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# Daily News Snippet

**September 22, 2024**

| Bangladesh Market | |
|---|---|
| **Major Indices** | **Last closing** |
| DSEX Index | 5,735.27 |
| % change | 0.72% |
| DS30 Index | 2,106.44 |
| % change | 1.42% |
| DSES Index | 1,257.81 |
| % change | 0.97% |
| Turnover (BDT mn) | 5,947.71 |
| Turnover (USD mn) | 49.56 |
| % change | 7.43% |
| ***Source: Dhaka Stock Exchange*** | |

| International Market | |
|---|---|
| **Major Indices** | **Last closing** |
| Dow Jones Industrial Average | 42,063.36 |
| % change | 0.09% |
| S&P 500 | 5,702.55 |
| % change | -0.19% |
| Nikkei 225 | 37,739.50 |
| % change | 1.57% |
| FTSE 100 | 8,229.99 |
| % change | -1.19% |
| ***Source: Bloomberg*** | |

| Exchange rate | | |
|---|---|---|
| **Major Currencies** | **Low (BDT)** | **High (BDT)** |
| USD | 120.00 | 120.00 |
| EUR | 133.42 | 133.43 |
| GBP | 158.54 | 158.57 |
| INR | 1.43 | 1.43 |
| ***Source: BB*** | | |

| Money market | | |
|---|---|---|
| **Date** | **Call Money Rate Range (%)** | **Weighted Average** |
| 19-Sep-24 | 8.90 - 10.50 | 9.06 |
| 18-Sep-24 | 8.80 - 10.50 | 9.07 |
| ***Source: BB*** | | |

| Commodities | | |
|---|---|---|
| **Major Commodities** | **Price** | **% Change** |
| Brent Crude (Oil), USD/bbl. | 74.72 | -0.21% |
| Gold Spot, USD/t oz. | 2,622.27 | 1.38% |
| Cotton, USD/lb. | 73.52 | 0.67% |
| ***Source: Bloomberg*** | | |

## Market Summary

## Bangladesh Market

- The leading bourse of the country, DSEX gained 0.72% in the last trading day, closing at 5,735.27 points.
- The daily turnover increased 7.43% in the last trading day.

## Global Market

- Majority of the leading global indices posted mixed returns as Dow Jones posted 0.09% gain, S&P 500 posted 0.19% loss and FTSE 100 posted 1.19% loss.
- One of the leading Asian market indices, NIKKEI posted 1.57% gain yesterday.

## 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 9.06% with a high rate of 10.50% and low rate of 8.90%.
- The oil price decreased 0.21% in the last trading day.

### Bangladesh Macro Update

## BD seeks $1.0b aid from Japan

- Bangladesh has recently sought USD 1.0-billion budgetary support from Japan to facilitate the country's post-flood recovery in the eastern region and also to weather the economic storm, according to officials.
- We sent a request letter to our friendly country Japan early this month seeking its support as Bangladesh needs sizeable funds to recover the economy, damaged by some wrong macro-economic policies of the Sheikh Hasina government, according to a senior official of the Economic Relations Division (ERD).
- Recent floods deluged 11 districts in eastern and north-eastern parts of Bangladesh claiming at least 59 lives and impacting over 5.3-million people.
- Millions of dollars have been lost in agriculture, industry and service sectors as dozens of roads and bridges got destroyed, croplands submerged, and fisheries and livestock damaged.
- Last June, Japan provided JPY30 billion (equivalent to USD 225 million) as budgetary support to Bangladesh.

**News Source:**

https://today.thefinancialexpress.com.bd/last-page/bd-seeks-10b-aid-from-japan-1726939129

## Poverty climbs to 20.5pc in last 2 years of AL regime

- The poverty rate in Bangladesh has risen to 20.5% from 18.7% in the last two years of the Awami League regime.
- This escalation has been driven by widening economic inequality, leaving marginalised groups struggling for access to resources and opportunities, while their livelihoods face growing threats.
- These concerns were emerged at the national public meeting titled "Eliminating Poverty and Inequality and Strengthening Universal Social Security".
- Reducing poverty is now at risk due to the ongoing global economic crisis, conflicts, climate change and the increasing inequality perpetuated by the previous government.
- These challenges have hit both rural and urban areas hard.

