Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,247.53
% change	0.23%
DS30 Index	1,852.56
% change	-0.24%
DSES Index	1,142.74
% change	0.39%
Turnover (BDT mn)	5,930.33
Turnover (USD mn)	50.28
% change	51.46%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	38,711.29
% change	0.36%
S&P 500	5,291.34
% change	0.15%
Nikkei 225	38,837.46
% change	-0.22%
FTSE 100	8,232.04
% change	-0.37%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	117.50	117.95
EUR	128.10	128.64
GBP	150.45	151.07
INR	1.41	1.42
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
4-Jun-24	8.50 - 10.00	8.87
3-Jun-24	8.50 - 10.00	9.12
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	77.49	-0.48%
Gold Spot, USD/t oz.	2,336.53	0.41%
Cotton, USD/lb.	74.35	1.14%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX gained 0.23% in the last trading day, closing at 5,247.53 points.
- The daily turnover increased 51.46% in the last trading day.

Global Market

- Majority of the leading global indices posted mixed returns as Dow Jones posted 0.36% gain, S&P 500 posted 0.15% gain and FTSE 100 posted 0.37% loss.
- One of the leading Asian market indices, NIKKEI 225 posted 0.22% loss.

Key macro indicators

- All the major currencies rose against BDT yesterday.
- The average overnight rate is falling in the past week.
- The current weighted average overnight rate stood at 8.87% with a high rate of 10.00% and low rate of 8.50%.
- The oil price decreased 0.48% in the last trading day.

Bangladesh Macro Update

Cautiously crafted Tk 7.97t budget tomorrow amid economic pains

- Higher inflation, lower investment and forex crunch remain pains in the neck as the government goes to place in parliament tomorrow a cautiously crafted BDT 7.97-trillion new national budget.
- The government has estimated total resource mobilisation worth around BDT 5.454 trillion for financing the budget for the fiscal year 2024-25, leaving a substantial deficit.
- Of the amount, the National Board of Revenue is likely to be entrusted with the responsibility of collecting some BDT 4.8 trillion for the budget effective July 01.
- The outlay for annual development programme or ADP has been estimated at around BDT 2.65 trillion for the next fiscal year, according to sources at the finance division.
- The proposed budget is likely to have a shortfall amounting BDT 2.56 trillion or 4.6% of the gross domestic product or GDP

News Source:

https://today.thefinancialexpress.com.bd/first-page/cautiously-crafted-tk-797t-budget-tomorrow-amid-economic-pains-1717524082

Ctg port: Import, export container handling increased in May

- Container handling of export and import goods increased at Chattogram Port in May compared to the previous month.
- Container handling rose by 24.46% for exports and 10.10% for imports in May, according to the Chattogram Port Authority (CPA).
- Additionally, when compared to May last year, container handling this year saw a 22% increase in exports and a 10.36% increase in imports.
- According to CPA data, Chattogram Port handled 64,523 TEUs (twenty-foot equivalent units) of export containers and 130,000 TEUs of import containers in May 2024.
- In April 2024, the figures were 48,737 TEUs for exports and around 117,000 TEUs for imports.

News Source:

https://www.tbsnews.net/economy/ctg-port-import-export-container-handling-increased-may-868526

Country's external debt over $100b worrying: Dr Fahmida Khatun

- Bangladesh's external debt situation has become worrying as both public and private debts have crossed the USD 100 billion-mark, Executive Director of Centre for Policy Dialogue Dr Fahmida Khatun said.
- She made the remark during a webinar titled "Challenges of Sustainable Growth, Development, and Democracy in Bangladesh" which was hosted on the video conferencing platform, Zoom.
- She further said that if you look at the country's debt GDP ratio, it is 21.6%, which is not very high by comparison with many other countries.
- The IMF assessment also called it a moderate level but there is no room for complacency, because there are issues with repayment and debt servicing capacity.

- We have to take into account the capacity of debt servicing, she added.

News Source:

https://www.tbsnews.net/economy/countrys-external-debt-over-100b-worrying-dr-fahmida-khatun-868936

Bureaucracy's incapacity affects budget execution

- Bangladesh's budget-execution capacity still stays stymied despite government spending of millions of dollars annually for improving implementation capacity of the civil servants, sources said Tuesday.
- The low public-spending capacity in public works has placed Bangladesh on the lowest rung of an index in the public investment-GDP ratio among the South Asian nations.
- An FE analysis has found government's budget expenditure hovering around 81% to 85% of the outlay in the last one decade.
- Analysts say a "lack of accountability of the civil servants and inefficient government system" are the major reasons behind the sloth.
- Similarly, the authorities could not improve on budget-execution capacity in subsequent years, too, as it spent 83.49% in FY2017, 85.38% in FY2018, 85.65% in FY2019, 80.75% in FY2020, 81% in FY2021, 85.85% of the budget outlay in 2022, the Ministry of Finance (MoF) data show.

