EBL ASSET MANAGEMENT LTD.
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Daily News Snippet

July 09, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,564.63
% change	0.10%
DS30 Index	1,959.90
% change	-0.23%
DSES Index	1,215.14
% change	0.03%
Turnover (BDT mn)	8,885.77
Turnover (USD mn)	75.30
% change	-2.22%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	39,344.79
% change	0.06%
S&P 500	5,572.85
% change	0.10%
Nikkei 225	41,662.48
% change	1.83%
FTSE 100	8,193.49
% change	-0.13%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	118.00	118.00
EUR	127.69	127.74
GBP	151.08	151.15
INR	1.41	1.41
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
8-Jul-24	8.50 - 10.00	8.86
7-Jul-24	7.75 - 10.00	9.17
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	85.82	0.08%
Gold Spot, USD/t oz.	2,367.77	0.37%
Cotton, USD/lb.	71.25	0.28%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX gained 0.10% in the last trading day, closing at 5,564.63 points.
- The daily turnover fell 2.22% in the last trading day.

Global Market

- Majority of the leading global indices posted mixed returns as Dow Jones posted 0.06% gain, S&P 500 posted 0.10% gain, and FTSE 100 posted 0.13% loss.
- One of the leading Asian market indices, NIKKEI 225 posted 1.83% gain.

Key macro indicators

- All the major currencies remain unchanged against BDT yesterday.
- The average overnight rate is rising steadily in the past few weeks as per the latest trend.
- The current weighted average overnight rate stood at 8.86% with a high rate of 10.0% and low rate of 8.50%.
- The oil price rose 0.08% in the last trading day.

Bangladesh Macro Update

Low-income people struggle as high inflation eats away income gains

- Bangladesh's low-income earners face a painful erosion of their wages due to high inflation, despite some month-on-month income growth over the past year.
- Real wages decreased by 1.99% in the just-ended FY24 because the inflation rate was higher than the wage growth rate.
- According to the latest data from the Bangladesh Bureau of Statistics (BBS), the 12-month average inflation rate in the last fiscal year was 9.73%, which is 1.99% higher than the average wage growth rate of 7.74%.
- This higher inflation rate, as reflected in the Wage Rate Index (WRI), has eroded the incomes of low-skilled and unskilled workers across 63 occupations.

News Source:

https://today.thefinancialexpress.com.bd/last-page/low-income-people-struggle-as-high-inflation-eats-away-income-gains-1720463412

Govt plans raising Tk 50b with Sukuk to supplement bonds

- Hefty interest payments on growing debts prompt the government to go for fundraising with Sukuk worth BDT 50 billion to supplement traditional bonds that are getting costlier by the day for high yields, according to sources.
- Interest rates on conventional bonds have gone high amid growing government borrowing with this sort of alternation instruments with dependence on bank borrowings lessened.
- As such, the government now plans to borrow higher amounts of money by issuing an Islamic bond nicknamed Sukuk to cut down interest spending, according to officials.
- The ministry of finance (MoF) now plans to take up to BDT 50 billion from Sukuk bond in the new fiscal year though the budget has set a target of obtaining BDT 20 billion from this source.

News Source:

https://today.thefinancialexpress.com.bd/first-page/govt-plans-raising-tk-50b-with-sukuk-to-supplement-bonds-1720463053

Sectoral Update

Banks, NBFIs, and Insurance

Defaulters allowed 3-year exit facility with 10% down payment

- For the first time, the Bangladesh Bank has introduced an exit policy allowing defaulted borrowers up to three years for loan repayment with a 10% down payment, aimed at maintaining liquidity flow and reducing toxic loans in the banking sector.
- The exit facility will not be considered debt rescheduling or restructuring, and borrowers will be ineligible for any new credit until the existing loan is fully repaid, according to a central bank circular.

- Banks will determine the loan instalment period, allowing borrowers to clear the dues through multiple payments within three years, the money market regulator stated in the circular, directing managing directors of banks to implement the policy.
- In the absence of a policy, banks used to follow different criteria for the exit mechanism for the collection and adjustment of loans, according to central bank officials.

