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# market insider

monthly

by ICB March 2024

Capital  
Market



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## Market Statistics

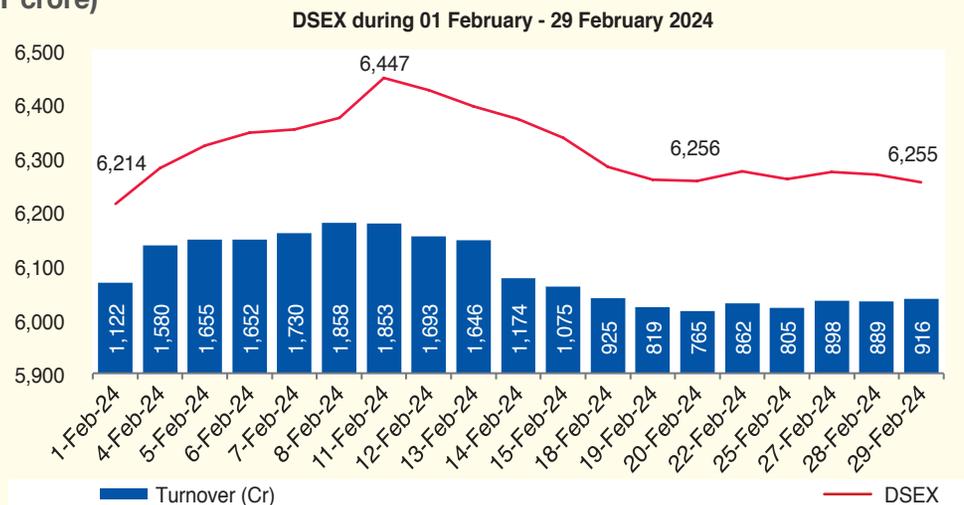
In February, the Dhaka Stock Exchange (DSE) experienced positive trends in major indices and market turnover. The DSEX recorded a 1.64 percent return for the month. Notably, market turnover witnessed a remarkable increase of 75.90 percent compared to the previous month.

Indices	Feb '24	Jan '24	Point Change	Monthly Change (%)	YTD Change (%)
DSEX	6254.53	6153.33	101.19	1.64	0.19
DSES	1359.82	1351.95	7.86	0.58	-0.10
DS30	2126.79	2103.92	22.87	1.09	1.69

Market Aggregates	Feb '24	Jan '24	Monthly Change (%)
Avg. Turnover (Cr)	1,258.75	715.78	75.90%
Avg. No. of Trade	245,733	190,102	29.30%
Avg. Mkt. Cap. (Cr)	758,415	766,279	-1.00%

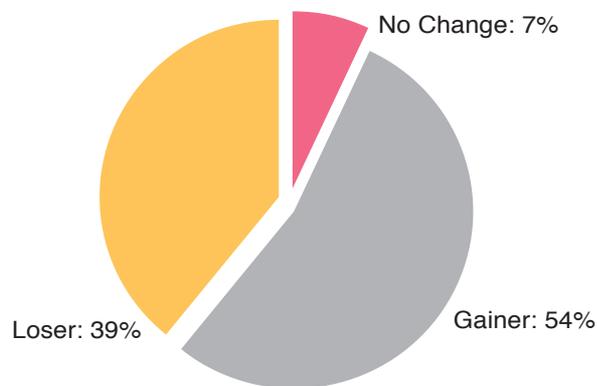
## DSEX Index and Turnover (BDT crore)

In early February 2024, the DSEX, the benchmark index, commenced at 6153.33 points. Throughout the month, it reached a peak at 6,447 points and touched a low of 6,248.50 points. The month concluded with the DSEX settling at 6,255 points.

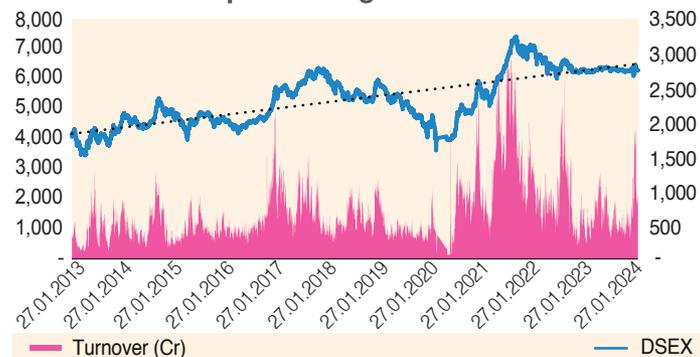


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**DSE: Gainer Loser Statistics****Equity Market Performance of Bangladesh and Peer Countries**

