

Bangladesh market snapshot

	Last closing
DSEX Index	4,008.29
% change	0.80%
DS30 Index	1,330.83
% change	0.53%
DSES Index	920.69
% change	0.37%
Turnover (BDT mn)	3,481.39
Turnover (USD mn)	41.45
% change	149.49%
Market Capitalization (BDT bn)	3,122
Market Capitalization (USD bn)	37.17
% change	0.46%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	23,749.76
% change	+0.11%
Nikkei 225	19,619.35
% change	-2.84%
FTSE 100	5,753.78
% change	-0.16%

Source: Bloomberg

Exchange rate

Currency	BDT
USD	84.95
EUR	92.40
GBP	105.95
INR	1.13

Source: Bangladesh Bank

Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
27-Apr-2020	3.50-5.00	4.92
26-Apr-2020	3.50-5.00	4.93

Source: Bangladesh Bank

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	28.35	+4.23%
Gold Spot, USD/t oz	1,698.89	-0.19%
Cotton, USD/lb	54.53	+0.37%

Source: Bloomberg

Economy

ADB likely to endorse \$500m budgetary aid

The Asian Development Bank (ADB) board is likely to approve US\$500 million worth of credit support for Bangladesh on Thursday (May 7) to help the latter meet its budget deficit during the current financial year (FY). Following the approval, the government is expected to sign a loan agreement within 7-10 days to get the fiscal support. An Economic Relations Division (ERD) official said they have completed all the formalities in advance, so that they can sign the loan deal within 7-10 days from the date of approval of the loan.

<https://today.thefinancialexpress.com.bd/first-page/adb-likely-to-endorse-500m-budgetary-aid-1588611665>

Finance minister to meet PM today to discuss next budget

Finance Minister AHM Mustafa Kamal is going to meet Prime Minister Sheikh Hasina today to discuss the national budget for the fiscal year 2020-2021. According to officials of the Finance Division, various important aspects of the next budget, such as its size, revenue target, arranging funds to meet the budget deficit, rates of GDP (gross domestic product) growth and inflation, might be finalised in today's meeting. The size of the next budget has primarily been estimated at around Tk5.5 lakh crore, while the budget deficit might be kept within the limit of 5 percent of the GDP. However, everything depends on how the country's economy performs in the post-pandemic period.

<https://www.tbsnews.net/economy/finance-minister-meet-pm-today-discuss-next-budget-77302>

Bank and NBFI

Fresh borrowers to pay interest for April, May

Fresh borrowers will have to pay interest on all kinds of loans as usual for April and May, according to a Bangladesh Bank, or BB, notice on Monday. All the banks have been asked to transfer interest income to a separate account on the basis of outstanding figures on March 31, considering the setbacks, unleashed by coronavirus contraction. On Sunday, the central bank asked the banks to move their interest on loans to a separate account for the two months on the same ground. Fresh borrowers will be able to pay their interest on loans because their businesses are running. Meanwhile, bankers have expressed their concern over imposing restrictions on transferring the interest income to the interest-free block account, saying that it will hamper cash-flow of the banks in near future.

<https://today.thefinancialexpress.com.bd/last-page/fresh-borrowers-to-pay-interest-for-april-may-1588611396>

State banks to shoulder the burden of delivering stimulus packages

The government is mulling over leveraging the state-run lenders' vast branch network to implement a major portion of the stimulus

packages. The number of branches and banking operation of the state-run banks and financial institutions is higher than the private ones, which will help materialise the packages smoothly in both the rural and urban areas. The four state-owned banks -- Sonali, Janata, Agrani and Rupali -- together account for 34 per cent of the branches, and 56 per cent of the branches are located in the rural areas.

<https://www.thedailystar.net/business/news/state-banks-shoulder-the-burden-delivering-stimulus-packages-1899595>

Bangladesh Bank to facilitate loans to CMSME sector

The Bangladesh Bank has directed banks and financial institutions to provide special loan facility to revive cottage, micro, small and medium enterprises (CMSMEs) that have been affected financially due to the Covid-19 outbreak. The institutions have also been urged to disburse loans in the shortest possible time by adopting the simplest procedure possible in all steps from receiving application to loan disbursement.

