

Bangladesh market snapshot

	Last closing
DSEX Index	4,703.70
% change	0.54%
DS30 Index	1,637.14
% change	0.65%
DSES Index	1,081.40
% change	0.64%
Turnover (BDT mn)	3,077.65
Turnover (USD mn)	36.64
% change	14.40%
Market Capitalization (BDT bn)	3,557
Market Capitalization (USD bn)	42.35
% change	0.27%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	27,492.63
% change	+0.11%
Nikkei 225	23271.08
% change	-0.08%
FTSE 100	7,388.08
% change	+0.25%

Source: Bloomberg

Exchange rate

Currency	BDT
USD	84.75
EUR	94.29
GBP	109.17
INR	1.20

Source: Bangladesh Bank

Money Market

Date	Call Money Rate Range (%)	Weighted Average (%)
04-Nov-2019	2.00-5.50	3.61
03-Nov-2019	2.00-5.50	3.81

Source: Bangladesh Bank

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	62.55	-0.65%
Gold Spot, USD/t oz	1,686.96	+0.23%
Cotton, USD/lb	63.74	-0.11%

Source: Bloomberg

Economy

July-Oct export receipts drop by 6.8pc

The country's export earnings declined by 6.82 per cent during the July-October period of the current fiscal year, compared to the corresponding period of the last fiscal year (FY). The aggregate export earnings for the first four months of FY 2019-20 stood at US\$ 12.72 billion, which also fell short of the strategic target of nearly \$14.33 billion, according to the Export Promotion Bureau (EPB) data. Earnings from the merchandise export during this period were recorded at \$13.65 billion. The export earnings for the month of October 2019 reached \$3.07 billion, registering a decline of 17 per cent, compared to the same month of 2018, the EPB data show.

<http://today.thefinancialexpress.com.bd/public/first-page/july-oct-export-receipts-drop-by-68pc-1572976652>

Why Bangladesh is not benefitting from US-China trade war

Vietnam, Cambodia, Myanmar and Indonesia are getting a huge number of orders for woven items that shifted from China. Bangladeshi apparel manufacturers have not been able to derive any benefit from the ongoing US-China trade war. Rather, the country is losing competitiveness in the readymade garment industry for various reasons, said experts and entrepreneurs. The reasons for losing competitiveness include bulk investments concentrated on only five items, taka being strong against US dollar, and a lack of efficiency in product development and marketing. As a result, apparel makers are getting fewer orders and are pressured to lower product prices. Small and medium enterprises that are producing basic items are facing a tough time under the new wage structure while big companies are fighting for survival.

<https://tbsnews.net/companies/rmg/why-bangladesh-not-benefitting-us-china-trade-war>

Oct inflation declines to 8-month low

Inflation slipped seven basis points to an eight-month low of 5.47 percent in October, helped by a decline in the prices of non-food items. Non-food inflation fell 47 basis points to 5.45 percent last month from September. Food inflation, however, rose 19 basis points to 5.49 percent, according to state-run Bangladesh Bureau of Statistics (BBS). In September, overall inflation stood at 5.54 percent. On September 13, the Indian government set a minimum export price of \$850 per tonne for onion, prompting the retail prices in Dhaka to soar 25 percent to Tk 55-70 per kg overnight. Then on September 29, India announced a ban on onion export with immediate effect, causing the prices to shoot up further in Bangladesh. On October 29, onion prices stood at Tk 105-120 a kg, according to state-run Trading Corporation of Bangladesh.

<https://www.thedailystar.net/business/news/oct-inflation-declines-8-month-low-1823800>

ECNEC approves Tk 34.49b project

The government has approved a physical protection system project for ensuring security of the Rooppur Nuclear Power Plant (NPP) at a cost of Tk 34.49 billion. Presided over by Prime Minister Sheikh Hasina, a meeting of the Executive Committee of the National Economic Council (ECNEC) endorsed the project on Tuesday along with five others at a combine cost of Tk 44.48 billion.

