

Bangladesh market snapshot

	Last closing
DSEX Index	4,469.66
% change	-0.27%
DS30 Index	1,524.04
% change	-0.16%
DSES Index	1,028.29
% change	-0.04%
Turnover (BDT mn)	4,396.27
Turnover (USD mn)	52.34
% change	0.00%
Market Capitalization (BDT bn)	3,409
Market Capitalization (USD bn)	40.58
% change	-0.36%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	28,256.03
% change	-2.09%
Nikkei 225	23,205.18
% change	+0.99%
FTSE 100	7,286.01
% change	-1.30%

Source: Bloomberg

Exchange rate

Currency	BDT
USD	84.90
EUR	93.50
GBP	110.56
INR	1.19

Source: Bangladesh Bank

Money market

Date	Call Money Rate Range	Weighted Average (%)
29-Jan-2020	4.50-5.50	5.04
28-Jan-2020	4.30-5.50	5.06

Source: Bangladesh Bank

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	56.62	-1.24%
Gold Spot, USD/t oz	1,589.15	+0.94%
Cotton, USD/lb	67.50	-2.24%

Source: Bloomberg

Bank and NBFI

BB clips facilities for firms missing import deadlines

Bangladesh Bank yesterday asked banks to stop providing all forms of import facilities to businesses that failed to bring in imports within four months of the allowed timeframe. The businesses will not be allowed to import any products through advance payment, sales contract and letter of credit (LCs), according to a central bank notice sent out to all banks yesterday. The instructions as a whole are nothing new but the central bank got to know of allegations that some lenders have helped the errant businesses go for imports by way of using sales contract and advance payment. For this reason, the notice has been issued to warn and give a clarification to lenders to this end, said a central bank official. The initiative will also establish discipline in the financial sector.

<https://www.thedailystar.net/business/news/bb-clips-facilities-firms-missing-import-deadlines-1861495>

<https://tbsnews.net/economy/trade/bangladesh-bank-tightens-import-under-advance-payment-and-sales-contract-40657>

Ensure uninterrupted use of credit cards

The central bank yesterday instructed banks to ensure uninterrupted use of credit cards by their clients to make payments for digital advertisements, after some lenders barred such activities by misunderstanding a previous notice. The confusions started on November 14 last year, when the Bangladesh Bank -- with the view to checking online casinos and gambling, illegal foreign exchange trading and purchase of financial instruments issued in foreign stock markets, cryptocurrency and lottery tickets -- made the submission of an online transaction authorisation form (OTAF) mandatory for every foreign payment. It was a cumbersome process in every sense, which understandably elicited outrage from different quarters, prompting the central bank had to discard the OTAF process ten days later.

<https://www.thedailystar.net/business/news/ensure-uninterrupted-use-credit-cards-1861489>

Economy

Govt now pushing for rice exports

The government will provide 15 per cent cash subsidy to rice exporters for the first time in the country's history with the view to encouraging shipment of the surplus grain. Millers, who process rice from locally grown paddy, will be eligible for the cash subsidy on their earnings from export, according to a Bangladesh Bank notice yesterday. "This subsidy will be instrumental in making locally grown rice competitive in the global market," said Anup Kumar Saha, deputy executive director of consumer brands at ACI, which has four automatic rice mills.

<https://www.thedailystar.net/business/news/govt-now-pushing-rice-exports-1861510>

<https://tbsnews.net/economy/trade/15-subsidy-rice-exports-40661>

UAE poised to reopen labour mkt

The United Arab Emirates, UAE, is set to reopen its labour market for Bangladeshis shortly after an eight-year embargo, according to the country's envoy to the Gulf country. The UAE is the second-largest destination for Bangladeshi migrant workers in the Middle East, after Saudi Arabia. "Since the UAE stopped hiring Bangladeshi workers from 2012, it's been tough to track the exact numbers of Bangladeshi migrants over there. But I think it will be around half-a-million," Mr Noman told the Arab News. 'For reopening the labour market, we are now working on the terms of reference and expect to start the manpower export process by the (end of) first quarter of this year,' he added.

