

Public debt swells to 35.6% of GDP in FY20

The percentage of public debt to Gross Domestic Product (GDP) has soared to 35.6% in the revised budget of FY2019–20 from 33.2% in the previous fiscal year on the back of the lukewarm revenue collection by the government. As per the latest report of the Finance Ministry, total outstanding government debt is expected to stand at around Tk10 trillion at the end of FY2019-20. The report has revealed that the percentage of total public debt to GDP has been revised upward by 1.7% in the revised budget of FY2019-Y20 from the original target as the government requires to meet additional financing for stimulus package of Tk1.03 trillion (equivalent to 3.7% of the projected GDP in FY20) to revive the economy from the damage caused by COVID-19 pandemic. The report has also forecast that the government debt is expected to see sharp rise in the subsequent fiscals. According to the report, total outstanding debt is projected to rise to 36.8% (Tk11.7 trillion) at the end of FY2020-21. The report has attributed that revenue collection has suffered a major setback in the outgoing fiscal year due to the nationwide economic shutdown in the wake of the pandemic. As per the statistics of the NBR, revenue collection stood at Tk1.89 trillion in the July-May period of FY20 where the collection was 61.70% of the revised annual target for the fiscal year.

Public Debt (Figures in % of GDP)					
	FY19	FY20R	FY21	FY22	FY23
Domestic Debt	21.0	22.2	23.2	23.5	23.7
External Debt	12.1	13.4	13.6	14.3	14.5
Total Debt	33.2	35.6	36.8	37.8	38.3

Source: MoF

ADP implementation plunges to 57.37% in July-May

Development spending of the government stood at Tk1.15 trillion, down by 3.85% (Y-o-Y), in the July-May period of FY2019-20. As per the statistics of the Planning Ministry, the implementation rate of Annual Development Program (ADP) slipped to 57.37% in the period as against 67.97% during the same period in FY2018-19. As a consequence of countrywide lockdown, the government managed to spend Tk247.17b in April and May together, 32.53% lower from Tk366.35b during the same period a year ago. In April, ADP outlays plunged by 40.28% to Tk81.36b as against Tk136.23b in the same month of the previous fiscal. On the other hand, the expenditure of ADP fell by 27.95% to Tk165.81b in May from Tk230.12b in the corresponding month in FY19. However, the government set an audacious allocation of Tk2.05 trillion for ADP in the FY2020-21, up by 6.33% from the revised target for FY2019-20. Economists have feared that the sluggish trend of development spending would continue in the next fiscal year as the government cannot but divert funds to meet immediate needs to revive the economy.

Net sale of NSCs dives by 71.80% in Jul-Mar of FY20

In the first nine months of FY2019-20, net sales of National Savings Certificates (NSCs) stood at Tk112.03b, which was 71.80% lower than that of in the same period of the previous fiscal year, according to the statistics of the Directorate of National Savings. In the first six months of the fiscal year, net investment in the savings instruments maintained a declining trend after the imposition of 10% source tax on the profits of the investments above Tk0.5m. However, the net sales picked up in January though it started to decrease steeply since February. Against the backdrop, the government revised down the target for NSCs to Tk120b in the revised budget for FY2019-20 as against the original target of Tk270b. For the upcoming fiscal, the government set a borrowing target of Tk200b from the NSCs to tackle the hefty budget deficit.

Eleven banks see provision shortfall of Tk86.32b

Eleven scheduled banks including four state-owned banks experienced Tk86.32b in provision shortfall at the end of March 2020, according to the latest statistics by Bangladesh Bank (BB). The banking sector recorded Tk925.10b Non-Performing Loans (NPLs) as of March 31, 2020 - which was 9.03% of the total outstanding loans. As per regulations, banks have to keep 0.25% to 5% in provision with BB against loans under general category, 20% against sub-standard category, 50% against doubtful category, and 100% against bad or loss category to minimize risk. However, the central bank instructed the scheduled banks not to classify any loan for nine months till September, 2020 if the borrowers fail to pay installments during the pandemic.

