EBL ASSET MANAGEMENT LTD.
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Daily News Snippet

September 01, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,804.42
% change	0.83%
DS30 Index	2,124.71
% change	0.32%
DSES Index	1,241.26
% change	0.56%
Turnover (BDT mn)	9,632.63
Turnover (USD mn)	80.27
% change	7.19%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	41,563.08
% change	0.55%
S&P 500	5,648.40
% change	1.01%
Nikkei 225	38,647.75
% change	0.74%
FTSE 100	8,376.63
% change	-0.04%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	120.00	120.00
EUR	133.44	133.45
GBP	158.28	158.32
INR	1.43	1.43
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
29-Aug-24	8.95 - 10.50	9.09
28-Aug-24	9.00 - 10.50	9.05
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	76.93	-2.37%
Gold Spot, USD/t oz.	2,503.39	-0.71%
Cotton, USD/lb.	69.99	0.10%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX gained 0.83% in the last trading day, closing at 5,804.42 points.
- The daily turnover increased 7.19% in the last trading day.

Global Market

- Majority of the leading global indices posted mixed returns as Dow Jones posted 0.55% gain, S&P 500 posted 1.01% gain and FTSE 100 posted 0.04% loss yesterday.
- One of the leading Asian market indices, NIKKEI posted 0.74% 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 9.09% with a high rate of 10.50% and low rate of 8.95%.
- The oil price decreased 2.37% in the last trading day.

Bangladesh Macro Update

Bangladesh receives over $2b in remittance in Aug

- Bangladesh is showing an upward trend again in remittance sent by expatriates and exceeded USD 2 billion in 28 days of August.
- Expatriate Bangladeshis sent USD 2.07 billion to the country through the formal channel, according to Bangladesh Bank report.
- In the same period of August 2023, remittance inflow was USD 1.43 billion.
- Bangladesh witnessed the lowest remittance in the last 10 months in July 2024 amid the student movement.

News Source:

https://www.tbsnews.net/economy/bangladesh-receives-over-2b-remittance-aug-929171

Domestic borrowing short of FY24 target

- The government's domestic borrowing fell significantly short of its annual target last fiscal year primarily due to the central bank's efforts to curb inflationary effects on the economy.
- The Bangladesh Bank is implementing a tighter monetary policy, leading to a reduction in its share of government treasuries by 4.0%, bringing it down to 23% in fiscal year 2024.
- Central bank statistics showed that the total net domestic borrowing from both banking and non-banking sources reached just over 60% of the annual target for FY2023-24.
- The government had set a borrowing target of BDT 1.56 trillion from domestic sources for the fiscal year ending in June 2024.
- However, by the end of June, actual borrowing stood at BDT 947.41 billion, representing 60.5% of the target set in the national budget.

News Source:

https://today.thefinancialexpress.com.bd/last-page/domestic-borrowing-short-of-fy24-target-1725124918

Country's debt rises Tk14.20 lakh crore under Hasina regime

- The government's domestic and foreign debt has increased by BDT 14,20,585 crore during Sheikh Hasina's tenure as a prime minister, according to a Quarterly Debt Bulletin released by the finance ministry.
- On 6 January 2009, when the Awami League government, led by Sheikh Hasina, took office, the domestic and foreign debt stood at BDT 2,76,830 crore.
- The amount rose to BDT 16,97,415 crore by 31 March this year.
- The loan status for the period from April to 5 August, the day Sheikh Hasina resigned, has yet to be disclosed officially.
- Finance officials said that the government borrowed more from banks than usual during this period.