Indices	Index Points Feb 2024	Return	
		1 Month (%)	YTD Change (%)
Bangladesh (DSEX)	6,254.54	1.64	0.19
Pakistan (KSE100)	64,578.52	4.19	-0.13
Sri Lanka (CSE-All share)	10,651.77	3.30	-0.30
Vietnam (VNI)	1,252.73	7.59	10.69
India (S&P BSE SENSEX)	72,500.30	1.04	0.31

**DSEX since inception along with market turnover****Top Gainers**

S.N.	TICKER	Closing Price (29.02.2024)	Monthly Return (%)
1	SICL	43.40	124.87
2	MONNOFABR	31.90	98.14
3	MITHUNKNIT	22.80	58.33
4	FUWANGCER	27.80	48.66
5	CENTRALPHL	33.30	48.00
6	LOVELLO	48.00	39.53
7	ANLIMAYARN	49.40	38.38
8	SBACBANK	11.50	32.18
9	KTL	20.60	28.75
10	SPCERAMICS	40.10	28.12

**Top Losers**

S.N.	TICKER	Closing Price (29.02.2024)	Monthly Return (%)
1	KPPL	32.70	-34.60
2	INTECH	31.70	-25.06
3	ARAMITCEM	25.70	-23.96
4	RENATA	943.60	-22.52
5	YPL	23.30	-20.21
4.	ANWARGALV	171.70	-19.50
7	ILFSL	5.60	-17.65
8	RUPALIBANK	36.20	-16.40
9	GBBPOWER	13.10	-15.48
10	RSRMSTEEL	20.50	-14.23

**Turnover Leaders**

S.N.	TICKER	Closing Price (29.02.2024)	Turnover (cr)
1	ORIONINFU	687.50	47.75
2	CENTRALPHL	33.30	45.69
3	FUWANGCER	27.80	30.55
4	SONALIPAPR	568.00	24.95
5	MONNOFABR	31.90	22.68
6	FORTUNE	53.80	21.75
7	BDTHAI	32.00	15.77
8	CENTRALINS	59.40	13.85
9	KTL	20.60	13.61
10	FUWANGFOOD	33.00	13.12

**Highest Dividend Yield Stocks**

S.N.	TICKER	Closing Price (29.02.2024)	Dividend Yield (%)
1	MBL1STMF	6.00	16.67
2	EBLNRBMF	5.10	13.73
3	FBFIF	4.80	10.42
4	ABB1STMF	4.90	10.20
5	EXIMBANK	10.30	9.71
6	PREMIERBAN	13.50	9.26
7	TRUSTB1MF	4.90	8.93
8	NCCBLMF1	6.90	8.70
9	BANKASIA	18.00	8.33
10	MPETROLEUM	198.60	8.06

**Lowest PE Ratio Stocks**

S.N.	TICKER	Closing Price (29.02.2024)	PE Ratio (%)
1	SHAHJABANK	18.40	3.76
2	SOUTHEASTB	11.80	3.78
3	NCCBANK	11.90	3.88
4	JAMUNABANK	21.80	3.99
5	EXIMBANK	10.30	4.26
6	BANKASIA	18.00	4.41
7	PREMIERBAN	13.50	4.44
8	FIRSTSBANK	8.20	4.49
9	DHAKABANK	11.80	4.50
10	MALEKSPIN	36.70	4.52

Invest Tk. 5000 monthly in  
SIP (Systematic Investment Plan)

Get  
**Tk.10 Lac**  
(approx.)\* in 10 years



\* Mutual funds are subject to market risks and shall not be construed as indicative yields.

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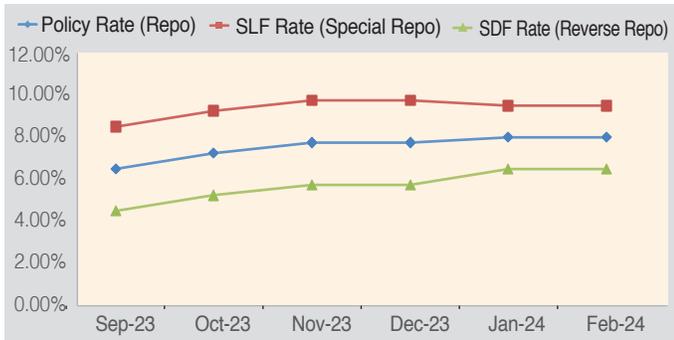
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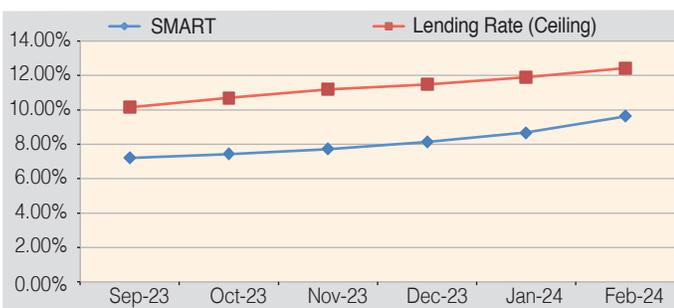


