

Bangladesh market snapshot

| | Last closing |
|--------------------------------|--------------|
| DSEX Index | 5,069.88 |
| % change | 0.40% |
| DS30 Index | 1,767.11 |
| % change | 0.39% |
| DSES Index | 1,163.60 |
| % change | 0.45% |
| Turnover (BDT mn) | 8,253.11 |
| Turnover (USD mn) | 98.25 |
| % change | 14.69% |
| Market Capitalization (BDT bn) | 4,063 |
| Market Capitalization (USD bn) | 48.37 |
| % change | 0.35% |

Source: Dhaka Stock Exchange

International market snapshot

| | Last closing |
|------------------------------|--------------|
| Dow Jones Industrial Average | 30,068.81 |
| % change | -0.35% |
| Nikkei 225 | 26,728.97 |
| % change | -0.33% |
| FTSE 100 | 6,564.29 |
| % change | +0.08% |

Source: Bloomberg

Exchange rate

| Currency | BDT |
|----------|--------|
| USD | 84.80 |
| EUR | 102.65 |
| GBP | 113.27 |
| INR | 1.15 |

Source: Bangladesh Bank

Money market

| Date | Call Money Rate Range (%) | Weighted Average (%) |
|-------------|---------------------------|----------------------|
| 08-Dec-2020 | 1.00-5.25 | 1.85 |
| 07-Dec-2020 | 1.00-5.25 | 1.83 |

Source: Bangladesh Bank

Commodities

| | Price | % Change |
|----------------------------|----------|----------|
| Brent Crude (Oil), USD/bbl | 49.04 | +0.37% |
| Gold Spot, USD/t oz | 1,840.05 | +0.03% |
| Cotton, USD/lb | 72.73 | -0.44% |

Source: Bloomberg

Economy

BSCIC to set up 3 more industrial parks in Chattogram

Bangladesh Small and Cottage Industries Corporation (BSCIC) has undertaken a comprehensive project to set up three more industrial parks in Chattogram to accelerate domestic and foreign investment, boost salt industry, and encourage local women entrepreneurs to build an industrialised Bangladesh by 2041. Currently, there are five industrial cities in Chattogram at Fauzdarhat, Sholashahar, Kalurghat, Patiya, and Mirsarai. Another industrial park is under construction on a 35-acre site at Raozan of the same district. The total area of the five existing industrial cities of Chattogram is about 150.41 acres. The number of manufacturing industrial units is 195 out of which 85 units are export-oriented.

<https://tbsnews.net/economy/industry/bscic-set-3-more-industrial-parks-chattogram-169321>

Earnings below 1.0 dollar a day

As much as 90 per cent extreme-poor families have a paltry monthly income of Tk 2,000 (US\$23.80). The World Bank (WB) considers an individual living on or below \$1.25 per day as extreme poor. Furthermore, 70 per cent households in ethnic communities are extreme-poor. The average daily earning of such families is not enough even to buy one and a half kilogrammes of rice. Around 45 per cent of the extreme-poor households live in the country's Northwestern region, 36 per cent in haor areas and 30 per cent in the Southwestern region. The extreme poor families in haor and ethnic communities are among the most vulnerable as 90 per cent of them have single or no earner and food diversity and insecurity are the highest.

<https://today.thefinancialexpress.com.bd/first-page/earnings-below-10-dollar-a-day-1607536580>

Bank and NBFIs

Banks swell on pandemic savings

Banks are seeing record rise in savings globally, a result of cut in consumer spending coupled with restrictions on movement and gathering as shutdowns were enforced in the pandemic period. Banks in Bangladesh are also reflecting this global trend. The banking sector in September this year saw a record high rate of savings in recent history reflecting a slump in consumption which will have a negative impact on hopes of a faster economic recovery. Demand deposits with banks grew by a startling 21% year-on-year in September, up from 8.66% in the same month of last year. The growth of demand deposits shows that disposable income is piling up in bank accounts. The significant rise in demand deposits boosted the overall deposit growth to 13% year-on-year in September, which is also highest in recent years.

