Daily News Snippet

October 28, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	4,965.39
% change	-2.92%
DS30 Index	1,830.99
% change	-2.56%
DSES Index	1,107.73
% change	-3.17%
Turnover (BDT mn)	3,038.09
Turnover (USD mn)	25.32
% change	-0.72%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	42,114.40
% change	0.00%
S&P 500	5,808.12
% change	0.00%
Nikkei 225	37,889.00
% change	0.00%
FTSE 100	8,248.84
% change	0.00%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	120.00	120.00
EUR	129.52	129.56
GBP	155.51	155.58
INR	1.43	1.43
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
27-Oct-24	9.50 - 10.50	9.87
24-Oct-24	9.00 - 10.50	9.50
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	72.63	-4.50%
Gold Spot, USD/t oz.	2,735.91	-0.43%
Cotton, USD/lb.	70.66	-1.22%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX lost 2.92% in the last trading day, closing at 4,965.39 points.
- The daily turnover decreased 0.72% in the last trading day.

Global Market

- Majority of the leading global indices were closed yesterday.
- One of the leading Asian market indices, NIKKEI was also closed yesterday.

Key macro indicators

- While USD rate remained stable, the value of Euro and GBP appreciated against BDT, and the value of INR depreciated against BDT.
- The average overnight rate increased in the last trading day.
- The current weighted average overnight rate stood at 9.87% with a high rate of 10.50% and low rate of 9.50%.
- The oil price decreased 4.50% in the last trading day.

Global Macro Update

AIIB head criticises advanced nations for trade barriers

- Asian Infrastructure Investment Bank (AIIB) President Jin Liqun criticized advanced economies for creating trade barriers including for renewable energy goods, saying that there was no longer free trade in the global economy.
- The United States last month locked in steep tariff hikes on Chinese imports, including a 100% duty on electric vehicles, to strengthen protections for strategic domestic industries from China's state-driven excess production capacity.
- The European Union and Canada also have announced new import tariffs on Chinese EVs.
- Jin, who heads the China-led development bank, said that trade spats between advanced and emerging economies have increased partly because manufacturers in the latter have boosted their competitiveness due to overcapacity.

News Source:

https://www.thedailystar.net/business/news/aiib-head-criticises-advanced-nations-trade-barriers-3738306

Bangladesh Macro Update

$1.95b remitted home in 26 days of October

- Expatriates sent nearly USD 1.95 billion in remittances to Bangladesh during the first 26 days of October, according to the Bangladesh Bank (BB) data.
- They sent nearly USD 1.53 billion remittances to the country during the first 19 days of this month.
- Sector insiders expect that the remittance inflow may maintain its steady momentum throughout the month.
- If the trend continues, the inflow may either surpass or come closer to the September figures.

News Source:

https://today.thefinancialexpress.com.bd/last-page/195b-remitted-home-in-26-days-of-october-1730051572

BD continues to rank low in law and order

- Bangladesh has ranked 127th out of 142 countries in global law-and-order index in 2024, according to a survey report.
- In 2021, the country ranked 124th.
- The World Justice Project (WJP) Rule of Law Index is an annual survey that evaluates countries based on eight factors: Constraints on Government Powers, Absence of Corruption, Open Government, Fundamental Rights, Order and Security, Regulatory Enforcement, Civil Justice, and Criminal Justice.
- In South Asia, Nepal is the top performer, ranking 69th, followed by Sri Lanka at 75th, India at 79th, Myanmar at 138th, Pakistan at 129th, and Afghanistan at 140th.

News Source:

https://today.thefinancialexpress.com.bd/first-page/bd-continues-to-rank-low-in-law-and-order-1730050998

Sectoral Update

Banks, NBFIs, and Insurance

How 2% shareholding rule makes bank boards businessmen's clubs

- In the aftermath of the 2010 stock market crash, the regulator introduced a new directive next year, requiring sponsors and directors excluding the independent ones to to hold at least 2% of a company's shares to qualify as a director.
- Collectively, sponsors and directors were mandated to own a minimum of 30% of the company's shares.
- Investors initially welcomed the move, hoping it would reinvigorate the stock market.
- The expectation was that directors, especially those who didn't already hold the required shares, would purchase more to retain their board positions or seek new directorships, leading to a market revival.
- Industry insiders argued that the BSEC has severely undermined corporate governance, reinforced family control over banks, and pushed competent individuals off bank boards simply because they did not meet the shareholding threshold, an uncommon requirement globally.

