

Bangladesh market snapshot

| | Last closing |
|--------------------------------|--------------|
| DSEX Index | 4,879.15 |
| % change | 0.12% |
| DS30 Index | 1,699.55 |
| % change | 0.56% |
| DSES Index | 1,132.85 |
| % change | 0.20% |
| Turnover (BDT mn) | 11,667.78 |
| Turnover (USD mn) | 138.90 |
| % change | 28.62% |
| Market Capitalization (BDT bn) | 3,698 |
| Market Capitalization (USD bn) | 44.03 |
| % change | 0.05% |

Source: Dhaka Stock Exchange

International market snapshot

| | Last closing |
|------------------------------|--------------|
| Dow Jones Industrial Average | 28,430.05 |
| % change | -0.78% |
| Nikkei 225 | 23,145.86 |
| % change | +0.03% |
| FTSE 100 | 5,963.57 |
| % change | -0.61% |

Source: Bloomberg

Exchange rate

| Currency | BDT |
|----------|--------|
| USD | 84.85 |
| EUR | 101.03 |
| GBP | 113.32 |
| INR | 1.16 |

Source: Bangladesh Bank

Money market

| Date | Call Money Rate Range (%) | Weighted Average (%) |
|-------------|---------------------------|----------------------|
| 27-Aug-2020 | 3.25-5.25 | 4.60 |
| 26-Aug-2020 | 3.50-5.25 | 4.70 |

Source: Bangladesh Bank

Commodities

| | Price | % Change |
|----------------------------|----------|----------|
| Brent Crude (Oil), USD/bbl | 45.75 | +1.04% |
| Gold Spot, USD/t oz | 1,988.30 | +1.04% |
| Cotton, USD/lb | 65.24 | +0.12% |

Source: Bloomberg

Economy

Bangladesh praying for trade benefits post LDC graduation

Bangladesh has joined hands with peer least-developed countries (LDCs) to appeal to the World Trade Organization (WTO) for the continuation of trade benefits they currently enjoy following status graduation to developing nations considering the pandemic's ill-effect on economies. All the LDCs are scheduled to provide their forum at the WTO by 3 September their arguments in favour of the continuation for a certain period past the graduation. Bangladesh has already sent its set of reasons to the LDC forum favouring the graduation despite the severe damage caused by the pandemic on the economy. Many have called for deferring the graduation for the pandemic losses. However, the LDCs preferred forwarding the justifications.

<https://www.thedailystar.net/business/news/bangladesh-praying-trade-benefits-post-ldc-graduation-1953869>

Plans for a deep seaport at Sonadia nixed

The government has officially scrapped its plan to build a deep seaport in Cox's Bazar's Sonadia out of environmental concerns. The government has backed out after a study found that the deep seaport in Sonadia may harm biodiversity to a large extent. The government is building a deep seaport in Matarbari, which is adjacent to Sonadia. The official process to discard the Sonadia project started at the beginning of 2020 when the government struck it off the list of fast-track projects.

<https://www.thedailystar.net/business/news/plans-deep-seaport-sonadia-nixed-1953857>

Bank and NBFI

Central bank eases conditions for small loans under stimulus

The central bank of the country, the Bangladesh Bank, has relaxed its rules for banks and non-bank financial institutions (NBFIs) to issue loans to cottage, micro, small, and medium-sized enterprises from the government-announced Tk20,000 crore stimulus package. The central bank issued a circular in this regard on Monday, stating the Bangladesh Bank incorporated the changes to expedite loan disbursement from the package. Even though the central bank formed a Tk10,000 crore refinance scheme to support the banks and NBFIs with liquidity, the disbursement of loans from the package remained low. So, this prompted the central bank to extend the loan disbursement deadline by two months to October. As per the new circular, banks and NBFIs were allowed to disburse 80 percent of their overall loans to the manufacturing and service sub-sectors.

<https://tbsnews.net/economy/banking/central-bank-eases-conditions-small-loans-under-stimulus-126520>

<https://www.dhakatribune.com/business/banks/2020/08/31/bb-eases-rules-to-expedite-lending-for-manufacturing-service-sub-sectors>

Banks skimp on loans when retail needs boost

While governments across the world are focusing on stimulating consumption to speed up economic recovery from pandemic shocks by producing financial packages, banks in Bangladesh are walking a different path by skimping on retail loan disbursement. Two factors – lending rate cap and erosion of the economic capacity of customers – have driven banks away from the retail business. Consumer loans saw a drastic fall following the imposition of the 9% interest rate cap on all loans except for credit cards, as the retail business is not profitable for banks at this rate. The disbursement of retail loans, which consist of consumer and personal loans, dropped by more than 90% in the April-June quarter from that of the previous quarter of the current year.

<https://tbsnews.net/economy/banking/banks-skimp-loans-when-retail-needs-boost-126577>

Textile

RMG exports again in positive territory

The country's ready-made garment (RMG) exports in August witnessed a robust 44.63 per cent growth year-on-year. The positive development came after seven months of consecutive negative growth since January 2020. The industry people, however, are not in an upbeat mood as the most shipments comprise orders that were put on hold or cancelled in the previous months following the outbreak of the Covid-19 pandemic. RMG exports last recorded a positive growth of 1.26 per cent in December 2019. The garment export earnings in August stood at US\$3.24 billion.

