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

Daily News Snippet

July 28, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,413.65
% change	1.17%
DS30 Index	1,932.77
% change	1.27%
DSES Index	1,183.37
% change	1.18%
Turnover (BDT mn)	4,973.47
Turnover (USD mn)	42.15
% change	212.06%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	40,589.34
% change	1.64%
S&P 500	5,459.10
% change	1.11%
Nikkei 225	37,667.41
% change	-0.53%
FTSE 100	8,285.71
% change	1.21%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	118.00	118.00
EUR	127.90	127.91
GBP	152.29	152.30
INR	1.41	1.41
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
25-Jul-24	8.50 - 10.00	9.04
24-Jul-24	8.50 - 10.00	8.83
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	81.13	-1.51%
Gold Spot, USD/t oz.	2,387.19	0.96%
Cotton, USD/lb.	67.99	-1.32%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX gained 1.17% in the last trading day, closing at 5,413.65 points.
- The daily turnover increased 212.06% in the last trading day.

Global Market

- Majority of the leading global indices posted positive returns as Dow Jones posted 1.64% gain, S&P 500 posted 1.11% gain and FTSE 100 posted 1.21% gain.
- One of the leading Asian market indices, NIKKEI posted 0.53% loss.

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 9.04% with a high rate of 10.00% and low rate of 8.50%.
- The oil price decreased 1.51% in the last trading day.

Bangladesh Macro Update

Govt may miss IMF's revenue collection target

- Bangladesh is unlikely to fulfil the revenue collection target set by the International Monetary Fund (IMF) as part of its conditions for the fourth tranche of a USD 4.7 billion loan programme.
- The target is measured through the performance of both revenue collection by the National Board of Revenue (NBR) and non-NBR taxes.
- As per the IMF target, the government was supposed to collect BDT 394,530 crore in taxes in fiscal year 2023-24.
- According to the NBR's provisional data, the tax administrator collected BDT 371,842 crore in FY24 against a collection target of BDT 410,000 crore in the revised budget.

News Source:

https://www.thedailystar.net/business/economy/news/govt-may-miss-imfs-revenue-collection-target-3663526

Govt seeks loan outside dollar to avoid high interest

- In response to high interest rates, the government has decided to secure loans in currencies other than the US dollar from the Asian Infrastructure Investment Bank (AIIB), which has agreed to this proposal.
- Similarly, the New Development Bank (NDB) now offers the opportunity to take loans in three other currencies besides the US dollar.
- This move will allow the government to take loans in Japanese Yen, Chinese Yuan, or Euro to avoid the high interest rates associated with the Secured Overnight Financing Rate (SOFR) in the US dollar, according to Economic Relations Division (ERD).
- There are currently 19 projects in the AIIB's pipeline list, with a total loan proposal of USD 4.08 billion.
- Additionally, negotiations are underway with the NDB for loans of USD 1.019 billion for three projects.

News Source:

https://www.tbsnews.net/economy/govt-seeks-loan-outside-dollar-avoid-high-interest-904141

Remittance collection disrupted

- The internet blackout for five days has affected remittance collection through banks and mobile financial services (MFS), which may put pressure on the country's foreign exchange reserves.
- Bankers and officials of MFS providers said that their remittance collection remained suspended from midnight of July 18, when the internet shutdown was imposed, to July 23, when broadband services were partially reinstated.
- After the partial resumption of broadband internet services, overall remittance mobilisation by banks and MFS was lower than that on a regular day, according to Bankers.
- Some banks failed to collect remittance for the availability of banking services on a limited scale following the partial resumption of broadband internet.

News Source:

https://www.thedailystar.net/business/economy/news/remittance-collection-disrupted-3662336

Importers face 'unfair' demurrage costs at Ctg port

- Chattogram Port, the key gateway for Bangladesh's international trade, was thrown into disarray last week due to a nationwide internet disruption that halted the loading and unloading of goods.
- Now, importers are being hit with demurrage charges for delays they had no control over.
- Leading trade bodies, including the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) and the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), have requested waiving these charges.
- However, the port authority has not agreed and instead instructed importers to apply for waivers individually.
- Businesses argued that this process is lengthy and will lead to higher costs due to extended container demurrage times.

