

Bangladesh market snapshot

	Last closing
DSEX Index	3,969.28
% change	0.11%
DS30 Index	1,330.32
% change	0.22%
DSES Index	919.50
% change	0.10%
Turnover (BDT mn)	683.57
Turnover (USD mn)	8.14
% change	26.26%
Market Capitalization (BDT bn)	3,108
Market Capitalization (USD bn)	37.00
% change	0.03%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	25,015.55
% change	-2.84%
Nikkei 225	22,512.08
% change	+1.13%
FTSE 100	6,159.30
% change	+0.20%

Source: Bloomberg

Exchange rate

Currency	BDT
USD	84.85
EUR	95.49
GBP	105.40
INR	1.12

Source: Bangladesh Bank

Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
24-Jun-2020	4.20-5.50	5.00
23-Jun-2020	4.25-5.50	5.00

Source: Bangladesh Bank

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	41.02	-0.07%
Gold Spot, USD/t oz	1,771.30	+0.43%
Cotton, USD/lb	59.50	-0.34%

Source: Bloomberg

Economy

Amendment to VAT rebate provision likely

Two major fiscal measures regarding Value Added Tax or VAT may be revised in the Finance Bill, after widespread criticism. The measures include input credit on the basis of consumption and depositing a higher amount of disputed VAT for filing an appeal. Both businesses and VAT officials found the two provisions difficult to comply with and implement.

<https://thefinancialexpress.com.bd/economy/amendment-to-vat-rebate-provision-likely-1593230542>

Private sector credit growth picks up in May- on paper

Private sector credit data appears to have gone against the grain in May. For 24 months on the trot, private sector credit growth was lesser than in the previous month. And the trend was expected to continue given the overall doom and gloom on the economy. But in May, it edged up to 8.86 per cent from 8.83 per cent a month earlier.

<https://www.thedailystar.net/business/news/private-sector-credit-growth-picks-may-paper-1921545>

Revenue collection rises in May, but well below target

The government's revenue collection increased to Tk 134.53 billion in May, but the amount was less than half of the target as the coronavirus crisis continues to ravage the economy. The revised target for the month was Tk 290 billion after the National Board of Revenue collected only Tk 76.88 billion in April.

<https://thefinancialexpress.com.bd/economy/revenue-collection-rises-in-may-but-well-below-target-1593170214>

Govt liabilities could climb 56pc in FY'21

The government liabilities are expected to jump by 56 per cent at the end of June 2021. The document shows that total liabilities will stand at Tk. 3.36 trillion. The liabilities consist of domestic debt, foreign loans and other payables. The liabilities from debt securities will stand at Tk. 2.33 trillion, loans from Bangladesh Bank at Tk. 93 billion and other accounts payable at Tk 22.45 million.

<https://thefinancialexpress.com.bd/economy/govt-liabilities-could-climb-56pc-in-fy21-1593229189>

BB asked to simplify repatriation of foreign investment, profit

The government has moved to simplify the repatriation process of foreign investment and profit by removing the existing barriers for attracting the businesses being relocated by the global conglomerates amid the Covid-19 pandemic. As the pandemic has lashed the global economy, many multinational companies have begun relocating their businesses to countries where the cost of doing business is comparatively lower than that of their present locations. Bangladesh, being a country where cheap labour is available and the government is setting up more than a hundred

economic zones, has the opportunity to attract such businesses provided some of the existing barriers are removed.

<https://thefinancialexpress.com.bd/economy/bb-asked-to-simplify-repatriation-of-foreign-investment-profit-1593143061>

Bank and NBF

Banks can give loans in phases in three years

The central bank has relaxed guidelines, allowing scheduled banks and non-bank financial institutions (NBFIs) to provide loans under the financial stimulus package to large industries and services in phases within three years. Following the relaxation, all the scheduled banks and NBFIs will be eligible to provide the loans, maximum 30 per cent, as working capital from the existing credit limit of customers concerned within three years in phases instead of single disbursement.

<https://thefinancialexpress.com.bd/economy/banks-can-give-loans-in-phases-in-three-years-1593143211>

<https://www.thedailystar.net/business/news/bb-relaxes-rules-stimulus-loans-large-borrowers-1920713>

Slow loan disbursement, too many conditions frustrate SMEs

Small businesses in the informal sector- the prime movers of the economy and worst hit by the pandemic-are skeptical of whether they will be able to avail the government assistance in time to survive the coronavirus fallout. The sector is also worried about the borrowing formalities and has called for low-cost loans to be made easier to come by. According to a recent study of the Bangladesh Institution of Development Studies (BIDS), 41 percent of small and medium enterprise (SMEs) shuttered businesses during the virus-induced shutdown. The sector lost about Tk92,000 crore, an amount that could build three Padma bridges, during the March-May period. The government subsequently declared a stimulus package of Tk20,000 crore for the small production units.