<http://today.thefinancialexpress.com.bd/public/last-page/ecnec-approves-tk-3449b-project-1572977421>

Tobacco**NBR to slap VAT on unprocessed tobacco**

The National Board of Revenue (NBR) has decided to impose Value Added Tax (VAT) on unprocessed tobacco in a bid to offset the recent decline in its revenue earning from the sector. The board has taken the decision in a meeting recently, against the backdrop of a significant fall in revenue collection from tobacco sector in the current fiscal year (FY), 2019-20. In July-August period, the Large Taxpayers Unit's (LTU) revenue collection from tobacco sector dropped by Tk 8.50 billion or 32 per cent compared to that of the corresponding period last year, according to the meeting minutes. However, in a surprise move the Board in the middle of the last month slashed the supplementary duty (SD) rate by 5.0 per cent. Following the shortfall, the NBR, however, recently held the meeting with its field-level VAT commissioners and representatives of various tobacco companies.

<http://today.thefinancialexpress.com.bd/public/first-page/nbr-to-slap-vat-on-unprocessed-tobacco-1572976502>

Cement**Overproduction weighs on cement makers**

Cement manufacturers are going through a very challenging time because of an unhealthy competition caused by overproduction, market players said yesterday. There are 37 active cement factories in Bangladesh with a combined production capacity of 58 million tonnes per year against a demand of 33 million tonnes, meaning the capacity exceeds the demand by about 43 percent.

<https://www.thedailystar.net/business/news/overproduction-weighs-cement-makers-1823797>

Capital Market**Stock dealers too will enjoy relaxed provisioning against losses in mutual fund**

Stock dealers will also be allowed to set aside a relaxed provision against losses incurred from their investments in mutual funds, said the Bangladesh Securities and Exchange Commission (BSEC). After the 704th commission meeting on Tuesday headed by its Chairman M Khairul Hossain, the BSEC said in a press release that DSE Brokers Association (DBA) had applied for a relaxation of the provisioning requirement. Financial institutions, mutual funds itself and merchant banks have already been allowed to set aside less provision from their operational

accounts against losses in mutual fund investments.

<https://tbsnews.net/economy/stock-dealers-too-will-enjoy-relaxed-provisioning-against-losses-mutual-fund>

Circuit breaker on cos from debut trading: BSEC

Newly-listed companies would have a circuit breaker placed on their share prices from their debut trading session, said Bangladesh Securities and Exchange Commission on Tuesday. The decision to impose circuit breakers on the stock prices of debutant companies came from a meeting of the commission, led by its chairman M Khairul Hossain, at its office in Dhaka, according to a BSEC press release. On the first trading session, a 50-per cent circuit breaker would be imposed on the issue price of the debutant company's shares. On the second trading session, the circuit breaker of 50 per cent would be imposed on the reference price or first day's closing price or on the adjusted open price.

<http://www.newagebd.net/article/89863/circuit-breaker-on-cos-from-debut-trading-bsec>

Stocks

Eastern Lubricants to supply power plants with Shell's lubricants

The nationalised Eastern Lubricants Blenders Ltd will supply Bangladesh's power plants with Royal Dutch Shell brand petroleum products. The company will soon sign an agreement with Ranks Petroleum Ltd, the country dealer of Shell in this regard. The Eastern Lubricants board approved the draft agreement in a meeting on Monday afternoon. Mohiuddin Ahmed, managing director of Eastern Lubricants, told The Business Standard, "Ranks Petroleum will continue to market Shell's petroleum products. Eastern Lubricants will buy Shell's lubricants from Ranks for exclusive supply to power plants."

<https://tbsnews.net/economy/eastern-lubricants-supply-power-plants-shells-lubricants>

BSEC imposes 3-year lock-in on Ring Shine's shares held by Universe Knitting

The Bangladesh Securities and Exchange Commission on Tuesday extended the lock-in to three years on the shares held by Universe Knitting in Ring Shine Textile Limited which was awaiting enlistment at the stock exchanges. Sung Wey Min, managing director of Ring Shine Textile, is the chairman of Universe Knitting while around 2 crore placement shares of Ring Shine were issued to Universe Knitting. As per the BSEC rules, shares of sponsors and director of any IPO-seeking companies are subject to three-year lock-in while the lock-in period on placement shares is one year. The commission, however, extended the lock-in period on Ring Shine shares held by Universe Knitting following observations from the Dhaka Stock Exchange and an online media report.

<http://www.newagebd.net/article/89859/bsec-imposes-3-year-lock-in-on-ring-shines-shares-held-by-universe-knitting>

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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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