EBL ASSET MANAGEMENT LTD.
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Daily News Snippet

January 07, 2025

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,198.84
% change	0.65%
DS30 Index	1,933.62
% change	0.73%
DSES Index	1,161.59
% change	1.17%
Turnover (BDT mn)	3,626.72
Turnover (USD mn)	29.73
% change	16.37%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	42,706.56
% change	-0.06%
S&P 500	5,975.38
% change	0.55%
Nikkei 225	39,307.05
% change	-1.47%
FTSE 100	8,249.66
% change	0.31%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	122.00	122.00
EUR	126.76	126.77
GBP	152.71	152.79
INR	1.42	1.42
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
6-Jan-25	9.00 - 11.00	10.05
5-Jan-25	9.75 - 11.00	10.18
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	76.3	-0.44%
Gold Spot, USD/t oz.	2,635.33	-0.22%
Cotton, USD/lb.	68.68	1.51%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX gained 0.65% in the last trading day, closing at 5,198.84 points.
- The daily turnover increased 16.37% in the last trading day.

Global Market

- Majority of the leading global indices posted mixed returns as Dow Jones posted 0.06% loss, S&P 500 posted 0.55% gain and FTSE 100 posted 0.31% gain.
- One of the leading Asian market indices, NIKKEI posted 1.47% loss in the last trading day.

Key macro indicators

- While the USD rate remained stable, all major currencies appreciated against BDT yesterday.
- The average overnight rate decreased in the last trading day.
- The current weighted average overnight rate stood at 10.05% with a high rate of 11.00% and low rate of 9.00%.
- The oil price decreased 0.44% in the last trading day.

Global Macro Update

Rising yields dampen gold prices

- Gold prices retreated on Monday as US Treasury yields firmed, while investors' attention turned to economic data for clues on the Federal Reserve's interest rate trajectory in 2025 after the central bank flagged a slower pace of rate cuts this year.
- Spot gold fell 0.2% to USD 2,633.03 per ounce by 0932 GMT whereas US gold futures eased 0.4% to USD 2,645.20.
- Gold is trading with a slightly weak momentum as yields are trading higher and traders look ahead to a series of U.S. economic data releases this week to assess Fed's stance on rate cuts, according to Jigar Trivedi, senior analyst at Reliance Securities.
- Market watchers are also looking to job openings data on Tuesday, ADP employment numbers and the minutes from the Fed's most recent policy meeting.
- US President-elect Donald Trump returns to office on Jan. 20 and his proposed tariffs and protectionist policies are expected to further fuel inflation.

News Source:

https://www.thedailystar.net/business/news/rising-yields-dampen-gold-prices-3793591

Bangladesh Macro Update

NBR now plans to double taxes on motorbike, AC, refrigerator makers

- After increasing value added tax (VAT) and other taxes on more than 50 goods and services, the National Board of Revenue (NBR) now plans to double the existing tax rate for companies manufacturing motorcycles, refrigerators, air conditioners, and compressors, according to NBR sources.
- Currently, these industries pay a 10% tax on their income and a 2% advance income tax (AIT) on the import of machinery, parts, and equipment, which was supposed to remain in effect until 2032.
- However, if the AIT on imports is increased, the change will be effective from the day the order is issued, a senior official from the NBR's Income Tax Department, speaking on condition of anonymity, told TBS.
- Experts and industry insiders say that increasing taxes will put additional pressure on the country's motorcycle, refrigerator, and air conditioner industries, and ultimately, this burden will fall on consumers.
- The issue of doubling the tax rates has surfaced at a time when the VAT rate on electronics items has already been increased to 7.5% over the past two years, with discussions now underway to raise it to 15% in the upcoming budget.

News Source:

https://www.tbsnews.net/economy/nbr-now-plans-double-taxes-motorbike-ac-refrigerator-makers-1036571

Q1 GDP growth drops to new low

- Bangladesh's economic growth in the first quarter of this fiscal dropped to a new low at 1.81% in 15 quarters, only comparable to a crunch in the Covid-hit period in FY2021, official data showed.
- In the meantime, another major macroeconomic indicator showed a respite as December inflation on a point-to-point basis eased on a lower food account.

