

Bangladesh market snapshot

	Last closing
DSEX Index	4,479.40
% change	-0.61%
DS30 Index	1,526.30
% change	-0.64%
DSES Index	1,031.34
% change	-0.34%
Turnover (BDT mn)	4,538.83
Turnover (USD mn)	54.03
% change	-10.36%
Market Capitalization (BDT bn)	3,426
Market Capitalization (USD bn)	40.78
% change	-0.58%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	28,399.81
% change	0.51%
Nikkei 225	23,084.59
% change	0.49%
FTSE 100	7,423.83
% change	1.33%

Source: Bloomberg

Exchange rate

Currency	BDT
USD	84.95
EUR	94.25
GBP	112.16
INR	1.19

Source: Bangladesh Bank

Money market

Date	Call Money Rate Range	Weighted Average (%)
03-Feb-2020	4.50-5.50	5.03
02-Feb-2020	4.25-5.50	5.03

Source: Bangladesh Bank

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	54.68	+1.33%
Gold Spot, USD/t oz	1,556.27	+0.22%
Cotton, USD/lb	68.09	+1.10%

Source: Bloomberg

Economy

RMG hiccups pull down July-Jan export receipts

The country's merchandise shipments fell by 5.21 per cent in the first seven months of the current fiscal year over that of the same period of last fiscal year (FY). The monthly export earnings during the period under review maintained a downtrend except in the months of July and December. The total export earnings during the July-January period of the fiscal year (FY) 2019-20 reached \$22.19 billion against \$24.17 billion earned in the corresponding period of the last fiscal year. The earnings also fell short of the target by 13 per cent set for the period. The single-month export earnings in January last edged down by 1.70 per cent to \$3.61 billion. The volume of RMG exports, however, increased by 2.48 per cent in January last, compared to that a year earlier.

<https://today.thefinancialexpress.com.bd/first-page/rmg-hiccups-pull-down-july-jan-export-receipts-1580838995>

<https://www.thedailystar.net/business/news/exports-remain-sluggish-1863658>

<https://www.dhakatribune.com/business/2020/02/04/export-receipts-fall-1-70-in-january>

<https://www.newagebd.net/article/98599/export-earnings-slump-by-126b-in-july-jan>

<https://www.tbsnews.net/economy/trade/rmg-sinks-so-does-export-41941>

Less trade eases current account deficit in H1

Although the country's merchandise trade gap widened, the deficit in current account balance declined significantly in the first half (H1) of the current fiscal year 2019-20. Trade gap recorded at \$8.22 billion in the July-December period of the current fiscal year. The trade gap registered a 5.38 per cent increase over the same period of the past fiscal year (FY'19) when it was \$7.80 billion. Provisional estimation of H1 balance of payments (BoP) also showed that the deficit in services trade stood at \$1.65 billion during the period under review. The figure was \$1.62 billion during the same period of FY'19.

<https://today.thefinancialexpress.com.bd/first-page/less-trade-eases-current-account-deficit-in-h1-1580839060>

<https://www.dhakatribune.com/business/2020/02/04/trade-deficit-widens-by-5-41-in-july-dec>

<https://www.newagebd.net/article/98600/trade-deficit-widens-by-541pc-in-h1>

Country backpedals on growth goal

Bangladesh backtracks from its ambitious economic growth target as it takes a 'conservative approach' amid possible local and global shocks. In its next eighth five-year plan (FYP), the government looks to expand gross domestic product (GDP) at an 8.5-per cent rate in the terminal fiscal year (FY) 2024-25. In the Perspective Plan 2021, it set a target to the economy expand at a 10-per cent rate at

the terminal FY 2021. The development strategy was framed in 2010.

