EBL ASSET MANAGEMENT LTD.
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Daily News Snippet

January 28, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	6,156.41
% change	-1.13%
DS30 Index	2,114.61
% change	-1.15%
DSES Index	1,352.28
% change	-1.50%
Turnover (BDT mn)	8,709.06
Turnover (USD mn)	79.17
% change	-25.77%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	38,109.43
% change	0.07%
S&P 500	4,890.97
% change	-0.23%
Nikkei 225	35,751.07
% change	-1.31%
FTSE 100	7,635.09
% change	1.43%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	110.00	110.00
EUR	119.71	119.75
GBP	139.95	140.00
INR	1.32	1.32
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
25-Jan-24	8.00 - 9.90	9.38
24-Jan-24	8.00 - 9.95	9.51
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	83.69	1.53%
Gold Spot, USD/t oz.	2,018.52	0.11%
Cotton, USD/lb.	84.37	-1.29%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX lost 1.13% in the last trading day, closing at 6,156.41 point.
- The market fell for consecutive days after the initial rise since the declaration of floor price removal.
- The daily turnover fell 25.77% in the last trading day.

Global Market

- Majority of the leading global indices posted mixed returns as Dow Jones posted 0.07% gain, S&P 500 posted 0.23% loss, and FTSE 100 posted 1.43% gain.
- One of the leading Asian market indices, NIKKEI 225 posted 1.31% 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 9.38% with a high rate of 9.90% and low rate of 8.00%.
- The oil price increased 1.53% in the last trading day.

Global Macro Update

Global economy outlook at odds with aggressive rate cut bets

- Global growth is set to stay resilient this year and only pick up pace a bit in 2025, according to a Reuters poll of economists, a stable outlook at odds with still-relatively aggressive interest rate cut bets in financial markets.
- Growth among leading economies is not forecast to be consistent, with relative strength in the United States and India, and sluggishness expected from the euro zone, as well as No 2 economy China.
- Economists more broadly are optimistic, however, there will not be a resurgence in inflation now most central banks have got price pressures down close to where they want them.
- The Jan. 3-25 Reuters polls covering 48 economies showed economists forecasting global growth at an average 2.6% in 2024: not boom times, but not recession either.

News Source:

https://www.tbsnews.net/world/global-economy/global-economy-outlook-odds-aggressive-rate-cut-bets-782030

Bangladesh Macro Update

Tax receipts rise but fall short of target by Tk 23,200cr

- Tax collection soared nearly 14% in the first half of the fiscal year (FY) 2023-24, helping the National Board of Revenue (NBR) reach above the minimum benchmark set by International Monetary Fund (IMF) as a condition for its USD 4.7 billion loan.
- The tax collector logged BDT 165,630 crore in total revenue in the July-December period of the current fiscal year, crossing the IMF's indicative targets of BDT 143,640 crore for the period, according to provisional data by the NBR.
- The tax collector, however, missed the target it had set for itself for the period by over Tk 23,200 crore, the attainment of which, an analyst said, would enable the government to cut bank borrowing to meet public expenditure.

News Source:

https://www.thedailystar.net/business/economy/news/tax-receipts-rise-fall-short-target-tk-23200cr-3528421

Sectoral Update

Banks, NBFIs, and Insurance

Bangladesh Bank moves to harden loan classification rules as per IMF conditions

- In response to conditions set by the International Monetary Fund (IMF) as part of a USD 4.7 billion loan package, the Bangladesh Bank has initiated a cut in the overdue time for term loan, which the central bank fears may increase non-performing loans by around BDT 80,000 crore.
- Besides, the central bank plans to reduce the write-off time to two years from three years in its efforts to clear the banks' balance sheets of the toxic assets.

- Bankers and analysts said these two moves could have a direct negative impact on the financial health of the lending institutions, such as a spike in non-performing loans (NPL) and mandatory requirement of provision and may reduce profitability, but it will help manage the delinquent borrowers.
- Presently, if a term loan is not repaid within the fixed expiry date, the unpaid amount is treated as overdue after 180 days and the loan will be categorised as "substandard" after 90 days of overdue.

News Source:

https://www.tbsnews.net/economy/banking/cenbank-moves-harden-loan-classification-rules-imf-conditions-782466

Funds get costlier as liquidity crisis prevails

- Both the government and banks are facing a tight liquidity situation, which has pushed up the yield of treasury bills and bonds and the lending rate in the banking sector.
- The contractionary monetary stance announced by the central bank earlier this month to rein in higher inflation, which stands at more than 9%, has further pushed up the interest rates.
- The weighted-average interest rate on loans stood at 7.89% in October, up from 7.31% in June, when the BB withdrew the lending rate cap and introduced a new interest rate-setting formula.
- As per the new formula, the interest rate on bank loans stood at 11.89% in January this year.