- The country's economic output fell to only 1.81% as of the Q1 FY2025 as political upheaval centering round the student-mass uprising during the period "affected economic activities a lot", as manifest in the Bangladesh Bureau of Statistics (BBS) data released Monday.
- The gross domestic product (GDP) growth three-year-and-nine-month ago (15 quarters) in Q2 of the FY2021, the worst time because of the coronavirus impact was the lowest on record at 0.93%.
- On a point-to-point basis, the rate of economic growth in the Q1 of the last fiscal year (FY2024) was recorded at 6.04%, the BBS showed in its count.

News Source:

https://today.thefinancialexpress.com.bd/first-page/q1-gdp-growth-drops-to-new-low-1736187888

Sectoral Update

Banks, NBFIs, and Insurance

NBFIs' classified loans average 35%, with over 90% at 7 firms

- Non-bank financial institutions (NBFIs) are burdened with non-performing loans, which reached 35.52% by the end of September 2024, with seven institutions reporting NPLs between 90% and 99%.
- The total NPLs of 35 institutions amounted to Tk26,163 crore, with 19 institutions reporting NPLs exceeding 50%, according to Bangladesh Bank data. Compared to June 2024, NPLs increased by BDT 1,452 crore in just three months.
- Central bank officials said most NBFIs are practically non-functional, with seven near-defunct, and the remaining institutions, which have over 50% defaulted loans, are struggling.
- Many financial institutions violated banking rules by disbursing loans to shell companies through forged documents, with several institutions' irregularities highlighted in the central bank's report.
- Speaking to TBS, Mominul Islam, former chairman of the Bangladesh Leasing and Finance Companies Association, said the boards of most financial institutions have created their own difficulties by approving loans for companies owned by directors or for ineligible entities.

News Source:

https://www.tbsnews.net/economy/nbfis-classified-loans-average-35-over-90-7-firms-1036611

Central bank appoints Ernst & Young, KPMG to audit 6 troubled banks

- Bangladesh Bank has enlisted global auditing firms Ernst & Young (EY) and KPMG to evaluate the asset quality of six banks currently mired in financial irregularities and corruption.
- The audit, funded by the Asian Development Bank (ADB), is part of efforts to restore transparency and accountability in the banking sector.
- EY will focus on Global Islami Bank, Social Islami Bank, and ICB Islamic Bank, while KPMG will handle First Security Islami Bank, Exim Bank, and Union Bank, according to central bank sources.
- Bangladesh Bank spokesperson Hosne Ara Shikha said that the audit's findings will determine whether the managing directors (MDs) of these banks can resume their positions.
- If the audit proves the MDs were not involved in financial irregularities, they may return to their roles. Otherwise, they will be permanently barred, Shikha explained.

News Source:

https://today.thefinancialexpress.com.bd/last-page/central-bank-appoints-ernst-young-kpmg-to-audit-6-troubled-banks-1736188351

Apparel and Textiles

RMG exports see 7.23% growth in 2024

- The country's readymade garment (RMG) exports witnessed a 7.23% growth in 2024, reaching USD 38.48 billion, up from USD 35.89 billion in 2023, according to the Export Promotion Bureau (EPB).
- In 2024, RMG exports experienced just two months of negative growth, and the remaining ten months posted positive trends.
- The sector's growth maintained consistency despite a turbulent and challenging year for the country's politics and economy.
- The month-wise export performance for 2024 showed that the year started well, as January, February, and March recorded exports of USD 3.47 billion, USD 3.19 billion, and USD 3.06 billion, respectively.
- However, exports only dipped in April by 6.62% to USD 2.38 billion and June saw another dip, with a 10.48% decline to USD 2.97 billion.

