR LTD.	39.35
BD SHIPPING CORPORATION	39.92
BEXIMCO PHARMACEUTICALS LTD	37.51
BRAC BANK PLC.	38.49
EASTERN BANK PLC.	48.26
EASTERN HOUSING LIMITED	34.67
EXPORT IMPORT BANK OF BD LTD	20.95
FAR EAST KNITTING & DYEING INDUSTRIES LTD.	42.78
GREEN DELTA INSURANCE COMPANY	0.00
IDLC FINANCE PLC.	27.76
JAMUNA OIL COMPANY LIMITED	51.60
LAFARGE HOLCIM BANGLADESH LIMITED	52.02
MEGHNA PETROLEUM LIMITED	75.00
MERCANTILE BANK PLC.	47.21

Name of Companies	RSI Mar
MJL BANGLADESH PLC	35.93
NAVANA CNG LIMITED	39.30
OLYMPIC INDUSTRIES LIMITED	22.67
PADMA OIL COMPANY LIMITED	48.26
POPULAR LIFE INSURANCE CO.LTD.	12.79
PRIME BANK PLC.	66.33
PUBALI BANK LIMITED	44.86
SQUARE PHARMACEUTICALS PLC.	44.33
SUMMIT ALLIANCE PORT LIMITED	39.43
SUMMIT POWER LIMITED	37.00
THE ACME LABORATORIES LTD	41.25
THE CITY BANK PLC.	48.48
THE PREMIER BANK PLC.	20.98
UNIQUE HOTEL & RESORTS PLC	47.28
UTTARA BANK PLC	41.31

$$RSI = 100 - \frac{100}{1 + RS}$$

$$RS = \frac{\text{Average gain}}{\text{Average loss}}$$

CSE-30 Price Volatility: June 2024



AAMRA NETWORKS LIMITED	0.018529486	MEGHNA PETROLEUM LIMITED	0.032967239
ACME LABORATORIES LTD.	0.021937897	MERCANTILE BANK LIMITED	0.018947378
APEX FOOTWEAR LIMITED	0.01960698	MJL Bangladesh PLC	0.019474743
BD SHIPPING CORPORATION	0.031191281	NAVANA CNG LIMITED	0.012399716
BEXIMCO PHARMA	0.019680743	OLYMPIC INDUSTRIES LIMITED	0.006877192
BRAC BANK PLC.	0.009081655	PADMA OIL	0.015595452
CITY BANK	0.017443652	POPULAR LIFE INSURANCE COMPANY LIMITED.	0.020708685
EASTERN BANK PLC.	0.016748572	PRIME BANK PLC.	0.010310841
EASTERN HOUSING	0.029742798	PUBALI BANK PLC.	0.021962065
EXPORT IMPORT BANK OF BD. LTD	0.007209127	SQUARE PHARMACEUTICALS PLC	0.016238611
FAR EAST KNITTING & DYEING INDUSTRIES LTD.	0.019033059	SUMMIT ALLIANCE PORT LTD.	0.013929622
GREEN DELTA INS.	0.01806729	SUMMIT POWER LTD.	0.019535542
IDLC FINANCE PLC.	0.013783162	THE PREMIER BANK PLC.	0.01359558
JAMUNA OIL COMPANY LIMITED	0.000471428	UNIQUE HOTEL & RESORTS PLC	0.022112649
LAFARGE HOLCIM BANGLADESH LIMITED	0.015719716	UTTARA BANK PLC	0.018352675

N.B. : The above calculations are done on the basis of data as on June 30, 2024.

India's Recent Economic Policies affecting Bangladesh Capital Market

Mohammed Saef UL Arifeen, CAMI

India's economic policies have a substantial impact on Bangladesh, given their close economic ties and geographical proximity. Recent policy changes and economic developments in India can influence various aspects of Bangladesh's economy and capital market. Here are some key areas where India's economic policies have had notable effects:

1. Trade Policies and Agreements

Changes in Tariffs and Trade Regulations

- **Impact on Exports and Imports:**

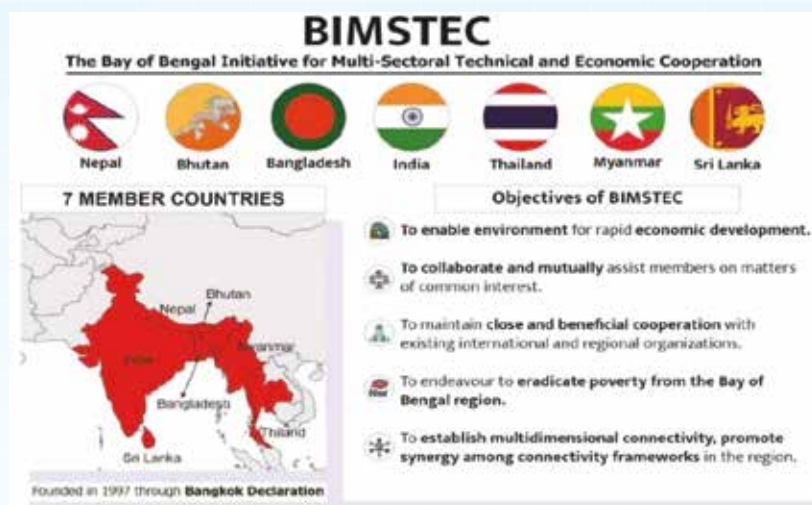
- India is one of Bangladesh's largest trading partners. Changes in Indian tariffs and trade regulations can directly impact Bangladesh's export and import dynamics. For instance, higher tariffs on Bangladeshi goods can reduce exports, while lower tariffs can enhance trade.
- Non-tariff barriers such as stricter quality controls or documentation requirements can also impact trade volumes.



Regional Trade Agreements

- **SAFTA and BIMSTEC:**

- Regional trade agreements like the South Asian Free Trade Area (SAFTA) and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) influence trade policies. Active participation and favorable terms in these agreements can boost trade and investment.
- Recent moves towards enhancing regional cooperation can open up new markets and reduce trade barriers.



2. Currency Fluctuations and Monetary Policy

Indian Rupee Volatility

- **Impact on Trade Costs:**
 - Fluctuations in the Indian Rupee (INR) can affect trade costs. A weaker INR can make Bangladeshi exports more expensive for Indian buyers, while a stronger INR can have the opposite effect.
 - Currency volatility can also impact the cost of raw materials and intermediate goods imported from India.

