

Bangladesh Market

Major Indices	Last closing
DSEX Index	5,194.11
% change	-0.51%
DS30 Index	1,889.58
% change	-0.47%
DSES Index	1,158.35
% change	-0.35%
Turnover (BDT mn)	3,385.64
Turnover (USD mn)	27.75
% change	-11.31%

Source: Dhaka Stock Exchange

International Market

Major Indices	Last closing
Dow Jones Industrial Average	42,520.99
% change	-1.55%
S&P 500	5,778.15
% change	-1.22%
Nikkei 225	37,330.50
% change	-1.20%
FTSE 100	8,759.00
% change	-1.27%

Source: Bloomberg

Exchange rate

Major Currencies	Low (BDT)	High (BDT)
USD	122.00	122.00
EUR	127.93	127.98
GBP	154.93	154.95
INR	1.40	1.40

Source: BB

Money market

Date	Call Money Rate Range (%)	Weighted Average
4-Mar-25	9.75 - 11.00	10.03
3-Mar-25	9.75 - 11.00	10.04

Source: BB

Commodities

Major Commodities	Price	% Change
Brent Crude (Oil), USD/bbl.	71.11	-0.53%
Gold Spot, USD/t oz.	2,890.76	-0.01%
Cotton, USD/lb.	64.88	-0.96%

Source: Bloomberg

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX, fell by 0.51% in the last trading day, closing at 5194.11 points.
- The daily turnover fell by 11.31% in the last trading day.

Global Market

- Some of the key global indices performed negatively in the last trading day; the Dow Jones Industrial Average fell by 1.55%, the S&P 500 fell by 1.22%, and the FTSE 100 fell by 1.27%.
- One of the key Asian indices, the Nikkei 225 fell by 1.2%.

Key Macro Indicators

- The value of the BDT fell against the EUR, GBP, and INR, and remained stable against the USD.
- The average overnight rate stood at 10.03%, standing between 9.75% and 11.00%.
- The price of oil futures decreased by 0.53%, gold prices fell by 0.01%, and cotton prices decreased by 0.96%.

Bangladesh Macro Update

Yield on two-year BGTBs rises substantially

- ◆ The yield on two-year Bangladesh Government Treasury Bonds (BGTBs) increased significantly on Tuesday as banks expressed their unwillingness to invest funds in the securities.
- ◆ The cut off yield, generally known as interest rate, on the BGTBs rose to 11.20% on the day from 10.92% earlier, according to auction results.
- ◆ The government borrowed BDT 45 billion through issuing the BGTBs on the day to partially meet its budget deficit.
- ◆ The demand for the BGTBs has decreased as banks are now unwilling to invest their excess funds in government-approved securities before the upcoming Eid festival, according to a senior official of the Bangladesh Bank (BB).
- ◆ The central banker also stated that the announcement of phasing out the 28-day tenure repo facility by the end of this month has further reduced the demand for the BGTBs.

News Source:

<https://today.thefinancialexpress.com.bd/last-page/yield-on-two-year-bgtbs-rises-substantially-1741113411>

Govt wants single VAT rate if businesses agree

- ◆ National Board of Revenue (NBR) Chairman Md Abdur Rahman Khan on 4th February said the government wants to implement a single, universal value-added tax (VAT) rate in the country if the business community reaches a consensus.
- ◆ MCCI at the meeting urged reforms in advanced income tax (AIT) and turnover tax policies in addition to lowering the corporate tax rate in a pragmatic way. It also said the tax should be based on income instead of turnover.
- ◆ Khan said if a single VAT rate can be fixed and if everyone takes input VAT credit, there will be no need to pay VAT at 15% and 7.5%.
- ◆ The NBR chief said the government wanted to formulate the VAT law in 2012.
- ◆ In its proposal, MCCI said there are scopes to reduce tax evasion tendencies and increase revenue through the development of the tax regime and the introduction of automated digitalisation.

News Source:

https://today.thefinancialexpress.com.bd/last-page/govt-wants-single-vat-rate-if-businesses-agree-1741113484#google_vignette

Import taboo, consumer boycott bite India's share

- ◆ India's share in Bangladesh's total trade has been on a downturn since April 2024 as import restrictions and a consumer-driven boycott of Indian-made products weigh amid a change of wind, sources say.
- ◆ On the contrary, China's share in Bangladesh's trade has been on the up and up since then, according to data from Bangladesh Bureau of Statistics (BBS).
- ◆ Meanwhile, the United States of America, traditionally the third-largest trading partner, moved one rung up to become Bangladesh's second-largest trading partner in July 2024.

- ◆ Historically, China had been Bangladesh's top trading partner in total trade in goods, followed by India in the second place and the United States in third.
- ◆ The US surpassed India to become Bangladesh's second-largest trading partner in July in total merchandise trade, in what economists see as a significant development in trade dynamics, after maintaining the third position for seven months since December 2023.

