



Investment Corporation of Bangladesh

market insider

by ICB February 2024

Contents

- Capital Market
- Money Market
- Economy Review
 - Domestic Economy
 - Global Economy
- Scholar's Credibility
- Award and Recognition
- News Flashback

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Capital
Market

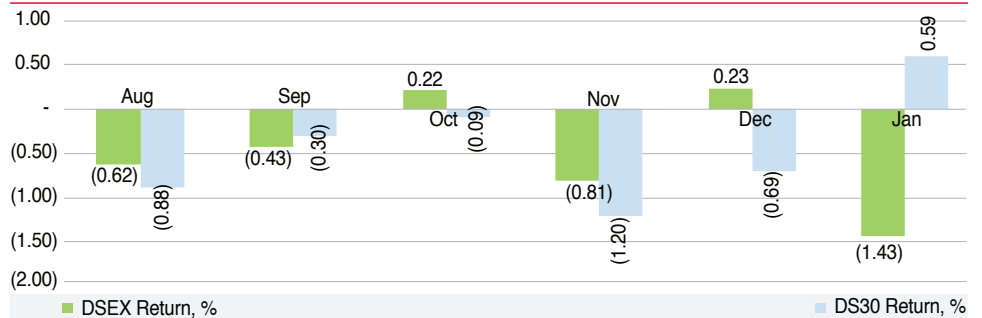
Performance of DSE Broad Index

Taka in Crore

Particulars	DSE		Change (%)
	Jan'24	Dec'23	
Total Transaction	15,747.22	10,206.05	54.29%
Average Transaction	715.78	537.16	33.25%
Total Transaction of ICB	578.40	332.70	73.85%
Percentage of ICB's Transaction	3.67	3.26	12.68%



Monthly Market Index Return (Last six months)



During this period, the return of DSE main index, DSEX, was recorded at (2.92) percent and DS30 was recorded at (2.63) percent.

Top 5 Companies in Market Capitalization and Turnover (DSE): (31 January 2024)

SL. No.	Name of the Companies	Market Capitalization		Turnover		
		Market Capitalization (Tk. in Crore)	% in Total Market Capitalization	Name of the Companies	Total Transaction (Tk. in Crore)	% in Total Transaction
1.	Grameenphone	38699.60	5.15	KPPL	46.61	4.76
2.	BATBC	28009.80	3.73	Malek Spinning	43.75	4.47
3.	Walton Hi-Tech	22804.40	3.03	BD Thai	36.70	3.75
4.	Square Pharma	19324.60	2.57	ETL	32.25	3.29
5.	Robi Axiata	15713.80	2.09	Fuwang Food	23.43	2.39

Top 10 Gainers (DSE), January 2024

Sl. No.	Company Code	Closing Price 31.01.24	Performance			1-Year Price Range			P/E Ratio	Dividend Yield	NAV
			1-Week	1-Month	1-Year	Low	High	Average			
1	KBPPWBIL	216.5	2.80%	109.38%	1886.24%	9.9	218.3	41.5	5,412.50	-	11.86
2	INTECH	41.2	11.05%	66.13%	76.82%	20.5	41.2	25.3	60.58	-	0.13
3	KPPL	45.5	32.65%	65.45%	411.24%	8.9	45.5	14.3	206.80	-	-1.98
4	AFTABAUTO	44.5	18.35%	63.60%	81.63%	24.5	44.5	26.8	-23.67	2.25%	50.82
5	SICL	17.6	32.33%	60.00%	60.00%	11.0	17.6	14.1	18.92	-	21.94
6	ORIONINFU	524.6	0.19%	50.40%	56.46%	255.2	524.6	343.9	245.14	0.19%	14.53
7	KARNAPHULI	55.1	1.47%	43.86%	77.74%	27.3	55.7	33.3	28.85	1.81%	21.15
8	ETL	16.7	21.90%	41.53%	77.66%	9.4	16.7	10.1	69.58	1.35%	12.53
9	MIRACLEIND	49.8	1.63%	34.23%	79.78%	24.1	57.4	35.0	-21.84	-	16.29
10	CENTRALINS	50.2	12.81%	33.16%	28.06%	35.4	50.2	38.1	21.92	2.72%	49.7