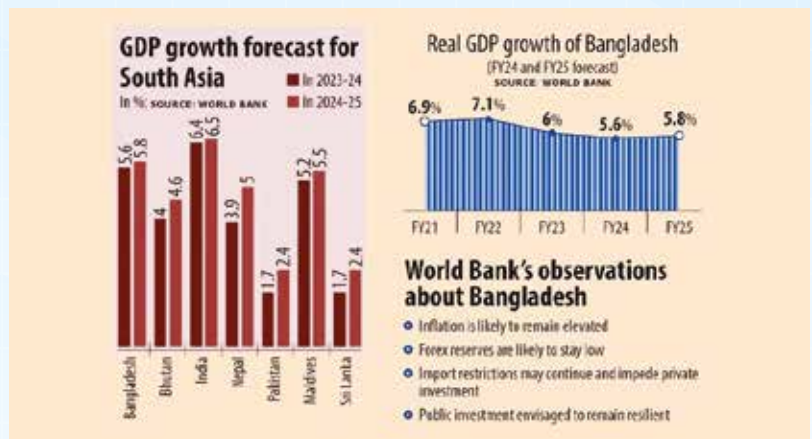
Monetary Policy Changes

- **Interest Rate Adjustments:**
 - Changes in India’s interest rates can influence capital flows in the region. Higher interest rates in India might attract investment away from Bangladesh, while lower rates could encourage more investment into Bangladesh.

3. Infrastructure Development

Cross-Border Connectivity Projects

- **Impact on Trade and Investment:**
 - India’s investment in infrastructure projects, such as road, rail, and port connectivity, can enhance cross-border trade efficiency. Improved logistics can reduce costs and increase trade volumes.
 - Joint initiatives like the Bangladesh-Bhutan-India-Nepal (BBIN) Motor Vehicles Agreement aim to boost regional connectivity and trade.



4. Industrial and Agricultural Policies

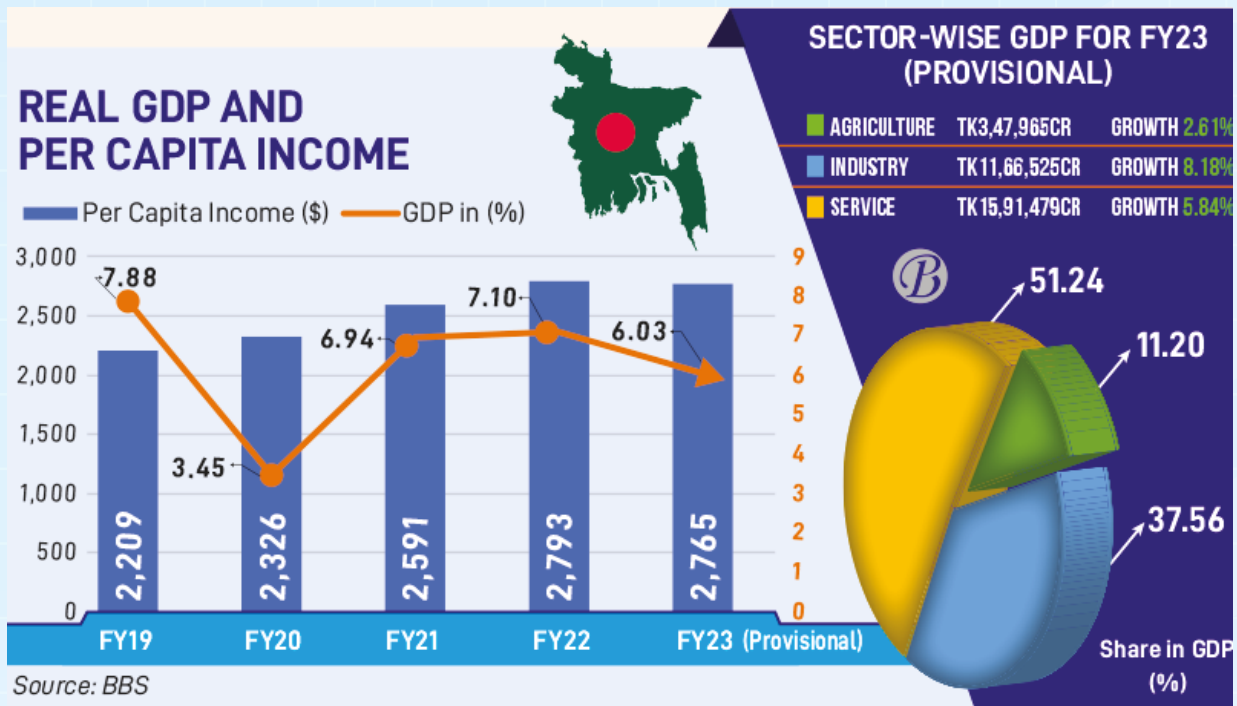
Industrial Policy Shifts

- **Impact on Manufacturing and Supply Chains:**
 - Changes in India’s industrial policies, such as incentives for domestic manufacturing under the “Make in India” initiative, can impact Bangladesh’s role

in regional supply chains. Enhanced Indian manufacturing capabilities may increase competition for Bangladeshi products.

- Conversely, shortages or policy-driven production changes in India can create opportunities for Bangladeshi exporters to fill gaps.

Agricultural Subsidies and Policies



• **Impact on Agricultural Trade:**

- India’s agricultural policies, including subsidies and support prices, can affect agricultural trade with Bangladesh. Changes in India’s export policies for agricultural products, such as rice and vegetables, can influence food prices and supply in Bangladesh.

5. Environmental and Energy Policies

Renewable Energy Initiatives

• **Impact on Energy Trade:**

- India’s push for renewable energy can affect energy trade dynamics. Joint investments in renewable energy projects can benefit both countries, reducing dependency on fossil fuels and enhancing energy security.
- Cross-border energy trade agreements can provide stable and cost-effective energy supplies for Bangladesh.

Environmental Regulations

- **Impact on Industry and Trade:**
 - Stricter environmental regulations in India can influence trade and industrial practices. Compliance costs for exports to India might increase, impacting profitability.
 - Collaborative environmental initiatives can enhance sustainability and open up new avenues for green investments.