Bangladesh Economy is facing diverse economic challenges by geopolitical tensions and trade uncertainties which lead to intense inflation, financial dilemma and down in foreign exchange reserve. Meanwhile, the economy is working to address the persistent problem of high non-performing loans while attempting to contain inflationary pressures and bring the currency rate back to equilibrium. Bangladesh Bank announced Monetary Policy Statement with an aim to secure Taka's value, by anchoring inflation, spurring desired investment, employment and economic growth to allay the situation.

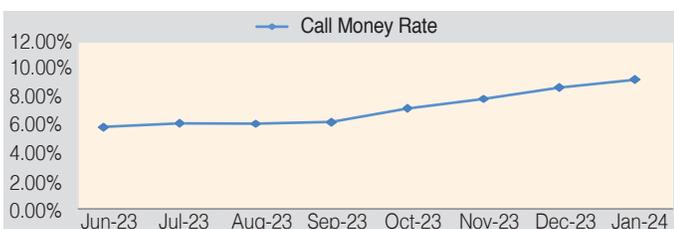
In accordance with monetary policy statement, Bangladesh Bank progressively raised Policy Rates upon the last 06 (six) months.



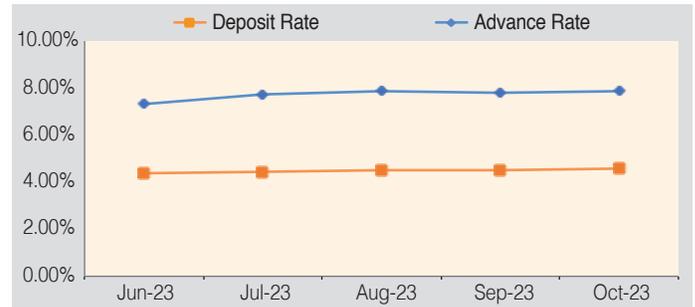
In addition to policy rates, T-bill and T-bond yield rised which led Six Months Moving Average Rate of Treasury bill (SMART) as well as Lending Rate (Ceiling) to increase during the period. In Feb'24 SMART rate is 9.61 percent which was 8.68 percent in Jan'24 and Lending Rate (Ceiling) in Feb'24 is 12.43 percent which was 11.89 percent in Jan'24.



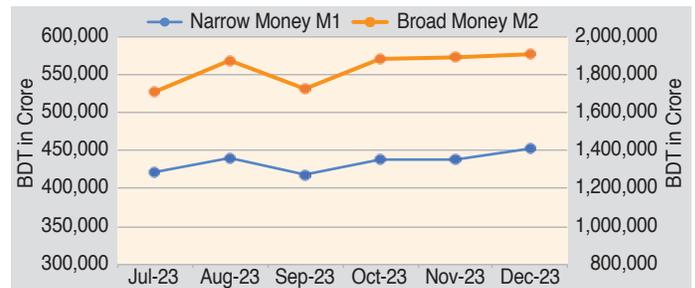
Interest rate impact on short and long-term money market dynamics, in Jan'24 call money market rates (weighted average for Borrowing and Lending) increased by 54 basis point to 9.38 percent compared to Dec'23.



Deposit rate & advanced rate are likely to follow the trend.



In Dec'23 **Narrow money (M1)** increased by Tk. 12989.1 crore to Tk. 451728.2 crore which is 2.96 percent greater than the previous month. In Dec'23 **Broad money (M2)** increased by Tk. 19724.7 crore to Tk. 1909147.8 crore which is 1.04 percent greater than the previous month.



As Bangladesh Bank implements the Monetary Policy Statement for the second half of the FY 2023-24, interest rates are probably going to increase even higher in the upcoming months. As a result, Taka is expected to secure its value and inflation rates are also expected to decrease into a desired level to give comfort to mass people.

