

Bangladesh market snapshot

	Last closing
DSEX Index	4,480.83
% change	0.21%
DS30 Index	1,516.07
% change	-0.08%
DSES Index	1,030.69
% change	0.06%
Turnover (BDT mn)	6,572.00
Turnover (USD mn)	78.24
% change	29.92%
Market Capitalization (BDT bn)	3,422
Market Capitalization (USD bn)	40.73
% change	0.23%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	29,551.42
% change	+0.94%
Nikkei 225	23,875.75
% change	+0.06%
FTSE 100	7,534.37
% change	+0.47%

Source: Bloomberg

Exchange rate

Currency	BDT
USD	84.95
EUR	92.75
GBP	110.05
INR	1.19

Source: Bangladesh Bank

Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
11-Feb-2020	4.50-5.50	5.05
10-Feb-2020	4.50-5.50	5.06

Source: Bangladesh Bank

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	55.84	+0.09%
Gold Spot, USD/t oz	1,573.80	+0.49%
Cotton, USD/lb	69.20	-0.06%

Source: Bloomberg

Capital Market

FRC tightens rules on share money deposits

Share money deposits must be converted into the company's capital within six months, said the Financial Reporting Council (FRC). The accounting super regulator also said in a recent directive that companies must include the share money deposits while calculating earnings per share and dividend as soon as the money is deposited, even before the securitisation. The circular issued on Tuesday prohibited withdrawal or taking back the share money deposited in the company's dedicated bank account.

<https://tbsnews.net/economy/stock/frc-tightens-rules-share-money-deposits-44185>

<https://www.newagebd.net/article/99399/frc-tightens-rules-on-converting-share-money-into-paid-up-capital>

Bank and NBFIs

Surplus funds in banks hit Tk 1.0tn, again

Banks' excess liquidity has crossed the Tk 1.0 trillion-mark again, fuelled by lower private credit growth in a sign that the investment situation has cooled. Surplus cash surged by nearly 19 per cent to Tk 1,056.46 billion as on December 31, 2019 from Tk 889.50 billion three months before, according to the central bank's latest statistics. The amount was Tk 1,119.10 billion as on March 30, 2017. The country's banking sector has been saddled with excessive funds since the second quarter of 2019 as the private sector credit growth was slower, according to bankers. The amount rose to Tk 833.30 billion in the April-June period of the last calendar year from Tk 638.80 billion in Q1 of 2019. It was Tk 774.80 billion as on December 31, 2017.

<https://today.thefinancialexpress.com.bd/first-page/surplus-funds-in-banks-hit-tk-10tn-again-1581530411>

Economy

Low-sulphur fuel rule makes shipping, business costlier

Bangladeshi businesses are now facing a new setback with increased freight charge following the enforcement of a new sulphur standard for marine fuels from January 1. The freight charge for 20ft containers has gone up by \$56 to \$70 - around 20 percent of the present cost since then. This extra cost of freight will put pressure on the businesses that are already in trouble with a disruption in global supply chain because of the outbreak of the novel coronavirus in China, now renamed covid-19 by the WHO. The readymade garment sector, already facing stiff competition from Vietnam, India, and Pakistan would be the worst hit.

<https://tbsnews.net/economy/trade/low-sulphur-fuel-rule-makes-shipping-business-costlier-44251>

Trade with China and mega projects won't be affected

Bilateral trade with China and implementation of mega projects will not face any major hurdles if Bangladesh responds rationally to the coronavirus outbreak, Chinese Ambassador to Bangladesh Li Jiming said on Wednesday. People in China are now getting back to work after celebrating the Chinese New Year, he said, adding that the epidemic is mostly concentrated in Wuhan, which is not a significant centre for trade. Responding to a query regarding Bangladesh business community's concerns about whether they should switch to other destinations from China for the supply chain, the ambassador said moving to other sources would be a wrong decision.

<https://today.thefinancialexpress.com.bd/first-page/trade-with-china-and-mega-projects-wont-be-affected-1581531136>

<https://www.thedailystar.net/business/news/no-setback-coronavirus-assures-envoy-1867324>

<https://tbsnews.net/economy/trade/no-major-disruption-supply-chain-yet-chinese-ambassador-44239>

<https://www.newagebd.net/article/99397/chinese-envoy-sees-no-trade-disruption-with-bangladesh>

Leather goods export: Govt to explore European markets

The government would explore markets in Europe for exporting leather goods as the coronavirus outbreak affected trade with China, said Industries Minister Nurul Majid Mahmud Humayun on Wednesday. According to the Export Promotion Bureau (EPB) data, Bangladesh earned \$1.01 billion exporting leather, leather goods and leather footwear, the only billion dollar export earner after the apparel goods, in the fiscal year 2018-19. Of the total earnings from leather sector in FY19, leather products earned \$247.28 million, down by 26.58%. The earning was \$336.8 million in the previous year. Processed leather exports also declined by 10% to \$164.62 million against \$183.1 million in the same period a year ago. However, exports earning from the leather footwear posted a 7.48% growth to \$607.88 million, which was \$565.6 million in the FY18.

