

Bangladesh market snapshot

	Last closing
DSEX Index	6,229.6
% change	-0.12%
DS30 Index	2,131.09
% change	0.02%
DSES Index	1,350.09
% change	-0.09%
Turnover (BDT mn)	4,261.01
Turnover (USD mn)	38.91
% change	15.84%
Source: Dhaka Stock Exchange	

International Economy

Oil surges as Israel conflict reignites Middle East volatility

Oil prices surged and equity markets shook after a surprise attack on Israel by Hamas brought renewed instability to the Middle East and dealt a blow to global economic confidence that was already wavering from the pandemic disruptions and rising trade tensions, according to reports of Reuters and Bloomberg. On average, global oil benchmarks jumped over 3% yesterday with Brent jumping \$2.93 to \$87.51 a barrel, while US crude climbed \$3.04 to \$85.83 per barrel.

<https://www.tbsnews.net/world/global-economy/oil-surges-israel-conflict-reignites-middle-east-volatility-715546>

International market snapshot

	Last closing
Dow Jones Industrial Average	33,813.00
% change	1.21%
S&P 500	4,371.50
% change	1.46%
Nikkei 225	31,722.32
% change	2.35%
FTSE 100	7,492.21
% change	-0.03%
Source: Bloomberg	

Bangladesh Economy

Dollar crunch forces cenbank to sell \$3.75b from reserves in 3 months

Although the country's forex reserves have been decreasing for the past one and a half years, the Bangladesh Bank could not stop selling the greenbacks from the reserves due to the dollar crisis in the market. According to the central bank, \$3.75 billion was sold from reserves to state-owned banks in the first three months of the current fiscal year 2023-24. The central bank had to support dollar-starved banks in settling international payments. Earlier, the central bank had sold \$13.58 billion from reserves in FY23.

<https://www.tbsnews.net/economy/banking/dollar-crunch-forces-cenbank-sell-375b-reserves-3-months-715402>

Exchange rate

	Low (BDT)	High (BDT)
USD	110.50	110.50
EUR	116.97	117.00
GBP	135.22	135.27
INR	1.32	1.32

Source: BB

Global reinsurers warn exit as due premiums pile up amid dollar crisis

Growing amount of unpaid premiums due to persisting dollar crisis may prompt global reinsurers to exit from the Bangladesh market, leaving major projects and industries out of insurance coverage, according to industry insiders. As per an Insurance Development and Regulatory Authority (Idra) document seen by The Business Standard, the outstanding reinsurance premiums owed to foreign companies amounted to Tk1,173 crore at the end of December last year. This figure continues to rise as insurance companies struggle to obtain dollars even after depositing taka in their respective banks.

<https://www.tbsnews.net/economy/global-reinsurers-warn-exit-due-premiums-pile-amid-dollar-crisis-715422>

Money market

Date	Call Money Rate Range (%)	Weighted Average
9-Oct-23	6.75 - 8.50	7.31
8-Oct-23	6.50 - 8.50	7.28

Source: BB

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl.	87.79	0.21%
Gold Spot, USD/t oz.	1,861.48	0.59%
Cotton, USD/lb.	86.47	-1.96%

Source: Bloomberg

Exporters unable to fully benefit from taka devaluation

Exporters in Bangladesh are unable to take the full benefit of the devaluation of the taka against the US dollar amid ongoing inflationary pressure and rising production costs, according to industry people. The devaluation of a country's currency can increase its export earnings as manufacturers can take orders even though buyers offer lower rates than in the past, making them more competitive on the global market. Recent data shows that taka, the local currency, has depreci-

ated by about 28 percent as the government is adjusting the exchange rate in line with its strength against the US dollar.

<https://www.thedailystar.net/business/economy/news/exporters-unable-fully-benefit-taka-devaluation-3438141>

IMF advises hiking already-high prices

A visiting IMF mission Monday discussed with Bangladesh finance authorities a strategy to lower energy and fertiliser subsidies by hiking already-high prices of the two key items, according to officials. At a meeting with the finance-division officials of the Ministry of Finance at the Bangladesh secretariat, the International Monetary Fund team also inquired about the subsidies allocated on budget and off-budget or through state-owned enterprises (SOEs) in the fiscal year 2022-23 and the projection for the period of FY2024-2026. Also, the size of arrears in subsidies accumulated in FY'23 and plan to clear them came up for discussion at the meet-one of a series meant for a review of Bangladesh's latest economic health before release of the next tranche from a credit package.

<https://today.thefinancialexpress.com.bd/first-page/imf-advises-hiking-already-high-prices-1696873541>

Banks asked to encash 50% of exporters' retention deposits

The Bangladesh Bank has directed banks to encash 50% of the dollars deposited in exporters' retention quota (ERQ) accounts to boost foreign currency liquidity in the market. In a letter sent on Sunday, the central bank asked banks to immediately encash half of the total \$639 million in deposits held by ERQ accounts on 21 September. Accordingly, exporters will receive a rate of Tk110 per dollar for their retained export proceeds.

<https://www.tbsnews.net/economy/banking/banks-asked-encash-50-exporters-retention-deposits-715382>

Net sales of savings tools surge in July-August

Government savings instruments experienced a significant upswing in net sales in the first two months of the current fiscal year compared to the corresponding period in the previous fiscal, due mainly to reduced encashment by savers this year. Besides, savers continue to perceive state-run savings tools as a more secure investment avenue in contrast to banks and the capital market. This confidence has contributed to a slight overall sales boost this year, according to officials. Data from the Department of National Savings (DNS) show that net sales of savings schemes reached Tk 56.63 billion in the July-August period of FY2023-24, in sharp contrast to only Tk 4.01 billion during the same period in FY2022-23.

<https://today.thefinancialexpress.com.bd/last-page/net-sales-of-savings-tools-surge-in-july-august-1696874025>

Capital Market

Stocks slip for third straight day amid heavy sell pressure

Equity indices on the bourses extended their decline on Monday as investors persistently liquidated their holdings, driven by uncertainties surrounding various economic factors and upcoming elections. DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), moved 33 points down in the last three sessions and stood at 6,229.6 on Monday. The piling up of macroeconomic woes such as the shrinking reserve of the country, record-high defaulted loans, and declining remittances, is what eroded the investor confidence, according to market insiders.

<https://www.tbsnews.net/economy/stocks/stocks-down-three-straight-sessions-715110>

Lending rate hike feared to wipe out liquidity of stock market

Last week's lending rate hike by the Bangladesh Bank is feared to wipe out the remaining liquidity of the stock market as investors are likely to rush to divert investment to fixed-income assets. As borrowing cost is going to go up, finance costs of listed companies will rise too, narrowing their profit margins. That will bring down the stock prices. On the other hand, the increase in lending rates will lead to higher deposit rates, and so fixed-income assets will give higher returns. Such an outcome is anticipated since investors have already been looking for ways to exit the highly illiquid market.

<https://today.thefinancialexpress.com.bd/stock-corporate/lending-rate-hike-feared-to-wipe-out-liquidity-of-stock-market-1696872325>