Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,171.56
% change	-1.26%
DS30 Index	1,835.46
% change	-1.21%
DSES Index	1,120.83
% change	-1.40%
Turnover (BDT mn)	3,579.02
Turnover (USD mn)	30.33
% change	-34.04%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	38,798.99
% change	0.00%
S&P 500	5,346.99
% change	0.00%
Nikkei 225	38,683.93
% change	0.00%
FTSE 100	8,245.37
% change	0.00%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	117.80	118.00
EUR	127.22	127.49
GBP	149.85	150.14
INR	1.41	1.41
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
9-Jun-24	8.50 - 10.00	8.87
6-Jun-24	8.50 - 10.00	9.00
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	79.87	0.31%
Gold Spot, USD/t oz.	2,295.13	0.06%
Cotton, USD/lb.	72.99	0.14%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX lost 1.26% in the last trading day, closing at 5,171.56 points.
- The daily turnover decreased 34.04% 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 fell against BDT yesterday except the USD.
- 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 increased 0.31% in the last trading day.

Bangladesh Macro Update

Action plan underway to devise investment-friendly tariff regime

- An action plan is being framed to execute Bangladesh's maiden tariff policy focused on devising tariff structures that promote investment and competitive domestic production line.
- Sources say Bangladesh Trade and Tariff commission (BTTC) will prepare a draft action plan on the dormant National Tariff Policy 2023 through consulting the stakeholders and the draft will be submitted to the National Board of Revenue (NBR) by July 31.
- The revenue board will scrutinize and finalize the draft plan and send the final copy to the national tariff policy-monitoring and-review committee by August 31 next.
- In August last year, the commerce ministry formulated the first-ever national tariff policy aiming to establish a consistent tariff framework that encourages more domestic and foreign investments.
- Approved by the cabinet on July 17, 2023, the National Tariff Policy 2023 also has the objective of enhancing the competitiveness of domestically manufactured goods on the global market.

News Source:

https://today.thefinancialexpress.com.bd/first-page/action-plan-underway-to-devise-investment-friendly-tariff-regime-1717958167

Bangladesh economy on course for expansion

- Bangladesh economy is seen on course for expansion as a parameter styled Purchasing Managers' Index (PMI) sows a rise by 7.9 points from the previous month to 70.1 in its reading.
- This is the second-month publication as it was first launched for April last and it will be published each month.
- A PMI reading above 50 indicates that the economy is expanding.
- A reading on 50 indicates no change compared to last month, while a reading below 50 indicates a contraction of the economy.
- This index is a forward-looking economic indicator which helps understand the direction the economy is heading towards.

News Source:

https://today.thefinancialexpress.com.bd/first-page/bangladesh-economy-on-course-for-expansion-1717958264

Align LDC graduation strategy with next FYP

- Speakers at an event in Dhaka on Sunday suggested that Bangladesh should formulate its Least Developed Country (LDC) graduation strategy in line with the upcoming 9th Five-Year Plan (FYP).
- Experts and policymakers attending the programme also stressed on aligning the strategy with the country's long-term development goals to avoid the middle-income trap.
- These observations came up during a technical level workshop on the Smooth Transition Strategy (STS), jointly organised by the Economic Relations Division (ERD) and the United Nations Department of Economic and Social Affairs (UN DESA).

- Bangladesh successfully met all criteria for LDC graduation in the 2018 and 2021 triennial reviews by the United Nations Committee for Development Policy (CDP).
- Following a five-year preparatory period, the country will graduate from the LDC club in November 2026.

News Source:

https://today.thefinancialexpress.com.bd/last-page/align-ldc-graduation-strategy-with-next-fyp-1717958449

Tax hikes don't always fill coffers

- Higher effective tax rate and minimum tax hikes for beverage companies have raised concerns about hurting foreign investment in Bangladesh.
- Zaved Akhter, president of the Foreign Investors' Chamber of Commerce and Industry (FICCI), said tax collection on carbonated beverages has already declined, proving that tax hikes do not necessarily contribute to higher domestic revenue mobilisation.
- Speaking at a seminar on 'Decoding the Finance Bill 2024' at a city hotel on Sunday, he emphasised tax system reforms that focus on internal improvements rather than imposing a greater tax burden on existing taxpayers.
- The seminar was organised by Snehasish Mahmud & Co, Chartered Accountants.
- Zaved Akhter, also the managing director of Unilever Bangladesh Limited, said the reduction in the corporate tax rate has not been an effective incentive due to higher expense disallowances, eventually resulting in a hike in the effective tax rate to up to 40%.

