

Bangladesh market snapshot

	Last closing
DSEX Index	4,364.83
% change	1.34%
DS30 Index	1,475.88
% change	1.62%
DSES Index	1,011.11
% change	1.37%
Turnover (BDT mn)	8,365.38
Turnover (USD mn)	99.59
% change	16.45%
Market Capitalization (BDT bn)	3,337
Market Capitalization (USD bn)	39.72
% change	0.54%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	27,433.48
% change	+0.17%
Nikkei 225	22,329.94
% change	-0.39%
FTSE 100	6,032.18
% change	+0.09%

Source: Bloomberg

Exchange rate

Currency	BDT
USD	84.85
EUR	100.79
GBP	111.43
INR	1.14

Source: Bangladesh Bank

Money market

Date	Call Money Rate Range	Weighted Average (%)
05-Aug-2020	3.50-5.50	4.73
04-Aug-2020	3.25-5.50	4.75

Source: Bangladesh Bank

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	44.40	-1.53%
Gold Spot, USD/t oz	2,035.55	-1.36%
Cotton, USD/lb	62.36	-3.84%

Source: Bloomberg

Economy

Remittance inflows hit record, but decline from top countries raises concern

While a sharp rise in inbound remittance is a relief for Bangladesh's economy amid the Covid-19 pandemic, the decline in remittance inflow from some countries is also a big concern for the country. In the fiscal year 2019-20, the country's remittance inflow hit a new record of \$18.20 billion, up by 10.87% compared to FY 2018-19. On the other hand, in July, Bangladesh received \$2.60 billion in remittance from expatriates, up by 62.74% compared to \$1.59 billion in the same period last year. Amid the record foreign currency received from Bangladeshi migrant workers, remittance inflows from five countries, the United Arab Emirates, Kuwait, Qatar, Italy and Bahrain, witnessed a decline. Bangladesh received \$2.47 billion as remittance in FY20 from the United Arab Emirates (UAE), the second largest remittance source, down by 2.67% or over \$68 million compared to \$2.54 billion in the last fiscal.

<https://www.dhakatribune.com/business/2020/08/08/remittance-inflows-hit-record-but-decline-from-top-countries-raise-concern>

NBR toughens up on under-invoicing

The National Board of Revenue has amended the Customs Act, 1969, setting a minimum penalty that is at least double the amount of fine for under-invoicing and ending a five-decade-old system of nominal fines. The penalty for dodging taxes could be as high as four times the amount owed depending on the extent of the irregularities. On 20 July, the NBR sent instructions to the 21 customs stations in the country for implementing the amendment. As a result, the total number of false declarations dropped off soon after the amendment came into effect at the beginning of August. The new rules will help reduce the prevalence of irregularities, much to the inconvenience of certain dishonest importers and corrupt customs officials. As per Section-157 of the Customs Act, 1969, importers could be fined up to 300 per cent of the evaded tax if found to have provided false information.

<https://www.thedailystar.net/business/news/nbr-toughens-under-invoicing-1942065>

BAPLC seeks removal of cap on promo expenses

The Bangladesh Association of Publicly Listed Companies has demanded removal of the cap on promotional expenses the National Board of Revenue imposed in the budget for the current fiscal year 2020-2021. The provision of limiting promotional expenses up to 0.5 per cent of disclosed turnover would impact the corporate taxes paid by both private and publicly listed companies to great extent. According to the provision inserted into the Income Tax Ordinance-1984, any promotional expense exceeding the limit will be considered as inadmissible expense and will be taxed. The association said that fast moving consumer goods and similar industries usually spent around 5 to 10 per cent of their turnovers

as promotional expenses which was established locally and internationally as one of the key drivers of consumer goods sales. The effective tax rate for non-listed companies will go up by 6 to 89 per cent and the effective tax rate for listed companies will go up by 5 to 69 per cent if the limit is not withdrawn.

