Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,431.28
% change	-1.56%
DS30 Index	1,948.44
% change	-1.29%
DSES Index	1,191.64
% change	-1.69%
Turnover (BDT mn)	4,091.90
Turnover (USD mn)	34.78
% change	-39.54%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	40,003.59
% change	0.00%
S&P 500	5,303.27
% change	0.00%
Nikkei 225	38,787.38
% change	0.00%
FTSE 100	8,420.26
% change	0.00%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	117.45	117.65
EUR	127.67	127.93
GBP	149.15	149.45
INR	1.41	1.41
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
19-May-24	8.50 - 10.00	9.08
16-May-24	8.50 - 10.00	9.18
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	84.09	0.13%
Gold Spot, USD/t oz.	2,438.67	0.97%
Cotton, USD/lb.	76.37	0.63%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX lost 1.56% in the last trading day, closing at 5,431.28 points.
- The daily turnover decreased 39.54% 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 except the Euro.
- The average overnight rate is falling in the past week.
- The current weighted average overnight rate stood at 9.08% 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

Online tax returns can bring $32b extra revenues annually: CPD

- Bangladesh can raise an additional USD 32.6 billion in revenues annually within the next four years if the electronic filing of tax returns can be ensured, said the Centre for Policy Dialogue (CPD) yesterday.
- This is around 5% of the nation's gross domestic product (GDP), said the independent think-tank at a dialogue on the digitalisation of the taxation system.
- Through the digitalisation of the whole taxation system, Bangladesh can gradually enhance the tax revenue to GDP ratio to 16% by fiscal year 2029-30, according to Mustafizur Rahman, a distinguished fellow of the CPD.
- In other words, USD 167 billion can be generated in the form of tax revenue by FY2030 through digitalisation, he said while presenting a paper.
- Tax revenue generation in Bangladesh remains low in context to its neighbours, which has led policymakers, economists and stakeholders to draw attention to the country's increasing dependence on loans to finance public expenditure.

News Source:

https://www.thedailystar.net/business/news/online-tax-returns-can-bring-32b-extra-revenues-annually-cpd-3613841

Govt brings down ADP for a lack of fund

- The government is currently faced with a lack of funds, evidenced by a reduction in allocations it provided from the exchequer for the upcoming Annual Development Programme (ADP), said Fahmida Khatun, executive director of the Centre for Policy Dialogue.
- Due to a shortage of its own resources, the government is facing financial stress," she told The Daily Star in a short interview yesterday.
- The government on May 16 approved BDT 2.65 lakh crore for the ADP for fiscal year 2024-25.
- A total of BDT 1.65 lakh crore is coming from the government's own pockets, down from BDT 1.69 lakh crore provided in the ADP of the ongoing fiscal year.
- According to Fahmida, the education and health sectors had to bear the allocation cuts.

News Source:

https://www.thedailystar.net/business/news/govt-brings-down-adp-lack-fund-3613081

Achieving $110b export target by FY27 is difficult

- The government's target of earning USD 110 billion from exports by the fiscal year of 2026-27 would be difficult to attain because of the persisting challenges in the global and local economies, economists and businesspeople said.
- Over the last two decades, Bangladesh's shipment has grown by 10.25% annually on average.
- This means if the country wants to pull off the goal by FY27, the export growth has to be accelerated.
- The government has fixed the new target in its Export Policy for 2024-27.

- Exporters and economists, however, expressed doubts about whether the goal can be hit since consumers globally have long been feeling the pinch of an elevated level of inflation caused by the global supply chain disruptions amid the dragging fallout of the Covid-19 and the Russia-Ukraine war.

