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

Daily News Snippet

June 19, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,117.81
% change	0.68%
DS30 Index	1,821.89
% change	0.54%
DSES Index	1,108.06
% change	0.65%
Turnover (BDT mn)	4,231.42
Turnover (USD mn)	35.86
% change	20.62%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	38,834.86
% change	0.15%
S&P 500	5,487.03
% change	0.25%
Nikkei 225	38,482.11
% change	1.00%
FTSE 100	8,191.29
% change	0.60%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	117.95	118.00
EUR	127.47	127.57
GBP	150.93	151.04
INR	1.41	1.41
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
13-Jun-24	8.50 - 10.00	9.18
12-Jun-24	8.50 - 10.00	9.39
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	85.33	1.28%
Gold Spot, USD/t oz.	2,328.41	0.40%
Cotton, USD/lb.	72.76	1.38%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX gained 0.68% in the last trading day, closing at 5,117.81 points.
- The daily turnover increased 20.62% in the last trading day.

Global Market

- Majority of the leading global indices posted positive returns as Dow Jones posted 0.15% gain, S&P 500 posted 0.25% gain and FTSE 100 posted 0.60% gain.
- One of the leading Asian market indices, NIKKEI 225 posted 1.00% gain.

Key macro indicators

- All the major currencies rose against BDT yesterday.
- The average overnight rate is falling in the past week.
- The current weighted average overnight rate stood at 9.18% with a high rate of 10.00% and low rate of 8.50%.
- The oil price increased 1.28% in the last trading day.

Bangladesh Macro Update

3rd tranche of loan: IMF board to meet on June 24

- The International Monetary Fund will discuss releasing USD 1.15 billion in the third instalment of its loan to Bangladesh during its board meeting on June 24.
- This is part of the IMF's USD 4.7 billion loan programme for the country.
- Bangladesh officials said they are hopeful that the loan proposal will be approved since the country has met all conditions except one set for the release of the third tranche.
- In the board meeting, the multilateral lender will assess Bangladesh's progress in meeting the conditions set in December last year.
- Bangladesh could not meet the condition set for foreign currency reserves.

News Source:

https://www.thedailystar.net/business/economy/news/3rd-tranche-loan-imf-board-meet-june-24-3634756

Govt trims food distribution plan for FY25 amid high inflation

- The government has cut distribution plans for food grains for the upcoming fiscal year of 2024-25, which economists say is an illogical decision since food inflation has soared above 10% in the past two months.
- For FY25, the government plans to distribute 30.3 lakh tonnes of rice and wheat among poor and low-income people through cash and non-cash programmes apart from distribution among public sector employees.
- The quantity of the planned distribution is 10% lower than the revised distribution plan of 33.56 lakh tonnes for the outgoing fiscal year of 2023-24.
- The food distribution plan is also below the original allocation for the outgoing fiscal year, according to the finance ministry.

News Source:

https://www.thedailystar.net/business/news/govt-trims-food-distribution-plan-fy25-amid-high-inflation-3635346

Forex reserves to get $2b boost

- Bangladesh's foreign currency reserves are set to receive as high as USD 2 billion this month, which may send the total to nearly USD 21 billion, handing a much-needed relief to the US dollar supply.
- On Wednesday, the reserves went up by USD 538 million to USD 19.2 billion from a week ago, showed central bank figures prepared based on the formula of the International Monetary Fund (IMF).
- This is the highest level of forex reserve holdings in the past one month.
- In a major boost, USD 1.65 billion is expected to be added to the reserves from the IMF and the World Bank.
- The IMF may release USD 1.15 billion in the third instalment of its USD 4.7 billion loan in the last week of June, according to Finance Minister Abul Hassan Mahmood Ali.

News Source:

https://www.thedailystar.net/business/news/forex-reserves-get-2b-boost-3634236

GDP output may rise 40% if women's participation in economy widens

- Bangladesh can increase its economic output by nearly 40% by closing the gender gap and increasing women's participation in the economy, according to the International Monetary Fund (IMF).
- Sizable gaps in women's economic empowerment undermine growth and exacerbate climate vulnerability in Bangladesh, according to the multilateral agency.
- Per capita incomes in Bangladesh have risen seven-fold in the past three decades while poverty has been reduced to a fraction of former levels.
- Such progress has been driven in part by greater labour force participation by women, most notably in the garment industry, and has been accompanied by other meaningful improvements in women's empowerment.
- There is still large gaps between women and men as women's labour force participation is only half the rate of men, according to IMF analysis.

News Source:

https://www.thedailystar.net/business/economy/news/gdp-output-may-rise-40-if-womens-participation-economy-widens-3635441

We are bullish on Bangladesh's investment potential: IFC South Asia Director Fakhoury

- The International Finance Corporation is bullish on the investment potential of the Bangladesh economy, but the country needs reforms to unlock private sector growth, according to Imad N Fakhoury, the organisation's regional director for South Asia.
- I believe Bangladesh is on an economic breakthrough and the strategic reforms under implementation will set the stage to accelerate growth and become a hub for investments, he added.
- He said the IFC that in its 50-year partnership with Bangladesh made a cumulative financing of USD 8 billion, and will continue supporting the country as it will need USD 600 billion in sustainable infrastructure investments by 2041.
- Following the recent slowdown to below 5.5% GDP growth, the WB now forecasts it to get back to the 6% level in 2-3 years and sustain there.
- Reflecting on recent economic indicators, Fakhoury noted Bangladesh's export growth of 2% year-on-year, reaching nearly USD 52 billion, alongside a 10% increase in remittances to USD 21 billion and a positive current account balance of USD 5.8 billion, a stark improvement from the previous year's deficit of USD 3.3 billion.

