# Daily News Snippet

**October 08, 2024**

| Bangladesh Market | |
|---|---|
| **Major Indices** | **Last closing** |
| DSEX Index | 5,335.06 |
| % change | -0.81% |
| DS30 Index | 1,942.22 |
| % change | -1.12% |
| DSES Index | 1,189.39 |
| % change | -0.12% |
| Turnover (BDT mn) | 3,665.54 |
| Turnover (USD mn) | 30.55 |
| % change | -0.44% |
| ***Source: Dhaka Stock Exchange*** | |

| International Market | |
|---|---|
| **Major Indices** | **Last closing** |
| Dow Jones Industrial Average | 41,954.24 |
| % change | -0.94% |
| S&P 500 | 5,695.94 |
| % change | -0.96% |
| Nikkei 225 | 39,332.74 |
| % change | 1.80% |
| FTSE 100 | 8,303.62 |
| % change | 0.28% |
| ***Source: Bloomberg*** | |

| Exchange rate | | |
|---|---|---|
| **Major Currencies** | **Low (BDT)** | **High (BDT)** |
| USD | 120.00 | 120.00 |
| EUR | 131.71 | 131.74 |
| GBP | 157.39 | 157.48 |
| INR | 1.43 | 1.43 |
| ***Source: BB*** | | |

| Money market | | |
|---|---|---|
| **Date** | **Call Money Rate Range (%)** | **Weighted Average** |
| 07-Oct-24 | 9.25 - 10.50 | 9.52 |
| 06-Oct-24 | 9.25 - 10.50 | 9.55 |
| ***Source: BB*** | | |

| Commodities | | |
|---|---|---|
| **Major Commodities** | **Price** | **% Change** |
| Brent Crude (Oil), USD/bbl. | 81.13 | 4.66% |
| Gold Spot, USD/t oz. | 2,643.58 | -0.25% |
| Cotton, USD/lb. | 73.53 | 0.35% |
| ***Source: Bloomberg*** | | |

## Market Summary

## Bangladesh Market

- The leading bourse of the country, DSEX lost 0.81% in the last trading day, closing at 5,335.06 points.
- The daily turnover decreased 0.44% in the last trading day.

## Global Market

- Majority of the leading global indices posted mixed returns as Dow Jones posted 0.94% loss, S&P 500 posted 0.96% loss and FTSE 100 posted 0.28% gain yesterday.
- One of the leading Asian market indices, NIKKEI posted 1.80% 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 9.52% with a high rate of 10.50% and low rate of 9.25%.
- The oil price increased 4.66% in the last trading day.

### Global Macro Update

## ECB to cut rates in Oct on risk of too low inflation

- The European Central Bank will probably cut interest rates on Oct 17 as economic growth is weak and this raises the risk that inflation will undershoot its 2% target, according to French Central Bank Chief Francois Villeroy de Galhau.
- The ECB cut rates from record highs twice already this year and markets now expect even quicker policy easing with moves in October and December fully priced in as inflationary pressures are easing faster than policymakers had expected.
- ECB President Christine Lagarde offered the strongest hint yet last week that an October rate cut is coming and policymakers have been lining up behind her since then.
- Villeroy predicted further cuts in the 3.5% deposit rate next year and said the ECB should be back at the "neutral" rate, which neither slows, nor stimulates growth, sometime in 2025.

**News Source:**

https://today.thefinancialexpress.com.bd/stock-corporate/ecb-to-cut-rates-in-oct-on-risk-of-too-low-inflation-1728319658

### Bangladesh Macro Update

## BD bound for robust economic rebound: HSBC

- Bangladesh's economy is expected to rebound significantly over the coming year, with GDP growth making a leap to 7.1% in FY2025-26, according to a latest HSBC projection.
- Although the growth rate has been revised to 4.5% for FY2024-25, the country is set to bounce back, with export performance and rising remittances, according to Frederic Neumann, Chief Asia Economist and Co-Head of Global Research Asia at the Hong Kong and Shanghai Banking Corporation (HSBC).
- Even though Bangladesh's GDP growth rate has been set to a revised 4.5% for FY2024-25, the country will rebound to 7.1% in the following year, Neumann added.
- Neumann strikes an upbeat note on the trade front, notwithstanding headwinds, saying that the garment sector, which accounts for 83% of the country's exports, is expected to grow by the demand from international markets,
- At the same time, imports, which had been strained by rising global energy prices, are now stabilising, reflecting a recovery in domestic demand and easing cost pressures.

