EBL ASSET MANAGEMENT LTD.
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Daily News Snippet

January 8, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	6,244.16
% change	0.13%
DS30 Index	2,094.26
% change	0.10%
DSES Index	1,362.80
% change	0.13%
Turnover (BDT mn)	3,444.58
Turnover (USD mn)	31.31
% change	17.91%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	37,580.00
% change	-0.35%
S&P 500	4,731.00
% change	-0.37%
Nikkei 225	33,377.42
% change	0.38%
FTSE 100	7,689.61
% change	0.09%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	110.00	110.00
EUR	120.35	120.37
GBP	139.87	139.92
INR	1.32	1.32
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
4-Jan-24	7.75 - 9.75	9.21
3-Jan-24	7.75 - 9.75	9.24
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	77.78	-1.12%
Gold Spot, USD/t oz.	2,032.22	-0.54%
Cotton, USD/lb.	79.9	-0.94%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX added 0.13% in the last trading day, closing at 6,244.16 point.
- With the national polls concluding yesterday, the investors sentiment might change.
- The turnover fell 17.91% during the last trading day.

Global Market

- Majority of the leading global indices posted mixed returns as Dow Jones posted 0.35% loss and S&P 500 posted 0.37% loss. FTSE 100 posted 0.09% gain.
- One of the leading Asian market indices, NIKKEI 225 posted 0.38% gain.

Key macro indicators

- All 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 9.21% with a high rate of 9.75% and low rate of 7.75%.
- The oil price experienced a drop of 1.12% as the war between Hamas and Israel is showing no signs of a slowdown.

International Macro Update

Saudi Arabia cuts oil prices to Asia as market weakness persists

- Saudi Arabia will cut key crude prices for buyers in all regions, including its main Asia market, for February amid persistent weakness in the market.
- Oil consumption typically eases during February and March, with refiners using the period to shut some facilities for periodic maintenance.
- At the same time, strong global supply, including from the US, is raising the likelihood of a surplus that forced the OPEC+ group, led by Saudi Arabia and Russia, to extend output cuts into this year.
- State producer Saudi Aramco reduced its flagship Arab Light price to Asia by USD 2 to USD 1.50 a barrel above the benchmark.
- Global crude prices declined in 2023 for the first time since 2020 as the market has so far shrugged off concern over the Israel-Hamas war and deepening Middle East turmoil.

News Source:

https://www.tbsnews.net/world/global-economy/saudi-arabia-cuts-oil-prices-asia-market-weakness-persists-771406

Bangladesh Macro Update

Financial account deficit swells as outflows intensify

- The deficit in the financial account of Bangladesh widened further in July-November as international currency outflows continued unabated amidst the drastic fall in trade credits and short-term loans, according to central bank figures.
- It comes despite a 20.0% fall in imports in the first five months of 2023-24 while exports receipts rose at a snail's pace, loan payments outpaced fresh credits, and the gap in the trade credit grew larger.
- The financial account, a key component of a country's balance of payments (BoP), records transactions that involve financial assets and liabilities and that take place between residents and non-residents.
- It covers claims or liabilities related to foreign direct investments, medium and long-term loans, trade credits, net aid flows, portfolio investments, and reserve assets.
- Figures from the Bangladesh Bank showed that the deficit in the financial account stood at USD 5.39 billion in the five-month period of FY24, which was USD 4.03 billion in July-October.

News Source:

https://www.thedailystar.net/business/news/financial-account-deficit-swells-outflows-intensify-3511181

What does it mean for Bangladesh?

- In recent weeks, the Red Sea has drawn huge attention owing to its importance in international trade.
- Global shipping companies are rerouting vessels around Africa's Cape of Good Hope to avoid the Red Sea in the face of attacks from Yemen's Houthi rebels.
- As a result, the shipping time will increase by more than 10 days, raising the freight costs.
- Bangladesh will not remain immune from the crisis as a good portion of its around USD 130 billion trade with other nations goes through the waterway, which extends south-eastwards from the Suez of Egypt,

for about 1,200 miles to the Bab el-Mandeb Strait, connecting with the Gulf of Aden and then with the Arabian Sea in the Indian ocean.

- Exporters and shipping sector insiders say roughly 70.0% of Bangladesh's export, destined for Europe and America, the two major markets, cross the waterway.
- It also uses the route to import, particularly essential commodities such as wheat, pulses and soybeans from Russia, Ukraine, Romania and the US.

News Source:

https://www.thedailystar.net/business/news/what-does-it-mean-bangladesh-3512726

New company registration drops as uncertainty grips business climate

- Wannabe entrepreneurs are facing an uphill battle as domestic political turmoil and global uncertainties have strangled Bangladesh's business landscape, with fewer companies registering and even fewer managing to take off.
- Around 4,516 companies including public, private, one-person companies (OPCs) and partnership firms were newly registered in the July-December period of the current fiscal year.
- In contrast, about 8,314 new companies were registered during the same period of the last fiscal year, according to data from the Office of the Registrar of Joint Stock Companies and Firms (RJSC), a company registration agency under the Ministry of Commerce.
- In addition, the amount of investment proposals from new businesses saw a slump during the first six months, according to a source at the RJSC.

