

Bangladesh market snapshot

| | Last closing |
|--------------------------------|--------------|
| DSEX Index | 4,008.06 |
| % change | -6.52% |
| DS30 Index | 1,346.11 |
| % change | -6.19% |
| DSES Index | 929.27 |
| % change | -6.99% |
| Turnover (BDT mn) | 4,993.50 |
| Turnover (USD mn) | 59.45 |
| % change | 16.42% |
| Market Capitalization (BDT bn) | 3,142 |
| Market Capitalization (USD bn) | 37.41 |
| % change | -5.22% |

Source: Dhaka Stock Exchange

International market snapshot

| | Last closing |
|------------------------------|--------------|
| Dow Jones Industrial Average | 25,864.78 |
| % change | -0.98% |
| Nikkei 225 | 19,698.76 |
| % change | -5.07% |
| FTSE 100 | 6,023.41 |
| % change | -6.80% |

Source: Bloomberg

Exchange rate

| Currency | BDT |
|----------|--------|
| USD | 84.96 |
| EUR | 96.82 |
| GBP | 110.95 |
| INR | 1.15 |

Source: Bangladesh Bank

Money market

| Date | Call Money Rate Range (%) | Weighted Average (%) |
|-------------|---------------------------|----------------------|
| 05-Mar-2020 | 4.50-5.50 | 5.11 |
| 04-Mar-2020 | 4.50-5.50 | 5.10 |

Source: Bangladesh Bank

Commodities

| | Price | % Change |
|----------------------------|----------|----------|
| Brent Crude (Oil), USD/bbl | 36.55 | 6.37% |
| Gold Spot, USD/t oz | 1,668.68 | -0.70% |
| Cotton, USD/lb | 61.79 | 0.95% |

Source: Bloomberg

Bank and NBFIs

Loan write-offs sink to a five-year low

Loans written-off by banks plunged to a five-year low in 2019 as lenders preferred relaxed rescheduling facility offered by the central bank to clean up their balance sheets. In banking, banks write off bad debt that is declared non-collectable, removing it from their balance sheets. Last year, loans amounting to Tk 2,597 crore were written-off, down 19.03 per cent from a year earlier, according to data from the central bank.

<https://www.thedailystar.net/business/news/loan-write-offs-sink-five-year-low-1878646>

12 banks face capital shortfall of Tk 23,612cr

The capital base of the country's banks deteriorated as the capital shortfall of 12 banks increased by Tk 5,954.11 crore in the fourth quarter last year. At the end of December last year, the capital shortfall in 12 banks increased to Tk 23,612.43 crore from Tk 17,658.32 crore three months ago. Five state-owned banks, four private commercial banks, two specialised banks and one foreign commercial bank failed to maintain the required capital.

<https://www.newagebd.net/article/101739/12-banks-face-capital-shortfall-of-tk-23612cr>

3 banks inform Bangladesh Bank of stocks special fund formation

Three banks on Sunday informed the Bangladesh Bank that they had formed special funds for the stock market as part of a central bank move to form such funds to support the ailing market. Bangladesh Bank officials said that United Commercial Bank, Shahjalal Islami Bank and state-owned Sonali Bank had informed the central bank on the day that they had set up the special fund. The banks set up a special fund worth Tk 200 crore each, taking the combined size of the special funds meant for the capital market to Tk 600 crore, the BB officials said.

<https://www.newagebd.net/article/101744/3-banks-inform-bangladesh-bank-of-stocks-special-fund-formation>

Economy

RMG export likely to plunge further

The Coronavirus epidemic poses a threat to the country's apparel sector, as foreign buyers have started revising their business strategies amid the prevailing critical situation. Sector insiders opined that export earning of the country's US\$34-billion ready-made garment (RMG) sector, which is witnessing a negative growth in the current fiscal year (FY), 2019-20, might decline further, if the situation prolongs. They feared that work orders might plunge due to disruption in supply chain.

<https://today.thefinancialexpress.com.bd/first-page/rmg-export-likely-to-plunge-further-1583775078>

22pc of taxpayers pay no tax with returns in FY20

A total of 4.33 lakh or 22.30 per cent of the individual income taxpayers filed income tax returns with no tax payment in the current fiscal year of 2019-2020. Around 19.43 lakh individual taxpayers filed their income tax returns in FY20 by the December 1 deadline though the number of individuals having taxpayers' identification numbers was 46 lakh at that time. The number of tax returns with no tax payment, also known as nil returns, was much higher among the corporate taxpayers.

