

Bangladesh Market

Major Indices	Last closing
DSEX Index	5,221.95
% change	-0.07%
DS30 Index	1,894.60
% change	-0.37%
DSES Index	1,163.31
% change	-0.17%
Turnover (BDT mn)	4,483.45
Turnover (USD mn)	36.75
% change	8.15%

Source: Dhaka Stock Exchange

International Market

Major Indices	Last closing
Dow Jones Industrial Average	41,488.19
% change	0.00%
S&P 500	5,638.94
% change	0.00%
Nikkei 225	37,501.50
% change	1.21%
FTSE 100	8,632.33
% change	0.00%

Source: Bloomberg

Exchange rate

Major Currencies	Low (BDT)	High (BDT)
USD	122.00	122.00
EUR	132.72	132.76
GBP	157.77	157.81
INR	1.40	1.40

Source: BB

Money market

Date	Call Money Rate Range (%)	Weighted Average
16-Mar-25	9.75 - 11.00	10.03
13-Mar-25	9.75 - 11.00	10.05

Source: BB

Commodities

Major Commodities	Price	% Change
Brent Crude (Oil), USD/bbl.	70.58	0.00%
Gold Spot, USD/t oz.	2,990.02	0.19%
Cotton, USD/lb.	67.37	0.00%

Source: Bloomberg

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX, fell by 0.07% in the last trading day, closing at 5221.95 points.
- The daily turnover increased by 8.15% on the last trading day.

Global Market

- The majority of the global indices were closed on the last trading day.
- One of the key Asian indices, the Nikkei 225 rose by 1.21%.

Key Macro Indicators

- The value of the BDT rose against the EUR and the GBP, and fell and INR, and remained stable against the USD.
- The average overnight rate stood at 10.03%, standing between 9.75% and 11.00%.
- Gold prices rose by 0.19%. The oil futures market and the gold market were closed.

Bangladesh Macro Update

Revenue shortfall may soar to Tk 1.05t in FY25

- ◆ Government revenue shortfall could soar to BDT 1.05 trillion at the end of this fiscal year even after factoring in the potential sources to boost collection, says the CPD about state of the outgoing fiscal while drawing next national budget's outlook.
- ◆ The Centre for Policy Dialogue (CPD) mentioned that the revenue collection grew by just 4.4% between July and December in the financial year 2024-25.
- ◆ To meet this fiscal year's revenue target, collection needs to be increased by more than 55% in the remaining period, which is virtually impossible even after considering all potential sources, according to CPD Executive Director Dr Fahmida Khatun.
- ◆ She emphasised the National Board of Revenue (NBR) must undergo modernisation, leveraging the latest technology, to establish a hassle-free tax system.
- ◆ The CPD proposed raising the tax-free income threshold to BDT 400,000 from the current BDT 350,000 in the next budget, citing high inflation and the fact that many people are now withdrawing funds from savings to cover daily expenses.

News Source:

<https://today.thefinancialexpress.com.bd/first-page/revenue-shortfall-may-soar-to-tk-105t-in-fy25-1742146048>

T-bills witness sharp increase in yields

- ◆ The yields on treasury bills (T-bills) increased significantly on 16th March as banks showed reluctance to invest their excess liquidity in the securities ahead of the upcoming Eid-ul-Fitr.
- ◆ The cut off yield, generally known as interest rate, on the 91-Day T-bills rose to 10.75% from 10.35% of the previous level while the yield on 182-Day T-bills reached 10.90% from 10.84% from the earlier level.
- ◆ However, the yield on 364-Day T-bills rose to 11.09% on the day from 10.79% earlier, according to the auction results.
- ◆ Most banks are now focused on managing their funds efficiently before and after the Eid rather than investing in government securities, a senior official of the Bangladesh Bank (BB) told The Financial Express (FE) while explaining the upward trend in T-bill yields.
- ◆ The government borrowed BDT 70 billion on the day through issuing three types of T-bills to partially meet its budget deficit.

News Source:

<https://today.thefinancialexpress.com.bd/last-page/t-bills-witness-sharp-increase-in-yields-1742146505>

Corporate tax rate to be 'revisited' in upcoming budget: Finance adviser

- ◆ Finance Adviser Saleh Uddin Ahmed has said the current corporate tax rate is high in Bangladesh, and therefore it will be "revisited" in the upcoming national budget.
- ◆ He added that indirect taxes affect both the rich and the poor equally, so the focus will be on increasing direct tax collection.

- ◆ At the meeting, Rehman Sobhan, chairman of the Centre for Policy Dialogue, proposed enacting new legislation to hold individuals and businesses accountable if they evade taxes despite having taxable income.
- ◆ Rehman Sobhan also recommended providing greater transparency in how both the government and NGOs spend their funds, particularly in the context of monitoring policies.
- ◆ He emphasised the need for performance-based budgeting, where each budget should include an evaluation of previous promises and their outcomes, identifying reasons for any unfulfilled commitments.

News Source:

<https://www.tbsnews.net/economy/corporate-tax-rate-be-revisited-upcoming-budget-finance-adviser-1094556>

Sectoral Update

Banks, NBFIs, and Insurance

Capital to risk-weighted asset hits 15-yr low as 16 banks miss the requirement

- ◆ At least 16 banks. an increase of five have failed to maintain the mandatory Capital to Risk-Weighted Asset Ratio (CRAR) in the September quarter of 2024.
- ◆ The sector-wide CRAR dropped below 7%, well below the 10% minimum and the lowest average in 15 years, due to taking into account the real data on non-performing loans and the overall health of the banking sector.
- ◆ CRAR measures a bank's financial stability by comparing its capital to risk-weighted assets, ensuring it can absorb potential losses and protect depositors.
- ◆ According to a Bangladesh Bank report, the banking sector's aggregate CRAR stood at 6.86% at the end of the September quarter, down from 10.64% at the end of June 2024.
- ◆ However, by the end of September, at least 16 of the country's 61 banks failed to meet this requirement, up from 11 at the end of June.