**News Source:**

https://today.thefinancialexpress.com.bd/first-page/bd-bound-for-robust-economic-rebound-hsbc-1728323732

## Decides to build deep-sea port, prefers Japan as builder

- Interim government's economic policy body, in a major development push, decides to build the long-stalled Matarbari deep-sea port and prefers Japan as the builder rather than China or India for quality works and for some geopolitical issues.

- Planning Adviser Professor Wahiduddin Mahmud disclosed the decision made Monday by the Executive Committee of the National Economic Council (ECNEC).
- The Japan-funded projects are completed in time as Japan and the western countries have a system on their contractor management.
- If any contractors of those respective countries do any irregularities, they take action and so, we feel that Japan is secured, he added.
- In Japan-funded projects in Bangladesh, even our local contractors have not indulged in any corruption.

**News Source:**

https://today.thefinancialexpress.com.bd/first-page/decides-to-build-deep-sea-port-prefers-japan-as-builder-1728323482

### Sectoral Update

#### Banks, NBFIs, and Insurance

## BB cash support against repo once a week likely

- The Bangladesh Bank (BB) is likely to allow cash support against repo facility once a week instead of two days in a move to prompt banks manage funds more efficiently, according to central bankers.
- The BB will sit with treasury heads of commercial banks on Wednesday and Thursday to share this matter before getting their feedback on the proposed monetary move.
- The officials said that the move would not only force commercial lenders to seriously focus on efficient fund management, but also help make transactions in the call money market vibrant.
- To meet an IMF condition, as part of its USD 4.70-billion lending package for stabilising the country's macroeconomic situation, the banking regulator cut down the liquidity support against the repo facility twice a week (Monday and Wednesday) since last July.
- The central banker said that they would give some time frame for banks so that they could take proper planning to absorb the change in monetary affairs.

**News Source:**

https://today.thefinancialexpress.com.bd/first-page/bb-cash-support-against-repo-once-a-week-likely-1728323597

## Nonbanks see NPL surge amid rampant default

- Nonbanks also see a surge in non-performing loans (NPLs) with the aggregate buildup standing over BDT 247.11 billion by latest count till last June.
- The volume of NPLs in the financials of non-bank financial institutions (NBFIs accounted for 33% of the sector's total loan portfolio, according to Bangladesh Bank (BB) latest data.
- The total loan disbursement in this sector reached over BDT 745.34 billion by the end of June 2024, while non-performing loans increased by BDT 8.22 billion over the previous three months.
- Industry-insiders have said that both weaker and stronger non-banking financial institutions are now struggling under the burden of defaulted loans, leading to a continuous rise in NPLs in this sector of lending.

- They point to liquidity crises, fierce competition with banks, and reputational damage due to irregularities as key reasons.

**News Source:**

https://today.thefinancialexpress.com.bd/last-page/nonbanks-see-npl-surge-amid-rampant-default-1728324115

## August bank deposits hit hard by inflation, unrest

- Bank deposits declined in August compared to the previous month, reaching an 18-month low growth rate of 7.02%.
- This decline was driven by the fall of the Awami League government, in the face of nationwide unrest, reports of widespread loan scams, eroding public trust, and runaway inflation, according to bankers.
- Bankers added that thanks to various measures taken under the new interim government to restore trust in the banking sector, the trend of depositors withdrawing money decreased in September.
- In addition to the decline in deposits, the amount of cash held by the public increased by around BDT 804 crore in August, as individuals opted to keep liquid cash amid the prevailing uncertainty.
- Additionally, the weakening of 9 to 10 banks has contributed to this issue, according to Selim RF Hussain, managing director of BRAC Bank.

