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# Daily News Snippet

June 25, 2024

| Bangladesh Market | |
|---|---|
| **Major Indices** | **Last closing** |
| DSEX Index | 5,220.19 |
| % change | -0.51% |
| DS30 Index | 1,867.99 |
| % change | -0.51% |
| DSES Index | 1,142.85 |
| % change | -0.33% |
| Turnover (BDT mn) | 4,798.67 |
| Turnover (USD mn) | 40.67 |
| % change | -1.41% |
| ***Source: Dhaka Stock Exchange*** | |

| International Market | |
|---|---|
| **Major Indices** | **Last closing** |
| Dow Jones Industrial Average | 39,411.21 |
| % change | 0.67% |
| S&P 500 | 5,447.87 |
| % change | -0.31% |
| Nikkei 225 | 38,804.65 |
| % change | 0.54% |
| FTSE 100 | 8,281.55 |
| % change | 0.53% |
| ***Source: Bloomberg*** | |

| Exchange rate | | |
|---|---|---|
| **Major Currencies** | **Low (BDT)** | **High (BDT)** |
| USD | 118.00 | 118.00 |
| EUR | 126.15 | 126.20 |
| GBP | 149.21 | 149.25 |
| INR | 1.41 | 1.41 |
| ***Source: BB*** | | |

| Money market | | |
|---|---|---|
| **Date** | **Call Money Rate Range (%)** | **Weighted Average** |
| 24-Jun-24 | 8.50 - 10.00 | 8.89 |
| 23-Jun-24 | 8.50 - 10.00 | 9.00 |
| ***Source: BB*** | | |

| Commodities | | |
|---|---|---|
| **Major Commodities** | **Price** | **% Change** |
| Brent Crude (Oil), USD/bbl. | 85.97 | 0.86% |
| Gold Spot, USD/t oz. | 2,324.93 | 0.13% |
| Cotton, USD/lb. | 73.30 | 1.51% |
| ***Source: Bloomberg*** | | |

## Market Summary

## Bangladesh Market

- The leading bourse of the country, DSEX lost 0.51% in the last trading day, closing at 5,220.19 points.
- The daily turnover decreased 1.41% in the last trading day.

## Global Market

- Majority of the leading global indices posted mixed returns as Dow Jones posted 0.67% gain, S&P 500 posted 0.31% loss and FTSE 100 posted 0.53% gain.
- One of the leading Asian market indices, NIKKEI 225 posted 0.54% gain.

## 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 8.89% with a high rate of 10.00% and low rate of 8.50%.
- The oil price increased 0.86% in the last trading day.

### Bangladesh Macro Update

## What's missing for young people in the budget?

- Bangladesh's high youth unemployment rate necessitates specific remedial steps, including ways for employment generation and adoption of prerequisite education and training, which the proposed national budget for fiscal year 2024-25 did not include, according to analysts.
- Moreover, it does not delineate a definite plan addressing the needs of youth who are not in education, employment or training (NEET).
- The budget provided little hope to young people, talking about initiatives the state has already taken towards the creation of vocational training facilities.
- Around 21.48 lakh of these youths were unemployed.
- This is 83% of the total unemployed people in Bangladesh.

**News Source:**

https://www.thedailystar.net/business/economy/news/whats-missing-young-people-the-budget-3640956

## South Korea offers $100m in budget support

- The government is going to get USD 100 million in budgetary support from South Korea to fund a "Second Strengthening Social Resilience Program, Subprogram-1".
- The annual interest rate for the loan will be 1% and it will have a maturity period of 25 years, which includes a grace period of a total of seven years.
- The deal aims at bolstering social resilience and improving the inclusiveness and responsiveness of social protection systems in the country.
- The policy reform programme crafted by the Finance Division in collaboration with other relevant ministries outlines measures to enhance social resilience.
- The loan agreement underscores the ongoing partnership between Bangladesh and Korea.

**News Source:**

https://www.thedailystar.net/business/news/south-korea-offers-100m-budget-support-3640761

## IMF board okays $1.152b for Bangladesh

- Bangladesh now goes to receive USD 1.152 billion from the ongoing USD 4.7- billion IMF loan programme as the Executive Board of the International Monetary Fund approved the third tranche of the loan.
- Earlier on May 08, the IMF reached a staff-level agreement with the government of Bangladesh on the policies needed to complete the second review of the ongoing lending programme.
- This time, Bangladesh was supposed to get USD 668 million after the completion of second review but the IMF staff team agreed to raise the dollop to USD 1.15 billion on request from the government.
- Of the total sum, USD 932 million is coming as Extended Credit Facility (ECF)/ Extended Fund Facility (EFF) while USD 220 million comes as Resilience and Sustainability Facility (RSF).

