

## Bangladesh market snapshot

	Last closing
DSEX Index	4,975.74
% change	0.15%
DS30 Index	1,767.98
% change	-0.05%
DSES Index	1,149.54
% change	0.09%
Turnover (BDT mn)	3,841.20
Turnover (USD mn)	45.73
% change	-6.71%
Market Capitalization (BDT bn)	3,760
Market Capitalization (USD bn)	44.76
% change	-0.14%

Source: Dhaka Stock Exchange

## International market snapshot

	Last closing
Dow Jones Industrial Average	26,820.25
% change	-0.26%
Nikkei 225	21,878.90
% change	-0.77%
FTSE 100	7,426.21
% change	1.02%

Source: Bloomberg

## Exchange rate

Currency	BDT
USD	84.50
EUR	92.44
GBP	103.85
INR	1.20

Source: Bangladesh Bank

## Money Market

Date	Call Money Rate Range (%)	Weighted Average (%)
26-Sep-2019	4.50-5.50	5.05
25-Sep-2019	4.50-5.50	5.06

Source: Bangladesh Bank

## Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	61.94	+0.05%
Gold Spot, USD/t oz	1,492.03	-0.33%
Cotton, USD/lb	60.56	-0.56%

Source: Bloomberg

## Economy

### Tax revenue receipts drop in July-August

The Large Taxpayers Unit (LTU) saw a drop in revenue collection in the July-August period of the current fiscal year (FY), 2019-20. The revenue collection growth took a hit as two large sectors -- gas and tobacco -- have witnessed a decline of Tk17.63 billion in revenue receipts during the two months, compared to the same period of the last fiscal. Separately, the collection of value added tax (VAT) dropped 68.33 per cent in the gas sector and 16.42 per cent in the tobacco (cigarette) sector in the July-August of FY '20. The Large Taxpayers Unit under the VAT wing has lost Tk 9.19 billion in revenue in the gas sector and Tk 8.44 billion in tobacco sector in the July-August period.

<http://today.thefinancialexpress.com.bd/first-page/tax-revenue-receipts-drop-in-july-august-1569778323>

### Dev spending soars 52pc in Jul-Aug

Development spending was around 52.42 higher in the first two months of the current fiscal year thanks to the power division's outstanding performance in implementing the annual development programme (ADP). From July to August, the ADP-implementing entities were able to utilise Tk 9,626 crore while it was Tk 6,318 crore in the corresponding period last fiscal year. Power division alone utilised Tk 3,382 crore, which is around one third of the total expenditure and 11.83 percent of its total allocation of Tk 28,583 crore for the current fiscal year. The ADP's total outlay is Tk 215,114 crore, of which 4.48 percent has been spent during the first two months.

<https://www.thedailystar.net/business/news/dev-spending-soars-52pc-jul-aug-1807210>

### Tk 13.93b negative target set for Oct

The government's net borrowing from the country's banking system is set to be negative in October, as it is scheduled to repay more than Tk 10 billion from surplus. The Ministry of Finance has set the net negative bank borrowing target at Tk 13.93 billion for the next month. The government may take up to Tk 98 billion as gross borrowing from the banking system in October by issuing treasury bills (T-bills) and bonds. The government's net bank borrowing is set to be negative at Tk 13.93 billion by the end of October, after deducting Tk 111.93 billion as maturity amount of the government securities from the gross borrowing amount.

<http://today.thefinancialexpress.com.bd/first-page/tk-1393b-negative-target-set-for-oct-1569778246>

### India bans onion exports

India has prohibited exports of onions in the wake of its rising prices in the country. The commerce and industry ministry of India on Sunday amended the export policy of onion from free to prohibited. India exported fresh and chilled onions worth \$496.82 million in 2018-19. A fortnight ago, India had set the minimum export price (MEP) of

onion at \$850 a tonne to curb its shipments and help bring down soaring prices in the domestic market due to floods in parts of major growing states of Maharashtra and Karnataka. Bangladesh, Sri Lanka and UAE are the top three destinations for Indian onions.

<http://www.theindependentbd.com/post/217419>

## Pharmaceuticals

### **Bangladesh bans production, marketing of Ranitidine tablet**

The drug authority in Bangladesh has temporarily banned the production and marketing of Ranitidine hydrochloride tablets. The authority has also banned the import of raw material from India's Saraca Laboratories Ltd for making the tablets, mostly used to treat ulcers of the stomach. The decision comes after GlaxoSmithKline Pharmaceuticals' voluntary recall of Ranitidine tablets produced in India following an alleged detection of genotoxic nitrosamine NDMA by global and Indian regulatory authorities.

