

Bangladesh Market

Major Indices	Last closing
DSEX Index	6,244.40
% change	0.20%
DS30 Index	2,114.17
% change	0.27%
DSES Index	1,357.25
% change	0.14%
Turnover (BDT mn)	4,917.86
Turnover (USD mn)	44.31
% change	40.91%

Source: Dhaka Stock Exchange

International Market

Major Indices	Last closing
Dow Jones Industrial Average	36,204.44
% change	-0.11%
S&P 500	4,569.78
% change	-0.54%
Nikkei 225	32,809.85
% change	-1.27%
FTSE 100	7,512.96
% change	-0.22%

Source: Bloomberg

Exchange rate

Major Currencies	Low (BDT)	High (BDT)
USD	110.25	110.25
EUR	119.96	120.00
GBP	140.01	140.06
INR	1.32	1.32

Source: BB

Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
4-Dec-23	7.50 - 9.25	8.54
3-Dec-23	7.75 - 9.25	8.53

Source: BB

Commodities

Major Commodities	Price	% Change
Brent Crude (Oil), USD/bbl.	78.01	-0.04%
Gold Spot, USD/t oz.	2,034.65	0.13%
Cotton, USD/lb.	78.67	-0.15%

Source: Bloomberg

Market Summary

Bangladesh Market

- ◆ The leading bourse of the country, DSEX gained 0.20% in the last trading day.
- ◆ 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 which led to a fall in the last week by 0.17%.
- ◆ However, the investors started buying stocks after believing the market found some support at the recent lower point.
- ◆ The turnover rose 40.91% during the last trading day.

Global Market

- ◆ Majority of the leading global indices posted negative returns with Dow Jones, S&P 500, and FTSE 100 posting 0.11%, and 0.54%, and 0.22% gains, respectively.
- ◆ Indices fell at the outset of a week chock-full of labor market data that could bolster or undermine expectations for a more dovish Fed.
- ◆ One of the leading Asian index NIKKEI 225 posted negative return of 1.27% in the last trading day.

Key macro indicators

- ◆ All of the major currencies rose against BDT last Thursday.
- ◆ 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 8.54% with a high rate of 9.25% and low rate of 7.50%.
- ◆ The oil price plunged 1.68% on investor skepticism about the depth of OPEC+ supply cuts and concern about sluggish global manufacturing activity.
- ◆ The gold prices are rising steadily due to the expectation of an upcoming interest rate cut by FED in USA.

International Macro Update

Record US oil output challenges Saudi mastery

- ◆ U.S. crude oil production set a record for the second month running in September, highlighting the challenge to Saudi Arabia and its OPEC+ partners as they cut their own production to boost prices.
- ◆ Repeated OPEC+ output cuts since the fourth quarter of 2022 have thrown a lifeline to U.S. producers, averting a deeper slump in prices and conceding more market share to them.
- ◆ U.S. crude and condensate production increased by 224,000 barrels per day (b/d) to 13.24 million b/d in September from August, according to the U.S. Energy Information Administration.
- ◆ Crude and condensate production had increased by 342,000 b/d over the previous three months (annualised growth of 11%) and was 750,000 b/d higher than a year earlier (an increase of 7%).

News Source:

<https://www.tbsnews.net/world/record-us-oil-output-challenges-saudi-mastery-751826>

Bangladesh Macro Update

Inflation edges down in Nov

- ◆ The inflation rate in Bangladesh fell slightly to 9.49% in November from 9.93% in October thanks to the decline in food and non-food prices, according to the Bangladesh Bureau of Statistics (BBS) data.
- ◆ The rate was 9.93% in October which was the second highest in a month this year.
- ◆ The data showed that food inflation slipped to 10.76% in November from 12.56% in October while non-food inflation dropped to 8.16% in November from 8.30% in October.
- ◆ In the year-to-year comparison, the inflation rate is still high as it was 8.85% in November last year while food inflation was 8.14%.