News Source:

<https://today.thefinancialexpress.com.bd/first-page/import-taboo-consumer-boycott-bite-indias-share-1741113151>

Sectoral Update

Banks, NBFIs, and Insurance

Banks need lesser cash reserve in BB for CRR cut

- ◆ Daily cash reserve ratio (CRR) requirement for commercial banks is relaxed to give the lenders some breathing space amid persisting liquidity tightness, officials said on 4th February.
- ◆ The central bank's decision lowering CRR-maintenance requirement by 50 basis points from existing 3.50% to 3.0% takes effect from 5th February.
- ◆ However, the biweekly average of CRR requirement will remain unchanged at 4.0%, according to a circular issued Tuesday by the monetary policy unit of the Bangladesh Bank.
- ◆ The regular CRR-cutting decision comes couple of weeks after the banking regulator had shared its plan with the treasury heads of the banks about the squeezing of borrowing facility from the central bank through eliminating 28-day-tenure liquidity window against repo, which will be effective after Eid-ul-Fitr.
- ◆ Bangladesh Bank executive director (monetary policy unit) Dr Md. Ezazul Islam said the central bank took the decision as part of modernisation of monetary-policy framework and streamlining liquidity management in the banks.

News Source:

<https://today.thefinancialexpress.com.bd/first-page/banks-need-lesser-cash-reserve-in-bb-for-crr-cut-1741113082>

Mortgaged asset auction hurdles fuel NPL build-up

- ◆ Despite having money loan court (Artha Rin Adalat) decrees in their favour, banks and non-bank financial institutions (NBFIs) are not getting the desired success in selling mortgaged properties due to various complications.
- ◆ Bank officials are reluctant to sell such properties at auction due to insufficient prices and also because they want to avoid hassles in their professional lives, according to legal experts.
- ◆ In addition, buyers are also less interested in purchasing these properties due to the risk of possible legal complications, legal experts further said.
- ◆ As a result, banks and other financial institutions are not achieving the expected level of success in recovering default loans even after fighting long legal battles.

- ◆ The build-up of non-performing loans (NPLs) in the banking industry keeps mounting over the years, reaching a record high of BDT 3.45 trillion by the end of the last calendar year, accounting for 20.20% of the total loans of BDT 17.11 trillion disbursed by commercial banks, according to the Bangladesh Bank data.
- ◆ Court officials said although each of the four money loan courts in Dhaka disposes of an average of 1,500-2,000 cases every year, properties involved in only three to four are sold at auction in that period and the rest remain unsold for years.

News Source:

<https://today.thefinancialexpress.com.bd/last-page/mortgaged-asset-auction-hurdles-fuel-npl-build-up-1741113316>

Bangladesh's digital transactions jump 17% in 2024, says Visa

- ◆ Bangladesh is experiencing a significant shift toward digital payments, with growing adoption of online and contactless transactions for both domestic and cross-border payments, according to Visa, a global leader in digital payments.
- ◆ In 2024, spending by Bangladeshi card users on Visa's network rose by 14%, while the number of transactions increased by 17% compared to 2023.
- ◆ Visa's annual analysis of consumer spending and digital transaction trend revealed that in 2024, around 75% of electronic consumer spending and 80% of digital transactions in Bangladesh were concentrated in the capital Dhaka.
- ◆ The capital city observed a 20% growth in spending, with 60% of consumers preferring online payments, according to Visa.
- ◆ Other notable cities in Bangladesh that witnessed growth in using digital payments include Gazipur, Rajshahi, Rangpur and Mymensingh.

News Source:

<https://www.tbsnews.net/economy/banking/bangladeshs-digital-transactions-jump-17-2024-says-visa-1084511>

Telecommunication

Bangladeshis burdened with high internet taxes

- ◆ Bangladeshi citizens were burdened with some of the highest taxes on internet usage in Asia in 2024, with a combined tax rate of 39% on internet services, according to a recent report by GSMA, a non-profit organisation that represents the interests of mobile network operators worldwide.
- ◆ This high tax rate, comprising 21% in sector-specific taxes and 18% in VAT, exacerbates the digital divide and poses a significant barrier to the country's digital transformation efforts.
- ◆ Nepal imposes a 26% tax on internet services, Sri Lanka 23%, India 18%, the Philippines 12%, and Indonesia 11%.
- ◆ The GSMA report highlights that the telecom sector in Bangladesh faces additional financial challenges, including notably higher corporate income tax rates compared to other industries.

- ◆ Publicly traded telecom companies are taxed at 40%, while non-publicly traded companies face a 45%, higher than rates in India and comparable to those applied to industries like tobacco.

News Source:

<https://www.thedailystar.net/business/news/bangladeshis-burdened-high-internet-taxes-3839831>

Textile

BKMEA wants Tk 7,000cr outstanding cash assistance from govt before Eid

- ◆ The Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) has requested the Finance Division to release BDT 7,000 crore in outstanding cash assistance for exports before Eid-ul-Fitr.
- ◆ BKMEA President Mohammad Hatem made the request in a letter to Finance Secretary Md Khairuzzaman Mozumder yesterday.
- ◆ According to the letter, claims for approximately BDT 7,000 crore in export subsidies or cash assistance have been submitted to the Bangladesh Bank for the 2024-25 financial year up until March 2025.
- ◆ Hatem urged the Finance Division to take special measures to release the funds within the shortest possible time, preferably by the 15th of Ramadan, noting that delays could cause serious disruptions in the export sector.
- ◆ He noted that prolonged labour unrest in various industrial zones had severely disrupted production, leading to factory closures and an abnormal rise in production costs.