News Source:

https://www.tbsnews.net/economy/importers-face-unfair-demurrage-costs-ctg-port-904766

Producers fear ruination as India moves to export duty-free

- Shadows loom over a fledgling industry here as New Delhi seeks duty privilege to export its Masterbatch goods to Bangladesh that suffers huge bilateral trade deficit.
- Local entrepreneurs aired their concerns and also pointed out that India imposed anti-dumping duty on some Bangladeshi items while seeking duty waivers on theirs.
- The Indian side has sought SAFTA or South Asian Free Trade Area tariff benefit in exporting Masterbatch goods, according to sources.
- India's product exports are at times subject to 15% Most-favoured Nation (MFN) duty.
- The Indian High Commission in Dhaka has sent a Note Verbale to the foreign affairs ministry to take required action and look into the matter at the earliest.

News Source:

https://today.thefinancialexpress.com.bd/first-page/producers-fear-ruination-as-india-moves-to-export-duty-free-1722101085

VAT from big companies up 26% in FY24 amid rising prices

- In a remarkable feat, the revenue authorities collected BDT 74,000 crore in value added tax from 109 companies under its large taxpayer unit (LTU), marking a 26% increase from the previous year.
- This surge was primarily driven by the rising prices of gas, electricity, cigarettes, and other essential commodities, according to officials of the National Board of Revenue (NBR).
- They said that the collection of BDT 5,000 crore in arrears from Petrobangla, a part of long-overdue payments, contributed to this unprecedented growth.
- Besides, the NBR's success in resolving disputes and collecting dues from mobile phone operators and banks through legal channels also played a crucial role in this revenue uptick.

News Source:

https://www.tbsnews.net/economy/vat-big-companies-26-fy24-amid-rising-prices-903781

Sectoral Update

Banks, NBFIs and Insurance

Bangladesh Bank lends Tk25,521 crore to banks, financial institutions

- Bangladesh Bank lent around BDT 25,521 crore to commercial banks and financial institutions to meet cash demands on Wednesday (24 July).
- Shariah-based banks have borrowed around BDT 1,500 crore, while other banks and financial institutions have borrowed the rest.
- The central bank shared the information in a press release on Thursday (25 July).
- Banks faced tremendous cash withdrawal pressure on Wednesday when they opened only for four hours after days of closure due to curfew.
- With lack of money at ATM booths and days of internet shutdown, the demand for cash skyrocketed.

News Source:

https://www.tbsnews.net/economy/banking/bangladesh-bank-lends-tk25521-crore-banks-financial-institutions-903591

Internet outage, curfew: Default loans to soar, banks' profit to dip

- Bankers are dreading a big drop in their profits as their defaulted loans are likely to increase further due to the curfew and the five-day internet blackout.
- The defaulted loans are likely to increase further as business people are suffering due to the ongoing unrest, according to Naser Ezaz Bijoy, chief executive officer (CEO) of Standard Chartered Bangladesh.
- At the end of March, total defaulted loans stood at a record BDT 182,295 crore, which is 11.10% of total disbursed credit, according to the latest published data of the central bank.
- However, the actual volume of bad loans is at least three times the central bank figure, according to industry insiders.

News Source:

https://www.thedailystar.net/business/economy/banks/news/internet-outage-curfew-default-loans-soar-banks-profit-dip-3663406

Energy

Renewable energy: 4,000 MW projects fully planned by 2030, says Power Cell document

- Despite government claims of 10,000 MW renewable energy projects in various stages of implementation, a Power Cell document indicates that only 4,000 MW worth of projects are fully planned by 2030.
- Bangladesh currently produces 1,374.35 MW from renewable sources, with 230 MW from hydropower and 1,080.36 MW from solar energy.
- Power Cell documents, reviewed by UNB, show that projects totalling 3,963.5 MW are at different implementation stages.

