Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	6,242.87
% change	-0.06%
DS30 Index	2,091.54
% change	-0.11%
DSES Index	1,361.23
% change	-0.21%
Turnover (BDT mn)	4,437.87
Turnover (USD mn)	40.34
% change	-32.82%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	37,689.54
% change	-0.05%
S&P 500	4,769.83
% change	-0.28%
Nikkei 225	33,464.17
% change	-0.22%
FTSE 100	7,733.24
% change	0.10%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	110.00	110.00
EUR	121.39	121.41
GBP	140.01	140.06
INR	1.32	1.32
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
1-Jan-24	7.75 - 9.75	9.22
28-Dec-23	7.75 - 9.75	9.19
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	78.24	1.56%
Gold Spot, USD/t oz.	2,070.00	0.34%
Cotton, USD/lb.	81.2	0.25%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX lost 0.06% in the last trading day, closing at 6,242.87 point.
- Given the rising tension regarding the national polls and upsurge in interest rates, the investors are very cautious about the market which reflects on the daily turnover.
- The turnover fell 32.82% during the last trading day.

Global Market

- Majority of the leading global indices posted mixed returns as Dow Jones posted -0.05% gain, S&P 500 posted -0.28% gain. FTSE 100 posted 0.10% gain.
- One of the leading Asian index NIKKEI 225, posted a return of -0.22%% 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 9.22% with a high rate of 9.75% and low rate of 7.75%.
- The oil price increased by 1.56%.

Bangladesh Macro Update

Reserves fall short of IMF target

- Bangladesh has failed to meet the International Monetary Fund's target on keeping $17.78 billion as the minimum net international reserve as of December 31 last year.
- The NIR stood at $17.20 billion at the end of the year, meaning the country has missed the target by $58 million, figures from the central bank showed.
- As per the IMF manual, the gross international reserves stood at $21.82 billion on Sunday.
- When the Washington-based lender approved the $4.7 billion loan for Bangladesh in January last year, it had fixed a minimum NIR of $26.81 billion for December. Later, the goal was revised downwards since the reserve level dropped at a faster-than-expected pace.
- In December, the IMF reset the NIR at $17.78 billion for December, $19.27 billion for March this year and $20.11 billion for June, as per IMF documents.

News Source:

https://www.thedailystar.net/business/economy/news/reserves-fall-short-imf-target-3508401

Private credit growth slows despite rising deposits

- Private sector credit growth remained sluggish in November despite rising deposit growth as banks shied away from lending amid business uncertainty ahead of the general election.
- Moreover, a liquidity crisis caused by dollar purchases from the Bangladesh Bank prompted banks to build up their liquidity with deposits instead of going for risky lending, said industry insiders.
- Private sector credit growth declined slightly to 9.9% in November from 10% in October, according to Bangladesh Bank data.
- On the other hand, deposits increased to 10.32% in November, the highest in a year, thanks to the rise in interest rate after the withdrawal of the single-digit lending rate cap in July.

News Source:

https://www.tbsnews.net/economy/private-credit-growth-slows-despite-rising-deposits-768066

Record exodus, flat remittances

- Bangladesh sent a record-breaking 1.3 million workers abroad in 2023, surpassing the 2022 figure of 1.14 million.
- Despite this surge, unresolved issues like high migration costs, a lack of skilled labour and informal money transaction channels like hundi continue to cast a shadow over the sector.
- The data released by the Bureau of Manpower Employment and Training (BMET) shows that the upward trend in worker deployment has not translated into a proportional increase in remittances.
- Bangladeshis working abroad sent nearly $19.60 billion home in the January-November period of 2023, as per the Bangladesh Bank statistics.
- Industry insiders pointed to fraudulent practices by some recruitment agencies as a major concern. Many workers end up without promised jobs, despite incurring high migration costs.

- Besides, they said the country lags behind in sending skilled workers, contributing to the lower remittance income compared to some neighbouring countries with smaller outbound worker numbers.

