

Bangladesh market snapshot

	Last closing
DSEX Index	4,060.45
% change	1.30%
DS30 Index	1,365.37
% change	2.60%
DSES Index	951.60
% change	3.36%
Turnover (BDT mn)	1,432.93
Turnover (USD mn)	17.06
% change	-58.84%
Market Capitalization (BDT bn)	3,162
Market Capitalization (USD bn)	37.64
% change	1.26%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	25,383.11
% change	-0.07%
Nikkei 225	22,135.75
% change	+1.18%
FTSE 100	6,076.60
% change	-2.29%

Source: Bloomberg

Exchange rate

Currency	BDT
USD	84.95
EUR	94.29
GBP	104.90
INR	1.12

Source: Bangladesh Bank

Money market

Date	Call Money Rate Range	Weighted Average (%)
28-May-2020	4.50-5.00	4.99
27-May-2020	4.50-5.00	4.99

Source: Bangladesh Bank

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	37.88	+0.11%
Gold Spot, USD/t oz	1,738.08	+0.45%
Cotton, USD/lb	58.26	+1.16%

Source: Bloomberg

Economy

Tk5,000cr budget allocation for interest payment against stimulus funds

The government is tailoring the upcoming national budget keeping aside a sum of Tk5,000 crore for interest payments against loans under different stimulus packages announced to cushion the economic fallout of Covid-19. The finance ministry has allocated Tk3,000 crore for paying interests against the soft loans to industry, service and agriculture sectors.

<https://www.tbsnews.net/economy/tk5000cr-budget-allocation-interest-repayment-against-stimulus-funds-87187>

Govt not going overboard with subsidy expenditure next fiscal year

That the subsidy expenditure would go up next fiscal year as the government scrambles to keep the pandemic-induced recession from undoing decades of progress in alleviating poverty and elevating its citizens into the middle-class- was a given. But it turns out the government is exercising restraint, increasing its spending by 17.91 per cent from current fiscal year to Tk 54,695 crore. The amount would be about 10 per cent of the budget, which is in line with previous years' allocation. The next fiscal year's subsidy budget would be mostly going towards taxpayer-funded spending for agriculture, food support for the poor and loans for large industries and SMEs.

<https://www.thedailystar.net/business/news/govt-not-going-overboard-subsidy-expenditure-next-fiscal-year-1907236>

Tax waiver withdrawn for economic zone factories

Factories producing essential products, including edible oil, sugar, flour, cement and steel, inside economic zones will no longer be eligible for tax exemptions. In a regulatory order, the National Board of Revenue or NBR has cut the benefit to address disparity with factories that are located outside the zones. The income tax wing issued the order on May 10 as factories outside the zones were alleging the uneven competition on determining prices of those products. The factories, inside and outside of the zone, are producing same products for domestic consumption, but only factories within the zones are enjoying tax benefit. The facility has been scrapped to remove such a discriminatory measure and demand from the non-zone mills.

<https://today.thefinancialexpress.com.bd/last-page/tax-waiver-withdrawn-for-economic-zone-factories-1590947260>

<https://www.newagebd.net/article/107346/income-tax-waiver-for-ez-edible-oil-cement-steel-makers-scrapped>

Bank and NBFIs

Tk 20b interest gets waived

Prime Minister Sheikh Hasina Sunday announced a new stimulus package to waive Tk 20 billion (2000 crore) bank interest of the people affected badly by the nationwide shutdown enforced to

contain the coronavirus (COVID-19) pandemic. The government earlier suspended the payment of interest of the loans for two months which the people took from the (commercial) banks for business purpose. In this connection, the borrowers will pay the rest of the interest in 12-month instalments. with the announcement of this new incentive package of Tk 20 billion, the total amount of 19 stimulus packages has stood at Tk 1.03 trillion (1,03,117 crore) which is equivalent to US dollar 12.13 billion. The amount is 3.7 per cent of total GDP.

<https://today.thefinancialexpress.com.bd/first-page/tk-20b-interest-gets-waived-1590946618>

Low-cost loans from stimulus packages not going like hot cakes

Four banks have got approval from the central bank to give out Tk 1,044.90 under the stimulus package of Tk 30,000 crore for large industries and service sectors. But no lender has yet to disburse any loan under the stimulus package of Tk 20,000 crore for small and medium enterprises. Lenders had initially shown reluctance to use the stimulus package due to the lower interest rate. The SME loan in the form of working capital will be given at 9 per cent interest rate. Of the interest rate, 4 per cent will be borne by the borrowers and 5 per cent by the government. But banks will not enjoy their desired profit from the stimulus package as they have to face more operational costs for SME credits than that of other loans.