- Specifically, 943.5 MW of projects are under construction, 609 MW have received letters of intent (LOI) or notifications of award (NOA), 228 MW are in the tendering process, and 2,183 MW remain in the planning stage.

News Source:

https://www.tbsnews.net/bangladesh/energy/renewable-energy-4000-mw-projects-fully-planned-2030-says-power-cell-document

Apparel and Textile

RMG on overdrive to meet deadlines

- In Tongi, the Masco Group's knit composite factory is abuzz with activity across its 253 production lines, starkly different from the past week's quiet.
- Workers are fully engaged, knitting garments to meet tight deadlines.
- A visit to Masco's facilities on Thursday revealed that all 14 production units were operating at maximum capacity to fulfil orders for their buyers and it has extended working hours and will continue production next Friday, a regular day off.
- The Masco Group isn't the only one ramping up production.
- As winter approaches in the West, demand from Bangladesh's key export markets is growing.

News Source:

https://www.tbsnews.net/economy/rmg/rmg-overdrive-meet-deadlines-904071

IT

IT cos fear foreign clients may turn their back on them

- Internet blackout came as a severe blow to the IT companies that fear long-term setbacks on business if foreign clients consider them unreliable and move to other countries, say Vietnam, for uninterrupted services.
- To avoid clients get irked by any disruption, some big companies have even sent a small team of their workforce to any neighbouring country, for example Nepal and Singapore, to ensure continuation of their services.
- Meanwhile, telecom operators said that their daily revenue from data services was slashed by 35% and that the industry incurred a loss of around BDT 5 billion between July 16 and July 26.
- Many service centres were also vandalized during the mayhem centring on protests against the quota system in government jobs, adding to the loss.

News Source:

https://today.thefinancialexpress.com.bd/stock-corporate/it-cos-fear-foreign-clients-may-turn-their-back-on-them-1722095707

Capital Market

DSE turnover jumps 213% as stocks rebound

- Stocks at both of the country's bourses rebounded yesterday after a day of massive decline due to the ongoing curfew and internet disruptions.
- The benchmark index DSEX of the Dhaka Stock Exchange (DSE) rose 62 points to reach 5,413, while the blue-chip DS30 gained 24 points to close at 1,932.
- The market capitalization at the country's premier bourse rose by BDT 3,165 crore to reach BDT 6.57 lakh crore.
- The Chittagong Stock Exchange (CSE) also settled in positive territory, as its key index CASPI rose 56 points to reach 15,415, and the general index CSCX surged 41 points to close at 9,285.
- After the internet connection was fully restored, investor participation increased on Thursday, according to market insiders.

News Source:

https://www.tbsnews.net/economy/stocks/stocks-surge-after-day-massive-fall-903201

Pvt firms must have Tk10cr net worth to sponsor mutual funds

- The securities regulator has set certain criteria for private limited companies intending to be a sponsor of any mutual fund, as part of its mutual fund sector reform initiatives.
- A private company must have a minimum net worth of BDT 10 crore to become a sponsor of a mutual fund, according to a recent directive by the Bangladesh Securities and Exchange Commission (BSEC).
- A sponsor provides the initial capital for a mutual fund, enabling it to attract further investment from investors in a regulated manner.
- The sponsor provides the initial capital, the asset manager oversees the mutual fund's assets, and the trustee committee acts as the board to govern the mutual fund's operations.
- The custodian, on the other hand, is responsible for ensuring that the securities held by mutual funds are safely kept under its custody, while the auditor verifies the authenticity of the financial statements published by the asset manager and approved by the trustee.

News Source:

https://www.tbsnews.net/economy/stocks/pvt-firms-must-have-tk10cr-net-worth-sponsor-mutual-funds-904746