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

Daily News Snippet

September 23, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,734.97
% change	-0.01%
DS30 Index	2,094.80
% change	-0.55%
DSES Index	1,263.48
% change	0.45%
Turnover (BDT mn)	6,757.32
Turnover (USD mn)	56.31
% change	13.61%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	42,063.36
% change	0.00%
S&P 500	5,702.55
% change	0.00%
Nikkei 225	37,739.50
% change	0.00%
FTSE 100	8,229.99
% change	0.00%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	120.00	120.00
EUR	133.94	133.96
GBP	159.85	159.88
INR	1.44	1.44
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
22-Sep-24	8.90 - 10.50	9.08
19-Sep-24	8.90 - 10.50	9.06
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	74.3	-0.56%
Gold Spot, USD/t oz.	2,629.15	0.34%
Cotton, USD/lb.	73.79	0.37%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX lost 0.01% in the last trading day, closing at 5,734.97 points.
- The daily turnover increased 13.61% in the last trading day.

Global Market

- Majority of the leading global indices were closed yesterday.
- One of the leading Asian market indices, NIKKEI was also closed yesterday.

Key macro indicators

- All the major currencies rose against BDT yesterday.
- The average overnight rate is rising in the past week.
- The current weighted average overnight rate stood at 9.08% with a high rate of 10.50% and low rate of 8.90%.
- The oil price decreased 0.56% in the last trading day.

Global Macro Update

Gold breaks $2,600 barrier

- Gold soared above the USD 2,600 level on Friday for the first time, extending a rally boosted by bets for further US interest rate cuts, and rising tensions in the Middle East.
- Spot gold was up 1.3% at USD 2,620.63 per ounce by 1:43 pm ET (1743 GMT), while US gold futures settled 1.2% higher to USD 2,646.20.
- Bullion's latest rally got a fillip after the Federal Reserve initiated an aggressive easing cycle on Wednesday with a 0.50% reduction, adding to the appeal for gold.
- Prices of the safe-haven asset have climbed 27% in 2024, their biggest annual rise since 2010, as investors also sought to hedge uncertainties spurred by prolonged conflicts in the Middle East and elsewhere.
- The record rally has eroded retail demand in top consumers China and India.

News Source:

https://www.thedailystar.net/business/global-economy/news/gold-breaks-2600-barrier-3708821

Bangladesh Macro Update

Remittance inflow at $1.63b in 21 days of Sept

- The inflow of remittance continues rising as Bangladesh received USD 1.63 billion in the first 21 days of this month (September), which is USD 300 million higher than the whole September's count last year.
- The upward trend of wage earners remittance raised the hope among the central bankers who are expecting the inflow to cross the USD 2.40 billion mark at the end of this month.
- The country received USD 1.33 billion in September 2023, according to the Bangladesh Bank (BB).
- The forex reserves increased more than 15% in the fiscal year 2023-24 year-on-year.
- During FY 2023-24, Bangladesh received a total of USD 25.38 billion in remittances, up from USD 21.99 billion in FY 2022-23.

News Source:

https://today.thefinancialexpress.com.bd/first-page/remittance-inflow-at-163b-in-21-days-of-sept-1727028442

IMF may seek subsidy cuts, more revenue against $3b loan

- The International Monetary Fund (IMF) is likely to give more reform recommendations to reduce subsidies and increase revenue collection for an additional USD 3 billion loan sought by the interim government, according to a top official of the multilateral lender in Dhaka.
- A four-member IMF team led by its Mission Chief Chris Papageorgiou is expected to visit Dhaka from September 24 to September 30 for preliminary discussions on the loan proposal.
- In January last year, the multilateral lender approved a USD 4.7 billion loan programme for Bangladesh, imposing various reform conditions, including over subsidies and revenue.
- Of this, USD 2.3 billion has been disbursed so far.

- Yesterday, IMF Resident Representative in Dhaka Jayendu De met with Finance Adviser Salehuddin Ahmed, where the IMF informed the government of its reform priorities.

News Source:

https://www.thedailystar.net/business/news/imf-may-seek-subsidy-cuts-more-revenue-against-3b-loan-3709756

BFIU for urgent agreements, finance on move.

- Financial intelligence urges signing key agreements for recovering stashes of Bangladesh's stolen assets from various countries and the finance adviser affirms interim government bid for such deals.
- These formal arrangements are essential for creating robust legal frameworks to support this process, according to the Bangladesh Financial Intelligence Unit.
- Official sources indicate that the BFIU has submitted a list of ten major destinations known for capital flight from Bangladesh to the Ministry of Foreign Affairs.
- The countries on the list include the USA, the UK, Canada, Dubai, Malaysia, Australia, Switzerland, Hong Kong, Thailand and China.
- To expedite the repatriation of siphoned-off funds, BFIU sources state that the government must sign Mutual Legal Assistance agreements with these key destinations as well as other relevant agreements to facilitate requests for the return of misappropriated money.

News Source:

https://today.thefinancialexpress.com.bd/first-page/bfiu-for-urgent-agreements-finance-on-move-1727028236

Low imports ease pressure on external balances amid revolution in July

- The deficit in the country's current account and trade narrowed significantly in July, driven by a decline in imports amid the quota reform movement.
- A strong rebound in remittance inflows following the formation of the interim government on 8 August provided the Bangladesh Bank with some breathing space by increasing dollar availability in the forex market.
- The balance of payments statement shows that the deficit in the current account, which includes primary income and expenditure, narrowed by 34.5% to USD 193 million in the first month of the current fiscal year, down from USD 295 million a year ago.
- The improvement in the current account balance also helped reduce the trade deficit by 9%, bringing it down to USD 1.4 billion in July from USD 1.6 billion in the same month last year.
- Import expenditure dropped by 2.6% year-on-year during the month, while exports showed a slight positive growth of 0.4%, helping to ease pressure on the external balance.

