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Daily News Snippet

December 22, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,221.57
% change	0.26%
DS30 Index	1,930.06
% change	1.89%
DSES Index	1,167.36
% change	0.38%
Turnover (BDT mn)	3,355.91
Turnover (USD mn)	27.97
% change	-10.56%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	42,840.26
% change	1.18%
S&P 500	5,930.85
% change	1.09%
Nikkei 225	38,701.90
% change	-0.29%
FTSE 100	8,084.61
% change	-0.26%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	120.00	120.00
EUR	124.22	124.24
GBP	150.88	150.89
INR	1.41	1.41
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
19-Dec-24	9.75 – 11.00	10.01
18-Dec-24	8.75 – 11.00	9.96
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	72.94	0.08%
Gold Spot, USD/t oz.	2,620.79	1.04%
Cotton, USD/lb.	68.06	0.22%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX gained 0.26% in the last trading day, closing at 5,221.57 points.
- The daily turnover decreased 10.56% in the last trading day.

Global Market

- Majority of the leading global indices posted mixed returns as Daw Jones posted 1.18% gain, S&P 500 posted 1.09% gain and FTSE 100 posted 0.26% loss.
- One of the leading Asian market indices, NIKKEI posted 0.29% loss yesterday.

Key macro indicators

- While the USD rate remained stable, all major currencies 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 9.75%.
- The oil price increased 0.08% in the last trading day.

Bangladesh Macro Update

Inflation high as oligarchic grip still haunts economy

- Even after the political changeover in early August, the domestic market has been reeling under the influence of oligarchs, according to economist Hossain Zillur Rahman.
- He labelled this as a major economic challenge the interim government will have to overcome, linking it to the brutal price pressures that have been rampaging for around two years.
- The economist identified bringing discipline to the financial sector and achieving macroeconomic stability as two other key economic challenges, and said the interim government has made some progress in these areas.
- After the previous Awami League government was ousted by a mass uprising in August, leading to the formation of the interim government, there have been massive reform initiatives to mend the economic fault lines that have developed over the years.
- Stubbornly high double-digit inflation continues to hinder these reform efforts.

News Source:

https://www.thedailystar.net/business/economy/news/inflation-high-oligarchic-grip-still-haunts-economy-3781811

Ctg-Karachi direct shipment: Businesses eye trade boost with Pakistan

- A new direct shipping route between Chattogram Port and Karachi Port in Pakistan has been met with enthusiasm from local businesses as they expect a trade boost between the two countries.
- The service, launched by Dubai-based container shipping company Feeder Lines DMCC, has already completed two successful voyages, significantly reducing shipment time and costs for importers.
- Earlier, goods from Karachi had to transit through various ports like Colombo, Singapore and Dubai, adding at least 20 days to the journey. The new direct route has slashed transit time to just 11 days, offering importers a more reliable and cost-effective option.
- A Panama-flagged vessel, YUAN XIANG FA ZHAN, completed its second voyage to the Chattogram port yesterday, carrying over 825 TEUs (twenty-foot equivalent units) of cargo, more than double the amount of the first voyage.
- Businesspeople say importers of industrial raw materials will now have the certainty of obtaining their goods within a set period. As a result, the volume of imports and exports with Pakistan is expected to increase further, they say.

News Source:

https://today.thefinancialexpress.com.bd/first-page/export-remittance-rise-import-fall-tip-trade-balance-up-1728410490

Sectoral Update

Banks, NBFIs, and Insurance

Cenbank seeks explanations from banks for remittance dollar purchase at higher rates

- The Bangladesh Bank has instructed the managing directors of several banks to explain why punitive measures should not be taken against the officials involved in purchasing remittances at unusually high rates from foreign exchange houses.
- In a letter issued to the banks last Thursday evening, they were instructed to provide an explanation to the central bank by 22 December.
- Bangladesh Bank Governor Ahsan H Mansur stated that, some immature traders in the banking sector have destabilised the market and they are abusing the opportunity of opening the dollar market.
- A policy-making official of the Bangladesh Bank said many banks have not fully adhered to the exchange rate declared by the central bank.

