

BB adopts expansionary monetary policy for FY21

Bangladesh Bank (BB) unveiled monetary policy for FY2020-21 to support the post-pandemic GDP growth target of 8.2% without impairing inflation target of 5.4% set by the government. BB adopted expansionary and accommodative policy availing cheaper funds for banks and greater flow of funds into the economy with a view to pacing up recovery of the pandemic-hit economy. To boost the liquidity flow in economy, BB slashed the Repo and Reverse-Repo rates to 4.75% and 4% from 5.25% and 4.75% respectively. In addition, the Bank Rate was reduced to 4% from 5% after 17 years, rationalizing it with the current interest rate regime. The latest Monetary Policy Statement (MPS) projected that the private sector credit growth which came down to 8.61% in FY2019-20, would improve to 14.8% at the end of FY2020-21. Although, the central bank kept the target of private sector credit growth for the current fiscal year same as that of previous fiscal year, BB upheaved the public sector credit growth target to 44.4% for FY2020-21 against the target of 24.3% which was later revised at 37.7% for FY2019-20. The targets for Broad Money (M2) supply and Reserve Money (RM) have been set at 15.6% and 13.5% respectively for the current fiscal year which were 12.5% and 12% respectively in previous FY2019-20. The MPS included several risk factors which might hamper attainment of the monetary program during the fiscal year. BB listed the uncertain length and depth of the COVID-19 pandemic as the number one risk factor in achieving the program objectives followed by possibility of decline in export earnings and inward remittance due to further aggravation in global recession owing of the ongoing pandemic, volatilities in oil price and geopolitical tensions in the Middle-East countries. BB also fears likelihood of intensifying inflationary pressure arising from the undertaken expansionary monetary stance alongside the implementation of the various stimulus packages. According to BB, the present improved condition in Non-Performing Loans (NPLs) of the banking sector due to the special rescheduling facility may soon be worn out because of the worsening business condition on top of capitalization of interest along with principal obligations payable in future.

LDC graduation assessment to be delayed

The Committee for Development Policy (CDP) under United Nations (UN) is considering postponing assessing the countries for graduation from Least Development Country (LDC) by three to five years due to the global economic distress arising from the ongoing pandemic. The development would let Bangladesh enjoy the duty-free benefits on exports till 2024 as Bangladesh was set to be assessed for promotion to the developing country category in 2021. However, the CDP is likely to either postpone the evaluation process or conduct it by setting alternative measures in light of the Covid-19. The alternative proposal may also allow the newly graduated countries to enjoy zero-duty benefits for an additional five years.

Expatriates sent highest remittance in July

Inward remittance registered US\$2.24b in the first 27 days of the FY2020-21 ahead of *Eid-ul-Adha*, as per the latest figures of Bangladesh Bank (BB). In recent months, reportedly Bangladeshi migrant workers in different countries have been sending home higher amounts of money. The global economic woes due to the Coronavirus Pandemic along with the geopolitical tension in the Middle East countries resulted in job losses and earning erosions for many migrants causing them to repatriate their hard-earned savings as a preparation of possible returning home early, economists suspect.

Budget deficit likely to reach 10% in FY2020-21

Budget deficit in FY2020-21 might soar as high as 10% of Gross Domestic Product (GDP) as per the prognosis of the World Bank (WB) while the government forecasted a 6% deficit for the fiscal year. The Washington-based multilateral lender see that the government would have to spend more on pandemic-related expenditure to tackle the Covid-19 pandemic when it endured a dismal scenario in revenue generation. The WB also projected that fiscal deficit would break the historically comfortable level of 5% in FY2019-20 and increase to 7.9% of GDP though the government projected that the budget deficit would be 5.5% in the fiscal. According to the Ministry of Finance (MoF), the overall budget deficit would be Tk1.90 trillion in FY2020-21, up from Tk1.54 trillion in FY2019-20. At the point of national crisis, the government is likely to spend more in interest rate subsidies, social protection, food aid schemes and fertilizer subsidies to mitigate the brunt of coronavirus. Moreover, the government so far announced the highest amount of stimulus package in South Asia amounting to Tk1.03 trillion, 3.7% of GDP. However, dismal revenue mobilization created an enormous budgetary pressure on the government. Revenue collection dropped by 2.26% (Y-o-Y) to Tk2.18 trillion in the just concluded FY2019-20, registering the first-ever negative growth, while the revised target was Tk3.01 trillion. The WB projected that the volume of public debt would increase in the medium term. As per the WB document, outstanding government debt stock might increase to 39.3% of GDP in FY2019-20 and continue rising over the next three fiscal years to reach at 58.4% of GDP in FY2022-23.

