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Daily News Snippet

May 13, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,696.72
% change	0.63%
DS30 Index	2,026.60
% change	0.56%
DSES Index	1,250.47
% change	0.64%
Turnover (BDT mn)	9,858.88
Turnover (USD mn)	83.91
% change	8.18%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	39,512.84
% change	0.00%
S&P 500	5,222.68
% change	0.00%
Nikkei 225	38,229.11
% change	0.00%
FTSE 100	8,433.76
% change	0.00%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	116.46	117.50
EUR	125.42	126.58
GBP	145.82	147.17
INR	1.39	1.41
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
12-May-24	8.50 - 10.00	9.18
9-May-24	8.25 - 10.00	9.22
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	82.55	-0.29%
Gold Spot, USD/t oz.	2,355.73	-0.20%
Cotton, USD/lb.	77.70	0.50%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX gained 0.63% in the last trading day, closing at 5,696.72 points.
- The daily turnover decreased 8.18% in the last trading day.

Global Market

- Majority of the leading global indices were closed yesterday.
- One of the leading Asian market indices, NIKKEI 225 was also closed yesterday.

Key macro indicators

- All the major currencies rose against BDT yesterday.
- The average overnight rate is falling in the past week.
- The current weighted average overnight rate stood at 9.18% with a high rate of 10.00% and low rate of 8.50%.
- The oil price decreased 0.29% in the last trading day.

Bangladesh Macro Update

Good news: WB offers quick access to 10% of undisbursed loans for crisis response

- The World Bank has opened a new financing window that will enable Bangladesh to access 10% of the undisbursed amount of its loan portfolio with the global lender for emergency use during a crisis.
- The amount would be USD 847 million if the volume of pledged loans in the pipeline for the last fiscal year is considered, officials of the Economic Relations Division (ERD) estimated.
- They said the amount would be greater if the undisbursed amount of the current fiscal year is calculated.
- The new feature, referred to as the Rapid Response Option (RRO), is part of the World Bank's recently approved Crisis Preparedness and Response Toolkit.
- The toolkit aims at helping countries quickly repurpose existing balances in the World Bank portfolio for emergency response when crises such as a natural disaster, health shock, or conflict events occur.

News Source:

https://www.tbsnews.net/economy/good-news-wb-offers-quick-access-10-undisbursed-loans-crisis-response-849591

NBR plans to come out of zero-duty facility

- The National Board of Revenue (NBR) is considering coming out of the zero-duty facility on imports and imposing a minimum of 1% customs duty from the next fiscal year, according to sources with knowledge of the matter.
- Some food items, food grains, agricultural inputs, including fertiliser, and some basic industrial raw materials currently enjoy zero-duty benefits.
- If the NBR withdraws the benefit, it may lead to high costs, eventually forcing consumers to foot the bill.
- The revenue authority also plans to end the import facility with zero duty for parliamentarians as MPs enjoy a duty-free vehicle import facility, which is subject to more than 500% duty.

News Source:

https://www.tbsnews.net/nbr/nbr-plans-come-out-zero-duty-facility-849531

Reserves to dip further as $1.6b ACU payment due today

- Bangladesh's foreign exchange reserves are set to decline to USD 18 billion today (13 May) following the settlement of import bills totalling USD 1.6 billion for the March-April period with the Asian Clearing Union (ACU), according to Bangladesh Bank sources.
- The forex reserves stood at USD 19.82 billion as of 8 May and now the reserves after payment will be slightly more than USD 18.22 billion.
- Besides, because the outflow of the dollars is more than the inflow, the reserves are decreasing.
- They said the payment for the March-April period is more than previous months because the increase of imports increased due to Ramadan and Eid.
- The ACU payment gateway covers monetary transactions by its nine member countries – Bangladesh, Bhutan, India, Iran, the Maldives, Myanmar, Nepal, Pakistan, and Sri Lanka – for regional imports.

- This bill is cleared in every two months.

News Source:

https://www.tbsnews.net/economy/reserves-dip-further-16b-acu-payment-due-tomorrow-849521

Govt net borrowing falls below target in first eight months

- The government's total net domestic borrowing -- from the banking system and non-banking sources -- reached BDT 361.76 billion in the July-February period of the current fiscal year (FY2024), according to Bangladesh Bank statistics.
- This represents around 23% of the target set in the national budget for 2023-24.
- The figure is lower than the BDT 511.76 billion borrowed during the same period in FY2023, which was 36.4% of the target for the 2022-23 budget.
- The government's net borrowing from the banking system stood at BDT 249.69 billion in FY2024, or 18.9% of the budget target. This compares to BDT 466.06 billion borrowed during the same period in FY2023.
- The net borrowing declined due mostly to increased budgetary support from international agencies in the current fiscal year.

News Source:

https://today.thefinancialexpress.com.bd/first-page/govt-net-borrowing-falls-below-target-in-first-eight-months-1715534716

Over 70% public projects not completed on time

- More than 70% of all public projects in Bangladesh are not completed on time due to poor management and implementation, according to an expert.
- And due to the time overrun, the contract price increases manifold and hinders development efforts," said Zafrul Islam, a former lead procurement specialist at the World Bank.
- It arises out of possible informal or undisclosed relationships between public officials and the contracting or consulting industry.
- As per the World Bank's report on corruption in South Asian countries, almost 71% of the firms in Bangladesh are expected to give gifts to get an import licence, 42.5% to get a construction permit and 42% to get government contracts.
- He stressed on the need for competitiveness among bidders to make the procurement process sustainable in the long run.