News Source:

https://www.tbsnews.net/economy/banking/low-import-eased-pressure-external-balances-during-july-revolution-947601

Sectoral Update

Banks, NBFIs, and Insurance

Yields on T-bills fall further

- The yields on three types of treasury bills (T-bills) fell further on Sunday as banks expressed willingness to invest their excess liquidity in the short-term securities.
- The cut-off yield, generally known as interest rate, on the 91-day T-bills came down to 11.49% on Sunday from 11.51% of the previous level while the yield on 182-day T-bills fell to 11.72% from 11.75% earlier.
- The yield on 364-day T-bills also came down to 11.8999% on the day from 11.9200% of the previous-day level, according to the auction results.
- Lower credit demand, particularly from the private sector, and higher inflow of remittances are pushing down the yields on the government securities, according to a senior treasury official of a leading private commercial bank.
- The treasury official also predicts that the ongoing falling trend of the government securities may continue in the near future.

News Source:

https://today.thefinancialexpress.com.bd/last-page/yields-on-t-bills-fall-further-1727028684

Cenbank to guarantee 5 banks for interbank liquidity support

- The Bangladesh Bank has entered into agreements with five crisis-hit banks to provide them with guarantees for obtaining liquidity support from the interbank money market.
- If a bank facing a liquidity crisis receives a facility from another bank, it will request a guarantee proposal from the central bank accordingly.
- The Bangladesh Bank will provide guarantee facilities after considering the overall situation.
- So far, seven distressed banks have applied to the central bank for guarantees to access more than BDT 25,000 crore in liquidity support from the interbank money market.
- Initially, the central bank on Thursday and Sunday signed agreements with five banks- National Bank, Social Islami Bank, First Security Islami Bank, Union Bank, and Global Islami Bank.

News Source:

https://www.tbsnews.net/economy/banking/cenbank-guarantee-5-banks-interbank-liquidity-support-947936

Energy

Three dozen renewable energy projects await govt approval

- Nearly three dozen renewable-energy projects with around 3,287-megawatt generation capacity are now stalled at the final stage of inking power purchase agreements (PPAs) with a state power agency.
- Sources said that with initial government consent before the August changeover, the private entrepreneurs were about to enter into PPAs with state-run Bangladesh Power Development Board (BPDB).

- Bangladesh's overreliance on imports of fossil fuels will escalate further if these projects do not get approval for quick start, relevant sponsors fear.
- Once implemented, these projects will help the country to ease ever-escalating capacity-payment burdens as all these renewable-power projects will be implemented under 'no electricity, no payment' mechanism with no capacity -payment provisions.
- The circles concerned, however, suggested proper probe into the status of the solar power projects- whether they got approvals bypassing competition under the much talked-about indemnity law.

News Source:

https://today.thefinancialexpress.com.bd/first-page/three-dozen-renewable-energy-projects-await-govt-approval-1727028365

Apparel and Textile

Apparel workers again on strike for pay hike

- Garment workers in Ashulia and Gazipur industrial belts are out on strike again as they blocked highways on Sunday over a number of demands, including wage hike, according to sources.
- The latest spell of commotion came with a week's let-up after their protests continued for more than two weeks in August, leading to the closure of most apparel factories.
- Thirty-three ready-made garment (RMG) manufacturing units in the garment hubs also suspended operations the same day.
- Industrial police (IP) said that workers of a factory blocked Dhaka-Mymensingh highway at Bagherbazar under Gazipur Sadar upazila in the morning demanding a hike in their attendance bonus.
- Workers of other factories came onto streets and gathered on Gazipur-Tangail highway, disrupting traffic and thus causing severe congestion.

News Source:

https://today.thefinancialexpress.com.bd/first-page/apparel-workers-again-on-strike-for-pay-hike-1727028405

Capital Market

Stocks end flat but turnover rises 13%

- Stock market in Bangladesh experienced a slight downturn yesterday, following two consecutive days of gains last week.
- Cautious investors traded lucrative shares, particularly blue-chip ones, amid ongoing price fluctuations.
- The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), fell by 0.30 points, or 0.01%, from that at the end of last week to close at 5,734.
- The DSES index, which tracks Shariah-compliant companies, underwent an uptick of 5.66 points, or 0.45%, before ending at 1,263 whereas the DS30 index declined by 11.64 points, or 0.55%, to close at 2,094.

News Source:

https://www.thedailystar.net/business/economy/stock/news/stocks-end-flat-turnover-rises-13-3709521

Market-based IPO valuation need of the hour: CFA Society

- The CFA (Chartered Financial Analyst) Society Bangladesh demanded amendments to the IPO valuation method and promotion of institutional investments to improve the depth of the capital market.
- At a programme at the Economic Reporters' Forum (EFR) on Sunday, the association of financial experts said that the capital market still was at its 'nascent' stage, compared to other regional nations, due to easy means of bank financing and the existing dire strait of the mutual fund industry.
- The funds raised through investment vehicles of the market are insignificant relative to the banking sector.
- When deciding the price of primary shares, the securities regulator currently considers a company's net asset value, prices of similar stocks, and the average EPS (earnings per share) in the preceding five years.
- Previously, companies' offer prices were fixed based on the cut-off yield of the prices offered by eligible investors at the IPO bidding. The CFA Society seeks the reintroduction of this market-driven formula to attract good companies.

News Source:

https://today.thefinancialexpress.com.bd/stock-corporate/market-based-ipo-valuation-need-of-the-hour-cfa-society-1727027452