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

Daily News Snippet

November 21, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,245.26
% change	0.05%
DS30 Index	1,934.64
% change	-0.43%
DSES Index	1,162.52
% change	0.74%
Turnover (BDT mn)	3,930.75
Turnover (USD mn)	32.76
% change	-23.65%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	43,408.47
% change	0.32%
S&P 500	5,917.11
% change	0.00%
Nikkei 225	38,352.34
% change	-0.16%
FTSE 100	8,085.07
% change	-0.17%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	120.00	120.00
EUR	127.14	127.16
GBP	152.18	152.20
INR	1.42	1.42
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
20-Nov-24	9.75 – 11.00	10.02
19-Nov-24	9.75 – 11.00	10.03
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	73.08	-0.31%
Gold Spot, USD/t oz.	2,650.05	0.70%
Cotton, USD/lb.	70.28	1.49%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX gained 0.05% in the last trading day, closing at 5,245.26 points.
- The daily turnover decreased 23.65% in the last trading day.

Global Market

- Majority of the leading global indices posted mixed returns as Dow Jones posted 0.32% gain, S&P 500 posted 0.00% gain / loss and FTSE 100 posted 0.17% loss.
- One of the leading Asian market indices, NIKKEI posted 0.16% loss in the last trading day.

Key macro indicators

- While the USD rate remained stable, the value of Euro depreciated, whereas GBP and INR appreciated against BDT.
- The average overnight rate decreased in the last trading day.
- The current weighted average overnight rate stood at 10.02% with a high rate of 11.00% and low rate of 9.75%.
- The oil price decreased 0.31% in the last trading day.

Bangladesh Macro Update

Govt approves two hard-term loans worth $260m

- The interim government on Wednesday approved two hard-term credits worth USD 260 million to invest in power transmission, road and terminal development.
- The Standing Committee on Non-Concessional Loans (SCNCL) of the government approved the loans at its meeting at the Economic Relations Division (ERD), with Finance Adviser Dr Salehuddin Ahmed.
- In its last meeting in September 2024, the committee approved a USD 350 million loan from the ITFC of the Islamic Development Bank (IsDB) for the Bangladesh Petroleum Corporation.
- Of the loans approved on Wednesday, the PGCB is borrowing USD 160 million from the Asian Infrastructure Investment Bank (AIIB) and the Bangladesh Infrastructure Finance Fund Limited (BIFFL), a government-owned specialised finance company taking USD 100 million from the Asian Development Bank (ADB).
- A loan is considered hard-term if the grant element is less than 25%.

News Source:

https://today.thefinancialexpress.com.bd/first-page/govt-approves-two-hard-term-loans-worth-260m-1732124393

Liberal policies key to balancing supply, demand in global trade: Commerce adviser

- Commerce Adviser Sheikh Bashir Uddin has said that liberal policies must be adopted for Bangladesh to maintain a balance between supply and demand in global trade.
- To ensure a balance between supply and demand in global trade, Bangladesh must adopt a more liberal approach.
- The so-called 'syndicates' that exist in the local market should not influence import practices.
- Our relationship with other countries is commercial, not political, he added.
- We are regularly importing rice, potatoes, eggs, and various other products from the neighbouring country having no trade tension with India.

News Source:

https://www.tbsnews.net/economy/liberal-global-trade-policies-essential-balance-supply-demand-no-trade-tensions-india

Sectoral Update

Banks, NBFIs, and Insurance

Moody's downgrades 6 BD banks

- Global ratings agency Moody's has revised its ratings for six Bangladeshi banks, citing concerns over the country's recent sovereign downgrade.
- The banks affected are BRAC Bank, City Bank, Dutch-Bangla Bank, Eastern Bank, Mercantile Bank and Premier Bank.

- Moody's has downgraded BRAC Bank's long-term (LT) local currency (LC) and foreign currency (FC) deposit ratings to B2 from B1.
- Similarly, Mercantile Bank and Premier Bank have seen their LT LC and FC deposit ratings lowered to B3 from B2.
- Meanwhile, City Bank, Eastern Bank and Dutch-Bangla Bank have had their B2 LT LC and FC deposit ratings affirmed.

News Source:

https://today.thefinancialexpress.com.bd/last-page/moodys-downgrades-6-bd-banks-1732124682

BB issues guidelines on JV/CA business operations

- Bangladesh Bank (BB) has issued guidelines for operations of business in Bangladesh by Joint Ventures or Consortiums or Associations (JV/CA) having foreign partner (s) in order to make the process more transparent and more accountable.
- Authorised Dealers (ADs) shall adhere to the instructions of guidelines for banking transactions and guide their relevant customers to ensure meticulous compliance.
- As per the guidelines, entities having non-resident partner(s) after forming JV/CA (hereinafter referred to as JV/CA entity) shall have to obtain permission from Bangladesh Investment Development Authority (BIDA).
- The activities of the JV/CA shall be confined to those mentioned in the BIDA permission letter.
- JV/CA entities shall have TIN or BIN or VAT certificates etc. as per rules of National Board of Revenue (NBR).

