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Daily News Snippet

October 06, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,462.58
% change	0.16%
DS30 Index	1,990.85
% change	0.14%
DSES Index	1,221.27
% change	0.13%
Turnover (BDT mn)	3,155.60
Turnover (USD mn)	26.30
% change	-28.42%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	42,352.75
% change	0.81%
S&P 500	5,751.07
% change	0.90%
Nikkei 225	38,635.62
% change	0.22%
FTSE 100	8,280.63
% change	-0.02%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	120.00	120.00
EUR	132.43	132.55
GBP	159.07	159.23
INR	1.43	1.43
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
03-Oct-24	9.50 - 10.50	9.57
02-Oct-24	9.50 - 10.50	9.55
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	78.08	0.23%
Gold Spot, USD/t oz.	2,653.52	-0.09%
Cotton, USD/lb.	73.27	0.74%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX gained 0.16% in the last trading day, closing at 5,462.58 points.
- The daily turnover decreased 28.42% in the last trading day.

Global Market

- Majority of the leading global indices posted mixed returns as Dow Jones posted 0.81% gain, S&P 500 posted 0.90% gain and FTSE 100 posted 0.02% loss.
- One of the leading Asian market indices, NIKKEI posted 0.22% 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 9.57% with a high rate of 10.50% and low rate of 9.50%.
- The oil price increased 0.23% in the last trading day.

Global Macro Update

Oil settles up, biggest weekly gains in over a year on Middle East risk

- Oil prices rose on Friday and settled with their biggest weekly gains in over a year on the mounting threat of a region-wide war in the Middle East, although gains were limited as US President Joe Biden discouraged Israel from targeting Iranian oil facilities.
- Brent crude futures rose 43 cents, or 0.6%, to settle at USD 78.05 per barrel, while US West Texas Intermediate crude futures gained 67 cents, or 0.9%, to close at USD 74.38 per barrel.
- Israel has sworn to strike Iran for launching a barrage of missiles at Israel on Tuesday after Israel assassinated the leader of Iran-backed Hezbollah a week ago.
- The events had oil analysts warning clients of the potential ramifications of a broader war in the Middle East.
- On a weekly basis, Brent crude gained over 8%, the most in a week since January 2023.

News Source:

https://www.thedailystar.net/business/global-economy/america/news/oil-settles-biggest-weekly-gains-over-year-middle-east-risk-3720516

Bangladesh Macro Update

Export target set at $110b for 2027

- The advisory council of the interim government has approved the draft of the 2024-27 export policy, setting a shipment target of USD 110 billion for the final year, aligning with its economic development goals and the global trade context.
- The objective of this policy is to create massive employment through export growth, establish a well-balanced trade between imports and exports, and contribute significantly to the national economy by earning foreign currency, according to Chief Adviser's Press Secretary Shafiqul Alam.
- Furthermore, the role of the export policy is crucial in enhancing capacity in export trade and strengthening Bangladesh's position in the competitive global market, alongside fostering the development of the country's economic activities.
- Elaborating on the salient features of the proposed export policy, the press secretary said that an export target of USD 110 billion has been set for the final year of the 2024-27 period.
- Other features include guidelines for alternatives to financial incentives to encourage exporters in line with WTO rules, and specific policies are recommended for engaging women and small entrepreneurs in exports.

News Source:

https://www.tbsnews.net/economy/export-target-set-110b-2027-957831

Businessmen urge govt to cut interest rates, remove hurdles to exports

- Top businessmen of the country have called on the interim government to take necessary steps to reduce interest rates, create demand for local goods in the domestic market, and remove obstacles to exports.

- In a seminar organised by the Dhaka Chamber of Commerce and Industry (DCCI) on 5 October, they also said businesses will not return to normal if the country's law and order situation does not improve.
- Former FBCCI president Mir Nasir Hossain said that the current interest rate is effectively 17%.
- The Bangladesh Bank says that from next March, if an institution fails to pay a single instalment, it will be declared a defaulter.
- Nasir called for immediate measures to improve the law-and-order situation, reform the National Board of Revenue and cut the interest rates.

