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

Daily News Snippet

February 02, 2025

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,112.90
% change	0.01%
DS30 Index	1,903.85
% change	0.40%
DSES Index	1,133.98
% change	-0.31%
Turnover (BDT mn)	3,899.49
Turnover (USD mn)	31.96
% change	24.12%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	44,544.66
% change	-0.75%
S&P 500	6,040.53
% change	-0.50%
Nikkei 225	39,572.49
% change	0.15%
FTSE 100	8,673.96
% change	0.31%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	122.00	122.00
EUR	127.12	127.14
GBP	149.33	151.96
INR	1.41	1.41
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
30-Jan-25	9.50 - 11.00	10.00
29-Jan-25	9.50 - 11.00	10.01
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	75.67	-0.29%
Gold Spot, USD/t oz.	2,801.00	0.25%
Cotton, USD/lb.	65.88	-0.59%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX gained 0.01% in the last trading day, closing at 5,112.90 points.
- The daily turnover increased 24.12% in the last trading day.

Global Market

- Majority of the leading global indices posted mixed returns as Dow Jones posted 0.75% loss, S&P 500 posted 0.50% loss and FTSE 100 posted 0.31% gain.
- One of the leading Asian market indices, NIKKEI 225 posted 0.15% gain.

Key macro indicators

- All the major currencies fell against BDT yesterday except the USD.
- While the USD rate remained stable, the value of EURO fell and GBP appreciated against BDT.
- The current weighted average overnight rate stood at 10.00% with a high rate of 11.00% and low rate of 9.50%.
- The oil price decreased 0.29% in the last trading day.

Bangladesh Macro Update

VAT from large firms falls Tk 402cr in H1 FY25

- Value-added tax (VAT) collection from large firms including cement, hotels, pharmaceuticals, cigarettes, gas, and consumer goods, saw a year-on-year decline in the first half of FY2024-25 (FY25), a trend that revenue officials say they have not witnessed in at least a decade, except for the Covid year.
- Industry insiders and economists warn that a drop in VAT from large firms signals weaker demand, lower sales, or reduced profitability in key sectors, indicating an economic slowdown or declining business confidence.
- VAT collection from banks, insurance, beverages, and mobile phone sectors recorded a slight increase during the same period, which industry sources attribute to higher tax rates introduced in the last budget.
- According to National Board of Revenue (NBR) data, VAT collection from 109 large companies, which are under the Large Taxpayers' Unit, fell by BDT 402 crore year-on-year in the first half of FY25, totalling BDT 31,578 crore.
- As a result, the NBR's total VAT revenue dropped by 5.4% year-on-year, settling at BDT 55,177 crore during the period.

News Source:

https://www.tbsnews.net/nbr/vat-large-firms-falls-tk402cr-h1-fy25-1058291

Debt-to-revenue ratio rises – Can Bangladesh manage the pressure?

- The government's external debt burden is rising at a pace far outstripping revenue growth, pushing the debt-to-revenue ratio dangerously close to the IMF's 18% threshold by the end of fiscal 2023-24, according to a recent Economic Relations Division (ERD) report.
- The debt-to-revenue ratio surged to 16.53% in FY24, up from just 12% a year ago, as the government turned to foreign loans without adequately assessing expected returns.
- ERD data shows the government's foreign debt stock increased by nearly USD 6.5 billion, reaching USD 69 billion in FY24. In 2027 and 2028, principal repayments will exceed USD 3 billion each year.
- The government is now shifting toward market-based loans denominated in US dollars and Japanese yen, while concessional loans under the Special Drawing Rights (SDR) basket are declining.
- This transition escalates repayment pressures, as these market-based loans come with higher interest rates and greater exchange rate risks, further straining the country's fiscal space.