### World Leading Currency Rate (29 February 2024)

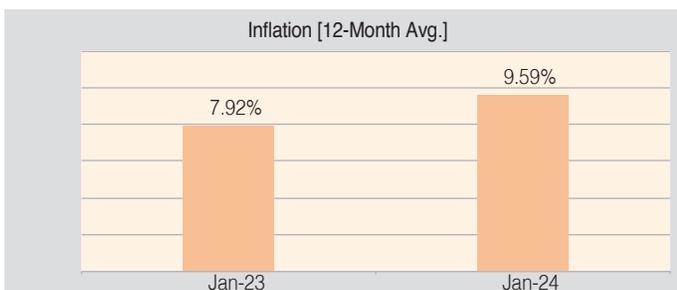
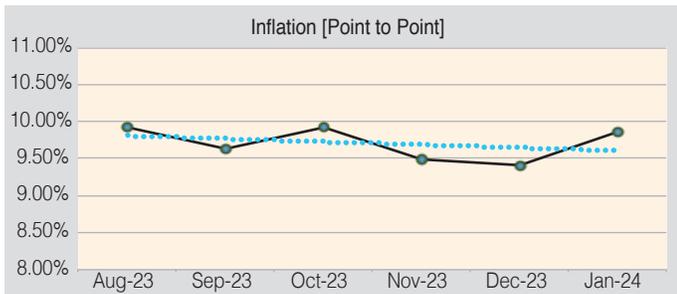
Currency Name	Buy	Sale
US Dollar	109.50	110.00
Pound sterling	138.71	155.65
Euro	118.63	133.12
Japanese Yen	0.73	0.80
Australian Dollar	71.44	72.74
Hong Kong Dollar	13.99	14.06
Singapore Dollar	81.38	88.58
Indian Rupee	1.29	1.33
Saudi Riyal	29.15	29.33
Malaysian Ringgit	22.96	23.11



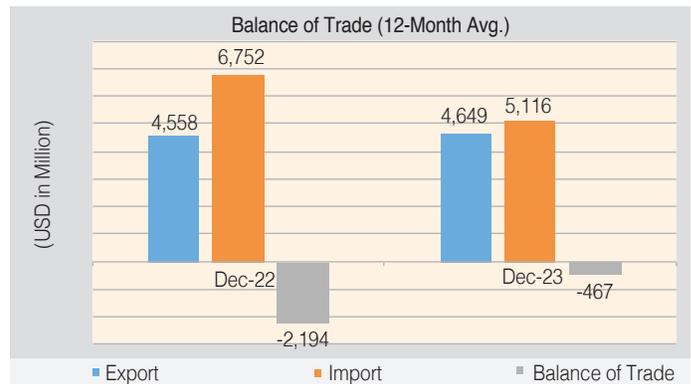
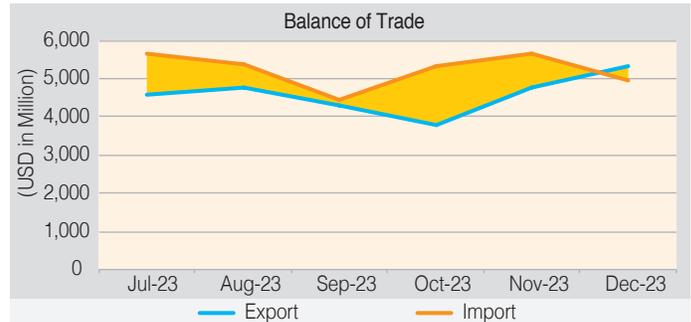
## Domestic Economy

To check the inflationary pressure in the economy, Bangladesh Bank adopted a Contractionary Monetary Policy for the first half of FY 2023-24 and continuing on the same trajectory for the second half of the financial year. Bangladesh Bank increased policy rates which lead to an increase in market interest rates and decrease in money supply in the economy.

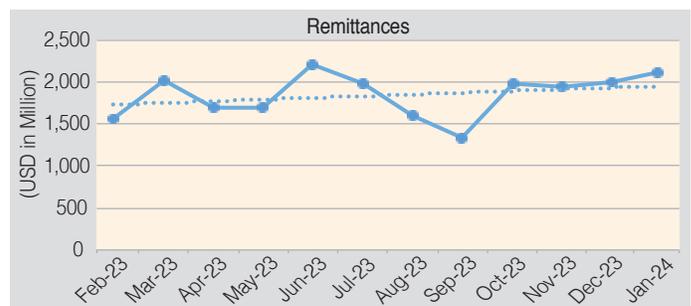
As a result, Inflation Rate declined slightly in last six months (August, 2023 – January, 2024) albeit a spike in January, 2024. But 12-month Average Inflation Rate is significantly higher in January, 2024 than January, 2023 revealing the extend of price hike in last twelve months (February, 2023 – January, 2024) compared to previous twelve months.



