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

Daily News Snippet

June 30, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,355.41
% change	0.99%
DS30 Index	1,922.57
% change	0.98%
DSES Index	1,183.52
% change	1.52%
Turnover (BDT mn)	7,058.31
Turnover (USD mn)	59.82
% change	16.64%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	39,118.86
% change	-0.12%
S&P 500	5,460.48
% change	-0.41%
Nikkei 225	39,583.08
% change	0.61%
FTSE 100	8,164.12
% change	-0.19%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	117.95	118.00
EUR	125.96	126.05
GBP	148.85	148.95
INR	1.41	1.41
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
27-Jun-24	8.60 - 9.80	8.92
26-Jun-24	8.50 - 10.00	8.55
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	85	-1.63%
Gold Spot, USD/t oz.	2,326.75	-0.04%
Cotton, USD/lb.	72.69	-2.53%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX gained 0.99% in the last trading day, closing at 5,355.41 points.
- The daily turnover increased 16.64% in the last trading day.

Global Market

- Majority of the leading global indices posted negative returns as Dow Jones posted 0.12% loss, S&P 500 posted 0.41% loss and FTSE 100 posted 0.19% loss.
- One of the leading Asian market indices, NIKKEI 225 posted 0.61% gain.

Key macro indicators

- All the major currencies fell against BDT yesterday.
- The average overnight rate is rising in the past week.
- The current weighted average overnight rate stood at 8.92% with a high rate of 9.80% and low rate of 8.60%.
- The oil price decreased 1.63% in the last trading day.

Bangladesh Macro Update

Record budget support helps govt meet IMF's reserve condition for first time

- Bangladesh is going to fulfil the International Monetary Fund's condition on foreign exchange reserves in June on the back of record budget assistance from global creditors, the first time since the IMF approved its USD 4.7 billion loan programme more than a year ago.
- The development comes after several bilateral and multilateral lenders approved USD 4.8 billion this month.
- Of the volume, budget support amounted to USD 2.76 billion and project loans stood at USD 2.04 billion.
- The budget support has already been added to the forex account of the Bangladesh Bank.
- The IMF unveiled the loan scheme in January 2023 as the country was compelled to turn to external creditors owing to the unprecedented balance of payments crisis amid a sharp decline in the forex reserves because of higher outflows against inflows.

News Source:

https://www.thedailystar.net/business/economy/news/record-budget-support-helps-govt-meet-imfs-reserve-condition-first-time-3645186

Too much reliance on one export item is a major risk: ADB

- Bangladesh's earnings from exports, excluding apparel, grew at a compound annual rate of 7.6% over the past three decades or so whereas garments witnessed 14.6% growth.
- It highlights a lack of product diversity, according to a new study.
- Earnings from garment shipments were nearly equal to that from the rest of the exports in the late 80s.
- However, garment exports surged from USD 1 billion in the early 1990s to USD 47 billion in 2023 while earnings from the export of the rest of the products rose from USD 1 billion to just over USD 8 billion.
- For Bangladesh, export concentration has emerged as a major and longstanding challenge, as the success in garment exports did not come about in other sectors, according to Asian Development Bank (ADB).

News Source:

https://www.thedailystar.net/business/economy/news/too-much-reliance-one-export-item-major-risk-adb-3645176

Highest income tax rate stays unchanged at 25%

- The government has moved away from its decision to raise the highest income tax rate to 30% and end tax holidays for investors in economic zones and hi-tech parks.
- However, the proposal aimed at granting amnesty for whitening the black money has been approved while the plan to levy duties for the first time on the cars imported by lawmakers has been scrapped.
- Yesterday, lawmakers passed the Finance Act 2024 with several amendments after Finance Minister Abul Hassan Mahmood Ali placed the bill in parliament.

- When he unveiled the budget for 2024-25 on June 6, the finance minister proposed to elevate the highest slab of the tax rate to 30% applicable to annual incomes of more than BDT 38.50 lakh that high-income earners can generate.

