

Bangladesh market snapshot

	Last closing
DSEX Index	5,011.30
% change	0.80%
DS30 Index	1,740.23
% change	0.77%
DSES Index	1,158.53
% change	1.05%
Turnover (BDT mn)	10,245.48
Turnover (USD mn)	121.97
% change	-4.96%
Market Capitalization (BDT bn)	3,789
Market Capitalization (USD bn)	45.11
% change	0.70%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	27,665.64
% change	+0.48%
Nikkei 225	23,406.49
% change	+0.74%
FTSE 100	6,032.09
% change	+0.48%

Source: Bloomberg

Exchange rate

Currency	BDT
USD	84.80
EUR	100.10
GBP	110.27
INR	1.16

Source: Bangladesh Bank

Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
09-Sep-2020	1.00-5.25	2.56
08-Sep-2020	0.30-5.25	2.54

Source: Bangladesh Bank

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	39.83	-0.57%
Gold Spot, USD/t oz	1,940.55	-0.28%
Cotton, USD/lb	64.81	0.00%

Source: Bloomberg

Economy

10% tax imposes on reinvestment of 5-yr NSC over Tk5 lakh

Profit along with principal would be treated as a fresh investment in case of auto reinvestments in five-year national saving certificates (NSC) and the applicable source tax will be determined based on the invested amount. For auto reinvestment of five-year national saving certificates, source tax at the rate of 10 percent would be deducted if investments exceed Tk5 lakh for any payment after July 1, 2019. In case of investments not exceeding Tk5 lakh, source tax would be deducted at the rate of 5 percent.

<https://tbsnews.net/economy/banking/10-tax-imposes-reinvestment-5-yr-nsc-over-tk5-lakh-131329>

Rules on cards to protect online buyers' interests

The government is coming up with e-commerce operation guidelines to protect the consumers and formulating policy support for easing the development of the e-commerce sector that is seeing unprecedented boom amid the pandemic. The guideline will fix a delivery time limit after ordering a product. It will also specify a reimbursement guideline for customers if sellers fail to deliver within the specified time. Violation of these conditions will result in financial penalties and closing of business operations of the e-commerce company.

<https://tbsnews.net/economy/rules-cards-protect-online-buyers-interests-131665>

PTA with Bhutan this month, dozen others in the pipeline

Bangladesh is set to enter the era of bilateral duty-free trade agreements this month by signing a preferential trade agreement (PTA) with its South Asian neighbour Bhutan. Dhaka is also looking to sign free trade agreements (FTA) with Japan, Indonesia and Nepal later this year. The Ministry of Commerce has launched the initiatives to continue enjoying the existing duty-free export facilities even after Bangladesh's graduation from the status of a least developed country (LDC) to that of a developing one.

<https://tbsnews.net/economy/trade/pta-bhutan-month-dozen-others-pipeline-132034>

Bank and NBFIs

Agent banking on a roll

Overall deposits with agent banking accounts doubled in July compared to the same period a year ago as more and more people are keeping faith with the new banking model. Deposit balance stood at Tk 5,251.3 crore in July last year and it rose to Tk 10,788.2 crore in the same month this year. Loan disbursement increased by 220 per cent to Tk 94.9 crore in the same period while utility bill payments were up 23.45 per cent to Tk 93.7 crore. Migrant workers used the service to send home Tk 3,327.9 crore in the first month of the current fiscal, up 422 per cent from Tk 637.1 crore year-on-year. The number of transactions rose 90 per cent to

76,61,508 in July compared to the same month in 2019 and transaction volume swelled by 151 per cent to Tk 28,415.3 crore.

<https://www.thedailystar.net/business/news/agent-banking-roll-1960457>

Banks' Apr-June industrial term loan recovery drops by 57pc

Recovery of industrial term loans dropped by 56.88 per cent or Tk 13,441 crore in the last quarter of the fiscal year 2019-2020 compared to the corresponding period in the previous fiscal year. In the April-June quarter of FY20 when business and economic activities were almost cut by half due to the coronavirus outbreak, industrial term loans recovered plunged to Tk 10,188 crore from Tk 23,629 crore in the same quarter of FY19. The country's banks have witnessed the worst loan recovery in recent times during the quarter as a large segment of loans became defaulted due to the devastating impact of the pandemic on businesses and economic activities. Not only industrial term loans but all other loan segments also faced the same fate during the pandemic.

