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Daily News Snippet

June 13, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,083.20
% change	0.26%
DS30 Index	1,812.19
% change	0.51%
DSES Index	1,100.92
% change	0.65%
Turnover (BDT mn)	3,508.00
Turnover (USD mn)	29.73
% change	-18.73%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	38,712.21
% change	-0.09%
S&P 500	5,421.03
% change	0.85%
Nikkei 225	38,876.71
% change	-0.66%
FTSE 100	8,215.48
% change	0.83%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	117.95	118.00
EUR	126.67	126.74
GBP	150.27	150.38
INR	1.41	1.41
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
12-Jun-24	8.50 - 10.00	9.39
11-Jun-24	8.50 - 10.00	9.35
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	82.33	-0.33%
Gold Spot, USD/t oz.	2,313.54	-0.49%
Cotton, USD/lb.	71.50	-0.21%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX gained 0.26% in the last trading day, closing at 5,083.20 points.
- The daily turnover decreased 18.73% in the last trading day.

Global Market

- Majority of the leading global indices posted mixed returns as Dow Jones posted 0.09% loss, S&P 500 posted 0.85% gain and FTSE 100 posted 0.83% gain.
- One of the leading Asian market indices, NIKKEI 225 posted 0.66% loss.

Key macro indicators

- All the major currencies fell against BDT yesterday except the GBP.
- The average overnight rate is rising in the past week.
- The current weighted average overnight rate stood at 9.39% with a high rate of 10.00% and low rate of 8.50%.
- The oil price decreased 0.33% in the last trading day.

Bangladesh Macro Update

Governance, transparency, time-bound strategy urgent

- Establishing governance, transparency and time-bound strategy are among urgent dos for helping Bangladesh economy out of its current predicament, according to eminent discussants at a dialogue and termed the proposed budget inappropriate for now.
- This is an ordinary budget during an extraordinary time which would fail to help overcome the economic crisis, they apprehended while anatomizing the provisions set forth in the proposed national budget for the upcoming financial year.
- Eminent industrialist and former caretaker government adviser Syed Manzur Elahi said that 90% of prevailing problems could be solved if governance is established.
- Under governance, its fundamental bedrocks like transparency and accountability are essential to establish.
- There are leakages both in income and expenditure in the budget and so, our people will not get expected benefit from it.

News Source:

https://today.thefinancialexpress.com.bd/first-page/governance-transparency-time-bound-strategy-urgent-1718217493

Economists call for budget cuts, central bank tightening

- The government should re-examine its budget to trim the outlay by BDT 500 billion through expenditure-plan adjustments.
- Administrative costs, subsidies and other government spending could be reduced, while bank borrowing should be limited to less than BDT 900 billion, according to economist Dr Ahsan H Mansur.
- He also urged a reconsideration of these measures before the national budget for FY25 is passed.
- The budget, which was presented to Parliament last week, outlines BDT 1.375 trillion in bank borrowing.
- In a presentation titled 'Budget Insights: Challenges and Opportunities' organised by the Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) and PRI, Dr Mansur also recommended reviewing the possibility of eliminating redundant ministries and agencies, such as the Ministry of Textiles & Jute.

News Source:

https://today.thefinancialexpress.com.bd/first-page/economists-call-for-budget-cuts-central-bank-tightening-1718217599

$1.13b project planned to boost logistics at Bangabandhu Shilpa Nagar

- The Bangladesh Economic Zones Authority (Beza) is initiating a USD 1.127 billion project to enhance logistics facilities, including multimodal connectivity, at Bangabandhu Sheikh Mujib Shilpa Nagar, the country's largest industrial zone in Chattogram.
- The project aims to transform it into a climate-resilient smart industrial zone with associated infrastructure and renewable energy facilities, including comprehensive road connectivity, a logistics hub with jetties, utility infrastructure, and an intelligent transportation system, according to Beza officials.

- The objective is to complete the logistics development by 2030, after which the zone, situated in the Mirsarai-Sitakunda-Sonagazi area of Chattogram and Feni districts, will be fully operational.
- However, businesses have expressed concerns following a government decision that factories outside economic zones or designated areas, such as BSCIC, will no longer receive utility connections and banking services.
- This decision has raised apprehensions, given that Bangabandhu Shilpa Nagar will not be fully functional for another six years.

News Source:

https://www.tbsnews.net/economy/113b-project-planned-boost-logistics-bangabandhu-shilpa-nagar-875926

High bank borrowing by govt to crowd out private sector

- The government plans to borrow BDT 137,500 crore from the banking sector in the fiscal 2024-25 to finance the budget deficit.
- If the Bangladesh Bank does not provide any fund, the entire amount will need to come from the commercial banks.
- This will crowd out the private sector borrowers, according to economists and businessmen.
- The government's dependence on the domestic banking system has increased, contributing to slower growth in private sector credit and higher interest rates, according to Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh (PRI).
- The government's plans to finance its deficit budget for fiscal year 2024-25 by borrowing BDT 90,700 crore from foreign sources and BDT 160,900 crore from domestic sources.

