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

Daily News Snippet

October 07, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,378.78
% change	-1.53%
DS30 Index	1,964.31
% change	-1.33%
DSES Index	1,190.86
% change	-2.49%
Turnover (BDT mn)	3,681.89
Turnover (USD mn)	30.68
% change	16.68%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	42,352.75
% change	0.00%
S&P 500	5,751.07
% change	0.00%
Nikkei 225	38,635.62
% change	0.00%
FTSE 100	8,280.63
% change	0.00%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	120.00	120.00
EUR	131.71	131.74
GBP	157.39	157.48
INR	1.43	1.43
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
06-Oct-24	9.25 - 10.50	9.55
03-Oct-24	9.50 - 10.50	9.57
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	77.52	-0.72%
Gold Spot, USD/t oz.	2,650.27	-0.07%
Cotton, USD/lb.	73.27	0.74%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX lost 1.53% in the last trading day, closing at 5,378.78 points.
- The daily turnover increased 16.68% 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 fell against BDT yesterday.
- The average overnight rate is falling in the past week.
- The current weighted average overnight rate stood at 9.55% with a high rate of 10.50% and low rate of 9.25%.
- The oil price decreased 0.72% in the last trading day.

Bangladesh Macro Update

Bangladesh receives $425 million remittance in 5 days

- Expatriate Bangladeshis sent around USD 425 million remittances during the first five days of October in the fiscal 2024-25.
- This represents a significant increase compared to the same period last year, when remittances totalled USD 325 million.
- Of this amount, remittances through state-owned and specialised banks accounted for USD 123.04 million, while private banks received USD 300.20 million, according to Bangladesh Bank data.
- During July 2024 to 5 October, expatriate Bangladeshis sent around USD 6,967 million remittances,
- The amount was USD 5,232 million at the same period of the last year.

News Source:

https://www.tbsnews.net/economy/bangladesh-receives-425-million-remittance-5-days-959841

Non-tax revenue must be deposited to govt exchequer on collection day

- The Ministry of Finance has introduced a new rule, mandating that all non-tax revenue and non-NBR revenue collected by government agencies must be deposited to the government treasury on the same day it is received.
- The move, aimed at curbing corruption and ensuring timely revenue collection, was announced in a circular issued by the Finance Division yesterday.
- The finance ministry instructed that any revenue collected after office hours or on public holidays must be deposited to the government exchequer the following day.
- Delay in depositing the collected revenue without any valid reason will result in actions.
- Besides, ministries, departments, offices, and agencies have been instructed to increase the fees and charges for various government services every three years.

News Source:

https://www.tbsnews.net/economy/non-tax-revenue-must-be-deposited-govt-exchequer-collection-day-960061

CPD estimates loss and damage worth Tk 144.2b

- The severe flooding that devastated the country's eastern region in August has caused losses and damages worth at least BDT 144.1 billion (USD 1.23b), according to a latest study.
- The flood, mainly caused by the sudden release of river dam water by neighbouring India without any warning, coupled with heavy rains caused the deluge which also claimed around 100 lives.
- Local think-tank Centre for Policy Dialogue (CPD) conducted the study and revealed at a media briefing titled "Recent flood damage and rehabilitation process in the Eastern region: CPD's analysis".
- The CPD assessed the economic damage caused by the recent floods that devastated 11 districts in Eastern Bangladesh.

- The districts are Sylhet, Moulvibazar, Habiganj, Feni, Khagrachhari, Cox's Bazar, Cumilla, Noakhali, Chattogram, Lakshmipur, and Brahmanbaria.

