Daily News Snippet

September 24, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,760.39
% change	0.44%
DS30 Index	2,096.97
% change	0.10%
DSES Index	1,273.82
% change	0.82%
Turnover (BDT mn)	6,743.88
Turnover (USD mn)	56.20
% change	-0.20%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	42,124.65
% change	0.15%
S&P 500	5,718.57
% change	0.28%
Nikkei 225	37,739.50
% change	0.00%
FTSE 100	8,259.71
% change	0.36%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	120.00	120.00
EUR	133.94	133.96
GBP	159.85	159.88
INR	1.44	1.44
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
23-Sep-24	8.90 - 10.50	9.06
22-Sep-24	8.90 - 10.50	9.08
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	73.92	0.41%
Gold Spot, USD/t oz.	2,636.12	0.29%
Cotton, USD/lb.	73.75	0.55%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX gained 0.44% in the last trading day, closing at 5,760.39 points.
- The daily turnover decreased 0.20% in the last trading day.

Global Market

- Majority of the leading global indices posted positive returns as Dow Jones posted 0.15% gain, S&P 500 posted 0.28% gain and FTSE 100 posted 0.36% gain.
- One of the leading Asian market indices, NIKKEI was closed 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 increased 0.41% in the last trading day.

Bangladesh Macro Update

China opens market to Bangladeshi products from Dec

- Bangladeshi exports will enjoy zero-tariff treatment under 100% tariff lines in China from December 01, which is likely to contribute to narrowing a yawning trade gap against Dhaka.
- Bangladesh will enjoy this zero-tariff treatment for 100% tariff lines as an LDC or least-developed country, a spokesperson for the Chinese Embassy in Dhaka.
- Presently, Bangladesh is getting duty-free market-access facility for 97% of its tariff lines.
- This has made China first major developing country and first major economy to take such a step.
- In order to expand unilateral opening up to LDCs and achieve common development, zero preferential tariff rate will be applied to 100% of the tariff lines originating from LDCs that have diplomatic relations with China from 1 December 2024.

News Source:

https://today.thefinancialexpress.com.bd/first-page/china-opens-market-to-bangladeshi-products-from-dec-1727115760

IMF staff team begins weeklong BD mission today

- A recheck of Bangladesh's macroeconomic situation and possible reforms, besides additional funding needs, dominate its tasks as a team of the International Monetary Fund (IMF) embarks on a weeklong mission here today.
- The four-member delegation of the multilateral development financier, led by its Mission Chief for Bangladesh Chris Papageorgiou, will also look into high subsidy spending, mounting inflationary pressure, and public-expenditure cut, among others, according to officials.
- The post-uprising interim government has already sought USD 3.0 billion in additional support from the IMF as budget support apart from the ongoing USD 4.7-billion lending package, which will also be discussed on priority during the staff-team visit.
- To grant the additional fund support the IMF team may suggest some more reform measures targeting subsidy cut and higher revenue generation.
- The IMF team is concerned about power subsidy while they have little concern about agri-subsidy, according to a senior finance ministry official.

News Source:

https://today.thefinancialexpress.com.bd/first-page/imf-staff-team-begins-weeklong-bd-mission-today-1727115802

Tough stance on MRT-05 south for inflated costs

- The Planning Commission of the government has taken a firm stand against the proposed megaproject MRT-05 (south) mainly due to its bloated costs and non-rationalisation in route selection.
- It plans to suggest that the authorities scrap the MRT-05 south line at this moment and go for building the MRT-02 route, according to civil servants.

- Months ago, road transport and bridges ministry sent a massive BDT 54.619-billion project of the Dhaka Mass Transport Company Limited (DMTCL) to construct the Gabtoli-Dasherkandi corridor of the MRT-05 rail.
- The Commission scrutinised the bloated outlay and decided to consult with the DMTCL and the line ministry regarding the importance of the project, according to the officials.
- It will, therefore, suggest the ministry construct the MRT-02 line on a priority basis due to its higher rate of return, viability and coverage of population, let alone the commercial area of the old part of Dhaka.

News Source:

https://today.thefinancialexpress.com.bd/last-page/tough-stance-on-mrt-05-south-for-inflated-costs-1727116062

Sectoral Update

Banks, NBFIs, and Insurance

Funds set to be costlier as BB plans aggressive policy rate hike

- Funds are becoming costlier as the central bank plans to double down on policy rate by hike twice in quick succession, principally as inflation stays stubbornly high and prices exorbitant.
- As part of the contractionary monetary stance to contain inflation, the Bangladesh Bank (BB) will raise policy or repo rate this week before making another upward revision by next month as well.
- The new BB governor, Dr Ahsan H. Mansur, Monday disclosed the desperate remedy for the desperate situation while sharing the central bank's current inflation-combat plan at a press briefing at the BB headquarters.
- A contractionary monetary policy will be followed as long as the inflation does not come under control, he added.
- The governor expresses his optimism about being able to bringing down the inflationary pressure in few months.

