| Bangladesh Market | |
|---|---|
| **Major Indices** | **Last closing** |
| DSEX Index | 5,527.40 |
| % change | -1.04% |
| DS30 Index | 1,977.79 |
| % change | -0.71% |
| DSES Index | 1,212.97 |
| % change | -1.04% |
| Turnover (BDT mn) | 5,263.35 |
| Turnover (USD mn) | 44.76 |
| % change | -20.78% |
| ***Source: Dhaka Stock Exchange*** | |

| International Market | |
|---|---|
| **Major Indices** | **Last closing** |
| Dow Jones Industrial Average | 39,908.00 |
| % change | 0.88% |
| S&P 500 | 5,308.15 |
| % change | 1.17% |
| Nikkei 225 | 38,385.73 |
| % change | 0.08% |
| FTSE 100 | 8,445.80 |
| % change | 0.21% |
| ***Source: Bloomberg*** | |

| Exchange rate | | |
|---|---|---|
| **Major Currencies** | **Low (BDT)** | **High (BDT)** |
| USD | 117.45 | 117.60 |
| EUR | 127.81 | 128.02 |
| GBP | 148.99 | 149.19 |
| INR | 1.41 | 1.41 |
| ***Source: BB*** | | |

| Money market | | |
|---|---|---|
| **Date** | **Call Money Rate Range (%)** | **Weighted Average** |
| 15-May-24 | 8.25 - 10.00 | 9.27 |
| 14-May-24 | 8.50 - 10.00 | 9.23 |
| ***Source: BB*** | | |

| Commodities | | |
|---|---|---|
| **Major Commodities** | **Price** | **% Change** |
| Brent Crude (Oil), USD/bbl. | 83.08 | 0.85% |
| Gold Spot, USD/t oz. | 2,388.23 | 1.28% |
| Cotton, USD/lb. | 76.06 | 1.92% |
| ***Source: Bloomberg*** | | |

# Market Summary

## Bangladesh Market

- The leading bourse of the country, DSEX lost 1.04% in the last trading day, closing at 5,527.40 points.
- The daily turnover decreased 20.78% in the last trading day.

## Global Market

- Majority of the leading global indices posted positive returns as Dow Jones posted 0.88% gain, S&P 500 posted 1.17% gain and FTSE 100 posted 0.21% gain.
- One of the leading Asian market indices, NIKKEI 225 was posted 0.08% gain.

## 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 9.27% with a high rate of 10.00% and low rate of 8.25%.
- The oil price increased 0.85% in the last trading day.

## Bangladesh Macro Update

# Bangladesh targets $110b export by FY'27

- Bangladesh sets sights high on USD 110 billion in export earnings by fiscal year 2026-27 in a substantial increase from the current mark, which officials see achievable but economists appear a bit sceptical.
- The Cabinet Committee on Economic Affairs (CCEA) Wednesday approved the draft Export Policy 2024-2027 with the aim of ramping up the country's earnings from export of goods and services over the next three years from the current target of USD 72 billion.
- So far this fiscal year of 2023-24, this export proceeds have missed the mark, fetching USD 47.47 billion during July-April period, official data show.
- The earning marks only a 3.93% annualised growth but having fallen short of the target by 6.87%.

**News Source:**

https://today.thefinancialexpress.com.bd/first-page/bangladesh-targets-110b-export-by-fy27-1715794445

# Govt to borrow more from provident fund than savings certificates in FY25

- The government will not take savings certificate loans in the upcoming fiscal 2024-25, rather it will repay the old loans.
- Instead, despite being more interest-bearing than savings certificates, the government will increase the amount of loans from the General Provident Fund, a means of investment for government employees.
- Though both the sources constitute an insignificant amount of the government's overall domestic borrowing, the approach will reduce scopes of small savings for common people and expand it for a privileged group with higher returns
- The target of borrowing from the high-cost Provident Fund is being increased by BDT 30 crore in FY25 compared to the original budget of the current fiscal year.

**News Source:**

https://www.tbsnews.net/economy/govt-borrow-more-provident-fund-savings-certificates-fy25-852381

# Alternatives to cash incentives planned for exports

- The government plans a new export promotion fund as an alternative to direct cash incentives for export-oriented sectors to help the country face challenges resulting from its graduation to a developing nation in 2026.
- According to the rules of the World Trade Organization (WTO), developing and developed nations are not allowed to provide direct cash subsidies on export receipts.
- The proposed measure was included in the draft Export Policy 2024-27, which was approved by the Cabinet Committee on Economic Affairs yesterday.
- The government proposed forming an export development fund with the Export Promotion Bureau (EPB), from which exporters could get loans in the form of venture capital at low interest and on easy terms and conditions.

