



# HALF-YEARLY **CAPITAL MARKET REVIEW**

January-June 2024



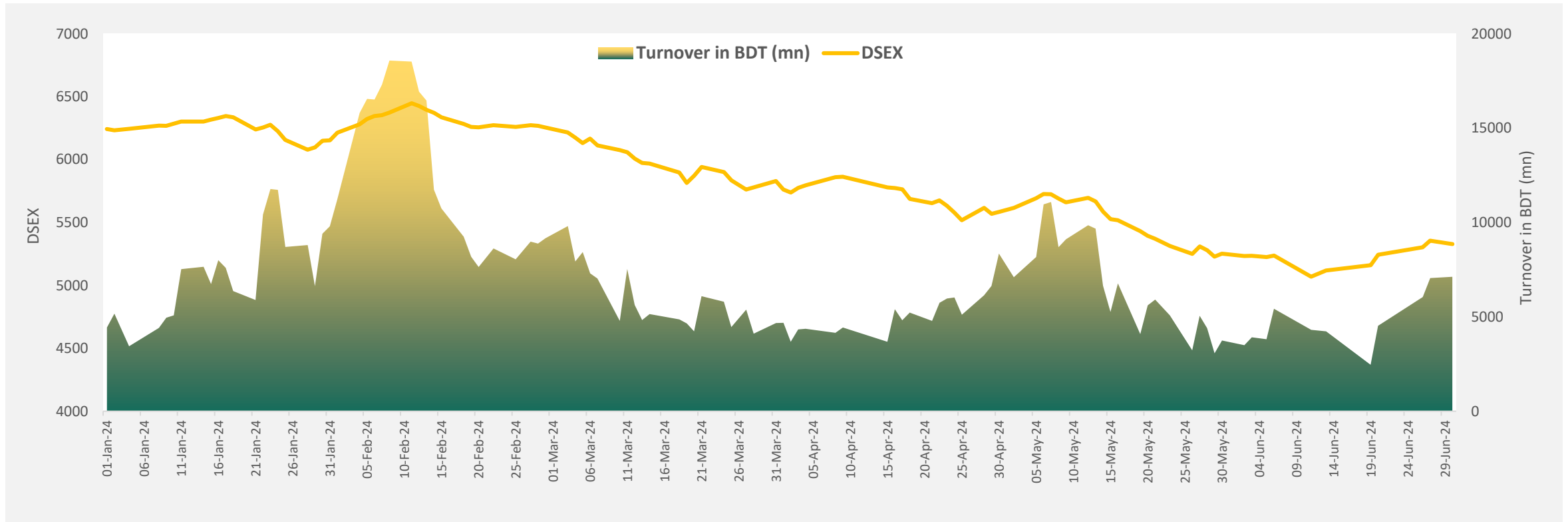
# Bangladesh Equity Market Struggles in H1 2024 Amid Challenges

- DSEX, the broad index of the Dhaka Stock Exchange, lost over ~920 points during the first half of 2024, closing at 5,328 points even though political risks significantly subsided following the National Election in Jan'24 and Awami League led government started taking more prudent policy stances even before the election being held. The free fall in the market started from the removal of floor price restriction as widely expected in mid January. The market liquidity was in a dire strait as many stocks became fundamentally overpriced even at the floor price level and resultantly became illiquid. Daily Average Turnover in DSE increased by 26.1% during the first half of 2024.
- However, since the removal of floor price restrictions, DSEX lost over 1,000 points quite rapidly, BSEC introduced 3.0% lower circuit breaker on April 25, 2024, replacing previously existing 10.0% lower circuit.
- The number of Losers dwarfed the number of gainers as 337 stocks ended the first half of 2024 in red whereas only 50 stocks closed in green. Main drivers of this market correction are:

MARKET SUMMARY				
	HY1'24	HY2'23	Points Change	Change (%)
DSEX*	5,328	6,246	(918.1)	-14.7%
DS30*	1,910	2,094	(184.2)	-8.8%
CSCX*	9,074	11,076	(2,002.0)	-18.1%
CASPI*	15,067	18,520	(3,453.3)	-18.6%
DSE Market Cap (BDT bn)*	6,622	7,809	(1,186.9)	-15.2%
Daily Average Turnover in DSE (BDT mn)	7,278	5,772	1,505.9	26.1%

- High inflation rate negatively affected consumers' purchasing power, hurting the top line of many companies.
  - Tighter monetary stance undertaken by central bank to control the inflation which resulted in significant jump in treasury rates (350bps-400bps since Sep'23). The rates on other depository products also increased amid tight liquidity conditions in the financial sector.
  - Continuous BDT devaluation (7.3% YTD which was 5.8% in 2023).
  - Increased sell pressure during June'24 from individual investors to avoid the widely anticipated imposition of capital gain tax on individuals from FY2024-25.
- Gross savings/ investment has been worsening amidst the higher inflationary situation for last couple of years. Deposit mobilization stagnated significantly during the fixed interest rate regime that was introduced in April 2020. Under the fixed interest rate regime, the real interest rate for depositors slipped into negative territory. The overall liquidity situation in the financial was also affected by the dearth of dollar as central banks has been selling to USD to local banks mopping up the BDT.
  - Earlier after introducing the SMART based interest rates, lending rate cap in the banking sector was hovering around 10.0%-11.0% in the last three months of 2023. However, the significant rise in the yield of 182-D Treasury Bills led the lending rate cap to go above ~13.0% by the end of Apr'24. In May'24, the central bank removed the SMART rate and introduced a market-based interest rate. Again, some banks are now offering almost 14.0%-15.0% on term deposits which is also prompting the investors to stay reluctant from investing any fresh money in the capital market.
  - Both higher financial expense burden and higher input costs have significantly affected profitability margin of many companies. Moreover, subdued consumer demand and austere fiscal measures have also hurt the topline of many companies. Amid upward moving interest rates with pessimistic earnings expectation, many investors became bearish about the equity as an asset class and opted for fixed-income investment products.
  - When it rains, it pours: the National Board of Revenue (NBR) imposed a 15.0% tax on capital gain over BDT 5.0 mn in the budget. For this reason, during Jun'24, new money injection in the market did not meet expectations like it was seen in the previous years. The high-net-worth investors are hesitating to participate in the market after this imposition of capital gain tax.

