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

Daily News Snippet

December 24, 2023

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	6,249.29
% change	-0.19%
DS30 Index	2,094.58
% change	0.00%
DSES Index	1,363.73
% change	-0.11%
Turnover (BDT mn)	6,269.68
Turnover (USD mn)	57.00
% change	-9.06%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	37,790.00
% change	1.08%
S&P 500	4,812.50
% change	1.22%
Nikkei 225	33,265.87
% change	0.04%
FTSE 100	7,705.40
% change	0.10%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	110.00	110.00
EUR	121.07	121.12
GBP	139.59	139.62
INR	1.32	1.32
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average (%)**
24-Dec-23	7.75 - 9.50	9.16
21-Dec-23	7.75 - 9.50	9.14
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	79.32	0.32%
Gold Spot, USD/t oz.	2,062.69	0.47%
Cotton, USD/lb.	79.76	0.00%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX lost 0.16% 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 34.28% during the last trading day.

Global Market

- Majority of the leading global indices posted mixed returns as Dow Jones posted 0.05% loss, S&P 500 posted 0.17% gain and FTSE 100 posted 0.05% loss.
- One of the leading Asian index NIKKEI 225 posted negative return of 0.05% 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 9.16% with a high rate of 9.50% and low rate of 7.75%.
- The oil price fell by 0.40%.

International Macro Update

Dollar slips to 5-month low as US inflation cools

- The dollar index edged down on Friday, hitting a near five-month low as data showed annual US inflation slowed further below 3% in November, cementing market expectations for a US interest rate cut next March.
- In the 12 months through November, inflation, as measured by the personal consumption expenditures (PCE) price index, stood at 2.6%, easing from 2.9% in October.
- Excluding the volatile food and energy components, the so-called core PCE price index advanced 3.2% year-on-year in November, the smallest rise since April 2021. The Federal Reserve tracks the PCE price measures for its 2% inflation target.
- The dollar has come under selling pressure after last week's Federal Reserve meeting prompted traders to pencil in several rate cuts in 2024, starting as early as March. US Federal Reserve officials have since been pushing back on the idea of rapid rate cuts next year.

News Source:

https://www.tbsnews.net/world/global-economy/dollar-slips-5-month-low-us-inflation-cools-763266

Bangladesh Macro Update

Bangladesh gets $540m in third tranche of Japanese loans for airport terminal

- Bangladesh has signed a $540 million loan agreement with Japan for the third terminal of Hazrat Shahjalal International Airport, a cargo terminal, and associated facilities.
- The interest rate on the loans is 1.30 percent and the repayment period is 20 years after a grace period of 10 years, the Japanese Embassy in Dhaka said in a statement today.
- The fund is the third tranche of Japanese loans for the airport expansion project, amounting to a total of $2.21 billion.
- The third terminal project with a total cost of Tk 21,300 crore started in December 2019. Of the total cost of the project, the Japan International Cooperation Agency is financing Tk 15,000 crore, while the government will provide the rest.

News Source:

https://www.thedailystar.net/business/news/bangladesh-gets-540m-third-tranche-japanese-loans-airport-terminal-3501891

Sectoral Update

Banks, NBFIs, & Insurance

Loan disbursement to small entrepreneurs rises 28% in Q2

- Loan disbursements to cottage, micro, small, and medium enterprises (CMSMEs) increased by Tk 13,679 crore, marking a 28.0% rise in the April-June quarter compared to the previous quarter, thanks to increased interest of banks in the sector and the central bank's Tk 20,000 crore refinance scheme.
- Banks and financial institutions disbursed loans amounting to Tk 62,747 crore among 3,29,594 customers in the second quarter of the year, which was Tk 49,068 crore in the previous January-March

quarter, according to Bangladesh Bank data.

- The central bank announced the Tk 20,000 crore refinance scheme for three years in 2020 for the CMSME sector and banks have disbursed loans from there.
- The central bank announced another three-year pre-finance scheme of Tk 25,000 crore for the CMSME sector in July last year in a bid to curb inflation and provide liquidity to banks.
- Besides, refinance schemes of Tk 3,000 crore for women entrepreneurs and Tk1,400 crore for agriculture-based entrepreneurs have also been announced.