News Source:

https://www.thedailystar.net/business/news/achieving-110b-export-target-fy27-difficult-3613856

Sectoral Update

Banks, NBFIs, and Insurance

BB to apply moral suasion to keep lending rate within 14pc

- Businesses' worry over interest instability prompts the central bank to weigh playing the morality card to peg bank lending rate within 14%, in an exigent paradigm shift.
- Officials say the Bangladesh Bank (BB) is now considering applying 'moral suasion' on the commercial banks to keep the maximum lending rate within 14% on the money market.
- Moral suasion mechanism comes into play to prevent any possible act of unusual hike in the lending rate by banks taking the opportunity of the market-oriented interest regime, just pivoted to through the lift of limits.
- Moral suasion is a type of influencing procedure which is applied by central banks to keep the pressure on commercial banks in order to abide by the monetary policies that are established.
- Most of the moral suasion involves verbal gestures and signalling through central bank minutes.

News Source:

https://today.thefinancialexpress.com.bd/first-page/bb-to-apply-moral-suasion-to-keep-lending-rate-within-14pc-1716141351

Bangladesh to launch US roadshow with 30 banks' MDs to advertise offshore services

- Bangladesh will organise a big roadshow in the USA next Friday (24 May) with 30 managing directors of different domestic banks to attract dollar deposits in response to recent foreign exchange fluctuations.
- A total of 45 officials, including MDs of 30 banks, are going to the USA for a special promotion program to increase US dollar deposits in banks through offshore accounts.
- This is the first time such a big gathering of Bangladeshi bank MDs will be held abroad.
- According to the source, commercial banks are launching special campaigns to increase the flow of dollar deposits.
- Expatriates will be encouraged to send dollars through banking channels.

News Source:

https://www.tbsnews.net/economy/banking/bangladesh-launch-us-roadshow-30-banks-mds-advertise-offshore-services-855411

Leading NBFIs benefit little from higher interest rates in fierce fight for deposits

- Leading non-bank financial institutions' cost of funds rose amid monetary tightening, resulting in a lower profit in the first quarter through March this year, compared to the same quarter last year.
- Hence, the hikes in lending rates after the withdrawal of the 9% rate cap could do little to boost their income.
- The weighted average cost of funds of NBFIs in January 2023 was 6.65%, which reached 7.50% in January this year, according to the Bangladesh Bank data.
- At the same time, the adjusted cost of credit rose to 8.79% in January this year from 7.59%in January last year.
- Moreover, NBFIs could not increase interest rates immediately for old clients even after the central bank had lifted the interest rate cap in July last year.

News Source:

https://today.thefinancialexpress.com.bd/stock-corporate/leading-nbfis-benefit-little-from-higher-interest-rates-in-fierce-fight-for-deposits-1716137183

Telecommunication

Robi, Banglalink may share network resources

- Mobile network operators Robi and Banglalink recently signed a memorandum of understanding (MoU) to evaluate the potential sharing and rationalisation of their network resources.
- This collaboration is set to expand 4G access nationwide, enhancing both the quality and speed of mobile broadband for customers.
- Sharing network resources is a global best practice in the telecom industry and it promotes an asset-light business model and supports both companies' commitment to environmental sustainability through optimised use of energy resources.
- Additionally, it ensures better cost efficiency and usage of telecom resources, enabling investments in service quality and value-added services.
- Furthermore, the sharing of network resources among operators helps save foreign currency.

News Source:

https://www.thedailystar.net/business/news/robi-banglalink-may-share-network-resources-3613821

Apparel and textile

BGMEA seeks extension of EU's Everything but Arms facility

- Bangladeshi garment makers today urged the European Union (EU) for extending the transition period from the Everything but Arms (EBA) to the GSP Plus scheme to help Bangladesh export more to the EU member countries.
- SM Mannan Kochi, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), made the call in a meeting with Charles Whiteley, EU ambassador in Bangladesh, at the BGMEA office in Dhaka.

- The extension of the EBA is crucial to ensure that Bangladesh can sustain its economic growth even after graduating from the least developed country category, Kochi said in a statement.
- The BGMEA chief also sought cooperation from the EU envoy for capacity building of the industry.
- He also requested the envoys to engage with European buyers to ensure fair pricing and ethical sourcing.