<https://www.thedailystar.net/business/news/low-cost-loans-stimulus-packages-not-going-hot-cakes-1907224>

Engineering

Local elevator manufacturing gets a boost

The National Board of Revenue (NBR) has waived VAT on local lift producing, production of capital machineries and elevator parts to encourage the local elevator manufacturers. All kind of Value Added Tax (VAT), Supplementary Duty (SD) and regulatory duty except Advance Tax have been withdrawn from elevator parts collection and import to encourage the local lift manufacturing. Currently, local manufacturers have to pay 10 percent customs duty for equipment and raw materials needed to produce elevators, whereas finished products carry only 1 percent duty.

<https://www.tbsnews.net/economy/nbr/local-elevator-manufacturing-gets-boost-87202>

Textile

RMG exports drop 62pc to \$1.06b in May

The country's ready-made garment (RMG) exports in May 2020 declined by 62 per cent to US\$ 1.06 billion over the earnings of the corresponding month in last calendar year. Export earnings from the apparel sector were \$2.81 billion in May 2019. Also, export receipts from RMG products registered over 85 per cent fall to \$374.67 million in this April from that of \$2.53 billion in April 2019. The country fetched \$2.25 billion from RMG export in this March, marking a 20 per cent negative growth over the

earnings of \$2.85 billion in March 2019.

<https://today.thefinancialexpress.com.bd/first-page/rmg-exports-drop-62pc-to-106b-in-may-1590946962>

<https://www.tbsnews.net/economy/rmg/rmg-exports-feared-decline-10-billion-2020-86968>

Capital Market

Delta Hospital's cut-off price fixed at Tk 11 each

The cut-off price of Delta Hospital Ltd's shares has been fixed at Tk 11 through electronic bidding by eligible institutional investors. The Dhaka Stock Exchange (DSE) on Sunday disclosed the cut-off price of Delta Hospital shares. The hospital will raise a fund worth Tk 500 million from the capital market using the book building method for expanding business and repay bank loans. As per the disclosure, institutional investors will buy worth Tk 315.43 million shares at the cut-off price of Tk 11 each.

<https://today.thefinancialexpress.com.bd/stock-corporate/delta-hospitals-cut-off-price-fixed-at-tk-11-each-1590939751>

Floor price weighing heavy on investors as trading finally resumes

Floor price was a buzzword at the Dhaka Stock Exchange (DSE) yesterday as it prevented many investors from selling shares even though trading resumed after a long break of more than two months. The regulator should remove the floor price to make the market perfect though the index might fall initially. The floor price has had a negative impact as investors can't sell their shares even at a lower price.

<https://www.thedailystar.net/business/news/floor-price-weighing-heavy-investors-trading-finally-resumes-1907233>

Stock

Heidelberg Cement downgraded to 'Z' category

Heidelberg Cement Bangladesh will be placed in 'Z' category from existing 'A' category with effect from today (Monday) as the company has recommended 'no' dividend due to incurring losses. The board of directors of the multinational cement manufacturer has recommended 'no' dividend for the year ended on December 31, 2019.

<https://today.thefinancialexpress.com.bd/stock-corporate/heidelberg-cement-downgraded-to-z-category-1590939813>

NCC Bank postpones recommended div

The board of directors of National Credit and Commerce Bank has postponed the recent dividend recommendation for the year ended on December 31, 2019. The board of directors of the bank in a virtual meeting on April 27 recommended 17 per cent cash dividend for the year ended on December 31, 2019.

<https://today.thefinancialexpress.com.bd/stock-corporate/ncc-bank-postpones-recommended-div-1590939850>

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Expected absolute returns are calculated as the percentage of difference between our target price and latest close price. Stock recommendations are based on absolute upside (downside) and have a 12-month horizon. Please note that future price fluctuations could lead to a temporary mismatch between upside/downside for a stock and our recommendation.

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 %
Underweight	12 Months	Less than -5 %

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