News Source:

<https://businesspostbd.com/economy/inflation-eased-to-949-in-november>

Remittances climb, buoyed by higher exchange rate

- ◆ The inflow of remittance to Bangladesh increased 21.0% YoY (year-on-year) to USD 1.93 billion in November as most banks are offering higher rates for the US dollar to boost foreign currency collection.
- ◆ However, November's receipts were actually down 2.42% from the USD 1.98 billion registered in October, data from the Bangladesh Bank showed.
- ◆ Some banks are offering up to BDT 5-6 more than the permitted rate for buying greenbacks from remitters.
- ◆ The rate was set at BDT 109.75 in November and it does not include the incentives.
- ◆ The Bangladesh Foreign Exchange Dealers Association (Bafeda) and the Association of Bankers Bangladesh (ABB) have been revising the buying and selling rates for the USD since last year as per an unofficial direction from the central bank.

News Source:

<https://www.thedailystar.net/business/news/remittances-climb-buoyed-higher-exchange-rate-3485156>

Exports fall 6%, adding to economic gloom

- ◆ Bangladesh's export earnings declined for the second consecutive month in November amid the continued slowdown in readymade garment shipments, in another worrying development for the already strained economy.
- ◆ Receipts from the sector fell 6.05% YoY (year-on-year) to USD 4.78 billion last month, shows data of the Export Promotion Bureau (EPB).
- ◆ The fall comes at a time when the festive season is kicking off in western nations, Bangladesh's key export destinations.
- ◆ Such development could dash the country's hopes of recovering from its ongoing foreign currency crisis in the immediate future.

News Source:

<https://www.thedailystar.net/business/export/news/exports-fall-6-adding-economic-gloom-3485621>

Dollar pressure rises as short-term foreign debt drops \$300m in October

- ◆ Due to the rising interest rate of the dollar in the international market and continuous increase in dollar rate, the short-term foreign debt of the private sector fell by USD 300 million in October, putting fresh pressure on the dollar liquidity and dwindling forex reserves in the country.
- ◆ According to the central bank, the short-term private sector foreign debt stood at USD 12.13 billion at the end of October.
- ◆ According to Bangladesh Bank data, at the end of December 2022, the outstanding short-term foreign loans taken by the country's private sector from various foreign banks and institutions was USD 16.42 billion.
- ◆ Within a span of 10 months, it has decreased by nearly USD 4.29 billion and out of these payments, USD 525 million was paid as interest.
- ◆ According to the central bank, Bangladesh's foreign reserves have fallen by USD 3.7 billion in just three months, from USD 23.09 billion at the end of August to USD 19.40 billion now.

News Source:

<https://www.tbsnews.net/economy/dollar-pressure-rises-short-term-foreign-debt-drops-300m-october-751778>

Over \$1bn in loans expected next week

- ◆ Bangladesh is expected to receive more than USD 1 billion in budget support from the Asian Development Bank (ADB) and the International Monetary Fund (IMF) next week, which could bring some relief to the nation's dwindling foreign currency reserves.
- ◆ A finance ministry official said a loan proposal of USD 400 million is likely to be placed at the ADB board meeting on December 12.
- ◆ On the same day, Bangladesh's proposal to get the second tranche of the IMF's USD 4.7 billion loan, amounting to around \$681 million, will also be placed at an IMF board meeting, according to the officials.
- ◆ If both proposals are approved, a total of USD 1.08 billion will be added to Bangladesh's forex reserves.

News Source:

<https://www.thedailystar.net/business/economy/news/over-1bn-loans-expected-next-week-3486001>

2nd parcel of IMF loans: All eyes on Dec 12 meeting

- ◆ Bangladesh's proposal to get the second tranche of the International Monetary Fund's USD 4.7 billion loan has been placed for approval at the multilateral lender's board meeting slated for next week.
- ◆ According to the IMF board meeting schedule, it will take place on December 12 where about USD 681 million in the second tranche is likely to be approved although Bangladesh did not meet two of the conditions.
- ◆ The agendas which are likely to be discussed at the meeting are the 2023 Article IV Consultation and the first review under the Extended Credit Facility, the Extended Fund Facility and the Resilience and Sustainability Facility Arrangements.
- ◆ Bangladesh has failed to attain two of the six quantitative targets set for the first half of 2023 by the IMF.
- ◆ In October, an IMF mission team visited Bangladesh for two weeks after which the team reviewed the loan programme and placed Bangladesh's proposal before the IMF board.
- ◆ Finance ministry officials said they were hopeful that the second tranche proposal would be approved in the IMF board meeting as they have explained to the IMF about Bangladesh's shortcomings in meeting two of the loan conditions.

