

Bangladesh market snapshot

	Last closing
DSEX Index	4,061.57
% change	0.67%
DS30 Index	1,369.37
% change	0.87%
DSES Index	938.96
% change	1.11%
Turnover (BDT mn)	3,474.71
Turnover (USD mn)	41.37
% change	50.38%
Market Capitalization (BDT bn)	3,150
Market Capitalization (USD bn)	37.50
% change	0.47%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	26,075.30
% change	+1.44%
Nikkei 225	22,290.81
% change	-1.06%
FTSE 100	6,095.41
% change	+0.76%

Source: Bloomberg

Exchange rate

Currency	BDT
USD	84.80
EUR	96.09
GBP	106.96
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	+2.10%
Gold Spot, USD/t oz	1,798.70	-0.27%
Cotton, USD/lb	64.31	+0.66%

Source: Bloomberg

Economy

Govt defers fund release for low-priority projects

The government has decided to suspend fund release for implementation of low-priority projects under the Annual Development Programme (ADP) of this fiscal year (FY), 2020-21. The decision has been taken amid low revenue collection and increased spending during the Covid-19 pandemic period that seriously halted economic activities in the country. The government earmarked Tk 2.05 trillion for the ADP in this FY, under which 1,584 ongoing projects and 1,443 fresh projects are included for implementation by all the ministries and agencies. At the same time, the government classified the projects as high-, medium-, and low-priority ones for optimum use of limited resources.

<https://thefinancialexpress.com.bd/economy/govt-defers-fund-release-for-low-priority-projects-1594441864>

MoF blocks Tk 24.47b of road projects in FY 20

Fund crisis caused by the coronavirus pandemic forced the government to block allocation of Tk 24.47 billion funds of different road infrastructure projects in last fiscal year (FY), 2019-2020. As a result, the Roads and Highways Department (RHD) could make 87 per cent progress against its allotted budget to implement 206 projects in FY 20. Ministry of Finance (MoF) has been under pressure to spend on emergency sectors to tackle the Covid-19 situation. So, it totally blocked the allocation of 29 RHD projects at the end of last fiscal.

<https://thefinancialexpress.com.bd/economy/mof-blocks-tk-2447b-of-road-projects-in-fy-20-1594351764>

Indian economic zone: Delhi set to offer \$115 million

The economic zone dedicated to Indian investors is set to avail US\$115 million under the third credit line from the neighbouring country. India approved the finance scheme on June 11. The project to be developed as part of Bangladesh's flagship industrial city Bangabandhu Sheikh Mujib Shilpa Nagar in Chattogram has already been approved by the ECNEC as well. Currently, final negotiation is taking place involving joint venture agreement between the BEZA and an Indian zone developer.

<https://thefinancialexpress.com.bd/economy/indian-economic-zone-delhi-set-to-offer-115-million-1594269984>

Stimulus packages fall flat for implementation delays: ex-DCCI presidents

The government-announced stimulus packages failed to serve their purpose, which was to swiftly rejuvenate economic activities and protect jobs of millions, due to delays in their implementation. As a result, jobs continue to be lost, some 16 million so far, because of the coronavirus pandemic which has been severely affecting the economy. The government announced stimulus packages amounting to more than Tk 103 lakh crore to help micro, small,

medium and large enterprises face the fallout of Covid-19. However, most of the enterprises, especially the micro, cottage and small ones, are yet to avail money from the fund for utilisation during the pandemic to avert financial and job losses.

<https://www.thedailystar.net/business/news/stimulus-packages-fall-flat-implementation-delays-ex-dcci-presidents-1928977>

Bank and NBF

Borrowers, banks sweat over foreign loan payments

Although borrowers – with financial difficulty at this time of Covid-19 – have got deferment on loan repayments from local private banks, they are yet to have such a breather from foreign lenders, putting them under strain. Bigger trouble looms for the banks that lent to them from their offshore banking units (OBU) by borrowing overseas funds – with no response from the foreign lenders over a pause on repayments. Many foreign loan recipients have already sought the deferred repayment facility from the local banks as they are going through cash flow constraints.

<https://tbsnews.net/economy/banking/borrowers-banks-sweat-over-foreign-loan-payments-104575>

Banks ready to lend Tk2,000 cr to jobless youths, returnee expats

Three specialised banks and the Palli Karma Sahayak Foundation (PKSF) are ready with separate action plans aimed at distributing loans toward creating employment for youths and the rural poor and to rehabilitate returnee expatriates hit hard by the Covid-19 pandemic. In the budget of the current financial year, Tk500 crore has been allocated to Probashi Kallyan Bank, Karmasangsthan Bank, Palli Sanchay Bank and the PKSF each to create employment.

