EBL ASSET MANAGEMENT LTD.
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Daily News Snippet

January 15, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	6,302.80
% change	0.02%
DS30 Index	2,119.61
% change	0.08%
DSES Index	1,373.59
% change	-0.17%
Turnover (BDT mn)	7,649.42
Turnover (USD mn)	69.54
% change	1.61%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	37,592.98
% change	-0.31%
S&P 500	4,783.83
% change	0.08%
Nikkei 225	35,577.11
% change	1.44%
FTSE 100	7,624.93
% change	0.59%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	110.00	110.00
EUR	120.43	120.48
GBP	140.26	140.31
INR	1.32	1.32
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
14-Jan-24	7.75 - 9.75	9.42
11-Jan-24	7.75 - 9.75	9.37
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	78.49	0.26%
Gold Spot, USD/t oz.	2,054.16	0.25%
Cotton, USD/lb.	81.31	0.00%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX gained 0.02% in the last trading day, closing at 6,302.80 point.
- The positive sentiment of the investors reflecting in the recent market jump after the conclusion of the national election.
- The rise of daily turnover is continuing with a 1.61% jump in the last trading day.

Global Market

- All of the major markets remained close yesterday due to the public holiday.

Key macro indicators

- Expect EUR, all the 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 9.42% with a high rate of 9.75% and low rate of 7.75%.
- The oil price increased 0.26% in the last trading day.

Bangladesh Macro Update

Inflation eases but stays above 9%

- Inflation eased in December but remained at more than 9% percent for the 10th straight month as prices of goods and services shows no signs of falling, straining the purchasing power of consumers.
- Last month, the Consumer Price Index (CPI), which measures changes over time in the prices paid by consumers, climbed 9.41% compared with 9.49% the previous month, according to data released yesterday by the Bangladesh Bureau of Statistics (BBS).
- The slight decrease might be attributed to the arrival of winter vegetables as well as some impacts of the contractionary monetary policy.
- Since March 2023, inflation has persisted above 9% percent.

News Source:

https://www.thedailystar.net/business/economy/news/inflation-eases-stays-above-9-3519266

Cenbank likely to hike repo rate once again

- The Bangladesh Bank is likely to hike the policy rate for the second half of the ongoing fiscal year (January-June) in a strategic move aimed at curbing inflation, according to a central bank official.
- As part of this manoeuvre, the central bank is contemplating an increase in the repo rate, the benchmark rate at which banks borrow from the central bank, by 25 to 50 basis points.
- This adjustment could place the policy rate in the range of 8% to 8.25%.
- Analysts predict a direct impact on the cost of borrowing by the move, as banks are expected to raise interest rates on loans.
- This shift could render borrowing more expensive for both businesses and individuals, potentially influencing spending patterns and investment decisions.

News Source:

https://www.tbsnews.net/economy/banking/cenbank-likely-hike-repo-rate-once-again-775070

Economic fallout of Gaza conflict substantial: ICCB

- Economic ramifications of the conflict between Israel and Hamas are substantial, according to the International Chamber of Commerce-Bangladesh, drawing attention to the severe impact on the Palestinian economy and the broader Middle East and North Africa region.
- The broader economic consequences extend beyond the immediate conflict zone, with experts warning of disruptions to the global supply chain, ICCB mentioned in the editorial of its October-December 2023 News Bulletin.
- According to the bulletin, the economic strain is further intensified by Israel's suspension of permits allowing Palestinians in the West Bank to work in Israel or in Israeli settlements.
- The already projected slowdown in economic activity in the region is from 5.6% in 2022 to 2.0% in 2023.

News Source:

https://www.newagebd.net/article/222823/economic-fallout-of-gaza-conflict-substantial-iccb

Govt hikes interest rate of dollar bonds amid forex crisis

- The government has increased the interest rates of two US dollar-denominated bonds by up to 2.0% to attract investments from non-resident Bangladeshis (NRBs) to boost inflows of the greenback.
- The Internal Resources Division of the finance ministry yesterday restructured the interest rate of the US Dollar Premium Bond and the US Dollar Investment Bond.
- The upward adjustments are aimed at wooing NRBs in an effort to improve the flows of the greenback and increase foreign exchange reserves, which have slumped over the past two and a half years.
- As per the new rates, the interest rate on the investments in the US Dollar Premium Bond up to USD 100,000 will range from 6.50% to 7.50% in the first year to the third year.

News Source:

https://www.thedailystar.net/business/economy/news/govt-hikes-interest-rate-dollar-bonds-amid-forex-crisis-3519256

New yr brings remittance surge

- Expatriate Bangladeshis sent USD 915.91 million home in the first 12 days of 2024, according to the central bank, buoying the country's forex reserves and raising hopes for sustained remittance inflows.
- Economists and bankers see this early surge as a positive signal for the strained reserves.
- The remittance inflow in the first 15 days of December last year was USD 1.07 billion, while it was USD 794.4 million in the first 10 days of November last year.
- According to the latest central bank data, state-owned commercial banks brought home USD 81.86 million in remittances in the first 12 days of this year, with specialised banks contributing USD 10.17 million, private commercial banks USD 820.54 million and foreign commercial banks USD 3.34 million, according to Bangladesh Bank (BB) data.

