

Bangladesh market snapshot

	Last closing
DSEX Index	4,008.29
% change	0.80%
DS30 Index	1,330.83
% change	0.53%
DSES Index	920.69
% change	0.37%
Turnover (BDT mn)	3,481.39
Turnover (USD mn)	41.45
% change	149.49%
Market Capitalization (BDT bn)	3,122
Market Capitalization (USD bn)	37.17
% change	0.46%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	24,331.32
% change	+1.91%
Nikkei 225	20,179.09
% change	+2.56%
FTSE 100	5,935.98
% change	+1.40%

Source: Bloomberg

Exchange rate

Currency	BDT
USD	84.95
EUR	91.71
GBP	104.87
INR	1.12

Source: Bangladesh Bank

Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
03-May-2020	3.50-5.00	4.96
30-Apr-2020	3.50-5.00	4.96

Source: Bangladesh Bank

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	30.97	+5.13%
Gold Spot, USD/t oz	1,702.70	-0.78%
Cotton, USD/lb	56.27	+1.59%

Source: Bloomberg

Economy

Export earnings witness 82.85pc negative growth in April

The country's single month merchandise shipments in April this year witnessed 82.85 per cent negative growth to only US\$520.01 million, the lowest during the current fiscal year, according to data. Export earnings were \$3.03 billion in April'19 and \$2.73 billion in the last month of the current calendar year. The overall export fell by 13.09 per cent to US\$29.49 billion in the first ten months of the current 2019-20 fiscal year (FY), against \$33.93 billion in the corresponding period of last FY. The earnings also fell short of the target set for the period by 21.24 per cent.

<https://thefinancialexpress.com.bd/economy/export-earnings-witness-8285pc-negative-growth-in-april-1588919270>

Tk1.46 trillion lending spree to revive economy

The government is set to roll out a mega lending plan to combat the economic fallout of the coronavirus pandemic. In a bid to spur investment and economic activities, the Financial Institutions Division (FID) under the finance ministry has set a Tk80,000 crore loan disbursement target for the state-owned banks. In its action plan, the FID has also aimed to distribute an additional Tk66,000 crore through non-government organisations involved in microfinance activities across the country. Officials of the FID say the draft action plan will be finalised within this week.

<https://www.tbsnews.net/economy/tk146-trillion-lending-sprees-revive-economy-79396>

Tobacco, Luxury Items: Govt mulls over 'Covid-19 tax'

The government may introduce a coronavirus tax on tobacco products and several luxury goods while giving tax cuts to internet services. The measures are aimed at making the internet cheaper and curbing tobacco use during the Covid-19 outbreak. The announcements might appear in the next budget speech in the parliament by Finance Minister AHM Mustafa Kamal on June 11. Cars, air-conditioners, cosmetics, perfumes, bathtubs, jacuzzis, and other, mostly imported, luxury goods will be costlier.

<https://www.thedailystar.net/backpage/news/tobacco-luxury-items-govt-mulls-over-covid-19-tax-1900882>

ADB gives \$500m more for Bangladesh's virus response

The Asian Development Bank (ADB) will give an additional \$500 million loan to Bangladesh to bolster its efforts to manage the impact of the Covid-19 pandemic on the country's economy and the public health. The loan was approved on Thursday at a meeting in Manila. The regional development bank said the loan is expected to benefit over 15 million poor and vulnerable people in Bangladesh. Around 1.5 million workers, mostly women, in export-oriented industries will receive extended salary support while doctors, nurses, and medical workers fighting Covid-19 in government-run hospitals will receive a special honorarium.

<https://www.tbsnews.net/economy/adb-approves-500mn-loan-bangladeshs-covid-19-response-78412>

An ordinary ADP for the next fiscal year

For more than 12 years, the power and the local government departments have topped the annual development programme's (ADP) list of allocations to implement projects. The Department of Road Transport and Highways has regularly followed the two sectors on the list. The ADP for the upcoming fiscal year will continue that run-of-the-mill trend. The local government department has sought the most money, about Tk31,131 crore, for the fiscal year 2020-21, This is followed by the road transport and highways department with Tk28,465 crore, power with Tk27,350 crore, plus the science and technology ministry with Tk17,325 crore. ADP allocations for agriculture, food and disaster management are not growing at expected levels however, the allocation for the health sector is rising marginally.

<https://www.tbsnews.net/economy/ordinary-adp-next-fiscal-year-78259>

Bank and NBFIs

BB almost doubles funding for SMEs' refinance schemes

The central bank today almost doubled the volume of funding of three refinance schemes for small and medium enterprises (SMEs) in order to protect the marginal entrepreneurs from the ongoing economic fallout from the coronavirus pandemic. The interest rate on the schemes was also decreased by 2 percent both for banks and borrowers. Under the latest programme, the refinance scheme for small enterprises now stands at Tk 1,500 crore, up from Tk 850 crore.

<https://www.thedailystar.net/business/news/bb-almost-doubles-funding-smes-refinance-schemes-1901113>

Microcredit institutions can now operate on a limited scale

The Microcredit Regulatory Authority (MRA) has instructed microfinance institutions to operate on a limited scale. Within this limited operation, microfinance institutions can distribute relief, back deposit, provide loan from the stimulus package of Tk3,000 crore following proper safety measures. Microcredit institutions can provide non-farm credit to support small businesses for gear up the rural economy.