News Source:

https://today.thefinancialexpress.com.bd/last-page/cpd-estimates-loss-and-damage-worth-tk-1442b-1728239589

Downtrend in startup funding for poor links

- Funding in local startup companies has shrunk in recent times for factors like poor international affiliation of many founders, failure to follow global-standard operations and limited country branding, according to insiders.
- The unavailability of a dedicated policy as well as local and global economic slowdown can also be held also liable for this reduction in investment.
- However, the recent regime change, which affected some investment though, might help increase funding in the coming days.
- During the first six months of 2024, local startups have raised USD 19 million across 22 deals, which is 57% lower than USD 44.5 million raised from 35 deals the first six months of 2023, according to data compiled and analysed by local think-tank LightCastle Partners.
- Startup funding trends drew much attention when state venture capital farm Startup Bangladesh cancelled an investment proposal worth BDT 50 million for edtech startup '10 Minute School' without showing any excuse this July.

News Source:

https://today.thefinancialexpress.com.bd/first-page/downtrend-in-startup-funding-for-poor-links-1728239425

UK to help ACC bring back illicitly transferred funds

- The British delegation assured the Anti-Corruption Commission (ACC) of their full support in repatriating any illicitly transferred funds from the UK back to Bangladesh.
- The assurance was given during a meeting between the ACC and a four-member delegation from the British High Commission.
- The delegation included First Secretary Political, Ms. Doyin Adele-Shiyabola, Head of Political and Governance, Mr. Timothy Duckett, and NCA International Liaison Officers, Mr. Peter Vernon and Ms. Hannah Ridley.
- Additionally, Mr. Michael Petkov, Deputy Head of the International Anti-Corruption Coordination Centre and Intelligence Manager at the National Crime Agency, joined the meeting online from the UK.
- Discussions during the meeting focused on strengthening the ACC's capacity, with a particular emphasis on preventing money laundering and recovering stolen assets.

News Source:

https://today.thefinancialexpress.com.bd/first-page/uk-to-help-acc-bring-back-illicitly-transferred-funds-1728239374

Sectoral Update

Banks, NBFIs, and Insurance

Banks mostly gave loans to their owners rather than creditworthy borrowers

- Bangladesh's banking sector was not well-managed in recent years as banks mostly gave loans to their owners, rather than to creditworthy entities.
- Consequently, several banks are now in difficulty.
- Besides, the previous administration could not effectively manage the exchange rate.
- They opted to defend a fixed exchange rate, even though the Reserve Bank of India (RBI) allowed the Indian rupee to depreciate to ensure that its competitiveness was not negatively affected.
- This caused losses of a lot of reserves and liquidity was getting tighter, according to Martin Raiser, the World Bank (WB) vice president for South Asia region.

News Source:

https://www.thedailystar.net/business/economy/news/banks-mostly-gave-loans-their-owners-rather-creditworthy-borrowers-3721541

Toxic loans in NBFIs hit Tk 24,711cr, a third of total disbursed

- Defaulted loans in the country's non-banking financial institutions (NBFIs) rose to BDT 24,711 crore, making up 33.15% of total loans of BDT 74,533 crore as of June this year.
- The amount was BDT 23,889 crore, or 32% of the NBFI sector's total loans of BDT 74,389 crore at the end of March this year, according to central bank data.
- The Bangladesh Bank has now allowed NBFIs to set interest rates based on market conditions, moving away from the previous six-month average method.
- The increase in default loan has been attributed to NBFIs reported loan irregularities being exposed due to regulator's stricter monitoring now.
- The amount is expected to go up further in the coming quarters.

News Source:

https://www.tbsnews.net/economy/toxic-loans-nbfis-hit-tk24711cr-third-total-disbursed-960056

Six financially distressed banks squeeze corporate tax

- Six financially distressed banks pose a significant challenge for the revenue authority in achieving its corporate tax-collection target for the current fiscal year as their submissions so far plummeted into a pit.
- Tax officials have reported a precipitous 73.48% fall in the taxes paid by these banks compared to the previous two fiscal years.
- The weakened banks identified by the Large Taxpayer Unit (LTU) under the National Board of Revenue (NBR) are Union Bank, Islami Bank Bangladesh, Global Islami Bank Ltd (GIBL), Social Islami Bank, First Security Islami Bank, and Bangladesh Commerce Bank Ltd (BCBL).

