

## Bangladesh market snapshot

	Last closing
DSEX Index	4,762.44
% change	-0.68%
DS30 Index	1,645.73
% change	-0.32%
DSES Index	1,104.30
% change	-0.29%
Turnover (BDT mn)	7,293.69
Turnover (USD mn)	86.83
% change	-22.24%
Market Capitalization (BDT bn)	3,611
Market Capitalization (USD bn)	42.99
% change	-0.16%

Source: Dhaka Stock Exchange

## International market snapshot

	Last closing
Dow Jones Industrial Average	28,308.46
% change	+1.35%
Nikkei 225	23,378.47
% change	+1.71%
FTSE 100	6,104.73
% change	+1.71%

Source: Bloomberg

## Exchange rate

Currency	BDT
USD	84.80
EUR	100.05
GBP	111.02
INR	1.13

Source: Bangladesh Bank

## Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
23-Aug-2020	3.50-5.25	4.72
20-Aug-2020	3.50-5.25	4.71

Source: Bangladesh Bank

## Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	45.21	+0.18%
Gold Spot, USD/t oz	1,934.62	+0.30%
Cotton, USD/lb	66.02	+0.30%

Source: Bloomberg

## Economy

### Revenue collection, exports disappoint while reserves, remittance shine last fiscal year

Record remittance earnings and foreign currency reserves are among a few positive takeaways for the government in an otherwise painful fiscal year as the devastating coronavirus pandemic pushed revenue collection to an unprecedented fall and exports to collapse. Bangladesh's tax collection dropped as much as 25.4 per cent year-on-year to Tk 168,677 crore in the just-concluded fiscal year as the coronavirus pandemic brought the economy to a standstill. Non-tax revenue, however, rose 21.8 per cent to Tk 31,571 crore, according to the annual report on government activities for fiscal 2019-20. Overall, revenue collection dipped 20.5 per cent to Tk 200,248 crore. This is first-ever negative growth in Bangladesh's history. Foreign currency reserves grew 10.2 per cent year-on-year to \$36 billion in fiscal 2019-20, which was \$32.7 billion a year earlier, on the back of a higher-than-expected remittance flow, a fall in imports and budget support from the development lenders. Money sent home by Bangladesh's more than 1 crore migrant workers stood at \$18.2 billion, up 10.9 per cent year-on-year.

<https://www.thedailystar.net/business/news/revenue-collection-exports-disappoint-while-reserves-remittance-shine-last-fiscal-year-1950573>

### Govt forms Tk 7.0b fund for jobless expats

The government has formed a Tk 7.00 billion fund for rehabilitation and re-employment of the jobless expatriate workers. So far more than 78,000 Bangladeshis have lost their jobs and returned to the country from 26 foreign nations in last four months since April 1 due to the Covid-19 pandemic. Under the fund, the affected Bangladeshi workers will get investment credit at 4.0 percent interest. The family of each expatriate Bangladeshi workers who already have expired due to Covid-19 infection will get Tk 0.3 million as soon as possible.

<https://today.thefinancialexpress.com.bd/last-page/govt-forms-tk-70b-fund-for-jobless-expats-1598292202>

## Bank and NBFI

### Loan disbursement time may be extended until December

The period of loan disbursement by the banks concerned under the central bank's 'special incentive re-financing scheme for the agriculture sector' is likely to be extended until December next. The time might be extended as disbursement of special loan to the farmers concerned has been going on at a snail's pace. As per the participation agreement signed with Bangladesh Bank (BB), the banks concerned will have to disburse loan within September 30, 2020. Only Tk 5.0 billion loan under the refinance scheme has been disbursed by the banks until July last.

<https://today.thefinancialexpress.com.bd/last-page/loan-disbursement-time-may-be-extended-until-december-1598292056>

**11 banks suffer Tk 10,177cr provision shortfalls till June**

Provision shortfalls of 11 banks increased by 17.9 per cent or Tk 1,545.48 crore in the April-June quarter amid deterioration in financial health of the banks due to a sorry state of loan recovery after the coronavirus outbreak in the country in March this year. Despite a Bangladesh Bank's ban on downgrading loans till September this year, the banks' financial ability to keep provision against the existing classified loans has decreased, resulting in increased provision shortfalls of the banks. Provision shortfalls of the banks increased to Tk 10,177.48 crore at the end of June this year from Tk 8,632 crore at the end of March this year. The banks which suffered provision shortfalls are: Agrani Bank, BASIC Bank, National Bank, AB Bank, Rupali Bank, Sonali Bank, Bangladesh Commerce Bank, Mutual Trust Bank, Dhaka Bank, Social Islami Bank and Trust Bank.

