

Bangladesh market snapshot

	Last closing
DSEX Index	4,982.37
% change	-0.42%
DS30 Index	1,705.14
% change	-0.44%
DSES Index	1,125.53
% change	-0.49%
Turnover (BDT mn)	8,530.04
Turnover (USD mn)	101.55
% change	-3.01%
Market Capitalization (BDT bn)	3,987
Market Capitalization (USD bn)	47.46
% change	0.20%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	27,452.66
% change	-0.48%
Nikkei 225	23,509.77
% change	-0.12%
FTSE 100	5,897.50
% change	-0.51%

Source: Bloomberg

Exchange rate

Currency	BDT
USD	84.82
EUR	98.97
GBP	108.87
INR	1.15

Source: Bangladesh Bank

Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
28-Sep-2020	1.50-5.25	2.65
27-Sep-2020	1.50-5.25	2.78

Source: Bangladesh Bank

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	40.71	-0.78%
Gold Spot, USD/t oz	1,890.14	-0.42%
Cotton, USD/lb	65.40	+0.17%

Source: Bloomberg

Economy

Import orders drop by 20pc in Aug

Bangladesh's import orders dropped by nearly 20 per cent or US\$713.01 million in August last due to lower demand particularly for apparel and clothing because of the ongoing Covid-19 pandemic. Opening of letters of credit (LCs), generally known as import orders, came down to \$2.88 billion in August from \$3.59 billion a month ago. On the other hand, the settlement of LCs, generally known as actual import, in terms of value, fell by more than 4.0 per cent to \$3.13 billion in August from \$3.27 billion in the previous month.

<https://today.thefinancialexpress.com.bd/first-page/import-orders-drop-by-20pc-in-aug-1601400480>

BD mulls delay in LDC graduation

Prime minister's private industry and investment adviser Salman Fazlur Rahman on Tuesday hinted that Bangladesh is considering 'postponement' of its LDC (least-developed country) graduation slated for 2024. Officially, LDC graduation is due for 2024 and Bangladesh will be given three more years as a grace period for preparations. That means the country will start facing extra tariffs on exports from 2027. However, many experts have been advocating that the grace period be at least 10 years because of the devastation of Covid-19 on the global economy.

<https://today.thefinancialexpress.com.bd/first-page/bd-mulls-delay-in-ldc-graduation-1601400405>

Bank and NBFIs

'Alternative' investing made easier

The central bank has cut the 'risk weight' for banks to invest in 'alternative' investments. The risk weight for maintaining balance sheets of banks was slashed by 50 per cent to 100 per cent. The reduction is intended to expand alternative investments in the country. This new order will encourage banks to form funds for alternative investments-private equity, impact investment and venture capital and so on. The order will come into force immediately.

<https://today.thefinancialexpress.com.bd/last-page/alternative-investing-made-easier-1601401090>

Fuel and Power

Country starts consuming spot LNG

Bangladesh has started consuming spot LNG (liquefied natural gas), taking benefit of lower oil and natural gas prices globally. The first cargo, carrying 138,000 cubic metres of lean LNG, reached Moheshkhali LNG terminal in Cox's Bazar on Friday night, and completed unloading the fuel on the following day. Re-gasified spot LNG entered the national gas grid immediately after the start of unloading. Bangladesh will have to spend around Tk 1.33 billion, or US\$ 15.63 million, to purchase the single cargo of spot LNG, which will save the country around Tk 300 million.

<https://today.thefinancialexpress.com.bd/last-page/country-starts-consuming-spot-Ing-1601400915>

Tannery

Deadline for loan rescheduling extended again for rawhide traders

The central bank yesterday extended the timeframe of relaxed loan rescheduling facility for rawhide traders for the second time in order to help them stay away from the defaulted zone. Having been announced on July 5, the initial deadline to apply for the facility was set at July 30 but seeing as many rawhide traders failed to do so within the stipulated timeframe, the central bank was forced to push the deadline to October 29. Now though, due to the considerable number of loan defaulters among rawhide traders, the deadline has again been extended to December 30 of this year.