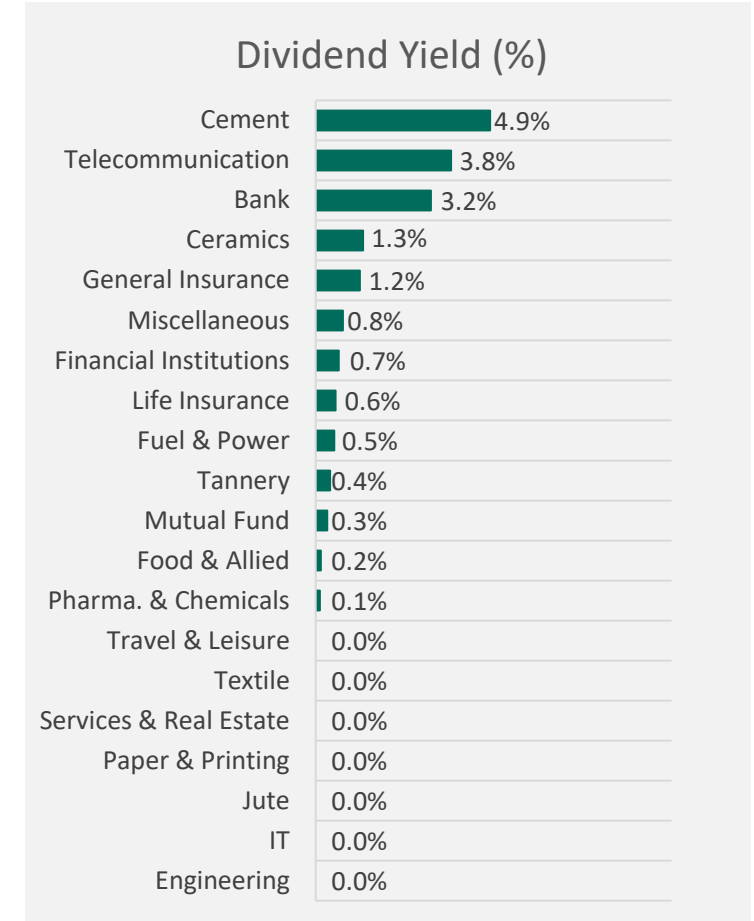
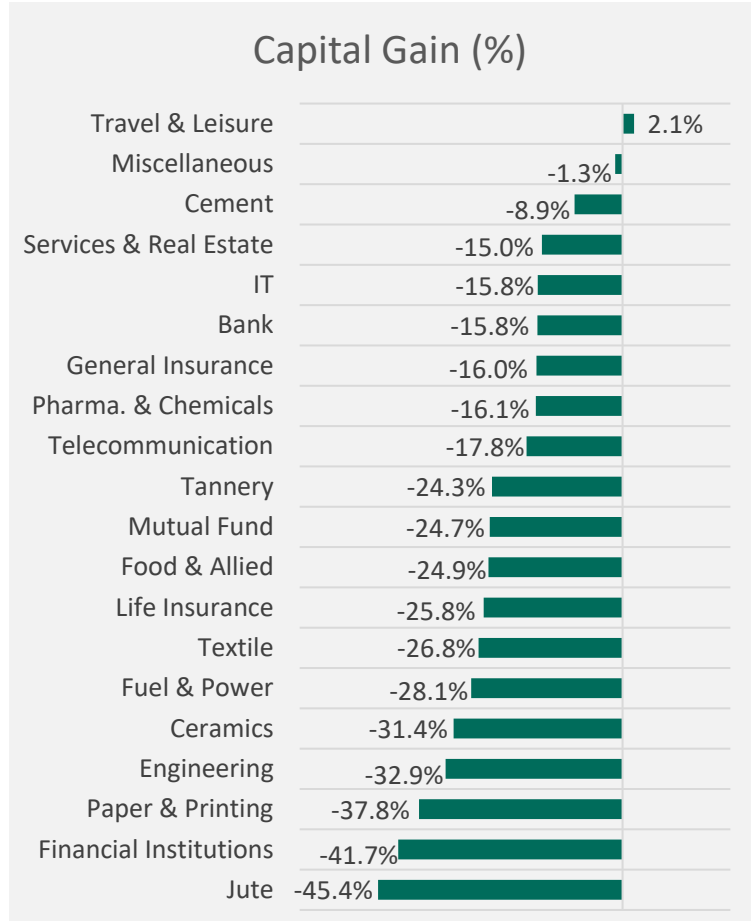
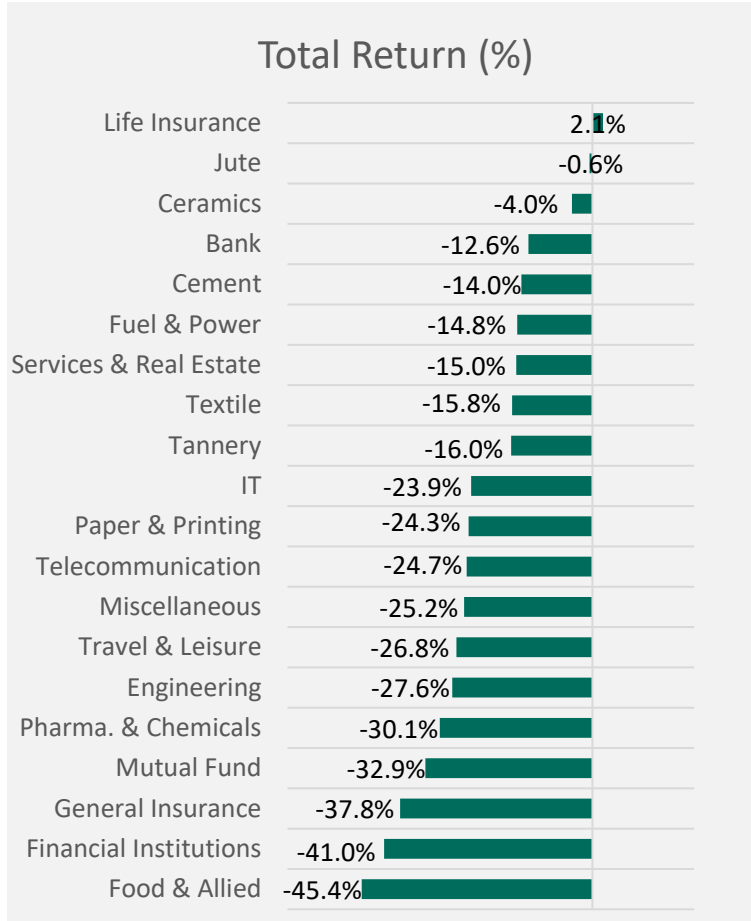
## Broad index closed in the red territory