News Source:

https://today.thefinancialexpress.com.bd/last-page/record-exodus-flat-remittances-1704130105

New MPS to focus on inflation check

- The Bangladesh Bank will announce the monetary policy statement for the second half (January-June) of the current financial year on January 15 amid domestic and global challenges.
- As the previous policy, this new policy will prioritise controlling inflation and thus will be more contractionary.
- So, there may be a reduction in the flow of money on the market, potentially leading to increased interest rates on loans.
- In 2023, the Bangladesh Bank faced various challenges and worked diligently to address them throughout the year, according to Mezbaul Hauqe, spokesperson and executive director of the Bangladesh Bank.
- He said that the central bank was trying to address various challenges the economy was going through in 2023, and it achieved some progresses in this regard.

News Source:

https://www.newagebd.net/article/221726/new-mps-to-focus-on-inflation-check

Govt starts procurement before loan deals to speed up dev projects

- To speed up development projects, the government and development partners are experimenting with an "advance procurement" approach, which could potentially save months, even years, by getting key procurement steps underway even before the final loan agreement is inked.
- Advance procurement usually refers to starting procuring goods, services, and works until awarding contracts before the effective date of the financing agreement.
- For years, development projects have been plagued by time and cost overruns, often due to a slow-moving procurement process that only starts after final loan agreements are signed with development partners.
- Currently, two projects adopting the advanced procurement approach have shown promising results, said officials at the Economic Relations Division (ERD).

News Source:

https://www.tbsnews.net/economy/govt-starts-procurement-loan-deals-speed-dev-projects-768034

Govt sees budget surplus of Tk 11,865cr in Q1

- The government saw a budget surplus of Tk 11,865 crore in the first quarter of the current fiscal year (FY) as its spending was lower than its revenue collection.
- In the same period of last fiscal year, the government saw a budget deficit of Tk 1,775 crore.
- According to a finance ministry report, in the July-September period of FY 2023-24 the government spent Tk 83,650 crore out of its total budget of Tk 7,61,785 crore.
- In the same period of FY 2022-23, the spending stood at Tk 82,434 crore out of Tk 6,78,064 crore.

- The revised budget of FY 2022-23 was Tk 6,60,508 crore.

News Source:

https://www.thedailystar.net/business/economy/news/govt-sees-budget-surplus-tk-11865cr-q1-3508396

Sectoral Update

Banks, NBFIs, & Insurance

Currency outflow from banks again

- After recent reduction, the volume of mattress money or currency outside banks shows an upturn again to the worry of liquidity-hungry banks that have to borrow costly funds.
- Sources at Bangladesh Bank (BB) have said the amount of deposit outflow from the banking system kept declining gradually since June 2023 through the first four months of the current fiscal year (FY'24) in a much-needed respite to the commercial lenders at a time when liquidity situation continues tightening.
- But, since the month of November, it has been showing a reverse course with the volume of currency outside bank vaults increased by around Tk 25 billion to Tk 2.48 trillion from October's count of Tk 2.45 trillion, according to the latest BB data.
- Officials and money-market analysts cite factors like election economy, inflationary burden and the start of festive season, wedding in particular, behind the surge in mattress money.
- The sources said the deposit outflow from banks kept rising since September 2022 following reports of gross irregularities in some commercial banks. The amount rose to a record-high Tk 2.92 trillion in June 2023.

News Source:

https://today.thefinancialexpress.com.bd/first-page/currency-outflow-from-banks-again-1704129797

Energy Sector

Investment dried up in textile and garment in 2023

- The textile and garment sector witnessed a very dry investment season in 2023 as demand for clothing items fell globally while an energy crisis on the domestic front led to higher costs of production.
- Moreover, higher costs of production due to increased prices of raw materials, transport cost, the volatile exchange rate of the local currency against the US dollar, and the government's restriction on imports in order to save US dollars were other reasons for the slowdown in investment in the sector.
- The year 2023 was one of the toughest for global textile and garment industries as the major consumer markets like Europe and the USA reduced import of clothing items substantially due to historic inflationary pressure.
- For instance, the USA's overall garment imports declined by 22.71 percent in January-October of 2023 to $67.26 billion.
- The lower demand from the major consumer markets also affected investment in the domestic market.
- The US saw garment imports from Bangladesh decline by 24.75 percent to $6.35 billion in the January-October period of 2023, according to data from the Office of Textiles and Apparel (OTEXA) of the US government.

