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

Daily News Snippet

September 03, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,803.71
% change	-0.44%
DS30 Index	2,134.11
% change	0.25%
DSES Index	1,236.48
% change	-0.73%
Turnover (BDT mn)	10,655.44
Turnover (USD mn)	88.80
% change	14.13%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	41,563.08
% change	0.00%
S&P 500	5,648.40
% change	0.00%
Nikkei 225	38,700.87
% change	0.14%
FTSE 100	8,363.84
% change	-0.15%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	120.00	120.00
EUR	132.56	132.58
GBP	157.51	157.61
INR	1.43	1.43
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
02-Sep-24	8.85 - 10.50	9.11
01-Sep-24	8.95 - 10.50	9.08
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	77.26	-0.34%
Gold Spot, USD/t oz.	2,496.40	-0.12%
Cotton, USD/lb.	69.53	-0.66%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX lost 0.44% in the last trading day, closing at 5,803.71 points.
- The daily turnover increased 14.13% in the last trading day.

Global Market

- Dow Jones and S&P 500 were closed and FTSE 100 posted 0.15% loss yesterday.
- One of the leading Asian market indices, NIKKEI posted 0.14% gain yesterday.

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 9.11% with a high rate of 10.50% and low rate of 8.85%.
- The oil price decreased 0.34% in the last trading day.

International Macro Update

Eurozone inflation falls to three-year low

- Eurozone inflation fell to its lowest level in more than three years this month due to falling energy costs, raising expectations of a European Central Bank interest-rate cut.
- Consumer price rises slowed to 2.2% in August compared to the same month last year after reaching 2.6% in July, closing in on the European Central Bank's 2% target.
- The August rate was the lowest since July 2021 and in line with expectations by analysts for FactSet and Bloomberg.
- But core inflation, which strips out volatile energy, food, alcohol and tobacco prices and is a key indicator for the bank, cooled slightly to 2.8% in August from 2.9% in July, according to Eurostat.
- Friday's data will provide some relief after inflation unexpectedly edged up in July.

News Source:

https://www.thedailystar.net/business/news/eurozone-inflation-falls-three-year-low-3693076

Bangladesh Macro Update

$450m reserve drop on 11 Aug: Cover-up for Islami Bank misconduct?

- On 11 August 2024, Bangladesh Bank's reserves suddenly fell by nearly USD 450 million.
- The drop was puzzling since it happened on a Sunday when international transactions were closed, leading some to fear a hacking incident.
- However, it was found that the drop was due to the Bangladesh Bank adjusting its reserves after Islami Bank Bangladesh failed to deliver dollars owed to the central bank.
- This adjustment was reportedly part of an effort to cover up misconduct involving former governor Abdur Rouf Talukder, former deputy governor Kazi Sayedur Rahman, and the governor's adviser Abu Farah Md Nasser.

News Source:

https://www.tbsnews.net/economy/450m-reserve-drop-11-aug-cover-islami-bank-misconduct-932206

Export-data mismatch impact on GDP being examined: Adviser

- Export data for the last fiscal year have been reconciled and will be published soon, along with impact of any calculation mismatch on the country's growth arithmetic.
- Finance Adviser Dr Salehuddin Ahmed Monday said that the Export Promotion Bureau (EPB) reconciled the export data to bridge the gap between calculations by two agencies.
- Asked about possible export target for the current fiscal year, the adviser said that the figure would not be disclosed before the EPB board approves it.
- Replying to query whether the export data mismatch will have any impact on gross domestic product (GDP) data, the finance adviser said that he had also asked the officials to check it.

- When asked whether the government has any plan to revise the fiscal budget at this stage, he added that if necessary, the budget will be amended and the government will stop all unnecessary spending and rationalise them.

News Source:

https://today.thefinancialexpress.com.bd/first-page/export-data-mismatch-impact-on-gdp-being-examined-adviser-1725300104

Govt aims to expedite trade thru Bhomra

- The government aims to expedite export-import activities with neighbouring India through the Bhomra Land Port in Satkhira.
- As part of this initiative, the National Board of Revenue (NBR) has announced that all products, except powdered milk, will now be allowed for import through this port.
- The NBR is also considering upgrading the port from its current status as a land port station to a full customs house.
- On 29 August, the customs wing of the NBR issued a statutory regulatory order (SRO) authorising the import of nearly all products through Bhomra.
- Currently, Bhomra operates as a land customs station.

