

Bangladesh market snapshot

	Last closing
DSEX Index	4,754.70
% change	1.08%
DS30 Index	1,654.20
% change	1.04%
DSES Index	1,089.32
% change	0.73%
Turnover (BDT mn)	3,852.57
Turnover (USD mn)	45.86
% change	25.18%
Market Capitalization (BDT bn)	3,578
Market Capitalization (USD bn)	42.60
% change	0.59%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	27,492.56
% change	+0.00%
Nikkei 225	23281.83
% change	-0.08%
FTSE 100	7,396.65
% change	+0.12%

Source: Bloomberg

Exchange rate

Currency	BDT
USD	84.75
EUR	93.85
GBP	109.18
INR	1.20

Source: Bangladesh Bank

Money Market

Date	Call Money Rate Range	Weighted Average (%)
05-Nov-2019	1.75-5.50	3.40
04-Nov-2019	2.00-5.50	3.53

Source: Bangladesh Bank

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	61.69	-0.08%
Gold Spot, USD/t oz	1,491.18	+0.04%
Cotton, USD/lb	63.60	-0.14%

Source: Bloomberg

Economy

Businesses blame stronger taka for negative export growth

Business leaders have blamed the artificial appreciation of taka against US dollar for the negative export growth. They also blamed consistent delays in unloading shipments at ports for the export slump. The business community made the blame at a meeting with Commerce Minister Tipu Munshi at the Secretariat on Wednesday. However, the minister blamed the negative export growth on businessmen for undercutting prices of readymade garment products.

<https://tbsnews.net/economy/businesses-blame-stronger-taka-negative-export-growth>

Minister blames manufactures, port congestion for RMG export slump

Commerce minister Tipu Munshi on Wednesday said that country's readymade garment export posted a negative growth for three months in a row as the country had been losing its competitiveness in the global market due to price undercut among manufacturers, high value of the local currency against the dollar and congestion in Chattogram port. 'Businesspeople have discussed a number of issues including increasing production cost, appreciation of the local currency, problems in port, and bank interest rate for the negative export growth and the government would work on the issues to bring the export earnings into positive track,' the minister told reporters following a meeting with garment exporters over the sluggish growth. Tipu Munshi requested RMG exporters to avoid uneven competition among them and said the RMG sector was losing its competitiveness as many exporters were undercutting prices to grab more export orders.

<http://www.newagebd.net/article/89978/minister-blames-manufactures-port-congestion-for-rmg-export-slump>

Low tax-GDP ratio bar to universal pension scheme

Bangladesh's very low tax-GDP ratio of about 10 percent is a key constraint in introducing a universal pension scheme for citizens above 65 years of age, excluding holders of government pension and private sector provident fund and gratuity. Without visible improvement in revenue collection, the scheme's introduction will be challenging and result in lower allocation for other competing expenditures. The apprehensions came at a dialogue on "Introducing 'Universal Pension Scheme' in Bangladesh: In Search of a Framework", organised by the Centre for Policy Dialogue (CPD) and Oxfam in Bangladesh at the Gardenia hall in Dhaka yesterday. Prof Mustafizur Rahman, distinguished fellow of the CPD, gave a keynote presentation. In it, he cited that Bangladesh had a predominantly informal labour market with workers of low income, making them unwilling or unable to contribute.

<https://www.thedailystar.net/business/news/low-tax-gdp-ratio-bar-universal-pension-scheme-1824244>

KL ready to restart hiring Bangladeshi workers soon

Malaysia has expressed its willingness to resume recruitment of Bangladeshi workers shortly. The assurance came at a bilateral meeting between Expatriates' Welfare and Overseas Employment Minister Imran Ahmed and Malaysian Human Resources Minister M Kulasegaran in Kuala Lumpur on Wednesday, said a statement issued by the expatriates' welfare ministry. The meeting decided that the next joint working group meeting will be held in Dhaka on November 24 and 25. Soon afterwards, the Malaysian job market is expected to reopen for Bangladeshi workers.

<http://today.thefinancialexpress.com.bd/public/last-page/kl-ready-to-restart-hiring-bangladeshi-workers-soon-1573059993>

Banks and NBFIs

Loan write-off policy to be eased again

The central bank is set to relax the loan write-off policy once again in a space of nine months, bowing down to pressures from an influential quarter. This time, banks are likely to be allowed to write off defaulted loans that have been hovering in the bad category for one year from their balance sheet, down from three years previously, said officials of the Bangladesh Bank. On February 6, banks were allowed to write off defaulted loans that were marked bad for three years in a row instead of earlier five years, as the central bank wanted to show lower amounts of sour loans. As of June, total defaulted loans in the banking sector stood at Tk 112,425 crore, up 20 percent from six months earlier, according to data from the BB.

<https://www.thedailystar.net/business/news/loan-write-policy-be-eased-again-1824250>

Banking commission soon: Kamal

The government has agreed to form a banking commission to review the health of the sector and take necessary reform measures, finally heeding to a long demand of various quarters, think-tanks and experts, said Finance Minister AHM Mustafa Kamal yesterday. "We will form a commission within a short time under the leadership of the Bangladesh Bank," he told reporters in response to a query, after a meeting of the cabinet committee on purchase at the secretariat. The minister also admitted that the banking, stock market and revenue sectors require massive reforms. On the loan rescheduling facility, Kamal said the government did not want to send the defaulters to jail, so it has given a chance to them to have their loans rescheduled by paying 2 percent down payment.