- With all the negative developments in the equity market, it should also be considered that many stocks performed fundamentally strong yet are trading at significant discount to their historic valuation multiples (25%-40.0% discount). With major policy reforms such as adopting market-driven interest rates and exchange rates (BDT/USD), equity as an asset class may take another 6-9 months to end its current downtrend and make a reversal.

Source: DSE, GDDA Research

# Sector-wise Performance: smaller sectors generated higher gains while larger sectors provided higher dividend yield

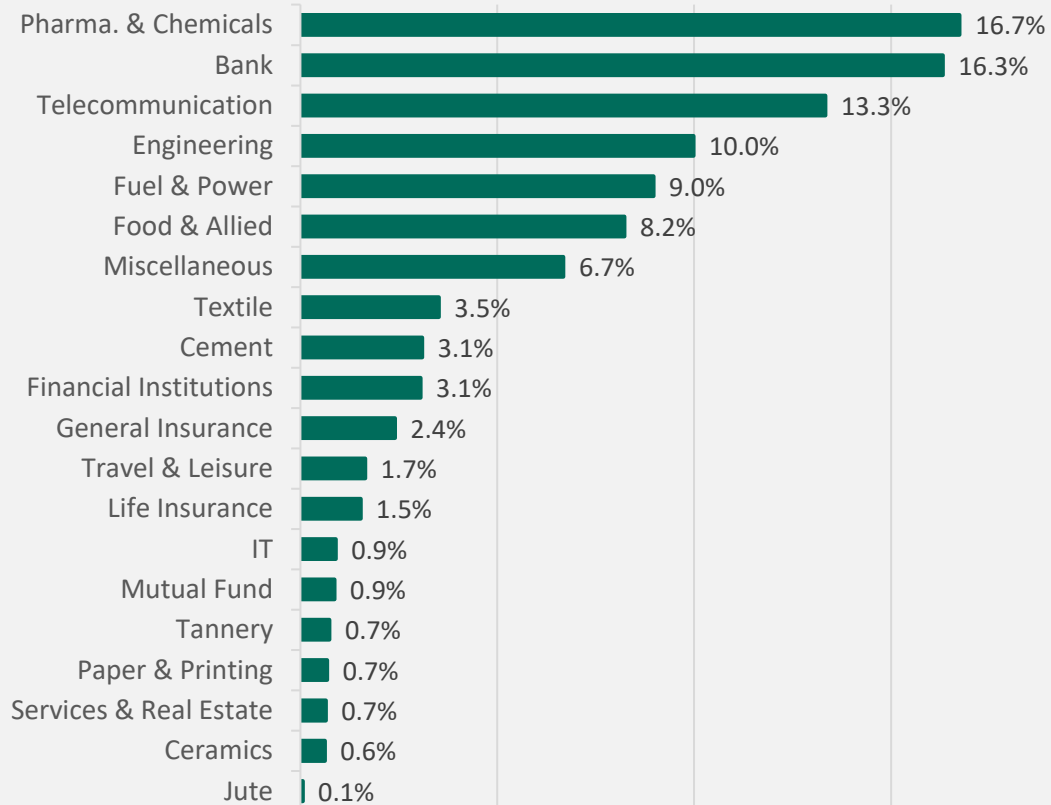


- Since small-cap stocks showed vigorous performance, sectors that have higher number small-cap stocks generated higher capital gains, while large-cap stocks such as Banks, Telecoms could bag only dividend yield.