<https://tbsnews.net/economy/banks-ready-lend-tk2000-cr-jobless-youths-returnee-expats-104941>

Money can be transferred from VISA, Mastercard cards to Nagad accounts

Bangladesh Postal Department's digital financial service Nagad launched a new feature for Nagad's mobile app on Friday that enables users to instantly add money to their Nagad wallets. Nagad app users who hold Visa and Mastercard credit, debit and prepaid cards can now add money to their Nagad accounts conveniently, minimising the health risks during the Covid-19 pandemic.

<https://www.newagebd.net/article/110908/money-can-be-transferred-from-visa-mastercard-cards-to-nagad-accounts>

Fuel and Power

BPC defers oil cargoes in July

The Bangladesh Petroleum Corporation (BPC) deferred two thirds of its import cargoes in July as an attempt to arrange private tanks to store oil went 'abortive'. It will import only four oil cargoes this month instead of the 12 scheduled ones. Despite repeated attempts to ensure oil storage

facility from the private sector over the past four months, the BPC could not ensure a single facility to date. Four private companies-United Group, Super Petrochemical, SA Corporation and TK Group-showed interest to store BPC's petroleum products in their facilities on a rental basis.

<https://today.thefinancialexpress.com.bd/first-page/bpc-defers-oil-cargoes-in-july-1594486664>

Food and Allied

Spl facility for import of milk food products withdrawn

The government has withdrawn the special facility for the import of different milk food products. The facility was provided in order to import baby food especially baby milk from alternative destinations along with keeping such food supply stable in the market during the Covid-19 pandemic. From now, the traders concerned have to follow the section 16 (subsection 17) of the Import Policy Order 2015-2018 for import of milk food products like baby milk.

<https://today.thefinancialexpress.com.bd/last-page/spl-facility-for-import-of-milk-food-products-withdrawn-1594487295>

IT

Retail sales of ICT goods up 50%

When the Covid-19 pandemic is eating up most of the business sectors in Bangladesh, retail sales of laptops, desktop computers and computer accessories have gone up by nearly 50 percent in Dhaka. They also claim that the overall volume, however, has not increased because sales to the government and corporate entities – two major buyers of these products – have been low due to the pandemic.

<https://tbsnews.net/tech/ict/retail-sales-ict-goods-50-104956>

Capital Market

New brokers' minimum paid-up capital to be Tk 100m each: DSE

The Dhaka bourse wants to sell new broking licenses to the companies having a minimum paid-up capital of Tk 100 million though the paid-up capitals of many existing brokers are still below Tk 30 million. The board of the Dhaka Stock Exchange (DSE) has approved some recommendations including this minimum paid-up capital of a company willing to get TREC (Trading Right Entitlement Certificate) paying registration fee and application form fee worth Tk 50 million each.

<https://today.thefinancialexpress.com.bd/stock-corporate/new-brokers-minimum-paid-up-capital-to-be-tk-100m-each-dse-1594480278>

Brokerage firms' mkt operations: Deficiencies found in many accounts

The securities regulator and the premier bourse have strengthened monitoring over the brokerage firms' market operations to ensure the protection of investors' funds and shares. As part of the move, the Dhaka Stock Exchange (DSE) recently has sought information regarding consolidated customers' accounts which contains investors' funds and shares. Some brokerage firms have submitted information on consolidated customers' accounts. Some deficiencies are found in many

accounts maintained by different brokerage firms. The monitoring came following the recent occurrence of misappropriation of investors' funds by Crest Securities.

<https://thefinancialexpress.com.bd/stock/brokerage-firms-mkt-operations-deficiencies-found-in-many-accounts-1594352901>

Stocks

Bata Shoe declares 'no' final dividend

The board of directors of the Bata Shoe Company (Bangladesh) has recommended 'no' final dividend for the year ended on December 31, 2019 due to the worldwide as well as the countrywide shutdown amid Covid-19 outbreak. However, a 125 per cent cash dividend which is already been paid as the interim dividend is the final dividend for the year ended on December 31, 2019. The company has also reported EPS of Tk. 36.11, NAV per share of Tk. 364.65 and NOCFPS of Tk. 68.66 for the year ended on December 31, 2019 as against Tk. 72.70, Tk. 347.11 and Tk. 2.75 respectively for the same period of the previous year.

<https://thefinancialexpress.com.bd/stock/bata-shoe-declares-no-final-dividend-1594274998>

At least 80 AB Bank employees lose jobs

At least 80 employees of AB Bank Ltd have been reportedly terminated or forced to resign recently amid the Covid-19 pandemic on the grounds of unsatisfactory performances. Banking activities came to a near-halt due to the coronavirus outbreak and the subsequent countrywide shutdown for more than two months, leading to a dip in profits. The termination of AB Bank employees came at a time when five banks have slashed salaries in a bid to reduce operating costs amid the pandemic.

<https://www.dhakatribune.com/business/banks/2020/07/11/at-least-80-ab-bank-employees-lose-jobs>

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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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