Provisioning Shortfall as of March 2020			
State Banks	Amount in Tk (bn)	Private Banks	Amount in Tk (bn)
BASIC Bank	27.34	AB Bank	6.80
Sonali Bank	13.62	Bangladesh Commerce Bank	5.70
Agrani Bank	11.5	National Bank	4.87
Rupali Bank	7.95	Mutual Trust Bank	2.80
		Social Islami Bank	2.59
		Dhaka Bank	1.82
		Trust Bank	0.98

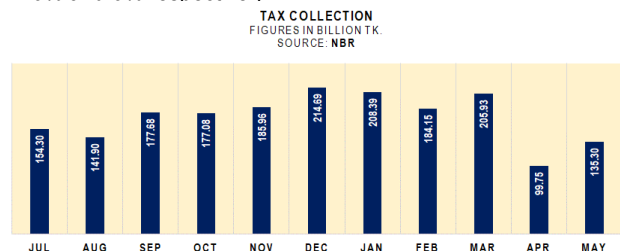
Source: BB

BB slash CRR for NBFIs

The Bangladesh Bank (BB) lowered Cash Reserve Ratio (CRR) for Non-Bank Financial Institutions (NBFIs) by 100 basis points to 1.5% from the existing 2.5%, through BB circular released on June 21, 2020. The move is aimed to give the non-banks some respite by setting free around Tk3.05b as they have been under liquidity crisis due to the ongoing pandemic. According to the new provision, the NBFIs are required to maintain a minimum average of 1.5% CRR with the central bank on bi-weekly basis where the daily CRR cannot be below 1%. Previously, the minimum bi-weekly average CRR requirement was 2.5% where the requirement on daily basis could not go below 2%. The effective date of the new CRR has been set at June 01, 2020 and will remain in force till further notice. However, the Statutory Liquidity Ratios (SLRs) for recipient and non-recipient NBFIs of term deposits have been kept unchanged at 5% and 2.5% respectively.

Revenue collection plunges by 33% in May

Tax receipt dropped by 33% (Y-o-Y) to Tk135.30b in May 2020 against Tk201.10b in receipts during the same month last year, according to National Board of Revenue (NBR) provisional statistics. The general shut-down from March 26 to May 31 this year to contain the outbreak of coronavirus led to negative growths in revenue collection by NBR during the past two consecutive months. The tax authority bagged Tk1,885b in July-May period of FY2019-20, down by 2% (Y-o-Y) leaving only one month left to collect the remaining Tk1,170b of the revised target for the outgoing fiscal year. During the 11-month period of FY2019-20, only income tax receipt grew marginally by 0.22% (Y-o-Y) while the collection from VAT and customs tariff fell by 1.26% and 6% respectively.



Stock Market Movement



Global Markets

		This Week	Last Week	+/- %
S&P 500	↓	3,009.05	3,097.74	-2.86
FTSE 100	↓	6,159.30	6,292.60	-2.12
Nikkei 225	↑	22,512.08	22,478.79	0.15
SENSEX	↑	35,171.27	34,731.73	1.27
KSE 100	↑	33,939.49	33,438.94	1.50

DSE Indicators

		This Week	Last Week	+/- %
DSE Broad Index	↑	3,969.28	3,960.58	0.22
Total Turnover, Tk	↓	2,843,532,580.00	3,392,450,271.00	-16.18
Market Capital, Tk	↑	2,525,821,270,399	2,522,084,264,095	0.15
No of Issue Gain		33	19	
No of Issue Loss		21	39	
No of Unchanged Issues		283	285	

Top Gainers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
Ambee Pharma Ltd.	407.70	441.50	8.29	23,305,000
Eastern Lubricants	890.90	943.70	5.93	45,167,000
Pharma Aids Ltd.	371.80	388.00	4.36	74,299,000
National Life Ins	220.00	228.50	3.86	5,788,000
Paramount Ins	38.80	39.80	2.58	15,526,000
Beximco Pharma	63.20	64.80	2.53	313,729,000
Power Grid	40.70	41.70	2.46	9,034,000
EXIM Bank	9.10	9.30	2.20	89,092,000
BSCCL	77.90	79.50	2.05	122,528,000
The ACME Lab	61.10	62.00	1.47	20,631,000

