EBL ASSET MANAGEMENT LTD.
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Daily News Snippet

February 19, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	6,283.23
% change	-0.84%
DS30 Index	2,129.28
% change	-1.29%
DSES Index	1,368.83
% change	-0.97%
Turnover (BDT mn)	9,247.34
Turnover (USD mn)	84.07
% change	-13.96%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	38,627.99
% change	0.00%
S&P 500	5,005.57
% change	0.00%
Nikkei 225	38,470.38
% change	-0.04%
FTSE 100	7,711.71
% change	0.00%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	110.00	110.00
EUR	118.51	118.55
GBP	138.57	138.62
INR	1.32	1.32
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
18-Feb-24	8.00 - 9.50	9.29
15-Feb-24	8.00 - 9.50	9.25
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	82.85	-0.74%
Gold Spot, USD/t oz.	2,021.45	0.39%
Cotton, USD/lb.	94.42	0.00%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX lost 0.84% in the last trading day, closing at 6,283.23 points.
- The daily turnover fell 13.96% in the last trading day.

Global Market

- Majority of the leading global indices were closed yesterday.
- One of the leading Asian market indices, NIKKEI 225 posted 0.04% loss.

Key macro indicators

- All the major currencies remain 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 9.29% with a high rate of 9.50% and low rate of 8.00%.
- The oil price fell 0.74% in the last trading day.

Bangladesh Macro Update

Will the dollar crisis frustrate the government's plans to rein in prices during Ramadan?

- Ramadan and price hike – these two words have become intertwined in recent years.
- Every year, the price of necessities go up rapidly in the holy month, leaving citizens of the country in undue distress.
- This year, the trouble has been compounded by the ongoing dollar crisis, which is continuously deepening, and in addition, the import bills are increasing every day.
- Amid such circumstances, the newly-elected government vowed to regulate the market regulation - with a focus on stabilising essential food items, almost a month back now.
- The government decided to reduce taxes on various food imports by 5%.
- The import duty on edible oil has been reduced from 15% to 10%, while the duty on dates has been decreased from 25% to 15%.

News Source:

https://www.tbsnews.net/features/panorama/will-dollar-crisis-frustrate-governments-plans-rein-prices-during-ramadan-795162

SoEs' debt liabilities soar to Tk 1.83t

- The government has asked the state-owned enterprises (SoEs) to pay the debt service liabilities (DSLs) as it soared to more than BDT 1.83 trillion at the end of the last fiscal year (FY 2022-23), according to official statistics.
- The DSLs of autonomous and semi-autonomous bodies comprise of the principal and interest amount, according to an official.
- The finance division has recently requested the SoEs to pay the liabilities urgently within this month (February) as the development works are being hampered due to the nonpayment of the loans.
- The outstanding loans of 30 SoEs to the state-owned commercial banks stood at BDT 597.31 billion, including a classified loan of BDT 1.85 billion.

News Source:

https://today.thefinancialexpress.com.bd/first-page/soes-debt-liabilities-soar-to-tk-183t-1708278747

Sectoral Update

Banks, NBFIs and Insurances

BB relaxes loan write-off policy further

- The Bangladesh Bank yesterday further relaxed its loan write-off policy as part of its roadmap to "artificially" reduce the higher volume of bad loans in the banking sector.
- Banks use write-offs to remove loans from their balance sheets if they think that there are no realistic prospects of recovery.
- The written-off loans are then transferred to the off-balance sheet records.

- This allows banks to show a lower amount of bad loans in their books but the liabilities remain.
- Banks are now allowed to write off from their balance sheet the default loans that have been in the bad and loss category for two years, down from three years previously, said the central bank in a new guideline yesterday.

News Source:

https://www.thedailystar.net/business/economy/news/bb-relaxes-loan-write-policy-further-3547131

18 non-life insurers spent beyond regulatory limits in 2022

- Eighteen non-life insurance companies spent more in 2022 on management expenses than allowed, leaving a negative impact on their overall business and eroding their capacity to settle claims.
- Company officials attributed the excess spending to an unstable business environment following the Covid-19 pandemic and other global crises.
- Allowable management expense refers to the amount permitted by the IDRA to be spent on running operations, namely for paying agent commissions and operating costs.
- The limits are set based on the gross premium income in a calendar year.
- Insurers can spend a certain percentage that they receive in the form of premiums from fire and other types of insurance while marine insurance is considered separately.

News Source:

https://www.thedailystar.net/business/economy/news/18-non-life-insurers-spent-beyond-regulatory-limits-2022-3547151

Apparel & Textile

Apparel export ebbs amid economic slowdown

- A sagging mood in global economy sent Bangladesh's apparel exports ebbing down, with the receipts from its largest market-the European Union---declining over 20% in the past calendar year.
- Readymade garment (RMG) exports fetched the country EUR 17.38 billion from the EU in 2023 in a 20.65% fall from the 2022 earnings of EUR 21.91 billion, according to data from Eurostat.
- Exporters explain the why – a) high inflation and b) rising interest rates globally dampened consumer demand that created inventory glut in western buyers' retail stores and discouraged them from placing new orders.
- They say the official data from importing countries reflected the real work-order situation here in Bangladesh for the year 2023.
- Official figures from the Eurostat showed exports of both knitwear and woven wears to the EU in 2023 having declined. Knitwear subsector fetched EUR 10.64 billion, down from EUR 13.95 billion in 2022. \
- Woven items earned EUR 6.74 billion, against EUR 7.95 billion in 2022.

News Source:

https://today.thefinancialexpress.com.bd/first-page/apparel-export-ebbs-amid-economic-slowdown-1708278821

Capital Market

Stocks plunge as 22 companies downgraded to junk category

- Dhaka stocks lost ground for the fifth consecutive trading sessions on Sunday as investors became concerned after the Dhaka Stock Exchange placed 22 companies under the ‘Z’ category, which groups low-profile scrips, according to market operators.
- The DSE on Sunday downgraded the 22 companies following an order from the Bangladesh Securities and Exchange Commission issued on February 15, which led to significant selling pressures, according to the market operators.
- DSEX, the key index of the DSE, dropped by 53.01 points, or 0.83%, and settled at 6,283.23 points on Sunday after losing 35.28 points in the previous trading session.
- According to the BSEC’s February 15 directive, any listed company must be shifted or transferred to the ‘Z’ category by the stock exchanges immediately if the company fails to declare any dividend for two consecutive years.
- The turnover on the DSE plunged to BDT 924.73 crore on Sunday compared with that of BDT 1,074.73 crore in the previous trading session.

News Source:

https://www.newagebd.net/article/225827/stocks-plunge-as-22-companies-downgraded-to-junk-category