News Source:

https://www.tbsnews.net/economy/govt-aims-expedite-trade-thru-bhomra-932156

Sectoral Update

Banks, NBFIs and Insurance

Assess loan exposure to influential people

- The Bangladesh Bank (BB) has instructed the recently restructured banks to identify and assess their loan exposure to politically exposed and important persons as they might fail to repay the loans.
- A politically exposed person is an individual who has been entrusted with prominent public functions.
- It includes ministers, members of parliament, senior executives of state-owned enterprises, and directors or members of the board of international organisations.
- The central bank also sought details of the securities and collateral against the loans.

News Source:

https://www.thedailystar.net/business/news/assess-loan-exposure-influential-people-3693116

BB's strange bid to save Orion plant

- Three state-run banks far exceeded their limits to salvage a coal-fired power plant project of an Orion Group subsidiary, which was stalled for six years, with BDT 10,579 crore in loans using policy relaxation by the Bangladesh Bank under the now-ousted Sheikh Hasina government.
- However, the loans, on top of BDT 6,244 crore liabilities of Orion companies with the banks, were not disbursed and the conglomerate decided to turn the project into a solar power plant.

- Orion Group companies have borrowed a total of BDT 8,457 crore from banks, including BDT 616 crore from Mercantile Bank, BDT 357 crore from Social Islami Bank and BDT 1,240 crore from AB Bank as of June this year.
- The group looked to Agrani, Janata and Rupali banks for the syndicated loan approved last year for the project at Moheshkhali in Cox's Bazar under Orion Power Dhaka-2 Limited (OPDL-2) after its bid for foreign funds had failed.
- Awami League's pick Abdur Rouf Talukder was the governor when the central bank had in November 2022 relaxed section 26-kha (1) of the Bank Company Act-1991, which states loans given by a bank to a single borrower shall not exceed 25% of the bank's capital.

News Source:

https://www.thedailystar.net/business/economy/news/bbs-strange-bid-save-orion-plant-3692986

BB decides to remove banking diploma requirement for bankers' promotion

- The Bangladesh Bank is set to cancel the diploma degree requirements for bankers' promotions.
- The decision has been taken in response to a letter from the Institute of Bankers, Bangladesh (IBB) on the diploma requirement for promotions.
- Bangladesh Bank Governor Ahsan H Mansur, who is also the president of IBB, gave his nod on cancelling the requirement at the latest governing council meeting of the bankers' institution.
- The central bank made it mandatory for bank officials to obtain a banking diploma to be eligible for promotion to senior officer positions and above in February 2023.

News Source:

https://www.tbsnews.net/economy/banking/bb-decides-remove-banking-diploma-requirement-bankers-promotion-932041

EDF loans get costlier as interest rate from now to be based on SOFR

- Borrowing from the Export Development Fund (EDF) is likely to become costlier for exporters as the Bangladesh Bank has asked banks to base interest rates on dollar loans on the Secured Overnight Financing Rate (SOFR), aligning with international financial standards.
- The new directive from the central bank, which came through a circular issued on 2 September, stated that authorised dealer banks will be able to borrow from the EDF at SOFR plus 0.5% interest per annum and will be able to collect SOFR plus 1.50% interest from exporters at the customer level.
- The SOFR rate is published by the Federal Reserve Bank of New York at 8am local time, every business day.
- Yesterday, the SOFR stood at 5.33%, according to the Federal Reserve Bank of New York.
- Previously, the Bangladesh Bank would set the benchmark for EDF loans interest rate.

