Daily News Snippet

March 27, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,834.38
% change	-1.13%
DS30 Index	2,024.93
% change	-1.27%
DSES Index	1,267.17
% change	-1.39%
Turnover (BDT mn)	4,455.37
Turnover (USD mn)	40.50
% change	-23.23%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	39,282.33
% change	-0.49%
S&P 500	5,203.58
% change	-0.58%
Nikkei 225	40,398.03
% change	-0.04%
FTSE 100	7,930.96
% change	0.00%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	110.00	110.00
EUR	118.85	118.89
GBP	138.61	138.65
INR	1.31	1.31
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
25-Mar-24	8.00 - 9.50	8.69
24-Mar-24	8.00 - 9.50	8.70
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	85.89	-0.99%
Gold Spot, USD/t oz.	2,178.80	0.32%
Cotton, USD/lb.	92.02	-1.49%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX lost 1.13% in the last trading day, closing at 5,834.38 points.
- The daily turnover fell 23.2% in the last trading day.

Global Market

- Majority of the leading global indices posted negative returns as Dow Jones posted 0.49% loss, and S&P 500 posted 0.58% loss.
- One of the leading Asian market indices, NIKKEI 225 posted 0.04% loss.

Key macro indicators

- All the major currencies remained unchanged against BDT yesterday.
- The average overnight rate is falling in the past week.
- The current weighted average overnight rate stood at 8.69% with a high rate of 9.50% and low rate of 8.00%.
- The oil price fell 0.99% in the last trading day.

Bangladesh Macro Update

Urban poverty soars as cost of living rises: Sanem

- Urban poverty in Bangladesh in the last five years has increased significantly concerning both the cost of basic needs and multidimensional poverty, despite a decrease observed at the rural level and national level, reveals a research report by the South Asian Network on Economic Modeling (Sanem).
- The report states that poverty has increased in urban areas due to the widespread presence of vulnerable people, the recent increase in commodity prices and the inadequacy of social security programs in cities, as well as the Covid-19 pandemic, followed by the Russia-Ukraine war and the global energy crisis.
- The report recommended an increase in allocation for education, health and social security programmes and also modernisation of the tax collection system to increase the fiscal space.
- According to the report, the poverty rate using the upper poverty line in the urban areas reached 18.7% in 2023 from 16.3% in 2018 while the rate reduced to 21.6% in the last year in rural areas from 24.5% in 2018.

News Source:

https://www.tbsnews.net/economy/urban-poverty-soars-cost-living-rises-sanem-816451

External debt servicing surges 43pc to $2b in eight months

- Bangladesh spent USD 2.03 billion on external debt servicing, including paying off the principal and interest on foreign debt, in the first eight months of this fiscal year, 2023-24.
- Of the total, the interest payments amount to $805.9 million, while the payments towards principal were USD 1.22 billion, according to UNB.
- In the first eight months of the previous fiscal, 2022-23, debt servicing stood at USD 1.42 billion.
- It means the amount has gone up by USD 610 million in the space of a year, or 43% year-on-year.

News Source:

https://today.thefinancialexpress.com.bd/trade-market/external-debt-servicing-surges-43pc-to-2b-in-eight-months-1711468144

Crawling peg in exchange rate deferred

- A much-vaunted monetary-policy mechanism called 'crawling peg' meant for determining exchange rate seemingly crawls back as regulator's presumption of inflation upturn intercepts its introduction.
- Sources say the "crawling peg exchange rate policy" is not being introduced for the time being as such real exchange-rate regime may worsen the inflationary pressure on the economy.
- There have been growing pleas for market-determined floating currency-exchange regime.
- The central bank also had earlier planned to introduce the new exchange-rate policy this March.

News Source:

https://today.thefinancialexpress.com.bd/first-page/crawling-peg-in-exchange-rate-deferred-1711475304

Sectoral Update

Banks, NBFIs, and Insurance

Now conventional banks can avail BB's Islamic liquidity support

- Conventional banks' Islamic banking branches and windows from now will be able to avail short-term loans under an "Islamic Bank Liquidity Facility" (IBLF) of Bangladesh Bank, something previously offered to solely Shariah-based banks.
- The central bank yesterday revised guidelines and operating procedures, saying that conventional banks maintaining current or Al-Wadiah accounts with Bangladesh Bank are eligible for the IBLF.
- Previously only Shariah-based banks were allowed to avail the IBLF against Bangladesh Government Investment Sukuk (BGIS) bonds as securities.
- The revised guidelines said the tenures of the liquidity facility would be 7 days, 14 days and 28 days whereas previously it was only 14 days.
- The profit rate will be the one-month Mudaraba Term Deposit Receipt (MTDR) rate of the respective bank.

