

Bangladesh Market

Major Indices	Last closing
DSEX Index	6,233.70
% change	0.15%
DS30 Index	2,106.71
% change	0.17%
DSES Index	1,352.53
% change	0.14%
Turnover (BDT mn)	3,703.80
Turnover (USD mn)	33.37
% change	-9.57%

Source: Dhaka Stock Exchange

International Market

Major Indices	Last closing
Dow Jones Industrial Average	35,390.15
% change	0.33%
S&P 500	4,559.34
% change	0.06%
Nikkei 225	33,625.53
% change	0.52%
FTSE 100	7,483.58
% change	-0.08%

Source: Bloomberg

Exchange rate

Major Currencies	Low (BDT)	High (BDT)
USD	111.00	111.00
EUR	120.84	120.89
GBP	138.66	138.70
INR	1.33	1.33

Source: BB

Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
23-Nov-23	7.25 - 8.75	8.19
22-Nov-23	7.25 - 8.75	8.16

Source: BB

Commodities

Major Commodities	Price	% Change
Brent Crude (Oil), USD/bbl.	80.58	-0.38%
Gold Spot, USD/t oz.	2,000.82	0.18%
Cotton, USD/lb.	80.99	0.11%

Source: Bloomberg

Market Summary

Bangladesh Market

- ◆ The leading bourse of the country, DSEX gained 0.15% in the last trading day after suffering 0.37% loss in the past week.
- ◆ The rising tension regarding the national polls, the unrest in the RMG sector, and rising interest rates are few of the major causes behind the negative sentiment of the market.
- ◆ The turnover fell 9.57% during the last trading day.

Global Market

- ◆ Majority of the leading global indices posted positive returns with Dow Jones and S&P 500 posting 0.33%, 0.06%, respectively while FTSE 100 lost 0.08%.
- ◆ One of the leading Asian index NIKKEI 225 posted positive return of 0.52% in the last trading day.

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 8.19% with a high rate of 8.75% and low rate of 7.25%.
- ◆ The oil price dropped 0.38% after rising for a few straight days.

International Macro Update

Oil settles lower but notches weekly gain ahead of OPEC+ decision

- ♦ Oil fell on Friday as the release of some hostages in Gaza reduced the geopolitical risk premium, but prices notched their first week of gains in over a month ahead of next week's OPEC+ meeting to decide on production cuts in 2024.
- ♦ Brent crude futures LCOc1 settled down 84 cents, or 1.0%, at USD 80.58 a barrel, while US West Texas Intermediate crude CLc1 fell USD1.56, or 2.0%, from Wednesday's close to USD 75.54. There was no settlement for WTI on Thursday owing to the US Thanksgiving holiday.
- ♦ The first group of hostages freed from captivity in Gaza returned to Israel on Friday, on the first day of a planned four-day truce during which further exchanges of hostages for Palestinian detainees are due to take place.
- ♦ Both contracts had their first weekly gain in five weeks as OPEC+ prepares for a meeting that will have output cuts high on the agenda after recent oil price declines on demand concerns and burgeoning supply, particularly from non-OPEC producers.

News Source:

<https://www.tbsnews.net/world/global-economy/oil-settles-lower-notches-weekly-gain-ahead-opec-decision-745870>

Bangladesh Macro Update

Strengthening taka leaves no impact on forex market

- ♦ There was no impact on the exchange rate of the US dollar against the taka yesterday as the price of the greenback continued to remain high even though bankers, under an unofficial directive of Bangladesh Bank, appreciated the local currency by BDT 0.50 a day before.
- ♦ On Wednesday the Bangladesh Foreign Exchange Dealers' Association (Bafeda) and the Association of Bankers, Bangladesh (ABB) decided to sell each US dollar at BDT 110.50 to importers and buy it at BDT 110 from exporters and remitters.
- ♦ Yesterday, a majority of banks were paying remitters as much as BDT 122 to BDT 123 and exporters BDT 113 to BDT 114 per US dollar while charging importers BDT 116 to BDT 118.

