EBL ASSET MANAGEMENT LTD.
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Daily News Snippet

July 01, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,328.40
% change	-0.50%
DS30 Index	1,909.64
% change	-0.67%
DSES Index	1,180.01
% change	-0.30%
Turnover (BDT mn)	7,126.87
Turnover (USD mn)	60.40
% change	0.97%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	39,118.86
% change	0.00%
S&P 500	5,460.48
% change	0.00%
Nikkei 225	39,583.08
% change	0.00%
FTSE 100	8,164.12
% change	0.00%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	118.00	118.00
EUR	126.41	126.46
GBP	149.18	149.22
INR	1.42	1.42
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
30-Jun-24	8.50 - 10.00	9.01
27-Jun-24	8.60 - 9.80	8.92
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	85.4	-1.17%
Gold Spot, USD/t oz.	2,324.95	-0.08%
Cotton, USD/lb.	72.58	-0.15%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX lost 0.50% in the last trading day, closing at 5,328.40 points.
- The daily turnover increased 0.97% 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 rose against BDT yesterday.
- The average overnight rate is rising in the past week.
- The current weighted average overnight rate stood at 9.01% with a high rate of 10.00% and low rate of 8.50%.
- The oil price decreased 1.17% in the last trading day.

International Macro Update

Saudi Arabia may cut oil prices for Asia for second month in August

- Top oil exporter Saudi Arabia may cut prices for crude grades it sells to Asia for a second month in August, tracking weakness in Middle East benchmark Dubai, according to trade sources.
- The potential price reduction for Asia, which accounts for about 80% of Saudi's oil exports, underscores the pressure faced by Opec producers as non-Opec supply continues to grow while the global economy faces headwinds.
- The official selling price (OSP) for flagship Arab Light crude sold to Asia in August may fall by 60 cents to 80 cents a barrel from July, possibly to the lowest since April.
- Comparatively higher prices for Saudi oil prompted refiners in China to reduce imports from Saudi Arabia for a third straight month in July.

News Source:

https://www.thedailystar.net/business/news/saudi-arabia-may-cut-oil-prices-asia-second-month-august-3646056

Bangladesh Macro Update

Dhaka looks to Beijing for fresh loans

- Talks on Chinese loan proposals will be at the fore during Prime Minister Sheikh Hasina's upcoming visit to Beijing.
- During her visit, Bangladesh may seek around USD 5 billion in budget support in addition to loans for a number of large projects, according to a finance ministry official.
- While visiting Bangladesh in October 2016, Chinese President Xi Jinping promised about USD 20 billion - the largest amount committed by a bilateral partner of Bangladesh - over the following four years to implement 27 projects.
- Bangladesh is again expecting Chinese financing at a time when it is facing pressure to maintain adequate foreign currency reserves.

News Source:

https://www.thedailystar.net/business/economy/news/dhaka-looks-beijing-fresh-loans-3645926

VAT exemptions dropped 17% in 2022

- The National Board of Revenue (NBR) exempted various goods and services from value-added tax (VAT) payments to the tune of BDT 129,570 crore in 2022 to give some relief to citizens and facilitate industrialisation, thereby accelerating economic growth.
- In 2021, the figure was estimated at BDT 155,732 crore, according to the NBR.
- This means the exemption amount had dropped by 16.79%.
- Had the exemptions not been in place, tax collections, and subsequently the tax to GDP ratio, would have increased, reducing the state's dependence on borrowing to finance expenses.

News Source:

https://www.thedailystar.net/business/news/vat-exemptions-dropped-17-2022-3646081

LNG subsidy may spike 27pc in FY25 despite tariff hikes

- Government's subsidy for liquefied natural gas (LNG) procurement is set to surge 27.27% year on year to BDT 70 billion in FY2024-25.
- This comes despite the authorities raising gas tariffs at least five times in the past six years and the International Monetary Fund (IMF) pushing for phasing out energy subsidies.
- In FY24, the Ministry of Finance provided around BDT 55 billion as an LNG subsidy.
- In FY19, the subsidy was BDT 25 billion and it rose to BDT 35 billion in FY20, followed by BDT 24 billion in FY21.
- The government provided BDT 60 billion and BDT 63.15 billion in FY22 and FY23, respectively.