News Source:

https://www.thedailystar.net/business/news/bgmea-seeks-extension-eus-everything-arms-facility-3613791

Engineering

Four steelmakers control 53% of the market: study

- Although there are around 40 steelmakers in Bangladesh, just four based in Chattogram are currently catering to 53% of the total demand, according to market studies and industry insiders.
- The four major steelmakers are Bangladesh Steel Re-Rolling Mills (BSRM), Abul Khair Steel (AKS), GPH Ispat and Kabir Steel Re-Rolling Mills (KSRM).
- According to BigMint, a platform for commodity price reporting, market intelligence and consulting, the BSRM caters to around 25% of the domestic demand while AKS contributes 14%, GPH 8% and KSRM 6%.
- At present, the 40 steelworks active in Bangladesh have a combined capacity to produce 90 lakh tonnes of steel each year against an annual requirement of around 85 lakh tonnes.
- Individually, the BSRM has an annual production capacity of about 24 lakh tonnes while AKS 15 lakh tonnes.

News Source:

https://www.thedailystar.net/business/news/four-steelmakers-control-53-the-market-study-3613811

Power and Energy

Cox's Bazar 60MW wind power plant: Making use of a nature's gift

- While solar plants require an average 3 acres of land to generate 1 megawatt of electricity, Cox's Bazar wind power plant has turned out to be a game changer for Bangladesh – a densely-populated country with limited availability of land – by producing a remarkable 60MW using just 7.5 acres.
- The full-scale wind power plant presents significant prospects for Bangladesh in expanding its renewable energy capacity to fight against climate change, said M Zakir Hossain Khan, a climate and renewable energy finance expert.
- He also said, Natural calamities can be a challenge for such a plant and we need to protect it by taking proper steps and making it more sustainable.
- Situated at Khurushkul near Cox's Bazar beach, the country's maiden wind-based plant went into commercial production on 8 March this year.

News Source:

https://www.tbsnews.net/bangladesh/energy/coxs-bazar-60mw-wind-power-plant-making-use-natures-gift-855416

Capital Market

DSE index hits three-year low

- The benchmark index of the Dhaka Stock Exchange (DSE) saw another massive slump today as it plunged below the 5,500-point-mark after a break of over three years.
- The DSEX, the index of the country's prime bourse, lost 86.14 points, or 1.56% to close the day at 5,431.28.
- Last time stocks went below the 5,500-point-mark on April 29 of 2021.
- The DSES, an index that represents shariah-compliant companies, fell 20.52 points, or 1.69%, to 1,191.64 whereas the DS30, which comprises best blue-chip stocks, dropped 25.55 points, or 1.29%, to hit 2,046.81 points.
- Turnover, which indicates the volume of shares traded during the session, decreased by 39.54% from the previous day to end the day at BDT 5.09 crore today.

News Source:

https://www.thedailystar.net/business/news/dse-index-hits-three-year-low-3613681

BSEC approves launching of two MFs

- The Bangladesh Securities and Exchange Commission (BSEC) has approved draft prospectuses of two open-ended mutual funds.
- It has also allowed Power Grid Company of Bangladesh to issue preference shares against share money deposits received from the government.
- IDLC Nagorik SDG Fund has set an initial target of raising BDT 250 million by issuing units worth BDT 10 each.
- As sponsor, IDLC Asset Management has contributed BDT 25 million and the remaining BDT 225 million will be collected from general investors.
- The initial size of another open-ended fund namely CWT High Income Fund will also be BDT 250 million where CWT Asset Management Company is the sponsor of the fund and has contributed BDT 25 million.

News Source:

https://www.thedailystar.net/business/news/why-are-investors-leaving-the-stock-market-3613066

Why are investors leaving the stock market?

- Stock investors in Bangladesh are leaving the share market as they are losing their hard-earned money because of the persisting fall of the indices driven by the prolonged economic crisis, the worsening health of the banking industry, and rising interest and exchange rates.
- Although each BO account does not necessarily refer to a stock investor, the number is still tiny in a country of 17 crore people.
- The decline is mainly the result of a long absence of good governance in the market, the lack of a high number of sound companies, rapidly rising interest rates in the banking sector, and the gloomy economic outlook, said industry people.

News Source:

https://www.thedailystar.net/business/news/why-are-investors-leaving-the-stock-market-3613066