

Bangladesh market snapshot

| | Last closing |
|--------------------------------|--------------|
| DSEX Index | 4,008.29 |
| % change | 0.80% |
| DS30 Index | 1,330.83 |
| % change | 0.53% |
| DSES Index | 920.69 |
| % change | 0.37% |
| Turnover (BDT mn) | 3,481.39 |
| Turnover (USD mn) | 41.45 |
| % change | 149.49% |
| Market Capitalization (BDT bn) | 3,122 |
| Market Capitalization (USD bn) | 37.17 |
| % change | 0.46% |

Source: Dhaka Stock Exchange

International market snapshot

| | Last closing |
|------------------------------|--------------|
| Dow Jones Industrial Average | 23,685.42 |
| % change | +0.25% |
| Nikkei 225 | 20,037.47 |
| % change | +0.62% |
| FTSE 100 | 5,799.77 |
| % change | +1.01% |

Source: Bloomberg

Exchange rate

| Currency | BDT |
|----------|--------|
| USD | 84.95 |
| EUR | 91.71 |
| GBP | 104.87 |
| INR | 1.12 |

Source: Bangladesh Bank

Money market

| Date | Call Money Rate Range | Weighted Average (%) |
|-------------|-----------------------|----------------------|
| 12-May-2020 | 4.00-5.00 | 4.95 |
| 11-May-2020 | 4.00-5.00 | 4.96 |

Source: Bangladesh Bank

Commodities

| | Price | % Change |
|----------------------------|----------|----------|
| Brent Crude (Oil), USD/bbl | 32.50 | +4.40% |
| Gold Spot, USD/t oz | 1,743.67 | +0.77% |
| Cotton, USD/lb | 58.25 | +0.69% |

Source: Bloomberg

Economy

Govt seeks \$4.5 billion in foreign loans to cover budget deficit

With the global economy battered by the coronavirus pandemic, Bangladesh has sought record \$4.5 billion in loans from foreign donors to cover the deficit in the national budget for fiscal year 2020-21. Bangladesh had earlier taken budget assistance from the World Bank and Asian Development Bank. The International Monetary Fund also provided loans to keep balance of payment. But this time the government has sought Tk 1 billion from Japan International Cooperation Agency (JICA) and Tk 190 million from the Islamic Development Bank (IsDB) as well to narrow the budget deficit in an unprecedented move.

<https://thefinancialexpress.com.bd/economy/govt-seeks-45-billion-in-foreign-loans-to-cover-budget-deficit-1589609704>

Bangladesh's stimulus package tops Tk 1.0 trillion

The government has announced an additional Tk 20 billion stimulus package to assist migrant workers, unemployed youth and rural population during the economic crisis caused by the coronavirus pandemic. Prime Minister Sheikh Hasina on Thursday announced the additional package, which will be given to four state entities: Palli Shanchay Bank, Probashi Kalyan Bank, Karmasangsthan Bank and Palli Karma-Sahayak Foundation, or PKSF. Each entity will receive Tk 5.0 billion for distribution as loans among those vulnerable groups. The additional package takes the total stimulus package past Tk 1.0 trillion, equivalent to 3.6 per cent of Bangladesh's gross domestic product.

<https://thefinancialexpress.com.bd/economy/bangladeshs-stimulus-package-tops-tk-10-trillion-1589443603>

SoEs' funds: Govt eyes transfer of Tk 150b by June

The government plans to transfer Tk 150 billion from the surplus money of the state-owned enterprises or SoEs to the government exchequer during fiscal year 2019-20. Last year, in an unprecedented move, the government empowered itself to get the hold of the funds through passing a bill in parliament. This surplus fund was deposited with different commercial banks in the country.

