

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	23,883.09
% change	+0.56%
Nikkei 225	19,619.35
% change	-2.84%
FTSE 100	5,849.42
% change	+1.66%

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 (%)
29-Apr-2020	3.50-5.00	4.96
28-Apr-2020	3.50-5.00	4.95

Source: Bangladesh Bank

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	30.87	-0.32%
Gold Spot, USD/t oz	1,702.01	-0.23%
Cotton, USD/lb	53.44	-0.26%

Source: Bloomberg

Economy

8.5pc GDP growth set for fiscal 2020-21 on hopes of V-shaped recovery

The government is gunning for an 8.5 per cent GDP growth next fiscal year in the hope the economy would be springing back to a higher expansion trajectory once the coronavirus outbreak has been quelled. The government is expecting a V-shaped recovery in fiscal 2020-21 after its hopes of pulling off an 8.2 per cent gross domestic product output this fiscal year were shattered because of the pandemic. The International Monetary Fund also projected a V-shaped recovery for Bangladesh, saying the GDP growth would be 2 per cent this year, the lowest since 1988, before recording its highest-ever expansion of 9.5 per cent in 2021.

<https://www.thedailystar.net/business/news/85pc-gdp-growth-set-fiscal-2020-21-hopes-v-shaped-recovery-1899922>

WB to redirect funds from sluggish projects for budget support

The World Bank has decided to free up funds from three ongoing but slow-moving projects and relaxed conditions to allow Bangladesh to secure \$250 million in budget support as part of its efforts to help the country stave off financial ruins. Bangladesh was supposed to get the funds in budgetary support in September this year, but now the Washington-based multilateral lender has brought forward the date to make the funds available by May. Some \$160 million would be re-routed from the three projects.

<https://www.thedailystar.net/business/news/wb-redirect-funds-slowish-projects-budget-support-1899904>

Next ADP outlay flattening

After 11 years, the outlay of the Annual Development Programme, or ADP, could almost flatten as revenue income fell in the aftermath of coronavirus outbreak. The Planning Commission, (PC) is likely to frame an ADP worth Tk 2.05 trillion for fiscal year 2021, registering a mere 1.0 per cent growth over the outgoing fiscal. The size of the current fiscal's ADP is Tk 2.027 trillion.

<https://today.thefinancialexpress.com.bd/first-page/next-adp-outlay-flattening-1588697419>

Mass deportation of BD workers raises concern

With 1,635 Bangladeshi workers deported from the Middle-East (M-E) countries last week and more in the pipeline, experts call for undertaking prudent diplomatic and fiscal management to absorb economic shock of the 'illegal' mass deportation. Since April 27, some 1,635 Bangladeshi workers were deported from the region. Besides, 755 more workers are scheduled to be deported from three countries by May 10. If immediate measures are not taken, the country will face a huge economic burden in the long run, as it largely depends on remittance to maintain a stable balance of payment situation.

<https://today.thefinancialexpress.com.bd/last-page/mass->

[deportation-of-bd-workers-raises-concern-1588698174](#)

Over 16 lakh more to come under social safety net in next budget

The government plans to widen its social safety net in the budget for the fiscal year 2020-2021 to include 16.15 lakh more poor people under state protection. The number of beneficiaries will rise by 20 percent this time, with intent to provide more poor people with allowances in tackling the coronavirus impact. But the amount of the monthly allowances will remain unchanged. The government will be allocating Tk6,438 crore for safety net programmes for the next fiscal year, up from Tk5,393 crore this fiscal year.

<https://www.tbsnews.net/economy/over-16-lakh-more-come-under-social-safety-net-next-budget-77665>

CPA extends store rent waiver until May 16

The Chittagong Port Authority (CPA) has extended the store rent waiver facility until May 16, responding to the call from various trade groups. However, demurrage charges will be slapped on the containers which would not be taken delivery before the waiver period.

<https://today.thefinancialexpress.com.bd/first-page/cpa-extends-store-rent-waiver-until-may-16-1588697968>

Bank and NBFIs

Bank borrowing target raised

The government has increased its bank borrowing target by more than 54 per cent to nearly Tk 730 billion to partly finance the budget deficit of the current fiscal year. The government's net bank borrowing target has been revised at Tk 729.51 billion from the original goal of Tk 473.64 billion for FY 2019-20. The government borrowed a total of Tk 580 billion from the banking system until April 30 of the FY '20 to meet its budget gap.

<https://today.thefinancialexpress.com.bd/first-page/bank-borrowing-target-raised-1588697829>

2-month interest suspension may eat up banks' annual profits

Banks, which have seen their profits decline by around 50 percent in April due to the lending rate cap at 9 percent, got a bigger blow with the confiscation of interest on all loans for April and May. The central bank in a circular on Sunday said that banks would not ask borrowers for interests for these two months and would have to keep the interests in a blocked account. The decision will force banks to keep aside around Tk15,000 crore in the blocked accounts, taking into consideration that Tk10 lakh crore loans remain outstanding in the system. According to bankers and experts, many banks will end the year as loss-making concerns due to this decision.

<https://www.tbsnews.net/economy/banking/2-month-interest-suspension-may-eat-banks-annual-profits-77263>

Stimulus impact: Bankers seek policy tools to lessen financial injury

Bankers sought policy measures, including corporate tax cut and relaxed provisioning rules from the government to protect financial losses banks would face due to the implementation of coronavirus-centric stimulus packages. Of the government-announced stimulus packages or incentives, the suspension of interest collection from the borrowers for the month of April and May would impact banks' profitability badly and shrink liquidity. Banks' earnings would fall by around Tk15,000 crore in April and May for interest suspension alone, a measure the BB asked banks to implement. In the upcoming budget, the government should consider lowering corporate tax rate so that the banks got some scopes to tackle the losses, he said, adding that the relaxation in provisioning against the defaulted loans would also help banks to remain in better shape.

<https://www.dhakatribune.com/business/banks/2020/05/05/stimulus-impact-bankers-seek-policy-tools-to-lessen-financial-injury>

BB plans to release Tk25,000 crore new notes before Eid

Bangladesh Bank plans to release new currency notes of Tk25,000 crore in the market before the Eid. The money will be released around a week before Eid-ul-Fitr. The initial target is to release Tk22,000 crore. Last year, the central bank released Tk18,000 crore.

<https://www.dhakatribune.com/business/economy/2020/05/05/bb-plans-to-release-tk25-000-crore-new-notes-before-eid>

Remittance through bKash surges in April

Despite a sluggish trend in remittance inflow through regular channels during the Covid-19 outbreak, the outlay of remittance sent by Bangladeshi expatriates through online or wallet based money transfer services has exponentially increased this time. In April, the expatriates sent remittances worth over Tk1 billion to their family members or relatives through bKash via selected banking channels. The amount in March was only Tk270 million.

<https://www.tbsnews.net/economy/remittance-through-bkash-surges-april-77605>

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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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