<https://www.tbsnews.net/economy/industry/slow-loan-disbursement-too-many-conditions-frustrate-smes-98605>

Fuel and Power

Govt set to slash furnace oil price

The government is set to cut furnace oil price in the local market in a couple of days. The decision on reducing the price came after the move by the private sector to purchase around 10 per cent of its total requirement from the Bangladesh Petroleum Corporation and around two weeks after imposition of import duties on the fuel. Private sector imports around 32 million tonnes annually to generate around 4,500 megawatt, or MW, of electricity. They get 9.0 per cent service charge as incentives to import the fuel at their own. The BPC imports around 500,000 tonnes of furnace oil to generate electricity in government's power plants.

<https://today.thefinancialexpress.com.bd/first-page/govt-set-to-slash-furnace-oil-price-1593276223>

Textile

71 of BGMEA units haven't paid workers for May

Amid reports of continuous protests for back pay in the industrial zones, BGMEA says 71 registered factories have not paid the workers for May. The coronavirus pandemic has forced as many as 348 of its 2,274 members to shut factories. Out of the rest, 1,855 paid the workers for the month of May until Friday. Most of the factories that could not pay are small ones.

<https://today.thefinancialexpress.com.bd/last-page/71-of-bgmea-units-havent-paid-workers-for-may-1593276791>

Telecommunication

Govt may not hike SD on telecom services

Finance Minister AHM Mustafa Kamal may scrap his plans to raise the supplementary duty (SD) on telecom services and double the deposit in VAT-related disputes following criticism and pleas from various quarters. While unveiling the budget for fiscal year 2020-21 on June 11, the minister has proposed hiking the SD on all kinds of telecom services to 15 per cent from the previous 10 per cent. Both operators and users have expressed dissatisfaction at the move and said tax on mobile phone use increased in the last few years, which has negatively affected customers' service-availing trends.

<https://www.thedailystar.net/business/news/govt-may-not-hike-sd-telecom-services-1921561>

<https://www.newagebd.net/article/109597/mobile-use-duty-hike-decision-to-be-reviewed>

Tannery

Robotic automation of footwear companies to reduce cost

Immediate robotic automation of the footwear industry is imperative to reduce the cost of production and help compete in the international market. The average overhead cost of a finished product must have to be brought down below \$75 cent by introducing robots in the footwear industry against the present \$1.5 dollar to compete in the international market.

<https://today.thefinancialexpress.com.bd/stock-corporate/robotic-automation-of-footwear-companies-to-reduce-cost-1593270227>

Capital Market

BSEC takes a tough line on IPO scrutiny

The securities regulator is scrutinising the IPO proposals very carefully for the sake of investors and the capital market. They are scrutinising IPO proposals without looking at identity of the issuer companies. In last week, the securities regulator fined Al Faruque Bags, its auditor and issue managers for non-compliances found in the company's IPO proposal.

<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-takes-a-tough-line-on-ipo-scrutiny-1593270211>

DSE broker decamps with investors' fund

Crest Securities Ltd, a member of Dhaka Stock Exchange (DSE), has shut down its head and branch offices without informing the exchange authority. According to insiders, the officials of Crest Securities have remained out of contact for last two days triggering tension among its clients. The incident came to light when a cheque, provided to the DSE by the Crest Securities, bounced as there was no money in the bank account.

<https://thefinancialexpress.com.bd/stock/dse-broker-decamps-with-investors-fund-1593141891>

Crest Securities clients' worries deepen

The volume of investors' fund, allegedly, embezzled by the owners of the Crest Securities Ltd. could be sizeable. The brokerage firm, according to sources in the central Depository Bangladesh Limited (CDBL), has been maintaining as many as 21,000 active Beneficiary Owners' (BO) accounts. However, the premier bourse is yet to determine the actual amount of liabilities of the brokerage house, as its head and all three branch offices remained locked and the owners traceless for the last several days.

<https://thefinancialexpress.com.bd/stock/crest-securities-clients-worries-deepen-1593228724>

Stocks

Bangladesh Submarine Cable's EPS jumps 61pc

Bangladesh Submarine Cable Company's earnings per share (EPS) rose 61 per cent year-on-year in nine months that ended in March, 2020 as revenue increased during the period under review. As per the disclosure, the state-run company's earnings per share (EPS) stood at Tk 3.98 for July 2019-March 2020 as against Tk 2.47 for July 2018-March 2019.

<https://thefinancialexpress.com.bd/stock/bangladesh-submarine-cables-eps-jumps-61pc-1593234753>

Unilever Overseas Holdings to purchase 82pc shares of GSK

Unilever Overseas Holdings B.V. will purchase 82 per cent shares of GlaxoSmithKline (GSK) Bangladesh which is listed on both the stock exchanges of Bangladesh. According to a corporate disclosure, Unilever Overseas Holdings B.V. will purchase the entire holding of SETFIRST Ltd. SETFIRST Ltd. will sell 9.87 million shares, which is 82 per cent compared to total number of shares of the GSK Bangladesh, at prevailing market price. The transaction will be executed in block market within 30 working days.

<https://thefinancialexpress.com.bd/stock/unilever-overseas-holdings-to-purchase-82pc-shares-of-gsk-1593143442>

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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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