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Daily News Snippet

May 21, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,393.65
% change	-0.69%
DS30 Index	1,938.88
% change	-0.49%
DSES Index	1,180.76
% change	-0.91%
Turnover (BDT mn)	5,612.15
Turnover (USD mn)	47.76
% change	37.15%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	39,806.77
% change	-0.49%
S&P 500	5,308.13
% change	0.09%
Nikkei 225	39,069.68
% change	0.73%
FTSE 100	8,424.20
% change	0.05%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	117.48	117.50
EUR	127.70	127.77
GBP	149.19	149.26
INR	1.41	1.41
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
20-May-24	8.50 - 10.00	9.22
19-May-24	8.50 - 10.00	9.08
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	83.24	-1.01%
Gold Spot, USD/t oz.	2,413.29	-1.04%
Cotton, USD/lb.	75.81	-0.73%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX lost 0.69% in the last trading day, closing at 5,393.65 points.
- The daily turnover increased 37.15% in the last trading day.

Global Market

- Majority of the leading global indices posted positive returns as Dow Jones posted 0.49% loss, S&P 500 posted 0.09% gain and FTSE 100 posted 0.05% gain.
- One of the leading Asian market indices, NIKKEI 225 posted 0.73% gain.

Key macro indicators

- All the major currencies fell against BDT yesterday.
- The average overnight rate is rising in the past week.
- The current weighted average overnight rate stood at 9.22% with a high rate of 10.00% and low rate of 8.50%.
- The oil price decreased 1.01% in the last trading day.`

Bangladesh Macro Update

GDP grows 5.82% in FY24, up from last year's 5.78%: BBS

- Bangladesh's economy is projected to grow at 5.82% in the current fiscal year ending on 30 June, according to a provisional estimate by the Bangladesh Bureau of Statistics.
- This growth in gross domestic product is a slight increase from last fiscal year's 5.78% and aligns closely with the International Monetary Fund's forecast of 5.7% and the World Bank's 5.6%.
- Meanwhile, per capita income has risen slightly to USD 2,784 in the current fiscal year from USD 2,749 in the previous year, as per the estimate based on data from the first seven months of the current fiscal year (FY24).
- In the current budget, the growth rate was initially projected at 7.5%, which was later revised downward to 7%.
- Bangladesh's GDP at current prices stands at USD 459 billion, up from USD 452 billion in the previous fiscal, with the GDP in FY22 reaching USD 460 billion.

News Source:

https://www.tbsnews.net/economy/gdp-grows-582-fy24-last-years-578-bbs-856206

France to provide Euro 300m budget support

- Bangladesh has secured Euro 300 million in loan as budget support from France which will be disbursed over the next three years.
- The France development partner-AFD on Monday confirmed the concessional loan through an agreement with the Economic Relations Division (ERD), a press release from the ERD said.
- ERD Secretary Md Shahriar Kader Siddiky and AFD Deputy County Director for Bangladesh Cecilia CORTESE signed the loan agreement on Monday at ERD in Dhaka.
- The Ambassador of France Marie Masdupuy was also present at the signing ceremony.
- The programme aims at supporting Bangladesh's climate-resilient and low-carbon development pathway, in line with the medium and long-term national priorities defined in the National Adaptation Plan [NAP], the Mujib Climate Prosperity Plan [MCPP] and the Nationally Determined Contributions [NDC].

News Source:

https://today.thefinancialexpress.com.bd/last-page/france-to-provide-euro-300m-budget-support-1716229367

Tk 100cr budget for women entrepreneurs lies idle for lack of awareness

- Though the government allocates BDT 100 crore in the national budget every year for the development of women entrepreneurship, not a single penny of this money gets used as the entrepreneurs lack awareness on how to ensure optimum utilisation of the fund.
- The entrepreneurs should be more enthusiastic about utilising this fund as the government is keen to finance their development, according to Waseqa Ayesha Khan, the state minister for finance.
- She was addressing a seminar, styled "Smart Financing for Smart Bangladesh: Possible Solutions for Mainstreaming the Marginal Entrepreneurs".

- The event was organised by the Small and Medium Enterprise (SME) Foundation in association with Aspire to Innovate (a2i) at the Bangabandhu International Conference Center in Dhaka yesterday.
- According to the state minister for finance, SMEs have a tremendous contribution to the economy and can play a vital role in realising the "Smart Bangladesh" initiative by digitalising their operations.