<https://www.newagebd.net/article/115983/banks-apr-june-industrial-term-loan-recovery-drops-by-57pc>

Engineering

Govt to cut bike registration fee to below 10%

The government is considering reducing the motorcycle registration fee. The Prime Minister's Office (PMO) has directed the Road Transport and Highways Division to bring down the registration fee below 10% in consultation with the Finance Ministry. Recently, Japanese investors at the Bangladesh-Japan Public Private Joint Economic Dialogue (PPED), demanded a reduction in motorcycle registration fees. The Road Transport Division will inform the PMO about the progress in this regard within the next seven days. After reviewing the existing motorcycle policy amendment, Japanese investors proposed reducing the motorcycle registration fee to 8%.

<https://tbsnews.net/economy/industry/govt-cut-bike-registration-fee-below-10-131368>

Textile

Small factories in big troubles

Small garment factories in Bangladesh are finding it tough resuming operations following the prolonged Covid-19-induced layoff even though work orders from international buyers are slowly making a comeback. The nationwide shutdown made it difficult for most businesses, particularly small companies, to register a decent turnover, forcing many to shutter their operations due to capital shortages. Also garment factory owners and trade unions are yet to reach consensus regarding the reopening of some factories. These factories had not cleared dues of workers when they had suspended operations. The owners are solely for a resumption of operations of those factories while the unions demand that the dues be paid first.

<https://www.thedailystar.net/business/news/small-factories-big-troubles-1960461>

<https://www.newagebd.net/article/116057/rmg-exporters-experts-cautiously-optimistic>

Food and Allied

After a massive meltdown, ice cream industry hopes for a recovery next year

With only one month left of the current season, ice cream sales have seen some spikes, though not enough to make the major players optimistic about a turnaround until next year. Every year, the demand for frosty dessert rises amid the scorching summer heat. But this year, the business has been severely affected by the pandemic and nationwide shutdown during the peak season. The sales of ice cream have been increasing slowly for the last two months following relaxation of the shutdown, as the number of people coming outside is growing.

<https://tbsnews.net/economy/industry/after-massive-meltdown-ice-cream-industry-hopes-recovery-next-year-131722>

Jute

BJMC sells jute sacks at lower than official rate

Questions have arisen over Bangladesh Jute Mills Corporation's (BJMC) decision to sell 100,000 bales of jute sacks at a price lower than the official rate as it is set to deprive the country of nearly Tk 8 crore in revenue. The corporation charged Dubai-based Taif International \$87 for every 100 of these jute bags, which are known as Standard B Twill, which is \$3 shy of its officially declared price of \$90. The total value of the sale stands at \$26.1 million. The deal took place on July 30, a day before the beginning of Eid-ul-Azha vacation and it was done without the knowledge of the BJMC's 87 listed local buyers, who usually export 80 per cent of jute goods churned out by the state-owned mills.

<https://www.thedailystar.net/business/news/bjmc-sells-jute-sacks-lower-official-rate-1960453>

Capital Market

Index Agro gets nod to discover IPO cut-off price

The Bangladesh Securities and Exchange Commission (BSEC) on Thursday approved a proposal to determine the cut-off price of Index Agro Industries Limited's shares through book building method for raising Tk50 crore from the capital market through an initial public offering (IPO). The agro sector company will use the initial public offering proceeds towards construction of buildings, purchase of machineries, equipment, and meeting IPO expenses. AFC Capital and EBL Investment Limited act as the issue manager of the company's IPO.

<https://www.dhakatribune.com/business/stock/2020/09/10/index-agro-gets-nod-to-discover-ipo-cut-off-price>

Only four of 61 defaulting directors comply in BSEC-set timeframe

Only four directors of three listed companies complied with rules regarding minimum 2-per cent shareholding by each director of a listed company though the Bangladesh Securities of Exchange Commission on

July 2 gave 61 non-compliant directors of 22 companies 45 days to ensure required amount of shareholding in their respective firms. The BSEC asked the directors to comply with the rules to keep their directorship in their respective entities. The commission also warned of necessary legal action against the non-compliant directors.

<https://www.newagebd.net/article/115985/only-four-of-61-defaulting-directors-comply-in-bsec-set-timeframe>

Stock

Beximco LPG, Meghna Petroleum team up to widen Autogas market

Beximco LPG unit-1 Ltd entered into an agreement with Meghna Petroleum Ltd (a subsidiary of Bangladesh Petroleum Corporation) enabling Beximco LPG to setup LPG pumps and commence sales of Autogas through the registered filling stations of Meghna Petroleum Ltd. As per the agreement, Meghna Petroleum will receive a royalty of Tk 0.50 per liter of LPG that is sold by Beximco LPG through their established AutoLPG pumps.

<https://www.newagebd.net/article/115937/beximco-lpg-meghna-petroleum-team-up-to-widen-autogas-market>

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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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