Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,661.05
% change	-0.52%
DS30 Index	2,015.24
% change	-0.54%
DSES Index	1,242.57
% change	-0.63%
Turnover (BDT mn)	9,113.79
Turnover (USD mn)	77.56
% change	4.81%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	39,512.84
% change	0.32%
S&P 500	5,222.68
% change	0.16%
Nikkei 225	38,229.11
% change	0.41%
FTSE 100	8,433.76
% change	0.63%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	116.46	117.50
EUR	118.20	118.24
GBP	137.46	137.50
INR	1.32	1.32
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
12-May-24	8.25 - 10.00	9.22
9-May-24	8.00 - 9.50	8.62
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	82.79	-1.30%
Gold Spot, USD/t oz.	2,360.50	0.60%
Cotton, USD/lb.	77.31	-1.64%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX lost 0.52% in the last trading day, closing at 5,661.05 points.
- The daily turnover decreased 4.81% in the last trading day.

Global Market

- Majority of the leading global indices posted positive returns as Dow Jones posted 0.32% gain, S&P 500 posted 0.16% gain and FTSE 100 posted 0.63% gain.
- One of the leading Asian market indices, NIKKEI 225 posted 0.41% gain.

Key macro indicators

- All the major currencies fell against BDT yesterday except the USD.
- The average overnight rate is rising in the past week.
- The current weighted average overnight rate stood at 9.22% with a high rate of 10.00% and low rate of 8.25%.
- The oil price decreased 1.30% in the last trading day.

Bangladesh Macro Update

Pressure on interest payment to mount in FY25

- The payment of interest in the new national budget will cross BDT 1 lakh crore for the first time against the backdrop of a borrowing spree to meet high spending against low revenue incomes over the past decade.
- Some BDT 1.13 crore will be kept aside in the FY25 budget for clearing the interest payment for borrowing from the local and foreign sources, almost double from BDT 55,664 crore paid in interest five years back in FY20, said the Finance Division officials.
- Of the amount, interest payment for local borrowing is likely to be kept 12% higher to BDT 93,000 crore over BDT 82,000 crore projected in the outgoing FY24.
- Moreover, the interest payment for foreign borrowing is likely to grow by around 65% to BDT 20,500 crore in FY25 from original BDT 12,367 crore shown in the outgoing FY24..
- The depreciation of the local currency Taka against the US dollar accelerated the interest payment for foreign loans, according to Zahid Hussain, former World Bank Dhaka office chief economist.

News Source:

https://www.newagebd.net/post/country/234931/pressure-on-interest-payment-to-mount-in-fy25

Private sector's short-term foreign debt drops

- The private sector's short-term foreign debt has gradually declined over the past three months up until March this year as a high rate of interest is discouraging borrowers from taking such loans from abroad.
- The debt stood at USD 11.04 billion in March, USD 11.07 billion in February and USD 11.25 billion in January, according to Bangladesh Bank.
- Central bank data shows that the monthly average of debt in this sector has been declining gradually since December 2022 as the interest rate of loans from foreign sources had been higher than that of domestic sources.
- The reason behind the reduction of short-term foreign debt in the private sector is high interest rate, said an official of Bangladesh Bank.

News Source:

https://www.thedailystar.net/business/economy/news/private-sectors-short-term-foreign-debt-drops-3607631

We must address the rising wealth, social gap

- The social and economic disparity continues to rise in the country and this has to be addressed before things get out of control, according to economist Dr Hossain Zillur Rahman.
- With the widening economic disparity, social disparity is also increasing rapidly.
- New elite psychology of arrogance is related to being in power without competition and thus we need to be alarmed about it, according to Zillur.
- It is regrettable that the elite class is least bothered about the low-income people and their struggles.

News Source:

https://www.thedailystar.net/business/economy/news/we-must-address-the-rising-wealth-social-gap-3607661

Maiden PMI points to slower business expansion in April

- Bangladesh's inaugural Purchasing Managers' Index (PMI) pointed to a slower expansion in business activity in April from a month earlier owing to a decline in growth in the services and construction sectors.
- The PMI, which is seen as a good gauge of overall economic growth, came in at 62.2 last month, down by 2.1 points from March's 64.3.
- The PMI is a number from 0 to 100, with a reading above 50 indicating expansion and a reading below 50 representing contraction.
- The Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) and private research organisation Policy Exchange Bangladesh have jointly launched the index, with the support of the UK Foreign, Commonwealth, and Development Office (FCDO).

News Source:

https://www.thedailystar.net/business/economy/news/maiden-pmi-points-slower-business-expansion-april-3606171

Rural food inflation hit 15% in Dec: study

- Food inflation remained at around 15% in rural areas in December last year, which was much higher than the overall inflation rate in Bangladesh, according to a new study conducted by the Bangladesh Institute of Development Studies (BIDS).
- The national food inflation rate in the same month stood at 9.58%, according to the Bangladesh Bureau of Statistics (BBS).
- The key driver contributing to higher inflation was the price of fish as it increased by 20% while poultry prices were second in the list," Binayak Sen, director general of BIDS.
- The institute independently conducted the study recently across all 64 districts.

