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Daily News Snippet

October 15, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,373.54
% change	-0.89%
DS30 Index	1,969.52
% change	-0.78%
DSES Index	1,191.57
% change	-1.19%
Turnover (BDT mn)	3,507.33
Turnover (USD mn)	29.23
% change	-6.87%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	43,065.22
% change	0.47%
S&P 500	5,859.85
% change	0.77%
Nikkei 225	39,605.80
% change	0.00%
FTSE 100	8,292.66
% change	0.47%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	120.00	120.00
EUR	131.24	131.27
GBP	156.79	156.83
INR	1.43	1.43
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
14-Oct-24	9.30 - 10.50	9.53
09-Oct-24	9.30 - 10.50	9.54
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	75.11	-3.28%
Gold Spot, USD/t oz.	2,651.05	-0.19%
Cotton, USD/lb.	71.03	-1.63%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX lost 0.89% in the last trading day, closing at 5,373.54 points.
- The daily turnover decreased 6.87% in the last trading day.

Global Market

- Majority of the leading global indices posted positive returns as Dow Jones posted 0.47% gain, S&P 500 posted 0.77% gain and FTSE 100 posted 0.47% gain yesterday.
- One of the leading Asian market indices, NIKKEI were closed 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 9.53% with a high rate of 10.50% and low rate of 9.30%.
- The oil price decreased 3.28% in the last trading day.

Global Macro Update

IMF says global public debt to top $100 trillion, growth may accelerate

- The world's total public debt is set to exceed USD 100 trillion this year for the first time, and may grow more quickly than forecast as political sentiment favors higher spending and slow growth amplifies borrowing needs and costs, according to the International Monetary Fund.
- The IMF's latest Fiscal Monitor report showed global public debt will reach 93% of global gross domestic product by the end of 2024 and approach 100% by 2030.
- That would exceed its 99% peak during COVID-19.
- The IMF's concerns about rising debt levels comes three weeks before a US presidential election in which both candidates have promised new tax breaks and spending that could add trillions of dollars to federal deficits.
- Republican presidential candidate Donald Trump's tax cut plans would add some USD 7.5 trillion in new debt over 10 years, more than twice the USD 3.5 trillion added from the plans of Vice President Kamala Harris, the Democratic nominee

News Source:

https://www.thedailystar.net/business/global-economy/news/imf-says-global-public-debt-top-100-trillion-growth-may-accelerate-3727806

Gold ticks higher

- Gold prices edged up on Monday as investors assessed China's weekend stimulus announcement, while also focussing on US Federal Reserve officials' comments for further rate cut cues.
- Spot gold rose 0.2% to USD 2,660.64 per ounce by 0800 GMT.
- Bullion rose nearly 1% in the previous session.
- The potential commitment to fiscal stimulus from China suggests a healthier economy, which bodes well for gold demand but the market needs to see more concrete measures, according to Tim Waterer, chief market analyst at KCM Trade.
- China on Saturday said it would "significantly increase" debt to revive its sputtering economy, but left investors guessing on the overall size of the stimulus package.

News Source:

https://www.thedailystar.net/business/news/gold-ticks-higher-3727511

Bangladesh Macro Update

Chinese debt rescheduling, import credits seen imperative for BD economy

- Leading economists and foreign-relations experts stressed debt rescheduling by the Chinese side raising the loan-repayment and grace periods to enable Bangladesh to absorb economic shocks, as closer cooperation between the two countries came into the limelight.

- Addressing an international seminar on 'Bangladesh-China Relations: A Future Outlook'" they also opined that if China provides credit arrangements to Bangladesh for its import from China, it would help the country address the fragile BoP situation.
- Bangladesh Institute of International and Strategic Studies (BIISS) and the Centre for China Studies (SIIS-DU) jointly organised the meet to commemorate the 50th anniversary of the establishment of diplomatic relations between China and Bangladesh.
- If you look at the debt situation of Bangladesh at this moment, almost 5.6 billion dollars are owed to China which is almost 10% of the total debt of Bangladesh has overseas, according to Dr Debapriya Bhattacharya, Distinguished Fellow of CPD.

News Source:

https://today.thefinancialexpress.com.bd/first-page/chinese-debt-rescheduling-import-credits-seen-imperative-for-bd-economy-1728927872

E-waste recycling offers $500m annual business potential for Bangladesh: Experts

- Compliant e-waste recycling could provide Bangladesh with a USD 500 million annual economic opportunity if the country formally manages all its electrical and electronic waste, which is currently either being informally recycled or discarded into the environment, according to experts.
- The seminar, titled "The Formal E-Waste Management 2024" was organised by the WEEE (Waste Electrical and Electronic Equipment) Society Bangladesh, a consortium of industry leaders.
- Bangladesh generated 367 million kg of e-waste in 2022, growing at an annual average rate of 3.4%.
- However, less than 0.5% of this waste was formally recycled.
- The value of recyclable e-waste per kg is over USD 1, as the raw materials extracted through post-processing are sold at that price.

News Source:

https://www.tbsnews.net/economy/e-waste-recycling-offers-500m-annual-business-potential-bangladesh-experts-966921

Sectoral Update

Banks, NBFIs, and Insurance

Banks stay away from lending as investor confidence remains low

- The country's banking sector has squeezed lending activities as investment confidence, which remained subdued for the last two years amid the dollar crisis, deteriorated further after the formation of the interim government.
- Investment has remained sluggish since 2022 amid the dollar crisis, high inflation, and the global economic crisis.
- Political uncertainty is now a new factor, adding to the situation and further leading to a deterioration of investment confidence, according to industry insiders.