Top 10 Losers (DSE), January 2024

Sl. No.	Company Code	Closing Price 31.01.24	Performance			1-Year Price Range			P/E Ratio	Dividend Yield	NAV
			1-Week	1-Month	1-Year	Low	High	Average			
1	GSPFINANCE	14.50	-10.49%	-52.15%	-52.15%	14.50	30.30	29.90	-2.55	-	23.53
2	BDFINANCE	21.60	-8.47%	-51.02%	-51.02%	21.30	44.10	43.50	44.08	4.60%	16.78
3	IPDC	31.40	-2.79%	-45.49%	-45.49%	31.40	57.60	56.90	48.30	3.18%	17.51
4	MLDYING	14.40	4.35%	-41.94%	-41.94%	13.80	24.80	24.50	180.00	0.13%	13.19
5	BAYLEASING	13.90	2.96%	-41.84%	-41.84%	13.50	23.90	23.60	-3.13	-	8.56
6	MATINSPINN	45.20	-0.22%	-41.75%	-41.75%	45.20	77.60	76.70	38.96	8.84%	56.21
7	MAKSONSPIN	13.30	1.53%	-40.36%	-40.36%	13.10	23.30	22.10	-3.46	-	14.9
8	BDLAMPS	152.40	-3.73%	-39.57%	-39.57%	152.40	284.20	250.40	-6.78	0.64%	70.46
9	JMISMDL	165.20	-0.06%	-35.34%	-35.34%	163.20	255.50	253.00	-33.10	0.60%	85.51
10	PROGRESLIF	53.40	-4.13%	-30.92%	-36.80%	53.40	107.00	79.20	N/M	-	37.11

Newly Listed Securities in DSE & CSE

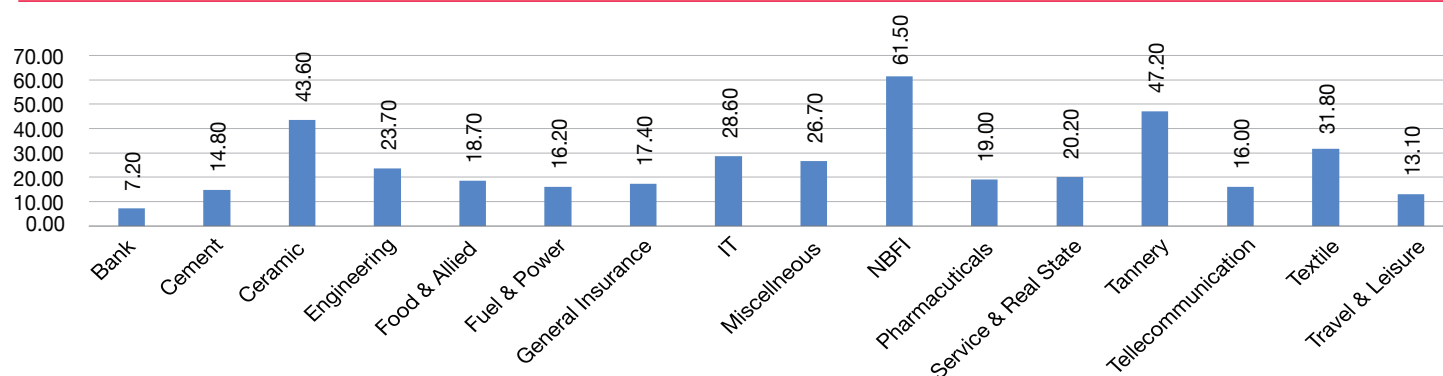
SL. No.	Name of the Securities	Types of Securities	Listing Types	Trade Starting Date	Authorized Capital/ Fund Size (Tk. in Crore)	Paid-up Capital (Tk. in Crore)	Offer Price for GP (In Tk.)	Market Price (24 Jan '24)
01.	Capitec Grameen Bank Growth Fund	Mutual Fund	Fixed Price	17 October, 2023	155.68	-	10.00	11.70
02	Sikder Insurance Company Limited	Equity	Fixed Price	24 January, 2024	50.00	40.00	10.00	11.00
03	Best Holdings Limited	Equity	Book Building	06 February 2024	1500.00	925.58	24.00	-

Forthcoming Listed Securities in DSE, CSE & SME

SL. No.	Name of the Securities	Listing Types	Authorized Capital/ Fund Size (Tk. in Crore)	Paid - up Capital (Tk. in Crore)	Offer Price for GP* (In Tk.)	Opening Date of Subscription	Closing Date of Subscription
01.	NRB Bank Limited	Fixed Price	1000.00	690.59	10.00	28 January 2024	01 February 2024
02.	Asiatic Laboratories Ltd.	Book Building	200.00	122.39	20.00	04 February 2024	08 February 2024
03.	Web Coats PLC.	Fixed Price	150.00	33.01	10.00	13 February 2024	19 February 2024

* General Public

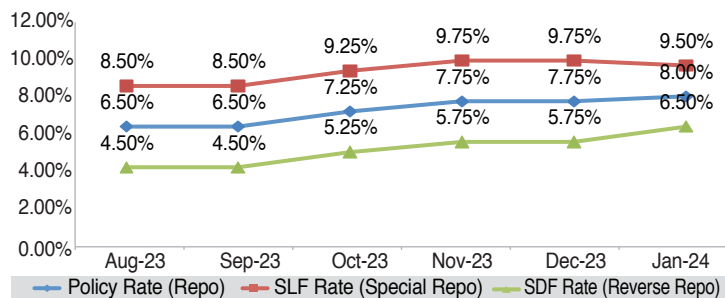
Sectoral P/E Ratio of DSE (January 2024)



