

Bangladesh Market

Major Indices	Last closing
DSEX Index	6226.56
% change	-0.23%
DS30 Index	2105.81
% change	-0.23%
DSES Index	1351.04
% change	-0.20%
Turnover (BDT mn)	4428.56
Turnover (USD mn)	39.90
% change	2.07%

Source: Dhaka Stock Exchange

Market Summary

Bangladesh Market

- ◆ The leading bourse of the country, DSEX lost 0.23% in the last trading day.
- ◆ The rising tension regarding the national polls, the unrest in the RMG sector, and the rising inflation are few of the major causes behind the fall in the market.
- ◆ The turnover rose 2.07% indicate towards rising tension among the investors in the market .

International Market

Major Indices	Last closing
Dow Jones Industrial Average	35,185.00
% change	0.68%
S&P 500	4,557.50
% change	0.96%
Nikkei 225	33,354.14
% change	-0.10%
FTSE 100	7,496.36
% change	-0.11%

Source: Bloomberg

Global Market

- ◆ Majority of the leading global indices posted positive returns with Dow Jones & S&P 500 leading the way with 0.68% and 0.96% return respectively.
- ◆ FTSE had posted a negative 0.10% return.
- ◆ One of the leading Asian index NIKKEI 225 posted negative return of 0.10% in the last trading day.

Exchange rate

Major Currencies	Low (BDT)	High (BDT)
USD	111.00	111.00
EUR	121.41	121.45
GBP	138.79	138.81
INR	1.33	1.33

Source: BB

Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
20-Nov-23	7.25 - 8.50	8.04
19-Nov-23	7.25 - 8.50	8.10

Source: BB

Key macro indicators

- ◆ All of the major currencies are rising against BDT 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 8.04% with a high rate of 8.50% and low rate of 7.25%.
- ◆ The oil price rose 0.77% as expectations of OPEC+ deepening supply cuts to shore up prices.

Commodities

Major Commodities	Price	% Change
Brent Crude (Oil), USD/bbl.	81.91	0.84%
Gold Spot, USD/t oz.	1,988.22	0.31%
Cotton, USD/lb.	80.37	-1.45%

Source: Bloomberg

International Macro Update

Oil extends gains as OPEC+ to mull deeper cuts

- ♦ Oil futures nudged higher on Monday, extending gains on expectations of OPEC+ deepening supply cuts to shore up prices, which have fallen for four weeks on easing concern of Middle East supply disruption amid the Israel-Hamas conflict.
- ♦ Brent crude futures climbed 57 cents, or 0.7%, to USD 81.18 a barrel while US West Texas Intermediate crude was at USD 76.40 a barrel, up 51 cents or 0.7%.
- ♦ The front-month December contract expires later on Monday while the more active January futures gained 55 cents, or 0.7 percent, at \$76.59 a barrel.
- ♦ Both contracts settled 4 percent higher on Friday after three OPEC+ sources told Reuters that the producer group, made up of the Organization of the Petroleum Exporting Countries and their allies including Russia, is set to consider whether to make additional oil supply cuts when it meets on Nov. 26.

News Source:

<https://www.thedailystar.net/business/global-economy/news/oil-extends-gains-opec-mull-deeper-cuts-3474196>

Bangladesh Macro Update

Foreign loan repayment surges by 52%, disbursement plummets 17.47% in July-October

- ♦ The country's foreign loan disbursement has declined significantly from USD 1.97 billion to USD 1.6 billion, during the July-October period of the current fiscal year.
- ♦ The 17.47% dip is attributed to the government agencies' limited spending capacity and disruptions caused by election-centered violence and blockades, impeding the smooth execution of development projects.
- ♦ In contrast, the country faces a 52% increase in foreign debt repayment during the same period, according to the Economic Relations Division (ERD).
- ♦ Adding to the economic complexity, the government's market-based loans have risen, accompanied by a spike in floating interest rates.

