Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,371.10
% change	-0.42%
DS30 Index	1,929.93
% change	-0.46%
DSES Index	1,174.56
% change	-0.53%
Turnover (BDT mn)	5,916.22
Turnover (USD mn)	50.22
% change	5.42%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	39,671.04
% change	-0.51%
S&P 500	5,307.01
% change	-0.27%
Nikkei 225	38,617.10
% change	-0.85%
FTSE 100	8,370.33
% change	-0.55%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	117.45	117.80
EUR	127.49	127.92
GBP	149.21	149.70
INR	1.41	1.41
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
21-May-24	8.50 - 10.00	9.30
20-May-24	8.50 - 10.00	9.22
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	81.56	-0.42%
Gold Spot, USD/t oz.	2,371.47	-0.34%
Cotton, USD/lb.	79.14	-0.30%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX lost 0.42% in the last trading day, closing at 5,371.10 points.
- The daily turnover increased 5.42% in the last trading day.

Global Market

- Majority of the leading global indices posted negative returns as Dow Jones posted 0.51% loss, S&P 500 posted 0.27% loss and FTSE 100 posted 0.55% loss.
- One of the leading Asian market indices, NIKKEI 225 posted 0.85% loss.

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 9.30% with a high rate of 10.00% and low rate of 8.50%.
- The oil price decreased 0.42% in the last trading day.

Bangladesh Macro Update

Govt likely to announce tax rates in advance

- The government is likely to announce income tax rates for individuals and companies in advance in order to allow them to make better investment and tax plans.
- Currently, the National Board of Revenue (NBR) announces tax rates for firms and individuals after the end of an income year.
- For instance, the current income year begins from July 2023 and will end on June 2024.
- Based on the announced rates, taxpayers file their income and wealth statements and pay taxes on their incomes in the next year, termed as the assessment year.
- But in the coming year, the NBR may announce tax rates that will not only be applicable for the outgoing income year 2023-24 but also for the next income year 2024-25.

News Source:

https://www.thedailystar.net/business/economy/news/govt-likely-announce-tax-rates-advance-3616366

Consumption stays low for two straight years as inflation bites

- The consumption growth in Bangladesh remained low in the last two fiscal years as people witnessed one of the biggest falls in their spending power owing to stubbornly high inflation.
- According to a provisional estimate of the Bangladesh Bureau of Statistics (BBS), consumption of goods and services grew 3.53% in 2023-24, up from 2.52% in the last fiscal year.
- Except for the pandemic-hit 2019-20, when the consumption growth rate was 2.9%, it was above 6% since at least 2016-17.
- In Bangladesh, the economy has been under pressure for the last two years owing to an unprecedented depletion of foreign currency reserves and a rapid depreciation of the taka.
- As a result, the inflation rate has surged to record levels.

News Source:

https://www.thedailystar.net/business/economy/news/consumption-stays-low-two-straight-years-inflation-bites-3616356

Investment-GDP ratio remains flat despite public spending increase

- Despite incremental government investments in infrastructure development, the country continues to post lower economic growth.
- The investment-to-GDP ratio remains stagnant, with private investors yet to be invigorated, they say.
- Economists point to the huge depreciation of local currency Taka, restrictions on import, mismanagement of monetary policy and dormant public development activities as factors affecting investment.
- They also argue that the failure to achieve quality outcomes from public investment is dampening expectations of higher local and foreign investment in the country.

News Source:

https://today.thefinancialexpress.com.bd/first-page/investment-gdp-ratio-remains-flat-despite-public-spending-increase-1716401243

Shipping cost keeps upward trend as Red Sea Crisis lingers

- Shafiur Rahman, regional operations manager of G-Star in Bangladesh, needs to send 6,146 pieces of denim trousers weighing 4,404 kilogrammes from a Gazipur-based garment factory to Amsterdam of the Netherlands.
- However, he can't decide whether he will send them by air or sea since the cost has gone up on both routes as the indecision arises because air shipments will cost a lot of money for his company.
- Although the transportation of goods through waterways will be relatively cheaper, it would require more time.
- The red sea crisis deepened after the intensification of counterattacks on the rebel groups by the UK and the US.
- As a result, like Rahman's company, other clothing retailers and brands have to count the additional costs due to the crisis, which has forced users to move goods through the alternative route.