Recent Examples and Context

India's Corporate Tax Cuts (2019)

- **Impact on FDI:**
 - India's significant corporate tax cuts aimed at attracting foreign direct investment (FDI) could divert some FDI away from Bangladesh. However, competitive sectors in Bangladesh could still attract investment due to lower labor costs and favorable trade agreements.

COVID-19 Pandemic Response

- **Impact on Supply Chains:**
 - India's lockdowns and disruptions during the COVID-19 pandemic affected supply chains and trade with Bangladesh. Gradual recovery and reopening have started to normalize trade flows.

Case Study - I: India's Corporate Tax Cuts and Their Impact on Bangladesh's Capital Market.

India's Corporate Tax Cuts (2019)

Background

In September 2019, the Indian government announced significant reductions in corporate tax rates to stimulate investment and economic growth. The key highlights of the tax cuts included:

- Reduction of the base corporate tax rate from 30% to 22% for domestic companies.
- Introduction of a 15% tax rate for new manufacturing companies established after October 1, 2019, and commencing production before March 31, 2023.
- These rates are applicable without exemptions, aiming to simplify the tax structure and attract investments.

Impact on Bangladesh

Foreign Direct Investment (FDI)

- **Attraction of FDI to India:**
 - The tax cuts made India a more attractive destination for foreign investors. Lower corporate taxes increased the post-tax profitability of companies operating in India, which could lead to a diversion of FDI away from neighboring countries, including Bangladesh.
 - Bangladesh, traditionally competitive due to its low labor costs, might face increased competition for attracting FDI, particularly in sectors like manufacturing.
- **Comparative Advantage:**
 - Despite India's tax cuts, Bangladesh maintains advantages such as lower labor costs, preferential trade access to major markets like the EU under the Generalized System of Preferences (GSP), and specific incentives for export-oriented industries.
 - Policymakers in Bangladesh could leverage these advantages to retain and attract FDI, highlighting sectors where Bangladesh has a strong competitive edge.

Trade and Industry Dynamics

- **Shift in Manufacturing Base:**
 - The introduction of a 15% tax rate for new manufacturing firms in India could incentivize companies to set up manufacturing units in India. This shift could impact Bangladesh's garment and textile sectors, as global brands may find India more attractive for new investments.
 - To counter this, Bangladesh could enhance its own investment incentives, streamline regulatory processes, and improve infrastructure to maintain its appeal as a manufacturing hub.
- **Supply Chain Adjustments:**
 - Companies with operations in both countries might reassess their supply chain strategies. Some might increase investments in India due to favorable tax conditions, while others could continue or expand operations in Bangladesh due to lower operational costs.
 - Enhanced regional connectivity projects, such as the Bangladesh-Bhutan-India-Nepal (BBIN) Motor Vehicles Agreement, could help mitigate some of the impacts by improving trade logistics and efficiency.

Stock Market and Investor Sentiment

- **Impact on Market Sentiment:**
 - The announcement of tax cuts in India initially boosted investor sentiment and stock market performance in India. Comparatively, investors in Bangladesh's capital market might exhibit caution, anticipating increased competition for investments.

- However, Bangladesh's stock market could benefit from targeted policies aimed at improving the business environment and attracting both domestic and international investors.
- **Sector-Specific Effects:**
 - Sectors in Bangladesh directly competing with Indian counterparts, such as textiles and pharmaceuticals, might see increased pressure. On the other hand, sectors where Bangladesh holds a unique advantage, such as certain agricultural exports, may continue to perform well.
 - Investors might shift their focus to companies with strong fundamentals and competitive advantages, leading to sector-specific stock movements.

Strategic Responses and Policy Recommendations

1. Enhancing Investment Incentives:

- Bangladesh could introduce or enhance fiscal incentives for foreign investors, such as tax holidays, reduced corporate tax rates for new investments, and subsidies for key sectors.
- Simplifying regulatory processes and reducing bureaucratic hurdles can make Bangladesh more attractive for business operations.

2. Strengthening Trade Relations:

- Actively participating in regional trade agreements and exploring new trade partnerships can help diversify export markets and reduce dependency on any single market.
- Negotiating favorable terms in agreements like SAFTA and BIMSTEC can enhance trade opportunities.

3. Infrastructure Development:

- Investing in infrastructure projects, including ports, roads, and power supply, can improve the overall business environment and reduce operational costs for companies.
- Public-private partnerships (PPPs) can be leveraged to accelerate infrastructure development.

4. Focus on Competitive Sectors:

- Identifying and supporting sectors where Bangladesh has a strong competitive advantage, such as ready-made garments, leather goods, and information technology, can help sustain growth.
- Providing sector-specific support, such as training programs for workers and financial incentives for innovation, can enhance competitiveness.

5. Promoting Domestic Investment:

- Encouraging domestic investment through favorable policies, access to finance, and support for small and medium-sized enterprises (SMEs) can strengthen the economic base.
- Developing capital markets to provide better access to finance for domestic companies can stimulate growth and innovation.

India's corporate tax cuts present both challenges and opportunities for Bangladesh's capital market. By adopting strategic responses and focusing on competitive advantages, Bangladesh can mitigate potential negative impacts and continue to attract investment.

Case Study - II: India's Agricultural Policies and Subsidies and their impact on Bangladesh Capital Market.

India's Agricultural Policies and Subsidies

Background

India has a comprehensive set of agricultural policies, including subsidies, minimum support prices (MSPs), and export/import regulations, aimed at supporting its vast agricultural sector. Recent changes in these policies can have significant implications for Bangladesh, particularly in terms of trade, food security, and market dynamics.

Impact on Bangladesh

Trade in Agricultural Products

1. Export Restrictions and Import Policies:

- India periodically imposes export restrictions on essential commodities like onions, rice, and wheat to stabilize domestic prices. For instance, India's export ban on onions in 2020 significantly affected Bangladesh, which relies on Indian onions for domestic consumption.
- Changes in India's import policies, such as tariff adjustments or quality standards, can impact Bangladeshi exports of agricultural products like jute, fish, and certain vegetables.

