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Daily News Snippet

August 18, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,903.84
% change	-0.82%
DS30 Index	2,179.35
% change	-0.81%
DSES Index	1,264.72
% change	-0.44%
Turnover (BDT mn)	9,990.14
Turnover (USD mn)	84.66
% change	-19.69%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	40,659.76
% change	0.24%
S&P 500	5,554.25
% change	0.20%
Nikkei 225	38,062.67
% change	3.64%
FTSE 100	8,311.41
% change	-0.43%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	118.00	118.00
EUR	129.94	129.95
GBP	151.34	151.38
INR	1.41	1.41
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
15-Aug-24	8.50 - 10.00	8.76
14-Aug-24	8.50 - 10.00	8.79
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	79.68	-1.68%
Gold Spot, USD/t oz.	2,508.01	2.08%
Cotton, USD/lb.	67.24	0.13%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX lost 0.82% in the last trading day, closing at 5,903.84 points.
- The daily turnover decreased 19.69% in the last trading day.

Global Market

- Majority of the leading global indices posted mixed returns as Dow Jones posted 0.24% gain, S&P 500 posted 0.20% gain and FTSE 100 posted 0.43% loss.
- One of the leading Asian market indices, NIKKEI posted 3.64% gain.

Key macro indicators

- All the major currencies fell against BDT yesterday except the Euro.
- The average overnight rate is falling in the past week.
- The current weighted average overnight rate stood at 8.76% with a high rate of 10.00% and low rate of 8.50%.
- The oil price decreased 1.68% in the last trading day.

Bangladesh Macro Update

Govt expects $1.3b budget support from dev partners in FY25

- The newly formed interim government expects to secure at least USD 1.3 billion in budgetary support from various development partners during the current financial year to address the ongoing economic crisis.
- Officials said that several multilateral and bilateral development partners have given initial assurances.
- The Finance Division and the Economic Relations Division (ERD) are actively working to secure these funds.
- A senior ERD official said that talks are ongoing for USD 500 million from the World Bank, USD 400 million from the Asian Development Bank (ADB), USD 200 million from the Asian Infrastructure Investment Bank (AIIB), USD 100 million from South Korea, and another USD 100 million from the Opec Fund for International Development (OFID).
- Development partners are ready to provide budget support, but the final amount will depend on the economic situation.

News Source:

https://www.tbsnews.net/economy/govt-expects-13b-budget-support-dev-partners-fy25-917791

Benapole imports plummet amid dollar crisis

- Benapole Port, a crucial trade gateway between Bangladesh and India, has witnessed a substantial decline in imports over the past few years.
- The port imported 17.21 lakh tonnes of goods in fiscal year 2023-24, a significant decrease of 2.82 lakh tonnes compared to the previous year, according to the latest data.
- Customs officials and business owners attribute the decline primarily to the ongoing dollar crisis.
- Banks have become increasingly hesitant to open letters of credit (LCs) for importing goods other than essential food items.
- Consequently, many businesses have been unable to import the necessary products.

News Source:

https://www.tbsnews.net/economy/benapole-imports-plummet-amid-dollar-crisis-919106

Foreign investment inflow falls 8% in Jul-Mar FY24

- The net foreign direct investment (FDI) inflow decreased by 8.37% year-on-year in the first nine months of the fiscal 2023-24 due to several factors, including difficulties in profit repatriation by foreign companies and a volatile forex situation in Bangladesh.
- Net FDI inflow in July-March of FY24 was USD 2.21 billion, down from USD 2.41 billion in the equivalent period of the previous fiscal year, according to data from Bangladesh Bank.
- When asked why FDI inflow in Bangladesh has dropped, Mustafa K Mujeri, former chief economist of the central bank, said that considering the macroeconomic situation of the country, investors might have lost their confidence.
- Foreign investors make investment decisions based on the complete picture of a country.

- Bangladesh is not the only destination for their investment, rather there are other countries similar to us, and perhaps the investments have gone there

News Source:

https://www.tbsnews.net/economy/foreign-investment-inflow-falls-8-jul-mar-fy24-917776

Sectoral Update

Banks, NBFIs and Insurance

BB officers' council for full autonomy of central bank

- The Bangladesh Bank Officers Welfare Council called upon the interim government to amend the Bangladesh Bank Order 1972 for ensuring complete autonomy of the central bank.
- They made the demand in a memorandum submitted to the finance adviser of the interim government.
- The council recommended that the Bangladesh Bank should be kept free from political interference and influence at the time of doing multiple functions related interest rate, exchange rate and licensing of banks or financial institutions.
- They sought the Financial Institutions Division of the finance ministry to be abolished to avoid conflict of interest and dualism in the banking sector.
- The council also urged the government to amend the related laws, rules and other reforms to bring back good governance in the banking and financial sector.

News Source:

https://www.tbsnews.net/economy/banking/bb-officers-council-full-autonomy-central-bank-917476

How banks were forced to buy Beximco's Sukuk bond

- Beximco floated a BDT 3,000 crore Sukuk bond the first-ever asset-backed securities by a private sector entity in Bangladesh in 2021, to finance its two solar power plants and for expansion of its textile division.
- Of the amount, BDT 750 crore was offered in IPO (Initial Public Offering) but it remained undersubscribed which reflects the low confidence of general investors on Beximco group.
- Later, Beximco used Bangladesh Bank to issue a circular allowing banks to invest in Sukuk bond from the capital market special fund which will be excluded from capital market exposure.
- Banks can invest 25% of their capital into stock, as per banking act.
- After this circular, top executive of most banks were called by the Bangladesh Securities and Exchange Commission (BSEC) and the Bangladesh Bank to buy Sukuk bond.