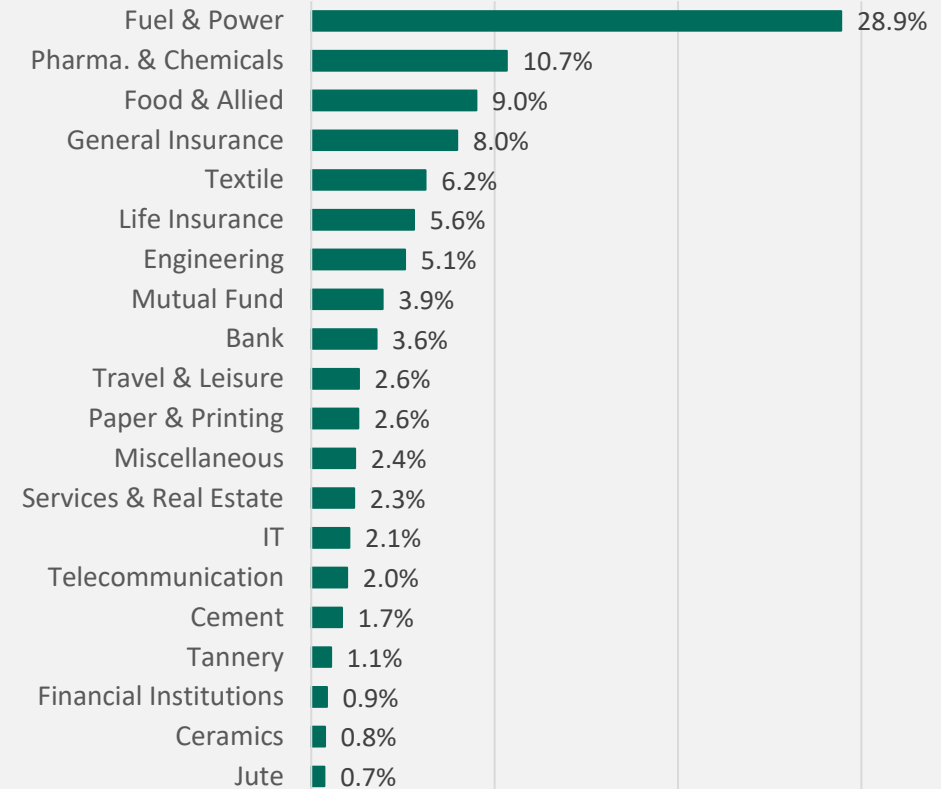
Source: DSE, GDDA Research

# Sector-wise Performance: Small-cap stocks also topped the turnover chart

Market Weight (%)



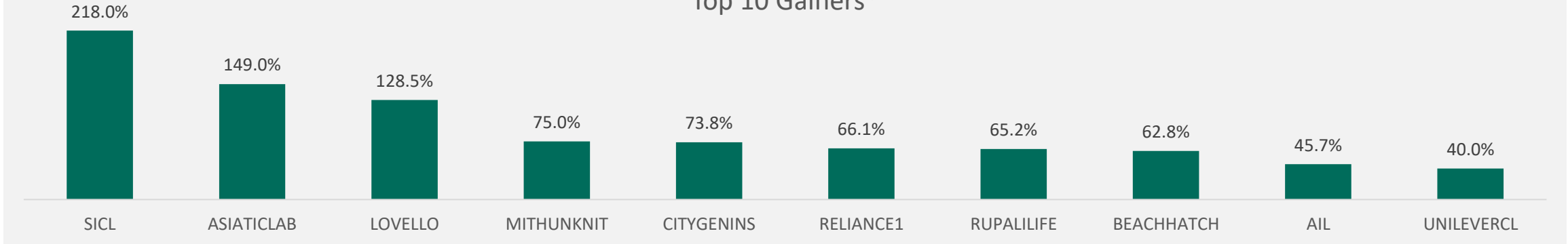
Daily Average Turnover Distribution (%)



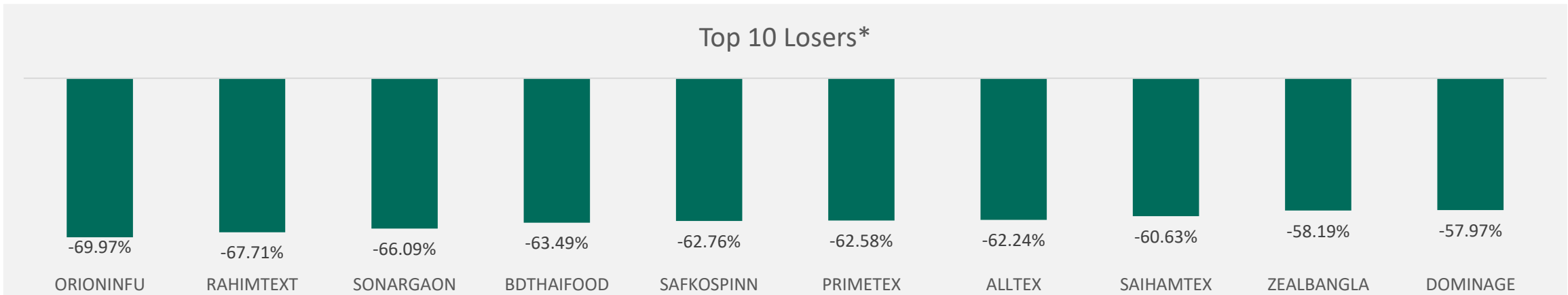
Source: DSE, GDDA Research

## Top 10 Gainers & Losers: Small-cap stocks dominated both rankings

Top 10 Gainers\*



Top 10 Losers\*



- A significant hike in gas prices, increasing finance costs, wage hikes, and other associated cost increases have put textile industry in a tight corner. For this, of the 10 losers were from Textile sectors.

