GREEN DELTA CAPITAL

Today's News Highlights

January 14, 2024

Economy

[Red Sea conflict: 40% freight charge hike hits exporters hard]

The current turmoil in the Red Sea has hit businesses hard with higher freight charges, longer lead times and shortage of containers for exporters and importers. Additionally, exporters are reporting already losing apparel orders. Freight charges for container transport from Bangladesh to Europe and America have already gone up by at least 40% as shipping companies imposed surcharges citing rerouting because of the Houthi attacks in the Red Sea.

BB to adopt crawling peg. Can it end exchange rate volatility?

The Bangladesh Bank is going to adopt a new exchange rate regime known as the crawling peg as per the prescription of the International Monetary Fund (IMF), ruling out the possibility of a market-driven exchange rate many have suggested. The crawling peg is expected after the central bank failed to end the volatility in the foreign exchange market by adopting various tools. Experts allege that the BB has not implemented the tools in a proper way.

NBR withdraws advance tax on import of computer accessories

The National Board of Revenue (NBR) has lifted the existing 3% advance tax (AT) on the import of accessories for locally manufactured computers till 2026. The government agency issued a notification in this regard on 4 January, which was published on 13 January. At present, the import of accessories and parts (raw materials) for local computer manufacturing is exempted from value-added tax (VAT) up to June 2026, but AT has to be paid.

Investment rises as Bangladesh conquers the world of denim

Bangladesh has conquered the global denim market by becoming the top supplier of the popular garment item to both the EU and US, with local investors continuing to pour in funds to capitalize on further growth in global markets. Businesses are looking to enhance their capacity in order to grab a bigger slice of the USD64.5 billion global denim market. Local exporters currently supply denim products worth nearly USD5 billion worldwide. The global denim market is projected to rise to USD76.1 billion by 2026, growing at a rate of 4.8 per cent annually, according to various estimates.

Majority macro-indicators signal significant challenges

Majority macro-indicators of Bangladesh's economy signal significant challenges facing the new government that economists attribute to persisting global and local adversities as well as turbulent internal political transition. According to the BB's economic-assessment report, a copy of which is obtained by The Financial Express, the forex reserves dropped nearly 20 per cent in December 2023 over its corresponding period a year earlier. The reserves were recorded at USUSD27 billion during this period in traditional official matrix.

Capital Market

Renata set to pay off short-term loans with bond finance

In a strategic move to mitigate the potential impact of rising interest rates, Renata Limited – a leading drug maker in the country – is poised to issue bonds to entirely pay off its outstanding short-term bank loans. Currently, the company acknowledges an indebtedness of around BDT700 crore to several banks in the form of short-term credits. On January 11, the Bangladesh Securities and Exchange Commission (BSEC) granted approval for Renata to issue a five-year bond worth BDT660.15 crore. Each bond unit will have a face value of BDT1 lakh.

Dhaka stocks surge past 6,300 mark after national elections

Equity indices at the Dhaka Stock Exchange (DSE) experienced their upward momentum for the second week of January, with the daily turnover reaching a one-month high. In the last week, DSE's broad-based index DSEX moved up 57.53 points compared to the previous trading week and stood at 6,302, which was the highest in nearly four months. Shariah index DSES advanced 13 points to 1,376, and blue-chip DS30 rose nearly 24 points to settle at 2,118. The participation of investors also increased significantly as the weekly turnover at the Dhaka bourse grew 37.60% to BDT2,197.86 crore.

Sector

Garment sector weathered global headwinds

Bangladesh's garment sector has firmly weathered the storm of Covid-19 and emerged stronger in spite of the hardships, reaffirming its position as a leader in sustainable and responsible business. The sector was devastated by the severe fallout of the pandemic, when local apparel suppliers faced a sudden suspension of work orders worth USD3.6 billion for around a year or so.

Global

Oil soars as US, UK strike on Houthis stirs up geopolitical worries

The oil price surged on January 12, 2023, as the escalating conflict in the Red Sea region threatened to further disrupt global trade, while stocks rose in light of US inflation data that reinforced investors' view that interest rates could soon fall. Oil rose by 4% after the United States and Britain said they had launched strikes from the air and sea against Houthi military targets in Yemen in response to the group's attacks on ships in the Red Sea.

Forex & Commodity Market

Exchange Rates BDT	Buy	Sell
USD	110.00	110.00
		Source: Bangladesh Bank Dated: 11-01-2024

Exchange Rates BDT	Buy	Sell
EUR	120.68	120.73
GBP	140.13	140.20
AUD	73.68	73.72
JPY	0.75	0.75
CAD	82.20	82.22
SEK	10.75	10.76
SGD	82.60	82.63
CNH	15.31	15.32
INR	1.32	1.32
		Source: Bangladesh Bank Dated: 11-01-2024

Commodity Items	Rate
Gold (oz)	2,051.60
Silver (oz)	23.33
Copper (lb)	374.05
Oil (bbl)	72.68
Gas (MMBtu)	3.31
Wheat (bu)	596.00
Cotton (lb)	81.31
	Source: Bloomberg

Disclaimer

This document has been prepared by Green Delta Capital Limited (GDC) and serves a specific informational purpose. It is intended solely for individuals or entities who are legally eligible to receive it. Those who do not meet this criterion are cautioned against taking any action or reliance on its content. The information within this document should not be misconstrued as an invitation to buy or sell securities or any investment products in any jurisdiction, nor should it be seen as offering professional advice in areas such as investment, taxation, legal matters, finances, or any other field.

This document does not take into account the specific financial situation, investment goals, or unique requirements of any particular recipient. GDC, its directors, shareholders, management, or employees neither explicitly nor implicitly assert the authenticity, accuracy, completeness, authenticity, or correctness of the information or data contained herein. Nonetheless, efforts have been made to exercise reasonable care in ensuring the accuracy of the document's contents. This disclaimer aims to provide transparency and caution, encouraging readers to exercise prudence and consider professional guidance before making any financial decisions, while also acknowledging the possibility of inadvertent errors.

GREEN DELTA CAPITAL

www.greendeltacapital.com

research@greendeltacapital.com

51/52, Green Delta Aims Tower, Dhaka, Bangladesh

Hotline
+8809613444888