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

Daily News Snippet

December 14, 2023

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	6262.86
% change	-0.02%
DS30 Index	2105.42
% change	-0.25%
DSES Index	1363.01
% change	-0.13%
Turnover (BDT mn)	7696.85
Turnover (USD mn)	69.81
% change	28.01%

Source: Dhaka Stock Exchange

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	37,159.00
% change	1.45%
S&P 500	4,717.50
% change	1.45%
Nikkei 225	32926.35
% change	0.25%
FTSE 100	7,548.44
% change	0.08%

Source: Bloomberg

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	110.25	110.25
EUR	119.87	119.91
GBP	139.11	139.12
INR	1.32	1.32

Source: BB

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average (%)**
14-Dec-23	9.40 - 8.00	8.82
13-Dec-23	9.25 - 7.75	8.69

Source: BB

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	75.70	3.59%
Gold Spot, USD/t oz.	2,034.32	3.05%
Cotton, USD/lb.	82.05	1.15%

Source: Bloomberg

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX lost 0.02% 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 market was up 14.0 points in the first trading hour as positive news such as IMF's approval about the loan tranche, bank deposit rate cap getting cancelled, and few other news impacted the market positively.
- However, the momentum couldn't sustain as the investors aren't quite confident about the market prospects in the shorter run.
- The turnover rose 28.01% 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 1.45%, 1.45%, and 0.08%, 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 0.25% in the last trading day.

Key macro indicators

- All of the major currencies rose 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 8.82% with a high rate of 9.25% and low rate of 8.00%.
- The oil price rose by 3.59%.
- The gold prices started rising due to the expectation of a upcoming interest rate cut by FED in USA.

Bangladesh Macro Update

Dollar rate slashed by Tk0.25 again

- Bankers have decided to reduce the buying and selling rates of the US dollar by BDT 0.25. This marks the third such reduction in just over a month.
- Effective next Sunday, banks will buy remittance and export proceeds at BDT 109.50 per dollar, while selling them for import settlements at BDT 110.
- This follows a previous reduction of Tk0.25 on 29 November and a more substantial decrease of BDT 0.50 on 7 November.
- Beyond the officially set buying and selling rates, banks have an informal understanding of offering a maximum incentive of 2.5% from their own funds which translates to a maximum buying rate of BDT 112.24 per dollar.

News Source:

https://www.tbsnews.net/economy/banking/dollar-rate-cut-tk025-757182

Reserves can hit $24.3b this fiscal year

- Bangladesh's gross foreign reserves can top up to USD 24.3 billion by the end of the fiscal year if greater exchange rate flexibility is allowed and a tighter monetary policy is pursued, according to the IMF.
- As of December 6, gross foreign reserves stood at USD 19.1 billion, as per the latest published data from the Bangladesh Bank.
- A calibrated monetary policy tightening, supported by a neutral fiscal stance, and greater exchange rate flexibility would alleviate foreign exchange pressures and rebuild buffers, According to the deputy managing director of IMF.
- If the measures are carried out sincerely, gross foreign reserves are projected to hit USD 30.6 billion at the end of the next fiscal year and USD 39.2 billion in fiscal 2025-26.

News Source:

https://www.thedailystar.net/business/economy/news/reserves-can-hit-243b-fiscal-year-3493996

NBR considers extension of tax exemption

- The National Board of Revenue (NBR) is planning to extend tax exemptions on interest income of foreign lenders who have lent to local firms.
- The exemption may be extended until December 31, 2024, according to a senior official of the NBR on condition of anonymity.
- The tax authority is mulling the offer on conditionally exempting foreign lenders from paying a 20.0% withholding tax on their interest earnings until February 28 next year.
- The borrowers will need to apply with the NBR mentioning their names, taxpayer identification numbers and details of the lenders to whom interest on loans are paid.

News Source:

https://www.thedailystar.net/business/news/nbr-considers-extension-tax-exemption-3493916

Sectoral Update

Bank, NBFIs, & Insurance

Govt borrowing from commercial banks rise

- The government borrowed BDT 31,274 crore from the country's commercial banks in five months (July-November) of the current financial year 2023-24 whereas it took BDT 25,296 crore in the past financial year, according to Bangladesh Bank data.
- The government, however, repaid the Bangladesh Bank in the period.
- According to the BB data, the government repaid BDT 27,635 crore to the central bank in July-November, resulting in a net borrowing of BDT 3,639 crore from the banking system in this period.
- Bankers said that the government's escalating reliance on borrowing from the commercial banks might exacerbate the prevailing liquidity crisis in the banking sector.
- The excess liquidity in the banking sector dropped to BDT 1.6 lakh crore in October from BDT 1.7 lakh crore in September.

News Source:

https://www.newagebd.net/article/220182/govt-borrowing-from-commercial-banks-rise

Fuel & Power

Govt to procure 30.65 lakh tonnes of fuel oil

- The government on Wednesday approved separate proposals for procuring some 30.65 lakh tonnes of fuel oil, 90 lakh litres of edible oil and 55,000 tonnes of fertiliser to meet the growing demand of the country.
- The approval came from the 42nd meeting of the Cabinet Committee of Government Purchase (CCGP) in this year held on Wednesday.
- Following three separate proposals from the Energy and Mineral Resources Division, the Bangladesh Petroleum Corporation (BPC) would procure some 8 lakh tonnes of Arabian Light Crude (ALC) non-refined fuel oil from Saudi ARAMCO, Saudi Arabia for the current year with around Tk 6,407.36 crore, according to the Cabinet Division additional secretary Sayeed Mahbub Khan.
- The BPC will also procure some 7 lakh tonnes of non-refined fuel oil from ADNOC, Abu Dhabi for the current year with around BDT 5,808.52 crore while the BPC would purchase 15.65 lakh tonnes of refined fuel oil for the January-June period of the current year through international quotation with around BDT 13,600 crore.

News Source:

https://businesspostbd.com/national/govt-to-procure-3065-lakh-tonnes-of-fuel-oil

Capital Market

DSE turnover nearly hits 3-month high

- Dhaka stocks continued rallying for the second consecutive trading session on Wednesday, as optimistic investors continued their buying spree following the approval of IMF loan second tranche, and fresh investment interest with the lifting of the floor price.
- According to market participants, there was doubt about the approval of the IMF loan second instalment amid ongoing political instability. But after news of the approval came out on Wednesday, confidence returned among investors amidst volatility.

- As a result, new investments are being made in the market.
- Besides, the lowest share price of listed companies, a topic of much discussion in the capital market for the last two weeks, called the floor price, is going to be cancelled.

News Source:

https://businesspostbd.com/stocks/dse-turnovernearlyhits-3-month-high