**News Source:**

https://www.tbsnews.net/economy/august-bank-deposits-hit-hard-inflation-unrest-961066

### Apparel and Textile

## Garment workers in Narayanganj observe hunger strike demanding pending arrears

- More than a hundred garment workers observed a hunger strike on 7 October in Narayanganj this morning, demanding three months' pending salaries.
- The protesters held their programme in front of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) office in the Chashara area from 12-2pm, and demanded the factory owners implement their 18-point agreement which includes clearing unpaid wages.
- They alleged that wages for the last three months have not yet been paid in at least four-five garment factories, including Nemcon Design and Abanti Colour Tex, since July.
- Even though the workers filed written complaints regarding unpaid wages with the deputy commissioner, the owners have not taken any action, according to Mahbubur Rahman Ismail, president of the Bangladesh Textile Garments Workers' Federation.
- Under these circumstances, workers and their families are living in dire straits.

**News Source:**

https://www.tbsnews.net/economy/rmg/garment-workers-narayanganj-observe-hunger-strike-demanding-pending-arrears-960916

### Energy

## Govt mulls over fresh int'l bid

- The interim government is eyeing to float an international tender afresh to seek expressions of interest (EoIs) from interested global players for the supply of liquefied natural gas (LNG) on a spot basis.
- Officials said that the state-owned Rupantarita Prakritik Gas Company Ltd (RPGCL), a wholly-owned subsidiary of Petrobangla, would float the tender soon.
- The RPGCL is now carrying out all necessary work, including vetting from law ministry, before inviting the bid.
- It will float the tender seeking EoIs in line with the government's policy to continue importing LNG through both long-term contracts and spot deals.
- Currently, a total of 23 LNG suppliers are shortlisted by the RPGCL for supplying LNG from the spot market.

**News Source:**

https://today.thefinancialexpress.com.bd/last-page/govt-mulls-over-fresh-intl-bid-1728323874

## Govt set to issue Tk 5,000 crore bonds to clear power sector dues

- The government is set to issue new bonds worth BDT 5,000 crore to address pending payments to private power producers, according to official sources.
- The move is currently awaiting final approval from the finance ministry.
- A senior official expressed the hope that the BPDB will receive the final clearance from the Finance Ministry within this week, after which the bonds will be floated.
- He added that some 25-27 public and private sector banks will be involved in the bond issuance process, similar to previous instances.
- The initiative aims to ease the financial strain on independent power producers (IPPs) and stabilise the country's power sector.

**News Source:**

https://www.tbsnews.net/bangladesh/energy/govt-set-issue-tk5000-crore-bonds-clear-power-sector-dues-961111

### Capital Market

## 72% of stocks decline; DSEX slips 43 points

- Stocks extended their losing streak for a second consecutive session on Monday, as heavy selling pressure led to a decline in 72% of the companies traded on the Dhaka Stock Exchange (DSE).
- The DSEX, the broad index of the DSE, also plunged by 43 points, following a significant drop of 83 points in the previous session.
- The DSE Shariah and DS30 indices also ended in the red, with turnover slightly lower than the previous session as market participation remained sluggish.

- Stocks experienced a volatile session on Monday, and from the middle of the trading day, selling pressure intensified significantly, dragging the indices down despite the market opening on a positive note.
- Out of the total traded stocks, 53 advanced, 288 declined, and 58 remained unchanged.

**News Source:**

https://www.tbsnews.net/economy/stocks/72-stocks-decline-dsex-slips-43-points-960961

## Regulator forms task force, seeks advice for market expansion

- A task force has been formed with university professors, chartered accountants, and professionals to identify reasons as to why the equity market is insignificant in size compared to the country's gross domestic product.
- They will recommend ways to expand the market and other reforms necessary for it to thrive.
- The Bangladesh Securities and Exchange Commission (BSEC) on Monday formed the task force, with the aim of developing the market, restoring investors' confidence, and ensuring good governance.
- A directive has been issued in this regard.
- It, however, did not mention any timeframe for the completion of the tasks.

**News Source:**

https://today.thefinancialexpress.com.bd/stock-corporate/regulator-forms-task-force-seeks-advice-for-market-expansion-1728319506