

Bangladesh market snapshot

| | Last closing |
|--------------------------------|--------------|
| DSEX Index | 4,008.29 |
| % change | 0.80% |
| DS30 Index | 1,330.83 |
| % change | 0.53% |
| DSES Index | 920.69 |
| % change | 0.37% |
| Turnover (BDT mn) | 3,481.39 |
| Turnover (USD mn) | 41.45 |
| % change | 149.49% |
| Market Capitalization (BDT bn) | 3,122 |
| Market Capitalization (USD bn) | 37.17 |
| % change | 0.46% |

Source: Dhaka Stock Exchange

International market snapshot

| | Last closing |
|------------------------------|--------------|
| Dow Jones Industrial Average | 25,383.11 |
| % change | -0.07% |
| Nikkei 225 | 21,877.89 |
| % change | -0.18% |
| FTSE 100 | 6,076.60 |
| % change | -2.29% |

Source: Bloomberg

Exchange rate

| Currency | BDT |
|----------|--------|
| USD | 84.95 |
| EUR | 93.30 |
| GBP | 104.79 |
| INR | 1.13 |

Source: Bangladesh Bank

Money market

| Date | Call Money Rate Range | Weighted Average (%) |
|-------------|-----------------------|----------------------|
| 27-May-2020 | 4.50-5.00 | 4.99 |
| 20-May-2020 | 4.25-5.00 | 4.99 |

Source: Bangladesh Bank

Commodities

| | Price | % Change |
|----------------------------|----------|----------|
| Brent Crude (Oil), USD/bbl | 37.84 | +5.02% |
| Gold Spot, USD/t oz | 1,730.27 | +0.69% |
| Cotton, USD/lb | 57.59 | +0.03% |

Source: Bloomberg

Economy

Govt expects economy to rebound next fiscal

The government is set to project the GDP growth rate for the fiscal year 2021 at 8.2 per cent, pinning its hope mainly on possible surge in domestic demand, powered by consumption and investment. The projected growth rate, which will be announced in the budget speech of the next fiscal year, is equivalent to the current fiscal year's original estimate. The real gross domestic product growth rate for this current fiscal year, however, is likely to contract between 5.25 and 5.35 per cent, according to the finance division.

<https://today.thefinancialexpress.com.bd/first-page/govt-expects-economy-to-rebound-next-fiscal-1590858188>

Trade deficit rose by 11.72% in Jul-Feb FY19-20

The trade deficit of the country stood at \$10.77 billion in the July-February period of the 2019-20 fiscal year, up from \$9.64 billion during the July-January period, according to central bank data. So, the deficit increased by \$1.13 billion or 11.72 percent in a month. In the July-February period of the previous fiscal year, the trade deficit was \$10.93 billion. The current account balance also ventured further into negative territory to \$1.83 billion in February from a \$1.51 billion deficit in January. The deficit in the current account balance had been \$3.97 billion during the July-February period of the previous fiscal year.

<https://www.tbsnews.net/economy/trade/trade-deficit-rose-1172-jul-feb-fy19-20-86233>

\$732m IMF loan to face Covid-19 challenges

The executive board of the International Monetary Fund (IMF) has approved US\$ 732 million emergency assistance for Bangladesh under its Rapid Credit Facility (RCF) and Rapid Financing Instrument (RFI) to address the challenges posed by COVID-19. The Board approved a disbursement of about US\$ 244 million under the RCF and a purchase of about US\$ 488 million under the RFI. This will help finance the health, social protection and macroeconomic stabilization measures, meet the urgent balance-of-payments and fiscal needs arising from the COVID-19 outbreak, and catalyze additional support from the international community. The Washington-based lender endorsed the loan on Saturday (Bangladesh time) at its Board meeting.

<https://today.thefinancialexpress.com.bd/first-page/732m-imf-loan-to-face-covid-19-challenges-1590857916>

<https://www.thedailystar.net/coronavirus-deadly-new-threat/news/imf-approves-us-732-million-bangladesh-address-covid-19-challenges-1906561>

ADB provides \$231,178 grant to augment Covid-19 facilities in Bangladesh

The Asian Development Bank (ADB) is providing a grant of \$231,178 to augment novel coronavirus disease related facilities in

134 urban primary health centres, called Nogor Swastho Kendro, across the country. The health centres are providing primary healthcare services to the urban poor under the ADB-supported Urban Primary Health Care Services Delivery Project in nine city corporations and four municipalities, said a press release. The grant assistance is sourced from ADB's Urban Climate Change Resilience Trust Fund, under the Urban Financing Partnership Facility.

<https://www.thedailystar.net/business/adb-provides-231178-dollars-grant-augment-covid-19-facilities-in-bangladesh-1906597>

Investment limit on postal savings lowered to Tk20 lakh

The government has lowered the investment limit on postal savings by two-third as part of its plan to set an upper limit on the total investment in all types of national savings schemes and to support the banking system in lowering the lending rate to single digit. The new upper limit on the investment in postal savings has been set at Tk 10 lakh for single name accounts and Tk 20 lakh for joint accounts for both the savings and fixed deposit account categories. Earlier, people could invest a maximum of Tk 30 lakh in a single name account and Tk 60 lakh in joint accounts under both types of postal savings schemes.

<https://www.tbsnews.net/economy/investment-limit-postal-savings-lowered-tk20-lakh-86407>

Tk 2,000 for filing in returns online next fiscal year

The government is likely to offer Tk 2,000 to individual taxpayers next fiscal year to lure them to file returns online, as it looks to accelerate the shift from the manual filing of annual income tax statement. This fiscal year, the number of online filers were about 6,000, which is less than 1 per cent of the returns submitted. The cumbersome process of e-filing of tax returns has been blamed for the dismal response so far. To file returns online, taxpayers have to physically collect user ID and password from the field offices. But the finance ministry officials are hoping that the rebate might convince individual taxpayers to take the hassle of making that trip to the field office to collect the log-in credentials.

