Daily News Snippet

September 19, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,694.14
% change	0.22%
DS30 Index	2,076.98
% change	0.40%
DSES Index	1,245.68
% change	0.61%
Turnover (BDT mn)	5,536.57
Turnover (USD mn)	46.14
% change	-12.80%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	41,503.10
% change	-0.25%
S&P 500	5,618.26
% change	-0.29%
Nikkei 225	36,380.17
% change	0.49%
FTSE 100	8,253.68
% change	-0.68%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	120.00	120.00
EUR	133.36	133.37
GBP	157.92	157.94
INR	1.43	1.43
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
18-Sep-24	8.80 - 10.50	9.07
17-Sep-24	8.80 - 10.50	9.13
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	73.66	1.17%
Gold Spot, USD/t oz.	2,562.52	0.13%
Cotton, USD/lb.	71.40	0.14%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX gained 0.22% in the last trading day, closing at 5,694.14 points.
- The daily turnover decreased 12.80% in the last trading day.

Global Market

- Majority of the leading global indices posted negative returns as Dow Jones posted 0.25% loss, S&P 500 posted 0.29% loss and FTSE 100 posted 0.68% loss.
- One of the leading Asian market indices, NIKKEI posted 0.49% gain 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 9.07% with a high rate of 10.50% and low rate of 8.80%.
- The oil price increased 1.17% in the last trading day.

Bangladesh Macro Update

Current five-year plan as dev blueprint suspended

- A major policy shift comes in Bangladesh's development paradigm as the interim government suspended the ongoing 8th five-year plan (FYP) to prioritise human-resource development to end reliance on foreign hands.
- The government is also going to empower the ministries to approve projects ensuring priority needs and checking misuse of funds, according to Planning Adviser Prof Wahiduddin Mahmud.
- At this moment, we (interim govt) are putting the FYP on hold and we will favour the human resources-development and the foreign aid-supported projects to get preference, he added.
- Our workers and labourers are not so skilled.
- Many foreign workers are working here and thus we have to make our human resources competitive.

News Source:

https://today.thefinancialexpress.com.bd/first-page/current-five-year-plan-as-dev-blueprint-suspended-1726683332

NBR now considers ending black money investment in real estate

- Facing public backlash over the partial withdrawal of the black money whitening scheme earlier this month, the National Board of Revenue (NBR) is now reportedly planning to remove the option to legalise black money through real estate (land or apartments) purchases.
- The only facility likely to stay the same is for undisclosed money, which would be taxed at the standard rate (up to 25%) plus a 10% penalty.
- Moreover, the NBR plans to remove the special provision that protects investors from inquiries about the source of their money.
- This change would allow agencies, such as the Anti-Corruption Commission (ACC) and the Criminal Investigation Department (CID), to question the source of funds, thereby further limiting the opportunities for investing black money.
- Over the past few years, there has been an option to legalise black money by paying taxes ranging from BDT 300 to BDT 4,000 per square metre for land and apartment purchases nationwide.

News Source:

https://www.tbsnews.net/economy/nbr-now-considers-ending-black-money-investment-real-estate-943886

Key global suppliers cease fertiliser shipments to BD

- Major fertiliser suppliers across the world have stopped their shipments to Bangladesh and canceled scheduled consignments due to the non-payment of outstanding import bills in time, according to sources.
- The government owes the suppliers of China, Saudi Arabia, Canada and Morocco a sum total of USD 80 million in bills, including shipping rent.
- The issue of further freight has also become uncertain due to non-payment of dues against fertiliser imports, according to an agriculture ministry document.

- Over the past three months, an estimated 0.6-million tonnes of such chemical items have not been imported to Bangladesh.
- To address the issue, agriculture adviser Lt Gen (retd) Md Jahangir Alam Chowdhury last week sought finance adviser Dr Salehuddin Ahmed's intervention to take measures to pay dues.

