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# Daily News Snippet

**March 10, 2024**

| Bangladesh Market | |
|---|---|
| **Major Indices** | **Last closing** |
| DSEX Index | 6,112.76 |
| % change | -0.87% |
| DS30 Index | 2,094.34 |
| % change | -0.57% |
| DSES Index | 1,335.89 |
| % change | -0.53% |
| Turnover (BDT mn) | 7,037.06 |
| Turnover (USD mn) | 63.97 |
| % change | -3.65% |
| ***Source: Dhaka Stock Exchange*** | |

| International Market | |
|---|---|
| **Major Indices** | **Last closing** |
| Dow Jones Industrial Average | 38,722.69 |
| % change | -0.18% |
| S&P 500 | 5,123.69 |
| % change | -0.65% |
| Nikkei 225 | 39,688.94 |
| % change | 0.23% |
| FTSE 100 | 7,659.74 |
| % change | -0.43% |
| ***Source: Bloomberg*** | |

| Exchange rate | | |
|---|---|---|
| **Major Currencies** | **Low (BDT)** | **High (BDT)** |
| USD | 110.00 | 110.00 |
| EUR | 120.30 | 120.35 |
| GBP | 141.42 | 141.47 |
| INR | 1.33 | 1.33 |
| ***Source: BB*** | | |

| Money market | | |
|---|---|---|
| **Date** | **Call Money Rate Range (%)** | **Weighted Average** |
| 7-Mar-24 | 8.00 - 9.50 | 8.48 |
| 6-Mar-24 | 7.00 - 9.50 | 8.81 |
| ***Source: BB*** | | |

| Commodities | | |
|---|---|---|
| **Major Commodities** | **Price** | **% Change** |
| Brent Crude (Oil), USD/bbl. | 82.08 | -1.06% |
| Gold Spot, USD/t oz. | 2,178.95 | 0.88% |
| Cotton, USD/lb. | 95.28 | -4.03% |
| ***Source: Bloomberg*** | | |

## Market Summary

## Bangladesh Market

- The leading bourse of the country, DSEX lost 0.87% in the last trading day, closing at 6,112.76 points.
- The daily turnover fell 3.65% in the last trading day.

## Global Market

- Majority of the leading global indices posted negative returns as Dow Jones posted 0.18% loss, S&P 500 posted 0.65% loss, and FTSE 100 posted 0.43% loss.
- One of the leading Asian market indices, NIKKEI 225 posted 0.23% gain.

## Key macro indicators

- All the major currencies rose against BDT yesterday.
- The average overnight rate is slowing down in the past week.
- The current weighted average overnight rate stood at 8.48% with a high rate of 9.50% and low rate of 8.00%.
- The oil price fell 1.06% in the last trading day.

### International Macro Update

## Red Sea attacks disrupt global trade

- In the past few months, global trade has been held back by disruptions at two critical shipping routes.
- Attacks on vessels in the Red Sea area reduced traffic through the Suez Canal, the shortest maritime route between Asia and Europe, through which about 15% of global maritime trade volume normally passes.
- Instead, several shipping companies diverted their ships around the Cape of Good Hope.
- This increased delivery times by 10 days or more on average, hurting companies with limited inventories.
- On the other side of the world, a severe drought at the Panama Canal has forced authorities to impose restrictions that have substantially reduced daily ship crossings since last October.
- The given restrictions have slowed down maritime trade through another key chokepoint that usually accounts for about 5% of global maritime trade.

**News Source:**

https://www.thedailystar.net/business/news/red-sea-attacks-disrupt-global-trade-3562626

## US labor market cooling; unemployment rate rises to two-year high of 3.9%

- US job growth accelerated in February, but that likely masks underlying softening labor market conditions as the unemployment rate increased to a two-year high of 3.9%.
- The Labor Department's closely watched employment report on Friday also showed wages rising moderately last month.
- The jump in the unemployment rate after holding at 3.7% for three straight months reflected a further decline in household employment.
- The mixed report boosted the odds of the Federal Reserve cutting interest rates by June.
- The labor market continues to support the economy, which is outperforming its global pears, even as momentum is ebbing.

