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Daily News Snippet

August 13, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,932.28
% change	-1.39%
DS30 Index	2,153.54
% change	-1.41%
DSES Index	1,270.81
% change	-1.13%
Turnover (BDT mn)	11,430.23
Turnover (USD mn)	96.87
% change	-43.14%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	39,357.01
% change	-0.36%
S&P 500	5,344.39
% change	0.00%
Nikkei 225	35,025.00
% change	0.00%
FTSE 100	8,210.25
% change	0.52%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	118.00	118.00
EUR	128.81	128.82
GBP	150.56	150.65
INR	1.41	1.41
Source: BB		

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

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	81.65	-0.79%
Gold Spot, USD/t oz.	2,464.81	-0.33%
Cotton, USD/lb.	68.55	-0.75%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX lost 1.39% in the last trading day, closing at 5,932.28 points.
- The daily turnover decreased 43.14% in the last trading day.

Global Market

- Majority of the leading global indices posted mixed returns as Dow Jones posted 0.36% loss, S&P 500 posted 0.00% gain and FTSE 100 posted 0.52% gain.
- One of the leading Asian market indices, NIKKEI was closed yesterday.

Key macro indicators

- All the major currencies remained unchanged against BDT yesterday.
- The average overnight rate is rising in the past week.
- The current weighted average overnight rate stood at 8.71% with a high rate of 10.00% and low rate of 8.50%.
- The oil price decreased 0.79% in the last trading day.

Bangladesh Macro Update

Inflation rockets 13yr high in July

- Inflation rocketed 13-year high to 11.66% in July as food cost soared by a steep 14.10%, the toughest month especially for the commoners, according to the last official disclosure.
- In a single month, the food inflation on a point-to-point basis surged by 3.68% points to 14.10% from 10.42% in June, according to the Bangladesh Bureau of Statistics (BBS) data.
- The highest inflation was recorded in FY2011-12 when the 12-month moving average was 10.92%.
- Middle and lower-middle class and poor people in Bangladesh have faced hardship over more than a year now as the point-to-point inflation was not coming down below 9.0% club.
- Yet, their livelihood was affected at a higher level in the last month of July when the prices of food-and non-food items were abnormally high.

News Source:

https://today.thefinancialexpress.com.bd/first-page/inflation-rockets-13yr-high-in-july-1723484651

Foreign loan repayments resume after over a week's pause

- Payments of principal and interest on foreign loans for various development projects and government purchases of oil, gas, and fertilisers have resumed after more than a week's pause, according to the Economic Relations Division (ERD).
- Bangladesh Bank was authorised yesterday to proceed with the overdue repayments.
- While the central bank is responsible for making these payments, the ERD prepares the payment schedule and sends it to the central bank through the Finance Division.
- Loan repayments were halted by about 10 days due to the severe political unrest and the ouster of the Awami League government, which brought the country to a standstill.
- This is the first time Bangladesh has missed foreign loan repayments, marking an unprecedented event in the country's history, according to ERD officials.

News Source:

https://www.tbsnews.net/economy/foreign-loan-repayments-resume-after-over-weeks-pause-915366

IMF's 3rd review mission due in October

- The International Monetary Fund (IMF) is scheduled to send its third review mission to Bangladesh next October to assess the progress in meeting the conditions for releasing the fourth tranche of the USD 4.7 billion loan agreement.
- IMF Resident Representative for Bangladesh, Jayendu De, disclosed the information in a letter to the Ministry of Finance.
- Consequently, the organisation has expressed interest in conducting the review mission in Bangladesh from 2 to 17 October.
- Bangladesh has received three instalments under the IMF loan agreement so far, with the fourth instalment expected to be released in December.

- To facilitate this, the IMF has set a target for Bangladesh's net foreign exchange reserves to reach at least USD 14.90 billion by the end of September and USD 15.31 billion by the end of December.

News Source:

https://www.tbsnews.net/economy/imfs-3rd-review-mission-due-october-915321

Migrant workers crowd exchange houses in Malaysia to send remittance home

- As remittance inflow to Bangladesh increased after the fall of former prime minister Sheikh Hasina, huge crowds of migrant workers were seen busy sending their hard-earned money home at the money exchanges in Malaysia's capital Kuala Lumpur on 12 August.
- During the first six days before and after Sheikh Hasina's exit, only USD 95.65 million came to Bangladesh as remittance.
- The amount has shot up to USD 387.12 million in just three days from 7 August to 10 August.
- A total of USD 482.77 million has entered Bangladesh as remittance in the first 10 days of August, according to a recent report by the Bangladesh Bank.
- Officials related to the sector said that the remittance inflow decreased last month as migrant workers declared a remittance shutdown following quota reform protests and subsequent crackdown on the students by the Hasina government.