Source: DSE, GDDA Research

\*Ranking based on total returns (capital gains + dividend yield); ^Return calculated after the adjustment of placement shares

## Top 15 Stocks by Turnover: Investors' behaviour remained optimistic

Code	Sector	MCAP (BDT bn)	MCAP Weight (%)	AVDT (BDT mn)	AVDT Distribution (%)	Close Price BDT	Capital Gain (%)	Dividend Yield (%)	F.PE (x)	PB (x)
JAMUNAOIL	Fuel & Power	19.3	0.5%	11.7	0.2%	174.6	3.6%	0.0%	4.9	0.8
MPETROLEUM	Fuel & Power	21.5	0.6%	24.6	0.3%	198.6	0.0%	0.0%	5.5	0.9
CRYSTALINS	General Insurance	4.0	0.1%	29.4	0.4%	98.9	16.2%	0.0%	27.2	4.0
PRAGATILIF	Life Insurance	4.6	0.1%	30.8	0.4%	140.5	37.6%	0.0%	n/a	n/a
FINEFOODS	Food & Allied	2.3	0.1%	30.9	0.4%	165.1	23.3%	0.0%	217.2	15.0
LINDEBD	Fuel & Power	19.5	0.5%	10.0	0.1%	1,283.2	-8.2%	11.0%	27.9	3.2
SAIFPOWER	Services & Real Estate	8.8	0.2%	27.0	0.4%	23.3	-21.5%	0.0%	34.3	1.5
SEAPEARL	Travel & Leisure	11.0	0.3%	101.7	1.4%	91.4	-8.3%	0.0%	17.9	4.7
RUPALILIFE	Life Insurance	5.9	0.2%	79.1	1.1%	196.6	65.2%	0.0%	n/a	n/a
AIL	Textile	4.8	0.1%	126.9	1.8%	108.7	45.7%	0.0%	43.6	4.5
BXPHARMA	Pharma. & Chemicals	52.7	1.5%	25.7	0.4%	118.1	-19.2%	0.0%	9.1	1.1
CAPITECGBF	Mutual Fund	2.6	0.1%	20.9	0.3%	16.9	32.0%	0.0%	n/a	n/a
CITYGENINS	General Insurance	5.9	0.2%	42.8	0.6%	86.2	73.8%	0.0%	25.4	4.1
BEACHHATCH	Food & Allied	3.1	0.1%	85.6	1.2%	75.7	62.8%	0.0%	29.6	6.1
BATBC	Food & Allied	174.3	4.9%	54.5	0.8%	322.8	-37.8%	0.0%	9.7	3.2

\* As on closing of June 30, 2024; MCAP= Market Capitalization, AVDT= Average Daily Turnover (including block), F.PE= Forward Price-Earnings, PB= Price to Book Value

