EBL ASSET MANAGEMENT LTD.
(A fully owned subsidiary of Eastern Bank Ltd.)

Daily News Snippet

December 12, 2023

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	6263.87
% change	-0.01%
DS30 Index	2110.65
% change	-0.29%
DSES Index	1364.72
% change	0.03%
Turnover (BDT mn)	6012.66
Turnover (USD mn)	54.54
% change	1.60%

Source: Dhaka Stock Exchange

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	36,404.93
% change	0.43%
S&P 500	4,622.44
% change	0.39%
Nikkei 225	32864.43
% change	0.22%
FTSE 100	7,601.24
% change	0.75%

Source: Bloomberg

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	110.25	110.25
EUR	118.64	118.68
GBP	138.40	138.44
INR	1.32	1.32

Source: BB

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average (%)**
12-Dec-23	9.25 - 7.75	8.55
11-Dec-23	9.25 - 7.75	8.66

Source: BB

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	76.43	0.00%
Gold Spot, USD/t oz.	1,985.33	-0.06%
Cotton, USD/lb.	82.00	0.00%

Source: Bloomberg

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX lost 0.01% in the last trading day.
- The rising tension regarding the national polls, the unrest in the RMG sector, and rising interest rates are few of the major causes behind the negative sentiment of the market.
- However, the investors started buying stocks after believing the market found some support at the recent lower point.
- The turnover rose 1.60% during the last trading day.

Global Market

- Majority of the leading global indices posted positive returns with Dow Jones, S&P 500, and FTSE 100 posting 0.43%, and 0.39%, and 0.75% gains, respectively.
- Indices jumped after expectations of no more hike in interest rate by the FED.
- One of the leading Asian index NIKKEI 225 posted positive return of 0.22% in the last trading day.

Key macro indicators

- All of the major currencies fell against BDT.
- The average overnight rate is rising steadily in the past few weeks as per the latest trend.
- The current weighted average overnight rate stood at 8.55% with a high rate of 9.25% and low rate of 7.75%.
- The oil price remains unchanged on investor skepticism about the depth of OPEC+ supply cuts and concern about sluggish global manufacturing activity.
- The gold prices started declining after rising for some time due to the expectation of a upcoming interest rate cut by FED in USA.

International Macro Update

Record US oil output challenges Saudi mastery

- Global trade will decline in 2023 by about 5.0% from last year's record as high borrowing costs weigh on economies, US-China tensions redirect supply chains and more policies restricting cross-border commerce emerge, according to a UN agency.
- The value of goods and services trade will reach USD 30.7 trillion compared with USD 32.2 trillion in 2022, according to the Geneva-based United Nations Conference on Trade and Development.
- UNCTAD noted how countries aligned geopolitically are trading more with each other while those in disagreement are trading less bilaterally and that divergence among several issues clouding the outlook for next year, according to the agency.
- A number of big banks expect global growth to slow further in 2024, squeezed by elevated interest rates, higher energy prices and uncertainties in the world's two largest economies, although they see less chances of a recession.
- The global economy is forecast to grow 2.9% this year, a Reuters poll of economists showed, and is expected to slow to 2.6% for the coming year.

News Source:

https://www.tbsnews.net/bloomberg-special/global-trade-drop-5-year-amid-geopolitical-headwinds-756038

Oil rises ahead of interest rate decisions, oversupply fears linger

- Oil prices ticked up on Tuesday as investors played cautious ahead of key interest rate decisions and inflation data releases, but concerns over supply surplus and slower demand growth kept a lid on gains.
- Brent crude futures for February were up 26 cents, or 0.3%, to USD 76.29 a barrel, while US West Texas Intermediate crude futures for January delivery gained also gained 26 cents, or 0.4%, at USD 71.58 a barrel.
- The US Consumer Price Index (CPI) report is due on Tuesday, while the Federal Open Markets Committee's (FOMC) two-day monetary policy meeting will end on Wednesday.
- The US Federal Reserve is widely expected to hold rates steady on Wednesday, but the November Fed minutes showed that policymakers were still concerned that inflation could be stubborn, leaving the door open for additional tightening if needed.

