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

Daily News Snippet

January 16, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	6,318.08
% change	0.24%
DS30 Index	2,123.33
% change	0.18%
DSES Index	1,376.88
% change	0.24%
Turnover (BDT mn)	6,742.73
Turnover (USD mn)	61.30
% change	-11.85%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	37,668.00
% change	0.20%
S&P 500	4,799.25
% change	0.32%
Nikkei 225	35,697.15
% change	0.34%
FTSE 100	7,594.91
% change	-0.39%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	110.00	110.00
EUR	120.42	120.47
GBP	139.97	140.11
INR	1.33	1.33
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
15-Jan-24	7.75 - 9.75	9.39
14-Jan-24	7.75 - 9.75	9.42
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	78.31	-0.23%
Gold Spot, USD/t oz.	2,049.19	-0.24%
Cotton, USD/lb.	81.23	-0.10%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX gained a whopping 0.24% in the last trading day, closing at 6,318.08 point.
- The positive sentiment of the investors reflecting in the recent market jump after the conclusion of the national election.
- The daily turnover fell 11.85% in the last trading day.

Global Market

- Majority of the leading global indices posted mixed returns as Dow Jones posted 0.20% gain and S&P 500 posted 0.32% gain. FTSE 100 posted 0.39% loss.
- One of the leading Asian market indices, NIKKEI 225 posted 0.34% gain.

Key macro indicators

- All 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 9.39% with a high rate of 9.75% and low rate of 7.75%.
- The oil price fell 0.23% in the last trading day.

Bangladesh Macro Update

Inflation, currency prime focus of BB's next monetary policy

- The Bangladesh Bank will announce its next monetary policy on Wednesday for the second half of the fiscal year 2023-24 to tame inflation and ease exchange rate pressure.
- As part of the preparation, the draft of the monetary policy was approved at the central bank board meeting on Sunday.
- Officials who attended the board meeting told UNB that the exchange rates would not be real market-based in the upcoming monetary policy as the foreign exchange market is not stable yet.
- The government policymakers instructed to keep the market under control by following the crawling peg system.

News Source:

https://businesspostbd.com/economy/inflation-currency-prime-focus-of-bbs-next-monetary-policy

Sectoral Update

Banks, NBFIs, and Insurance

Four local banks turn to IFC for $160m loans to meet urgent needs

- Bangladesh's commercial banks are once again seeking foreign funds to bolster their offshore portfolios, aiming to provide customers with dollar-denominated loans.
- The recent exemption of a 20% tax on the interest accrued from foreign loans has lowered borrowing costs prompting this renewed interest in foreign financing, according to industry insiders.
- Four local private commercial banks - City Bank, Prime Bank, Eastern Bank and Bank Asia - are now in negotiation with the International Finance Corporation (IFC) to borrow a total of USD 160 million to meet their immediate US dollar liquidity needs and to provide loans.
- Foreign borrowings, which is one of the major components of the country's financial account, are expected to reduce the deficit in the account by increasing dollar inflows.

News Source:

https://www.tbsnews.net/economy/banking/four-local-banks-turn-ifc-160m-loans-meet-urgent-needs-775694

Internet banking sees 5% growth in Nov as card, MFS transactions drop

- Transactions through Internet banking increased 5% in November 2023 compared to the previous month.
- While internet banking witnessed a boom, mobile banking, credit cards, and debit cards experienced a slight decline.
- Bangladesh Bank data showed that in November last year, the transactions through Internet banking were BDT 82,866 crore, which is a 5.07% rise compared to the previous month.
- However, Internet banking registered a 200% year-on-year growth in November.

- Mobile financial services (MFS) transactions dropped by 1% to BDT 119,600 crore, and card transactions (including ATM, POS, CRM, and e-commerce) saw a similar 1% dip to BDT 42,638 crore from the previous month.