<https://www.thedailystar.net/business/news/deadline-loan-rescheduling-extended-again-rawhide-traders-1969845>

Incentives for tanners on cards for setting up private ETPs

The government is planning to incentivise private tanneries in setting up their own effluent treatment plants in Savar Tannery Industrial Estate (STIE) to expedite the attainment of the much-required Leather Working Group (LWG) certification to increase leather goods exports. Salman F Rahman, the prime minister's private industry and investment adviser, yesterday asked Commerce Secretary Md Jafar Uddin to look for such scope, reasoning that there would be delays making the STIE's central effluent treatment plant (CETP) fully functional. So far, three tanneries have obtained approval to construct their ETPs to secure the LWG certification and avail better export prices from international retailers and brands.

<https://www.thedailystar.net/business/news/incentives-tanners-cards-setting-private-etps-1969853>

Jute

Raw jute prices soar to record high

Raw jute prices hit a record high of around Tk 3,000 per maund as supply declined in the markets of producing regions owing to stocking by middlemen and slow release by farmers seeking to cash in on flood-induced production fall. The finest grade of the natural fibre, used by local mills to make yarn mainly for export, traded at Tk 2,800 per maund a week ago. Since then, prices have shot up to Tk 3,000 per maund as availability fell in the markets.

<https://www.thedailystar.net/business/news/raw-jute-prices-soar-record-high-1969849>

Capital Market

BSEC revises margin loan rules again

The Bangladesh Securities and Exchange Commission has revised the brokerage houses margin loan limit for clients, lowering the maximum limit of such loans set a week ago. The BSEC issued a directive on

Monday regarding the issue with effect from January 1, 2021. The directive repealed the previous one issued on September 21 which was supposed to come into effect from October 1. If the DSEX falls below 4,000 points, the margin loan would be given at the rate of 1:0.75, which was 1:1 in the previous rules. If the DSEX remains between 4,001 to 7,000 points, the clients of the intermediaries can get the maximum margin loan at the rate of 1:0.50. For 7,001 and above, the rate would be 1:0.25.

<https://www.newagebd.net/article/117651/bsec-revises-margin-loan-rules-again>

IPO share bidding of Lub-rref begins Oct 12

The bidding for eligible investors (EIs) to explore the cut-off price of shares of Lub-rref (Bangladesh) Limited, a local lubricant producer, will begin October 12 at 5:00pm. The local lubricant company will raise a capital worth Tk 1.50 billion from the capital market. The IPO proceeds will be used for expanding its existing refinery plant with an aim to meet the growing demand for lubricants from both home and abroad and repay some expensive bank loans.

<https://today.thefinancialexpress.com.bd/stock-corporate/ipo-share-bidding-of-lub-rref-begins-oct-12-1601394685>

Stock

Regulator approves City Bank bond with convertible feature

The Bangladesh Bank has approved the issuance of the Tk400 crore perpetual bond of City Bank with convertible features. Earlier in June, the securities regulator gave approval to City Bank to issue the perpetual bond to enable the bank to boost its additional tier-1 capital. Initially, the unsecured, floating rated bond was approved to be a non-convertible one, i.e., units of the bond could not be converted into City Bank shares. But the central bank has approved the bond as convertible if the total common equity of City Bank falls short against its total risk weighted assets, thereby helping the bank comply with Basel III capital adequacy requirements.

<https://tbsnews.net/economy/stock/regulator-approves-city-bank-bond-convertible-feature-139252>

Apex Tannery to sign contract with 3 companies to sell finished leather

The board of directors of Apex Tannery Limited has decided to enter into a contract with three companies to sell its finished leather to FB Footwear Ltd., Footbed Footwear Ltd. and Nuovo Shoes (BD) Ltd. an exporter of footwear, as some directors of the company are also directors of the above three companies. The contract is for sale of finished leather by the company in its usual course of business at prices of various grades and quality as mentioned in the contract.

<https://today.thefinancialexpress.com.bd/stock-corporate/apex-tannery-to-sign-contract-with-3-companies-to-sell-finished-leather-1601394747>

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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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