

Bangladesh market snapshot

	Last closing
DSEX Index	4,761.88
% change	-1.00%
DS30 Index	1,689.17
% change	-0.90%
DSES Index	1,099.61
% change	-1.06%
Turnover (BDT mn)	2,981.99
Turnover (USD mn)	35.50
% change	-9.03%
Market Capitalization (BDT bn)	3,597
Market Capitalization (USD bn)	42.82
% change	-1.00%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	26,816.59
% change	1.21%
Nikkei 225	21,798.87
% change	1.15%
FTSE 100	7,247.08
% change	0.84%

Source: Bloomberg

Exchange rate

Currency	BDT
USD	84.80
EUR	93.51
GBP	106.79
INR	1.20

Source: Bangladesh Bank

Money Market

Date	Call Money Rate Range	Weighted Average (%)
10-Oct-2019	2.00-5.50	4.57
9-Oct-2019	3.75-5.50	4.86

Source: Bangladesh Bank

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	60.26	-0.25%
Gold Spot, USD/t oz	1,485.70	-3.31%
Cotton, USD/lb	64.94	+1.06%

Source: Bloomberg

Economy

Bangladesh second in South Asia in GDP growth: WB

The Bangladesh economy is forecast to achieve the second highest growth rate this fiscal year in South Asia, the World Bank said in its biennial regional economic update yesterday. Bangladesh's gross domestic product is projected to grow at 7.2 percent this fiscal year and 7.3 percent the following year, according to the latest edition of the 'South Asia Economic Focus, Making (De)centralisation Work'. Bhutan topped the list with an estimated 7.4 percent growth this fiscal year. The WB forecast is much lower than the government's target of 8.2 percent for the current fiscal year.

<https://www.thedailystar.net/business/news/bangladesh-second-south-asia-gdp-growth-wb-1813420>

NBR suffers Tk 9,318cr shortfall in revenue receipt in July-Aug

Revenue collection by the National Board of Revenue fell Tk 9,318 crore short of its target in July-August of the current fiscal year 2019-2020 due to slowing down of economic activities in the country and external trade, changes in cigarette taxation and wide-scale tax exemption offered to different sectors. The revenue board also registered a dismal growth of 3.35 per cent year-on-year in revenue collection in the first two months of the FY20. In July-August of the FY20, tax officials managed to collect only Tk 29,620 crore or 76 per cent of the collection target of Tk 38,937 crore set for the period, according to the provisional data of the NBR. NBR collected Tk 28,661 crore in first two months of the FY19.

<http://www.newagebd.net/article/87585/nbr-suffers-tk-9318cr-shortfall-in-revenue-receipt-in-july-aug>

No more tax exemption facility this fiscal

Finance Minister AHM Mustafa Kamal said on Sunday that the government would implement the fiscal measures for the current year without further amending the tax exemption provision. He said henceforth no waiver will be offered by issuing statutory regulatory order (SRO). No waiver would be given to the affluent people who can afford to pay the taxes, he added. He said the exemptions, if need be, would be offered only with the approval from the Prime Minister. The finance minister's resolute stance came at a meeting with the field-level tax, VAT and customs officials at NBR office in Dhaka.

<http://today.thefinancialexpress.com.bd/first-page/no-more-tax-exemption-facility-this-fiscal-1570989630>

Banking

Bangladesh Bank lets taka devaluation after 5 months as exports fall

The Bangladesh Bank has started allowing devaluation of the taka against the US dollar after a five-month lull to support exporters as the country's export earnings witnessed a fall in July-September this fiscal year (2019-20) amid a slowdown in the global economy. As per the Bangladesh Bank data, the interbank exchange rate of the dollar increased to Tk 84.7 on Sunday, rising in two phases from Tk 84.5 on

October 3 this year. The rate was stable at 84.5 since May 3, 2019. If Sunday's interbank exchange rate was taken into consideration, the taka was devalued by 7.62 per cent against the US dollar since January, 2017 when the dollar was traded at Tk 78.7.

<http://www.newagebd.net/article/87586/bangladesh-bank-lets-taka-devaluation-after-5-months-as-exports-fall>

Telecommunication

Massive cuts in short code tariffs

Bangladesh Telecommunication Regulatory Commission (BTRC) has decided to lower the call charge for public service short codes by 77.5 percent to Tk 0.45 from Tk 2 a minute. The telecom watchdog also plans to fix the voice tariff at Tk 1 per minute—down from Tk 2—for short codes used by private organisations. However, seven designated public toll-free numbers were kept out of this list: they would continue to be free like before.

