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Daily News Snippet

April 22, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,653.71
% change	-0.58%
DS30 Index	1,982.43
% change	-0.11%
DSES Index	1,238.55
% change	-0.64%
Turnover (BDT mn)	4,782.35
Turnover (USD mn)	43.48
% change	-8.47%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	37,986.40
% change	0.56%
S&P 500	4,967.23
% change	-0.88%
Nikkei 225	37,068.35
% change	-2.66%
FTSE 100	7,895.85
% change	0.24%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	110.00	110.00
EUR	117.19	117.23
GBP	136.08	136.13
INR	1.32	1.32
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
21-Apr-24	8.00 - 9.50	8.79
18-Apr-24	8.00 - 9.50	8.87
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	87.29	0.21%
Gold Spot, USD/t oz.	2,391.93	0.54%
Cotton, USD/lb.	81.02	0.51%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX lost 0.58% in the last trading day, closing at 5,653.71 points.
- The daily turnover decreased 8.47% in the last trading day.

Global Market

- Majority of the leading global indices posted mixed returns as Dow Jones posted 0.56% gain, S&P 500 posted 0.88% loss, and FTSE 100 posted 0.24% gain.
- One of the leading Asian market indices, NIKKEI 225 posted 2.66% loss.

Key macro indicators

- All the major currencies fell against BDT yesterday.
- The average overnight rate is falling in the past week.
- The current weighted average overnight rate stood at 8.79% with a high rate of 9.50% and low rate of 8.00%.
- The oil price rose 0.21% in the last trading day.

Bangladesh Macro Update

Govt may lower corporate tax to encourage compliance

- The government may reduce the corporate tax rate in fiscal 2024-25 in a bid to encourage compliance and boost collection, according to officials of the finance ministry.
- As such, the National Board of Revenue (NBR) will likely propose reducing the tax on corporate profits by 2.5 percentage points for both listed and non-listed companies.
- Besides, the government is also planning to increase the revenue collected from high-income individuals by increasing income tax on the segment to 30% from 25% for the next fiscal year.
- The government revenue authority is planning fiscal measures like raising the tax rate on higher-income people to contain the country's gaping income inequality: Finance ministry officials said.

News Source:

https://www.thedailystar.net/business/economy/news/govt-may-lower-corporate-tax-encourage-compliance-3592241

Foreign loan interest payment surpasses $1b for first time

- Bangladesh's interest payments on foreign loans have exceeded $1 billion for the first time, driven by a shift towards pricier market-based loans and a weakening taka.
- According to the Economic Relations Division (ERD), the country paid $927 million in interest during the fiscal year 2022-23. This figure has already climbed to $1.05 billion in the first nine months of the current fiscal year (July-March).
- An ERD report, released yesterday, highlights a significant rise in interest payments to development partners. From July to March, Bangladesh paid $1.05 billion, a staggering 117% increase from the $485.90 million paid during the same period last year.
- Bangladesh's growing reliance on market-based loans, which typically carry higher interest rates than concessional loans, is another contributing factor.

News Source:

https://www.tbsnews.net/economy/foreign-loan-interest-crosses-1-billion-9-months-833281

Govt to buy more rice as global prices soar

- The government will procure 1.75 million tonnes of paddy, rice and wheat combined this year during its Boro procurement drive.
- This target is 100,000 tonnes higher than last year's, according to the food ministry on Sunday, as the authorities look to maximise food grain stockpiles amid high international rice prices.
- Rice and paddy procurement prices have been increased by Tk 1.0 and Tk 2.0 per kg respectively this year to attract both farmers and millers to participate in the government's grain collection drive. However, the wheat procurement price has been reduced by Tk 3.0 per kg.

News Source:

https://today.thefinancialexpress.com.bd/last-page/govt-to-buy-more-rice-as-global-prices-soar-1713722954

Sectoral Update

Banks, NBFIs, and Insurance

Banks cut rural credit

- Commercial banks' spotlight on burgeoning rural Bangladesh keeps fading with disbursement of formal credits and the number of branches in the least-developed areas constantly shrinking, leaving potential local economy in the lurch.
- Officials and bankers have said because of the bank-financing crunch, condition of cottage, micro, small and medium enterprises (CMSMEs) in the rural areas is worsening by way of losing their market to imports.
- Bankers have identified several factors like rising cost of fund and production in this higher-interest and-inflation regime that made a strong bite on the demand for credits in the rural areas after the covid-induced shocks.
- As a matter of fact, the banks, as part of their cost-cutting mechanism, keep reducing the number of rural outlets but serve their rural clients through agent banking.

News Source:

https://today.thefinancialexpress.com.bd/first-page/banks-cut-rural-credit-1713722665

Bank interest rate spread crosses 5pc after 9 years

- The weighted average interest rate spread in Bangladesh's banking sector exceeded 5 per cent in February after 2015, driven by rising lending rates.
- According to Bangladesh Bank data, the overall interest rate spread rose to 5.04 per cent in February 2024 compared with 4.66 per cent in December 2023, and significantly up from 2.93 per cent in June 2023. The spread was highest after February 2015 when it was at 5.04 per cent.
- The introduction of a lending rate cap at 9 per cent from April 1, 2020 led to a sharp decline in the interest rate spread at that time. However, the spread began to increase after the central bank removed the 9-per cent lending rate cap in July the following year..