News Source:

https://www.tbsnews.net/economy/banking/exit-policy-go-debt-free-defaulters-can-repay-loans-within-3yrs-10-down-payment

Shariah-based banks see loan growth outpace deposits by ninefold in 6 months

- Shariah-compliant banks saw a more than ninefold increase in loan growth compared to their deposits from November 2023 to April 2024 of the last fiscal year.
- Officials attributed the decline in deposits to reduced public confidence and inflation.
- According to central bank data, deposits in 10 Shariah-based banks increased by BDT 2,808 crore over this period.
- In contrast, loans extended by these banks surged by BDT25,790 crore during the same timeframe.
- As of the end of April this year, the total deposits of these banks amounted to BDT 3.83 lakh crore, while total loans stood at BDT 4.64 lakh crore.

News Source:

https://www.tbsnews.net/economy/banking/shariah-based-banks-see-loan-growth-outpace-deposits-ninefold-6-months-895086

Fuel & Power

Gas crunch leaves BD in frequent power cuts

- A nationwide gas shortage is causing frequent power cuts as around three dozen gas-fired power plants are currently out of operation for a lack of input.
- Power outages are worst in rural areas, while urban areas are experiencing increased load shedding.
- Officials say the situation is unlikely to improve until July 15, when the Summit Group's liquefied natural gas (LNG) terminal is expected to resume operations.
- A 500 million cubic feet per day (mmcfd) shortfall in gas supply to the national grid has resulted from the shutdown of Summit's floating storage and regasification unit (FSRU).

News Source:

https://today.thefinancialexpress.com.bd/first-page/gas-crunch-leaves-bd-in-frequent-power-cuts-1720463310

Food and Allied

Wheat imports from war-torn Russia, Ukraine at 5-year high

- Bangladesh has managed to restore the majority of its wheat procurement from two reliable global sources, Russia and Ukraine, despite the countries being at war.
- The wheat import became even more critical because India, an important wheat source, banned exports after the war had begun, and the ban is still in place.
- The grain's total import now stands at a five-year peak in the fiscal 2023-24.
- Wheat imports in FY24 exceeded 68 lakh tonnes, with around 50% shipped from Russia through both government procurement and private imports, according to the Ministry of Food.
- Of the government's 10 lakh tonnes of imports, 8.5 lakh tonnes originated from Russia, with the remainder sourced from Ukraine, Romania, Bulgaria, and Uruguay.

News Source:

https://www.tbsnews.net/bangladesh/wheat-imports-war-torn-russia-ukraine-5-year-high-895201

Capital Market

Stocks rise for fifth day but turnover falls

- The benchmark index of the Dhaka Stock Exchange (DSE) extended its gaining momentum as it advanced for the fifth consecutive day yesterday.
- The DSEX, the broad index of the premier bourse in Bangladesh, added 5.69 points, or 0.10%, to close the day at 5,564.63.
- The DSES, the index that consists of Shariah-based companies, ticked up 0.31 points, or 0.02%, to 1,215.14.
- However, the DS30, the index that is composed of the blue-chip firms, declined 4.60 points, or 0.23%, to 1,959.90.
- Turnover, which indicates the volume of the shares traded during the session, slipped 2.22% to BDT 888 crore.

News Source:

https://www.thedailystar.net/business/news/stocks-rise-fifth-day-turnover-falls-3651996

Outflow of overseas funds continues as asset value erodes

- Foreign stakes in leading companies have continued falling as overseas investors have dumped their holdings since the removal of floor price in January mainly due to the sharp devaluation of the local currency against the dollar.
- The country's net foreign portfolio investment stood at USD 89 million in the negative for the nine months through March this year, compared to USD 45 million in the negative for the same period a year ago, according to Bangladesh Bank data.
- Foreign investors witnessed a decline in value of their assets when the taka became cheaper.

- The forecast that the local currency would lose its value further prompted them to exit the market.

News Source:

https://today.thefinancialexpress.com.bd/stock-corporate/outflow-of-overseas-funds-continues-as-asset-value-erodes-1720462031

Delisted firms must maintain 35% free-float shares for relisting

- The Bangladesh Securities and Exchange Commission (BSEC) has mandated that over-the-counter (OTC) firms must maintain at least 35% of their shares as free-float in the market through a qualified investors offer (QIO).
- This has been made mandatory for any firm planning to relist on the SME platform.
- The firm must ensure that over one-third of its paid-up capital is in free-float shares.
- If a company's free-float shares are less than the regulator's requirement, the company must raise capital by issuing fresh shares through the QIO, according to an order from the BSEC.
- This means that 35% of the company's total shares must be available for public trading instead of being held by insiders and major shareholders.

News Source:

https://www.tbsnews.net/economy/stocks/delisted-firms-must-maintain-35-free-float-shares-relisting-895041