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

Daily News Snippet

December 19, 2023

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	6251.17
% change	-0.09%
DS30 Index	2097.54
% change	-0.19%
DSES Index	1362.80
% change	0.00%
Turnover (BDT mn)	4649.27
Turnover (USD mn)	42.27
% change	-25.57%

Source: Dhaka Stock Exchange

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	37306.02
% change	0.01%
S&P 500	4740.56
% change	0.45%
Nikkei 225	33,068.11
% change	0.94%
FTSE 100	7,614.48
% change	0.50%

Source: Bloomberg

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	110.00	110.00
EUR	120.14	120.19
GBP	139.06	139.16
INR	1.32	1.32

Source: BB

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average (%)**
18-Dec-23	7.75 - 9.50	9.03
17-Dec-23	7.75 - 9.50	9.01

Source: BB

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	77.93	-0.03%
Gold Spot, USD/t oz.	2,024.52	-0.13%
Cotton, USD/lb.	79.35	0.32%

Source: Bloomberg

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX lost 0.09% 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 25.57% during the last trading day.

Global Market

- Majority of the leading global indices posted positive returns as Dow Jones posted 0.01% gain, S&P 500 posted 0.45% gain, and FTSE 100 posted 0.50% gain.
- One of the leading Asian index NIKKEI 225 posted positive return of 0.50% in the last trading day.

Key macro indicators

- All of the major currencies rose 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 9.03% with a high rate of 9.50% and low rate of 7.25%.
- The oil price dropped by 0.03%.

Bangladesh Macro Update

Remittance to Bangladesh to remain flat at USD23b in 2024: World Bank

- The World Bank estimates that remittance flows to Bangladesh will reach USD23 billion in 2023 and projected that the growth will remain flat next year. According to data from the Bureau of Manpower, Employment and Training, the country has sent a staggering 12.46 lakh workers abroad until 11 December 2023, surpassing last year's figure of 11.35 lakh.
- The global lender predicted that the job generation for South Asian workers may hamper in the Gulf countries, major sources of remittance for Bangladesh, next year.
- Bangladesh has already received USD19.93 billion in remittances in the first 11 months of the current year, according to Bangladesh Bank data.
- In 2024, growth in remittance flows is expected to fall to 5% due to projected weaker economic growth in the United States, the Euro Area, and GCC countries, major hosts of migrant workers from the region, said the WB report.
- Currently, the government provides BDT2.5 cash incentives to boost remittance inflow. In addition to that, banks can offer more competitive rates on remittances, which could encourage more people to send money home through the banking channel.

News Source:

https://www.tbsnews.net/economy/banking/remittance-bangladesh-remain-flat-23b-2024-world-bank-760162

Bangladesh's foreign debts go ballooning

- Bangladesh's foreign debts have increased nearly 3.5 times in the last decade to USD 97.01 billion, a World Bank report says, on a note of alert about ballooning global debt-service costs.
- In 2012, the public and private sector debt stock was USD 29.15 billion, the global lender shows in its International Debt Report 2023, published recently.
- The country's overseas short-and long-term credits within a year grew by USD 5.53 billion or 6.05 % from a total stock of USD 91.47 billion in 2021.
- The aggregate debt accounts for 20.3% of the GNI (Gross National Income), the WB report shows.
- Out of the USD 97.01 billion debt stock as of calendar year 2023, the long-term debts have swelled to USD 75.50 billion while the short-term credits are USD 18.53 billion and the IMF loan is USD 2.98 billion.

News Source:

https://today.thefinancialexpress.com.bd/first-page/bangladeshs-foreign-debts-go-ballooning-1702919112

July-Nov ADP spending lowest in 8 years

- Around 17.06% of the government's annual development programme (ADP) for the current fiscal year of 2023-24 was implemented in the first five months, the lowest in the past eight years.
- The government managed to spend BDT 46,857 crore from its ADP budget in the July-November period of fiscal year 2023-24, according to data from the Implementation Monitoring and Evaluation Division (IMED).
- Between July and November this year, the implementing entities spent BDT 27,291 crore from the

government's portion of the ADP, down 1.76 % year-on-year (YoY).
- Spending from foreign loans stood at BDT 18,023 crore, an increase from previous years BDT 17,749. crore.
- Though there has been no directive on restricting expenses in the health and education sectors, development expenditure in the segments has remained the lowest.

News Source:

https://www.thedailystar.net/business/economy/news/july-nov-adp-spending-lowest-8-years-3497761

Address LC concerns before Ramadan

- Businesses in Bangladesh are still facing many difficulties in opening letters of credit (LCs) to import daily essentials, creating the scope for potential price hikes ahead of Ramadan, according to businesspeople.
- So, the government should immediately form a separate fund for importers of essential goods so that they do not face any trouble in opening LCs and thereby help keep the domestic market stable.
- The event was organised by the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) at its office in Dhaka yesterday.