News Source:

https://www.tbsnews.net/economy/rmg/rmg-exports-see-723-growth-2024-1036541

Telecommunications

Mobile talk-time tariffs set to rise

- Mobile talk-time is likely to get dearer as the revenue authorities have decided to increase taxes on mobile talk-time by 3% from existing 20%.
- An ordinance to this end might be issued this week, according to officials.
- In another development, direct taxes on motorcycles, refrigerators and air conditioner (AC) manufacturers may go up through amending the Income Tax Act.
- VAT on LPG (liquefied petroleum gas) may also rise by 0.5%.
- Sharfuddin Ahmed Chowdhury, head of Communications at Grameenphone, said that at a time when the economy is still recovering with inflation remaining above 10%, this additional burden will pose significant challenges for consumers already struggling with daily expenses.

News Source:

https://today.thefinancialexpress.com.bd/first-page/mobile-talk-time-tariffs-set-to-rise-1736187946

Energy

New industries likely to pay tariffs as per import prices

- New industries might have to pay tariff as per the import price of liquefied natural gas (LNG) as the government moves to cut subsidies in the energy sector to boost import of this expensive fuel.

- Sources said that the Energy and Mineral Resources Division (EMRD) recently decided to send the tariff hike proposal to the Bangladesh Energy Regulatory Commission through the state-run Petrobangla and its subsidiary gas marketing and distribution companies.
- Owners of all new industries and captive power plants must pay natural gas tariff as per the total LNG import costs for getting new piped gas connections.
- Unlike the ongoing fixed tariff rates, the tariff for new industries would be variable as per the price movements of LNG in volatile international market in addition of applicable VAT and AIT.

News Source:

https://today.thefinancialexpress.com.bd/first-page/new-industries-likely-to-pay-tariffs-as-per-import-prices-1736188098

Capital Market

Stocks surge ahead of finance adviser’s meeting with stakeholders

- Stocks rallied on 6 January, reversing a two-day losing streak, as investor participation increased amid optimism surrounding the finance adviser's upcoming visit to the Dhaka bourse.
- The adviser is expected to meet with all stakeholders to discuss the current market situation, boosting investor confidence, according to the market insider.
- The benchmark index DSEX of the Dhaka Stock Exchange (DSE) climbed 33 points to close at 5,198, while the blue-chip index DS30 advanced 14 points to settle at 1,933.
- Among the traded securities, 223 issues gained, 101 declined, and 74 remained unchanged, reflecting improved market sentiment.
- Turnover on the DSE also saw a notable increase, rising by 16% to BDT 362 crore, signalling renewed investor activity.

News Source:

https://www.tbsnews.net/economy/stocks/stocks-surge-ahead-finance-advisers-visit-dhaka-bourse-1036291

Stabilisation Fund hanging in the balance, with SEC skeptical about its role

- The fate of the Capital Market Stabilisation Fund (CMSF) is hanging as it is yet to know whether it will be allowed to run operations in the changed political landscape.
- The uncertainty loomed after the fall of the Sheikh Hasina-led regime on August 5 and the formation of the new securities commission that expressed skepticism about the role of the CMSF that had been formed to settle undistributed dividends.
- Then the Ministry of Finance (MoF) constituted a body led by Additional Secretary Mohammad Abu Yusuf to submit a report with recommendations for continuation or closure of the CMSF.
- CMSF sources said that a member of the committee informed them that there was no need for the Fund.
- The CMSF was also notified that the undistributed dividends so far deposited into its accounts would be transferred to the government's exchequer.

News Source:

https://today.thefinancialexpress.com.bd/stock-corporate/stabilisation-fund-hanging-in-the-balance-with-sec-skeptical-about-its-role-1736182834

Brokerage firms to get 75% of investors' deposit interest

- Brokerage firms will receive 75% of the interest earned in the Consolidated Customer Account, while the remaining 25% must be deposited to the Investors' Protection Fund, which will be used to safeguard investors.
- To enforce the decision, the relevant regulations will be amended following legal procedures.
- The decision was made recently with the consent of the DSE Brokers Association of Bangladesh and a taskforce formed by the Bangladesh Securities and Exchange Commission (BSEC).
- This measure aims to enhance the protection of investors and strengthen the overall regulatory framework.
- Although there was previously a directive to distribute the interest proportionally among investors, brokerage firms did not comply with it.

News Source:

https://www.tbsnews.net/economy/stocks/brokerage-firms-get-75-investors-deposit-interest-1036531