<https://today.thefinancialexpress.com.bd/first-page/rmg-exports-again-in-positive-territory-1598892290>

<https://www.newagebd.net/article/114990/rmg-export-posts-45pc-growth>

Transportation

Cars 'made in Bangladesh' on the way

With just a year or so to go for golden jubilee celebrations of independence, Bangladesh is on its way to marking an epoch in history by manufacturing its own brand of automobiles with assistance from Japan. State-run Pragati Industries is set to accomplish the feat in close cooperation with Japanese automotive giant Mitsubishi Corporation. The government aims to kick off plans by finalising within a short time a 2020 Automobile Industry Development Policy, the draft of which has already been shared with stakeholders seeking their opinion. Currently, Pragati assembles cars designed by Mitsubishi Motors, while PHP Motors manufactures cars made by Malaysia's PROTON. Besides, Indian automotive giants Tata Motors and Mahindra & Mahindra recently showed interest in setting up similar partnerships with local manufacturers to grab a bigger slice of the growing Bangladesh automobile pie.

<https://www.thedailystar.net/business/news/cars-made-bangladesh-the-way-1953853>

<https://www.newagebd.net/article/114996/pragoti-to-build-own-brand->

[of-vehicle-minister](#)

Capital Market

Single-day cash deposit to be doubled

The securities regulator has assured stock brokers of doubling single-day cash deposit by investors to accelerate their participation in transactions. The official order is likely to be issued within this week. As per existing cash deposit limit, stock brokers are allowed to receive Tk 0.5 million from an investor per day for transaction purpose. Also, interested stock brokers can come up with the proposal of opening foreign trading outlet to ensure direct participation of non-resident Bangladeshis (NRBs).

<https://today.thefinancialexpress.com.bd/stock-corporate/single-day-cash-deposit-to-be-doubled-1598886183>

<https://tbsnews.net/economy/stock/cash-deposit-limit-brokerage-firms-doubles-126445>

DSE finds flaws in EGeneration's IPO prospectus

A Dhaka Stock Exchange panel has detected a number of irregularities and non-compliance with securities rules in the prospectus of initial public offering of EGeneration Limited. Earlier on January 31 last year, the DSE sent 'no recommendation' about the IPO proposal of the company to market regulator Bangladesh Securities and Exchange Commission. EGeneration, however, resubmitted its IPO proposal on October 2 last year. The DSE IPO panel detected the irregularities and non-compliance in the resubmitted prospectus. EGeneration offered only Tk 15 crore to be raised through the IPO. It has raised its paid-up capital by Tk 59.58 crore in between April 2, 2017 and June 26, 2018 through issuing placement shares.

<https://www.newagebd.net/article/114992/dse-finds-flaws-in-egenerations-ipo-prospectus>

Stocks

There is a nervous tension at HeidelbergCement headquarters

HeidelbergCement Bangladesh, the German cement maker, has been incurring losses since the second quarter of 2019 due to fierce competition in the market, higher prices of clinker, the imposition of advance income tax and higher interest cost. The situation was aggravated further amid a plunge in sales due to the two-and-a-half-month-long countrywide general shutdown starting from 26 March to flatten the spread on coronavirus. The shutdown screeched construction works to a halt across the country. The listed cement manufacturer incurred a loss of Tk 14.4 crore in the first half of this year, in contrast to a profit of Tk 15.2 crore a year earlier. However, the cement maker that markets two brands namely Scan and Ruby made a profit in the first quarter of 2020. The company's profits and sales declined because of the price hike of raw materials in the international market, low income and the imposition of minimum tax on import of raw materials. The government imposed a 5 per cent advance income tax on the import value of raw materials in fiscal 2019-20.

<https://www.thedailystar.net/business/news/there-nervous-tension-heidelbergcement-headquarters-1953861>

Western Marine's net profit drops 78pc

The net profit of Western Marine Shipyard Ltd, the country's largest shipbuilder, has dropped by 78 percent in the third quarter of the last financial year. The company posted a net profit of Tk3.21 crore and earnings per share of Tk0.14 in the January-March quarter of 2019-2020 financial year. In the first three quarters of the last financial year, its net profit decreased by 43 percent to Tk24.78 crore and earnings per share stood at Tk1.08. The company has lost profits because of the outbreak of the novel coronavirus pandemic. Moreover, shipbuilding costs have increased with the rise in raw material prices.

<https://tbsnews.net/economy/stock/western-marines-net-profit-drops-78pc-126499>

Rupali Life Insurance recommends 14% dividend

Rupali Life Insurance Company Ltd recommended 12 percent cash and two percent stock dividends for its shareholders for the financial year which ended on December 31, 2019. It is the highest dividend declared by the company in the last five years.

<https://tbsnews.net/economy/stock/rupali-life-insurance-recommends-14-dividend-126505>

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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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