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Daily News Snippet

August 27, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,700.59
% change	0.01%
DS30 Index	2,088.13
% change	-0.12%
DSES Index	1,221.00
% change	0.16%
Turnover (BDT mn)	5,580.33
Turnover (USD mn)	46.50
% change	-28.32%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	41,240.52
% change	0.16%
S&P 500	5,616.84
% change	-0.32%
Nikkei 225	38,110.22
% change	-0.66%
FTSE 100	8,327.78
% change	0.00%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	120.00	120.00
EUR	133.93	133.94
GBP	158.28	158.29
INR	1.43	1.43
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
25-Aug-24	8.50 - 10.00	8.67
22-Aug-24	8.50 - 10.00	8.74
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	81.33	-0.12%
Gold Spot, USD/t oz.	2,508.75	-0.37%
Cotton, USD/lb.	70.19	-0.10%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX gained 0.01% in the last trading day, closing at 5,700.59 points.
- The daily turnover decreased 28.32% in the last trading day.

Global Market

- Majority of the leading global indices posted mixed returns as Dow Jones posted 0.16% gain, S&P 500 posted 0.32% loss and FTSE 100 was closed yesterday.
- One of the leading Asian market indices, NIKKEI posted 0.66% 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 8.67% with a high rate of 10.00% and low rate of 8.50%.
- The oil price decreased 0.12% in the last trading day.

Bangladesh Macro Update

US to ramp up support for Bangladesh's agriculture: Salehuddin

- Finance Adviser Dr Salehuddin Ahmed said that the United States (US) will soon enhance support for Bangladesh to develop the agriculture sector.
- We have no debt with the US and they always helped us with grants, he added.
- Salehuddin also said that he urged the US to invest more in the country's energy and climate sectors.
- The finance adviser said this while talking with reporters after meeting with Helen LaFave, the Charge d'Affaires of the US Embassy in Dhaka, at the Finance Ministry.

News Source:

https://www.tbsnews.net/economy/us-boost-support-bangladeshs-agriculture-salehuddin-925366

FY25 national budget to be revised: Salehuddin tells UN delegation

- The interim government will revise the national budget for the ongoing fiscal year 2024-25 (FY25), according to Finance Advisor Salehuddin Ahmed.
- Many stakeholders have made proposals about the budget and so, it will be revised, he added.
- He, however, said that no unilateral decision can be taken regarding the budget.
- The Finance Advisor also said that the government will be selective about taking foreign loans from now on.
- He added that the debt pressure is rising and they will take grants from the United States and the United Nations.

News Source:

https://www.tbsnews.net/economy/fy25-national-budget-be-revised-salehuddin-tells-un-delegation-925436

FBCCI urges NBR to ease tax burden on struggling businesses, stop customs bullying

- The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) has urged the National Board of Revenue (NBR) to refrain from pressuring or harassing businesses for paying taxes, particularly those that have faced financial setbacks due to the recent student movement and ongoing floods.
- The call was made during a meeting of the country's apex trade body with newly appointed NBR Chairman Abdur Rahman Khan today.
- The FBCCI, led by its President Md Mahbubur Rahman, also urged the NBR to base tax collection on business income rather than turnover (yearly sales), emphasising that turnover-based taxation requires businesses to pay higher taxes even when profits are low or they have incurred losses.
- The trade body further addressed issues of harassment by customs officials and presented several demands to resolve these concerns.

News Source:

https://www.tbsnews.net/economy/fbcci-urges-nbr-ease-tax-burden-struggling-businesses-stop-customs-bullying-925691

Large makers unwary of complex taxation

- Large manufacturers fear complexities of their taxation following a recent clarification of the income tax wing, which instructs paying tax on same transactions by both producers and distributors.
- The recent Income Tax Circular-2024 has come with the clarification where national distributors, distributors and sub-distributors (considered as withholding entities) need to deduct tax at source (TDS) from their respective payees and deposit it to the exchequer.
- Currently, only manufacturers are paying TDS on their transactions at the time of importing raw materials.
- However, industry insiders fear a possibility of double taxation and harassment with this new provision.
- Tax expert Dr Syed Aminul Karim, former member of the income tax wing of the revenue board, said that such differences in provisions between the income tax law and its circular might make the tax collection system extremely complex.