2. Subsidies and Support Prices:

- India's provision of subsidies on fertilizers, seeds, and electricity lowers production costs for Indian farmers, making Indian agricultural products more competitive in the international market.
- Minimum support prices (MSPs) ensure that Indian farmers receive a guaranteed price for their produce, encouraging higher production levels. This can lead to surplus production and increased exports, potentially impacting Bangladeshi farmers competing in the same markets.

Food Security and Inflation

1. Price Volatility:

- Export bans or restrictions by India can lead to price volatility in Bangladesh. For example, a sudden ban on onion exports from India led to a sharp increase in onion prices in Bangladesh, affecting consumers and businesses reliant on onions.

- Fluctuations in the availability and price of key agricultural imports from India can impact food security in Bangladesh, necessitating the need for alternative suppliers or increased domestic production.
- 2. Inflationary Pressures:**
- Dependence on imports of certain agricultural products from India means that any price changes in India can directly impact inflation rates in Bangladesh. Higher import costs due to export restrictions or increased MSPs can contribute to inflationary pressures in Bangladesh.

Regional Agricultural Trade Dynamics

- 1. Cross-Border Agricultural Trade:**
- Enhanced regional cooperation and trade agreements can mitigate some negative impacts of India's agricultural policies. Initiatives like the BBIN Motor Vehicles Agreement aim to facilitate smoother cross-border trade, benefiting agricultural producers and traders.
 - Strengthening infrastructure at border points, improving logistics, and reducing non-tariff barriers can enhance agricultural trade between the two countries.
- 2. Diversification of Trade Partners:**
- Bangladesh can explore diversifying its agricultural trade partners to reduce dependency on India. Importing from alternative sources or boosting domestic production of key commodities can enhance food security and stabilize prices.

Strategic Responses and Policy Recommendations

- 1. Developing Domestic Agriculture:**
- Investing in agricultural research and development (R&D), improving access to quality inputs, and providing training to farmers can boost domestic agricultural productivity and reduce reliance on imports.
 - Implementing policies to support smallholder farmers, such as microfinance schemes and cooperative farming, can enhance productivity and sustainability.
- 2. Enhancing Storage and Logistics:**
- Building adequate storage facilities, such as cold storage for perishable items, can reduce post-harvest losses and stabilize market supply.
 - Improving transportation infrastructure to ensure timely and efficient movement of agricultural products can reduce costs and enhance market access.
- 3. Trade Negotiations:**
- Engaging in proactive trade negotiations with India to ensure stable and predictable trade flows of key agricultural commodities can help manage supply and price stability.
 - Participating in regional and international trade forums to advocate for fair trade practices and reduced export restrictions can benefit the agricultural sector.
- 4. Food Security Measures:**
- Establishing strategic reserves of essential commodities can help manage supply during periods of price volatility or trade disruptions.

- Implementing social safety nets and targeted subsidies for vulnerable populations can mitigate the impact of food price inflation on low-income households.
5. **Exploring Alternative Markets:**
- Identifying and establishing trade relationships with alternative markets for both imports and exports can reduce dependency on a single source and enhance market stability.
 - Promoting value-added agricultural exports, such as processed foods, can open new markets and increase export earnings.

Recent Examples and Context

India's Onion Export Ban (2020)

- **Impact on Bangladesh:**
 - The sudden ban on onion exports from India in September 2020 led to a significant spike in onion prices in Bangladesh, highlighting the country's vulnerability to such policy changes.
 - Bangladesh had to quickly seek alternative suppliers, including Turkey and Egypt, to stabilize the market.

India's MSP Increase (2021)

- **Impact on Trade:**
 - India's decision to increase MSPs for various crops in 2021 aimed at supporting farmers during the COVID-19 pandemic led to increased production and potential surplus for export.
 - Competitive pricing of Indian agricultural products due to MSP support could impact Bangladeshi farmers and exporters competing in regional and international markets.

India's agricultural policies and subsidies have a significant impact on Bangladesh's agricultural trade, food security, and market dynamics. By implementing strategic responses and policy measures, Bangladesh can mitigate negative impacts, enhance domestic agricultural productivity, and stabilize its capital market.

Case Study - III: India's Infrastructure Development and Its Impact on Bangladesh's Capital Market.

India's Infrastructure Development

Background

India has been investing heavily in infrastructure development, focusing on transportation, energy, and digital connectivity. These initiatives aim to improve trade efficiency, boost economic growth,

and enhance regional connectivity. Key projects include road and rail networks, port development, and cross-border infrastructure.

Impact on Bangladesh

Trade and Transportation

1. Improved Trade Logistics:

- Enhanced road and rail connectivity between India and Bangladesh can facilitate smoother and more efficient trade. Projects like the Agartala-Akhaura rail link and the upgrade of the Petrapole-Benapole border checkpoint are examples.
- Improved logistics can reduce transportation costs and transit times, benefiting exporters and importers in both countries. This can increase trade volumes and positively impact Bangladesh's economy and capital market.

2. Port Development:

- Development of Indian ports, such as the expansion of the Chittagong port, can boost regional trade. Enhanced port facilities can handle larger volumes of cargo, improving trade efficiency.
- Bangladesh's reliance on Indian ports for certain trade routes can be reduced with the development of its own ports, such as Payra and Matarbari, enhancing trade capacity and attracting investment.

3. Regional Connectivity Initiatives:

- Initiatives like the Bangladesh-Bhutan-India-Nepal (BBIN) Motor Vehicles Agreement aim to improve cross-border transportation and logistics. This can enhance regional trade, benefiting Bangladesh's export-oriented sectors.
- Improved regional connectivity can attract foreign investment, as investors seek to leverage efficient trade routes and logistics networks.

Energy Security

1. Cross-Border Energy Projects:

- India's investment in energy infrastructure, including cross-border electricity transmission lines, can enhance energy security in Bangladesh. Projects like the India-Bangladesh Friendship Pipeline for petroleum products are examples.
- Access to stable and cost-effective energy supplies can reduce production costs for Bangladeshi industries, improving competitiveness and market performance.

2. Renewable Energy Collaboration:

- Collaboration on renewable energy projects, such as solar and wind energy, can reduce dependency on fossil fuels and enhance energy security. Joint initiatives can attract green investments and promote sustainable development.