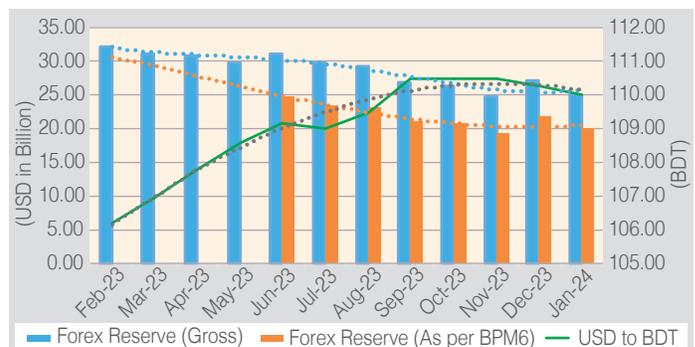
Balance of Trade has significantly improved in last six months and became positive in December, 2023 because of control measures imposed by the government. Comparing 12-month Average Export and Import for December, 2023 and December, 2022 shows that in last year export has slightly increased while import decreased by a large margin compared to the year before that. As a result, balance of trade improved considerably in the last year.



Remittances grow steadily in last twelve months (February, 2023–January, 2024).



Improved balance of trade and steady remittance helped to stabilize the Foreign Exchange Reserve in last six months and as a result, BDT maintained a stable exchange rate against foreign currency.





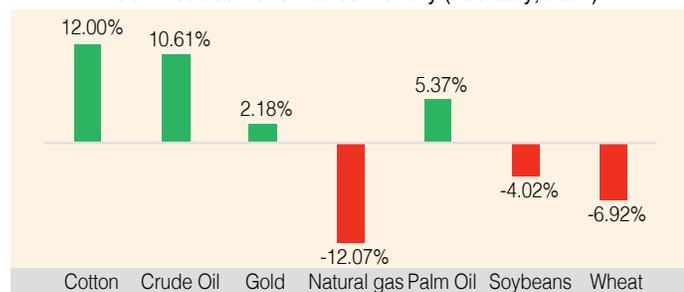
# Global Economy

The January 2024 World Economic Outlook Update from the International Monetary Fund (IMF) describes the global economy as “surprisingly resilient” in a modest upgrade to its October projections: growth is now projected at 3.1% in 2024 and 3.2% in 2025. Global headline inflation is expected to fall to 5.8% in 2024 and 4.4% in 2025, with the 2025 forecast having been revised down. Inflation’s downward trend has faltered in advanced economies. In the US, the Consumer Price Index (CPI) rose by 0.3% from a month earlier in January 2024, the most in four months, up from 0.2% in December and surpassing market expectations of 0.2%. The Eurozone consumer prices rose by 0.6% from a month earlier in February 2024, following a 0.4% decline in the previous period, a preliminary estimate showed. The Consumer Price Index in China increased 0.30 percent in January of 2024 over the previous month. Consumer prices in Brazil rose by 0.42% from the previous month in the first month of 2024, slowing from the eight-month high of 0.56% from the previous month but firmly above market estimates of 0.34%. The Consumer Price Index in India decreased 0.1% in January of 2024 over the previous month. It follows a 0.3% fall in December 2023. The Consumer Price Index in Japan was flat month-over-month in January of 2024.

### Major Commodity Price Changes

Commodities	Price	Day%	Weekly	Monthly	YoY
Crude Oil	79.97	2.19%	4.55%	10.61%	2.12%
Cotton	97.56	-3.94%	2.77%	12.00%	17.76%
Natural gas	1.8343	-1.38%	7.96%	-12.07%	-36.73%
Gold	2083.02	1.95%	2.32%	2.18%	13.45%
Soybeans	1140.75	1.11%	0.68%	-4.02%	-24.42%
Wheat	558.25	-3.33%	-2.66%	-6.92%	-21.68%
Palm Oil	3966	-0.10%	2.93%	5.37%	-7.64%

### Commodities Performance Monthly (February, 2024)



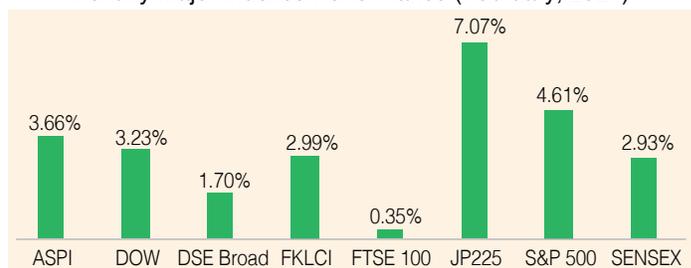
Date: 29 February, 2024 | Source: [www.tradingeconomics.com](http://www.tradingeconomics.com)

Energy prices increased by 0.7% in February led by crude oil 10.61% while natural gas fell down by 12.07%. Precious metals like gold eased by 2.18%. Price of wheat & soybeans decreased by 6.92% & 4.02% respectively while price of palm oil increased by 5.37%. Cotton price advanced by 12% in February.