<https://today.thefinancialexpress.com.bd/first-page/country-backpedals-on-growth-goal-1580839113>

Cos face online VAT return glitches

Businesses are facing difficulties to submit their VAT returns online following repeated complexities and cumbersome procedures. A number of large businesses have already lodged complaints with the VAT authority, as they failed to submit their returns online. However, the National Board of Revenue (NBR) is charging Tk 10,000 per month as penalty for not submitting the VAT returns by the 15th of each month. The Large Taxpayers Unit (LTU) VAT in a recent letter to the NBR sought attention of the high-ups to the problems faced by its VAT-payers regarding submission of online returns.

<https://today.thefinancialexpress.com.bd/first-page/cos-face-online-vat-return-glitches-1580839160>

Prices keep rising

Traders started increasing the prices of essential commodities including garlic, onion and edible oil in last three days without any valid reasons. The price of garlic witnessed a sharp rise in city markets in last three days and the retail prices of the item topped Tk 200 a kilogram on Tuesday. The prices of soya bean oil and palm oil increased further in city markets on Tuesday while the prices of the items continued to decrease in the global market. Despite increasing supply of local onion in the market the prices of the item increased by Tk 30-40 a kg in last three days in the city.

<https://www.newagebd.net/article/98645/prices-keep-rising>

Bank and NBFI

Defaulted Loans: Tk 50,186cr rescheduled last year

Banks rescheduled a record amount of defaulted loans last year as part of their efforts to contain bad debt and show hefty profit. Last year, defaulted loans amounting to Tk 50,186 crore were regularised, the highest on record for a single year. Of the sum, Tk 18,584 crore was regularised under the central bank's relaxed policy announced on May 16 last year, allowing defaulters to reschedule their classified loans with a down payment of only 2 percent of the outstanding amount instead of the existing 10-50 percent. Banks recovered only Tk 479 crore as down payment from the loans rescheduled under the relaxed policy.

<https://www.thedailystar.net/backpage/news/defaulted-loans-tk-50186cr-rescheduled-last-year-1863562>

<https://www.tbsnews.net/economy/banking/startling-tk50000cr-loans-rescheduled-one-year-41949>

Leather

Extra incentive for synthetic made footwear, bag exporters

Exporters of footwear and bag made from synthetic or fabrics will get 4% cash incentive, despite they enjoy bond and duty drawback facilities. The new facility will be available only for new products meant for non-

traditional markets. However, according to the circular, the exporters concerned will be entitled to 15% incentive provided they do not enjoy bond or duty-draw back facilities.

<https://www.dhakatribune.com/business/2020/02/04/extra-incentive-for-synthetic-made-footwear-bag-exporters>

<https://www.tbsnews.net/economy/industry/non-leather-exporters-get-4-extra-incentive-41933>

Capital market

IPO proceeds spent on business expansion shrink

The publicly listed companies last year spent smaller amount of initial public offerings (IPOs) proceeds in business expansion compared to previous year amid economic volatility and low quality IPOs. The nine private firms raised Tk540crore through the IPOs last year. They spent Tk410.4 crore or 7.6% of the total takings for expanding their businesses. The amount collected in 2018 through IPOs was Tk495 crore, of which 85.25% was spent on their business expansion.

<https://www.dhakatribune.com/business/stock/2020/02/04/ipo-proceeds-spent-on-business-expansion-shrink>

Telecom

BTCL on project spree to reclaim glory

State-owned telecom company BTCL has taken a host of projects worth Tk 22,121 crore in a bid to ready itself for the upcoming 5G technology and at the same time reclaim its lost glory. Once the ongoing projects are complete, BTCL can keep up with any operator in the market. BTCL is currently working on four projects of Tk 2,835.65 crore for: modernising telecom network, upgrading switches and connections, establishing telecom network in Mirsarai economic zone, and laying fibre optic cables to provide Wi-Fi connections in about 500 schools and colleges. The company has five projects worth Tk 3,975.5 crore now awaiting approvals from the planning and telecom ministries.

<https://www.thedailystar.net/business/news/btcl-project-spre-reclaim-glory-1863664>

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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 %
Underweight	12 Months	Less than -5 %

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