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Daily News Snippet

August 11, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,924.81
% change	5.45%
DS30 Index	2,132.73
% change	5.47%
DSES Index	1,274.91
% change	4.57%
Turnover (BDT mn)	16,064.73
Turnover (USD mn)	136.14
% change	107.14%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	39,497.54
% change	0.13%
S&P 500	5,344.16
% change	0.47%
Nikkei 225	35,025.00
% change	0.56%
FTSE 100	8,168.10
% change	0.28%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	118.00	118.00
EUR	128.87	128.89
GBP	149.75	149.77
INR	1.41	1.41
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
08-Aug-24	8.50 - 10.00	8.68
07-Aug-24	8.50 - 10.00	8.71
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	79.66	0.63%
Gold Spot, USD/t oz.	2,431.32	0.16%
Cotton, USD/lb.	68.34	1.64%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX gained 5.45% in the last trading day, closing at 5,924.81 points.
- The daily turnover increased 107.14% in the last trading day.

Global Market

- Majority of the leading global indices posted positive returns as Dow Jones posted 0.13% gain, S&P 500 posted 0.47% gain and FTSE 100 posted 0.28% gain.
- One of the leading Asian market indices, NIKKEI posted 0.56% gain.

Key macro indicators

- All the major currencies fell against BDT yesterday except the INR.
- The average overnight rate is falling in the past week.
- The current weighted average overnight rate stood at 8.68% with a high rate of 10.00% and low rate of 8.50%.
- The oil price increased 0.63% in the last trading day.

Bangladesh Macro Update

Business optimism rebounds as Ctg port operations improving

- Chattogram Port and private Inland Container Depots (ICDs) are seeing a marked improvement in container operations as the country's political climate simmers down.
- The movement of export and import goods, which had been severely disrupted by security fears following the fall of the Awami League in government, accelerated yesterday, restoring business confidence, according to trade leaders.
- On 7 August, only 2,238 TEUs (twenty-foot equivalent units) of containers were delivered from the port yards whereas on 8 August, this number had nearly doubled to 3,924 TEUs, and by 9 August, the port delivered 4,437 TEUs.
- Nationwide security lapses and the absence of police had halted goods transportation.
- However, with the new interim government taking charge and police gradually returning to their posts, the fearful climate begins to subside.

News Source:

https://www.tbsnews.net/economy/business-optimism-rebounds-ctg-port-operations-improving-913196

Exporters upbeat about loss recovery

- Exporters are optimistic that the new interim government, led by Prof Muhammad Yunus, will boost buyers' confidence and increase orders due to the Nobel laureate's positive reputation in the West, a key market for Bangladesh's exports.
- They believe if the government can restore law and order and ensure safety and security, they can recover the losses incurred during the past month's disruptions caused by a massive student movement.
- Bangladesh has a good chance of attracting fresh investments into the country, according to exporters.
- They also mentioned that buyers are already expressing their eagerness to increase sourcing from Bangladesh.
- However, they urged the new government to restore law and order across the country to make it stable and ensure a business-friendly environment to cash these potential opportunities.

News Source:

https://www.tbsnews.net/economy/exporters-upbeat-about-loss-recovery-913186

Purchasing managers' index sharply drops in July

- The Bangladesh Purchasing Managers' Index (PMI) has plummeted by 27 points month-over-month to 36.9 in July, marking the first contraction in business activities this year.
- A PMI reading above 50 signals economic expansion, while a reading below 50 indicates contraction.
- The significant drop in July was largely attributed to political unrest following a student uprising that led to Sheikh Hasina's removal from office after over 15 years.
- This unrest impacted all major sectors – agriculture, manufacturing, construction, and services, according to the Metropolitan Chamber of Commerce and Industry (MCCI).

- The PMI serves as a leading economic indicator, providing insights into future economic trends based on current business activity.