### Major World Market Indexes

Country	Index	Day %	Weekly	Monthly	YoY
USA	DOW	0.16%	1.30%	3.23%	18.03%
USA	S&P	0.03%	1.66%	4.61%	26.83%
Great Britain	FTSE100	0.35%	0.35%	0.35%	0
Japan	JP225	2.19%	2.47%	7.07%	42.42%
India	SENSEX	-0.02%	0.99%	2.93%	23.00%
Bangladesh	DSE Broad	-0.22%	-0.31%	1.70%	0.64%
Malaysia	FKLCI	0.23%	1.01%	2.99%	6.34%
Srilanka	ASPI	0.06%	0.82%	3.66%	15.12%

### Monthly Major Indexes Performance (February, 2024)



Date: 29 February, 2024 | Source: [www.tradingeconomics.com](http://www.tradingeconomics.com)

The Dow Jones Industrial Average rose 3.23% & the S&P 500 added 4.61% Monthly. In Asia, JP225 & FKLCI rose significantly by 7.07% & 2.99% respectively. In South Asia ASPI % & Sensex advanced by 3.66% & 2.93% respectively. DSE Broad index advanced by 1.70% in february.

## TIP Term Investment Plan

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- The term is minimum 3 years which will be 5, 7, 10 years or more
- Monthly installment amount of Tk.3000, Tk.5000, Tk.7000 or any thousand multiple thereof
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# Real Estate Investment Trust (REIT)

## “Transformative Dimension to the Capital Market Landscape”

- Md. Adnan Ahmed



When we talk about the risk diversification, we often mean allocating investment into different avenues. Having different kinds of avenue gives the investor a dynamic horizon to allocate his or her funds. Capital market, being an important financial market, provides such avenues to the investors. When a country's capital market provides a wide array of investment opportunities, it is more likely that investors of that country can effectively diversify their portfolio thus can mitigate risk exposure. By maintaining exposure to a broad range of assets, investors can smooth out the ups and downs of individual investments, leading to more consistent, sustainable growth over time. Besides existing products of capital market such as stocks, bonds and mutual funds, Real Estate Investment Trusts (REIT) can be a suitable avenue to park the investable fund.

### What is REIT?

A special approach to invest in real estate without actually owning any properties is through REIT, or Real Estate Investment Trusts. These are businesses that own, manage, or provide funding for real estate holdings that generate revenue, like residences, workplaces, hotels, and shopping malls. Unlike directly owning properties, REITs offer a way to invest in real estate through buying shares in the company. These companies raise capital by issuing shares, which they use to acquire and manage properties. Notably, they are required to distribute at least 90% of their taxable income as dividends to their shareholders, providing a steady stream of income much like owning real estate directly. A typical REIT portfolio consists of a wide range of assets, such as cell towers, hotels, office buildings, apartments, data centers, warehouses, and healthcare facilities. Just as they trade stocks and other assets on securities exchanges, investors can trade publicly listed REITs. Anyone can engage in real estate investment trusts (REIT) in the same manner as they can invest in other industries: by buying individual firm shares, through exchange-traded funds (ETFs), or through mutual funds. REIT's investors receive a portion of the income generated without having to physically purchase, manage, or finance real estate.

### Types of REITs

Equity REIT, mortgage REIT, and hybrid REIT are the

three main types of REITs. These are described below:

**Equity REITs:** Investment vehicles that specialize in owning and managing real estate properties that generate income are called Equity REIT. Residential apartment buildings, office buildings, shopping malls, industrial warehouses, hotels, and other commercial real estate assets are among the properties that these REITs directly own. The principal source of their income is the rental income obtained from the tenancy of these properties. To further improve shareholder returns, Equity REITs also provide the possibility of capital appreciation as property prices rise over time.

**Mortgage REIT:** Mortgage Real Estate Investment Trusts (REIT) are focused on purchasing residential and commercial mortgages or mortgage-backed securities. The main sources of income for these REITs are the interest payments they receive on the mortgages they own and the investments they make in products backed by mortgages, including bonds. Mortgage REITs usually concentrate on the financing side of the real estate market rather than owning physical real estate assets, in contrast to Equity REIT, which own and manage properties.

**Hybrid REIT:** Within the REIT ecosystem, hybrid real estate investment trusts are distinct because they include aspects of mortgage and equity REIT. These real estate investment trusts make investments in a variety of real estate-related debt products, including mortgages, mortgage-backed securities, and other loans. Hybrid REIT combines exposure to both the debt and equity sides of the real estate market in an effort to maximize the benefits of each approach while reducing risks. By taking a diversified approach, hybrid real estate investment trusts might potentially reap the benefits of interest income from mortgage investments as well as rental income from properties they own, resulting in a more stable and well-rounded income stream.