- Among them, BCBL has not submitted its tax returns for the last three fiscal years.
- Global Islami Bank also failed to submit its tax return for the current fiscal year, although it has paid BDT 132 million in advance tax, according to LTU data.

News Source:

https://today.thefinancialexpress.com.bd/first-page/six-financially-distressed-banks-squeeze-corporate-tax-1728239272

Nonbanks also freed from SMART fetters in interest fixing

- Now non-bank financial institutions (NBFIs) are also freed from the fetters in interest fixing, five months after disbanding the SMART-centric interest-fixing mechanism on the money market, giving all the lenders a freeplay.
- The Department of Financial Institutions and Markets (DFIM) of the central bank issued a circular dismantling the SMART-driven arithmetic to fix rate on the money market and asked the NBFIs to go by market-driven interest rate.
- Shortly after abolishing the SMART regime by the Monetary Policy Committee (MPC) of the Bangladesh Bank early May last, the central bank instantly issued a circular for commercial banks to discard the system.
- The finance companies will publish sector-wise interest rates for lending and deposit on their websites while the deference of rates between the clients would be 1%, according to the latest circular.
- The nonbanks have also been asked to make sure none can overshoot the market rate.

News Source:

https://today.thefinancialexpress.com.bd/first-page/nonbanks-also-freed-from-smart-fetters-in-interest-fixing-1728239325

Apparel and Textile

Labour leaders push for realisation of 18-point demand

- Labour leaders on Sunday called for full implementation of the 18-point demands outlined in a tripartite agreement between the government, factory owners, and labour representatives to restore normalcy in major industrial belts.
- They also demanded justice for the death of a garment worker and emphasized the need to ensure stability in the industrial sector and uninterrupted production by checking rumors and conspiracies.
- A group of 20 garment trade unions placed the demands at a press conference held at Dhaka Reporters' Unity in the city on Sunday.
- Some factory owners are still suppressing workers, not paying wages and are instead terminating workers and filing cases against them, according to Montu Ghosh, president of Garment Workers Trade Union Center (GWTUC).

News Source:

https://today.thefinancialexpress.com.bd/stock-corporate/labour-leaders-push-for-realisation-of-18-point-demand-1728237790

Energy

BPDB's tender floating for 10 grid-connected solar plants faces setback

- State-owned Bangladesh Power Development Board (BPDB) has failed to float an open tender for setting up 10 grid-connected solar power plants in the private sector, despite a top-level decision by the Power Division as part of renewable energy promotion.
- The officials concerned have not been able to complete their preparations to float the tender, even though the decision is being given the utmost priority by the interim government.
- Earlier, the Power Division directed the BPDB to float the tender for the development of 10 grid-connected solar power plants in the private sector, each with a capacity of 50 megawatts (MW), totalling 500 MW.
- The move came against the backdrop of the interim government's decision to not sign any further contracts under the Quick Enhancement of Power and Energy Supply Act (Special Provision) 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.

News Source:

https://www.tbsnews.net/bangladesh/energy/bpdbs-tender-floating-10-grid-connected-solar-plants-faces-setback-959401

Capital Market

Islami Bank leads blue chips in dragging DSEX

- Poor performance of the stock of Islami Bank Bangladesh coupled with the erosion of other blue-chip stocks caused a sharp fall of the broad index of the Dhaka Stock Exchange (DSE) on Sunday.
- Islami Bank's decline on the bourse itself wiped out 29.3 points of the DSE broad index DSEX.
- The day's session began with a positive mood and the DSEX then exhibited small ups and downs until the mid-session.
- For the rest of the session the index was on a persistent decline to close at 5,378 points, with a loss of 1.53% or 83.80 points.
- The stock price of Islami Bank peaked at BDT 70.4 per share on the DSE on September 25, with a rise of 80% from the price observed on September 9.

News Source:

https://today.thefinancialexpress.com.bd/stock-corporate/islami-bank-leads-blue-chips-in-dragging-dsex-1728237583