News Source:

https://www.newagebd.net/post/Banking/233192/bank-interest-rate-spread-crosses-5pc-after-9-years

Unearth real data of bad loans

- Noted economist Prof Rehman Sobhan yesterday said there is no real data on non-performing loans (NPL) in the banking sector, mentioning that many companies are not repaying their loans and instead rescheduling them year after year and those are excluded from the total default loan amount.
- At the end of December 2023, Bangladesh's banking sector had NPLs worth Tk 145,600 crore, around 9% of total outstanding loans, central bank data showed.
- Prof Sobhan said that the government had promised to publish a list of the top 100 defaulters in the country, but it did not do so.

News Source:

https://www.thedailystar.net/business/economy/news/unearth-real-data-bad-loans-3592221

Apparel & Textile

Apparel exports to EU jump 8.5% in Feb

- Bangladesh's apparel exports to the European Union market surged by 8.5% month-on-month to around €1.3 billion in February this year – the highest in the last four months.
- However, shipments to the 27-nation economic bloc remained 18.6% lower compared to the corresponding month a year ago, according to Eurostat.
- Bangladesh has witnessed the most significant decline in apparel exports among its competitors in the EU countries during the first two months of 2024. This trend mirrors a similar decline observed in the United States market during the same period.
- SM Mannan Kochi, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said apparel exports are facing a challenging time as most buyers are not paying proper prices.

News Source:

https://www.tbsnews.net/economy/rmg/apparel-exports-eu-jump-85-feb-833346

US sets 11 conditions for more investment in Bangladesh

- The Biden administration yesterday informed of 11 conditions under a "Bangladesh Labour Action Plan" which Bangladesh has to comply with in order to secure more US investment.
- The first condition is that Bangladesh has to take meaningful actions to prevent and hold violators accountable for acts of violence and harassment against union organisers, workers, and legal protest activities.
- Moreover, Bangladesh has to drop or resolve criminal charges against labour activists and publicly announce credible actions taken.
- Besides, Bangladesh has to investigate and resolve specific alleged cases of unfair labour practices by employers, and improve access to justice for workers and trade unions for anti-union discrimination, retaliation, and other unfair labour practices.

News Source:

https://www.thedailystar.net/business/economy/news/us-sets-11-conditions-more-investment-bangladesh-3592256

Power & Energy

Power crisis soars amid scorching temp

- The power shortage doubled to almost 1,000MW on Sunday, compared with the day before, as electricity demand surged amid an unrelenting heatwave sweeping over most of Bangladesh.
- People's suffering increased because of a surge in power cuts. At 1:00am on Sunday, the Power Grid Company of Bangladesh reported that load-shedding stood at 966MW with 14,288MW generated against the demand of 15,300MW.
- The load-shedding at the same hour on Saturday was recorded to be 517MW. The power demand is likely to exceed 16,000MW by today, potentially leading to an even worse power crisis.

- Bangladesh's installed generation capacity exceeds 27,000MW. Over half of the capacity remained unused because of fuel shortages owing to the dollar crisis.

News Source:

https://www.newagebd.net/post/country/233217/power-crisis-soars-amid-scorching-temp

Capital Market

Stocks continue to bleed amid uncertain market outlook

- Dhaka stocks extended losses for the fifth consecutive session on Sunday as, according to market insiders, investors remained hesitant to pour funds amid concerns over economic uncertainties arising from tensions in the Middle East.
- The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), also experienced a downturn, ending 32 points lower at 5,663, while the blue-chip index DS30 dropped 2 points to close at 1,982.
- Only 75 stocks advanced, 285 declined, and 33 remained unchanged, while the DSE turnover fell by 8% to Tk478 crore compared to the previous session.
- The managing director of a brokerage firm told The Business Standard that bearish sentiment has arisen among investors.

News Source:

https://www.tbsnews.net/economy/stocks/stocks-continue-bleed-fifth-straight-day-832966

BSEC calls meeting on Monday to address 5-day stock downfall

- The Bangladesh Securities and Exchange Commission (BSEC) is holding a meeting with the concerned people to find out what can be done to prevent the fall in the stock market. The meeting has been called at the BSEC office on Monday at 3pm.
- Apart from this, the Dhaka Stock Exchange (DSE) has been instructed to investigate whether there is any deliberate price fall in the market or whether there is any irregularity in the price fall.
- Investors remained hesitant to pour funds amid concerns over economic uncertainty arising from tensions in the Middle East.
- Over the past five sessions, the DSEX has recorded a cumulative loss of 211 points.

News Source:

https://www.tbsnews.net/economy/stocks/bsec-calls-meeting-monday-address-5-day-stock-downfall-833286