

Bangladesh market snapshot

	Last closing
DSEX Index	4,212.45
% change	0.36%
DS30 Index	1,415.70
% change	0.66%
DSES Index	950.16
% change	0.45%
Turnover (BDT mn)	2,608.21
Turnover (USD mn)	31.05
% change	-13.47%
Market Capitalization (BDT bn)	3,253
Market Capitalization (USD bn)	38.72
% change	0.50%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	28,823.77
% change	+0.46%
Nikkei 225	23,850.57
% change	+0.47%
FTSE 100	7,587.85
% change	-0.14%

Source: Bloomberg

Exchange rate

Currency	BDT
USD	84.90
EUR	94.44
GBP	110.90
INR	1.20

Source: Bangladesh Bank

Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
09-Jan-2020	3.00-5.50	4.73
08-Jan-2020	3.00-5.50	4.42

Source: Bangladesh Bank

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	64.98	+0.00%
Gold Spot, USD/t oz	1,556.68	-0.36%
Cotton, USD/lb	71.72	+0.57%

Source: Bloomberg

Economy

Govt to go tough for enforcing single digit interest rates from April

Finance Minister AHM Mustafa Kamal on Sunday assured businessmen that the government will take a hard line on banks if they do not bring interest rates down to 9 percent from April 1. The minister responded that 9 percent interest rate for industrial loans was supposed to be implemented from January 1, in phases. Later, the government decided to implement it for all sectors instead of for the manufacturing sector only. As per their demand, the banks have been given time until April 1 for implementation.

<https://tbsnews.net/economy/govt-go-tough-enforcing-single-digit-interest-rates-april-35895>

Source tax on cash incentives halved

The government has halved source tax on cash incentives for traders in order to facilitate export-oriented sectors. From now on, exporters will enjoy 5.0 per cent tax rate on cash subsidy instead of 10 per cent. The Internal Resources Division, IRD, under the Ministry of Finance issued a statutory regulatory order on January 02. Meanwhile, in another order dated January 09, the NBR has extended tax holiday facility up to 2034 for private power producers to encourage investment in the sector.

<https://today.thefinancialexpress.com.bd/first-page/source-tax-on-cash-incentives-halved-1578851006>

Leather, plastics and light engineering can diversify exports

The International Finance Corporation (IFC) has identified three sectors – leather, plastics and light engineering – for export diversification beyond readymade garments (RMG). IFC – a member of the World Bank Group – said the sectors have the potential to create greater access to international markets for Bangladeshi products. The IFC report stressed the need for Bangladesh to diversify its export baskets in order to sustain accelerated economic growth, increase investment opportunities, and create more jobs – particularly for women.

<https://www.tbsnews.net/economy/trade/ifc-stresses-export-diversification-sustainable-economic-growth-35825>

Banks and NBFIs

Private banks ready for Basel III

Most of the private banks have raised their capital base in line with the Basel III requirements three months prior to the deadline set to reach the global regulatory standard. However, the state banks are nowhere near the level they were supposed to reach by the time. As per a roadmap issued by the Bangladesh Bank in 2014, the banks were supposed to raise their minimum capital adequacy ratio (CAR) to 12.5 percent of their risk-weighted assets by December 2019 from the then 10 percent. Of the 41 private banks, only 11 are yet to reach the level. But the six state-owned commercial banks are still far

behind the 2014's target of 10 percent. The CARs of nine foreign banks are hovering between 17 percent and 143 percent.

<https://www.thedailystar.net/business/news/private-banks-ready-basel-iii-1853368>

Nagad hits Tk100 crore mark in daily transactions

Nagad, the Bangladesh Post Office's digital financial service, has achieved a milestone with its daily transactions hitting the Tk100 crore mark on January 10. Mustafa Jabbar, minister for Post and Telecommunication, published a post on his verified Facebook page on Saturday in this regard, according to a press release issued by Nagad on Sunday.

<https://tbsnews.net/economy/nagad-hits-tk100-crore-mark-daily-transactions-35821>

Fuel & Power

Bangladesh starts exporting LPG to Indian state of Tripura

Bangladesh has started commercial export of liquefied petroleum gas (LPG) to neighbouring India with initial shipment of around 1,000 tonnes per month. Two privately owned firms - Omera Petroleum and Beximco LPG - are now exporting LPG to Tripura, a landlocked northeastern state of India, by road. Presently, each of the firms is exporting around 500 tonnes a month, and the volume may climb to around 2,500 tonnes within several months.

<https://today.thefinancialexpress.com.bd/last-page/bangladesh-starts-exporting-lpg-to-indian-state-of-tripura-1578851722>

Power plants starting operation in 3yrs too get tax holiday

The National Board of Revenue has extended tax benefits, including income tax holiday till 2034, to private sector power generation companies which will go into commercial operation by the next three years. The income tax wing of the revenue board on Thursday issued a statutory regulatory order offering five types of tax benefits for up to 15 years to the power companies, except for coal-based ones, which would go into commercial operation between January 1, 2020 and December 31, 2022. The income tax holiday and other tax benefits were applicable only for those power companies which came into commercial operation by December 31, 2019.

<https://www.newagebd.net/article/96400/power-plants-starting-operation-in-3yrs-too-get-tax-holiday>

Irregularities blamed for cost, time overrun (IMED evaluation of PGCB's grid installation project)

An evaluation has found irregularities and mismanagement in a power grid installation project, resulting in its cost and time overrun, insiders said. They said the state-run Power Grid Company of Bangladesh (PGCB) has failed to implement the Tk 25.16-billion National Power Transmission Network Development Project in time. The Implementation Monitoring and Evaluation Division (IMED) conducted an evaluation on the project last year and came out certain findings. The failure in timely project

implementation forced the PGCB to extend the project execution deadline by two more years and cost by nearly 4.0 per cent to Tk 25.16 billion, the IMED evaluation report said.

<https://today.thefinancialexpress.com.bd/last-page/irregularities-blamed-for-cost-time-overrun-1578851520>

Tannery

BSCIC to set up three leather goods industrial parks

Bangladesh Small and Cottage Industries Corporation (BSCIC) has taken an initiative to set up three footwear and leather goods industrial parks in the country to meet the local demand for footwear and leather goods as well as to boost export earnings. These three footwear and leather goods industrial parks will be set up at Puthia in Rajshahi, adjacent area of Savar tannery industrial estate and Mirersarai Industrial Park in Chattogram, reports BSS.

<https://today.thefinancialexpress.com.bd/trade-market/bscic-to-set-up-three-leather-goods-industrial-parks-1578850185>

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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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