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

Daily News Snippet

October 27, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,114.60
% change	-1.07%
DS30 Index	1,879.18
% change	-0.72%
DSES Index	1,144.01
% change	-1.60%
Turnover (BDT mn)	3,060.13
Turnover (USD mn)	25.50
% change	-4.96%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	42,114.40
% change	-0.61%
S&P 500	5,808.12
% change	-0.03%
Nikkei 225	37,889.00
% change	-0.67%
FTSE 100	8,248.84
% change	-0.25%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	120.00	120.00
EUR	129.37	129.41
GBP	155.04	155.06
INR	1.43	1.43
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
24-Oct-24	9.00 - 10.50	9.50
23-Oct-24	9.30 - 10.50	9.56
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	76.05	2.25%
Gold Spot, USD/t oz.	2,747.69	0.44%
Cotton, USD/lb.	70.66	-1.22%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX lost 1.07% in the last trading day, closing at 5,114.60 points.
- The daily turnover decreased 4.96% in the last trading day.

Global Market

- Majority of the leading global indices posted negative returns as Dow Jones posted 0.61% loss, S&P 500 posted 0.03% loss and FTSE 100 posted 0.25% loss.
- One of the leading Asian market indices, NIKKEI posted 0.67% loss in the last trading day.

Key macro indicators

- While USD rate remained stable, the value of Euro and GBP depreciated against BDT, and the value of INR appreciated against BDT.
- The average overnight rate decreased in the past week.
- The current weighted average overnight rate stood at 9.50% with a high rate of 10.50% and low rate of 9.00%.
- The oil price increased 2.25% in the last trading day.

Bangladesh Macro Update

Spike in extreme poverty rate in Bangladesh

- The rate of extreme poverty in Bangladesh increased for the last three consecutive fiscal years (FYs) and is projected to reach 7% in the current fiscal year (FY 2024-25), according to a latest World Bank report.
- The rate stood at 6.1% in FY 2023-24, rising from 5% in FY 2021-22.
- Experts and economists explained that the World Bank projects the poverty rate following a model using the rate of economic growth and elasticity of poverty with growth.
- The actual poverty rate would be significantly higher than the WB's projection.

News Source:

https://today.thefinancialexpress.com.bd/first-page/spike-in-extreme-poverty-rate-in-bangladesh-1729962785

Major partners make no aid pledge in Q1

- Seven leading development partners of Bangladesh made no loan commitment in the first quarter (Q1) of the current fiscal year (FY 2024-25), according to officials, mainly due to the July-August uprising.
- A senior ERD official said that no loan agreement was signed in the July-September quarter.
- However, a USD 27.41 million worth of grant commitment was made by other development partners, considered to be the ones who provide a small amount in terms of foreign assistance.
- ERD officials said that the seven largest donors are the World Bank, Asian Development Bank (ADB), Japan, Asian Infrastructure Investment Bank (AIIB), China, Russia and India.

News Source:

https://today.thefinancialexpress.com.bd/last-page/major-partners-make-no-aid-pledge-in-q1-1729963017

Inflation figure jugglery: Planning minister cut the rate first, then Hasina to show ‘development’

- Confirming the long-held suspicion, the White Paper Committee has found evidence of data manipulations on inflation and GDP growth in Bangladesh by the ousted Awami League government to bolster the administration's image and project outstanding economic progress.
- The manipulations led to release of fabricated figures by the Bangladesh Bureau of Statistics, according to two members of the White Paper Committee.
- During the reign of Sheikh Hasina, the bureau would initially prepare inflation data and submit it to the planning minister who would then order adjustment of the figures.
- For instance, while Hasina was still in office, the provisional GDP growth rate for FY23 was reported as 6.3% whereas the post-Hasina final figure released on 31 August 2024 showed a growth rate of 5.78%.

News Source:

https://www.tbsnews.net/economy/inflation-figure-jugglery-planning-minister-cut-rate-first-then-hasina-show-development

Surging interest payments eat into net foreign loan inflow

- Bangladesh has been experiencing a decline in foreign loan inflows while grappling with skyrocketing interest payments, which have nearly tripled in the last three years.
- Principal repayments have gone up as well, albeit modestly by 32% during the same timeframe.
- Concessional loans, which typically carry interest rates of 2% or less, have become less accessible, compelling Bangladesh to depend more on market-based loans.
- These loans, particularly those tied to the Secured Overnight Financing Rate (SOFR), have seen a dramatic increase in interest rates, from below 1% two and a half years ago to around 5.5%, putting more strain on the country's debt obligations.
- Economic Relations Division (ERD) showed that in the first quarter of current fiscal year, Bangladesh's foreign loan repayments exceeded the new loans it received from development partners, receiving USD 846 million during the July-September period and repaying USD 1.13 billion in principal and interest.