- Banks are not receiving any new investment proposals from either foreign or local investors and consumer demand remains sluggish amid elevated inflation.

News Source:

https://www.tbsnews.net/economy/banking/banks-stay-away-lending-investor-confidence-remains-low-966956

Amid liquidity crunch, banks offer high rates to lure depositors

- Amid a persistent liquidity crunch, some lenders are desperately trying to increase their deposit base by offering higher interest rates to attract customers.
- As of September, some banks were offering above 13% interest on deposits, nearly double the average rate of 6 to 8% before the ceiling on the interest rate of deposits was withdrawn.
- NRB Bank is offering the highest interest rate on deposits at 13.46% followed by Commercial Bank of Ceylon at 13.13%, and Meghna Bank and SBAC at 11.50% each.
- Besides, NRBC Bank, AB Bank, Global Islami Bank and Jamuna Bank are offering as much as 11% interest on deposits while Basic Bank is providing 10.67% and Islami Bank 10.50%.
- Some banks are currently struggling to maintain adequate cashflow to meet their short-term obligations, with severely ailing lenders even unable to return depositor's funds

News Source:

https://www.thedailystar.net/business/news/amid-liquidity-crunch-banks-offer-high-rates-lure-depositors-3727566

Cenbank eases process for e-commerce exports below $500

- The central bank has eased regulations for e-commerce exports of products valued below USD 500 to promote small-scale exports under Business-to-Consumer (B2C) models.
- Effective immediately, such exports will no longer require the previously mandatory Export Permission (EXP) form, according to a circular issued today by the Foreign Exchange Policy Department of the Bangladesh Bank.
- Typically, private exports from Bangladesh require the completion of an EXP form, declared by the Authorised Dealer (AD) bank on behalf of the customer.
- The latest circular said that AD banks now shall obtain a declaration from their customers executing the export under B2C models through an e-commerce website.

News Source:

https://www.tbsnews.net/economy/banking/cenbank-eases-export-rules-e-commerce-products-966776

Apparel and Textile

Almost all RMG factories open now: CA Press Wing

- About 99.26% of readymade garment factories are open now in Savar, Ashulia and Gazipur areas as normalcy has returned to the RMG sector in the country.

- No crisis was reported in the garments at Savar, Ashulia, Narayanganj and Gazipur as of 8am on 14 October.
- Only two factories out of 871 are shut throughout the Gazipur area.

News Source:

https://www.tbsnews.net/bangladesh/almost-all-rmg-factories-open-now-ca-press-wing-966396

Energy

Petrobangla plans to deploy BAPEX, intensify exploration

- Amid deepening energy crisis in the country, the interim government is planning to intensify hydrocarbon-exploration campaign in a major policy shift to deploy the lone local company to conduct the exploration activities.
- State-owned Bangladesh Oil, Gas and Mineral Corporation (Petrobangla) prefers its subsidiary Bangladesh Petroleum Exploration and Production Company Limited (BAPEX) to utilise its expertise and invest domestic resources in the job.
- To achieve its target, Petrobangla has sought a budgetary allocation of BDT 133.28 billion for the next four fiscal years from the Ministry of Finance (MoF).
- They said that the funds would be spent on conducting surveys, exploration and production activities in the prospective wells.
- Petrobangla has decided to explore 100 wells in FYs 2025-29, aiming to enhance gas exploration and production by 1,475 million cubic feet per day (MMCFD).

News Source:

https://today.thefinancialexpress.com.bd/last-page/petrobangla-plans-to-deploy-bapex-intensify-exploration-1728928063

Capital Market

Dhaka stocks starts week on dismal note

- The Dhaka Stock Exchange (DSE) started the week on a dismal note, with a short-lived upbeat vibe during the first hour of the session being overshadowed by the dominant selloffs in the major sectors, pushing the markets lower and ultimately reflecting the waning investor confidence.
- The key index DSEX of the Dhaka bourse lost 48.51 points, or 0.89%, and closed at 5,373.54.
- The blue-chip index DS30 and the Shariah-based index DSES closed at 1,969.52 and 1,191.57 points, respectively.
- Most of the large-cap sectors posted negative performance on Monday.
- Meanwhile, market participation remained sluggish, with total turnover further decreasing by 6.9% to BDT 350 crore as against BDT 376 crore in the previous session.

News Source:

https://businesspostbd.com/stocks/dhaka-stocks-starts-week-on-dismal-note

Bangladesh market looks poorer than its regional peers

- Bangladesh's capital market grew by one-fifth as much as its peer Vietnam's capital market between January 2014 and July 2024 mostly because of faulty market mechanisms and lack of product diversification.
- Bangladesh performs equally poorly when compared to other emerging markets, such as India, Pakistan, and Sri Lanka.
- In January 2014, the main index of the Dhaka Stock Exchange (DSE) was 4,056, which rose to 5,280 about a decade later, a mere 30% expansion.
- Despite the gap between the markets' performance, Bangladesh's GDP size was BDT 438 billion in 2023 while Vietnam's BDT 434 billion.

News Source:

https://today.thefinancialexpress.com.bd/stock-corporate/bangladesh-market-looks-poorer-than-its-regional-peers-1728921099