<https://www.dhakatribune.com/business/2020/02/12/leather-goods-export-govt-to-explore-european-markets>

<https://www.newagebd.net/article/99398/govt-searching-alternative-leather-market-minister>

BD-Poland trade grows to \$1.2b

Bilateral trade between Bangladesh and Poland reached \$1.2 billion in the last fiscal year (2018-19), foreign secretary Masud Bin Momen said on Wednesday, expecting that both sides would work together to boost bilateral trade and investment. Bangladesh requested the Polish delegation to ease the visa issuance procedure for Bangladeshi students, businessmen and visitors.

<https://today.thefinancialexpress.com.bd/last-page/bd-poland-trade-grows-to-12b-1581532298>

Saudi Arabia to help build skilled workforce

The Kingdom of Saudi Arabia is interested in establishing a training institute in Bangladesh to help create more skilled workforce for recruitment to the Middle Eastern nation. Saudi Aramco, a national petroleum and natural gas company based in Dhahran, is also considering investing in Bangladesh's energy sector, said officials of the Economic Relations Division (ERD) at a joint economic commission meeting that began yesterday. The concerned officials said that Riyadh is keen on investing more in various sectors, including energy, infrastructure, communication networks, high-tech parks, IT, textiles and agro-based industries. During her visit to the Middle East in October 2018, Prime Minister Sheikh Hasina urged Saudi Arabian entrepreneurs and businessmen to invest in the special economic zones of Bangladesh.

<https://www.thedailystar.net/business/news/saudi-arabia-help-build-skilled-workforce-1867321>

<https://tbsnews.net/economy/bangladesh-eyes-more-saudi-investment-44231>

Engineering

Coronavirus outbreak: Local smartphone assemblers fear production slump

The country's growing smartphone assembling industry fear production fall for scarcity of raw materials as lion's share of the required backward linkage stuff is sourced from coronavirus-plagued China. Last year, for the first time in the country's history, local assembling took the lead over smartphone import, buoyed by tax benefits for the assembling industry. As per the latest data of Bangladesh Telecommunication Regulatory Commission (BTRC), in 2019, the number of locally assembled smartphone increased to 20 lakh from 7 lakh the previous year. In contrast, the number of smartphone import fell to 9.67 lakh last year from 24.44 lakh the previous year.

<https://www.dhakatribune.com/business/2020/02/12/coronavirus-outbreak-local-smartphone-assemblers-fear-production-slump>

Fuel and Power

FM seeks Saudi investment in EZs, power sector

Finance Minister A H M Mustafa Kamal has sought more Saudi Arabian investment in power sector to meet the demand for power from the planned 100 economic zones (EZs). "For these economic zones, we need more power. So, right at this moment, we are looking for cooperation from Saudi Arabia," he told newsmen after meeting with a Saudi delegation at his Sher-e-Bangla Nagar office in the capital on Wednesday. The visiting Saudi delegation earlier attended the 13th session of two-day Bangladesh-Saudi Arabia Joint Commission Meeting (JCM) that kicked off on the day.

<https://today.thefinancialexpress.com.bd/first-page/fm-seeks-saudi-investment-in-ezs-power-sector-1581531014>

Pharmaceuticals

AIT lifted on imports of 400 API chemicals

Four hundred chemical compounds of active pharmaceutical ingredients, or API, will enjoy exemption from the payment of advance income tax at the import stage from now on. Local producers will enjoy the waiver until June 30, 2024. Income tax wing under the National Board of Revenue (NBR) has issued a regulatory order on Wednesday in this connection. The exemption was made effective from February 9, 2020. There was 5.0 per cent AIT on the import of the chemical compounds.

<https://today.thefinancialexpress.com.bd/first-page/ait-lifted-on-imports-of-400-api-chemicals-1581530869>

<https://www.thedailystar.net/business/news/import-exempt-advance-income-tax-1867318>

<https://tbsnews.net/economy/advance-income-tax-waived-import-400-chemical-compounds-44177>

<https://www.newagebd.net/article/99400/ait-on-import-of-400-api-chemicals-withdrawn>

Stock

BRAC Bank achieves ISO certification

BRAC Bank has become the first ever Bangladeshi bank to have achieved an ISO certification for its standard of management of security operations. With this certification, known as ISO 18788:2015, BRAC Bank is now all set to ensure the highest security measures amidst the growing importance of cyber security in the financial sector, said a statement. The ISO 18788:2015 standard provides a framework for establishing, implementing, operating, monitoring, reviewing, maintaining and improving the management of security operations. This certification will also help BRAC Bank gaining more customer trust for their banking needs.

<https://today.thefinancialexpress.com.bd/stock-corporate/brac-bank-achieves-iso-certification-1581529864>

SK Trims' production capacity to increase 30pc

SK Trims & Industries has constructed first '5.5 storied' building through IPO fund with a view to enhance its production capacity. The company's board of directors confirmed the completion of building construction through a disclosure posted on the website of Dhaka Stock Exchange (DSE). The disclosure said production capacity of the garments accessories unit after installation of machinery will increase 30 per cent than before. The newly-constructed building has a total space of 19,250 square feet (3,500 square feet per floor).

<https://today.thefinancialexpress.com.bd/stock-corporate/sk-trims-production-capacity-to-increase-30pc-1581529889>

<https://tbsnews.net/economy/stock/sk-trims-expand-capacity-30-percent-44139>

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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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