**News Source:**

https://www.thedailystar.net/business/news/alternatives-cash-incentives-planned-exports-3610926

## Sectoral Update

### Banks, NBFIs, and Insurance

# Bangladesh expands offshore banking in hunt for forex

- Offshore banking is increasingly becoming a key window for banks in Bangladesh to facilitate investments and international trade by attracting deposits in foreign currencies.
- Industry people say offshore banking can even play a crucial role in mitigating the persisting foreign currency crisis in the country by extending liquidity support and stabilising the local currency.
- In March this year, parliament passed the Offshore Banking Act 2024 to give a much-needed boost to the country's desperate efforts to improve the US dollar supply, which has squeezed in the past two years owing to higher outflows compared to inflows.
- The BB has relaxed rules and policies to allow both Bangladeshis and foreign nationals to avail the service.

**News Source:**

https://www.thedailystar.net/business/news/bangladesh-expands-offshore-banking-hunt-forex-3610946

# Cenbank refuses to raise single borrower exposure limit

- The central bank stated in the circular sent to managing directors of all scheduled banks that the credit limit for any single person or group will remain as per the existing circular.
- According to the existing rules of the central bank, the aggregate principal amount of funded and non-funded exposure to a single person or counterparty or a group shall not exceed 25% of the regulatory capital at any point of time.
- The aggregate principal amount of funded exposure to a single person or counterparty or a group shall not exceed 15% of the capital at any point of time.
- The central bank circular said the applications submitted by some banks to relax the upper limit are contrary to the instructions of the central bank.
- Therefore, there is no opportunity to increase the limit to mitigate the bank's high credit risk, uphold corporate governance, ensure good practices in loan disbursement, and maintain stability in the banking sector.

**News Source:**

https://www.tbsnews.net/economy/banking/cenbank-refuses-raise-single-borrower-exposure-limit-852271

# Bangladesh Bank imposed entry restriction to hide weakness: journalists

- The entry restriction imposed on journalists by the Bangladesh Bank showcases the anarchy which the country's banking sector is now suffering from, journalist leaders said today.
- The banking watchdog imposed the restriction to hide the inability of the current governor, they said in a discussion organised by and at the Economic Reporters' Forum (ERF) in Dhaka.
- Instead of taking steps on this chaos, Bangladesh Bank is concentrating more on creating obstacles for journalists, according to Shyamal Dutta, general secretary of the National Press Club.

- Bangladesh Bank should provide journalists with free access to its offices, said Sajjad Alam Khan Topu, former general secretary of the ERF.

**News Source:**

https://www.thedailystar.net/business/news/bangladesh-bank-imposed-entry-restriction-hide-weakness-journalists-3610751

### Power and Energy

## New gas-fired power plants add to electricity burden

- Despite a gas-supply crunch idling two dozen power plants, two private LNG-run power plants went into commercial production recently, while sources say that at least two more will follow suit in the coming months.
- The two power plants will now be receiving capacity payments from the government -- also known as "capacity charges" -- regardless of whether they generate electricity.
- Amid the already surplus generation capacity and limitations in power transmission infrastructure, energy experts warn that this will exacerbate the burden of capacity charges on consumers.
- The government paid a total of around BDT 1.05 trillion as capacity payments to power plant owners up to August 2023, according to State Minister for Power, Energy and Mineral Resources Nasrul Hamid.
- Incorporating LNG-fired plants into the capacity payment structure will further strain the BPDB's already challenging financial situation, according to a senior BPDB official.

**News Source:**

https://today.thefinancialexpress.com.bd/last-page/new-gas-fired-power-plants-add-to-electricity-burden-1715794816

### Apparel and textile

## RMG exporters pay up to 644% higher than official fees for essential permits: CPD

- Citing data collected from a business corporation, the study said the company paid 644% higher than the official rate for a boiler licence. For bond licences, it paid 261% higher, and as for the fire licence, the cost was 114% higher.
- The additional amount was 36% higher for factory establishment licence, 16% higher for trade licence, and 12% higher for export and import registration certificates, it said.
- Presenting the findings at a seminar today, Khondaker Golam Moazzem, research director at CPD, said businesses frequently encounter unofficial and unregulated fees, leading to financial strain and unpredictability in operational expenses.
- The timeline for obtaining and renewing licences often exceeds the official period, leading to significant delays and this delay disrupt business operations, hinder expansion plans, and reduce investor confidence, he noted.

