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Daily News Snippet

July 04, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,373.84
% change	0.63%
DS30 Index	1,912.93
% change	0.44%
DSES Index	1,186.55
% change	0.75%
Turnover (BDT mn)	5,392.77
Turnover (USD mn)	45.70
% change	22.39%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	39,308.00
% change	-0.06%
S&P 500	5,537.02
% change	0.51%
Nikkei 225	40,580.76
% change	1.26%
FTSE 100	8,171.12
% change	0.61%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	117.60	118.00
EUR	126.35	126.81
GBP	149.16	149.71
INR	1.41	1.41
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
3-Jul-24	8.50 - 10.00	8.90
2-Jul-24	8.50 - 10.00	9.26
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	86.84	-0.57%
Gold Spot, USD/t oz.	2,358.28	0.09%
Cotton, USD/lb.	72.36	-0.47%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX gained 0.63% in the last trading day, closing at 5,373.84 points.
- The daily turnover increased 22.39% in the last trading day.

Global Market

- Majority of the leading global indices posted mixed returns as Dow Jones posted 0.06% loss, S&P 500 posted 0.51% gain and FTSE 100 posted 0.61% gain.
- One of the leading Asian market indices, NIKKEI 225 posted 1.26% gain.

Key macro indicators

- All the major currencies rose against BDT yesterday except the USD.
- The average overnight rate is falling in the past week.
- The current weighted average overnight rate stood at 8.90% with a high rate of 10.00% and low rate of 8.50%.
- The oil price decreased 0.57% in the last trading day.

Bangladesh Macro Update

How $10b export data error throws economic assessment off

- The truth is finally out here as our exports are not as much as they are shown.
- It is at least USD 10 billion less and exporters always doubted the rosy export figures.
- The mystery of export data mismatch was finally resolved yesterday after the National Board of Revenue (NBR) corrected its estimates of exports it had been erroneously showing inflated for the last few years.
- This has thumped down exports figures for the last nine months by a huge USD 10 billion, showing a negative growth in reality instead of positive growth perceived so far.

News Source:

https://www.tbsnews.net/economy/how-10b-export-data-error-throws-economic-assessment-891201

China offers BD exclusive low-cost dev funding

- China has agreed to slash interest rate on its concessional loans to Bangladesh in an exclusive offer of low-cost development funding, which may significantly improve the country's debt portfolio.
- The interest rate on the Chinese loans will be pared down to 1.0% from the previous level of above 2.0%, according to sources in the finance ministry.
- The Chinese side conveyed this major shift in their position during the recent visit of the chief of its development agency.
- The annual interest rate is lowered to 1.0% with the repayment period being 20 years and grace period 5 years according to the soft-loan offer.
- The tenure could be extended to 30 years and grace period to 10 years but, in that case, the interest rate will be 2%.

News Source:

https://today.thefinancialexpress.com.bd/first-page/china-offers-bd-exclusive-low-cost-dev-funding-1720025555

Current account in the red after several months' surplus

- Bangladesh sees its current account dip deeper, with the deficit counting USD 5.7 billion as of April, after nine months of surplus as the country's foreign trade tips the balance.
- The deficit was seen USD 3.3 billion at the end 2023 fiscal year, according to the central bank of Bangladesh.
- The trade deficit, a major component of the current-account shortfall, as of April, was USD 18.7 billion, in a fast rise from USD 15.8 billion in March.
- Given the sizeable deficits in April, we continue to expect the overall current account deficit to worsen more in the coming months as the export demand remained subdued, according to Dr Ahsan H. Mansur, executive director of the Policy Research Institute of Bangladesh or PRI.

News Source:

https://today.thefinancialexpress.com.bd/first-page/current-account-in-the-red-after-several-months-surplus-1720025802

Only 17 startups apply for govt's sandbox scheme to avail tax benefit

- In a time when tax benefits are what businesses, especially the small ones, always look for, only 17 startups have applied to register with the government's Startup Sandbox, a tax benefit scheme offered to new entrepreneurs to help them rise to prominence.
- 300 to 500 firms were eligible, but the sector's lack of awareness was to blame for the lacklustre response.
- Having no in-house tax expertise, we were unaware of the tax benefits offered under the sandbox registration, according to Kishwar Hashemee, co-founder and CEO of an embedded finance startup Mitro.
- Now, startups that missed the opportunity are seeking an extension of the deadline, which was 30 June.
- Startups that register with the sandbox scheme will enjoy lenient tax rules and regulations, but first, they have to register their companies as startups with the National Board of Revenue (NBR).

News Source:

https://www.tbsnews.net/economy/only-17-startups-apply-govts-sandbox-scheme-avail-tax-benefits-891341

Sectoral Update

Banking and Insurance

7 more banks sign MoU with NPA to implement national pension scheme

- The National Pension Authority (NPA) on Wednesday (3 July) signed a Memorandum of Understanding (MoU) with 7 banks for the implementation of the universal pension scheme.
- With this, the number of public and private banks implementing the universal pension program is 11 now.
- The MoU was signed in the conference room of the finance division of the Ministry of Finance.
- The seven banks with which the NPA has signed the MoU are Janata Bank, Bangladesh Krishi Bank (BKB), Rajshahi Krishi Unnayan Bank, Prime Bank, Dutch-Bangla Bank, Eastern Bank Limited (EBL) and Mutual Trust Bank (MTB).
- Four other banks have earlier signed MoUs with the NPA: Sonali Bank, Agrani Bank, BRAC Bank, and City Bank.

