

Bangladesh market snapshot

	Last closing
DSEX Index	4,228.37
% change	-1.24%
DS30 Index	1,421.38
% change	-1.04%
DSES Index	953.89
% change	-1.96%
Turnover (BDT mn)	2,799.63
Turnover (USD mn)	33.33
% change	-14.51%
Market Capitalization (BDT bn)	3,264
Market Capitalization (USD bn)	38.86
% change	-1.28%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	28,745.09
% change	+0.56%
Nikkei 225	23,677.81
% change	+2.04%
FTSE 100	7,574.93
% change	+0.01%

Source: Bloomberg

Exchange rate

Currency	BDT
USD	84.90
EUR	94.71
GBP	111.45
INR	1.18

Source: Bangladesh Bank

Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
07-Jan-2020	3.00-5.50	4.44
06-Jan-2020	2.90-5.50	4.48

Source: Bangladesh Bank

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	65.87	+0.66%
Gold Spot, USD/t oz	1,558.47	+0.13%
Cotton, USD/lb	69.80	-0.23%

Source: Bloomberg

Economy

US-Iran tension eclipses BD's export rebound signs

The risk of escalation of a conflict in the Middle East following the killing of a top military commander of Iran in Iraq by the United States has overshadowed Bangladesh's hope for a turnaround in export earnings, reports bdnews24.com Bangladesh exported goods worth \$19.3 billion in the first half of 2019-20 (H1 2019-20) with a 5.84 per cent drop year-on-year and missing the target by 12.77 per cent. After continuous drop for four months, exports grew by around three per cent to \$3.52 billion in December last year, but still missed the target by 13.54 per cent. The signs of a rebound, however, are eclipsed as traders across the globe have started weighing in how the US airstrike's hugely unpredictable impact will be felt beyond the Middle East.

<https://today.thefinancialexpress.com.bd/trade-market/us-iran-tension-eclipses-bds-export-rebound-signs-1578505747>

Savings certificate sales tumble

Sales of national savings certificates saw a drastic fall in the first five months of this fiscal year, making the government heavily dependent on borrowing from banks. Between July and November, the government borrowed 21 percent of its fiscal target from the savings certificates. The figure was 83 percent in the same period of the last fiscal year. Sales of saving certificates dropped by 73 percent in the first five months of the current fiscal year compared to the same period in the last year.

<https://tbsnews.net/economy/banking/savings-certificate-sales-tumble>

BD seeks DFQF access to Thai mkt for 36 items

Bangladesh has handed over a list of 36 products to Thailand seeking duty-free quota-free (DFQF) market access to Thailand which Bangladesh thinks can help reduce the existing trade gap with Thailand, reports UNB. Commerce Minister Tipu Munshi, who led an 11-member Bangladesh delegation at the two-day 5th meeting of the Bangladesh-Thailand Joint Trade Committee (JTC) that concluded in Bangkok on Wednesday, handed over the list to his Thai counterpart Jurin Laksananawit on Wednesday. The Thailand minister assured Dhaka of taking up its request with the relevant Thai authorities, according to the Ministry of Foreign Affairs.

<https://today.thefinancialexpress.com.bd/trade-market/bd-seeks-dfqf-access-to-thai-mkt-for-36-items-1578505689>

Pharmaceuticals

NBR relaxes VAT waiver terms for API industries

The National Board of Revenue (NBR) has relaxed conditions for availing VAT waiver by the active pharmaceutical ingredient (API) industries. From now on, the API industries will be able to avail the VAT benefit on import of raw materials by adding 20 per cent value on

their imported products. Also, the requirement of producing five molecules with imported raw materials has been reduced to two.

<https://today.thefinancialexpress.com.bd/last-page/nbr-relaxes-vat-waiver-terms-for-api-industries-1578506994>

Textile

84 RMG units lose right to duty-free import of fabrics

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) yesterday cut the right of 84 garment factories to duty-free import of fabrics due to poor compliance and safety standards. The BGMEA suspended the units' Utilisation Declaration (UD), which is a certification determining how much inputs and packaging materials will be used by a factory in manufacturing exportable products. The garment makers' platform issues the certification, which is vital for duty-free import of fabrics. Another 54 member factories have been given time to show progress so that they can continue availing their certification as their business record is better than that of the 84.

<https://www.thedailystar.net/business/news/84-rmg-units-lose-right-duty-free-import-fabrics-1851541>

Food & Allied

Edible oil prices hauled up by VAT

The imposition of value-added tax (VAT) and advance tax (AT) in the value chain of edible oil are contributing to the spike in prices of the essential cooking ingredient, said a Bangladesh Tariff Commission report. Bangladesh annually requires 20 lakh tonnes of edible oil and it meets almost 90 percent of its demand through import. Yesterday, a litre of loose soybean oil traded at 10 percent higher at Tk 91-93 from a month earlier in Dhaka.

<https://www.thedailystar.net/business/news/edible-oil-prices-hauled-vat-1851556>

Agriculture

Farm mechanisation gets a shot in the arm

Farmers may get 50 to 70 percent incentive while buying agricultural machinery and also avail low-cost loans, as the government looks to pivot to farm mechanisation amid rising costs and growing labour shortage. The cabinet yesterday approved the draft National Farm Mechanisation Policy 2019 to this effect at a meeting held at the Prime Minister's Office, which was presided over by the premier. Farmers in haor and coastal regions may get 70 percent subsidy to buy agriculture machinery, while those in other parts of the country would be entitled to 50 percent, said an official of the agriculture ministry.

<https://www.thedailystar.net/business/news/farm-mechanisation-gets-shot-the-arm-1851559>

Utility

Purbachal's water supply to be under private sector

Water supply in the Purbachal New Town in the outskirts of Dhaka would be provided by a private sector player, in a development that can be

viewed as the government opening up the country's utility services. In Bangladesh, public entities run structured water supply management under city corporations. Under the new arrangement, a private consortium comprising United Water (Suqian) Company of China and Delcot Water of Bangladesh will lay out a distribution network of about 320 kilometres along the roads reaching every plot.

<https://www.thedailystar.net/business/news/purbachals-water-supply-be-under-private-sector-1851550>

Stock

Grameenphone's new run-in with BTRC

Grameenphone has taken delivery of huge volumes of network equipment without obtaining the approval of the telecom regulator -- a move that has run into a grey area on the legal front. Subsequently, the telecom watchdog slapped the operator with a show cause notice last week. The BTRC gave Grameenphone seven days to reply to the show cause notice. Today is the last day for replying.

<https://www.thedailystar.net/business/news/grameenphones-new-run-btrc-1851562>

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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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