Daily News Snippet

December 28 2023

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	6,243.88
% change	-0.02%
DS30 Index	2,087.35
% change	-0.01%
DSES Index	1,365.89
% change	0.01%
Turnover (BDT mn)	4830.738
Turnover (USD mn)	43.92
% change	4.85%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	37656.52
% change	0.30%
S&P 500	4781.58
% change	0.14%
Nikkei 225	33,681.24
% change	1.13%
FTSE 100	7,724.95
% change	0.36%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	110.00	110.00
EUR	122.13	122.18
GBP	140.73	140.79
INR	1.32	1.32
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
27-Dec-23	7.75 - 9.50	9.16
26-Dec-23	7.75 - 9.50	9.20
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	79.75	0.13%
Gold Spot, USD/t oz.	2,086.56	0.44%
Cotton, USD/lb.	80.21	-0.40%
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 and the rising interest rates are few of the major concerns for the investors.
- The turnover rose 4.9% during the last trading day.

Global Market

- Majority of the leading global indices posted positive returns as Dow Jones posted 0.30% gain, S&P 500 posted 0.14% gain, and FTSE 100 posted 0.36% gain.
- One of the leading Asian index NIKKEI 225, posted a positive return of 1.13% in the last trading day.

Key macro indicators

- All 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 increased by 0.13%.

Bangladesh Macro Update

Businesses to face inflation, currency headwinds in year ahead too

- Businesses in Bangladesh will face challenges in managing the impacts of higher inflation and exchange rate in 2024 as well while the cost of production and operation may increase amid the rising bank interest, several business and corporate leaders warn.
- However, they predict that the situation may improve slightly in the second half of the calendar year if the new government takes time-befitting measures to repair the cracks in the economy.
- The outgoing year was full of uncertainty for many businesses and corporates as importers suffered a lot owing to the shortage of foreign currencies and exporters struggled to maintain the international price level against competing countries.
- Imports plunged as the government and the central bank took measures to stop the fall in the forex reserve level. This impacted the purchase of capital machinery and industrial raw materials from international markets.

News Source:

https://www.thedailystar.net/business/economy/news/businesses-face-inflation-currency-headwinds-year-ahead-too-3504601

NBR orders importers to submit monthly records to customs

- In a bid to prevent irregularities, importers are now required to submit their purchase and sales records to the respective customs house every month, aligning with VAT practices.
- The National Board of Revenue (NBR) issued a statutory regulatory order (SRO) in this regard on 22 December, which was made public on Wednesday.
- Experts anticipate that this move will reduce opportunities for concealing imported goods and machinery through unauthorised sales channels.
- Concerns have been raised by businesses regarding the potential impact of regularly submitting records to the customs house, mirroring VAT procedures. Some argue that this could lead to increased harassment and additional costs for businesses.
- In response to potential challenges, the NBR order includes a provision stating that if electronic information is unavailable due to natural disasters or logical reasons, the customs commissioner retains the authority to take necessary actions for assessing imported goods.

News Source:

https://www.tbsnews.net/nbr/nbr-orders-importers-submit-monthly-records-customs-765422

Bay Terminal eyes $11.5b foreign investment in 2024

- Chattogram Port expects a substantial USD 11.5 billion in foreign investment in 2024 for the construction of the Bay Terminal, which will have a capacity six times the existing capacity.
- Abu Dhabi Port Group has submitted an investment proposal of USD 1 billion.
- The proposal envisions a joint venture with Chattogram Port for the construction of the multipurpose Bay Terminal 3.

- Embracing the landlord concept prevalent in developed ports worldwide, Chittagong Port is poised to transform through foreign investments in the Bay Terminal project, according to the CPA.

News Source:

https://www.tbsnews.net/economy/bay-terminal-eyes-115b-foreign-investment-2024-765418

Sectoral Update

Banks, NBFIs, & Insurance

Bangladesh Bank buying dollars from banks to increase reserves

- The Bangladesh Bank is collecting dollars from banks to meet the International Monetary Fund's (IMF) end-of-year forex reserve requirements as part of the USD 4.7 billion loan programme.
- The central bank bolstered its reserves this week by purchasing USD 200 million from Islami Bank on Tuesday and over USD 100 million from other banks throughout the other working days.
- The central bank's data as of 20 December show the country's gross reserves, according to the IMF's BPM6 formula, stood at USD 20.68 billion.
- For the past three years, the central bank has consistently sold dollars from reserves to commercial banks.
- The sales amounted to USD 7.62 billion in FY22, USD 13.58 billion in FY23, and around USD 7 billion in the current fiscal year.
- Primarily, these dollars are allocated to cover the import bills of 5-6 types of products, including food, fuel, and fertilisers.

News Source:

https://www.tbsnews.net/economy/cenbank-buying-dollars-banks-increase-reserves-765462

Forex holdings in banks increase

- Banks are holding an increased amount of foreign exchange, bolstered by falling imports and higher export proceeds, according to bankers.
- At the end of November, gross foreign exchange held by commercial banks stood at USD 5.97 billion, up 27.0% from USD 4.7 billion a year ago.
- The amount of outstanding foreign exchange holdings was also marginally higher compared to October this year, according to data from Bangladesh Bank (BB).
- As a result, there is an increased availability of the greenback, which has been getting dearer for nearly two years, causing significant devaluation of taka and depletion of the country's forex reserves.
- Bangladesh's exports grew 1.3% year-on-year to USD 22.32 billion in four months to the end of November in the fiscal year 2023-24.
- Remittance inflows were also marginally higher during the period, according to the central bank's data.
- On the other hand, year-on-year imports dropped 20.5 percent to $20.26 billion in the July-October period, leading to a fall in the requirement for payments.
- As such, holdings of foreign exchange by banks have been on an upward trajectory.