News Source:

https://www.thedailystar.net/business/news/tk-100cr-budget-women-entrepreneurs-lies-idle-lack-awareness-3614726

Petrobangla, BPC owe Tk54,775cr to NBR

- The Bangladesh Oil, Gas and Mineral Corporation, commonly known as Petrobangla, Bangladesh Petroleum Corporation (BPC) and the oil and gas distribution companies operating under them have racked up a staggering BDT 54,775 crore in debt to the National Board of Revenue (NBR).
- They have been unable to pay taxes for many years due to fund crunch..
- To remedy this situation, NBR in collaboration with its field offices organised a meeting, regarding the existing dues and how this outstanding debt will be paid, with Petrobangla, BPC and their distribution companies on Monday.
- At the meeting, both parties decided to clear all dues through book transfer payment.
- To resolve the outstanding dues, they will require the necessary allocation of funds from the finance ministry or book adjustment in favour of these companies, officials said.

News Source:

https://businesspostbd.com/power-energy/petrobangla-bpc-owe-tk54775cr-to-nbr

Sectoral Update

Banks, NBFIs, and Insurance

Bank deposits shrink for merger panic, bond baits

- Bankers exasperate over deposit-stock depletion as bank-merger panic and treasuries bait drive away depositors and investors, leaving some of the lenders high and dry, sources say.
- The trend again leads to a rise in the volume of mattress money or currency outside the banking channel, official data showed.
- As a spillover effect, the volume of un-invested cash or cashable credits in the bank vaults kept dropping, which becomes a matter of concerns to the liquidity-hungry banks that have to borrow costly funds to run clientele service.
- According to statistics of Bangladesh Bank (BB), the country's central bank, the deposit outflow from the banking system kept declining gradually since June 2023 through the first four months of the current fiscal year (FY'24) in a much-cherished respite to the commercial lenders from liquidity tightness.
- Since the month of November, the flow has shown a reverse course with the volume of currency outside bank vaults bloating by around BDT 25 billion to BDT 2.48 trillion from October's count of BDT 2.45 trillion.

News Source:

https://today.thefinancialexpress.com.bd/first-page/bank-deposits-shrink-for-merger-panic-bond-baits-1716228455

BB lets bankers offer existing dollar rate to exporters

- In its effort to arrest the fall in forex reserves and bring unrealised export proceeds into the country, the Bangladesh Bank today allowed bankers to offer the existing US dollar exchange rate to exporters.
- The relaxation comes nearly two weeks after the central bank introduced the crawling peg exchange rate system.
- Following the relaxation, the inflow of US dollars is likely to increase, bankers said.
- In March last year, the central bank asked banks to buy the greenback from exporters based on its value on the due date of proceed realisation rather than the prevailing rate.
- As per the rule, exporters are required to bring export proceeds within four months of shipment.

News Source:

https://www.thedailystar.net/business/news/bb-lets-bankers-offer-existing-dollar-rate-exporters-3614796

Lending through agent banking rises 41%.

- Loan disbursement through agent banking outlets rose by a massive 41.27% year-on-year as of March this year mainly thanks to the easy processing system, low transaction cost and comparatively lower interest rates.
- The country's 15,835 agents handed over BDT 16,482.5 crore agent banking loans as of March this year, up from BDT 11,667 crore in March last year, according to Bangladesh Bank's January-March quarterly report on agent banking.
- Mohd Ziaul H Molla, deputy managing director of Bank Asia, a leader in agent banking in Bangladesh, credited the growth in agent banking loan disbursement to its easy, customer-convenient and cost-effective process.
- To avail a loan from an agent banking outlet, customers do not need to visit a bank branch which is far away from their home, said Molla.
- The alternate delivery channel of banking services introduced by Bangladesh Bank in 2013 is also gaining popularity as agent banking deposits posted a 16.52% year-on-year growth as of March this year.

News Source:

https://www.thedailystar.net/business/news/lending-through-agent-banking-rises-41-3614751

ERF wants easy entry of journalists to central bank

- Leaders of the Economic Reporters' Forum (ERF) today demanded that the Bangladesh Bank (BB) remove the conditions for entry of journalists to the office of the central bank for gathering information.
- The BB has been restricting entry of journalists to the central bank since March 21 claiming to stop the leaking of confidential information of the central bank.
- As the BB has stopped the previous entry procedures, now journalists who want to enter the central bank for collecting information have to register their names in advance and call the officials concerned for permission for entry.
- Earlier, it was not in place and journalists could talk to officials concerned and visit their desks easily.

