EBL ASSET MANAGEMENT LTD.
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Daily News Snippet

January 24, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	6,276.25
% change	0.35%
DS30 Index	2,158.19
% change	0.49%
DSES Index	1,384.16
% change	0.25%
Turnover (BDT mn)	11,769.49
Turnover (USD mn)	107.00
% change	12.93%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	38,104.00
% change	0.04%
S&P 500	4,905.25
% change	0.50%
Nikkei 225	36,139.47
% change	-1.04%
FTSE 100	7,485.73
% change	-0.03%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	110.00	110.00
EUR	119.69	119.73
GBP	139.76	139.83
INR	1.32	1.32
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
23-Jan-24	8.00 - 9.90	9.57
22-Jan-24	8.00 - 10.00	9.45
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	79.41	-0.91%
Gold Spot, USD/t oz.	2,024.26	-0.31%
Cotton, USD/lb.	84.44	-0.27%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX gained 0.35% in the last trading day, closing at 6,276.25 point.
- The market kept its positive momentum and recorded highest daily turnover since July 2023.
- The daily turnover jumped a whopping 12.93% in the last trading day.

Global Market

- Majority of the leading global indices posted mixed returns as Dow Jones posted 0.04% gain, S&P 500 posted 0.50% gain, and FTSE 100 posted 0.03% loss.
- One of the leading Asian market indices, NIKKEI 225 posted -1.04% loss.

Key macro indicators

- All the major currencies were unchanged 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 9.57% with a high rate of 9.90% and low rate of 8.00%.
- The oil price dropped 0.91% in the last trading day.

Bangladesh Macro Update

Soaring foreign-debt servicing further sinks forex reserves

- Foreign-debt service by Bangladesh against loan buildups begins to soar, rising to USD 1.56 billion in last six months, which is further squeezing the country's emaciated foreign-exchange reserves, according to official statistics.
- The repayment in the first half (H1) of this fiscal year to foreign lenders accounts for over half-a-billion-dollar increase, USD 514.38 million, from the mark in the corresponding period of last fiscal, according to officials.
- According to officials, the repayment jumped due mainly to a record-high amount of interest payments against the outstanding total loans.
- Such a high rise in debt service against medium-to long-term (MLT) loans already exerts further pressure on the foreign-exchange reserves, according to analysts.
- The reserves were hovering over USD 20 billion in IMF arithmetic interpolated into a USD 4.7-billion loan package.
- During the July-December period of last financial year (FY2022-23), the government repaid USD 1.05 billion to the foreign lenders, according to Economic Relations Division (ERD) data.
- According to the ERD, the government had spent a record-high amount of USD 641.66 million in interest payment on the outstanding foreign (MLT) loans during the first half (H1) of the FY2023-24.

News Source:

https://today.thefinancialexpress.com.bd/first-page/soaring-foreign-debt-servicing-further-sinks-forex-reserves-1706032166

Economy to take a beating for acute gas crisis

- The severe gas crisis is increasing the cost of manufacturing of goods for both local and export markets, which may ultimately hit the pockets of consumers in the form of higher prices and the economy since overseas sales could see further slowdown.
- Owing to lower generation of gas locally, factories in all sectors of the economy have long complained of inadequate energy supply.
- But the supply situation has worsened in the past two weeks.
- At present, the government supplies 2,500 million cubic feet of gas per day (mmcfd), the lowest since April 2020, against a demand of 3,800 mmcfd, according to the data from state-run Petrobangla.
- The acute gas crisis has crippled the textile and garment sectors, which may not bode well for the country as they account for 85.0% of Bangladesh's exports and have created millions of jobs, mainly for the poor.

News Source:

https://www.thedailystar.net/business/news/economy-take-beating-acute-gas-crisis-3526526

Repo rate rise fires up liquidity demand

- Steep repo rate rises have fired up liquidity demand on the interbank money market, the central bank mentioned in its annual report on government securities-now turning hotcakes.

- The weighted-average interbank repo rate had increased by 405 basis points from FY 2021-22 to FY 2022-23, indicating such demand for liquidity.
- The interbank repo transactions in the past fiscal year also increased significantly.
- The total amount of overall interbank repo transactions in FY 2022-23 was BDT 9.3 trillion, up by nearly 47.0% over previous fiscal year's tally.
- The interbank repo rate is determined by the financial sector's demand and supply of funds.

