

## Bangladesh market snapshot

	Last closing
DSEX Index	4,564.61
% change	1.87%
DS30 Index	1,536.63
% change	1.36%
DSES Index	1,045.82
% change	1.47%
Turnover (BDT mn)	7,305.77
Turnover (USD mn)	86.97
% change	11.17%
Market Capitalization (BDT bn)	3,471
Market Capitalization (USD bn)	41.32
% change	1.44%

Source: Dhaka Stock Exchange

## International market snapshot

	Last closing
Dow Jones Industrial Average	29,398.08
% change	-0.09%
Nikkei 225	23,687.59
% change	-0.59%
FTSE 100	7,409.13
% change	-0.58%

Source: Bloomberg

## Exchange rate

Currency	BDT
USD	84.95
EUR	92.38
GBP	110.11
INR	1.19

Source: Bangladesh Bank

## Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
1-Feb-2020	4.50-5.50	5.08
11-Feb-2020	4.50-5.50	5.05

Source: Bangladesh Bank

## Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	57.32	+1.74%
Gold Spot, USD/t oz	1,584.06	+0.51%
Cotton, USD/lb	68.41	-0.32%

Source: Bloomberg

## Economy

### Rate cut of post office savings tool: Bad days ahead for small savers

Slashing interest rate on savings in post office by half will make the lives of pensioners difficult as it has cut their earnings from the savings. To implement single-digit interest rate in the country's banking sector, the government on Thursday lowered interest on three-year fixed deposit to 6% from 11.28% on maturity. Meanwhile, the rate for the first year and second year of the deposit has been set at 5% and 5.5% from previous 10.20% and 10.70% respectively.

<https://www.dhakatribune.com/business/2020/02/15/rate-cut-of-post-office-savings-tool-bad-days-ahead-for-small-savers>

<https://www.thedailystar.net/frontpage/interest-rates-halved-bangladesh-postal-savings-1868080>

### BD could lose out to rich nations (UK's upcoming tariff policy after Brexit)

Bangladesh's exports to the United Kingdom are set to face stiff competition as Britain is preparing for its new tariff policy after leaving the European Union. The tariff policy will come into force in January next, bringing duties of the products of many developed countries on par with developing nations, which can erode the competitive advantage Bangladesh now enjoys.

<https://today.thefinancialexpress.com.bd/public/first-page/bd-could-lose-out-to-rich-nations-1581701613>

### China-backed projects facing disruption

The coronavirus epidemic has started exacting its toll on the implementation of key projects under the ministry of industries, people familiar with the situation said. They said the construction work of the China-backed projects has come to an almost halt as the authorities have restricted the arrival of Chinese citizens. The unpleasant development has deepened fear among the officials and project implementers about the timely completion of the projects worth billions of dollars under the ministry.

<https://today.thefinancialexpress.com.bd/public/first-page/china-backed-projects-facing-disruption-1581701877>

## Capital Market

### Merchant bankers seek fiscal incentives to revamp stock mkt

Merchant bankers on Saturday suggested offering special fiscal incentives, including tax and VAT waivers, to help woo large and renowned companies to the stock market. They felt since mobilisation of funds from banks were easier than stock market, businesses tend to avoid going public. Leaders of Bangladesh Merchant Bankers Association (BMBA) said these while placing an eight-point recommendation on Saturday.

<https://today.thefinancialexpress.com.bd/first-page/merchant-bankers-seek-fiscal-incentives-to-revamp-stock-mkt-1581786080>

**ADB provides \$170m for capital market reforms**

The Asian Development Bank (ADB) approved a second tranche loan of \$170 million to conclude the Third Capital Market Development Program in Bangladesh. ADB approved the program totaling \$250 million in November 2015 with a first tranche \$80 million loan to support vital capital market reforms accompanied by a technical assistance grant of \$700,000, out of which \$300,000 was financed by the government of the Republic of Korea's e-Asia and Knowledge Partnership Fund, to assist in the implementation of the reform actions, said a press release.

<https://www.dhakatribune.com/business/banks/2020/02/15/adb-provides-170m-for-capital-market-reforms>

<https://www.newagebd.net/article/99673/adb-to-lend-170m-to-reform-capital-market-in-bangladesh>

**Bank and NBFI****Bangladesh Bank moves to deal with troubled banks**

The Bangladesh Bank has taken an initiative to deal with troubled and weak banks as the number of such banks has been increasing over the last one decade, officials said. They said that the central bank in a draft bill seeking amendments to the Bank Company Act 1991 spelt out its plans for 'structuring', 'merger' or 'liquidation' of the bank companies in trouble. As per the bill, a permanent body would be established at the Bangladesh Bank to deal with such banks.

<https://www.newagebd.net/article/99713/bangladesh-bank-moves-to-deal-with-troubled-banks>

**Food and Allied****Processed food export falls 11pc in first seven months**

Exports of processed food items declined substantially so far this fiscal year (FY) due to higher operating costs and raw material prices than the competitors. The export earnings fell 11 per cent to US\$ 386 million in the first seven months (July-January) of the current fiscal year (2019-20) as compared to that of the same period previous FY, according to the Export Promotion Bureau (EPB). The earnings were also 15 per cent lower than the period's official target. The export of processed and dry food items earned an all-time high of \$700 million in FY 2018-19.

<https://today.thefinancialexpress.com.bd/trade-market/processed-food-export-falls-11pc-in-first-seven-months-1581780315>

**Textile****Tk1,500 crore loss feared for garments accessories**

The garments accessories and packaging sector may incur Tk1,200-1,500 crore in losses if the present deadlock in import from China continues for 3-4 months further. The Bangladesh Garments Accessories and Packaging Manufacturers and Exporters Association on Saturday expressed this concern at a press conference in Dhaka about the damaging effects of coronavirus in China.

<https://tbsnews.net/economy/rmg/tk1500-crore-loss-feared-garments-accessories-45049>

## **Bangladesh RMG exporters expect order shift from Cambodia**

The country's readymade garment exporters are expecting that the suspension of the European GSP facility to Cambodia would lead to an increase in export orders for Bangladesh in the EU market. They said that there were similarities between the RMG products produced in Cambodia and Bangladesh for export to the EU market. Buyers may shift their sourcing from Cambodia to other countries due to the rise in the prices of products manufactured in the Southeast Asian country because of payment of duties due to the suspension of the GSP facility, the exporters said.

<https://www.newagebd.net/article/99670/bangladesh-rmg-exporters-expect-order-shift-from-cambodia>

## **Telecommunication**

### **Push towards Digital Bangladesh props up Banglalink**

Banglalink, once the country's most spirited operator, is finally turning around its fortunes by putting in higher emphasis on digital services and investment on 4G network. The carrier's revenue last year edged up 3.7 percent year-on-year to Tk 4,528.37 crore in 2019. But their turnover is still low compared with the numbers reported for 2016 and 2017. Despite the intense competition in the telecom landscape and a challenging regulatory environment, Banglalink's revenue from voice calls edged up 3 per cent and data about 27 per cent, said the operator's parent company, VEON, in its financial report on Thursday.

<https://www.thedailystar.net/business/telecom/news/push-towards-digital-bangladesh-props-banglalink-1868665>

### **Int'l incoming call rate slashed 66pc**

The government has slashed the international incoming voice call rate by 65.71 per cent to \$0.006 per minute in the face of shrinking earnings from the sector in recent years. The decision, which was taken last Thursday, comes following requests from the International Gateway (IGW) operators to help them cope with the growing threat of internet-based communication services.

<https://www.thedailystar.net/business/telecom/news/intl-incoming-call-rate-slashed-66pc-1868662>

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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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