Daily News Snippet

February 3, 2025

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,126.15
% change	0.26%
DS30 Index	1,908.34
% change	0.24%
DSES Index	1,135.55
% change	0.14%
Turnover (BDT mn)	3,564.20
Turnover (USD mn)	29.21
% change	-8.60%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	44,544.66
% change	0.00%
S&P 500	6,040.53
% change	0.00%
Nikkei 225	38,646.50
% change	-2.34%
FTSE 100	8,673.96
% change	0.00%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	122.00	122.00
EUR	126.42	126.45
GBP	151.16	151.23
INR	1.41	1.41
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
2-Feb-25	9.50 - 11.00	10.00
30-Jan-25	9.50 - 11.00	10.00
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	75.61	0.00%
Gold Spot, USD/t oz.	2,760.42	-0.25%
Cotton, USD/lb.	66.66	0.00%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX, rose by 0.26% in the last trading day, closing at 5126.15 points.
- The daily turnover fell by 8.6% in the last trading day.

Global Market

- Some of the major global indices were closed during the last trading day.
- One of the key Asian indices, the Nikkei 225 fell by 2.34%

Key Macro Indicators

- The value of the BDT rose against the EUR and the GBP, whereas it remained stable against the INR and USD.
- The average overnight rate stood at 10.00%, standing between 9.50% and 11.00%.
- The oil futures market and the cotton market were closed in the last trading day. Gold prices fell by 0.25%.

Bangladesh Macro Update

Exports in Jan up 7% to $4.5b YoY

- The country's merchandise exports grew by over 7% to USD 4.5 billion in January, compared to USD 4.2 billion in the same month a year ago, driven largely by an increase in shipments of ready-made garments.
- Export earnings surpassed USD 29 billion in the first seven months of the current fiscal year, reflecting growth of over 12%, according to provisional data from the National Board of Revenue (NBR).
- Export earnings during July to January of the previous fiscal year stood at USD 25.93 billion.
- Meanwhile, remittance inflow increased to USD 2.19 billion in January, according to data from the central bank.
- Shams Mahmud, managing director of Shasha Denim, told The Business Standard that export earnings have maintained steady growth in recent months, reflecting a positive trend.
- Mahmud stressed the importance of policies ensuring a stable energy supply and supporting the green transition, which will be critical for business sustainability.

News Source:

https://www.tbsnews.net/economy/exports-jan-7-45b-yoy-1059266

Revenue must increase to reduce reliance on foreign debt: Wahiduddin

- Infrastructure-based development through foreign loans on hard terms has increased the debt burden, and sustainable development will not be possible with such financing, believes Planning Adviser Wahiduddin Mahmud.
- Mahmud noted that mega projects undertaken by the previous government would further escalate principal repayment pressure in the coming years, leaving no alternative to increasing revenue.
- According to an Economic Relations Division report, Bangladesh will have to repay over USD 3.5 billion in principal annually from 2029 to 2032 for foreign loans taken up to FY24.
- The repayment will be USD 3-3.5 billion per year in 2027 and 2028.
- Wahiduddin said while foreign financing once covered up to 70% of the development budget, with half of it in grants, domestic sources now fund 70% of allocations.

News Source:

https://www.tbsnews.net/economy/revenue-boost-must-tackle-foreign-loan-repayment-burden-planning-adviser-1059076

MoF clueless about stubborn inflation

- Persisting high prices of goods and services despite government interventions have prompted the finance authorities to begin brainstorming to fix the defiant hikers, with focus on demand-pull and cost-push factors.
- Finance officials are in a quandary as to why inflation does not take a downturn despite various measures taken by the government, including fiscal interventions like tax cuts or waivers.
- People have suffered from unbearably high inflation since the war broke out in Ukraine in early 2022.

- Ever since, a double-digit rate of inflation has pushed lower-middle-income group and poor segment of people onto streets to run behind trucks selling commodities at subsidised prices.
- Sources say Finance Division officials are also studying the sensitivity of Bangladesh's inflation and output gap to changes in Taylor's Rule Parameters.

News Source:

https://today.thefinancialexpress.com.bd/first-page/mof-clueless-about-stubborn-inflation-1738519692

Sectoral Update

Banks, NBFIs, and Insurance

Jan remittance down 17pc

- Remittances sent by expatriate Bangladeshis in January of the current fiscal year dropped by more than 17% to USD 2.19 billion compared to December 2024.
- Year-on-year, the figure increased by 3.4%, according to data released by the Bangladesh Bank on Sunday.
- Despite the monthly decline, remittance inflows during the first seven months of FY25 surged by more than 23% compared to the same period in the previous fiscal year.
- The Bangladesh Bank's analysis highlighted that remittance inflows typically rise at the end of a fiscal year (June) and the end of a calendar year (December).

