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Daily News Snippet

May 19, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,517.42
% change	-0.18%
DS30 Index	1,973.99
% change	-0.19%
DSES Index	1,212.16
% change	-0.07%
Turnover (BDT mn)	6,767.99
Turnover (USD mn)	57.53
% change	28.59%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	40,003.59
% change	0.34%
S&P 500	5,303.27
% change	0.12%
Nikkei 225	38,787.38
% change	-0.34%
FTSE 100	8,420.26
% change	-0.22%
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**
16-May-24	8.50 - 10.00	9.18
15-May-24	8.25 - 10.00	9.27
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	83.98	0.85%
Gold Spot, USD/t oz.	2,415.22	1.61%
Cotton, USD/lb.	75.89	-0.46%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX lost 0.18% in the last trading day, closing at 5,517.42 points.
- The daily turnover increased 28.59% in the last trading day.

Global Market

- Majority of the leading global indices posted mixed returns as Dow Jones posted 0.34% gain, S&P 500 posted 0.12% gain and FTSE 100 posted 0.22% loss.
- One of the leading Asian market indices, NIKKEI 225 was posted 0.34% loss.

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 increased 0.85% in the last trading day.

Bangladesh Macro Update

Costlier life: NBR plans VAT hike on fridge, mobile phone, AC, LPG cylinder

- Consumers may face unwelcoming news in the upcoming budget as the revenue authority is considering raising the value-added tax for some locally manufactured electronics goods that currently benefit from either exemptions or reduced rates.
- The items may include refrigerators, air coolers, mobile phones, and LPG cylinders according to officials of the National Board of Revenue (NBR).
- Besides, there could be a rise in VAT to a flat 15% and supplementary duty on some sugary juices.
- Their manufacturers are also likely to see an increase of minimum tax on their annual turnover.
- The revenue board is also planning significant increases in value and supplementary duties on tobacco products.

News Source:

https://www.tbsnews.net/nbr/costlier-life-nbr-plans-vat-hike-fridge-mobile-phone-ac-lpg-cylinder-853271

Foreign aid in ADP continues to grow, reaches Tk100,000 crore

- The amount of foreign aid in the government's Annual Development Programme (ADP) has been continuously growing over the years.
- The amount of foreign aid stood at 37.7% in the approved ADP for the fiscal year 2024-25 (FY25), according to data released by the government and the remaining 62.3% will come from government financing.
- In the current fiscal, foreign aid accounted for 35.74% of the ADP fund, which was later reduced to 34.1%.
- Prime Minister Sheikh Hasina has instructed authorities concerned to speedily implement projects that are being financed by foreign aid partners to make sure that foreign aid in ADP does not decline in the upcoming fiscal.
- She also directed the Implementation, Monitoring and Evaluation Department (EMED) to give progress reports on foreign-financed projects every three months to speed up the implementation.

News Source:

https://www.tbsnews.net/economy/foreign-aid-adp-continues-grow-reaches-tk100000-crore-852966

Cutting tariff: Little relief for consumers as NBR plays numbers game

- As part of its tariff rationalisation move to prepare for a post-LDC global trade regime, the National Board of Revenue (NBR) plans to reduce supplementary and regulatory duties at import level on over 300 goods, roughly 10% of the country's tariff lines, in the next fiscal year.
- The items that are considered for duty cuts, however, account for less than BDT 100 crore annual imports out of more than BDT 6 lakh crore in the last fiscal year.
- Its revenue impact would be less than 0.02% of import tax, according to an official at the NBR.
- The proposed list includes meat and offal of bovine animals, Pacific and other types of salmon and tuna fish, heads, tails, maws, and other fish offal, dry fish, and certain vegetables, NBR sources said.

- The NBR reduced duties on some 300 goods in the current fiscal year, too.