News Source:

https://www.tbsnews.net/economy/banking/edf-interest-rate-dollars-increase-banks-ordered-follow-sofr-931846

Apparel and Textile

All-out efforts stressed to overcome RMG industry's challenges

- All-out efforts are required to overcome several challenges that are hindering the country's garment industry's growth potential, according to business leaders.
- They expressed concerns about various issues, including port congestion, bureaucratic hurdles, and the need for improved banking services during a discussion meeting titled "Crisis in the Ready-Made Garments Sector and Ways to Overcome It in the Current Situation."
- It was organised by the Bangladesh Garment Buying House Association (BGBA) at the Pan Pacific Sonargaon Hotel.
- The business leaders emphasised the importance of united efforts from everyone involved.

News Source:

https://www.tbsnews.net/economy/rmg/all-out-efforts-stressed-overcome-rmg-industrys-challenges-932116

Energy

LPG 12-kg cylinder priced at Tk 1,421

- The Bangladesh Energy Regulatory Commission (BERC) has raised the price of 12-kg liquefied petroleum gas (LPG) cylinder by BDT 44 to BDT 1,421 for September trading.
- The price of such a container was BDT 1,377 in August.
- The new prices came into effect from Monday evening, according to a BERC statement.
- The BERC adjusted cooking fuel prices for the domestic market based on the Saudi Aramco contract price for September 2024.

News Source:

https://today.thefinancialexpress.com.bd/last-page/lpg-12-kg-cylinder-priced-at-tk-1421-1725300531

A dozen pvt, one state petroleum refineries ruined

- A dozen private and one state-owned petrochemical and refinery plants in the country go bust for discriminatory treatment allegedly by some government high-ups in cahoots with a vested-interest group.
- The unfair acts imperilled around BDT 20 billion (USD 150 million) worth of investment while weakening the supply chain of petroleum products on the local market, according to market-insiders.
- They alleged that a strong syndicate of vested interest, led by a section of high-ups at the Ministry of Power, Energy and Mineral Resources (MPEMR), patronised only three big privately-owned fractionation plants that had made whopping gains during the immediate-past authoritarian regime.
- This uneven playing field created by the administration for the trio has pushed the other players in the industry on the brink.

News Source:

https://today.thefinancialexpress.com.bd/first-page/a-dozen-pvt-one-state-petroleum-refineries-ruined-1725300048

Capital Market

Stocks snap three-day gaining streak due to increased selling pressure

- Stocks snapped a three-session winning streak today as investors actively sold shares to book quick gains from the recent rally.
- On the day, the benchmark index DSEX of the Dhaka Stock Exchange (DSE) dropped by 25 points to close at 5,803, while the blue-chip index DS30 gained 5 points to reach 2,134.
- The port city bourse also ended in the red, as its general index CSCX fell by 13 points to 10,002, and the all-share price index CASPI edged down by 31 points to close at 16,592.
- The benchmark index of the capital bourse broke its gaining streak as cautious investors engaged in profit booking to realise their recent gains and preferred to observe the market's trend, according to market insiders.
- Meanwhile, turnover at the DSE rose by 14%, reaching an eight-day high of BDT 1,068 crore.

News Source:

https://www.tbsnews.net/economy/stocks/stocks-snap-three-day-gaining-streak-due-increased-selling-pressure-931631

Infamous stock manipulators absent, but minions remain: BSEC investigation committee

- Though investigations into the stock market scandals of 1996 and 2010 had revealed significant issues, no effective measures were taken, and the culprits were never punished, said Yawar Sayeed, a member of the Bangladesh Securities and Exchange Commission's (BSEC) inquiry and investigation committee.
- During those times, influential figures or manipulators dominated the capital market, and although their influence has waned, their followers still remain active.
- Elaborating his views, Sayeed referred to a probe report on stock market manipulation prepared by late Khondkar Ibrahim Khaled, prominent economist and former deputy governor of Bangladesh Bank, which clearly stated that two individuals should be declared persona non-grata in the capital market.
- However, no action was taken, and these individuals continued to exert control over the stock market, he added.
- Sayeed also mentioned the stagnation of the mutual fund sector, noting that despite the inauguration of the first mutual fund on 29 August 1999, the sector has not progressed significantly in the last 25 years.

News Source:

https://www.tbsnews.net/economy/stocks/infamous-stock-manipulators-absent-minions-remain-bsec-investigation-committee-932161