News Source:

https://www.thedailystar.net/business/news/erf-wants-easy-entry-journalists-central-bank-3614811

Apparel and textile

Garment exports to India fall 22pc in July-March

- Bangladesh has seen a 22.31% year-on-year decline in garment exports to India during the first nine months of the current fiscal year, data shows, despite an increase in shipments to other non-traditional markets.
- Exporters point at shrinking demand in India and the growing influence of the "self-reliant India" campaign for the fall.
- They also cite challenges at home such as rising production costs due to energy price hikes, inconsistent gas supply and recent wage increases, which are eroding competitiveness.
- According to them, India data reflect the real scenario of Bangladesh's overall export performance.
- Bangladesh's readymade garment (RMG) exports to India fetched USD 645.18 million between July and March of the 2023-24 fiscal year, compared to the USD 830.51 million earned during the same period in the previous year, according to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

News Source:

https://today.thefinancialexpress.com.bd/last-page/garment-exports-to-india-fall-22pc-in-july-march-1716229284

Local digital marketplace for garments to boost exports

- Tech giants like Amazon and Alibaba are generating millions of dollars in revenue from Bangladesh selling garments made locally in the absence of a homegrown digital marketplace capable of engaging in international trade.
- To fill the void, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) wanted to launch such an international virtual marketplace but had to stop short for the absence of government policies.
- An existing National Digital Commerce Policy of 2018 is meant to govern only the domestic market and does not have any explicit clause enabling international e-commerce.
- In effect, homegrown virtual marketplaces can only facilitate trade in the domestic markets.

News Source:

https://www.thedailystar.net/business/news/local-digital-marketplace-garments-boost-exports-3614761

Power and Energy

JICA suggests updating grid frequency

- The power grid of Bangladesh needs to be prepared immediately to accommodate sophisticated power sources like Rooppur nuclear power plant that is scheduled to evacuate 2,400 megawatts of power in the coming years.
- A Japan International Cooperation Agency (JICA) has made the suggestion in a recent study report.
- It has also proposed to upgrade the national load dispatch centre, capacity development of officials and several mid- and long-term activities.
- As per the Integrated Energy and Power Master Plan, multiple grid- and household-level renewable energy sources are also expected to come on line, which will further add to the complexity, it says.

- The JICA has conducted the study following national grid failure and countrywide power blackout on 04 October 2022.

News Source:

https://today.thefinancialexpress.com.bd/last-page/jica-suggests-updating-grid-frequency-1716229331

Capital Market

Stocks fall for sixth consecutive day

- Shares at the Dhaka Stock Exchange (DSE) fell for the sixth straight day today due to the price erosion of selective large-cap scrips.
- Today's market opened under the weight of the previous day's massive fall and finally finished the day with a moderate slump.
- The DSEX, the benchmark index of the DSE, plunged 37.63 points, or 0.69%, to settle the day at 5,393.65, the lowest in more than three years..
- Likewise, the DSES, the index that comprised shariah-based companies, edged down 10.88 points, or 0.91%, to 1,180.76 whereas the DS30, the index which represents the best blue-chip stocks, slipped 9.56 points, or 0.49%, to 1,938.88.
- However, daily market turnover, which indicates the amount of trading activity of the DSE, stood at BDT 56.12 crore, an increase of 37.15% from the previous day.

News Source:

https://www.thedailystar.net/business/news/stocks-fall-sixth-consecutive-day-3614581

Exchanges to decide stocks' category from now on

- Both the stock exchanges have been given the authority to transfer any listed security to 'Z' category without permission from the securities regulator.
- To this effect, the Bangladesh Securities and Exchange Commission (BSEC) on Monday issued a directive.
- Previously, the bourses could move a stock to 'Z' category if the company failed to declare any dividends.
- Since September 2020, the exchanges needed regulatory permission for that.
- As per the existing provision, a stock is transferred to 'Z' category if the company has failed to pay any dividend for two consecutive years from the date of declaration of the last dividend.

News Source:

https://today.thefinancialexpress.com.bd/stock-corporate/exchanges-to-decide-stocks-category-from-now-on-1716227128