News Source:

https://www.thedailystar.net/business/economy/news/now-conventional-banks-can-avail-bbs-islamic-liquidity-support-3574891

BB sets loan recovery target for aspiring non-bank MDs

- Bangladesh Bank yesterday issued a detailed guideline, including default loan recovery targets, alongside criteria over the appointment, reappointment and responsibilities of managing directors and chief executive officers of non-bank financial institutions (NBFIs).
- A month ago, the banking regulator had issued similar criteria for MDs and CEOs of banks, all to ensure good governance and reduce bad debts.
- A total of 12 NBFIs in Bangladesh are running without an MD or CEO and a majority of them have had their top post vacant for more than three months in a clear breach of laws.
- Apart from the absence of top executives, the sector is reeling from scams, irregularities, a liquidity crunch and the presence of a huge amount of non-performing loans.

News Source:

https://www.thedailystar.net/business/economy/news/bb-sets-loan-recovery-target-aspiring-non-bank-mds-3574846

Pharmaceuticals & Chemicals

Pharmaceutical sector on steady path to recovery

- The pharmaceutical sector is eyeing a recovery from the difficulties brought on by the Covid-19 pandemic and Russia-Ukraine war as the opening of letters of credit (LCs) for raw materials imports is gaining pace, according to industry insiders.

- The opening of LCs to import raw materials for the pharmaceutical sector increased by 14% to USD 636.26 million year-on-year during the July-January period of the current fiscal year, according to Bangladesh Bank data.
- According to industry people, the dollar crisis in the country is gradually easing and the global supply chain is getting smoother, positively impacting the pharmaceutical sector.
- Pharmaceutical exports fetched USD 134.15 million during the July-February period of this fiscal year, a 13% increase compared to the same period in the last fiscal year.

News Source:

https://www.thedailystar.net/business/economy/news/pharmaceutical-sector-steady-path-recovery-3574901

Fuel & Power

Saudi Arabia's Islamic Trade Finance Corp to provide $1.4 billion to Bangladesh Petroleum

- The Islamic Trade Finance Corporation (ITFC) signed an agreement on Monday to provide USD 1.4 billion to the Bangladesh Petroleum Corporation, Saudi Arabia's state news agency SPA reported.
- The ITFC, part of Saudi Arabia's Islamic Development Bank, said the financing was aimed at developing Bangladesh's energy infrastructure.
- SPA did not say what form the financing would take.

News Source:

https://www.tbsnews.net/world/saudi-arabias-islamic-trade-finance-corp-provide-14-billion-bangladesh-petroleum-815791

Capacity payment ballooning with LNG-fired plants also claiming

- Euphemistically-coined financial penalty called capacity payment now branches out as LNG-fired power plants emerge as new claimants, with an almost laid-off one already billing against unused electricity, according to sources.
- According to state minister for the Ministry of Power, Energy and Mineral Resources Nasrul Hamid, the government had paid a total of around BDT 1.05 trillion until August 2023 only as capacity payments to power -plant owners.
- The amount of capacity payments payable to power plants is, however, rising because of ballooning overcapacity beyond the actual need, analysts say.

News Source:

https://today.thefinancialexpress.com.bd/first-page/capacity-payment-ballooning-with-lng-fired-plants-also-claiming-1711475148

Capital Market

Over 50,000 stock investors sell out entire holdings

- Investors – in a selling spree for the last two months since the removal of floor price restrictions on 18 January – have emptied their holdings in 51,224 beneficiary owner (BO) accounts.
- Market insiders attribute this exodus to investor concerns about significant losses amidst the declining trajectory.
- From 19 January to 25 March, the benchmark index DSEX of the Dhaka Stock Exchange (DSE) nosedived by 8%, or 501 points, to 5,835, resulting in BDT 1.04 lakh crore being wiped out of the country's premier bourse in value.
- According to the Central Depository Bangladesh Limited (CDBL), which automatically maintains shares and BO accounts in the stock market, the number of BO accounts with zero share balance on 18 January was 2.98 lakh and this figure rose to 3.49 lakh at the end of the trading session on 25 January.

News Source:

https://www.tbsnews.net/economy/stocks/over-50000-stock-investors-sell-out-entire-holdings-816471

Dhaka bourse asked to inspect 23 Z stocks

- The Bangladesh Securities and Exchange Commission (BSEC) has asked the Dhaka Stock Exchange to thoroughly scrutinise the overall activities of 23 Z-category companies that have been underperforming and have failed to provide returns to their investors over a certain period.
- Alltex Industries, Appollo Ispat Complex, Aramit Cement, Aziz Pipes, Bangladesh Services, Bangladesh Welding, BIFC, GBB Power, Intech Limited, Meghna Condensed Milk, Meghna Pet Industries, and Mithun Knitting and Dyeing Ltd were among the companies named in a letter issued by the market regulator to the Dhaka Stock Exchange (DSE).
- National Tea Company, Nurani Dyeing and Sweater, Peoples Leasing, Renwick Jajneswar, Progressive Life Insurance, Ring Shine Textile, RSRM, Standard Ceramic, Safko Spinnings, Shurwid Industries, and Yeakin Polymer Limited are the additional companies facing review.
- The frequent occurrence of junk stock mega-fests on bourses, facilitated by the regulator's decision to keep most large and mid-cap stocks hibernating for extended periods, has cornered clean investors.

News Source:

https://www.tbsnews.net/economy/stocks/dhaka-bourse-asked-inspect-23-z-stocks-815741