Top Losers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
Phoenix Fin 1st MF	8.20	7.70	-6.10	41,770,000
ICB Employees PMF	6.50	6.20	-4.62	5,783,000
Sunlife Insurance	17.50	16.80	-4.00	3,000
National Tea Company	489.30	475.30	-2.86	7,930,000
ATCSGF	7.00	6.80	-2.86	2,135,000
Prime Bank Ltd.	14.60	14.20	-2.74	2,799,000
Linde Bangladesh	1315.8	1279.80	-2.74	116,110,000
Reckitt Benckiser	3625.7	3533.90	-2.53	86,802,000
ACI Formulations Ltd.	107.10	105.40	-1.59	11,804,000
Bangladesh Welding	15.00	14.80	-1.33	1,627,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	309.48	308.90	0.19	382.42	355.87	7.46
Cement	218.58	218.58	0.00	1.62	2.74	-40.88
Ceramic	497.76	497.76	0.00	10.28	2.27	353.71
Engineering	1,678.16	1,675.10	0.18	81.05	11.36	613.66
Food & Al.	3,015.51	3,016.86	-0.04	28.32	24.82	14.12
Fuel & Pow.	3,203.28	3,201.45	0.06	245.20	303.29	-19.16
Insurance	1,316.99	1,303.60	1.03	61.14	41.86	46.09
IT	303.02	303.02	0.00	2.81	3.90	-28.04
Jute	959.01	951.64	0.77	28.59	0.23	12,276.19
Misc.	1,016.30	1,016.31	0.00	25.18	99.21	-74.62
Mutual Fund	365.12	365.92	-0.22	65.26	137.56	-52.56
NBFI	787.65	787.65	0.00	10.45	15.07	-30.68
Paper	6,412.29	6,412.29	0.00	0.38	0.97	-60.37
Pharma	1,021.85	1,019.48	0.23	1,038.67	778.69	33.39
Service	819.64	819.64	0.00	2.18	2.83	-23.11
Tannery	588.39	588.39	0.00	0.88	0.27	221.90
Telecom	2,210.62	2,208.88	0.08	160.15	133.66	19.82
Textile	1,021.28	1,018.47	0.28	43.81	28.93	51.45
Travel & Leis	570.71	570.71	0.00	0.47	0.17	173.99

Technical Talk

Dhaka bourse closed with marginal gain in the last week ended on Thursday despite inertia of investors during the week as a consequence of uncertainty for pandemic and floor price limitation. Among the major sectors, Insurance increased by 1.03% over the week followed by Textile 0.28%, Pharma 0.23%, Bank 0.19%, Engineering 0.18% and Telecom 0.08%.

DSE Broad Index (DSEX) reached 3,969.28 points increased by 8.70 points or 0.22% from the previous week. Total turnover reached at Tk2843.53m which was 16.18% lower than the previous week. Market capitalization increased by 0.15% and stood at Tk2525.82b (\$29.75b) at the weekend against Tk2522.08b. DSE 30 increased by 4.89 points or 0.37% and closed at 1,330.32 points against 1,325.43 points. Last week's weighted average Market PE was 10.64 which was 10.51 previous week.

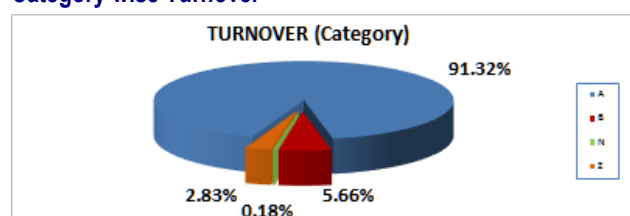
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
Beximco Pharma	4,934,167	313,729,000	11.03
BSCCL	1,557,684	122,528,000	4.31
Linde Bangladesh	89,712	116,110,000	4.08
EXIM Bank	9,677,136	89,092,000	3.13
Reckitt Benckiser	23,974	86,802,000	3.05
Indo-Bangla Pharma	4,307,496	84,630,000	2.98

Top 10 Market Capital

Company	Volume	Value (Tk)	% of total
GP	322,452	Berger Paint	60,690
BATBC	163,368	ICB	52,493
Square Pharma	155,825	Marico	49,219
United Power	116,044	LafargeHolcim	42,296
RENATA	82,646	Brac Bank	41,693

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/ton)	1,763.10	1,724.80	2.22
Silver (USD/ton)	17.90	17.49	2.30
Brent Crude Oil (USD/bbl)	41.05	41.51	-1.11

Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	84.90	84.95	84.90	84.95	0.00	0.00
EUR	97.38	97.44	97.42	97.48	-0.04	-0.04
GBP	107.49	107.56	108.72	108.78	-1.12	-1.12
AUD	58.58	58.62	58.64	58.68	-0.10	-0.10
JPY	0.80	0.80	0.80	0.80	-0.34	-0.34
CAD	62.57	62.61	62.90	62.93	-0.52	-0.52
SAR	22.75	22.76	22.75	22.76	-0.02	-0.02

Based on Standard Chartered selling rates to public in Taka. Notes: USD-US Dollar, GBP-Great Britain Pound, AUD-Australian Dollar, JPY- Japanese Yen, CAD-Canadian Dollar, SAR-Saudi Riyal.

Last Public Offerings

Company	Subscription Period	Offer Price	IPO (M.Tk)
Express Insurance	June 14-July 02, 2020	10	260.79