News Source:

https://today.thefinancialexpress.com.bd/first-page/key-global-suppliers-cease-fertiliser-shipments-to-bd-1726683450

Germany, Italy, UK, US set fast recovery instances

- Some proven easy means of repatriating laundered money have been shown by some western countries that experts find as the fastest and less-expensive way Bangladesh can follow in its current crackdown.
- The United Kingdom, the United States, Germany and Italy are among the countries that tell the tales of success in bringing back stolen money from abroad by way of taxing.
- Sources said that many of the countries have recovered their siphoned-off money as taxes, penalties and interest on accusation of tax evasion.
- Having financial statements and authority to keep surveillance on country's entry and exit points, the National Board of Revenue (NBR) could help in recovering stolen assets as taxes, according to experts.

News Source:

https://today.thefinancialexpress.com.bd/first-page/germany-italy-uk-us-set-fast-recovery-instances-1726683506

Public foreign debt rises $4.2b in three months

- The country's public foreign debt increased by USD 4.2 billion in the last quarter of fiscal year 2023-24 due to receiving instalments of long-term loans from the IMF, World Bank, and various bilateral and multilateral parties.
- By the end of June, public foreign debt outstanding reached USD 83.22 billion and of the amount, at least USD 80 billion is long-term debt, according to a central bank report.
- Additionally, private foreign debt stood at USD 20.57 billion.
- The figures show that nearly 80% of the external debt was taken by the government and the remaining 20% was sourced by the private sector.
- By the end of FY24, the per capita debt of the country's population reached USD 605, or BDT 72,480.

News Source:

https://www.tbsnews.net/economy/public-foreign-debt-rises-42b-three-months-944641

Duty exemptions surged 20% in FY23

- Duty exemptions provided by the National Board of Revenue (NBR) have been increasing over the years despite Bangladesh's low tax-to-GDP ratio and the International Monetary Fund's (IMF) recommendation to rationalise such expenses.

- These exemptions are provided to facilitate domestic industrialisation, facilitate exports, and keep the prices of essentials at tolerable levels.
- In fiscal year (FY) 2022-23, the tax administration allowed BDT 33,729 crore in duty exemptions, which is a part of indirect tax expenditure, to various sectors as well as industries and agricultural enterprises.
- This was 20% higher compared to the year prior and almost 47% higher than the amount of duty exemptions provided in FY21.
- In FY23, Bangladesh's tax-GDP ratio was 7.30%, one of the lowest in the world.

News Source:

https://www.thedailystar.net/business/news/duty-exemptions-surged-20-fy23-3706516

Sectoral Update

Banks, NBFIs, and Insurance

BAB seeks regular consultation on reforms

- Hailing the ongoing reform process for stabilising the financial sector, shareholders of the country's commercial banks sought regular consultation with them before bringing any reforms to ensure effective implementation of the possible change in policies.
- They also suggested that the Bangladesh Bank (BB) high-ups bring changes in the ongoing NPL (non-performing loan) regulations along with taking necessary steps for effective functioning of the Artho Rin Adalat to further accelerate the cash recovery process.
- The demand and suggestion came at a meeting between Bangladesh Association of Banks (BAB), the country's apex body of bank shareholders, and central bank high-ups led by its governor Dr Ahsan H. Mansur held at BB headquarters on Wednesday.
- The BAB leaders also demanded a separate guideline for the unconventional banks along with opening an Islamic banking department in the central bank for properly regulating the shariah-based banking activities.
- Emerging from the meeting, BAB Chairman Abdul Hai Sarker said that the central bank has already taken various reform steps for bringing stability in the country's banking system, which is good.

News Source:

https://today.thefinancialexpress.com.bd/first-page/bab-seeks-regular-consultation-on-reforms-1726683277

Many wilful defaulters exploit legal loopholes: BAB chairman

- Many borrowers are not repaying their bank loans and have thus become wilful defaulters, despite having operational businesses, according to Abdul Hai Sarkar, chairman of the Bangladesh Association of Banks (BAB).
- We cannot retrieve defaulted loans from many borrowers due to weaknesses in the laws, he added.
- If the laws were strengthened, 60% of these defaulted loans could be recovered.
- Sarkar, also chairman of Dhaka Bank, said that there has been significant improvement in the banking sector since the new governor assumed office.

