EBL ASSET MANAGEMENT LTD.
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Daily News Snippet

June 24, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,247.14
% change	0.06%
DS30 Index	1,877.50
% change	0.11%
DSES Index	1,146.65
% change	0.05%
Turnover (BDT mn)	4,867.46
Turnover (USD mn)	41.25
% change	7.46%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	39,150.33
% change	0.00%
S&P 500	5,464.62
% change	0.00%
Nikkei 225	38,596.47
% change	0.00%
FTSE 100	8,237.72
% change	0.00%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	117.95	118.00
EUR	126.10	126.20
GBP	149.15	149.25
INR	1.41	1.41
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
23-Jun-24	8.50 - 10.00	9.00
20-Jun-24	8.50 - 10.00	9.13
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	85.19	-0.06%
Gold Spot, USD/t oz.	2,325.71	0.16%
Cotton, USD/lb.	72.56	0.48%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX gained 0.06% in the last trading day, closing at 5,247.14 points.
- The daily turnover increased 7.46% 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 was also closed yesterday.

Key macro indicators

- All the major currencies fell against BDT yesterday.
- The average overnight rate is falling in the past week.
- The current weighted average overnight rate stood at 9.00% with a high rate of 10.00% and low rate of 8.50%.
- The oil price decreased 0.06% in the last trading day.

International Macro Update

US credit spreads widen on political jitters, Treasuries rally

- The spreads between US investment-grade corporate bond yields and US Treasuries have surged to their highest in over three months, in a sign of risk aversion due to political uncertainty in France and as US government bonds rallied.
- Spreads indicate the premium investors demand to hold corporate bonds rather than safer government securities.
- The spread on the ICE BofA US Corporate Index, a commonly used benchmark for high-grade debt, rose to 96 basis points this week, its highest since mid-March.
- The moves followed turmoil in French financial markets where, ahead of France's surprise parliamentary elections, investors sold government bonds because of concerns over a budget crisis in the euro zone's second-biggest economy.

News Source:

https://today.thefinancialexpress.com.bd/stock-corporate/us-credit-spreads-widen-on-political-jitters-treasuries-rally-1719159273

Bangladesh Macro Update

Rising dollar inflow leads highest LC openings in 23 months

- A surge in the inflow of remittances and export proceeds has led to an increase in dollar supply in commercial banks, resulting in the highest letter of credit (LC) openings in the last 23 months in May.
- However, LC settlements during the same period experienced a slight decline compared to April.
- Bangladesh Bank data shows in May, both the government and private commercial banks opened import LCs amounting to USD 6.83 billion.
- The previous highest USD 7.02 billion worth of LCs were opened in June 2022. Since then, despite fluctuations, LC openings have generally followed a decreasing trend.

News Source:

https://www.tbsnews.net/economy/rising-dollar-inflow-leads-highest-lc-openings-23-months-882956

ADB to lend $20.8b to Bangladesh in four years

- The Asian Development Bank (ADB) is expected to provide USD 20.8 billion in loans to Bangladesh in the next four years as the country looks to accelerate economic growth and attain the upper-middle-income status in less than a decade.
- The amount is 42.3% higher than the USD 12 billion the country received in the previous four years, according to documents from the Manila-based lender.
- Of the expected financing, USD 16.4 billion, or 78.85% of the total, will be extended as ordinary capital resources (OCR) loan, since the country's capacity to pay back has gone up.

News Source:

https://www.thedailystar.net/business/news/adb-lend-208b-bangladesh-four-years-3639996

BD getting $400m AIIB budget support

- A USD 400-million budget-support credit is forthcoming from the Asian Infrastructure Investment Bank (AIIB) for Bangladesh to help implement critical structural reforms meant for building climate resilience in development activity.
- Mainstreaming climate-change adaptation and-mitigation actions for a sustainable, resilient, and inclusive growth lies at the core of the lending package, according to officials.
- The loan coming at a time when the country is in a crying need for foreign exchange.
- The loan will co-finance 'Climate Resilient Inclusive Development Programme (Sub-programme 1)' with the Asian Development Bank (ADB) that already provided USD 400 million for the programme.

News Source:

https://today.thefinancialexpress.com.bd/first-page/bd-getting-400m-aiib-budget-support-1719162353

Tax holiday for private economic zones may continue

- The government may backtrack on the proposed withdrawal of the tax holiday facilities for investors in private economic zones to encourage domestic and foreign investments, according to National Board of Revenue (NBR) officials.
- The authorities are reconsidering the decision to withdraw tax holiday facilities after the announcement in the proposed budget for the fiscal 2024-25 earlier this month caused frustration among investors, according to officials.
- Investors have welcomed the potential reversal, noting that withdrawing the tax holiday facilities would damage investor confidence.
- Currently, investors in economic zones enjoy tax exemptions ranging from 20% to 100% for the first 10 years of production.

News Source:

https://www.tbsnews.net/economy/tax-holiday-private-economic-zones-may-continue-882931

Sectoral Update

Banking and Insurance

Entrepreneurs in quandary as countryside banking squeezes

- Emergent entrepreneurs get into a quandary as countryside banking squeezes amid fallouts from uncapped high interest rates and obdurate inflation, thus affecting the overall national economy, according to sources.
- Of late, commercial banks' focus on rural Bangladesh keeps shifting with the disbursement of formal credits and the number of branches in the least-developed regions constantly shrinking, according to officials and bankers.
- Bankers cite several factors like rising cost of funds and production in this higher-interest and-inflation regime that dent the demand for credits in lockstep with the covid-induced shocks.

News Source:

https://today.thefinancialexpress.com.bd/first-page/entrepreneurs-in-quandary-as-countryside-banking-squeezes-1719162305

IT Sector

IT exports decline in July-March

- Bangladesh's IT exports declined in July-March of the current financial year, highlighting the country's struggle to gain a foothold in the global information and communications technology sector.
- According to data from the Export Promotion Bureau (EPB), earnings of IT firms dropped 2.33% to USD 407.07 million in the first nine months of 2023-24.
- In the same period a year prior, shipments stood at USD 416.79 million.
- Software exports dropped by 25% to USD 28.6 million and computer consultancy services plummeted 45% to USD 14 million.
- Earnings from IT-enabled services, however, increased by 4.64% to USD 361.30 million.
- If the current IT export trend persists, the sector might see a drop in shipments for the second year in a row.

News Source:

https://www.thedailystar.net/business/news/it-exports-decline-july-march-3639981

Capital Market

Stocks extend gaining trend for five days

- Dhaka stocks continued their upward trajectory yesterday, marking the fifth consecutive day of gains.
- Trading session at the Dhaka Stock Exchange (DSE) started on a positive note as investors poured their funds into selective stocks that had been dragged down to attractive levels by the previous downturn.
- However, after the first half-hour, the market became jittery following selling pressure from quick gain seekers.
- Despite this, at the end of the session, the market remained positive, even though the majority of scrips witnessed a downfall.
- The benchmark index DSEX of the DSE rose 3 points to reach 5,247, while the blue-chip index DS30 advanced 2 points to close at 1,877.

News Source:

https://www.tbsnews.net/economy/stocks/stocks-surge-first-trading-hour-882176