News Source:

https://today.thefinancialexpress.com.bd/first-page/bureaucracys-incapacity-affects-budget-execution-1717524388

Govt backpedals on ICT tax benefit cuts

- The government has backtracked on its move to phase out tax benefit from the Information and Communication Technology sector in a bid to facilitate its growth, considering its untapped potential.
- In the budget for the next fiscal year, the National Board of Revenue (NBR) is set to extend the tax exemption for ICT sector by three more years, official sources said.
- The tax benefit was scheduled to expire on June 30, 2024.
- However, a condition on cashless transaction has been tagged against the tax exemption benefit.
- In the FY 25, tax benefits for private hi-tech park and private economic zones would not continue next year.

News Source:

https://today.thefinancialexpress.com.bd/first-page/govt-backpedals-on-ict-tax-benefit-cuts-1717524338

Cost of kidney dialysis, dengue testing equipment may decline

- Importers will be able to avail significant benefits on the import of kidney dialysis and dengue testing equipment from the upcoming fiscal year.
- This comes as the National Board of Revenue (NBR) has proposed to extend the current concessional facility on the import of raw materials necessary for the manufacturing of medicines, medical supplies and healthcare products in the upcoming budget.

- It specifically suggested reducing the import duty on dialysis filters and dialysis circuits, essential materials used for kidney dialysis, to 1% from 10%.
- The NBR is also planning to introduce a new notification in the upcoming budget to facilitate the import of dengue kits at subsidised rates.
- The NBR had previously exempted import duty, value-added tax, and advance tax on rapid dengue detection test kits, dengue re-agents, and platelet and plasma test kits in 2019 due to increasing dengue outbreaks.

News Source:

https://www.thedailystar.net/business/economy/news/cost-kidney-dialysis-dengue-testing-equipment-may-decline-3626831

Duty benefit for washing machines, refrigerators likely to stay

- Manufacturers of washing machines, refrigerators and computers may keep enjoying the opportunity to import components used in their production at reduced tariffs for up to three years as the government plans to put an end to the exemption culture in phases.
- In contrast, some sectors that currently qualify to purchase raw materials and intermediate items at concessional import duties are likely to face higher rates from the next fiscal year, which begins on July 1.
- For air conditioner and refrigerator manufacturing industries, the government plans to extend the existing facility to June 2026, according to the finance ministry.
- The National Board of Revenue (NBR), however, is considering raising the customs duty on the import of compressors used in making air conditioners and refrigerators to 10% in 2024-25 from 5% now.
- To shield domestic compressor manufacturers from under-invoicing of the value of imported ones, the customs administration is expected to impose a minimum price for the devices procured from other countries.

News Source:

https://www.thedailystar.net/business/economy/news/duty-benefit-washing-machines-refrigerators-likely-stay-3626876

Sectoral Update

Banking and Insurance

Excise duty exemption likely on offshore banking deposits

- Depositors, who park funds in offshore banking units of banks, may enjoy exemption from excise duty payment on their foreign currency deposits in the coming fiscal year of 2024-25, according to officials.
- We are considering providing the exemption to encourage people to keep their foreign currency in the offshore banking accounts, said a senior official of the finance ministry.
- The government plans to offer the benefit as banks are working to lure foreign currency holders, particularly non-resident Bangladeshis, to make deposits in their offshore banking units (OBUs).
- The development comes after Bangladesh Bank relaxed the rules and allowed banks to receive funds from the OBUs amounting to up to 40% of their regulatory capital to settle payment obligations.

- The central bank allowed Bangladeshis and foreign nationals to avail the benefit and permitted domestic commercial banks' OBUs to offer an interest or profit rate markup over a benchmark rate for term deposits in foreign currencies to eligible customers.

News Source:

https://www.thedailystar.net/business/economy/news/excise-duty-exemption-likely-offshore-banking-deposits-3626821

Thumbs-down on treasuries to bridle bank-lending rate

- Government thumbs-down on the hot yields in treasuries auctions looms in a bid to hold in check rising bank-lending rates, officials and experts said.
- The strategy change of the government on interest regime to ease the business climate here becomes clear in very recent auctions of treasury bills where the auction committee only accepted bids within the target so the cut-off yields of the treasury auctions did not increase further, according to them.
- If the rate in government securities rises consistently, the commercial banks would feel encouraged to invest more money in the risk-free instruments riding on the rate gains that would lead to crowding-out effect in the banking system.
- On the other hand, it will become extremely difficult for the central bank to keep the lending rate within the target of 14.0%.
- Taking all factors into consideration, the government handles the auctions of treasury bills cautiously by keeping the cut-off yields unmoved in recent trading.

