EBL ASSET MANAGEMENT LTD.
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Daily News Snippet

December 18, 2023

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	6256.80
% change	-0.16%
DS30 Index	2101.47
% change	-0.27%
DSES Index	1,362.80
% change	-0.14%
Turnover (BDT mn)	4,649.27
Turnover (USD mn)	42.27
% change	-3.37%

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	32,711.58
% change	-0.79%
FTSE 100	7,576.36
% change	-0.95%

Source: Bloomberg

Exchange rate

Major Currencies	Low (BDT)	High (BDT)
USD	110.00	110.00
EUR	119.83	119.87
GBP	139.43	139.50
INR	1.32	1.33

Source: BB

Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
18-Dec-23	9.20 - 9.50	9.37
17-Dec-23	7.75 - 9.50	9.01

Source: BB

Commodities

Major Commodities	Price	% Change
Brent Crude (Oil), USD/bbl.	77.12	0.74%
Gold Spot, USD/t oz.	2,022.57	0.15%
Cotton, USD/lb.	79.85	-0.10%

Source: Bloomberg

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX lost 0.06% in the last trading day.
- 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 3.37% 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 negative return of 0.79% in the last trading day.

Key macro indicators

- All of the major currencies fell against BDT yesterday.
- 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 9.37% with a high rate of 9.50% and low rate of 9.20%.
- The oil price rose by 0.74%.

Bangladesh Macro Update

How weaker taka inflates Bangladesh's foreign debt costs

- A weakening local currency is poised to increase the government's foreign debt service obligations by nearly 11.0% from the amount kept aside in the ongoing fiscal year, according to the Economic Relations Division (ERD).
- Additional BDT 4,020 crore would be required to meet principal and interest payments on the foreign loans in FY24, attributing this demand to the devaluation of taka.
- According to the central bank data, the exchange rate was BDT 86 per dollar in February last year. The rate began to rise after the Ukraine war and has now jumped by 28.0% to BDT 110 per dollar.
- In October, the government's revenue collection amounted to slightly over BDT 27,000 crore, falling short of the BDT 31,000 crore target, according to the National Board of Revenue.
- To address the mounting debt burden, the government will opt to secure additional funds from external sources, intensifying its dependence on higher-cost borrowing, experts said.

News Source:

https://www.tbsnews.net/economy/how-weaker-taka-inflates-bangladeshs-foreign-debt-costs-759542

IMF charts ways to discipline money market, boost revenue

- The International Monetary Fund (IMF) has set six new benchmark conditions for Bangladesh to restore discipline in the money market and boost revenue generation.
- The new targets for Bangladesh are related to tax, debt, monetary and exchange rate policies, according to IMF documents.
- According to one of the targets, the finance ministry will report tax expenditures seen in the form of personal income tax, corporate income tax and value-added tax as part of the budget for the next financial year.
- As per new conditions, the Bangladesh Bank will allow automatic access to the standing lending and deposit facilities for all banks subject to the availability of accepted collateral for the former.
- The BB will streamline open market operations (OMOs), reserves averaging provisions, and reserve maintenance periods.
- Bangladesh will have to ensure a minimum reserve of USD 19.27 billion in March and the tax collection target has been set at BDT 276,170 crore.

News Source:

https://www.thedailystar.net/business/news/imf-charts-ways-discipline-money-market-boost-revenue-3496786

Spot LNG prices slip on weak demand

- The average LNG price for January delivery into Northeast Asia fell 18.0% to USD 12.70 per million British thermal units (mmBtu) from USD 15.50 last week, industry sources estimated.
- The average LNG price for February delivery was estimated at USD 11.90/mmBtu.
- A cold snap that began at the start of this week extended its grip over China on Friday, with temperatures plummeting to below freezing across most of the country, causing authorities to limit traffic

flows on highways in several provinces after vehicles collided on icy patches.

