EBL ASSET MANAGEMENT LTD.
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Daily News Snippet

December 29, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,184.45
% change	0.29%
DS30 Index	1,927.28
% change	0.22%
DSES Index	1,166.64
% change	0.69%
Turnover (BDT mn)	2,821.93
Turnover (USD mn)	23.52
% change	2.33%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	42,992.21
% change	-0.77%
S&P 500	5,970.84
% change	-1.11%
Nikkei 225	40,281.16
% change	1.80%
FTSE 100	8,149.78
% change	0.16%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	120.00	120.00
EUR	124.85	124.88
GBP	150.64	150.70
INR	1.41	1.41
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
26-Dec-24	9.75 – 11.00	10.15
24-Dec-24	9.75 – 11.00	10.10
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	73.79	1.29%
Gold Spot, USD/t oz.	2,620.00	-0.55%
Cotton, USD/lb.	68.89	0.20%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX gained 0.29% in the last trading day, closing at 5,184.45 points.
- The daily turnover increased 2.33% in the last trading day.

Global Market

- Majority of the leading global indices posted mixed returns as Dow Jones posted 0.77% loss, S&P 500 posted 1.11% loss and FTSE 100 posted 0.16% gain.
- One of the leading Asian market indices, NIKKEI posted 1.80% gain in the last trading day.

Key macro indicators

- While the USD rate remained stable, the value Euro and GBP appreciated, whereas INR depreciated against BDT in the last trading day.
- The average overnight rate increased in the last trading day.
- The current weighted average overnight rate stood at 10.15% with a high rate of 11.00% and low rate of 9.75%.
- The oil price increased 1.29% in the last trading day.

Bangladesh Macro Update

External sector recovers but investment stagnates post-revolution

- The country's external sector, which started to deteriorate two years ago amid faster erosion of foreign exchange reserves, has become stable after the July revolution riding on steady remittance and export earnings thanks to dollar rate adjustment in line with market demand.
- However, investment activities remained at a standstill due to political uncertainty and cautious bank lending amid the contractionary monetary policy taken by the Bangladesh Bank to rein in persistently elevated inflation.
- When talking with The Business Standard, Mirza Elias Uddin Ahmed, managing director of Jamuna Bank said that new investments have stalled on both the lender and borrower sides.
- Banks are cautious in lending due to the contractionary monetary policy adopted to control inflation.
- On the other hand, investors are hesitant to expand businesses because of political uncertainty.

News Source:

https://www.tbsnews.net/economy/external-sector-recovers-investment-stagnates-post-revolution-1028646

Bangladesh's GDP to outpace Swiss, Swedish by 2039, but with huge per capita gap

- Bangladesh is set to become the world's 21st largest economy by 2039, thanks to its successful diversification beyond textiles into pharmaceuticals and electronics, supported by infrastructure investments and an expanding demographic dividend, according to the London-based Centre for Economics and Business Research (CEBR).
- Bangladesh's economy is forecasted to outperform high-income countries like Switzerland, the United Arab Emirates (UAE), Sweden and Belgium in terms of size in the next 15 years, according to long-term projections released by CEBR in its 16th annual World Economic Outlook report yesterday.
- The ranking is based on the size of gross domestic product (GDP) in current US dollars, with Bangladesh on track to become a USD 1.60-trillion economy by 2039, according to the report titled World Economic League Table 2025.
- Yet, behind this economic ascent lies a contrasting reality: Bangladesh's GDP per capita is set to rank 123rd among 189 nations in 2039, with an estimated value of just USD 8,061.
- This will place Bangladesh in the bottom 66th globally for per capita GDP, far behind high-income countries like Switzerland, which, with a GDP per capita of USD 156,773, is set to rank 3rd globally in 2039.

News Source:

https://www.tbsnews.net/economy/bangladeshs-gdp-outpace-swiss-swedish-2039-huge-capita-gap-1028086

Inflation outpaces wage growth for 34 months straight

- Many low-income and unskilled workers in Bangladesh's agriculture, industrial and service sectors are being compelled to reduce consumption as rising inflation eroded their real incomes over the past three years.

- According to the Bangladesh Bureau of Statistics (BBS), inflation had outpaced wage growth for 34 months up till this November in spite of the latter increasing slowly since January 2021.
- The wage growth rate was 8.10% in November, which was 3.28% below the inflation rate of 11.38% that month, showed the Wage Rate Index (WRI) of the BBS.
- The highest gap between the inflation and wage growth rates was 3.73%, coming about in July this year.
- This widening gap is forcing low-income and unskilled workers to cut consumption amid falling real incomes, according to analysts.

