Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,666.76
% change	-0.53%
DS30 Index	2,017.98
% change	-0.43%
DSES Index	1,241.53
% change	-0.71%
Turnover (BDT mn)	9,680.26
Turnover (USD mn)	82.39
% change	-1.81%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	39,431.51
% change	-0.21%
S&P 500	5,221.42
% change	-0.02%
Nikkei 225	38,179.46
% change	-0.13%
FTSE 100	8,414.99
% change	-0.22%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	117.00	117.50
EUR	126.00	126.58
GBP	146.50	147.17
INR	1.40	1.41
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
13-May-24	8.50 - 10.00	9.23
12-May-24	8.50 - 10.00	9.18
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	83.47	0.13%
Gold Spot, USD/t oz.	2,344.00	0.33%
Cotton, USD/lb.	77.57	-0.08%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX lost 0.53% in the last trading day, closing at 5,666.76 points.
- The daily turnover decreased 1.81% in the last trading day.

Global Market

- Majority of the leading global indices posted negative returns as Dow Jones posted 0.21% loss, S&P 500 posted 0.02% loss and FTSE 100 posted 0.22% loss.
- One of the leading Asian market indices, NIKKEI 225 was posted 0.13% loss.

Key macro indicators

- All the major currencies rose against BDT yesterday.
- The average overnight rate is rising in the past week.
- The current weighted average overnight rate stood at 9.23% with a high rate of 10.00% and low rate of 8.50%.
- The oil price increased 0.13% in the last trading day.

Bangladesh Macro Update

Pressure mounts as currency outflow intensifies

- The pressure on the external sector of Bangladesh has intensified as the financial account deficit widened owing to higher outflows of international currencies compared to inflows.
- The deficit in the financial account stood at USD 9.25 billion in July-March of the current fiscal year, Bangladesh Bank data showed.
- It was USD 2.92 billion in the first nine months of the previous fiscal year and USD 8.46 billion in July-February of 2023-24.
- The financial account is a key component of a country's balance of payments (BoP) and it covers claims related to foreign direct investments, medium and long-term loans, trade credits, net aid flows, portfolio investments, and reserve assets.
- The borrowing has fallen as foreign lenders have lost their confidence in Bangladeshi companies as the country's foreign currency reserves keep falling, deepening economic uncertainty, the industry people said.

News Source:

https://www.thedailystar.net/business/economy/news/pressure-mounts-currency-outflow-intensifies-3609151

April food prices cross 10%, highest in five months

- Food inflation in Bangladesh rose to a five-month high in April as the measures of the government and the central bank aimed at reining in elevated consumer prices are yet to take hold, official figures showed yesterday.
- This means the struggles for the low-income groups and the poor have continued because of the erosion of purchasing power in the past two years.
- According to the Bangladesh Bureau of Statistics (BBS), food inflation jumped 35 basis points to 10.22% last month from 9.87% in March.
- This was the first time in five months that food inflation hit double digits whereas the Consumer Price Index (CPI), a measure of inflation, fell seven basis points to 9.74% in April.

News Source:

https://www.thedailystar.net/business/economy/news/april-food-prices-cross-10-highest-five-months-3609166

Make budget tight, control inflation

- Prime Minister Sheikh Hasina yesterday directed the finance ministry to formulate a contractionary budget for the upcoming fiscal year to control inflation.
- During a meeting with officials from the finance ministry, Bangladesh Bank, and the National Board of Revenue (NBR) at the Gono Bhaban, she mentioned that developed countries also increased their policy interest rates to curb inflation and suggested similar measures in Bangladesh.
- She asked for prioritising pledges made in the government's election manifesto while preparing the next budget and directed the continuation of the existing austerity measures for different ministries and divisions.

- She discouraged the import of luxury items and expressed dissatisfaction over the import of items like plastic flowers.
- Hasina asked the finance ministry to consider increasing the number of beneficiaries of social safety net programmes.

