Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,312.40
% change	-1.09%
DS30 Index	1,907.70
% change	-1.15%
DSES Index	1,159.54
% change	-1.28%
Turnover (BDT mn)	5,080.03
Turnover (USD mn)	43.12
% change	-14.13%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	39,069.59
% change	0.01%
S&P 500	5,304.72
% change	0.70%
Nikkei 225	38,646.11
% change	-1.17%
FTSE 100	8,317.59
% change	-0.26%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	117.60	117.80
EUR	127.26	127.52
GBP	149.53	149.83
INR	1.41	1.42
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
23-May-24	8.50 - 10.00	9.24
21-May-24	8.50 - 10.00	9.30
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	82.12	0.93%
Gold Spot, USD/t oz.	2,333.83	0.20%
Cotton, USD/lb.	80.52	-1.47%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX lost 1.09% in the last trading day, closing at 5,312.40 points.
- The daily turnover decreased 14.13% in the last trading day.

Global Market

- Majority of the leading global indices posted mixed returns as Dow Jones posted 0.01% gain, S&P 500 posted 0.70% gain and FTSE 100 posted 0.26% loss.
- One of the leading Asian market indices, NIKKEI 225 posted 1.17% loss.

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 9.24% with a high rate of 10.00% and low rate of 8.50%.
- The oil price increased 0.93% in the last trading day.

Bangladesh Macro Update

Forex reserves rise by $180 million in a week

- Bangladesh's foreign currency reserves have risen to USD 18.61 billion on May 21, an increase of USD 180 million from a week ago, central bank figures showed.
- It was USD 18.43 billion on May 15, according to a central bank calculation based on the International Monetary Fund's Balance of Payment Manual 6.
- The Bangladesh Bank began calculating forex reserves in line with the new method in July last year as per suggestions of the lender, which approved a USD 4.7 billion loan in January that year.
- Tuesday's reserves were far lower than the USD 41 billion the country reported in August 2021.
- Since then, import payments have risen faster than remittance earnings and exports, bringing the reserves to the current level.

News Source:

https://www.thedailystar.net/business/economy/news/forex-reserves-rise-180-million-week-3616986

Agriculture should get top priority in budget: economists

- Agriculture should be given the highest priority in the upcoming national budget as food security has to be ensured for the people of Bangladesh, economists said.
- The land available for agricultural purposes is decreasing by 0.5% every year while the population is increasing day by day, they said.
- There are also challenges stemming from climate change and geopolitics and therefore, it is necessary to increase food production locally, they added.
- About 40% of the population is now dependent on agriculture for jobs and that is why the government should not divert its attention from this sector at this time of austerity, said Binayak Sen, director general of BIDS.
- In the current situation, it is very important to rationalise tariffs and subsidy policies for agricultural products because these are our home-grown products, he said.

News Source:

https://www.thedailystar.net/business/economy/news/agriculture-should-get-top-priority-budget-economists-3617151

Budget cut creates difficulties in achieving water, sanitation, hygiene sector targets: Experts

- Achieving 100% safe water, sanitation, and hygiene (WASH) by 2030, a fundamental target for Sustainable Development Goal 6 (SDG6), faces significant hurdles due to budget cuts and inadequate allocations, experts and stakeholders said.
- The press conference was organised by several organisations, including WaterAid, Power and Participation Research Centre (PPRC), Freshwater Action Network South Asia (FANSA), FSM Network, and Sanitation and Water for All (SWA), at the National Press Club, Dhaka.
- PPRC Executive Director Hossain Zillur Rahman said, We not only need to increase allocation to the WASH sector, but more seriously, we need adequate allocation.

- It should be proportionate to or higher than the size of ADP growth.

News Source:

https://www.tbsnews.net/economy/budget-cut-creates-difficulties-achieving-water-sanitation-hygiene-sector-targets-experts

4 lakh more to get social safety, no rise in monthly amount in FY25

- The government will increase the number of social safety-net beneficiaries by 4 lakh in the fiscal year 2024-25 (FY25), but there will be no increase in monthly allowances despite the soaring inflation, officials familiar with the matter have told TBS.
- Nearly 1.14 crore elderly people, widowed or abandoned women and people with disabilities currently receive government allowances ranging from BDT 550 to BDT 850 per month.
- Inflation remained close to 10% for more than a year and prices of everything, from coarse rice, potato, egg to medicine, have soared.
- But old and distressed people under the social safety scheme will continue to get the same amount, though the new budget will have a higher allocation for the scheme in FY25 for a wider coverage.
- Experts say if the government does not raise the amounts of monthly allowances, the lives of the beneficiaries will be very difficult as they are already struggling amid surging inflation.

