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

Daily News Snippet

July 14, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,506.78
% change	-1.11%
DS30 Index	1,942.36
% change	-0.81%
DSES Index	1,207.53
% change	-0.98%
Turnover (BDT mn)	6,642.89
Turnover (USD mn)	56.30
% change	-31.32%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	40,000.90
% change	0.62%
S&P 500	5,615.35
% change	0.55%
Nikkei 225	41,190.68
% change	-2.45%
FTSE 100	8,252.91
% change	0.36%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	117.65	118.00
EUR	127.42	127.81
GBP	151.12	151.65
INR	1.41	1.41
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
11-Jul-24	8.50 - 10.00	8.74
10-Jul-24	8.50 - 10.00	8.77
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	85.03	-0.43%
Gold Spot, USD/t oz.	2,411.43	-0.17%
Cotton, USD/lb.	71.27	0.56%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX lost 1.11% in the last trading day, closing at 5,506.78 points.
- The daily turnover decreased 31.32% in the last trading day.

Global Market

- Majority of the leading global indices posted positive returns as Dow Jones posted 0.62% gain, S&P 500 posted 0.55% gain and FTSE 100 posted 0.36% gain.
- One of the leading Asian market indices, NIKKEI 225 posted 2.45% loss.

Key macro indicators

- All the major currencies rose against BDT yesterday except the USD.
- The average overnight rate is falling in the past week.
- The current weighted average overnight rate stood at 8.74% with a high rate of 10.00% and low rate of 8.50%.
- The oil price decreased 0.43% in the last trading day.

Bangladesh Macro Update

Significant taka depreciation behind consistently elevated inflation: Cenbank

- Despite the decreasing trend of global commodity prices in FY24, the Bangladesh economy could not benefit from it due to the significant depreciation of the domestic currency, which subsequently raised import prices, thereby contributing to inflationary pressures.
- The Bangladesh Bank made the remark in its monetary policy review report for the just-concluded fiscal year, indicating the continuation of a tight stance in the upcoming monetary policy for the first half of FY25.
- The central bank addressed several factors that contributed to consistently elevated inflation, including higher prices of imported items in the global market, a larger depreciation of the taka, upward adjustments in fuel and energy prices, and the lack of a competitive environment in the market.
- The Consumer Price Index (CPI)-based point-to-point inflation rate reached 9.74% in June 2023, compared to 7.56% in June 2022.

News Source:

https://www.tbsnews.net/economy/significant-taka-depreciation-behind-consistently-elevated-inflation-cenbank-897466

June overseas employment hit hard, amid forex woes

- Bangladesh's overseas-employment sector was hit hard by the closure of the Malaysian manpower market with the overall outflow of workers falling more than 58% in June from the previous month under its impact, according to official data.
- The number of workers having migrated from Bangladesh stood at 55,045 in June as compared to 131,696 in May, according to the Bureau of Manpower Employment and Training (BMET) statistics.
- It is clearly reflecting the adverse impact of the closure of Malaysian market since May 31 this year.
- As many as 47,809 workers went to Malaysia in May before the Southeast-Asian nation stopped receiving workers from different countries, including Bangladesh.
- Malaysia was the second -largest labour market for Bangladesh after Saudi Arabia.

News Source:

https://today.thefinancialexpress.com.bd/first-page/june-overseas-employment-hit-hard-amid-forex-woes-1720890442

Govt short of taka, USD due to financial distress

- The government does not have adequate taka and US dollars to implement the budget because of financial distress and its failure to raise enough revenues, according to Ahsan H Mansur, executive director of the PRI of Bangladesh.
- Due to the crisis of the taka and US dollars, the government is now unable to pay the bills for various sectors, including the energy sector.
- Many foreign companies also can't repatriate funds from Bangladesh to their home countries.

- Owing to liquidity shortage, Bangladesh is increasingly becoming dependent on debts day by day.