**News Source:**

https://today.thefinancialexpress.com.bd/last-page/poverty-climbs-to-205pc-in-last-2-years-of-al-regime-1726938997

### Sectoral Update

### Banks, NBFIs, and Insurance

## Liquidity mishandling lands dozen banks in quagmire

- At least 11 of mushrooming private commercial banks (PCBs) in Bangladesh faced with financial vulnerability mainly for a lack of proper liquidity management, according to bankers, warranting government intervention.
- They explained that weak corporate governance has also encouraged aggressive lending that has also pushed up the volume of classified loans significantly at these banks.

- The banks, whose boards have already been reconstituted following regime change in state power, are Islami Bank Bangladesh, Social Islami Bank, Global Islami Bank, Union Bank, National Bank, First Security Islami Bank, Bangladesh Commerce Bank, Al Arafah Islami Bank, United Commercial Bank, Exim Bank and IFIC Bank.
- The loans and advances from most of these banks have exceeded their deposits, in infraction of standard banking rules, regulations, and norms.
- In some cases, the banks have used their capital alongside funds borrowed from other banks and the central bank to finance their suspicious lending and economists link it to the siphoning off of funds.

**News Source:**

https://today.thefinancialexpress.com.bd/first-page/liquidity-mishandling-lands-dozen-banks-in-quagmire-1726938523

## NBFIs loses 47,600 more depositors in 3 months

- The country's non-bank financial institutions (NBFIs) lost 47,604 more depositors in the June quarter of this year, in continuation of the declining trend as the number has decreased every quarter since September 2022.
- Central bank data shows that at the end of June 2021, the number of depositors in the NBFI sector was 7.62 lakh, but, within three months, by September of the same year, the number decreased by almost 5.5 lakh, reaching 2.10 lakh.
- Following that, there was a trend of increasing depositors for about a year.
- However, since September 2022, the number of depositors has decreased every quarter.
- Central bank officials attributed the decline to various factors, including corruption, irregularities, and a lack of good governance in many NBFIs, which has eroded public trust.

**News Source:**

https://www.tbsnews.net/nbr/nbfis-loses-47600-more-depositors-3-months-945531

## Political favouritism eroded confidence in insurance sector

- More than two-thirds of the insurance companies registered in Bangladesh since 1990 were approved during the regimes of the Awami League government led by former prime minister Sheikh Hasina.
- However, these companies could hardly attract clients due to fragile customer confidence.
- In Bangladesh, 72 insurance companies have been registered since 1991, according to the Insurance Development and Regulatory Authority (Idra).
- The highest number of registrations, 60, occurred under Sheikh Hasina's governments.
- This market lacks professionalism and public trust, as many companies were licensed simply based on political favours.

**News Source:**

https://www.thedailystar.net/business/economy/news/political-favouritism-eroded-confidence-insurance-sector-3708856

### Energy

## Ensure primary fuel supply, clear dues: Power producers to govt

- The country's private power producers are struggling to import primary fuel due to a significant shortage of working capital which has forced them to operate at only 50-60% capacity resulting in frequent power cuts, according to power producers and experts.
- As financial troubles worsen for private power producers, to whom the government owes BDT 22,000 crore, industry entrepreneurs called on the interim government to make a pivotal decision: Should the country explore its local resources or continue depending on imports for its primary fuel needs?
- Pay us our dues, we will give you adequate electricity, according to Mostafa Moin, chief executive officer at Doreen Power, a private power producer.
- He explained that power producers incurred losses due to the sharp depreciation of the taka against the US dollar and increased interest payments on bank loans, as Bangladesh Power Development Board (BPDB) failed to settle payments for electricity supplied by private power plants.
- Due to the previous regime's policy of neglecting local gas and coal exploration, imports are expected to remain the primary source of fuel for power plants in the near future, according to the power producers.

