

Bangladesh market snapshot

| | Last closing |
|--------------------------------|--------------|
| DSEX Index | 5,402.07 |
| % change | 0.82% |
| DS30 Index | 1,963.96 |
| % change | 1.41% |
| DSES Index | 1,242.11 |
| % change | 0.70% |
| Turnover (BDT mn) | 15,432.74 |
| Turnover (USD mn) | 183.72 |
| % change | 11.52% |
| Market Capitalization (BDT bn) | 4,482 |
| Market Capitalization (USD bn) | 53.36 |
| % change | 0.91% |

Source: Dhaka Stock Exchange

International market snapshot

| | Last closing |
|------------------------------|--------------|
| Dow Jones Industrial Average | 30,606.48 |
| % change | +0.65% |
| Nikkei 225 | 27,444.17 |
| % change | -0.45% |
| FTSE 100 | 6,460.52 |
| % change | -1.45% |

Source: Bloomberg

Exchange rate

| Currency | BDT |
|----------|--------|
| USD | 84.80 |
| EUR | 103.89 |
| GBP | 114.51 |
| INR | 1.16 |

Source: Bangladesh Bank

Money market

| Date | Call Money Rate Range (%) | Weighted Average (%) |
|-------------|---------------------------|----------------------|
| 30-Dec-2020 | 1.00-5.25 | 2.12 |
| 29-Dec-2020 | 1.00-5.25 | 1.82 |

Source: Bangladesh Bank

Commodities

| | Price | % Change |
|----------------------------|----------|----------|
| Brent Crude (Oil), USD/bbl | 51.80 | +0.33% |
| Gold Spot, USD/t oz | 1,898.67 | +0.02% |
| Cotton, USD/lb | 78.12 | +0.19% |

Source: Bloomberg

Economy

Policy changes in the offing to boost foreign investment

As part of measures to attract foreign investment, the government is going to allow foreign companies operating in Bangladesh to pay up to around Tk85.06 lakh (\$1 lakh) in service charges without the prior approval of the Bangladesh Bank. The process of sending foreign currency by foreign workers in Bangladesh to their home countries is being further eased. Moreover, capital and dividend repatriation ceilings may also be raised without the prior approval of the central bank. The decisions have been made to ease the repatriation of money and foreign currency exchange. Separate circulars on these matters will be issued soon.

<https://tbsnews.net/economy/policy-changes-offing-boost-foreign-investment-180043>

Recovery uneven

Businesses are experiencing an uneven recovery from the pandemic-induced slowdown as larger firms are bouncing back strongly thanks to the easy access to the stimulus packages while the smaller ones are still mired in the crisis. The large industrial and service sectors have made as much as 80-90 per cent recovery compared to the pre-pandemic level. It is only 30-40 per cent for small and medium enterprises. Businesses belonging to the large industrial and service sectors have managed loans smoothly, whereas small enterprises have been largely deprived.

<https://www.thedailystar.net/business/news/recovery-uneven-2021517>

Bank and NBFIs

BB wants classified loan info within 15 days of every month

The Bangladesh Bank has reduced the deadline for banks to provide information on classified loans and provisions against the loans by 10 days. From now on, all banks have to fill up the CL Form-1 with relevant information about the classified loan and send it to the central bank within the first 15 days of every month. Earlier the time-frame was 25 days. The central bank's Banking Regulation and Policy Department (BRPD) issued a circular in this regard on Thursday.

<https://tbsnews.net/economy/banking/bb-wants-classified-loan-info-within-15-days-every-month-179320>

Suspension of loan classification not to be extended soon

Even though the business community and other related parties demand that suspension of adverse classification of any loan and payment of instalments be extended further, the central bank is not going to extend the deadline anytime soon. The central bank would make a decision on whether to extend the deadline after monitoring the situation. The balance sheets of banks will be reviewed and the overall aspects including loan disbursement and default amount and instalment payment situation will be considered.

