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

Daily News Snippet

September 26, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,736.51
% change	-0.72%
DS30 Index	2,095.05
% change	-0.68%
DSES Index	1,293.20
% change	0.39%
Turnover (BDT mn)	7,969.31
Turnover (USD mn)	66.41
% change	10.90%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	41,914.75
% change	-0.70%
S&P 500	5,722.26
% change	-0.19%
Nikkei 225	37,910.50
% change	-0.08%
FTSE 100	8,268.70
% change	-0.17%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	120.00	120.00
EUR	134.16	134.17
GBP	160.94	160.96
INR	1.44	1.44
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
25-Sep-24	9.25 - 10.50	9.53
24-Sep-24	8.95 - 10.50	9.08
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	72.45	-0.93%
Gold Spot, USD/t oz.	2,660.70	0.15%
Cotton, USD/lb.	73.53	0.45%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX lost 0.72% in the last trading day, closing at 5,736.51 points.
- The daily turnover increased 10.90% in the last trading day.

Global Market

- Majority of the leading global indices posted negative returns as Dow Jones posted 0.70% loss, S&P 500 posted 0.19% loss and FTSE 100 posted 0.17% loss.
- One of the leading Asian market indices, NIKKEI posted 0.08% loss 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 9.53% with a high rate of 10.50% and low rate of 9.25%.
- The oil price decreased 0.93% in the last trading day.

Bangladesh Macro Update

WB to provide $3.5 billion to support Bangladesh's reform initiatives: Ajay Banga

- President of the World Bank Ajay Banga has said that the bank would provide USD 3.5 billion to Bangladesh to support the Interim Government's reform initiatives, including reforms in the financial sector.
- Banga, a long-time friend of Prof Yunus, said at least USD 2 billion would be fresh lending and another USD 1.5 billion would be repurposed from the existing programmes.
- World Bank would support reforms in digitisation, liquidity, energy and power, and transport, according to Chief Adviser's Press Secretary Shafiqul Alam.
- During the meeting, Professor Yunus sought the World Bank support for the wide-range reforms the interim government had undertaken.
- The World Bank President discussed the energy sector cooperation in South Asia and how hydro energy produced in Nepal and Bhutan could be shared by neighbours such as India and Bangladesh.

News Source:

https://www.tbsnews.net/bangladesh/wb-provide-35-billion-support-bangladeshs-reform-initiatives-ajay-banga-950741

Inflation to hit double digits by end of FY25: ADB

- Inflation is projected to hit double digits at the end of the current fiscal year owing to supply-side disruptions and higher import costs because of currency depreciation, according to the Asian Development Bank (ADB).
- The immediate past government, which was ousted on August 5 by a mass uprising, had targeted to keep inflation to 6.5% this fiscal year after it had hit 9.7% in FY24.
- Elevated food and non-food prices in the first half of the fiscal year reflect supply-side disruption and higher import costs due to currency depreciation, pushing up inflation forecasts.
- Consumers in Bangladesh have been fighting persistent inflationary pressures over the past two years, with inflation hovering above 9% since March 2023.
- The interim government released the inflation data of July, which showed that the point-to-point inflation rate was 11.66% in July and 10.49% in August.

News Source:

https://www.thedailystar.net/business/news/inflation-hit-double-digits-end-fy25-adb-3712491

Sectoral Update

Banks, NBFIs, and Insurance

Weak banks' liquidity ordeals seem over as well-off bankers yield

- Liquidity-strapped banks' ordeals are set to be all over as well-off bankers finally decide in principle to lend to the weaklings, due to regulatory interventions.

- Officials and bankers said that, under the bailout arrangement, top management of the lender banks would place applications seeking liquidity support by the troubled banks with the boards of the respective bank for the all-clear.
- We'll place the matter with our board soon and will act in accordance with the directive of the highest decision-making body, according to managing director and chief executive officer of Mutual Trust Bank (MTB) Syed Mahbubur Rahman.
- He said that the Bangladesh Bank (BB) assured the bankers of repaying the funds within three days under the guarantee policy if the cash-hungry banks fail to pay back within the stipulated timeframe.
- As the country's central bank decided not to use print money to feed the struggling banks, five cash-hungry commercial banks last week signed agreements with the banking regulator on obtaining its nod to playing guarantor for the banks in failure of repaying the credits borrowed from the banks.