News Source:

https://www.tbsnews.net/economy/banking/internet-banking-sees-5-growth-nov-card-mfs-transactions-drop-775598

Fuel & Power

Power output squeezes to one-third of capacity

- Electricity generation in Bangladesh tumbled to around a third of the overall capacity for scarcity of natural gas amid sagging winter demand.
- According to State-run Bangladesh Power Development Board (BPDB), the countrywide electricity generation during the day peak hours on January 14 (Sunday) hurtled down to 8,914 megawatts, only 33.63 per cent of the country's total installed power-generation capacity of 26,504mws.
- Generation during evening peak hours Monday increased a little, to 10,286mws, or 38.80 per cent of the total installed capacity.
- Natural gas crisis is limiting power generation to the tune of around 4,500mws as state-run Petrobangla is supplying only around 793 million cubic feet per day (mmcfd) of gas, which is only around 35.40% of the overall demand for 2,240mmcfd for power generation, according to PDB officials.
- Sources have said domestic natural gas production has plummeted to a decade-low amid continuous depletion of output and lax move to ramp up extraction, resulting in less-than-expected supply of the fuel for power production.
- Production in industries slows, many gas-fired power plants lie down and transport fuel runs short, with their cascading adversities.

News Source:

https://today.thefinancialexpress.com.bd/first-page/power-output-squeezes-to-one-third-of-capacity-1705340492

Tannery Industries

Why Bangladesh continues leather import despite having abundance of it

- Despite having an abundance of rawhide, Bangladeshi exporters spend BDT 1,000 crore (approximately USD 100 million) annually to import finished leather certified by the Leather Working Group (LWG), putting pressure on the country's depleting foreign exchange reserves, which dropped from USD 48 billion in August 2021 to around USD 20 billion now.
- Industry experts point to domestic tanneries as the root cause of this challenge, citing their current inability to meet global standards.
- This shortfall is primarily attributed to the absence of a central effluent treatment plant (CETP) at Savar Tannery Industrial Estate.

- According to a study by the Bangladesh Investment Development Authority (Bida), leather and footwear manufacturers mostly refrain from sourcing raw materials from local companies due to the absence of a central effluent treatment plant (CETP) at Savar Tannery Industrial Estate.
- As a result, Bangladesh is unable to fully harness its export potential while simultaneously expending a significant amount of foreign currency to procure raw materials from overseas sources, it added.
- The country's export earnings from the leather sector were USD 1,223.62 million in FY23, according to the Export Promotion Bureau.

News Source:

https://www.tbsnews.net/economy/industry/why-bangladesh-continues-leather-import-despite-having-abundance-it-775726

Paper & Printing

Why Bangladesh continues leather import despite having abundance of it

- The production in the packaging industry of Bangladesh fell 25 percent in 2023 due to under-supply of raw materials and a decline in demand, according to industry people.
- It came as the country continues to struggle because of the ongoing macroeconomic volatility and inadequate supply of US dollars.
- The packaging industry is a backward linkage sector serving segments such as fast-moving consumer goods, food-processing, and readymade garments.
- It has been facing trouble for the last two years owing to the slowdown of economic activities.
- Bangladesh needs around two lakh tonnes of packing products annually, with local manufacturers capable of meeting 80% of the demand.

News Source:

https://www.thedailystar.net/business/economy/news/output-falls-25-packaging-industry-amid-lower-demand-3520086

Capital Market

Dhaka stock surges 15 points but turnover drops 12%

- The benchmark index DSEX of the Dhaka Stock Exchange (DSE) surged 15 points yesterday, but the daily turnover dropped over 12% compared to the previous session.
- On the day, DSEX rose 0.24% to reach 6,318 points. The daily turnover value was TBDT 674 crore, which was BDT 764 crore a day ago.
- At the end of yesterday's trading session, 101 scrips advanced, 68 declined and 169 remained unchanged.
- 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.

News Source:

https://www.tbsnews.net/economy/stocks/dhaka-stock-surges-15-points-turnover-drops-12-775306

Pharma profit falls for first time in five years as costs escalate

- Profits of listed pharmaceutical companies in Bangladesh shrank in the last fiscal year of 2022-23, the first decline in at least five years, as the cost of production went up.
- The taka's significant depreciation against the US dollar and higher raw material, energy and finance costs have pushed up the manufacturing cost.
- As per an analysis of The Daily Star, 10 of the 15 listed drug makers registered lower earnings in FY23, reducing the industry's collective profits by 5.16% year-on-year to BDT 3,160 crore.
- The 10 companies that saw lower profits include industry powerhouses such as Renata Limited, Beximco Pharmaceuticals Ltd and Beacon Pharmaceuticals PLC.

News Source:

https://www.thedailystar.net/business/economy/news/pharma-profit-falls-first-time-five-years-costs-escalate-3520116