

TOP NEWS

BB holds policy rate at 9.5% in maiden quarterly MPS as fuel hike, pay scale stoke inflation risk

Bangladesh Bank kept its policy rate unchanged at 9.5% for October-December in its first-ever quarterly Monetary Policy Statement, citing the Strait of Hormuz disruption, elevated global energy prices, the recent Tk20 fuel price hike and partial rollout of the new national pay scale as risks that could reverse recent disinflation gains. Headline inflation eased to a 10-month low of 8.26% in August, with food inflation down to 7.02% but non-food inflation still elevated at 9.32%; the central bank kept the SLF at 11% and SDF at 7.5%, warning that premature easing could unanchor inflation expectations. Deputy Governor Habibur Rahman, who announced the MPS in the governor's absence, said private-sector credit growth remained weak at 4.75% in August, broad money grew 12.40%, and the banking sector's NPL ratio rose to 32.78% in June, with an 18-month plan being prepared to tackle bad loans while supporting credit demand. GDP growth was estimated at just 4.14% in FY2025-26, with the World Bank projecting 4.6% and the IMF a lower 3.5% for FY2026-27.

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Fake IDRA circulars leave insurers, customers confused

Fabricated circulars bearing the Insurance Development and Regulatory Authority's (IDRA) name have been circulating on social media, creating confusion among insurers, customers and investors, with 58 IDRA-regulated insurers listed on the stock market. IDRA has disowned both a recent fake circular and a separate fabricated claim that several non-life insurers had submitted an application to it, saying it had neither issued nor had any involvement with either document, and is preparing to file a general diary with Motijheel Police Station to help identify those responsible for circulating the fake material. The regulator urged media professionals, stakeholders and the public to verify any circular directly through its official website, social media channels or the authority itself before publishing or sharing it, warning that such misleading documents could create public confusion, disrupt normal operations in the insurance sector and misinform investment decisions in listed insurers, since images spread rapidly online before their authenticity can be checked. BSEC spokesperson Abul Kalam said the commission is monitoring the situation and will investigate any abnormal share-price moves or suspicious trading linked to the fake documents.

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Some major apparel brands shifting orders from Bangladesh

Some major EU fashion retailers, including H&M, Inditex and Primark, are gradually shifting garment orders away from Bangladesh as they restructure global supply chains to hedge against LDC-graduation uncertainty, India's and Vietnam's EU trade deals, and Bangladesh's rising production costs and energy crisis, industry insiders say. BGMEA president Mahmud Hasan Khan acknowledged buyers are spreading risk across sourcing countries and said the association is campaigning to onboard new buyers and expand volumes with existing ones. A Clean Clothes Campaign report found H&M has pivoted complex T-shirt designs toward sourcing closer to consumer markets while keeping only its cheapest, most basic lines in Bangladesh, with H&M's average T-shirt procurement price falling below Inditex's by 2025 after being 16% higher in 2021; H&M's Bangladesh supplier count has fallen to 189 factories from 235 in 2020, though the retailer still sources an estimated \$3.0-3.5 billion in apparel from the country annually and calls it a vital sourcing market.

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Govt lends BPC Tk45 billion to meet fuel import costs

The government has disbursed a Tk45 billion loan to Bangladesh Petroleum Corporation (BPC) to help cover fuel import costs amid a global price spike, against BPC's original request for Tk50 billion, BPC Chairman Dr Md Rafiqul Islam said. He said a sharp rise in petroleum prices and transportation and handling costs had exposed the state-run corporation to significant financial pressure in recent months, with freight charges for shipping fuel by vessel jumping from \$3-4 per barrel to \$15-17 per barrel, substantially increasing BPC's monthly import expenses and compounding roughly Tk230 billion in additional costs from higher international prices and transport between March and August. The government subsequently raised diesel and other fuel prices on 20 September to cope with the higher import costs, after BPC had earlier warned that failing to adjust domestic prices in line with rising international markets was mounting its financial pressure; the corporation separately reported a loss of around Tk228.76 billion settling import payments over the same six months, and said the fresh loan will help maintain uninterrupted fuel supply and strengthen its capacity to open letters of credit for imports.

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ICB at 50: State investment bank charts recovery plan to tackle crisis

The Investment Corporation of Bangladesh (ICB), marking its 50th anniversary, has drafted a multi-phase recovery roadmap to address mounting debt and losses, with an accumulated loss of Tk1,608 crore as of March 2026 including a record Tk1,213 crore loss in FY25. ICB's bank borrowing has risen nearly sixfold since FY11 to about Tk14,000 crore by December 2025, with annual interest payments up nearly fivefold to Tk1,101 crore, while its investment portfolio carries an unrealised loss of around Tk5,507 crore against a value of about Tk8,600 crore, after years of borrowing to prop up the market at regulators' direction. The short-term plan seeks Tk10,000 crore in low-cost funding, split between repaying high-cost loans and fresh secondary-market investment, of which Tk4,000 crore has already been received; medium-term steps include converting institutional debt to equity and issuing fixed-yield preference shares, while the long-term plan focuses on revenue diversification and modernisation.

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Seven banks dropped from CSE50 benchmark index

The Chittagong Stock Exchange has excluded seven listed banks - Al-Arafah Islami Bank, IFIC Bank, Islami Bank, Mercantile Bank, ONE Bank, The Premier Bank and United Commercial Bank - from its CSE50 benchmark index following its biannual review, with the revised index taking effect on 11 October. They are replaced by BSRM Steels, Berger Paints, Dhaka Bank, Fine Foods, Heidelberg Materials, Taufika Foods and Lovello, and Ibn Sina Pharmaceuticals, drawn from across diverse sectors. The CSE50 is reviewed twice yearly on six-month performance data ending in June and December, and is designed to serve as an official benchmark tracking 50 leading and liquid stocks while excluding corporate bonds, mutual funds and Z-category companies; the revised constituents represent 76.40% of CSE's total market capitalisation, 72.57% of free-float market capitalisation, and 53.72% of average daily turnover over the six months to 30 June 2026. Surviving banks include BRAC Bank, City Bank, Dutch-Bangla Bank, Eastern Bank, Prime Bank and Pubali Bank, alongside heavyweights such as Square Pharmaceuticals, Grameenphone, BAT Bangladesh, Robi Axiata, Marico Bangladesh and Walton Hi-Tech Industries.

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Direct listing can deepen the capital market

In an opinion piece, IDLC Investments Managing Director Mesbah Uddin Ahmed argues that Bangladesh's capital market needs a credible direct-listing framework to reduce the corporate sector's heavy reliance on bank financing, which he says has strained the banking system and left the economy without the deep equity market an ambition of its size requires. He contends that many established, well-governed Bangladeshi companies with strong fundamentals and decades of operating history have stayed off the market because they have no immediate need for fresh capital, and the traditional IPO route involves lengthy approvals, valuation restrictions and limited structuring flexibility that make listing less compelling; direct listing, he argues, could let sponsors and directors realise fair value for part of their holdings while offering transparent market-based valuation, stronger visibility, improved governance and a 7.5% tax-rate differential as incentives, without requiring an immediate capital raise. He welcomes the BSEC's draft Direct Listing of Securities on the Stock Exchange Rules, 2026, discussed with market participants including IDLC and leading business groups, saying the goal should not simply be more listed companies but the right ones, and that bringing credible, high-quality businesses to market this way could deepen liquidity, broaden investment choice, strengthen governance and help rebuild investor confidence in the capital market as a strategic pillar of the economy.

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