Source: DSE, GDDA Research

## Top 15 Stocks by Market Cap: Almost all remained stuck at the floor price despite lucrative price levels

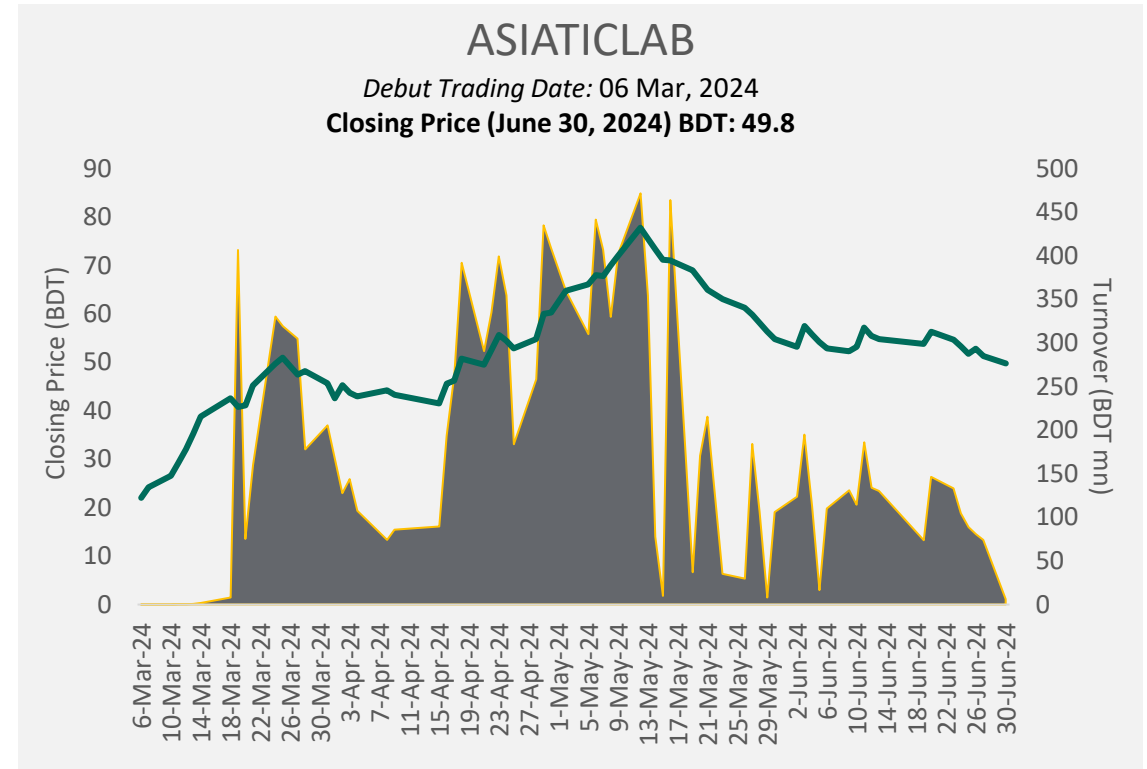
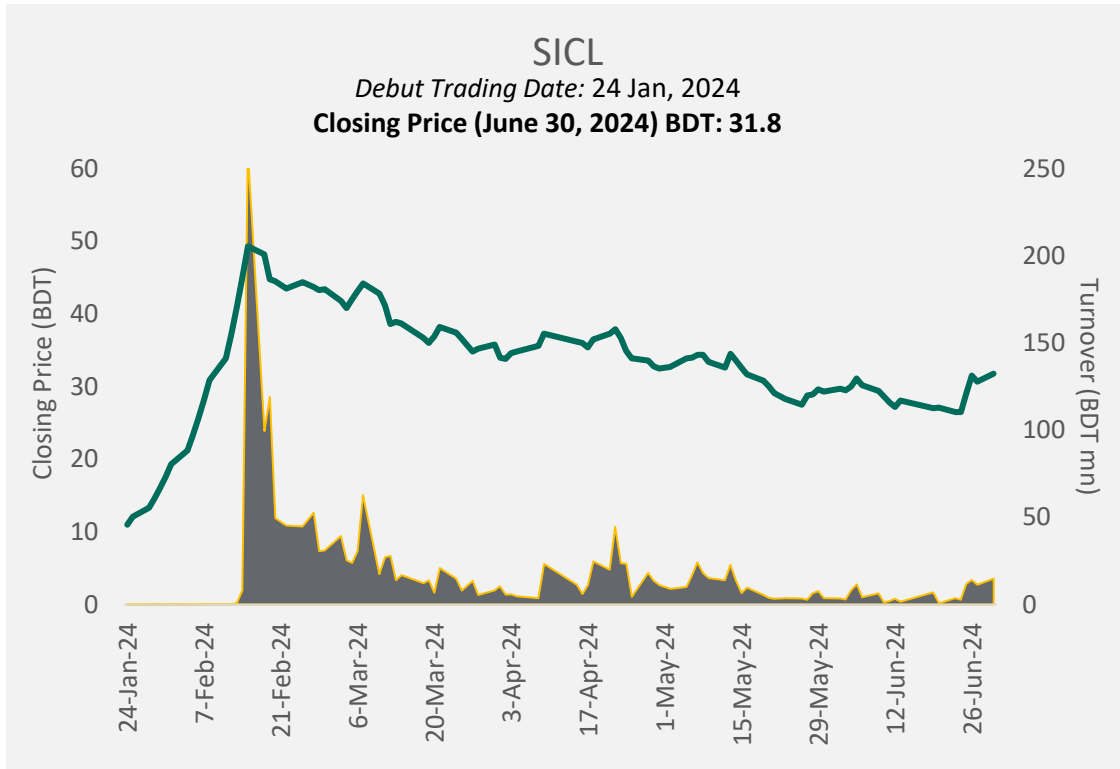
Code	Sector	MCAP (BDT bn)	MCAP Weight (%)	AVDT (BDT mn)	AVDT Distribution (%)	Close Price BDT	Capital Gain (%)	Dividend Yield (%)	F.PE (x)	PB (x)
GP	Telecommunication	334.5	9.3%	33.9	0.5%	247.7	-13.6%	4.4%	6.2	4.2
WALTONHIL	Engineering	196.7	5.5%	13.4	0.2%	649.4	-38.0%	0.0%	19.4	1.8
SQURPHARMA	Pharma. & Chemicals	187.0	5.2%	71.4	1.0%	210.9	0.3%	0.0%	8.7	1.5
BATBC	Food & Allied	174.3	4.9%	54.5	0.8%	322.8	-37.8%	0.0%	9.7	3.2
ROBI	Telecommunication	122.0	3.4%	33.9	0.5%	23.3	-22.3%	3.3%	29.1	1.8
BEXIMCO	Miscellaneous	103.6	2.9%	10.5	0.1%	115.6	0.0%	0.0%	97.4	1.2
RENATA	Pharma. & Chemicals	88.3	2.5%	26.9	0.4%	770.1	-36.8%	0.0%	25.2	33.6
BERGERPBL	Miscellaneous	85.6	2.4%	7.9	0.1%	1,844.7	4.0%	2.3%	28.0	6.4
UPGDCL	Fuel & Power	83.0	2.3%	3.5	0.0%	143.2	-38.7%	0.0%	8.1	2.4
LHBL	Cement	72.4	2.0%	66.9	0.9%	62.3	-10.1%	7.2%	11.1	3.0
MARICO	Pharma. & Chemicals	71.6	2.0%	7.9	0.1%	2,274.5	-7.6%	0.8%	15.6	8.7
BRACBANK	Bank	55.2	1.5%	41.0	0.6%	34.3	-4.2%	2.8%	5.0	0.8
UNILEVERCL	Food & Allied	54.5	1.5%	55.3	0.8%	2,826.7	40.0%	1.5%	60.9	21.1
BXPHARMA	Pharma. & Chemicals	52.7	1.5%	25.7	0.4%	118.1	-19.2%	0.0%	9.1	1.1
ISLAMIBANK	Bank	52.5	1.5%	2.6	0.0%	32.6	0.0%	3.1%	26.3	0.7

