

## Bangladesh market snapshot

|                                | Last closing |
|--------------------------------|--------------|
| DSEX Index                     | 3,962.98     |
| % change                       | 0.06%        |
| DS30 Index                     | 1,326.83     |
| % change                       | 0.11%        |
| DSES Index                     | 918.90       |
| % change                       | 0.04%        |
| Turnover (BDT mn)              | 386.23       |
| Turnover (USD mn)              | 4.60         |
| % change                       | -44.55%      |
| Market Capitalization (BDT bn) | 3,107        |
| Market Capitalization (USD bn) | 36.98        |
| % change                       | 0.06%        |

Source: Dhaka Stock Exchange

## International market snapshot

|                              | Last closing |
|------------------------------|--------------|
| Dow Jones Industrial Average | 25,871.46    |
| % change                     | -0.80%       |
| Nikkei 225                   | 22,505.62    |
| % change                     | +0.12%       |
| FTSE 100                     | 6,292.60     |
| % change                     | +1.10%       |

Source: Bloomberg

## Exchange rate

| Currency | BDT    |
|----------|--------|
| USD      | 84.90  |
| EUR      | 94.91  |
| GBP      | 104.94 |
| INR      | 1.11   |

Source: Bangladesh Bank

## Money market

| Date        | Call Money Rate Range | Weighted Average (%) |
|-------------|-----------------------|----------------------|
| 18-Jun-2020 | 4.25-5.50             | 5.00                 |
| 17-Jun-2020 | 4.25-5.50             | 5.01                 |

Source: Bangladesh Bank

## Commodities

|                            | Price    | % Change |
|----------------------------|----------|----------|
| Brent Crude (Oil), USD/bbl | 42.43    | +0.57%   |
| Gold Spot, USD/t oz        | 1,755.34 | +0.66%   |
| Cotton, USD/lb             | 59.65    | -0.27%   |

Source: Bloomberg

## Economy

### Waiver for 100pc export-oriented industrial units

Export-oriented industries are set to enjoy a relief from furnishing declarations to the VAT authority on usage of raw materials for manufacturing the finished products. However, only the 100 per cent export-oriented industries will be entitled to enjoy the facility. The 100 per cent export-oriented sector is exempted from payment of VAT so they need not to take the trouble to submit the declaration of probable usage of raw materials needed for producing the finished products.

<https://today.thefinancialexpress.com.bd/first-page/waiver-for-100pc-export-oriented-industrial-units-1592761793>

### AIT on land acquisition damages to rise 3 times

People may have to pay three times higher advance income tax on compensation they receive against acquisition of their immovable property, mainly land, by the government and other agencies. The proposed rate of AIT on compensation against acquisition of immovable property will increase to 6 per cent from the existing 2 per cent if the property is situated in any city corporation, municipality or cantonment board. The proposed rate will increase to 3 per cent from the existing 1 per cent for property located outside of the above mentioned areas. The increased tax rate would come into effect from July 1 if the proposal was passed with the Finance Bill 2020 in the parliament.

<https://www.newagebd.net/article/109039/ait-on-land-acquisition-damages-to-rise-3-times>

## Bank and NBFIs

### BB cuts CRR to help non-bank lenders

The central bank has slashed cash reserve ratio or CRR by 100 basis points to 1.5 per cent from the existing 2.5 per cent for non-banks in a move to help the sector overcome liquidity constraints, amid the pandemic. Under the new rules, the non-bank financial institutions are required to maintain a minimum of 1.5 per cent CRR with the Bangladesh Bank on a bi-weekly average instead of 2.5 per cent earlier. The NBFIs will be allowed to maintain the reserves at 1.0 per cent instead of 2.0 per cent on a daily basis.

<https://today.thefinancialexpress.com.bd/first-page/bb-cuts-crr-to-help-non-bank-lenders-1592761688>

<https://www.thedailystar.net/business/news/bb-cuts-cash-reserve-ratio-non-banks-1918457>

### Loan not before NBR's VAT clearance

The National Board of Revenue (NBR) is making it mandatory for scheduled banks to get its approval before disbursing loans to any businessmen or companies, in a bid to curb VAT (value added tax) evasion. The banks will have to follow the condition for giving loans to all types of businesses, excluding 100 percent export-oriented companies. The NBR further pointed out that if any loans are

disbursed to businesses without its approval and then if any loan recipient's audit report is found inconsistent with their VAT return information, bank officials concerned will be charged over VAT evasion.

<https://www.tbsnews.net/economy/loan-not-nbrs-vat-clearance-96358>

#### **Banks can discount export bills with own fund**

Authorised dealer banks can now discount usance export bills in foreign exchange from their own sources if the fund is not committed for otherwise use. Earlier, the dealer banks were allowed to arrange fund for discounting usance export bills in foreign exchange through their correspondent banks, financial institutions abroad or international financing institutions.

