

Bangladesh market snapshot

	Last closing
DSEX Index	4,528.20
% change	0.32%
DS30 Index	1,545.86
% change	0.16%
DSES Index	1,035.23
% change	-0.03%
Turnover (BDT mn)	4,741.47
Turnover (USD mn)	56.45
% change	-7.82%
Market Capitalization (BDT bn)	3,455
Market Capitalization (USD bn)	41.13
% change	0.12%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	28,989.73
% change	-0.58%
Nikkei 225	23,399.20
% change	-1.80%
FTSE 100	7,585.98
% change	+1.04%

Source: Bloomberg

Exchange rate

Currency	BDT
USD	84.90
EUR	93.61
GBP	111.04
INR	1.19

Source: Bangladesh Bank

Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
23-Jan-2020	4.00-5.50	5.10
22-Jan-2020	4.00-5.50	5.09

Source: Bangladesh Bank

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	59.40	-2.13%
Gold Spot, USD/t oz	1,579.54	+0.51%
Cotton, USD/lb	68.82	--0.84%

Source: Bloomberg

Economy

H1 tax revenue misses target by a big margin

Collection of tax revenue by the National Board of Revenue (NBR) fell short of the target by Tk 315.08 billion in the first half (H1) of the current fiscal year (FY), 2019-20, due to sluggish economic activities, including import slowdown, tax officials said. Three wings NBR -- Income Tax, Customs and VAT -- missed their respective targets for July-December period, according to provisional data released on Sunday. Import and export tax revenue faced the highest shortfall of Tk 131.73 billion, followed by Tk 109.05 billion from VAT at local stage and Tk 78 billion from income and travel taxes.

<https://today.thefinancialexpress.com.bd/first-page/h1-tax-revenue-misses-target-by-a-big-margin-1580062044>

Govt rests easy as NBR collections rise (Receipts up 7.3pc in first half of fiscal)

Revenue collection edged up in first half of the fiscal year, spurred by improving receipts of value-added tax (VAT) and customs tariffs -- much to the relief of the government that is distressed about the slowing receipts. The National Board of Revenue (NBR) logged in Tk 105,161 crore for the months of July and December of last year, up 7.3 per cent year-on-year, according to provisional data. At this time in 2018, the NBR's collection growth was 6.4 per cent. It is a somewhat heartening development for the government that is chasing a towering target of Tk 325,600 crore this fiscal year.

<https://www.thedailystar.net/business/news/govt-rests-easy-nbr-collections-rise-1859563>

World Bank sees headwinds ahead for Bangladesh

The World Bank yesterday praised the progress Bangladesh achieved in recent years but apprehends a struggle ahead for the low tax revenue and banking sector's poor condition. The WB prepares a CPF for five years for member countries. It prepared one for Bangladesh in fiscal 2015-16 in which it set some targets in sectors such as energy, transport, social protection, education, job creation, health, and climate and environment management. The country has made remarkable progress in improving the wellbeing of its citizens. The national poverty rate fell from 48.9 to 24.3 per cent between 2000 and 2016, while the extreme poverty rate declined from 34.3 to 12.9 per cent.

<https://www.thedailystar.net/business/news/world-bank-sees-headwinds-ahead-bangladesh-1859533>

Stocks

GP wants to pay Tk575cr to BTRC in instalments

Grameenphone (GP) on Sunday filed a review petition with the Appellate Division of the Supreme Court seeking its permission to pay Tk575 crore in 12 equal monthly instalments to Bangladesh Telecommunication Regulatory Commission (BTRC.) The Supreme Court on November 24 last year ordered GP to pay BTRC Tk2,000

crore in three months, the telecom regulator's total audit claim (as dues) from the mobile operator being Tk12,579 crore. Failure to do so could result in BTRC taking measures—including appointing administrators—against Grameenphone. Both GP and Robi in late August filed cases with the court, challenging the audit claims of BTRC.