\* As on closing of June 30, 2024; MCAP= Market Capitalization, AVDT= Average Daily Turnover (including block), F.PE= Forward Price-Earnings, PB= Price to Book Value

Source: DSE, GDDA Research



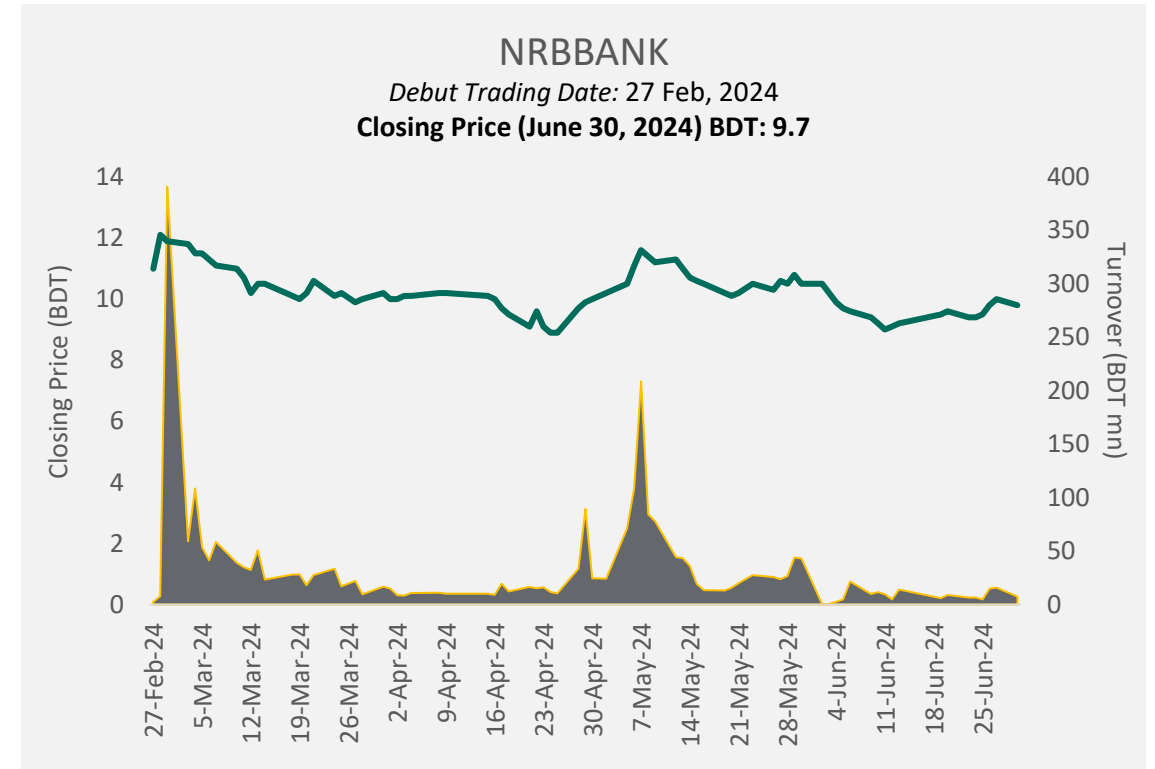
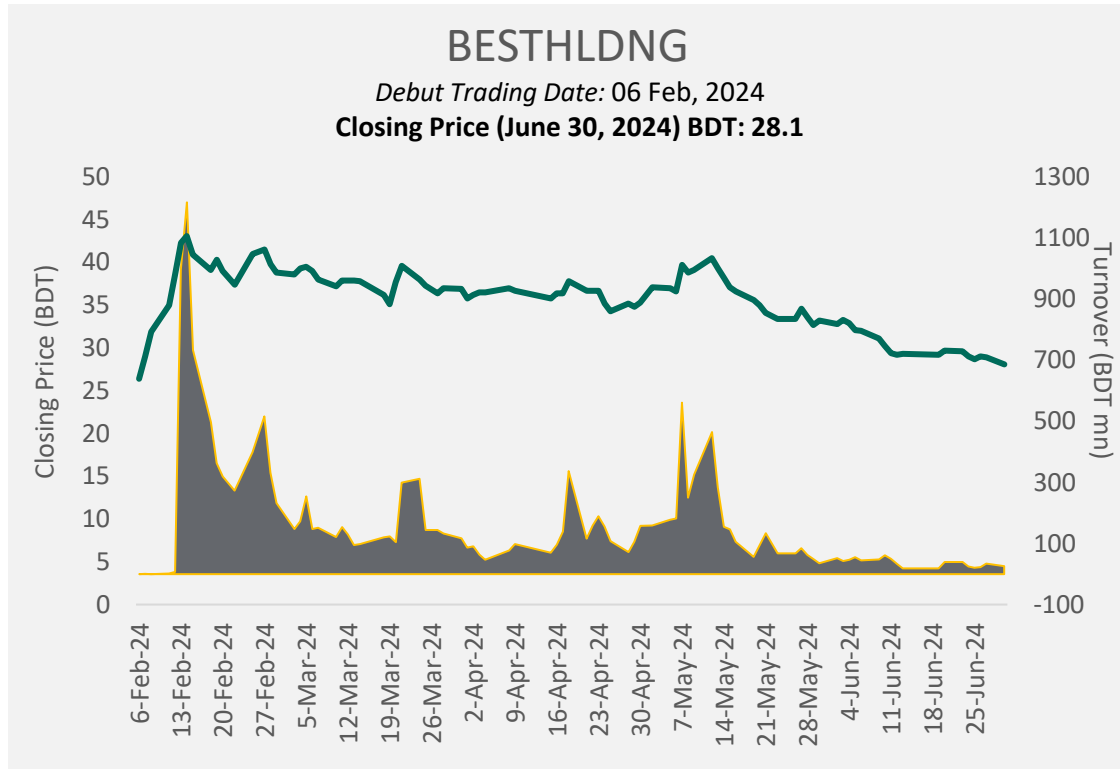
# Half of H1 2024 IPOs Underperform Previous Years' Success