News Source:

https://www.thedailystar.net/business/economy/news/funds-get-costlier-liquidity-crisis-prevails-3529806

Apparel & Textile

RMG shipping cost climbs for Red Sea diversion

- International clothing retailers and brands are still choosing seaways, instead of air, to carry goods from Bangladesh to Europe although the rerouting of ships away from the Red Sea has increased the freight charge by more than 30% and added 15 days to the sailing time.
- Bangladeshi businesses are feeling the heat of the conflict in the Red Sea, one of the world's busiest shipping lanes, as reinsurers worldwide are charging 3.5 times more premiums to cover the risks brought on by the crisis.
- The Red Sea connects Asia to Europe and the Mediterranean, via the Suez Canal.
- About 12% of global trade passes through the Red Sea, including 30% of global container traffic.
- It emerged as the heart of global tension after Houthi rebels began attacking Israel-linked ships in response to the latter's devastating war in the Gaza Strip in the third week of October.

News Source:

https://www.thedailystar.net/business/economy/news/rmg-shipping-cost-climbs-red-sea-diversion-3529821

RMG exports to EU fall by 19.92pc in 11 months

- Bangladesh's apparel exports to the European Union in the 11 months from January to November of 2023 declined by 19.92% to 16.26bn euro compared with those of 20.30bn euro in the same period of 2022.
- Exporters said that the shipment of readymade garments to the EU market decreased in recent months due to the economic slowdown caused by the Russia-Ukraine war.
- Meanwhile, global brands and buyers were also placing orders in decreased quantity due to the election time political tension in Bangladesh but the orders started to increase after the national election in the country.
- They hoped that the export would rebound on the EU market in the next quarter as buyers started to increase their orders thanks to easing inflation.
- According to data from Eurostat, the statistical office of the European Union, the readymade garment imports of the EU from the world in January-November of 2023 fell by nearly 10% to 82.71bn euro from those of 91.89bn euro in the same period of 2022.

News Source

https://www.newagebd.net/article/223919/rmg-exports-to-eu-fall-by-1992pc-in-11-months

Miscellaneous

Dispute over lighter vessel allocation rages on

- A section of lighter vessel operators and cargo agents in Bangladesh are not accepting the interim solution for allocating ships to transport import cargo from Chattogram port via inland waterways, citing preferential treatment in the selection process.
- On January 18, the Mercantile Marine Department (MMD) under the Department of Shipping (DoS) shared a set of decisions made at an all-party meeting that took place two days prior.
- It was announced that the meeting featuring various stakeholders of the shipping industry had decided to form an eight-member working committee to regulate the allocation of lighter vessels.
- As such, the working committee headed by MMD Principal Officer Captain Sabbir Mahmood started allocating lighter vessels through daily berthing meetings at his office starting from January 22.

News Source:

https://www.thedailystar.net/business/news/dispute-over-lighter-vessel-allocation-rages-3529831

Engineering

Rod prices skyrocket, jump by Tk4,000 per tonne in two weeks

- The prices of mild steel rods have surged by around BDT 4,000 per tonne within just two weeks, which manufacturers attribute to increased fuel cost amid a gas supply shortage, rising booking rates of raw materials in the international market, and a decline in raw material imports due to the ongoing dollar crisis.
- As per information from the steel mills, mild steel rods of 75-grade are presently available in the market at prices ranging from BDT 93,000 to BDT 95,000 per tonne, varying across different brands.

- This marks an increase from the pre-election rates of BDT 90,000 to BDT 91,000 per tonne.
- According to industry insiders, the price hike coincides with a period when government projects have not yet commenced in full swing following the 7 January polls.
- Additionally, large private and commercial construction projects are also at a standstill.

News Source:

https://www.tbsnews.net/economy/industry/rod-prices-skyrocket-jump-tk4000-tonne-two-weeks-782058

Capital Market

Stocks shed Tk33,000cr in value post-floor

- Starting without the floor price restriction for all but a few stocks, Bangladesh's capital market experienced a sharp decline last week.
- The value of all securities, including treasury bonds listed on the Dhaka Stock Exchange (DSE), fell by 4.18%, or nearly BDT 33,000 crore.
- The initial resilience, fuelled by optimistic value investors taking positions in some large-cap stocks post-floor, was later eroded by additional declining stocks in free trading.
- These declining stocks dragged indices and investors' capital balances lower, according to market people.

News Source:

https://www.tbsnews.net/economy/stocks/stocks-shed-tk33000cr-value-post-floor-782454