Daily News Snippet

September 12, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,713.96
% change	0.20%
DS30 Index	2,107.81
% change	-0.33%
DSES Index	1,240.92
% change	0.45%
Turnover (BDT mn)	6,251.58
Turnover (USD mn)	52.10
% change	11.10%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	40,861.71
% change	0.31%
S&P 500	5,554.10
% change	1.07%
Nikkei 225	35,591.50
% change	-1.57%
FTSE 100	8,193.94
% change	-0.15%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	120.00	120.00
EUR	132.23	132.24
GBP	156.95	156.97
INR	1.43	1.43
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
11-Sep-24	8.50 - 10.50	9.01
10-Sep-24	8.50 - 10.50	9.03
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	71.06	0.64%
Gold Spot, USD/t oz.	2,517.40	0.24%
Cotton, USD/lb.	69.69	0.13%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX gained 0.20% in the last trading day, closing at 5,713.96 points.
- The daily turnover increased 11.10% in the last trading day.

Global Market

- Majority of the leading global indices posted mixed returns as Dow Jones posted 0.31% gain, S&P 500 posted 1.07% gain and FTSE 100 posted 0.15% loss.
- One of the leading Asian market indices, NIKKEI posted 1.57% loss yesterday.

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 9.01% with a high rate of 10.50% and low rate of 8.50%.
- The oil price increased 0.64% in the last trading day.

Bangladesh Macro Update

Foreign investors call for tax structure reform

- The Foreign Investors' Chamber of Commerce and Industry (FICCI), on 11 September, called for a tax structure more favourable to foreign investment, aimed at boosting investor confidence in Bangladesh.
- During a meeting with the newly appointed chairman of the National Board of Revenue (NBR), Abdur Rahman Khan, FICCI leaders sought NBR's support in reforming the country's tax system to make Bangladesh a more attractive destination for foreign direct investment (FDI).
- FICCI President Zaved Akhtar emphasised the importance of fully digitising NBR operations, with a focus on enhancing automation systems to optimise revenue generation.
- The delegation also advocated for the creation of a dedicated research wing within the NBR to expand the tax net and increase revenue collection through thorough market research and by identifying gaps between market share and revenue share.
- In response, the NBR chairman acknowledged the critical role of automation in driving economic growth and expressed appreciation for FICCI's research publication on taxation

News Source:

https://www.tbsnews.net/economy/foreign-investors-call-tax-structure-reform-939121

Six commissions formed for rebuilding Bangladesh

- Six commissions for reforms in vital state institutions and the national constitution have been formed for rebuilding Bangladesh as a people's ownership-based equitable country, according to Chief Adviser Prof Muhammad Yunus.
- Making the announcement in his address to the nation, the head of post-uprising government urged all to hold patience, halt various agitations and operate the closed factories for the common good.
- As we believe in people's right to vote and people's ownership, improvement in the electoral system has been given importance in our reform ideas, he added.
- He also said that reforming four institutions - police administration, public administration, judiciary and anti-corruption commission is essential for free and fair elections as these institutions are related to the electoral system.
- The reform of these institutions will also contribute to the establishment of a state system with public ownership, accountability and welfare.

News Source:

https://today.thefinancialexpress.com.bd/first-page/six-commissions-formed-for-rebuilding-bangladesh-1726074615

Safety fear jolts foreign investors' confidence

- A lack of safety in foreign manufacturing and industrial units in Bangladesh, stemming from the debilitating law and order situation and labour unrest, has become a cause of major concern for foreign investors, denting their confidence.
- The low presence of industrial police in some areas is another reason for faltering investor sentiment.

- Currently, many investors are negotiating with leaders of the Collective Bargaining Agents (CBAs) to resolve the crisis and resume operations, with labour demands mostly centring pay rises.
- Lack of safety and security is a big barrier towards running industrial units for both local and multinational companies.
- The company's shipments are getting delayed, which is very unusual, and that is expected to hit its sales in the upcoming Christmas season.

News Source:

https://www.thedailystar.net/business/news/safety-fear-jolts-foreign-investors-confidence-3700871

Sectoral Update

Banks, NBFIs and Insurance

Affluent banks desert freewheeling call-money mkt

- Commercial banks having surplus funds are reluctant to invest in the collateral-free call money for prevailing trust deficit in their counterparts, and switching to secure state-guaranteed instruments.
- Officials and bankers have said that despite higher bets offered on the call-money market, the lenders feel comfortable to put their un-invested money in the Standing Deposit Facility (SDF) or reverse repo of Bangladesh Bank (BB), where the rate is quite low.
- As a matter of fact, the SDF has suddenly turned into an investment hotcake for the commercial banks in very recent days.
- There was only a single instance of a bank using SDF, amounting to around BDT 4.0 billion, throughout the last financial year (FY'24) whereas, in the last couple of weeks, scheduled banks on average daily deposited BDT 8.0 billion, according to Bangladesh Bank.
- In the last two days (September 09 and 10), the banks kept BDT 13 billion and more than BDT 14 billion respectively in the SDF where the rate is 7.50% while it is over 9% on the call-money platform.

