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Daily News Snippet

October 16, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,365.96
% change	-0.14%
DS30 Index	1,963.73
% change	-0.29%
DSES Index	1,195.96
% change	0.32%
Turnover (BDT mn)	3,180.61
Turnover (USD mn)	26.51
% change	-9.32%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	42,740.42
% change	-0.75%
S&P 500	5,815.26
% change	-0.76%
Nikkei 225	39,950.50
% change	0.87%
FTSE 100	8,249.28
% change	-0.52%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	120.00	120.00
EUR	130.91	130.92
GBP	156.71	156.72
INR	1.43	1.43
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
15-Oct-24	9.30 - 10.50	9.56
14-Oct-24	9.30 - 10.50	9.53
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	74.25	-4.14%
Gold Spot, USD/t oz.	2,660.99	0.37%
Cotton, USD/lb.	70.62	-0.58%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX lost 0.14% in the last trading day, closing at 5,365.96 points.
- The daily turnover decreased 9.32% in the last trading day.

Global Market

- Majority of the leading global indices posted negative returns as Dow Jones posted 0.75% loss, S&P 500 posted 0.76% loss and FTSE 100 posted 0.52% loss yesterday.
- One of the leading Asian market indices, NIKKEI posted 0.87% 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 9.56% with a high rate of 10.50% and low rate of 9.30%.
- The oil price decreased 4.14% in the last trading day.

Bangladesh Macro Update

Dhaka aims to join China-led RCEP, CEPA with India on hold for now

- In a significant pivot in trade strategy, the government has decided to prioritise joining the Regional Comprehensive Economic Partnership (RCEP), the world's largest trade bloc led by China, over signing a Comprehensive Economic Partnership Agreement (CEPA) with India.
- Bangladesh is expected to formally apply for RCEP membership this week, according to commerce ministry officials.
- They said that the ministry is also preparing to negotiate Free Trade Agreements (FTAs) with several countries.
- The chief adviser has granted approval to initiate the membership process for RCEP.
- Commerce Secretary Md Selim Uddin said that negotiations for FTAs with various nations, including Japan, China, Thailand, and Singapore, are being revived, but no steps will be taken to advance the CEPA discussions with India for the time being.

News Source:

https://www.tbsnews.net/economy/dhaka-aims-join-china-led-rcep-cepa-india-hold-now-967986

Manufacturing sees 9.6pc job loss despite 9.1pc growth in 7 years

- Stoked-up inflation, external-sector pressures, financial vulnerabilities and political uncertainty could demote Bangladesh's economic growth this fiscal, according to the World Bank in its latest study accompanied with suggested remedies.
- WB Senior Economist in Bangladesh Dhruv Sharma said that if the government fails to improve the supply-side management of the essential commodities, especially of food, only the monetary policy won't work in taming the inflation.
- Food inflation is continuing on double-digit trajectory over the last few months.
- Bangladesh's nearly 45% weight in the Consumer Price Index (CPI) is coming from food and so, if the supply-side management of the food items is not addressed, the inflation will not decline, Mr Sharma added.

News Source:

https://today.thefinancialexpress.com.bd/first-page/manufacturing-sees-96pc-job-loss-despite-91pc-growth-in-7-years-1729015698

Jobless rate among graduates tripled in nine years: WB

- The share of unemployed tertiary-educated youth within the total unemployed population in Bangladesh increased to 27.8% in 2022 from 9.7% in 2013 as many struggled to find jobs that match their skills and educational qualifications, according to the latest World Bank (WB) report.
- The report also said that nearly 12 lakh people in the country may face extreme poverty this year due to job losses and declining real wages.
- Government jobs can accommodate a little over 5% of the total workforce.
- Besides, the report showed that the private sector is not generating enough employment opportunities.

- While policies in many countries support entrepreneurship and startups, many young people in Bangladesh face challenges in pursuing entrepreneurship due to a lack of resources, financing and mentorship.

News Source:

https://www.thedailystar.net/business/news/jobless-rate-among-graduates-tripled-nine-years-wb-3728571

Sectoral Update

Banks, NBFIs, and Insurance

Govt's bank borrowing nearly doubles in Jul-Sep

- The government has nearly doubled its borrowing from commercial banks in the first three months of the current fiscal year compared to the equivalent period last year, primarily due to lower revenue collection.
- Bankers also attributed the increased government borrowing to high interest rates on treasury bills and bonds, which have become an attractive investment option for banks as the private sector's demand for new loans has reduced.
- The government borrowed BDT 47,209 crore from banks through the sale of treasury bills and bonds with varying maturities from July to September, according to Bangladesh Bank.
- In the same period last year, the government borrowed BDT 24,474 crore from banks, reflecting an increase of approximately 93% over the year.
- They suggest that following the fall of Sheikh Hasina's government on 5 August, political and business activity has slowed down and money laundering has tapered off, leading to a decreased demand for dollars in the informal hundi market and a redirection of funds through official channels.

News Source:

https://www.tbsnews.net/economy/banking/govts-bank-borrowing-nearly-doubles-jul-sep-967976

Energy

Excelerate bid for FSRU near Payra seaport fails

- US-based Excelerate Energy's bid for building a floating storage and regasification unit (FSRU) near Payra seaport, its third in the Bay of Bengal, fails as an initial deal is rescinded.
- The interim government has scrapped the term-sheet agreement with the energy giant's Bangladesh outfit.
- State-run Petrobangla has issued a letter terminating the non-binding agreement with Excelerate Energy.
- The Energy and Mineral Resources Division (EMRD) under the Ministry of Power, Energy and Mineral Resources (MPEMR) earlier had directed Petrobangla to cancel the deal.
- The interim government has decided not to ink any fresh deal under the Quick Enhancement of Electricity and Energy Supply (Special Provision) Act 2010 (Amended 2021).

News Source:

https://today.thefinancialexpress.com.bd/last-page/excelerate-bid-for-fsru-near-payra-seaport-fails-1729015984

Capital Market

Stocks continue bearish trend amid uncertainty

- The indices of the Dhaka Stock Exchange (DSE) continued their downward trend for the second consecutive session on 15 October, as investors remained cautious and showed little interest in buying shares due to uncertainty surrounding current market conditions.
- Market insiders said that after the fall of former prime minister Sheikh Hasina-led government, investors initially regained some confidence in the capital market.
- However, the optimism was soon dampened by financial scandals involving the previous government, along with ongoing economic and political instability.
- The share prices of most companies have been declining for several months, causing general investors to continuously lose funds.
- Despite the bearish market trend, new investment opportunities are emerging, according to the insiders.

News Source:

https://www.tbsnews.net/economy/stocks/stocks-continue-bearish-trend-amid-uncertainty-967261

DESCO didn't announce dividends for first time

- The state-run Dhaka Electric Supply Company (DESCO) is not going to give any dividend to shareholders for the just concluded fiscal year for the first time since its listing.
- The primary reasons are operating loss and foreign debt burden.
- The company's retained earnings also turned negative in the reporting year.
- It has shown a loss of BDT 5.05 billion for FY24, slightly less than the loss of BDT 5.41 billion in FY23.
- DSECO informed investors that the board could not recommend any dividend because of the negative income and negative retained earnings.

News Source:

https://today.thefinancialexpress.com.bd/stock-corporate/desco-didnt-announce-dividends-for-first-time-it-rings-alarm-1729005482