News Source:

https://www.tbsnews.net/economy/debt-revenue-ratio-rises-can-bangladesh-manage-pressure-1058296

Safety net schemes fall short in the fight against poverty

- Social safety net programmes, such as Open Market Sales (OMS) and Vulnerable Group Feeding (VGF), provided less help to the actual poor, despite the government boasting about the impact of those schemes on reducing moderate and extreme poverty, according to a taskforce report.
- The impact of those programmes was low because of an unclear focus, low benefits, and persistent targeting errors, according to the report submitted to the interim government last week.

- Using the 2022 Household Income and Expenditure Survey (HIES), the report estimated that social protection programmes contributed to reducing extreme poverty by only 0.6% and moderate poverty by 0.8% between 2010 and 2022.
- Most schemes fail to align with the core objective of addressing poverty, and the absence of robust income support measures leaves a critical gap in tackling both moderate and extreme poverty,
- Between 2010 and 2022, the poverty rate declined from 31.5% in 2010 to 18.7% in 2022, an average annual decline of 1.07%, according to the Bangladesh Bureau of Statistics (BBS).

News Source:

https://www.thedailystar.net/business/economy/news/safety-net-schemes-fall-short-the-fight-against-poverty-3813871

Sectoral Update

Banks, NBFIs, and Insurance

Banks' offshore units can finance machinery imports by specialised-zone firms without BB approval

- From now on, offshore banking units (OBUs) can finance capital machinery imports for up to three years under buyer's credit for fully foreign-owned businesses in the country's Specialised Zones (SZs) without prior central bank approval.
- Buyer's credit is a loan provided to foreign businesses to facilitate their purchases of goods or services from a seller in another country.
- According to a Bangladesh Bank circular issued yesterday, OBUs are also permitted to borrow funds from their Domestic Banking Units (DBUs) up to 30% of their regulatory capital, or the limit prescribed by the central bank from time to time.
- OBUs that already have borrowings exceeding 30% must adjust within three months from the issuance of this circular.
- This facility was granted so that companies in the newly established specialised economic zones can import capital machinery easily.

News Source:

https://www.tbsnews.net/economy/banking/banks-offshore-units-can-finance-machinery-imports-specialised-zone-firms-without-bb

Islamic banks see fluctuations in deposits

- Deposits in Islamic banks in Bangladesh have shown fluctuations in recent months, according to the latest data from the Bangladesh Bank.
- Islamic banking deposits, which peaked at BDT 440,427 crore in June 2024, have declined in subsequent months, reaching BDT 432,937 crore in October - a 0.31% drop from September.
- Despite a brief increase in September, when deposits rose by 0.57%, the overall trend suggests a slowdown in deposit growth.

- A breakdown of the data reveals that full-fledged Islamic banks hold the majority of deposits, standing at BDT 386,314 crore in October, followed by Islamic banking branches of conventional banks with BDT 27,438 crore and Islamic banking windows with BDT 19,184 crore.
- Deposits in Islamic banking windows saw the highest growth among segments, increasing by 3.55% in October.

News Source:

https://www.thedailystar.net/business/news/islamic-banks-see-fluctuations-deposits-3813706

Textile

Imported yarn costs cheaper. Really?

- In 2024, Bangladesh's cotton yarn imports soared by 39%, reaching an all-time high of USD 2.28 billion, according to National Board of Revenue data.
- Simultaneously, knitwear factories ramped up their fabric imports by 38%, spending another USD 2.59 billion.
- A staggering 80% of these imports came from India, a country emerging as a formidable competitor in the ready-made garment (RMG) sector.
- Knitwear manufacturers report paying USD 2.19 per kilogram for Indian yarn delivered to Chattogram port whereas, locally spun yarn costs USD 2.45 per kilogram.
- The rise in yarn and fabric imports underscores a larger concern indicating the growing dependency on a rival in the RMG market.

