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Daily News Snippet

September 02, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,829.37
% change	0.43%
DS30 Index	2,128.84
% change	0.19%
DSES Index	1,245.55
% change	0.35%
Turnover (BDT mn)	9,336.32
Turnover (USD mn)	77.80
% change	-3.08%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	41,563.08
% change	0.00%
S&P 500	5,648.40
% change	0.00%
Nikkei 225	38,647.75
% change	0.00%
FTSE 100	8,376.63
% change	0.00%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	120.00	120.00
EUR	132.56	132.58
GBP	157.51	157.61
INR	1.43	1.43
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
01-Sep-24	8.95 - 10.50	9.08
29-Aug-24	8.95 - 10.50	9.09
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	76.32	-3.15%
Gold Spot, USD/t oz.	2,497.45	-0.24%
Cotton, USD/lb.	69.99	0.10%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX gained 0.43% in the last trading day, closing at 5,829.37 points.
- The daily turnover decreased 3.08% in the last trading day.

Global Market

- Majority of the leading global indices were closed yesterday.
- One of the leading Asian market indices, NIKKEI were also closed yesterday.

Key macro indicators

- All the major currencies fell against BDT yesterday.
- The average overnight rate is falling in the past week.
- The current weighted average overnight rate stood at 9.08% with a high rate of 10.50% and low rate of 8.95%.
- The oil price decreased 3.15% in the last trading day.

Bangladesh Macro Update

IMF may lend $3.0b more

- International Monetary Fund (IMF) officials were found positive about a Bangladesh proposal seeking USD 3.0 billion more in budget support in addition to the ongoing loan package, according to the Finance and Commerce Adviser.
- The IMF wanted to know about the interim government's plans on reforms under the existing loan programme.
- Mr Ahmed held a virtual meeting with the IMF Mission Chief for Bangladesh, Chris Papageorgiou, on Thursday as the interim government thinks an increased support will be needed to bring back macroeconomic stability.
- He said that the IMF officials had also inquired about plans for raising the tax-GDP ratio, one of the strings binding the ongoing loan package.
- A team of IMF will visit Bangladesh this month to review the progresses Bangladesh made in carrying out prescribed reforms under the ongoing USD 4.7-billion loan programme that the multilateral lender extended for restoring macroeconomic stability.

News Source:

https://today.thefinancialexpress.com.bd/first-page/imf-may-lend-30b-more-1725213099

Remittances rise 39pc to $2.22b in Aug

- Bangladesh received USD 2.22 billion in remittances in August, in a year-on-year rise by 39%, according to the latest monthly data that bring some solace about forex reserves.
- With the higher remittance inflow, as per the statistics Bangladesh Bank (BB) released Sunday, the country's foreign-exchange reserves increased a bit to stand at USD 20.60 billion on August 28, 2024 from USD 20.49 billion recorded on July 31 in accordance with IMF arithmetic.
- At the end of last May, the reserves had depleted to USD 18.72 billion.
- In August a year ago, Bangladeshi people working abroad had sent home in official channels USD 1.6 billion in remittances.
- The rebound in remittance earnings provides some respite for the economy facing multiple macroeconomic strains amid persistent foreign-exchange shortages, according to officials and analysts.

News Source:

https://today.thefinancialexpress.com.bd/first-page/remittances-rise-39pc-to-222b-in-aug-1725213155

ADP implementation rate 1% in first month of FY25

- In the first month (July) of fiscal year 2024-25, the government's ministries and departments spent BDT 2,922 crore from Annual Development Programme (ADP) allocation.
- The spent amount is only 1.05% of the total allocation for the fiscal year, according to the latest report of the Implementation Monitoring and Evaluation Department (IMED).
- ADP implementation rate usually remains low at the beginning of the fiscal year as project officials remain busy with preparatory work in this period.

- The rate in July this year remained low due to the blockades and political unrest across the country.
- Earlier, July spending rate was 1.27% in FY24 and 0.96% in FY23.

News Source:

https://www.tbsnews.net/economy/adp-implementation-rate-1-first-month-fy25-931031

Sectoral Update

Banks, NBFIs and Insurance

Cenbank announces special loan repayment facility for flood victims

- The Bangladesh Bank (BB) has announced a special facility for flood-affected farmers and CMSME (Cottage, Micro, Small and medium enterprises) entrepreneurs to repay the loan instalments.
- In this case, August instalments of short-term agriculture and CMSME sector term loans in these areas can be repaid over three months.
- The Banking Regulations and Policy Department (BRPD) of the central bank issued a circular in this regard on 1 September.
- In the circular, the central bank stated that borrowers affected by the recent floods are finding it difficult to repay or adjust their loans.
- To continue the normal economic activities of the affected borrowers, it has been asked to ease the repayment.