News Source:

<https://www.thedailystar.net/business/news/strengthening-taka-leaves-no-impact-forex-market-3477226>

Govt intensifies efforts to bolster food security amid economic turmoil

- ♦ In the face of the ongoing economic crisis with a declining import capacity and industrial production triggered by reserve crunch, the Ministry of Agriculture has given utmost importance to food security by increasing production of staple crops including rice and wheat, bringing more land under cultivation, and bolstering free supply of fertilisers and seeds to farmers.
- ♦ Furthermore, the ministry has also undertaken efforts to boost the production of other essential crops, including onion, potato, pulses, and maize.
- ♦ There has also been a decision not to increase fertiliser prices to prevent any additional burden on farmers' production costs to keep the rising commodity prices under control, officials within the ministry say.
- ♦ According to data revealed by the ministry, for the upcoming Boro season, the target for paddy cultivation land has been expanded by 1.88 lakh hectares, with the rice production goal increased by

1.5 lakh tonnes to reach 2.23 crore tonnes.

News Source:

<https://www.tbsnews.net/agriculture/govt-intensifies-efforts-bolster-food-security-amid-economic-turmoil-746306>

Political unrest adds to war-induced slowdown in trade

- ♦ The Bangladesh economy, facing persistent pressure for over three years due to the Covid-19 pandemic and the Russia-Ukraine war, has encountered a new wave of challenges.
- ♦ The combination of these global events led to a dramatic rise in commodity prices and a 35.0% devaluation of the taka. As the economy strives to recover from this double blow, local political unrest in the form of ongoing hartals (strikes) and blockades ahead of the upcoming national elections has significantly disrupted various sectors, worsening the existing economic woes.
- ♦ The import-export trade had already been grappling with challenges since the onset of the Russia-Ukraine war and the subsequent dollar crisis and compounded by the current political turmoil, a staggering decline in export-import volumes may potentially reach up to 30%, industry leaders fear.
- ♦ The ongoing hartals and blockades, enforced by opposition parties since 29 October, have particularly impacted crucial import-dependent industries. The steel industry, for instance, is in disarray, witnessing a decrease in scrap ship imports and the closure of many shipbreaking yards in recent days. Also, the cement sector has taken a hit, plummeting production by a significant 30%-40%, further adding to the challenges faced by the sector.

News Source:

<https://www.tbsnews.net/economy/political-unrest-adds-war-induced-slowdown-trade-745678>

Why policy rate hikes fail to cool inflation in Bangladesh but worked in Sri Lanka

- ♦ While global central banks have effectively curbed inflation through policy rate hikes, the Bangladesh Bank's efforts over the past year have been hampered by an ineffective transmission mechanism, hindering the desired impact on money rates.
- ♦ Bangladesh's central bank increased its key policy rate by 75 basis points to 7.25% at the beginning of October, the highest hike in the last decade, aiming to make money costlier to curb inflation.
- ♦ However, at the end of the month, inflation rose to 9.93% from 9.63% in the previous month when food inflation reached a decade high of 12.56%, reflecting zero outcome of the policy rate hike.
- ♦ This contrasts sharply with Sri Lanka's decisive action of raising its key policy rate substantially to effectively tame record-breaking inflation.

News Source:

<https://www.tbsnews.net/analysis/why-policy-rate-hikes-fail-cool-inflation-bangladesh-worked-sri-lanka-745750>

Sectoral Update

Bank, NBFIs, & Insurance

Dollar dearth, govt borrowing, NPL sapping liquidity

- ♦ A sharp deposit growth and lower investment regime could hardly help heal persistent liquidity stress in Bangladesh's banking sector as several seepage factors keep squeezing the vaults, ac-

according to sources.

- ◆ Officials and bankers mention the depreciation of the local currency against the US dollar, NPL buildup under a lenient loan-rescheduling regime and higher government borrowing from the banking system following a contractionary stance on money supply among the matters sapping liquidity of the banks.
- ◆ On the other side, receding remittances and export receivables in the supply chain of funds are also prompting squeeze in the liquidity stock of the banks.
- ◆ The liquidity tightness in the banks has deepened, as the excess liquidity as well as the cashable funds in banks' vaults keep drying up because of a record purchase of the US dollar from the Bangladesh Bank (BB)-managed foreign-currency reserves to meet their overseas-payment obligations and growing investment in government securities on higher bets.