News Source:

<https://www.tbsnews.net/economy/foreign-loan-repayment-surges-52-disbursement-plummets-1747-july-october-743298>

Dollar drain thru 'travels' strains reserves

- ♦ Unrelenting outflow of the US dollars through travel plays put an extra pressure on Bangladesh's depleting foreign-currency reserves, according to officials and market analysts.
- ♦ The uptrend in using the American greenback outside the forex-strapped country goes on as the volume of overseas travels by Bangladeshi citizens on different purposes keep rising in recent months.
- ♦ According to statistics of Bangladesh Bank (BB), the monthly average of cash dollar outflows due to overseas travel was USD 8.66 million from January to June 2023 and rose to USD 14.50 million during the last four months to October.

- ◆ In terms of credit-card usages outside, the average monthly dollar spending was recorded at USD 57.75 million from January to June this calendar year.

News Source:

<https://today.thefinancialexpress.com.bd/first-page/dollar-drain-thru-travels-strains-reserves-1700504429>

Expat bonds lose charm, investment falls by \$2b

- ◆ Investment in dollar bonds by Bangladeshi expatriates declined by nearly USD 2 billion in the last fiscal year due to a drastic cut in interest rate and cumbersome procedures at a time when the country is grappling with a severe dollar crisis and depleting foreign exchange reserves.
- ◆ The total outstanding investment in all three government-issued bonds for non-resident Bangladeshis including wage earners bond, US dollar premium bond, and US dollar investment bond stood at less than USD 1 billion at the end of FY23 which was nearly USD 3 billion in FY22, according to Bangladesh Bank data.
- ◆ Lower yields prompted non-resident Bangladeshis to encash more bonds than they bought, putting significant strain on the country's financial account and resulting in a historic deficit of nearly USD 4 billion in the first quarter of the current fiscal year.

News Source:

<https://www.tbsnews.net/economy/expat-bonds-lose-charm-investment-falls-2b-743266>

Sectoral Update

Bank, NBFIs, & Insurance

Banks' excess liquidity drops despite slow lending

- ◆ Excess liquidity in the banking sector of Bangladesh continues to fall despite lower credit demand ahead of the national polls and higher interest on deposits offered by banks to lure savers.
- ◆ At the end of September, surplus liquidity stood at BDT 1,64,000 crore, down from BDT 1,75,000 crore a month ago, according to central bank data.
- ◆ Bankers linked the decline to their investment in government treasury bills and bonds as well as the purchase of US dollars from the central bank by paying in the taka.
- ◆ The fall came at a time when the private sector credit growth hit a 23-month low in September when it stood at 9.69%.

News Source:

<https://www.thedailystar.net/business/economy/news/banks-excess-liquidity-drops-despite-slow-lending-3474461>

Marine insurance slump hits non-life insurers

- ◆ The non-life insurance sector in Bangladesh is reeling under the combined weight of the ongoing economic slowdown and the dollar crisis.
- ◆ During the July-September quarter, a significant portion of general insurers witnessed a year-on-year drop in profits.
- ◆ Industry insiders attribute the downturn primarily to the disruption of marine insurance, a major revenue stream for non-life companies.
- ◆ Insurer clients' inability to secure letters of credit (LCs) due to the dollar shortage has severely ham-

pered business in this crucial segment, they added.

- ◆ Furthermore, the sluggish performance of the capital market in recent years has deprived most insurers of positive returns on their investments.
- ◆ They said widespread violations of the Insurance Development and Regulatory Authority's (Idra) agent commission rules have resurfaced, with many insurers offering excessive commissions of 30-40% to attract business.
- ◆ This practice is severely undermining the operations of branches outside of Dhaka and Chattogram, leaving them struggling to secure clients, they continued.

News Source:

<https://www.tbsnews.net/economy/stocks/marine-insurance-slump-hits-non-life-insurers-743258>

Will bancassurance improve Bangladesh's insurance landscape?