**News Source:**

https://www.thedailystar.net/business/news/us-labor-market-cooling-unemployment-rate-rises-two-year-high-39-3562571

### Bangladesh Macro Update

## Bulging govt security market worsens banks’ liquidity stress

- Government securities market size has ballooned with its borrowing rising by BDT 375 billion in the first eight months of this fiscal.
- The development indicates the government's spendthrift expenditure despite its austerity stance.

- Officials and money-market analysts have said the government borrowing from the financial sector through issuing securities keeps rising because of growing budget-financing shortfalls for less-than-expected level of revenue incomes.
- But government's growing dependence on bank borrowing to meet budget deficits further tightened the existing liquidity pressure on commercial banks.
- As a matter of fact, the scope of getting formal credits from the banking sector for the private sector is squeezing.

**News Source:**

https://today.thefinancialexpress.com.bd/public/first-page/bulging-govt-security-market-worsens-banks-liquidity-stress-1709919664

## Govt likely to cut FY24 budget by Tk60,000cr

- Accepting the ongoing financial crisis and reality, the government is planning to cut the national budget size for ongoing FY2023-24 as it is likely to be unable to implement the budget to its desired level.
- The government is likely to cut the budget by around BDT 60,000 crore, which is 7-7.5% less than the current size of the budget - BDT 7,61,785 crore.
- Afterwards, the revised budget size will likely be BDT 7,02,000 crore, according to sources at the finance and planning ministries.
- Of the major figures of the budget, the Annual Development Programme’s (ADP) allotment may be reduced by BDT 18,000 crore and the non-ADP segment’s allotment may drop by BDT 32,000 crore.

**News Source:**

https://businesspostbd.com/economy/govt-likely-to-cut-fy24-budget-by-tk60000cr

## Further price hike of Ramadan commodities likely despite ample imports

- Official data indicates adequate imports of Ramadan commodities - mainly chickpeas, sugar, dates, and edible oils, yet concerns are there regarding further price hike of these items during the fasting month.
- Importers said the products imported ahead of Ramadan match or exceed demand to ensure a stable supply chain during the month.
- However, due to factors such as the rise in the dollar price, higher LC margins, higher customs assessment value and duties, the prices of goods are higher this year compared to last year.
- For instance, about a week before Ramadan, there was a notable increase in the prices of dates in the market.

**News Source:**

https://www.tbsnews.net/economy/bazaar/further-price-hike-ramadan-commodities-likely-despite-ample-imports-805894

## Sectoral Update

### Banks, NBFIs, and Insurance

## 26 lakh insurance policies discontinued in 14 years

- More than 26 lakh insurance policies have lapsed in Bangladesh in the last 14 years owing to a raft of factors including the worsening of financial health of clients, a lack of awareness among them, and agents' tendency not to explain product features properly while selling them.
- In 2009, the total number of policies was nearly 1.12 crore and it fell to 85.88 lakh in 2023, according to Insurance Development and Regulatory Authority (Idra) figures.
- The lapse is the rate at which policyholders fail to pay their premiums on time, leading to cancellations of insurance coverage.
- About 50% of life insurance policyholders in Bangladesh don't pay premiums after the first year.

**News Source:**

https://www.thedailystar.net/business/economy/news/26-lakh-insurance-policies-discontinued-14-years-3562936

### Apparel & Textile

## BD's apparel exports to US plunge 36pc in Jan '24

- Bangladesh's apparel exports to the United States plunged by more than 36% in January 2024.
- Exporters said the ongoing sluggish economy, triggered by the twin crises of the Covid-19 pandemic and the Russia-Ukraine war, left retailers in the USA with excess inventory and discouraged Western buyers from placing new orders.
- The slump in the country's biggest export market is evident in both value and volume of exports, according to US official data.
- Figures released by the Office of Textiles and Apparel (OTEXA) on March 7 showed that Bangladesh's readymade garment (RMG) exports to the USA totalled USD 549.98 million in January 2024 - a 36.50% fall compared to the USD 866.08 million earned in January 2023.
- The US imported 175 million square metres of apparel items from Bangladesh in January 2024, which was about 34% lower than the 266 million square metres shipped in January 2023.

