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

Daily News Snippet

April 28, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,518.48
% change	-1.08%
DS30 Index	1,974.51
% change	-0.51%
DSES Index	1,217.27
% change	-1.00%
Turnover (BDT mn)	5,114.34
Turnover (USD mn)	46.49
% change	-15.15%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	38,085.80
% change	-0.98%
S&P 500	5,048.42
% change	-0.46%
Nikkei 225	37,628.48
% change	-2.16%
FTSE 100	8,078.86
% change	0.48%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	110.00	110.00
EUR	117.67	117.71
GBP	137.07	137.13
INR	1.32	1.32
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
25-Apr-24	8.00 - 9.50	8.83
24-Apr-24	8.00 - 9.50	8.89
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	89.01	1.12%
Gold Spot, USD/t oz.	2,332.46	0.70%
Cotton, USD/lb.	81.08	0.09%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX lost 1.08% in the last trading day, closing at 5,518.48 points.
- The daily turnover decreased 15.15% in the last trading day.

Global Market

- Majority of the leading global indices posted negative returns as Dow Jones posted 0.98% loss, S&P 500 posted 0.46% loss, and FTSE 100 posted 0.48% gain.
- One of the leading Asian market indices, NIKKEI 225 posted 2.16% loss.

Key macro indicators

- All the major currencies fall against BDT yesterday.
- The average overnight rate is falling in the past week.
- The current weighted average overnight rate stood at 8.83% with a high rate of 9.50% and low rate of 8.00%.
- The oil price increased 1.12% in the last trading day.

Bangladesh Macro Update

A third of budget spent on interest payments, subsidies

- More than one-third of the national budget of Bangladesh was spent to make interest payments and pay subsidies in the first seven months of the current fiscal year mainly due to persistently lower revenue earnings.
- The government spent BDT 246,583 crore in July-January of 2023-24 out of the total budget of BDT 761,785 crore for the entire fiscal year, figures from the finance ministry showed.
- The outlay under interest payments and subsidies was BDT 88,226 crore, which was 36% of the allocation.
- In order to meet its expenditures, the government is taking on more debts since tax collections are not growing at a healthy clip.

News Source:

https://www.thedailystar.net/business/economy/news/third-budget-spent-interest-payments-subsidies-3597171

What's preventing inflation from going down?

- The Bangladesh Bank monetary policy statement (MPS) is focused on the second half of FY24, with an emphasis on bringing down inflation to 7.5% by the end of the current financial year, and achieving 6.5% GDP growth.
- However, the low and middle income segments of the population – and businesses as well – have been grappling with high inflationary pressure throughout the fiscal year, with this figure hovering around 10%.
- Inflation in the country rose to 9.81%, reaching the second highest after 9.93% recorded last October.
- Because of the devaluation of the Taka against USD, the increase in the price of power and energy is also one of the key reasons for high inflation.

News Source:

https://businesspostbd.com/economy/whats-preventing-inflation-from-going-down

Sectoral Update

Banks, NBFIs, and Insurance

Bank mergers far from voluntary

- The recent decisions taken in favour of merging five troubled banks in Bangladesh with the same number of financially sound lenders have drawn a lot of flak from different corners.
- In fact, the reactions of the associated bankers and directors, circumstances centring the meetings where the decisions were taken alongside protests in one case confirmed that these had been decided by the government and relayed through the central bank.
- The central bank issued a comprehensive framework for mergers or amalgamations for banks and non-bank financial institutions on April 4, delineating a voluntary process and a forced one.

News Source:

https://www.thedailystar.net/business/economy/news/bank-mergers-far-voluntary-3596846

Banks' forex holdings drop in March

- The volume of foreign currencies held by the country's commercial banks dropped in March amid increased demand, driven by a severe shortage of dollars.
- The gross foreign currency balance with the banks dropped to $5,439 million in March from $5,534 million in February and $5,559 million in December 2023.
- The country is facing a growing challenge in securing US dollars, with both commercial banks and the central bank experiencing declining foreign currency reserves.
- This shortage is putting a strain on the country's ability to pay for imports and is causing the Bangladeshi taka to weaken against the dollar.

News Source:

https://www.newagebd.net/post/banking/233768/banks-forex-holdings-drop-in-march

Telecommunications

BTRC to formulate satellite internet guideline

- The internet regulator has decided to form a committee to formulate a guideline for satellite internet service, a major step that will pave the way for the entry of Elon Musk's Starlink and other similar companies to Bangladesh.
- In a recent internal meeting, Bangladesh Telecommunication Regulatory Commission (BTRC) approved the formulation of the committee comprising officials of its different divisions to prepare the guideline for internet services through non-geostationary satellite orbit (NGSO) satellites.
- Deployed in large constellations for global coverage and backups to prevent downtime in case of failures, such satellites enable processing high volumes of data with minimal delay alongside improved coverage in polar regions.
- Companies like SpaceX, OneWeb and Amazon are developing such constellations to provide satellite communication around the world.

