Daily News Snippet

September 29, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,639.13
% change	-1.70%
DS30 Index	2,064.93
% change	-1.44%
DSES Index	1,261.94
% change	-2.42%
Turnover (BDT mn)	5,308.59
Turnover (USD mn)	44.24
% change	-33.39%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	42,313.00
% change	0.33%
S&P 500	5,738.17
% change	-0.13%
Nikkei 225	39,821.50
% change	2.30%
FTSE 100	8,320.76
% change	0.43%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	120.00	120.00
EUR	133.58	133.61
GBP	159.88	159.90
INR	1.44	1.44
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
26-Sep-24	9.45 - 10.50	9.55
25-Sep-24	9.25 - 10.50	9.53
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	71.54	0.63%
Gold Spot, USD/t oz.	2,658.32	-0.44%
Cotton, USD/lb.	72.72	-0.41%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX lost 1.70% in the last trading day, closing at 5,639.13 points.
- The daily turnover decreased 33.39% in the last trading day.

Global Market

- Majority of the leading global indices posted mixed returns as Dow Jones posted 0.33% gain, S&P 500 posted 0.13% loss and FTSE 100 posted 0.43% gain.
- One of the leading Asian market indices, NIKKEI posted 2.30% gain yesterday.

Key macro indicators

- All the major currencies fell against BDT yesterday.
- The average overnight rate is rising in the past week.
- The current weighted average overnight rate stood at 9.55% with a high rate of 10.50% and low rate of 9.45%.
- The oil price increased 0.63% in the last trading day.

Bangladesh Macro Update

Budget execution 79pc in FY '24

- The budget execution rate for the last fiscal year (FY) ending in June 2024 was only 79% largely due to a decline in development expenditure, according to the Finance Division.
- The actual spending reached BDT 6.02 trillion or 79% of the original budget of BDT 7.61 trillion for FY 2023-24.
- Development expenditures, earmarked at BDT 2.6 trillion, saw an execution rate of 72.5%.
- On the other hand, non-development expenditures-comprising mainly operational costs such as salaries and allowances-were relatively higher, representing an execution rate of 85.3%.
- The overall low budget execution rate, obviously, led to a lower deficit financing during the period under review.

News Source:

https://today.thefinancialexpress.com.bd/first-page/budget-execution-79pc-in-fy-24-1727542590

Per capita foreign debt more than doubles in eight years

- Per capita foreign debt of Bangladesh more than doubled in the last eight years, according to official data.
- Economists attributed the hike to unplanned foreign-funded projects and corruption, ultimately ballooning the liability on low-income people, including the extremely poor.
- Per capita external debt of the country surged 135% to USD 605 in fiscal year 2023-24 compared to fiscal year 2015-16, according to the Bangladesh Bank data.
- The country's external public debt servicing, which is already on an upward trend, will increase in the coming years, according to a statement by the Finance Division.
- Total foreign debt servicing by the government, including repayment of the principal amount and interest, rose around 26% to USD 3.35 billion in fiscal year 2023-24 from USD 2.67 billion in 2022-23.

News Source:

https://www.thedailystar.net/business/economy/news/capita-foreign-debt-more-doubles-eight-years-3714901

Three-Year FRTBs worth Tk 9.0 billion on cards

- The government is set to issue Three-Year Floating Rate Treasury Bonds (FRTBs) worth BDT 9.0 billion in the next three months to partly finance the budget deficit.
- Under the arrangement, the FRTBs of BDT 3.0 billion each will be issued on the first Tuesday of each month.
- The FRTB is a bond whose coupon is determined by adding spread with benchmark 91 days Bangladesh Compounded Rate (BCR).
- The BCR is a daily rate based on the cut-off yield of 91-Day Treasury Bills (T-bills) auction.

- This is a reference rate which is primarily used to set the rate of floating rate instruments of the government.

News Source:

https://today.thefinancialexpress.com.bd/first-page/three-year-frtbs-worth-tk-90-billion-on-cards-1727542641

NBR requests IMF to lower FY25 revenue target

- The National Board of Revenue has asked the visiting International Monetary Fund (IMF) team to reduce the revenue collection target set for Bangladesh for the current fiscal year considering the country's recent political changes.
- The IMF has set a revenue target of BDT 4.78 lakh crore for Bangladesh for the fiscal 2024-25.
- However, recent nationwide unrest has resulted in lower-than-expected revenue in the first three months of this fiscal year, and the outlook remains grim, as businesses are not operating normally yet, according to officials.
- NBR officials also urged the IMF to reassess the calculation of Gross Domestic Product (GDP), as it serves as the basis for the revenue target.
- As part of a USD 4.7 billion loan approved in early 2023, the global lender has imposed over 30 major and minor conditions on Bangladesh, one of which includes raising the revenue contribution to GDP, or the tax-to-GDP ratio, by 0.5% each year until 2026.