News Source:

https://www.thedailystar.net/business/economy/news/rural-food-inflation-hit-15-dec-study-3606161

Will BB steps build up reserves? Not so soon

- Bangladesh Bank's steps to boost the country's foreign currency reserves will not yield any positive results overnight.
- According to the government and IMF projections, the reserves will not increase until June next year despite the latest measures taken in line with the International Monetary Fund prescriptions.
- Bangladesh's net international reserves (NIR) will be between USD 14 billion and USD 16 billion till March next year, according to the projections.
- In June next year, the NIR might be close to USD 20 billion and the new crawling peg regime will help rebuild reserves, added the official.
- However, it will take time to have a positive impact on the huge deficit in the financial account of the balance of payment because exporters and foreign investors will want to see how efficiently the new system is implemented, according to Ahsan H Mansur.

News Source:

https://www.thedailystar.net/business/economy/news/will-bb-steps-build-reserves-not-so-soon-3606221

Sectoral Update

Banks, NBFIs, and Insurance

Banks charge Tk118 per dollar for import, Kerb market rate hits Tk125

- A day after the central bank's significant depreciation of the taka, banks on Thursday (9 May) charged BDT 1-BDT 2 more per dollar for import letter of credit (LC) settlements.
- Also, the dollar rate in the kerb market surged by BDT 7 within a single day.
- Officials of several state-owned and private banks said banks charged BDT 116-BDT 116.5 for settling import LCs on Wednesday, which was BDT 118 on the day.
- Following the central bank's announcement, banks have slightly raised the dollar price for import settlement as the central bank allowed banks to adjust the dollar price independently

News Source:

https://www.tbsnews.net/economy/banking/dollar-elusive-open-market-even-price-surges-tk125-847061

Cenbank halts currency swap to start interbank dollar transactions

- The central bank has decided to stop currency swaps which involve providing money by depositing banks' surplus dollars to initiate interbank dollar transactions.
- Additionally, the central bank has directed that banks will no longer be permitted to offer incentives from their own funds for purchasing remittance dollars.
- However, the 2.5% incentive provided by the government will remain in place.
- In October 2023, the central bank directed banks through the ABB and the Bangladesh Foreign Exchange Dealers Association (Bafeda) to provide a maximum incentive of 2.5% for remittance dollars from their own funds.

News Source:

https://www.tbsnews.net/economy/banking/cenbank-halts-currency-swap-start-interbank-dollar-transactions-846546

Banks' profits swell on interest, T-bond income

- A majority of the publicly traded banks have achieved profit growth in the first quarter, buoyed by increased income from both lending and government securities.
- Thirty-six banks are listed on local stock exchanges, and 23 of them have disclosed their financial results for January-March this year, with 17 posting profit growth while six witnessed a decline.
- Banks that maintained efficient ALM practices, prudent risk management, and implemented various cost rationalisation measures amid persistently high inflation managed to post profit growth, according to industry insiders.
- Banks posted higher profits amid high inflation due to increased income generated from government securities along with rising SMART rate which facilitated lenders ability to generate more income from disbursing loans and advances.

News Source:

https://www.tbsnews.net/economy/banking/banks-profits-swell-interest-t-bond-income-848596

State banks struggle while foreign lenders make hefty profit. Here's why

- While foreign multinational banks operating in Bangladesh are making hefty profits year after year, the state-run lenders are struggling with low profits despite their huge customer base and vast network across the country.
- In 2023, SCB and HSBC Bangladesh's combined profits stood at BDT 3,334 crore whereas four state-run banks -- Sonali, Janata, Agrani, and Rupali -- saw a combined profit of BDT 974 crore.
- In the 17 years to May 2019, it injected BDT 20,584 crore of the taxpayers' money into the state-run banks -- without any tangible improvement in their governance and lending practices to show for it.
- The reason is a lack of efficiency in making business decisions, business focus, lack of governance and accountability, according to AB Mirza Azizul Islam, a former finance adviser to a caretaker government.

News Source:

https://www.thedailystar.net/business/economy/news/state-banks-struggle-while-foreign-lenders-make-hefty-profit-heres-why-3607626

Apparel and Textile

RMG industry must address decarbonisation, LDC transition, automation to sustain: Stakeholders

- The country's readymade garment (RMG) industry must address decarbonisation, transition from the list of least developed countries, and the impact of automation for sustainable development and to thrive in the current competitive market, industry stakeholders have said.
- They said decarbonisation involves reducing carbon emissions across the RMG value chain, while the impending fourth industrial revolution poses a threat to jobs due to automation and artificial intelligence.
- Therefore, there is an urgent need to re-skill and upskill workers to mitigate job displacement, said Zahedul Amin, co-founder and director of LightCastle Partners, at a roundtable discussion titled "Bunon 2030: Policy discussion" in Dhaka today.
- The meeting aimed at highlighting actions and recommendations for addressing the multifaceted challenges in the RMG industry during the LDC transition and to thrive in the competitive market.

