

## Bangladesh market snapshot

	Last closing
DSEX Index	4,789.38
% change	1.47%
DS30 Index	1,644.45
% change	2.21%
DSES Index	1,094.40
% change	1.25%
Turnover (BDT mn)	11,490.32
Turnover (USD mn)	136.79
% change	9.17%
Market Capitalization (BDT bn)	3,592
Market Capitalization (USD bn)	42.77
% change	0.97%

Source: Dhaka Stock Exchange

## International market snapshot

	Last closing
Dow Jones Industrial Average	27,692.88
% change	-0.31%
Nikkei 225	22,948.86
% change	-0.70%
FTSE 100	6,111.98
% change	+0.58%

Source: Bloomberg

## Exchange rate

Currency	BDT
USD	84.80
EUR	101.19
GBP	112.27
INR	1.14

Source: Bangladesh Bank

## Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
18-Aug-2020	3.50-5.25	4.72
17-Aug-2020	3.50-5.25	4.73

Source: Bangladesh Bank

## Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	44.99	-0.84%
Gold Spot, USD/t oz	1,952.19	+1.20%
Cotton, USD/lb	63.38	-0.61%

Source: Bloomberg

## Economy

### July wage growth drops to 5.82pc

Wage growth in July dropped to 5.82 per cent from 5.90 per cent in June as a result of declining wages in all three sectors — agriculture, industry and services— due to the fallout of coronavirus outbreak in the country. Monthly wage of low-paid skilled and unskilled labour engaged in agriculture, industry and services dropped in the month. WRI for agriculture declined to 6.15 per cent in July from 6.18 per cent in the previous month, the data released on Wednesday showed. The wage index rates for industry and services also dropped to 5.18 per cent and 5.52 per cent respectively in the month from 5.31 per cent and 5.78 per cent in the previous month.

<https://www.newagebd.net/article/113947/july-wage-growth-drops-to-582pc>

### Most large corporate taxpayers project dismal business in FY21

Most of the large corporate taxpayers have projected a dismal business prospect and lower growth in value-added tax payment in the current fiscal year 2020-2021 due to the COVID-19 fallout and the consequent slowdown in economic activities. The big firms have recently expressed their apprehension over the possible drop in sales and tax payment in FY21 although the economy has already reopened after a complete shutdown or slowdown in economic activities in the last quarter of FY20. They placed their observations about the business and revenue prospects in response to a query of the Large Taxpayers' Unit of the National Board of Revenue. LTU's contribution accounted for almost 56 per cent of the total VAT collected by the NBR. The revenue board set the VAT collection target at Tk 70,000 crore for the current FY21.

<https://www.newagebd.net/article/113953/most-large-corporate-taxpayers-project-dismal-business-in-fy21>

## Bank and NBF

### Banks disburse Tk 185b in working capital loans

The banks have so far disbursed Tk 185 billion in working capital loans from the stimulus package meant for large industries and the service sector. The governor of the central bank has asked all the banks to disburse the remaining amount within October next.

<https://today.thefinancialexpress.com.bd/trade-market/banks-disburse-tk-185b-in-working-capital-loans-1597855475>

### RTGS transactions rebound to Tk 1,76,176cr in July

Real-time gross settlement has increased by 17.95 per cent or Tk 26,813 crore in July month-on-month as business and economic activities continue to accelerate defying the risk of coronavirus infection. In July, the volume of transaction through RTGS surged to Tk 1,76,176 crore in July from Tk 1,49,363 crore in June this year. Besides the increase in volume, number of transactions through RTGS also soared by 34.4 per cent or 59,223 in July month-on-

month. Number of transactions through RTGS increased to 2,31,407 in July this year against 1,72,184 in June this year. Monthly number and volume of transactions through the banking system in July was the highest since the launch of RTGS by the central bank in October, 2015.

<https://www.newagebd.net/article/113954/rtgs-transactions-rebound-to-tk-176176cr-in-july>

#### **Saving costs: Banks moving to cyberspace from brick and mortar**

Covid-19 has pushed the banking sector into a rapid transformation from brick and mortar services to cyberspace service as banks have put all their efforts into tightening operational costs and expanding alternative delivery channels to regain profitability. In the first half of the current year, most banks experienced a sharp decline in their operating profit which is assumed to continue in the second half of the year. Banks are now re-engineering their business strategies to cope with the "new normal" amid the pandemic and the lending rate cap regime. As part of that, many private banks have decided to continue their work-from-home policy and reduce floor areas as office rents are a significant part of the banks' operating cost. At the same time, banks are expanding their services in cyberspace. Increasing investments in remote work software for employees enabling them to work from home is one of the ways banks are doing this.

<https://www.tbsnews.net/economy/banking/saving-costs-banks-moving-cyberspace-brick-and-mortar-121699>

#### **Fuel and Power**

##### **Purchase of 1.50 lakh tonne shipping fuel approved**

The government will import 1.50 lakh tonnes of shipping fuel involving a cost of Tk438 crore for the current July-December period. Import of 75,000 tonnes of shipping oil from Singapore-based PTT International Trading at Tk216.70 crore has been approved. There is another proposal to import more 75,000 tonnes of marine fuel by international quotation for the same period.

<https://www.tbsnews.net/economy/purchase-150-lakh-tonne-shipping-fuel-approved-121621>

#### **Capital Market**

##### **Tax receipts from DSE drop 4.0pc in July**

The government's revenue earnings from the Dhaka Stock Exchange (DSE) fell nearly 4.0 per cent in the first month of the current fiscal year, after hitting 10 years' low in the last fiscal. The sluggish trading activities due to Covid-19 pandemic coupled with low share sales by sponsor-directors impacted the government's revenue earnings from the DSE in the first month of the Fiscal Year (FY) 2020-21. The government bagged revenue worth Tk188 million in July, 2020 which was Tk 195 million in July, 2019.

<https://today.thefinancialexpress.com.bd/stock-corporate/tax-receipts-from-dse-drop-40pc-in-july-1597855058>

### **Stock Exchanges to investigate RN Spinning and Family Tex**

Both the bourses – Dhaka Stocks Exchange and Chittagong Stock Exchange – will investigate the whole affairs of R N Spinning Mills Ltd and Family Tex (BD) Ltd, including all its offices and factory premises. All production of the RN Spinning Mills Ltd was halted since last year after a fire gutted its factory. Meanwhile, the company has reduced its paid up share capital to Tk56.07 crore from Tk392.54 crore. In 2013, Family Tex raised capital of Tk34 crore at a face value of Tk10 per share through initial public offering (IPO). The company raised the capital to repay high interest bank loans. The company has been at a loss for three consecutive years. For this, the company did not pay any dividends to investors last year.

<https://www.tbsnews.net/economy/stock/stock-exchanges-investigate-rn-spinning-and-family-tex-121648>

### **Stock**

#### **Beacon Pharma sets up dedicated antibiotic plant for Tk 250cr**

Beacon Pharmaceuticals is set to inaugurate a new facility today to manufacture antibiotics exclusively- a venture that is likely to fetch the company Tk 100 crore in export receipts a year. The plant, which sits on 3 acres of land in Bhaluka upazila of Mymensingh district, cost Tk 250 crore and was set up in compliance to Good Manufacturing Practice Regulations promulgated by the US Food and Drug Administration. A total of 20 kinds of cephalosporins in injection, oral tablet, capsule and dry syrup forms will be produced by Beacon. The plant will be run under its new sister concern, Beacon Cephalosporins.

<https://www.thedailystar.net/business/news/beacon-pharma-sets-dedicated-antibiotic-plant-tk-250cr-1947985>

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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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