News Source:

https://www.thedailystar.net/business/news/address-lc-concerns-ramadan-3497701

Sectoral Update

Banks, NBFIs, & Insurance

14 banks face record capital shortfall

- Fourteen banks, including six state-run ones, faced capital shortfall in the third quarter of 2023.
- They clocked a collective capital shortfall of BDT 37,506 crore in the quarter that ended on September 30, shows data from Bangladesh Bank.
- September's figure was the highest shortfall and the previous high of BDT 33,744 crore was registered in the last quarter of 2021.
- As per Basel III, which is the international regulatory framework for banks, the minimum capital adequacy ratio (CAR) is 10.5 % with an added 2.5 % conservation buffer.
- The 14 banks failed to maintain the minimum CAR as September banking sector's CAR was 11.08 %.

News Source:

https://www.thedailystar.net/business/economy/banks/news/14-banks-face-record-capital-shortfall-3497806

Banks walk tightrope for larger liquidity crunch

- Banking system in Bangladesh gets into tighter liquidity situation as banks' cash stocks dip and cashable credits in vaults remain under hard pressure amid a crunch, according to experts.
- Bankers list the depreciation of the local currency against the US dollar, NPL buildup under a lenient loan-rescheduling regime and higher government borrowings from the banking system following a contractionary monetary stance to contain inflation as factors sapping liquidity of the banks.
- On the other side, receding remittances and export receivables in the supply chain of funds are also prompting squeeze in the banks' liquidity stock.

- The central bank handed out BDT 1.28 trillion in July 2023.
- The uptrend in feeding the banks continues as the entire monthly volume of the liquidity payouts ballooned to BDT 1.33 trillion in August, BDT 1.67 trillion in September and BDT 3.12 trillion in October, BB data showed.
- At the same time, the central bank used to meet a major share of the government's domestic bank-borrowing requirements through a devolvement mechanism to lessen liquidity stress on banks.
- But, recently, the BB stepped away from the move to contain inflation and pass on the bank-borrowing appetite to the banks.

News Source:

https://today.thefinancialexpress.com.bd/first-page/banks-walk-tightrope-for-larger-liquidity-crunch-1702919032

Capital Market

Stocks extend corrections to second session

- Investors opted for short term capital gains as DSEX, the broad-based index of the Dhaka Stock Exchange (DSE) hit a high of 6,280 on 13 December, entered correction and after facing volatility, fell to 6,251 on Monday.
- The session on Monday started with buyers' optimism but profit-booking at the second half resulted in a 0.09% drop during the closing bell.
- The market turnover fell to a ten-day low, declining by 25.6% to BDT465 crore.
- On the sectoral front, textile, engineering, and pharmaceuticals dominated the turnover table as more than half of the DSE turnover on Monday was concentrated in the three sectors.

News Source:

https://www.tbsnews.net/economy/stocks/stocks-extend-corrections-second-session-760142

Asset managers to lose licence for failing to manage funds: BSEC

- Asset managers will lose their licence unless they operate at least one mutual fund within a year from the date of the directive issued by the Bangladesh Securities and Exchange Commission (BSEC) on Monday (18 December).
- New entrants must bring first funds to the market within three years of obtaining their licences.
- The stock market regulator is primarily targeting inactive asset management companies for the benefit of investors and the development of the securities market, as stated in the directive.
- There are currently only 37 closed-end mutual funds and 87 open-end mutual funds in Bangladesh, with total assets under management, as per market prices, amounting to approximately BDT11,295 crore as of June 2023.

News Source:

https://www.tbsnews.net/economy/stocks/asset-managers-lose-licence-failing-manage-funds-bsec-760158

20

Unfavourable business climate stymies IPO flow

- Fundraising from the primary market through initial public offerings (IPOs) has fallen sharply to BDT 2.68 billion this year, the lowest in six years, as entrepreneurs adopted 'go-slow' policy ahead of the national election.

- Only five companies and a close-ended mutual fund raised BDT 2.68 billion in total by floating an IPO in the outgoing calendar year, while nine companies and a mutual fund collected BDT 7.53 billion last year.
- Manufacturing firms do not feel the need for funds, while striving to overcome economic challenges unleashed by the Covid pandemic and then exacerbated by the Russia-Ukraine war.
- In the ongoing unfavourable business climate, merchant bankers say they do not want to facilitate listing of companies for the fear that financial health of the entities may deteriorate after listing.
- The bearish market has also been a discouraging factor. Besides, many big entrepreneurs do not want to take the hassle of dealing with a huge number of shareholders.

News Source:

https://today.thefinancialexpress.com.bd/stock-corporate/unfavourable-business-climate-stymies-ipo-flow-1702921323