News Source:

https://www.thedailystar.net/business/economy/news/forex-holdings-banks-increase-3504591

Borrowing leaves banks in repayment trap

- Cash feeding into banks registered an unprecedented rise in recent months amid major liquidity crunch following contractionary monetary stance the regulator has taken to combat inexorable inflation, according to officials.
- As the pressure on the overall liquidity continues mounting amid the central bank's belt-tightening moves, sources at the Bangladesh Bank (BB) said, commercial banks have an insatiable appetite for credits despite gradual increase in their deposit portfolio and it drives the banking regulator to unrelentingly accept fund-requirement appeals from the commercial lenders.
- According to BB statistics, the central bank provided liquidity support amounting to BDT 633.47 billion to the banks in June and the figure more than doubled to BDT 1.28 trillion the following month.
- The uptrend in handouts to the banks continues as the entire monthly volume of the liquidity supports ballooned to BDT 1.33 trillion in August, BDT 1.67 trillion in September and BDT 3.12 trillion in October.
- Economists, as such, raise alarm about inflation spikes as liquidity support to the commercial banks continues largely rising as borrowing funds from interbank window is getting much costlier because the interbank call-money rate now reached 9.16% on December 27.

News Source:

https://today.thefinancialexpress.com.bd/first-page/borrowing-leaves-banks-in-repayment-trap-1703695900

NBFIs' loans grow faster than deposit collection

- Loans extended by the country's non-bank financial institutions surged by BDT 900 crore, while deposits grew by BDT 37 crore in the July-September period.
- According to Bangladesh Bank data, deposits in NBFIs increased to BDT 44,720 crore in the quarter, up from BDT 44,683 crore in the previous quarter.
- Loan disbursement by NBFIs rose to BDT 73,338 crore from BDT 72,439 crore.
- The loan-to-deposit ratio for NBFIs stood at 1.64 at the end of September, indicating a more aggressive lending stance compared with their deposit base.
- Banks maintained a lower loan-to-deposit ratio of 0.86.
- Experts cautioned that the significant increase in loans without a corresponding rise in deposits could lead to an imbalance between available funds and loan demands, potentially causing an asset-liability mismatch for the NBFIs.

News Source:

https://www.newagebd.net/article/221343/nbfis-loans-grow-faster-than-deposit-collection

Ins regulator mandates complaints resolution in 90 days

- The Insurance Development and Regulatory Authority (IDRA) has formulated draft guidelines to protect policyholder interests, mandating the resolution of grievances and complaints within a maximum of 90 days.
- The guidelines say that upon receiving complaints through IDRA's Integrated Grievance Management System, all insurers must take necessary steps to settle them.
- These guidelines will come into immediate effect, according to the IDRA notification.
- As per the Insurer's Corporate Governance Guidelines, 2023, the draft outlines the establishment of a Customer Protection and Grievance Redressal Committee within the board of directors.
- This committee will ensure proper procedures and effective measures for a timely settlement of insurance claim-related complaints and customer protection.

News Source:

https://today.thefinancialexpress.com.bd/last-page/ins-regulator-mandates-complaints-resolution-in-90-days-1703696030

Apparel & Textile

Garment brings $42.83b Jan-Nov

- Earnings from garment export from Bangladesh increased by 4.35 percent in the January-November period to USD 42.83 billion, mainly to non-traditional markets, according to data from the Export Promotion Bureau (EPB).
- According to data from World Trade Organization (WTO), the global size of garment trade in 2022 was USD 576 billion and in 2023 the amount will be a little bit less because of the geopolitical challenges.
- In the January-November period, garment shipments to Europe increased by only 2.28%, according to data compiled by the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).
- In the US, the earnings from garment export in the same period declined by 9.0%.
- Meanwhile, garment shipments to non-traditional markets except the US, Canada, the UK and the EU, increased by 22.53% in the January-November period of the current year compared to the same period of last year.

News Source:

https://www.thedailystar.net/business/news/garment-brings-4283b-jan-nov-3504596

Fuel & Power

Govt to set up 420MW solar power plants

- The government is going to set up four solar power plants to generate 420 megawatts (MW) of electricity for 20 years.
- The cabinet committee on public purchase yesterday approved proposals of Bangladesh Power Development Board in this regard, according to a press release.
- As per the proposals, a 240 MW plant will be set up in Trishal of Mymensingh through a joint venture of Energon Renewables (BD) Ltd, one of Orion Group's concerns, and PWR Energy Trading LLC.

- The plant will approximately cost BDT 8,553.60 crore while the unit price will be BDT 10.995 per kilowatt hour (kWh).

News Source:

https://www.thedailystar.net/business/economy/news/govt-set-420mw-solar-power-plants-3504611

Capital Market

Dhaka stocks inch down

- Dhaka stocks finished down on Wednesday after a modest rise in the previous session, as cautious investors dominated the session with a preference for selling shares amid volatility, according to market operators.
- DSEX, the key index of the Dhaka Stock Exchange, lost 1.35 points, or 0.02%, and settled at 6,243.88 points on Wednesday after gaining 6.25 points in the previous session.
- Sellers dominated the session as a section of investors chose to realise some profits and liquidate their investments amid volatility, according to the operators.
- However, a section of short-term-oriented investors continued showing interest in selective stocks that helped the market turnover increase slightly compared with that in the previous session.
- The turnover on the DSE slightly increased to BDT 483.07 crore on Wednesday compared with that of BDT 460.71 crore in the previous trading session.

News Source:

https://www.newagebd.net/article/221340/dhaka-stocks-inch-down