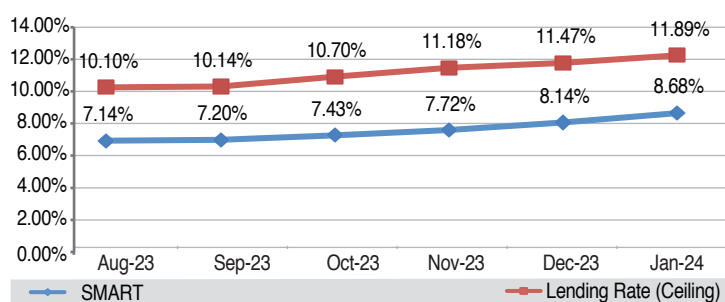


In FY 2022-23, Bangladesh Economy was plagued by high inflation, liquidity crisis and depleting foreign exchange reserve. Bangladesh Bank adopted a **Contractionary Monetary Policy** for the first half of the FY 2023-24 to alleviate the situation, especially to contain inflation, by decreasing aggregate demand, fostering savings, channeling investment to productive sectors etc.

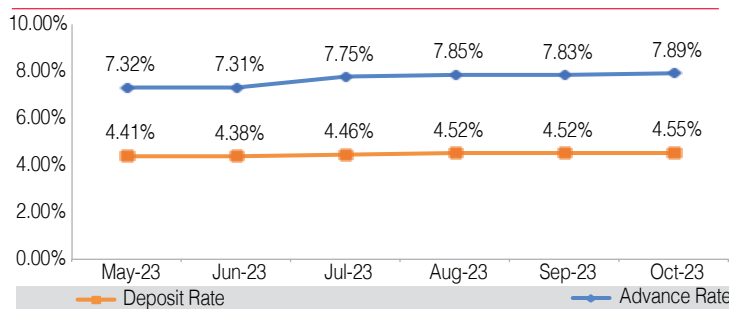
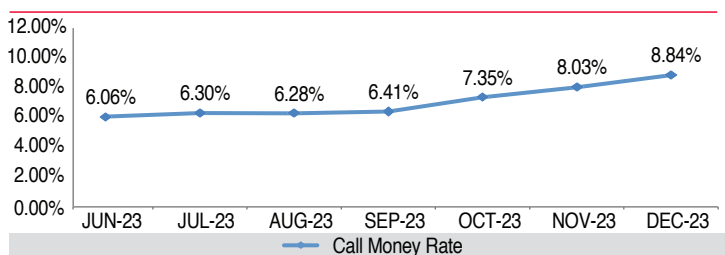
In accordance with monetary policy, Bangladesh Bank gradually increased **Policy Rates** over the last 06 (Six) months.



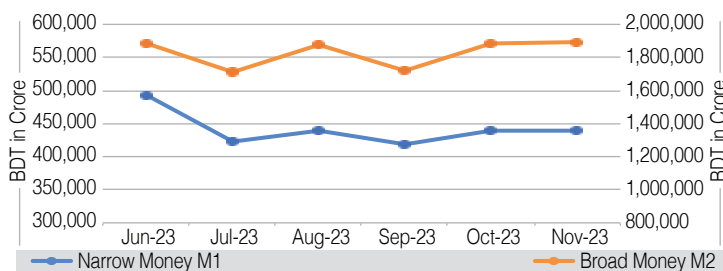
Along with policy rates, T-bill and T-bond yield increased which led **Six Months Moving Average Rate of Treasury bill (SMART)** as well as **Lending Rate (Ceiling)** to rise over the period.



This uptrend of interest is reflected in every domain of money market for both short-term and long-term.



As higher interest rates discourage borrowing, **Narrow Money Supply, M1** declined gradually over the period but **Broad Money Supply, M2** is yet to follow the trend.



As Bangladesh Bank intends to follow the Contractionary Monetary Policy for the second half of the FY 2023-24, interest rate is likely to rise further in the coming months. With increasing interest rate, Taka will be able to secure its value and inflation is expected to slow down to provide much needed relief to the general people.

World Leading Currency Rate (21 January 2024)

Currency Name	Buy	Sale
US Dollar	109.50	110.00
Pound Sterling	139.07	156.74
Euro	119.32	134.89
Japanese Yen	0.74	0.81
Australian Dollar	72.26	73.57
Hong Kong Dollar	14.01	14.07
Singapore Dollar	81.67	88.87
Indian Rupee	1.29	1.32
Saudi Riyal	29.15	29.33
Malaysian Ringgit	23.17	23.33

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- ▶ No minimum lot size.
- ▶ Online basis account facility.

