

Bangladesh market snapshot

	Last closing
DSEX Index	3,958.37
% change	-0.15%
DS30 Index	1,324.77
% change	-0.32%
DSES Index	917.62
% change	-0.21%
Turnover (BDT mn)	615.43
Turnover (USD mn)	7.33
% change	14.21%
Market Capitalization (BDT bn)	3,103
Market Capitalization (USD bn)	36.94
% change	-0.09%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	25,763.16
% change	+0.62%
Nikkei 225	22,244.96
% change	+3.32%
FTSE 100	6,064.70
% change	-0.66%

Source: Bloomberg

Exchange rate

Currency	BDT
USD	84.95
EUR	95.64
GBP	106.55
INR	1.12

Source: Bangladesh Bank

Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
14-Jun-2020	4.00-5.50	5.01
11-Jun-2020	4.00-5.50	4.99

Source: Bangladesh Bank

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	39.65	-0.18%
Gold Spot, USD/t oz	1,730.30	+0.30%
Cotton, USD/lb	58.90	+0.94%

Source: Bloomberg

Economy

Govt eyes Tk 17,000cr in budget support next fiscal year

The government has set a target to mobilise Tk 17,000 crore in budget support from development partners in fiscal 2020-21 to meet its additional financing need owing to the coronavirus pandemic. The budget support being sought is way higher than the Tk 2,100 crore set in the original fiscal plan for this year and Tk 56 crore in the previous one. Although the government had aimed to collect a huge sum in the original budget for fiscal 2019-20, it did not include any funds in the budget support segment in the revised budget in the outgoing fiscal year although the pandemic began to spread alarmingly in the last quarter. The budget support for the next fiscal year accounts for 18.31 per cent of the Tk 92,837 crore external borrowing target set.

<https://www.thedailystar.net/business/news/govt-eyes-tk-17000cr-budget-support-next-fiscal-year-1915293>

Fear of remittance flow hitting historic low

With a fear of global remittance flow declining to a historic low this year, the United Nations' International Fund for Agricultural Development (IFAD) has urged countries to develop more conducive policy and regulatory environments that enable competition, regulation and innovation on the remittance market, and declare these services essential. Last year, global remittance flow was estimated to be over \$550 billion, nearly 5% higher than the corresponding figure in 2018, with Bangladesh positioning itself among the top 10 remittance recipient countries. However, according to a UN report, global remittance to developing countries are projected to fall by \$110 billion in 2020, and not return to pre-pandemic levels for many years thereafter. In April this year, World Bank projected a 22% decline in Bangladesh's remittance earning this year owing to Covid-19.

<https://www.dhakatribune.com/business/economy/2020/06/16/fear-of-remittance-flow-hitting-historic-low>

Combating Covid-19: US to provide Bangladesh \$173 million for response, recovery

The US has announced \$173 million in new funding to support Bangladesh's Covid-19 response efforts and the development and economic recovery plan in the aftermath of the pandemic. The \$173 million US funding to Bangladesh, through USAID, is in addition to the nearly \$37 million already provided to the country's Covid-19 response efforts. It will provide cash-based transfers for food to thousands of urban poor living in low-income areas of Kalyanpur and Sattala Slum, and help improve agriculture supply chains between farmers and markets affected by the pandemic.

<https://www.thedailystar.net/coronavirus-deadly-new-threat/news/combating-covid-19-us-provide-bangladesh-173-million-response-recovery-1914817>

Move to ease burden on small taxpayers

Individual taxpayers with gross assets lower than Tk 4.0 million will not be required to submit wealth statement in tax returns. In the past, such a ceiling for gross asset was Tk 2.5 million, which has been increased to Tk 4.0 million in the budget for upcoming fiscal year. Also, individual taxpayers having less than Tk 0.4 million annual income will no longer need to submit of statement of expenses. They will be able to file tax returns with two pieces of information in a one-page new return form. The annual income threshold for individual taxpayers is now Tk 0.3 million.

<https://today.thefinancialexpress.com.bd/last-page/move-to-ease-burden-on-small-taxpayers-1592242968>

Bank and NBFIs**BB extends loan status classification to Sep 30 as it fears pandemic would ram on**

The central bank has extended the deadline for loan status classification by banks further to September 30, as it now forecasts the economy would be enshrouded by the coronavirus-induced gloom for longer than it had imagined earlier. Now, banks will have to maintain the same credit status of a borrower as on January 30 until the new deadline. Banks, however, would be able to classify any loan if their situation improves, the Bangladesh Bank said in a notice yesterday to help businesses and industries operate in the adverse scenario brought on by the coronavirus pandemic.