News Source:

https://www.tbsnews.net/bangladesh/businessmen-urge-govt-interest-cut-rates-remove-hurdles-exports-958871

Indian LoC projects in limbo after uprising

- Bangladesh is in a quandary with the Indian Line of Credit (LoC)-funded projects as the contractors and workmen who deserted sites after the fall of past government have yet to join duty despite security assurances.
- Slow fund release by the lender has also affected the project works over the last few years, which aggravated further in recent months after the takeover by the Professor Muhammad Yunus-led interim government, according to insiders.
- As per the Indian High Commissioner's request, we have made security arrangement for Indian contractors, consultants and relevant manpower at the project sites and workplace in Bangladesh, according to a senior Ministry of Finance (MoF) official.
- However, not a single Indian contractor has come back to Bangladesh and started works.
- Different public agencies, including Bangladesh Railway (BR), have been implementing at least 33 development projects under India's three credit lines worth a total of USD 7.36 billion.

News Source:

https://today.thefinancialexpress.com.bd/last-page/indian-loc-projects-in-limbo-after-uprising-1728148467

Fed's rate cut may ease foreign fund flow to Bangladesh

- When most global central banks have paused their rate-hiking cycles to avoid excessive damage, such as rising unemployment, the Bangladesh Bank has continued raising its policy rate for the past two years as it still struggles to control high inflation.
- However, the recent rate cut by the Federal Reserve, which is just the beginning of a series of reductions, opens up opportunities for Bangladesh to increase foreign fund flow by keeping domestic rate high, according to a senior executive of the Bangladesh Bank.
- Moreover, the rate cut in the global market will reduce foreign borrowing costs, prompting private sector investors to be back on track for borrowing from abroad which will increase dollar inflow contributing to building foreign exchange reserves.
- The Bangladesh Bank also hopes that the Fed's hint of switching to loose policy will ease exchange rate depreciation pressure as dollar price will go down in the global market.

- On 18 September, the Fed cut the policy rate by 50 basis points, bringing interest rate down to the 4.75%-5% range after inflation cooled down to the targeted level.

News Source:

https://www.tbsnews.net/economy/feds-rate-cut-may-ease-foreign-fund-flow-bangladesh-958486

Ctg port sees drop in export container handling in September

- Chattogram Port, the country's premier maritime gateway, has reported a decrease in export container handling in September compared to August.
- 75,603 TEUs (twenty-foot equivalent units) of export containers were handled in September, down from 78,146 TEUs in August, according to port statistics.
- Despite the decline in export container handling, there was an increase in import container handling.
- In September, 117,402 TEUs of import container handling took place whereas in August, the figure was 114,708 TEUs.
- 80% of the goods exported through the port are ready-made garments.

News Source:

https://www.tbsnews.net/economy/ctg-port-sees-drop-export-container-handling-september-957621

Sectoral Update

Banks, NBFIs, and Insurance

Finance adviser asks BAB to lend loans after proper scrutiny

- Finance and Commerce Adviser Dr Salehuddin Ahmed on 3 October asked the bank owners and managements to ensure lending of loans through proper scrutiny under the current circumstances.
- Dr Salehuddin also suggested the bank owners to ensure providing inclusive loans like to the CMSMEs since those usually do not get loans from the banks seamlessly.
- Please, ensure good governance as well as transparency and accountability in your operations, he added.
- Dr Salehuddin said that they have raised some specific problems with loans and liquidity situation and they will talk with the Bangladesh Bank in this regard.
- BAB leaders also demanded of the government that their opinions are reflected in the banking sector reforms initiative

News Source:

https://www.tbsnews.net/economy/banking/finance-adviser-asks-bab-lend-loans-after-proper-scrutiny-957686

Nassa Group Chairman Nazrul secured Tk 261cr interest waiver from Janata Bank using political influence: BB investigation