News Source:

https://www.tbsnews.net/economy/countrys-debt-rises-tk1420-lakh-crore-under-hasina-regime-928601

Govt may trim budget by Tk 100,000cr

- The interim government is planning to revise the national budget for the current fiscal year urgently and cut "wasteful expenditures" in order to alleviate the pressure on the foreign currency reserves and tame persistent inflation.
- There is scope to cut the budget by more than BDT 100,000 crore, according to a finance ministry official.
- The official also said that most cutbacks would relate to the annual development programme (ADP) since there is little scope to trim the revenue budget.
- The Awami League government, which was ousted on August 5 by a mass uprising, formulated a BDT 797,000 crore budget for the current fiscal year, with an ADP size of BDT 265,000 crore.
- The national budget for FY23 was BDT 678,064 crore, of which BDT 563,921 crore was spent, according to finance division data.

News Source:

https://www.thedailystar.net/business/economy/news/govt-may-trim-budget-tk-100000cr-3691451

Industrial output growth slows to four-year low

- Industrial output in Bangladesh grew at its slowest pace since the Covid-19 pandemic, hitting 6.66% last fiscal year owing to declining exports, import restrictions and a slowdown in domestic demand due to persistent inflation.
- Soaring gas and power prices, alongside shortages in the supply of gas to production units, exacerbated the situation, according to entrepreneurs and analysts.
- Factory output grew 8.37% in FY23, according to data published by the Bangladesh Bureau of Statistics (BBS).
- The data was revealed two months into the current fiscal year, which has been marred by a significant slump in industrial production amid mass protests since July.
- The protests, which led the government to issue nationwide curfews, disrupted the transportation of goods.

News Source:

https://www.thedailystar.net/business/economy/news/industrial-output-growth-slows-four-year-low-3691446

Sectoral Update

Banks, NBFIs and Insurance

Cenbank raises FY25 agri loan disbursement target by 9% to Tk38,000 crore

- The Central Bank aims to boost agricultural production, support gross domestic product (GDP) growth, and help control high inflation.
- The central bank revealed the new target during a press briefing at the Jahangir Alam Conference Hall in its headquarters in the capital on 29 August.
- The decision to increase the target is based on the need for enhanced credit flow in the agricultural sector.

- Under the Agricultural and Rural Credit Policy and Programme, the Bangladesh Bank has increased the loan disbursement target from the last fiscal year's BDT 37,153.90 crore.
- In the last fiscal year, banks distributed BDT 35,000 crore for agriculture, falling short of the target by approximately BDT 2,153 crore.

News Source:

https://www.tbsnews.net/economy/banking/cenbank-raises-fy25-agri-loan-disbursement-target-9-tk38000-crore-928956

Treasury heads set maximum dollar rate at Tk120

- Treasury heads of most banks in the country have decided that from now on no bank will be allowed to charge more than BDT 120 for buying and selling per dollar.
- The heads of treasury departments of 47 banks made the decision at a meeting in Dhaka.
- They decided to impose the limit due to the recent rise in dollar prices for remittances and interbank transactions, which has been occurring without any significant reason.
- They announced that banks will quote a maximum rate of BDT 120 for remittance dollars and the rate will also apply to interbank and import payment settlements.
- Banks will follow the Bangladesh Bank's circular for the encashment of export proceeds.

News Source:

https://www.tbsnews.net/economy/banking/treasury-heads-set-maximum-dollar-rate-tk120-929241

Ctg port suspends transactions with 9 banks

- The Chattogram Port Authority (CPA) has suspended transactions with nine private banks until further notice, without providing specific reasons for the action.
- The banks are Global Islami Bank Plc, Union Bank Plc, Bangladesh Commerce Bank Plc, Islami Bank Bangladesh Plc, First Security Islami Bank Plc, Social Islami Bank Plc, Padma Bank Plc, National Bank Plc, and ICB Islami Bank Plc.
- On 29 August, Mohammad Abdus Shakur, chief finance and accounts officer of the CPA, issued a letter to all department heads at the port.
- The letter instructed them to refrain from accepting any pay orders, cheques, or bank guarantees from the listed banks until further notice.
- The suspension may be linked to ongoing liquidity issues and instability affecting these banks, some of which are associated with the controversial S Alam Group, according to sources within CPA.