<https://tbsnews.net/economy/banking/banks-swell-pandemic-savings-169690>

Fuel and Power

Maiden wind power project in private sector

The government yesterday approved a proposal to set up a 55-megawatt wind power plant in Bagerhat, a move that may give a much-needed fillip to its efforts to tap the country's unrealised renewable energy potential. The cabinet committee on purchase gave its consent to the proposal from a Chinese-Bangladeshi consortium to set up the plant on a build-own-operate basis under a contract with the Bangladesh Power Development Board (BPDB).

<https://www.thedailystar.net/business/news/maiden-wind-power-project-private-sector-2008785>

Telecommunication

BTRC to license equipment

The country's telecommunication regulator has taken a move to bring local assembling and manufacturing of telecommunication service related equipment other than mobile handsets under its licensing authority. The Bangladesh Telecommunication Regulatory Commission (BTRC) has already drafted a set of instructions on issuing registration certificates for local assembling and manufacturing firms and recently opened the draft for public opinions from stakeholders, experts, researchers, or any other interested parties by December 17. The licensing process for local assembling and manufacturing of mobile phone handsets has already been enacted by the commission. Now there are 14 mobile handset plants in the country that manufactures more than half of the local demand of handsets.

<https://today.thefinancialexpress.com.bd/last-page/btrc-to-license-equipment-1607537416>

Tannery

Leather goods exporters in tight spot

Leather goods and footwear exporters will continue to face serious hardships amid the ongoing pandemic as the declining export orders have led to a capital shortage in the sector. Export orders may plunge by more than 50 per cent this year, which would make it difficult for companies to continue operations after facing losses for the last eight months. Besides, there is no immediate solution to the current crisis, for which many small manufacturers will have to shut down their factories.

<https://www.thedailystar.net/business/news/leather-goods-exporters-tight-spot-2008793>

Capital Market

BSEC approves IPO of Sonali Life Insurance

The stock market regulator has approved the IPO (initial public offering) proposal of Sonali Life Insurance Ltd which will raise a capital worth Tk190 million under the fixed price method. The securities regulator also approved a mudaraba perpetual bond of Tk 6.0 billion in favour of First Security Islami Bank Limited. The Sonali Life Insurance will offload 19 million ordinary shares at an offer price of Tk 10 each under the fixed price method. The company will invest the IPO proceeds in government

Treasury bond, fixed deposit receipt (FDR) and stock market along with bearing the IPO expense.

<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-approves-ipo-of-sonali-life-insurance-1607531121>

<https://www.newagebd.net/article/123893/sonali-life-insurance-gets-bsec-nod-for-tk-19cr-ipo>

BSEC forms committee to let everyone buy primary shares

In response to stakeholders' recommendations, the securities regulator now plans on abolishing lotteries to allocate primary shares in oversubscribed initial public offerings (IPO). The Bangladesh Securities and Exchange Commission (BSEC) has formed a committee to recommend the ways forward in this regard alongside preparing a roadmap to reduce time in the IPO process. Stakeholders, in recent meetings with the regulator, have requested for a pro-rata basis in allocation of IPO shares among general investors instead of lotteries.

<https://tbsnews.net/economy/stock/bsec-forms-committee-let-everyone-buy-primary-shares-169672>

Online BO account opening within months

Opening capital market investment accounts, popularly called beneficiary owners or BO accounts, is likely to be a reality within a few months. The market regulator is pushing Central Depository Bangladesh Limited (CDBL) to introduce an online platform which will enable any investor from any corner of the globe to open a BO account to invest in Bangladesh capital market. According to the plan, CDBL site will host a page that would work as the gateway to open a BO account. All the brokers also would share the page link in their own websites.

<https://tbsnews.net/economy/stock/online-bo-account-opening-within-months-169675>

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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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