News Source:

https://www.thedailystar.net/business/news/make-budget-tight-control-inflation-3609431

Health, education face spending cuts again

- Education and health sectors are set to get less Annual Development Plan allocation than prescribed in the eighth five-year plan.
- This is a continuation of the downward trend seen over the last four years, even though the two sectors are crucial for a well-educated and healthy population.
- According to the draft development budget, which is likely to be placed before the National Economic Council for approval on Thursday, the health sector will get 7.80% of the ADP allocation in fiscal year 2024-25.
- The eighth five-year plan, for fiscal years 2020-21 to 2024-25, prescribed 11.1% of the ADP allocation for fiscal year 2024-25.
- The education and technology sector is to get 13.70% of the ADP allocation, against the plan's proposal of 16.5%.

News Source:

https://www.thedailystar.net/business/news/health-education-face-spending-cuts-again-3609181

NBR targets Tk4.8 lakh crore revenue for FY25

- The National Board of Revenue (NBR) has set a revenue target of BDT 4.8 lakh crore for the upcoming FY25, representing a 17% increase compared to the revised target of the current fiscal year, according to sources within the finance ministry.
- In FY24, the initial revenue target was set at BDT 4.3 lakh crore, with a projected growth rate of 30%.
- However, due to falling short of the target, the government revised it down by BDT 20,000 crore to BDT 4.1 lakh crore.
- According to NBR data, the revenue authority's collection in the first nine months amounted to less than BDT 2.6 lakh crore, with a growth rate of 15%.
- If the government sets a revenue growth target of 17% for the upcoming fiscal year from the revised target, it will be achievable as the NBR has the potential for significant revenue collection, according to Professor Mustafizur Rahman, distinguished fellow at the Centre for Policy Dialogue (CPD).

News Source:

https://www.tbsnews.net/nbr/nbr-targets-tk48-lakh-crore-revenue-fy25-850451

Foreign Direct Investment Promotion Project disburses Tk 3.64b loans

- The Foreign Direct Investment Promotion Project (FDIPP) has disbursed over BDT 3.64 billion in the form of loans to 19 eligible end borrowers.

- The project is supervised by the central bank. Funded by Japan International Cooperation Agency (JICA), the project aims to accelerate economic development of Bangladesh by promoting Japanese private sector investment.
- This was disclosed at a dissemination seminar organised by the FDIPP implementation unit of Bangladesh Bank (BB) at the CIRDAP auditorium in the city on Sunday.
- Financial Institutions Division of the Ministry of Finance is the executing agency and Bangladesh Bank (FEID) is the implementing agency of the TSL (two step loan) component of the FDIPP.

News Source:

https://today.thefinancialexpress.com.bd/trade-market/foreign-direct-investment-promotion-project-disburses-tk-364b-loans-1715622143

Sectoral Update

Banks, NBFIs, and Insurance

State banks' bad loans defy BB roadmap, jumps to 27% in a year

- Although the Bangladesh Bank formulated a roadmap to reduce defaulted loans of state-owned banks to 10% of total disbursement by 2026 in line with the International Monetary Fund (IMF) conditions set in January 2023, it increased to 27.42% within a year.
- According to a central bank report sent to the Financial Institutions Division on 7 May, defaulted loans of state-owned banks have increased by 73.20% to BDT 85,870 crore in March 2024 since March 2022.
- Stakeholders say the Bangladesh Bank has offered loan rescheduling and restructuring facilities several times with a 2% payment option since 2019 to mitigate the amount of defaulted loans.
- The recent withdrawal of these facilities has led to a further increase in defaulted loans.
- Stakeholders fear the amount of defaulted loans may continue to rise in the future as loan interest rates will increase further due to the market-based interest rate.

News Source:

https://www.tbsnews.net/economy/banking/state-banks-bad-loans-defy-bb-roadmap-jumps-27-year-850446

Credit card use up 17% in March

- Transactions with credit cards rose 17% in March compared to the preceding month thanks to higher purchasing tendency among consumers.
- Bangladesh Bank data showed that transactions through credit cards increased to BDT 3,490 crore in March.
- Of the amount, BDT 2,985 crore was spent within the country while the remaining was spent abroad.
- On the other hand, credit card transactions within Bangladesh by foreign nationals declined 6% to BDT 226 crore.
- In terms of amount, Bangladeshi credit card holders spent more than twice as much abroad as foreign nationals spent in Bangladesh.

News Source:

https://www.thedailystar.net/business/economy/news/credit-card-use-17-march-3609146

Reduction of Tk14,500cr default loans through negotiation – is it viable?

