Daily News Snippet

August 20, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,775.49
% change	-0.05%
DS30 Index	2,121.14
% change	-0.26%
DSES Index	1,246.16
% change	0.48%
Turnover (BDT mn)	8,071.51
Turnover (USD mn)	68.40
% change	67.84%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	40,896.53
% change	0.58%
S&P 500	5,608.25
% change	0.97%
Nikkei 225	37,388.62
% change	-1.77%
FTSE 100	8,356.94
% change	0.55%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	119.70	120.00
EUR	132.69	133.03
GBP	155.47	155.93
INR	1.43	1.43
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
19-Aug-24	8.50 - 10.00	8.73
18-Aug-24	8.50 - 10.00	8.79
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	77.08	-0.75%
Gold Spot, USD/t oz.	2,501.79	-0.10%
Cotton, USD/lb.	68.92	0.35%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX lost 0.05% in the last trading day, closing at 5,775.49 points.
- The daily turnover increased 67.84% in the last trading day.

Global Market

- Majority of the leading global indices posted positive returns as Dow Jones posted 0.58% gain, S&P 500 posted 0.97% gain and FTSE 100 posted 0.55% gain.
- One of the leading Asian market indices, NIKKEI posted 1.77% loss.

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 8.73% with a high rate of 10.00% and low rate of 8.50%.
- The oil price decreased 0.75% in the last trading day.

Bangladesh Macro Update

Fund-sapping motivated megaprojects may be axed

- Ongoing large and megaprojects will be reviewed and less-priority and politically motivated ones scrapped, according to Planning and Education Adviser Prof Wahiduddin Mahmud.
- There are irregularities in taking up projects as some are undertaken by the influence of the contractors and some are by dishonest persons.
- Each of projects needs to be reviewed and scrutinised, as mostly are in indiscipline state.
- He also emphasized release of the funds in the pipeline which are committed by some development partners as that would give a cushion to the foreign-exchange-reserves crisis.
- Prof Mahmud suggests the PC officials scrap the projects which are approved but involve waste of money.

News Source:

https://today.thefinancialexpress.com.bd/first-page/fund-sapping-motivated-megaprojects-may-be-axed-1724091129

Bangladesh seeks budget support loan from Japan

- The government has sought a budget support loan from Japan to stabilise the country's macroeconomy, which has been under severe pressure for quite a long time.
- Finance and Commerce Adviser Dr Salehuddin Ahmed made the appeal during a meeting with Japanese Ambassador to Bangladesh IWAMA Kiminori at the Secretariat in Dhaka.
- During the meeting, Japan requested assurance that all projects initiated under the previous Awami League government would continue.
- Japan is Bangladesh's largest bilateral development partner, traditionally providing project loans for development initiatives.
- The island nation has been involved in several large-scale projects in Bangladesh, including the Dhaka Metro Rail, the Matarbari power plant and a port in Cox's Bazar.

News Source:

https://today.thefinancialexpress.com.bd/last-page/bangladesh-seeks-budget-support-loan-from-japan-1724091459

Sectoral Update

Banks, NBFIs and Insurance

Banks were forced to divert CSR funds to govt, AL programmes

- The country's banking sector has donated over BDT 3,000 crore to the Prime Minister's Relief Fund under Corporate Social Responsibility (CSR) in the last nine years, up to 2023, according to Bangladesh Bank data.
- During this period, banks spent BDT 7,099 crore under CSR, 44% of which went to the PM's relief fund as donations, disregarding the CSR guideline that sets a maximum limit of 20% for this purpose.

- Banks were forced to make donations, with funds provided through pay-order cheques handed directly to then prime minister Sheikh Hasina.
- However, banks were unaware of the account into which these donations were deposited due to the nature of the cheques.

News Source:

https://www.tbsnews.net/economy/banking/banks-were-forced-divert-csr-funds-govt-al-programmes-920581

Lending by six banks under S Alam Group restricted

- Lending by six banks linked to the controversial Chattogram-based S Alam Group is restricted by regulatory order amid allegations of the conglomerate's financial irregularities.
- The banks - also facing LC conditionalities - are Islami Bank Bangladesh, First Security Islami Bank, Social Islami Bank, Union Bank, Global Islami Bank and Bangladesh Commerce Bank.
- As part of the dos and don'ts, the BB has set a maximum lending limit of BDT 50 million for the banks and made it mandatory for them to obtain central- bank approval for any loan exceeding that limit.
- These six banks cannot disburse any new loan exceeding the limit and reschedule any previous loans until further notice, according to Spokesperson for the BB Md Mezbaul Haque.
- Regarding the LC (letter of credit)-related affairs, the central bank asked the banks only to allow the opening of LCs with cent-percent cash margin.