News Source:

https://www.tbsnews.net/nbr/cutting-tariff-little-relief-consumers-nbr-plays-numbers-game-853816

Recovering laundered money: Taskforce proposes 'reward' strategy

- The taskforce for bringing back laundered money has proposed rewards for public officials who aid in money repatriation efforts with commission taken from the recovered funds.
- The taskforce, led by the attorney general, at a meeting on 17 April instructed the Bangladesh Financial Intelligence Unit to amend the relevant laws and present it to the taskforce meeting in June for awarding commission based on recovered money.
- The commission will be offered in accordance with the provisions outlined in the Income Tax and Customs Acts.
- Besides, the taskforce instructed the Financial Intelligence Unit to incorporate relevant sections into the Money Laundering Act 2012.
- Officials from the Anti-Corruption Commission, National Board of Revenue, Bangladesh Financial Intelligence Unit, and Criminal Investigation Department are usually involved in identifying, investigating, and prosecuting cases to recover laundered money.

News Source:

https://www.tbsnews.net/economy/recovering-laundered-money-taskforce-proposes-reward-strategy-854561

Common people's taxes largely do not reach the state's treasury: CPD's Towfiqul

- Revenue is often short because not all wealthy individuals pay taxes, and even when regular people do, a sizable portion of it does not make it to the state treasury, said Towfiqul Islam Khan, a senior research fellow at the Centre for Policy Dialogue (CPD).
- Towfiqul Islam said, "Despite advancements in different sectors of Bangladesh's economy over the last decade, revenue collection has not seen notable improvement.
- Consequently, the government's financial capacity is strained, with planned solutions remaining unimplemented, adding pressure to the economy.
- He also said that government data reveal a significant shrinkage in financial capacity, leading to the government taking out loans to repay loans in the last fiscal year, as it has to borrow to cover administrative and development expenses.
- He pointed out that aside from tax evasion, the government routinely grants tax exemptions and implements non-taxation policies.

News Source:

https://www.tbsnews.net/economy/large-portion-common-peoples-taxes-do-not-reach-state-treasury-economist-towfiqul-islam

From med to mild steel, dollar jump fuels a manufacturing nightmare

- A confluence of factors -- dragging on inflation, a dollar shortage and rising utility prices -- had already punctured the country's manufacturing spirit.
- The recent record surge in the dollar, jumping BDT 7 in a single day, has only compounded these difficulties for manufacturers who rely heavily on imported raw materials.
- Faced with rising production costs, manufacturers across various industries -- from steel and cement to ceramics and pharmaceuticals -- are struggling to maintain sales and remain competitive.
- With sluggish sales for the past two years due to inflation, they are now hesitant to further burden consumers by raising prices.
- Industry insiders said although the dollar crisis has plagued them for a couple of years, the situation has become increasingly dire recently.

News Source:

https://today.thefinancialexpress.com.bd/first-page/from-med-to-mild-steel-dollar-jump-fuels-a-manufacturing-nightmare-1716051742

Sectoral Update

Banks, NBFIs, and Insurance

Bank sector battered by people with political clouts: economists

- Bangladesh's banking sector has suffered a serious setback over the years, as people having political clouts received from banks various benefits beyond legal scopes, economists said.
- The undue benefits to the influential quarter affected honest entrepreneurs and damaged business environment in the country, according to Wahiduddin Mahmud, chairman of the Economic Research Group.
- There are key sectors in the country that the government should shield them from political interferences, Wahiduddin said.
- Farashuddin suggested a three-year economic reform programme for the banking sector, saying that defaulted loans affected economy severely.

News Source:

https://www.newagebd.net/post/banking/235328/bank-sector-battered-by-people-with-political-clouts-economists

5 banks to seek offshore banking deposits at NY campaign

- The managing directors (MDs) of five banks are going to New York to participate in a campaign on May 24 to encourage expatriates to deposit dollars in offshore banking accounts.
- Amidst a lingering US dollar crisis in Bangladesh, some banks are emphasising on offshore banking to increase the supply of the greenback in the south Asian country's banking sector.
- As a part of the effort, BRAC Bank, Dutch-Bangla Bank, Bank Asia, Agrani Bank and City Bank will arrange a dinner for expatriate Bangladeshis at New York LaGuardia Airport Marriott.
- Investors enjoy tax-free profit of up to 8.40% on fixed deposits for terms ranging from three months to five years.

