

## Bangladesh market snapshot

	Last closing
DSEX Index	4,978.78
% change	0.13%
DS30 Index	1,701.20
% change	-0.43%
DSES Index	1,126.31
% change	0.04%
Turnover (BDT mn)	8,805.24
Turnover (USD mn)	104.82
% change	-0.15%
Market Capitalization (BDT bn)	3,947
Market Capitalization (USD bn)	46.98
% change	1.39%

Source: Dhaka Stock Exchange

## International market snapshot

	Last closing
Dow Jones Industrial Average	27,173.96
% change	+1.34%
Nikkei 225	23,204.62
% change	+0.51%
FTSE 100	5,842.67
% change	+0.34%

Source: Bloomberg

## Exchange rate

Currency	BDT
USD	84.80
EUR	98.90
GBP	107.92
INR	1.15

Source: Bangladesh Bank

## Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
23-Sep-2020	1.50-5.25	2.95
22-Sep-2020	1.50-5.25	2.82

Source: Bangladesh Bank

## Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	41.92	-0.05%
Gold Spot, USD/t oz	1,861.59	-0.35%
Cotton, USD/lb	65.95	+0.75%

Source: Bloomberg

## Economy

### Tk 200cr may remain unspent by Dec due to slow progress

Around Tk 200 crore or 29 per cent of the total cost allocated to the National Board of Revenue's VAT Online Project may remain unspent by the end of December 31, 2020, the project deadline, due to lack of progress. The VOP has so far managed to spend Tk 256 crore or 37 per cent of the total allocated funds worth Tk 690 crore with only three months remaining in hand. This means that around 63 per cent or Tk 434 crore has still remained unspent as the VOP, launched in May 2014, has failed to complete development of 12 modules to automate the country's VAT system in more than six years. The project could so far implement only four online modules — registration of business identification number, VAT returns submission, VAT payment and VATpayers accounts.

<https://www.newagebd.net/article/117360/tk-200cr-may-remain-unspent-by-dec-due-to-slow-progress>

### E-commerce outlets offering grocery see highest growth

Before the Covid-19 outbreak in the country, Chaldal, a leading online shopping platform for household goods, used to have 2,500 orders every day. The volume of the daily orders multiplied to around 16,000 in April and May due to the nationwide shutdown put in place from March 26 to curb the spread of the deadly virus. In the current new normal situation, Chaldal on average receives around 6,000 orders per day, which is 140% higher than that of six months back. Not just Chaldal, all online-based platforms that mainly retail everyday essentials have experienced a remarkable business growth during the pandemic. The sector grew at 200-300% over the last few months. Before the pandemic, the sector had a monthly transaction of Tk200 crore, which has now increased to Tk490 crore.

<https://tbsnews.net/economy/e-commerce-outlets-offering-grocery-see-highest-growth-137716>

## Bank and NBFIs

### BB cuts interest rate on stock investment fund

Bangladesh Bank has reduced the interest rate on borrowing from its special investment fund, aimed at helping the country's lenders increase their stock investment capacity. The interest rate was 5 per cent when the special investment fund was announced but it has been reduced to 4.75 per cent now.

<https://www.thedailystar.net/business/news/bb-cuts-interest-rate-stock-investment-fund-1967117>

<https://www.dhakatribune.com/business/banks/2020/09/24/bangladesh-bank-slashes-repo-rate-to-inject-bank-funds-into-stock-market>

### Govt asks state-owned banks, DFIs to expedite loan disbursement

The government has asked the state-owned commercial banks and development finance institutions (DFIs) to complete the

disbursement of loans, declared under the Prime Minister-announced incentive package for CMSME (cottage, micro, small and medium enterprises) sector. Sonali Bank disbursed 77.63 per cent, Janata Bank 93.47 per cent, Agrani Bank 66.66 per cent, Rupali Bank 37.13 per cent and Basic Bank 32 per cent of the total disbursement package.