News Source:

<https://today.thefinancialexpress.com.bd/first-page/dollar-dearth-govt-borrowing-npl-sapping-liquidity-1700933407>

Most NBFIs incurred losses in July-September

- ◆ Most listed non-bank financial institutions (NBFIs) incurred losses in July-September of the current year while companies that did make a profit secured very little margins mainly due to the ongoing macroeconomic stress, narrowing of the interest rate spread and fall in income from stock investments.
- ◆ Of the 23 listed NBFIs in Bangladesh, 17 published their financial reports. Of them, 7 incurred higher losses year-on-year whereas three incurred losses this year only.
- ◆ Bangladesh's overall macroeconomic situation is under stress and it is affecting the overall financial institutions sector, according to the Chairman of the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP).

News Source:

<https://www.thedailystar.net/business/news/most-nbfis-incurred-losses-july-september-3477246>

Apparel & Textile

RMG new wage structure set to be finalised today

- ◆ The Minimum Wage Board is likely to finalise the new wage structure for the readymade garment sector today amid calls for revision from several rights groups at home and abroad.
- ◆ The Wage Board will convene its seventh meeting today to finalise the wage structure based on the published gazette, according to officials concerned.
- ◆ On November 11, the Ministry of Labour and Employment issued a gazette notification announcing BDT 12,500 as minimum monthly wage for the apparel industry.
- ◆ It also sought opinions, objections or recommendations from stakeholders or individuals, if any, within 14 days of publication of the gazette notification and the timeframe ended on Friday.
- ◆ Local right groups demanded that the minimum wage be raised to BDT 23, 000 and some factory owners want the amount be cut to BDT 10,400.

News Source:

<https://www.tbsnews.net/economy/rmg/rmg-new-wage-structure-set-be-finalised-today-746218>

Fuel & Power

Gas output plummets, worsening user woes

- ◆ Overall natural-gas production in the energy-hungry country plummeted by nearly a third, worsening the persisting crisis in gas-guzzling industries, power plants, fertiliser factories, commercial entities and households.
- ◆ According to state-owned Petrobangla, the overall natural gas output on November 24 was around 2,613 million cubic feet per day (mmcf), which is around 30.50% lower than Bangladesh's overall production capacity of 3,716mmcf.
- ◆ Country's overall natural gas output is, however, nearly half of overall demand, which is projected by Petrobangla above 4,000mmcf.
- ◆ Sources said gas supply across Bangladesh had begun falling sharply early this month as US multi-national Excelerate Energy ceased LNG re-gasification at its plant for its overhauling and capacity expansion.

News Source:

<https://www.newagebd.net/article/218388/power-sale-to-industries-declines>

Engineering

Construction costs decline on falling prices of materials

- ◆ Construction costs in Bangladesh declined for the second consecutive month in October, driven by a fall in the price of building materials, according to official figures.
- ◆ Prices of building materials have fallen due to lower market demand, according to the market players.
- ◆ The Building Materials Price Index (BMPI) stood at 6.62% in October, a decrease of 9 basis points from 6.71% in the previous month, according to data from the Bangladesh Bureau of Statistics (BBS).
- ◆ In August, the BMPI stood at 6.98, the highest this year, showed data from the state-run statistical agency.