- A contango market structure means that front-month prices are below that of later-delivery contracts, which gives traders an incentive to buy and store fuel to sell at higher prices when supplies shrink.

News Source:
https://today.thefinancialexpress.com.bd/trade-market/spot-lng-prices-slip-on-weak-demand-1702835024

Sectoral Update

Apparel & Textile

Another alert for Bangladesh RMG exports as shippers suspend operations on Suez Canal

- Bangladesh, which relies heavily on garments exports, is facing another round of worries after operations by major shippers on the Suez Canal – a primary route to Europe – was suspended following a missile attack on a vessel.
- Earlier on 15 December, a Liberian-flagged vessel "MSC Palatium III", en route from Mombasa to Jeddah, fell victim to a missile attack on the Red Sea allegedly by Houthi militants in Yemen's Bab al-Mandab Strait.
- The incident led to ships suspending passage on the Suez Canal route, which sent major shipping companies – MSC, Hepag Lloyd, and CMA CGM – scrambling for alternate routes.
- Four of the world's five largest container-shipping companies have paused or suspended their services in the Red Sea since.
- For Bangladeshi exports of apparel products – reaching over $46.99 billion in the fiscal year 2023 – the Suez Canal acts as a gateway to Europe, which accounts for 51% of overall trade.

News Source:
https://www.tbsnews.net/economy/rmg/another-red-alert-bangladesh-rmg-exports-red-seas-suez-canal-closes-after-missile-attack

Tannery Industries

Leather sector wasting opportunities

- Leather sector cannot ensure value addition of over 65.0% despite potential of 90.0%.
- The value addition falls to 30.0% for products made for export markets owing to a lack of certification from Leather Working Group (LWG), a global multi-stakeholder community committed to a responsible and transparent leather supply chain.
- Bangladesh has 200 tanneries and 223 leather and leather product manufacturers but only five tanneries are certified by the LWG -- Apex Tannery, Riff Leather, SAF Industries, Superex Leather, and ABC Leather.
- Bangladesh is not doing well in the international market as shipments fell by 1.74% year-on-year to USD 1.22 billion in fiscal year 2022-23 that ended on June 30.

News Source:
https://www.thedailystar.net/business/news/leather-sector-wasting-opportunities-3496736

Telecommunication

Telcos bring more IoT solutions for daily concerns

- Mobile operators in Bangladesh are introducing a series of Internet of Things (IoT) aimed at providing solutions and diversifying their services beyond traditional voice and data offerings.
- Three private mobile network operators -- Grameenphone, Robi and Banglalink -- have already announced the launch of these products.
- Grameenphone yesterday launched 8 types of IoT solutions and an app that enables users to control and operate the associated devices under the brand name Alo.
- The devices include vehicle tracking systems, remote controlled sockets and switches, gas and smoke detectors, and more. The new products are priced between BDT 2,800 to BDT 7,000.

News Source:

https://www.thedailystar.net/business/news/telcos-bring-more-iot-solutions-daily-concerns-3496806

Capital Market

Stocks edge down, turnover up

- Stocks edged down slightly as the DSEX fell 10 points, or 0.16% closing the day at 6,256.
- The DS30, the blue-chip index, declined 0.26% to 2,101 and the DSES, the Shariah-compliant index, slipped 0.26% to 1,362.
- Of the securities that underwent trade, 43 advanced, 131 declined and 178 did not show any price movement. Turnover of the market increased 29 percent to BDT 624 crore.
- Among the sectors, jute rose 0.51%, textile advanced 0.4%, and non-bank financial institutions rose 0.19% whereas travel and leisure dropped 2.1% and general insurance fell 1.6%.
- Investors' attention was mostly centred on textile, which accounted for 22.0% of the day's turnover, followed by pharmaceuticals 17.20% and engineering 16.9%.

News Source:

https://www.thedailystar.net/business/economy/stock/news/stocks-edge-down-turnover-3496846