- With a staggering BDT 1.45 lakh crore in default loans as of December 2023, banks have now been directed to recover 1% of the hefty amount through arbitration but the initiative's viability has become a concern among bankers and economists.
- In figures, the 1% amounts to BDT 14,563 crore.
- However, according to managing directors of many banks, though the initiative by the central bank is commendable, its success remains uncertain.
- Even though the country's money loan courts are very strong, it takes 7-8 years to get the defaulted loan amount back and, in many cases, not at all.
- A policy-making officer of a commercial bank said the honesty of those who will negotiate is very important in the case of ADR, as thousands of crores of classified loans will be negotiated and if the negotiator is corrupt, the banks have to take responsibility for the loss.

News Source:

https://www.tbsnews.net/economy/banking/reduction-tk14500cr-default-loans-through-negotiation-it-viable-850431

Power and Energy

Inefficient gas-fired captive power plants waste $460m

- Bangladesh could save USD 460 million a year by increasing efficiency of its gas-fired captive power generation plants, revealed a report released on Monday by the US-based Institute for Energy Economics and Financial Analysis.
- Captive power plants refer to power generation systems installed by industries for meeting their own electricity demand and establishment of these power plants were allowed since the national grid could not be relied for quality power supply.
- The report estimated that greater efficiency in captive power generation and efficient utilisation of the heat generated during the power generation could reduce the import of liquefied natural gas by 50.18 billion cubic feet.
- The report also revealed that the average efficiency of industrial gas-fired captive power plant is 35.38% whereas generators with 45.2% efficiency are available in the market.

News Source:

https://www.newagebd.net/post/Power%20&%20Energy/235052/inefficient-gas-fired-captive-power-plants-waste-$460m

Apparel and textile

BGMEA seeks policy revisions for industry's growth

- Apparel sector leaders on Monday demanded withdrawal of a central bank's circular regarding gas connections to industries located outside the economic zones, and the continuation of cash incentives until 2026.
- They also voiced grievances about non-cooperation from the customs and the National Board of Revenue, emphasising the need for a business-friendly and harassment-free environment.

- The new board of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), led by its president SM Mannan Kochi, placed the demands at a meeting with Textiles and Jute Minister Jahangir Kabir Nanak at his secretariat office in the city.
- Mr Kochi said that out of the proposed 100 economic zones, only three have opened, stressing that there would be no fresh investment if no gas is provided outside the economic zones without making them operational.

News Source:

https://today.thefinancialexpress.com.bd/trade-market/bgmea-seeks-policy-revisions-for-industrys-growth-1715622122

Capital Market

Dhaka stocks fall again

- Dhaka stocks fell again on Monday after a gain in the previous session, as investors started selling shares to realise their gains amid a prolonged bearish vibe on the market, market operators said.
- DSEX, the key index of the Dhaka Stock Exchange, decreased by 29.96 points, or 0.52%, to close at 5,666.76 points on the day after gaining 35.67 points in the previous trading session.
- Market operators said that many investors were showing reluctance to be actively involved in the market, which led the turnover to reach its lowest in the current week.
- The turnover on the Dhaka bourse on Monday was BDT 968.02 crore, which was BDT 985.88 crore in the previous session.
- Market operators 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.

News Source:

https://www.newagebd.net/post/Stocks/235054/dhaka-stocks-fall-again

Supportive taxation, robust IPOs stressed for capital market growth

- The tax policies should aim for product diversity in the market alongside encouraging well-performing companies to go public as well as attracting more investors, according to the DSE.
- A healthy capital market can be achieved if more companies raise capital from the investors to enhance their growth, contribute more to economic development and pay more dividends to the shareholders, said Rahman, who is the former president of the Bangladesh Merchant Bankers Association.
- The CEO Forum which includes over two dozen institutional brokerage CEOs executing around 70% of the daily stock market transactions also urged for an end to the equity-centricity of the capital market, weaker companies listing and frequent regulations change.
- DSE Chairman Hafiz Muhammad Hasan Babu, who presided over the meeting, said to address the issues, the bourse would consult with the Bangladesh Securities and Exchange Commission and relevant government authorities.

News Source:

https://www.tbsnews.net/economy/stocks/supportive-taxation-robust-ipos-stressed-capital-market-growth-850341