News Source:

https://www.thedailystar.net/business/news/highest-income-tax-rate-stays-unchanged-25-3644956

IMF charts path out of farm subsidy

- The International Monetary Fund has suggested an alternative to reducing agricultural subsidies - raising fertiliser prices and providing cash or vouchers for certain farm inputs to support poor farmers.
- The global lender also recommended removing incentives for remittance and gradually reducing subsidy on electricity.
- The IMF made the suggestions in its programme document as the lender approved USD 1.15 billion in the third tranche of the USD 4.7 billion loan to Bangladesh on Monday.
- The government has assured the IMF of progressively reducing the subsidy on power by hiking the prices four times a year, but it did not say anything about cutting or withdrawing the subsidies on remittance and agriculture.
- Increases in fertiliser prices could be coupled with cash transfers or vouchers for a range of agricultural inputs (including fertiliser) targeted at small or poor farmers, according to IMF.

News Source:

https://www.thedailystar.net/business/economy/news/imf-charts-path-out-farm-subsidy-3643601

LDC exit: A win for the nation, but a loss for trade

- Bangladesh's graduation from the group of least-developed countries (LDCs) to a developing nation in 2026 has become a point of national pride, underlining the substantial economic strides that the country has made.
- Not only does the accomplishment signify that the nation has improved income levels, reduced poverty, and raised living standards, but it also represents improvement in social conditions.
- The UN Committee on Development Policy, the body which assesses the graduation process, has confirmed Bangladesh will graduate in November 2026.
- Although the exit will brighten the image and prestige of the country, it will also bring serious challenges for exports, especially due to the erosion of trade benefits.

News Source:

https://www.thedailystar.net/business/economy/news/ldc-exit-win-the-nation-loss-trade-3644396

Net sales of national savings certificates plunge to negative Tk14,648cr in Jul-Apr

- The net sales of national savings certificates plummeted to negative BDT 14,648 crore in the first 10 months of the current fiscal year 2023-24, according to Bangladesh Bank data.

- The sales dropped as customers are now showing less interest in the scheme due to various restrictions imposed by the government, according to experts.
- Additionally, the interest rates on investments are declining.
- The net sales of national savings certificates in the first 10 months of FY23 were negative BDT 3,579 crore.
- Middle-income individuals, who used to invest more in the sector, have reduced their investments due to persisting inflation over the past year and a half, according to officials from the Department of National Savings and some bankers.

News Source:

https://www.tbsnews.net/economy/net-sales-national-savings-certificates-plunge-negative-tk14648cr-jul-apr-886251

Trade imbalance alarming amid import surge, export squeeze

- Bangladesh continues to see its trade gap widen as imports far outstrip export receipts, according to the latest official data that show dismal imbalances on April count.
- The April deficit in monthly turnover of trade in goods and services was as large as more than 140% or USD 3.6 billion compared to the preceding month of March.
- The export receipts dropped by nearly 22% to USD 4.0 billion in the month under review.
- Conversely, the import costs increased nearly 15% to USD 7.6 billion, upsetting the balance of trade.
- Trade situation is concerning as a USD 3.5-billion gap is huge for the Bangladesh economy right now, according to Dr. Ahsan H. Mansur, executive director at the Policy Research Institute of Bangladesh or PRI.

News Source:

https://today.thefinancialexpress.com.bd/last-page/trade-imbalance-alarming-amid-import-surge-export-squeeze-1719680937

Sectoral Update

Banking and Insurance

Farmers to get loans at 4% interest for goat farming

- Farmers will be able to obtain loans at only 4% interest for kandal crops and for rearing goats and sheep under the Bangladesh Bank's BDT 5,000 crore refinancing scheme.
- The Bangladesh Bank formed the refinancing scheme on 17 November 2022 to ensure the country's food security and the period of this scheme has been extended periodically.
- In a new circular issued today (27 June), the scheme's duration has been further extended until December this year.
- Under the scheme, farmers will be able to get BDT 2 lakh in loans without any collateral.

News Source:

https://www.tbsnews.net/economy/banking/farmers-get-loans-4-interest-goat-farming-885936

IMF suggests raising repo rate by 50 basis points by Dec

- The International Monetary Fund (IMF) has suggested the central bank raise the policy rate by 50 basis points by December this year since its monetary tightening is yet to rein in inflation.
- The lender came up with the recommendation as the Bangladesh Bank is set to announce its next monetary policy in July.
- The central bank has been struggling to contain inflation for the past two years despite making funds costlier by increasing the benchmark policy rate to unprecedented levels.
- The monetary tightening has not yet helped tame inflation simply because it lacked consistency and impartiality, according to Zahid Hussain, a noted economist.
- The BB has lifted the policy rate, better known as repo rate, by more than 400 basis points in two years to 8.5%, but inflation shows no signs of cooling.

