

Bangladesh Market

Major Indices	Last closing
DSEX Index	6,257.15
% change	-0.02%
DS30 Index	2,118.93
% change	-0.09%
DSES Index	1,359.28
% change	-0.06%
Turnover (BDT mn)	3,607.60
Turnover (USD mn)	32.95
% change	-44.07%

Source: Dhaka Stock Exchange

International Market

Major Indices	Last closing
Dow Jones Industrial Average	34,947.28
% change	0.01%
S&P 500	4,514.02
% change	0.13%
Nikkei 225	33,585.20
% change	0.48%
FTSE 100	7,504.25
% change	1.26%

Source: Bloomberg

Exchange rate

Major Currencies	Low (BDT)	High (BDT)
USD	111.00	111.00
EUR	120.39	120.43
GBP	137.83	137.88
INR	1.33	1.33

Source: BB

Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
13-Nov-23	7.25 - 8.50	8.07
12-Nov-23	7.25 - 8.50	7.99

Source: BB

Commodities

Major Commodities	Price	% Change
Brent Crude (Oil), USD/bbl.	80.61	-1.10%
Gold Spot, USD/t oz.	1,980.82	0.00%
Cotton, USD/lb.	81.51	0.78%

Source: Bloomberg

Market Summary

Bangladesh Market

- ◆ The leading bourse of the country, DSEX lost 0.02% in the last trading day.
- ◆ The rising tension regarding the national polls, continued countrywide blockade, the unrest in the RMG sector, and the rising inflation are few of the major causes behind the fall in the market.
- ◆ The turnover drop of 44.07% during the last trading day indicate towards an unrest among the investors in the market which is wiping out liquidity in the market.

Global Market

- ◆ All of the leading global indices posted positive returns in the last trading day.
- ◆ Dow Jones Industrial Average (DJIA), S&P 500 (SP500), and FTSE 100 gave 0.01%, 0.13%, and 1.26% return led by the expectation of no further rate hikes.
- ◆ One of the leading Asian index NIKKEI 225 posted positive return of 0.48% in the last trading day.

Key macro indicators

- ◆ All of the major currencies are rising against BDT this past week amid devaluation of BDT. The latest move of banks to devalue BDT further to 111.00 against USD led to a rise in BDT/USD rate while the other currencies have also moved up against BDT.
- ◆ The average overnight rate is rising steadily in the past few weeks as per the latest trend. The current weighted average overnight rate stood at 8.07% with a high rate of 8.50% and low rate of 7.25%.
- ◆ The oil price fell 1.10% after posting highest gains in the past two months as the demand outlook may not be as bad as previously feared.

Global Economy Update

Oil prices slip on US crude build, China demand worries

- ♦ Oil prices fell on Thursday, extending losses from the previous session, as signals of higher supply from the United States met worries about lacklustre energy demand from China.
- ♦ Brent futures were down 48 cents at \$80.70 a barrel at 0630 GMT. US West Texas Intermediate crude (WTI) shed 53 cents to \$76.13 a barrel.
- ♦ Both benchmarks fell more than 1.5 percent in the prior session.
- ♦ WTI's front-month contract also traded below the price for the second month, a structure known as contango, suggesting that investors expect prices to increase.

News Source:

<https://www.thedailystar.net/business/global-economy/news/oil-prices-slip-us-crude-build-china-demand-worries-3471196>

Bangladesh Macro Update

Interest rate in inter-bank trade highest in decade

- ♦ The interest rate on overnight borrowing and lending in the inter-bank call money market hit 8.07 percent by the end of last week, the highest in more than a decade, reflecting a tight liquidity crunch in the banking sector.
- ♦ Bankers said increased government borrowing through treasury bills and bonds from the banking system alongside the purchase of dollars by banks from the Bangladesh Bank (BB) have been driving up the overall interest rate in the money market since July, when the central bank removed the cap on the lending rate.
- ♦ It introduced the Six Months Moving Average Rate of Treasury Bill (SMART) as a benchmark in order to allow the interest rate to become more market based, a decision that came following long-standing calls from analysts to lift the cap in order to fight stubbornly high inflation, which averaged 9.37 percent in October.