**News Source:**

https://www.tbsnews.net/bangladesh/energy/ensure-primary-fuel-supply-clear-dues-power-producers-govt-947076

## Govt won't sign 4 energy deals cut by AL regime with foreign cos

- The interim government is not going to sign gas extraction and supply agreements with four companies which were formulated and nearly finalised under the former Awami League government, according to officials from the Energy and Mineral Resources Division.
- The companies involved are India's H Energy, Russia's Gazprom, China's Sinopec, and Uzbekistan's Ariel.
- Officials said that the contracts will not be signed since the Quick Energy Supply Act, under which they were being processed, has been repealed by the interim government.
- The interim government will review the agreements and proceed with those it considers necessary.
- The contracts will be awarded to interested companies through an open tender process, according to Energy Secretary Md Nurul Alam.

**News Source:**

https://www.tbsnews.net/bangladesh/energy/govt-wont-sign-4-energy-deals-cut-al-regime-foreign-cos-946226

### Apparel and Textile

## 22 factories still closed at Ashulia

- Twenty-two readymade garment factories still remained closed yesterday in Dhaka's Ashulia industrial belt amid the labour unrest going on for the past two weeks.

- All other units, except for 22 factories, in the area are operational, and workers are actively working, according to the Industrial Police.
- Since the beginning of the week, the situation in the industrial area has been gradually stabilising.
- However, workers at several factories, including Medlar, Setara, and Bando Apparels, stayed away from work due to press home various demands.
- Under Section 13(1) of the Bangladesh Labour Act 2006, 16 factories are closed, and workers of 6 factories are on general leave.

**News Source:**

https://www.tbsnews.net/economy/rmg/22-factories-still-closed-ashulia-945606

### Capital Market

## DSEX recovers 41 points riding on blue-chip firms

- The Dhaka Stock Exchange (DSE) continued its recovery for a second consecutive session on Thursday, as investors showed their buying appetite for specific blue-chip companies.
- The prime index, DSEX, rose by 41 points to close at 5,735, while the blue-chip index, DS30, increased by 29 points to 2,106.
- The Shariah-compliant index, DSES, also edged up 12 points, finishing at 1,258.
- The day's turnover saw a 7.4% increase, reaching BDT 595 crore, up from BDT 554 crore in the previous trading session.
- Particular large-cap scrips contributed to extending the blue-chip index in Thursday's session.

**News Source:**

https://www.tbsnews.net/economy/stocks/dsex-recovers-41-points-riding-blue-chip-firms-945551

## Beximco's revenue spiked before Sukuk bond launch, then it fell

- It may seem that detained tycoon Salman F Rahman's flagship company, Beximco Limited, which primarily operates in textiles, discovered Aladdin's lamp in 2021-22, with revenue skyrocketing from BDT 1,982 crore to BDT 7,336 crore in just two years.
- In that year, Beximco launched the first Sukuk bond, an Islamic asset-backed borrowing instrument, to finance its 200MW Teesta Solar Power project, a 30MW solar plant, and additional textile machinery.
- Analysts now believe that Salman's aggressive promotion of Beximco's impressive performance and stock rally worked to attract Sukuk investors.
- After he managed to raise BDT 3,000 crore through Sukuk at the end of 2021, Beximco's miracle started to fade away and the company's sales, and profits collapsed.
- Showing a moderate slide in FY23, Beximco in the first nine months of the FY24 posted 63% drop in revenue and 90% fall in profits.

**News Source:**

https://www.tbsnews.net/economy/beximcos-revenue-spiked-sukuk-bond-launch-then-it-fell-945656