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

Daily News Snippet

June 27, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,302.72
% change	1.16%
DS30 Index	1,903.84
% change	1.38%
DSES Index	1,165.83
% change	1.42%
Turnover (BDT mn)	6,051.23
Turnover (USD mn)	51.28
% change	15.36%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	39,127.80
% change	0.04%
S&P 500	5,477.90
% change	0.16%
Nikkei 225	39,667.07
% change	1.26%
FTSE 100	8,225.33
% change	-0.27%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	118.00	118.00
EUR	126.41	126.45
GBP	149.66	149.71
INR	1.41	1.41
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
26-Jun-24	8.50 - 10.00	8.55
25-Jun-24	8.50 - 10.00	8.91
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	85.03	-0.26%
Gold Spot, USD/t oz.	2,300.71	0.11%
Cotton, USD/lb.	75.23	-0.15%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX gained 1.16% in the last trading day, closing at 5,302.72 points.
- The daily turnover increased 15.36% in the last trading day.

Global Market

- Majority of the leading global indices posted positive returns as Dow Jones posted 0.04% gain, S&P 500 posted 0.16% gain and FTSE 100 posted 0.27% loss.
- One of the leading Asian market indices, NIKKEI 225 posted 1.26% gain.

Key macro indicators

- All the major currencies rose against BDT yesterday except the Euro.
- The average overnight rate is falling in the past week.
- The current weighted average overnight rate stood at 8.55% with a high rate of 10.00% and low rate of 8.50%.
- The oil price decreased 0.26% in the last trading day.

Bangladesh Macro Update

IMF recommends no incentives on remittances

- The International Monetary Fund (IMF) has recommended the government not to incentivise remittances.
- The recommendations also include forming asset management companies in the private sector to reduce defaulted loans.
- Earlier on 24 June, despite failing to meet the net international reserves ceiling and revenue target, the International Monetary Fund (IMF) approved releasing USD 1.15 billion in the third tranche of a USD 4.7 billion loan package for Bangladesh.
- The recent exchange rate reforms make such an incentive for attracting inflows unnecessary.
- Consequently, the authorities are encouraged to reduce this subsidy below 2% and eliminate it eventually.

News Source:

https://www.tbsnews.net/economy/imf-recommends-no-incentives-remittances-884871

Further inflation rise feared as govt borrowing spikes in June

- The government has borrowed BDT 66,724 crore from the banking system in the first 11 months of the outgoing fiscal year.
- The amount could make businesses and bankers happy because the government has borrowed only around 40% of its revised target from the banks and there would be no crowding-out for the private sector.
- However, the situation changed in a few days as the government borrowed BDT 35,000 crore more from the banks in the first 13 days of June.
- This amount was more than half what it had done in the last 11 months.
- Of the amount, at least BDT 15,000 crore has been lent by the central bank.

News Source:

https://www.tbsnews.net/economy/further-inflation-rise-feared-govt-borrowing-spikes-june-885541

IMF for regular asset inventories of govt officials to combat corruption

- In a bid to reduce corruption, the International Monetary Fund (IMF) has recommended that the government conduct an annual inventory of assets belonging to all public officials and update it regularly.
- Previously, the multilateral lender had asked the government to collect asset statements from key officials only.
- Last year, during the signing of the USD 4.7 billion loan agreement, the government pledged to combat corruption.
- To combat high-level corruption effectively, it is essential to reinforce the asset declaration process for public officials by enforcing sanctions for non-compliance and adopting a standardised approach for the usage and regular updating of the declaration, according to IMF.

News Source:

https://www.tbsnews.net/economy/imf-recommends-listing-assets-govt-employees-reduce-corruption-884926

ADP implementation falls to four-year low during July-May of FY24

- During the first 11 months of the current fiscal year, 42.46% of the revised Annual Development Programme (ADP) allocation remained unutilised.
- In comparison, the implementation rate of the revised ADP was 61.73% during the corresponding period last fiscal year and 64.84% in the preceding.
- The revised ADP allocation for the current financial year was BDT 254,391.64 crore, including the self-funding from various agencies.
- Out of this, government ministries and departments managed to spend BDT 146,375.50 crore.
- Although many projects have been completed, the implementation rates appear low due to the non-payment of bills, according to the Implementation Monitoring and Evaluation Division (IMED).

News Source:

https://www.tbsnews.net/economy/adp-implementation-falls-four-year-low-during-july-may-fy24-885086

Foreign debt costs to spiral

- Bangladesh's interest payments on external borrowing are projected to soar by 65% within three years due to rising global interest rates and an expanded foreign loan portfolio, which will put further pressure on the dwindling foreign currency reserves.
- The interest payments will rise to USD 2.21 billion or around BDT 26,000 crore by 2027 with the taka losing 35% of its value against the greenback over the last two years, according to a finance ministry report.
- The principal amount is also forecast to jump by 28% to USD 3.17 billion in fiscal 2026-2027, compared to the current fiscal year.
- Foreign loan repayments, including interest and principal amount, are projected to reach USD 3.82 billion in the current fiscal year.
- Although many projects have been completed, the implementation rates appear low due to the non-payment of bills, according to the Implementation Monitoring and Evaluation Division (IMED).