News Source:

https://www.tbsnews.net/economy/banking/cenbank-announces-special-loan-repayment-facility-flood-victims-931171

Export-oriented units to get loan for employee salaries

- Bangladesh Bank (BB) on Sunday announced that it would allow loan facilities to export-oriented units for the payment of employee salaries.
- These units have been facing difficulties due to the recent domestic political situation and the global economic environment.
- As a result, many industrial units have struggled to pay their employees.
- To ensure uninterrupted production, BB will extend loan facilities to these export-oriented industries.
- Term loans will be provided to active export-oriented industries to cover salaries and allowances for August 2024.

News Source:

https://today.thefinancialexpress.com.bd/first-page/export-oriented-units-to-get-loan-for-employee-salaries-1725213046

Big-deal Tk 15.52b loan for Orion solar project blocked

- Everything was set to approve a loan worth BDT 15.52 billion for Orion solar-power project bypassing certain conditions, including the single-borrower exposure limit.

- But following the change of government through student-people uprising the Financial Institution Division of the Ministry of Finance refused to give the approval at the last moment.
- Thereby it saved the country's banking from witnessing yet another loan scam.
- The lending institution, the state-owned Rupali Bank, and the sector regulator, the Bangladesh Bank, together tried to bend the relevant rules and sought to apply a special provision of the Bank Company Act to make available a substantial volume of loan to the Orion Renewables.
- Having authorised by its immediate-past Governor, Abdur Rouf Talukder, the central bank sent the loan proposal for taking necessary consent from the Financial Institutions Division (FID) on June 24 last.

News Source:

https://today.thefinancialexpress.com.bd/first-page/big-deal-tk-1552b-loan-for-orion-solar-project-blocked-1725213203

Apparel and Textile

RMG sector faces fresh labour protests

- The central bank has offered soft loans for the apparel industry but the incentive has met with growing security concerns as worker protests forced dozens of readymade garment factories to suspend production near Dhaka on Sunday.
- Bangladesh's export-oriented industries are set to receive a soft loan to pay August salaries amid the ongoing instability in the country.
- The Bangladesh Bank extended this support in response to the industries' call for help them wither the tough time.
- In its circular issued Sunday, the central bank asked banks to take steps so that loan funds are disbursed directly to the workers' bank accounts or through mobile financial systems.
- The loan is repayable in a year with three months' grace period.

News Source:

https://www.tbsnews.net/economy/rmg/rmg-makers-get-soft-loans-clear-august-salary-workers-931206

Energy

Tk35,000cr plundered in energy sector in 2022 alone – how much in 15 years, CAB asks

- A staggering BDT 35,000 crore has been embezzled in 2022 alone from the country's energy sector, according to the Consumers Association of Bangladesh (CAB).
- This leaves one to question how much was embezzled during the entirety of the Awami League regime.
- A more extensive government investigation is needed to determine the total amount embezzled in this sector over the past 15 years, according to CAB Energy Adviser Professor M Shamsul Alam.
- Prof Shamsul further also said that a list of individuals involved in corruption and embezzlement at any level of power, primary energy, and renewable energy supply should be made public, and they should be prosecuted as "energy criminals".

- Over the past 15 years, nearly BDT 1 lakh crore has been spent in the power sector under the guise of capacity charges, with the majority of this amount going to companies closely affiliated with the Awami League government.

News Source:

https://www.tbsnews.net/bangladesh/energy/tk35000cr-looted-power-and-energy-sector-2022-cab-research-931026

Capital Market

Stocks maintain gaining streak for third straight day

- Indexes of the stock market in Bangladesh maintained their gaining streak for a third consecutive day yesterday as investors made fresh bets on blue-chip and large-cap shares, gaining confidence from an increase in the circuit breaker's lower limit.
- The circuit breaker in the share market determines the extent to which the price of a stock can fluctuate on a trading day.
- The Bangladesh Securities and Exchange Commission (BSEC) recently raised the lower limit from 3% to 10% for publicly traded companies.
- The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), yesterday grew 24.95 points, or 0.43% from the previous day, and closed at 5,829.37 points.
- Similarly, the DSES, the index that represents Shariah-based companies, went up by 4.29 points, or 0.34%, to 1,245.55, while the DS30 index for the blue-chip firms added 4.13 points, or 0.19%, and increased to 2,128.84.

News Source:

https://www.thedailystar.net/business/news/stocks-maintain-gaining-streak-third-straight-day-3692071

Stock brokers seek review of demutualisation act

- The DSE Brokers Association of Bangladesh yesterday urged the government to review the demutualisation act, claiming that it has ultimately turned the prime bourse into "an ineffective institution".
- In this regard, the association sent a letter to the finance adviser of the interim government and the Bangladesh Securities and Exchange Commission (BSEC).
- Following the 2010 and 2011 stock market collapses, separate inquiries recommended stock demutualisation.
- Some multilateral donor agencies also prescribed it.
- Subsequently, the government in 2013 passed the Exchanges Demutualization Act to develop and better regulate the capital market.

News Source:

https://www.thedailystar.net/business/news/stock-brokers-seek-review-demutualisation-act-3692276