EBL ASSET MANAGEMENT LTD.
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Daily News Snippet

September 30, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,658.12
% change	0.34%
DS30 Index	2,062.93
% change	-0.10%
DSES Index	1,271.09
% change	0.73%
Turnover (BDT mn)	4,813.19
Turnover (USD mn)	40.11
% change	-9.33%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	42,313.00
% change	0.00%
S&P 500	5,738.17
% change	0.00%
Nikkei 225	39,821.50
% change	0.00%
FTSE 100	8,320.76
% change	0.00%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	120.00	120.00
EUR	133.96	133.97
GBP	160.48	160.51
INR	1.43	1.43
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
29-Sep-24	9.45 - 10.50	9.54
26-Sep-24	9.45 - 10.50	9.55
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	72.39	1.19%
Gold Spot, USD/t oz.	2,657.35	-0.04%
Cotton, USD/lb.	73.41	0.95%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX gained 0.34% in the last trading day, closing at 5,658.12 points.
- The daily turnover decreased 9.33% 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 except the INR.
- The average overnight rate is falling in the past week.
- The current weighted average overnight rate stood at 9.54% with a high rate of 10.50% and low rate of 9.45%.
- The oil price increased 1.19% in the last trading day.

Global Macro Update

Oil prices rise on Middle East conflict fears as Israel steps up attacks

- Oil prices extended gains on Monday, buoyed by escalating concerns over potential supply pressures from Middle East producers following Israel's increased attacks on Iranian-backed forces in the region.
- Brent crude futures for November delivery increased 51 cents, or 0.71%, to USD 72.49 a barrel as of 0330 GMT.
- That contract expires on Monday, and the more-active contract for December delivery gained 50 cents, or 0.7%, to USD 72.04.
- US West Texas Intermediate crude futures added 43 cents, or 0.63%, to USD 68.61 a barrel.
- Last week, Brent fell around 3% while WTI fell by around 5% as demand worries increased after fiscal stimulus from China, the world's second-biggest economy and top oil importer, failed to reassure market confidence.

News Source:

https://www.thedailystar.net/business/news/oil-prices-rise-middle-east-conflict-fears-israel-steps-attacks-3715931

Bangladesh Macro Update

Bangladesh receives over $2b remittance in 28 days

- Expatriate Bangladeshis sent around USD 2.11 billion remittances in the first 28 days of September in the fiscal year 2024-25.
- Of this, remittances through state-owned and specialised banks accounted for USD 679.10 million, while private banks received USD 1.43 billion, according to Bangladesh Bank data.
- Earlier, the country received USD 1.63 billion in remittances in the first 21 days of the month.
- Remittance inflows fell to USD 1.33 billion in September last year after the central bank took punitive measures against banks for offering additional dollar prices.
- If this pace continues, the total remittance for the month is expected to surpass USD 2.33 billion.

News Source:

https://www.tbsnews.net/economy/banking/bangladesh-receives-over-2b-remittance-28-days-953696

$300m WB fund for clean air project

- The World Bank will provide USD 300 million to assist the clean air project in Bangladesh.
- The initiative has been taken to strengthen air quality management in the country and to reduce the carbon emissions in key sectors.
- Environment advisor to the interim government Syeda Rizwana Hasan shared the information following a meeting with Martin Raiser, the World Bank's vice president for the South Asia Region, and Abdoulaye Seck, country director for Bangladesh and Bhutan.
- The project will be funded by an IDA credit, along with a potential grant for clean cooking initiatives as part of the National Air Quality Management Plan.

- The Environment Adviser also called for the World Bank's assistance in waste management and the restoration of Dhaka's canals to create a "blue network."

News Source:

https://today.thefinancialexpress.com.bd/last-page/300m-wb-fund-for-clean-air-project-1727633214

Poorer countries getting indebted for concessional financing being sidelined

- Profit-driven models of multilateral financing worries South Asian nations, including Bangladesh, as they getting indebted for concessional funding being sidelined, according to a report sponsored by OECD.
- It was also observed that multilateral development system faces mounting challenges due to political crisis, geopolitical shifts, and ongoing reforms in the global financial architecture.
- The report showed a shift toward scale and financial leverage is creating risks, particularly for the poorest nations, as concessional financing, critical for the most vulnerable, is sidelined in favour of larger-scale, profit-driven models.
- Multilateral finance for education, for example, saw a sharp 30% drop by USD 3 billion between 2021 and 2022, signalling potential underfunding of essential development sectors.
- The findings were presented during a webinar co-organized by the Centre for Policy Dialogue (CPD) and the Organisation for Economic Co-operation and Development (OECD).

