

Bangladesh market snapshot

	Last closing
DSEX Index	4,034.65
% change	0.82%
DS30 Index	1,357.51
% change	0.82%
DSES Index	928.64
% change	0.52%
Turnover (BDT mn)	2,310.59
Turnover (USD mn)	27.51
% change	66.75%
Market Capitalization (BDT bn)	3,135
Market Capitalization (USD bn)	37.32
% change	0.39%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	26,067.28
% change	+0.68%
Nikkei 225	22,486.01
% change	+0.21%
FTSE 100	6,156.16
% change	-0.55%

Source: Bloomberg

Exchange rate

Currency	BDT
USD	84.80
EUR	95.60
GBP	106.37
INR	1.13

Source: Bangladesh Bank

Money market

Date	Call Money Rate Range	Weighted Average (%)
08-Jul-2020	1.50-5.50	3.91
07-Jul-2020	2.25-5.50	4.28

Source: Bangladesh Bank

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	43.24	-0.12%
Gold Spot, USD/t oz	1,808.61	-0.02%
Cotton, USD/lb	64.14	-0.03%

Source: Bloomberg

Economy

BB asked to make wholesale changes to policies to pull in FDI

The finance ministry has directed the Bangladesh Bank to make wholesale changes to the policies that could be considered systematic faults or dissuade foreign direct investment (FDI) in the post-coronavirus era. In a letter to the central bank on June 23, the ministry asked it to take initiatives that would provide foreign investors with the scope to transfer profits back home or shift their operations to other countries without hassles. Vietnam, India and Indonesia are all amending rules and regulations in the financial sector to create investment-friendly environments that will attract more FDIs. Therefore, the BB should follow suit and bring in reforms after identifying the policies that deter foreign investors.

<https://www.thedailystar.net/business/news/bb-asked-make-wholesale-changes-policies-pull-fdi-1927233>

Exporters fear more trade barriers over India's new customs rules

India's move to introduce a stringent customs provision empowering customs officials to administer rules of origin under preferential trade agreement may appear as a new non-tariff barrier to Bangladesh's export to the country. Bangladesh's export which had been facing numerous NTBs, including testing, standardisation and product specific barriers, to India might face a blow due to the new provision called administration of rules of origin under trade agreement.

<https://www.newagebd.net/article/110627/exporters-fear-more-trade-barriers-over-indias-new-customs-rules>

Export sector gets another Tk2,700cr soft loan to pay wages

Export-oriented companies will be able to receive loans, at 2 percent interest, from another Tk2,700 crore allocated to pay the wages of their workers. The Bangladesh Bank has allowed banks to disburse the loans to the exporting firms from the stimulus package of Tk30,000 crore – as the Tk5,000 crore fund, which was fully dedicated to them, could not meet the demand of the sector. Exporting firms will be able to avail the loan at a rate of two percent interest and the government will provide seven percent interest as a subsidy – so, the bank's lending rate will be nine percent.

<https://www.tbsnews.net/economy/export-sector-gets-another-tk2700cr-soft-loan-pay-wages-103774>

New move to amend Companies Act

The government has again initiated a move to amend the Companies Act 1994 in order to make it more business-friendly. Under the second amendment, there will be a new chapter in the law containing detailed procedures for forming "one-person company." A new section named 'single person company' will be included in the 12th section of the company law. The company will be defined as an institution where a single natural person would be its lone shareholder.

<https://today.thefinancialexpress.com.bd/first-page/new-move-to-amend-companies-act-1594230713>

Bank and NBFIs

BB injects Tk 7,386cr into banking system against dollars in 4 months

The Bangladesh Bank has injected around Tk 7,386 crore in the country's banking system during the coronavirus pandemic by way of purchasing dollars from the banks. BB officials said that the central bank had purchased greenbacks worth around \$870 million from the banking system in the outgoing fiscal year 2019-2020 as the banking system was flooding with excess dollars due mainly to a huge inflow of remittance and an import slump. Due to the situation, the country's foreign exchange reserve has been growing rapidly with the volume reaching record \$36.01 billion on July 2 after hitting the \$34-billion and \$35-billion marks on June 3 and on June 24 respectively. To keep the exchange rate of the dollar stable, there was no other option for the central bank but to purchase the dollars from the local market.

<https://www.newagebd.net/article/110630/bb-injects-tk-7386cr-into-banking-system-against-dollars-in-4-months>

Banks wary amid soured loan fears

Most of the banks are moving carefully while implementing the government's stimulus package for industrial and services sectors to avoid being trapped into fresh defaulted loans. The lenders are scrutinising the track record of the interested borrowers as well as their repayment capacity. Most of the entrepreneurs are showing interest in availing cheaper loans under the packages intended to offset the economic shocks caused by the Covid-19 pandemic. The banks are now trying to fast-track execution of such packages to help businessmen revamp their business activities immediately in line with the central bank's directive.

<https://today.thefinancialexpress.com.bd/first-page/banks-wary-amid-soured-loan-fears-1594230580>

Bill placed in JS to raise BB governors' age limit to 67 years

The Bangladesh Bank (Amendment) Bill, 2020 was placed in Parliament on Wednesday to extend the age limit of the governor of the central bank to 67 years. Currently the age limit is 65 years for the Bangladesh Bank governors. According to the Bangladesh Bank Order 1972, no person can remain in the governor post after the age of 65 years. The initiative has been taken to abolish the provision, related to the age ceiling for the governors of Bangladesh Bank, in the clause-5 of the Article 10 of the Bangladesh Bank Order 1972 for the public interest.

<https://www.tbsnews.net/economy/banking/bill-placed-js-raise-bb-governors-age-limit-67-years-103492>

Textile

Garment work orders coming back slowly

With the reopening of outlets of major clothing retailers and brands in the EU and US, the inflow of work orders at local garment factories has been on the rise, albeit on a limited scale. Local factory owners said most of them are running at 80 per cent capacity as the buyers are coming back with work orders. The apparel suppliers also said the volume of fresh work orders is less as the buyers are either reclaiming goods already manufactured or executing old work orders. So, the inflow of new work orders is still not at the expected level although they are hoping that the situation would improve further at the end of this year if the coronavirus pandemic can be controlled. Garment manufacturers now fear that retail sales in the EU and US will slow down again if a fresh wave of infection spreads at those major export destinations.

<https://www.thedailystar.net/business/news/garment-work-orders-coming-back-slowly-1927253>

Jute

Quest for jute polymer bag continues despite closure of mills

The much-cherished Sonali Bag scheme, which aims to make polymer containers from jute, will continue despite the closure of 25 state-run jute and non-jute mills on the first day of the current month. However, people are unlikely to get a hand on them anytime soon as it is taking longer than expected to launch commercial production and to understand its financial viability. The BJMC allocated nearly Tk 2.5 crore for the project to make 2,000 polymer bags daily.

<https://www.thedailystar.net/business/news/quest-jute-polymer-bag-continues-despite-closure-mills-1927281>

Capital Market

Govt revenue from DSE hits 10-year low

The government's revenue earnings from the Dhaka Stock Exchange (DSE) hit more than 10 years low to Tk 1.04 billion in the just concluded fiscal year (FY) 2019-20 due to bearish market trend. The sluggish market turnover coupled with trading suspension for more than two months due to Covid-19 outbreak hit the government's revenue earnings from the prime bourse. The government bagged revenue worth Tk 1.04 billion in the FY 2019-20, which was Tk 2.51 billion in the FY 2018-19, registering a decline of 58 per cent.

<https://today.thefinancialexpress.com.bd/stock-corporate/govt-revenue-from-dse-hits-10-year-low-1594224790>

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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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