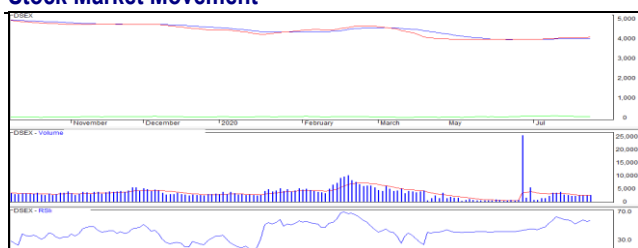
Foreign assistance sets new record in FY2019-20

Disbursement of foreign assistance by Development Partners (DPs) soared by 28.82% (Y-o-Y) to the highest ever volume of US\$8b in the just concluded FY2019-20, as the DPs extended their helping hand to provide budgetary support in the period of global pandemic. According to the figures of Economic Relations Division (ERD), around US\$7.27b out of the total inflows came as regular assistance while the remaining US\$732m was from the International Monetary Fund (IMF) as emergency funding. As per the document of the Finance Ministry, the disbursement target was US\$8.5b for the last fiscal year. However, foreign assistance commitment by the development lenders fell slightly to US\$9.55b in FY2019-20 from US\$9.79b a year earlier, though the commitment target for FY2019-20 was US\$6b. Other than the emergency assistance by the IMF, the Asian Development Bank (ADB) approved US\$500m to meet immediate financing requirements, followed by the World Bank (US\$250m) and the Asian Infrastructure Investment Bank (US\$250m). Currently, a record amount of US\$50.39b as foreign assistance is in pipeline for the government. In addition, the ADB and the WB might each provide another US\$500m. Moreover, the Japan International Cooperation Agency (JICA) is going to provide budgetary support of US\$1b for the first time to Bangladesh where the assistance might be disbursed in two tranches in FY2020-21 and in FY2021-22.

Forex reserve cross \$37b for the first time

The foreign exchange reserves rose to US\$37.1b on July 27, 2020, riding on record inflow of remittance, as per the statistics of Bangladesh Bank (BB). According to BB, expatriate Bangladeshi workers remitted US\$2.24b, the highest in a single month, in the first 27 days of July. Moreover, disbursement of funds by Development Partners (DPs) also contributed to the record amount of the reserves. Since June 2020 the forex reserves swelled by some US\$4b.

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	3,271.12	3,215.63	1.73
FTSE 100	5,897.76	6,123.82	-3.69
Nikkei 225	21,710.00	22,751.61	-4.58
SENSEX	37,606.89	38,128.90	-1.37
KSE 100	39,258.44	37,607.62	4.39

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	4,214.43	4,080.94	3.27
Total Turnover, Tk	22,337,693,576.00	12,378,074,322.00	80.46
Market Capital, Tk	2,674,639,345,731	2,592,515,619,724	3.17
No of Issue Gain	205	136	
No of Issue Loss	34	52	
No of Unchanged Issues	120	169	

Top Gainers

Company	Last Week	This Week	Change %	Turnover (Tk)
Eastern Insurance	52.10	75.80	45.49	407,614,000
Paramount Ins	68.70	94.50	37.55	180,347,000
Pragati Insurance	36.20	49.30	36.19	156,364,000
Pioneer Insurance	41.40	55.00	32.85	717,915,000
Agni Systems Ltd.	13.80	17.60	27.54	77,772,000
Sandhani Life	19.90	25.20	26.63	49,469,000
United Insurance	40.60	51.30	26.35	84,651,000
Federal Insurance	11.70	14.70	25.64	115,409,000
GQ Ball Pen	103.50	128.00	23.67	193,695,000
Delta Life Insurance	58.00	71.40	23.10	93,569,000

