EBL ASSET MANAGEMENT LTD.
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Daily News Snippet

February 01, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	6,153.33
% change	0.05%
DS30 Index	2,103.93
% change	-0.34%
DSES Index	1,351.95
% change	-0.18%
Turnover (BDT mn)	9,797.14
Turnover (USD mn)	89.06
% change	4.24%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	38,304.00
% change	0.06%
S&P 500	4,879.00
% change	0.17%
Nikkei 225	36,011.46
% change	-0.76%
FTSE 100	7,630.57
% change	-0.47%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	110.00	110.00
EUR	118.97	119.02
GBP	139.53	139.57
INR	1.32	1.32
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
1-Feb-24	8.00 - 9.50	9.36
30-Jan-24	8.00 - 9.90	9.47
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	81.71	-1.15%
Gold Spot, USD/t oz.	2,043.14	0.36%
Cotton, USD/lb.	85.19	0.39%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX gained 0.05% in the last trading day, closing at 6,153.33 point.
- The daily turnover rose 4.24% in the last trading day.

Global Market

- Majority of the leading global indices posted mixed returns as Dow Jones posted 0.06% gain, S&P 500 posted 0.17% gain, and FTSE 100 posted 0.47% loss.
- One of the leading Asian market indices, NIKKEI 225 posted 0.76% loss.

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 9.36% with a high rate of 9.50% and low rate of 8.00%.
- The oil price fell 1.15% in the last trading day.

Bangladesh Macro Update

BB plans dollar swap with banks to boost reserves

- The Bangladesh Bank will employ a swap mechanism to acquire US dollars from commercial banks to bolster the nation's foreign exchange reserves.
- Although this marks a new approach for the Bangladesh Bank, the use of swap arrangements is a common practice worldwide for managing reserves.
- According to a central bank report, the country's reserves stood at USD 20 billion on 24 January.
- A central bank official said although there is a shortage of dollars in the country, some banks have sufficient supplies of foreign exchange.

News Source:

https://www.tbsnews.net/economy/banking/bb-plans-dollar-swap-banks-boost-reserves-784994

Sectoral Update

Banks, NBFIs, and Insurance

Banks' lending rate hits 12.38pc

- The lending rate ceiling in banks reached nearly 12.38% on Wednesday from 10.7% in October.
- The interest rate increased after the central bank on January 17 raised the policy rate by 25 basis points to 8.0% from 7.25% in an effort to address mounting inflationary pressures in the country.
- The six-month moving average interest rate (SMART) of 182-day treasury bill has increased to 8.63% for February from 8.14% in January.
- The Bangladesh Bank also raised interest rate corridor margin to 3.75% in November from the previous 3.5% and allowed banks to add the margin with the six-month moving average interest rate (SMART).
- Given the SMART of 8.63%, the highest limit for bank lending rate stands at 12.38% for February.

News Source:

https://www.newagebd.net/article/224259/banks-lending-rate-hits-1238pc

Only raising policy rate may not tame inflation

- Only a slight rise in the policy rate, which is the rate at which the central bank lends money to commercial banks, may not tame inflationary pressure in Bangladesh as there are many reasons for elevated price levels, according to economists.
- Economists made the comments at a roundtable discussion on "Monetary Policy (January-June 2024)", organised by the Institute of Chartered Accountants of Bangladesh (ICAB) at its auditorium.
- The Bangladesh Bank raised the policy rate by 25 basis points to 8.0% for the second half of the FY24.

News Source:

https://www.thedailystar.net/business/economy/news/only-raising-policy-rate-may-not-tame-inflation-3533211

BB asks banks to prepare for harsh reforms

- The Bangladesh Bank (BB) is going to bring reforms to the banking sector after getting the go-ahead from the new government, and the banking regulator asked senior executives to prepare for those reforms at a meeting yesterday.
- Weak banks will be subject to mergers and acquisitions, a move that chief executives were asked to discuss among themselves.
- The central bank's instructions came during a bankers' meeting held at the BB headquarters in Dhaka.
- Around 40 of 61 total banks were performing well, but the remaining 21 were weak and would be subject to mergers and acquisitions soon, according to The BB governor.

News Source:

https://www.thedailystar.net/business/economy/news/bb-asks-banks-prepare-harsh-reforms-3533216

Fuel & Power

Expensive fuel use inflates power generation costs

- Bangladesh’s expense on fuel for generating electricity increased by a third last year compared with the year before, but it hardly increased electricity output—only about 3.0%.
- Part of the increase in fuel expenses was somewhat expected, given recent fossil fuel price spikes, energy experts said, adding that the rest of the increase was owed to the use of relatively expensive fuels and inefficient machines.
- Analyses of data regarding fuel use in 2023 released in the Bangladesh Power Development Board’s annual report brought the matter to light.
- Oil-fired power plants accounted for 23.0% of overall power generation in the past year, but they cost 50.0% of the overall expense, according to analysts.

News Source:

https://www.newagebd.net/article/224282/expensive-fuel-use-inflates-power-generation-costs

Govt importing LNG at lower price

- Bangladesh is getting liquefied natural gas (LNG) at a lower price from the international spot market as prices on the international market are on the decline.
- The cabinet committee on government purchase approved the latest cargo, each of which is equivalent to 33.60 lakh million British thermal unit (MMbtu), at a rate of $9.93 per MMbtu yesterday.
- It will be supplied by the Singapore-based company Vitol Asia Pte Ltd at a total cost of BDT 429.69 crore.
- On January 23, the government had approved another cargo at a rate of USD 10.88 per MMbtu.
- It will be supplied by Switzerland-based TotalEnergies Gas and Power Limited.

News Source:

https://www.thedailystar.net/business/news/govt-importing-lng-lower-price-3533261

Capital Market

Stocks keep rising despite bad news for exporters

- The main index for measuring share price performance in the stock market of Bangladesh continued to curve upwards yesterday even though the government has announced plans to slash export subsidies.
- In a notice on Tuesday, Bangladesh Bank declared that cash assistance ranging from 0.5% to 15% will be afforded for exports from January 1 to June 30 this year.
- The cash assistance mainly aims to make the country's exports more competitive in global markets by allowing producers to sell their goods at subsidised rates.
- Earlier, the government provided cash assistance of 1.0% to 20.0% depending on the type of product being exported.

News Source:

https://www.thedailystar.net/business/news/stocks-keep-rising-despite-bad-news-exporters-3533266

Square Pharma's operating profit drops 5% in Oct-Dec

- Square Pharmaceuticals witnessed a 5.0% year-on-year drop in operating profit during the October-December quarter of the fiscal year 2023-24.
- As per the company's financial statement, Square Pharma recorded an operating profit of BDT 502 crore in the second quarter of FY24, down from BDT 530 crore during the corresponding period a year ago.
- However, the leading drug manufacturer achieved a double-digit growth in revenue during the period amid the high inflation that constrained people's expenditure.
- The company's revenue grew by 15.0% to BDT 2,144 crore in the October-December period of FY24, compared to the same period a year ago.

News Source:

https://www.tbsnews.net/economy/stocks/square-pharmas-operating-profit-drops-5-oct-dec-784966