

Bangladesh market snapshot

	Last closing
DSEX Index	4,099.42
% change	0.93%
DS30 Index	1,383.71
% change	1.05%
DSES Index	954.87
% change	1.69%
Turnover (BDT mn)	3,469.65
Turnover (USD mn)	41.31
% change	-0.15%
Market Capitalization (BDT bn)	3,179
Market Capitalization (USD bn)	37.84
% change	0.91%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	26,075.30
% change	+1.44%
Nikkei 225	22,677.25
% change	+1.73%
FTSE 100	6,095.41
% change	+0.76%

Source: Bloomberg

Exchange rate

Currency	BDT
USD	84.80
EUR	95.84
GBP	107.05
INR	1.13

Source: Bangladesh Bank

Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
09-Jul-2020	1.25-5.50	3.52
08-Jul-2020	1.50-5.50	3.91

Source: Bangladesh Bank

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	42.84	-0.93%
Gold Spot, USD/t oz	1,804.59	+0.33%
Cotton, USD/lb	63.90	-0.64%

Source: Bloomberg

Economy

Archaic forex rule deters foreign investors

Bangladesh needs to make progress in five key areas in the coming days to attract both domestic and overseas investments, business leaders and economists say. The five factors are further facilitate investment, promoting greater coherence between trade and investment policy, fine tuning incentives, a proper retention strategy and domestic-FDI linkage. The recommendations came at the third resurgent dialogue on 'private investment in uncertain times; Covid-19 impact and policy implications for Bangladesh'. The pandemic has hit the global economic order hard, badly affecting economic growth and business expansion in the country and elsewhere. Bangladesh's growth will likely to go below 2.0 per cent the year ahead. The export dropped by 18 per cent in FY'20 cent while remittances to go down by 25 per cent by end of the year.

<https://today.thefinancialexpress.com.bd/first-page/archaic-forex-rule-deters-foreign-investors-1594576777>

Bank and NBFI

Banks' interest spread drops below 3pts for 1st time

The overall weighted average interest rate spread in the country's banking sector fell below 3 percentage points for the first time amid enforcement of the 9-per cent ceiling on the lending rate and credit demand fall during the coronavirus pandemic. According to the Bangladesh Bank data, the overall weighted average interest rate spread in banks dropped to 2.94 percentage points in May from 4.07 percentage points in March. In April, the first month of the lending rate ceiling implementation, the spread was 2.92 percentage points. In January 2019, the overall weighted average interest rate spread was 4.42 percentage points.

<https://www.newagebd.net/article/110997/banks-interest-spread-drops-below-3pts-for-1st-time>

Card spending halves in April

The coronavirus pandemic triggered a decline in card spending by nearly 50 per cent in April, in an indication of a massive fall in demand in Bangladesh as people went for belt-tightening amid income collapses. Transactions through debit cards stood at Tk 8,336 crore in April, the first month that bore the full brunt of the coronavirus-induced shutdown, down 45 per cent from that a month ago. Credit card spending declined 54 per cent to Tk 523 crore. The record fall in transactions through debit and credit cards came about after people movement was restricted by the government in an effort to tackle the spread of the contagion.

<https://www.thedailystar.net/business/news/card-spending-halves-april-1929581>

Engineering**Walton compressors hit Turkish market**

Walton has expanded its export basket further as the local electronics giant started shipments of made in Bangladesh compressors for refrigerators and air conditioners to Turkey. The number would hit five million by 2025, as some more export destinations will be explored by the time.

<https://www.thedailystar.net/business/news/walton-compressors-hit-turkish-market-1929565>

Fuel and Power**S Alam Group pays Tk 2.0b as penalty for delay**

The S. Alam Group, one of the country's leading business conglomerates, has paid to the government a penalty of Tk. 2.0 billion to keep its deal on building a 1,224 megawatt (MW) coal-fired power plant alive. The plant comprising two 612 MW generation units at Banskhali in Chattogram was scheduled to come online and start supplying electricity to the national grid from November 16 last year. The group and its joint venture partners have been able to complete only around 25 per cent of the project to date. The group has paid a large sum, equivalent to the penal amount for one year's default, due to its failure in financial closure of the project. The group has now got an extension to complete the project by 2022.