News Source:

https://www.tbsnews.net/economy/nbr-requests-imf-lower-fy25-revenue-target-951481

Sectoral Update

Banks, NBFIs, and Insurance

10 solvent banks to provide support to 9 troubled ones

- Ten banks have agreed to provide liquidity support to nine struggling banks through interbank market, with the central bank assuming responsibility for repaying any loans if these crisis-hit banks fail to do so.
- This decision was made during a meeting between the Bangladesh Bank and the better-performing banks.
- Initially hesitant to offer support due to confusion about mechanisms involved, these banks changed their stance after receiving assurance of security from the central bank, according to BB officials.
- The ten banks participating in this initiative, which have adequate funds, include Sonali Bank, Bank Asia, BRAC Bank, Dhaka Bank, Dutch Bangla Bank, Eastern Bank, Shahjalal Islami Bank, City Bank, Mutual Trust Bank and Pubali Bank.
- While the banks will provide liquidity support, the central bank will determine the amount allocated for each struggling bank, according to BB spokesperson and executive director Husne Ara Shikha.

News Source:

https://www.newagebd.net/post/banking/246180/10-solvent-banks-to-provide-support-to-9-troubled-ones

Money laundering: BFIU seeks banking details of 9 MPs, ministers of Hasina regime

- The Bangladesh Financial Intelligence Unit (BFIU) has sought information on loans and deposits by lawmakers and ministers, including Faridul Haque Khan, Hasanul Haq Inu, and Golam Dastagir Gazi, to verify whether they laundered money abroad after taking loans from banks.
- In a letter sent to banks, the BFIU requested details about accounts of deposits and loans in the names of these individuals and their joint ventures, along with recent transactions from the date of account opening.
- The other individuals in question are former minister Anwar Hossain Manju; former state minister Dr Enamur Rahman, Zahid Ahsan Russell, and former lawmakers Benzir Ahmed, Kazi Nabil Ahmed, and Shahidul Islam Bakul.
- The BFIU letter states that banks have been asked to promptly provide all information related to the loan accounts of the individuals, including details on collateral, loan repayment, savings certificates, and credit cards.

News Source:

https://www.tbsnews.net/economy/banking/money-laundering-bfiu-seeks-banking-details-9-mps-ministers-hasina-regime-951496

Apparel and Textile

51 factories in Ashulia pull down shutters

- An estimated 51 factories, mostly located in Ashulia, suspended operations on Saturday as workers mounted demonstrations over payment of arrears, the reopening of factories and a wage hike.
- Sources said that workers of some garment factories, including Mondol Knitwear, blocked Baipail-Abdullahpur road in Zirabo area of Ashulia in the morning.
- Demonstrations broke out demanding the reopening of the previously shut factories, withdrawal of cases filed against workers and an increase in the minimum wage to BDT 22,000.
- Meantime, workers from two factories, located in Gazipur, also blocked Dhaka-Mymensingh highway demanding timely wage payments, enhancements in attendance and tiffin allowances, and night bills.
- Law-enforcement agencies later scattered the workers from both locations.

News Source:

https://today.thefinancialexpress.com.bd/last-page/51-factories-in-ashulia-pull-down-shutters-1727543080

Energy

The journey of Just Energy Transition in Bangladesh: Citizen's Demand

- Just Energy Transition Network Bangladesh (JETnet-BD) marks a significant milestone in Bangladesh's journey towards a just and sustainable energy future.

- More than 70 civil society organizations (CSOs), national and international development organisations, local organisations, energy sector experts, environmentalists and media representatives across the country have collaborated to officially launch JETnet-BD.
- This network will aspire to significantly contribute to Bangladesh's just energy transition and environmental sustainability, making a significant impact.
- Beyond JETnet-BD's dedicated network members, they have an advisory committee composed of energy sector experts who will offer invaluable guidance to this network.

News Source:

https://www.tbsnews.net/bangladesh/energy/journey-just-energy-transition-bangladesh-citizens-demand-950761

Capital Market

DSEX plunges 97 points as 27 firms downgraded to Z category

- Indices at the Dhaka Stock Exchange (DSE) experienced a significant drop on 26 September as the stock exchanges downgraded 27 firms to the Z category for non-compliance with securities laws, in line with a directive from the regulators.
- The DSEX, DSE's main index, dropped by 97 points, closing at 5,639 at the end of the sessions.
- The Shariah index (DSES) fell by 31 points to 1,262, while the blue-chip index (DS30) decreased by 30 points, finishing at 2,065.
- The total turnover stood at BDT 531 crore, 33% down from the previous session.
- The Chittagong Stock Exchange (CSE) also faced losses, with the CSCX and All Share Price Index (CASPI) down by 99 and 208 points, respectively.

News Source:

https://www.tbsnews.net/economy/stocks/dsex-plunges-116-points-27-firms-downgraded-z-category-950946

Experts urge performance-based categorisation

- Experts suggest that the current system for categorising listed companies solely based on dividends should be revised to better reflect their business performance.
- They recommend categorising companies based on their performance and the size of capital, as the existing system linked to credit facilities contributes to market volatility.
- Under the current system, a company is classified as 'A' if it distributes at least 10% dividends while the companies issue dividends less than 10% fall into the 'B' category.
- Both 'A' and 'B' category companies are downgraded to the 'Z' category if they do not issue any dividends.
- Unlike the existing system, neighbouring and emerging markets, including India, classify companies based on performance, size, and other factors such as liquidity and financial strength.

News Source:

https://today.thefinancialexpress.com.bd/stock-corporate/experts-urge-performance-based-categorisation-1727540354