News Source:

https://www.thedailystar.net/business/economy/news/btrc-formulate-satellite-internet-guideline-3596801

Seamless internet not before end of May

- The maintenance works of SEA-ME-WE 5, through which Bangladesh avails the largest chunk of international bandwidth, will take about a month, prolonging woes over the lack of a smooth broadband internet service in the country.
- Bangladesh Submarine Cables in a press release said the maintenance work of the cable would conclude on the last week of May.
- The cable, which was installed in Kuakata connecting Bangladesh with Singapore, snapped at midnight of April 27.
- It may be noted that preparations have been completed from Bangladesh Submarine Cables to transfer about 1600 Gbps bandwidth of SMW-5 to SMW-4, the first submarine cable of the country.

News Source:

https://www.thedailystar.net/business/economy/news/seamless-internet-not-end-may-3596796

Power & Energy

Improving summer power supply: Govt pays half the subsidy power ministry needs

- The Finance Division last week disbursed BDT 1,500 crore in subsidy against the power ministry's demand for the immediate release of BDT 3,000 crore to boost electricity supply during the summer months.
- The latest disbursement takes the amount of subsidy to BDT 18,799 crore so far this fiscal year.
- The government allocated a BDT 35,000 crore subsidy for the power sector for the current fiscal year to ensure uninterrupted electricity supply.
- However, this move will not help the Bangladesh Power Development Board (PDB) improve the electricity supply significantly as the problem in opening letters of credit (LCs) to import furnace oil stemming from a shortage of dollars is another reason for the insufficient power supply.

News Source:

https://www.thedailystar.net/business/economy/news/improving-summer-power-supply-govt-pays-half-the-subsidy-power-ministry-needs-3596891

Capital Market

NBR weighs capital gain tax in stocks next year

- The National Board of Revenue (NBR), in line with the International Monetary Fund (IMF) prescriptions, intends to tax profits or capital gains from stock market investments made by individual investors from the next fiscal year.
- A senior NBR official, on condition of anonymity, told TBS that the Statutory Regulatory Order (SRO) dated 1 July 2015, which granted individual investors exemption from paying capital gains tax on listed stocks, mutual funds, bonds, and debentures, may be revoked by the end of this fiscal year.
- If this policy is implemented, individuals may have to pay a 5%-25% tax against their capital market gains depending on their regular income tax slab.
- In India, individual stock market investors are subject to a capital gains tax of 15% if they sell securities within the first year of purchase.

News Source:

https://www.tbsnews.net/nbr/nbr-weighs-capital-gain-tax-stocks-next-year-837966

DSE witnesses negative trend for 2nd week

- Dhaka stocks continued its losing streak in the past week posting three fresh record lows in its key index, as panic driven investors continued selling shares to protect their funds amid economic worries in the country and global geopolitical tensions.
- DSEX, the key index of the Dhaka Stock Exchange, lost 168.21 points, or 2.96%, over the past week.
- The index fell below 5,600 points in nearly three years to close at 5,518.48 points on April 25, after losing 177.40 points in the previous week.
- The market hit three fresh low records, on April 23, April 24 and April 25.
- The lowest was on April 25, at 5,518.48 points after May 3, 2021, when it was at 5,511.36 points.

- Market operators said that the prevailing uncertainties, stemming from economic and political factors, and decision to impose circuit breaker limit by the Bangladesh Securities and Exchange Commission contributed to a subdued atmosphere.
- It affecting investor confidence and engagement on the market.

News Source:

https://www.newagebd.net/post/stocks/233770/dse-witnesses-negative-trend-for-2nd-week

Delay in BSEC chair's reappointment 'dampens market sentiment'

- The finance ministry recommended Shibli Rubayat-Ul-Islam for a second term as chairman of the Bangladesh Securities and Exchange Commission (BSEC) to the Prime Minister's Office (PMO) on 31 March.
- Despite BSEC's policy change in price cap to stop the free fall of stock prices, the DSE's benchmark index, DSEX, plummeted by 60 points on Thursday, accompanied by a decline in the share prices of 76% companies.
- This delay has created uncertainty among investors regarding the chairman's second term.
- Furthermore, the delayed issuance of the appointment circular for Shibli's second term is also contributing to the current market downturn, worsening investor uncertainty.

News Source:

https://www.tbsnews.net/economy/stocks/delay-bsec-chairs-reappointment-dampens-market-sentiment-837941

DSE calls for stable policies to bolster stock market

- The Dhaka Stock Exchange (DSE) has urged the Bangladesh Securities and Exchange Commission (BSEC) to maintain stable policies, citing that frequent policy changes could disrupt the stock market and discourage investors.
- In response to the securities regulator's new directive imposing a 3% daily price decline limit on stocks, the DSE Board of Directors convened a meeting with BSEC Chairman Professor Shibli Rubayat-Ul-Islam at the commission's office today.
- Sources said that the DSE has additionally called for the issuance of IPOs by reputable companies to instil stability in the market.
- Furthermore, the DSE has proposed an amendment to a clause in one of the commission's directives concerning the transfer of listed companies to the Z category.

News Source:

https://www.tbsnews.net/economy/stocks/dse-calls-stable-policies-bolster-stock-market-836641