<https://www.tbsnews.net/economy/microcredit-institutions-can-now-operate-limited-scale-79399>

Engineering

Motorcycle manufacturers seek financial support worth Tk 20.6b

Two associations of motorcycle assemblers and manufacturers have sought a financial support worth Tk 20.6 billion from the government to help protect the motorcycle industry. They have sought the support from the fund worth Tk 777.50 billion recently announced by the government under a stimulus package as the automobile companies are reeling from the shock of Covid-19. The manufacturers and assemblers have predicted a loss of Tk 6.0 billion from the sales of motorcycles during one

month closure amid public holiday.

<https://today.thefinancialexpress.com.bd/stock-corporate/motorcycle-manufacturers-seek-financial-support-worth-tk-206b-1589037759>

Pharmaceuticals

Three pharma cos begin experimental production of remdesivir

Three pharmaceuticals companies in Bangladesh have started experimental production of COVID-19 drug, remdesivir. The three companies are: Eskayef Pharmaceuticals Ltd, Beximco Pharmaceuticals Ltd and Incepta Pharmaceuticals Ltd. Among the three pharmaceuticals companies, Eskayef and Beximco have submitted the samples of the drug to the Directorate General of Drug Administration (DGDA).

<https://thefinancialexpress.com.bd/health/three-pharma-cos-begin-experimental-production-of-remdesivir-1589020282>

Textile

Bangladeshi garments suppliers held hostage by international clothing brands, retailers

As the coronavirus sweeps across the globe, one of its aftermaths is being felt in Bangladesh's readymade garments sector, the largest foreign currency earner in the country. Local suppliers allege being held hostage by clothing brands, which are forcing manufacturers to sell their wares at a lesser than agreed upon price. Mostafiz Uddin, a denim supplier in Bangladesh, told Forbes that he was forced to accept a 30 percent discount on a large order of jeans already completed and shipped for Burton Meanswear, incurring a loss.

<https://www.thedailystar.net/country/news/bangladeshi-garments-suppliers-held-hostage-international-clothing-brands-retailers-1901218>

Textile millers missed sales of Tk 20,000cr

The weavers, dyers, printers and spinners say they were deprived of Tk 5,000 crore in lost revenue during Pahela Baishakh and another Tk 15,000 crore in Eid, which is three weeks away. The slump in production at the mills has negatively impacted the sales of garment, dress materials, sari and lungi in the country's major wholesale hubs such as Baburhaat, Islampur, Sirajganj and Madhabdi. Subsequently, the Bangladesh Textile Mills Association (BTMA) has called for government support.

<https://www.thedailystar.net/business/news/textile-millers-missed-sales-tk-20000cr-1900516>

Telecommunication

FY '21 budget proposals: MNOs suggest tax policy reform for telecom sector

The country's Mobile Network Operators (MNOs) have called upon the tax authority to bring in reforms in the tax policy for telecommunication industry to reap more benefit from them, according to the MNOs' budget proposals for the upcoming fiscal year (FY), 2020-21. Association of Mobile Telecom Operators of Bangladesh (AMTOB) placed the proposals

to National Board of Revenue (NBR) on Thursday. Rationalisation of corporate income tax, elimination of SIM tax, minimum turnover tax and double taxation, and VAT exemption for the government's regulatory agencies are among the MNOs' demands to increase their contribution to the country's Gross Domestic Product (GDP).

<https://thefinancialexpress.com.bd/economy/fy-21-budget-proposals-mnos-suggest-tax-policy-reform-for-telecom-sector-1588908599>

Stocks

Grameenphone whips up a price war

Mobile carriers are bracing for a price war and this time it is centring on the coronavirus pandemic as they are offering free voice call minutes and bonus data packs through publicity gimmicks that are being overlooked by the regulator on humanitarian grounds. Grameenphone, the market's leading operator, on Friday announced a series of initiatives, and one of them is 10 crore free minutes to 1 crore customers (10 minutes per user) who could not recharge in April and have a mere balance. Some carriers complain that in the early days of the coronavirus pandemic in Bangladesh, they had approached the Bangladesh Telecommunication Regulatory Commission (BTRC) seeking permission to give away free minutes. But their requests were not entertained citing voice call regulation. Now, the move to allow Grameenphone to come up with similar offers has raised the eyebrows from the other operators and prompted them to contact the telecom minister about the issue.

<https://www.thedailystar.net/business/news/grameenphone-whips-price-war-1901158>

LafargeHolcim's net profit surges 46pc in quarter one

LafargeHolcim Bangladesh's net profit surged 46 per cent year-on-year to Tk 522.8 million in the first quarter for January-March, 2020 despite ongoing Covid-19 pandemic. The company's consolidated earnings per share also rose more than 45 per cent in January-March, 2020 quarter compared to the same quarter of the previous year. The company's consolidated EPS stood at Tk 0.45 for January-March 2020 as against Tk 0.31 for January-March 2019.

<https://thefinancialexpress.com.bd/stock/lafargeholcims-net-profit-surges-46pc-in-quarter-one-1588996574>

Metrorail brings National Tubes back on moneymaking track

The lone state-owned pipe manufacturer, National Tubes Limited, has returned to profit after three years as it secured a pipe supply contract to the country's Metrorail project. The company posted a net profit of Tk91 lakh in the first three quarters of the current fiscal year. But National Tubes was a loss-making venture even in the same period last year with a loss of Tk57 lakh. Securing a tender of pipe supply to the Metrorail project has changed the prospect of the company – bringing the state-owned pine manufacturer back on the profit-making track.

<https://tbsnews.net/companies/metrorail-brings-national-tubes-back-moneymaking-track-79150>

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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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