News Source:

https://www.tbsnews.net/economy/4-lakh-more-get-social-safety-no-rise-monthly-amount-fy25-859051

Bangladesh projects manageable external debt despite rising obligations

- The finance ministry expects external debt repayment to remain within tolerable limits over the next two fiscal years, thanks to the government's efforts to diversify funding sources and boost foreign exchange reserves.
- However, managing debt service obligations is essential for ensuring financial stability and preventing liquidity crises.
- The country's external debt comprises both concessional and non-concessional loans, which have varying maturity periods.
- According to the finance ministry document titled "Medium Term Macroeconomic Policy Statement (2023-24 to 2025-26)", at the end of FY 2021-22, the government paid back USD 1.5 billion in principal repayment for external debt, and this amount was USD 2.1 billion in FY 2022-23.
- The principal repayment in the current FY 2023-24 is projected to be USD 2.4 billion, and it will further increase to USD 2.6 billion by the end of FY 2025-26.

News Source:

https://www.tbsnews.net/economy/bangladesh-projects-manageable-external-debt-despite-rising-obligations-859131

How much of SME potential have we realised?

- Small and medium enterprises (SMEs) have played an important role in Bangladesh's economic development, but their full potential remains untapped.

- With businesspeople and experts opining that the next few years will be more volatile due to geopolitical tensions and a global economic slowdown, the over 1 crore SMEs in Bangladesh can provide a welcome boost to the economy if an environment that allows them to prosper is created.
- Therefore, policymakers must work together in harmony and place a special focus on SMEs, which accounted for almost 25% of Bangladesh's gross domestic product (GDP) in 2018, according to a Planning Division report.
- There were 78.8 lakh business establishments in the country, according to an Economic Census 2013 conducted by the Bangladesh Bureau of Statistics.
- Of them, 87.52% were cottage, 1.33% micro, 10.99% small, 0.09% medium and 0.07% large enterprises.

News Source:

https://www.thedailystar.net/business/economy/news/how-much-sme-potential-have-we-realised-3618551

Import payments fall with domino effect on economy

- Bangladesh's import payments have plummeted amid tight-fisted spending from scarce foreign-exchange reserves, with a notable fall in capital machinery-and raw-material imports by industrial enterprises, according to latest available data.
- Customs-based imports decreased 15.54% during July-March of the current financial year compared to a 12.37% fall during July-March of FY23, according to Bangladesh Bank (BB) data.
- On the other hand, the country's overall import payments fell 16.03% in March 2024 year on year.
- Meanwhile, the opening and settlement of import LCs decreased 4.23% and 13.93% respectively during July-February of FY24.
- A notable depreciation of the Bangladesh taka against the US dollar and import monitoring by the central bank amid monetary crunch might have contributed to the negative growth of imports, according to the central bank's analysis.

News Source:

https://today.thefinancialexpress.com.bd/first-page/import-payments-fall-with-domino-effect-on-economy-1716571566

Sectoral Update

Banks, NBFIs, and Insurance

FID acting as a “regulator for a regulator”

- The Centre for Policy Dialogue (CPD) yesterday criticised the establishment of the Financial Institutions Division (FID) of the finance ministry as it compromises the sovereignty of Bangladesh Bank.
- This is because the mandate of the FID clearly states that its primary function is to ensure proper administration and interpretation of the Bangladesh Bank Order, 1974.
- Besides, orders relating to specialised banks, state-owned banks, and insurance and financial institutions all fall under the purview of the FID as well, said Fahmida Khatun, executive director of the CPD.

- Fahmida also pointed out that the FID's mandate directly contradicts the Bangladesh Bank Order, which states the main function of the central bank is to regulate and supervise banking companies and financial institutions.
- So, it seems a regulator was formed to oversee another regulator, she said.

News Source:

https://www.thedailystar.net/business/economy/news/fid-acting-regulator-regulator-3617156

Broad reform agenda vital to restore trust in banks: CPD

- The Centre for Policy Dialogue (CPD) yesterday urged the government to reduce bad loans and establish good governance in the banking sector as part of its suggestions aimed at healing the persisting ills of the key sector.
- A comprehensive reform agenda should be devised and implemented to overcome the banking sector's ongoing challenges, it said.
- The CPD said commercial banks need to be strengthened, the independence of the Bangladesh Bank should be upheld, a conducive legal environment must be created, and a banking commission needs to be set up.
- In Bangladesh, non-performing loans (NPLs) have more than tripled in the last one decade, it said.
- The high concentration of NPLs is not only a problem for state-run banks but also for private lenders.

