

Bangladesh market snapshot

	Last closing
DSEX Index	4,855.99
% change	-0.66%
DS30 Index	1,735.93
% change	0.00%
DSES Index	1,123.21
% change	-0.66%
Turnover (BDT mn)	3,849.63
Turnover (USD mn)	45.83
% change	3.61%
Market Capitalization (BDT bn)	3,690
Market Capitalization (USD bn)	43.92
% change	0.14%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial	27,147.08
Average % change	0.13%
Nikkei 225	22,044.45
% change	0.38%
FTSE 100	7,337.36
% change	0.32%

Source: Bloomberg

Exchange rate

Currency	BDT
USD	84.50
EUR	93.21
GBP	105.42
INR	1.19

Source: Bangladesh Bank

Money Market

Date	Call Money Rate Range (%)	Weighted Average (%)
18-Sep-2019	4.50-5.50	5.05
17-Sep-2019	4.50-5.50	5.04

Source: Bangladesh Bank

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	64.28	-0.19%
Gold Spot, USD/t oz	1,516.90	+1.19%
Cotton, USD/lb	60.52	+0.31%

Source: Bloomberg

Economy

Govt yet to release fund for remittance incentive

The finance ministry is yet to release fund for giving cash incentives to the beneficiaries of inward remittances even though two-and-a-half months of the current fiscal year 2019-2020 has already elapsed. Prompted by the delay, the central bank, for the second time, had asked the ministry to release the fund. BB issued its second demand letter to the ministry as the government refrained from fund release in response to its first request made in mid-August this year. In the fiscal budget for the year 2019-2020, the government announced that it would give 2 per cent cash incentive to the beneficiaries of inward remittances.

<http://www.newagebd.net/article/85255/govt-yet-to-release-fund-for-remittance-incentive>

BB drafts law to check counterfeit currency

The central bank has prepared the draft of a first-ever law designed to prevent production, supply and use of counterfeit currency. The draft proposes the maximum life-time imprisonment for the offences. The offences under the law will be 'cognizable, non-bailable and non-compoundable'. Cognizable offence means a police officer has the authority to arrest an offender without any warrant as well as to start investigation with or without the permission of court. According to the draft law, the Bangladesh Bank (BB) and relevant law-enforcing agencies will be able to take actions against the counterfeit currency makers and suppliers.

<http://today.thefinancialexpress.com.bd/first-page/bb-drafts-law-to-check-counterfeit-currency-1569084410>

BB simplifies profit repatriation process for foreign firms

Bangladesh Bank (BB) on Thursday simplified the procedures of repatriating incomes and profits of foreign firms operating in the country. Under the latest regulations, the foreign companies would no longer require prior approval from Bangladesh Bank for remitting fund to their parent offices outside Bangladesh. In a circular issued by the Foreign Exchange Investment Department (FEID) of the central bank says that authorized dealers (ADs) are now allowed to remit profits of branches, liaison or representative office of foreign firms and companies to their respective head offices without prior approval of Bangladesh Bank. However, the companies concerned are required to submit post-remittance reports to BB in next 30 days, the circular adds.

<https://www.dhakatribune.com/business/banks/2019/09/19/bb-simplifies-profit-repatriation-process-for-foreign-firms>

Government moves to bring 12 informal industrial sectors under minimum wage board

The government has taken a move to include a dozen of labour intensive industries under informal sector into formal industrial sector, to ensure lawful rights of the workers, including minimum wages. As per a recent directive of the labour ministry, the Department of

Labour and Minimum Wage Board primarily identified 20 types of informal sector industries which could be brought under formal industrial sector. Out of newly identified industries, 12-13 types of industries might be included in the list of formal industrial sector. The ministry gave the instruction to the two bodies so that the workers could avail minimum wages and other benefits as per the labour laws.

<http://www.newagebd.net/article/85256/government-moves-to-bring-12-informal-industrial-sectors-under-minimum-wage-board>

Shippers cry foul as depot operators hike charges

A fresh tariff hike by private container depots in Chattogram has irked the users of the facility. The shipping companies, freight forwarders and consignees are the key users of services provided by 18 privately-owned container depots, known as off-docks. The Bangladesh Inland Container Depot Association (BICDA), a group of the depot operators, has increased its charges by 12 per cent across the board. They provide around 20 services, including stuffing or un-stuffing of goods. The stakeholders argued this will raise the cost of doing business in the country.