News Source:

https://www.tbsnews.net/economy/banking/ctg-port-suspends-transactions-9-banks-930296

Bangladesh Bank logs Tk15,100cr net profit in FY24

- The Bangladesh Bank achieved a record profit in fiscal year 2023-24, fuelled by significant US dollar sales from reserves and a sharp rise in short-term lending to commercial banks.

- The central bank's final balance sheet for the year reveals a total profit of BDT 40,000 crore, with a net or actual profit of BDT 15,100 crore.
- The figure marks a substantial increase from the previous fiscal year, when net profits stood at BDT 10,748 crore.
- The surge in profits is largely attributed to Bangladesh Bank's income from short-term loans provided to various banks, particularly through repos and special repos.

News Source:

https://www.tbsnews.net/economy/banking/bangladesh-bank-logs-tk15100cr-net-profit-fy24-930381

Bangladesh Bank forms committee to investigate corruption at BIBM

- The Bangladesh Bank has formed an investigation committee to examine allegations of nepotism, arbitrariness, and corruption at the Bangladesh Institute of Bank Management (BIBM).
- The committee will focus on the activities of certain faculty members, officers, and employees of the institute during that time.
- The committee will be chaired by AKM Kamruzzaman, Director of BB's Forex Reserve and Treasury Management Department (FRTMD).
- The other members include Golam Mohiuddin and Md Sadrul Muktadir, additional directors of BB's Human Resources Department-1, and Rubayad Zafarin Labani, Deputy Director of the same department.
- In the notice, the BIBM DG urged all faculty members, officers, and employees to fully cooperate with the committee.

News Source:

https://www.tbsnews.net/economy/banking/bangladesh-bank-forms-committee-investigate-corruption-bibm-930386

BB hikes cash withdrawal limit to Tk 5 lakh

- Bangladesh Bank (BB) has increased the cash withdrawal limit from banks to BDT 5 lakh per account this week, up from BDT 4 lakh per account the previous week.
- This is the fifth week the central bank has hiked the limit on cash withdrawals, which it imposed after the deterioration of the law and order and overall security situation following the fall of the Awami League government on August 5.
- Initially, the BB slapped the restriction on withdrawal of over BDT 1 lakh as banks were facing challenges in transferring cash from one place to another.
- Earlier, the central bank instructed banks to monitor transactions through cheques and block any suspicious transfer of funds.

News Source:

https://www.thedailystar.net/business/news/bb-hikes-cash-withdrawal-limit-tk-5-lakh-3691626

Apparel and Textile

Bangladesh garment industry short on cotton as floods worsen protest backlog

- Garment factories in Bangladesh, one of the world's biggest clothing production hubs, are struggling to complete orders on time as flooding disrupts their cotton supplies - exacerbating a backlog caused by recent political turmoil.
- Bangladesh is a leading global cotton importer due to the size of its textile and garment industry, but the devastating floods mean few trucks and trains have been able to bring supplies to factories from Chattogram port over the last week.
- The disruption, on top of the unrest and protests that led to factory closures earlier this month, have caused garment production to fall by 50%, according to Mohammad Hatem, president of the Bangladesh Knitwear Manufacturers and Exporters Association.
- The industry is now under immense pressure to meet deadlines, and without a swift resolution, the supply chain could deteriorate even further, he added.
- Bangladesh was ranked as the third-largest exporter of clothing in the world last year, after China and the European Union, according to the World Trade Organization, exporting USD 38.4 billion worth of clothes in 2023.

News Source:

https://www.tbsnews.net/economy/rmg/bangladesh-garment-industry-short-cotton-floods-worsen-protest-backlog-929516

Energy

Power companies to be restructured: Energy adviser

- The government wants to restructure power companies to get rid of irregularities in the sector, according to Power and Energy Adviser Muhammad Fouzul Kabir.
- To address widespread irregularities in the power sector, we will restructure the companies and hold those responsible accountable, he added.
- A committee will investigate allegations and ensure a fair and equitable system for all.
- The adviser further said that the Rupsha power plant is a stark example of the paradox of development.
- Despite spending BDT 8,000 crore, the plant cannot function due to insufficient gas.

