

Bangladesh market snapshot

	Last closing
DSEX Index	3,963.41
% change	-0.16%
DS30 Index	1,328.51
% change	-0.15%
DSES Index	918.99
% change	-0.13%
Turnover (BDT mn)	1,526.35
Turnover (USD mn)	18.17
% change	-1.68%
Market Capitalization (BDT bn)	3,104
Market Capitalization (USD bn)	36.95
% change	-0.10%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	26,269.89
% change	+2.05%
Nikkei 225	22,631.01
% change	+0.08%
FTSE 100	6,382.41
% change	+2.61%

Source: Bloomberg

Exchange rate

Currency	BDT
USD	84.95
EUR	94.91
GBP	106.63
INR	1.13

Source: Bangladesh Bank

Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
02-Jun-2020	4.50-5.50	5.02
01-Jun-2020	4.50-5.50	5.03

Source: Bangladesh Bank

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	39.33	-1.16%
Gold Spot, USD/t oz	1,704.81	+0.30%
Cotton, USD/lb	59.74	+0.02%

Source: Bloomberg

Economy

Budget spending to go up by 11pc in FY '21

The appointment of additional number of doctors and nurses to fight coronavirus pandemic will push up the operating expenditure of the government by around 11 per cent in the next fiscal year (FY'21) on top of other public sector spending. Some Tk 3.518 trillion has been earmarked for the next fiscal year as operating expenditure. In the revised budget for the outgoing fiscal year, the amount was set at Tk 3.086 trillion.

<https://today.thefinancialexpress.com.bd/first-page/budget-spending-to-go-up-by-11pc-in-fy-21-1591205818>

Debt at heart as Kamal strikes balance amid falling revenue, rising expenditure

The government is facing pressure on public expenditure to tackle the contagion, strengthen the weak health system, support livelihoods of the millions of people and keep businesses afloat reeling from the pandemic. Subsequently, the budget deficit may be set at Tk 183,000 crore in fiscal 2020-21, up from Tk 145,385 crore this fiscal year. Kamal would look to borrow Tk 80,000 crore from the banking sector to meet the budget deficit, which is way higher than the target of Tk 47,364 crore this fiscal year. Borrowing through the sales of savings certificates could be lowered to Tk 24,000 crore in fiscal 2020-21 from Tk 27,000 crore this year, as cash-strapped people are showing less interest in buying the instruments. The trend is expected to continue into the new fiscal year amid the fall in income.

<https://www.thedailystar.net/business/news/debt-heart-kamal-strikes-balance-amid-falling-revenue-rising-expenditure-1908717>

5.4pc inflation rate likely next fiscal

The government is likely to keep the average inflation rate within the 5.4 per cent limit in fiscal year 2020-21. The inflation target for the next fiscal will be proposed in the upcoming national budget, to be announced on June 11 at the parliament. In the outgoing fiscal, the government set the 12-month average inflation target at 5.5 per cent as it wanted to keep the Consumer Price Index or CPI in the comfortable zone.

<https://today.thefinancialexpress.com.bd/first-page/54pc-inflation-rate-likely-next-fiscal-1591205998>

Forex reserves cross \$34 billion for the first time

The country's foreign exchange reserves crossed the \$34-billion mark for the first time. Amid coronavirus pandemic, foreign trade became slower and the aid of developing partners started to arrive, so the foreign exchange reserves piled up. Country's foreign exchange reserves rose to \$34.23 billion on June 3. Earlier, the previous highest reserves were recorded on September 5 in 2017-the amount was \$33.68 billion. Remittance is the key driver to raise the reserve to this highest point.

<https://tbsnews.net/economy/forex-reserves-cross-34-billion-first-time-88420>

Chinese co to invest \$1.02m in Ctg EPZ

Chinese Company Ms Unicorn Leather Goods Factory Limited will establish a leather and artificial leather products manufacturing industry in Chattogram Export Processing Zone (EPZ). The fully foreign-owned company will invest US \$1.02 million which will create employment opportunity for 764 Bangladeshi nationals. Unicorn Leather Goods Factory will produce annually one million bag, belt, wallet and various leather items.

<https://today.thefinancialexpress.com.bd/trade-market/chinese-co-to-invest-102m-in-ctg-epz-1591199218>

Textile

Textile millers moving away from Indian cotton

Import of cotton from India, once the main sourcing destination for Bangladesh's textile millers, dipped further last year as locals are increasingly moving to suppliers in North and West African countries to cut reliance on the neighbouring country. In 2019, 18 per cent of the cotton imported by Bangladesh came from the neighbouring country. A year earlier, it was 26 per cent. Last year, Bangladesh, the largest importer of cotton in the world, met 41 per cent of its requirement for the white fibre from East and West African countries.

<https://www.thedailystar.net/business/news/textile-millers-moving-away-indian-cotton-1908685>

Capital Market

Delta Hospital's bidding money on hold

A securities regulator has directed both stock exchanges of the country to hold onto the money of the recently-held Delta Hospitals bidding. The Bangladesh Securities and Exchange Commission (BSEC) has taken this decision in the wake of a letter regarding the cancellation of the company's initial public offering (IPO) application. The stock exchanges will have to hold the money of institutional and qualified investors until further notice. The company authorities decided to withdraw the IPO as they did not get the desired response to their shares in the book building method.

<https://www.tbsnews.net/economy/stock/delta-hospitals-bidding-money-hold-88387>

<https://www.newagebd.net/article/107582/delta-hospital-wants-its-ipo-scrapped-over-low-cut-off-price>

IPO subscription of Express Ins starts on June 14

The public subscription of Express Insurance Ltd will start on June 14 as the insurer announced the rescheduled date for IPO subscription on Wednesday. The initial public offering (IPO) subscription for shares of the company by the eligible investors through electronic subscription system was supposed to begin on April 13 and close on April 20. But it was

suspended due to ongoing Covid-19 pandemic and government holidays.
<https://today.thefinancialexpress.com.bd/stock-corporate/ipo-subscription-of-express-ins-starts-on-june-14-1591197803>

Lovello to go public

Lovello Ice-cream of Taufika Foods and Agro Industries Limited wants to raise a fund from the stock market through initial public offering (IPO) for business expansion. Meanwhile, the company has applied to the Bangladesh Securities Exchange Commission (BSEC) for raising Tk30 crore by issuing three crore ordinary shares with Tk10 face value. Of these, the company allocates Tk9.04 crore for the acquisition of a plant and purchasing machinery, Tk5.78 crore for freezer purchase, Tk2.06 crore for vehicles purchase, Tk1.32 crore for investment in the depot to increase its capacity and Tk9 crore for the repayment of bank loans.

<https://tbsnews.net/economy/stock/lovello-go-public-88384>

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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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