

## Bangladesh market snapshot

|                                | Last closing |
|--------------------------------|--------------|
| DSEX Index                     | 4,781.57     |
| % change                       | 0.40%        |
| DS30 Index                     | 1,660.54     |
| % change                       | 0.90%        |
| DSES Index                     | 1,113.81     |
| % change                       | 0.86%        |
| Turnover (BDT mn)              | 7,860.19     |
| Turnover (USD mn)              | 93.57        |
| % change                       | 7.77%        |
| Market Capitalization (BDT bn) | 3,631        |
| Market Capitalization (USD bn) | 43.23        |
| % change                       | 0.56%        |

Source: Dhaka Stock Exchange

## International market snapshot

|                              | Last closing |
|------------------------------|--------------|
| Dow Jones Industrial Average | 28,248.44    |
| % change                     | -0.21%       |
| Nikkei 225                   | 23,257.17    |
| % change                     | -0.17%       |
| FTSE 100                     | 6,037.01     |
| % change                     | -1.11%       |

Source: Bloomberg

## Exchange rate

| Currency | BDT    |
|----------|--------|
| USD      | 84.80  |
| EUR      | 99.97  |
| GBP      | 110.79 |
| INR      | 1.14   |

Source: Bangladesh Bank

## Money market

| Date        | Call Money Rate Range (%) | Weighted Average (%) |
|-------------|---------------------------|----------------------|
| 24-Aug-2020 | 3.50-5.25                 | 4.74                 |
| 23-Aug-2020 | 3.50-5.25                 | 4.72                 |

Source: Bangladesh Bank

## Commodities

|                            | Price    | % Change |
|----------------------------|----------|----------|
| Brent Crude (Oil), USD/bbl | 45.99    | +0.28%   |
| Gold Spot, USD/t oz        | 1,927.89 | -0.01%   |
| Cotton, USD/lb             | 65.48    | -0.15%   |

Source: Bloomberg

## Economy

### ECNEC nod for DPDC project, four others

The Executive Committee of the National Economic Council (ECNEC) on Tuesday approved a Tk 14.54 billion project to upgrade the power distribution system of the Dhaka Power Distribution Company Limited (DPDC). The ECNEC approved a total of five projects involving a combined cost of Tk 25.70 billion. Of the total cost, Tk 14.85 billion will come from internal resources of the government, Tk 10.02 billion from external resources as project aid and the remaining Tk 826 million from the implementing agencies' own fund. Under the power distribution system upgrade project, the DPDC has proposed to spend a total Tk 270 million on consultancy services.

<https://today.thefinancialexpress.com.bd/last-page/ecnec-nod-for-dpdc-project-four-others-1598376595>

### No wage revision for workers in 11 sectors for years

The revision of minimum wages for the workers employed in 11 industrial sectors has remained pending for years although more than five years have passed since the last wage revision in the sectors. The sectors include type foundry, petrol pumps, oil mills and vegetable products, homeopath industry, cold storage, privately-owned industrial sector's adult unskilled and young workers, rubber industry, cinema, match industry, jute press and baling, and saw mills. Of the sectors, the minimum monthly wages for petrol pump workers were last set at Tk 792 in 1987 and that for type foundry workers last set at Tk 521 in 1983. There is a provision in the Bangladesh Labour Act 2006 that says wages for the workers in the country's 42 industrial sectors have to be reviewed in every five years.

<https://www.newagebd.net/article/114502/no-wage-revision-for-workers-in-11-sectors-for-years>

## Bank and NBFIs

### Defaulted loans in 16 banks above 10pc

The ratio of non-performing loans or classified loans against outstanding loans at 16 banks in the country, including nine state-owned banks, stood above 10 per cent at the end of June this year. The size of NPL of the entities ranged between as high as 97.76 per cent and 10.47 per cent. The NPL at these 16 banks constitutes Tk 62,733.25 crore or 65.27 per cent of the total Tk 96,116.65 crore defaulted loans in the country's banking system. These banks are Janata Bank, Sonali Bank, BASIC Bank, Agrani Bank, AB Bank, Rupali Bank, National Bank, Padma Bank, Bangladesh Krishi Bank, Rajshahi Krishi Unnayan Bank, the National Bank of Pakistan, Bangladesh Commerce Bank, ICB Islami Bank, Bangladesh Development Bank, Habib Bank and Probashi Kallyan Bank. Banking experts said that the NPL ratio at the banks stood high mainly because of lack of governance within the banks and irregularities, putting the money of the depositors at stake.