<https://www.newagebd.net/article/112992/baplc-seeks-removal-of-cap-on-promo-expenses>

ADB approves \$3m grant to Bangladesh to fight Covid-19

The Asian Development Bank (ADB) will provide Bangladesh with an additional \$3 million in grant assistance for procuring urgently needed medical supplies for an emergency response to the Covid-19 pandemic. The government of Japan is financing the grant assistance sourced from the ADB-administered Asia Pacific Disaster Response Fund. The assistance would help to alleviate the government's urgent financial, logistical, and other constraints to meet immediate needs and deliver appropriate medical services.

<https://www.tbsnews.net/economy/adb-approves-3mn-support-bangladesh-against-covid-19-115948>

Govt rallying behind off-colour Navana Group

Once an epitome of industry and ambition, Navana Group has in recent years fallen on hard times. So acute is its cash crunch that in 2018 it applied to the government for debt restructuring. The government has now answered its pleas, with as many as 31 banks have started the process to restructure the business giant's entire debt amounting to Tk 5,203 crore. This will be the largest debt restructuring programme for a single entity. Besides, four state-owned banks- Sonali, Janata, Agrani and Rupali- will also provide loans amounting to Tk 500 crore in the form working capital such that the entity can run its businesses smoothly.

<https://www.thedailystar.net/business/news/govt-rallying-behind-colour-navana-group-1942121>

Bank and NBF

Bangladesh Bank clarifies instructions to ease refinance process for banks

The Bangladesh Bank on Thursday issued a clarification on instruction regarding refinancing scheme for supporting stimulus package of Tk30,000 crore, stating that the tenure of the refinance schemes would expire on August 3, 2023 as its tenure started on August 4 this year. In a circular in this regard, the central bank also clarified that it will collect the instalments against the refinance fund from banks on quarterly basis. The central bank said it clarified the instructions to ease the refinance process for banks. The central bank has launched a Tk15,000 crore refinance fund with a view to support the banks implementing the Tk30,000 crore in stimulus package.

<https://www.tbsnews.net/economy/banking/bangladesh-bank-clarifies-instructions-ease-refinance-process-banks-116227>

Fuel and Power

BD looks to cut future coal use as costs rise

Bangladesh plans to review the number of coal-based power plants it hopes to build, with an eye to reducing its dependence on coal as costs for the fuel rise and power demand grows more slowly than expected. About 3% of the country's power currently comes from coal, but plans to build 29 new coal-fired power plants in the next two decades would boost that to 35%. But officials now say they may rethink their strategy as the country prepares its next energy plan later this year. If Bangladesh reduces its plans for coal power, it is likely to focus instead on importing liquefied natural gas (LNG) as a cleaner and more affordable option.

<https://today.thefinancialexpress.com.bd/trade-market/bd-looks-to-cut-future-coal-use-as-costs-rise-1596898453>

Telecommunication

Internet subscribers surpass 103m

The total number of internet subscribers in the country reached 103.476 million as of June 2020, according to the official data. Of them, 94.905 million subscribers are mobile internet users while 8.571 million use broadband internet. The total number of internet subscribers stood at 99.428 million at the end of December 2019, up from 91.421 million in January 2019.

<https://today.thefinancialexpress.com.bd/trade-market/internet-subscribers-surpass-103m-1596898479>

Banglalink knocked down further by pandemic

Banglalink, once the most-spirited operator in the country but has since fallen behind in competition, is slipping further for the pandemic. The industry's number three carrier logged in Tk 1,108 crore in revenue for the April-June quarter, down 4.7 per cent from the previous quarter and 4 per cent from a year earlier, according to a report published by its parent company Veon. The hike in supplementary duty on telecom services in the budget fiscal 2020-21 also affected Banglalink's revenue for the quarter.

<https://www.thedailystar.net/business/telecom/news/banglalink-knocked-down-further-pandemic-1942101>

Tannery

Rawhide merchants now at receiving end of low prices

After the plight of seasonal sacrificial rawhide traders, it was merchants on Saturday who were crying foul on getting less than their expected prices. The prices were even lower than those set by the government. Tanners began purchasing sacrificial rawhides on the day from the merchants and they would complete the rawhide purchasing process by the next one and half month. Previously seasonal traders received significantly lower prices for the sacrificial rawhide from merchants right after Eid-ul-Azha.

