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Daily News Snippet

November 17, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,355.33
% change	0.74%
DS30 Index	1,986.41
% change	0.72%
DSES Index	1,189.52
% change	0.39%
Turnover (BDT mn)	5,763.39
Turnover (USD mn)	48.03
% change	20.10%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	43,444.99
% change	-0.70%
S&P 500	5,870.62
% change	-1.32%
Nikkei 225	38,642.91
% change	0.28%
FTSE 100	8,063.61
% change	-0.09%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	120.00	120.00
EUR	126.49	126.50
GBP	151.40	151.48
INR	1.42	1.42
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average (%)**
14-Nov-24	9.80 - 11.00	10.01
13-Nov-24	9.80 - 11.00	10.00
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	71.04	-2.09%
Gold Spot, USD/t oz.	2,561.24	-0.19%
Cotton, USD/lb.	66.80	-2.22%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX gained 0.74% in the last trading day, closing at 5,355.33 points.
- The daily turnover increased by 20.10% on the last trading day.

Global Market

- Majority of the leading global indices posted mixed returns as Dow Jones posted a 0.70% loss, the S&P 500 posted a 1.32% loss and the FTSE 100 posted a 0.09% loss.
- One of the leading Asian market indices, NIKKEI gained 0.28% in the last trading day.

Key macro indicators

- While the USD rate remained stable, the values of the EUR, GBP, and INR depreciated against BDT.
- The average overnight rate increased in the last trading day.
- The current weighted average overnight rate stood at 10.01% with a high rate of 11.00% and low rate of 9.80%.
- The oil price decreased 2.09% in the last trading day.

Bangladesh Macro Update

Bangladesh not in financial crisis, but faces political, economic challenges: Finance adviser

- Bangladesh is not in any financial crisis, but it is grappling with political and economic challenges influenced by both internal and external factors, according to Finance Adviser Salehuddin Ahmed.
- Due to lack of governance and accountability, most of the institutions, especially state-owned companies, have been on the brink of collapse.
- We're trying to bring about good governance which is a big challenge, he added.
- Recently, the finance secretary and other officials met to discuss how to correct data that had been manipulated, particularly regarding inflation, deficits, and arrears.
- The adviser further said the interim government is introducing changes to its development strategy, focusing on inclusive progress rather than just growth.

News Source:

https://www.tbsnews.net/economy/bangladesh-not-financial-crisis-faces-political-economic-challenges-finance-adviser-994616

No major financial crisis, situation solvable: Governor

- Bangladesh is not facing a major financial crisis, and the current situation is entirely solvable, posing no risk of a scenario similar to Sri Lanka or any other crisis-ridden country, according to Bangladesh Bank Governor Ahsan H Mansur.
- He made the remark as the chief guest at the announcement ceremony for the Mastercard Excellence Awards 2024.
- Our balance of payments situation has improved, reserves are consistently increasing, and the exchange rate has stabilised, he added.
- Therefore, I do not see any risks in the external sector.
- He also mentioned that the Bangladesh Bank has lifted all restrictions on opening letters of credit (LCs) as the country has sufficient reserves to import essential goods.

News Source:

https://www.tbsnews.net/economy/no-major-financial-crisis-situation-solvable-governor-994816

Sectoral Update

Banks, NBFIs, and Insurance

Call money rate shoots over 10pc amid liquidity crunch

- Call money becomes a tool for making quick bucks by the banks with the lending rate on the interbank market rising fast, crossing over 10% on average.
- Thursday's rate marks one of the highest call-money rates in many years, according to bankers.

- The rates ranged between 9.8% and 11% on the last transaction day, and an average of 10.01% for the day.
- Central bankers attribute the liquidity strain to increased bets by many banks on government treasuries, which offer risk-free and higher returns compared to other lending avenues.
- The central bank, which has been pursuing a tightfisted monetary policy to curb the rate of inflation on the economy, has been steadily raising policy rates in its bid to squeeze money supply.

News Source:

https://today.thefinancialexpress.com.bd/first-page/call-money-rate-shoots-over-10pc-amid-liquidity-crunch-1731777479

Bangladesh Bank provides liquidity guarantee of Tk 6,585 crore to 7 banks

- The Bangladesh Bank (BB) has extended BDT 6,585 crore in liquidity support to address short-term funding needs under its credit guarantee scheme.
- The central bank is prepared to continue offering this support as needed, depending on the demands of individual banks, according to Husneara Shikha, executive director and spokesperson of the central bank.
- So far, seven banks facing liquidity challenges have received funding from 10 financially stable banks under this arrangement.
- Despite this injection of liquidity, some banks are still experiencing difficulties in meeting depositor withdrawals.
- BB spokesperson attributed aggressive loan disbursement practices involving fraudulent documents during the tenure of the previous government.