News Source:

https://today.thefinancialexpress.com.bd/last-page/poorer-countries-getting-indebted-for-concessional-financing-being-sidelined-1727633190

Inter-agencies task-force re-constituted to recover laundered money

- The government has re-constituted inter-agencies task-force on recovering all laundered money.
- The central bank's governor will lead the high-power nine-member task-force while deputy governor Md Zakir Hossain Chowdhury will provide the required secretarial assistance to the panel.
- The panel will identify and investigate laundered money or assets and provide necessary assistance to concerned agencies/parties.
- The panel will also identify and take initiatives to remove obstacles in the expeditious completion of cases filed for the recovery of smuggled assets.
- The high powered task-force will take implement programme to bring the laundered assets back to the country.

News Source:

https://today.thefinancialexpress.com.bd/first-page/inter-agencies-task-force-re-constituted-to-recover-laundered-money-1727633022

Funding hurdles hamper prospective leaps in agricultural startups

- Bangladesh's agricultural startups are facing significant challenges, primarily for a lack of funding and investor interest, despite the sector holding huge untapped economic potential.

- Financial institutions, including banks, tend to shy away from these ventures, perceiving them as high-risk, leaving startups reliant on seed funding or early-stage capital.
- The agriculture sector, while critical, is not typically seen as lucrative by investors, especially as it battles increasing threats from climate change.
- Flash-floods, cyclones, droughts, and erratic rainfall patterns are compounding the risks.
- Despite these challenges, agricultural startups could play a key role in optimizing resources, eliminating middlemen, and boosting crop yields-crucial factors as the country contends with rising food insecurity driven by population growth and climate pressures.

News Source:

https://today.thefinancialexpress.com.bd/first-page/funding-hurdles-hamper-prospective-leaps-in-agricultural-startups-1727632985

Net sale of savings instruments in July rises Tk 21.87b

- The net sale of state-run savings instruments in July this year increased by only BDT 21.87 billion, following a period of negative growth over the past year.
- The net sales of savings certificates in June showed a negative growth of BDT 33.81 billion in June over the matching period of the last year due to the prevailing higher rate of encashment than the investment.
- The net sale of saving certificates showed a negative growth of BDT 3.47 billion in July last year.
- The substantial positive growth in net sales of national instruments, known as NSAs, also suggested an increase in confidence in these tools in July this year.
- The net sale of savings certificates is calculated by deducting the amount repaid for previously sold certificates from the total sales.

News Source:

https://today.thefinancialexpress.com.bd/last-page/net-sale-of-savings-instruments-in-july-rises-tk-2187b-1727633316

Sectoral Update

Banks, NBFIs, and Insurance

12,000 bhori gold missing from Samabaya Bank

- AF Hassan Ariff, Adviser to the Ministry of Local Government and Rural Development (LGRD), has revealed that a significant portion of the assets belonging to the Samabaya Bank have been illegally captured.
- Those who were once associated with the bank have now taken possession of its properties.
- He further disclosed that 12,000 bhori of gold is missing from the bank, and an investigative committee has been formed.
- He made these remarks as the chief guest at the 57th Annual Planning Conference of the Bangladesh Academy for Rural Development (BARD) in Cumilla.

- During his speech, the Advisor emphasised that the cooperative sector has been unable to thrive due to a lack of genuine cooperative spirit among its members.

News Source:

https://today.thefinancialexpress.com.bd/last-page/12000-bhori-gold-missing-from-samabaya-bank-1727633282

Banks' distressed assets surge by Tk1 lakh crore in a year amid rising defaults, rescheduling

- Distressed assets in the country's banking sector reached BDT 4.87 lakh crore at the end of December 2023, with bankers attributing the increase to high non-performing loans and the rescheduling of large loans with nominal down payments.
- The distressed assets amounted to BDT 3.78 lakh crore by the end of 2022, according to the Bangladesh Bank's Financial Stability Assessment Report for 2023.
- This indicates that the amount of distressed assets has increased by BDT 1.09 lakh crore over the span of one year.
- This disclosure of the distressed assets is part of an ongoing USD 4.7 billion loan package from the International Monetary Fund.

