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

Daily News Snippet

December 17, 2023

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	6,266.85
% change	0.06%
DS30 Index	2,107.12
% change	0.08%
DSES Index	1,364.66
% change	0.12%
Turnover (BDT mn)	4,811.39
Turnover (USD mn)	43.64
% change	-37.49%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	37,305.16
% change	0.15%
S&P 500	4,719.19
% change	-0.01%
Nikkei 225	32,970.55
% change	0.87%
FTSE 100	7,576.36
% change	-0.95%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	110.25	110.25
EUR	120.12	120.14
GBP	139.74	139.81
INR	1.32	1.32
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average (%)**
17-Dec-23	9.50 - 7.75	9.01
14-Dec-23	9.40 - 8.00	9.03
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	76.55	1.12%
Gold Spot, USD/t oz.	2,019.62	-0.72%
Cotton, USD/lb.	79.93	-2.58%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX gained 0.06% in the last trading day.
- However, the rising tension regarding the national polls and the rising interest rates are few of the major causes behind the persistent negative sentiment of the market.
- The turnover dropped 37.49% during the last trading day.

Global Market

- Majority of the leading global indices posted mixed returns as Dow Jones posted 0.15% gain while S&P 500 and FTSE 100 posted 0.01% and 0.95% loss, respectively.
- One of the leading Asian index NIKKEI 225 posted positive return of 0.87% 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 9.01% with a high rate of 9.50% and low rate of 7.75%.
- The oil price rose by 1.12%.

Bangladesh Macro Update

Reserves rise to $20.4 billion after receiving IMF, ADB loan

- Bangladesh's foreign exchange reserve increased to USD 20.4 billion as per the BPM-6 manual of the International Monetary Fund.
- On Friday (15 December), the IMF eased conditions for the loan's third tranche due to a shortfall, originally set at USD 26.81 billion for December this year, with the target reduced to USD 17.78 billion.
- The new condition for maintaining net reserve was set at its first review report under the USD 4.7 billion loan package.
- The first tranche of the loan package was cleared on 30 January. Bangladesh received USD 447.8 million on 2 February.
- The fourth instalment of the loan will be available in December 2024, requiring net reserves to be raised to USD 20.20 billion by next June.

News Source:

https://www.tbsnews.net/economy/banking/reserve-rises-204-billion-after-receiving-imf-adb-loan-759266

Moody's keeps B1 rating for Bangladesh, says outlook stable

- Moody's Investors Service has kept Bangladesh's rating, and the country's long-term outlook stable, which indicates the global rating agency does not anticipate any significant changes in the economy's creditworthiness or its ability to meet its financial obligations.
- The agency maintains Bangladesh's credit rating at B1. Moody's disclosed the rating in a statement on Friday following a review.
- Earlier on 30 May, Moody's downgraded Bangladesh's rating for the first time, placing it at B1 from the Ba3 category.

News Source:

https://www.tbsnews.net/economy/moodys-keeps-bangladeshs-ratings-b1-says-outlook-stable-758202

IMF sets Bangladesh's net reserve target at $19.27b for 3rd instalment

- The International Monetary Fund (IMF) has set the net foreign exchange reserve ceiling to USD 17.78 billion for December, revising it down from the previous target of USD 26.8 billion.
- The new condition for maintaining net reserve was set at its first review report under the USD 4.7 billion loan package that the IMF disclosed Friday.
- The IMF eased conditions for the loan's third tranche due to a shortfall, originally set at USD 26.81 billion for December this year, with the target reduced to USD 17.78 billion.

News Source:

https://www.tbsnews.net/economy/imf-sets-bangladeshs-net-reserve-target-1927b-3rd-instalment-758226

Payment period for raw material imports extended till June

- The central bank has allowed the extended usance period against imports of industrial raw materials – to 360 days from 180 – to remain in place till June 2024.
- Previously, this facility was available till December this year.
- The usance period is the time permitted by custom, between the date of the bill and its payment.
- According to a central bank circular issued on Thursday (14 December), such a facility will be applicable in case of industrial raw material imports, including back to back imports, and imports of agricultural implements and chemical fertilisers under the buyer's credit.

News Source:

https://www.tbsnews.net/economy/payment-period-raw-material-imports-extended-till-june-757546

NBR reduces tax on provident fund to 15%

- The National Board of Revenue (NBR) has reduced the tax on the income generated by provident and other pension funds to 15.0% from 27.5% in the current financial year.
- The tax administration issued a notification to this effect today (15 December).
- Earlier on 6 December, the NBR issued a Statutory Regulatory Order (SRO), which was published on Thursday (14 December).
- According to the order, tax on income from provident fund, gratuity fund, superannuation fund, and pension fund has been reduced to 15.0%.
- Budget of the current fiscal imposed a 27.5% tax on the income generated by these funds, sparking debate among job holders across the country, according to industry insiders.