Top Losers

Company	Last Week	This Week	Change %	Turnover (Tk)
Metro Spinning Ltd.	9.40	8.60	-8.51	41,113,000
CAPM IBBL Islamic MF	7.50	6.90	-8.00	9,866,000
Hwa Well Textiles (BD)	33.60	31.90	-5.06	988,000
ICB AMCL First Agrani	6.60	6.30	-4.55	9,832,000
Phoenix Finance	23.70	22.70	-4.22	5,678,000
SEML FBLSL GF	8.20	7.90	-3.66	17,090,000
Prime Finance First MF	13.90	13.40	-3.60	39,608,000
Kay & Que Ltd.	218.00	210.60	-3.39	36,392,000
Tallu Spinning Mills	3.00	2.90	-3.33	241,000
Golden Harvest Agro	17.80	17.30	-2.81	263,767,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	321.16	319.53	0.51	507.15	610.46	-16.92
Cement	221.40	218.58	1.29	173.77	7.25	2,297.21
Ceramic	499.89	497.76	0.43	198.15	80.41	146.43
Engineering	1,718.70	1,690.06	1.69	1,445.01	801.54	80.28
Food & Al.	3,091.31	3,035.42	1.84	1,360.77	517.87	162.76
Fuel & Pow.	3,360.06	3,260.30	3.06	1,628.16	472.45	244.62
Insurance	1,679.59	1,462.27	14.86	4,822.96	2,523.32	91.14
IT	335.22	317.22	5.68	1,006.03	400.15	151.41
Jute	967.41	953.12	1.50	29.89	11.43	161.64
Misc.	1,041.48	1,028.49	1.26	941.78	562.45	67.44
Mutual Fund	367.27	368.25	-0.27	271.78	292.83	-7.19
NBFI	820.30	806.01	1.77	272.08	209.79	29.69
Paper	6,423.87	6,414.82	0.14	192.31	145.51	32.16
Pharma	1,099.80	1,053.85	4.36	3,658.64	2,139.02	71.04
Service	877.42	832.87	5.35	185.36	40.42	358.57
Tannery	588.39	588.39	0.00	20.95	5.18	304.09
Telecom	2,412.59	2,330.40	3.53	1,060.45	799.97	32.56
Textile	1,080.48	1,044.83	3.41	1,584.33	722.56	119.27
Travel & Leis	570.71	570.71	0.00	7.16	4.63	54.58

Technical Talk

Dhaka stocks closed higher for the sixth straight week ended on Thursday as investors continued buying shares on optimism. Moreover, the expansionary Monetary Policy Statement (MPS) unveiled by Bangladesh Bank lowering borrowing costs to boost up the pandemic-hit economic also persuaded investors to pour money into the capital market. Among the major sectors, Insurance increased by 14.86% over the week followed by IT Sector 5.68%, Pharma 4.36%, Telecom 3.53%, Textile 3.41% and Fuel & Power 3.06%.

DSE Broad Index (DSEX) reached 4,214.43 points increased by 133.49 points or 3.27% from the previous week. Total turnover reached at Tk22337.69m which was 80.46% higher than the previous week. Market capitalization increased by 3.17% and stood at Tk2674.64b (\$31.50b) at the weekend against Tk2592.52b. DSE 30 increased by 46.05 points or 3.35% and closed at 1,420.64 points against 1,374.59 points. Last week's weighted average Market PE was 11.37 which was 11.05 previous week.

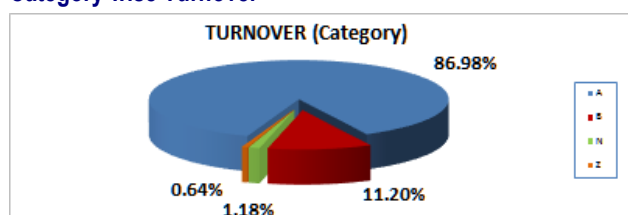
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
Beximco Pharma	11,162,608	870,664,000	3.90
Pioneer Insurance	15,095,084	717,915,000	3.21
Grameenphone Ltd.	2,404,493	616,127,000	2.76
Square Pharma	3,229,843	580,873,000	2.60
British American Toba.	584,464	533,719,000	2.39
Bangladesh Submarine	4,560,482	444,327,000	1.99

Top 10 Market Capital

Company	Volume	Value (Tk)	% of total
GP	349,053	Berger Paint	60,690
Square Pharma	163,504	ICB	54,949
BATBC	163,368	Marico	53,575
United Power	116,044	Brac Bank	42,296
RENATA	88,388	Summit Power	41,754

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t.oz)	1,942.30	1,889.10	2.82
Silver (USD/t.oz)	23.34	22.95	1.72
Brent Crude Oil (USD/bbl.)	43.25	43.31	-0.14

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	102.06	102.12	100.24	100.30	1.82	1.82
GBP	113.04	113.11	110.28	110.35	2.50	2.50
AUD	61.30	61.33	60.96	61.00	0.55	0.54
JPY	0.82	0.82	0.80	0.80	2.01	2.01
CAD	64.00	64.04	63.66	63.69	0.55	0.55
SAR	22.75	22.76	22.75	22.77	-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 14-18, 2020	10	260.79
Walton Hi-Tech indus.	Aug 09-Aug 16, 2020	252	1,000