News Source:

https://today.thefinancialexpress.com.bd/last-page/tax-hikes-dont-always-fill-coffers-1717958570

Investing undisclosed money in real estate will make economy more dynamic: REHAB

- The opportunity for investing undisclosed income in the housing sector without question in the proposed budget will also accelerate the country's mainstream economy, the Real Estate and Housing Association of Bangladesh (REHAB).
- Real estate businesses also called for reducing the post-purchase registration fee of plots and flats to 7%, which has been increased to 30% for the upcoming fiscal year from the current 22%.
- This will increase the trend of registrations by showing the actual value of plots and flats and increase government revenue, said REHAB President Md Wahiduzzaman.
- He said they had raised their demands with the National Board of Revenue and other government authorities concerned before the new budget was placed in parliament.
- In 2020-21, BDT 20,600 crore came into the mainstream economy due to investment opportunities with no questions asked and the government received revenue of over BDT 2,000 crore, he added.

News Source:

https://www.tbsnews.net/economy/investing-black-money-real-estate-will-make-economy-more-dynamic-rehab-872776

Govt to bank on crawling peg, global interest rate cuts to rebuild reserves

- The crawling peg that has almost made the exchange rate market-oriented as well as the falling global interest rates will help Bangladesh rebuild its foreign currency reserves, the finance ministry said.
- The high interest rates prevailing in the advanced economies is one of the major reasons for the dwindling reserves in Bangladesh, said the finance ministry in its medium-term macroeconomic policy statement.
- The revised gross forex reserves target for the current fiscal year ending on June 30 was USD 29.1 billion.
- It stood at USD 24.23 billion on June 5, according to the traditional calculation of the Bangladesh Bank.
- To meet the goal, another USD 4.87 billion will have to be added to the reserves by this month.

News Source:

https://www.thedailystar.net/business/economy/news/govt-bank-crawling-peg-global-interest-rate-cuts-rebuild-reserves-3631181

Sectoral Update

Apparel and Textile

Apparel leaders demand cash incentives until 2032

- Apparel industry leaders have called on the government to extend the cash incentives on export receipts until 2032, aligning with the World Trade Organisation's (WTO) decision to maintain LDC trade benefits for graduating countries until that year.
- As per WTO rules, the government has scope to continue cash incentives after LDC graduation, said Abdullah Hil Rakib, vice president of the Bangladesh Garment Manufacturers and Exporters Association.
- At the event organised jointly with the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) and Bangladesh Textile Mills Association (BTMEA), BGMEA President SM Mannan Kochi said several developed countries have provided incentives to support their industries and make them competitive.
- India has been providing some incentives such as 30% on land price, 40% on worker payment, and 5% on bank interest and we want such alternative incentives after LDC graduation, he added.
- The BGMEA president said the apparel trade bodies believe some of the FY25 budget proposals will support the textile and apparel industries, while others will not.

News Source:

https://www.tbsnews.net/economy/rmg/apparel-leaders-demand-cash-incentives-until-2032-872011

BTMA calls for removal of 7.5% VAT on scrap RMG fabric, 15% on recycled fibres

- Bangladesh Textile Mills Association (BTMA) has demanded that the 7.5% VAT levied on scrap RMG fabrics [jhut] and 15% VAT on fibres made using such scraps be removed from the budget for FY25.

- The recycling mills in Bangladesh cannot use these RMG scraps to make fibres due to the 22.5% VAT, which turns the scraps into waste and pollutes the environment, said Mohammad Ali Khokon, president of BTMA.
- Noting that the industry can produce 1,200 million kilograms of fibre using these scraps worth USD 4 billion each year, he said that they are currently importing such fibre from abroad using foreign currency.
- International buyers often set conditions for producing 30%-40% of clothes using recycled fibres.
- The BTMA chief called on the authorities to withdraw the VATs on RMG scraps, considering the sustainability of the products.