News Source:

https://today.thefinancialexpress.com.bd/first-page/lending-by-six-banks-under-s-alam-group-restricted-1724091237

Banks asked to repatriate overdue export proceeds, pvt banks to step in for LC opening

- Bangladesh Bank Governor Ahsan H Mansur urged all banks to take steps to repatriate overdue export proceeds.
- He especially urged private banks to participate alongside state-owned banks in opening letters of credit (LCs) for government imports.
- In a meeting with the managing directors and CEOs of 12 banks, Mansur also sought suggestions from the top bankers on potential reforms for the banking sector.
- Four state-owned banks, three foreign banks, and five private banks participated in the meeting where the governor announced that banks can now sell dollars to customers at a maximum rate of BDT 120.
- On Sunday, a meeting between Chief Adviser Dr Muhammad Yunus and the governor decided to increase the existing band for inter-bank foreign exchange transactions from 1% to 2.5% as an initiative to increase liquidity in the foreign exchange market.

News Source:

https://www.tbsnews.net/economy/banking/banks-asked-repatriate-overdue-export-proceeds-pvt-banks-step-lc-opening-920496

IT

E-com firms reluctant to obtain digital ID

- Local e-commerce companies are reluctant to obtain digital business identification (DBID) because of technical and rules-related complexities.
- Only 2.0% of e-commerce platforms under the e-Commerce Association of Bangladesh (e-CAB) have applied for DBID.
- Of the number, about 14% received the identification, according to the e- CAB.
- Presently, there are 2,800 members registered with the association.
- The rate of application for receiving DBID is lower due to some existing policies and technical issues.

News Source:

https://today.thefinancialexpress.com.bd/last-page/e-com-firms-reluctant-to-obtain-digital-id-1724091487

Apparel and Textile

BGMEA urges NBR to address customs, bond problems

- The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has urged the National Board of Revenue (NBR) to address issues regarding customs and bonds.
- A BGMEA delegation, led by Acting President Khandoker Rafiqul Islam, met with the new Chairman of the NBR Md Abdur Rahman Khan.
- During the discussion, the BGMEA delegation called upon the NBR to simplify and speed up customs related services, especially for speedy clearance of imported raw materials, machinery and equipment, to facilitate seamless and smooth running of the overall operations of the garment industry.
- Customs related processes have considerable impact on the export-import activities of the garment industry as these problems lead to increase in production costs in the industry, causing unnecessary delays in business processes.
- It is essential to simplify, expedite and ensure hassle-free customs processes to maintain the competitiveness of the industry, they added.

News Source:

https://www.tbsnews.net/economy/rmg/bgmea-urges-nbr-address-customs-bond-problems-920456

Energy

How Adani power deal makes electricity costlier

- With Bangladesh buying some of its power from India's electricity exchange market at almost half the price of Adani coal power plant, the power deal with the Indian power giant has come into question that had a significant role in increasing Bangladesh's power price by as much as 8%.
- The costly power from Adani's 1,600MW coal power plant in India is one of the many reasons why Bangladeshis are paying significantly higher rates to use electricity in recent years.
- Bangladesh bought Adani's power for BDT 14.02 per kilowatt-hour (or a unit) in 2023.

- Bangladesh bought another 1,100MW power from India's electricity exchange market at BDT 7.83 per unit.
- Adani's alone supplies around one-tenth of Bangladesh's total power need.

News Source:

https://www.tbsnews.net/bangladesh/energy/how-adani-power-deal-makes-electricity-costlier-920576

Capital Market

DSE turnover surges 68% amid volatility

- Dhaka stocks had a volatile session that ended almost flat today as they tried to halt the weeklong correction following the recent jump fueled by political optimism.
- Turnover the Dhaka Stock Exchange (DSE) jumped by 68% and bounced back to over BDT 800 crore as both the buyers and sellers showed appetite for trading.
- The market started higher and DSEX, the broad-based index of DSE, surged by more than 100 points in the first hour.
- But profit booking attempts did not let it sustain and the index closed 3.1 points lower at 5,775.
- Blue chip index DS 30 fell by 0.26% to 2,121.

News Source:

https://www.tbsnews.net/economy/stocks/dse-turnover-surges-68-amid-volatility-920481

How Shibli-commission clips DSE wings

- The Dhaka Stock Exchange has been unable to act as a primary regulator against various irregularities, such as share manipulation, for the past four years, as the Shibli-led commission has clipped the DSE's authority through changes in rules and verbal instructions.
- Officials at the country's premier bourse have alleged that frequent intervention by the Bangladesh Securities and Exchange Commission (BSEC) has largely undermined the DSE's ability to ensure transparency, accountability, and fair practices in the capital market and the listed companies.
- Since the BSEC, led by the recently departed chairman Shibli Rubayat-Ul Islam, took charge in May 2020, the stock exchange's capabilities have deteriorated significantly.
- Until his departure on 10 August, the DSE had virtually no power beyond imposing a meagre fine of BDT 5,000 for non-compliance by listed firms.
- The stock exchange is responsible for establishing good governance among listed companies.

News Source:

https://www.tbsnews.net/economy/stocks/how-shibli-commission-clips-dse-wings-920501