New Monetary Policy of Bangladesh Government (H2FY24) its Objectives, Major Changes and Outcomes

“We do not have any headache about Growth, inflation our main Target”

Abdur Rouf Talukdar
Governor, Bangladesh Bank

In the presence of the Governor of Bangladesh Bank, Abdur Rauf Talukdar, on 17 January 2024, the 2nd semi-annual monetary policy (H2FY24) for the fiscal year 2023-2024 (January-June) was announced by Bangladesh Bank's Chief Economist Dr. Habibur Rahman.

The diverse economy of Bangladesh poses significant challenges, which are brought to the forefront by the recently announced monetary policy. The most influential challenges that Bangladesh must tackle are the following:

1. Exchange rate volatility;
2. Excessive pressure of inflation's
3. Long-term defaulted loans stress;
4. Enhancing the Reserves of Foreign Currency

In an effort to address the current economic challenges, Bangladesh Bank have implemented significant changes in policy interest rates. The changes to stabilize the economy and promote sustainable growth are shown in the chart-1:

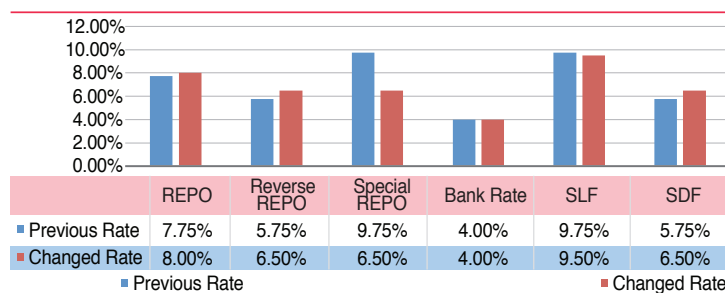


Chart-1: Changes in Policy Interest Rates

A significant shift in the target has been made to fine-tune economic concerns in the monetary policy. This change is aimed at achieving a more balanced and stable economic system. Bangladesh Bank believe that this strategic move will

have a positive impact on the economy and will pave the way for a more prosperous future. The changes in the target placed below in the chart-2:

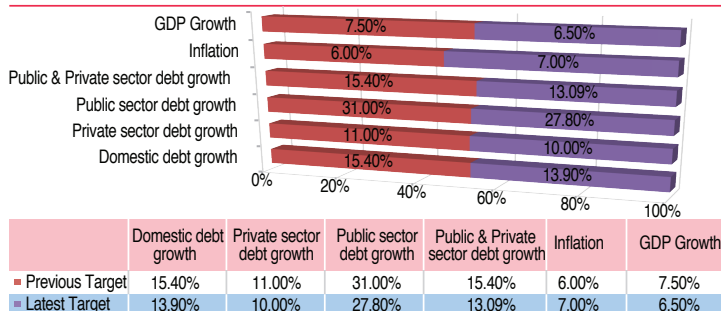


Chart-2: Changes of Target

Beside this, In the latest monetary policy, the decision made to introduce the crawling peg system as a means of controlling the exchange rate of foreign currency. The crawling peg is a technique used for adjusting the exchange rate of the domestic currency in relation to the foreign currency. At present, Honduras, Botswana and Nicaragua are among the countries utilizing the crawling peg system.

By introducing a new monetary policy, Bangladesh Bank and Experts expect a range of potential outcomes that can significantly impact our economy. The potential effects expected are as follows:

1. Higher policy rates will charge higher interest on bank loans;
2. A balanced foreign exchange rate will be established;
3. Foreign exchange market intervention will be flexible;
4. Private sector credit growth will be slow down;
5. Inflation could reach 7.5%

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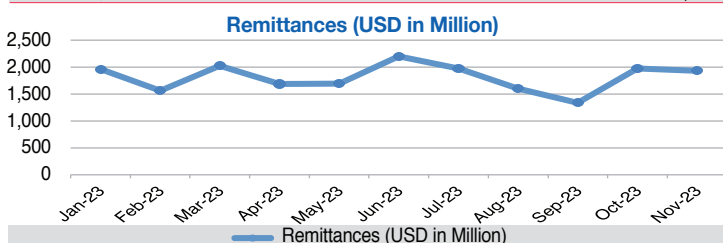
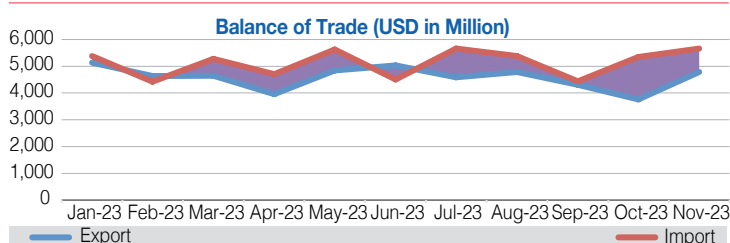
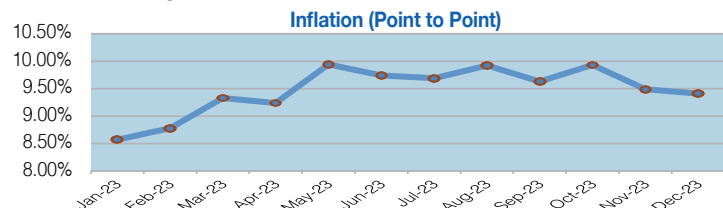




