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

# Daily News Snippet

**January 31, 2024**

| Bangladesh Market | |
|---|---|
| **Major Indices** | **Last closing** |
| DSEX Index | 6,150.21 |
| % change | 0.87% |
| DS30 Index | 2,111.09 |
| % change | 0.37% |
| DSES Index | 1,354.39 |
| % change | 0.94% |
| Turnover (BDT mn) | 9,398.69 |
| Turnover (USD mn) | 85.44 |
| % change | 41.88% |
| ***Source: Dhaka Stock Exchange*** | |

| International Market | |
|---|---|
| **Major Indices** | **Last closing** |
| **Dow Jones Industrial Average** | 38,614.00 |
| % change | 0.01% |
| **S&P 500** | 4,931.00 |
| % change | -0.40% |
| **Nikkei 225** | 36,192.67 |
| % change | 0.35% |
| **FTSE 100** | 7,666.31 |
| % change | 0.44% |
| ***Source: Bloomberg*** | |

| Exchange rate | | |
|---|---|---|
| **Major Currencies** | **Low (BDT)** | **High (BDT)** |
| USD | 110.00 | 110.00 |
| EUR | 119.24 | 119.28 |
| GBP | 139.66 | 139.71 |
| INR | 1.32 | 1.32 |
| ***Source: BB*** | | |

| Money market | | |
|---|---|---|
| **Date** | **Call Money Rate Range (%)** | **Weighted Average** |
| 30-Jan-24 | 8.00 - 9.90 | 9.47 |
| 29-Jan-24 | 8.00 - 10.00 | 9.56 |
| ***Source: BB*** | | |

| Commodities | | |
|---|---|---|
| **Major Commodities** | **Price** | **% Change** |
| Brent Crude (Oil), USD/bbl. | 82.66 | 0.08% |
| Gold Spot, USD/t oz. | 2,035.73 | 0.16% |
| Cotton, USD/lb. | 84.86 | 0.43% |
| ***Source: Bloomberg*** | | |

## Market Summary

## Bangladesh Market

- The leading bourse of the country, DSEX gained 0.87% in the last trading day, closing at 6,150.21 point.
- The daily turnover rose 41.88% in the last trading day.

## Global Market

- Majority of the leading global indices posted mixed returns as Dow Jones posted 0.01% gain, S&P 500 posted 0.40% loss, and FTSE 100 posted 0.44% gain.
- One of the leading Asian market indices, NIKKEI 225 posted 0.35% 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 9.47% with a high rate of 9.90% and low rate of 8.00%.
- The oil price increased 0.08% in the last trading day.

## International Macro Update

# IMF lifts global growth forecast citing unexpected 'resilience'

- The IMF announced Tuesday it has raised its 2024 global growth forecast to 3.1%, citing unexpected resilience in major advanced and emerging market economies around the world, including the United States and China.
- The updated figure, released in the latest World Economic Outlook (WEO) report, is 0.2 percentage points higher than the International Monetary Fund's previous forecast in October.
- Despite the upgrade, the IMF predicts that global growth will remain below its recent historical average of 3.8% this year and next due to continued impacts of elevated interest rates, the withdrawal of pandemic-related government support, and persistently low levels of productivity.
- Among the Group of Seven (G7) advanced economies, growth in European countries looks set to remain weak, reflecting ongoing challenges, while Japan and Canada are expected to fare slightly better.

**News Source:**

https://www.newagebd.net/article/224182/imf-lifts-global-growth-forecast-citing-unexpected-resilience

## Bangladesh Macro Update

# Govt rolls back export incentives as LDC graduation nears

- In a strategic move designed to align with its graduation from Least Developed Country (LDC) status in 2026, Bangladesh has unveiled a plan to cut back on incentives for all export items - a development exporters fear will hurt them fatally.
- Analysts see the decision as forward-looking, saying the incentives, funded with taxpayers' money, ultimately benefit Western buyers and consumers.
- In a circular issued on Tuesday, the central bank clarified that the government has opted for gradual reduction in export incentives rather than an immediate stop in the ongoing fiscal year 2023-24.
- The circular takes effect on 1 January 2024 and is valid until 30 June 2024.
- In the new policy, the special incentive for the readymade garments sector has been scaled down from 1% to 0.5%.
- Incidentally, garment has been the most incentivised sector in terms of amount in the economy.

**News Source:**

https://www.tbsnews.net/economy/bangladesh-unveils-gradual-reduction-export-incentives-ahead-ldc-graduation-784122

# Development spending slows to 13-year low

- Spending under the Annual Development Programme (ADP) has been going slow in the current fiscal year (FY), with implementing agencies having used just 22.48% of their allocations till December last year, according to official figures.
- The government managed to spend just BDT 61,739 crore of its BDT 274,678 crore ADP budget in the first six months of FY24, which was its lowest execution rate in at least the past 13 years.

- The current execution rate is even lower than that witnessed in FY21, when ADP spending slowed to 23.89% of the BDT 214,611 crore allocation, as per data of the Implementation Monitoring and Evaluation Division (IMED).

**News Source:**

https://www.thedailystar.net/business/news/development-spending-slows-13-year-low-3532396

### Sectoral Update

### Banks, NBFIs, and Insurance

## Call money rate comes down on BB warning

- Call money costs finally came down on Tuesday to hover within the interest rate corridor (IRC), soon after the central bank issued a warning aganist top executives of a dozen of banks allegedly contributing to the recent overflow of the corridor.
- Sources at Bangladesh Bank (BB) said officials concerned discussed the issue on Tuesday and warned the banks involved in taking funds from interbank sources at much higher rates largely contributing to overshooting of the IRC.
- Seeking anonymity, a BB official said a deputy governor of the central bank called top executives of a dozen of banks and warned them not to get involved in such costly borrowing anymore.
- Soon after the warning, the average call money rate went down to 9.47% on Tuesday from Monday's rate of 9.56%.
- Sources at the BB said there were options available with the BB, through which the commercial lenders could get liquidity support against their collateral - treasury bills and bonds.

**News Source:**

https://today.thefinancialexpress.com.bd/first-page/call-money-rate-comes-down-on-bb-warning-1706637717

## Bancassurance to help insurers break new ground

- Bancassurance will open a new horizon for the insurance industry in Bangladesh as the collaborative arrangement will help insurers expand their coverage at low cost, according to industry people.
- This is because bancassurance is an agreement under which banks will sell an insurer's products, allowing the latter to enjoy access to the bank's client base and thereby increase its sales.
- Besides, the banks benefit by receiving additional income from the sales of the insurance products.
- As such, a number of bancassurance agreements have been signed ever since Bangladesh Bank and the Insurance Development Regulatory Authority rolled out the related guidelines in December last year.

**News Source:**

https://www.thedailystar.net/business/news/bancassurance-help-insurers-break-new-ground-3532316

## Capital Market

# Dhaka stocks rise for 2nd day

- Dhaka stocks advanced for the second day on Tuesday, with a gain in more than two-thirds of the companies, as investors went on a share buying spree after the recent corrections, according to market operators.
- DESX, the key index of the Dhaka Stock Exchange, increased by 52.98 points, or 0.86%, and settled at 6,150.21 points on Tuesday after advancing 18.16 points in the previous day.
- On Sunday, the DSEX had posted its lowest in 18 months at 6,079.06 points, losing a total of 197.19 points in three consecutive trading sessions.
- The Dhaka bourse started the trading session on Tuesday with a rise, gaining 29.98 points and kept the positive trend in majority of the session.

**News Source:**

https://www.newagebd.net/article/224186/dhaka-stocks-rise-for-2nd-day