News Source:

<https://www.tbsnews.net/economy/banking/capital-risk-weighted-asset-hits-15-yr-low-16-banks-miss-requirement-1094551>

NBFI deposits up 0.37pc in Oct-Dec.

- ◆ Non-bank financial institutions (NBFIs) see a ray of hope for the industry's much-needed rebound with increased deposits in the second quarter (Q2) of this financial year.
- ◆ Not only did the deposits increase but the loans and advances distributed by them also saw a 2.61% increase in the October-December period of FY25 from the previous quarter, the latest data shows.
- ◆ This positive sign in the financial services sector comes at a time when it is struggling to remain competitive on the money market due to fragile confidence mostly stemming from growing non-performing loan (NPL) buildups and cash withdrawals by institutional depositors.

- ◆ According to the latest statistics released by the Bangladesh Bank (BB) on 16th March, total deposits, excluding inter-NBFIs, in the sector increased by BDT 1.868 billion or 0.37% to BDT 480.252 billion during October-December 2024 compared to July-September of the year.
- ◆ On the other hand, total loans and advances by NBFIs increased by around BDT 19.36 billion or 2.61% to BDT 760.77 billion during Q2 of FY25 compared to the previous quarter.

News Source:

<https://today.thefinancialexpress.com.bd/first-page/nbfi-deposits-up-037pc-in-oct-dec-1742146234>

Merger is the answer to dysfunctional insurance industry: Studies

- ◆ Stakeholders in the country's insurance sector have suggested that weak companies should be merged with better performers to ease competition and improve service quality.
- ◆ The recommendation has been made in a research paper recently submitted to the chief of the insurance regulator.
- ◆ Brig. Gen. Md Shafique Shamim, chief executive officer and managing director of general insurer Sena Insurance, who had prepared the report, urged the Insurance Development and Regulatory Authority (IDRA) to make a prompt decision on mergers and disclose which companies need merger for survival.
- ◆ The report compares Bangladesh's insurance industry with that of India, Pakistan and Sri Lanka to establish the unhealthy competition that insurance companies here are facing.
- ◆ India, with a gross domestic product (GDP) of USD 3.9 trillion and a population of 1.44 billion, has only 59 insurance companies whereas Bangladesh has 82 insurance companies operating in an economy that is just 11.66% of India's GDP and serves a population of 171 million.

News Source:

<https://today.thefinancialexpress.com.bd/stock-corporate/merger-is-the-answer-to-dysfunctional-insurance-industry-studies-1742142973>

Energy

Chinese solar panel giant Longi to invest in Bangladesh: Ambassador

- ◆ Longi, a solar panel manufacturer, has decided to set up an office and invest in solar panel manufacturing in Bangladesh, according to Chinese ambassador to Bangladesh Yao Wen.
- ◆ Several top Chinese solar panel manufacturers visited Bangladesh in December to explore opportunities to invest in the country, the ambassador mentioned after attending Chief Adviser Muhammad Yunus' invitation to Chinese companies to relocate their manufacturing plants here as part of the government's plan to turn the country into an economic hub.
- ◆ Ambassador Yao Wen said that of the companies that visited Bangladesh, at least two Chinese firms, including Longi, have decided to set up offices and plants in the country.
- ◆ He also said that dozens of Chinese companies have lined up to invest in Bangladesh as a dedicated Chinese export processing zone is expected to work soon.

News Source:

<https://www.tbsnews.net/bangladesh/energy/chinese-solar-panel-giant-longi-invest-bangladesh-ambassador-1094316>

Capital Market

Large-cap stocks drag down DSE index

- ◆ The large-cap stocks dragged down the benchmark index of the Dhaka Stock Exchange (DSE) on 16 March.
- ◆ The DSEX, the key index of the Dhaka bourse, dropped by 3.7 points to close at 5,221, while the blue-chip DS30 index fell by 6 points to settle at 1,894.
- ◆ Market activity reflected the prevailing uncertainty, with only 143 stocks advancing, 190 declining, and 64 remaining unchanged.
- ◆ Market turnover slightly increased by 8% to BDT 448 crore compared to the previous session.
- ◆ However, investor participation has been observed in certain December-closing scrips ahead of their corporate declarations, while insurance stocks also gained a positive momentum owing to the buying appetite of short-term gain-focused investors.

News Source:

<https://www.tbsnews.net/economy/stocks/large-cap-stocks-drag-down-dse-index-1094516>

BSEC seeks 19 govt officials to reduce reliance on own staff

- ◆ The Bangladesh Securities and Exchange Commission (BSEC) has requested 19 officers from the government to reduce dependence on its own staff, around a week after it went through a standoff.
- ◆ Other objectives include improving work quality, introducing dynamism, and maintaining confidentiality in certain areas, according to a letter BSEC Chairman Khondoker Rashed Maqsood.
- ◆ Maqsood also mentioned in the letter that nine initiatives, including the posting of government officials, are necessary to enhance the commission's image and quickly restore administrative discipline.
- ◆ On 5 March, an unprecedented incident occurred at the commission building, stemming from the forced retirement of BSEC executive director Saifur Rahman.
- ◆ In protest, employees launched a movement demanding the resignation of the BSEC chairman and three commissioners.

News Source:

<https://www.tbsnews.net/economy/stocks/bsec-seeks-19-govt-officials-reduce-reliance-own-staff-1094541>