<http://today.thefinancialexpress.com.bd/first-page/shippers-cry-foul-as-depot-operators-hike-charges-1569084303>

BD finalises list of 300 items for duty-free market access

The government of Bangladesh is set to send Indonesia a list of products next month for getting duty-free access under a proposed Preferential Trade Agreement (PTA). The ministry of commerce (MoC) has finalised the list of 300 products for approval by the government of Indonesia. The list will be sent to Jakarta in the second week of October next. The products include readymade garment (RMG), jute and jute goods, light engineering and plastic products etc. Indonesia will also send their list of 300 products to Dhaka for approval by the government Bangladesh.

<http://today.thefinancialexpress.com.bd/trade-market/bd-finalises-list-of-300-items-for-duty-free-market-access-1569081023>

Bank & NBF

Govt firm to buy NPLs by next year

The government plans to form an asset management company this fiscal year to buy distressed loans off banks as part of its efforts to clean up the financial sector. As per the roadmap, the government will draw up a special law to form a public asset management company (PAMC) in the lead up to the next budget for fiscal 2020-21. The law will empower the PAMC to purchase non-performing loans (NPLs) from banks and sell them off to individuals or corporate entities by way of sidestepping court instructions. The PAMC will acquire default loans from banks after doing due diligence and also the sick institutions saddled with bad loans and restructure them. The restructured asset will be sold at a premium then.

<https://www.thedailystar.net/business/news/govt-firm-buy-npls-next-year-1803511>

Textile

50 small RMG units shut in six months

About 50,000 workers have lost their jobs as 50 small and medium-sized garment factories have shuttered their operations in April mainly because of higher cost of production and lower prices offered by foreign buyers. The closure will take the number of SME apparel factories that went out of business in the last one year to more than 200 units, according to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA). There are more than 1,000 SME units in the garment sector, each employing between 500 and 2,000 workers. The businessman also blamed the recent wage hike, lower work orders to the SME units and the recent free trade agreement between Vietnam and the European Union for the SME units' current woes.

<https://www.thedailystar.net/business/news/50-small-rmg-units-shut-six-months-1803517>

Manufacturers worried as unsold yarn piles up

According to Bangladesh Textile Mills Association (BTMA), yarn worth Tk1,000 crore has piled up in the warehouses of its members. The situation went from bad to worse in the last seven to eight months when the demands for locally manufactured yarn and fabrics fell amid seen decreased work orders. Per kilogram of 30 carded yarn is selling between \$2.60 and \$2.65, while 40 carded yarn sold for maximum \$2.75. The apparel makers are preferring to import yarn and fabrics as they offer better prices than Bangladesh. This is because of devaluation of US dollar by their governments, while Bangladeshi taka has gained against the US dollar which ate up the competitive edge.

<https://www.dhakatribune.com/business/2019/09/21/manufacturers-worried-as-unsold-yarn-piles-up>

Capital Market

Kamal declines FRC plea to scrutinise IPO applicants' audit reports

The Financial Reporting Council has recently placed a proposal before finance minister AHM Mustafa Kamal to allow it to review audit reports of upcoming initial public offerings but the minister turned down the proposal. FRC chairman CQK Mustaq Ahmed at a meeting with Kamal as well as the capital market stakeholders on September 16 made the request to the finance minister, saying that FRC review of the audit reports of the companies seeking to issue IPOs would boost investors' confidence. Although the minister turned down the proposal, they would peruse the finance minister and the government high-ups so that the proposal was accepted for the interest of the capital market.

<http://www.newagebd.net/article/85257/kamal-declines-frc-plea-to-scrutinise-ipo-applicants-audit-reports>

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Recommendation Type	Holding period (if not otherwise mentioned)	Absolute Return Potential
Buy	12 Months	More than +15%
Neutral/ Hold	12 Months	Between +15 % and -5 %
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