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Daily News Snippet

November 03, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,199.40
% change	0.67%
DS30 Index	1,926.05
% change	0.53%
DSES Index	1,144.90
% change	0.76%
Turnover (BDT mn)	5,563.08
Turnover (USD mn)	46.36
% change	7.12%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	42,052.19
% change	0.69%
S&P 500	5,728.80
% change	0.41%
Nikkei 225	38,053.67
% change	-2.63%
FTSE 100	8,177.15
% change	0.83%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	120.00	120.00
EUR	130.26	130.28
GBP	155.54	155.56
INR	1.43	1.43
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
31-Oct-24	9.50 – 11.00	9.91
30-Oct-24	9.75 – 11.00	9.97
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	73.10	-0.08%
Gold Spot, USD/t oz.	2,735.16	-0.32%
Cotton, USD/lb.	70.17	0.86%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX gained 0.67% in the last trading day, closing at 5,199.40 points.
- The daily turnover increased 7.12% in the last trading day.

Global Market

- Majority of the leading global indices posted positive returns as Dow Jones posted 0.69% gain, S&P 500 posted 0.41% gain and FTSE 100 posted 0.83% gain.
- One of the leading Asian market indices, NIKKEI posted 2.63% loss in the last trading day.

Key macro indicators

- While the USD rate remained stable, the value of Euro appreciated against BDT, and the values of GBP and INR depreciated against BDT.
- The average overnight rate decreased in the past week.
- The current weighted average overnight rate stood at 9.91% with a high rate of 11.00% and low rate of 9.50%.
- The oil price decreased 0.08% in the last trading day.

Global Macro Update

US election: What is at stake for Bangladesh's export

- As millions of Americans head to the polls on November 5 to vote for either Democratic Vice President Kamala Harris or her Republican rival Donald Trump, apparel business communities in Bangladesh will be watching the results of the presidential election closely.
- The reason is largely related to trade, as the US is the single largest buyer of ready-made garments made in Bangladesh.
- Bangladesh is the world's second-largest apparel manufacturer after China.
- Apparel exporters said that Republican Candidate Trump's plan to impose higher tariffs on imports from China could boost Bangladesh's garment exports.
- Trump's anti-China move could eventually benefit Bangladesh, according to analysts.

News Source:

https://www.thedailystar.net/business/global-economy/news/us-election-what-stake-bangladeshs-export-3743006

Bangladesh Macro Update

Annually $15b laundered from Bangladesh

- A grave allegation is brought by the executive chief of Transparency International Bangladesh (TIB) that Bangladesh Bank effectively served as a conduit for corruption, enabling widespread financial misconduct, while other watchdogs also looked on.
- Iftekharuzzaman, Executive Director of TIB stated that between USD 12 and USD 15 billion was smuggled out of Bangladesh annually.
- While the banking sector plays a significant role in this outflow, other methods include trade-based money laundering, invoice fraud, trafficking of foreign nationals working in Bangladesh, visa and immigration scams, exploitation of Mobile Financial Services (MFS), and informal transfers via hundi.
- Mr Iftekharuzzaman added that Bangladesh's financial sector has been severely weakened by a culture of default, corruption, and institutional breakdown.

News Source:

https://today.thefinancialexpress.com.bd/first-page/annually-15b-laundered-from-bangladesh-1730568235

Sectoral Update

Banks, NBFIs, and Insurance

Crawling peg hardly works as banks duck interbank forex mkt

- Commercial banks have changed strategy on foreign-currency management with its concentration on interbank swap and dollar-euro trades to avert shocks stemming from crawling- peg regime, thereby leaving the interbank forex market virtually derelict.

- As part of the changing approach in using foreign currencies in a more sustainable way in this critical period, banks having good stock of foreign trading currencies, the American greenback in particular, are averse to going for outright transaction in dollar on the interbank spot market.
- In the inter-bank spot market, the ceiling of BDT- dollar exchange rate is capped at BDT 120 under the crawling-peg mechanism prescribed by the International Monetary Fund (IMF).
- As the commercial banks continues sourcing dollars from remitters and exporters at rates higher than the official cap, they pass by spot market and largely trade their precious dollars through byways like interbank swapping and cross-currency transactions.

News Source:

https://today.thefinancialexpress.com.bd/first-page/crawling-peg-hardly-works-as-banks-duck-interbank-forex-mkt-1730568150

Banks facing increased risk of cyberattacks: Cenbank

- The Bangladesh Bank has urged all banks and financial institutions to implement stringent security measures for increased risk of cyberattacks.
- Bangladesh Cyber Security Intelligence (BCSI) has detected a significant increase in unauthorised transactions using dual currency cards linked to Facebook ad managers, according to the central bank's Information and Communication Technology Department.
- Cybercriminals are exploiting social media platforms to target unsuspecting individuals and carry out fraudulent activities.
- The Bangladesh Bank emphasised the global surge in cyber threats and expressed concerns about the growing vulnerability of the country's banking system.
- In response to the escalating threat, the central bank has outlined 17 essential security measures that banks must implement immediately.