News Source:

https://www.tbsnews.net/economy/migrant-workers-crowd-exchange-houses-malaysia-send-remittance-home-914966

Sectoral Update

Banks, NBFIs and Insurance

Let moribund banks die, book banking scamsters

- Banks lying "clinically dead" and on the brink, surviving only through bailouts, should be allowed to close down, recommends a local think-tank in exhaustive redemption plans for banking and finance.
- For riddance from such problem banks, the Centre for Policy Dialogue (CPD) suggests that the interim government formulate an exit policy with provision of protection for depositors' money.
- A white paper detailing the corruption and scams in Bangladesh's banking industry and identifying those accountable for such rot has also to be published, according to the policy think-tank.
- The CPD also stresses forming a goal-specific, time-bound, transparent, unbiased, inclusive and independent banking commission to bring transparency by ending the prevailing situation.
- Getting to the root causes of the manifest problems, and taking credible measures for improving the situation sustainably are also suggested.

News Source:

https://today.thefinancialexpress.com.bd/first-page/let-moribund-banks-die-book-banking-scamsters-1723484748

Salehuddin prioritises stabilising banking sector, rejuvenating economy

- Finance and Planning Adviser Salehuddin Ahmed is placing the highest priority on stabilising the banking sector and rejuvenating the country's overall economic activities.
- Salehuddin said that he will focus more on improving people's living standards than on macroeconomic indicators.
- He mentioned that he had instructed banks to open letters of credit (LCs) for import of fuel oil, gas, fertilisers, food products, and industrial raw materials immediately upon assuming charge as finance adviser.
- This measure aims to maintain agricultural and industrial production, increase the supply of food products, and control inflation, according to the adviser.
- Specifically, he emphasised the need to complete the appointments of the governor and deputy governors of the Bangladesh Bank and to appoint a new chairman for the Bangladesh Securities and Exchange Commission.

News Source:

https://www.tbsnews.net/economy/banking/salehuddin-prioritises-stabilising-banking-sector-rejuvenating-economy-915356

Social Islami Bank hid Tk7,936cr toxic loans with cenbank's help: Confidential document

- Shariah-based Social Islami Bank, owned by S Alam Group, concealed BDT 7,936 crore in defaulted loans with the help of a central bank official, according to a confidential Bangladesh Bank report.
- The defaulted loans at the end of December 2023 amounted to BDT 9,568 crore, but Social Islami Bank reported only BDT 1,644 crore to the money market regulator.
- Additionally, the inspection team discovered a shortfall of BDT 8,127 crore in provision at the end of December 2023.
- The inspection team identified discrepancies in financial reporting by conducting on-site visits to five main branches, off-site reviews of 10 branches, and inspections of seven branches outside Dhaka as of 31 December 2023.
- The central bank concealed the true financial state of Social Islami Bank.

News Source:

https://www.tbsnews.net/economy/banking/social-islami-bank-hides-tk7936cr-toxic-loans-cenbanks-help-915141

Apparel and Textile

A section of BGMEA members call for fresh election of the association

- A number of members of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) have called for the resignation of the current president, SM Mannan Kochi, and his board of directors.
- They described the March election as involving "unprecedented rigging" and are demanding a new election with a transparent voter list.

- They also alleged that the current president, who is the general secretary of the Dhaka Metropolitan North Awami League, fired on a crowd of students during the recent student movement.
- As a result, they argued that he should not be in charge of an organisation like the BGMEA.
- As the BGMEA has been controlled by vested interests for many years, its normal functioning is now in question, according to Inamul Haq Khan Bablu, a former BGMEA director.

News Source:

https://www.tbsnews.net/economy/rmg/section-bgmea-members-call-fresh-election-association-915231

Capital Market

Securities regulator needs overhaul to free it from political bias: DBA

- The DSE Brokers Association (DBA) of Bangladesh placed a 30-point demand, including a massive overhaul of the securities regulator and immediate removal of corrupt officials to ensure good governance.
- The past two chairmen of the Bangladesh Securities and Exchange Commission (BSEC) failed to ensure transparency and accountability in the market.
- They were politically appointed and made decisions along the line of political aspirations, not for the interest of investors.
- The institutional framework of the securities regulator has been completely destroyed over the past 14 years to the benefit of a handful of people close to the government at the expense of millions of investors.
- Their unprofessional and unethical activities during their tenure kept the market from growing, according to Saiful Islam, president of the DBA.

News Source:

https://today.thefinancialexpress.com.bd/stock-corporate/securities-regulator-needs-overhaul-to-free-it-from-political-bias-dba-1723480805

Stocks snap four-day rally

- Stocks halted their rally, which had persisted for four trading sessions following the fall of the Sheikh Hasina government last week, as investors opted for profit-taking.
- The prime index DSEX of the Dhaka Stock Exchange (DSE) decreased by 84 points to settle at 5,932.
- The blue-chip index DS30 fell by 31 points to 2,154, and the Shariah-compliant stock index DSES dropped by 14 points to 1,271.
- The DSE turnover plunged by 43.1% to BDT 1,143 crore compared to BDT 2,010 crore in the previous session.
- Over the four consecutive trading sessions leading up to Sunday, the DSEX, the primary index of the DSE, gained 787 points.

News Source:

https://www.tbsnews.net/economy/stocks/stocks-snap-four-day-rally-915286