<https://www.thedailystar.net/business/news/bb-extends-loan-status-classification-sep-30-it-fears-pandemic-would-ram-1915289>

BAB for pay cuts of member banks' staffers

The Bangladesh Association of Banks (BAB) has issued a 13-point recommendation, including reduction of salary of its member banks' staffers for the next 18 months. It also advised the members not to curtail jobs of their employees from July 01, 2020, to December 31, 2021. Its recommendations include a 15-per cent reduction of salary for the staffers drawing over Tk 40,000 as gross salary each month, suspension of new branch opening and fixing asset purchase.

<https://today.thefinancialexpress.com.bd/first-page/bab-for-pay-cuts-of-member-banks-staffers-1592242631>

<https://www.dhakatribune.com/business/banks/2020/06/14/bab-recommends-up-to-15-cut-in-salaries>

Banks' borrowing thru REPO rises 44 times

Banks' lending from the Bangladesh Bank through REPO (repurchase agreement) has increased more than 44 times in the last three months (March-May) amid the coronavirus pandemic compared with their borrowing in the last three months of the year 2019 by using the same instrument. As per the central bank data, the banks' borrowing through REPO increased to Tk 1,70,706 crore in March-May this year. The banks' borrowing from the BB through REPO was Tk 3,879.20 crore in October-

December last year. The highest monthly borrowing by the banks was Tk 82,415 crore in March this year.

<https://www.newagebd.net/article/108482/banks-borrowing-thru-repo-rises-44-times>

Engineering

Steel manufacturers aggrieved about cold shoulder

The country's steel manufacturers will likely find it increasingly difficult to recover from the ongoing coronavirus pandemic as the government did not include their demands in the budget for fiscal 2020-21. The sector sought for reductions in value-added tax (VAT), advance tax, advance income tax and regulatory tax so that prices would decline at the consumer level. The price of mild steel (MS) rods decreased 8 per cent to Tk 58,000 per tonne during the last fiscal year. Following the prolonged shutdown of steel processing mills and lack of sales during the two-month general shutdown that ended on May 30, recovering the losses made during this period would be challenging due to the current price of MS rods.

<https://www.thedailystar.net/business/news/steel-manufacturers-aggrieved-about-cold-shoulder-1915261>

Textile

Apparel exporters see 62% drop in new orders

Apparel exporters have seen a sharp decline in new orders, as nearly 62% orders shrank in the last three months to May due to slower demands in export destinations and supply chain disruption caused by the Covid-19 pandemic. According to Bangladesh Garment Manufacturers and Exporters Association (BGMEA) data, the number of fresh orders dropped to 172 in March-May period, which was 454 in the same period last year. During the July-May period of the current fiscal year, earnings from apparel export raked in \$25.70 billion, down by 19 % against \$31.73 billion in the same period last year. On the other hand, the global retailers have canceled work orders totaling around \$3.15 billion during the period.

<https://www.dhakatribune.com/business/economy/2020/06/15/apparel-exporters-see-62-drop-in-new-orders>

Capital Market

Internet-based trading in the offing

Country's main bourse has taken a move to launch digital trading considering the safety and security of investors and other market stakeholders as the deadly virus goes virulent across the country. Mobile app and other devices will be used in such kind of trading. Meanwhile, the securities regulator has suggested both the bourses to use digital platforms for holding their different meetings in order to avoid large gathering at one place.

<https://today.thefinancialexpress.com.bd/stock-corporate/internet-based-trading-in-the-offing-1592238088>

Stock

Renata's sales jump amid pandemic

Renata Limited, one of the top five drug manufacturers in the country, has reported a 31 percent jump in its sales in the third quarter of the 2019-20 financial year. It has posted the highest growth among all pharmaceutical companies. The sales of Square Pharmaceuticals, the market leader, rose by just 12 percent in that quarter, and the revenue of the pharmaceuticals market grew at 16.4 amid the Covid-19 pandemic. Renata, the descendant of Pfizer in Bangladesh, has yielded more than 180 times the returns for its patient shareholders for over 16 years till December last year.

<https://www.tbsnews.net/companies/pharma/renatas-sales-jump-amid-pandemic-93661>

Meghna Cement gets approval to issue preference shares

Meghna Cement Mills Ltd has received approval from Bangladesh Securities and Exchange Commission (BSEC) for raising Tk 1.0 billion through issuance of 100 million preference shares. Redeemable preference shares of Tk 10 each will be issued only to the existing sponsors/directors and "other than existing" shareholders of the company in cash consideration, according to an official disclosure of Meghna Cement Mills Ltd on Monday. The preference shares shall be fully redeemable, cumulative, non-convertible and to be redeemed the principal amount by equal yearly installments commencing from the first year end from the date of subscription, the disclosure added.

<https://today.thefinancialexpress.com.bd/stock-corporate/meghna-cement-gets-approval-to-issue-preference-shares-1592238190>

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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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