News Source:

<https://www.thedailystar.net/business/news/interest-rate-inter-bank-trade-highest-decade-3472931>

Import of industrial inputs remains sluggish in July-Oct

- ♦ The economy's productive capacity is unlikely to increase in the next few months as latest data showed imports of capital machinery, industrial raw materials and intermediate goods to remain slow.
- ♦ Latest Bangladesh Bank (BB) data suggests the sluggish trend as the number of letters of credit (LCs) opened by the banks during the July-October period of the current fiscal year (FY 2023-24) was far less than the corresponding period of FY 2022-23.
- ♦ The total value of LCs opened during the period stood at US\$ 21.8 billion, down 11.5 per cent from the amount of the first four months of the last FY, according to the BB data released last week.
- ♦ LCs opened to import capital machinery plunged nearly 21 per cent to \$731 million during the period under review, showing signs of an adverse impact on the production chain.

News Source:

<https://today.thefinancialexpress.com.bd/first-page/import-of-industrial-inputs-remains-sluggish-in-july-oct-1700325653>

Sectoral Update

Apparel & Textile

RMG faces uphill task on labour front

- ◆ Concerns in these areas have been raised by the United States and the European Union, which along with the United Kingdom, collectively account for 70% of Bangladesh's apparel exports.
- ◆ One issue after another, amid a recent wave of apparel workers' protests over wage, has kept the government scrambling to respond and the garment industry on tenterhooks about the future.
- ◆ Bangladesh has been facing such heightened scrutiny on labour standards for a while in contrast to its close Asian competitors like Vietnam, Cambodia, and India.
- ◆ So far, cheap labour has been the sole source of strength of Bangladesh's \$47 billion export industry while ignoring labour rights, productivity and diversity issues.
- ◆ Despite the latest 56% hike in the minimum wage since the previous revision in 2018, coming into effect from 1 December, a portion of the labour rights groups finds the new wage structure far lower than regional peers.
- ◆ They say, when adjusted for inflation, the actual wage gains remain minimal in Bangladesh. In contrast, Vietnam implements annual minimum wage adjustments averaging 5%, keeping pace with inflation, which typically hovers around 4%.

News Source:

<https://www.tbsnews.net/economy/rmq/rmq-faces-uphill-task-labour-front-742018>

Bangladesh's RMG exports to Russia, China shine, India decline

- ◆ Bangladesh's readymade garment exports to Russia and China witnessed an amazing growth in July-October period of the current financial year 2023-24 while the RMG shipments to India contracted in the period.
- ◆ Exporters said that apparel imports by Russia from Bangladesh increased in the past few months and many exporters were making direct shipments to Russia.
- ◆ Apart from direct export, some European brands and buyers were also placing orders in Bangladesh for Russia, according to exporters.
- ◆ According to Export promotion Bureau data, Bangladesh's apparel export to Russia in the four months of FY24 increased by 39.42 per cent to \$125.80 million compared with that of \$90.23 million in the same period of FY23.

News Source:

<https://www.newagebd.net/article/218022/bangladeshs-rmq-exports-to-russia-china-shine-india-decline>

Fuel & Power

Debt buildup haunts Payra power hub

- ◆ A Bangladesh-China joint venture that owns the Payra Thermal Power Plant Project, has sought USD 140 million from Bangladesh Bank to pay the sixth instalment to China Exim Bank due by December 8.
- ◆ The joint venture had defaulted on two immediate past instalments.
- ◆ In a letter to the Power Division, sources said, the company has alerted that failure to pay the next instalment in time may cause shutdown of the crucial plant in the power hub, and may result in loan default on part of Bangladesh.

- ◆ Furthermore, the Bangladesh-China Power (Pvt) Company Limited (BCPCL) forewarned, building the second unit of the plant of as much capacity may run into risk.