News Source:

https://www.tbsnews.net/economy/surging-interest-payments-eat-net-foreign-loan-inflow-976116

Import settlement rises 24% in September

- The settlements of import letter of credit (LC) in September increased by 24% compared to the same period last year, driven by overdue payments, despite a decline in the first two months of the current fiscal year due to political unrest.
- Payments for import LCs in September reached USD 5.87 billion, which is around USD 1.15 billion higher than the same period last fiscal year, according to Bangladesh Bank data.
- In July, import payments were unable to be processed due to an internet shutdown and interruptions in normal banking operations.
- As a result, some overdue payments from these two months were made in September, which is the main reason for the increase in settlements, according to Mohammad Ali, MD and CEO of Pubali Bank.

News Source:

https://www.tbsnews.net/economy/import-settlement-rises-24-september-975566

Sectoral Update

Banks, NBFIs, and Insurance

Bank employees also have to file tax returns: BB

- Just like government employees, bank officials and staff in the four city corporations of Bangladesh are now required to submit their tax returns online.
- The Banking Regulations and Policy Department of Bangladesh Bank gave the instruction on 23 October.
- All managing directors and chief executive officers of scheduled banks operating in the country have been instructed to ensure that their employees adhere to the online tax return submission requirement.
- The central bank's notice explained that this directive has been issued under the authority granted by Section 45 of the Banking Companies Act, 1991.

- To facilitate easier compliance for the 2024-2025 tax year, the NBR launched an online return submission system on September 9.

News Source:

https://www.tbsnews.net/economy/bank-employees-also-have-file-tax-returns-bb-974756

Apparel and Textile

BGMEA holds meeting to prepare fair voter list

- A meeting of the support team to assist the administrator of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) was held on 26 October.
- Presided over by BGMEA Administrator and Export Promotion Bureau (EPB) Vice Chairman Md Anwar Hossain, all 10 members of the supporting committee attended the meeting.
- Anwar said that the main objective of this committee is to prepare a fair voter list and then hold the BGMEA election as soon as possible.
- The meeting discussed in detail the matters of preparing a fair voter list and decided that all concerned in this regard would work together.

News Source:

https://www.tbsnews.net/economy/rmg/bgmea-holds-meeting-prepare-fair-voter-list-976871

Energy

Govt to restore tax incentives for renewable energy power plants

- A restoration action comes soon from the interim government to reinstate the fiscal package for renewable energy-based power plants to attract potential investors.
- Renewable energy investors would enjoy tax breaks until 2030 on the income derived from power generation, according to officials.
- On June 26, 2023, the now-deposed government withdrew full tax exemptions in this sector and introduced a graduated tax package for ten years.
- The interim government, on August 27, 2024, scrapped a total of 42 power-plant projects, including 37 renewable plants, with a combined capacity of around 3,102 megawatts.
- The deals were signed by the past government under the controversial "'Speedy Enhancement of Power and Energy Supply (Special Provision) Act 2010" without bidding as per its quick-fix answer to power shortages.

News Source:

https://today.thefinancialexpress.com.bd/first-page/govt-to-restore-tax-incentives-for-renewable-energy-power-plants-1729962446

Capital Market

DSE index drops 2.73%, market cap declines Tk 12,300cr last week

- The Dhaka Stock Exchange's (DSE) key index declined by 2.73% last week, with market capitalisation shedding approximately BDT 12,300 crore, as investor confidence remained dampened amid ongoing economic uncertainty.
- DSEX, the benchmark index of the DSE, plummeted by 2.73% or 143.38 points to close at 5,114, while the blue-chip index DS30 slipped 51 points or 2.65% to settle at 1,879 last week.
- Investor participation edged up slightly compared to the previous week but remained low, hovering around BDT 300 crore over the past several weeks.
- Despite ongoing regulatory meetings with different stakeholders to improve investors' confidence, the recent policy rate hike to 10% by the central bank and political uncertainty further aggravated investors' bearish market sentiment and ignited the selling spree to persist for another week.

News Source:

https://www.tbsnews.net/economy/stocks/dse-index-drops-273-market-cap-declines-tk12300cr-last-week-976886

Mercantile Bank Q3 profit up 35%

- Mercantile Bank PLC has reported a 35% increase in profit for the July-September quarter of this year.
- In the three months, the lender generated a profit of BDT 117.29 crore.
- Its consolidated earnings per share (EPS) rose to BDT 1.06 for the quarter, up from BDT 0.78 during the same period in 2023.
- The bank's consolidated EPS was BDT 3.04 for the first nine months of this year and its net operating cash flow per share climbed to BDT 7.21, which the bank attributed to improved cash flows from core operations.

News Source:

https://www.thedailystar.net/business/economy/news/mercantile-bank-q3-profit-35-3737261