**News Source:**

https://www.tbsnews.net/economy/rmg/apparel-exporters-pay-6-times-higher-official-fees-essential-permits-licence-renewals

## BGMEA president urges Ctg Customs House to address customs related problems of RMG industry

- In a meeting with Mohammad Fyzur Rahman, commissioner of Custom House, Chattogram, highlighted the adverse effects of customs-related challenges on export-import activities.
- It also causes increased production costs and unnecessary delay in business procedures, especially amidst the current global economic slowdown and reduced consumer spending on clothing.
- The meeting aimed to address the complexities and challenges surrounding customs-related services, including documentation problems and HS Code classifications, which have been affecting the RMG industry's operations.
- The BGMEA president stressed the importance of reducing lead times to enhance competitiveness in the global fashion market.
- At the same time, the BGMEA president called on the commissioner of Customs House Chattogram to bring exemplary punishment to those who obstruct exports, harass exporters, and damage the country's economy, ensuring they are held accountable under the law.

**News Source:**

https://www.tbsnews.net/economy/rmg/bgmea-president-urges-ctg-customs-house-address-customs-related-problems-rmg-industry

### Capital Market

## DSE key index tumbles to 20-day low

- Dhaka stocks' volatility perked up today (15 May), tumbling to a 20-day low as jittery investors snapped options amidst economic uncertainties fuelled by high inflation, a record current account deficit, and a decline in forex reserves.
- The benchmark index DSEX of the Dhaka Stock Exchange (DSE) dropped by 58 points, settling at 5,527, and extending the losing trend for three consecutive days.
- Market turnover also decreased by 21% to BDT 526 crore.
- Over the last three sessions, the DSEX lost 169 points, resulting in a market capitalization drop of over BDT 8,000 crore, settling at BDT 7.02 lakh crore.
- The managing director of a brokerage firm said regulatory interference was the major reason behind subduing investor confidence.

**News Source:**

https://www.tbsnews.net/economy/stocks/dhaka-index-loses-65-points-first-half-hour-851446

## How Power Grid toppled GP as the largest listed firm

- Until 12 May, the top telecom operator Grameenphone, with nearly BDT 32,000 crore in market value, accounted for the highest 8.4% of the total market capitalisation in the Dhaka Stock Exchange (DSE).
- In contrast, the state-owned power transmission monopoly, Power Grid, was not among the top 20, as it did not have a market value even one-tenth of GP's.
- On 13 May, both the DSE and the Chittagong Stock Exchange (CSE) indicated that Power Grid's market value had surged to over BDT 37,500 crore, up from less than BDT 3,000 crore in the previous session.

- This increase was due to an around 11-fold rise in its paid-up capital, from BDT 712 crore to BDT 8,555 crore, as the company issued fresh shares to the government against its significant share money deposit.
- This surge occurred because the bourses inadvertently included the newly issued preference shares when calculating the company's market capitalisation, which is the total market price of all the common shares, according to experts.

**News Source:**

https://www.tbsnews.net/economy/stocks/how-power-grid-toppled-gp-largest-listed-firm-852266

## Rules for margin loans: Regulator, lenders consider reforms

- The securities regulator and market operators have put their heads together to change rules for margin loans to stem a further rise of negative equity as they consider it crucial for market stability.
- Currently, merchant banks and stock brokers have separate rules (Margin rules 1999 meant for merchant banks and Margin rules 1996 for brokerage firms) to follow when it comes to disbursing margin loans to their clients.
- However, the rules do not have any eligibility criteria to be met by lenders and borrowers and do not discriminate against securities based on their fundamental strength.
- Under the proposed rules, investors will not be allowed to avail of the credit facility if they have investments worth less than BDT 1 million in stocks in the preceding year.
- On the other hand, lenders will not be able to give margin loans to anyone associated with them as it has been observed that many organisations tend to lend money to their owners, holding companies, their executives and family members.

**News Source:**

https://today.thefinancialexpress.com.bd/stock-corporate/rules-for-margin-loans-regulator-lenders-consider-reforms-1715789146