<https://www.thedailystar.net/business/news/tk-2000-filing-returns-online-next-fiscal-year-1906816>

Online job postings fall 87% in April

The general holidays and safety measures imposed to tackle the deadly Covid-19 crisis have led to job cuts in the private sector. New recruitment is not even under the employers' consideration now. In April, the number of new job advertisements in the country's major job hunting website fell by 87 percent compared to the same period last year. The Asian Development Bank (ADB) revealed this information in its policy brief "Covid-19 Impact on Job Postings: Real-Time Assessment Using Bangladesh and Sri Lanka Online Job Portals," on Friday. The brief used data from leading online job portals, in terms of job postings, of both countries.

<https://www.tbsnews.net/economy/online-job-postings-fall-87-april->

[86536](#)

Bank and NBFIs

No love for NBFIs from BB yet

The Bangladesh Bank has asked all banks to transfer all interest accrued or to be accrued between April 1 and May 31 this year from all of their loans to an interest-free blocked account. Both the BB and the government are now mulling over rebating a portion of the interest from the borrowers' account. No such move is in the works for NBFIs' borrowers, which is a discrimination of sorts. As of now, there has been no package for the sector, although the financial health of the majority of the NBFIs is precarious and could do with the propping up against the pandemic-induced onslaught on their businesses.

<https://www.thedailystar.net/business/news/no-love-nbfis-bb-yet-1906828>

Corporate tax cut on card for banks

The government may offer banks a cut to their corporate tax rate in a bid to give the lenders respite from a number of recent measures that have affected their profits. According to officials of the finance ministry and the National Board of Revenue (NBR), the tax rate for banks could be reduced to 35 percent from the present 37.5 percent. The move will help banks – especially 30 listed ones – increase their profits, after paying tax, by Tk15 crore to Tk20 crore. However, it will cause the national exchequer a loss of Tk600-Tk800 crore a year.

<https://www.tbsnews.net/economy/banking/corporate-tax-cut-card-banks-86887>

Banks start disbursing stimulus funds today

Private banks are all set to start disbursing loans from the stimulus packages today, as an effort to recover the country's economy from the fallout of the Covid-19 pandemic. Recently, 14 banks and non-bank financial institutions signed a deal with the central bank to disburse loans under the refinance schemes. The central bank also instructed banks to form a fund to disburse Tk5,000 crore agri-loans at 4 percent interest and Tk3,000 crore for microcredit without any collateral. The Bangladesh Bank also formed a Tk5,000 crore fund for pre-shipment loans for the export sector.

<https://www.tbsnews.net/economy/banking/banks-start-disbursing-stimulus-funds-today-86884>

Textile

BTMA seeks anti-dumping duty on textile yarn imports

Local primary textile millers have urged the government to impose anti-dumping duty on yarn imports from any country, including India, to help the backward linkage industry cope with the Covid-19 impact. They feared that the yarn producing countries like India and Pakistan might export their stocked yarn to Bangladesh at dumping rates due to the pandemic. The millers also demanded increasing the cash incentive on

FoB (freight on board) price to 10 per cent until December this year from existing 4.0 per cent the sector gets at present. Its other demands are imposing tariff on import of each count of yarn per kg and releasing imported yarns after scrutinising their import value and tariff.

<https://today.thefinancialexpress.com.bd/trade-market/btma-seeks-anti-dumping-duty-on-textile-yarn-imports-1590852699>

<https://www.thedailystar.net/business/news/impose-duty-indian-yarn-bangladeshi-textile-millers-urge-govt-1906819>

40pc fashion brands yet not committed to paying in full for orders: Survey

About 40 percent of fashion brands and retailers have made no public commitment to pay in full for their completed orders, despite mounting public pressure on them. The remaining 60 percent of fashion brands and retailers said they would pay for complete orders in full, according to a survey report. The Business & Human Rights Resource Centre conducted the research based on responses from 35 fashion brands and retailers and publicly available information. Apparel exporters acknowledged that Bangladesh is also experiencing almost the same situation as the country is the second-largest apparel exporter after China.

<https://www.tbsnews.net/economy/rmg/40pc-fashion-brands-yet-not-committed-paying-full-orders-survey-86863>

Telecommunication

Robi springs back in profit

Robi returned to the black in 2020 on the back of higher data revenue and heavy data consumption in the first quarter of the year. The country's second-largest mobile phone operator posted a net profit of Tk 18.77 crore between January and March, compared with net losses of Tk 24.6 crore in the same quarter a year earlier and Tk 96.9 crore in the previous quarter. While it is a heartening development for the operator as it gears up for listing on the country's bourse, the profit streak is unlikely to continue into the following quarter, which coincides with possibly one of the gloomiest economic slumps in recent memory. Its voice call business, which is still its bread and butter, was, however, affected in April and May as the shutdown meant a portion of its low-income subscribers were out of work, while its retailers could not open shops either.

<https://www.thedailystar.net/business/news/robi-springs-back-profit-1906813>

Capital Market

BSEC meets BB tomorrow

The securities regulator will sit with the Bangladesh Bank (BB) tomorrow (Monday) to strengthen coordination between the two regulators for further development of capital market and money market. The Monday's meeting will be the first one between two regulators after the government has reformed the commission of the securities regulator appointing chairman and two commissioners following the expiry of the

tenures of the immediate past chairman and two commissioners. Previously, experts and the stakeholders had criticised lack of coordination between the BB and the securities regulator.

<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-meets-bb-tomorrow-1590850863>

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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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