<https://www.newagebd.net/article/114503/defaulted-loans-in-16-banks-above-10pc>

### Fuel and Power

#### **Petrobangla inks loan deal with HSBC to pay LNG import bills**

State-run Petrobangla inked a deal with Hong Kong and Shanghai Banking Corporation Limited, or HSBC, on Tuesday to ensure payment of bills for imported LNG, or liquefied natural gas, in due time. The deal with the HSBC is titled 'Clean Import Loan, or CIL, in United States Dollar, or USD.' Currently, Bangladesh has been importing lean LNG under long-term deals from Qatar's RasGas, which has recently merged with Qatargas and is renamed as Qatargas, and the Oman Trading International, or OTI, of Oman. Bangladesh will initiate importing LNG, or liquefied natural gas, from spot market from next month to rip the benefit of low price of the fossil fuel in international market. Currently, two FSRUs, owned by US-based Exceleerate Energy and local Summit Group, are re-gasifying around 600 million cubic feet per day, or mmcf, of LNG. Both the FSRUs have the capacity to re-gasify around 500 mmcf of LNG each.

<https://today.thefinancialexpress.com.bd/last-page/petrobangla-inks-loan-deal-with-hsbc-to-pay-lng-import-bills-1598376756>

### Pharmaceuticals

#### **US investors urged to set up Covid-19 vaccine plants in Bangladesh**

Bangladesh has urged US investors to set up Covid-19 vaccine manufacturing plants in Bangladesh to ensure its availability at lower cost for people of the country. Investment in pharmaceuticals sector in Bangladesh could be lucrative to foreign investors as the country is eligible for manufacturing patent drugs cheaply until January 1, 2033 as per the decision of the World Trade Organisation (WTO) under the Trade – Related Intellectual Property Rights (TRIPS) agreement. In the fiscal 2019-20, Bangladesh exported pharmaceuticals products worth \$136 million, registering 4.49 percent year-on-year growth. Bangladesh also demanded relocation of US companies currently running in other countries, citing preferential trade privilege and competitive production costs in Bangladesh compared to other countries.

<https://www.thedailystar.net/business/news/us-investors-urged-set-covid-19-vaccine-plants-bangladesh-1951101>

### Textile

#### **Garment factories in SME category to get cash incentive**

The government has extended policy support to garment exporting factories falling under the small and medium enterprise (SME) category to improve their competitiveness during this time of the coronavirus pandemic. The Bangladesh Bank (BB) yesterday issued a notice stating that such garment factories focusing knitwear, woven items, sweaters, terry towels and home textiles would get a cash incentive. Factories whose exports amount to up to \$5 million are considered as SMEs in the garment sector. So, they will enjoy the benefit. A 4 per cent incentive

would be provided on 30 per cent value addition even if the garment items were made out of imported fabrics and yarn, the notice said. The SMEs will even be able to avail the benefit on export receipts of last fiscal year.

<https://www.thedailystar.net/business/news/garment-factories-sme-category-get-cash-incentive-1951045>

<https://www.newagebd.net/article/114505/apparels-manufactured-with-imported-yarn-to-get-cash-incentive-on-value-addition>

## Transportation

### Reconditioned car imports to be phased out as govt looks to ramp up local assembly

The government plans to phase out the import of reconditioned cars over the next five years in a bid to encourage investments in the assembly and manufacture of motor vehicles within Bangladesh. In this regard, the government will formulate the 2020 Automobile Industry Development Policy, a draft of which has already been shared with various stakeholders for finalisation. Currently, state-run Pragati Industries assembles cars designed by Japanese automaker Mitsubishi Motors while PHP Motors, a sister concern of the PHP Family based in Chattogram, manufactures cars made by Malaysia's PROTON Holdings Berhad. Besides, Indian automotive giants Tata Motors and Mahindra & Mahindra recently showed interest in setting up similar partnerships with local manufacturers to grab a bigger slice of the growing Bangladesh automobile pie. At present, about 63 vehicles are sold each day. In 2012, when the market had just started taking off, the daily figure was 29.

<https://www.thedailystar.net/business/news/reconditioned-car-imports-be-phased-out-govt-looks-ramp-local-assembly-1951081>

## Capital Market

### Energypac Power gets BSEC approval to go public

Energypac Power Generation Limited has received approval for the initial public offering (IPO) through the book-building process. Bangladesh Securities and Exchange Commission (BSEC) in a recent meeting gave the approval for fixing the company's cut-off price through electronic bidding. Through IPO, Energypac will raise BDT 1.50 billion from the capital market. The IPO proceeds will be used to expand the LPG business, repay bank loans and meet the cost of the IPO process.

<https://today.thefinancialexpress.com.bd/stock-corporate/energypac-power-gets-bsec-approval-to-go-public-1598371244>

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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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