News Source:

https://www.thedailystar.net/business/economy/news/govt-short-taka-usd-due-financial-distress-3656216

Sectoral Update

Banking and Insurance

Banks inflating profits with unrealised interest: Ahsan Mansur

- Banks are now showing profits by classifying interest on loans as income without collecting debts, according to Ahsan H Mansur, executive director of the Policy Research Institute.
- The banks are also distributing dividends from these profits, and the government is collecting taxes from this.
- The banks have earned no actual income, and depositors' money is being looted, he added.
- Mansur also said that the financial sector needs to be cleaned.

News Source:

https://www.tbsnews.net/economy/banking/banks-showing-profits-without-collecting-debts-ahsan-h-mansur-898431

In a first, Bangladesh Bank to publish monetary policy statement online

- For the first time in its history, the Bangladesh Bank decided to publish its monetary policy statement (MPS) online instead of releasing it by holding press conferences where mainstream media reporters and senior journalists gather to discuss the MPS.
- Confirming the matter on 11 July, central bank spokesperson and Executive Director Saiful Islam said that the MPS will be updated online at 3:00 pm on 18 July and no press conference will be held.
- They have made the decision as the Economic Reporters Forum has boycotted our programmes.
- The new cenbank move goes against instructions of the International Monetary Fund (IMF) as the global lender recommends publishing MPS through a press conference.

News Source:

https://www.tbsnews.net/economy/banking/bangladesh-bank-publish-monetary-policy-statement-online-amid-potential-boycott

Energy

Reduced LNG supply leads to severe gas crisis, load shedding

- Bangladesh is experiencing a severe gas crisis as the supply of liquefied natural gas (LNG) has dropped from the usual 1,050 million cubic feet per day (mmcf/d) to just 250mmcf/d in a span of just one and a half months, paralysing almost all gas-dependent sectors.
- After Cyclone Remal, the country's gas supply was already squeezed due to damage sustained by one of the two terminals, leaving just around 600mmcf/d of gas to be supplied.
- The two terminals together supply about 1,050mmcf/d of gas.

- Gas-based power generation has decreased by 1,500MW, and load shedding reached around 2,000MW on 11 July, according to the Power Grid Company of Bangladesh (PGCB).
- The nationwide electricity demand was 15,000MW, but only 13,077MW was produced, resulting in a shortfall of 1,836MW.

News Source:

https://www.tbsnews.net/bangladesh/reduced-lng-supply-leads-severe-gas-crisis-load-shedding-897476

Capital Market

Stocks drop amid profit booking

- Shares in Bangladesh dropped for a second consecutive day yesterday as skittish investors chose to sell off their scrips to make a quick gain.
- The DSEX, the major index of Dhaka Stock Exchange (DSE), went down by 1.11% from that on the day before to close at 5,506.67.
- Likewise, the DSES, the index that represents Shariah-compliant companies, dropped 11.95 points, or 0.98%, to 1,207.53 whereas the DS30, slipped 15.77 points, or 0.80%, to 1,942.36.
- The day's turnover, meaning the total value of shares changing hands, decreased 31.32% to BDT 664 crore.

News Source:

https://www.thedailystar.net/business/news/stocks-drop-amid-profit-booking-3654651

Capital market faces mixed trends amid global economic challenges: BB review

- In its latest monetary policy review, the Bangladesh Bank highlighted the mixed performance of the country's capital market amid domestic and global economic uncertainties.
- Throughout the fiscal year 2023-24, the market witnessed modest price indices and market capitalisation increases, tempered by declines in average turnover and the price-earnings ratio.
- The review mentions factors contributing to this varied performance includes tight liquidity within the banking sector, pressures from depreciating exchange rates, and tightening global financial conditions worsened by geopolitical tensions.
- The review also mentioned that the Dhaka Stock Exchange's benchmark index, DSEX, saw a year-on-year decline of 6.07%, while the DSE-30 index dropped by 8.38% by March 2024.

News Source:

https://www.tbsnews.net/economy/stocks/capital-market-faces-mixed-trends-amid-global-economic-challenges-bb-review-898776