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

Daily News Snippet

December 21, 2023

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	6261.98
% change	0.02%
DS30 Index	2,099.44
% change	0.01%
DSES Index	1,367.20
% change	0.04%
Turnover (BDT mn)	6,269.68
Turnover (USD mn)	57.00
% change	20.14%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	37,404.35
% change	0.87%
S&P 500	4,746.75
% change	1.03%
Nikkei 225	33,140.47
% change	-1.59%
FTSE 100	7,701.53
% change	-0.29%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	110.00	110.00
EUR	120.31	120.36
GBP	139.00	139.05
INR	1.32	1.32
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average (%)**
21-Dec-23	7.75 - 9.50	9.14
20-Dec-23	7.25 - 9.50	9.13
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	79.39	-0.39%
Gold Spot, USD/t oz.	2,045.95	0.72%
Cotton, USD/lb.	79.13	-0.10%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX lost 0.17% 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 rose 52.16% during the last trading day.

Global Market

- Majority of the leading global indices posted mixed returns as Dow Jones posted 0.87% gain, S&P 500 posted 1.03% gain, and FTSE 100 posted 0.29% loss.
- One of the leading Asian index NIKKEI 225 posted negative return of 0.29% 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.% with a high rate of 9.50% and low rate of %.
- The oil price fell by 0.39%.

Bangladesh Macro Update

Call money rate hits 11-year high at 9.13%

- The average call money rate, the interest rate at which a bank borrows from another overnight, reached 9.13% yesterday, the highest in 11 years, according to central bank data.
- Bangladesh Bank data show banks borrowed BDT 3,187.42 crore from the call money market on Wednesday.
- This demand pushed the weighted average rate to a staggering 9.13%, marking the highest since 2013.
- The economic slowdown is making it harder to collect loans from borrowers and high inflation is eroding consumer confidence, causing deposits to dry up.
- On the other hand, banks are haemorrhaging cash to purchase dollars from the central bank.

News Source:

https://www.tbsnews.net/economy/banking/call-money-rate-hits-11-year-high-913-761566

Steep inflation may lose steam before long: BB

- Steep inflation may be losing steam soon following tight monetary- policy stance coupled with governmental fiscal austerity, the central bank hopes.
- The average overall inflation remained around 9.5 per cent during the first five months of this fiscal year, stoking price spikes.
- The Bangladesh Bank has expressed the inflation-cooling hope in its latest report styled Bangladesh Bank quarterly (July-September 2023).
- Looking over time ahead, all the policy initiatives undertaken by the central bank and the government signal anchoring the inflation expectation and are expected to have favourable impact on inflation outcome in coming periods, according to the report.
- It claims the overall fiscal stance in Q1FY24 (July-September 2023) aligned well with addressing current macroeconomic challenges.

News Source:

https://today.thefinancialexpress.com.bd/public/first-page/steep-inflation-may-lose-steam-before-long-bb-1703093440

Falling reserves limit debt payment capacity

- Falling foreign currency reserves against rising foreign loans and tepid export and remittance growth have reduced the country's capacity to clear foreign debts.
- Economists said that the country's debt repayment capacity had reduced by around 50 per cent in the past seven years, as the overall growth of forex reserves did not match the rising foreign loans taken for development projects.
- Besides, export and remittance incomes that ensure roughly 90 per cent of the country's annual foreign currency witnessed slow and even negative growth in some months of the past two years, decelerating the country's debt repayment capacity.
- Forex reserves are used for maintaining half a dozen financial matters, such as meeting international finance obligations, paying debt, financing imports, and absorbing sudden capital movements.
- The country's forex reserves fallen to around $20 billion from $48 billion calculated by the Bangladesh Bank in August 2021, with exports witnessing only 1.30 per cent growth between July and No-

vember of FY24 and remittances 0.24 per cent during the same period.

News Source:

https://www.newagebd.net/article/220745/falling-reserves-limit-debt-payment-capacity

Exchange rate to float within 'crawling peg' corridor

- Coming up 'crawling peg' as new exchange-rate calculus in a move towards market-centric rating aimed at reducing volatility on the forex market as the central bank courts IMF-recommended reforms.
- Sources at the Bangladesh Bank have said the central bank has already started spadework on introduction of the system that will be based on a basket of currencies in accordance with suggestion of the International Monetary Fund (IMF) to help manage foreign-exchange risks.
- Under the new matrix, according to the sources, there will be a narrow band corridor where REER (real effective exchange rate) stands in the middle.
- The corridor will have an upper ceiling and floor rate and the exchange rate will move within the bounds.