News Source:

https://www.tbsnews.net/economy/banking/7-more-banks-sign-mou-npa-implement-national-pension-scheme-891406

Telecommunication

GP served show-cause for not using allocated spectrum

- The telecom regulator has issued a show-cause notice to Grameenphone for "not using the allocated spectrum", affecting the quality of service used by more than 43% of the country's mobile phone subscribers.
- Zunaid Ahmed Palak, state minister for telecom and ICT, shared this while speaking to reporters after an event at ICT Division yesterday.
- At the meeting, Palak also informed operators that they had not been using the allocated spectrum.

- If they give a proper explanation, they will be forgiven this time, but if not, the BTRC can fine them BDT 1 crore to BDT 300 crore.
- They were also scrutinising other operators, he added.

News Source:

https://www.thedailystar.net/business/news/gp-served-show-cause-not-using-allocated-spectrum-3648546

Mobile phone subscriptions up by 13.6 lakh in May

- In May, the four mobile phone operators in Bangladesh added 13.6 lakh new subscribers, while the number of internet users increased by 26.9 lakh, according to the Bangladesh Telecom Regulatory Commission (BTRC).
- The total mobile phone subscriptions rose to 19.51 crore in the month of May, up from 19.37 crore in April, as all four operators saw an increase in subscribers.
- Of them, the largest operator Grameenphone grew its subscriber base to 8.49 crore from 8.40 crore million, while the state-owned Teletalk added 20,000 new subscribers, bringing its total to 65.7 lakh.
- Meanwhile, Robi Axiata's subscribers increased to 5.89 crore from 5.85 crore and Banglalink's subscriber count edged up to 4.47 crore, following a significant increase the previous month.
- Since a large number of people use multiple mobile SIMs, the total subscription exceeded the country's population.

News Source:

https://www.tbsnews.net/economy/mobile-phone-subscriptions-136-lakh-may-891211

Power and Energy

Bangladesh pays Russia $15m in taka for Rooppur plant as dollar payment stalled

- The Bangladesh government has recently paid the equivalent of USD 15 million in BDT for the Rooppur Nuclear Power Plant project as the payment in dollars has remained stuck for two and a half years over sanctions on Russia.
- International sanctions on Russian banks due to the ongoing conflict with Ukraine necessitated revising the payment conditions.
- As a result, Atomstroyexport, a subsidiary of Russia's state nuclear agency Rosatom, agreed to accept partial payments in BDT.
- The payment was made through the state-owned Sonali Bank by converting a portion of the contract amount into BDT after the Project Implementation Committee approved the procedure in early June.
- As the project's progress had been hampered by regular payment difficulties, Atomstroyexport agreed to accept partial payments in local currency to ensure continuous funding, according to officials.

News Source:

https://www.tbsnews.net/economy/bangladesh-pays-russia-15m-taka-rooppur-plant-dollar-payment-stalled-891351

Offshore bids: Petrobangla seeks deadline extension after foreign cos' request

- Bangladesh Oil, Gas, and Mineral Resources Corporation (Petrobangla) has proposed to the Ministry of Power, Energy and Mineral Resources for an extension for the submission deadline of offshore oil and gas exploration bids in response to requests from several foreign companies.
- The initial invitation for bids, covering 24 blocks including 15 in the deep sea and nine in the shallow sea in Bangladesh's maritime area, was announced on 11 March this year, with a submission deadline of 9 September.
- While some companies requested a six-month extension, a three-month extension is currently being considered.
- Several companies have requested more time, leading to a proposal being sent to the ministry, according to Engineer Md Rafiqul Islam, director of Petrobangla (PSC).

News Source:

https://www.tbsnews.net/bangladesh/energy/offshore-bids-petrobangla-seeks-deadline-extension-after-foreign-cos-request

Capital Market

Key DSE index rises for second day

- Shares listed at the Dhaka Stock Exchange (DSE) rose today for the second consecutive day.
- The broad index of the premier bourse in Bangladesh, DSEX, climbed 33.65 points, or 0.63%, to close the day at 5,373.84.
- Similarly, DSES, the index that represents Shariah-compliant firms, jumped 8.81 points, or 0.75%, to 1,186.55, while DS30, the index that is composed of the best blue-chip stocks, edged up 8.30 points, or 0.43%, to 1,912.93.
- Turnover, the volume of shares traded during the session, increased 22.39% to BDT 539 crore.
- Of the issues traded on the DSE, 241 ended higher, 97 closed lower and 57 did not see any price swings.

News Source:

https://www.thedailystar.net/business/news/key-dse-index-rises-second-day-3647921

Tax generated in FY24 by Dhaka bourse hits flour-year low

- The government's tax revenue from the Dhaka Stock Exchange (DSE) hit a four-year low to BDT 2.44 billion in the just concluded financial year, due to lower turnover amid dwindling investor confidence.
- Market operators attributed the fall in tax collection to the decline in share transactions by investors in presence of floor price and confidence crisis amid lingering economic uncertainties.
- The market was in a floor-price trap for more than seven months of the year.
- Large-cap stocks witnessed a sharp decline in market value in the year after the withdrawal of the price restriction.

- The squeezing liquidity scenario and price restriction hurt market participation, leading to lower turnover as well as lower tax collection as tax is related to turnover, according to market insiders.

News Source:

https://today.thefinancialexpress.com.bd/stock-corporate/tax-generated-in-fy24-by-dhaka-bourse-hits-flour-year-low-1720022936