News Source:

https://www.tbsnews.net/economy/banking/banks-facing-increased-risk-cyberattacks-cenbank-981981

RFCD interest rate to be fixed on basis of bank-customer relationship: Cenbank

- Banks will no longer be required to adhere to the Secured Overnight Financing Rate (SOFR) caps when setting interest rates on Resident Foreign Currency Deposits (RFCDs).
- Instead, banks will be allowed to determine interest rates for these deposits based on their relationship with the customer or prevailing market rates.
- RFCD account is a savings account that allows Bangladeshi residents to manage and access foreign currency.
- Before the new directive, banks would need to pay an additional 1.5% interest on deposits in these accounts based on the international benchmark SOFR

News Source:

https://www.tbsnews.net/economy/banking/rfcd-interest-rate-be-fixed-basis-bank-customer-relationship-cenbank-981306

Energy

Power generation at Matarbari plant halts

- The production of two units of the Matarbari Ultra Super Critical Coal-Fired Power Plant has been stopped due to a coal shortage with effective from Saturday.
- The Matarbari power plant had been receiving its coal supply from Japan's Sumitomo Corporation.
- The contract for 2,205,000 MT of coal with the Japanese company ended back in August after the delivery of the last consignment.
- The coal supply has now been completely exhausted, which led to the complete shutdown of the power generation.
- However, the authorities expect that they will find a solution by the end of this month when new coal supply arrives, but power production is likely to remain suspended this month.

News Source:

https://today.thefinancialexpress.com.bd/last-page/power-generation-at-matarbari-plant-halts-1730568849

No power supply if dues not settled by November 7: Adani to Bangladesh

- After Adani cut power to Bangladesh over unpaid dues, they have now set a deadline of 7 November to switch off the connection if there is no clarity on the outstanding over the outstanding amount owed, according to Times of India.
- Currently Bangladesh owes Adani almost USD 850 million.
- Adani had set a deadline of Oct 31 for the Bangladesh Power Development Board to clear the dues and provide a letter of credit (LC) of USD 170 million (around INR 1,500 crore) to ensure security of payment.
- While BPDB did seek to issue an LC against the outstanding amount through Krishi Bank, the move was not in line with the terms of the power purchase agreement.
- It prompted Adani Power Jharkhand to reduce supply from Oct 31, exacerbating Bangladesh's power shortage.

News Source:

https://www.tbsnews.net/bangladesh/no-power-supply-if-dues-not-settled-november-7-adani-bangladesh-982996

Apparel and Textile

RMG workers strike in Savar, Gazipur over wage and benefit demands

- Workers from five ready-made garment (RMG) factories in Savar and Gazipur went on strike, demanding annual pay raises, increased bonuses, and allowances.
- Three factories in Savar and two in Gazipur witnessed demonstrations that disrupted production, pushing management towards negotiations.
- In Gazipur's Konabari area, workers of Islam Group and Tusuka Group, owned respectively by former DNCC mayor Atiqul Islam and former AL lawmaker Fayzur Rahman Badal, staged peaceful protests starting at 8 am.

- Security forces, including the Bangladesh Army, Border Guard Bangladesh, Rapid Action Battalion, and police, were deployed to monitor the protest.

News Source:

https://www.tbsnews.net/economy/rmg/rmg-workers-2-gazipur-factories-hold-strike-demanding-increment-bonus-allowance-982551

Capital Market

Stocks extend 3-day winning streak

- The Dhaka bourse continued its winning streak for a third straight session on 31 October, fuelled by increased investor participation on the buying side.
- The benchmark index of the Dhaka Stock Exchange (DSE), DSEX, rebounded strongly, adding 300 points over the last three trading sessions, recovering from a 216-point drop experienced on Sunday and Monday.
- On Thursday, the DSEX increased by 34 points to settle at 5,199 points, and turnover jumped by 23% to BDT 566 crore.
- The blue-chip DS30 index gained 10.19 points to reach 1,926, while the DSE Shariah Index added 8.68 points to settle at 1,114.
- Investors started showing buying appetite based on the latest earnings and dividend declarations amid regulatory efforts to revive investors' market sentiment, according to market insiders.

News Source:

https://www.tbsnews.net/economy/stocks/stocks-extend-rally-third-day-gaining-088-980726

DSE to source funds locally, globally to alleviate investor panic

- Mominul Islam, chairman of the Dhaka Stock Exchange (DSE), said that the DSE will work to enhance liquidity management in the capital market in the short term by sourcing funds both locally and globally to alleviate investor panic.
- The association sought suggestions from journalists on necessary capital market reforms and ways to navigate the current challenges.
- DSE Chairman Mominul also said that the capital market cannot be viewed in isolation, pointing to corruption, lack of accountability, inefficiency, and poor decision-making as its main obstacles.
- He stressed that cultural change is essential, alongside policies to protect small investors.
- To resolve the liquidity crisis, the DSE plans to source funds locally and globally, while also working on enhancing efficiency and transparency, improving legal and structural aspects, and addressing tax issues.

News Source:

https://www.tbsnews.net/economy/stocks/dse-source-funds-locally-globally-alleviate-investor-panic-982861