News Source:

https://www.tbsnews.net/economy/rmg/imported-yarn-costs-cheaper-really-1057556

Energy

Power outages feared in oncoming summer

- The growing uncertainty over fuel import and payment of arrears to private power plants have raised the spectre of load shedding across Bangladesh in the upcoming Ramadan and subsequent summer, according to sector-insiders.
- Unlike in the previous year, different areas across the country already have been experiencing load shedding, although not severely, during the ongoing winter.
- With the holy month of Ramadan only less than a month away and peak irrigation season approaching, the clients fear severe outages in the coming summer if the power plants remain idle then.
- Officials have said that the state-run Bangladesh Power Development Board (BPDB) has struggled to make payment to the power-plant owners over the past two years.
- The power board currently owes around BDT 160 billion to different power producers, of which BDT 100 billion is payable to furnace oil-fired plants alone and BDT 60 billion to other plant owners.

News Source:

https://today.thefinancialexpress.com.bd/first-page/power-outages-feared-in-oncoming-summer-1738429366

Govt hikes diesel, kerosene, petrol, octane prices by Tk 1 for Feb

- The government has increased retail prices of diesel, kerosene, petrol, and octane by BDT 1 for the month of February.
- The retail price of diesel has been set at BDT 105 per litre, kerosene at BDT 105, octane BDT 126 and petrol BDT 122.
- The new prices came into effect from 1 February.
- The new prices have been set under the automated pricing formula in light of the adjustment of prices in the global market, according to the Energy and Mineral Resources Division.

News Source:

https://www.tbsnews.net/bangladesh/energy/govt-hikes-diesel-kerosene-petrol-octane-prices-tk1-february-1057451

Capital Market

Dhaka stocks decline

- Dhaka stocks saw a decline in its indices in the past week, after rising in the previous week, as investors mostly chose to remain on the sidelines amid the ongoing earning declarations.
- The DSEX, the benchmark index of the Dhaka Stock Exchange, decreased by 53.63 points, or 1.04%, closing the week at 5,112.90 points after a rise of 32.61 points in the previous week.
- The DSE operated on five sessions in the past week, among which the first four sessions witnessed decrease in its key index, and the remaining session witnessed an increase of only 0.38 points.
- Several sector-specific stocks, including Renata, Islami Bank Bangladesh, Walton Hi-Tech Industries and Kohinoor Chemicals, dragged the market most this week.
- These four stocks contributed a total of 37.5 points to the decrease of the DSEX index.

News Source:

https://www.newagebd.net/post/stocks/256913/dhaka-stocks-decline

MJL Bangladesh to buy 12.5% Omera stake from Dutch FMO for Tk 60cr

- MJL Bangladesh, the country's largest lubricant company, has decided to purchase a 12.5% stake in Omera Petroleum from Dutch development bank FMO to strengthen its holdings in the company.
- The company will acquire 27,747,917 shares of Omera Petroleum from FMO at a rate of BDT 21.80 per share, subject to regulatory approval.
- This means the publicly listed MJL will invest BDT 60.49 crore to acquire FMO's stake.
- The Dutch lender had originally invested in Omera at BDT 18 per share in 2015.
- Following the announcement, MJL Bangladesh's share price rose by 1.81% to BDT 95.70 per share at the DSE.

News Source:

https://www.tbsnews.net/economy/stocks/mjl-bangladesh-buy-125-omera-stake-dutch-fmo-tk60cr-1056941

Luxury hotels face declining profits in Oct-Dec despite peak season

- Despite being in peak season, the profits of four luxury hotel operators declined or turned into losses during the October–December quarter of the current fiscal year, largely due to nationwide political unrest and economic uncertainty during the period.
- Two luxury hotels, Sea Pearl Beach Resort and Peninsula Chittagong, reported losses, while Best Holdings saw a sharp decline in profits.
- Unique Hotel, however, managed to remain profitable despite the challenging conditions.
- Hotel operators noted that the sluggish business began with the fiscal year, fueled by student protests and an unstable economy.
- Inflation and rising utility costs further compounded the industry's struggles, leading many travelers to adjust their plans amid the ongoing instability.

News Source:

https://www.tbsnews.net/economy/stocks/luxury-hotels-face-declining-profits-oct-dec-despite-peak-season-1056991