Digital Connectivity

1. ICT Infrastructure:

- India's advancements in digital infrastructure, such as the rollout of 5G networks and digital payment systems, can facilitate cross-border digital trade and e-commerce.
- Collaboration on ICT infrastructure can enhance digital connectivity, supporting the growth of Bangladesh's tech sector and attracting investment in digital startups.

Investment and Economic Growth

1. Foreign Investment:

- Improved infrastructure in India can attract foreign investment, some of which can spill over to Bangladesh through regional supply chains and business partnerships.
- Joint infrastructure projects and regional cooperation can enhance investor confidence, promoting economic growth and capital market stability in Bangladesh.

2. Economic Integration:

- Enhanced regional infrastructure can promote economic integration, boosting trade and investment flows between India and Bangladesh. This can lead to increased economic growth and positive market sentiment.

Strategic Responses and Policy Recommendations

1. Investing in Infrastructure:

- Bangladesh should continue to invest in its own infrastructure projects, such as the development of ports, highways, and railways, to complement regional connectivity initiatives and enhance trade capacity.
- Public-private partnerships (PPPs) can be leveraged to accelerate infrastructure development and attract private investment.

2. Strengthening Trade Policies:

- Proactive trade policies that facilitate cross-border trade and reduce non-tariff barriers can enhance the benefits of improved infrastructure.
- Negotiating favorable terms in regional trade agreements can boost trade and investment flows.

3. Enhancing Energy Security:

- Investing in renewable energy projects and improving energy infrastructure can reduce dependency on imported fossil fuels and enhance energy security.
- Collaboration with India on cross-border energy projects can provide stable and cost-effective energy supplies.

4. Promoting Digital Connectivity:

- Enhancing ICT infrastructure and promoting digital trade can support the growth of the tech sector and attract investment in digital startups.
- Collaborating with India on digital connectivity projects can improve access to digital markets and services.

5. Attracting Foreign Investment:

- Implementing investor-friendly policies, reducing bureaucratic hurdles, and improving the business environment can attract foreign investment.
- Promoting investment opportunities in infrastructure and other key sectors can boost economic growth and market performance.

Recent Examples and Context

The Agartala-Akhaura Rail Link

- **Impact on Trade:**

- The Agartala-Akhaura rail link, expected to be completed soon, will improve connectivity between northeastern India and Bangladesh, facilitating trade and reducing transportation costs.
- Enhanced rail connectivity can boost trade volumes, benefiting exporters and importers in both countries.

The Bangladesh-India Friendship Pipeline

- **Impact on Energy Security:**

- The Bangladesh-India Friendship Pipeline will transport petroleum products from India to Bangladesh, enhancing energy security and reducing dependency on sea routes.
- Stable and cost-effective energy supplies can reduce production costs for industries, improving competitiveness and market performance.

India's infrastructure development initiatives have a significant impact on Bangladesh's trade, energy security, digital connectivity, and overall economic growth. By leveraging these developments and implementing strategic responses, Bangladesh can enhance its economic prospects and stabilize its capital market.

Conclusion

India's economic policies significantly influence Bangladesh's capital market through trade dynamics, currency fluctuations, infrastructure development, industrial policies, and environmental initiatives. Policymakers and investors in Bangladesh need to monitor these developments closely to adapt strategies that mitigate risks and capitalize on emerging opportunities.

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Mohammed Saef UL Arifeen, CAMI
Head of Internal Control & Compliance
Riverstone Capital Limited

Predicting the Future: George Soros Way

Md Ahsan Ullah Raju

Since the dawn of civilization, humans have been fascinated with predicting the future. From palmistry to astrology, and even the interpretation of dreams, hair patterns, and moles, people have used a variety of methods to try and foresee what lies ahead. The stock market is no different, with numerous models developed over time to predict its movements. Among them, fundamental analysis, technical analysis, and economic analysis are the most prominent. Today, I will delve into how economic analysis can be used to predict the stock market's future, focusing specifically on the unique methods employed by George Soros.



Weight Model:

George Soros, a renowned investor, is known for his unique perspective on the stock market. He employs a top-down approach in making investment decisions, based on the belief that our understanding of the economy is inherently imperfect and that market forces are constantly changing. Although Soros has not shared many specifics about his methods for predicting economic trends, we can create a simplified model inspired by his ideas, which I will call the 'weight model.'

The key to understanding market trends lies in observing the flow of money into and out of the market. We can gain insights into the market's potential direction by tracking these movements.

Soros developed a unique analytical model to assess economic conditions. In this model, he would record positive economic indicators on one side and negative ones on the other. By comparing the two, he aimed to determine which side held more weight. If the positive indicators outweighed the negative, Soros anticipated an influx of money into the market.

Conversely, if the negative indicators were more significant, he expected the market to experience a downturn. This approach is illustrated in the figures below.

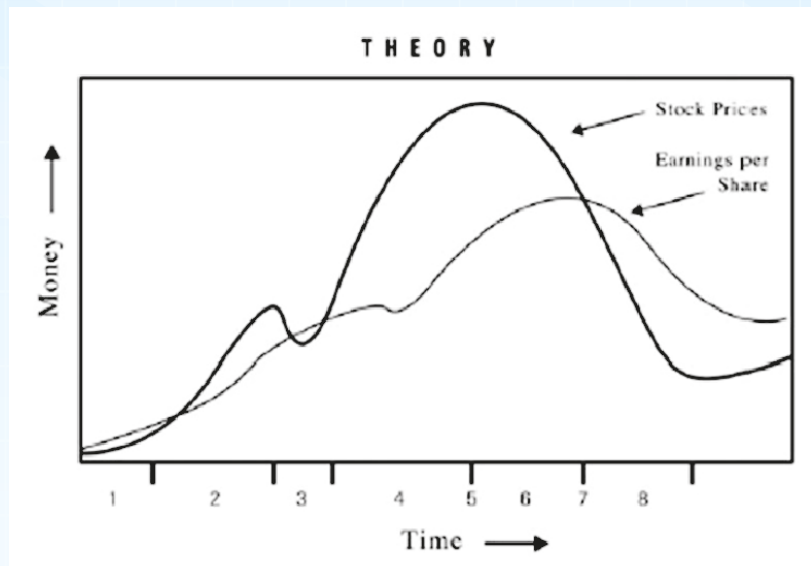
Weight Model

Positive	Negative
1. Low interest rate (New info) 2. 2% incentive on remittance (New info) 3. Increasing Reserve (New Info) 4. Expansionary monetary policy (new info)	1. Huge liquidity in the bank. 2. Increasing govt borrowing.