<https://thefinancialexpress.com.bd/national/bangladesh-bans-production-marketing-of-ranitidine-tablet-1569756394>

## Telecom

### **BTRC forms body to review 3 telcos' appeals**

The Bangladesh Telecommunication Regulatory Commission has formed a one-member committee to review the penalty it imposed on three mobile phone operators for improper maintenance of customers' biometric database. In May this year, the telecom regulator fined Grameenphone, Robi and Banglalink Tk 5 crore each for the offence. The operators filed the pleas under the sub-section 3 of section 65 of Bangladesh Telecommunication Act, 2001. Under the rules, the committee will now review the issue, taking the explanations given by the mobile phone operators into consideration.

<http://www.newagebd.net/article/86120/btrc-forms-body-to-review-3-telcos-appeals>

## Fuel & Power

### **Brunei wants to sell LNG to Bangladesh**

Gas-rich Brunei is interested to supply liquefied natural gas (LNG) to Bangladesh amid the country's mounting natural gas demand. Brunei currently has a memorandum of understanding to supply LNG to Bangladesh. A final deal is yet to be inked, however.

<http://today.thefinancialexpress.com.bd/trade-market/brunei-wants-to-sell-lng-to-bangladesh-1569769380>

## Textile

### **Yarn consumption doubles in six years**

Yarn consumption doubled over the last six years because of high demand from domestic garment manufacturers and high volume of garment export. In fiscal 2012-13, local knitters and weavers consumed 10 lakh to 11 lakh tonnes of yarn. Last year, the amount stood at 22 lakh tonnes. Between fiscal 2012-13 and 2018-19, Bangladesh's garment export increased nearly 10 percent. Last fiscal year, apparel shipment from Bangladesh was \$34.13 billion, which was \$21.51 billion in fiscal

2012-13.

<https://www.thedailystar.net/business/news/yarn-consumption-doubles-six-years-1807231>

## Stock

### Two banks to issue perpetual bonds

The board of directors of two private commercial banks -- ONE Bank Ltd and Jamuna Bank Ltd-- have decided to issue non-convertible perpetual bond worth Tk 4.0 billion each.

**ONE Bank:** The ONE Bank will issue non-convertible perpetual bond (at floating rate) worth Tk 4.0 billion. The bank will issue the bond for raising fund to meet regulatory capital support of the bank under Tier-1, subject to the approval of the regulatory authorities - BB and Bangladesh Securities and Exchange Commission (BSEC).

**Jamuna Bank:** The board of directors of Jamuna Bank has decided to raise fund against issuance of coupon-bearing non-convertible perpetual bond worth Tk 4.0 billion through private placement. The bank will issue the bond for raising fund as part of the additional Tier-I of revised regulatory capital framework for banks in line with Basel-III.

<http://today.thefinancialexpress.com.bd/stock-corporate/two-banks-to-issue-perpetual-bonds-1569774529>

### Ring Shine Textiles' IPO lottery draw to be held October 1

The Initial Public Offering (IPO) lottery draw of Ring Shine Textiles will be held on October 1. The company has raised Tk150 crore funds from the capital market by floating 150 million ordinary shares under the fixed price method.

<https://tbsnews.net/economy/ring-shine-textiles-ipo-lottery-draw-be-held-october-1>

## 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.

<b>Recommendation Type</b>	<b>Holding period (if not otherwise mentioned)</b>	<b>Absolute Return Potential</b>
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 analyst(s), 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

<b>Rajib Kumar Das</b>	<b>Head of Research</b>	<b>rajib.das@ucb.com.bd</b>	<b>+880 1730 797 728</b>
Md. Sakib Chowdhury, CFA	Deputy head of Research		+880 1798 864 611
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 1721 152 617

### Institutional & Foreign Trade

<b>Sonchoy Saha, CFA</b>	<b>Head of Institutional Sales</b>	<b>sonchoy.kumer@ucb.com.bd</b>	<b>+880 1755 615 313</b>
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

#### Chattogram Office

Ayub Trade Center  
1269/B SK Mujib Road (4th  
Floor)  
Agrabad C/A, Chattogram  
Bangladesh

Find our research on Bloomberg <BRC> Go