

Bangladesh market snapshot

	Last closing
DSEX Index	4,079.07
% change	-0.08%
DS30 Index	1,375.09
% change	0.08%
DSES Index	950.23
% change	-0.20%
Turnover (BDT mn)	2,678.37
Turnover (USD mn)	31.89
% change	-7.42%
Market Capitalization (BDT bn)	3,158
Market Capitalization (USD bn)	37.60
% change	0.04%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	26,870.10
% change	+0.85%
Nikkei 225	22,831.96
% change	-0.49%
FTSE 100	6,292.65
% change	+1.83%

Source: Bloomberg

Exchange rate

Currency	BDT
USD	84.80
EUR	96.67
GBP	106.47
INR	1.13

Source: Bangladesh Bank

Money market

Date	Call Money Rate Range	Weighted Average (%)
15-Jul-2020	1.00-5.50	3.80
14-Jul-2020	1.00-5.50	3.31

Source: Bangladesh Bank

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	43.55	-0.55%
Gold Spot, USD/t oz	1,809.97	-0.02%
Cotton, USD/lb	62.26	+0.21%

Source: Bloomberg

Economy

Govt may set \$41b goods export target

The government is likely to set US\$41.0 billion goods export target for this fiscal year (FY), 2020-21, predicting over 21 per cent growth. It is also going to fix additional \$7.0 billion earnings from export of services, projecting more than 9.0 per cent growth. According to the projection, ready-made garment (RMG) sector is likely to earn \$33.78 billion in the current fiscal, against \$27.94 billion in the just concluded fiscal.

<https://today.thefinancialexpress.com.bd/first-page/govt-may-set-41b-goods-export-target-1594835381>

<https://www.dhakatribune.com/business/economy/2020/07/15/export-target-likely-41b-for-fy21>

Tk 40,000cr low-priority projects to be pushed back

The government has decided to put a hold on the implementation of low-priority development projects involving Tk 40,000 crore to free up funds for the productive sectors amid widening revenue shortfall. The amount accounts for about 20 per cent of the Tk 205,145 crore annual development programme (ADP) for the current fiscal year. Fund disbursement for the low-priority projects would be postponed for now. The government is being forced to delay the execution of the low-priority projects amid the drastic fall in revenue collection caused by the coronavirus pandemic and as part of its belt-tightening measures.

<https://www.thedailystar.net/business/news/tk-40000cr-low-priority-projects-be-pushed-back-1931169>

Govt borrowed 92% of revised target from savings tools in 11 months

In the first 11 months of the last fiscal year, the government's net borrowing from national savings schemes stood at Tk11,011 crore, which was 92.34 percent of its revised target. According to the Department of National Savings, the gross sale of savings certificates stood at Tk3,227 crore in May this year. After paying interest and refunding the principal amount of Tk2,796 crore that month, the government's net loan from the savings tools was Tk430 crore. In May last year, the net loan from the fiscal instrument was Tk3,257 crore. Between July and May, the gross sale of savings certificates stood at Tk57,805 crore while interest payment and refund amounts were Tk46,794 crore.

<https://www.tbsnews.net/economy/banking/govt-borrowed-92-revised-target-savings-tools-11-months-106819>

<https://www.dhakatribune.com/business/banks/2020/07/15/sales-of-savings-instruments-drops-76-43-in-july-may-of-fy20>

BB to unveil monetary policy last week of July

Economists have urged the central bank to announce guidelines on ways to re-generate the economy and generate employment in the upcoming monetary policy statement (MPS) for the fiscal year 2020

-2021. Bangladesh Bank (BB) will unveil its monetary policy for the fiscal year 2020-2021 at the end of this month.

<https://www.dhakatribune.com/business/2020/07/16/bb-to-unveil-monetary-policy-last-week-of-july>

Bank and NBFI

Kabir reappointed BB governor after much ado

The government yesterday finally reappointed Fazle Kabir as the governor of the central bank for two more years as it looks for an old hand to steer the financial sector during its most challenging period yet. Kabir, who originally took charge on March 19, 2016, saw his tenure end on July 3, a day before he turned 65 years of age. As per the Bangladesh Bank Order, 1972 a person cannot hold the post beyond that age. Given the economic challenges thrown up by the global coronavirus pandemic, the government was not keen on bringing in a fresh face. So, it preceded to amend the laws to make way for the former finance secretary to stay on beyond the 65-year age limit, in what was an unprecedented move.

