Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,250.85
% change	-1.16%
DS30 Index	1,888.72
% change	-0.99%
DSES Index	1,146.47
% change	-1.13%
Turnover (BDT mn)	3,227.54
Turnover (USD mn)	27.39
% change	-36.47%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	39,069.59
% change	0.00%
S&P 500	5,304.72
% change	0.00%
Nikkei 225	38,646.11
% change	0.00%
FTSE 100	8,317.59
% change	0.00%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	117.40	117.85
EUR	127.32	127.86
GBP	149.57	150.19
INR	1.41	1.42
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
26-May-24	9.50 - 9.75	9.68
23-May-24	8.50 - 10.00	9.24
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	82.35	0.28%
Gold Spot, USD/t oz.	2,342.41	0.56%
Cotton, USD/lb.	80.52	-1.47%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX lost 1.16% in the last trading day, closing at 5,250.85 points.
- The daily turnover decreased 36.47% 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.
- The average overnight rate is rising in the past week.
- The current weighted average overnight rate stood at 9.68% with a high rate of 9.75% and low rate of 9.50%.
- The oil price increased 0.28% in the last trading day.

Bangladesh Macro Update

Interest payments on foreign debt exceed budget allocation in 10 months

- The government's spending on interest payments for foreign loans has already exceeded the budget allocated for the outgoing fiscal year.
- It According to provisional data from the Economic Relations Division (ERD), the government spent nearly USD 1.15 billion (equivalent to BDT 12,626 crore) on interest payments from July to April of the current fiscal year.
- The amount has surpassed the budget allocation of BDT 12,376 crore for interest payment and also marks a 102% increase from the same period last fiscal year.
- ERD officials said the surge is due to external factors, including the Russia-Ukraine war, which has pushed up interest rates and strengthened the dollar.
- 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/interest-payments-foreign-debt-exceed-budget-allocation-10-months-861161

April's revenue growth hits 19%, riding on high import prices

- Despite the country's economic slowdown, the National Board of Revenue (NBR) has recorded a year-on-year revenue growth of approximately 19% for April, marking the third highest growth rate in the past ten months.
- The increase has been attributed to soaring import prices, which have also affected local consumers, leading to significant inflation over the past two years.
- However, despite the positive trajectory, the NBR is falling short by over BDT 24,000 crore from its target for the first ten months.
- Experts foresee a substantial revenue shortfall for the fiscal year, even after the government reduced the target by BDT 20,000 crore to BDT 410,000 crore.
- Moreover, officials at the NBR say they feel helpless as they are assigned very high revenue collection targets.

News Source:

https://www.tbsnews.net/nbr/aprils-revenue-growth-hits-19-riding-high-import-prices-861176

Reduced import duty planned for steel raw materials, dialysis items

- The government plans to reduce duties on the import of raw materials for the steel, beverage, healthcare, and personal care industries, as well as equipment for healthcare services in the upcoming budget, aiming to provide relief for manufacturers and consumers.
- As part of the plan, the regulatory duty on the import of ferro alloys, which are used in the production of steel, is likely to be reduced to 5% for FY25 from the current rate of 15%.
- Additionally, there are plans to reduce the customs duty for the import of Tetra Pak (Aseptic Pak), a sustainable packaging material for milk, juice, and other drinks, to 0% from the current rate of 25%.

- Ministry officials also mentioned that the upcoming national budget is likely to propose reducing customs duty to 1% from 10% for dialysis filters and dialysis circuits to make dialysis services and treatment more affordable.
- The government is also planning to reduce the customs duty on isopropyl myristate, a moisturiser used in the cosmetics industry, to 10% from the current rate of 25%.

News Source:

https://www.tbsnews.net/economy/reduced-import-duty-planned-steel-raw-materials-dialysis-items-861126

FBCCI for Customs Act reforms, 100% automation to facilitate business

- The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) has urged the National Board of Revenue (NBR) for amendments to the Customs Act and the implementation of full automation to ease the customs management system.
- These reforms would simplify customs procedures, create a more business-friendly environment, and reduce the cost of doing business in Bangladesh, FBCCI President Mahbubul Alam said.
- The president of the apex trade body highlighted the disruption caused by complexities related to the Harmonized System (HS) code for product classification.
- He emphasised the importance of complete automation in customs management to address this issue.
- FBCCI Director AM Mahbub Chowdhury also addressed the issue of harassment faced by traders at ports.

News Source:

https://www.tbsnews.net/nbr/fbcci-customs-act-reforms-100-automation-facilitate-business-861056

NBR may cut source tax on essential food supplies

- The government may reduce source tax on incomes from the supply of essential food commodities to contain spiralling inflation.
- Officials said suppliers of essential food commodities such as rice, wheat, potato, onion, maize, edible oil, salt and sugar face a 2% source tax on the proceeds from the supply of the commodities.
- The rate of source tax, also known as Tax Deducted at Source (TDS), may be reduced to 1% from fiscal year 2024-25, beginning in July, said a finance ministry official.
- The National Board of Revenue (NBR) may propose a reduction as a part of its tax-related proposals for the next fiscal year to be placed along with other budgetary measures.
- The move comes as inflation continues to persist unabated, upending measures taken by Bangladesh Bank and the government to rein in runaway prices.

