Daily News Snippet

December 26 2023

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	6,238.98
% change	-0.16%
DS30 Index	2,088.93
% change	-0.27%
DSES Index	1,365.40
% change	0.12%
Turnover (BDT mn)	4,120.52
Turnover (USD mn)	37.46
% change	-34.28%

Source: Dhaka Stock Exchange

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	37,790.00
% change	1.08%
S&P 500	4,812.50
% change	1.22%
Nikkei 225	33,265.87
% change	0.04%
FTSE 100	7,705.40
% change	0.10%

Source: Bloomberg

Exchange rate		
Major Curren-cies	**Low (BDT)**	**High (BDT)**
USD	110.00	110.00
EUR	121.07	121.12
GBP	139.59	139.62
INR	1.32	1.32

Source: BB

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average (%)**
24-Dec-23	7.75 - 9.50	9.16
21-Dec-23	7.75 - 9.50	9.14

Source: BB

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	79.32	0.32%
Gold Spot, USD/t oz.	2,062.69	0.47%
Cotton, USD/lb.	79.76	0.00%

Source: Bloomberg

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX lost 0.16% in the last trading day.
- The rising tension regarding the national polls and the rising interest rates are few of the major causes behind the persistent negative sentiment of the market.
- The turnover dropped 34.28% during the last trading day.

Global Market

- Majority of the leading global indices posted positive returns as Dow Jones posted 1.08% gain, S&P 500 posted 1.22% gain, and FTSE 100 posted 0.10% gain.
- One of the leading Asian index NIKKEI 225 posted negative return of 0.10% in the last trading day.

Key macro indicators

- All of the major currencies rose against BDT yesterday.
- 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 9.16% with a high rate of 9.50% and low rate of 7.75%.
- The oil price fell by 0.40%.

International Macro Update

Oil little changed as investors eye Middle East tensions, US rate cut

- Oil prices were little changed on Tuesday as investors focused on geopolitical tensions in the Middle East and optimism the US Federal Reserve would soon start cutting interest rates, lifting global economic growth and fuel demand.
- Brent crude futures fell 26 cents, or 0.3%, to USD 79.13 a barrel while US West Texas Intermediate crude was at USD 73.59 a barrel, up 3 cents.
- Trade is thin as some markets are still closed for the Boxing Day public holiday.
- Both benchmarks notched gains of about 3.0%% last week after Houthi attacks on ships disrupted global shipping and trade, adding to tensions in the Middle East as the Israel-Gaza conflict waged on.

News Source:

https://www.thedailystar.net/business/news/oil-little-changed-investors-eye-middle-east-tensions-us-rate-cut-3503391

Bangladesh Macro Update

IMF flags potential exodus of funds from Bangladesh

- Bangladesh might have experienced capital flight in the last financial year evidenced from the unusual outflow of funds as well as unrealised export proceeds, according to International Monetary Fund (IMF).
- The financial account, a part of the balance of payments (BoP), experienced an outflow of 0.5% of GDP (USD 2.1 billion) in 2022-23, compared to inflows historically averaging about 2.5% of GDP, signalling capital flight, the Washington-based lender said in a paper recently.
- It said foreign currency shortages and letter of credit margin requirements on the payments by bank deposits to curb non-essential imports led to a sharp contraction in imports by 16.0% in FY23.
- Exports remained resilient, despite slow growth in major trading partners and the current account balance improved significantly.

News Source:

https://www.thedailystar.net/business/economy/news/imf-flags-potential-exodus-funds-bangladesh-3502966

Red Sea impasse to push up cost of importers-exporters

- Importers and exporters in Bangladesh started to feel the pinch of the transit disruption through the Red Sea route as major shipping lines announced, and in some cases even began implementing, additional surcharges to cover costs for re-routing their vessels around Africa's Cape of Good Hope following attacks by the Yemen-based Houthi militant group.
- Market insiders said the 5,600-kilometre diversion will add two weeks of travel time and increase the cost of shipping goods by over 40.0%.
- Shipping lines have announced the imposition of USD 700 to USD 1,500 per TEU (twenty-foot equivalent container) to offset additional costs, they said.
- Such additional charges will impact to a major portion of Bangladesh's export trade and a small segment of import trade.

News Source:

https://www.thedailystar.net/business/news/red-sea-impasse-push-cost-importers-exporters-3502996

Importers seek wider access to loans as currency slides

- The devaluation of the taka has squeezed the import capacity of industries, particularly essential commodity importers and exporters.
- As dollars become more expensive, they can buy less of the greenback with the same amount of loans from banks.
- Under the circumstances, edible oil importers and processors have urged the Bangladesh Bank to relax the single borrower exposure limit, which restricts banks from putting all their funds in one entity.
- The Bangladesh Vegetable Oil Refiners' and Vanaspati Manufacturers' Association (BVOVMA) sent a letter to Bangladesh Bank Governor Abdur Rouf Talukder on November 12 saying their capacity to import decreased nearly 50.0% because of the devaluation of the taka.

News Source:

https://www.thedailystar.net/business/news/importers-seek-wider-access-loans-currency-slides-3502211

Bickering over co-financing delays $4.8b project

- Contentions between two government agencies over co-financing seem to have derailed and delayed construction woks on the southern metro-rail route styled MRT-5 Line under a USD 4.8-billion project, according to sources.
- The project--seen vitally important for its east-west train communications through the crammed capital city--was initiated by the government-owned Dhaka Mass Transit Company Ltd (DMTCL) to build 17-kilometre metro-rail line connecting Gabtali with Dasherkandi.
- Though the government planned starting the construction of this crucial up-ground- under-ground metro rail by January 2024, the conflicts of stance between the two government agencies concerned were impeding the start of construction.