News Source:

https://today.thefinancialexpress.com.bd/last-page/large-makers-unwary-of-complex-taxation-1724695316

Sectoral Update

Banks, NBFIs and Insurance

Bangladesh Bank hikes policy rate to 9% to fight high inflation

- The Bangladesh Bank has increased the policy rate by 50 basis points to 9% in an effort to combat high inflation, marking the third time this year that the key interest rate has been raised.
- The decision was made during the monetary policy committee meeting of the central bank on Sunday, with all members, including Bangladesh Bank Governor Ahsan H Mansur, in attendance.
- In a circular, the central bank informed the managing directors of banks and non-bank financial institutions that the new rate will take effect from 27 August, 2024.
- Bankers said that as a result of the rate increase, the interest rate for any commercial bank facing a liquidity crisis will rise if they need to borrow from the Bangladesh Bank.
- Additionally, loan interest rates for customers will also increase.

News Source:

https://www.tbsnews.net/economy/banking/bangladesh-bank-hikes-policy-rate-9-fight-high-inflation-925466

Banks lament deposit depletion as investors bet on lucrative treasuries

- Government securities (G-sec) become hotcakes to institutional and individual depositors as their investments in treasury bills and bonds increased manifold in recent times, in an unhappy coincidence with bank deposit squeeze.
- Bankers and officials said that allured by a record rise in the rates of returns on the government fundraising instruments, both categories of depositors in the banking sector have started diverting their funds into the risk-free investment tools, notwithstanding a sort of cumbersome procedure.
- This switch from banks to sovereign bills and bonds exerts more pressures on the banks' depleting liquidity stock.

- The depositors in the banking system found the government securities more profitable than the bank rates at a time when other investment options are getting squeezed.
- Sources at the central bank said that institutional and individual depositors mostly take part in the non-competitive bids so that their offers get accepted without any competition at the weighted average rate.

News Source:

https://today.thefinancialexpress.com.bd/first-page/banks-lament-deposit-depletion-as-investors-bet-on-lucrative-treasuries-1724695027

Cenbank seeks pvt banks' help to clear $2b overdue payments

- The Bangladesh Bank has sought the support of private banks in the country to clear overdue approximately USD 2 billion of various import expenses of the government to the state-owned banks.
- This appeal was made during a meeting today with senior officials from the central bank's Forex Reserve and Treasury Management Department, along with representatives from 15 private banks.
- According to officials present at the meeting, the central bank reported that nearly USD 2 billion in government import payments are overdue.
- Private banks have been asked to sell USD 50 million daily to state-owned banks to facilitate the clearance of these payments.
- However, a final decision on this request from the banks has yet to be made.

News Source:

https://www.tbsnews.net/economy/banking/cenbank-seeks-pvt-banks-help-clear-2b-overdue-payments-925686

Apparel and Textile

Hatem new BKMEA president as Selim resigns

- Mohammad Hatem, managing director of MB Knit Fashion Ltd, will now serve as the president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA).
- Selim resigned from his president and board director positions, citing personal reasons and illness.
- No competitive election has been held at the association since Selim Osman was elected BKMEA president for the first time on 22 July 2010.
- However, the association followed the election process before every election, with only one panel submitting their nomination papers.
- The resignation of Selim, who was also a member of parliament from Narayangonj-5, follows the ouster of the Sheikh Hasina government amid a mass uprising earlier this month.

News Source:

https://www.tbsnews.net/economy/rmg/hatem-new-bkmea-president-selim-resigns-925066

Energy

Adani Power has $800 million in unpaid dues from Bangladesh

- Billionaire Gautam Adani's power generating unit has raked up unpaid dues of as much as USD 800 million from Bangladesh, where weeks of violent protests left hundreds dead and forced out the previous administration this month.
- The South Asian country owes this sum to Adani Power Ltd., part of the Indian mining-to-media conglomerate, for electricity supplied by its coal-fired plant in the Godda district of the eastern state of Jharkhand.
- While the power producer has no plans of cutting the supply lines as of now, it will come under pressure from lenders and coal suppliers if the payments remain unpaid.
- Adani Power is in talks with Bangladesh's interim government to sort out this issue.
- The interim government is trying to secure more loans from the international Monetary Fund, beyond a USD 4.7-billion program to tide over these economic hardships, according to Bangladesh Bank Governor Ahsan H. Mansur.