News Source:

https://today.thefinancialexpress.com.bd/first-page/weak-banks-liquidity-ordeals-seem-over-as-well-off-bankers-yield-1727287998

Use proper payment channel for imports from ACU member countries: BB to banks

- The Bangladesh Bank has instructed banks to ensure that payments for imported goods from the Asian Clearing Union (ACU) member countries are made through the ACU mechanism.
- The directive was issued on 25 September by the Foreign Exchange Policy Department of the central bank.
- Along with Bangladesh, the ACU member countries include India, Iran, Nepal, Pakistan, Sri Lanka, Myanmar, Bhutan and the Maldives.
- The ACU is a payment arrangement whereby the participants settle payments for intra-regional transactions among the participating central banks on a net multilateral basis.
- Paragraph 2, Chapter 3 of the Guidelines for Foreign Exchange Transactions-2018 outlines the operational procedures to settle payments for current account transactions using the ACU mechanism, according to the directive.

News Source:

https://www.tbsnews.net/economy/banking/banks-asked-use-acu-mechanism-import-payments-950496

Bank deposits grow 3.34pc in Q2 on better rates

- The total deposit liabilities, excluding interbank items, of the country's 61 scheduled banks increased by 4.34% to about BDT 18.39 trillion during the second quarter (Q2) of 2024, compared to the first quarter (Q1).
- Bankers attributed the growth in April-June quarter (Q2) to better deposit rates.
- It highlighted those urban deposits, which make up more than 84% of total deposits, grew by 4.32% to about BDT 15.56 trillion by the end of June 2024.
- Meanwhile, rural deposits, accounting for over 15% of total deposits, increased by 4.47% to about BDT 2.83 trillion.

- The weighted average interest rate on deposits across all banks stood at 5.51%, while the weighted average rate on fixed deposit receipts (FDR) for terms of three years or more was 9.75%, according to the BB report.

News Source:

https://today.thefinancialexpress.com.bd/last-page/bank-deposits-grow-334pc-in-q2-on-better-rates-1727288751

BB governor seeks plans to reform NBFIs

- Bangladesh Bank Governor Ahsan H Mansur yesterday urged the top brass of non-bank financial institutions (NBFIs) to submit reform plans.
- He made the call in a meeting with the managing directors of different NBFIs at the central bank headquarters in Dhaka yesterday.
- Some NBFIs are in dire straits due to various reasons, including mismanagement, irregularities in disbursement of loans, and defaulted loans.
- The rise in defaulted loans has created a capital crunch in most financial institutions, according to industry insiders.
- Meanwhile, leaders of the NBFIs urged the governor to provide various policy-related support to address the crisis.

News Source:

https://www.thedailystar.net/business/news/bb-governor-seeks-plans-reform-nbfis-3712426

Apparel and Textile

Labour commotion eases as workers join factories

- The labour situation in Ashulia and Gazipur industrial belts has improved as the workers of most of the garment factories joined the workplace on Wednesday.
- The development came a day after a tripartite meeting.
- Factory owners have agreed to meet workers' 18-point demand, including an increase in the allowance for attendance, tiffin and night bills, to restore normalcy in the foreign currency-earning sector.
- However, industrial police sources said that some 26 garment units in Ashulia and Gazipur areas stayed shut on Wednesday.
- On the other hand, 11 factories in Ashulia and three in Gazipur lay suspended in line with the labour law provision 13 (1), meaning 'no work no pay'.

