EBL ASSET MANAGEMENT LTD.
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Daily News Snippet

January 30, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	6,097.23
% change	0.30%
DS30 Index	2,103.35
% change	0.59%
DSES Index	1,341.75
% change	0.34%
Turnover (BDT mn)	6,624.57
Turnover (USD mn)	60.22
% change	-24.77%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	38,434.00
% change	-0.14%
S&P 500	4,953.50
% change	-0.02%
Nikkei 225	36,026.94
% change	0.77%
FTSE 100	7,632.74
% change	-0.03%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	110.00	110.00
EUR	119.16	119.18
GBP	139.77	139.82
INR	1.32	1.32
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
29-Jan-24	8.00 - 10.00	9.56
28-Jan-24	8.00 - 9.90	9.60
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	82.59	-1.70%
Gold Spot, USD/t oz.	2,032.51	0.28%
Cotton, USD/lb.	84.50	-0.25%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX gained 0.30% in the last trading day, closing at 6,097.23 point.
- The market rebounded after falling on consecutive days.
- The daily turnover fell 24.77% in the last trading day.

Global Market

- Majority of the leading global indices posted negative returns as Dow Jones posted 0.14% loss, S&P 500 posted 0.02% loss, and FTSE 100 posted 0.03% loss.
- One of the leading Asian market indices, NIKKEI 225 posted 0.77% gain.

Key macro indicators

- All the major currencies fell 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 9.56% with a high rate of 10.00% and low rate of 8.00%.
- The oil price fell 1.70% in the last trading day.

Bangladesh Macro Update

Moody's sees Bangladesh taka weakening 4% as peg may be eased

- Moody's Investors Service forecast the Bangladesh taka to decline 4% by June as limits on the currency may be eased, a move which it said could bolster the nation's dwindling foreign-exchange reserves.
- Bangladesh Bank this month said it is evaluating a plan to introduce a crawling peg system for the local currency to keep it stable, which would be a step toward a flexible exchange-rate regime.
- The taka could trade at around 115 per dollar by the end of June, Moody's said, compared with 110 on Jan. 28.
- The falling reserves are putting pressure on Bangladesh officials to loosen their grip on the currency, which would help improve the current-account balance and ease the dollar shortage.
- In June, the nation pledged to allow the currency to float freely for the first time in the country's history, a key demand from the International Monetary Fund to keep its USD 4.7 billion loan program on track.

News Source:

https://www.tbsnews.net/economy/moodys-sees-bangladesh-taka-weakening-4-peg-may-be-eased-783810

Machinery imports rise, reversing the downturn

- Imports of capital machinery edged up in the first six months of the fiscal year (FY) 2023-24, reversing the downturn that persisted for nearly one and a half year as political uncertainty ebbs and exporters expect increased orders from western buyers.
- Businesses opened Letters of Credit (LCs) worth USD 1.34 billion to import capital machinery in the July-December period of this fiscal year, one percent higher year-on-year, data from Bangladesh Bank showed.
- During the July-November period of this fiscal year, LC openings for capital machinery imports were 17 lower compared to the same period of FY23 as entrepreneurs did not get adequate amount of dollars from banks in the face of a perennial dollar shortage in the country for nearly two years.
- In recent months, political uncertainty in the run up to the parliamentary elections held earlier this month also affected investment sentiment, with many investors taking a go-slow stance in making fresh investment.

News Source:

https://www.thedailystar.net/business/economy/news/machinery-imports-rise-reversing-the-downturn-3531501

Call money costs overflow interest rate corridor

- Call-money costs overflow set interest-rate corridor amid banks' scrambles for liquidity refill, prompting suggestion for a rethink on the upper-ceiling cap in lending in such time of fund crunch.
- The Bangladesh Bank (BB)-implemented interest rate corridor (IRC) comes under extreme pressure as call-money rate goes past the upper ceiling of the corridor, according to officials and bankers.
- It means the passageway of the interest rate is not working specially in the current context of banking operations when the liquidity pressure on the banking sector continues mounting, according to them.

- The central bank, as part of its monetary-policy-modernisation framework, launched the IRC starting from the ongoing financial year (FY'24) by fixing a floor rate and upper ceiling. And the call-money rate should move within the corridor confines.

News Source:

https://today.thefinancialexpress.com.bd/first-page/call-money-costs-overflow-interest-rate-corridor-1706551120

BB's funds to banks complicate efforts to curb inflation

- The Bangladesh Bank is injecting fresh funds into the economy despite adopting a contractionary monetary policy, a contradictory move that may make it harder to tame stubborn inflation.
- The central bank suspended lending to the government at the beginning of the current fiscal year since such a fund injection fuels consumer prices.
- The regulator has also kept hiking the policy rate to tame inflation, which has stayed more than 9 percent since March.
- In its new monetary policy unveiled on January 17, the BB increased the policy rate by 25 basis points to 8%, its eighth straight spike since the tightening cycle began in May 2022.

News Source:

https://www.thedailystar.net/business/economy/news/bbs-funds-banks-complicate-efforts-curb-inflation-3531506

Sectoral Update

Banks, NBFIs, and Insurance

Liquidation and mergers loom over frail ins firms

- Liquidation and merger loom over some troubled insurance companies, which lost financial abilities allegedly due to flagrant irregularities and embezzlement, as the regulator has recommended such remedy, according to sources.
- These insurance companies even did not make further effort for improving their financial health, the Insurance Development and Regulatory Authority (IDRA) has said in prescribing such desperate remedies for serious ailment.
- Sources at the IDRA have said that, in a recent report, sent to the Financial Institutions Division, the insurance sector regulator has suggested merger of some life-insurance companies as a bail-in to spare them from liquidation as their financial health also kept failing.
- To underpin its view, the IDRA report points out that the failure in payment of insurance claims by some companies has caused "a lack of confidence among people in insurance sector".

News Source:

https://today.thefinancialexpress.com.bd/first-page/liquidation-and-mergers-loom-over-frail-ins-firms-1706550969

Apparel & Textile

Textile millers demand gas at previous rates

- Textile millers yesterday demanded that the government re-fix gas prices at the previous rate as they have been unable to run their industrial units due to low pressure of gas despite the rates being doubled since February 2022.
- The government increased gas prices after providing assurances that it would ensure adequate supply of gas to industrial units, but mills could only run at 40.0% capacity in January because of low pressure of gas.
- The state-owned oil and gas supplier, Petrobangla, should either re-fix gas prices or ensure adequate supply of gas to industrial units, according to the president of the Bangladesh Textile Mills Association (BTMA).
- There has been virtually no supply of gas in areas across Naraynaganj over the past 15 days while mills are struggling to run at even minimum capacity in Chattogram, Savar, Ashulia, Araihazar and Gazipur due to the pressure of gas standing between 0 to 2 PSI.

News Source:

https://www.thedailystar.net/business/economy/news/textile-millers-demand-gas-previous-rates-3531426

Capital Market

Dhaka stocks gain after 3-day plunge

- Dhaka stocks advanced on Monday after a three-day plunge, as institutional buying helped the market to finish positive on the day despite volatility, according to market operators.
- DSEX, the key index of the Dhaka Stock Exchange, gained 18.16 points, or 0.29%, and settled at 6,097.22 points on Monday after losing 197.18 points in previous three sessions.
- Investors remained active on both sides of the trading fence while buyers ended up on the dominant side by the end of the session, according to market operators.
- The market finished positive on the day, as some institutional investors came forward and kept buying selective stocks to save the market from falling further.

News Source:

https://www.newagebd.net/article/224073/dhaka-stocks-gain-after-3-day-plunge