News Source:

https://www.tbsnews.net/economy/banking/how-2-shareholding-rule-makes-bank-boards-businessmens-clubs-977816

Call money heats up but treasuries stay steady

- Call money in interbank transactions heats up while treasuries stay steady following the policy-rate hike by the central bank in government bid for taming stubborn inflation.
- Bankers said that the interbank call-money rate marked a significant rise Sunday.
- The weighted average rate (WAR) of call money rose to 9.87% on the day from 9.50% of the previous day.
- The call rate ranged between 9.50% and 10.50% on the day against the previous range between 9.00 per cent and 10.50%.
- However, most of the deals were settled at rates varying between 9.75% and 10.00%, according to the market operators.

News Source:

https://today.thefinancialexpress.com.bd/first-page/call-money-heats-up-but-treasuries-stay-steady-1730051060

Apparel and Textile

Setting national minimum wage required for decent pay: Study

- To ensure decent wages for all workers, setting a national minimum wage is required, according to the recommendations of a study.
- The findings were presented at a roundtable organised by Bangladesh Institute of Labour Studies (BILS).

- Mostafiz Ahmed, associate professor, Department of Social Work, Jagannath University, shared the findings and the recommendations at the roundtable titled 'Wage Determination of Minimum Wage Board: Scope, Challenges and Way Forward.
- Democratic selection process of representatives in the minimum wage board, and regular and timely review of minimum wages are also among the recommendations presented at the event.
- Out of 42 formal sectors across the country, some 20 or 47.6% sectors have not seen any regular wage increase in the last six to forty years, according to the study.

News Source:

https://today.thefinancialexpress.com.bd/last-page/setting-national-minimum-wage-required-for-decent-pay-study-1730051527

Energy

Tender for construction of 10 solar power plants next week

- The government has decided to float tenders next week for construction of more than 10 solar power plants aimed at reaching Net Zero Emissions by 2050.
- Efforts are underway to float tender next week for installation of over 10 solar power plants having a total generation capacity of 500MW, according to Chairman of Bangladesh Power Development Board (BPDB) Engineer Md Rezaul Karim.
- The government has decided to go for open tender bidding so that interested firms can take part in the bidding properly.
- There is no scope for negotiation about bidding process and the lowest bidder will get the award for construction of solar power plants.
- During the previous government, decision for construction of solar power plants was made under the Quick Supply of Power and Energy (Special Provisions) Act, 2010 (Amendment 2021) and there were allegations that power plant construction work was given to companies at higher rate.

News Source:

https://www.tbsnews.net/bangladesh/energy/tender-construction-10-solar-power-plants-next-week-977506

Capital Market

Stocks in free fall amid political uncertainty, rising interest rates

- The key index of the Dhaka Stock Exchange (DSE) tumbled below 5,000 points on Sunday after four years amidst political uncertainties and an increase in the policy rate designed to tame soaring inflation.
- Market analysts also blame regulatory measures taken in the absence of coordination between stakeholders for the gloomy market situation.
- Rising interest rate following intermittent hikes in policy rate to 10% over the last couple of months is another major reason for the market's plunge.
- The growing deposit rates are prompting savers to move away funds to the money market from the stock market.

- Persistent price erosion of stocks also led to a mounting sell pressure from margin accounts, exacerbating the fall of the index

News Source:

https://today.thefinancialexpress.com.bd/first-page/stocks-in-free-fall-amid-political-uncertainty-rising-interest-rates-1730050943

DSE urges NBR to repeal 15% capital gains tax to stabilise market

- The Dhaka Stock Exchange (DSE) has called on the National Board of Revenue (NBR) to withdraw the 15% capital gains tax imposed on individual investors in the current fiscal year to stabilise and strengthen the stock market.
- A DSE delegation, led by Chairman Mominul Islam, met with NBR Chairman Md Abdur Rahman Khan at his office yesterday and submitted a written proposal seeking policy support.
- In its proposal, the country's primary bourse highlighted the stock market's vital role in the economy but noted that irregularities and policy inconsistencies have hindered its growth.
- The DSE expressed hope that reforms, combined with supportive policies, would enable the stock market to play a more significant role in economic growth.
- The proposal pointed out that under the "Income Tax Act 2023," individual investors are now taxed on capital gains exceeding BDT 50 lakh from the sale of listed shares or units, leading to an effective tax rate of up to 40.5%

News Source:

https://www.tbsnews.net/economy/stocks/dse-urges-nbr-repeal-15-capital-gains-tax-stabilise-market-977711