

Bangladesh market snapshot

	Last closing
DSEX Index	3,994.65
% change	0.33%
DS30 Index	1,342.72
% change	0.49%
DSES Index	921.96
% change	0.10%
Turnover (BDT mn)	1,500.62
Turnover (USD mn)	17.86
% change	104.42%
Market Capitalization (BDT bn)	3,120
Market Capitalization (USD bn)	37.15
% change	0.15%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	26,287.03
% change	+1.78%
Nikkei 225	22,586.92
% change	-0.56%
FTSE 100	6,285.94
% change	+2.09%

Source: Bloomberg

Exchange rate

Currency	BDT
USD	84.80
EUR	95.40
GBP	105.89
INR	1.14

Source: Bangladesh Bank

Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
05-Jul-2020	2.85-5.50	4.67
02-Jul-2020	3.50-5.50	4.85

Source: Bangladesh Bank

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	42.83	-0.63%
Gold Spot, USD/t oz	1,783.59	-0.06%
Cotton, USD/lb	63.03	-0.17%

Source: Bloomberg

Economy

Inflation at seven-month high in June

The point-to-point inflation rate in June went up by 0.67 percentage points to 6.02 per cent, a seven-month high, due to a significant jump in the urban consumer price index (CPI). The inflation rate in the urban areas swelled by 1.20 percentage points to 6.03 per cent last month (June) from that of 4.81 per cent in May. Meanwhile, the 12-month average inflation rate was also recorded higher to 6.5 per cent in the last fiscal year (FY), 2019-20, following the significant jump at the year-end. The average inflation was higher than the government target of 5.50 per cent for the last FY. In the previous FY, the average inflation was recorded at 5.48 per cent.

<https://today.thefinancialexpress.com.bd/first-page/inflation-at-seven-month-high-in-june-1594069578>

<https://www.thedailystar.net/business/news/inflation-overshoots-target-last-fiscal-year-1926385>

Tax receipt posts negative growth

Tax collection fell into negative territory in the just-concluded fiscal year due to, what officials described, economic disruptions caused by the Covid-19 pandemic. Tax receipt by the National Board of Revenue or NBR shrank by 3.79 per cent in FY 2019-20. This is the first contraction in revenue mobilisation since the country's independence in 1971. The revenue board collected Tk 2.15 trillion in taxes against the Tk 3.0 trillion in revised target for the financial year just gone by. The original tax collection target was Tk 3.25 trillion in FY 2019-20, which was slashed to Tk 3.0 trillion later.

<https://today.thefinancialexpress.com.bd/first-page/tax-receipt-posts-negative-growth-1594069397>

PM favours forex reserves lending

Prime Minister Sheikh Hasina on Monday ordered the central bank to explore the possibilities of lending out foreign exchange reserves to public sector development projects. She argued that the additional reserves after the 3-month equivalent import payments could be used for lending to the development projects of the government. The PM directed the central bank when the ECNEC were approving nine development projects on Monday.

<https://today.thefinancialexpress.com.bd/last-page/pm-favours-forex-reserves-lending-1594072795>

<https://www.thedailystar.net/business/news/can-the-massive-forex-reserves-bankroll-large-projects-1926373>

Bank and NBF

13 banks face Tk25,904 cr capital shortfall

Thirteen scheduled banks, including seven public sector ones, faced a combined capital shortfall of Tk25,904 crore as of March this year, owing to their high amount of non-performing loans (NPLs). Of the banks, five are state-owned commercial banks, two state-owned specialized banks, five private commercial banks and one foreign

bank. The banking sector is facing acute capital shortfall as the growing amount of NPLs has been forcing them to keep a large amount of money as provision with BB, which ultimately weakened their capital bases.

<https://www.dhakatribune.com/business/banks/2020/07/06/13-banks-face-tk25-904-cr-capital-shortfall>

BB removes ONE Bank Chairman

The central bank removed One Bank's Chairman Sayeed Hossain Chowdhury from the board on allegations of loan default. A loan defaulter cannot hold a position as a board of director of any bank or non-banking financial institution. The removal order will be applicable from October 15, 2019. Meanwhile, different media reported that Sayeed Hossain Chowdhury has more than Tk 1.21 billion in default loan to the Standard Bank.