News Source:

https://www.tbsnews.net/economy/new-company-registration-drops-uncertainty-grips-business-climate-771282

Sectoral Update

Banks, NBFIs, & Insurance

Interest rates on treasury bills hit record as govt borrows more

- The interest rate of treasury bills in Bangladesh has spiked in recent months, indicating that the lending rates will rise further in the days ahead.
- The yield of treasury bills now stands at a decade high of over 11.0% whereas it was 7.0% to 8.0% a few months back, according to Bangladesh Bank data.
- The government is now facing a fund shortage, which prompted the rise in the yield rates of the treasury bills, according to industry insiders.
- The central bank has suspended printing money for the government since this fiscal year, which was another reason for the government having to borrow money from commercial banks and individuals.

News Source:

https://www.thedailystar.net/business/news/interest-rates-treasury-bills-hit-record-govt-borrows-more-3511161

Banks bank on money multiplier

- Money multiplier in Bangladesh hit a new high that indicates the taka generated more money than before, saving fund injection into banking system from the central bank.
- A latest report of the Finance Division shows as of the end of September 2023, the money multiplier - defined as M2 money-supply balance divided by the base money supply or reserve money - stood at a record-high level of 5.45, as compared to 5.07 at the end of June.
- Every one taka or BDT of central bank's money in Bangladesh was able to generate around 5.45-taka worth of money supply in the economy.
- A higher value for this ratio, called money multiplier, indicates that the banking system generates higher money supply out of the money given by the central bank.

News Source:

https://today.thefinancialexpress.com.bd/first-page/banks-bank-on-money-multiplier-1704649494

Apparel & Textile

Garment exports earned record $47.38b in 2023

- Apparel exports from Bangladesh hit a milestone last year fetching an all-time high of nearly USD 47 billion, eclipsing the previous record set in 2022 by about 10.27%, according to the Export Promotion Bureau (EPB).
- In addition, this achievement played a part in taking the country's overall exports in fiscal 2022-23 to another record-high of USD 55.56 billion.
- Garments accounted for 84.58% of all export receipts that year while it was 81.82% in fiscal 2021-22, EPB data shows.
- Another unprecedented performance came in the form of the highest single-month apparel export earnings of USD 4.67 billion in December 2022.
- The 2023 apparel export earnings comprised USD 25.73 billion of knitwear and USD 21.25 billion of woven garments with year-on-year growth of 10.87% and 9.56%, respectively.

News Source:

https://www.thedailystar.net/business/news/garment-exports-earned-record-4738b-2023-3512736

Fuel & Power

Gas supply set to rise as Excelerate finishes its FSRU overhaul

- Gas supply across Bangladesh is set to rise this week as US-based Excelerate Energy will resume LNG re-gasification at its expanded capacity floating storage regasification unit (FSRU) after a two-month overhaul, according to sources.
- Excellence, Bangladesh's first FSRU owned by Excelerate Energy, ceased operations on November 1, 2023 for the long-overdue overhaul.
- The FSRU has already left Singapore's dry dock for its mooring in the Bay of Bengal at Moheshkhali after repairs, a senior official of state-run Petrobangla told the Financial Express Sunday.

- Excelerate Energy took a couple of months to complete the overhaul of its 3.75 million tonnes per annum (MTPA) capacity FSRU and increase its re-gasification capacity by 20 per cent to 4.5 MTPA or 600 million cubic feet per day (mmcfd).
- With the renovation and capacity expansion, Bangladesh's total LNG re-gasification capacity will rise from 1,000mmcfd to 1,100mmcfd.

News Source:

https://today.thefinancialexpress.com.bd/last-page/gas-supply-set-to-rise-as-excelerate-finishes-its-fsru-overhaul-1704649654

Engineering

Ship-breaking industry saw decade's lowest imports in 2023

- The ship-breaking industry in Bangladesh, which holds the top global position, experienced a tumultuous year in 2023, importing the lowest amount of scrap ships in a decade due to the ongoing dollar crisis and a slowdown in both the national and international economy.
- The Bangladesh Ship Breakers and Recyclers Association reports that only 1,022,000 tonnes of scrap ships were imported last year, representing the lowest figure in the past 10 years.
- This contrasts with imports of 2,728,597 tonnes in 2021 and 1,145,324 tonnes in 2022, despite the economic impact of the Covid-19 pandemic.
- In the first eight months of the year, ship imports reached a minimum due to the dollar crisis, with a total of 144 scrap ships weighing 880,558 tonnes imported from January to August.
- Conversely, the last quarter experienced the lowest-ever imports in history, with only 29 ships weighing 141,570 tonnes as importers faced trouble with opening letters of credit (LCs).

News Source:

https://www.tbsnews.net/economy/industry/ship-breaking-industry-saw-decades-lowest-imports-2023-770830