News Source:

https://www.thedailystar.net/business/economy/news/broad-reform-agenda-vital-restore-trust-banks-cpd-3617141

Go tough to cut down classified loans

- Annoyed about spiralling classified loans, government's finance authority asks state-owned commercial banks (SoCBs) to take "strong measures" to lessen the load of defaults that seriously impact overall financial situation.
- Such strong message came after the Financial Institutions Division under the Ministry of Finance reviewed the major economic data until March of the public-sector commercial banks in presence of their top executives, sources said.
- Data show that until March this year, the troubled BASIC Bank Limited had the highest 63% classified loans among the SoCBs, up from 57.23% a year back.
- Economists and analysts are concerned over the rise in non-performing loans in the banking sector, especially in the public-sector banks, and see "regulatory failure" behind the exacerbation of classified loans that led to cash crunch in banks.
- The meeting on the banking sector underscored the need for enhanced efforts by the top executives of the banks for recovering the classified loans to improve the financial condition of the banks.

News Source:

https://today.thefinancialexpress.com.bd/first-page/go-tough-to-cut-down-classified-loans-1716571400

Apparel and textile

Bangladesh can ship $1 billion woollen sweaters by 2030: exporters

- Bangladesh has the potential to export USD 1 billion worth of woollen sweater by 2030 up from the current USD 100 million as the global market for such items is expanding fast riding on product diversity, a local sweater exporter said Wednesday.
- The use of woollen yarn is rising worldwide thanks to the production of diversified yarn from wool, said Mostafa Q Sobhan, managing director of Dragon Group, a Bangladeshi sweater exporting company.
- He made the comments in a discussion with two Uruguayan wool exporters at Pan Pacific Sonargaon in Dhaka.
- Nearly USD 20 billion worth of woollen garments are sold annually worldwide now, which is predicted to grow at 5.5% every year, Sobhan said.
- If the prediction goes right, the global woollen garments market should be worth nearly USD 30 billion by 2027, he said.

News Source:

https://www.thedailystar.net/business/news/bangladesh-can-ship-1-billion-woollen-sweaters-2030-exporters-3616996

Power and Energy

Govt to allocate Tk 350bn in power subsidy for FY25

- The government is going to allocate BDT 350 billion as a subsidy for the power sector in the upcoming national budget to settle capacity charges and other bills owed to private electricity producers, officials said.
- The rising debt burden to private electricity producers, including Independent Power Producers (IPPs), requires this huge budgetary allocation, according to the officials.
- The Ministry of Finance has finalised the national budget for the next fiscal year (FY) 2024-25, due for announcement on June 6, an official said.
- The power subsidy will mainly be used to clear outstanding bills owed to IPPs that supply electricity to the national grid every month.
- The revised budget for the current FY 2024 earmarked BDT 360 billion in subsidies for the power sector.

News Source:

https://today.thefinancialexpress.com.bd/first-page/govt-to-allocate-tk-350bn-in-power-subsidy-for-fy25-1716656878

Businesses want 1pc duty on solar panel import

- Businesses yesterday demanded that the government lower the duty on the import of solar panels meant for use in industrial plants to 1% in order to facilitate the implementation of a national roadmap on renewable energy production.
- The existing import duty on solar panels varies between 43% to 58.60%, which the businesses say is very expensive for industrial units.

- The demand was made during a meeting of businesspeople with Tawfiq-e-Elahi Chowdhury, adviser to the prime minister for power, energy and mineral resources, at the Prime Minister's Office in Dhaka.
- Leaders of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), Bangladesh Textile Mills Association (BTMA), Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) and different business chambers attended the meeting.

News Source:

https://www.thedailystar.net/business/news/businesses-want-1pc-duty-solar-panel-import-3617706

Capital Market

Stocks keep bleeding

- The stock market in Bangladesh yesterday extended its losing streak as fears of the capital gains tax being reinstated in the coming fiscal year and rising yields of government treasury bills and bonds continued to weigh on investors' minds.
- The market opened on an upbeat note but that did not last long as institutional and foreign buyers mostly remained on the sidelines.
- The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), shed 58.7 points, or 1.09%, to close at about 5,312 points, its lowest in 39 months.
- All other indices suffered losses too.
- Daily turnover, which indicates the volume of shares traded, stood at BDT 50.8 crore, down 14.13% compared to the previous session, the market update showed.

News Source:

https://www.thedailystar.net/business/economy/news/stocks-keep-bleeding-3617146

Listed firms may face 2.5% additional corporate tax in FY25

- Companies listed on the capital market are expected to face an additional 2.5% corporate tax in the next fiscal year unless they adopt cashless transactions - as the government plans to promote a cashless society.
- Currently, listed companies with more than 10% free float shares in the capital market pay 20% in corporate tax.
- The government plans to increase this rate to 22.5% in the fiscal 2024-25, finance ministry officials told The Business Standard.
- Listed firms with free float up to 10% will see their corporate tax rate rise from the current 22.5% to 25%.
- However, the publicly traded companies will be able to enjoy their previous tax rates if they comply with the cashless transaction condition â€" meaning they keep their cash transactions within BDT 36 lakh annually, the officials further explained.

News Source:

https://www.tbsnews.net/economy/budget/listed-firms-may-face-25-additional-corporate-tax-fy25-859031