<https://www.thedailystar.net/business/banking/news/kabir-reappointed-bb-governor-after-much-ado-1931157>

Rewriting banks' risk rules crucial

Traditional risk assessment, management and mitigation factors will be changed in the pandemic situation and dangers should be assessed in a new way, bankers and academics said on Wednesday. The country's banks will pass the year in good performance, helped by stimulus packages and other assistance from the government, but 2021 will be a tough year for banking sector. There will be an increasing amount of non-performing loans (NPLs) after the pandemic as wilful defaulters utilise an opportunity not to pay back and there is no way to check them as well. They also feared that stimulus packages might worsen the NPL situation if loans aren't disbursed efficiently under packages.

<https://today.thefinancialexpress.com.bd/first-page/rewriting-banks-risk-rules-crucial-1594835197>

Tannery

'Fix rawhide prices' based on five-six months' data

Finished leather and leather goods exporters have suggested fixing the prices of rawhide of sacrificial animals after analysing the last five-six months' leather export data. It would be reasonable to determine the prices of rawhide and skins based on the results obtained from the analysis. Commerce ministry is now taking preparations for fixing the prices ahead of Eid-ul-Adha like the previous years.

<https://today.thefinancialexpress.com.bd/last-page/fix-rawhide-prices-based-on-five-six-months-data-1594835475>

Jute

Amid shutdown spree, private jute mills demand interest-free loans

Private jute mills owners want the government to make arrangements for them to get interest-free loans for raw jute purchase and staff salary

payments, saying their exports dipped due to the coronavirus pandemic. They made the demand at a time when the government moves to shutter state-owned jute mills in the wake of recurring losses time and again. Besides, the Bangladesh Jute Mills Association (BJMA) has proposed that the government waive existing tax on jute products, value-added tax, advance income tax for at least six months, and extend the deadline for provident fund instalments. The association also advocated utility bill waivers for the next one year. Otherwise, they feared that the utility costs might push them to closure as the virus eats up their earnings.

<https://www.tbsnews.net/economy/industry/amid-shutdown-spree-private-jute-mills-demand-interest-free-loans-106828>

Capital Market

Alternative Trading Board to 'woo new investors'

Stock exchanges will have to play an active role to ensure the vibrant operations of Alternative Trading Board (ATB) launched to facilitate the growth of non-listed companies and other securities. A successful ATB will enhance the exchange's revenue along with attracting foreign investments to the potential local companies. The Bangladesh Securities and Exchange Commission (BSEC) has already approved the rules for ATB to pave the way of listing of non-listed companies, any kind of bonds, debenture, sukuk, open-end mutual funds and alternative investment funds with the ATB.

<https://today.thefinancialexpress.com.bd/stock-corporate/alternative-trading-board-to-woo-new-investors-1594830530>

Exchanges must mention rules in IPO observations

The securities regulator has asked stock exchanges to mention specific laws and rules in their observations while reviewing documents on companies seeking to go for an initial public offering (IPO). To get the authentic picture of a company, the Bangladesh Securities and Exchange Commission (BSEC) in a letter on Wednesday also directed the Dhaka Stock Exchange (DSE) and the Chittagong Stock Exchange (CSE) to follow Public Issue Rules-2015 properly. If stock exchanges found any violations in submitted documents on new issues, they will have to mention specific laws and rules, and cannot make any observations outside the laws.

<https://www.tbsnews.net/economy/stock/exchanges-must-mention-rules-ipo-observations-106789>

BSEC to help boost startup and venture capital ecosystem

Venture capital and private equity association has sought policy support to create a sustainable venture capital industry in the country. They put emphasis on the possible contribution by venture capital and private equity investments to boost trade, innovation, export and help create home-grown startups that can contribute to the securities market in Bangladesh. The BSEC chairman assured to give support to work with VCPEAB on policies to nurture the emerging industry.

<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-to-help-boost-startup-and-venture-capital-ecosystem-1594830605>

Stocks

GP sees revenue de-growth in Q2

Grameenphone Ltd. reported total revenues of BDT 33.1 billion for the second quarter of 2020, registering an 8.2 per cent de-growth from the same period of last year. Net profit after taxes (NPAT) for the second quarter was BDT 7.3 billion, with 22 per cent margin. Earnings per share (EPS) for the period stood at BDT 5.38. The operator reported 74.5 million total customers, of which 54.8 per cent, or 40.8 million, are internet customers.

<https://today.thefinancialexpress.com.bd/stock-corporate/gp-sees-revenue-de-growth-in-q2-1594830648>

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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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