

Bangladesh market snapshot

	Last closing
DSEX Index	4,069.11
% change	-0.24%
DS30 Index	1,368.76
% change	-0.46%
DSES Index	945.81
% change	-0.46%
Turnover (BDT mn)	2,259.72
Turnover (USD mn)	26.90
% change	-15.63%
Market Capitalization (BDT bn)	3,155
Market Capitalization (USD bn)	37.56
% change	-0.11%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	26,671.95
% change	-0.23%
Nikkei 225	22,696.42
% change	-0.32%
FTSE 100	6,290.30
% change	+0.63%

Source: Bloomberg

Exchange rate

Currency	BDT
USD	84.80
EUR	96.78
GBP	106.71
INR	1.13

Source: Bangladesh Bank

Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
16-Jul-2020	1.25-5.50	4.28
15-Jul-2020	1.00-5.50	3.80

Source: Bangladesh Bank

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	43.14	-0.53%
Gold Spot, USD/t oz	1,810.42	+0.74%
Cotton, USD/lb	61.94	-0.96%

Source: Bloomberg

Economy

Bangladesh sets lower export target for FY21

The Covid-19 pandemic and its aftermath have forced Bangladesh to set an export target for the current fiscal year that is lower than that of the previous year's – for the first time in the country's history. The government has set the export target considering the present global economic condition. Yet, the figure – \$48 billion – down from last year's target of \$54 billion, appears to be a gigantic task, given the uncertainty that remains with the novel coronavirus situation.

<https://tbsnews.net/economy/48bn-export-target-announced-fy21-107164>

Imports from China coming out of virus shock

The country's imports from China have begun getting back on an even keel, thus counteracting the shock resulting from the Covid-19 pandemic. Though imports from mainland China had been shrinking gradually since February this year owing to the novel coronavirus outbreak, they regained pace from the May-June period. Offsetting the virus fallout, Bangladesh's imports from China climbed to around 10.23 percent in May and 20.94 percent in June. Shipping agents said imports would be smoother in the upcoming months as Bangladesh has ended the mandatory 14-day quarantine protocol for vessels arriving from mainland China.

<https://tbsnews.net/economy/trade/imports-china-coming-out-virus-shock-106909>

Bank and NBF1

Banking sector's stressed asset figure, once unveiled annually, is now under wraps

The central bank has stopped publishing the figure of stressed assets in its annual financial stability report with a view to painting a rosy picture of the banking sector at a time when lenders are facing one of their worst crises in living memory. This may create a confidence crisis among investors and commoners in the financial sector as they would be completely in the dark about the true financial strength of banks. The BB unveiled the Financial Stability Report 2019 on July 1 and it did not include the data on the stressed assets for the first time.

<https://www.thedailystar.net/business/banking/news/banking-sectors-stressed-asset-figure-once-unveiled-annually-now-under-wraps-1932641>

Amount of money outside banks rises by Tk 37,105cr in 5 months

The amount of money outside the country's banking system increased by Tk 37,105 crore in the January-May period this year as a section of people, panicked by the economic setback amid the coronavirus outbreak, preferred keeping cash in their hands to depositing the money in banks while another section withdrew their bank savings to survive after job loss. The situation may not fuel

inflation much but will squeeze the banks' lending capacity, hampering the implementation of the stimulus packages worth around Tk 1.03 lakh crore announced by the government to revive the economy hit hard by the outbreak of coronavirus. As per Bangladesh Bank data, currency outside the banks increased to Tk 1,93,750.7 at the end of May this year from Tk 1,56,600 crore at the end of December, 2019.

<https://www.newagebd.net/article/111494/amount-of-money-outside-banks-rises-by-tk-37105cr-in-5-months>

Banks miss agri-loan disbursement target for FY20

The banks have failed to meet the agricultural loan disbursement target set for the fiscal year (FY) 2019-20. This happened for the first time as Covid-19 walloped the economy in the last few months, the sector insiders said. In FY20, the country's 59 banks disbursed Tk22,749 crore as farm and non-farm rural loan – meeting 94.30 percent of the target they set at the beginning of the year. However, the banks set a total loan disbursement target of Tk24,124 crore for the FY20.

<https://tbsnews.net/economy/banking/banks-miss-agri-loan-disbursement-target-fy20-107383>

Fuel and Power

Reliance's Bangladesh LNG power plant gets \$645 million loan from Japan

A group of Japanese public and private lenders have agreed to lend nearly \$645 million (Tk5,440 crore) to a power plant in Bangladesh that runs on liquefied natural gas (LNG). The 718MW plant in Narayanganj is being built by Reliance Group in India and Jera, the largest power generation company in Japan. The project is expected to begin commercial operations in 2022. Of the total loan, the state-owned Japan Bank for International Cooperation will cover 41 percent. The Asian Development Bank will participate in the joint credit as well.