News Source:

https://www.tbsnews.net/economy/how-banks-were-forced-buy-beximcos-sukuk-bond-917981

BB may hike policy rate again to curb inflation

- The Bangladesh Bank may increase the policy rate for both local and foreign currencies in a bid to reduce inflation and increase international reserves.

- Newly appointed central bank governor Ahsan H Mansur raised the issue on Wednesday during his first meeting with Salehuddin Ahmed, finance adviser to the interim government.
- The policy rate, also known as repo rate, is the rate at which the central bank of a country lends money to commercial banks.
- Economists also said that the policy rate should be increased further to combat persistent inflation.
- Annual inflation in Bangladesh rose to 9.73% in FY24, the highest since FY12, according to the Bangladesh Bureau of Statistics.

News Source:

https://www.thedailystar.net/business/economy/news/bb-may-hike-policy-rate-again-curb-inflation-3679886

Engineering

Steelmakers call for steps to address tariff complications

- The country's steelmakers urged the interim government to take pragmatic steps with an eye to eliminating complications related to tariff on the import of machinery and raw materials.
- Business leaders of Bangladesh Chambers of Commerce and Industry (FBCCI), also urged the authorities concerned to enhance the capacity of ports.
- They made the call at the meeting of the FBCCI standing committee on iron, carbon steel, stainless steel and re-rolling industry.
- At the meeting, the business leaders also sought urgent action to ensure quality and uninterrupted supply of gas and electricity to all types of industries, including iron and steel manufacturing.
- They accentuated the need to keep lending rates stable, reduce turnover tax and VAT in income tax, remove complications related to HS Code, and stop extra fines and taxes in light of rational taxation value.

News Source:

https://today.thefinancialexpress.com.bd/last-page/steelmakers-call-for-steps-to-address-tariff-complications-1723915408

Apparel and Textile

Apparel industry upbeat with positive gesture from global buyers

- Some global fashion brands have increased their sourcing from Bangladesh despite the recent political turmoil in the country centring on the quota reform movement that eventually ousted the Sheikh Hasina-led government.
- Industry insiders said that brands from Europe, America and East Asian countries increased their orders due to exporters having maintained their communications with brands and gone into overdrive during political turmoil since mid-July to meet export deadlines.
- They also think that taking over as the head of the interim government by Nobel laureate Professor Muhammad Yunus elevated the brand image of Bangladesh.
- While US brands US Polo, Gap and Express are among the big names that are increasing their sourcing from Bangladesh, Korean Brand BYC is a new entrant.

- US Polo is the largest buyer of his company and has already increased orders beyond their expectation, according to Giant Group Managing Director Faruque Hassan.

News Source:

https://www.tbsnews.net/economy/apparel-industry-upbeat-positive-gesture-global-buyers-919101

Energy

Power dominates Bangladesh's imports from India

- Bangladesh imported electricity worth USD 1 billion from Adani Power in fiscal year 2023-24, which was 9.3% of the country's USD 11 billion-worth imports from India that year.
- That means, Bangladesh's imports of electricity from India have practically doubled in recent years as the country's imports of power amounted to around USD 498 million just two years back.
- Bangladesh imported at least 7,508 million megawatts from Adani's Godda Thermal Power Station between April 2023 and March 2024.
- This was 63% of the power plant's overall exports of about 11,934 million megawatts that year.
- Diesel accounted for the second highest expense for imports from India.

News Source:

https://www.thedailystar.net/business/news/power-dominates-bangladeshs-imports-india-3679701

Capital Market

Stocks down amid sell-dominance

- Stocks experienced a significant sell-off on Thursday amid profit-taking, leading to lower indices and reduced turnover.
- The benchmark index DSEX of the Dhaka Stock Exchange (DSE) declined by around 49 points to 5,903, while turnover fell by approximately 20% to BDT 999 crore.
- The blue-chip index DS30 dropped by 18 points to 2,179, and the DSE Shariah Index DSES declined by 5.62 points to 1,264 points.
- On Thursday, 70% of stocks witnessed price declines as they faced selling pressure from quick profit-seekers following the recent rally after the fall of the Sheikh Hasina government on 5 August.
- The premier bourse of the country retained its downbeat sentiment following a brief respite, as risk-averse investors continued their cautious selling approach, according to market insiders.

News Source:

https://www.tbsnews.net/economy/stocks/stocks-down-amid-sell-dominance-917766

Masrur Reaz 'unable' to accept BSEC chief offer

- After three days of discussions, Dr M Masrur Reaz on Saturday announced with regret that he was unable to accept the proposal to become chairman of the Bangladesh Securities and Exchange Commission (BSEC).

- Instead of joining the stock regulator, Mr Reaz said that he prefers to continue promoting necessary policy analysis and reform ideas for the country's economy.
- Meanwhile, stakeholders expressed concern about the urgency for leadership at the BSEC to restore normal operations.
- The securities regulator cannot hold commission meetings without a chairman.
- It also requires three commissioners to form a quorum, and currently, there are only two overseeing routine works.

News Source:

https://today.thefinancialexpress.com.bd/stock-corporate/masrur-reaz-unable-to-accept-bsec-chief-offer-1723912294