News Source:

https://www.thedailystar.net/business/news/imf-suggests-raising-repo-rate-50-basis-points-dec-3643736

16 non-life insurers fined Tk 83 lakh for irregularities

- The insurance regulator has fined 16 non-life insurance companies over BDT 83 lakh for various types of irregularities and insurance law violations.
- Three companies were fined in multiple categories.
- Of them all, eight were fined BDT 33.51 lakh for appointing dummy development officers and agents and seven companies BDT 30 lakh for excessive management spending, according to the documents of IDRA.
- The rest four have been slapped with a total fine of BDT 20 lakh for violating the rules of mandatory investment in government securities.
- The first eight were fined for the appointment of fake agents, under a special audit conducted in a period between 2019 to 2021, according to Zahangir Alam, spokesperson of IDRA.

News Source:

https://www.thedailystar.net/business/news/16-non-life-insurers-fined-tk-83-lakh-irregularities-3644831

Central bank's cash injections ease banking liquidity crisis

- Commercial banks appear to be recovering gradually from a persistent liquidity crisis, helped by cash injections from the central bank despite ongoing tight monetary policy, according to officials and bankers.
- This much-anticipated improvement is reflected in two key indicators of liquidity: the volume of excess liquidity in banks and uninvested cash in the vaults in recent months.
- Uninvested excess cash in the banking system stood at BDT 116.30 billion in June 2023, according to Bangladesh Bank (BB) data.
- Similarly, excess liquidity in commercial banks has also shown signs of recovery.

News Source:

https://today.thefinancialexpress.com.bd/first-page/central-banks-cash-injections-ease-banking-liquidity-crisis-1719680703

Apparel and Textile

Ratio of female workers in RMG on the wane

- The ratio of female workers in the garments sector is falling rapidly due to automation, lower wages and opportunities than in other sectors and a reluctance among the younger generation to take up the profession.
- Of the total number of people employed by the sector, the percentage of females has declined to 57%, according to a senior official of Mapped in Bangladesh (MiB), a research organisation.
- Once, more than 80% of the garment sector's total employed workers were females, particularly those who migrated from rural areas and endeavoured to change their fates.
- In the 80s, mainly unskilled female workers took up the laborious work of the garment sector as the scope for jobs in the other sectors was very limited in the war-ravaged nation after the Liberation War in 1971.
- At that time, female workers were willing to take on low-paying jobs as the per capita income in Bangladesh was very low.

News Source:

https://www.thedailystar.net/business/news/ratio-female-workers-rmg-the-wane-3643721

Capital Market

DSE turnover crosses Tk 700cr after one and a half months

- Turnover at Dhaka Stock Exchange crossed BDT 700 crore yesterday after one and a half months, with scrips making gains for a third consecutive day riding on companies which account for large amounts in market capitalisation.
- DSEX, the benchmark index of the country's premier bourse, edged up 52.69 points, or 0.99%, to close the day at 5,355.41.
- Similarly, the DSES, the index that represents Shariah-based firms, rose 17.69 points, or 1.52%, to 1,183.52.
- The DS30, the index that comprises the best blue-chip companies, jumped 18.73 points, or 0.98%, to 1,922.57.
- Chittagong Stock Exchange also saw a similar trend as the CASPI, the premier index of the port city, edged up 163.67 points, or 1.09%, to settle at 15,088.60 points.

News Source:

https://www.thedailystar.net/business/news/dse-turnover-crosses-tk-700cr-after-one-and-half-months-3643576

Rich individuals to walk away from stocks as high gain tax slapped

- Imposing a tax on capital gains exceeding BDT 50 lakh from listed securities is likely to drive away super-rich investors from the capital market, as they might face tax rates of over 40% on their capital gains, according to market insiders.
- On Saturday, the parliament passed the Finance Bill 2024, imposing the capital gain tax amid criticism from the investors and the market analysts.

- If a rich individual, who earns income from capital market only realises capital gains of over BDT 68.5 lakh in the 2023-24 income year, will be taxed at a 25% rate and if his net worth exceeds BDT 50 crore it will become 33.75% including the 35% surcharge..
- This has become a big concern for the market groups as such investors are the movers and shakers in the bourses.

News Source:

https://www.tbsnews.net/economy/stocks/rich-individuals-walk-away-stocks-high-gain-tax-slapped-887676