<https://www.dhakatribune.com/business/economy/2020/08/08/rawhide-merchants-now-at-receiving-end-of-low-prices>

Capital Market

BSEC cracks down on faking financials

The securities regulator has stepped up its effort to combat the practice of submitting IPO (initial public offering) proposals with doctored financial statements. As part of the campaign, the Bangladesh Securities and Exchange Commission (BSEC) has rejected the IPOs of eight companies since June last. The rejection of IPOs came following the detection of inconsistencies in their financial results. The companies wanted to raise funds from the capital market by presented fabricated financials. Other than cooking up figures, the IPO proposals submitted to the commission stopped short of complying with other regulations.

<https://today.thefinancialexpress.com.bd/first-page/bsec-cracks-down-on-faking-financials-1596905841>

Walton's IPO subscription begins today

Public subscription of Walton Hi-Tech Industries Limited begins today (August 9) to raise Tk 1.0 billion from capital market under the book building method. The IPO subscription will be continued until August 16. A beneficiary owner account (BO) holder can apply only for a single lot consisting of 20 shares. Price of Walton's each share for both resident and non-resident Bangladeshis is set at Tk 252 and thus a BO account holder can apply for a single lot at Tk 5,040. As per the company's financial statement as of June 30 of 2019, WHIL's NAV with revaluation reserve per share was recorded at Tk 243.16 while its EPS was Tk 45.87.

<https://today.thefinancialexpress.com.bd/stock-corporate/waltons-ipo-subscription-begins-today-1596901537>

Bourses extend trading time by 30 minutes

The country's both bourses—Dhaka Stock Exchange and Chittagong Stock Exchange—have set a new schedule of trading hours as the market moved on a positive trend for the last ten days. From now on, share trading will continue from 10am to 2:30pm instead of 10:30am to 2:30pm earlier. Investors expect that banks and financial institutions will invest in the capital market to get higher profits in the coming days. That is why stock exchanges' trading schedule has been extended by half an hour.

<https://www.tbsnews.net/economy/stock/bourses-extend-trading-time-30-minutes-116152>

Stock

Work continues on high-speed internet at 31 islands

Bangladesh Communication Satellite Company Limited or BCSCCL has begun work to bring high-speed internet through Bangabandhu Satellite to 31 remote islands where it is difficult to give connections through cable or expand network. The authorities are setting up around five Very Small Aperture Terminals or VSATs in the islands for connections with 10 Mbps download speed and 4 Mbps upload speed. More than 300,000 people will get the services once the project is completed. It began in March 2019.

<https://today.thefinancialexpress.com.bd/trade-market/work-continues-on-high-speed-internet-at-31-islands-1596898543>

18 banks added to bKash Add Money service

The opportunity of instant money transfer service from banks' app and internet banking to bKash account marked rise with the addition of 7 new banks. Community Bank Bangladesh, Modhumoti Bank, NRB Bank, Southeast Bank, First Security Islami Bank, Social Islami Bank and Union Bank have recently been added to the Add Money service of bKash. The facility of transferring money to bKash from 18 top commercial banks in the country now enables 45 million bKash users to enjoy easier and more convenient transactions.

<https://today.thefinancialexpress.com.bd/stock-corporate/18-banks-added-to-bkash-add-money-service-1596901459>

Runner Auto bringing KTM motorcycles to Bangladesh

The famed off-road motorcycles of KTM would soon be available in Bangladesh thanks to Runner Automobiles, which announced an agreement with Bajaj Auto that part-owns the Austrian bike brand to become its authorised distributor. Up until now Bajaj motorcycles were solely distributed in Bangladesh by Uttara Motors. Runner will distribute the high-end motorcycles of Bajaj in Bangladesh while Uttara Motors the standard ones. Through the new agreement, Runner will avail the distributorship under either completely built up, semi knocked down or completely knocked down conditions or for parts and spares supply. The current market share of premium motorcycles is about 15 per cent whereas it was only 5 per cent just four years ago.

<https://www.thedailystar.net/business/news/runner-auto-bringing-ktm-motorcycles-bangladesh-1941145>

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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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