<https://today.thefinancialexpress.com.bd/stock-corporate/govt-asks-state-owned-banks-dfis-to-expedite-loan-disbursement-1601132021>

### **7 SoBs yet to disburse any loan to low-income groups in 5 months**

Seven out of the country's eight state-owned banks are yet to disburse any loan to the low-income group of people, farmers and marginal or small businesses from the Bangladesh Bank-formed Tk 3,000 crore in revolving refinance scheme in five months of its launch. State-owned BASIC Bank, however, has so far sanctioned Tk 65.5 crore in loans from the scheme against its Tk 75-crore loan disbursement target. The fund was launched on April 20 this year with a view to supporting the low-income group after the outbreak of coronavirus in the country.

<https://www.newagebd.net/article/117359/7-sobs-yet-to-disburse-any-loan-to-low-income-groups-in-5-months>

### **Fuel and Power**

#### **Lub-rref to set up country's first lube oil refinery**

In a bid to make Bangladesh self-reliant in lubricants production, Lub-rref (Bangladesh) Ltd., a local producer of lube oil, will set up a state-of-the-art base oil refinery with an investment of Tk400 crore to increase production capacity in order to meet domestic demand. Lub-rref also wants to export the oil after meeting domestic demands, as global demands, driven by the growth of global automotive production, have been rising. Currently, Bangladesh consumes 120,000 tons of lubricants, of which 104,000 tons are imported. This means Bangladesh produces only 16,000 tons, leaving ample space for growth.

<https://www.dhakatribune.com/business/2020/09/26/lub-rref-to-set-up-country-s-first-lube-oil-refinery>

### **Consumer Durables**

#### **Consumer electronics companies predict grim outlook for 2020**

The home electronics sector is suffering from a landslide in demand with the sales likely to stay below 70 per cent of annual target as consumers are reluctant to spend on luxury items amid the ongoing pandemic, according to various market players. To give a boost to the business, the electronics companies are now looking forward to the online retail platforms to send the consumers' desired products to their doorsteps. This will help manufactures make at least enough revenue to survive the Covid-19 fallout.

<https://www.thedailystar.net/business/news/consumer-electronics-companies-predict-grim-outlook-2020-1968177>

**Cement****Cement industry rebounds**

The cement industry has made a significant comeback after the reopening of the economy in early June from an unprecedented collapse in demand in April and May amid coronavirus-induced nationwide shutdown. The industry's revival has been fuelled by the resumption of work in the infrastructure and construction sector which has returned to near-normal. Around 90% of some 35 lakh people working in this informal sector have got back to their work. Around 70% of the cement manufacturers have entered the growth trajectory since June in spite of a 52% decline in sales in the April-May period. The sectoral growth in the three months from June to August is a healthy 6.60%.

<https://tbsnews.net/economy/industry/cement-industry-rebounds-137650>

**Stock****EBL launches dual currency UnionPay debit, prepaid cards**

Eastern Bank Limited has launched the country's first dual currency UnionPay debit card and prepaid card. Cardholders can endorse up to \$12,000 of the yearly travel quota limit to the newly launched cards. These dual currency cards are accepted both locally and internationally and are good for e-commerce transactions as well.

<https://www.newagebd.net/article/117365/eb1-launches-dual-currency-unionpay-debit-prepaid-cards>

**Securities regulator finds anomalies in Golden Harvest's use of funds**

The stock market regulator has sought documents and explanations from Golden Harvest Agro Industries about its utilisation of funds it had collected from investors by issuing right shares. In 2019, the company raised Tk89.93 crore by issuing 8.99 crore right shares for business expansion. The company paid Tk1.11 crore to Braintrain Studio Ltd and Tk8.91 crore to Max Trading Ltd for its infrastructure development. The same person holds the post of managing director at both Golden Harvest and Braintrain Studio. That means the payment between the companies is known as a related party transaction, which is permissible only upon approval by investors. However, the company made the transaction without following due process. According to the fund utilisation report, Golden Harvest has yet to use Tk34.61 crore, but bank statements show it has only Tk11.62 crore in hand.

<https://tbsnews.net/economy/stock/securities-regulator-finds-anomalies-golden-harvests-use-funds-138001>

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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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