News Source:

https://today.thefinancialexpress.com.bd/first-page/affluent-banks-desert-freewheeling-call-money-mkt-1726074869

BB forms six-member body to reform ailing banking sector

- Bangladesh Bank (BB) has formed a six-member taskforce to suggest reforms and ensure stability in the country's banking sector that is passing through a tough time due mainly to a lack of corporate governance.
- Governor Dr Ahsan H. Mansur will coordinate overall activities of the troubleshooting squad to address the prevailing challenges affecting the banking operations.
- The taskforce will mainly examine the current financial situation of the banking sector, conduct assessment on distressed assets and major risks, financial indicators of weak banks, actual credit status, provision shortfall, liquidity situation, net capital, actual value of assets, and separation of bad assets of the troubled banks.
- At the same time, it will work on development of the regulatory framework under the risk-management strengthening process and help banks achieve resilience during the crisis period.

- The special body will also act on limiting political and corporate influence in the decision making process of the banks, placing reform-related proposals in bank ownership, making guidelines, resolution framework and recovery for the problem banks.

News Source:

https://today.thefinancialexpress.com.bd/last-page/bb-forms-six-member-body-to-reform-ailing-banking-sector-1726075622

Apparel and Textile

Govt forms body to look into labour issues

- The government has formed a committee to look into the labour issues amid the persisting workers' unrest in the country's important ready-made garment (RMG) belts at Savar, Ashulia and in Gazipur.
- Asif Mahmud Shojib Bhuiyan, adviser to the Ministry of Labour and Employment made the announcement on formation of the committee on Wednesday.
- Exporters and industry people said that the ongoing labour unrest would put the sector in a trouble already been affected by multiple factors including energy crisis, dollar issue and low work orders following a decline in global demand.
- We are sitting with local influential political groups to resolve the issue, according to Abdullah Hil Rakib, senior vice president of BGMEA.

News Source:

https://today.thefinancialexpress.com.bd/first-page/govt-forms-body-to-look-into-labour-issues-1726075040

Energy

Countrywide gas outages to ease

- Acute countrywide power outages are getting cured with increased fuel supply as LNG regasification starts at a repaired floating storage unit in the bay, according to sources.
- Energy-sector bigwig Summit's LNG Terminal (SLNG) started regasifying liquefied natural gas (LNG) on Wednesday afternoon after a hiatus of around three and a half months since late May.
- Initially Summit's floating storage and re-gasification unit (FSRU) will re-gasify around 50 million cubic feet per day (mmcfd) due to current limited stock of LNG, according to Petrobangla chairman Zanendra Nath Sarker.
- Its subsidiary, Rupantarita Prakritik Gas Company Ltd (RPGCL) will start importing LNG from spot market.
- The interim government will go for open tendering to select contractors in power and energy sectors to ensure transparency and accountability and competitiveness.

News Source:

https://today.thefinancialexpress.com.bd/first-page/countrywide-gas-outages-to-ease-1726074703

Power situation to improve within 3 weeks: Adviser Fouzul

- The country's ongoing load-shedding situation will improve within the next three weeks, according to Power, Energy and Mineral Resources Adviser Muhammad Fouzul Kabir Khan.

- He said that there was a technical problem at Barapukuria power plant which is being resolved promptly and Rampal power plant has resumed operation.
- In addition, communication is currently underway with Adani Power of India and arrangements have been made to import gas promptly.
- The energy adviser further said that after assuming office, he has taken various steps to suspend the Speedy Power and Energy Supply (Special) Act 2010 and repeal Section 34(A) of the Bangladesh Energy Regulatory Commission (BERC) Act 2003, and reduce fuel price.

News Source:

https://www.tbsnews.net/bangladesh/power-outage-improve-within-3-weeks-energy-adviser-939026

Capital Market

Stocks rise for a second day straight

- Share market indexes in Bangladesh maintained their upward trend for a second consecutive day yesterday as investors put fresh bets on lucrative issues amidst price fluctuations.
- Industry people and investors are optimistic of a return of resilience and good governance as the interim government took a raft of measures for the financial sector, especially for the stock market.
- As such, the DSEX, the broad index of Dhaka Stock Exchange, rose 11.13 points, or 0.19%, from that on the previous day before closing at 5,713.
- Likewise, the DSES, the index that represents Shariah-compliant companies, went up by 5.57 points, or 0.45%, to 1,240.
- However, the DS30 index of blue-chip firms slumped 6.93 points, or 0.33%, to 2,107.

News Source:

https://www.thedailystar.net/business/news/stocks-rise-second-day-straight-3700611

BSEC to go tougher on delinquent brokers

- The Bangladesh Securities and Exchange Commission (BSEC) will go tougher on brokerage houses that have a deficit in their consolidated customers account (CCA) in an effort to bring more discipline to the country's stock market.
- The BSEC yesterday informed that the CCA of several brokerage houses are in a deficit, which goes against investors' interest as well as market regulations.
- As such, it has already taken action against two brokers - Dhanmondi Securities and PFI Securities, for failing to comply with the related rules.
- A CCA is an account held by a broker at any scheduled bank used for receiving investors' deposits for buying stocks and paying their earnings.
- In its order, the BSEC said any brokerage with a deficit in its CCA will not be allowed to provide margin loans and will not be entitled to dividends from stock exchanges.

News Source:

https://www.thedailystar.net/business/economy/news/bsec-go-tougher-delinquent-brokers-3700826