

Bangladesh market snapshot

	Last closing
DSEX Index	6,261.72
% change	-0.02%
DS30 Index	2,137.66
% change	0.11%
DSES Index	1,355.82
% change	-0.02%
Turnover (BDT mn)	3,896.80
Turnover (USD mn)	36.76
% change	-13.59%
Market Capitalization (BDT bn)	7,768
Market Capitalization (USD bn)	73.28
% change	0.00%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	33,407.58
% change	0.87%
Nikkei 225	30,994.67
% change	-0.26%
FTSE 100	7,494.58
% change	0.58%

Source: Bloomberg

Exchange rate

	Low (BDT)	High (BDT)
USD	110.50	110.50
EUR	116.06	116.10
GBP	134.01	134.06
INR	1.33	1.33

Source: BB

Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
05-Oct-2023	6.50-8.50	7.23
04-Oct-2023	6.00-7.75	6.56

Source: BB

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl.	84.58	0.61%
Gold Spot, USD/t oz.	1,833.01	0.70%
Cotton, USD/lb.	87.14	0.69%

Source: Bloomberg

Macro

BB raises lending rate to 10.70% to tame inflation

A day after hiking the policy rate, the Bangladesh Bank today raised the lending rate to 10.70 % in order to tame the skyrocketing inflation. As a result, banks now can add a 3.50 % margin with the reference rate, also known as SMART, which stands at 7.20 %. The previous interest margin was 3 %.

<https://www.thedailystar.net/business/economy/news/bb-raises-lending-rate-1070-tame-inflation-3435546>

Private sector credit growth declines further in August

Private sector credit growth declined further to 9.75% in August in Bangladesh amid liquidity crisis, reduced lending capacity of banks and persistent economic challenges. As per Bangladesh Bank data, private sector credit growth reached to the current level from 9.82% in July and that of 10.57% in June. In August, banks disbursed Tk1,495,000 crore to the private sector.

<https://www.dhakatribune.com/business/economy/327160/private-sector-credit-growth-declines-further-in>

Bangladesh's apparel exports to US fall by 33.71pc in August

Bangladesh's readymade garment exports to the United States in August 2023 witnessed a 33.71% fall after increasing slightly in July. Bangladesh's apparel exports to the US in August 2023 fell by 33.71 % to \$615.53 million year-on-year compared with \$928.53 million in the same month of 2022.

<https://www.newagebd.net/article/214337/bangladeshs-apparel-exports-to-us-fall-by-3371pc-in-august>

Disbursement of foreign loan falls 14%

Although the country saw a huge year-on-year rise in the amount of foreign loans pledged from abroad in the first two months of the current fiscal year, their disbursements have slightly dropped, showed government data. Meanwhile, debt repayment increased by 38.2 %. Around \$73.90 crore of foreign loans was disbursed in the July-August period of FY24, down 14.48 %.

<https://www.thedailystar.net/business/economy/news/disbursement-foreign-loan-falls-14-3435636>

IMF mission unimpressed with NBR's collection plan

The visiting mission from the IMF was not fully convinced with the plans laid out by the NBR on accelerating the tax collection to raise the tax-to GDP ratio by 0.5 percentage points in the current fiscal year. The mission inquired about the structural measures that the NBR is taking to boost revenue collection and increase the tax-to-GDP ratio.

<https://www.thedailystar.net/business/news/imf-mission-unimpressed-nbrs-collection-plan-3436836>

High amount of defaulted loans threatens financial sector stability: BB report

The accumulation of non-performing loans poses additional threats to the financial sector's stability, according to a Bangladesh Bank report. According to the report, the gross NPL ratio to total loans rose from 8.8 % in March 2023 to 10.1 % in June 2023.

<https://www.newagebd.net/article/214356/high-amount-of-defaulted-loans-threatens-financial-sector-stability-bb-report>

Dollar sells at Tk 120 in kerb market, as money changers go dry

Public dependency on the open market for US dollars has increased, where per dollar is being sold at Tk 120-121, reports UNB. The dollar crisis in the kerb market became more acute after Bangladesh Bank and law enforcers raided money changers who allegedly selling dollars at higher rates.

<https://today.thefinancialexpress.com.bd/last-page/dollar-sells-at-tk-120-in-kerb-market-as-money-changers-go-dry-1696699049>

Soft opening of Dhaka airport's third terminal held

The Prime Minister Sheikh Hasina soft launched the much anticipated third terminal of the Hazrat Shahjalal International Airport (HSIA) on Saturday. The third terminal will be fully operational for use by passengers at the end of next year after completion of systems integration and calibration.

<https://www.thedailystar.net/business/economy/aviation/news/soft-opening-dhaka-airports-third-terminal-tomorrow-3436191>

Bank and NBF

Provision shortfall of banks has ballooned to 21,400C

According to the latest statistics available with Bangladesh Bank (BB), the provisioning shortfall in banks widened over 62% to Tk21,400 crore as of last June. In comparison with the previous quarter (January-March 2023) figure, the volume of provisioning shortfall in the commercial banks rose by over 31% as the provisioning shortfall was calculated at around Tk16,300 crore at the end of March.

<https://www.dhakatribune.com/business/banks/327159/provision-shortfall-of-banks-has-ballooned-to>

Capital base up for state-run banks, down for private lenders

The capital base of state-owned commercial banks rose while it fell for private lenders at the end of the fourth quarter of FY23. The overall capital-to-risk-weighted assets ratio (CRAR) of private commercial banks stood at 12.82 % in April-June, down from 13.08 % in the previous quarter. The capital adequacy ratio of state-owned commercial banks climbed to 6.76 % in the fourth quarter from 5.90 % in the third quarter.