News Source:

https://www.tbsnews.net/economy/banking/cenbank-seeks-explanations-banks-remittance-dollar-purchase-higher-rates-1024306

Credit card transactions rise in Oct

- Domestic and international credit card transactions saw a steady rise in October this year, along with increased spending by foreign nationals in Bangladesh, reflecting heightened consumer activity both domestically and internationally, according to a latest Bangladesh Bank (BB) report.
- Domestic transactions in the country rose by 7.41%, reaching over 28.66 billion BDT from 26.68 billion BDT in September.
- Similarly, international transactions by Bangladeshi cardholders outside the country experienced an 18.56% surge, totalling 4.98 billion BDT in October compared to 4.20 billion BDT in the previous month.
- In parallel, transactions using foreign-issued credit cards in Bangladesh also witnessed notable growth. The total transactions reached 1.29 billion BDT in October, marking a 15.89% increase from 1.11 billion BDT in September.
- A comparative analysis reveals that Bangladeshi credit cardholders conducted transactions abroad that were nearly 3.86 times higher in value than those made by foreign nationals within Bangladesh.

News Source:

https://today.thefinancialexpress.com.bd/last-page/credit-card-transactions-rise-in-oct-1734805816

Energy

No more electricity price hike despite IMF directions: Energy adviser

- The government will not increase the price of electricity, despite instructions from the International Monetary Fund (IMF), according to Power, Energy and Mineral Resources Adviser Fauzul Kabir Khan.
- The IMF had said the electricity price should be increased to reduce the subsidy pressure.

- We told them that the common people are already under pressure due to high inflation, he added.
- Raising the price of electricity at this time will further increase the suffering of the people.
- The adviser also stated that the IMF has accepted their words.

News Source:

https://www.tbsnews.net/bangladesh/energy/govt-will-not-increase-electricity-price-despite-imf-directions-energy-adviser

Capital Market

DSE index gains 116 points, led by Square Pharma, Islami Bank, Beacon Pharma

- The key index of the Dhaka Stock Exchange (DSE) climbed by 116 points last week, primarily due to significant gains in Square Pharma, Islami Bank, and Beacon Pharma.
- The Dhaka bourse benchmark index DSEX surged by 2.27% or 116 points to reach 5,221, while the blue-chip index DS30 gained 56 points or 3% to settle at 1,938 last week.
- Square Pharma, Islami Bank, and Beacon Pharma collectively added 52 points to the DSE's key index.
- Investor participation edged up compared to the previous week but remained low, hovering around BDT 300 crore over the past several weeks.
- The market capitalisation of the DSE jumped by 1.03% to close at BDT 6.59 lakh crore during the last week.

News Source:

https://www.tbsnews.net/economy/stocks/dse-index-gains-116-points-led-square-pharma-islami-bank-beacon-pharma-1024216

Write-offs needed to liberate market from negative equity burden

- Writing off bad debts behind negative equity partially or fully is the ultimate solution of the problem that has been gnawing away at the market's growth potential for more than a decade.
- Market intermediaries, merchant banks and brokerage firms have sought time extension repeatedly to meet the provisioning requirement against unrealized losses in margin accounts but they have failed to make any progress.
- In the meantime, the problem of negative equity has intensified instead of ebbing away, requiring higher provisions if time extensions were not granted.
- The outstanding negative equity against margin loans taken for investments in the equity market stood at BDT 66.3 billion in September last year.
- The figure rose to BDT 97 billion by October this year for the persistent fall of stocks amid a bleak economic outlook.

News Source:

https://today.thefinancialexpress.com.bd/stock-corporate/write-offs-needed-to-liberate-market-from-negative-equity-burden-1734796399

Penalty less than illegal gains fuels stock manipulation

- While fines are intended to deter future offences, questions remain over their effectiveness if the amount is lower than the illegal gain.
- This is particularly evident when it comes to the Bangladesh Securities and Exchange Commission (BSEC), which continually sees repeat offenders on its penalty lists.
- Market experts say that penalties handed down by the BSEC over share price manipulation are tellingly lower than the global practice of the fines being two to three times higher than the illegal gains.
- This discrepancy, they argue, enables some individuals to engage in the malpractice year after year even after facing punitive measures.
- Unlike other countries, Bangladesh's securities rules do not specify a ratio between the fine and the gains from a contravention.
- As a result, the BSEC often imposes lower penalties, enabling manipulators to retain a portion of their illicit gains even if they pay the fine.

News Source:

https://www.thedailystar.net/business/economy/news/penalty-less-illegal-gains-fuels-stock-manipulation-3781821