Domestic Economy

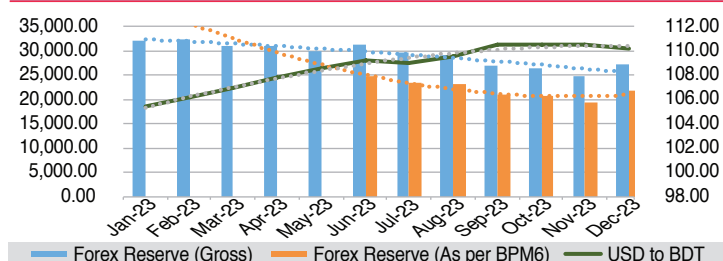
To alleviate inflationary pressure, Bangladesh Bank adopted a Contractionary Monetary Policy which increased interest rates in money market and reduced money supply in the economy over the last 06 (sixth) months. As a result, inflation rate has gone down during the period which is an early sign of effectiveness of the policy.

But balance of trade deficit widened and foreign remittance declined during the period.



As a result, foreign exchange reserve fell gradually and Taka depreciated along with it.

Month	Foreign Exchange Reserves	Foreign Exchange Reserves	USD to BDT
	[Gross] (USD in Million)	[As per BPM6] (USD in Million)	
Jan-23	32,223		105.40
Feb-23	32,267		106.18
Mar-23	31,143		106.92
Apr-23	30,965		107.78
May-23	29,874		108.57
Jun-23	31,203	24,754	109.18
Jul-23	29,732	23,374	109.00
Aug-23	29,261	23,255	109.50
Sep-23	26,911	21,060	110.50
Oct-23	26,481	20,710	110.50
Nov-23	24,895	19,301	110.50
Dec-23	27,130	21,868	110.25



Global Economy

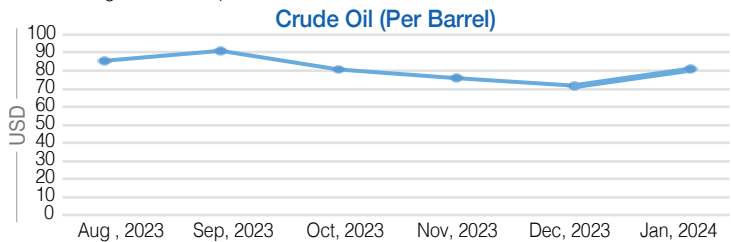
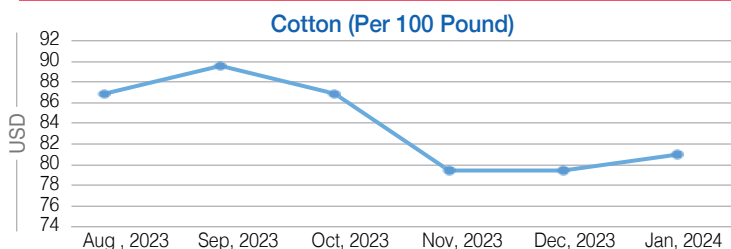
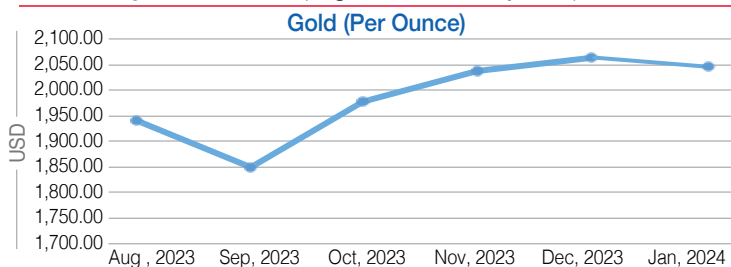
The global economy proved more resilient than expected in 2023, but the growth outlook remains weak. With monetary policy becoming increasingly visible and a weaker than expected recovery in world economies, global growth in 2024 is projected to be 3 percent which is same as the previous year. While headline inflation has been declining, core inflation remains persistent driven by the services sector and still relatively tight labor markets. Risks continue to be tilted to the downside as ongoing Russia-Ukraine war, recovery from COVID-19 effects etc. Inflation could continue to prove more persistent than anticipated with further disruptions to energy and food markets still possible.

Particulars	2023 (estimated)	2024 (projected)
Global growth	3%	3%
Global inflation	6.8%	5.2%

Global Commodity Market

Global commodity market involves buying, selling or trading a raw product such as oil, gold, cotton, coffee etc. Commodity market comprises of hard commodities which are generally natural resources and soft commodities which are livestock or agricultural goods. Among these three commodities especially gold, cotton & crude oil price indexes are shown below.