News Source:

https://www.tbsnews.net/economy/we-are-bullish-bangladeshs-investment-potential-ifc-south-asia-director-fakhoury-879126

State enterprises' loan rising, so is govt guarantee

- The government needs to provide guarantees against an increasing amount of loans of state-owned enterprises every fiscal year, especially for power generation, fertiliser and fuel imports, and aircraft purchases.

- The government provides these "sovereign guarantees" against loans negotiated by various state-owned financial and non-financial enterprises.
- Meant to aid the implementation of public policies and programmes, the sovereign guarantees are mostly issued to entities operating in commercial aviation, power and public commodity sectors, and fertiliser plants.
- If the entities fail to repay their loans on time, the guarantees could be invoked and the liabilities would be passed on to the government.
- The amount of sovereign guarantees has been increasing by around 19% on average every year.

News Source:

https://www.thedailystar.net/business/economy/news/state-enterprises-loan-rising-so-govt-guarantee-3635461

Sectoral Update

Banking and Insurance

Banks' surging investments in bills, bonds shrink loanable funds

- Banks in Bangladesh are increasing their investments in Treasury bills and bonds to net higher profits from the rising interest rate, a development that has squeezed the availability of loans for borrowers.
- This has forced a section of banks to continuously secure liquidity support from the Bangladesh Bank to meet their day-to-day fund requirements.
- The government has used the bills and bonds to borrow BDT 78,117 crore from banks between July 1 and May 29 this fiscal year, up 337% from BDT 17,883 crore during the same period a year ago, central bank data BB showed.
- The escalated borrowing through bills and bonds came after the central bank stopped lending to the government since such injection of funds into the economy fuels inflation, which has stayed above 9% for nearly two years and shows no signs of cooling.
- The government plans to borrow BDT 137,500 crore from banks to finance the deficit in the proposed budget for 2024-25.

News Source:

https://www.thedailystar.net/business/economy/banks/news/banks-surging-investments-bills-bonds-shrink-loanable-funds-3635466

Deposits in NBFIs fall by Tk525cr in March quarter

- Deposits in non-bank financial institutions (NBFIs) decreased by BDT 525 crore in the first three months of this year.
- According to a central bank report, outstanding deposits in the NBFI sector stood at BDT 44,305 crore at the end of the March quarter, reflecting a 1.37% decrease compared to the previous quarter.
- While deposits are currently growing at a rate of 9-10% in the banking sector, deposits in the NBFI sector are decreasing.
- There were significant irregularities in this sector previously, with some NBFIs having very high classified loan amounts, according to a senior official of central bank.

- Consequently, these institutions are unable to repay customers' deposits, leading to a loss of interest in making fresh deposits.

News Source:

https://www.tbsnews.net/economy/banking/deposits-nbfis-fall-tk525cr-march-quarter-876781

Power and Energy

Petrobangla cancels LNG spot cargo deliveries

- Bangladesh's Petrobangla has cancelled some spot liquefied natural gas imports after one of the country's two import terminals was damaged during a cyclone, leaving it unable to receive shipments, two industry sources said on Tuesday.
- The state-owned group is tasked with importing LNG for Bangladesh, which relies on the fuel to meet power demand for its population of more than 170 million people.
- Summit LNG, the operator of the damaged terminal, told Petrobangla that it had declared force majeure on LNG deliveries after its terminal was damaged.
- In late May, Summit LNG paused operations at its floating storage and regasification unit (FSRU) in Moheshkhali after it was significantly damaged during a cyclone.
- The company later said that the FSRU, which acts as a floating terminal, would proceed to Singapore or the Middle East for repairs, and it hoped it could return to Bangladesh within three weeks of those being completed.

News Source:

https://www.tbsnews.net/bangladesh/energy/petrobangla-cancels-lng-spot-cargo-deliveries-879216

Apparel and Textile

Major brands join forces to decarbonise Bangladesh’s fashion industry

- Some of the world's biggest fashion brands such as like Gap Inc, H&M Group, Mango, and Bestseller have joined forces to participate in an initiative to decarbonise the fashion sector in Bangladesh.
- The Future Supplier Initiative offers a collective financing model to support decarbonisation in the apparel sector, according to a statement from H&M.
- It is facilitated by non-profit The Fashion Pact in partnership with brand and manufacturer platform Apparel Impact Institute, consultancy firm Guidehouse and Singaporean DBS Bank.
- Decarbonisation is the process of reducing or eliminating carbon dioxide emissions from processes such as manufacturing.
- Future Supplier Initiative estimates that 99% of total fashion brand emissions occur in the supply chain.

News Source:

https://www.thedailystar.net/business/economy/news/major-brands-join-forces-decarbonise-bangladeshs-fashion-industry-3635421

Capital Market

DSEX recovers 48 points over last two sessions

- Stock investors experienced some relief in the last two sessions amid selling pressure in a bearish market trend following the announcement of the national budget.
- At the end of the week, the prime index DSEX decreased by 2.28% to 5,117.81 points on the Dhaka Stock Exchange (DSE), with the blue-chip DS30 plummeting 1.94% to 1,821.89 points.
- Shariah index DSES was also down by 2.52% to settle at 1,108.06 points, while DSMEX (DSE SME Index) declined by 2.92% to 1,466.03 points.
- However, the weekly average turnover on the DSE dropped by 16.64% to BDT 376.45 crore compared to the previous week.
- The total turnover stood at BDT 1,882.27 crore, down from BDT 2,258.02 crore in the previous week.

News Source:

https://www.tbsnews.net/economy/stocks/dsex-recovers-48-points-over-last-two-sessions-877931