News Source:

https://today.thefinancialexpress.com.bd/first-page/bickering-over-co-financing-delays-48b-project-1703521956

Sectoral Update

Banks, NBFIs, & Insurance

Bangladesh Bank starts correcting rate spread calculation

- Banks and non-bank financial institutions have been wearing an impression of a strong performer with low lending rate and spread gap.
- However, the magic lies in distorted weighted average stemming from an old calculation formula that considered zero interest rate against non-performing loan (NPL) amount.
- The Bangladesh Bank has now started correcting the weighted average lending rate calculation system to bar banks and non-bank financial institutions (NBFIs) from keeping their interest spread artificially low to make their financial health look good.
- The central bank has found that the current calculation does not reflect the real lending rate scenario of the market, making it difficult for them to take appropriate policy steps.

News Source:

https://www.tbsnews.net/economy/bangladesh-bank-starts-correcting-rate-spread-calculation-764290

Internet banking transactions in Bangladesh surge by 61 per cent

- Internet banking transactions in Bangladesh surged by 61.8% in October compared to the previous month, driven by increasing adoption of digital technologies for financial activities.
- According to Bangladesh Bank data, internet banking transaction soared to record BDT 78,863 crore in October from BDT 48,716 crore in September.
- The number of transactions crossed 1 crore in November for the first time.
- Bankers said that the internet banking had been expending due to the rising number of tech-savvy individuals, particularly the younger generation, who prefer using digital platforms for their banking needs.

News Source:

https://www.newagebd.net/article/221149/internet-banking-transactions-in-bangladesh-surge-by-61-per-cent

Apparel & Textile

RMG workers protest lay-offs in Narayanganj

- Hundreds of RMG workers took to the streets yesterday, protesting the announcement of Crony Tex Sweater Ltd to lay-off workers of the sweater division due to a decline in work orders from foreign buyers.
- The workers brought out a procession in the morning after seeing the notice hanging outside the factory in the BSCIC Industrial Estate in Fatullah area.
- State Minister for Power, Energy and Mineral Resources Nasrul Hamid also admitted the severity of the crisis.
- The notice said the global economic crisis, affecting Bangladesh as well, has led to a temporary halt in the operations of the company's sweater division.
- The reduction in orders from buyers has rendered the continuation of factory activities impossible.
- However, in the last part of the notice, the factory said the lay-offs will be effective till February 7 and all workers will be compensated as per labour laws.
- Meanwhile, workers claimed that the factory owner took the decision without any prior notice, resulting in the sudden unemployment of at least 800 workers.

News Source:

https://www.thedailystar.net/business/economy/rmg/news/rmg-workers-protest-lay-offs-narayanganj-3503291

Food & Allied

Local edible oil refiners turn to soy-crushing

- Bangladesh's cooking-oil refiners are moving towards becoming value-added producers by establishing soybean-crushing plants locally, according to producers and insiders.
- This will reduce their import dependency on crude and allow them to supply raw materials to their

own refining plants.

- Besides, these new soybean-crushing mills will produce soymeal -- an animal feed ingredient -- helping meet 70-80% of local soymeal demand.
- The two largest consumer-based producers in the country -- Meghna and City Group -- have already expanded their operations to include soybean crushing, according to insiders.

News Source:

https://today.thefinancialexpress.com.bd/last-page/local-edible-oil-refiners-turn-to-soy-crushing-1703522450

Capital Market

Stocks' investors suffering from prolonged bearish trend

- Investors in the country's stock market have been suffering from prolonged stagnation due mainly to floor price restriction, poor confidence, economic crisis and political tensions before the national election.
- Before imposition of floor price by the securities regulator, the market was falling sharply on the back of economic crisis, prevalent fraudulent activities in the market, which diminished the investors' confidence and foreign investment exodus.
- To save the market from this sharp fall, the Bangladesh Securities and Exchange Commission on July 28, 2022 imposed the floor price restriction on all companies.
- However, the floor price backfired as sufferings of investors, especially institutional ones, worsened after the imposition of the restriction.

News Source:

https://www.newagebd.net/article/221153/stocks-investors-suffering-from-prolonged-bearish-trend

ACI halts producing anaesthetic drug Halothane, surgery cost rise feared

- ACI Pharmaceuticals Limited has halted the production of the widely used anaesthetic drug Halothane, a move that is expected to impact the cost of surgeries across Bangladesh.
- Halothane, a cost-effective sedative used during major surgeries, has been banned by the US Food and Drug Administration (FDA) due to its harmful physical and environmental impacts.
- ACI Pharmaceuticals, the manufacturer of Halothane under the brand name Halosin, has consequently halted its production in Bangladesh.
- The halting of Halothane production has now forced medical professionals to turn to alternative anaesthetic drugs, which are costlier, according to hospital sources.
- However, making matters worse, the necessary machines for administering these alternatives are not readily available in most hospitals, causing disruptions in major surgeries.

News Source:

https://www.tbsnews.net/bangladesh/health/aci-halts-producing-anaesthetic-drug-halothane-surgery-cost-rise-feared-764254