News Source:

https://today.thefinancialexpress.com.bd/last-page/lng-subsidy-may-spike-27pc-in-fy25-despite-tariff-hikes-1719766908

Sectoral Update

Banking and Insurance

BB fund feeding to banks squeezes

- Fund feeding to commercial banks squeezes as the central bank lowers REPO-auction frequency to twice a week from five working days in a tight-fisting action evidently meant for inflation and NPL control.
- This is done to strengthen the money market and improve currency management, according to Bangladesh Bank.
- But it may tighten the liquidity on the market and may temper the interest rates.
- It is believed that every working day, REPO facilitates the banks to meet their money demands and they often avoid collecting funds from the defaulters-resulting in buildups of non-performing loans or NPLs in the banking sector.

News Source:

https://today.thefinancialexpress.com.bd/first-page/bb-fund-feeding-to-banks-squeezes-1719766390

Islami Bank dethrones Sonali Bank to become largest lender by deposits

- Islami Bank Bangladesh PLC has become the largest lender in the country by total deposits for the first time, surpassing Sonali Bank PLC, despite loan scams in recent years.
- The Shariah-compliant bank attracted deposits of BDT 153,456 crore in 2023, an increase of around 9% year-on-year.
- Sonali Bank, the largest state-run lender, mobilised deposits worth BDT 150,606 crore, up 6%, according to the financial reports.
- This makes Islami Bank the largest bank in Bangladesh in terms of deposits and loans (investments).

News Source:

https://www.thedailystar.net/business/news/islami-bank-dethrones-sonali-bank-become-largest-lender-deposits-3646091

BB extends payment period for raw material imports till December

- The Bangladesh Bank (BB) has extended the period for payment against imports of industrial raw materials from 180 to 360 days, maintaining this arrangement until December 2024.
- Previously, this facility was set to expire in June of the current year.
- To facilitate trade transactions, it has been decided to extend the policy support contained till December 31, 2024, according to Bangladesh Bank.
- The usance period is the time permitted by custom, between the date of the bill and its payment.
- The facility will be applicable in case of industrial raw material imports, including back-to-back imports, and imports of agricultural implements and chemical fertilisers under the buyer's credit.

News Source:

https://www.tbsnews.net/economy/banking/bb-extends-payment-period-raw-material-imports-till-december-888316

Apparel and Textile

Further cuts in export incentives, RMG fears rise in costs

- Apparel sector – the single largest export earner, also the biggest beneficiary of generous support – is going to lose the most as incentives for all export items have been reduced for the second time in five months under the government's plan to prepare the private sector for LDC graduation in 2026.
- The special incentive for the readymade garment sector – the most incentivised sector in terms of amount in the economy – has been cut from 0.5% to 0.3%.
- Apparel sector does not see the incentive cut as a good decision during the current crisis period, despite having more time before graduation from LDC status.
- The circular, which takes effect from today and will remain valid until 30 June 2025, however raised the incentive for crust leather from 0% to 6%, making it the only product to see an increase in incentive.
- The government spent around Tk8,000 crore on incentives in the fiscal 2022-23, which is expected to fall in FY24 due to the reduction in the incentive rate, according to a central bank official.

News Source:

https://www.tbsnews.net/economy/banking/incentives-exports-cut-50-43-products-tomorrow-888401

Capital Market

Stocks slump amid sell-offs

- Stocks in Bangladesh yesterday fell, snapping a three-day gaining streak as skittish investors went for heavy sell-offs to secure profit before their share values could decline following the recent uptick.
- The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), slipped by 0.50% from the previous trading session to close at 5,328.40 points.
- The DSES, an index that represents shariah-compliant companies, slid by 0.30% to 1,180.01 points while the DS30, which consists of blue-chip stocks, decreased by 0.67% to 1,909.64 points.

- The non-bank financial institution sector registered the highest loss of 2% while engineering followed with 0.70%.
- Daily turnover, which indicates the volume of trade, increased by 0.97 to BDT 712 crore.

News Source:

https://www.thedailystar.net/business/news/stocks-slump-amid-sell-offs-3645811

Capital gain tax to curb unbridled joy of big investors

- Capital gain tax on individual investors that the parliament passed for FY25 will help streamline the equity market by encouraging long-term investments and deterring stock manipulations to some extent, according to experts.
- The fear that the bearish market will be rattled by the first-time imposition of the tax does not seem to have any ground.
- The number of investors having large equity investments, which will fetch capital gains exceeding BDT 5 million, when the tax will be applicable, is insignificant.
- More than 90% investors - institutional investors and sponsor-directors have already been paying gain tax, while the number of high net-worth individuals in the stock market is less than 5%.
- Enterprises and sponsor-directors are required to pay capital gain tax at a rate of 15% and 10% respectively, which remain unchanged for FY25.

News Source:

https://today.thefinancialexpress.com.bd/stock-corporate/capital-gain-tax-to-curb-unbridled-joy-of-big-investors-1719763008