News Source:

https://today.thefinancialexpress.com.bd/last-page/new-yr-brings-remittance-surge-1705255244

Pvt sector external debt drops below $12 billion

- Private sector short-term foreign loans declined further in November as businesses focused on repaying existing loans rather than taking new ones.
- According to Bangladesh Bank data, the short-term foreign loans declined to USD 11.96 billion in November from USD 12.13 billion in October and USD 13.65 billion in June.
- Bankers attributed the decline in short-term loans to businesses prioritising loan repayments and facing challenges in obtaining new foreign loans due to outstanding loan amounts and reduced confidence from foreign institutions.
- The current economic situation, including restrictions on imports and a dollar crisis, also led businesses to reduce their activities.

News Source:

https://www.newagebd.net/article/222824/pvt-sector-external-debt-drops-below-12-billion

Sectoral Update

Pharmaceuticals & Chemicals

Health sector inflation jumps in Dec after months in negative territory

- After a surprising few months of negative trend, national and rural level inflation in the health sector experienced a notable upswing in December and returned to positive territory.
- National health sector inflation in the final month of last year was 1.16%, according to the latest data from the Bangladesh Bureau of Statistics (BBS).
- The numbers were -3.83% in November.
- In rural areas, inflation in the healthcare sector took a huge leap to 0.02% in December from the previous month's -7.01%, as per BBS data.
- In October and September, rural health inflation was -4.16% and -6.70%, respectively.
- Meanwhile, medical inflation in urban areas remained almost flat in the last three months, as the December figure increased slightly to 4.06% from November's 3.63%.

News Source:

https://www.tbsnews.net/bangladesh/health/health-sector-inflation-jumps-dec-after-months-negative-territory-774974

Tannery Industries

PM Sheikh Hasina charts new course for export growth

- Prime Minister Sheikh Hasina has instructed to extend incentives to the leather and jute industries, mirroring the benefits provided to the readymade garments sector.
- This strategic move aims to elevate export earnings from these locally sourced raw material sectors and cut the country's reliance on the garment industry.
- Exports from the leather and jute industries have stagnated at around USD 1 billion for several years.
- In response to recent declines in these sectors' exports, the prime minister's directive encompasses various benefits, including a corporate tax discount, a bond facility akin to the garment sector, additional loans from the export development fund (EDF), and cash incentives.
- The government currently offers export incentives ranging from 7% to 20% for jute products and 10% to 15% for leather products.

News Source:

https://www.tbsnews.net/economy/pm-sheikh-hasina-charts-new-course-export-growth-775030

Capital Market

Dhaka stocks remain afloat

- Dhaka stocks inched up on Sunday, extending the gaining streak to the third trading session, as investors remained active on both sides of the trading fence, according to market operators.

- DSEX, the key index of the Dhaka Stock Exchange, added 1.11 points, or 0.01%, and settled at 6,302.80 points on Sunday after gaining 16.44 points on January 11.
- The market began Sunday's session on a positive note and finish with modest gains.
- Investors remained optimistic until the mid-session trading afterward a modest selling pressure was observed from cautious investors concerned about the market's momentum after its recent upward trend.
- However, a section of opportunistic investors continued buying selective stocks in anticipation of quick gains that help the market turnover to increase slightly compared with that in the previous session.

News Source:

https://www.newagebd.net/article/222810/dhaka-stocks-remain-afloat

Buyers, sellers flock to secondary T-bond market as interest rate rises

- Trading in Treasury bonds has gained momentum in the capital market as higher rates of return from fixed assets have given rise to new demand and supply.
- The monthly turnover of such investment vehicles on the Dhaka Stock Exchange surged by 260 times to BDT 373.41 million between October 2022 and October 2023.
- Though experts say the trading volume is still insignificant compared to the market's potential, it shows how a new market for Treasury bonds has been emerging.
- The rising interest rate is what is driving both sides of buyers and sellers to the secondary market.

News Source:

https://today.thefinancialexpress.com.bd/stock-corporate/buyers-sellers-flock-to-secondary-t-bond-market-as-interest-rate-rises-1705257568

Walton directors declare to sell shares to increase free-float

- To comply with regulatory obligations, directors of Walton Hi-Tech Industries have so far declared to sell a total of 5.75 lakh shares as part of an initiative to increase the company's free-float shares to 10% in the secondary market of the stock exchanges.
- As per the disclosure at the Dhaka Stock Exchange (DSE), Walton directors SM Ashraful Alam and SM Mahbubul Alam are offloading 4.75 lakh and 1 lakh shares, respectively, at the prevailing market price.
- They have announced plans to sell these shares from 25 August 2022 to 14 January 2024.
- The declared sale order represents only 0.19% of the company's total shares.

News Source:

https://www.tbsnews.net/economy/walton-directors-declare-sell-shares-increase-free-float-775002