GREEN DELTA CAPITAL

Today's News Highlights

January 16, 2024

Economy

[Inflation, currency prime focus of BB's next monetary policy]

The Bangladesh Bank will announce its next monetary policy on January 10, 2024 for the second half of the fiscal year 2023-24 to tame inflation and ease exchange rate pressure. Officials who attended the meeting told UNB that the exchange rates would not be based on real markets in the upcoming monetary policy as the foreign exchange market is not stable yet. The government policymakers have instructed to keep the market under control by following the crawling peg system.

[Bangladesh, India bid for wider local-currency trade]

Bangladesh and India discussed means of expanding areas of local-currency trade as a way of dodging dollar dearth, a monetary crunch that affects many economies worldwide. The payment system through local currency for bilateral trade started on a pilot basis recently. But now we have discussed how to expand it, and how to make it more popular.

[Internet banking sees 5% growth in Nov as card, MFS transactions drop]

Transactions through Internet banking increased 5% in November 2023 compared to the previous month. It has 200% growth compared to Nov 2022.Revolution started with COVID-19, increasing in popularity. Average monthly transaction (Apr-Sep 2023) climbed nearly 80% in 4 months. Islami Bank dominates app transactions, followed by Dutch-Bangla, City, BRAC, and Eastern.

[Four local banks turn to IFC for USD160m loans to meet urgent needs]

The recent exemption of a 20% tax on the interest accrued from foreign loans has lowered borrowing costs prompting this renewed interest in foreign financing, industry insiders said. Four local private commercial banks — City Bank, Prime Bank, Eastern Bank and Bank Asia — are now in negotiation with the International Finance Corporation (IFC) to borrow a total of USD160 million to meet their immediate US dollar liquidity needs and to provide loans.

Capital Market

Sandhani Life Insurance shares soar over 23%

Sandhani Life Insurance shares soared over 23% from 11 January to 15 January at the Dhaka Stock Exchange (DSE), apparently fueled by the appointment of its former CEO, as a state minister in the government. Previously, from 3 October 2023 to 10 January 2024, the company's share price remained stuck at the floor price of BDT26.9. However, it closed at BDT33.3 on February 15, marking a gain of BDT6.4 in just three trading days.

Its redemption sets example for other electricity generators

Investors have begun to see the redemption of a listed subordinated bond issued by Ashuganj Power Station Company, fuelling optimism surrounding the secondary market of debt securities. This is the first time a listed bond floated by an energy company is paying back the principal amount along with interest to the bondholders. The instrument with a maturity period of seven years since 2020 has been ensuring a return of 8.5 per cent to 10.5 per cent, depending on the reference rate of 182-day-T-bills plus 4 per cent interest margin.

Non-functional RSRM surges 48pc in 2 months

Ratanpur Steel Re-Rolling Mills (RSRM) is out of operation for two years but its stock price has escalated by 48 per cent in the last two months. The stock jumped from BDT 16.30 to BDT 24.10 a share since November last year, worrying the Dhaka Stock Exchange (DSE). The DSE asked the company on January 14, 2024 if there was any change in the operational status of the company and whether the price surge was rational.

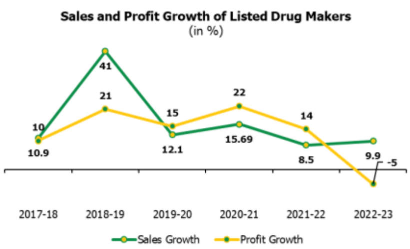
Sector

Output falls 25% for packaging industry amid lower demand

The production in the packaging industry of Bangladesh fell 25 percent in 2023 due to under-supply of raw materials and a decline in demand, according to industry people. It came as the country continues to struggle because of the ongoing macroeconomic volatility and inadequate supply of US dollars.

Pharma profit falls for first time in five years as costs escalate

Profits of listed pharmaceutical companies in Bangladesh shrank in the last fiscal year of 2022-23, the first decline in at least five years, as the cost of production went up. The taka's significant depreciation against the US dollar and higher raw material, energy and finance costs have pushed up the manufacturing cost. As per an analysis of The Daily Star, 10 of the 15 listed drug makers registered lower earnings in FY23, reducing the industry's collective profits by 5.16 percent year-on-year to BDT 3,160 crore.



Corporate

Lovello's capital machinery import delayed over hurdle in LC opening

With an aim to expand business, Taufika Foods and Lovello Ice-Cream PLC, an ice cream maker and marketer with the brand name Lovello went public and raised BDT30 crore from the stock market around three years ago. According to its annual report for 2022-23, Lovello used additional BDT64 lakh in vehicle purchase than the allocation.

Global

Bank valuations could rise by USD7 trillion in five years, study finds

Global banks could boost their valuations by a combined USD7 trillion in the next five years if they take major steps to promote growth and boost productivity, the Boston Consulting Group said in a report on February 15. Lenders could roughly double their current valuations if they pursue growth and improved price-to-book ratios despite obstacles. About 75% of bank stocks had price-to-book ratios below 1 in 2022, while price-to-earnings multiples were almost half of 2008 levels.

Forex & Commodity Market

Exchange Rates BDT	Buy	Sell
USD	110.00	110.00
		Source: Bangladesh Bank Dated: 15-01-2024

Exchange Rates BDT	Buy	Sell
EUR	120.44	120.48
GBP	140.26	140.32
AUD	73.54	73.56
JPY	0.76	0.76
CAD	82.01	82.04
SEK	10.68	10.72
SGD	82.57	82.64
CNH	15.30	15.30
INR	1.33	1.33
		Source: Bangladesh Bank Dated: 15-01-2024

Commodity Items	Rate
Gold (oz)	2,052.80
Silver (oz)	23.31
Copper (lb)	375.9
Oil (bbl)	72.54
Gas (MMBtu)	3.09
Wheat (bu)	599.25
Cotton (lb)	81.23
	Source: Bloomberg

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