<https://www.tbsnews.net/economy/banking/banks-can-discount-export-bills-own-fund-96325>

#### **Transportation**

##### **Govt allows ride-sharing services except motorbikes**

The Bangladesh Road Transport Authority (BRTA) has allowed the country's ride-sharing companies to resume their services with only 255 enlisted vehicles. The regulatory body, however, did not give permission for motorbikes to operate the services on health safety grounds, and there is no immediate plan to allow resuming the service through motorbikes. The service are allowed in Dhaka, Gazipur, Manikganj, Munshiganj, Narayanganj and Narsingdi from June 21.

<https://thefinancialexpress.com.bd/trade/govt-allows-ride-sharing-services-except-motorbikes-1592746558>

#### **Pharmaceuticals**

##### **Unauthorised masks, hand sanitisers galore in markets**

Amid growing demand of face masks and sanitisers, unscrupulous producers and contractors are pushing unauthorised and off-brand products into the markets, raising alarm about public health and safety. Some of these products are ending up at reputed pharmacies in the capital, and according to some producers' claim, have been supplied to a government agency working in the frontline of the Covid-19 pandemic as well. Law enforcers and Dhaka District Administration officers learned about these rackets after arresting around a dozen people from different areas of the city.

<https://www.thedailystar.net/city/news/unauthorised-masks-hand-sanitisers-galore-markets-1918393>

#### **Telecommunication**

##### **BTRC imposes restrictions on GP under SMP rules**

The Bangladesh Telecom Regulatory Commission (BTRC) has finally imposed two restrictions on Grameenphone (GP) under the Significant Market Power (SMP) guidelines, aiming to create a level playing ground for all telecom operators. The restrictions will come into effect on July 01. A new restriction will require the GP to take mandatory permission from the BTRC before coming up with any new offers, services, packages or

call rates.

<https://today.thefinancialexpress.com.bd/first-page/btrc-imposes-restrictions-on-gp-under-smp-rules-1592761736>

<https://www.thedailystar.net/business/news/btrc-imposes-two-restrictions-gp-1918461>

### Capital Market

#### Source tax a fresh blow to bond market: bankers

The country's feeble bond market is going to face a major blow as the government plans to impose a 5 per cent source tax on profits of investments in treasury bills and bonds. The government may face an impediment to managing its bulging budget deficit during the ongoing economic fallout if it implements the proposed source tax. As per the Finance Bill 2020, the government will impose the source tax from the upcoming fiscal year, in a development that will discourage both individuals and corporate entities to invest in government securities.

<https://www.thedailystar.net/business/news/source-tax-fresh-blow-bond-market-bankers-1918465>

### Stocks

#### Berger Paints to invest Tk 76.05m in Berger Fosroc

The board of directors of Berger Paints Bangladesh has decided to invest Tk 76.05 million in its associate company- Berger Fosroc Ltd. The amount will be utilised for establishment of factory. Berger Fosroc Ltd provides solutions to all sectors of the construction industry, specialising in solutions for building construction, industrial facilities, power plants and all types of transportation and civil infrastructure.

<https://today.thefinancialexpress.com.bd/stock-corporate/berger-paints-to-invest-tk-7605m-in-berger-fosroc-1592756294>

#### Crown Cement cuts 20.5% salary

MI Cement Factory Ltd, popularly known as Crown Cement, has experienced an unprecedented loss in the current financial year, owing to a tax adversity. In consequence, the company employees faced a 20.5 percent cut in their salaries and other benefits. However, the pay cut will be applicable for the employees in the administration, not for those who are in the sales department. Rather, the employees in the sales department will see a 4.4 percent increase in their allowances. The company, however, did not take any decision about job cuts.

<https://tbsnews.net/companies/crown-cement-cuts-205pc-salary-96343>

#### Apex Footwear sales drop 50% in local market

The ongoing Covid-19 pandemic has profoundly affected the business of Apex Footwear Limited as sales of its shoes in the local market have reduced by almost half and many outlets are closed. Moreover, in the last three months, most of the company's export orders and shipments have been cancelled. As a result, the company has fallen into a business recession in the local market as well as in terms of exports in the last quarter of the current financial year. Apex used to sell products worth

Tk2 crore daily only in the local market. About 40 percent of the company's total turnover comes from sales during Eid, which was not possible this year. Moreover, shoe exports have also declined at an alarming rate because foreign buyers are unable to sell the products due to Covid-19. They are cancelling purchase orders and many are also cancelling shipments.

<https://tbsnews.net/companies/apex-footwear-sales-drop-50-local-market-96340>

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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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