News Source:

https://www.tbsnews.net/economy/rmg/btma-calls-removal-75-vat-scrap-rmg-fabric-15-recycled-fibres-871826

Telecommunication

Telecom industry faces increased burden over higher supplementary duty: Telecom operators' association

- The Association of Mobile Telecom Operators of Bangladesh (AMTOB) has expressed concerns over the government's recent decision to increase the supplementary duty on mobile services by an additional 5%, raising the total from 15% to 20%.
- This move is anticipated to create significant challenges for both the telecom industry and mobile subscribers, according to an AMTOB statement.
- This increase in duty will elevate the cost of voice and internet services, placing additional financial pressure on users, particularly those from marginalised communities.
- The organisation warned that this could potentially lead to decreased mobile service usage, which would negatively impact businesses and reduce government revenue.
- Additionally, the statement said the higher VAT on SIM cards is expected to discourage new users, further slowing the growth of mobile connections in a country where 45% of the population remains unconnected.

News Source:

https://www.tbsnews.net/bangladesh/telecom/telecom-industry-faces-increased-burden-over-higher-supplementary-duty-telecom

Power and Energy

Power Grid gets large sums as govt prioritises transmission, distribution

- Around a third of the budgetary allocation set aside for the power division is going to the Power Grid Company of Bangladesh (PGCB) as the government plans to make the most of installed generation capacity by expanding grids and making some of the existing facilities smart.
- The finance minister has set aside BDT 29,230 crore for the power division for 2024-25, down 13% year-on-year. PGCB will get BDT 10,634 crore.

- Coal Power Generation Company of Bangladesh, which is implementing the Matarbari power plant in Cox's Bazar, received the second-highest allocation.
- Centring the power plant project, PGCB is implementing several projects in Chattogram, upgrading grids. It has received BDT 1,500 crore to carry out the tasks.
- The Barapukuria-Bogura-Kaliakair 400kv project has been given BDT 2,356 crore and the power evacuation facilities project BDT 646 crore.

News Source:

https://www.thedailystar.net/business/economy/news/power-grid-gets-large-sums-govt-prioritises-transmission-distribution-3630291

Capital Market

Stocks plunge as budget measures frustrate investors

- In the wake of the latest budget announcement, stock markets have experienced a downturn, with investors expressing dissatisfaction over the outlined fiscal policies.
- The key index DSEX of the Dhaka Stock Exchange (DSE) saw significant declines, with sectors such as insurance, banking, NBFIs, engineering, pharmaceuticals, and fuel and power bearing the brunt of the sell-off.
- On Sunday (9 June), the first trading day after the budget, the DSEX plunged over 65 points to close at 5,171, hitting a 38-month low, while the blue-chip DS30 dropped by 22 points, settling at 1,835.
- The turnover at the DSE also fell by 34% to BDT 357 crore compared to the previous session.
- The port city bourse, Chittagong Stock Exchange, also settled in the red terrain. The selected indices CSCX fell by 65 points to 8,924, and the all-share price index CASPI dropped by 106 points to close at 14,840.

News Source:

https://www.tbsnews.net/economy/stocks/stocks-edge-down-investors-frustrated-over-budget-fy25-872521

Shareholders to face taxes on loans taken from listed companies

- A new clause has been incorporated in the proposed Finance Bill, suggesting that loans taken from public limited companies by its shareholders be treated as dividends and subject to taxation.
- Some directors of listed companies have been taking loans from their companies as a means to avoid taxation, often without distributing dividends, according to a senior official of the National Board of Revenue.
- We have observed instances where directors of public limited companies have taken loans without distributing dividends and delaying repayment while continuing to acquire new loans, according to officials.
- To combat tax evasion through this method, a new proposal has been introduced in the finance bill, he added.

News Source:

https://www.tbsnews.net/nbr/shareholders-face-taxes-loans-taken-listed-companies-873231