

## Bangladesh market snapshot

	Last closing
DSEX Index	4,785.04
% change	-1.53%
DS30 Index	1,618.05
% change	-1.33%
DSES Index	1,096.57
% change	-1.20%
Turnover (BDT mn)	14,082.59
Turnover (USD mn)	167.65
% change	4.21%
Market Capitalization (BDT bn)	3,596
Market Capitalization (USD bn)	42.81
% change	-1.08%

Source: Dhaka Stock Exchange

## International market snapshot

	Last closing
Dow Jones Industrial Average	27,844.91
% change	-0.31%
Nikkei 225	22,972.43
% change	-0.54%
FTSE 100	6,127.44
% change	+0.61%

Source: Bloomberg

## Exchange rate

Currency	BDT
USD	84.80
EUR	100.44
GBP	110.99
INR	1.13

Source: Bangladesh Bank

## Money market

Date	Call Money Rate Range	Weighted Average (%)
16-Aug-2020	3.50-5.25	4.76
13-Aug-2020	3.50-5.25	4.74

Source: Bangladesh Bank

## Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	45.16	-0.46%
Gold Spot, USD/t oz	1,991.92	+0.33%
Cotton, USD/lb	63.38	+0.16%

Source: Bloomberg

## Economy

### Service-sector export earnings drop 5.56pc

Bangladesh's export earnings from the service sector stood at US\$6.13 billion registering a 5.56 per cent negative growth in the just-concluded fiscal year 2019-20. The country earned US\$6.49 billion from the service sector in the fiscal year 2018-19. The last fiscal's export earnings from the service sector were 27.86 per cent lower than the strategic target of US\$8.50 billion set for the fiscal. The single-month earnings in June'20 also dropped by 17.97 per cent to \$416.35 million.

<https://today.thefinancialexpress.com.bd/last-page/service-sector-export-earnings-drop-556pc-1597687547>

### Only high-priority projects this fiscal year

The government has directed ministries and divisions to pick high-priority projects from the list of the unapproved schemes in the annual development programme as development work has been hamstrung by revenue shortage caused by the coronavirus pandemic. The country would require Tk 924,203 crore to implement all of the 1,626 ongoing development projects. The government has, however, allocated Tk 204,144 crore for ADP this fiscal year. The government has allocated Tk 495,097 crore as of June for the ongoing development projects included in the ADP.

<https://www.thedailystar.net/business/news/only-high-priority-projects-fiscal-year-1946841>

### Govt lobbying hard for WB budget aid

The government is trying to receive \$250 million budget support the World Bank pledged to offer, helping the country lower its fiscal deficit in the current financial year. Since the 2nd tranche of the bank's \$750 million development policy credit was disbursed in FY 2019-20, the government is in a hurry to get the final portion within June.

<https://today.thefinancialexpress.com.bd/first-page/govt-lobbying-hard-for-wb-budget-aid-1597687109>

## Bank and NBFI

### Banks dive into Treasury bills, bonds as interest income falls

Listed banks increased their investment in government and corporate bonds, securities and stocks in the second quarter of 2020 to offset the loss in interest income caused by the ceiling on lending rates. Their investment in bonds and other securities rose 8.84 per cent to Tk 314,747 crore as on 30 June. Investment income surged Tk 842 core, or 49 per cent, to Tk 2,546 crore in the quarter. The data was calculated based on the half-yearly financial statements of 25 out of 30 banks listed on the Dhaka Stock Exchange.

<https://www.thedailystar.net/business/news/banks-dive-treasury-bills-bonds-interest-income-falls-1946837>

## **Banks, NBFIs get more time to execute package**

The Bangladesh Bank on Monday granted the country's banks and non-banking financial institutions two more months to complete disbursement of the stimulus loans under the Tk 20,000-crore package announced by the government for the cottage, micro, small and medium entrepreneurs (CMSME). Considering the slow progress in loan disbursement from the package, the central bank at an online meeting extended the deadline till October 31 this year from August 31 this year.

<https://www.newagebd.net/article/113766/banks-nbfis-get-more-time-to-execute-package>

## **Tannery**

### **Rawhide traders down in the dumps**

Seasonal traders of rawhide have been left disappointed by this year's sales as the price for untanned leather has remained low for two consecutive years now. For the past two weeks, traders at major rawhide markets in Dhaka, Palashbari, Tangail, Mymensingh, Jessore and Chattogram have all reported receiving low prices for the product. However, compared with last year, a smaller amount of rawhide was discarded due to the government's monitoring of the rawhide market and ongoing coronavirus pandemic.

<https://www.thedailystar.net/business/news/rawhide-traders-down-the-dumps-1946829>

## **Capital Market**

### **Regulator rejects Bonito Accessories Industries IPO**

The Bangladesh Securities and Exchange Commission (BSEC) has rejected the initial public offering (IPO) application of Bonito Accessories Industries Limited for violating securities rules. Bonito Accessories Industries is a 100 percent deemed export-oriented garment accessories manufacturer and exporter. The principal activities of the company include manufacturing, processing, printing, cutting, sealing and assembling of all kinds of button, elastic, hanger, polybag, PVC bag, gum tape, sewing thread, hang tag, bar code, back board, paper board, photo card, label etc. The company wanted to raise Tk30 crore from the capital market through the fixed price method to acquire machinery, construct a building and repay loans. The company violated the rules and overstated in its financial statements so that investors would be more interested in buying its shares.

<https://www.tbsnews.net/economy/stock/regulator-rejects-bonito-accessories-industries-ipo-120739>

### **DSE again backtracks on decision to impose fee**

The board of directors of Dhaka Stock Exchange on Monday again cancelled its decision to impose monthly charge of Tk 150 per user for trading using its mobile phone app, DSE-Mobile. The bourse's board recently decided that the charge would be applicable from September 1. On Monday, the board at a meeting backtracked on its latest decision following criticisms from investors and brokerage houses. As per the new

decision made on Monday, users do not need to pay for trading through mobile app, and inactive users would face cancellation of registration.

<https://www.newagebd.net/article/113771/dse-again-backtracks-on-decision-to-impose-fee>

## Stock

### **Bay Leasing to buy Asia Insurance's shares following BSEC ultimatum**

Bay Leasing and Investment Ltd, a non-banking financial institution, intends to buy 1.70 percent shares of Asia Insurance Ltd at the Dhaka Stock Exchange (DSE) within the next 30 days. Bay Leasing is a corporate sponsor of Asia Insurance and has decided to buy the shares in order to fulfill the minimum requirement of 2 percent shareholding. Currently, it holds only 0.33 percent shares of Asia Insurance. According to the Bangladesh Securities and Exchange Commission, all companies that do not hold minimum 30 percent shares jointly and minimum 2 percent shares individually, of the paid-up capital, will have to buy the rest of the shares within 60 working days from July 29, 2020. Otherwise, the regulator will take necessary measures against those companies as per the securities laws.

<https://www.tbsnews.net/economy/stock/bay-leasing-buy-asia-insurances-shares-following-bsec-ultimatum-120268>

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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.

<b>Recommendation Type</b>	<b>Holding period (if not otherwise mentioned)</b>	<b>Absolute Return Potential</b>
Buy	12 Months	More than +15%
Neutral/ Hold	12 Months	Between +15 % and -5 %
Underweight	12 Months	Less than -5 %

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