News Source:

https://www.tbsnews.net/economy/rmg/rmg-industry-must-address-decarbonisation-ldc-transition-automation-sustain-stakeholders

RMG leaders urge govt for exemption from BB directives on power, gas and loans

- Ready-made garment (RMG) industry leaders have urged that the government should exempt the garment industry from the directives of two recently issued circulars of Bangladesh Bank for at least five years.
- They also reiterated the demand for uninterrupted power and gas supply.
- The issued circulars stated that no electricity and gas connections would be provided to new factories if they are established outside the government-designated economic zones or industrial areas.

- Moreover, banks were directed to ensure mandatory clearance certificates from utility service providers before approving loans.
- The leaders expressed concern that as the garment industry is at crossroads due to the current geopolitical crisis causing disruptions in global trade.
- The implementation of the circulars would aggravate the crisis of the garment industry, hindering its growth and discouraging entrepreneurs from setting up new factories.

News Source:

https://www.tbsnews.net/economy/rmg/rmg-leaders-urge-govt-exemption-bb-directives-power-gas-and-loans-847161

Power and energy

USD crunch raises concern over IPP operations

- A scarcity of US dollars has led many domestic banks to refuse to open Letters of Credit (LCs) that are crucial for importing fuel for the country's power stations, leading to serious issues for independent power producers (IPPs) and sparking concerns about potential financial losses and electricity supply disruptions.
- Bangladesh Independent Power Producers Association (BIPPA) has already rang the alarm bells and stressed the urgent need for immediate steps by authorities concerned to tackle the crisis.
- Amid the economic crisis, the government has resorted to issuing bonds against liabilities to clear outstanding debts of power plants.
- Without receiving actual funds, they cannot maintain the necessary dollar reserves to operate power plants effectively, said BPDB sources.

News Source:

https://businesspostbd.com/power-energy/usd-crunch-raises-concern-over-ipp-operations

7 IOCs bid for offshore energy

- With positive response, seven international oil companies (IOCs) joined Bangladesh's offshore international bidding for energy extraction, State Minister for Power, Energy and Mineral Resources Nasrul Hamid said on Wednesday.
- Around 15 international oil companies (OICs) took part in a promotional seminar on 'Bangladesh Offshore Bidding Round 2024,' in Pan Pacific Sonargaon Hotel on Wednesday," he added.
- US based energy giant Chevron, ExxonMobil, Chinese CNOOC, ENI took part in the seminar.
- A total of 24 offshore blocks – 15 in deep water and 9 in shallow water – have been offered in the bidding round to be closed on September 9.
- They also showed their interest in Bangladesh's energy and its future activities.

News Source:

https://businesspostbd.com/power-energy/7-iocs-bid-for-offshore-energy

Capital Market

Stocks keep falling

- Dhaka stocks continued to fall for the third consecutive session on Thursday, as the investors' confidence were decreasing again amid the current volatility on the market, market operators said.
- They said that the Bangladesh Bank's decision on increasing repo rates, which may lead to interest rate hikes in the money market, would not be helpful for the capital market, as investors might shift funds to banks.
- DSEX, the key index of the Dhaka Stock Exchange, decreased by 29.73 points, or 0.52%, to close at 5,661.04 points on the day after losing 34.49 points in the previous trading session.
- With investors increasing their activity on the selling side, the total turnover of the Dhaka bourse increased.

News Source:

https://www.newagebd.net/post/Stocks/234714/stocks-keep-falling

DSE, DBA applaud PM's directive to list govt cos in capital market

- The Dhaka Stock Exchange (DSE) and the DSE Brokers Association (DBA) have congratulated and thanked Prime Minister Sheikh Hasina for directing government companies to be listed in the capital market.
- The prime minister issued the directive during the meeting of the Executive Committee of the National Economic Council (Ecnec) last Thursday.
- Describing this directive as timely and positive, Dr Hafiz Muhammad Hasan Babu, chairman of DSE, said that aside from enhancing the dynamics of the capital market, it will also contribute to attracting foreign investment and fostering the sustainable development of the capital market.

News Source:

https://www.tbsnews.net/economy/stocks/dse-dba-applaud-pms-directive-list-govt-cos-capital-market-848611

ICB set to get at least Tk3,000cr to inject into volatile capital market

- The Investment Corporation of Bangladesh (ICB) – a state-owned entity primarily tasked with stock investments – is set to receive a fund infusion ranging from BDT 3,000 crore to BDT 5,000 crore from the government.
- The aim is to boost its capital market activities and repay some of its higher-cost term deposits.
- The Bangladesh Bank will provide the fund – backed by a sovereign guarantee from the finance ministry, according to officials.
- The decision was made in line with government recommendations that underscore the administration's proactive approach to supporting capital market initiatives by the ICB, one of the largest investors in the share market.
- Suborna Barua, chairman of the ICB, told The Business Standard, "We are very positive and hopeful about getting the fund support from the government for the stock market.

News Source:

https://www.tbsnews.net/economy/stocks/icb-set-get-least-tk3000cr-inject-volatile-capital-market-847376