News Source:

https://today.thefinancialexpress.com.bd/public/first-page/exchange-rate-to-float-within-crawling-peg-corridor-1703093372

Sectoral Update

Banks, NBFIs, & Insurance

Cenbank restructures National Bank board for irregularities, Sikder brothers out

- The Bangladesh Bank has dissolved the board of directors of National Bank on the grounds of numerous irregularities, including loan approvals made in clear violation of regulations, abuse of authority by members of the board, and questionable practices surrounding the election of directors.
- The banking regulator has, meanwhile, formed a new board, excluding the bank's late founder Zainul Haque Sikder's wife Monowara Sikder, and sons Rick Haque Sikder and Ron Haque Sikder.
- In a letter issued to the managing director of the private-sector lender on Thursday, the Bangladesh bank said, based on the recommendation of the Bangladesh Securities and Exchange Commission (BSEC), the existing board of directors of the National Bank has been dissolved to protect the interests of depositors and the public.
- The banking regulator has charged the board with several offences, including "approving loans in violation of lending rules and regulations, unwanted interference by the board in the management of the bank, abuse of the power of the board to concentrate the shares of the bank within the same family, and creating various complications in the process of director selection or re-election," reads the letter.

News Source:

https://www.tbsnews.net/economy/banking/bangladesh-bank-dissolves-national-bank-board-761794

Pharmaceuticals and Chemicals

Minimum wage for workers gazetted

- The government has finally issued a gazette notification keeping the monthly minimum wage unchanged at BDT 12,500 for ready-made garment workers amid local and global pressure to review the same.

- Labour and employment ministry gazetted the wage grades on Wednesday and announced that the new structure took effect retrospectively from 01 December 2023.
- The pay grades now stand at four.
- According to the notification, an entry-level worker at grade four will get BDT 12,500, a 56.0% rise, from BDT 8,000 set for grade-seven workers in 2018.

News Source:

https://today.thefinancialexpress.com.bd/public/last-page/minimum-wage-for-workers-gazetted-1703094038

Telecommunication

Mobile data users fall for third consecutive month

- The number of mobile internet users in Bangladesh has fallen for the third consecutive month, reaching 118.96 million in November, down from 119.79 million in September.
- Telecom operators have described this decline as a "fairly typical" year-end trend.
- In November, the total number of internet users, including 12.49 million ISP and PSTN subscribers, also dipped to 131.44 million, down from 131.89 million in October, according to the Bangladesh Telecommunication Regulatory Commission (BTRC) latest data.
- Mobile network operators have lost 830,000 subscribers over the past three months, the data shows.
- Mobile phone subscriptions continued to climb, rising by 690,000 in November to reach 190.36 million, up from 189.67 million in October.
- Among the major operators, the second-largest Robi secured the highest number of new subscribers in November, with an increase of 420,000.

News Source:

https://today.thefinancialexpress.com.bd/public/last-page/mobile-data-users-fall-for-third-consecutive-month-1703093740

Mutual Fund Industry

Asset managers squeezed by selling pressure of open-ended funds

- Asset managers dealing with open-ended mutual funds (MFs) have been enduring liquidity pressure while having to pay off unitholders against the sell-off of units for investments are stuck in the capital market due to floor price.
- In recent years, open-ended funds have become more popular than close-ended pooled funds because unitholders of the former have the scope of offloading units any time at prices close to the net asset value (NAV).
- Fund managers pay back unitholders from cash generated by selling securities in the MF portfolios, which has been a challenge for more than a year now for a lack of buyers willing to buy stocks at the lowest prices set by the securities regulator.
- Many fund managers claimed they had invested in good stocks, including blue-chip stocks, which saw no significant price movements after the introduction of the floor price. At the same time, junk stocks have been exhibiting abnormal price appreciations.

News Source:

https://today.thefinancialexpress.com.bd/public/stock-corporate/asset-managers-squeezed-by-selling-pressure-of-open-ended-funds-1703098275

Capital Market

Stocks end week on low note

- Dhaka stocks dropped on Thursday due to sell-offs across the trading floor, as investors preferred to safeguard their funds from the failing market, according to market operators.
- DSEX, the key index of the Dhaka Stock Exchange, lost 12.69 points, or 0.20%, and settled at 6,249.29 points on Thursday after gaining 0.96 points in the previous session.
- Cautious investors continued offloading their shares due to a crisis of confidence amid mounting economic and political tensions in the country, added Market operators.
- Due to the prevailing market situation, a large number of investors were showing reluctance to actively involve them in the market and maintained a cautious approach to their trading activities.

News Source:

https://www.newagebd.net/article/220797/stocks-end-week-on-low-note