News Source:

https://www.tbsnews.net/economy/nbr-reduces-tax-provident-fund-15-757830

Sectoral Update

Bank, NBFIs, & Insurance

5 Islamic banks' fund deficit: Here's what Bangladesh Bank says

- The Bangladesh Bank has asked five cash-strapped Shariah-based lenders to adjust the deficit in their current account balance by December 26.
- On November 28, the central bank sent letters to the managing directors of Islami Bank Bangladesh, Social Islami Bank, First Security Islami Bank, Union Bank and Global Islami Bank, instructing them to clear the deficit within 20 working days.
- If they can't do so by the deadline, they might be blocked out of all clearing platforms. But some media outlets reported that the decision to block some banks' transactions has already been taken.

News Source:

https://www.thedailystar.net/business/economy/banks/news/5-islamic-banks-fund-deficit-heres-what-bangladesh-bank-says-3496516

Banking sector weakness affects growth in Bangladesh: IMF

- Persistent vulnerabilities in Bangladesh's banking sector must be addressed to ease the country's economic progress, said the International Monetary Fund on Friday.

- Banking sector vulnerabilities persist and addressing them is crucial to support growth, the international lender said, while focusing on the financial sector policies in its annual report on Bangladesh.
- The IMF calculates that gross non-performing loans amounted to 10.1% of the overall total loans and 25.0% of the state-owned commercial banks at end-June 2023.

News Source:

https://www.newagebd.net/article/220390/banking-sector-weakness-affects-growth-in-bangladesh-imf

Apparel & Textile

Bangladesh eyes $1b in wool garments export with Australia partnership

- Bangladesh aims to boost its annual high-end woollen garment exports tenfold to USD 1 billion in the next five years as Australia, one of the world's largest wool producers, is considering Bangladesh as a potential alternative to China for its wool processing.
- According to entrepreneurs, Bangladesh currently imports a minimal quantity of woollen fabric from China, Italy or England and produces high-value suits, shirts, pants, and knitwear sweaters for export.
- However, due to the absence of domestic sources of raw materials – yarn and fabric, the country is unable to fully tap into its potential in the $17 billion market, dominated mainly by Australia and China.
- Entrepreneurs say having wool processing units here will result in yarn and fabric being manufactured locally, thereby leading to competitiveness in lead time.
- Currently, they are falling behind in this respect, causing buyers to lack confidence in placing orders for such garments.

News Source:

https://www.tbsnews.net/economy/rmg/bangladesh-eyes-1b-wool-garments-export-australia-partnership-757918

BKMEA appeals for product price adjustment in response to new minimum wage structure

- The Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) has requested the cooperation of the buyers forum, brands, retailers, and buyer's representatives to consider adjusting product prices in response to the recently announced minimum wage structure, set to be effective from December.
- In a press release issued on Thursday, the knitwear organisation conveyed its expectation for stakeholders to implement a 5.0% increase on the per-unit FOB value for each shipment starting December 2023.
- The association emphasised the importance of this adjustment to establish a sustainable business environment beneficial for both parties, fostering a win-win situation.
- Without this necessary adjustment, BKMEA anticipates facing significant challenges in maintaining the quality standards and ethical practices expected by the brands and customers it serves.

News Source:

https://www.tbsnews.net/economy/rmg/bkmea-appeals-product-price-adjustment-response-new-minimum-wage-structure-757806

Capital Market

DSE turnover surges 30% as stocks see the second winning week

- Having the broad-based index DSEX dipped below the 6,200 mark later last month, Dhaka stocks saw two consecutive weeks of recovery throughout Thursday.
- As more investors opted for short-term trading opportunities, turnover on the Dhaka Stock Exchange (DSE) surged by 30.0% to the daily average of BDT 596 crore.
- Following the 0.47% gain in the previous week, DSEX advanced by 14.3 points, or 0.23%, to close the week at 6,267 points.
- Investors were mostly active in the engineering sector, followed by the pharmaceutical and textile sectors, whose contributions to the total weekly turnover were 18.8%, 15.6%, and 9.7%, respectively.
- Sectors ended in a mixed-gains scenario, with the general insurance sector generating the highest 1.9% return while the travel and leisure sector led the losers as its market capitalization decreased by 5.2% in a week.

News Source:

https://www.tbsnews.net/economy/stocks/dse-turnover-surges-30-stocks-see-second-winning-week-758698