News Source:

<https://today.thefinancialexpress.com.bd/first-page/debt-buildup-haunts-payra-power-hub-1700325564>

Services & Real Estate

Property sales dive, as middle-class struggles to cope with shocks

- ◆ Property developers' earnings have plunged as their larger consumer segment, the middle-class, are running short of savings.
- ◆ The overall construction cost went up 20 per cent in FY23, compared to FY22, leading to a jump in apartment prices while persistently high inflation reduced people's purchasing power, as they are spending more on their priority needs.
- ◆ Consequently, the demand for apartments fell in Dhaka, Chattogram, and other big cities across the country.
- ◆ Sales of flats had a steep 33.33 per cent fall in FY23 in the capital city alone, compared to the previous fiscal year.
- ◆ The projects targeting the middle-class people bore the brunt of the decline in sales, which was reflected in the earnings results of the listed companies in the housing sector.

News Source:

<https://today.thefinancialexpress.com.bd/stock-corporate/property-sales-dive-as-middle-class-struggles-to-cope-with-shocks-1700322090>

Capital Market

Stocks drop in past week

- ◆ Dhaka stocks fell in the past week after a slight gain in the previous week, as investors offloaded their holdings amid uncertainties regarding the market, according to market operators.
- ◆ The key index of the Dhaka Stock Exchange, DSEX, lost 0.23 per cent, or 14.69 points, over the past week to close at 6,257.15 points on November 16, after gaining 3.94 points in the previous week.
- ◆ The daily average turnover on the DSE decreased to BDT 435.05 crore in the past week from that of BDT 519.51 crore in the previous week.
- ◆ Market operators stated that the investors remained cautious and offloaded their holdings to protect their funds amid mounting political worries in the country ahead of national election scheduled for January 7, 2024.

News Source:

<https://www.newagebd.net/article/218023/stocks-drop-in-past-week>

Listed textile, apparel makers struggle despite taka's fall

- ◆ Listed apparel companies in Bangladesh struggled to capitalise on the massive devaluation of the local currency against the USD in fiscal year (FY) 2022-23 due to a hike in gas and electricity prices, and fuel and raw material costs.
- ◆ The local currency was devalued by 18 percent to BDT 108 per USD in FY23, according to Bangla-

desh Bank data.

- ◆ Listed spinning mills were among the worst performers as they had to absorb the double shock of higher fuel costs and higher import costs for raw materials.
- ◆ Since most spinning mills do not export their products, they had no way to offset rising costs stemming from the devaluation of taka.
- ◆ On the other hand, the export-based readymade garments (RMG) sector was able to offset higher costs of fuel and electricity as they raked in more money from exports due to the devaluation of the local currency.

News Source:

<https://www.tbsnews.net/economy/stocks/dengue-outbreak-boon-square-pharma-740258>

Dengue outbreak boon for Square Pharma

- ◆ The dengue outbreak in Bangladesh has proven to be a significant catalyst for Square Pharmaceuticals, propelling a notable surge in revenue during the initial quarter of the current fiscal year.
- ◆ In the period from July to September, the company achieved an impressive 15% year-on-year increase in revenue, fuelled by heightened demand for its products.
- ◆ The overall revenue of the company surged by 14.88% to BDT 2,161 crore, surpassing the BDT 1,881 crore recorded in the corresponding period of the previous fiscal year.
- ◆ Of the revenue generated by Square Pharmaceuticals, BDT 1841 crore stemmed from local sales, with BDT 59 crore attributed to exports.

News Source:

<https://www.thedailystar.net/business/economy/news/24605-complaints-filed-against-14-insurers-10-months-3461596>

Shipping Corporation to add 18 new ships to fleet

- ◆ Aiming to enhance its capacity in transporting seaborne cargo, the state-owned Bangladesh Shipping Corporation (BSC) has taken an initiative to purchase a total of 18 new ships to its fleet through foreign loan assistance.
- ◆ Out of the 18, the purchase of four bigger vessels - including two mother bulk carriers and two crude oil mother tankers - at a cost of around BDT
- ◆ 2,500 crore has progressed very far, with BSC already having signed a contract with a Chinese supplier.
- ◆ BSC officials hoped that construction of these four new vessels would start within a couple of months and be completed in 20 months.
- ◆ Apart from this, the state-run corporation also plans to use its own funds to buy two smaller bulk carriers.

News Source:

<https://www.thedailystar.net/business/port-and-shipping/news/shipping-corporation-add-18-new-ships-fleet-3471571>