# Daily News Snippet

**February 14, 2024**

| Bangladesh Market | |
|---|---|
| **Major Indices** | **Last closing** |
| DSEX Index | 6,394.80 |
| % change | -0.47% |
| DS30 Index | 2,171.53 |
| % change | 0.26% |
| DSES Index | 1,391.24 |
| % change | -0.19% |
| Turnover (BDT mn) | 16,464.18 |
| Turnover (USD mn) | 149.67 |
| % change | -11.38% |
| ***Source: Dhaka Stock Exchange*** | |

| International Market | |
|---|---|
| **Major Indices** | **Last closing** |
| **Dow Jones Industrial Average** | 38,272.75 |
| % change | -1.35% |
| **S&P 500** | 4,953.17 |
| % change | -1.37% |
| **Nikkei 225** | 37,631.96 |
| % change | -0.87% |
| **FTSE 100** | 7,512.28 |
| % change | -0.81% |
| ***Source: Bloomberg*** | |

| Exchange rate | | |
|---|---|---|
| **Major Currencies** | **Low (BDT)** | **High (BDT)** |
| USD | 110.00 | 110.00 |
| EUR | 117.79 | 117.81 |
| GBP | 138.47 | 138.56 |
| INR | 1.32 | 1.32 |
| ***Source: BB*** | | |

| Money market | | |
|---|---|---|
| **Date** | **Call Money Rate Range (%)** | **Weighted Average** |
| 13-Feb-24 | 8.00 - 9.50 | 9.31 |
| 12-Feb-24 | 8.00 - 9.50 | 9.29 |
| ***Source: BB*** | | |

| Commodities | | |
|---|---|---|
| **Major Commodities** | **Price** | **% Change** |
| Brent Crude (Oil), USD/bbl. | 82.7 | -0.08% |
| Gold Spot, USD/t oz. | 1,991.07 | -0.10% |
| Cotton, USD/lb. | 91.83 | -0.25% |
| ***Source: Bloomberg*** | | |

## Market Summary

## Bangladesh Market

- The leading bourse of the country, DSEX lost 0.47% in the last trading day, closing at 6,394.80 points.
- The daily turnover fell 11.38% in the last trading day.

## Global Market

- Majority of the leading global indices posted negative returns as Dow Jones posted 1.35% loss, S&P 500 posted 1.37% loss, and FTSE 100 posted 0.81% loss.
- One of the leading Asian market indices, NIKKEI 225 posted 0.87% loss.

## Key macro indicators

- All the major currencies remain unchanged 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 9.31% with a high rate of 9.50% and low rate of 8.00%.
- The oil price fell 0.08% in the last trading day.

## Bangladesh Macro Update

# Businesses face new challenge of rising interest expenses

- At a time when the corporate world in Bangladesh is already struggling with various challenges such as exchange rate fluctuations, import constraints, a slowdown in consumption, and energy shortages, a new hurdle has appeared – an alarming rise in interest expenses.
- The borrowing cost has surged to over 12.0%, up from around 9.0% just last June, significantly eroding operating profits.
- Many companies fear that the interest rates on their bank loans may soar to as high as 15.0% in the coming months.
- A 1.0 percentage point hike in interest is costing the company additional BDT 60 crore in interest against the loans it took to build and run the diversified businesses.

**News Source:**

https://www.tbsnews.net/economy/businesses-face-new-challenge-rising-interest-expenses-792502

# Financial account deficit narrows slightly

- The deficit in the financial account narrowed slightly in July-December of the current financial year, highlighting an easing of stress facing Bangladesh, according to central bank figures.
- The shortfall, almost a rare in the country's history, stood at USD 5.39 billion in the first half of 2023-34, showing an improvement from USD 5.48 billion registered in the first five months of the year.
- The current situation was a stark reversal from the identical period of the last financial year when the financial account was in surplus at USD 144 million.
- The apparently sound health could not be maintained at the end of 2022-23 as foreign currency outflows outpaced inflows.