The model clearly demonstrates that when positive indicators outweigh the negative ones, money is likely to flow into the market. Soros also employed the nullifying theory to establish trends. If his model suggested a positive market trend but the market was declining, he would revisit the model to check for any overlooked economic information that could alter the money flow. By doing so, he continuously adjusted the weight model to accurately reflect the market direction.

Boom-bust model:

George Soros has developed a detailed model that maps out the life cycle of stock prices in relation to earnings. This model offers valuable insights into the interaction between price trends and earnings across eight distinct stages. I am presenting the model precisely as Soros originally described it.



The stages:

1. the trend is not yet recognized. Then comes the period of acceleration
2. when the trend is recognized and reinforced by the prevailing bias. That is when the process approaches far-from-equilibrium territory. A period of testing

3) may intervene when prices suffer a setback. If the bias and trend survive the testing, both emerge stronger than ever and far-from-equilibrium conditions, in which the normal rules no longer apply, become firmly established.

4) Eventually there comes a moment of truth.

5) when reality can no longer sustain the exaggerated expectations, followed by a twilight period.

6) when people continue to play the game although they no longer believe in it. Eventually a crossover point.

7) is reached, when the trend turns down and the bias is reversed, which leads to a catastrophic downward acceleration.

8) commonly known as the crash.

The core concept of this model:

- All boom-bust processes contain an element of misunderstanding or misconception.
- Market participants act always based on imperfect understanding. Consequently, market prices usually reflect a prevailing bias rather than an accurate valuation. In most cases, these valuations are proven wrong by subsequent evidence, and the bias is corrected only to be replaced by a different bias.
- Social situations can be influenced by making statements about them.
- For a boom-bust process to develop, there must be both some form of credit or leverage and some kind of misconception or misinterpretation involved.

This model illustrates Soros's view that market trends are driven by a combination of biases and real-world factors, with the boom-bust cycle being a natural consequence of the imperfect understanding and actions of market participants.

Does all this theory work:

The practicality of theories can be illustrated by the story of George Soros's family during World War II. When the Nazis occupied Hungary, Soros's father, Tivadar Soros, purchased a false identity for his teenage son to ensure his survival. Despite properties being considered long-term assets, Tivadar sold all of them. Curious about his father's unconventional actions, the teenage George Soros asked him why he was taking such measures. His father

responded, "This is a lawless occupation. The normal rules don't apply. You have to forget how you behave in a normal society. This is an abnormal situation."

Similarly, in contexts like corruption or manipulation, which can be viewed as abnormal situations, conventional theories often fail to provide effective solutions. Just as Soros's father adapted his strategies to survive during wartime, navigating abnormal circumstances may require rethinking established theories and approaches.

Writer:

Md Ahsan Ullah Raju is one of the Shareholder Directors of Quant FinTech Limited. Presently residing in Canada, he is working for the federal government of Canada.

WORLD ECONOMY/STOCK MARKET

Bet on 3 Top-Ranked Stocks With Rising P/E

Sanghamitra Saha

Investors often opt for the stock-picking approach that involves stocks with a low price-to-earnings (P/E) ratio. This strategy is based on the notion that the lower the P/E ratio is, the higher the stock value. The reasoning behind this is straightforward — when a stock's current market price does not adequately reflect its higher earnings, it suggests potential for growth.

But there is more to this whole P/E story. Because not only low P/E, stocks with a rising P/E can also fetch strong returns. In this regard, investors can bet on the likes of Energizer (ENR Quick QuoteENR - Free Report), Super League Enterprise Inc. (SLE Quick QuoteSLE - Free Report) and Enovis (ENOV Quick QuoteENOV - Free Report) .

Rising P/E: A Useful Tool

The concept is that as earnings rise, so should the price of the stock. As forecasts for expected earnings come in higher, strong demand for the stock should continue to push up its prices. After all, a stock's P/E gives an indication of how much investors are ready to shell out per dollar of earnings.

Suppose an investor wants to buy a stock with a P/E ratio of 30. This means that he is willing to shell out \$30 for only \$1 worth of earnings as he expects earnings of the company to rise at a faster pace in the future owing to strong fundamentals.

So, if the P/E of a stock is rising steadily, it means that investors are assured of its inherent strength and expect some strong positives out of it.

Also, studies have revealed that stocks have seen their P/E ratios jump over 100% from their breakout point in the cycle. So, if you can pick stocks early in their breakout cycle, you can end up seeing considerable gains.

The Winning Strategy

In order to shortlist stocks that are exhibiting an increasing P/E, we chose the following as our primary screening parameters.

EPS growth estimate for the current year is greater than or equal to last year's actual growth

Percentage change in last year EPS should be greater than or equal zero

(These two criteria point to flat earnings or a growth trend over the years.)

Percentage change in price over four weeks greater than the percentage change in price over 12 weeks

Percentage change in price over 12 weeks greater than percentage change in price over 24 weeks

(These two criteria show that price of the stock is increasing consistently over the said timeframes.)

Percentage price change for four weeks relative to the S&P 500 greater than the percentage price change for 12 weeks relative to the S&P 500

Percentage price change for 12 weeks relative to the S&P 500 greater than the percentage price change for 24 weeks relative to the S&P 500

(Here, the case for consistent price gains gets even stronger as it displays percentage price changes relative to the S&P 500.)

Percentage price change for 12 weeks is 20% higher than or equal to the percentage price change for 24 weeks, but it should not exceed 100%

(A 20% increase in the price of a stock from the breakout point gives cues of an impending uptrend. But a jump of over 100% indicates that there is limited scope for further upside and that the stock might be due for a reversal.)

In addition, we place a few other criteria that lead us to some likely outperformers.

Zacks Rank less than or equal to 2: Only companies with a Zacks Rank #1 (Strong Buy) or 2 (Buy) can get through.

Average 20-day Volume greater than or equal to 50,000: High trading volume implies that the stocks have adequate liquidity.

Just these few criteria narrowed down the universe from over 7,700 stocks to just 62.