<https://www.thedailystar.net/business/news/massive-cuts-short-code-tariffs-1813423>

Fuel and Power

BPDB running four costly power units defying BEREC

The state-run Bangladesh Power Development Board (BPDB), has kept four of its most expensive diesel-fired power plants operational defying the energy regulator's instruction to shut those. The Bangladesh Energy Regulatory Commission (BERC) had set a deadline in late 2017 to terminate operations of the plants, having a total electricity generation capacity of 140 megawatts (MW), by June 2018. But the BPDB is still continuing electricity generation from these high-cost power plants, arguing that electricity crisis will loom large in the areas where the plants are located, if these are closed.

<http://today.thefinancialexpress.com.bd/last-page/bpdb-running-four-costly-power-units-defying-berc-1570989962>

Capital Market

DSEX hits three-year low amid panic sale

The Dhaka Stock Exchange (DSE) continued experiencing extensive loss, and its broad index - DSEX - dropped to three-year low following investors' panic-driven sale of shares on Sunday. Following the investors' poor participation, the turnover value on the major bourse also came down below Tk 3.0 billion. The market intermediaries said the ongoing miserable outlook of the market made the investors worried. So, their participation in share trading declined significantly. On Sunday, only pharmaceuticals and chemicals and jute sectors witnessed price appreciation. The remaining 18 sectors, including the major ones, witnessed moderate correction, leaving impact on index and turnover.

<http://today.thefinancialexpress.com.bd/first-page/dsex-hits-three-year-low-amid-panic-sale-1570989848>

BSEC seeks all info on Tk 500m deal

The securities regulator has asked LR Global Bangladesh Asset Management Company Limited to submit all information regarding its mutual funds' (MFs) Tk 500 million investment in bdnews24.com within 24 hours. The Bangladesh Securities and Exchange Commission (BSEC) gave the instruction after a meeting at BSEC office in the capital on Sunday. The regulatory stance came following a news on LR Global's investment in bdnews24.com.

<http://today.thefinancialexpress.com.bd/last-page/bsec-seeks-all-info-on-tk-500m-deal-1570990111>

Stock

Square Pharma launches volvac poultry vaccines

Square Pharmaceuticals Ltd introduced volvac poultry vaccines of German-based world renowned pharmaceuticals "Boehringer Ingelheim" in Bangladesh veterinary market namely Volvac® IBD MLV, Volvac® ND Conc. KV, Volvac® ND+IB+EDS KV and Volvac® AC Plus+ND+IB+EDS KV, said a statement. Managing Director of Square Pharmaceuticals Ltd. Tapan Chowdhury officially inaugurated the vaccine launching programme recently at Radisson Dhaka Blu Water Garden. Dr. Sandeep Karkhanis, Head of Animal Health South Asia, Boehringer Ingelheim (India) Pvt. Ltd discussed the "Company Profile".

<http://today.thefinancialexpress.com.bd/stock-corporate/square-pharma-launches-volvac-poultry-vaccines-1570987549>

Disclaimer

GENERAL DISCLOSURE

This research report has been prepared by UCB Capital Management Limited (UCB Capital), a company authorized to engage in broker-dealer activities in Bangladesh. UCB Capital is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act").

NOTICE TO RECIPIENTS: This email (including all attachments) is intended only for the named recipient. If you have received this email in error, please delete the email plus any copies of it and immediately notify the sender by return email.

The information contained herein has been prepared and issued by UCB Capital to its clients, and all intellectual property relating to the Research vests with UCB Capital unless otherwise noted. The Research is provided on an as is basis, without warranty (express or implied).

The Research is based on public data obtained in good faith from sources believed by UCB Capital to be reliable, but no representations, guarantees or warranties are made by UCB Capital with regard to accuracy, completeness or suitability of the data and under no circumstances will any of UCB Capital, its officers, representatives, associates or agents be liable for any loss or damage, whether direct, incidental or consequential, caused by reliance on or use of the content. UCB Capital has not performed any independent review or due diligence of publicly available information. The opinions and estimates contained herein reflect the current judgment of the analyst(s) on the date of this Research and are subject to change without notice. The opinions do not necessarily correspond to the opinions of UCB Capital. UCB Capital does not have an obligation to update, modify or/(and) amend this Research or otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or/(and) estimate set forth herein, changes or subsequently becomes inaccurate.

This Research is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It is intended to be distributed in its entirety. It does not constitute a personal recommendation or takes into account the particular investment objectives, financial situations, or needs of individual investors. Investors should consider whether any advice or recommendation in this Research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice and ensure they obtain, read and understand any applicable offer document. The price and value of investments referred to herein and the income from them may fluctuate. Past performance is not an indicator or guarantee of future returns, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and principal trading desks that reflect opinions that are contrary to the opinions expressed in this Research. Our asset management area, principal trading desks and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this Research. Neither UCB Capital nor its representatives, will receive (directly or indirectly) any commission, fee, benefit or advantage, pecuniary or otherwise, nor be influenced, either directly or indirectly, in connection with the making of any recommendation or preparation of any Research.