<https://today.thefinancialexpress.com.bd/first-page/bb-removes-one-bank-chairman-1594069719>

Textile

Knitwear makers seek cash incentive against full export proceeds

The country's apparel exporters have urged the government to allow 4 per cent cash incentive to the knitwear exporters against their repatriation of export proceeds instead of value addition. Currently, knitwear manufacturers and exporters get 4 per cent alternative cash incentive against value addition to their products produced in the country using local yarn. The cash incentive was being calculated on 80 per cent of their repatriated export proceeds, which meant they were getting maximum 3.2 per cent incentive. The calculation of cash incentive on value addition made the process cumbersome.

<https://www.newagebd.net/article/110443/knitwear-makers-seek-cash-incentive-against-full-export-proceeds>

Telecommunication

A whopping 46 lakh mobile connections vanished amid pandemic

Mobile phone operators are struggling to retain their active subscribers despite offering lucrative packages, including free minutes, SMS and extra data, as the coronavirus-induced economic downturn has affected all sectors and curtailed people's income. Though the government has declared telecom as an essential service during the lockdown time, more than 46 lakh active users, or 2.77 per cent of the total subscriber base, left the mobile networks in March-May, which the sector people term a rare phenomenon. The slump in numbers is mostly from the low-income group, who were living in the city but left for their village after their livelihoods were wiped off by the pandemic.

<https://www.thedailystar.net/business/telecom/news/whopping-46-lakh-mobile-connections-vanished-amid-pandemic-1926393>

Tannery

Leather goods, footwear producers downhearted by decline in sales

The once cheery demeanour of leather goods and footwear exporters has turned into one of depression as shipments declined 22 per cent in the just-concluded fiscal year due to the ongoing coronavirus pandemic. The export of various leather products fetched about \$998 million in fiscal 2019-20. Of the country's total exports, leather footwear earned \$779 million while other leather goods accounted for \$221 million and rawhide sales \$98.31 million. The leather goods industry has been severely impacted by the slump in sales at home and abroad brought on by the coronavirus pandemic.

<https://www.thedailystar.net/business/news/leather-goods-footwear-producers-downhearted-decline-sales-1926377>

Capital Market

IPO subscription of Walton begins August 9

Walton Hi-Tech Industries Ltd has announced the dates for the subscription of its initial public offering (IPO). Investors can submit their applications to buy the shares of the company between August 9 to August 16 in this year. Qualified and institutional investors will buy 1.38 million shares of the company at the cut-off price. And the individual investors will be able to purchase 1.55 million shares at Tk252 per share, after applying a 20 percent discount on the cut-off price.

<https://www.tbsnews.net/economy/stock/ipo-subscription-walton-begins-august-9-102655>

Regulatory move for ensuring mandatory shareholding rules

The stock market regulator has asked 61 directors of 22 listed companies to ensure a minimum 2.0 per cent shares in their own companies within 45 days to continue their directorship. According to the rules, if any director fails to comply with the 2.0 per cent shareholding rules, his/her position would be automatically vacated.

<https://today.thefinancialexpress.com.bd/stock-corporate/regulatory-move-for-ensuring-mandatory-shareholding-rules-1594073678>

BSEC wants DSE to follow rules in IPO observation

The Bangladesh Securities and Exchange Commission (BSEC) has asked the Dhaka Stock Exchange (DSE) to follow the relevant rules in reviewing documents submitted by a new company while applying for an Initial Public Offering (IPO). To get an authentic picture of a company, the commission directed the DSE to follow Public Issue Rules-2015 properly in a meeting held on the BSEC premises on Monday. Commission sources said there would also be similar directives for the Chittagong Stock Exchange (CSE). Usually, a new issuer company has to submit its IPO documents to three organisations – the BSEC, DSE, and CSE. Stock exchanges then submit their observation reports to the regulator within 30 days.

<https://www.tbsnews.net/economy/stock/bsec-wants-dse-follow-rules-ipo-observation-102667>

Crest Securities owner nabbed

The owner of Crest Securities Md. Shahid Ullah was arrested on Monday. He had been absconding since June 23 after alleged embezzlement of a significant amount of funds and shares of his clients. More than 21,000 active BO (beneficiary owner's) accounts were maintained by Crest Securities.

<https://today.thefinancialexpress.com.bd/first-page/crest-securities-owner-nabbed-1594071698>

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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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