<https://tbsnews.net/economy/banking/suspension-loan-classification-not-be-extended-soon-179299>

Fuel and Power

Oil-fed power plants idling

The government has kept almost all oil-fired power plants shut and import of expensive LNG to a minimum to reduce energy procurement costs owing to lower winter demand and sluggish economic activities. As on December 30, all diesel and many furnace oil-fired power plants having a total generation capacity of 1,140 megawatts (MW), remained shut. State-run Petrobangla has been importing the lowest quantity of LNG, or liquefied natural gas, amounting to around 388 million cubic feet per day, or mmcf, only around 38 per cent of the terminals' capacity, to slash energy import costs as energy demand waned.

<https://today.thefinancialexpress.com.bd/first-page/oil-fed-power-plants-idling-1609607933>

Capital Market

Every applicant to get IPO stocks from 1 April

Every general investor who has applied for initial public offering (IPO) will get stocks from 1 April 2021. The decision was made at a meeting of the Bangladesh Securities and Exchange Commission (BSEC) on Thursday. The allocation of proportional (pro-rata) rates to general investors instead of existing lottery system will require complying two conditions. The conditions are: general investors must invest at least Tk20,000 on a listed company at the market price in the secondary market of the stock exchanges and they must apply at Tk10,000 or its multiple for an IPO.

<https://tbsnews.net/economy/stock/every-applicant-get-ipo-stocks-1-april-179356>

Three cos to raise Tk 1.95b through IPOs this month

Three companies - Taufika Foods & Agro Industries, eGeneration and Lub-rref (Bangladesh) - will raise a total of Tk 1.95 billion from the capital market through IPOs in January. The initial public offering (IPO) subscription of Taufika Foods, which produces ice cream under the brand name of 'Lovello', will open today (Sunday). The ice cream maker will raise Tk 300 million under the fixed price method. IPO subscription of eGeneration, one of the leading IT consulting and software solutions companies in Bangladesh, is set to open on January 12, which will raise Tk 150 million under the fixed price method. The IPO subscription of Lub-rref, a local lubricant manufacturer, will open January 26, aiming to raise Tk 1.50 billion under the book-building method.

<https://today.thefinancialexpress.com.bd/stock-corporate/three-cos-to-raise-tk-195b-through-ipos-this-month-1609601920>

Foreign portfolio investment dips to Tk 33,294cr in FY20

Stock position of foreign investments into the country's capital market dropped by 14.26 per cent or Tk 5,535.4 crore (\$652.76 million) at the end of the fiscal year 2019-2020 amid dismal performance of the

country's microeconomic indicators and a rare regulatory move to set a floor price on all listed securities. The total stock position of portfolio investments in the country stood at Tk 33,293.75 crore or \$3.93 billion at the end of the fiscal year 2019-2020 against investment of Tk 38,829.16 crore or \$4.58 billion in the previous fiscal year 2018-2019. At the end of 2017-2018, the stock of foreign portfolio investment in the country was Tk 40,534.91 crore or \$4.78 billion.

<https://www.newagebd.net/article/125996/foreign-portfolio-investment-dips-to-tk-33294cr-in-fy20>

DSE market cap to GDP remains low

The ratio of the Dhaka Stock Exchange's market capitalisation to the country's gross domestic product has remained very low compared with other countries. The ratio of DSE market capitalisation to GDP was 16 per cent on December 31, 2020, which was 12 per cent in the previous year. The ratio was 17.21 per cent in 2018 and 21.62 per cent in 2017. The capital market continued to fail to keep pace with the country's economic growth.

<https://www.newagebd.net/article/125997/dse-market-cap-to-gdp-remains-low>

Stock

Beximco buys 3.50 crore shares of Beximco Power

Bangladesh Export Import Company Ltd (Beximco Ltd) has purchased 3.50 crore shares of its sister concern Beximco Power Ltd for Tk35 crore from Beximco Holdings Ltd- another associate organisation of the business conglomerate. With this purchase, Beximco's stake in Beximco Power is 75%. The remaining shares in Beximco Power are held by ASF Rahman, Salman F Rahman, Nazmul Hasan and OK Chowdhury. Beximco Power holds an 80% stake in Teesta Solar Limited and Korotoa Solar Ltd. The remaining shares in these companies are held by their Chinese technical partners.

<https://tbsnews.net/economy/stock/beximco-buys-350-crore-shares-beximco-power-180001>

<https://www.dhakatribune.com/business/2021/01/03/beximco-raises-stakes-in-solar-energy-producer-beximco-power>

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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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