Commodity Price Indexes (August 2023-January 2024)



Global Stock Market

Major World Market Indexes (January 2023-January 2024)

SL.	Index	YTD	SL.	Index	YTD
1	S&P 500	26.71%↑	6	S&P/ASX 200 (Australia)	10.57% ↑
2	KOSPI (South Korea)	12.19%↑	7	Hang Seng (Hong Kong)	-23.13%↓
3	Shanghai Composite (China)	-10.52%↓	8	IBOVESPA (Brazil)	20.09% ↑
4	NIKKEI 225 (Japan)	41.10%↑	9	FTSE 100 (Great Britain)	1.01% ↑
5	SENSEX (India)	17.06%↑	10	TSX (Canada)	8.12% ↑

Exchange Traded Fund (ETF)

A New Era of Hope for Investors



Imran Mahmud
Lecturer, BICM

Exchange Traded Fund (ETF) is a new hope for the capital market investors in Bangladesh promising high liquidity and stable return from Mutual Fund alike product. Basically, BSEC is trying to launch ETF since 2015 and has come up with regulations namely 'Bangladesh Securities and Exchange Commission (Exchange Traded Fund) Rules, 2016' to promote the market. After all these years, the Bangladesh Securities and Exchange Commission (BSEC) approved two exchange traded funds (ETF), namely LB Multi Asset Income ETF and FAM DG Bengal Tiger ETF on December 2022, which are the first-ever ETF funds in the country. With the arrival of the news, a series of queries

emerged among the investors concerning the nature, mechanism, stakeholders, and benefits that the product will bring to the investors.

Just what its name implies, ETFs, are hybrid investment products with a basket of stocks traded in the exchanges having the characteristics of both stocks and Mutual funds. In 1993, the first U.S. ETF was launched to follow the S&P 500 index. Since then it has not seen any downtrend in its journey. According to Statistics, the asset under ETF has grown 17 times in value from \$579 million to \$10.99 trillion (Figure 1).

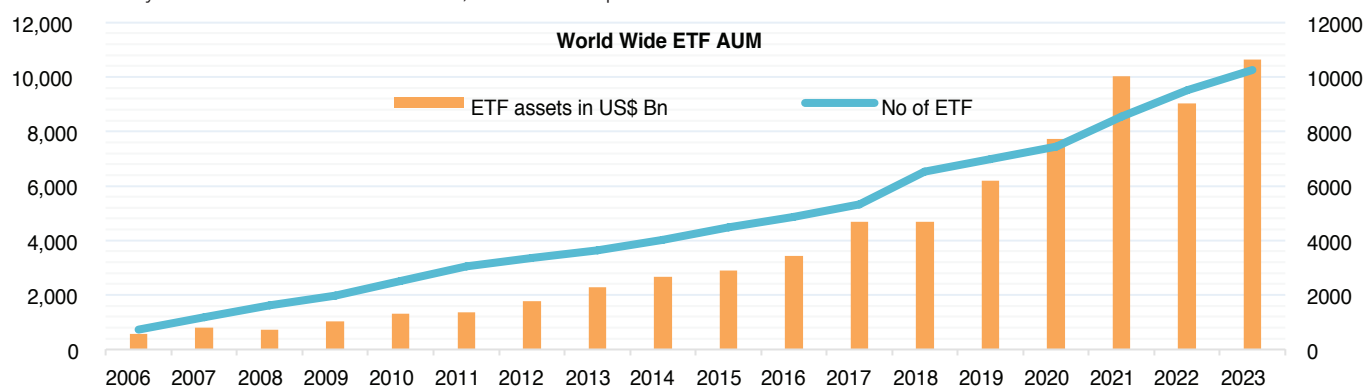


Figure 1: Worldwide ETF Asset under Management

Source: etfgi.com

As per the regulations outlined in the Exchange Traded Fund Rules of 2016, the management of ETFs will be the responsibility of an Asset Management Company (AMC). Additionally, in order to facilitate trading and price stabilization, at least two authorized participants (APs) will be

involved in the process. With the introduction of ETFs in DSE, there will be a lot of confusion among investors regarding the comparison of different securities existing in the market. Table 1 depicts the key differentiating factors among similar securities.

