

Economy

Large exporters bypass fixed dollar rate to earn more

Large exporters are allegedly not adhering to the exchange rate set for export proceeds and are selling the highly sought-after dollars to importers directly at inflated prices. As a result, the price of dollars bought by importers is officially lower but actually higher, according to industry insiders. The Bangladesh Foreign Exchange Dealers Association (Bafeda) and the Association of Bankers, Bangladesh (ABB) have increased the dollar rate for exporters by BDT 1 to BDT 108.5 since the beginning of this month. Exporters are still not satisfied, as the dollar rate for remittances is higher than that. Senior officials at several banks explained the dollar selling process, saying exporters and importers negotiate a dollar rate – around BDT 112-113 – between themselves.

<https://www.tbsnews.net/economy/large-exporters-bypass-fixed-dollar-rate-earn-more-687058>

Economic corridors linking northeast, southwest may yield \$286b by 2050: ADB

Bangladesh's southwest and northeast economic corridors, with special interventions, are estimated to increase economic output to \$286 billion in 2050 from \$32 billion in 2020, according to an Asian Development Bank (ADB) report. With specific interventions, it could also create an additional 71.8 million jobs in both the southwest and northeast regions of the country, said the Manila-based lender in the report titled "Bangladesh Economic Corridor Development Highlights".

<https://thefinancialexpress.com.bd/economy/bangladesh/economic-corridors-linking-northeast-southwest-may-yield-286b-by-2050-adb>

Bank, NBFIs, and Insurance Sector

Near-negative lending gains worsen NBFIs' woes

Near-negative gains from lending leaves non-bank financial institutions (NBFIs) nonplussed with the spread between rates on deposit and advances hitting historical lows, showing signs of slowdown in this sector. According to latest Bangladesh Bank (BB) statistics, the difference between weighted average rates on deposit and advances, better known as spread, narrowed to 0.16 per cent in July 2023--down by eleven basis points from June figure at 0.27 per cent. In the previous few months, the spread had stood at 0.37 per cent, 0.44 per cent, 1.11 per cent and 1.15 per cent in May, April, March and February respectively. There are a total of 30 NBFIs in operation and the spread in 12 financial institutions is negative. Of the total NBFIs, the spread in 19 went on a slide in July from the previous month while it is improving in 10 others and remained static in the remaining one, according to the BB data.

<https://thefinancialexpress.com.bd/economy/bangladesh/near-negative-lending-gains-worsen-nbfis-woes>

Capital Market

DSE loses for 2nd session as investors rush to capitalise on recent gains

The Dhaka bourse on Wednesday declined marginally extending the losing streak for the second session following corrections experienced by major sectors. A majority of the listed securities above the floor fell, triggering the correction of the broad index. DSEX, broad index of the Dhaka Stock Exchange (DSE), displayed volatility due to cautious moves of a section of investors while others offloaded holdings to capitalise on appreciation of stocks in previous sessions. DSEX had gained 71 points in the three sessions executed between Wednesday last week and Monday. Then the DSEX lost 3.31 points on Tuesday. The stocks that slid included ADN Telecom, Bangladesh Shipping Corporation, Heidelberg Cement, Sea Pearl Beach Resort & Spa, and Unique Hotel & Resorts. Major sectors that experienced corrections included travel & leisure, services & real estate, food & allied, fuel & power and pharmaceuticals & chemicals. The paper & printing sector experienced the highest correction of 2.9 per cent on Wednesday. Travel & leisure also experienced significant corrections as two out of the four listed companies of the sector declined.

<https://thefinancialexpress.com.bd/stock/bangladesh/dse-loses-for-2nd-session-as-investors-rush-to-capitalise-on-recent-gains>

Stock/Bond-Specific

EBL, Pran sign interest swap deal

Eastern Bank Ltd (EBL) and leading agro-processor Pran Agro Ltd today closed the country's first local currency interest rate swap (IRS) deal, a financial instrument for managing interest rate volatility. Unlike conventional loans, IRS involves no upfront capital transfer but rather orchestrates the exchange of fixed and floating rate payments at periodic intervals. This strategic tool allows entities to hedge against potential risks and fluctuations in interest rates. Under the deal, the EBL will pay Pran at fixed 7% while Pran will pay EBL based on an interbank repo (IBR) rate every quarter for a year, the bank said in a statement. The Bangladesh Bank publishes the IBR rate daily and the first quarter average was 6.37%. Pran will make more profit if the IBR falls or stays below 7% and will incur losses from the transaction if the IBR rate exceeds 7% consistently.

<https://www.thedailystar.net/business/news/eb-pran-sign-interest-swap-deal-3401326>

Himadri shares soar 59 times in four months

The shares of Himadri Ltd, listed on the SME platform of the Dhaka Stock Exchange (DSE), have surged over 59 times in the last four months without any valid reason influencing the price. According to data from the DSE, the shares closed at Tk2,096.40 each on Wednesday, marking a 5,889% increase from Tk35 on 26 April. As a result, its market capitalisation increased by 48 times to reach Tk142.94 crore on 23 August. In May, the Dhaka bourse asked the company to explain the reason for the unusual share price hike. In response, it said its three directors sold some shares through the Chittagong Stock Exchange (CSE) in April. After that, there was no other information that might have influenced the price. The company has only 7.50 lakh shares, where sponsors and directors held 65.72%, the government owned 1.48% and general investors held 32.80% as of 30 June. Incorporated in 1974, Himadri

Limited mainly provides cold storage facilities for agro-based products such as potatoes in the north of Bangladesh.

<https://www.tbsnews.net/economy/stocks/himadri-shares-soar-59-times-four-months-687562>

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