News Source:

<https://www.thedailystar.net/business/news/2nd-parcel-imf-loans-all-eyes-dec-12-meeting-3485091>

Sectoral Update

Bank, NBFIs, & Insurance

Banks will provide 7 per cent interest on foreign currency deposits: BB

- ◆ Banks will pay more than 7.0% interest on resident foreign currency deposits, according to Bangladesh Bank.
- ◆ Apart from this, various benefits including sending money outside the country, and issuing multiple cards will be available from such accounts.
- ◆ The central bank has taken the decision to address the ongoing dollar crisis in the country.
- ◆ According to a recent Bangladesh Bank notification, one can deposit USD 10,000 as RFCD.
- ◆ From now on banks will pay at least 1.5% interest on these deposits along with the benchmark rate.

News Source:

<https://www.newagebd.net/article/219398/banks-will-provide-7-per-cent-interest-on-foreign-currency-deposits-bb>

Remitters' scope to deposit in forex widens

- ◆ The Bangladesh Bank yesterday widened the scope for remitters to deposit their foreign currency earnings and get interest against the funds in forex.
- ◆ In a notice, Bangladesh Bank (BB) said that resident foreign currency deposit (RFCD) accounts can be opened in any approved foreign currency such as the US dollar, the euro, the pound sterling, Japanese yen, Australian dollar, Canadian dollar, Chinese renminbi, the Swiss franc and Singaporean dollar.

- ♦ The interest or profit will be payable on the deposits maintained for a minimum of one month at a markup of 1.50% over the benchmark rate of respective currencies.
- ♦ The remittances can be effective on current transactions for dependents of account-holders, in addition to transactions including but not limited to the cost of travel, education for children, and treatment of account-holders, according to the BB notice.

News Source:

<https://www.thedailystar.net/business/news/remitters-scope-deposit-forex-widens-3485081>

Cash crunch lingers at crisis hit Islamic Banks

- ♦ Five Shariah-based banks are still experiencing liquidity crisis despite significant support from the central bank, which hit the overall surplus cash situation in the Islamic banking system in the July-September quarter, according to a Bangladesh Bank report.
- ♦ The crisis-hit five banks are: Islami Bank Bangladesh, Social Islami Bank, First Security Islami Bank, Union Bank, and Global Islami Bank.
- ♦ At the end of September, Islami Bank Bangladesh's liquidity shortfall stood at BDT 658 crore, Social Islami Bank's BDT 1,059 crore, First Security Islami Bank's deficit was BDT 826 crore, Union Bank's shortfall stood at BDT 483 crore, and Global Islami Bank's liquidity shortfall amounted to BDT 465 crore, according to the report.
- ♦ Amid the lingering deficit, the central bank has continued to provide liquidity support to the five banks.

News Source:

<https://www.thedailystar.net/business/news/cash-crunch-lingers-crisis-hit-islamic-banks-3486011>

Businesses deprived of using ERQ account dollars

- ♦ Businesses have claimed that they are not getting enough dollars from their export retention quota accounts, which is hampering their business operations.
- ♦ They alleged that banks were secretly encashing dollars from their ERQ accounts amid a severe dollar crisis in the country.
- ♦ On September 24, the ERQ was reduced to 7.5% from the previous 15.0% for exporters of a number of products, including readymade garments, naphtha, furnace oil, bitumen, made of imported fabrics and electronic goods.
- ♦ The retention limit was reduced to 35.0% in the IT sector, which previously was 70.0%.
- ♦ Several businesses alleged that banks were discreetly encashing the entire dollar retention, a practice which is causing dissatisfaction among the business entities.