Issue of Comparison	Open Ended Mutual Fund	Closed-End Mutual Fund	Exchange Traded Fund
Fund Size	Can be extended or contracted back	Fixed	Flexible and can be extended or contracted
Value Disclosure	Weekly	Daily	Real-Time
Sale Price	Purchase or sold at NAV	Traded premium or discount to NAV	Trade very close to actual NAV
Place of availability	AMC itself	Through Exchanges (DSE or CSE)	Through Exchange were listed or fund itself
Management fees	Higher than ETF but lower than Closed End MF	Higher with implicit charges	Lower than Closed End and Open-End MF
Disclosure of Portfolio constituents	Monthly	Monthly	Daily or real time
Intra-day trading	Not possible	Not possible	Possible at low cost

Table 1: ETF key features compared with Open-ended and Closed-ended mutual fund

Mechanism of ETF

ETF units can be sold to the general public as well in private placement. The Asset Management Company that sponsors the ETF shall provide a minimum 10% of the subscription fund. The AMC collects shares of the companies that make up the index from a variety of investor types, including institutions, large investors, and Authorized Participants (AP). It then grants them a sizable block of ETF units in return. To put it

another way, a 'Creation Unit'—a sizable group of ETF units—is traded for a 'Portfolio Deposit' of equities and a 'Cash Component.' The APs can also use the reverse process- creating a Redemption unit- to convert their ETF units into 'Portfolio Deposit' of equities based on market demand. The APs can hold the ETF or sell those in the secondary market (Figure 2).

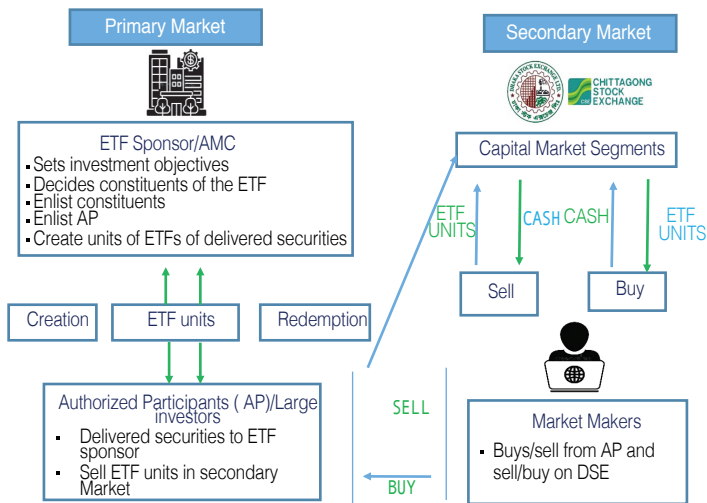


Figure 2: ETF participants, structures and mechanism of primary and secondary market

Benefits of ETF over Mutual Funds:

Exchange Traded Funds (ETFs) have several benefits over traditional Mutual Funds (MFs), including:

- 1. Lower Expense Ratios:** ETFs typically have lower expense ratios than MFs. This is because ETFs are passively managed and do not require as much research and analysis as actively managed MFs.
- 2. Intraday Trading:** ETFs can be bought and sold throughout the trading day, just like stocks. This allows investors to take advantage of short-term market movements and adjust their portfolios quickly in response to changing market conditions.
- 3. Transparency:** Transparency in the ETF fund portfolio in real time basis provide a huge leap forward regaining investors' confidence when they are skeptic about the existing closed end mutual funds. In developed countries, ETF sponsors publish their NAV every 15-seconds, fostering arbitrage activity and lowering tracking errors.
- 4. Tax Efficiency:** ETFs are generally more tax-efficient than MFs. ETFs generally are able to provide in-kind redemptions by delivering a basket of securities and thus rarely need to make capital gain distributions. This feature allows most ETFs to avoid taxable events, providing tax efficiency that arise from selling securities for cash within the fund.
- 5. Diversification:** ETFs offer investors a convenient way to achieve diversification across a wide range of asset classes, sectors, and geographies. This can help to reduce risk and increase returns over the long term.

Benefits of having APs in ETF trading: Authorized participants (APs) can be the brokerage firms and market makers. They play a crucial role in ETF trading, offering a range of benefits to the market. These benefits include:

- 1. Increased liquidity:** APs help ensure liquidity in the ETF market by facilitating trading between buyers and sellers. This helps to maintain a fair and orderly market and makes it easier for investors to buy and sell ETF shares.
- 2. Price stabilization:** By acting as market makers, APs help to stabilize ETF prices, preventing large fluctuations in the market. This helps to ensure that ETF prices remain in line with the underlying assets they are designed to track.
- 3. Arbitrage opportunities:** APs are able to create and redeem ETF shares, which creates arbitrage opportunities. This allows them to take advantage of any discrepancies between the price of an ETF share and the value of the underlying assets it represents.
- 4. Cost efficiency:** APs can achieve cost efficiencies by trading in large blocks of ETF shares. This allows them to negotiate lower transaction costs, which can be passed on to investors in the form of lower fees.