News Source:

https://www.thedailystar.net/business/economy/news/foreign-debt-costs-spiral-3642551

Sectoral Update

Banking and Insurance

Cenbank signals more flexible exchange rate, monetary policy tightening

- The central bank hinted that it would go for further flexibility of exchange rate after introducing the crawling peg system in May this year.
- This will allow the value of the taka to fluctuate more freely in response to market forces, such as supply and demand, rather than being tightly controlled or pegged to another currency.
- Bangladesh assured this to the managing director of the International Monetary Fund (IMF) through a letter signed by Finance Minister Abdul Hassan Mahmood Ali and Bangladesh Bank Governor Abdur Rouf Talukder on 4 June.

- The IMF attached the letter to its second review report under the Extended Credit Facility arrangement disclosed on 25 June.
- In the letter, Bangladesh said it would gradually expand the band to increase exchange rate flexibility and prevent excessive depletion of foreign exchange reserves.

News Source:

https://www.tbsnews.net/economy/banking/cenbank-signals-more-flexible-exchange-rate-monetary-policy-tightening-885526

iBanking posts quantum leap Ten-month

- The total transactions through the virtual banks amounted to BDT 971.172 billion during the period, signifying time saving and convenience against visits to brick-and-mortar bank branches by growing numbers of account-holders.
- The number of internet-banking customers stood at 8,524,325 in a rise by over 1.0 million up to April, according to the Bangladesh Bank (BB) data.
- Such a high rate reflects customers increasingly switching to electronic fund transfers from the manual banking which needs time and physical presence.
- Central bankers say this trend of rising internet banking began in the time of covid-19 outbreak in March 2020-when people kept indoors amid lockdowns.
- Such transaction is mainly urban-based and needs customer literacy and awareness to promote across the country, according to the bankers.

News Source:

https://today.thefinancialexpress.com.bd/first-page/ibanking-posts-quantum-leap-ten-month-1719420390

Apparel and Textile

Apparel export to EU rises by 2% in 11 months: EPB

- The country's apparel export to the European Union (EU) rose by 2% year-on-year to USD 21.64 billion in the July-May period of the current fiscal year 2023-24, according to data from the Export Promotion Bureau (EPB).
- However, the country's readymade garment (RMG) exports to the EU from January to April 2024 decreased by 9.85%, totalling 6.01 billion euros compared to 6.67 billion euros in the same period of 2023, according to Eurostat.
- Apparel shipments to Spain, France, Netherlands, Poland and Denmark grew by 6.23%, 1.02%, 16.27%, 17.28% and 26.96% respectively.
- On the other hand, garment exports to Germany, the largest EU market for Bangladesh, declined by 10.12% year-on-year.
- Apparel exports to Italy also declined by 6.1% in the first 11 months of this fiscal.

News Source:

https://www.tbsnews.net/economy/rmg/apparel-export-eu-rises-2-11-months-epb-885376

Capital Market

DSE index soars past 5,300 after a month as large caps rally

- The Dhaka Stock Exchange (DSE) saw a notable uptick on Wednesday (26 June) as large-cap stocks surged, pushing the DSEX, the benchmark index, past the 5,300 mark for the first time in a month.
- The DSEX gained 60 points, reaching 5,302 points, and extended its gaining streak for the second consecutive session.
- The blue-chip index, DS30, also ended on positive terrain, adding 25 points to close at 1,903.
- The indices remained upbeat throughout the session, while the market recovery was aided by price appreciation in the majority of stocks, according to the market insiders.
- Daily turnover on the DSE crossed the BDT 600-crore mark on Wednesday after 40 days, rising by 15% to BDT 605 crore as against BDT 524 crore in the previous session.

News Source:

https://www.tbsnews.net/economy/stocks/dse-index-soars-past-5300-after-month-large-caps-rally-885406

Allegation of irregularities: Regulator seeks DSE directors' share trading info

- The Bangladesh Securities and Exchange Commission (BSEC), the stock market regulator, has asked Dhaka Stock Exchange (DSE) directors to provide their share trading reports for the past year.
- Currently, the DSE board consists of 12 members, including seven independent directors appointed by the BSEC and five shareholder directors where four from the primary shareholders of DSE and one from the strategic investor.
- An allegation of share trading irregularities by Professor Abdullah Al Mahmud, an independent director on the DSE board, prompted the BSEC to ask for reports of share trading from all DSE directors.
- At the beginning of this month, the regulator asked the conflict mitigation committee of the DSE to provide disclosure documents or reports filed by the directors last year.
- Directors may trade shares but periodically must disclose their reports to the conflict mitigation committee, according to BSEC officials.

News Source:

https://www.tbsnews.net/economy/stocks/allegation-irregularities-regulator-seeks-dse-directors-share-trading-info-885351