- Nassa Group Chairman Nazrul Islam Majumder had BDT 261 crore in interest waived on a loan from Janata Bank, allegedly using his political connections, according to an investigation by Bangladesh Bank.
- This waiver, on a loan of BDT 156 crore, allowed Majumder to avoid paying any interest.
- As a result, the total loan amount, which had ballooned to BDT 417 crore with interest, was drastically reduced by the waiver.
- An investigation by Bangladesh Bank uncovered that the interest waiver was granted in violation of standard banking regulations.
- Sources claimed that both Janata Bank and Bangladesh Bank were compelled to grant the waiver due to political pressure.

News Source:

https://www.tbsnews.net/economy/banking/nassa-group-chairman-nazrul-secured-tk261cr-interest-waiver-janata-bank-using

Apparel and Textile

$10.21m arrears in RMG sector

- A total of 36 local ready-made garment (RMG) exporters on Saturday threatened to take legal action against Expo Freight Limited (EFL) which allegedly will fail to pay USD 10.21 million in arrears within the next 15 days.
- EFL is legally responsible to pay the arrears to local suppliers, as it handled the goods supplied to the now-bankrupted British retailer Debenhams, according to Md Zahangir Alam, the Debenhams Vendors Community convener.
- Around 36 local RMG exporters supplied apparel items to Debenhams PLC, a reputable UK-based company with a 150-year history, under contracts that required them to submit the bill of lading to EFL for payment upon receiving export proceeds.
- They have adhered to the terms for over a decade, but on 9 April, 2020, Debenhams entered liquidation, appointing an administrator to manage the process.
- EFL and its carriers delivered goods to Debenhams without the necessary bank endorsement, violating Bangladesh Bank's (BB) Foreign Exchange Policy, Md Zahangir Alam alleged.

News Source:

https://today.thefinancialexpress.com.bd/last-page/1021m-arrears-in-rmg-sector-1728148815

Capital Market

DSE stocks rebound after massive fall

- Indices of Dhaka Stock Exchange (DSE) rose yesterday on falling by a massive extent on the preceding three days, which was followed by protests by some investors in the capital's Motijheel who blamed some of the regulator's recent punitive measures.

- The Bangladesh Securities and Exchange Commission (BSEC) last Tuesday imposed a fine of BDT 428.52 crore on five firms and four individuals for manipulating prices of Beximco stocks to realise gains of BDT 477 crore.
- On September 26, it downgraded 28 companies to "Z" category for violating regulation by not properly paying investors their dividends.
- These are prompting the sale of shares on a massive scale, which, in turn, is causing the indexes to fall, according to the protesters.
- The DSEX, the DSE's benchmark index, went up by 8.59 points, or 0.16%, from that on the day prior to close at 5,462.

News Source:

https://www.thedailystar.net/business/news/dse-stocks-rebound-after-massive-fall-3719191

BSEC summons 14 firms over delays in disbursing declared dividends

- The Bangladesh Securities and Exchange Commission (BSEC) has summoned the chairmen, managing directors (MDs), and company secretaries of 14 publicly listed companies for failing to distribute dividends to shareholders after declaring them in the most recent fiscal years.
- The companies involved include: Lub-rref Bangladesh, SK Trims & Industries, Shepherd Industries, VFS Thread Dyeing, Fortune Shoes, Associated Oxygen, Desh Garments, Indo-Bangla Pharmaceuticals, Beach Hatchery, Advent Pharma, Khulna Power Company, Libra Infusion, Pacific Denims, and Union Insurance Limited.
- These companies declared dividends for shareholders but failed to distribute them within the required time frame.
- Consequently, on 26 September, these companies were placed in the "Z" category, reserved for underperforming or non-compliant companies.
- Some companies have since distributed their dividends and were removed from this category.

News Source:

https://www.tbsnews.net/economy/stocks/bsec-summons-14-firms-over-delays-disbursing-declared-dividends-959216