<https://www.thedailystar.net/business/news/banking-commission-soon-kamal-1824247>

Bangladesh improves position in Islamic Banking, ranks 8th in global index

Bangladesh has ranked 8th in the Islamic Finance Country Index (IFCI) 2019, moving two notches up from the previous year's position. The country scored 43.01 this year in the IFCI, according to the global ranking index on Islamic Banking and Finance (IBF) market. The

development in Islamic finance in Bangladesh is more comprehensive than other leading Muslim populated countries like Iran, Saudi Arabia and other important players in the Gulf Cooperation Council (GCC) region, according to the IFCI report. Among the top countries in the IFCI index, Iran, Saudi Arabia, Malaysia, UAE witnessed a poor performance in the IBF market, when compared to their performance in the previous year.

<https://tbsnews.net/economy/banking/bangladesh-improves-position-islamic-banking-index>

Fuel and Power

Natural gas pricing on par with LNG import cost

The price of natural gas set forth in the latest model production sharing contract (PSC) for deep sea blocks is almost similar to the current level of LNG import price. Energy experts say the price at which the Petrobangla offers to buy gas from potential contractors under the model PSC is 'high', arguing that it should be lower. The state-run Petrobangla is currently importing lean LNG (liquefied natural gas) at an average price of around US\$8.0 per mmBtu from Qatargas and Oman Trading International, a senior Petrobangla official told the FE on Sunday. With re-gasification fee of around \$0.60 per mmBtu (metric million British thermal unit), the price of re-gasified LNG stands at around \$8.60 per mmBtu. And as per the model PSC 2019, the gas price for deep sea blocks has been set at around \$7.26 per mmBtu.

<http://today.thefinancialexpress.com.bd/public/last-page/natural-gas-pricing-on-par-with-lng-import-cost-1573059850>

Khulna Power to sell 110MW electricity plant

The Khulna Power Company Limited has decided to sell its first electricity plant in the next one year. The company has set the price of the 110-Mega Watt (MW) unit -- the first privately financed power plant to go into commercial production in Bangladesh -- at Tk334 crore. The company has made the decision in its latest board meeting. The United Energy and Summit Corporation jointly established the Khulna Power Company Limited which has three electricity units. Among these, the KPCL-1 has a capacity to generate 110MW electricity, KPCL-2 115MW, while KPCL-3 has a capacity to produce 40MW electricity. The dual fuel-fired KPCL-1 went into commercial production on October 13 in 1998 with a 15-year contract with the Bangladesh Power Development Board. The contract got another 5-year extension on October 12 in 2013.

<https://tbsnews.net/bangladesh/khulna-power-sell-110mw-electricity-plant>

Capital Market

Govt slashes stamp duty on venture capital registration

The government has reduced stamp duty significantly on registration of the trust agreement of venture capital to facilitate the country's startup ecosystems. Internal Resources Division of the ministry of finance (MoF) has slashed the stamp duty through an SRO (statutory regulatory order) issued on Tuesday. According to the SRO, stamp duty on registration of

trust agreement of venture capital will be 0.1 per cent instead of existing 2.0 per cent. And the maximum of stamp duty for an alternative investment fund will be Tk 1.0 million, whereas the lowest amount will be Tk 5,000. The government has reduced the stamp duty on registration following demand of the fund managers. The stamp duty is imposed while an alternative investment fund is registered as a trust.

<http://today.thefinancialexpress.com.bd/public/stock-corporate/govt-slashes-stamp-duty-on-venture-capital-registration-1573056498>

Stocks

Prime Bank's profit soars 27% in January-September

Prime Bank Ltd posted a 27 percent year-on-year profit growth in the first three quarters (January - September) of the current accounting year. In this period, the bank made improvement in other indicators as well. The private commercial bank, listed with both the stock exchanges of the country, in its earnings disclosure event at its head office in Dhaka on Wednesday, presented various details of its business and financial results. Many local and foreign investment analysts, capital market experts and reporters participated in the quarterly earnings call through internet via live broadcast. In his financial presentation M Habibur Rahman Chowdhury, chief financial officer and deputy managing director of the bank, said Prime Bank's earnings per share (EPS) was Tk1.37 in the first nine months of 2019, which was Tk1.08 during the same period last year. The bank reported a net profit of Tk155 crore during the period, registering a 27% increase over the profit it made in the same period of the previous year, which was Tk122 core.

<https://tbsnews.net/economy/prime-banks-profit-soars-27-january-september>

Unique Hotel and Resorts gets new CEO

Shakawath Hossain has recently been appointed chief executive officer of Unique Hotel and Resorts, the owning company of The Westin Dhaka, and facility management service provider Hansa Management. Hossain has over 18 years' experience in the hospitality and tourism industry. He was previously appointed as resident manager and acting general manager of The Westin Dhaka. Hossain holds an MBA degree in tourism and hospitality management from the University of Dhaka.

<https://www.thedailystar.net/business/news/unique-hotel-and-resorts-gets-new-ceo-1824220>

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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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