EBL ASSET MANAGEMENT LTD.
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Daily News Snippet

November 26, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,136.13
% change	-0.20%
DS30 Index	1,896.74
% change	-0.17%
DSES Index	1,147.49
% change	-0.17%
Turnover (BDT mn)	3,198.14
Turnover (USD mn)	26.65
% change	5.88%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	44,736.57
% change	0.99%
S&P 500	5,987.37
% change	0.30%
Nikkei 225	38,735.00
% change	1.18%
FTSE 100	8,291.68
% change	0.36%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	120.00	120.00
EUR	125.00	125.03
GBP	150.37	150.41
INR	1.42	1.42
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
25-Nov-24	9.75 – 11.00	10.03
24-Nov-24	9.50 – 11.00	10.04
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	72.48	-2.88%
Gold Spot, USD/t oz.	2,625.26	-3.22%
Cotton, USD/lb.	71.72	1.34%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX lost 0.20% in the last trading day, closing at 5,136.13 points.
- The daily turnover increased 5.88% in the last trading day.

Global Market

- Majority of the leading global indices posted positive returns as Daw Jones posted 0.99% gain, S&P 500 posted 0.30% gain and FTSE 100 posted 0.36% gain.
- One of the leading Asian market indices, NIKKEI posted 1.18% gain yesterday.

Key macro indicators

- Major currency rates remained stable against BDT yesterday.
- The average overnight rate decreased in the last trading day.
- The current weighted average overnight rate stood at 10.03% with a high rate of 11.00% and low rate of 9.75%.
- The oil price decreased 2.88% in the last trading day.

Global Macro Update

Trump's big tax-cut plans could be slowed by a wary bond market

- Donald Trump's Republican party plans to take strong action next year when they fully control the US Congress, pushing forward his promises to cut taxes and change global trade policies.
- But the USD 28 trillion Treasury debt market is flashing a red warning light against adding excessively to a debt load already expanding at a pace of USD 2 trillion a year.
- What is yet to be seen is whether these concerns will be enough to slow Republican lawmakers' ambitions or push them to find offsetting savings on a tax break agenda estimated to cost nearly USD 8 trillion over 10 years.
- Markets are betting that Trump's tax cuts and tariffs will fuel inflation as investors demand stronger returns on longer-term Treasuries.
- Yields on the benchmark 10-year US Treasury note have risen to 4.4%, up about 75 basis points since "Trump trades" began dominating Wall Street in late September.

News Source:

https://today.thefinancialexpress.com.bd/stock-corporate/trumps-big-tax-cut-plans-could-be-slowed-by-a-wary-bond-market-1732557558

Bangladesh Macro Update

Ecnec approves five projects of Tk 59.16 billion

- Private sector investment is facing stagnancy due to political instability, uncertainty, and rising interest rates, according to Planning Adviser of the interim government Prof Dr Wahiduddin Mahmud.
- Production in the private sector is struggling, with protests in many factories, hindering job creation.
- He warned that failure to accelerate public investment may lead to economic recession.
- There has been some stagnation in economic activities, with inflation rising and there will be no new employment and rise in wages if economic activities are not expanded.
- Dr Wahiduddin Mahmud said that the meeting approved a total of five development projects with an estimated cost of BDT 59.16 billion.

News Source:

https://today.thefinancialexpress.com.bd/last-page/ecnec-approves-five-projects-of-tk-5916-billion-1732559468

Sectoral Update

Banks, NBFIs, and Insurance

Cenbank to extend liquidity support to 4 troubled banks but won't print money

- The Bangladesh Bank is going to provide liquidity support to four private banks – National Bank, EXIM Bank, Social Islami Bank, and First Security Islami Bank.

- They are facing a liquidity crisis due to significant irregularities during the Awami League regime.
- But the central bank would be using its own resources for this instead of resorting to printing money to keep the ongoing high inflation in check.
- The four banks have collectively requested around BDT 25,000 crore in funding.
- The central bank is expected to extend support of BDT 15,000 crore to BDT 18,000 crore to help them recover from the crisis.