News Source:

https://www.tbsnews.net/bangladesh/energy/adani-power-has-800-million-unpaid-dues-bangladesh-923676

Capital Market

Stocks rise marginally

- Stocks in Bangladesh yesterday rose marginally, rose by 0.01 % from the day prior to close at 5,700 points.
- The DSES, an index representing Shariah-compliant companies, advanced by 0.16% to 1,220 points while the DS30, which comprises blue-chip stocks, increased by 0.12% to 2,088 points.
- Earlier, in the day, Khondoker Rashed Maqsood, the new chairman of the Bangladesh Securities and Exchange Commission, said that they will conduct a comprehensive review of the BSEC's operations over the past 10 years and establish good governance in the market to bring back investor confidence.
- However, daily turnover of the DSE, which is a measure of the total value of shares traded, decreased by 28.32% to BDT 558 crore.
- The banking sector dominated the turnover chart, accounting for 31.89% of the day's total.

News Source:

https://www.thedailystar.net/business/news/stocks-rise-marginally-3686426

BSEC's plan to eavesdrop on stakeholders' conversation awaits MoF nod

- Arrangements were all set by the securities regulator under now-sacked Prof Shibli Rubayat to set a virtual booby trap on bourses in cahoots with a state telecommunications agency to gather information about online activities and voice-call records of stock-market investors, according to officials.
- The Bangladesh Securities and Exchange Commission (BSEC) moved to sign a deal for such invasive deeds with the 'controversial' government agency styled National Telecommunications Monitoring Centre (NTMC).

- Those who work with the NTMC gained the epithet 'notorious' in victim circles for their activities like invasion into privacy of people by voice-call record.
- It's sacked director-general, Brigadier-General Ziaul Ahsan, has been arrested and remanded for his controversial role during the fallen regime.
- BSEC last month in a letter to the Financial Institutions Division sought approval for signing a memorandum of understanding (MoU) with the NTMC for the hi-tech systems to identify people who are involved in destabilising market through manipulation, insider trading, and spreading false propaganda.

News Source:

https://today.thefinancialexpress.com.bd/first-page/bsecs-plan-to-eavesdrop-on-stakeholders-conversation-awaits-mof-nod-1724694919

How Khairul crippled the primary market and Shibli the secondary

- When market regulators around the world set examples of enforcing securities laws, protecting investors, ensuring transparency, and preventing fraud, Bangladesh's situation has been markedly different with the regulators forming collusive relationships with market stakeholders.
- This was particularly evident under the leadership of the last two chairmen of the Bangladesh Securities and Exchange Commission (BSEC), M Khairul Hossain and Shibli Rubayat Ul Islam.
- Khairul Hossain, a finance professor at Dhaka University, had a detrimental impact on the market during his long tenure from 2011 to early 2020.
- He approved dozens of weak companies for IPOs, often at inflated prices, undermining investor confidence despite the country's strong economic growth and stability.
- His successor, Shibli Rubayat Ul Islam, another DU professor allegedly formed collusive relationships with certain market players and insider traders, prioritising quick profits from the secondary market over long-term stability.

News Source:

https://www.tbsnews.net/economy/stocks/how-khairul-crippled-primary-market-and-shibli-secondary-925756

Listed SME firms accused of dividend deception

- Listed companies on the stock exchange's SME platform are not properly paying dividends to their investors, according to complaints lodged with the Bangladesh Securities and Exchange Commission (BSEC).
- In the complaints, a good number of investors claim that SME companies listed on both stock exchanges declare dividends, but they do not disburse them accordingly.
- Despite this, these companies submit reports to the stock exchange claiming that they have completed the disbursement of the declared dividends, according to investors.
- As a result, investors are losing interest in the SME market.
- The investors also claim that SME investors face various forms of discrimination.

News Source:

https://www.tbsnews.net/economy/stocks/listed-sme-firms-accused-dividend-deception-925696