<https://www.newagebd.net/article/114410/11-banks-suffer-tk-10177cr-provision-shortfalls-till-june>

**8 state banks still account for a disproportionate share of classified loans**

Classified loans in the banking sector rose 3.9 per cent quarter-to-quarter to Tk 96,117 crore in June largely because of a higher volume of risky assets at private and state-run specialised lenders. June's figure accounted for 9.2 per cent of the total outstanding loans. In March, Tk 92,510 crore was classified, which was 9 per cent of the outstanding loans at the time. Poor lending practices, a lack of corporate governance and the government's interference in banks were the main reasons behind the rise in risky loans in recent times. The risky loans at state-owned specialised lenders rose 11.5 per cent to Tk 4,521 crore, which accounted for 15.9 per cent of the outstanding loans.

<https://www.thedailystar.net/business/news/8-state-banks-still-account-disproportionate-share-classified-loans-1950577>

**Pharmaceuticals****Remdesivir can rake in Tk 700cr**

Bangladesh's pharmaceutical sector could fetch up to Tk 700 crore by the end of fiscal 2020-21 from export of Remdesivir, a broad-spectrum antiviral medication that has proven to be effective for the treatment of severe Covid-19 cases. Eskayef (SK-F), Beacon, Incepta, Beximco, Healthcare and Square are producing a generic version of the drug, which was first developed by American biopharmaceutical company Gilead Sciences.

<https://www.thedailystar.net/business/news/remdesivir-can-rake-tk-700cr-1950581>

**Textile****BGMEA again seeks govt support to pay Aug wage**

Apparel makers have again sought financial support from the government as loan to pay wages for the month of August amid the Covid-19 pandemic. The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) made the demand to help sustain

competitiveness of the industry that is hit hard by the ongoing corona virus outbreak. Since the outbreak, about \$3.0-billion work orders have been cancelled/held while payments of previous shipments might be taking eight to nine months to receive.

<https://today.thefinancialexpress.com.bd/first-page/bgmea-again-seeks-govt-support-to-pay-aug-wage-1598291532>

### **Bangladesh still in second spot in global apparel trade**

Officially, Bangladesh is still the second-largest garment exporter worldwide and it is expected that the country will be able to retain its second position globally because of the regular flow of work orders with the reopening of the stores in the western world. Between January and July, Vietnam, Bangladesh's main competitor in global apparel trade, exported textile and garment items worth \$16.2 billion. In that time, Bangladesh's apparel exports stood at \$15.2 billion. This might give off the impression that Vietnam has usurped Bangladesh as the second-largest supplier of apparel in the world.

<https://www.thedailystar.net/business/news/bangladesh-still-second-spot-global-apparel-trade-1950597>

### **Cement**

#### **Cement industry in grave crisis**

Cement companies are facing major problems due to declining demand because of the coronavirus pandemic and tax complications. Some factories are at risk of closure due to losses and inability to meet operating costs continuously. 90 percent of cement production was halted in April-May during the general holidays announced after the detection of coronavirus in the country. At present, production has resumed up to 60-65 percent. However, the loss has exceeded Tk4,000 crore. In addition, the sector is in crisis due to the imposition of 3 percent advance income tax on cement in the budget for the 2020-21 fiscal year, and clinker import tariff being higher than that in the international market. As a result, industry players think it is necessary to save this sector by changing the unreasonable tax structure of the government.

<https://tbsnews.net/economy/industry/cement-industry-grave-crisis-123373>

### **Telecommunication**

#### **Internet usage doubles in 8 months**

From last January through this August, the number of internet users in the country has increased by one crore, and internet usage has also doubled. At present, the internet usage in the country has reached 2,100 gigabits per second (Gbps). Last January, the number of net users was nine crore and the internet usage was 1,000 Gbps. In the Covid-19 pandemic, even primary school students in remote rural areas now need high-speed internet to take part in virtual classes.

<https://tbsnews.net/tech/internet-usage-doubles-8-months-123628>

## Jute

### Higher jute prices make growers happy, millers concerned

Farmers are getting higher prices for raw jute after cyclone Amphan and prolonged floods damaged part of their cash crop, but millers are not happy with the price spiral, which they say will push up production costs and affect demand from buyers abroad. In the face of speculation of huge crop losses and low yield this year, the prices of high-quality raw jute soared to as high as Tk 2,600 each maund in the middle of this month. Eventually, the Bangladesh Jute Spinners Association (BJSA) that represents jute yarn makers, who are the main export earner and consumer of jute, asked its members to buy the best grades of the natural fibre at prices not above Tk 2,300 each maund from their suppliers. The development came at the end of last week and the prices declined. Farmers are selling the highest quality of jute at Tk 2,300-Tk 2,350 each maund.

<https://www.thedailystar.net/business/news/higher-jute-prices-make-growers-happy-millers-concerned-1950593>

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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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