News Source:

https://today.thefinancialexpress.com.bd/first-page/funds-set-to-be-costlier-as-bb-plans-aggressive-policy-rate-hike-1727115615

Promised support eludes liquidity-hungry banks

- Liquidity-starved five commercial banks have yet to get any positive response in feeding promised funds from interbank sources even after securing guarantee from the central bank, according to officials and bankers.
- The cash-hungry five - National Bank, First Security Islami Bank, Global Islami Bank, Social Islami Bank and Union Bank - recently signed agreements with the Bangladesh Bank on obtaining its nod to playing guarantor for the banks in failure of repaying the credits borrowed from the banks having surplus liquidity.
- But the fact remains that none of the banks has received a single penny from the compliant commercial lenders which do not find lending to the problem banks sustainable for their banking despite the guarantee by the regulator.

- A BB official concerned said that the banks having excess funds are yet to feel encouraged to lend to the five weaklings.
- As a matter of fact, no transaction has taken place yet under the guarantee mechanism.

News Source:

https://today.thefinancialexpress.com.bd/first-page/promised-support-eludes-liquidity-hungry-banks-1727115850

Nine banks face over Tk18,000cr in liquidity crisis

- At least nine private banks are grappling with severe liquidity crises, with the combined deficit exceeding BDT 18,000 crore, according to data from the Bangladesh Bank.
- Bangladesh Bank Executive Director and spokesperson Husne Ara Shikha said that as the account balances are changing daily, it's difficult to provide bank-specific details.
- However, the combined deficit of these banks is around BDT 18,000 crore.
- However, according to sources in the central bank, First Security Islami Bank tops the list with the largest deficit of BDT 7,269.66 crore, followed by Social Islami Bank at BDT 3,394 crore and National Bank at BDT 2,342 crore.

News Source:

https://www.tbsnews.net/economy/banking/nine-banks-face-over-tk18000cr-liquidity-crisis-948876

Apparel and Textile

59 apparel factories shut as labour unrest flares up

- The country's major industrial belts, especially Ashulia, on Monday witnessed closure of an increased number of readymade garment (RGM) factories as fresh worker protests erupted there centring a number of demands, including wage hike.
- About 59 garment factories in Savar, Ashulia and Gazipur industrial belts suspended operation on Monday as workers continued their protests over various demands including wage hike up to BDT 25,000.
- Majority of the factory owners, however, in an emergency general meeting held on Monday night at the BGMEA headquarters in Uttara opposed any wage hike and increase in annual increment to 10% from the existing 5%.
- They argued that the new wage was fixed last year while the sector has been facing a number of challenges due to global and internal factors including decline in global demands and high production costs fuelled by high prices of energy, wage hike and bank interest rate, among others.
- Moreover, the factories remained closed for more than two weeks this month and faced such closure during the July-August anti-discrimination movement that caused a heavy blow as buyers shifted work orders to other countries.

News Source:

https://today.thefinancialexpress.com.bd/last-page/59-apparel-factories-shut-as-labour-unrest-flares-up-1727116019

Repeated unrest in RMG leads to 30% orders shift to other countries

- The recurrence of protest causing shutdown of dozens of factories in the last two days took the apparel industry owners by surprise as they started feeling the pinch as 30% orders for the next season have already shifted to other countries.
- Just a week after apparel industrial zones in the suburbs of capital Dhaka returned to normal operation from two weeks of unrest, a section of workers in Ashulia and Gazipur stopped working and started protests from Sunday, demanding BDT 25,000 as minimum wage.
- Repeated protests since 29 August put apparel exporters in a complex situation as they claim to be clueless why the unrest continued even though most of the workers' demands were already met or agreed upon.
- Emerging from an emergency meeting Monday evening, BGMEA President Khandoker Rafiqul Islam told that the orders lost or shifted to other countries for the next season would be around 30%.
- He hoped the labour situation would improve as the labour industry is expected to make a joint statement on the issue today.

News Source:

https://www.tbsnews.net/economy/rmg/repeated-unrest-rmg-leads-30-orders-shift-other-countries-948871

Capital Market

Indices inch up, driven by bank stocks

- Indices at the Dhaka Stock Exchange (DSE) inched up today, driven by bank stocks which contributed one-fourth of total daily turnover, even as the majority of stock prices fell.
- DSEX, the broad index of the DSE, increased by 25.4 points, closing at 5,760 points, up from 5,735 in the previous session.
- The Shariah index (DSES) gained 10 points to settle at 1,273, while the blue-chip index (DS30) edged up by 2 points, finishing at 2,096.
- The total turnover at the DSE stood at BDT 674.38 crore, showing only a slight decrease from the previous session's BDT 675.73 crore.
- However, cautious investors preferred to realise their gains owing to subdued confidence, causing the benchmark index to drag down later in the trading session, according to market insiders.

News Source:

https://www.tbsnews.net/economy/stocks/indices-inch-driven-bank-stocks-948791