News Source:

<https://www.tbsnews.net/economy/rmg/bkmea-seeks-outstanding-tk7000cr-cash-assistance-eid-1084191>

Exports grow by 11% in July-February

- ◆ The country's export earnings grew by nearly 11% in the first eight months (July-February) of the ongoing fiscal year compared to the same period last year.
- ◆ During this period, the country exported goods worth USD 32.94 billion, up from USD 29.80 billion in the corresponding period of the previous financial year.
- ◆ Exports in February this year alone reached USD 3.97 billion, marking a 2.77% year-on-year increase from USD 3.86 billion.
- ◆ The data show that ready-made garments remained the primary driver of export growth.
- ◆ Exports of agro-processed products, plastic products, frozen food and leather and leather products increased, while exports of home textiles, jute and jute products and engineering products declined.

News Source:

<https://www.tbsnews.net/economy/exports-grow-11-july-february-1084686>

Energy

Aramco to supply LNG to Bangladesh at lower prices: Rizwana

- ◆ Saudi Arabia's state-owned oil giant Aramco has agreed to supply liquefied natural gas (LNG) to Bangladesh at cheaper prices, according to Environment, Forests and Climate Change Adviser Syeda Rizwana Hasan.
- ◆ She said that the government has decided to import LNG from two countries to meet the country's energy demands.
- ◆ Rizwana also emphasised that there is no scope for mob justice or moral policing in the country, reaffirming that the interim government remains strict in preventing such incidents.
- ◆ She also stated that the government does not support any form of violence against women.
- ◆ Rizwana added that the government has decided to recruit 2,000 more physicians through the Bangladesh Public Service Commission, aiming to reach healthcare facilities at the grassroots level.

News Source:

<https://www.tbsnews.net/bangladesh/energy/aramco-supply-lng-bangladesh-lower-prices-rizwana-1084201>

Capital Market

Stocks extend losing streak as turnover falls to Tk 338cr

- ◆ The Dhaka Stock Exchange (DSE) has extended its losing streak for five consecutive sessions amid selling pressure on shares.
- ◆ DSEX, the benchmark index of the DSE, dropped by 26 points, falling below 5,200 yesterday.
- ◆ Since 26 February, the market has been on a downward trend due to share sell-offs, although some low-value stocks saw significant price increases despite having no operational factories.
- ◆ Given the unusual price hikes, the Bangladesh Securities and Exchange Commission (BSEC) has directed the DSE to conduct an investigation and submit a report within 30 working days.
- ◆ At the end of the session, the index stood at 5,194 points, while turnover fell by 11% to BDT 338.56 crore.

News Source:

<https://www.tbsnews.net/economy/stocks/stocks-extend-losing-streak-turnover-falls-tk338cr-1084611>

BSEC to revise IPO rules, ending private share offerings for issuer employees

- ◆ The Bangladesh Securities and Exchange Commission (BSEC) has moved to amend initial public offering (IPO) rules, eliminating provisions for private share offerings to issuer company employees.
 - ◆ The move aims to ensure transparency and fairness in the IPO process, preventing misuse of the private offer facility.
 - ◆ The stock market regulator published a draft notification on 2 March, inviting stakeholders to submit their feedback by 17 March.
 - ◆ The private offer facility was introduced on 24 August 2021 by the Shibli Rubayat UI Islam-led commission through an amendment to the Public Issue Rules 2015.
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- ◆ Under the rules, issuer companies were allowed to allocate up to 15% of their IPO shares to employees or other individuals at face value under the fixed-price method or at fair value under the book-building method.

News Source:

<https://www.tbsnews.net/economy/stocks/bsec-revise-ipo-rules-ending-private-share-offerings-issuer-employees-1084546>

Dhaka bourse doing better than regional peers this year

- ◆ The return from the broad index in the first two months of the ongoing calendar year shows signs of recovery from the prolonged losses in the previous years, frustrating investors.
- ◆ The DSEX, broad index of the Dhaka Stock Exchange (DSE), advanced 0.59% to 5,247.30 points in the two months to February 27.
- ◆ During the same period, the broad indices of Pakistan, India, Philippines, Indonesia and Thailand fell between 1.63% and 14.03%.
- ◆ Experts said that the recent developments in the country's macroeconomic situation played a supportive role in generating returns by the broad index of the Dhaka bourse.
- ◆ They say the market stayed positive in the last two months as the central bank kept the policy rate unchanged at 10% for the second half of the current fiscal year.

News Source:

<https://today.thefinancialexpress.com.bd/stock-corporate/dhaka-bourse-doing-better-than-regional-peers-this-year-1741110848>