<https://thefinancialexpress.com.bd/economy/soes-funds-govt-eyes-transfer-of-tk-150b-by-june-1589599645>

Tk 2.05tn ADP awaits approval on Tuesday

The government is set to approve a Tk 2.05-trillion Annual Development Programme (ADP) at the National Economic Council (NEC) meeting scheduled for Tuesday. Amid the coronavirus pandemic, Bangladesh for the first time after 11 years is going to see a development outlay almost similar the size of the outgoing fiscal year (FY), 2019-20.

<https://thefinancialexpress.com.bd/economy/tk-205tn-adp-awaits-approval-on-tuesday-1589599153>

BIBM proposes injecting money into economy for repairing losses

The Bangladesh Institute of Bank Management (BIBM) has proposed 10 action plans including injecting money into the economy to repair the losses caused by the novel coronavirus pandemic. Unless liquidity is injected, many businesses might fail to pay back their debts to the banks, which will ultimately affect the banks negatively.

<https://www.tbsnews.net/economy/banking/bibm-proposes-injecting-money-economy-repairing-losses-82153>

<https://www.newagebd.net/article/106579/bibm-for-injecting-money-into-economy>

Bank and NBFIs**Funding relief packages: BB opts for massive QE**

The central bank is purchasing securities without any check to funnel funds into banks, which are supposed to finance economic rescue packages. The quantitative easing or QE is a form of unconventional monetary policy in which a central bank purchases securities from the market in order to increase the money supply and encourage lending as well as investment. Bangladesh Bank officials said on Friday there is no limit on going for QE.

<https://thefinancialexpress.com.bd/economy/funding-relief-packages-bb-opts-for-massive-qe-1589598984>

Bankers suggest M&A of banks and NBFIs to face post-Covid challenges

A leading banker Saturday suggested large-scale merger and acquisition (M&A) of banks and financial institutions of the country to cope with COVID-19 pandemic challenges. Another banker while participating in a virtual workshop, organised by the Bangladesh Institute of Bank Management (BIBM), saw risks in implementing the government-announced financial relief packages by banks. Echoing the concerns of the bankers, a BIBM study paper presented at the workshop advised both bank management and boards to be ready to address the longer-term challenges associated with the ongoing COVID-19 pandemic. And the banks should accordingly estimate and make arrangements for the additional resources needed to address the emerging scenario, said the study.

<https://thefinancialexpress.com.bd/trade/bankers-suggest-ma-of-banks-and-nbfis-to-face-post-covid-challenges-1589688499>

Fuel and Power**Country's biggest power plant starts commercial operation**

The commercial commissioning of the first unit of the country's largest coal-fired Payra Power Plant project in Patuakhali has officially started at 5.30pm Thursday. Due to pandemic situation, the station started operation without any publicity. With this, country's power generation capacity reached to 19,630 megawatts (excluding captive power). The unit with 660 megawatts capacity came into the operation, when country is power saturated. Moreover, increased power generation capacity has now become a burden for the power sector as electricity demand

reportedly dropped by 30 percent. Therefore, the plant is likely to become an economic burden for Bangladesh Power Development Board (BPDB) as it will need to pay about Tk 160 crore in capacity charge every month apart from the energy purchase cost.

<https://tbsnews.net/bangladesh/energy/countrys-biggest-power-plant-starts-commercial-operation-81523>

Summit Gazipur II receives \$140m from Clifford Capital and Japan's SMBC

Summit has closed USD 140 million (equivalent to BDT 11.90 billion) as long-term financing from Clifford Capital Pte. Ltd. ("Clifford Capital") of Singapore and Sumitomo Mitsui Banking Corporation ("SMBC"), Japan's second largest bank for Summit Gazipur II Power Limited (300 MW). This is a milestone in Bangladesh's international investment and financing as Summit is the first Independent Power Producer (IPP) to receive financing from international commercial institutions. Previously most of the financing had come from development finance institutions (DFIs) such as DEG, FMO, IFC, ADB, IsDB, CDC, etc or had substantial portions in the financing mix, according to a statement issued from Singapore.