News Source:

https://today.thefinancialexpress.com.bd/last-page/repo-rate-rise-fires-up-liquidity-demand-1706032698

BD must deliver on rights for trade benefits: EU

- Bangladesh must implement 32 international conventions to access the European Union (EU)'s Generalised Scheme of Preferences Plus (GSP+) after graduating from least - developed - country status, according to the EU envoy.
- Access to GSP Plus comes with a long list of requirements -- 32 international conventions related to environmental, labour, and human rights.
- These requirements must be implemented, not just ratified, according to the ambassador and head of delegation to the EU in Bangladesh.
- According to the ambassador, EU market is important for Bangladesh due to the factors like a huge consumer base and unparalleled market access.
- Bangladesh is set to lose its current duty-free market access to the EU upon graduation in 2026, although it will hold on to the benefit for an extended period until 2029.

News Source:

https://today.thefinancialexpress.com.bd/first-page/bd-must-deliver-on-rights-for-trade-benefits-eu-1706032243

Counting local sales as exports, differing dollar rates behind $12b mismatch

- The Export Promotion Bureau (EPB) has identified at least five factors, including the classification of local sales by factories in export processing zones as exports, as potential explanations for the USD 12 billion mismatch between reported export proceeds and actual shipments in the last fiscal year.
- According to rules, factories located in export zones can sell goods as raw materials to others with bonded warehouse facilities, and such transactions are considered deemed exports.
- The other reasons include differing dollar rates at Sonali Bank and the Bangladesh Bank, short shipments, discounts imposed by buyers, foreign bank charges, and not excluding goods returned by buyers from the export portion.
- A short shipment describes the absence, non-delivery, or incomplete fulfilment of cargo on a shipping list.
- Not excluding products from the customs database after inclusion, especially when they are not actually exported, and the double counting of the goods are among the identified factors.
- Additionally, the inclusion of raw materials sent free of charge by buyers in export calculations is also assigned as a reason behind the difference in export data.

News Source:

https://www.tbsnews.net/economy/counting-local-sales-exports-differing-dollar-rates-behind-12b-mismatch-780314

Sectoral Update

Fuel & Power

Power price hikes ahead to phase out subsidy

- Power tariffs at both bulk and retail levels are planned for serial hikes to phase out government subsidy in three years, under reforms which economist say would further add to people's cost of living.
- The Prime Minister's Office (PMO) recently approved a proposal prepared by the Finance Division under the Ministry of Finance for adjusting power tariffs to level close to production cost to make sure the requisite subsidy for power sector turns "zero or around zero", according to a senior finance official.
- Power Division under the Ministry of Power, Energy and Mineral Resources (MPEMR) will take necessary measures to decide the extent of tariff hikes and timelines to ensure that the country's power sector be subsidy-free.
- Sources have said the Finance Division has so far provided BDT 57 billion to state-run Bangladesh Power Development Board (BPDB) only in the current fiscal year (2023-24) as subsidy to facilitate electricity purchase from power producers.

News Source:

https://today.thefinancialexpress.com.bd/first-page/power-price-hikes-ahead-to-phase-out-subsidy-1706032124

Capital Market

Dhaka bourse fuelled by blue chips, showing signs of investor return

- The stock market stayed upbeat on Tuesday effectively absorbing the floor price withdrawal shock, as buoyant investors injected fresh funds into fundamentally strong stocks.
- The exuberance was centred mostly on BRAC Bank, Square Pharmaceuticals, Reckitt Benckiser, Marico, and Unilever Consumer Care, the companies that had remained stuck on the floor for a long time for a lack of buyers.
- The removal of the price restriction seems to have put renewed energy into the stocks.
- BRAC Bank began rising on Sunday after 14 months from the minimum price level withdrawn on Thursday last week.
- It continued its upward movement on the DSE on Tuesday, climbing 4.70% further to BDT 37.9 per share.
- Similarly, Square Pharma, which is considered one of the best performing blue-chip stocks, increased nearly 2.0% to BDT 221.5 a share on Tuesday.

News Source:

https://today.thefinancialexpress.com.bd/stock-corporate/dhaka-bourse-fuelled-by-blue-chips-showing-signs-of-investor-return-1706031137

Shipping Corp faces 21% profit decline amid charter fee downturn

- The Bangladesh Shipping Corporation (BSC), a government-owned entity overseeing ocean-going vessels, experienced a more than 21% decrease in profitability during the first half of the 2023-24 fiscal year due to the global charter fee downturn and other reasons.
- As per the half-yearly unaudited financials, the net profit of BSC fell from BDT 128 crore in the July-December period of FY23 to BDT 100 crore in the same period of FY24.
- During this period, its revenue witnessed a decrease of 8.0%, dropping to BDT 226.36 crore from Tk246.30 crore recorded in the initial half-year of FY23.
- BSC officials said the international charter fees — fees paid by charterers to shipowners for the use of their ships — for ocean-going vessels experienced a notable decline during this period.
- This is the primary reason for the decrease in revenue, although it saw an increase in income from lighterage ships.

News Source:

https://www.tbsnews.net/economy/stocks/shipping-corp-faces-21-profit-decline-amid-charter-fee-downturn-780266