News Source:

https://www.thedailystar.net/business/economy/news/inflation-outpaces-wage-growth-34-months-straight-3786671

Sectoral Update

Banks, NBFIs, and Insurance

Many struggling banks recovering: Cenbank governor

- Several banks, which were on the brink of bankruptcy, are now making significant strides in recovery due to strengthened regulatory measures and improved management practices, according to Bangladesh Bank Governor Ahsan H Mansur.
- Banks are not private or family entities; they belong to everyone. Depositors are the true owners of banks. Among the 10 banks that were on the brink of bankruptcy, many have managed to bounce back, according to Mansur.
- The governor also addressed issues of money laundering, assuring that efforts are underway to retrieve assets from those who have fled abroad with illicit funds.
- About inflation, Mansur said that Inflation remains high, but we are working to bring it down.
- The governor expressed optimism about reinstating foreign investors, emphasising that Islami Bank has the potential to grow tenfold and reclaim its status as an international institution.

News Source:

https://www.tbsnews.net/economy/banking/many-struggling-banks-recovering-cenbank-governor-1029156

Economy can’t go forward without Islami Bank: BB governor

- Bangladesh economy cannot go forward without Islami Bank and people of the country have confidence on the financial institution, according to Bangladesh Bank Governor Ahsan H Mansur.
- Islami Bank is the number one bank of the country. The bank has turned around within the shortest time and is now going forward smoothly. This bank will not look back anymore, according to Bangladesh Bank Governor Ahsan H Mansur.
- We have been working to recover the banking sector from its previously devastating situation. Islami Bank has made remarkable progress compared to its condition five months ago.
- The governor hoped Islami Bank will come back as an international bank again, as the financial institution has the potential to be 10 times larger.

- The governor also stated that Islami Bank has been contributing to the development of the rural economy through its rural development scheme, which operates across 34,000 villages in the country.

News Source:

https://www.thedailystar.net/business/news/economy-cant-go-forward-without-islami-bank-bb-governor-3786491

Apparel and Textiles

Russian fashion brand eyes 30% sourcing boost from Bangladesh

- Russia's largest fashion brand, Gloria Jeans, plans to expand its sourcing from Bangladesh, aiming to increase orders by 30% in 2025 and achieve an annual turnover of USD 70 million.
- This is part of the company's strategy to explore new sourcing destinations while scaling down local garment production in Russia.
- Moyeen Ahmed, Gloria Jeans' regional general manager for Bangladesh, India, and Pakistan, said that last year, they experienced significant growth in sourcing from Bangladesh.
- He noted that the company's decision to exit Uzbekistan a year ago and hinted at plans to shut down 6-7 production units in Russia, with some of those orders expected to be redirected to Bangladesh, alongside major suppliers China and Vietnam.
- Bangladesh's local office has developed a substantial volume of denim fabric, boosting its competitiveness

News Source:

https://www.tbsnews.net/economy/rmg/russian-fashion-brand-eyes-30-sourcing-boost-bangladesh-1028676

Energy

LNG supply period extended for 7 companies

- The Advisory Council Committee on Economic Affairs (ACCEA) has approved the extension of the LNG (liquefied natural gas) supply contracts for seven companies.
- These companies will continue to supply LNG from the international spot market.
- Petrobangla, the state-owned company, has been importing LNG from these companies under the Master Sale and Purchase Agreement (MSPA).
- As part of the proposal, the ACCEA also approved the use of LSP software for LNG imports until March 2025.
- Out of these companies, the contract period with eight companies ended on 17 December, while the contract period of six companies will end on 2 February 2025.

News Source:

https://www.tbsnews.net/economy/lng-supply-period-extended-7-companies-1027866

Capital Market

DSEX breaks three-day losing streak, but turnover remains low

- The benchmark index, DSEX, of the Dhaka Stock Exchange (DSE) ended its three-day losing streak on 26 December, gaining 15 points to close at 5,184.
- However, daily turnover remained subdued, reflecting low investor participation.
- The DSEX surged by 0.29%, while the blue-chip DS30 gained 0.22% to close at 1,927.
- Of the traded securities, 187 advanced, 128 declined, and 81 remained unchanged, indicating a mixed performance across the bourse.
- Meanwhile, most of the sectors displayed mixed returns, out of which non-bank financial institutions, jute and fuel and power exhibited the most gains on the bourse, while paper, IT and mutual fund exerted the most corrections.

News Source:

https://www.tbsnews.net/economy/stocks/dsex-breaks-three-day-losing-streak-turnover-remains-low-1028061

Task force to submit first of its reform reports by March

- The task force formed with an aim of overhauling the capital market will submit recommendations on three key areas such as mutual funds (MFs), IPOs (initial public offerings) and margin loans by March next year.
- More than two and a half months after the formation of the task force, curiosity runs high among market operators, investors and other stakeholders about the progress in the task assigned to it.
- KAM Majedur Rahman, a member of the task force, said that it would take around two years to cover all areas of the capital market and that was why it had set priorities.
- Many of the market operators and investors are skeptical about any positive outcome from the reform move as they have not received any information from the task force.
- Mr Rahman said that parliament would have to be present to implement recommendations if that needed legal amendments.

News Source:

https://today.thefinancialexpress.com.bd/stock-corporate/task-force-to-submit-first-of-its-reform-reports-by-march-1735401966