News Source:

https://www.thedailystar.net/business/news/shipping-cost-keeps-upward-trend-red-sea-crisis-lingers-3616306

Fixed expenses to eat up 40pc of next budget

- The government has to spend about 40% of the next budget on subsidies, interest payments, and salaries and allowances of government employees, which will limit its ability to spend on social safety net, health and education.
- According to a finance ministry plan, the government may allocate BDT 3,14,700 crore for the three sectors from the total budget of BDT 7,96,900 crore in fiscal 2024-2025.
- Of the allocation, BDT 1,16,000 crore will be spent on interest payments, BDT 1,11,000 crore on subsidies and incentives, and BDT 87,700 crore for paying government employees.
- Over the last five years, expenditures on wages, pensions, subsidies, and interest increased faster than the revenue earnings, narrowing the government's fiscal space.
- Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said, if the non-discretionary expenditures eat up most of the budget allocation, then not much is left.

News Source:

https://www.thedailystar.net/business/economy/news/fixed-expenses-eat-40pc-next-budget-3615656

Corporates may get black money-whitening facility in next budget

- Black money may make a comeback as the government considers reinstating black money-whitening facility in the new budget, starting with corporate amnesty, trying to resuscitate sluggish economic activity.
- It comes out as a first-ever step, officials say, to allow corporate taxpayers for whitening what is commonly known as black money without facing any question from taxmen.
- Corporate taxpayers would be able to show their undisclosed income without disclosing source of money by paying 15% tax at a flat rate, official sources said.
- Also, similar opportunity of repatriating the runaway money would be offered for individual taxpayers.

- Earlier, the government, on different occasions, had bent the financial law only for individual taxpayers to get their unaccounted-for money legalized.

News Source:

https://today.thefinancialexpress.com.bd/first-page/corporates-may-get-black-money-whitening-facility-in-next-budget-1716401106

Sectoral Update

Banks, NBFIs, and Insurance

Banks sell dollar at more than Tk 118 as pressure mounts

- Most banks in Bangladesh are quoting more than BDT 118 per US dollar, which is above the official exchange rate as per the crawling peg system, said bankers and businesspeople.
- The Bangladesh Bank introduced the new system to manage exchange rates on May 8 in line with the conditions set by the International Monetary Fund (IMF) with its USD 4.7 billion loan programme.
- Under the system, a crawling peg mid-rate was set at BDT 117 per US dollar whereas banks are quoting up to BDT 120 per US dollar to open letters of credit
- The exchange rate is more than BDT 118 per dollar in the case of collecting remittance and export bills.
- The chief executives of at least three private commercial banks told The Daily Star that the BB had verbally allowed them to quote BDT 1 more than the exchange rate to collect US dollars amid the ongoing forex crunch.

News Source:

https://www.thedailystar.net/business/economy/news/banks-sell-dollar-more-tk-118-pressure-mounts-3616351

BB asks banks, NBFIs to inform of wilful defaulters

- Bangladesh Bank yesterday asked banks and non-bank financial institutions (NBFIs) to inform Credit Information Bureau (CIB) of wilful defaulters the moment they are identified.
- The central bank issued a notice yesterday saying that the banks and NBFIs have been instructed to provide all information they have of wilful defaulters to the CIB database on a real time basis from July this year.
- In March of this year, the banking regulator issued a guideline on ways to identify wilful defaulters.
- Once a customer turns into a loan defaulter, the unit must identify whether the client was a wilful loan defaulter or not within 30 days, as per the BB guideline.
- The BB also instructed that once a person was confirmed to be a wilful defaulter, the banks and NBFIs must also decide on the measures they would take against that person.

News Source:

https://www.thedailystar.net/business/news/bb-asks-banks-nbfis-inform-wilful-defaulters-3615561

21 life insurers failing to comply with securities investment rule

- Twenty-one life insurance companies in Bangladesh have failed to comply with the rule that makes it mandatory for them to invest 30% of their assets in government securities, the regulator has found.