**News Source:**

https://www.thedailystar.net/business/economy/news/financial-account-deficit-narrows-slightly-3542316

# Bangladesh revises plans to cut export aid

- The new cash incentive on export receipts became effective from February 1 instead of the first day of January as announced earlier while some markets and products have been brought back under the facility following pleas from the business community.
- The government lowered the rates recently and communicated it to the central bank on January 28.
- Accordingly, the Bangladesh Bank published the new rates in a notice on January 30 for 43 products as part of measures to prepare for the graduation of the country to a developing nation in 2026 from the grouping of least-developed countries (LDCs).
- The new rates had come into effect retrospectively from January 1 but in a notice on sunday, the finance ministry said the government has decided to bring about changes in three areas.

**News Source:**

https://www.thedailystar.net/business/economy/news/bangladesh-revises-plans-cut-export-aid-3542306

## Move to shrink credit flow to private sector may hurt economy

- The central bank's move to squeeze credit flow to the private sector will adversely impact production and job creation in the country in the coming months as the demand for working capital is already rising amid the heavy devaluation of the local currency against the US dollar, according to a chamber leader in Dhaka Chamber of Commerce and Industry (DCCI).
- Bangladesh Bank cut the private sector credit growth target to 10.0% from 11.0% last month as it unveiled its monetary policy for the second half of the fiscal year, aiming to reduce money supply in a bid to curb inflationary pressure.
- The current year would be challenging for the private sector as they will face problems availing loans even though their demand for working capital has risen by 30.0% to 40.0%, owing solely to the recent devaluation of the taka, according to the president of the DCCI.
- The taka devalued by around 28.0% against the US dollar over the past two years, according to central bank data.

**News Source:**

https://www.thedailystar.net/business/economy/news/move-shrink-credit-flow-private-sector-may-hurt-economy-3543036

### Sectoral Update

### Banks, NBFIs, and Insurance

## Banks failing in provisioning their ballooning bad loans

- Banking sector's annualised provision shortfall surged around 75.0% in the immediate-past calendar year due mainly to burgeoning classified loans and forex-market volatility, according to sources.
- The provisioning-fund deficit against bad assets in commercial banks increased to BDT 193 billion by end of 2023, up from BDT 110 billion recorded in 2022, according to the latest statistics of Bangladesh Bank (BB).
- This upswing, especially from seven provision-shortfall-contributing commercial lenders, stems from banks' failure to meet the fundamental security obligations in banking operations and indicates a deteriorating financial health of the sector.
- The country's commercial banks needed to apportion funds amounting BDT 989 billion in 2023 for provisioning against their outstanding loans of BDT 16.18 trillion but ran short maintaining only BDT 797 billion, leaving a deficit of around 75.0%.
- The state-owned commercial banks (SCBs) hold the major share of the deficit amounting to BDT 101 billion while the provisioning gap in PCBs (private commercial banks) was calculated at BDT 100 billion in 2023.

**News Source:**

https://today.thefinancialexpress.com.bd/first-page/banks-failing-in-provisioning-their-ballooning-bad-loans-1707846600

### Apparel & Textile

## Garment exports to rebound in May as global economy on the mend

- Garment export from Bangladesh may witness a strong rebound from May as suppliers are receiving a lot of inquiries from international buyers as the global economy recovers from the severe fallout of the Covid-19 pandemic and the Russia-Ukraine war.
- Signs of revival in garment shipments are already being seen in the export data of the current fiscal year.
- In the July-January period of 2023-24, garment export grew 3.45% year-on-year to USD 28.36 billion, according to data from the Export Promotion Bureau (EPB).

**News Source:**

https://www.thedailystar.net/business/economy/news/garment-exports-rebound-may-global-economy-the-mend-3543061

### Capital Market

## Stocks extend losses for second straight day

- Stocks opened higher on Tuesday but failed to maintain momentum in the final hours, extending the losing streak to two consecutive days.
- The benchmark index of the Dhaka Stock Exchange (DSE), which lost 75 points in the final three hours, ended 30 points, or 0.46%, lower at 6,394, as selling pressures outweighed buying orders.
- During the previous 10 sessions until 11 February, the DSEX gained 368 points as investors invested in stocks following a significant correction after the removal of the floor price restriction.
- However, they chose to lock in profits by selling stocks over the last two days, resulting in a decline of 53 points in the DSEX.
- The market turnover decreased slightly, falling by 3% to BDT 1,646 crore compared to the previous session.

**News Source:**

https://www.tbsnews.net/economy/stocks/dsex-plunges-75-points-last-3-hours-todays-session-792194