

Bangladesh market snapshot

	Last closing
DSEX Index	5,430.84
% change	-0.79%
DS30 Index	1,905.09
% change	-0.71%
DSES Index	1,235.41
% change	-0.70%
Turnover (BDT mn)	5,343.11
Turnover (USD mn)	63.61
% change	-6.67%
Market Capitalization (BDT bn)	4,004
Market Capitalization (USD bn)	47.66
% change	-0.44%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	26,089.61
% change	-0.07%
Nikkei 225	21,116.89
% change	0.40%
FTSE 100	7,345.78
% change	0.31%

Source: Bloomberg

Exchange rate

Currency	BDT
USD	84.50
EUR	95.42
GBP	107.24
INR	1.22

Source: Bangladesh Bank

Money Market

Date	Call Money Rate Range	Weighted Average (%)
13-June-2019	4.00-5.00	4.55
12-June-2019	4.00-5.00	4.55

Source: Bangladesh Bank

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	52.65	0.27%
Gold Spot, USD/t oz	1,342.30	0.04%
Cotton, USD/lb	66.12	0.56%

Source: Bloomberg

Economy

SoEs on track to rack up Tk 56b losses next fiscal

The government said state-owned enterprises (SoEs) will incur a loss of Tk 56.7 billion in the next fiscal year, accentuated by rising price of fuel in the international market. The forecast is higher than Tk 13.1 billion losses incurred during the fiscal year 2018. This picture was evident in the brief budget on the SOEs, a part of the fiscal blueprint. The document shows that the 49 non-financial organisations will incur loss even before paying taxes. "Profit before tax is expected to be negative Tk 37.1 billion as a result of rising trend in price of fuel in the international market," according to the document.

<http://today.thefinancialexpress.com.bd/trade-market/soes-on-track-to-rack-up-tk-56b-losses-next-fiscal-1560703585>

Raising private investment to be tricky: analysts

The government's target to raise private investment to 24.2 percent of GDP will be challenging given the trend in last several years and the ongoing liquidity crisis in the banking sector. Private investment has been hovering around the 22-23 percent mark for long. For instance, this fiscal year it reached 23.40 percent of GDP, up from 22.07 percent five years ago, according to the Bangladesh Bureau of Statistic (BBS). Bangladesh needs additional Tk 23,000 crore to achieve the investment target, said Abul Kasem Khan, former president of Dhaka Chamber of Commerce and Industry.

<https://www.thedailystar.net/business/news/raising-private-investment-be-tricky-analysts-1758214>

Despite rise, ADP spend to miss target

The government is set to miss the development spending target despite a 21.28 percent year-on-year rise in such spending in the first 11 months of 2018-19. The government will have to spend five times more—Tk 56,577 crore—in June than its monthly average of Tk 10,913 crore to reach the target of the Annual Development Programme (ADP) for the full fiscal year. Between July and May, ministries and divisions expended Tk 120,043 crore, up from Tk 98,978 crore in the same period a year ago, according to data from the Implementation Monitoring and Evaluation Division of the planning ministry.

<https://www.thedailystar.net/business/news/despite-rise-adp-spend-miss-target-1758202>

Bank

IMF mission sounds alarm as banks' stressed assets soar

The International Monetary Fund (IMF) has expressed concern over the rising trend in stressed assets in the banking sector. The Washington-based lender recommended that the quality of assets should be improved immediately. Stressed assets are defined as the sum of gross non-performing assets plus restructured and rescheduled standard advances, the central bank explained. The

visiting mission expressed such concerns at an introductory meeting, held at the Bangladesh Bank (BB) headquarters in Dhaka on Sunday with BB governor Fazle Kabir in the chair.

<http://today.thefinancialexpress.com.bd/first-page/imf-mission-sounds-alarm-as-banks-stressed-assets-soar-1560707702>

Spare banks from stock dividend tax

Banks have sought to be excused from the government's plan to introduce 15 percent tax on stock dividend and retained earnings and reserves to encourage cash dividends as it will put some listed lenders in a difficult spot. "It makes sense for other listed companies but not for banks as their dividend policies are transparent and regulated," said Syed Mahbubur Rahman, president of the Association of Bankers, Bangladesh, the platform of private banks' managing directors. At present, banks that face provisioning shortfall are not allowed by the Bangladesh Bank to hand out cash dividend; they can only give stock dividend.

<https://www.thedailystar.net/business/news/spare-banks-stock-dividend-tax-1758205>

Textile

Garment exporters not happy with budget proposals

Apparel exporters yesterday voiced their dissatisfaction with the 1 percent cash incentive handed to them in the proposed budget for fiscal 2019-20 as it is insufficient to help them tide through the current volatile situation in garment trade. They had originally demanded 5 percent cash incentive, but are now meeting the government halfway and asking for 3 percent. Finance Minister AHM Mustafa Kamal has already allocated Tk 2,825 crore in the budget; another Tk 5,650 crore would be needed if the garment exporters' new demand is to be entertained.

<https://www.thedailystar.net/business/news/garment-exporters-not-happy-budget-proposals-1758211>

IT

Tax hike to affect digital business

Four tech-centric trade bodies yesterday said the proposed budget would hinder the growth of digital business and increase costs for consumers. The government has proposed increasing some taxes, including value-added tax, on different services which will ultimately increase the cost of doing business, the leaders of the organisations opined. However, the leaders of Bangladesh Association of Software and Information Services (BASIS), Bangladesh Computer Samity, Internet Service Providers Association of Bangladesh (ISPAB) and Bangladesh Association of Call Center and Outsourcing (BACCO) welcomed the overall budget for 2019-20.

<https://www.thedailystar.net/business/news/tax-hike-affect-digital-business-1758208>

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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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