News Source:

https://www.tbsnews.net/economy/banking/banks-distressed-assets-surge-tk1-lakh-crore-year-amid-rising-defaults-rescheduling

BB increases refinance scheme for small traders, low-income people to Tk750cr

- The central bank has announced a significant increase in its refinance scheme for small traders and low-income people, raising the allocation by BDT 250 crore to BDT 750 crore.
- This move aims to benefit underprivileged groups such as marginal or landless farmers, low-income people, school banking account holders, and small businessmen.
- The scheme was initially launched in 2021 with BDT 500 crore to promote financial inclusion among these vulnerable populations.
- Due to the rising demand for financial assistance following the 2024 floods in 27 districts, the central bank has increased its refinance scheme to BDT 750 crore to support marginalised groups and women in affected areas.
- At least 25% of the total loans will be disbursed to women borrowers or entrepreneurs

News Source:

https://www.tbsnews.net/economy/banking/bb-increases-refinance-scheme-small-traders-low-income-people-tk750cr-953741

Islamic banks see rise in gross default loan

- Bangladesh's Islamic banks recorded an increase in their gross non-performing loan (GNPL) and unclassified rescheduled loan (URSDL) ratio in 2023 from a year ago, reflecting a deterioration of asset quality.
- The Shariah-based banks' GNPL rose to 4.8% of total investments in 2023 from 4.1% a year ago.
- Similarly, the URSDL grew 3.4% to 14.7% in the last calendar year in comparison with the previous year, according to the Financial Stability Report 2023 published by the Bangladesh Bank (BB).
- The central bank said that Islamic banks in Bangladesh, as a whole, demonstrated better performance in terms of total deposit growth in 2023.
- However, the banks recorded lower growth in total assets, investments (advances), and shareholders' equity.

News Source:

https://www.thedailystar.net/business/news/islamic-banks-see-rise-gross-default-loan-3715461

Apparel and Textile

ILO recommends wage restructuring, labour law reform to end RMG unrest

- The ILO has identified, at least, five issues that have been troubling the Bangladesh's readymade garment industry frequently and showed the remedies that include reform in wage structure and relevant policies, and amendments to the labour law.
- In a statement issued Sunday, the International Labour Organisation (ILO) country office in Dhaka said it was closely monitoring the labour unrest in the RMG and other sectors arising from a range of worker grievances, highlighting significant systemic issues that demand urgent attention and resolution.
- Meantime, at least 65 factories suspended operation on Sunday in Savar, Ashulia and Zirani area, according to sources.
- It also calls for amendments to the Bangladesh Labour Act, aligned with international labour standards, to expand coverage to all workers, including those in the informal sector and export- processing zones (EPZs).

News Source:

https://today.thefinancialexpress.com.bd/first-page/ilo-recommends-wage-restructuring-labour-law-reform-to-end-rmg-unrest-1727632898

Capital Market

Islami Bank, Beximco Pharma propel DSEX higher, while blue-chip index dips

- Large-cap stocks, including Islami Bank and Beximco Pharma, have propelled the Dhaka Stock Exchange's benchmark index, DSEX.

- Conversely, the blue-chip index, DS30, experienced a decline due to selling pressure from investors, reflecting subdued market sentiment.
- On Sunday, the DSEX rose by 18 points to close at 5,658, while the DS30 dipped by 2 points to 2,062.
- Islami Bank was instrumental in driving the DSEX upward, with its share price rising by 5.3% and contributing 16.4 points to the index.
- It was followed by significant gains from Khan Brothers PP Woven Bag, Beximco Pharma, National Bank, and MJL Bangladesh.

News Source:

https://www.tbsnews.net/economy/stocks/islami-bank-beximco-pharma-propel-dsex-higher-while-blue-chip-index-dips-953821

IPO approval turned into a recipe for market mischief

- The stock market regulator approved 127 firms for listing in the past 14 years, allowing their transition from private to public companies.
- However, the subsequent outcomes are disheartening as most of these companies showed declined performance rather than growth.
- A significant number of the enlisted firms, roughly one-fourth of the total companies at the bourses became junk after going public.
- This left share market experts to conclude that many of the companies listed during the last 14 years through initial public offerings (IPOs) were actually underperforming.
- Of the 127 companies approved in the last 14 years, only 52 remained in the 'A' category, while 43 were downgraded to 'B' and 32 to 'Z'.

News Source:

https://www.thedailystar.net/business/news/ipo-approval-turned-recipe-market-mischief-3715796

Grameenphone’s market cap gains Tk14,000cr since Hasina-led government change

- After the downfall of the Sheikh Hasina-led government, Grameenphone stock, the largest in the country's capital market, became more attractive to investors, driving the market cap of the country's largest telecom operator up by around BDT 14,000 crore on the Dhaka Stock Exchange (DSE).
- On August 4, Grameenphone's share price was BDT 247.20 and its market capitalisation was BDT 33,379 crore.
- However, following the government's fall, its share price surged over 53% to reach BDT 379.20, marking a 39-month high during seven consecutive sessions, ending on 14 August.
- Market participants said that after the political change in the country, the interest of local and foreign investors in Grameenphone shares has increased.

News Source:

https://www.tbsnews.net/economy/stocks/grameenphones-market-cap-gains-tk14000cr-hasina-led-government-change-953776