### Worldwide REIT Scenario

The U.S.-based REIT strategy to real estate investing has been adopted by more than 40 nations and regions, providing access to global portfolios of income-producing real estate for all investors. Along with USA, which has the largest number of REIT, the market is increasing significantly around the world. Globally, there are around

893 listed REITs with a combined market capitalization of around \$1.9 trillion as of December, 2022. The following graph highlights the number of REITs around the world.

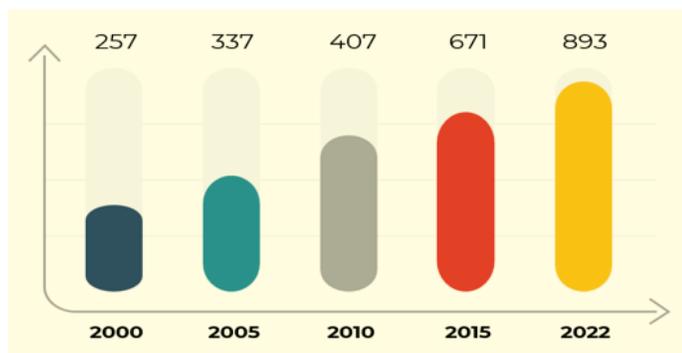


Figure-01: Number of listed REITs worldwide

Source: National Association of Real Estate Investment Trusts (Nareit)

From 2000 to 2022, the growth of global listed REITs is around 247%. The adoption of REITs has been particularly strong in Asia, where there were 31 REITs in six countries in 2005 and 223 REITs in 11 countries by 2022. With the global adoption of the REIT model, the share of GDP in nations and regions with REIT has increased from 28% in 1990 to 83% in 2021. Over this period, the GDP of REIT nations and regions has grown from \$6.5 billion to about \$98 trillion.

## How REIT works?

Real Estate Investment Trusts (REIT) go through a number of processes, from asset pooling to final results. Steps are depicted in below:

**Step:01** REIT starts by raising capital from investors through the sale of shares. Investors' funds are pooled together to acquire a diversified portfolio of income-generating real estate assets.

**Step:02** REIT management identifies and evaluates potential real estate properties for investment. Properties are acquired based on various criteria such as location, market demand, potential for rental income, and overall investment objectives. The acquired properties may include commercial buildings, residential complexes, healthcare facilities, hotels, industrial warehouses, and other real estate assets.

**Step:03** Once properties are acquired, REIT typically engages property management firms to oversee day-to-day operations. Property managers handle tasks such as leasing, tenant relations, maintenance, repairs, and ensuring compliance with local regulations. Effective property management is essential for maximizing rental income and property value appreciation.

**Step:04** Rental income generated from leased properties is a primary source of revenue for REIT. Tenants pay rent, which contributes to the REIT's cash flow and profitability. Some REITs may also generate income through other sources such as parking fees, utility reimbursements, or ancillary services provided to tenants.

**Step:05** REITs are required by law to distribute a significant portion of their income to shareholders in the form of

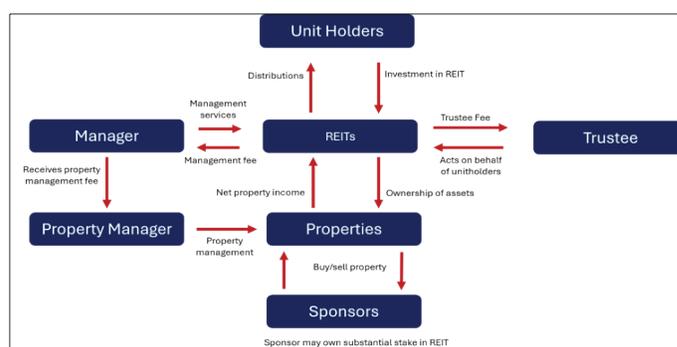


Figure:02 Mechanism of REITs

Source: Info graph author develope

dividends. Dividends are typically paid out quarterly or semi-annually to investors. Shareholders receive dividends based on their ownership stake in the REIT.

**Step:06** REIT managers continuously monitor the performance of the portfolio and may make strategic decisions regarding property acquisitions, sales, or refinancing to optimize returns. Portfolio management strategies may include diversification, asset rotation, redevelopment, or disposition of underperforming assets.

**Step:07** REITs provide regular financial reports and disclosures to shareholders, regulators, and the public. Transparency and disclosure requirements help investors assess the REIT's financial health, performance, and risk factors.