News Source:

https://today.thefinancialexpress.com.bd/last-page/bb-issues-guidelines-on-jvca-business-operations-1732124925

Cenbank raises limit for private travel foreign currency exchange

- The Foreign Exchange Policy Department (FEPD) of Bangladesh Bank has issued three new directives concerning foreign currency exchanges for private travel entitlements through licensed money changers.
- The notification, signed by Monoar Uddin Ahmed, director of FEPD, was issued on 19 November, outlining updated regulations aimed at facilitating outbound travellers.
- The limit has now been enhanced to USD 2,000 or its equivalent in cash, doubling the previous allowance.
- For Hajj pilgrims, licensed money changers are to follow the government's Hajj policy regarding the release of foreign currency.
- The notification also says all other related instructions will remain unchanged.

News Source:

https://www.tbsnews.net/economy/banking/cenbank-raises-limit-private-travel-foreign-currency-exchange-998451

Energy

Draft ordinance to repeal quick power supply act approved

- The Advisory Council on 20 November approved the draft of an ordinance to repeal the "Quick Enhancement of Electricity and Energy Supply (Special Provision) Act, 2010, which has been widely criticised as an "indemnity law".
- The statement further said that the interim cabinet meeting chaired by Chief Adviser Muhammad Yunus decided to repeal the law, considering the need to ensure the purchase and supply of electricity and fuel through transparent and competitive processes in the public interest.
- This decision was made due to widespread corruption and mismanagement associated with the power generation contracts under Section 6 of the act.
- Section 9 of the Act states that no decision or activity committed or taken under this act can be questioned in court.
- The Act empowered the former Awami League government to bypass energy sector legislation to fast-track power projects, given the delays caused by red tape and bureaucracy.

News Source:

https://www.tbsnews.net/bangladesh/energy/govt-approves-ordinance-repeal-quick-energy-supply-act-998366

Exempt five gas exploration projects from feasibility study

- The Energy and Mineral Resources Division approached the Planning ministry to exempt five vital gas exploration and development projects from the mandatory third-party feasibility study requirement.
- The government division reasoned that rapid exploration of gas will help to reduce dependency on imported liquefied natural gas (LNG).
- The proposed five projects will ensure drilling several types of 13 wells, set to be implemented by the fiscal year 2028-29 starting in the next fiscal by the Bangladesh Oil, Gas and Mineral Corporation (Petrobangla).
- Currently, a feasibility study is mandatory for any project with an estimated cost of BDT 500 million or over prior to approval of the project by the Executive Committee of the National Economic Council (ECNEC).

News Source:

https://today.thefinancialexpress.com.bd/first-page/exempt-five-gas-exploration-projects-from-feasibility-study-1732124560

Capital Market

Investors shy away from stocks, rattled by Moody's rating

- The daily trade turnover on the Dhaka Stock Exchange (DSE) tumbled below BDT 4 billion on Wednesday after three weeks as investors were mostly reluctant to make fresh bets on stocks amid macroeconomic concerns.

- Turnover, a crucial indicator of the market, was BDT 3.93 billion on the country's premier bourse on Wednesday, 24% down from the previous day.
- Market operators said that investor participation was low, driven by prevailing political and economic tensions.
- The disclosure of a record amount of non-performing loans (NPLs) in the banking sector, coupled with the downgrading of sovereign ratings of the country by Moody's heightened worries surrounding the equity market.
- The market suffered a loss of 113 points in the three sessions to Tuesday while it gained slightly by 2.6 points to 5,245 on Wednesday.

News Source:

https://today.thefinancialexpress.com.bd/stock-corporate/investors-shy-away-from-stocks-rattled-by-moodys-rating-1732120454

Stock market faces Tk 9,700cr negative equity burden

- Despite only 15% of Bangladeshi stock market investors using margin loans, negative equity in these accounts has swelled to over BDT 9,700 crore.
- It is equivalent to 56% of all outstanding investor loans gone sour, a situation that has left brokerage firms and merchant banks scrambling, according to a BSEC document.
- Now lenders, unable to force repayment of market losses due to the nature of the loans, are left struggling with weakened balance sheets and eroding investor confidence.
- These toxic assets have shaken financial institutions, undermining the stability of an already fragile market.
- Analysts attributed the mounting crisis to poorly designed loan products, inadequate risk management, and prolonged regulatory leniency.

News Source:

https://www.tbsnews.net/economy/stocks/stock-market-faces-tk9700cr-negative-equity-burden-998611