<https://thefinancialexpress.com.bd/economy/summit-gazipur-ii-receives-140m-from-clifford-capital-and-japans-smbc-1589559782>

Textile

As \$297bn apparel market to vanish, Bangladesh also to suffer

Global Data on Wednesday made a forecast that Covid-19 will wipe off \$297 billion from the global apparel market in 2020 – a 15.2 percent decline as compared to 2019. It forecasts a bounce-back in apparel spending by 17.1 percent in 2021, but that will not compensate for the loss of sales in 2020. In 2019, the global apparel market was worth \$1,955 billion. None of the estimations says that the market will return to this level or exceed this until 2022. Apparel exports may reach 60 percent of last year's export earnings, the economist predicts.

<https://tbsnews.net/economy/rmg/297bn-apparel-market-vanish-bangladesh-also-suffer-81547>

RMG workers to get 50pc basic salary as allowance

Garment workers will get 50 per cent of their basic salary as festival allowance before the Eid-ul-Fitr and the rest amount after the Eid. 50 per cent of the basic salary is to be paid before Eid and rest 50 per cent would be given within next six months based on capability of the factory owners.

<https://today.thefinancialexpress.com.bd/first-page/rmg-workers-to-get-50pc-basic-salary-as-allowance-1589650985>

Telecommunication

BTRC collects Tk 3,000cr in revenue in 10 months

The Bangladesh Telecommunication Regulatory Commission has met 96.77 per cent of its non-tax revenue collection target for the current fiscal year 2019-2020 in ten months, thanks to the partial payments in

audit claims worth Tk 1,082.8 crore made by mobile phone operators Grameenphone and Robi. For FY20, the government fixed the target at Tk 3,100 crore in non-tax revenue collection for the telecom regulator. Against the target, the telecom regulator deposited around Tk 3,000 crore to the government's exchequer by April this year, with two more months in hand before the deadline ends for this year. A large portion of the telecom regulator's non-tax revenue comes from the telecom operators' revenue sharing.

<https://www.newagebd.net/article/106506/btrc-collects-tk-3000cr-in-revenue-in-10-months>

Capital Market

Stock market to remain shut until May 30

The country's two bourses will remain closed until May 30 as the government further extended the ongoing holidays to flatten the spread of deadly coronavirus in the country. This is the seventh time the general holidays have been extended. The trading and settlement activities on the Dhaka Stock Exchange (DSE) will remain closed in line with the government holidays. The Chittagong Stock Exchange (CSE), will also remain closed until May 30.

<https://thefinancialexpress.com.bd/stock/bangladesh/stock-market-to-remain-shut-until-may-30-1589513310>

Stocks

GP has to pay BTRC by May 31

The country's largest mobile phone network service provider Grameenphone (GP) will have to pay the remaining Tk1,000 crore audit claim to the Bangladesh Telecommunication Regulatory Commission (BTRC) by May 31 as per the order of the Appellate Division. Recently the Appellate Division published the full text of the February 24 verdict passed by a six-member bench led by Chief Justice Syed Mahmud Hossain. Lawyers of both parties have said that they have collected the copies of the verdict.

<https://tbsnews.net/bangladesh/telecom/gp-has-pay-btrc-may-31-81514>

Singer Bangladesh's 2019 profit shored by AC sales

Singer Bangladesh's profits rose 12 per cent to Tk 103 crore in 2019 even though its consumer appliance sales dropped off. Its performance has been propped up by air conditioner sales, which rose about 49 per cent to Tk 204 crore. Sales of its flagship product sewing machine surged 62 per cent to Tk 79 crore in 2019. Its television sales raked in Tk 255 crore, down 6.72 per cent from the previous year. Its consumer appliance sales fell 6 per cent to Tk 255.48 crore. However, its home appliance sales rose 19.23 per cent to Tk 1,104 crore. Overall, its turnover rose 14.2 per cent to Tk 1,548 crore.

<https://www.thedailystar.net/business/news/singer-bangladeshs-2019-profit-shored-ac-sales-1902742>

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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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