<https://tbsnews.net/bangladesh/energy/reliances-bangladesh-lng-power-plant-gets-645-million-loan-japan-107725>

Telecommunication

Ban on free internet for social media

The Bangladesh Telecommunication Regulatory Commission (BTRC) has ordered the mobile phone operators and other telecom service providers to end totally or partially free internet data for social media use. The operators have begun implementing the order issued by the BTRC that cited 'unhealthy' competition between the companies as a reason behind the decision.

<https://today.thefinancialexpress.com.bd/first-page/ban-on-free-internet-for-social-media-1595091546>

Tannery

Govt to export rawhide

The government has planned to export rawhide to ensure fair prices, aiming to avoid any unexpected situation during the Eid-UI-Adha. The

Ministry of Commerce will fix the prices of rawhides through a meeting with the stakeholders on July 26 to avert untoward incidents regarding prices. People had to dump a huge number of rawhides during last Eid-UL-Adha, as buyers offered very low prices and in some cases. They were reluctant to buy sacrificial animal's rawhide.

<https://tbsnews.net/economy/trade/govt-export-rawhide-107398>

Capital Market

BSEC approves Associated Oxygen's IPO

Bangladesh Securities and Exchange Commission (BSEC) on Thursday approved the prospectus for the Initial Public Offering (IPO) of Associated Oxygen Limited to raise Tk15 crore through the fixed price method. The commission also approved the lottery draw of Express Insurance Limited through digital platform due to the ongoing Covid-19 pandemic. As per the BSEC approval—under the fixed price method— Associated Oxygen Limited will offload 15 million ordinary shares for Tk10 each.

<https://www.dhakatribune.com/business/stock/2020/07/16/bsec-approves-associated-oxygen-s-ipo>

Securities regulator to restructure ICB

The Bangladesh Securities and Exchange Commission (BSEC) has recently announced that it will restructure the Investment Corporation of Bangladesh (ICB) - the state-owned investment institution for the capital market. The commission recently appointed a foreign advisory institution to restructure the ICB. They are seeking the advisory report from the foreign institution within November this year.

<https://tbsnews.net/economy/stock/securities-regulator-restructure-icb-108151>

BSEC extends time for provisioning against unrealised losses

The Bangladesh Securities and Exchange Commission (BSEC), has extended the time limit for provisioning for stock dealer accounts, client margin accounts of stock brokers and merchant banks' own and client portfolios against unrealised losses. The commission has extended the time for provisioning till December 31, 2023 due to the Covid-19 pandemic. There is no need for provisioning against unrealised losses in 2020 and anyone can take the opportunity.

<https://tbsnews.net/economy/stock/bsec-extends-time-provisioning-against-unrealised-losses-107329>

'Absence of proper valuation discourages large companies to get listed with stock market'

There are many good companies in Bangladesh that are doing businesses with good reputation. However, these companies are not willing to get listed with the stock exchanges due to a lack of proper valuation. Foreign investment institutions in their valuation statements mentioned that they found only seven to eight companies out of 321 listed with our stock exchanges suitable for long term investment.

<https://tbsnews.net/economy/stock/absence-proper-valuation-discourages-large-companies-get-listed-stock-market-108211>

Stocks

IFC finances City Bank

IFC, a member of the World Bank Group, is providing a loan of up to \$30 million to City Bank, a leading private commercial bank in Bangladesh, to financing small and medium enterprises and corporate companies affected by the Covid-19 pandemic. The financing package is part of IFC's \$8 billion global COVID-19 fast-track financing facility, which aims to help companies stay in business. This investment comes under the Working Capital Solutions (WCS) program of the COVID-19 response envelope, which provides \$2 billion globally to emerging-market banks. This allows them to extend credit so firms can cover expenses and pay their employees.

<https://today.thefinancialexpress.com.bd/stock-corporate/ifc-finances-city-bank-1595086551>

BSEC fines Kattali for submitting fake documents on IPO proceeds

The Bangladesh Securities and Exchange Commission (BSEC) have fined Kattali Textile for its failure to utilise the proceeds of its initial public offering (IPO) and providing fake bank certificates to the stock market regulator. Kattali Textile, listed with the Dhaka Stock Exchange (DSE) back in 2018, provided an inaccurate account in the company's monthly report for February 2019 on how the IPO proceeds were utilised. The textile company went on to submit a fake bank certificate in this regard, which is a serious breach of the Securities Act. Therefore, the stock market regulator decided to slap a Tk 1 crore fine on Kattali Textile's managing director while other directors were each handed a Tk 50 lakh penalty.

<https://www.thedailystar.net/business/news/bsec-fines-kattali-submitting-fake-documents-ipo-proceeds-1932629>

BSEC to probe share price hike of 2 pharma companies

The Bangladesh Securities and Exchange Commission (BSEC) has formed an inquiry committee to investigate the unusual price hike of the shares of two pharmaceutical companies - Central Pharmaceuticals Ltd and Beacon Pharmaceuticals Ltd. The committee will investigate the unusual movements of both - share prices and volumes - of the listed companies.

<https://tbsnews.net/economy/stock/bsec-probe-share-price-hike-2-pharma-companies-107257>

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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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