News Source:

https://www.tbsnews.net/economy/banking/cenbank-extend-liquidity-support-4-troubled-banks-wont-print-money-1002631

Banks reel from liquidity crisis despite rising deposit rates

- Despite rising interest rates on deposits and various efforts by the central bank, Bangladesh's banking sector continues to face a liquidity crisis that has hamstrung some lenders.
- The primary causes of the crisis include a high volume of non-performing loans (NPLs), slow deposit growth, slow loan recovery and a lack of confidence in the banking sector due to rampant scams, especially at Shariah-based lenders.
- The Bangladesh Bank has also taken measures to find a way out of the crisis, but they have failed to ease the liquidity pressure facing lenders.
- However, with lenders scrambling to borrow from the inter-bank money market to meet daily operational needs, the situation has only worsened.
- The average overnight interest rate in the call money market stood at 10.04% in November, up from 8.19% in the same month last year.

News Source:

https://www.thedailystar.net/business/economy/news/banks-reel-liquidity-crisis-despite-rising-deposit-rates-3761761

Energy

Gas scarcity hits industrial output

- The prevailing gas supply scarcity is continuing to take its toll on industrial production, resulting in losses faced by different industries.
- Bangladesh's industrial backbone is weakening under the crushing weight of an energy crisis that shows no signs of abating, according to industrialists in Bangladesh.
- Industries that once relied on affordable and abundant supply of gas now face both scarcity and unaffordable rates, leaving many to become defaulters or shut the factories entirely.
- Industry leaders and experts have called for immediate and sustained action to alleviate the crisis.
- In the textile sector, production has plummeted by 30-35% in the garment industry, which earns the lion's share of Bangladesh's export revenue.

News Source:

https://today.thefinancialexpress.com.bd/first-page/gas-scarcity-hits-industrial-output-1732559311

Petrobangla cancels ongoing negotiations

- The interim government has cancelled ongoing negotiations with several companies, including a couple of Indian ones, over inking contracts to import re-gasified liquefied natural gas (RLNG) from India through cross-border pipelines.
- State-run Petrobangla has cancelled the negotiations in line with directives from the Energy and Mineral Resources Division.
- The potential deals that got axed during the negotiation stage include RLNG import by Petrobangla from India's privately-owned H-Energy and that by Bangladeshi private firm Dipon Infrastructure Services from GAIL, a state-run corporation in the neighbouring country.
- Both Petrobangla and Dipon Gas had been involved in negotiations over the past several years to import RLNG via cross-border pipelines.
- With the two deals, India was eyeing its emergence as the world's lone RLNG exporter by laying down 265 kilometres of cross-border pipelines.

News Source:

https://today.thefinancialexpress.com.bd/last-page/petrobangla-cancels-ongoing-negotiations-1732559509

Capital Market

Stocks extend losses amid political tensions

- The benchmark index of the Dhaka Stock Exchange (DSE) edged lower for the third consecutive day, weighed down by subdued investor participation amid escalating political tensions.
- The DSEX shed 10 points to close at 5,136 yesterday, marking its lowest level in 18 days.
- Previously, the index stood at 5,017 points on 29 October.
- Over the past three sessions, the DSEX has lost a total of 109 points, while market capitalization has declined by approximately BDT 5,500 crore.
- Meanwhile, the blue-chip index, DS30, dipped by 3 points, ending the day at 1,896.

News Source:

https://www.tbsnews.net/economy/stocks/stocks-extend-losses-amid-political-tensions-1002606

A thriving market needs policy against long-term bank borrowings

- The potential of the country's capital market has largely been unexplored in business financing because of policies that support easy, unregulated access to loans from the banking sector.
- In consequence, the equity market has remained stunted for decades while the banking sector is on the verge of collapse for a rapid growth of non-performing loans.
- On the other hand, neighbouring countries have used the stock markets to the advantage of long-term financing.
- Last year, privately-run The City Bank alone disbursed loans worth BDT 41.3 billion whereas the aggregate amount of funds raised via the equity market in the same year was BDT 5.1 billion.

- The contribution of the country's capital market in financing businesses was a mere 0.5%, equivalent to BDT 54 billion, against 99.5% or BDT 10.08 trillion lent by the banking sector in the last nine years.

News Source:

https://today.thefinancialexpress.com.bd/stock-corporate/a-thriving-market-needs-policy-against-long-term-bank-borrowings-1732557387