- ◆ The insurance companies in the country have long been suffering from image crisis and lack of trust, as a result of which the insurance penetration rate is low.
- ◆ The insurance penetration in Bangladesh is only 0.40 percent, when in neighbouring India the rate is 4 percent, according to the Swiss Re Institute's 2022 report.
- ◆ In July this year, the Financial Institutions Division of the Finance Ministry approved a plan to roll out bancassurance in the country.
- ◆ The Financial Institutions Division instructed the Bangladesh Bank to publish a gazette for its 'Bancassurance Guideline' for scheduled banks, based on which they would operate as insurance agents.

News Source:

<https://www.tbsnews.net/features/panorama/will-bancassurance-improve-bangladeshs-insurance-landscape-743338>

Fuel & Power

Petrobangla doubly indebted following gas-price hike

- ◆ Financial crunch incapacitates Petrobangla to pay its way as gas bills defaulted by state-owned power plants and fertilizer factories balloon after tariff hike, according to sources.
- ◆ The energy corporation, as such, is left in a double bind: it is failing to make payment to overseas LNG suppliers and domestic natural gas-producing multinationals while overdue bills getting accumulated.
- ◆ State-run power plants and fertiliser factories have been in default on gas bills for over past nine months, according to sources.
- ◆ The corporation has long been facing problems in paying dues regularly to liquefied natural gas (LNG) suppliers and international oil companies (IOCs) against gas purchases.
- ◆ Power plants and fertiliser factories in public sector now owe around BDT 130 billion, equivalent to USD 1.18 billion, to Petrobangla against gas buys.

News Source:

<https://today.thefinancialexpress.com.bd/first-page/petrobangla-doubly-indebted-following-gas-price-hike-1700416032>

Capital Market

Stocks keep bleeding as investors are jittery ahead of polls

- ◆ Stocks plummeted further on Monday, with the key index of the Dhaka Stock Exchange (DSEX) dipping to a three-month low, as jittery investors continued to dump their holdings to avoid further erosion of their portfolios.
- ◆ The market has remained bearish for more than a year for concerns over macroeconomic challenges and the imposition of floor price and now political tension brewing ahead of upcoming national polls only exacerbated the situation.
- ◆ The market witnessed selling pressure from the very beginning of the session, primarily triggered by the recent fall in trendy securities.
- ◆ The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), finally slid more than 14 points or 0.23 per cent to settle at 6,225, the lowest since August 16.

News Source:

<https://today.thefinancialexpress.com.bd/stock-corporate/stocks-keep-bleeding-as-investors-are-jittery-ahead-of-polls-1700502025>

Why sponsors struggle to sell bank shares

- ◆ Sponsors in at least four banks have struggled with their efforts to divest their shares for prolonged periods, spanning months and, in certain instances, even years.
- ◆ This challenge arises from diminished market demand due to prevailing economic and political uncertainties within the country.
- ◆ The investors had announced their intention to sell their shares within 30 working days at the prevailing market price, but their efforts proved futile.
- ◆ In the worst-case scenario, a sponsor announced the sale of around 29 lakh shares of Standard Bank back in November 2019, yet has been unsuccessful in finding buyers for all of the shares thus far.

News Source:

<https://www.tbsnews.net/economy/stocks/why-sponsors-struggle-sell-bank-shares-743250>

Square Pharma to open subsidiary in Philippines

- ◆ Square Pharmaceuticals PLC, the country's largest drug maker, has decided to go to the Philippines by opening a subsidiary there, according to a decision taken by its board today.
- ◆ The board of the pharmaceutical company approved an equity participation of USD 1 million in Samson Pharma Inc, Philippines.
- ◆ The company will be engaged in marketing and distribution of pharmaceuticals products, incorporated in the Philippines, out of its initial investment of USD 2.5 million, according to a disclosure of Square Pharma.
- ◆ Square Pharmaceutical stated that the approved debt-equity ratio would be 60:40.

News Source:

<https://www.thedailystar.net/business/news/square-pharma-open-subsiary-philippines-3474711>