News Source:

https://www.thedailystar.net/business/economy/news/nbr-may-cut-source-tax-essential-food-supplies-3619956

Sectoral Update

Banks, NBFIs, and Insurance

I want to catch the defaulters: Finance minister

- Finance Minister Abul Hassan Mahmood Ali has stated his firm stance against loan defaulters, regardless of their influence or power.
- The International Monetary Fund has advised the government to reduce defaulted loans.
- We will take action against the defaulters accordingly and I want to catch the defaulters, he told reporters after a meeting with the IMF Executive Director Krishnamurthy Venkata Subramanian at the Secretariat on Sunday.
- When reporters asked whether he would be able to take action against the defaulters who are "powerful", the finance minister said that even actions are being taken against a former police chief.
- The minister further said, if there were any allegations of corruption against former Army Chief Aziz Ahmed, the military would handle his trial.

News Source:

https://www.tbsnews.net/economy/finance-minister-vows-catch-defaulters-860751

Banks' sustainable financing soars 138% in March quarter

- Loan disbursement by banks and financial institutions in the sustainable finance sector has increased by 138%, equivalent to BDT 55,626 crore, in the first quarter, to maintain good ratings.
- According to the Quarterly Review Report on Sustainable Finance by the Bangladesh Bank, loans disbursed in the green and sustainable finance sector in January-March of 2024 totaled BDT 95,935 crore, compared to BDT 40,309 crore a year ago.
- Bankers said banks are inclined to invest in the green and sustainable finance sector because of the role these loans play in the country's economy.
- Additionally, the recovery rate of these loans is also good.
- Moreover, investing in these sectors improves the health ratings of banks, which increases their interest in these investments.

News Source:

https://www.tbsnews.net/economy/banking/banks-sustainable-financing-soars-138-march-quarter-861206

Telecommunication

Mobile operators allowed to pay spectrum fee in taka

- The telecom regulator has decided to allow mobile phone operators to pay spectrum acquisition fees in the local currency, a relief for them as the US dollar has become costlier to a large extent.
- The Bangladesh Telecommunication Regulatory Commission (BTRC) took the decision at a meeting recently.
- The row between the regulator and the operators over determining the currency for the clearing of the spectrum price surfaced in August last year when the BTRC sent a letter to the companies seeking their views on what currency should be used to settle the payment.

- The payment was related to 190 megahertz (MHz) of spectrum acquired by the country's four mobile phone operators at USD 1.23 billion in March 2022.
- Banglalink, Grameenphone, and Robi wrote to the BTRC on October 22, requesting it fix the price in the local currency.

News Source:

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

Power and Energy

Nepal's hydropower can benefit Bangladesh, entire region

- Bangladesh's neighbouring Nepal holds vast potential for hydropower generation.
- The Himalayan country has set an ambitious target to generate 28,000 megawatts (MW) of hydroelectricity by 2035, with significant portions aimed at export — 10,000 MW to India and 5,000 MW to Bangladesh.
- Bangladesh is hopeful to start importing 40 MW of electricity from Nepal in the first phase using the Indian gridline starting in July.
- Moreover, Bangladesh seeks to boost the import of comparatively cheaper hydropower from Nepal.
- The biggest challenge in this endeavour is the construction of a dedicated transmission line between Nepal and Bangladesh.

News Source:

https://businesspostbd.com/power-energy/nepals-hydropower-can-benefit-bangladesh-entire-region

Capital Market

Stocks keep bleeding for 9 straight days

- The benchmark index DSEX of the Dhaka Stock Exchange (DSE) plunged by 61 points on Sunday (26 May), extending the losing streak for nine straight days.
- The DSEX closed at 5,250 points on the day, the lowest in 37 months.
- In the last nine days, the key index lost 446 points, and the market capitalisation at the DSE dropped by BDT 63,646 crore.
- The DSE's turnover value also fell by 36% to BDT 322 crore on Sunday as most investors refrained from further investment in the dull market.

News Source:

https://www.tbsnews.net/economy/stocks/dsex-falls-below-5300-points-first-time-37-months-860501

Stocks shed 1,000 points in 3 months

- The key index of the Dhaka Stock Exchange plunged by 1,000 points in a span of three months as investors keep selling their holdings, fearing further deterioration of economic indicators.
- The DSEX, the benchmark index of the DSE, has fallen by 1,022 points, or 16%, to 5,250 since February 27.

- During the period, market capitalisation or share value of the listed companies dropped by BDT 114,845 crore or 15%.
- The index is falling mainly due to deterioration of various economic indicators and investors are in panic, so they keep selling shares, according to ex-chairman of BSEC.
- The index has been falling sharply since February when Bangladesh Securities and Exchange Commission (BSEC) withdrew the floor price that was launched in mid-2022.
- On the other hand, the interest rate for treasury bills and bonds rose to more than 12% and it is only logical that institutional investors will transfer their funds to the bond market, he pointed out.

News Source:

https://www.thedailystar.net/business/economy/stock/news/stocks-shed-1000-points-3-months-3619546