- The first half of 2024 saw listing of only 2 IPOs under fixed price method and 2 under book building method.
- SICL registered the highest return in price among the IPO shares with 440% return, followed by ASIATICLAB with 294.0%, BESTHLDNG with ~94.0% and NRBBANK registered 33% return in the price.

Source: DSE, GDDA Research

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Source: DSE, GDDA Research

## MNC Stock Performance: Sluggish performance, few gainers

Code	Sector	MCAP (BDT bn)	MCAP Weight (%)	AVDT (BDT mn)	AVDT Distribution (%)	Close Price BDT	Capital Gain (%)	Dividend Yield (%)	F.PE (x)	PB (x)
BATASHOE	Tannery	13.4	0.4%	1.0	0.0%	977.2	1.1%	1.1%	18.2	3.9
BATBC	Food & Allied	174.3	4.9%	54.5	0.8%	322.8	-37.8%	0.0%	9.7	3.2
BERGERPBL	Miscellaneous	85.6	2.4%	7.9	0.1%	1,844.7	4.0%	2.3%	28.0	6.4
GP	Telecommunication	334.5	9.3%	33.9	0.5%	247.7	-13.6%	4.4%	6.2	4.2
HEIDELBCEM	Cement	13.7	0.4%	7.6	0.1%	242.7	1.3%	1.0%	8.7	3.3
LINDEBD	Fuel & Power	19.5	0.5%	10.0	0.1%	1,283.2	-8.2%	11.0%	27.9	3.2
LHBL	Cement	72.4	2.0%	66.9	0.9%	62.3	-10.1%	7.2%	11.1	3.0
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RAKCERAMIC	Ceramics	11.2	0.3%	6.3	0.1%	26.2	-38.9%	2.3%	59.5	1.5
RECKITBEN	Pharma. & Chemicals	21.7	0.6%	3.0	0.0%	4,600.0	-3.4%	1.2%	35.8	16.2
ROBI	Telecommunication	122.0	3.4%	33.9	0.5%	23.3	-22.3%	3.3%	29.1	1.8
SINGERBD	Engineering	13.1	0.4%	8.3	0.1%	131.5	-13.4%	0.0%	n/a	3.9
UNILEVERCL	Food & Allied	54.5	1.5%	55.3	0.8%	2,826.7	40.0%	1.5%	60.9	21.1

\* As on closing of June 30, 2024; MCAP= Market Capitalization, AVDT= Average Daily Turnover (including block), F.PE= Forward Price-Earnings, PB= Price to Book Value

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# World Market Review: World indices performed positive in H1 2024

Index	Country	June 2024	1-Month Return (%)	3-Month Return (%)	6-Month Return (%)
S&P 500	USA	5,460.4	3.5%	3.9%	14.2%
VNI 30	Vietnam	1,278.3	0.8%	-0.4%	12.4%
CSE All-Share	Sri Lanka	12,143.7	0.3%	6.1%	14.3%
BSE Sensex	India	79,032.7	7.4%	6.8%	9.3%
<b>DSEX</b>	<b>Bangladesh</b>	<b>5,328.4</b>	<b>1.5%</b>	<b>-8.6%</b>	<b>-14.7%</b>
Karachi 100	Pakistan	78,444.9	4.4%	17.4%	20.5%
FTSE 100	UK	8,164.1	-0.9%	2.7%	5.6%
IDX Composite	Indonesia	7,063.5	2.1%	-1.9%	-2.8%





- The broad indices of most of the markers generated comparatively higher return mainly led by the improving situation of macroeconomic indicators (e.g. slowing of inflation) and the US Fed rate is now also in a reverse trend.
- Though DSEX provided negative returns, upon considering the last month return, a turnaround can be observed and is expected that DSEX will be aligned with other broad indices.

Source: Investing.com, DSE, GDDA Research

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