- The companies are Akij Takaful, Alpha Islami, Baira, Bengal Islami, Best Life, Chartered Life, Diamond Life, Fareast Islami, Golden Life, Meghna Life, and Mercantile Islami.
- Others are NRB Islamic Life, Padma Islami, Popular Life, Prime Islami, Protective Islami Life, Sonali Life, Sunflower Life, Sunlife, Trust Islami Life, and Zenith Islami Life Insurance.
- The findings are based on the companies' unaudited financial reports for 2023, said an official of the Insurance Development and Regulatory Authority (Idra).
- If life insurance companies invest sufficiently in government securities, it is safe for both companies and policyholders, the regulator's report said.

News Source:

https://www.thedailystar.net/business/news/21-life-insurers-failing-comply-securities-investment-rule-3615591

Apparel and textile

BGMEA seeks foreign ministry's cooperation in product, market diversification for RMG sector

- The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has sought the foreign ministry's cooperation in product and market diversification for the RMG sector.
- A delegation from the BGMEA, led by President SM Mannan (Kochi), met Foreign Minister Dr Hasan Mahmud at the ministry in Dhaka on Tuesday (21 May).
- They discussed product diversification and strategies to enhance ready-made garment exports to new markets.
- During the meeting, the BGMEA president emphasised the significance of market and product diversification to reach the goal of achieving USD 100 billion from garment exports by 2030.
- He noted that garment exports to new markets have increased from USD 847 million to USD 8,370 million with government policy support over the past 15 years.

News Source:

https://www.tbsnews.net/economy/rmg/bgmea-seeks-foreign-ministrys-cooperation-product-market-diversification-rmg-sector

Power and Energy

FY25 ADP: Govt prioritises power infrastructure over generation

- The government has prioritised power transmission and distribution system projects over power generation projects in the Annual Development Programme (ADP) approved for the upcoming 2024-25 financial year (FY25).
- According to the ADP for FY25, approved by the National Economic Council (NEC) on 16 May, allocations for power generation projects have decreased, while funding for power transmission and distribution system projects has increased compared to the ADP for FY24.
- Experts say the government's power generation capacity has increased recently and in order to maximise the benefits of this capacity, the government is boosting the allocation for and implementation of transmission and distribution projects.

- The allocation for power generation projects has decreased by 6% or BDT 1,259.91 crore in the FY25 ADP compared to the revised ADP of FY24.

News Source:

https://www.tbsnews.net/bangladesh/energy/fy25-adp-govt-prioritises-power-infrastructure-over-generation-857321

Capital Market

Stocks fall for seven days in a row

- DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), declined for seven consecutive sessions, falling by 320 points to settle at 5,371 points today (21 May) as stocks at the bourse have been in a volatile situation recently amid a lack of investor confidence, a liquidity crunch, and rising interest rates.
- Meanwhile, turnover slightly increased by 5.4% to BDT 591 crore, and market capitalisation dropped by BDT 22,246 crore over the seven-day downward trend to BDT 6.89 lakh crore.
- On the day, DSEX declined by 22 points, despite the day beginning on a positive note.
- The port city bourse, Chittagong Stock Exchange (CSE), also settled in the red terrain.

News Source:

https://www.tbsnews.net/economy/stocks/stocks-fall-seven-days-row-857151

Why brokers seek brushing up of SME firms listing

- Stock market intermediaries, particularly the DSE Brokers Association (DBA), have urged the Dhaka Stock Exchange (DSE) to review the rules for listing small and medium enterprises (SMEs) on the stock market, citing disparities in the rules as well as lack of proper information about the financial health of the companies.
- According to brokers, currently, SME firms are not required to publish their financial statements quarterly, unlike companies on the main board, and this disparity in rules leaves investors in the dark.
- They said such lack of information can also lead to stock price manipulation with share prices of some companies skyrocketing.
- After the meeting, DSE Chairman Prof Dr Hafiz Md Hasan Babu told reporters that in response to the demand, they have asked brokers to submit a written proposal, which will then be forwarded to the stock market regulator, the Bangladesh Securities and Exchange Commission (BSEC).
- As per BSEC rules to raise funds through the qualified investor offer (QIO), SME firms have enjoyed more relaxed requirements compared to main board companies.

News Source:

https://www.tbsnews.net/economy/stocks/why-brokers-seek-brushing-sme-firms-listing-858091