Here are three out of the 62 stocks:

Energizer: The Zacks Rank #2 company is one of the world's leading manufacturers and distributors of batteries and lighting products. The company is a major designer and marketer of automotive fragrance, appearance and air conditioning recharge products. You can see the complete list of today's Zacks #1 Rank stocks here.

The year-over-year earnings growth estimate of ENR for the upcoming quarter is 22.22%.

Super League Enterprise: Zacks Rank #2 Super League Enterprise Inc. is a strategically integrated publisher and creator of games.

The year-over-year earnings growth estimate of SLE for the upcoming quarter is 81.8%.

Enovis: Zacks Rank #2 Enovis is a medical technology company.

The year-over-year earnings growth estimate of ENOV for the current quarter is 0.00%, but the company is expected to score 10.71% earnings growth in the next quarter.

You can get the rest of the stocks on this list by signing up now for your 2-week free trial to the Research Wizard and start using this screen in your own trading. Further, you can also create your own strategies and test them first before taking the investment plunge.

The Research Wizard is a great place to begin. It's easy to use. Everything is in plain language. And it's very intuitive. Start your Research Wizard trial today. And the next time you read an economic report, open up the Research Wizard, plug your finds in, and see what gems come out.

Source: Zacks.com

CORPORATE NEWS

Credit Rating

FAREASTLIF: National Credit Ratings Limited (NCR) has assigned the entity rating of the Company as "A+" in the long term and "ST-2" in the short term along with a Developing outlook based on Management provided Financial Statements up to December 31, 2023.

OIMEX: National Credit Ratings Limited (NCR) has announced the Surveillance entity rating of the Company as "BBB+" in the long term and "ST-3" in the short term along with a Stable outlook based on audited financial statements of the Company as on June 30, 2023 and 9 month's Management provided Financial Statements from July 01, 2023 to March 31, 2024.

GHCL: ARGUS Credit Rating Services Limited (ACRSL) has announced the rating of the Company as "A" for long term and "ST-3" for short term with outlook as "Negative" in consideration of audited financials of the company up to June 30, 2023 and unaudited financial statements ending March 31, 2024 and other relevant quantitative as well as qualitative information up to the date of rating declaration.

EBL: Credit Rating Agency of Bangladesh Limited (CRAB) has announced the rating of the Company as "AAA" in the long term and "ST-1" in the short term along with a stable outlook based on audited financial statements of the Company as of December 31, 2023 and other relevant quantitative as well as qualitative information up to the date of rating declaration.

DUTCHBANGL: Credit Rating Agency of Bangladesh Limited (CRAB) has announced the surveillance rating of the Company as "AAA" in the long term and "ST-1" in the short term along with a stable outlook based on audited financial statements of the Company up to December 31, 2023 and other relevant quantitative as well as qualitative information up to the date of rating declaration.

FARCHEM: Emerging Credit Rating Ltd. (ECRL) has assigned the rating (Initial) to the Company as "B-" in the long term and "ST-5" in the short term along with a stable outlook based on audited financial statements up to June 30, 2023, and other relevant quantitative as well as qualitative information up to the date of rating.

NRBCBANK: Emerging Credit Rating Ltd. (ECRL) has assigned the rating (Surveillance) to the Company as "AA-" in the long term and "ST-2" in the short term along with a Stable outlook of the Company based on audited financial statements up to December 31, 2023 and other relevant quantitative as well as qualitative information up to the date of rating.

ONEBANKPLC: Emerging Credit Rating Ltd. (ECRL) has assigned the rating (Surveillance) to the Company as "AA" in the long term and "ST-2" in the short term along with a Stable outlook of the Company based on audited financial statements up to December 31, 2023 and other relevant quantitative as well as qualitative information up to the date of rating.

GREENDELT: Credit Rating Agency of Bangladesh Limited (CRAB) has announced the surveillance rating of the Company as "AAA" in the Long Term and "ST-1" in the short term along with Stable outlook based on audited financial statements up to December 31, 2023 and other relevant quantitative as well as qualitative information up to the date of rating declaration.

DHAKABANK: Emerging Credit Rating Limited (ECRL) has assigned the rating (Surveillance) to the Company as "AA+" in the long term and "ST-2" in the short term along with a Stable outlook based on audited financial

statements of the Company up to December 31, 2023 and other available information up to the rating declaration.

NORTHRNINS: ARGUS Credit Rating Services Limited (ACRSL) has announced the CPA (Claim Paying Ability) rating of the Company as "AAA" for long term and "ST-1" for short term in consideration of audited financials of the company up to December 31, 2023 and unaudited financials of Q1FY24 and other relevant quantitative as well as qualitative information up to the date of rating declaration.

ISLAMIINS: ARGUS Credit Rating Services Limited (ACRSL) has announced the CPA (Claim Paying Ability) rating of the Company as "AAA" for long term and "ST-1" for short term in consideration of audited financials of the company up to December 31, 2023 and unaudited financials of Q1FY24 and other relevant quantitative as well as qualitative information up to the date of rating declaration.

SIBL: Alpha Credit Rating Limited (AlphaRating) has informed that it has assigned the rating (Surveillance) of the Company as "AA+" in the long term and "ST-2" in the short term along with a stable outlook based on audited financial statements of the Company as on December 31, 2023 and relevant qualitative information till May 15, 2024.

ANWARGALV: Credit Rating Information and Services Limited (CRISL) has assigned the company as 'AA-' in the long term and 'ST-2' in the short term along with Stable outlook in consideration of its audited financials up to June 30, 2023 also unaudited financials up to March 31, 2024 and other relevant quantitative as well as qualitative information up to the date of rating declaration.

PRAGATILIF: Alpha Credit Rating Limited (AlphaRating) has informed that the rating of the Company is "AA+" in the long term and "ST-1" in the short term along with a stable outlook based on audited financial statements of the Company as on December 31, 2023 and relevant qualitative information till May 07, 2024.

DAFODILCOM: National Credit Ratings Ltd. (NCR) has assigned the surveillance entity rating to the Company is "A+" in the long term and "ST-2" in the short term along with a stable outlook based on audited financial statements of the Company as on 30 June 2023.

