

Bangladesh market snapshot

	Last closing
DSEX Index	5,770.01
% change	-1.55%
DS30 Index	2,159.88
% change	-1.60%
DSES Index	1,301.64
% change	-1.59%
Turnover (BDT mn)	21,084.98
Turnover (USD mn)	251.01
% change	6.35%
Market Capitalization (BDT bn)	4,903
Market Capitalization (USD bn)	58.37
% change	-0.70%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	31,060.47
% change	-0.03%
Nikkei 225	28,849.01
% change	+1.38%
FTSE 100	6,745.52
% change	-0.13%

Source: Bloomberg

Exchange rate

Currency	BDT
USD	84.80
EUR	103.55
GBP	115.90
INR	1.16

Source: Bangladesh Bank

Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
12-Jan-2021	1.00-5.25	2.02
11-Jan-2021	1.00-5.25	2.08

Source: Bangladesh Bank

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	55.89	-0.30%
Gold Spot, USD/t oz	1,837.78	-0.42%
Cotton, USD/lb	80.39	-0.65%

Source: Bloomberg

Economy

ADP spending drop deepest in 11yrs

Development spending has marked its highest drop in absolute terms for the first time in 11 years largely due to the government pulling the brakes on implementation of low priority projects. Behind the scenes, the intent is to contain expenditure in tune with sluggish revenue generation for the Covid-19-induced economic downturn. The expenditure in the first half of fiscal 2020-21 declined 10 per cent year-on-year to Tk 51,266 crore from Tk 57,196 crore in the same period a year ago.

<https://www.thedailystar.net/business/news/adp-spending-drop-deepest-11yrs-2027469>

<https://www.newagebd.net/article/127099/adp-execution-hits-10-year-low-in-july-dec>

Bank and NBFIs

Interoperability across all financial systems this year

The government has taken an initiative to make all accounts of banks, mobile financial services and payment system providers interoperable this year, a development that will allow people to move funds effortlessly within the financial sector on real-time and at lower costs. The new system- Interoperable Digital Transaction Platform (IDTP)- will be set up to establish the interoperability among banks, MFS operators and payment service providers (PSPs) and would give a major boost cashless transaction. The government will cough up Tk 56 crore to set up the IDTP and the central bank will govern and operate it.

<https://www.thedailystar.net/business/news/interoperability-across-all-financial-systems-year-2027461>

Bank depositors in distress

The real rate of return on deposits in the money market had turned negative between the months of April and December last year. The average rate of interest on bank deposits went below or remained close to the rate of inflation prevailing during the period. In November last year, the weighted average interest rate on deposits stood at 4.64 per cent, lower than 5.5 per cent rate of inflation in the same month. The rate of inflation, however, dropped to 5.29 per cent in December 2020, but was remained above the weighted average deposit rates. The headline inflation went up on the back of rising prices of the staples.

<https://today.thefinancialexpress.com.bd/first-page/bank-depositors-in-distress-1610560435>

Fuel and Power

Petrobangla urges waiver

The Petrobangla has sought exemption from payment of taxes on import of Liquefied Natural Gas (LNG), as the entity is unable to adjust the refunds due to its subsidised selling prices of the fuel. The receivable tax rebate of the state-owned entity becomes higher

than its paid Value Added Tax (VAT) and Advance Income Tax (AIT), as it is supplying the gas at subsidised prices. Currently, there is 15 per cent VAT and 2.0 per cent AIT on import of LNG.

<https://today.thefinancialexpress.com.bd/last-page/petrobanqla-urges-waiver-1610560858>

Pharmaceuticals

Govt to opt for cheaper vaccine

The government will look for alternative sources for procuring Covid-19 vaccine if the Indian antidote is found costly. Local drug maker Beximco Pharmaceuticals Ltd on November 5 signed a deal with Serum Institute of India Pvt Ltd to collect and supply 30 million doses of Covid-19 vaccines to the government. Each dose of the vaccine, developed by Oxford University in collaboration with AstraZeneca, will cost Bangladesh US\$5.0, up from \$3.0 to \$4.0 in India.

<https://today.thefinancialexpress.com.bd/first-page/govt-to-opt-for-cheaper-vaccine-1610560553>

Capital Market

BSEC halts 'manipulation' probe as key index falls

Only a day after its issuance, the securities regulator on Wednesday deferred the execution of its order to investigate the reasons for the "abnormal" hike in share prices, trade volumes, and earnings per share of listed companies in recent days. The latest directive came following a sharp correction of the broad index of the stock exchanges on Wednesday. On Tuesday, the BSEC directed both bourses to investigate whether market manipulation, insider trading and other market abuses were responsible for the abnormal price spike in some listed securities.

<https://today.thefinancialexpress.com.bd/first-page/bsec-halts-manipulation-probe-as-key-index-falls-1610560664>

<https://www.newagebd.net/article/127101/stocks-s slump-bsec-suspends-price-deviation-probe-move>

BSEC caps interest rate on margin loans

The Bangladesh Securities and Exchange Commission (BSEC) has set a ceiling on the interest rate for the margin loans to retail investors, in yet another thoughtful step from the new commission to safeguard the interests of small investors. The interest rate on margin loans ranges from 13 per cent to 15 per cent. From now onwards, stockbrokers and merchant bankers cannot charge more than 12 per cent per annum for such loans.

<https://www.dhakatribune.com/business/2021/01/14/bsec-caps-interest-rate-on-margin-loans>

<https://www.newagebd.net/article/127102/bsec-sets-ceiling-on-stocks-margin-loan-rate-at-12pc>

Stock

United Air shareholders on the verge of losing everything

Stock investors of United Airways who own 95 per cent of the shares of the defunct airline have been left high and dry after the regulator delisted the company from the main trading board of the exchanges. The Bangladesh Securities and Exchange Commission (BSEC) ordered the Dhaka and Chattogram stock exchanges to transfer the company to the over-the-counter board from the main trading board. The bourses had already transferred the company to the OTC market. With the transfer to the OTC market, it would be difficult for investors to get the money back.

<https://www.thedailystar.net/business/news/united-air-shareholders-the-verge-losing-everything-2027477>

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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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