- They are also able to transfer funds internationally without any restriction along with profit.

News Source:

https://www.thedailystar.net/business/news/5-banks-seek-offshore-banking-deposits-ny-campaign-3612946

Banking loses ability to support financial sector

- Bangladesh's banking system has lost its ability to support financial sector for a lack of transparency and accountability in an ambiance of foisted direction, says an economist.
- Whole banking sector has lost confidence of the depositors, which is a matter of concern, said Dr Fahmida Khatun in a function Saturday, where entire gamut of latest banking situation, including forced mergers, came up for a critical review.
- She said the central bank is unable to make decision independently and often implement "externally imposed" decisions.
- On recent move to merge weak banks with stronger ones, Dr Fahmida said the forced bank mergers without adequate preparation of the BB may not be sustainable.
- The regulator should avoid forcing the banks to merge with each other, she suggests.

News Source:

https://today.thefinancialexpress.com.bd/first-page/banking-loses-ability-to-support-financial-sector-1716051842

Telecommunication

Internet subscriber base sees massive boost

- The number of internet subscribers in Bangladesh spiked by a massive 43.5 lakh in March, the biggest jump in recent years, with mobile data users making up a bulk of the new customers.
- There were about 13.47 crore internet users in March, up from 13.03 crore previously, according to the latest data of the Bangladesh Telecommunication Regulatory Commission (BTRC) and this is the highest growth since at least August 2021.
- But the officials of mobile network operators said the growth has not translated into revenue growth as most new internet users are secondary SIM subscribers who try different operators to find the cheaper data services.

News Source:

https://www.thedailystar.net/business/news/internet-subscriber-base-sees-massive-boost-3613076

Apparel and textile

Policy support for circular economy needed to sustain RMG exports to EU: Expert

- Bangladesh needs to provide policy support for the development of a circular economy to sustain readymade garment exports to European Union (EU) countries and prepare for future challenges in this regard, said Ferdaus Ara Begum, chief executive officer of the Business Initiative Leading Development (BUILD).

- Today (18 May), on the second day of the Biennial Conference of the Bangladesh Economic Association, she said the EU has initiated the development of a carbon-neutral supply chain. In line with this vision, they are planning to impose carbon taxes on various goods.
- Additionally, they have introduced legislative measures such as the Digital Product Passport (DPP) under the EU Green Deal and the Eco-design for Sustainable Products Regulation, she added.
- Bangladesh's major export product, apparel, is currently not on the risk list but it could be included at any time.
- 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/policy-support-circular-economy-needed-sustain-rmg-exports-eu-expert-854436

Capital Market

DSEX drops down to 3-year low

- The key index DSEX of the Dhaka Stock Exchange (DSE) plunged to a three-year low today (16 May), driven by a selling spree amid bearish market sentiment.
- At the end of the session, the DSEX declined by 9 points, closing at 5,517, extending the losing streak for the fourth consecutive day.
- Three years ago on 3 May 2021, DSEX stood at 5,511 points.
- During the last four sessions, DSEX lost 179 points, while the DSE lost over BDT 9,000 crore in market capitalisation.
- On Thursday, daily turnover at the country's premier bourse increased by 29% to reach BDT 676 crore.

News Source:

https://www.tbsnews.net/economy/stocks/stocks-inch-opening-session-852491

Companies hide information in financial report: DSE Chairman

- Listed companies do not publish their financial reports with all the required information which misguides investors, the Dhaka Stock Exchange (DSE) Chairman Dr Hafiz Muhammad Hasan Babu said yesterday (16 May).
- Even auditors hide the information in the companies' audit reports, he said while addressing a seminar titled "Financial Reporting and Disclosures: Regulatory Requirements" organised by the DSE on the day in the capital.
- Speaking at the event DSE Chairman Babu said, "Currently, the capital market is facing many problems due to lack of transparency in various financial issues.
- He also said due to the lack of study of various regulations, the rules are not being followed properly in financial reporting.

News Source:

https://www.tbsnews.net/economy/stocks/companies-hide-information-financial-report-dse-chairman-853511