News Source:

https://today.thefinancialexpress.com.bd/last-page/labour-commotion-eases-as-workers-join-factories-1727288703

Energy

Move to import spot LNG under PPR faces setback

- The interim government's move to purchase liquefied natural gas (LNG) from the spot market faced a setback as the bids offered fell short of minimum requirement under the Public Procurement Rules (PPR) 2008.
- The authorities concerned received two bids each in response to two tenders floated to import two LNG cargoes from the spot market, but the PPR requires at least three bidders to evaluate the bid documents, according to officials.
- The authorities couldn't even evaluate the bids after floating 'limited tendering".
- State-run Rupantarita Prakritik Gas Company Ltd (RPGCL) has to re-tender to purchase the two LNG cargoes from the spot market and float a fresh tender to buy a total of three spot cargoes for October deliveries.
- Earlier, the RPGCL would follow the Quick Enhancement of Electricity and Energy Supply (Special Provision) Act 2010 (Amended 2021) to select the successful bidders and there was no mandatory provision of minimum participation to get the bids evaluated.

News Source:

https://today.thefinancialexpress.com.bd/first-page/move-to-import-spot-lng-under-ppr-faces-setback-1727288344

Govt issues $350m worth of guarantee for BPC

- The government has issued USD 350 million's worth of twin guarantees for the Bangladesh Petroleum Corporation (BPC) with intent to import petroleum products for the current fiscal year, 2024-25.
- The Finance Division published an order regarding the issue on Tuesday.
- The government has issued two sovereign guarantees for USD 300 million and USD 50 million separately.
- The BPC is utilising USD 350 million for FY25, which was approved in the last meeting of the standing committee on non-concessional loan at the power, energy and mineral resources ministry.
- The government stands as a guarantor against deferred payment schemes.

News Source:

https://today.thefinancialexpress.com.bd/last-page/govt-issues-350m-worth-of-guarantee-for-bpc-1727288814

BPDB likely to invite tender for setting up 10 grid-connected solar power plants

- The Bangladesh Power Development Board (BPDB) is preparing to float tenders for the development of 10 grid-connected solar power plants in the private sector, each with a capacity of 50 MW, totalling 500 MW.
- The move came against the backdrop of the interim government's decision not to sign any further contract under the Enhancement of Power and Energy Supply Act (Special) Act, 2010.

- As a result, the future of 34 proposed private-sector grid-connected solar power plant projects, for which the BPDB had previously issued Letters of Intent (LoI) under the previous Awami League government, has become uncertain.
- BPDB had selected these firms through the process of "unsolicited offer" under the Speedy Enhancement of Power and Energy Supply Act (Special) Act, 2010.
- Under this law, the government can award the contract of a project to any private firm without a tender process.

News Source:

https://www.tbsnews.net/bangladesh/energy/bpdb-likely-invite-tender-setting-10-grid-connected-solar-power-plants-950256

Capital Market

89% of stocks plummet as policy rate hike triggers sell-off

- The Dhaka Stock Exchange (DSE) experienced a significant downturn today, with 89% of traded stocks plunging as funding costs surged following the central bank's 50-basis-point hike in the policy rate, now set at 9.50%.
- Following the downfall of majority stocks, the benchmark index DSEX of the Dhaka bourse lost 41 points to settle at 5,736, while the blue-chip index DS30 plummeted by 14 points to close at 2,095.
- During the session, only 28 issues advanced, while 355 declined and 14 remained unchanged.
- Increased selling pressure from investors boosted market turnover by 11%, reaching BDT 797 crore, compared to the previous session.
- The market capitalisation on the DSE fell by BDT 5,000 crore to settle at BDT 6.89 lakh crore.

News Source:

https://www.tbsnews.net/economy/stocks/89-stocks-plummet-policy-rate-hike-triggers-sell-950576

27 listed cos downgraded to 'Z' category

- In a major push to enforce compliance, Dhaka Stock Exchange (DSE) has downgraded 27 more listed companies to the 'junk' or 'Z' category as half of them failed to declare any dividends for two consecutive years and the others did not complete the distribution of approved dividends.
- The DSE made the decision on Wednesday in line with a directive issued by the securities regulator on May 20, 2024, effective from today.
- Of the 27 companies, 22 were shifted to 'Z' category from the 'B' category while the remaining five companies had been in the 'A' category.
- The stock brokers and merchant bankers have also been advised to abstain from providing loan facilities to investors for purchasing security of these companies with effect from today, according to a stock exchange filing.

News Source:

https://today.thefinancialexpress.com.bd/stock-corporate/27-listed-cos-downgraded-to-z-category-1727286750