Daily News Snippet

April 01, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,829.70
% change	0.89%
DS30 Index	2,021.29
% change	0.51%
DSES Index	1,266.31
% change	0.94%
Turnover (BDT mn)	4,670.02
Turnover (USD mn)	42.45
% change	13.60%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	39,807.37
% change	0.00%
S&P 500	5,254.35
% change	0.00%
Nikkei 225	39,862.55
% change	-1.26%
FTSE 100	7,952.62
% change	0.00%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	110.00	110.00
EUR	119.19	119.24
GBP	139.27	139.31
INR	1.32	1.32
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
31-Mar-24	8.00 - 9.50	9.00
28-Mar-24	8.00 - 9.50	8.90
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	87.27	-0.24%
Gold Spot, USD/t oz.	2,260.93	1.39%
Cotton, USD/lb.	92.42	1.14%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX gained 0.89% in the last trading day, closing at 5,829.70 points.
- The daily turnover rose 13.60% in the last trading day.

Global Market

- Majority of the leading global indices remained close due to weekly holiday.
- One of the leading Asian market indices, NIKKEI 225 posted 1.26% loss.

Key macro indicators

- All the major currencies remained 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 9.00% with a high rate of 9.50% and low rate of 8.00%.
- The oil price lost 0.24% in the last trading day.

Bangladesh Macro Update

Govt expects USD 1.5b in budget support from four global lenders

- The government has turned to its development partners for over USD 1.5 billion in budget support for this fiscal year to ease pressure on the foreign exchange reserve with external loan repayment soaring on interest rate hikes.
- Officials from the Finance Division and the Economic Relations Division (ERD) said in response to the government's request, three development agencies gave tentative commitments for the loan support.
- Of the amount, USD 300 million has been sought from the Asian Development Bank (ADB), USD 400 million from the Asian Infrastructure Investment Bank (AIIB), and EUR 300 million (USD 325.51 million) from the French development agency, Agence Française de Développement (AFD).
- Moreover, the government has sought an additional $500 million from the World Bank for this year under the Second Recovery and Resilience Development Policy Credit, according to a letter sent by the ERD to the global lender on 27 November last year.

News Source:

https://www.tbsnews.net/economy/govt-expects-15b-budget-support-four-global-lenders-820211

NBR squeezes source tax benefits for some exporters

- The National Board of Revenue (NBR) issued a new circular on Sunday clarifying its 4 March circular that allowed some exporters enjoying less than 12% corporate tax to pay source tax below 1%.
- In its clarification, the NBR has asked exporters to take new tax certificates while banks have been asked to collect taxes from them at a new rate.
- However, it did not clarify the new tax rate. The new order is believed to increase source tax for some exporters.
- On 4 March, the tax regulator introduced new rules allowing exporters, who enjoy corporate tax at a 12% or below rate, to pay tax at source at a rate lower than existing 1%.
- As per the new circular, some sectors or institutions may be taxed at a higher rate than 1%, according to tax officials.

News Source:

https://www.tbsnews.net/economy/nbr-squeezes-source-tax-benefits-some-exporters-820106

Sectoral Update

Banks, NBFIs, and Insurance

Desperate to build net reserves, BB asks banks to sell swapped dollars

- The Bangladesh Bank is desperate to rebuild reserve by forcing banks to sell their dollars the central bank received under currency swap arrangement as it is nearly USD 4 billion short of the USD 19.26 billion net reserve target set by the International Monetary Fund (IMF) for March performance to get the third tranche of the USD 4.7 billion loan package.
- The total net reserve stood at nearly USD 15.3 billion on 28 March excluding USD 4.5 billion liabilities from the gross reserve of USD 19.8 billion, according to Bangladesh Bank data.

- The IMF disclosed that net reserve stood at USD 15.9 billion in October when gross reserve was USD 20.3 billion.
- The central bank is now desperate to reduce the gap through forcefully buying dollars from banks, according to insiders in the banking sector.