The analysts named in this report may have from time to time discussed with our clients, including UCB Capital salespersons and traders, or may discuss in this report, trading strategies that reference catalysts or events that may have a near-term impact on the market price of the equity securities discussed in this report, which impact may be directionally counter to the analysts' published price target expectations for such stocks. Any such trading strategies are distinct from and do not affect the analysts' fundamental equity rating for such stocks, which rating reflects a stock's return potential relative to its coverage group as described herein.

Any prices provided herein (other than those that are identified as being historical) are indicative only, and do not represent firm quotes as to either size or price. The past performance of financial instruments is not indicative of future results. No assurance can be given that any financial instrument or issuer described herein would yield favorable investment results. Any forecasts or price targets shown for companies and/or securities discussed in this Research may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information and/or the subsequent transpiration that underlying assumptions made by UCB Capital or by other sources relied upon in the Research were inapposite.

UCB Capital may provide hyperlinks to websites of entities mentioned in this Research, however the inclusion of a link does not imply that UCB Capital endorses, recommends or approves any material on the linked page or accessible from it. UCB Capital does not accept responsibility whatsoever for any such material, nor for any consequences of its use.

This document is for the use of the addressees only and may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any purpose, without the prior, written consent of UCB Capital. The manner of distributing this document may be restricted by law or regulation in certain countries, including the United States. Persons into whose possession this document may come are required to inform themselves about and to observe such restrictions. By accepting this document, a recipient hereof agrees to be bound by the foregoing limitations.

IMPORTANT DISCLOSURES FOR U.S. PERSONS ONLY

This research report is a product of UCB Capital Management Ltd. which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by UCB Capital Management Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, UCB Capital Management Ltd. has entered into an agreement with a U.S. registered broker-dealer, Cabrera Capital Markets. ("Cabrera"). Transactions in securities discussed in this research report should be effected through Cabrera or another U.S. registered broker dealer.

EQUITY RECOMMENDATION STRUCTURE (ABSOLUTE RATINGS)

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 percentage 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 +15 % and -5 %
Underweight	12 Months	Less than -5 %

ANALYST CERTIFICATION

Respective analyst(s) identified in this report certifies, with respect to the companies or securities that the individual analyses, that (1) the views expressed in this report reflect his or her personal views about all of the subject companies and securities and (2) no part of his or her compensation was, is or will be directly or indirectly dependent on the specific recommendations or views expressed in this report. The research analyst(s) named on this report are not registered / qualified as research analysts with FINRA.

It has not been determined in advance whether and in what intervals this document will be updated. Unless otherwise stated current prices refer to the most recent trading day's closing price.

Contact Us

Research Team

Rajib Kumar Das	Head of Research	rajib.das@ucb.com.bd	+880 1730 797 728
Md. Sakib Chowdhury, CFA	Deputy Head of Research	sakib.chowdhury@ucb.com.bd	+880 1713 205 698
Md. Nazmus Sakib	Research Associate	nazmus.sakib@ucb.com.bd	+880 1701 205 073
Anik Mahmood Ibne Anwar	Research Associate	anik.mahmood@ucb.com.bd	+880 1701 205 074
Shadman Sadique Kamal	Research Associate	shadman.kamal@ucb.com.bd	+880 1701 205 096
Md. Asif Muntasir Shakkhor	Research Associate	asif.muntasir@ucb.com.bd	+880 1713 205 696

Investment Strategist

Syed Adnan Huda, CFA	Vice President	adnan.huda@ucb.com.bd	+880 1730 325 232
Md. Hasib Reza, CFA	Assistant Vice President	hasib.reza@ucb.com.bd	+880 1755 658 997

Institutional & Foreign Trade

Sonchoy Saha, CFA	Head of Institutional Sales	sonchoy.kumer@ucb.com.bd	+880 1755 615 313
Tahmidur Rahman	Senior Executive Officer	tahmid@blomberg.net rahman.tahmidur@ucb.com.bd	+880 1726 995 520

Office Premises

Head Office
6, Dilkusha C/A
1st Floor
Dhaka- 1000
Bangladesh

Corporate Office
Bulus Center (Level-2)
Plot-CWS(A)-1, Road No-34
Gulshan Avenue
Dhaka-1212
Bangladesh

DSE Extension Office
Room # 633, 9/E DSE Annex
Building (5 th Floor)
Motijheel C/A, Dhaka 1000
Bangladesh

Extension of Main Office
NIK Tower, 55 Dilkusha C/A,
(4th Floor), Dhaka-1000.

Chattogram Office
Muntasir Centre (5th Floor),
253, Wasa Circle, Dampara
Khulshi, Chattogram.

Find our research on Bloomberg <BRC> Go