News Source:

https://www.tbsnews.net/economy/purchasing-managers-index-sharply-drops-july-912686

LC openings for capital machinery, intermediate goods drop in FY24

- The opening of import letters of credit (LCs) for products like capital machinery and intermediate goods decreased in the fiscal 2023-24 compared to the previous fiscal year, primarily due to lower demand driven by inflation and the ongoing dollar crisis.
- LCs worth USD 68.69 billion were opened in FY24, slightly higher than the previous fiscal year, according to central bank data.
- However, a sector-wise analysis of import figures shows that LC openings for consumer goods decreased by 12% in FY24, while capital machinery fell by 11%, intermediate goods by 18%, and petroleum by 4% compared to the previous fiscal year.
- On the other hand, imports of other products increased by 13%.
- Bankers and economists attribute the decline to the dollar crisis, which prevented traders from importing goods as per demand.

News Source:

https://www.tbsnews.net/economy/lc-openings-capital-machinery-intermediate-goods-drop-fy24-912651

Sectoral Update

Banks, NBFIs and Insurance

Banking normalcy issue comes first, reform next

- Restoring confidence and normalcy in the banking sector comes first before going for reforms, according to Finance and Planning Adviser Dr Salehuddin Ahmed.
- Banking sector virtually remained in disorders as heads rolled in the central bank as the governor and his deputies had to pack their bags amid commotion from lower orders following the fall of the Sheikh Hasina government.
- The adviser sat with all the secretaries and members of the Finance Ministry and Planning Ministry to talk the way forward and do a reality recheck of financial and development priorities.
- He sought cooperation from the media in carrying out a onerous task they are assigned to run the country and do reforms to pave the way for arranging free and fair elections to the dissolved parliament.

News Source:

https://today.thefinancialexpress.com.bd/first-page/banking-normalcy-issue-comes-first-reform-next-1723310241

Power struggle shakes banking sector after govt change

- Banks previously controlled by companies aligned with the ousted Awami League government have experienced significant power shifts and unrest in recent days, following the government's fall.

- Several top-level officials from these banks have resigned, leading to disruptions in banking operations, including a halt in loan approvals and disbursements.
- Protests erupted in several banks on Thursday, with demands to identify and take action against those involved in money laundering, to cancel illegal appointments, and to reinstate employees who were arbitrarily dismissed.
- Former promoter directors took control of Social Islami Bank Limited (SIBL), previously controlled by S Alam Group, on Thursday.
- Earlier in the week, Islami Bank Bangladesh PLC officials announced that no representatives from S Alam Group would be allowed entry into the bank.

News Source:

https://www.tbsnews.net/economy/banking/power-struggle-shakes-banking-sector-after-govt-change-913106

Apparel and Textile

RMG units back in full-swing production

- Almost all apparel factories and accessory industries in the country resumed full-scale production on Thursday, hoping to meet shipment deadlines set by their buyers, which have already been delayed due to the recent unrest over the student movement.
- However, while some textile mills have resumed production, others remain concerned about potential security threats from unknown outsiders, according to industry insiders.
- On Thursday, apparel exporters also expressed concerns about the security of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) following an alleged hostile takeover attempt by the current board.
- Later in the evening, the board met with Brigadier General Md Nazim-ud-Daula, director of military operations at the army headquarters, and other senior military officials to seek security support for their industrial zones.

News Source:

https://www.tbsnews.net/economy/rmg/rmg-units-back-full-swing-production-912681

Energy

Coal fires power plants as unrest slows fuel oil supply

- The country's overall fuel consumption pattern in power plants reversed during the quota reform movement, with a sharp rise in electricity generation from coal-fired power plants.
- State-run Bangladesh Power Development Board (BPDB) leaned significantly towards coal-fired power plants, cutting the share of gas-fired and oil-fired plants.
- This was largely due to difficulties in transporting furnace oil from depots to power plants amid fierce student protests and lower coal prices in the international market, according to BPDB Member (generation) Khandaker Mokammel Hossain.

