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Daily News Snippet

January 25, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	6,226.65
% change	-0.79%
DS30 Index	2,139.12
% change	-0.88%
DSES Index	1,372.90
% change	-0.81%
Turnover (BDT mn)	11,732.17
Turnover (USD mn)	106.66
% change	-0.32%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	38,082.00
% change	-0.06%
S&P 500	4,902.25
% change	-0.06%
Nikkei 225	36,226.48
% change	-0.80%
FTSE 100	7,527.67
% change	0.56%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	110.00	110.00
EUR	119.71	119.75
GBP	139.95	140.00
INR	1.32	1.32
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
24-Jan-24	8.00 - 9.95	9.51
23-Jan-24	8.00 - 9.90	9.57
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	80.4	1.25%
Gold Spot, USD/t oz.	2,016.30	-0.39%
Cotton, USD/lb.	85.47	1.22%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX lost 0.79% in the last trading day, closing at 6,226.65 point.
- The market fell after staying up for the past few days.
- The daily turnover fell 0.32% in the last trading day.

Global Market

- Majority of the leading global indices posted mixed returns as Dow Jones posted 0.06% loss, S&P 500 posted 0.06% loss, and FTSE 100 posted 0.56% gain.
- One of the leading Asian market indices, NIKKEI 225 posted 0.80% loss.

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 9.51% with a high rate of 9.95% and low rate of 8.00%.
- The oil price increased 1.25% in the last trading day.

Bangladesh Macro Update

Bangladesh's imports drop over 18% in first half of FY2023-24

- Amid multi-faceted economic challenges, Bangladesh's imports dropped 18.19% year on year to USD 33.68 billion in the first half of the 2023-24 fiscal year.
- According to latest statistics of the Bangladesh Bank (BB), the settlement of letters of credit (LCs), generally known as actual imports, stood at USD 33,683.51 million in July-December compared to USD 41,175.28 million in the same period a year earlier.
- In the July-December period, the BB data showed, Bangladesh's overall import orders also declined by 5.33% year-on-year.
- The overall import orders, officially known as the fresh opening of import letters of credit, decreased to USD 32,929.31 in July-December against USD 34,784.72 million in the same period of the last fiscal year, it showed.
- Bangladesh's trade deficit in the last 2022-23 fiscal year dipped by 48.41% year-on-year to USD 17.16 billion amid shrinking forex reserves-depressed imports.

News Source:

https://www.tbsnews.net/economy/bangladeshs-imports-drop-over-18-first-half-fy2023-24-781162

Crawling peg system likely from 2024's first quarter

- Bangladesh is likely to introduce crawling peg system for the taka to regulate abrupt fluctuations of its value against foreign currency in the first quarter of this year, according to a top banker.
- In the monetary policy for the January-June period of 2024 declared last week, the BB said it would introduce the crawling peg system as part of the plan to move towards a market-based exchange rate regime in future.
- Currently, only three countries -- Botswana, Honduras, and Nicaragua – use a crawling peg, according to the International Monetary Fund.
- The BB said the crawling peg system will be tethered to a carefully chosen basket of currencies within a defined band corridor.

News Source:

https://www.thedailystar.net/business/news/crawling-peg-system-likely-2024s-first-quarter-3527456

Bangladesh govt moves to speed up foreign-funded projects

- As Bangladesh urgently seeks foreign exchange, it faces a significant backlog of nearly USD 48 billion in foreign loans as of December 2023.
- This amount, which is nearly two and a half times the current foreign exchange reserves, remain largely untapped due to project implementation challenges.
- The government has now decided to form a high-level committee to speed up foreign-funded projects to expedite the disbursement of foreign loans from development partners.
- This will also revitalise the country's dwindling forex reserves.

- The committee, headed by the prime minister's principal secretary, will meet once in two months to review the progress of the projects.
- Its primary focus will be to pinpoint issues holding up foreign-funded projects and solve them.

News Source:

https://www.tbsnews.net/economy/govt-moves-speed-foreign-funded-projects-781006

Sectoral Update

Banks, NBFIs, and Insurance

Bangladesh plans more licences for digital banks in push to go cashless

- The Bangladesh Bank plans to offer more permissions for digital banks, building on the progress made by mobile financial services and internet banking in recent decades, in order to pave the way for full-fledged financial services based on a 100 percent branchless banking system.
- Digital banks, also known as neo-banks, are popular globally as well as in neighbouring countries whereas it is a new concept in Bangladesh.
- But the stage seems ready for the country to take the next leap forward following massive gains in the areas of mobile phone subscriber base, MFS, agent banking, and internet banking, and the growing number of digital-first customers.
- In June, the BB issued a comprehensive guideline for setting up digital banks and received a huge response.
- Fifty-two applications from around 500 companies, including banks, non-bank financial institutions, MFS providers, mobile phone operators, IT firms, start-ups, pharmaceuticals and cement manufacturers, sought consent.

News Source:

https://www.thedailystar.net/business/news/bangladesh-plans-more-licences-digital-banks-push-go-cashless-3527496

Fuel & Power

Banks take Tk 80b special bonds so far

- Commercial banks have so far received USD 80 billion worth of newly introduced special government bonds meant for settling accumulated arrears to independent power producers and fertiliser suppliers that also bear multiple financial gains, according to officials.
- The government early this month made the announcement of issuing special bonds equivalent to BDT 260 billion for clearing accumulated arrears in the power and fertiliser sectors-a measure seen as contrary to inflation-control monetary policy.
- Such fresh and risk-free investment instrument comes as a blessing in disguise for the banks whose credits got stuck up for months at this time when the country's banking industry is passing through major liquidity crunch.

- According to statistics of the Bangladesh Bank (BB), the central bank that facilitates trading in government securities, the commercial banks received special bonds worth around BDT 80 billion in the last several days.

News Source:

https://today.thefinancialexpress.com.bd/first-page/banks-take-tk-80b-special-bonds-so-far-1706118821

Capital Market

DSE index experiences a 50-point drop

- The key index of Bangladesh's stock market dropped nearly 50 points today and the turnover also followed suit as major companies from pharmaceuticals and engineering sectors experienced massive falls.
- The DSES Index, comprising Shariah-based companies, was down 11 points, or 0.81%, to 1,372 while the blue-chip index, DS30, slipped 0.8% to 2,139.
- Beacon Pharmaceuticals was the main dragger of the index losing 8 points alone followed by Bangladesh Submarine Cables 4 points and LafargeHolcim Bangladesh 2.5 points.
- Turnover, an important indicator of the market, fell to BDT 1,173 crore, which was BDT 1,176 crore the previous day.
- Pharmaceuticals sector made the highest contribution to the turnover with the trading of BDT 159 crore shares followed by engineering sector that contributed BDT 142 crore.

News Source:

https://www.thedailystar.net/business/news/dse-index-experiences-50-point-drop-3527301

Berger to invest Tk813 crore to set up third factory

- Berger Paints Bangladesh Limited has decided to invest BDT 813 crore to set up its third factory in the Bangabandhu Sheikh Mujib Shilpa Nagar.
- The decision came out in its board of directors meeting held on Wednesday (24 January) evening.
- The company said it expects to start production in the new factory in April 2026.
- Besides, Berger Paints Bangladesh decided to raise paid-up capital through the issuance of right shares at a 1R:17 ratio to all shareholders, meaning that it will give one right share against the existing 17 shares.

News Source:

https://www.tbsnews.net/economy/stocks/berger-invest-tk813-crore-set-third-factory-780814