<https://today.thefinancialexpress.com.bd/first-page/s-alam-group-pays-tk-20b-as-penalty-for-delay-1594576414>

'Good businessmen' to get waiver on gas bill payment

Pandemic hit businesses with a good track record in paying utility bills are likely to qualify for a special government facility on gas bill payment. Under the scheme, commercial customers will be allowed to pay their gas bills for the March-May period in instalments. However, those who were already irregular in paying bills before the pandemic will not qualify for the arrangement.

<https://tbsnews.net/economy/industry/good-businessmen-get-waiver-gas-bill-payment-105352>

Pharmaceuticals**Pharma companies count their blessings as exports rise**

Bangladesh's pharmaceutical industry managed to grow its exports in the just-concluded fiscal year on the back of a steady demand for medicines during the coronavirus-induced economic and health crises, which have decimated other major export sectors. Pharmaceutical shipments soared 4.49 per cent year-on-year to \$136 million in fiscal 2019-20 following improvements in product quality and policy support. The industry is one of the handful of sectors that ended the fiscal year in the black. National exports fell 16.93 per cent.

<https://www.thedailystar.net/business/news/pharma-companies-count-their-blessings-exports-rise-1929577>

Textile

Banks denying loans to textile sector: Millers

Textile millers have come down heavily on banks for not lending to them at a time when they most need the money. Around 900 mills that do businesses on the local market are being denied bank loans under the stimulus packages. More than three months have passed since Covid-19 hit and the government's subsequent announcement that stimulus packages would help businesses offset the novel coronavirus shock that has disrupted raw materials sourcing for production, distribution and, above all, consumption. However, more than 95 percent of BTMA's nearly 1,500 member mills have yet to get loans under the stimulus packages.

<https://tbsnews.net/economy/banks-denying-loans-textile-mills-millers-105355>

Telecommunication

Pandemic pushing telcos to re-evaluate, restructure plans

A wide array of technological endeavours has been taken all over the world to combat the pandemic, and telecom services have been highly instrumental in implementing the initiatives. While the measures taken by telecom operators during this period are aimed at tackling the current challenges, they are in turn opening up new ways of serving customers and will play a vital role in formulating our future strategies. In Bangladesh, the telecom operators have also risen to the current challenges and are trying to support the government in combating the pandemic to the best of their abilities. To serve the nation in the hour of need, we are striving to tackle the unprecedented situation through innovative and timely undertakings.

<https://www.thedailystar.net/business/news/pandemic-pushing-telcos-reevaluate-restructure-plans-1929557>

Stocks

Aamra Networks to issue Tk 1.0b zero coupon bonds

The board of directors of Aamra Networks Ltd has decided to issue non-convertible zero coupon bonds worth Tk 1.0 billion. The IT company will issue the bond at face value through private placement, subject to approval of the regulatory authorities like Bangladesh Securities and Exchange Commission, according to an official disclosure on Sunday. The bond will be non-convertible, size of the bond will be up to Tk 1.0 billion (at face value) with the denomination of Tk 1000 each with a five years tenure.

<https://today.thefinancialexpress.com.bd/trade-market/aamra-networks-to-issue-tk-10b-zero-coupon-bonds-1594570913>

Regent Textile to extend IPO funds utilisation time further

Regent Textile Mills Ltd has decided to revise and extend IPO funds utilisation and implementation time further as the company failed to utilise the funds fully within the stipulated timeframe. The Regent Textile raised a fund worth Tk 1.25 billion through initial public offering (IPO) in 2015 for implementing balancing, modernisation, rehabilitation and

expansion (BMRE), for building a new readymade garment unit and bearing the IPO related expenses. However, the company has already extended the initial deadline four times from the securities regulator of utilising the full IPO proceeds.

<https://today.thefinancialexpress.com.bd/stock-corporate/regent-textile-to-extend-ipo-funds-utilisation-time-further-1594570444>

Securities regulator to scrutinise vetted documents of Sonali Paper

The securities regulator will scrutinise the vetted documents and latest financial statements of Sonali Paper and Board Mills before its trading gets rolling on the mainboards of stock exchanges. The Bangladesh Securities and Exchanges Commission (BSEC) has asked for the documents from the Dhaka and Chittagong stock exchanges within seven working days. The exchanges have already suspended the trading of the company following the BSEC directive. It, however, did not mention any cause or any violation by the company.

<https://tbsnews.net/economy/stock/securities-regulator-scrutinise-vetted-documents-sonali-paper-105283>

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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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