News Source:

https://today.thefinancialexpress.com.bd/first-page/thumbs-down-on-treasuries-to-bridle-bank-lending-rate-1717524034

Banking governance needs immediate remedy

- Hard reforms and tough actions are a must-do now to ensure good governance in Bangladesh's banking sector, an eminent economist says while reviewing the country's latest economic situation.
- Dr Sattar, the noted economist, feels reforms in the banking sector are much needed as 90% of investment still coming from banks.
- He says as the capital market isn't capable of providing funds for investment, governance system in the banks should be stabilized.
- And reform in the banks isn't very difficult as we carried out massive reforms in the 90s and many good rules, regulations and guidelines were adopted at the time, he added.
- Thereafter began the rot -- some political decisions, including the licensing of an excessive number of new banks, worsened the governance.

News Source:

https://today.thefinancialexpress.com.bd/first-page/banking-governance-needs-immediate-remedy-1717524264

Deposit interest highest in decade, while growth lowest in 10 months

- Most banks offered up to 12% interest on deposits in April, the highest in a decade.
- Despite higher interest rates, deposit growth slowed to 8.63%, the lowest in the last ten months, according to central bank sources.
- Bankers said, when the interest rate of deposits in banks is increasing while the growth of deposits is decreasing, it is a matter of great concern.
- Many banks are not able to return the deposit money.
- Apart from this, depositors kept less money in banks due to fear of inflation and merger issues.

News Source:

https://www.tbsnews.net/economy/deposit-interest-highest-decade-while-growth-lowest-10-months-869126

Secondary market interest rates should be considered when evaluating Treasury bonds: BB

- The Bangladesh Bank has asked commercial banks to consider secondary market yields or interest rates when revaluing their held-for-trading (HFT) category Treasury bonds.
- A bond's yield is the return to an investor from the bond's interest, or coupon, payments and it can be calculated as a simple coupon yield or using a more complex method, like yield to maturity.
- The new instruction was issued to banks in a circular from the Debt Management Department of the central bank.
- Earlier, banks used primary market yields or interest rates to revalue Treasury bonds classified as held for trading.
- Welcoming the central bank's directive, a private bank's deputy managing director said the secondary market's yield or interest rate is considered in revaluing Treasury bonds in all countries of the world.

News Source:

https://www.tbsnews.net/economy/banking/secondary-market-interest-rates-should-be-considered-when-evaluating-treasury-bonds

Apparel and Textile

Local spinners losing yarn market to import surge

- Due to higher cost of production, domestic textile millers, especially spinners, are facing 'uneven' competition with their foreign competitors and losing orders for yarn even from the local readymade-garment exporters.
- The RMG exporters now prefer sourcing the raw material from abroad, hindering further growth of the local spinning sector.
- According to the central bank data, imports of yarn recorded a double digit growth during the first nine months of the current fiscal year (FY) while imports fell in cases of other raw materials like raw cotton, textile and articles, and staple fibre.
- Yarn import recorded a growth of over 10% during July-March period of FY 2023-24 compared to the corresponding period of the last FY, according to Bangladesh Bank data.

- Bangladesh imported yarn worth USD 2.32 billion during the period which was USD 2.10 billion in July-March period of FY 2022-23.

News Source:

https://today.thefinancialexpress.com.bd/last-page/local-spinners-losing-yarn-market-to-import-surge-1717524536

Capital Market

Dhaka bourse sees highest turnover in 3 weeks

- Dhaka stocks posted marginal gains on Tuesday, although the blue chip index fell, as bargain hunters put fresh bets on sector specific shares expecting quick gains
- Market analysts said the recent free fall of the market attracted fresh investments as many stocks came down to a lucrative price level.
- The market rally was largely supported by high market liquidity, with turnover climbing 51% over the previous day to BDT 5.93 billion, the highest in three weeks.
- Accordingly, the benchmark index of the Dhaka Stock Exchange (DSE) went up by almost 12 points or 0.22% to settle at 5,247, after gaining nearly 2 points the day before.
- The DSES Index, which represents Shariah-based companies, gained almost 4.4 points to 1,142 whereas the blue chip index DS30, a group of 30 prominent companies, lost 4.4 points to 1,852.

News Source:

https://today.thefinancialexpress.com.bd/stock-corporate/dhaka-bourse-sees-highest-turnover-in-3-weeks-1717526346

Debt funds to pay dividends for FY24, having enjoyed favourable climate

- Funds designed to invest in risk-free securities have generated positive returns for FY24 while other mutual funds having a larger share of the money in equity securities endured erosion of assets in the year.
- Hence, the MFs that concentrate investments on debt securities are in a comfortable position to distribute dividends to a great relief of unitholders.
- Other open-ended and close-ended MFs have already expressed their inability to pay any dividend to investors for FY24.
- Equity funds were struggling to make profits with floor prices in place on the bourses before January this year.
- Then the withdrawal of the price restriction accelerated the loss of assets' value in the portfolios.

News Source:

https://today.thefinancialexpress.com.bd/stock-corporate/debt-funds-to-pay-dividends-for-fy24-having-enjoyed-favourable-climate-1717526164