News Source:

https://www.tbsnews.net/economy/banking/cenbank-provides-liquidity-guarantee-tk6585cr-7-banks-992771

Why some banks are flooded with cash flow when most face shortages

- While some banks have been struggling to survive due to severe liquidity shortages, well-reputed banks have seen a significant increase in cash flow, due to high deposit collections and low investment levels.
- This shift is largely due to depositors moving their funds from weak banks to stronger ones.
- Out of 36 banks listed with the Dhaka Stock Exchange (DSE), 16 were flooded with cash flow in January-September 2024, due to high deposit inflows.
- 20 other banks experienced a decline in cash flow due to withdrawal pressure and high provisioning against bad loans caused by corruption during Hasina's 15-year regime.
- For instance, the net operating cash flow per share (NOCFPS) of BRAC Bank, one of the largest private commercial banks, doubled to BDT 49.51 for January-September 2024, compared to BDT 25.10 in the same period last year.

News Source:

https://www.tbsnews.net/economy/banking/why-some-banks-are-flooded-cash-flow-when-most-face-shortages-993921

Apparel and Textile

Listed textile giants show resilience amidst challenges

- Despite challenges like political turmoil, economic uncertainty, and worker unrest, listed giant textile companies reported year-on-year revenue growth for the September quarter of the current fiscal year 2024-25.
- However, many textile mills experienced revenue declines during this period, showcasing mixed performance within the sector.
- Showkat Aziz Russell, president of the Bangladesh Textile Mills Association, told that the devaluation of the local currency had a somewhat positive impact on the textile sector.
- He explained that these firms have higher production capacities, greater operational efficiency, and stronger buyer trust, which helped them withstand the adverse effects of the challenging times.
- Envoy Textiles Limited, the world's first LEED-certified green denim manufacturing facility, reported a 134% increase in net profit for the July-September period compared to last year.

News Source:

https://www.tbsnews.net/economy/listed-textile-giants-show-resilience-amidst-challenges-994941

Energy

Govt to pay off Adani $10m weekly in dues

- The interim government has made a move to pay at least USD 10 million a week to the Indian Adani Power in outstanding electricity bills, according to officials.
- Bangladesh owes an estimated USD 850 million to Adani for purchasing electricity through the cross-border power grid.
- We've paid USD 10 million in the first week of November and in the second week, we have paid another USD 10 million to Adani in outstanding electricity bills, according to officials from BPDB.
- A Power Division official said that they would make payments regularly, adding that the payment crisis would be resolved within months.
- The finance ministry has already asked the Bangladesh Krishi Bank to take steps for paying outstanding bills to Adani

News Source:

https://today.thefinancialexpress.com.bd/last-page/govt-to-pay-off-adani-10m-weekly-in-dues-1731778468

Capital Market

DSEX climbs for second consecutive day

- The Dhaka Stock Exchange (DSE) continued its upward trend for the second day as investors showed renewed buying interest in specific undervalued stocks with potential for short-term gains.
- The benchmark DSEX index climbed 39 points to close at 5,355, while the DSE Shariah Index rose 5 points to 1,190, and the DS30 index increased 14 points to 1,986.

- Turnover at the DSE increased by 20%, reaching BDT 576 crore from BDT 480 crore compared to the previous session.
- Meanwhile, the DS30 index for blue-chip firms dropped by 3.01 points, or 0.15%, to 1,939.
- Sector-wise, banks saw the highest turnover at 17.2%, followed by pharmaceuticals at 14.1%, and general insurance at 10.8%.

News Source:

https://www.tbsnews.net/economy/stocks/dsex-jumps-87-points-two-hours-992601

Insurance stocks lead weekly gains, offering investors top returns

- Investors saw the highest returns from general insurance stocks last week as funds flowed into the sector, driven by expectations that the interim government would ensure greater discipline in the industry.
- Investors got 10.3% return from the insurance sector, which was followed by life insurance, fuel and power, miscellaneous and food, according to industry insiders.
- In early November, all members of the Insurance Development and Regulatory Authority (IDRA) resigned except its chairman following the interim government's suggestion.
- Market insiders noted that the insurance sector lacked discipline under the previous government.
- However, with the current interim government in power, former senior secretary M Aslam Alam was appointed as chairman of the IDRA.

News Source:

https://www.tbsnews.net/economy/stocks/insurance-stocks-lead-weekly-gains-offering-investors-top-returns-994811