- We will address the current problems together, and based on the current situation in the banking sector, we are on the right track, he added.

News Source:

https://www.tbsnews.net/bangladesh/many-wilful-defaulters-exploit-legal-loopholes-bab-chairman-944621

Apparel and Textile

Apparel industry faces survival threat, sets security, energy, financing top priorities

- Apparel business leaders have set three top priorities for the interim government- restoring law and order, ensuring smooth supply of electricity and gas, and disciplining the banking sector to help the country's largest export sector survive and thrive.
- At a time when neighbouring India announced new incentives for the clothing industry, Bangladesh's apparel sector has seen government incentives reduced, bank finance shrank and energy crisis worsened.
- The industry leaders have called for a radical overhaul of the taxation system to remove procedural hassles that far outweigh the marginal incentives left for the export sectors.
- We believe this revolutionary government can set the ground anew with business-friendly policies, according to BKMEA Executive President Fazlee Shamim Ehsan.

News Source:

https://www.tbsnews.net/economy/rmg/apparel-industry-faces-survival-threat-sets-security-energy-financing-top-priorities

US apparel, labour associations urge Dr Yunus to release workers arrested during wage protests

- The American Apparel and Footwear Association (AAFA), the US national trade association representing apparel, footwear and other sewn products companies, and the Fair Labor association (FLA), a US non-profit organisation, have urged the interim government of Bangladesh to immediately release those arrested during the fall 2023 protests over minimum wage.
- They also called for the removal of all criminal charges against those arrested over minimum wage protests at the time.
- In a joint letter sent on 17 September to Chief Adviser Dr Mohammad Yunus, they further urged the interim government to move swiftly this year to a transparent and regular annual minimum wage review mechanism for the garment, footwear, and travel goods industries, with all stakeholders at the table.
- To promote harmonious industrial relations and prevent future unrest, we urge the interim government to quickly restart tripartite discussions on the Bangladesh Labour Act and bring the law into line with international labour standards, according to the letter.

News Source:

https://www.tbsnews.net/economy/rmg/us-apparel-labour-associations-urge-dr-yunus-release-workers-arrested-during-wage

Capital Market

Stocks rise after falling for two days

- Bangladesh's stock market rose today on falling for two days as investors made fresh bets on lucrative blue-chip and large-cap shares to pocket short-term gains amidst price movements.
- The DSEX, the broad index of Dhaka Stock Exchange (DSE), grew 12.53 points, or 0.22%, from that on the day prior to close at 5,694.
- Similarly, the DSES, the index that represents the Shariah-compliant firms, went up by 7.49 points, or 0.60%, to 1,245.
- Meanwhile, the DS30, the index composed of the blue-chip companies, rose 8.37 points, or 0.40%, to 2,076.
- At Chittagong Stock Exchange, the CASPI, the major index of the port city bourse, added 40 points, or 0.25%, to settle at 16,117.

News Source:

https://www.thedailystar.net/business/news/stocks-rise-after-falling-two-days-3706186

BSEC to investigate Nafeez’s SEML for illicit trading

- The Bangladesh Securities and Exchange Commission (BSEC) will investigate all the activities of Strategic Equity Management Ltd (SEML) since its inception in 2007 to check for anomalies.
- Chowdhury Nafeez Sarafat, a former chairman of Padma Bank, and his family members own the asset management company.
- The findings of a primary investigation by the Criminal Investigation Department (CID) released at the start of this month revealed that Sarafat manipulated the stock prices of many companies.
- The stock market regulator formed a three-member committee yesterday, led by Mohammad Amdadul Hoque, additional director of the BSEC.
- It was tasked with examining whether the "Alternative Investment Fund of Bangladesh" of SEML complied with the investment parameters of alternative investment rules.

News Source:

https://www.thedailystar.net/business/news/bsec-investigate-nafeezs-seml-illicit-trading-3706476