News Source:

https://www.thedailystar.net/business/economy/news/high-bank-borrowing-govt-crowd-out-private-sector-3633426

Sectoral Update

Banking and Insurance

Raise policy rate to 10% to curb inflation: Ahsan H Mansur

- The policy rates should be increased further from the current 8.5% to at least 10% without further delay to curb high inflation, according to Ahsan H Mansur, executive director of PRI.
- The government should focus on keeping the monetary policy stance tight to ensure price stability, he added.
- Mansur also said that 2024-25 fiscal year is the year of macroeconomic consolidation and it will not be a year for high investment and growth.
- Exchange rate stability through tighter monetary stance will be key to achieving the inflation objective.
- Besides, the interest rate structure must be allowed to move freely with market forces.

News Source:

https://www.thedailystar.net/business/news/raise-policy-rate-10-curb-inflation-ahsan-h-mansur-3632941

Power and Energy

Bangladesh-China JV to build 100MW solar power plant in Jamalpur

- As part of Bangladesh's renewable energy push, a joint venture between China's CREC International Renewable Energy Company and Bangladesh's B-R Powergen Limited (BRPL) will establish a 100MW solar power plant on 350 acres of land in Madarganj upazila of Jamalpur.
- The Joint Venture Agreement (JVA) is expected to be signed at The Bangladesh Power Development Board office in the capital today, according to power ministry sources.
- Habibur Rahman, senior secretary of the Power Division, will attend the signing ceremony as the chief guest.
- According to sources, BRPL, a company jointly owned by the Power Development Board and the Bangladesh Rural Electrification Board (REB), will possess a 30% stake in the plant, while the Chinese company will hold the remaining 70%.
- The solar power plant is slated to produce 100MW of electricity under a 20-year agreement.

News Source:

https://www.tbsnews.net/bangladesh/energy/bangladesh-china-jv-build-100mw-solar-power-plant-jamalpur-875801

Using solar panels on 10pc of waterbodies, rooftops can meet country’s power demand: study

- If the unallocated khas lands in Dhaka division can be used to produce solar power, 26\% of the capital's electricity demand can be met, according to a new study revealed today.
- Besides, using only 10% of waterbodies for floating solar plants and 10% of rooftops for solar panels can meet the entire country's demand.
- The study was jointly conducted by Bangladesh Environmental Lawyers Association (BELA) and Coastal Livelihood and Environmental Action Network (CLEAN).
- Speakers at the seminar said that Bangladesh is committed to achieving the target of 100% renewable energy by 2050, but the current number is only 3%.
- The study found that Dhaka division's unallocated khas lands are around 3,388 acres and the electricity demand is 5,276 MW.

News Source:

https://www.thedailystar.net/environment/natural-resources/energy/news/using-solar-panels-10pc-waterbodies-rooftops-can-meet-countrys-power-demand-study-3633131

Telecommunication

Mobile usage costs rise for 'irrational' SD, surcharge

- Telecom-industry leaders said that they could reduce mobile expenditure of customers significantly had the government cut what they call 'irrational' 20% supplementary duty and 01% surcharge imposed on the usages.

- They made the observation while speaking at a post-budget Press Meet at the Association of Mobile Telecom Operators of Bangladesh (AMTOB) secretariat at Banani in the capital.
- They alleged that the government opted for easy tax by imposing 05% additional supplementary duty and BDT 100 SIM tax instead of expanding tax net which appears to be a difficult task for the NBR.
- As the industry faces a period of degrowth, these new taxes add a financial burden that could hinder overall GDP growth and increase costs for customers who rely on affordable telecom services for their daily needs.

News Source:

https://today.thefinancialexpress.com.bd/last-page/mobile-usage-costs-rise-for-irrational-sd-surcharge-1718218117

Capital Market

Stocks snap three-day post-budget losing streak

- Stocks rebounded today (12 June), ending a three-day slide, as investors saw opportunities to buy stocks at lower prices, offsetting the selling pressure.
- On the day, the benchmark index DSEX of the Dhaka Stock Exchange (DSE) rose 13 points and settled at 5,083, while the blue-chip DS30 surged 9 points to reach 1,812.
- However, trading activities remained sluggish, with total turnover decreasing by 19% to BDT 350 crore compared to the previous session.
- In the past three sessions following the budget declaration, the DSEX lost 167 points, and the market capitalisation fell by around BDT 16,000 crore.
- The prolonged downbeat vibe across the market induced investors to remain watchful of the market's trend and stay on the sidelines due to concerns surrounding the market outlook, according to market insiders.

News Source:

https://www.tbsnews.net/economy/stocks/stocks-snap-three-day-post-budget-losing-streak-875776

Market intermediaries to hire auditor from BSEC panel

- The securities regulator has issued a directive making it compulsory for market intermediaries to choose auditors from the auditor panel for higher accountability.
- All issuer companies have already been bound to hire auditors from a list of auditors made by the Bangladesh Securities and Exchange commission (BSEC).
- There were allegations in the past that some audit firms endorsed faulty financial statements without proper verification and by presenting misleading information.
- The securities regulator wants to bring transparency and accountability in the stock market, according to Mohammad Rezaul Karim, BSEC spokesperson and executive director.

News Source:

https://today.thefinancialexpress.com.bd/stock-corporate/market-intermediaries-to-hire-auditor-from-bsec-panel-1718215756