News Source:

https://www.tbsnews.net/economy/banking/desperate-build-net-reserves-bb-asks-banks-sell-swapped-dollars-820116

BB cuts margin for banks as interest rate soars

- With the interest rate on loans soaring, Bangladesh Bank (BB) yesterday reduced the margin that banks use to fix the lending rates in a bid to contain the cost of borrowing and ease pressure confronting businesses.
- In a notice, the central bank said banks will be able to charge a maximum margin of 3% on the top of the benchmark rate -- the Six Months Moving Average Rate of Treasury Bill (SMART). It was down from 3.5%.
- Thanks to the cut, the maximum interest rate on loans can be 13.55% in April.
- The decision comes as the SMART crossed the double-digit mark and stood at 10.55% at the end of March, reflecting the tighter liquidity situation in the financial sector of Bangladesh.

News Source:

https://www.thedailystar.net/business/economy/news/bb-cuts-margin-banks-interest-rate-soars-3579186

Fuel & Power

Diesel, kerosene prices cut by Tk 2.25 a litre

- The government has reduced the prices of diesel and kerosene by BDT 2.25 per litre to BDT 106 under the automatic fuel-pricing formula.
- The new rate will come into effect today.
- However, the prices of octane and petrol have been kept unchanged at BDT 126 and BDT 122 a litre respectively.
- The Energy and Mineral Resources Division under the Ministry of Power, Energy and Mineral Resources (MPEMR) published a gazette about the changes in petroleum prices on Sunday.
- The government first introduced the automatic fuel pricing formula on March 7, reducing the prices of diesel, kerosene, octane and petrol.

News Source:

https://today.thefinancialexpress.com.bd/first-page/diesel-kerosene-prices-cut-by-tk-225-a-litre-1711907526

Capital Market

Stocks recover on buying spree

- Shares at Dhaka Stock Exchange (DSE) ended higher yesterday on suffering a major decline last week due to a buying spree by bargain hunters on selective shares which account for large amounts in market capitalisation.
- The shares of Grameenphone, British American Tobacco Bangladesh, Walton, Square Pharmaceuticals, Robi, Beacon Pharmaceuticals, Beximco Pharmaceuticals, Pubali Bank, Renata and City Bank witnessed a rise in prices.
- Food and allied booked the highest gain of 1.34% followed by non-bank financial institutions (1.16%), telecommunication (0.82%), pharmaceuticals (0.75%), bank (0.56%), fuel and power (0.50%), and engineering (0.03%).
- Block trades, meaning large, privately negotiated securities transactions, contributed 9.5% of the overall market turnover.

News Source:

https://www.thedailystar.net/business/news/stocks-recover-buying-spree-3579181

Confusion over defining Z stocks sends panic among investors

- A recent directive by the securities regulator redefining Z-category companies has sparked confusion among investors, leading to a significant sell-off of shares, according to market analysts and insiders.
- The Bangladesh Securities and Exchange Commission (BSEC) issued the order in mid-February, aiming to improve transparency and protect investor interests.
- However, the order's broad definition of non-compliance has created confusion.
- Clause 2 of the order states that any listed company can be downgraded to the Z category for violating any securities laws, regulations, or listing requirements.

News Source:

https://www.tbsnews.net/economy/stocks/confusion-over-defining-z-stocks-sends-panic-among-investors-820086

BSEC approves rules, paving way for real estate investment

- The Bangladesh Securities and Exchange Commission (BSEC) yesterday approved the Real Estate Investment Trust Fund Rules 2024 to create financing opportunities in the real estate sector through the capital market and to open new areas of investment.
- While anyone will be allowed to initiate a Real Estate Investment Trust (REIT) fund, the initial stage requires a minimum investment of BDT 200 crore, which will be directed towards the real estate sector, according to the rules.
- Stakeholders say engaging in the real estate sector through trust funds introduces inherent risks.
- A contentious debate surrounds the asset valuation methods employed in the country.

News Source:

https://www.tbsnews.net/economy/stocks/bsec-approves-rules-paving-way-real-estate-investment-820076