News Source:

https://www.thedailystar.net/business/global-economy/news/oil-rises-ahead-interest-rate-decisions-oversupply-fears-linger-3492451

Bangladesh Macro Update

IMF to discuss Bangladesh's 2nd loan tranche today

- A board meeting of the International Monetary Fund (IMF) is scheduled to be held today, where about USD 681 million in a second loan tranche is expected to be approved for Bangladesh even though two preconditions have not been met.
- The IMF board approved the USD 4.7 billion loan on January 30.
- In the first tranche, Bangladesh received USD 447.8 million on February 2 and is expected to re-

ceive the rest in another five tranches.

- In October, an IMF delegation came to Bangladesh on a two-week visit, reviewed the loan programme and placed the second loan tranche proposal before the IMF board.

News Source:
https://www.thedailystar.net/business/news/imf-discuss-bangladeshs-2nd-loan-tranche-today-3491971

ADB gives $400 million to support climate priorities in Bangladesh

- The Asian Development Bank (ADB) will give Bangladesh a USD 400 million policy-based loan to support implementation of the nation's National Adaptation Plan, 2023-2050 and Nationally Determined Contributions 2021 Update to the Paris Agreement to achieve a climate-resilient inclusive development.
- This assistance is the first subprogram of the indicative USD 700 million Climate-Resilient Inclusive Development Programme.
- Bangladesh is one of the world's most vulnerable countries to the adverse impacts of climate change, recording an annual average loss of about USD 3 billion, according to the ADB.

News Source:
https://www.thedailystar.net/business/news/adb-gives-400-million-support-climate-priorities-bangladesh-3491911

A $12 billion question hangs over export data mismatch

- Bangladesh is no stranger to data mismatches, but a USD 12 billion gap between export shipments and actual receipts from abroad points to potential capital flight just before the January election.
- In 2022-23, the mismatch between the actual realisation reported by the Bangladesh Bank and the Export Promotion Bureau's (EPB) shipment figure was $12.08 billion, the highest in at least eight years.
- EPB data showed that goods and services exports stood at USD 63.05 billion in FY23 whereas the central bank reported that Bangladesh received USD 50.97 billion in the same year.
- Traditionally, the gap between the EPB and BB figures hovers around USD 4-5 billion, but it jumped in 2021-22 to USD 8.51 billion from USD 4.73 billion in 2020-21.
- The deficit in trade credit in the balance of payments (BoP) was USD 3.7 billion in the first four months of FY24, up from USD 1.3 billion a year prior.

News Source:
https://www.thedailystar.net/business/news/12-billion-question-hangs-over-export-data-mismatch-3492006

Non-RMG sectors' exports dwindle

- Export earnings from some sectors, including leather and leather goods, home textiles and frozen fish, plunged in five months (July-November) of the current financial year 2023-24 as the demand for such commodities decreased on the global market due to an economic slowdown caused by the Russia-Ukraine war.
- Exporters said that the exports of leather goods declined due to high inflation in the Western countries and lack of environmental compliance in Bangladesh.
- The exports of home textiles decreased significantly as the cost of production increased due to high prices of utilities and yarns.

- According to the Export Promotion Bureau data, export earnings from leather and leather goods in the five months of FY24 decreased by 20.55% to USD 427.02 million compared with those of USD 537.50 million in the same period of FY23.
- The data showed that the export earnings from leather footwear in July-November of FY24 decreased by 34.75% to USD 214.15 million compared with those of USD 328.19 million in the same period of FY23.

News Source:

https://www.newagebd.net/article/219913/non-rmg-sectors-exports-dwindle

Sectoral Update

Bank, NBFIs, & Insurance

Deposit flow from rural areas dips amid high inflation

- Banks recorded a massive slump in deposit flow from rural people as soaring prices squeezed the scope for them to save for the future.
- Banks received 24.0% lower deposits year-on-year in the July-September quarter of this year, down from BDT 341,667 crore to BDT 259,870 crore, according to the Quarterly Scheduled Banks Statistics by the Bangladesh Bank (BB).
- Data from the Bangladesh Bureau of Statistics (BBS) showed that inflation in rural areas, home to 68.0% of the nation's population, has been higher than in urban areas for most months since July, 2022.
- During the July-September quarter of this year, inflation has been consistently higher in rural areas than in urban areas.
- The trend continued into November, when consumer prices rose 9.62% in village areas whereas inflation in urban areas stood at 9.16%.