News Source:

https://www.thedailystar.net/business/economy/news/over-70-public-projects-not-completed-time-3608471

Sectoral Update

Banks, NBFIs, and Insurance

Kerb market can charge Tk1 above bank dollar selling rate

- Money changers can charge a maximum of BDT 1 per dollar on top of the selling rate at banks, it was learnt after a meeting at the Bangladesh Bank today (12 May).
- Banks say they are currently selling cash dollars at an average rate of BDT 117.5 and money changers can charge up to BDT 118.5.
- 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.
- However, the dollar purchase rate for money changers remains open.

News Source:

https://www.tbsnews.net/economy/banking/cenbank-now-sets-kerb-market-dollar-rate-849346

Banks go slow in raising interest rates even after BB cedes control

- Bangladesh restored a market-driven interest rate regime after a gap of four years on Wednesday, allowing banks to price loans in line with demand.
- However, most of the banks plan to adopt a go-slow strategy when it comes to revising the lending rates upwards and will continue to offer funds under the current rates.
- The interest rates on consumer loans, forced loans and overdue loans are likely to go up rapidly in the upcoming months, however.
- Most of the banks want to continue the current lending rates and plan to revise them after assessing the situation since a sharp rise in the cost of funds may make existing borrowers unable to pay back while the demand for fresh loans may fall.

News Source:

https://www.thedailystar.net/business/economy/news/banks-go-slow-raising-interest-rates-even-after-bb-cedes-control-3608476

Use alternative dispute resolution to reduce NPLs

- The Bangladesh Bank (BB) yesterday asked banks to adopt alternative dispute resolution (ADR) to reduce their non-performing loans (NPLs).
- Common ADR processes include mediation, arbitration, and neutral evaluation. These processes are generally confidential, less formal, and less stressful than traditional court proceedings.
- The central bank issued a notice in this regard saying that the Money Loan Court Act-2003 emphasised the importance of ADR for speedy recovery of defaulted loans.
- The notice reflects a government target to reduce bad loans of state-run banks to 10% and that of private commercial banks to 5% by 2026 in line with International Monetary Fund's prescriptions centring a USD 4.7 billion loan.

News Source:

https://www.thedailystar.net/business/economy/news/use-alternative-dispute-resolution-reduce-npls-3608456

Telecommunication

BTRC to purchase equipment to measure mobile tower radiation

- The telecom regulator will spend BDT 12 crore to purchase equipment for measuring the levels of radiation emanating from mobile phone towers as it seeks to bolster its capacity to carry out such activities nationwide.
- As such, Bangladesh Telecommunication Regulatory Commission (BTRC) has already approved an open tender (international) to this end, according to an official document.
- The equipment will measure the towers' electromagnetic field (EMF), a type of non-ionising electromagnetic radiation that does not have enough energy to damage DNA and cannot directly cause cancer.
- The move follows a previous directive of the High Court requiring the BTRC to examine the possible harmful effects of the EMF on the human body and nature.

News Source:

https://www.thedailystar.net/business/news/btrc-purchase-equipment-measure-mobile-tower-radiation-3608486

Capital Market

Stocks gain after 3-day fall

- Dhaka stocks advanced on Sunday after a fall in the previous three sessions, as buyers dominated most of the session with hope for the market to rebound after the recent corrections, market operators said.
- DSEX, the key index of the Dhaka Stock Exchange, increased by 35.67 points, or 0.63%, to close at 5,696.72 points on the day after losing 29.73 points in the previous trading session.
- Along with the indices, the turnover too witnessed a sharp spike as the investors increased their activity in the market, the total turnover of the Dhaka bourse on Sunday was BDT 985.88 crore, which was BDT 911.37 crore in the previous session on May 9.
- Before Sunday, the market was on a downward trend for three straight sessions.

News Source:

https://www.newagebd.net/post/Stocks/234978/stocks-gain-after-3-day-fall

Uncertain bets: bad stocks rule the roost

- If investors hold the stocks of well-performing companies, they are usually awarded better returns since firms with strong fundamentals fare well and pay healthy dividends and their market value rises.
- The standard appeared to be the opposite in Bangladesh between January and April.
- Investors who owned the issues of good companies that provided at least 50% dividend in their last financial year incurred losses in the first four months of 2024 whereas people who bet on low-performing companies, which declared less than 15% dividends, saw their portfolio inflate.
- Since the market is not functioning as per the rules, good investors are selling their shares and leaving the market, according to Prof Abu Ahmed, a former chairman of economics department at the University of Dhaka.

- Saiful Islam, president of the DSE Brokers' Association, blamed the lack of governance in the market for the spike of low-performing stocks and the dip in the value of good shares, including multinationals.

News Source:

https://www.thedailystar.net/business/economy/news/uncertain-bets-bad-stocks-rule-the-roost-3608466

Re-labelling of stocks: Regulator to put emphasis on financial strength

- The regulator considers dividing listed securities into two categories -- one for non-performing stocks and the other for the remaining securities -- to encourage investors to assess them based on companies' fundamental strength.
- At present, stocks are labelled as 'A', 'B', 'G', 'N' and 'Z' securities. Except for 'G' and 'N' categories, stocks belong to other groups depending on annual cash dividends paid to shareholders. 'N' category is meant for newly listed companies and 'G' for the companies that had not gone into operation until listed.
- The existing labelling system does not indicate any difference between two stocks from two separate categories, save cash returns to shareholders, said Prof Shaikh Shamsuddin Ahmed, a commissioner of the Bangladesh Securities and Exchange Commission (BSEC).
- We are thinking about two categories under which listed companies will be traded on the bourses, he added.
- If the regulator finally introduces the changes, a junk category will be set for non-performing stocks, while all other stocks will be traded under one single category.

News Source:

https://today.thefinancialexpress.com.bd/stock-corporate/re-labelling-of-stocks-regulator-to-put-emphasis-on-financial-strength-1715531081