

Bangladesh market snapshot

	Last closing
DSEX Index	6,302.03
% change	-0.05%
DS30 Index	2,134.57
% change	-0.14%
DSES Index	1,360.58
% change	-0.21%
Turnover (BDT mn)	6,970.88
Turnover (USD mn)	65.76
% change	5.21%
Market Capitalization (BDT bn)	7,759
Market Capitalization (USD bn)	73.20
% change	0.00%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	34,618.24
% change	-0.83%
Nikkei 225	33,533.09
% change	1.10%
FTSE 100	7,711.38
% change	0.50%

Source: Bloomberg

Exchange rate

	Low (BDT)	High (BDT)
USD	110.00	110.00
EUR	118.01	118.03
GBP	137.37	137.41
INR	1.33	1.33

Source: BB

Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
14-Sep-2023	6.00-7.75	6.44
13-Sep-2023	5.75-7.75	6.40

Source: BB

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl.	93.93	0.25%
Gold Spot, USD/t oz.	1,923.91	0.69%
Cotton, USD/lb.	86.44	-1.55%

Source: Bloomberg

Macro

Growing debt servicing now puts pressure on forex reserves

The cost of debt servicing has risen significantly amid a higher flow of loans from development partners and an elevated level of interest payments, compounding pressure on the foreign currency reserve of Bangladesh. In July, the debt servicing repayment climbed 41 % to \$253 million. It was \$179 million in the same month in FY23. Meanwhile, forex reserves have fallen to \$21.71 billion this month compared to \$31.17 billion in July 2022.

<https://www.thedailystar.net/business/economy/news/growing-debt-servicing-now-puts-pressure-forex-reserves-3420561>

Pharma exports up 15% in Jul-Aug

Pharmaceutical exports from Bangladesh grew nearly 15 % year-on-year in the first two months of the current fiscal year. Medicine shipment fetched \$31.64 million in July and August of FY24. This comes on the backs of higher orders from buyers as economies start to recover globally. Pharmaceutical exports from Bangladesh fell 7 % year-on-year to \$175.42 million in FY23.

<https://www.thedailystar.net/business/economy/news/pharma-exports-15-jul-aug-3420546>

Budget spending lower than expected in 11 months

The government's budget spending during the past 11 months of fiscal year 2023 remained lower than expected on the back of poor development expenditure. The revised estimate was Tk 6.60 trillion, or 2.6%, lower than that of the original budget placed for FY23. The execution rate is 5.0 percentage points up than that of the corresponding period a year earlier.

<https://today.thefinancialexpress.com.bd/last-page/budget-spending-lower-than-expected-in-11-months-1694883370>

Unruly dollar aggravates market stress

A uniform exchange rate has remained a far cry in Bangladesh despite banks moving to embrace a single rate of the US dollar amid a deepening shortage of the American greenback. As a result, clients are opening letters of credit (LCs) on the condition of deferred payments. When importers agreed to open LCs on the condition of deferred payments, banks charged Tk 5 to Tk 10 per USD on top of the fixed rate, said bankers.

<https://www.thedailystar.net/business/economy/news/unruly-dollar-aggravates-market-stress-3419176>

Stock

LafargeHolcim wins int'l arbitration against Jalalabad Gas

Jalalabad Gas Transmission and Distribution System Limited has to pay back Tk266 crore to LafargeHolcim Bangladesh Limited, collected additionally as gas bill, as per Singapore-based International Arbitration Tribunal order. The tribunal also declared the validity of the gas sales agreement's (GSA) ceiling price provision and absolved

the cement manufacturer from paying invoices exceeding this price.
<https://www.tbsnews.net/economy/stocks/lafargeholcim-wins-intl-arbitration-against-jalalabad-gas-701678>

Square Pharma eyes business boom, concentrating on local market

Square Pharmaceuticals will be concentrating its strength on catering to the local demand for drugs, keeping in mind two main factors -- quality and availability, said the company's Managing Director. The drug manufacturer, which expanded its market share to 18.74 % in FY22 from 17.21 % a year ago, seeks to further bolster its position in the domestic market.

<https://today.thefinancialexpress.com.bd/stock-corporate/square-pharma-eyes-business-boom-concentrating-on-local-market-1694880350>

Cash-strapped Islami Bank lends to AnonTex

Distressed Islami Bank has approved a Tk 700 crore loan to a concern of AnonTex Group, one of the five large borrowers of Janata Bank that has been enjoying undue facilities despite making negligible repayment in 13 years.

<https://www.thedailystar.net/business/economy/banks/news/cash-strapped-islami-bank-lends-anontex-3420456>

Sikder Insurance gets BSEC's nod to raise Tk16cr through IPO

Sikder Insurance Company Limited will raise Tk16 crore from the stock market through an IPO to expand its business. The company will invest the IPO funds in the capital market, fixed deposits, and purchasing floor space and to meet IPO expenses.

<https://www.tbsnews.net/economy/stocks/sikder-insurance-gets-bsecs-nod-raise-tk16cr-through-ipo-701674>

Bank and NBFI

Liquidity stress at Islamic banks shows no sign of abating: Moody's

Liquidity in Shariah-based banks in Bangladesh remains tight due to a dip in deposit collection and the banks' inability to make the most of the central bank support to overcome the situation, Moody's Investors Service said in a report. The system-wide investment (loan) -to-deposit ratio of Islamic banks stood at 101 % in June this year, up from 94 % a year earlier.

<https://www.thedailystar.net/business/economy/banks/news/liquidity-stress-islamic-banks-shows-no-sign-abating-3419801>

Textile

Cotton import likely to drop

Bangladesh's cotton imports are likely to drop in the marketing year 2023-24 beginning from August because of lower consumption, said the US Department of Agriculture (USDA). Cotton imports by mills may decline to 77 lakh bales in the current marketing year, down by nearly 4 % from last month's forecast of 80 lakh bales.

<https://www.thedailystar.net/business/economy/news/cotton-import->

[likely-drop-3420551](#)

Rapid switch to MMF imperative to meet changing apparel demand

Rapid switch to man-made fibre (MMF) garment-making is seen imperative to meet changing apparel demand in the West as consumers change taste away from cotton wears that Bangladesh predominantly exports thus far. Bangladesh's share in cotton-fibre-garment exports to the EU in 2022 was 34.7 %, while China's only 14.9 %. On the other hand, China's share in non-cotton garment items to the EU was a predominant 41.2 % as against Bangladesh's lowly 12.2 %.

<https://today.thefinancialexpress.com.bd/first-page/rapid-switch-to-mmf-imperative-to-meet-changing-apparel-demand-1694882749>

Other

Dhaka airport to finally get a second runway

The government has plans to build a second runway at Hazrat Shahjalal International Airport as air traffic is projected to increase after construction of the third terminal is done. However, the runways will be very close to each other, due to space constraints, and two planes will not be able to land or take off simultaneously.

<https://www.thedailystar.net/nrb/departure-arrival/airlines-more/news/dhaka-airport-finally-get-second-runway-3420466>

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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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Gulshan

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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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Sylhet
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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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