<https://www.tbsnews.net/economy/bangladesh-bank-facilitate-loans-cmsme-sector-77260>

Mobile banking costs pass on to workers under stimulus package

Despite subsidies, the cost of cashing out salaries through mobile banking has been passed on from garment factory owners to the workers under the Tk5,000 crore stimulus package announced for export-oriented industries affected by the Covid-19 pandemic. Thus the workers will be paying Tk20 crore in total to get their salaries paid from the stimulus package. Workers will have to pay the Tk4 for cashing out per Tk1,000. Despite getting such a financial privilege, exporters have been relieved from paying mobile banking costs by the central bank, passing it on to workers.

<https://tbsnews.net/economy/banking/mobile-banking-costs-pass-workers-under-stimulus-package-77206>

Factory owners seek Tk 3,047cr for April wages

The Bangladesh Bank has received applications from nine banks for another Tk 481 crore in credit for the payment of workers' wages of 205 entities for the month of April. The banks have sought the loans from the Tk 5,000-crore fund the government has formed as stimulus to pay the wages of workers of export-oriented industries for three months amid the coronavirus outbreak in the country. Factory owners have placed their demands for funds from the stimulus package through the banks.

<https://www.newagebd.net/article/105694/factory-owners-seek-tk-3047cr-for-april-wages>

Textile

RMG trade bodies ask owners not to pay more than 60pc of April wages

Two apparel sector trade bodies — BGMEA and BKMEA — are discouraging their members from paying their workers full wages for the period of closure in April and have asked them to comply with the government decision of paying 60 per cent of their wages. The factory

owners, those who are interested to pay their workers full wages for April, are in a dilemma over the payment as trade bodies issued letters to their members asking them to calculate the wages of workers for the period of closure in April at the rate of 60 per cent of their gross wages.

<https://www.newagebd.net/article/105693/rmq-trade-bodies-ask-owners-not-to-pay-more-than-60pc-of-april-wages>

British upscale brand Debenhams leaves its Bangladesh apparel suppliers high and dry

Garment exporters who supplied to the struggling British department store Debenhams have run into a brick wall. The brand, which used to purchase more than \$120 million worth of mainly high-end garment items from 40 manufacturers in Bangladesh in a year, has now demanded a mindboggling discount from its suppliers here. It has sought a 90 per cent discount, meaning it will pay only \$1 if the price of a woven shirt was fixed at \$10 when the goods were shipped. Currently, Debenhams, which has appointed an administrator last month, its second in the past year, owes a staggering \$66 million to its vendors in Bangladesh.

<https://www.thedailystar.net/business/news/british-upscale-brand-debenhams-leaves-its-bangladesh-apparel-suppliers-high-and-dry-1899586>

Real Estate

Stimulating the real estate industry

The Tk72,750-crore stimulus package unveiled by the government last month was applauded and welcomed by everyone. It will undoubtedly inject much-needed life into various industries across the country. Most of this fund will be in the form of liquidity support – as in, repayable loans – and will be allocated to big industries, mostly export-oriented such as readymade garments, and small and medium enterprises (SMEs). As a result, the business and industries that do not fall under the purview of the stimulus package are worried about staying afloat as the Covid-19 crisis continues. One of those industries that have been left out from the package is real estate, which has been a significant contributor to the GDP of Bangladesh – around 7.8%.

<https://www.dhakatribune.com/business/real-estate/2020/05/05/stimulating-the-real-estate-industry>

Bproperty's parent EMPG raises \$150m in investments

Ever since the financial crisis of 2007-08, the real estate market has been slowly but surely putting itself back together. The pace of that recovery picked up significantly from the mid-2010s. At the forefront of that resurgence were the real estate markets of developing nations. One of the major players during this period has been the Emerging Markets Property Group (EMPG), a leading property portal group in emerging markets. Their continuous rise has been a story for the ages, and one of their highly successful ventures is the popular one-stop property solutions provider, Bproperty. Last week, EMPG reached a significant

milestone when the company crossed \$1 billion in valuation, thanks to an investment of \$150 million.

<https://www.dhakatribune.com/business/real-estate/2020/05/05/bproperty-s-parent-empg-raises-150m-in-investments>

Capital Market

DSE for two-hour digital trading from May 10

The Dhaka Stock Exchange (DSE) has sought regulatory approval to resume trading for two hours a day from May 10 amid the ongoing general holiday. The premier bourse DSE wants to resume trading connecting the clients through internet, email, mobile apps or any other electronic means. DSE has sought temporary waiver, among others, from submission of daily market surveillance report, weekly foreign trade report, and weekly market monitoring report to the BSEC.

<https://today.thefinancialexpress.com.bd/stock-corporate/dse-for-two-hour-digital-trading-from-may-10-1588605863>

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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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