**Step:08** Investors in REITs can potentially benefit from both dividend income and capital appreciation. Dividend income provides regular cash flow, while capital appreciation occurs when the value of the REIT's underlying real estate assets increases over time. Total returns for investors are influenced by factors such as rental income, property appreciation, dividend yield, and changes in the overall real estate market.

**Step:09** REITs may employ various exit strategies to realize returns for investors. These strategies may include selling properties at a profit, refinancing assets to extract equity, merging with or acquiring other REITs or real estate companies, or liquidating the REIT and distributing proceeds to shareholders.

## Why should you invest in REITs?

Because of their strong, consistent dividend income and long-term capital growth, REITs have typically produced competitive total returns. They also make a great portfolio diversifier because of their very low correlation with other assets, which can lower total portfolio risk and boost profits. The following considerations are the prime reasons for which one can invest into REITs:

**Long-Term Performance:** Similar to other stocks, REITs have delivered long-term total returns. Similar to benchmark indices, REITs globally has been providing a competitive return. The following graph depicts the compound total returns of REITs, S&P 500, Russel 2000 and Dow Jones.

**Stable Income:** REITs are a valuable investment for retirement savings as well as for retirees who need a

### Compound Total Returns (%)



Figure 03: Compound Total Returns

Source: National Association of Real Estate Investment Trusts (Nareit)

steady income stream to cover their living expenditures due to their robust dividend payout. Due to their mandatory annual distribution of at least 90% of their taxable revenue to shareholders, REITs pay out large dividends to their stockholders. The consistent flow of agreed-upon rent that their properties' tenants pay fuels their dividends.

**Diversification:** Investment in REITs can be a well diversification strategy as REITs has low correlation with the returns of other equities and fixed-income securities. Thus, overall portfolio's volatility can be mitigated which further boosts returns for a given level of risk.

**Liquidity:** Holding real-estate does not have much liquidity as selling is cumbersome and time-consuming. On the contrary, investment in exchange traded REITs provides liquidity as investor can easily disinvest his or her position.

#### Development of REITs in Bangladesh so far

To give individuals the chance to profit from real estate investments and support the industry with market funding, the Bangladesh Securities and Exchange Commission (BSEC) has finalized the draft rules for the Real Estate Investment Trust (REIT). At a meeting presided over by the BSEC's chairman, Shibli Rubayat Ul Islam, the document was approved. Investors seeking a piece of the nation's real estate sector can purchase shares in REITs for as low as Tk5,000. The draft rule stipulates that a REIT must be established with a minimum of Tk200 crore and that sponsors, either individually or collectively, must subscribe for a minimum of 20% of the REIT. The remaining funds will be raised through open or closed offerings. The amount set aside for investments in city corporation real estate projects is Tk 300 crore. The duration of any fund is mandated to be a minimum of 15 years. A minimum of 80% of the REITs must be directly invested in real estate, while a maximum of 20% may be allocated for investment in government securities. The annual registration fee for the funds will be 0.05% of their size. In the event of failure to pay the fee, the funds will have to pay Tk50,000 per month. The only realized income from which a REIT fund may declare cash dividends is that amount. Nonetheless, it is required that dividends account for at least 90% of the realized income on a yearly basis. The REIT fund manager is required by law to have a minimum paid-up capital of Tk20 crore. The minimum paid-up capital for joint ventures with foreign companies is Tk30 crore. Additionally, they must keep their net worth at least 75% of their total paid-up capital. An annual management fee, not to exceed 1% of the REIT's net asset value at year-end, will be paid to the fund manager.

A distinctive way for investors to enter the real estate industry is through Real Estate financial Trusts (REIT), which is a dynamic and important part of the financial landscape. Dividends are distributed to shareholders by REIT as a means of generating revenue streams through the pooling of assets and strategic property acquisitions. The attractiveness of REIT stems from their inherent transparency and liquidity which offer investors significant long-term growth and portfolio diversification prospects. With their attractive combination of security and returns in a constantly shifting financial landscape, REITs are dynamic area of the capital market that continues to influence investment strategies.

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Professor Dr. Suborna Barua, Chairman of ICB, and Mr. Md. Abul Hossain, Managing Director of ICB, congratulate the newly appointed honorable Minister of Finance, Mr. Abul Hassan Mahmood Ali, MP.

- National Integrity Strategy Meeting organized on 3 January 2024
- Meeting took place with bKash on 17 January 2024
- Discussion with Meghna Cloud on 18 January 2024
- ICB Donates 1000 Blankets to the Underprivileged on 19 January 2024
- ICB participate in the NBR LTU-2024 Event on 24 January 2024
- ICB celebrate International Mother Language Day