- The persistent delay in resuming operations at the Summit LNG Terminal in the Bay of Bengal also contributed to the increased reliance on coal-fired power plants.
- Bangladesh's electricity generation from coal-fired power plants was only 70 million kilowatt-hour (MWh) on June 30, 2024 which was 23.52% of the country's total electricity generation of 297.59 MWh.

News Source:

https://today.thefinancialexpress.com.bd/last-page/coal-fires-power-plants-as-unrest-slows-fuel-oil-supply-1723310731

Industries still face gas crisis as CNG terminal stays non-functional

- Gas-intensive industries continue to struggle as a floating storage regasification unit (FSRU) still remains non-operational, according to industry insiders.
- Earlier, government officials had assured that the gas supply situation would improve by mid-July, following the return of the FSRU, which was damaged during Cyclone Remal on 26 May and subsequently repaired in Singapore.
- Recently, the gas supply pressure was also zero, and the situation has not improved.
- Currently, the gas supply is about 2,500 million cubic feet per day (mmcfd), against the demand of 3,800 mmcfd.

News Source:

https://www.tbsnews.net/bangladesh/energy/industries-still-face-gas-crisis-cng-terminal-stays-non-functional-913831

Capital Market

DSE index gains 306 points, hits single-day record

- DSEX, the benchmark index of the Dhaka Stock Exchange (DSE) hits the highest jump in a single day by 306 points or 5.44% on 8 August.
- After the resignation of Sheikh Hasina on Monday (5 August), stocks at the Dhaka bourse continued to rally for three consecutive days from Tuesday to Thursday.
- The DSEX, introduced by the Dhaka Stock Exchange on 28 January 2013, has never recorded a single day of growth in its over 11-year history, according to DSE officials.
- On Thursday, turnover at the DSE hits around five months high at BDT 1,606 crore.
- On that day, most of the stocks witnessed a price jump.

News Source:

https://www.tbsnews.net/economy/stocks/dse-index-gains-306-points-hits-single-day-record-912046

Real estate trust rules finalised to boost financing

- The rules for Real Estate Investment Trusts (REITs) has been finalised with an aim to create new opportunities for financing the real estate sector through the capital market.

- The Bangladesh Securities and Exchange Commission (BSEC) published the rules on its website yesterday, following the initial gazette release in mid-July this year.
- The minimum size of a REIT fund will be BDT 200 crore, with sponsors required to contribute at least 20% of the total fund, either individually or jointly, according to the gazette.
- If the fund is exclusively intended for real estate projects within city corporation areas, the minimum fund size must be BDT 300 crore.
- Moreover, the REIT manager is required to invest at least 2% of the total fund.

News Source:

https://www.tbsnews.net/economy/stocks/real-estate-trust-rules-finalised-boost-financing-912676

Stock market getting rid of floor price this week, finally

- It took more than two years to fully eliminate the strict price floor imposed by regulators, which had prevented stock prices from rising above a predetermined level.
- The Bangladesh Securities and Exchange Commission (BSEC) on Thursday evening asked both the bourses to remove the floor price for three stocks namely Beximco Limited, Khulna Power Company and Shahjibazar Power Company from Sunday.
- The remaining three stocks BSRM Limited, Islami Bank and Meghna Petroleum will be free from the restriction on 14 August (Wednesday), according to the BSEC letter undersigned by its chairman Professor Shibli Rubayat Ul Islam.
- BSEC Executive Director and Spokesperson Rezaul Karim confirmed the development.
- There will be no floor price at all from Wednesday, however, the other restrictive measure to arrest the downward momentum — the 3% lower circuit that does not allow any stock fall by more than 3% a day will remain in place for all the listed scrips until further notice.

News Source:

https://www.tbsnews.net/economy/stocks/stock-market-getting-rid-floor-price-week-finally-913721