News Source:

<https://www.newagebd.net/article/218388/power-sale-to-industries-declines>

Travel & Leisure

Slow hotel, restaurant business in H2, FY '23 erodes GDP growth

- ◆ Business of hotels and restaurants in Bangladesh contracted in the second half (H2) of fiscal year (FY) 2022-23, affecting the country's overall economic growth, as reflected in the quarterly GDP estimates by the Bangladesh Bureau of Statistics (BBS).
- ◆ The value addition from the 'accommodation and food services', which was earlier termed as hotels and restaurants services, dropped 7.92% in January-March quarter (Q3) and nearly 6.0% in April-June quarter (Q4) of the last FY.
- ◆ Consequently, the GDP growth at constant prices stood at 2.04% in Q3 and 5.78% in Q4, according to the BBS data released last week.
- ◆ People at the hotels and restaurants business, one of the key sectors of the economy, said the turnover dropped significantly during the period apparently due to higher prices of food items served in the restaurants.

News Source:

<https://today.thefinancialexpress.com.bd/last-page/slow-hotel-restaurant-business-in-h2-fy-23-erodes-gdp-growth-1700933752>

Capital Market

Stocks fall more in past week

- ◆ Dhaka stocks dropped for the second consecutive week in the past week as investors' participation remained sluggish due to market uncertainties.
- ◆ The key index of the Dhaka Stock Exchange, DSEX, lost 0.37%, or 23.44 points, over the past week to close at 6,233.71 points on November 23, after losing 14.69 points in the previous week.
- ◆ The daily average turnover on the DSE decreased to BDT 400.42 crore in the past week from that of BDT 435.05 crore in the previous week.
- ◆ According to market operators, the investors were apprehensive that political tensions related to the national election could have adverse effects on the market.
- ◆ Therefore, a large number of investors were showing reluctance to be actively involved in the market.

News Source:

<https://www.newagebd.net/article/218660/stocks-fall-more-in-past-week>

Regulator seeks to reopen cos at any cost because they can repay if functional

- ◆ The securities regulator strives to bring non-operational companies back into operation in any way possible so that investors get return from the money they have injected into the organisations, according to the regulatory body chief.
- ◆ According to the body chief, a company shuts down mainly due to financial frauds committed by the board or the management, making employees and workers jobless.
- ◆ The company's ownership will be transferred, if required, for the sake of continuation of a business, according to him.
- ◆ Buildings and machinery are left to rot, causing huge loss of investments, when a factory remains shut.
- ◆ The major reason behind the rise in the amount of non-performing loans (NPLs) is the closure of factories as Banks fail to recover loans from such entities.

News Source:

<https://today.thefinancialexpress.com.bd/stock-corporate/regulator-seeks-to-reopen-cos-at-any-cost-because-they-can-repay-if-functional-1700928842>

Summit Power resumes production of 3 plants

- ◆ Summit Power Limited has resumed production of three power plants - Ashulia, Chandina, and Madhabdi.
- ◆ The power generation started on 22 November after negotiations on the renewal of the power purchase agreement, tariff determination, and terms and conditions of Bangladesh Rural Electrification Board (BREB) with the power plants.
- ◆ According to a company disclosure, the power purchase agreement for the three power plants came

into effect on 22 November.

- ◆ On 31 August this year, the three power plants expired with the Bangladesh Rural Electrification Board (BREB).
- ◆ The BREB had allowed Summit Power to restart its two power plants that were shut down because of the expiry of the PPA from 7 February.

News Source:

<https://www.tbsnews.net/economy/stocks/summit-power-resumes-production-3-plants-746206>

Square Pharma's export earnings surge 15% in FY23

- ◆ Square Pharmaceuticals PLC, the country's largest drug maker, witnessed a 15.06% year-on-year (YoY) surge in export receipts in the fiscal year 2022-23 thanks to policy support and incorporation of tech-savvy machinery to produce quality drugs.
- ◆ In the last fiscal year, the publicly-traded company's standalone export revenue was BDT 196 crore, which was BDT 170 crore in FY2021-22.
- ◆ Meanwhile, its domestic revenue rose by 4.5% to BDT 6,762 crore in FY23 from BDT 6,471 crore in the previous FY22.
- ◆ Finally, the company's consolidated revenue from operations increased by 8.93% to BDT 7,234 crore in FY23 compared to BDT 6,641 crore in the previous fiscal year.

News Source:

<https://businesspostbd.com/stocks/square-pharmas-export-earnings-surge-15-in-fy23>