

Bangladesh market snapshot

	Last closing
DSEX Index	6,311.08
% change	0.00%
DS30 Index	2,139.01
% change	0.02%
DSES Index	1,359.75
% change	-0.12%
Turnover (BDT mn)	8,116.69
Turnover (USD mn)	76.57
% change	10.49%
Market Capitalization (BDT bn)	7,764
Market Capitalization (USD bn)	73.25
% change	0.01%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	34,517.73
% change	-0.31%
Nikkei 225	33,122.21
% change	-0.36%
FTSE 100	7,660.20
% change	0.09%

Source: Bloomberg

Exchange rate

	Low (BDT)	High (BDT)
USD	110.00	110.00
EUR	117.59	117.63
GBP	136.20	136.24
INR	1.32	1.32

Source: BB

Money market

Date	Call Money Rate	Weighted Average (%)
19-Sep-2023	6.00-7.75	6.49
18-Sep-2023	6.00-7.75	6.47

Source: BB

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl.	93.52	-0.87%
Gold Spot, USD/t oz.	1,931.39	0.00%
Cotton, USD/lb.	86.91	-0.70%

Source: Bloomberg

Macro

Foreign loan utilisation slightly down

Utilisation of foreign assistance under the government's Annual Development Programme (ADP) by ministries and divisions has slightly declined year-on-year in the first two months of fiscal year 2023-24. Around Tk 3,367 crore was spent, which was a decrease of 5.87 %. The overall ADP implementation declined slightly to 3.84 %. It was 3.85 % last fiscal year.

<https://www.thedailystar.net/business/news/foreign-loan-utilisation-slightly-down-3423036>

Payment service providers can bring remittance

Bangladesh Bank yesterday allowed licensed payment service providers (PSPs) to bring inward wage remittances with the aim to increase remittance inflow. Licensed PSPs will be allowed to repatriate wage earners' remittance in association with internationally recognised online payment gateway service providers, banks, digital wallets, card schemes and foreign PSPs.

<https://www.thedailystar.net/business/economy/news/payment-service-providers-can-bring-remittance-3423026>

\$250m budget support from WB in Nov

Bangladesh is expecting another \$250 million in budget support from the World Bank after the government fulfilled the conditions laid out for the funding. The budget support will come under the Bangladesh First Recovery and Resilience Development Policy Credit (DPC), the first in a series of two credits that the WB has planned to help the country "build a stronger fiscal and financial sector to sustain growth".

<https://www.thedailystar.net/business/news/250m-budget-support-wb-nov-3422981>

Provident funds to pay 27.5% tax

Companies and organisations will be required to file tax returns on the income generated by employee welfare funds from the current fiscal year and pay a 27.5 % tax on the earnings. The law, however, has exempted government-managed provident funds from taxation.

<https://www.thedailystar.net/business/economy/news/provident-funds-pay-275-tax-3423051>

Bank and NBFI

Banks' lending slows for liquidity crunch

The banking sector's lending growth squeezed in the April to June quarter owing to a shortage of liquidity at most banks. The lending of scheduled banks grew 2.92 % to Tk 14,46,072 crore in the second quarter compared to the first quarter. In April-June of 2022, the lending rose 5 % to Tk 12,98,659 crore. Deposits at scheduled banks increased 4.59 % to Tk 16,87,024 crore in April-June.

<https://www.thedailystar.net/business/economy/banks/news/banks-lending-slows-liquidity-crunch-3423056>

Demand for shariah banking div in BB

The central bank governor has been requested to establish a 'shariah banking division'. A legal notice has been served on the Bangladesh Bank governor for taking steps to establish a 'shariah board' with national and international experts to regulate Islamic banking products here within 30 days.

<https://today.thefinancialexpress.com.bd/last-page/demand-for-shariah-banking-div-in-bb-1695146923>

Number of Tk 1cr deposit holders surges

Deposits in 3,362 more bank accounts went past Tk 1 crore in the April-June period of 2023. This means there were 113,554 bank accounts in total with more than Tk 1 crore in deposits at the end of June, according to Bangladesh Bank. There was Tk 731,332 crore in the 113,554 accounts at the end of June. This accounted for 43 % of all the deposits in the banking sector.

<https://www.thedailystar.net/business/economy/news/number-tk-1cr-deposit-holders-surges-3423046>

Fuel and Power

Amid dollar dearth comes taka trouble too

State energy-corporation Petrobangla gets in a two-pronged financial crunch as state-owned power plants and fertilizer factories have defaulted on payments in local currency. Power plants and fertilizer factories in public sector owe around Tk 100 billion, equivalent to US\$926 million, to Petrobangla against gas purchases.

<https://today.thefinancialexpress.com.bd/first-page/amid-dollar-dearth-comes-taka-trouble-too-1695146619>

Bangladesh to cut HSFO imports in September as utility demand eases

Bangladesh will trim imports of high sulfur fuel oil (HSFO) by a third in September due to reduced demand from the power generation sector. Bangladesh's total generation capacity from oil-fired power plants is around 7.482 GW, of which 6.441 GWs are HSFO-fired and 1.041 GWs are diesel or 0.005% sulfur gasoil-fired plants.

<https://www.tbsnews.net/bangladesh/energy/bangladesh-cut-hsfo-imports-september-utility-demand-eases-703590>

Textile

Denim losing shine for production cost hike, exchange rate gaps

Bangladeshi-branded denim begins losing its shine -- after having reigned supreme on the global market in 2022 -- amid production-cost escalation for costly inputs. Denim exports fetched Bangladesh US\$298.75 million from the USA in January-to-June period of this calendar year -- down from 445.52 million in the corresponding period of last year.

<https://today.thefinancialexpress.com.bd/trade-market/denim-losing-shine-for-production-cost-hike-exchange-rate-gaps-1695144951>

Construction

Cheaper scrap, low demand do little to bring down rod prices

Mild Steel (MS) rod prices saw a slight decrease in September after hitting an all-time high this March despite a sharp decline in raw material prices in the last few months and the low monsoon demand. Top-grade MS rod prices are still hovering between Tk93,000-95,000 per tonne despite raw material prices falling by Tk15,000 to Tk19,000 per tonne over the past three months.

<https://www.tbsnews.net/economy/industry/cheaper-scrap-low-demand-do-little-bring-down-rod-prices-703594>

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