**News Source:**

https://today.thefinancialexpress.com.bd/first-page/imf-board-okays-1152b-for-bangladesh-1719248019

## Debt-GDP ratio on the rise, but still well below IMF threshold

- Growing government borrowing, totalling BDT 16.59 trillion as of last December, took the debt-to-GDP ratio to 33.2%, according to official statistics.
- The ratio, though going up constantly, was significantly lower than the IMF threshold of 55%.
- The aggregate public-debt buildup as in December 2023 accounts for over 22% increase year on year.
- Economists believe that such debt situation may create imbalances in public finance, besides creating crowding-out effect in the economy.
- However, this debt volume is purely government borrowing, not inclusive of private-sector borrowing.

**News Source:**

https://today.thefinancialexpress.com.bd/first-page/debt-gdp-ratio-on-the-rise-but-still-well-below-imf-threshold-1719248173

## Bangladesh explores alternatives to settle $587m overdue interest on Rooppur loan

- Amid US sanctions on Russian banks, Bangladesh is seeking alternative transaction methods to settle USD 587 million in overdue interest, commitment fees, and late fines on Russian loans for the Rooppur Nuclear Power Plant Project.
- The urgency to find a solution stems from a 2.4% penalty imposed by Russia for late payments, according to finance ministry sources.
- The government has proposed to Russia that rather than collecting the dues, Russia could consider investing the due funds in new projects, investing in the stock market, or purchasing goods from Bangladesh.
- Apart from interest payments, the first instalment (principal amount) of the USD 12.65 billion Russian loan is set for March 2027, but Bangladesh is requesting a deferment until 2029.

**News Source:**

https://www.tbsnews.net/economy/bangladesh-explores-alternatives-settle-587m-overdue-interest-rooppur-loan-883676

### Sectoral Update

### Banking and Insurance

## Loan disbursements thru agent banking fall by 18% in April

- Loan disbursements through agent banking fell by 18.35%, according to a Bangladesh Bank report.
- In April, loan disbursements decreased by BDT 162 crore, reaching a total of BDT 722 crore.
- The interest rate of loans has been increasing every month in the banking sector since June last year due to which, customers are also considering various factors while taking loans, according to bankers.
- The rate till June last year was 9%, which has now increased to almost 15%.

**News Source:**

https://www.tbsnews.net/economy/banking/loan-disbursements-thru-agent-banking-fall-18-april-883501

### Power and Energy

## Power board's loss may soar 196% to Tk18,000cr in FY25: CPD

- The Bangladesh Power Development Board's losses are projected to soar by 196% year-on-year to BDT 18,000 crore in the fiscal 2024-25 due to the government's "flawed" policies, according to the Centre for Policy Dialogue (CPD).
- The board will face substantial losses despite increased electricity prices and government subsidies.
- The power generation capacity is 46.4% more than the demand, with the country now having a capacity of 30,738MW, but only 14,000MW being used.
- This excess capacity leads to significant government spending on capacity charges without generating any electricity.
- Production capacity is being increased when it is not being utilised, according to Khondaker Golam Moazzem, the research director of CPD.

**News Source:**

https://www.tbsnews.net/bangladesh/energy/projected-loss-power-development-board-reach-tk18000cr-2025-cpd-882426

### Capital Market

## Stocks snap down after five-day rally

- The indices of the Dhaka Stock Exchange (DSE) dropped after five consecutive sessions of rallying, as savvy investors took the opportunity to book profits by selling off their holdings.
- This marked a notable shift in market momentum, reflecting a strategic move by investors to capitalise on recent gains.
- In the previous five sessions, the DSE's prime index, DSEX, increased by 177 points following post-budget corrections.
- However, on Monday, the benchmark index plummeted 27 points, settling at 5,220 whereas the blue-chip index DS30 was down by 10 points to 1,868, and the Shariah-compliant stocks' index, DSES, fell by 4 points to 1,143.
- The turnover decreased by 1.42% to BDT 480 crore compared to the previous session.

**News Source:**

https://www.tbsnews.net/economy/stocks/stocks-plunge-over-selling-pressure-883056