News Source:

https://www.tbsnews.net/economy/loan-disbursement-small-entrepreneurs-rises-28-q2-763778

Regulator bars four life insurers from spending until claims are cleared

- The Insurance Development and Regulatory Authority (IDRA) has ordered four life insurance companies to not spend any amount from their income through premiums, investments and life funds unless they settle claims of policyholders by the end of December.
- The companies are Progressive Life Insurance Company Limited, BAIRA Life Insurance Company Limited, Swadesh Islami Life Insurance Company Limited and Golden Life Insurance Limited.
- An IDRA official told The Daily Star that the major hurdle was a lack of willingness among companies to settle claims. Besides, he added, companies are unable to settle insurance claims due to an ongoing liquidity crisis.
- Until the third quarter of 2023, Progressive Life had settled only 1.33 percent of insurance claims.
- In other words, it paid Tk 2.25 crore against claims amounting to Tk 170 crore, according to the letter, which termed the settlement ratio "very unsatisfactory" and "very disappointing".

News Source:

https://www.thedailystar.net/business/news/regulator-bars-four-life-insurers-spending-until-claims-are-cleared-3502221

Billions embezzled from banks and possibly siphoned abroad

- A sum of Tk 922.61 billion has been misappropriated from several banks over the last 15 years through irregularities and misusing powers and possibly laundered abroad, says a prominent think-tank.
- The Centre for Policy Dialogue (CPD) also has branded Bangladesh's current economic model as "crony capitalism" or as a "two-economy concept" practiced by the Pakistan government before Bangladesh's independence in 1971.
- The think-tank thinks the economy is facing such crony capitalism as the state organs and institutions have been subdued and all the powers grabbed by some influential persons and groups.
- The amount of Tk922.61 billion has been siphoned out of the banking system as is reflected in 24 major media reports on financial- sector scams, according to the CPD ED, Dr Fahmida Khatun while presenting the keynote on "State of the Bangladesh Economy in FY2023-24".

News Source:

https://today.thefinancialexpress.com.bd/public/first-page/billions-embezzled-from-banks-and-possibly-siphoned-abroad-1703350116

Fuel & Power

Dollar crisis: Power, energy sectors saddled with $5bn outstanding

payment

- The country's power and energy sectors have been hit by a severe cash crunch, especially the US dollar, piling up a huge backlog in payment of their import bills, official sources said this week.
- According to official sources, the sectors' cumulative outstanding bills have now jumped to about $5 billion of which the backlog amount in the power sector is about $4 billion (about Tk 43,093 crore) and remaining 1 billion is in the energy sector.
- State Minister for Power, Energy and Mineral Resources Nasrul Hamid also admitted the severity of the crisis.
- Sources said that the two main state-owned organisations' energy sector – Petrobangla and Bangladesh Petroleum Corporations have to spend huge amounts to import primary fuels like crude and refined petroleum and liquefied natural gas (LNG) from abroad.
- Petrobangla also needs to pay foreign gas companies like Chevron to purchase natural gas to meet the local demands. All are paid in foreign currencies.
- Similarly, the state-owned Bangladesh Power Development Board (BPDB) has to purchase electricity from independent power producers (IPPs) in dollars.

News Source:

https://www.tbsnews.net/bangladesh/energy/power-energy-sectors-are-saddled-5-billion-outstanding-payment-amid-dollar-crisis

Capital Market

Dhaka stocks lose ground in past week

- Dhaka stocks dropped in the past week after a two-week gain, as investors' participation remained sluggish due to the prevailing uncertainties on the market, according to the market operators.
- The key index of the Dhaka Stock Exchange, DSEX, lost 17.56 points, or 0.28 per cent, over the past week to close at 6,249.29 points on December 21 after gaining 43.82 points in the previous two weeks.
- The daily average turnover on the DSE decreased to Tk 585.57 crore in the past week compared with that of Tk 596.35 crore in the previous week.
- Market operators said that investors were apprehensive that political tensions related to the national election and economic worries in the country could have adverse effects on the market.

News Source:

https://www.newagebd.net/article/220960/dhaka-stocks-lose-ground-in-past-week

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