<https://www.thedailystar.net/top-news/news/capital-base-state-run-banks-down-private-lenders-3436996>

Big rise in 10 banks' bad loans

The defaulted loans in 10 banks, including four state-run lenders, increased at an alarming rate in FY23. At the end of June, the ten lenders' bad loans stood at Tk 69,671 crore, which is 45 % of the record Tk 156,039 crore of defaulted loans logged in by the banking sector. A year earlier, the ten banks' defaulted loans accounted for 38.2 % of the sector's total.

<https://www.thedailystar.net/business/news/big-rise-10-banks-bad-loans-3437241>

Fuel and Power

Private coal power plants to avail tax exemption till 2039

The National Board of Revenue (NBR) has relaxed rules to extend the income tax exemption facility to private coal-fired power producers by 15 years if they start electricity generation by June 30 next year. And the exemption can be enjoyed until June 30, 2039.

<https://www.thedailystar.net/business/economy/news/private-coal-power-plants-avail-tax-exemption-till-2039-3435646>

Capital Market

Exchanges to begin trading in open-ended MFs this year

Open-ended mutual funds will become tradeable on the stock exchanges by the end of this year, which is expected to ease liquidation of assets as well as provide the market with liquidity support. Regulatory bodies have been dwelling on if transactions in MF units should be allowed on the exchange's main boards or alternative trading boards (ATB).

<https://today.thefinancialexpress.com.bd/stock-corporate/exchanges-to-begin-trading-in-open-ended-mfs-this-year-1696695507>

Stock

Techno Drugs plans to raise Tk100cr through IPO

Techno Drugs Ltd plans to raise Tk100 crore through an initial public offering (IPO) under the book-building system. They intend to allocate Tk25 crore for upgrading and renovating their Narsingdi factory, Tk15 crore for construction works at its factory in BK Bari, Gazipur, Tk27 crore for machinery procurement, Tk30 crore for loan repayment, and Tk3 crore to cover IPO expenses.

<https://www.tbsnews.net/economy/stocks/techno-drugs-plans-raise-tk100cr-through-ipo-714142>

ADN Telecom's profit grows 54% due to business expansion

ADN Telecom, one of the major sister concerns of ADN Group, posted 54% profit growth in the fiscal year 2022-23 compared to the previous fiscal year owing to business expansion with the launching of new products and services. The company achieved Tk25.86 crore net profit in FY23.

<https://www.tbsnews.net/economy/stocks/adn-telecoms-profit-grows-54-due-business-expansion-713054>

Apex Foods profit jumps 73%, thanks to pricey dollar, cost cutting

When the country's shrimp industry was grappling with dwindling exports, publicly listed shrimp exporter Apex Foods Limited posted a remarkable year-on-year growth in annual profit in FY23. At the end of FY23, the company's net profit stood at Tk5.08 crore, which was 73% higher than that in the previous fiscal. Its earnings per share stood at Tk8.91 in FY23.

<https://www.tbsnews.net/economy/stocks/apex-foods-profit-jumps-73-thanks-pricey-dollar-cost-cutting-712482>

Bay Leasing incurs Tk120cr loss in 2.5 years

Bay Leasing and Investment Limited reported a loss of Tk120 crore over a two-and-a-half-year period till 30 June 2023. Bay Leasing faced a loss for the first time in 2021, and since then, it has been unable to return to profitability in any subsequent quarters.

<https://www.tbsnews.net/economy/stocks/bay-leasing-incurs-tk120cr-loss-25-years-714158>

Textile

Home textile loses steam as shipment dips in Q1

The home textile of Bangladesh has suddenly lost momentum as its shipment has dropped significantly in the first quarter (Q1) of FY24. The domestic hometex industry has made a shipment of \$189.50 million during the July-September period in FY24, a 46.43-% fall from FY23's. In Q1 of FY23, domestic textile producers exported their products to the tune of \$353.48 million.

<https://today.thefinancialexpress.com.bd/last-page/home-textile-loses-steam-as-shipment-dips-in-q1-1696698895>

Jute

Jute prices continue to fall

Jute growers in Bangladesh are facing deepening woes as prices of the natural fibre have been in a downward slide amid a consistent decline in exports, according to industry insiders. The finest quality jute is currently being sold at about Tk 2,600 per maund (37 kilogrammes) while it was Tk 2,700 just one month back. The price of medium quality jute fell the most, decreasing by about 20 % year-on-year to Tk 2,100 per maund.

<https://www.thedailystar.net/business/economy/news/jute-prices-continue-fall-3435746>

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We calculate our target price by weighting DCF, DDM, SOTP, asset-based and other relative valuation methods, and applying appropriate premiums/ discounts and/or other relevant adjustments.

Expected absolute returns are calculated as the % 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 -5% and +15%
Underweight	12 Months	Less than -5%

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Bashundhara +880 1718 106 217	Mirpur-1 +880 1713 205 723	Mirpur-12 +880 1911 197 188	Banasree +880 1701 205 075	Uttara +880 1913 128 156

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Digital Booths

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Feni +880 1324 243 210	Khatungonj +880 1713 205 742	Chawkbazar +880 1817 206 965	Madhobdi +880 1324 243 156	
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