News Source:

<https://www.newagebd.net/article/219429/businesses-deprived-of-using-erq-account-dollars>

Fuel & Power

LNG import hits impasse for payment imbroglio

- ♦ Liquefied natural gas (LNG) import from two gulf countries hits impasse as the renewal of standby letter of credit (SBLC) stalls for payment-guarantee refusal by regulators, apparently for forex crunch.
- ♦ Officials have said the LC renewal for the import of LNG from Qatar and the United Arab Emirates

faces setback as the central bank declined to give payment confirmation to two foreign banks in the event of local banks failing to make payment in foreign currencies.

- ◆ On refusal by the Bangladesh Bank, energy and mineral resources division itself moved to provide payment guarantee and sought finance division's consent.
- ◆ However, the approval has yet to be received though the renewal was due on November 30 in line with the LNG-sale and-purchase agreement with Doha-based Qatargas and Dubai-based OQ Trading Ltd.

News Source:

<https://today.thefinancialexpress.com.bd/first-page/lng-import-hits-impasse-for-payment-imbroglio-1701711642>

Capital Market

Dhaka stocks gain, turnover rises

- ◆ Dhaka stocks gained for the fourth day on Monday with an increased turnover, as a section of investors chased selective stocks following the recent corrections on the market, according to market operators.
- ◆ DSEX, the key index of the Dhaka Stock Exchange, gained 12.45 points, or 0.19%, and settled at 6,244.40 points on Monday after gaining 8.91 points in the previous session.
- ◆ The key index added 41.57 points in the past four trading sessions.
- ◆ The market experienced a surge in buying activity on Monday as opportunistic investors persisted in showing interest in selective stocks in anticipation of quick gains, according to market operators.

News Source:

<https://www.newagebd.net/article/219428/dhaka-stocks-gain-turnover-rises>

Many stocks to become junk as Covid-induced rules will go

- ◆ A good number of stocks are going to be downgraded to Z category from February 28 next year for failing to give dividend to shareholders on a yearly basis.
- ◆ Companies unable to hold annual general meetings on time and out of operations for more than six months will also be punished in the same fashion, according to a recent directive issued by the securities regulator.
- ◆ The Bangladesh Securities and Exchange Commission (BSEC) said the order issued during the pandemic relaxing rules for the transfer of stocks to Z category would no longer be effective from February 28.
- ◆ Instead, the transfer of stocks would be determined on the basis of the Settlement of Transactions Regulations 2013.
- ◆ No sponsor or director of Z-category firms, excluding banks, insurance companies and non-bank financial institutions, shall be allowed to transact (buy/sell/transfer) his/her share on any platform of the stock exchanges or outside the stock exchanges without prior approval of the commission, reads the latest directive.
- ◆ Moreover, the settlement cycle of Z-category stocks shall be T+3, meaning if someone buys any of these stocks on a Sunday, the trade will be settled next Wednesday.

News Source:

<https://today.thefinancialexpress.com.bd/stock-corporate/many-stocks-to-become-junk-as-covid-induced-rules-will-go-1701708619>

US portfolio investment dips steadily in Bangladesh

- ◆ Investors from the United States of America (USA) withdrew a chunk of their funds from Bangladesh's stock market throughout the last three fiscal years.
- ◆ The American portfolio investment stood at USD 629.71 million at the end of FY23, down 21.20% from FY22.
- ◆ This investment was USD 799.15 million at the end of FY22, down 21.38% from the previous fiscal year, according to Bangladesh Bank data.
- ◆ Meanwhile, foreign portfolio investment dropped over 20.0% year-on-year to USD 2.33 billion in the financial year 2022-23, from USD 4.5 billion in FY19.
- ◆ The foreign portfolio investment slumped mainly due to a lack of governance, the depreciation of the Taka, and the setting of floor price, according to market insiders.

News Source:

<https://businesspostbd.com/stocks/us-portfolio-investment-dips-steadily-in-bangladesh>