<https://www.dhakatribune.com/business/2020/01/26/gp-wants-to-pay-tk575cr-to-btrc-in-instalments>

Bank & NBFI

15% source tax for depositors without e-TIN

Depositors have to pay 15 percent source tax on their interest income of savings if they do not have the twelve-digit taxpayer's identification number or e-TIN. The e-TIN holders will pay the tax at 10 percent. Bankers said depositors having the traditional 13-digit tax identification number must collect new e-TINs from the National Board of Revenue to avail the tax deduction facility. Source tax on the interest income of foreign currency deposits will be the same, they said.

<https://tbsnews.net/economy/15-source-tax-depositors-without-e-tin-39437>

NBR asks banks to properly deduct tax on interest income

The National Board of Revenue has asked banks and non-bank financial institutions to properly deduct source tax on interest income derived from various types of deposit and savings schemes following the provisions of the income tax law. Tax should be deducted every time the interest is disbursed to depositors or the interest is credited to their accounts instead of deducting the tax while crediting the interest finally on maturity, it said.

<https://www.newagebd.net/article/97779/nbr-asks-banks-to-properly-deduct-tax-on-interest-income>

Capital Market

Irregularities in IPO utilisation deceiving investors

Regent Textile Ltd collected Tk125 crore from the share market in 2015 to renovate its factory and start a new ready-made garment (RMG) project. But the RMG project has not been completed even after five years. Though the company claims that it has completed the renovation, there is no visible sign of progress in the use of the Initial Public Offering (IPO) fund. In August 2018, Aman Cotton Fibrous Ltd collected Tk80 crore from the share market to buy new machinery and repay its loans. Till now the company has repaid only a part of its loans and has not yet set up any new machinery. Around Tk72 crore of the IPO fund is still unused. Like Regent Textile and Aman Cotton, several other companies have also not been using investors' money as intended.

<https://tbsnews.net/economy/stock/irregularities-ipo-utilisation-deceiving-investors-39393>

Fuel and Power

'Discriminatory' term to cost it addl Tk 2.7b (DPDC procurement)

A 'discriminatory' condition in a procurement process will cost Dhaka

Power Distribution Company (DPDC) an additional amount of Tk 2.70 billion if it picks the lowest bidder for the job, reports UNB. As per the condition, if the lowest bidder is a foreign firm, DPCC will pay the customs duty and VAT while in case of the local firm, those will be paid by the company itself. According to official sources at the Power Division, the issue came to their notice following the submission of a complaint by a representative of a local company on January 23.

<https://today.thefinancialexpress.com.bd/trade-market/discriminatory-term-to-cost-it-addl-tk-27b-1580060541>

Textile

133 Sick Garment Industries: Moves underway to waive Tk650cr bank dues

The government has taken an initiative to relieve 133 sick and closed garment industries of Tk649.74 crore due to 21 state-owned and private commercial banks. Bangladesh Bank, on behalf of the finance ministry, on January 9 asked the respective banks to provide information about debt accounts held by 133 sick garments industries within five working days. The central bank also sought the banks' opinions on the finance ministry initiative. The banks, accordingly, submitted the sought-for information to the central bank. The 21 banks are Sonali Bank, Agrani Bank, Rupali Bank, Janata Bank, BASIC Bank, Pubali Bank, Uttara Bank, Mercantile Bank, Exim Bank, National Bank, Prime Bank, IFIC Bank, Dutch-Bangla Bank, Al Arafah Islami Bank, The City Bank, SIBL, Southeast Bank, Jamuna Bank, NCC Bank, BDBL and Bangladesh Commerce Bank, according to banking sources.

<https://www.dhakatribune.com/business/2020/01/26/133-sick-garment-industries-moves-underway-to-waive-tk650cr-bank-dues>

Telecommunication

BTRC set to procure NIER by March

The Bangladesh Telecommunication Regulatory Commission is set to complete by March the procurement of National Equipment Identity Register (NEIR), a system used to check use of fake handsets. BTRC officials said the commission earlier this month approved a proposal in this regard and would send it to Post and Telecommunication Ministry for final nod.

<https://www.dhakatribune.com/business/2020/01/26/btrc-set-to-procure-nier-by-march>

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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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