**News Source:**

https://today.thefinancialexpress.com.bd/first-page/bds-apparel-exports-to-us-plunge-36pc-in-jan-24-1710008558

### Fuel & Power

## Fuel sale margin for state-run companies soars 60%

- The margin on fuel sales has been raised by 60% for the three state-owned oil marketing companies - Jamuna Oil, Meghna Petroleum and Padma Oil – to help them overcome declining profits.
- On Thursday, the Ministry of Power, Energy and Mineral Resources issued a gazette notification, making the decision immediately effective.

- The margin on diesel and kerosene sale has been increased to BDT 0.80 per litre from BDT 0.50 commission fixed in 2016, while the octane and petrol margins have been raised to BDT 0.90 from BDT 0.60 per litre.
- About a year ago, the Bangladesh Petroleum Corporation (BPC) proposed for increasing the margins, citing a decline in incomes of the state-run entities.

**News Source:**

https://www.tbsnews.net/economy/stocks/fuel-sale-margin-state-run-companies-soars-60-806350

### Services & Real Estate

## Bank lending rate rise adds to realtors' woes

- Realtors are now blaming the rising bank lending rates for a slowdown in their business, as higher rates are weighing down sales despite people's huge unmet demand for houses, according to industry sources.
- Lending rates have now spiked to around 13% in an almost 100% rise from the mark that was before July 2023.
- According to people familiar with such developments, the lending rates of banks and financial institutions have bucked up significantly since July 2023 under a new interest regime introduced pursuant to reforms stipulated in an IMF loan-package deal.
- The new benchmark rate, styled SMART, or six months moving average rate of treasury, determine both lending and deposit rates after withdrawal of rate caps of crisis time.
- After adjusting with the benchmark SMART the interest charged by banks, financial institutions and housing-finance companies now soared to around 14%.

**News Source:**

https://today.thefinancialexpress.com.bd/public/first-page/bank-lending-rate-rise-adds-to-realtors-woes-1709919705

### Capital Market

## Tk 119b wiped out from DSE market-cap

- Stocks saw a massive fall this week, extending the losing streak for a fourth straight week as withdrawal of 'floor price' prompted jittery investors to dump mostly large-cap shares.
- As a result, about BDT 119 billion has been wiped out from the market value of stocks on the Dhaka Stock Exchange (DSE) in a week.
- The withdrawal of the floor price for the largest and second largest market-cap stocks coupled with downgrade of six more stocks to the 'Z' category expedited the ongoing market downturn, according to market operators.
- The total market-cap of the DSE was BDT 7,607 billion on the opening day of the week, which came down to BDT 7,488 billion on Thursday, the last trading day of the week.

**News Source:**

https://today.thefinancialexpress.com.bd/public/stock-corporate/tk-119b-wiped-out-from-dse-market-cap-1709915136

## BSEC to set guidelines for listing of auditors

- The stock market watchdog is formulating guidelines for enlistment of audit firms and auditors that will be allowed to inspect listed companies.
- As of now, there are no guidelines, according to an executive director of the Bangladesh Securities and Exchange Commission (BSEC).
- The Bangladesh Bank has guidelines, according to which audit firms are given permission to scrutinize banks and other financial institutions.
- Last month, the BSEC issued an order and formed a committee to formulate the guidelines.
- There are nearly 205 audit firms in Bangladesh, according to the Institute of Chartered Accountants of Bangladesh (ICAB) and out of which, 45 are permitted to audit listed firms at present, as per a panel of auditors, prepared by the BSEC.

**News Source:**

https://today.thefinancialexpress.com.bd/stock-corporate/bsec-to-set-guidelines-for-listing-of-auditors-1710007407