News Source:

https://today.thefinancialexpress.com.bd/first-page/jan-remittance-down-17pc-1738519807

Islamic banks see fluctuations in deposits

- Regulatory policy on remittance netting is allegedly skewed towards public banks on exchange rate as private bankers are bound within the fixed upper ceiling while the government lenders offering higher rates.
- Bangladesh Bank (BB) is now favouring the state-owned commercial banks for collection of more remittances even bypassing the upper ceiling of the existing managed floating exchange rate, bankers and officials said.
- On the other hand, the country's central bank has intensified its regulation over many of the private commercial banks to make them purchase remittance within the upper ceiling at BDT 122 a dollar of the recently introduced reference-rate-driven taka-dollar exchange mechanism.
- The market players say such "dual policy" of the banking regulator on the foreign-exchange market has been observed since mid-January 2025 and the public banks are now offering rates as high as BDT 122.80 a dollar to the remitters.
- As a matter of fact, the remittance flow into the public commercial banks continues growing while many of the leading remittance-earning private banks see a sharp fall in remittance coffers in recent days.

News Source:

https://today.thefinancialexpress.com.bd/first-page/regulatory-policy-skewed-towards-govt-banks-on-exchange-rate-1738519507

Energy

Energy crisis worsened by monopoly, policy failure, finds task force

- Bangladesh's power sector has long remained dependent on a few companies, as weak government policies have allowed certain firms to repeatedly win power project tenders without competition, according to a report by the Task Force on Economic Reforms.
- The report states that the terms of power sector terminal construction and LNG regasification contracts have often been determined through the intervention of high-level individuals.
- Excessive reliance on certain companies has put energy security at risk, forcing the government to accept any technological failures.
- The report highlights that irregularities and corruption in the power sector have not only caused financial losses but also imposed additional costs on consumers.
- Nearly 100 power plants were approved without tenders under special provisions over the past 14 years, leading to excessive project costs and prolonged deadlines.

News Source:

https://www.tbsnews.net/bangladesh/energy/power-sector-crisis-will-deepen-without-urgent-reforms-task-force-report-1058426

12kg LPG cylinder price hiked by Tk 19

- The Bangladesh Energy Regulatory Commission (BERC) has increased the price of a 12kg liquefied natural gas (LPG) cylinder by BDT 19 to BDT 1,478 for the month of February.
- Meanwhile, the price of "autogas" (LPG used for motor vehicles) has been increased by BDT 0.89 per litre, setting the new price at BDT 67.74.
- BERC announced that the new prices will be effective from 6 pm, 2 February.
- Prices for other sizes of LPG cylinders—ranging from 5.5 kg to 45 kg—will also rise accordingly.
- The decision to increase the prices was attributed to the rising international prices of LPG and the depreciation of the Bangladeshi taka against the US dollar

News Source:

https://www.tbsnews.net/bangladesh/energy/12kg-lpg-cylinder-price-hiked-tk19-1058911

Capital Market

ACI to set up herbal medicine unit

- Advanced Chemical Industries (ACI) has decided to set up a new subsidiary, ACI Herbal and Nutraceuticals to tap into the herbal medicine market amid growing demand.
- The new entity will have an authorised capital of BDT 1 billion and a paid-up capital of BDT 100 million, according to the business conglomerate in a stock exchange filing.
- ACI will hold an 85% stake in the subsidiary.
- The setting up of the herbal and nutraceuticals unit is subject to approval of the regulators concerned, including the Directorate General of Drug Administration (DGDA).

- Nutraceuticals are foods or parts of foods that may have health benefits, being in use for disease prevention and treatment.

News Source:

https://today.thefinancialexpress.com.bd/stock-corporate/aci-to-set-up-herbal-medicine-unit-1738512565

DESCO returns to profit in Q2, on higher distribution revenue

- Dhaka Electric Supply Company (DESCO) returned to profit in the second quarter of FY25 as its distribution revenue escalated 115% year-on-year to BDT 2.23 billion during the period.
- DESCO earned BDT 261.68 million in October-December last year while it had a loss of BDT 434.66 million during the same quarter a year earlier.
- The company had shown losses for the last two financial years for not earning enough operating revenue to cover operating expenses.
- That happened because electricity purchase prices soared but DESCO was unable to charge its customers more.
- Though the six-month period to December last year, the company was unable to recover losses, the amount of losses fell year-on-year.

News Source:

https://today.thefinancialexpress.com.bd/stock-corporate/desco-returns-to-profit-in-q2-on-higher-distribution-revenue-1738512458

United Power secures higher profit after bulk electricity tariff hike

- United Power Generation & Distribution Company secured a 5% year-on-year growth in profit to BDT 2.92 billion in the second quarter of FY25, driven by higher revenue amid bulk power tariff hike.
- The power generation company's consolidated earnings per share (EPS) stood at BDT 4.98 in the second quarter, up from BDT 4.71 in the same quarter a year ago, according to its un-audited financial statements.
- A rise in bulk tariffs for electricity, stable production levels and consistent foreign exchange rates, compared to the same period last year, contributed to higher profit.
- The government in March last year raised the bulk electricity price by 5% on an average to BDT 7.04 per unit.
- The company's half-yearly profit also jumped 54% year-on-year to BDT 7.11 billion while electricity sales rose 12% to BDT 21.01 billion in the six months through December last year.

News Source:

https://today.thefinancialexpress.com.bd/stock-corporate/united-power-secures-higher-profit-after-bulk-electricity-tariff-hike-1738512423