News Source:

https://www.thedailystar.net/business/news/deposit-flow-rural-areas-dips-amid-high-inflation-3491991

Bank accounts with Tk 1 crore keep rising

- The number of bank accounts holding deposits exceeding BDT 1 crore was on the rise by the end of September 2023, despite ongoing economic challenges and inflationary pressure.
- According to the Bangladesh Bank data, the number of such bank accounts increased slightly by 32 to reach 1,13,586 at the end of September 2023 from 1,13,554 in June, 2023 and 1,09,946 at the end of December 2022.
- Out of a total of 14.97 crore bank accounts nationwide, 10.82 crore accounts hold less than BDT 5,000 each, as per the central bank data.
- According to the BB, the accounts holding more than BDT 1 crore represent only 0.075% of the total bank accounts, but 42.35% of the aggregate deposits.
- The total deposits in the banking sector stood at BDT 17.13 lakh crore at the end of September, while those with the accounts holding more than BDT 1 crore reached held in total BDT 7.25 lakh crore.

News Source:

https://www.newagebd.net/article/220036/bank-accounts-with-tk-1-crore-keep-rising

Apparel & Textile

Not labour issues, but political problems might be excuse

- Apparel owners rule out any grounds for US trade and economic sanctions centering labour issues in Bangladesh's garment industry rather apprehend political repercussions over the coming polls.
- According to them, no such labour situation has arisen in Bangladesh's readymade garment sector for which the United States-their single-largest market--could impose sanctions.
- Speaking amidst wild speculations about US actions in the context of concurrent politico-industrial troubles, the dollar-earning-industry stakeholders, however, didn't play down political reasons, and suggested that the government take measures to get out such situation, if any, through diplomatic channel.

News Source:

https://today.thefinancialexpress.com.bd/first-page/not-labour-issues-but-political-problems-might-be-excuse-1702314924

Fuel & Power

Will delay in transmission line hinder Rooppur power plant operation?

- The first unit of the Rooppur nuclear power plant is likely to start commercial production by the next year but the electricity will not reach Dhaka yet due to about two years' delay in the construction of the transmission lines.
- Six high-voltage transmission lines, including three crossing two mighty rivers, are being installed under the Rooppur Transmission Infrastructure Development project and so far, one-fifth work of the river sections could be completed.
- The first unit is expected to become operational by December 2024 and the second unit by September 2025.
- Nuclear fuel from Russia has already started arriving in batches for the plant.
- Officials said the electricity from the first 1200MW unit of the two-unit 2400MW plant in the Pabna district can be added to the national grid even without completing the river-crossing lines.
- Without the river crossing lines, electricity from the first unit of the Rooppur plant will not be able to reach the capital though Dhaka division alone has the demand for around 4000MW electricity, against the country's total supply of around 9500MW.

News Source:

https://www.tbsnews.net/bangladesh/energy/will-delay-transmission-line-hinder-rooppur-power-plant-operation-755986

Capital Market

DSEX, turnover rebound to one-month high

- In a bid to come out of the weeks-long downward spiral, Dhaka stocks continued their steady recovery in the ninth session.
- DSEX, the broad based index of the Dhaka Stock Exchange (DSE), closed at 6,264 on Monday which was the highest in the last one month.
- Also, turnover in the premier bourse surged to BDT 592 crore, the highest since 6 November.

- The broad-based index on Monday managed to stay afloat throughout the session, riding on buyer dominance on particular scrips.
- Some cautious investors continued their profit-booking approach as they are shying away from taking long-term positions in equities owing to the prevailing concerns regarding the market momentum, according to market operators.

News Source:

https://www.tbsnews.net/economy/stocks/dsex-turnover-rebound-one-month-high-755834

Unique Meghnaghat gets stamp duty waiver

- The commerce ministry has waived the stamp duty amounting to more than BDT 4 crore for registering the financial documents of Unique Meghnaghat Combined Cycle Power Plant, according to a gazette issued last week.
- A number of fossil fuel-based power projects in Bangladesh recently got stamp duty waivers while those centring renewable energy are yet to see any such benefit.
- It seems the government is promoting the use of fossil fuels instead of more sustainable sources of energy.
- Unique Meghnaghat, the country's largest combined cycle power plant located in Sonargaon of Narayanganj, has a production capacity of 584 megawatts fuelled by natural gas.
- Unique, a subsidiary of Unique Hotels and Resorts, signed an array of agreements in 2019 with the Bangladesh Power Development Board (BPDB), the Power Grid Company of Bangladesh, and Titas Gas Transmission and Distribution Company Limited to set up the independent power producer project.

News Source:

https://www.thedailystar.net/business/organisation-news/news/unique-meghnaghat-gets-stamp-duty-waiver-3491071