<https://www.newagebd.net/article/101740/22pc-of-taxpayers-pay-no-tax-with-returns-in-fy20>

Uncertainty over fair prices stymies agri-financing

Uncertainty over fair prices of agricultural produce is a major challenge in ensuring increased financing from banks and insurance for the farming sector, said bankers and insurers yesterday.

Farmers' capacity to repay loans depends largely on prices of their produce and growers fall in trouble to pay back loans when they do not get fair prices of their crop. Similarly, uncertainty over prices also discourages farmers from insuring crops and livestock, increasing risks of losses of their investments in the event of weather shocks.

<https://www.thedailystar.net/business/news/uncertainty-over-fair-prices-stymies-agri-financing-1878640>

Textile

Yarn prices soar as virus fear triggers panic buying

Prices of yarn marked a sharp rise in the domestic market over the last one month as the coronavirus fear has triggered panic buying, according to industry insiders. The widely-consumed 30-carded yarn is now selling between \$2.95 and \$3 per kilogramme -- an 11 per cent increase from a month ago, said Monsoor Ahmed, secretary of the Bangladesh Textile Mills Association.

<https://www.thedailystar.net/business/news/yarn-prices-soar-virus-fear-triggers-panic-buying-1878652>

Telecom

BTRC wants to pull the plug on 2G handsets

Bangladesh Telecommunication Regulatory Commission (BTRC) is apparently discouraging use and trade of second generation (2G) mobile phones, popularly known as basic or feature phones, as per letters it recently sent to listed handset importers, producers and vendors. Mobile operators welcomed the move but the letter recipients say it would not be a workable approach to popularising smartphones.

<https://www.thedailystar.net/business/news/btrc-wants-pull-the-plug-2g-handsets-1878637>

Fuel & Power

Power tariff hike hostile to industries and growth

It is like the old phrase of robbing Peter to pay Paul. The consumers have to pay more for power because the Bangladesh Energy Regulatory

Commission (BERC) is paying penalty to power producers. The commission increased the power tariff by 5.3 percent in March at a time when the power tariff could have been reduced through policy interventions. Berc had to increase the tariff because the Bangladesh Power Development Board (BPDB) was incurring huge annual losses. But the tariff hike would not really address the cause of the problem – why the BPDB was incurring the loss.

<https://tbsnews.net/analysis/power-tariff-hike-hostile-industries-and-growth-52930>

Capital Market

Institutional investors lose their head while bidding for Walton shares

Walton Hi-Tech Industries is flying high, so it is reasonable to assume there would be a clamour for a slice of the home grown electronics giant. But what transpired at the recently concluded book-building session for Walton's initial public offering left most analysts scratching their heads. Some eligible investors bid as low as Tk 12 for a stock of the electronics manufacturer that logged in profits of Tk 1,376 crore in its last financial year, while some placed bids as high as Tk 765, according to the Electronic Subscription System for EIs.

<https://www.thedailystar.net/business/news/institutional-investors-lose-their-head-while-bidding-walton-shares-1878655>

<https://www.newagebd.net/article/101743/only-09pc-of-walton-shares-can-be-offered-as-ipo-cut-off-price-set-at-tk-315>

Stocks crater on coronavirus fears

Dhaka Stock Exchange saw its biggest single-day fall since its inception in 2013 yesterday, just a day after Bangladesh confirmed three cases of COVID-19. DSEX, the benchmark general index of the DSE, plunged 279.32 points, or 6.51 per cent, to close the day at 4,008.05. Investors are panicking that the coronavirus will impact listed companies' earnings, said Khairul Bashar Abu Taher Mohammed, chief executive officer of MTB Capital. This fear is not just restricted to Bangladesh's bourse; all over the world stocks are tumbling, he said.

<https://www.thedailystar.net/business/news/stocks-crater-coronavirus-fears-1878649>

Stocks

Now Square gets approval to ship medicines to Congo

Square Pharmaceuticals has received the good manufacturing practices certificate from Congo, joining a growing list of medicine exporters from Bangladesh looking to make inroads into the African continent. Last month, Apex Pharma received the same certification, which came from the Directorate of Pharmacy & Medicine under the public health ministry of Congo.

<https://www.thedailystar.net/business/news/now-square-gets-approval-ship-medicines-congo-1878634>

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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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