KAY&QUE: National Credit Ratings Limited (NCR) has announced the surveillance entity rating of Kay & Que (Bangladesh) Ltd. as "BBB" in the long term and "ST-3" in the short term along with a stable outlook based on audited financial statements of the Company as on June 30, 2023.

IDLC: Emerging Credit Rating Limited (ECRL) has affirmed surveillance rating of the Company as "AAA" in the long term and "ST-1" in the short term along with a Stable outlook based on audited financial statements up to December 31, 2023, and other relevant quantitative as well as qualitative information up to the date of rating.

MTB: Credit Rating Information and Services Limited (CRISL) has assigned the company as "AA+" in the long term and "ST-2" in the short term along with Stable outlook in consideration of its audited financials up to December 31, 2023 and other relevant quantitative as well as qualitative information up to the date of rating declaration.

ROBI: Credit Rating Agency of Bangladesh Limited (CRAB) has announced the surveillance entity rating of the Company as "AA1" in the long term and "ST-1" in the short term along with Stable outlook based on audited financial statements up to December 31, 2023, bank liability position as on December 31, 2023 and other relevant quantitative as well as qualitative information up to the date of rating declaration.

Un-audited HY A/Cs

KBPPWBIL: (Quarter 2) As per un-audited half yearly accounts of the company, EPS was Tk. (0.01) for October-December 2023 as against Tk. (0.01) (restated) for October-December 2022; EPS was Tk. (0.03) for July-December 2023 as against Tk. (0.02) (restated) for July-December 2022. NOCFPS was Tk. 0.02 for July-December 2023 as against Tk. (0.12) (restated) for July-December 2022. NAV per share was Tk. 11.84 as on December 31, 2023 and Tk. 11.87 (restated) as on June 30, 2023.

PAPERPROC: (Quarter 2) As per un-audited half yearly accounts of the company, EPS was Tk. 1.25 for October-December 2023 as against Tk. 0.91 for October-December 2022; EPS was Tk. 2.43 for July-December 2023 as against Tk. 1.79 for July-December 2022. NOCFPS was Tk. 1.79 for July-December 2023 as against Tk. (4.05) for July-December 2022. NAV per share was Tk. 37.93 as on December 31, 2023 and Tk. 35.50 as on June 30, 2023.

ACMEPL: (Quarter 2) As per un-audited half yearly accounts of the company, EPS was Tk. (0.20) for October-December 2023 as against Tk. 0.38 for October-December 2022; EPS was Tk. (0.56) for July-December 2023 as against Tk. 0.69 for July-December 2022. NOCFPS was Tk. 0.02 for July-December 2023 as against Tk. 0.09 for July-December 2022. NAV per share was Tk. 17.79 as on December 31, 2023 and Tk. 18.35 as on June 30, 2023.

HRTEX: (Quarter 2) As per un-audited half yearly accounts of the company, EPS was Tk. (3.50) for October-December 2023 as against Tk. 0.54 (restated) for October-December 2022; EPS was Tk. (2.56) for July-December 2023 as against Tk. 1.38 (restated) for July-December 2022. NOCFPS was Tk. (0.65) for July-December 2023 as against Tk. (2.96) for July-December 2022. NAV per share was Tk. 38.77 as on December 31, 2023 and Tk. 41.33 as on June 30, 2023.

STANCERAM: (Quarter 2) As per un-audited half yearly accounts of the company, EPS was Tk. (4.71) for October-December 2023 as against Tk. (1.33) for October-December 2022; EPS was Tk. (12.05) for July-December 2023 as against Tk. (4.33) for July-December 2022. NOCFPS was Tk. (10.51) for July-December 2023 as against Tk. (2.54) for July-December 2022. NAV per share was Tk. (26.87) as on December 31, 2023 and Tk. (14.82) as on June 30, 2023. Reason for deviations: EPS: Basic EPS has become negative figure for the period as the overall economic condition was dull for cumulative effect of COVID-19 and Russia - Ukraine War, high cost of imported raw materials due to high cost of sea transport & Dollar rate fluctuation.

Un-audited Financial Statements

DGIC: (Quarter 1) As per un-audited financial statements of the Company, EPS was Tk. 0.24 for January-March 2024 as against Tk. 0.36 for January-March 2023. NOCFPS was Tk. (0.005) for January-March 2024 as against Tk. (0.49) for January-March 2023. NAV per share was Tk. 12.14 as on March 31, 2024 and Tk. 11.71 as on March 31, 2023.

TAKAFULINS: (Quarter 1) As per un-audited financial statements of the Company, EPS was Tk. 0.38 for January-March 2024 as against Tk. 0.37 for January-March 2023. NOCFPS was Tk. (0.41) for January-March 2024 as against Tk. 0.39 for January-March 2023. NAV per share was Tk. 19.26 as on March 31, 2024 and Tk. 19.27 as on December 31, 2023.

ACFL: (Quarter 3) As per un-audited financial statements of the Company, EPS was Tk. (0.06) for January-March 2024 as against Tk. (0.69) for January-March 2023; EPS was Tk. (0.01) for July 2023-March 2024 as against Tk. (0.40) for July 2022-March 2023. NOCFPS was Tk. 0.30 for July 2023-March 2024 as against Tk. 6.38 for July 2022-March 2023. NAV per share was Tk. 33.99 as on March 31, 2024 and Tk. 34.50 as on June 30, 2023.

STANCERAM: (Quarter 3) As per un-audited financial statements of the Company, EPS was Tk. (3.26) for January-March 2024 as against Tk. (2.03) for January-March 2023; EPS was Tk. (15.31) for July 2023-March 2024 as against Tk. (6.36) for July 2022-March 2023. NOCFPS was Tk. (12.71) for July 2023-March 2024 as against Tk. (2.83) for July 2022-March 2023. NAV per share was Tk. (30.13) as on March 31, 2024 and Tk. (14.82) as on June 30, 2023. Reasons for deviation in EPS, NOCFPS and NAVPS: EPS has become negative figure for the period as the overall economic condition was dull for cumulative effect of COVID-19 and Russia - Ukraine War, high cost of imported raw materials due to high cost of sea transport & Dollar rate fluctuation.

NATLIFEINS: (Quarter 1) As per un-audited financial statements of the Company, As per consolidated life revenue account of the company for Jan-Mar 2024, excess of total income over total expenses including claims