

Bangladesh market snapshot

	Last closing
DSEX Index	4,050.65
% change	-0.45%
DS30 Index	1,356.64
% change	-0.89%
DSES Index	938.97
% change	-0.72%
Turnover (BDT mn)	2,344.48
Turnover (USD mn)	27.91
% change	3.75%
Market Capitalization (BDT bn)	3,151
Market Capitalization (USD bn)	37.51
% change	-0.12%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	26,671.95
% change	-0.23%
Nikkei 225	22,616.23
% change	-0.35%
FTSE 100	6,290.30
% change	+0.63%

Source: Bloomberg

Exchange rate

Currency	BDT
USD	84.80
EUR	96.93
GBP	106.59
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	42.83	-0.72%
Gold Spot, USD/t oz	1,807.69	-0.15%
Cotton, USD/lb	61.81	-0.21%

Source: Bloomberg

Economy

Bangladesh Bank goes for dollar buying spree as remittance hits \$1.36b in 2 weeks

The Bangladesh Bank injected another Tk 2,290 crore in the country's banking sector in 19 days of July through purchasing US dollars as the banks were flooded with greenbacks. The central bank had no alternative but to purchase dollars against the backdrop of a heavy inflow of remittance ahead of Eid-ul-Azha, one of the largest religious festivals of the Muslims. Unless the greenbacks were purchased by the central bank, the value of the taka would appreciate against the dollar and that would be a matter of discomfort for the country's exporters. The central bank purchased greenbacks worth \$270 million from the banks in July 1-19.

<https://www.newagebd.net/article/111585/bangladesh-bank-goes-for-dollar-buying-sprees-as-remittance-hits-136b-in-2-weeks>

ADB reorganizes projects to offset pandemic effect

The Asian Development Bank or ADB has reshuffled the current year's projects, pushed back a few and included some fresh programmes with the objective of offsetting the impact of the pandemic on life and livelihood in Bangladesh. The changes were made while preparing the country operation business plan for 2021-2023 and updating it for 2020-2022 through fielding a mission during the March-June period. By changing the pipeline for 2020, the Manila-based lender included five new programmes in response to the Covid-19 pandemic.

<https://today.thefinancialexpress.com.bd/first-page/adb-reorganises-projects-to-offset-pandemic-effect-1595181416>

Bank and NBFI

Defaulted industrial loans rise by Tk 704cr in Jan-Mar

The amount of defaulted loans in the country's industrial sector increased by Tk 703.83 crore in January-March quarter to reach Tk 45,831.12 crore as of March 30 this year even though the government relaxed policy to lower the figure on paper. The amount would rise further in the coming months not only for the coronavirus-induced economic shocks but also for the absence of good governance in the banking sector that had been becoming more vulnerable gradually. Instead of bringing the loan defaulters to book, the central bank has been formulating policies that can be mentioned as accounting juggling just to sweep the bank sector ills under the carpet. The amount of defaulted industrial loans increased to Tk 45,831.12 crore at the end of March this year from Tk 45,127.29 crore at the end of December, 2019.

<https://www.newagebd.net/article/111583/defaulted-industrial-loans-rise-by-tk-704cr-in-jan-mar>

Interest rate spread on decline

Interest rate spread in the country's banking system improved slightly in May as banks slashed interest rates on deposits more

than on lending. The spread defined as the gap between lending and deposit rates rose to 2.94 per cent in May 2020 from 2.92 per cent in the previous month. The spread was 4.07 per cent in March. The average rate on deposits fell to 5.24 per cent in May from 5.37 per cent a month earlier, and the interest on lending dropped to 8.18 per cent from 8.29 per cent

<https://today.thefinancialexpress.com.bd/first-page/interest-rate-spread-on-decline-1595181609>

Textile

RMG export earnings in July 1-18 total \$1.57b

The country's ready-made garment (RMG) export earnings in the first 18 days of July stood at US\$1.57 billion despite the Covid-19 pandemic, which local manufacturers consider as a good sign of reviving new or cancelled work orders. Bangladesh fetched \$1.78 billion during the same period of July 2019. The July 2020 earnings over that of last year declined by 11.74 per cent.

<https://today.thefinancialexpress.com.bd/trade-market/rmg-export-earnings-in-july-1-18-total-157b-1595175968>

Tannery

Rawhide of sacrificial animals: Four SoCBs to lend Tk585cr

State-owned Commercial Banks (SoCBs) have sought refinance fund from the government for lending to rawhide traders before the Eid-ul Azha. The four SoCBs have decided to lend Tk586 crore on procuring rawhide of sacrificial animals. The interest rate of the fund was proposed at 7%. Borrowers will pay 4% and the rest 3% will be borne by the government.

<https://www.dhakatribune.com/business/banks/2020/07/19/rawhide-of-sacrificial-animals-four-socbs-to-lend-tk585cr>

Capital Market

BSEC forms 5 committees to review regulatory framework

The Bangladesh Securities and Exchange Commission (BSEC) recently formed five committees for reviewing the regulatory framework and different rules, regulations and laws. Every committee consists of a convener and two members. The commission wants to modernise the regulatory framework and different laws for the interest of investors in the capital market. The securities regulator will review all the rules and regulations in phases which might take around two years.

<https://tbsnews.net/economy/stock/bsec-forms-5-committees-review-regulatory-framework-108643>

Stocks

EBL to get USD 40m from DEG and FMO

Eastern Bank Limited (EBL) recently signed a term loan agreement for USD 40 million with German Investment Corporation - DEG and Netherlands Development Finance Company - FMO. DEG-FMO will fund EBL in foreign currency to provide financing to corporate, green

businesses and SME customers at competitive pricing. The funds will be routed through EBL's Offshore Banking.

<https://today.thefinancialexpress.com.bd/stock-corporate/ebi-to-get-usd-40m-from-deg-and-fmo-1595175522>

Berger Paints launches disinfection services

Berger Paints Bangladesh yesterday launched disinfection services to help people and business houses steer clear of any infections amid the ongoing Covid-19 pandemic. The Berger Expert Sanitisation Service is a convenient and effective way to give businesses and homeowners the confidence that their places will be safe for all the members and customers. The solutions will provide up to four weeks of protection against virus and bacteria. The service cost is Tk 3.50 per square feet if the premise is less than 5,000 square feet. It is Tk 3 for premises between 5,000 and 10,000 square feet. The service charge is Tk 2.5 when the premise is larger than 10,000 square feet.

<https://www.thedailystar.net/business/news/berger-paints-launches-disinfection-services-1933201>

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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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