News Source:

https://www.tbsnews.net/bangladesh/energy/power-companies-be-restructured-energy-adviser-930256

Octane, petrol prices down by Tk6 per litre, diesel Tk1.25

- The government reduced octane and petrol prices by BDT 6 per litre, according to a press release by the Ministry of Power, Energy and Mineral Resources.
- Meanwhile, the price of diesel has been reduced by BDT 1.25 per litre.

- Starting from 1 September, the new price for octane will be BDT 125 per litre, while a litre of petrol BDT 121 and diesel BDT 105.25.
- Fuel oil prices are coordinated every month, keeping in touch with the international market.
- Besides, in a move to control high inflation, the government also decided to curb the BPC's profits, due to which fuel oil prices were expected to decline further in the coming months.

News Source:

https://www.tbsnews.net/bangladesh/energy/octane-petrol-prices-decreased-tk6-litre-diesel-tk125-929911

Telecommunication

Mobile subscriber numbers drop significantly in July

- The number of mobile subscribers in Bangladesh has dropped significantly in July, as all the operators lost customers.
- The overall number of mobile subscribers is calculated based on the purchase of new SIMs (subscriber identity modules) minus the number of SIMs whose ownership have become invalid for being left unused for one and a half years.
- Mobile network operators Grameenphone, Robi, Banglalink and Teletalk collectively lost about 18 lakh customers during the month, taking the total mobile subscriber base to 19.42 crore.
- Banglalink alone lost about 9 lakh customers, bringing its customer base to 4.35 crore.
- This is still 2.98% higher than what it had in the same period last year.

News Source:

https://www.thedailystar.net/business/news/mobile-subscriber-numbers-drop-significantly-july-3691231

Capital Market

Stocks edge up as regulatory actions restore investor sentiment

- Stocks closed last week in positive territory after two consecutive weeks of losses, with investor sentiment rebounding due to the new commission's strict measures against market misconduct.
- Due to an additional public holiday, last week was shortened to four trading sessions instead of the usual five.
- The benchmark index DSEX of the Dhaka Stock Exchange (DSE) edged up by 104 points to reach the 5,800 mark after two weeks, while the blue-chip index DS30 gained 34 points to close at 2,124.
- The Chittagong Stock Exchange (CSE) also ended the week in positive territory, with the all-share price index CASPI rising by 0.86% to reach 16,520 points and the general index CSCX increasing by 0.90% to 9,954 points.
- The capital market of the country showed signs of recovery, owing to a slight rebound in investor sentiment, while some recent reformation attempts taken by the stock market regulator also worked as a catalyst to restore some investor confidence, according to market insiders.

News Source:

https://www.tbsnews.net/bangladesh/stocks-edge-regulatory-actions-restore-investor-sentiment-930446

Merchant bankers seek extension of loan repayment period to 2032

- The Bangladesh Merchant Bankers Association (BMBA) has formally requested the government to extend the repayment period for loans taken under the capital market refinancing scheme by an additional five years.
- In a letter to the Financial Institutions Division of the Ministry of Finance (MoF) on August 27, The BMBA sought the extension of the loan repayment period until 2032.
- The association also sought a one-year grace period, given the current market conditions, as the tenure of the scheme is scheduled to expire in 2027.
- The stock market has been experiencing a bearish trend since the 2011 market debacle, with only occasional short-lived rebounds that have failed to sustain.
- In 2013, the government launched a BDT 9.0 billion capital market refinancing scheme to alleviate sufferings of the small investors affected during the 2010-11 market crash, offering a lower interest rate to support their recovery.S

News Source:

https://today.thefinancialexpress.com.bd/stock-corporate/merchant-bankers-seek-extension-of-loan-repayment-period-to-2032-1725121753