Findings from US market on positive impact of ETF

- ETFs managed to avoid the 2008 global financial crisis, the 2013 Taper Tantrum, the 2015 sell-off in high-yield bonds, and the stressors brought on by the coronavirus. In June 2013, amid the so-called Taper Tantrum, bond ETFs stepped in to stabilize the unstable bond market. Up to 25% of the underlying market's trading volume was placed in the largest high-yield bond ETFs.
- Trading in ETFs picks up as market volatility increases. The average daily trading volume for US-listed ETFs was about \$256 billion, or about three times the volume for all of 2019.
- Since 2011, ETF primary market activity has made up 5% of all US stock trading, while ETF secondary market activity has stayed nearly steady at 25%.

(Source: CFA society Research on ETF)

BSEC (Exchange Traded Fund) Rules, 2016

According to the ETF Rules 2016, an ETF fund can be either 'passively managed ETF' or 'actively managed ETF.' It can be operated as a general index fund or an Islamic index fund. The following criteria must be met if any AMC or sponsor wants to create and maintain an ETF fund:

- Minimum fund size at formation shall be at least TK five hundred million and subscription by the sponsor(s) shall not be less than 10% of the fund's target size;
- Minimum investment by the asset manager shall be at least 2% of the fund's target size;
- Investment of the sponsor and asset manager shall have a lock-in period of 02 years since the listing date of the fund with a continuous investment of 1/10th of its initial contribution;
- The fund shall determine an annual fee for the Commission @ 0.07% on year-end fund size;
- For index-based ETF, subscriptions must be done through private placement;
- A registered asset manager shall be eligible to apply to be an asset manager of ETF; if it has completed a successful operation of at least 03 (three) years and has experience in fund management for at least one registered mutual fund or collective investment scheme;
- The asset manager shall be entitled to get an annual fund management fee up to 0.75% (zero-point seven five percent) of the weekly average NAV of the fund for managing 'passively managed ETF';
- The AMC must appoint at least 2 APs (each having minimum 5 years of experience in being a stock broker-dealer) and at least 1 market maker;
- The ETF must invest at least 95% of the fund size in constituent securities if it is a general index fund;
- The annual operating expenses of an ETF shall not be above 3% on the weekly average of the net asset value of the fund for the index fund.

Conclusion

In conclusion, ETFs are a highly innovative product in the world of capital market instruments, providing investors with a safety cushion against uncertainties and a long-term opportunity for stable growth. The advent of ETFs in Bangladesh is expected to bring about a much-needed boost to our stagnant market, instilling greater confidence in both general and institutional investors. With their lower expense ratios, intraday trading, transparency, tax efficiency, and diversification, ETFs are a highly attractive investment option that holds great potential for the future of Capital Market of Bangladesh.



Agreement Corporate Signing Ceremony (Advisory and Issue Management Services) between Green Tiger Electric Vehicle Limited and ICB Capital Management Limited (ICML) on December 26, 2023.



Investment Corporation of Bangladesh has achieved Certificate of Merit award in Public Sector of SAFA Best Presented Annual Report Awards, Integrated Reporting Award & SAARC Anniversary Award for Corporate Governance Disclosures Competition 2022. The award ceremony was held in the New Delhi, India on 22 December, 2023.

News Flashback

Significant Events of ICB

- Celebrating valiant Freedom Fighter Shaheed Captain Sheikh Kamal's 74th Birth Anniversary;
- Celebrating Sheikh Russel Day;
- Commemorating National Mourning Day;
- Celebrating Victory Day;
- Signing Deed of Agreement for Construction of ICB Bhaban with PWD;
- Organizing 105th MCC Meeting;
- Holding 47th Annual General Meeting of ICB on Digital Platform.

Recent Economic Updates of Bangladesh

- IMF approved a 4.70 billion USD loan and already disbursed 116.00 million USD in two installments;
- Bangladesh Bank removed Fixed Interest in favor of market-based rates;
- Bangladesh Government passed the new Income Tax Act, 2023;
- Bangladesh Bank granted Digital Banking License in favor of 8 firms;
- Bangladesh National Pension Authority launched Universal Pension Scheme;
- Bangladesh Bank approved to settle bilateral trade with India in Indian Rupee;
- Bangladesh Bank introduced Bancassurance i.e. allowed banks to work as corporate agents of insurance companies.



Investment Corporation of Bangladesh (ICB) has been awarded as the top taxpayer in the "Non-Banking Financial" category in the tax year 2022-23. Md. Abul Hossain, Managing Director of ICB, receiving the crest and certificate from Syed Mohammad Abu Daud, Member, NBR and Iqbal Bahar, Tax Commissioner, NBR. Mr. Md. Anwar Shamim, General Manager of ICB, was also present at the ceremony.



Investment Corporation of Bangladesh has achieved 2nd position award in Public Sector of 23rd ICAB National Award for Best Presented Annual Reports 2022. Commerce Minister Mr. Tipu Munshi, M.P, was present as the chief guest at the ceremony.

Disclaimer: The information contained in this report is based on data obtained from reliable sources Readers are advised to use this report at their own inclination and ICB does not take any liability for outcomes arising from the use of the information published in this report.