News Source:

https://www.thedailystar.net/business/economy/news/investment-dried-textile-and-garment-2023-3508391

Financial Market Updates

Capital Market

Stocks start new year with marginal losses

- Equity indices at the Dhaka Stock Exchange (DSE) kicked off the new year in the red terrain, as investors preferred to stay on the sidelines because of an uncertain market outlook with the national election knocking at the door.
- DSEX, the board-based index of the DSE, slipped three points and closed at 6,243 on the first day of 2024, compared to the previous session. Shariah index DSES and blue-chip DS30 each dropped two points to close at 1,361 and 2,092 respectively.
- The market witnessed mild intraday volatility as investors were active on both sides of the trading fence, while sellers ended up on the dominant side by the end of the session owing to shaky confidence regarding the market momentum, according to the daily market commentary by EBL Securities.
- Meanwhile, the persistently subdued investment appetite caused the DSE turnover to fall by 32.8% to Tk443.8 crore on Monday, the commentary reads.
- Out of all the issues traded, 80 advanced, 86 declined, and 168 remained unchanged on the DSE trading floor.

News Source:

https://www.tbsnews.net/economy/stocks/indices-plunge-amid-low-turnover-first-day-2024-767746

Three factors that could determine stock market recovery in 2024

- Bangladesh might have bid adieu to 2023 but it could not leave behind the old problems that held it back throughout the turbulent year.
- Likewise, the stock market passed a disappointing year for multiple factors ranging from lingering economic and political uncertainties and the floor price stemming from regulatory failures.
- What is more, the equity market will face some fresh challenges as interest rates are expected to rise and investors and savers are returning to banks for better rates.
- As a result, the market is unlikely to see any major improvement in its course in 2024.

News Source:

https://www.thedailystar.net/business/economy/news/three-factors-could-determine-stock-market-recovery-2024-3508406

Olympic Industries comes first in the chase after foreign funds in 2023

- A 3.87 percentage point rise in foreign investors' stake in Olympic Industries in 2023 fuels curiosity because the biscuit maker drew investment at a time when local currency devaluation and floor price halved overall turnover in foreign portfolios.
- The liquidity crunch created by the price restriction set off an outflow of foreign funds, resulting in a reduction in foreign stakes in the ownership structure of different sectors and companies last year.

- On the contrary, the foreign stake in Olympic Industries broadened by a significant margin, contributing to the rise in foreign ownership in the food sector. Apart from Olympic Industries, Navana Pharmaceuticals, from the pharma sector, saw a slight increase in the share of overseas investors.
- The common feature between these two companies was that their stocks were never stagnant on the floor in 2023.

News Source:
https://today.thefinancialexpress.com.bd/stock-corporate/olympic-industries-comes-first-in-the-chase-after-foreign-funds-in-2023-1704127983

Berger Paints exempted from issuing rights share to big shareholders

- Bangladesh Securities and Exchange Commission (BSEC) has exempted Berger Paints Bangladesh from issuing rights shares to its sponsors, directors and investors holding 5% and above shares of the company.
- As a result, the multinational paint manufacturer has no barrier to issuing rights shares only for the general shareholders to increase public shareholding by 5% to maintain minimum 10% regulatory requirements.
- In its meeting on 21 December, BSEC took the decision to exempt the Berger Paints.
- According to BSEC documents, the sponsors, directors and investors holding 5% or above shares of the company will be waived from subscribing for rights shares and the renunciated shares will be made open for the general shareholders.

News Source:
https://www.tbsnews.net/economy/stocks/berger-paints-exempted-issuing-rights-share-big-shareholders-768014