<https://today.thefinancialexpress.com.bd/first-page/uae-poised-to-reopen-labour-mkt-1580576852>

60,000 tonnes of Indian diesel to be imported in 2020

The government is all set to bring 60,000 tonnes of diesel at a cost of Tk 314.3 crore from India to meet its domestic demand for 2020. Bangladesh Petroleum Corporation (BPC) has been importing the gas oil through rail wagons to its Parbatipur depot from India's state-owned Numaligarh Refinery since October 2017. The cabinet committee on government purchase yesterday gave the go-ahead to the purchase. Also at yesterday's meeting, another decision was also taken to import 31.1 tonnes of refined fuel oil from six state-owned foreign companies at a cost of Tk 5,142.51 crore under the government-to-government arrangement. Of it, 10.3 lakh tonnes will arrive in Bangladesh in the first six months of the year, while the remaining 20.9 lakh tonnes more will be brought over the later six months.

<https://www.thedailystar.net/business/news/60000-tonnes-indian-diesel-be-imported-2020-1861492>

Indonesia sends its 309-product list for Bangladesh PTA

Indonesia has sought duty benefits on export of its 309 products to Bangladesh under the proposed preferential trade agreement (PTA) between the two countries. The South East Asian country has recently forwarded the list containing the names of the products, known as a request list, to the Bangladesh commerce ministry for consideration as per the decision of the second meeting of the trade negotiation committee (TNC) held in July 2019. Bangladesh has also exchanged the request list seeking duty benefits for 301 products, including readymade garments, leather and leather goods, pharmaceuticals, jute and jute goods, and electronic products, on the Indonesian market.

<https://www.newagebd.net/article/98334/indonesia-sends-its-309-product-list-for-bangladesh-pta>

Many plots ready to host industrial units

The Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) is partially ready with key infrastructure and utility services to host industrial units now, according to a spot account. Several investors have already started setting up their factory buildings and few of them are expecting to start production by June next while many ready plots with necessary facilities

awaiting investors, officials have said. Meanwhile, Bangladesh Economic Zones Authority (BEZA) is now getting good responses from the local and international investors to get land in the BSMSN thanks to its highly suitable location.

<https://today.thefinancialexpress.com.bd/trade-market/many-plots-ready-to-host-industrial-units-1580570331>

Textile

One-sixth of factories fix flaws, finds Accord

Only 273 garment factories out of 1,600 inspected by the western retailers' platform, Accord, have managed to fix the safety hazards found in initial inspection. The retailers-led groupings were dedicated to improving the workplace safety in the country's readymade garment sector. Until January 01 last, a total of 273 factories completed full remediation from the initial audits, according to the Accord's latest update made available on its official website. Some 1,173 garment factories completed 90 per cent remediation, it said, marking 91 per cent the overall remediation progress until January 01.

<https://today.thefinancialexpress.com.bd/last-page/one-sixth-of-factories-fix-flaws-finds-accord-1580576072>

<https://www.newagebd.net/article/98332/accord-factories-complete-only-2pc-remediation-works-in-1-year>

Telecom

Yet another bewildering decision from BTRC

The telecom regulator is being tight-fisted with the allocation of second mobile numbering scheme for the top three carriers, which are close to exhausting their original allotment -- a baffling stance given the government's push towards digitisation.

<https://www.thedailystar.net/business/news/yet-another-bewildering-decision-btrc-1861516>

SMARTPHONE MARKET: Local assembling takes lead over imports

Local assembling of smartphones has increased manifold while their import has declined significantly, thanks to the new tax regime aimed at boosting employment and investment. As per the latest data of Bangladesh Telecommunication Regulatory Commission (BTRC), in 2019 the number of locally assembled smartphone increased to 20 lakh from 7 lakh in the previous year. Contrarily, the number of smartphone import fell to 9.67 lakh last year from 24.44 lakh in the previous year. Industry insiders said that the tax benefit for local handset assemblers turned the tide against importers within a short time.

<https://www.dhakatribune.com/business/2020/02/01/smartphone-market-local-assembling-takes-lead-over-imports>

Disclaimer

IMPORTANT DISCLOSURES FOR U.S. PERSONS

This research report was prepared by UCB Capital Management Ltd. ("UCB"), a company authorized to engage in securities activities in Bangladesh. UCB 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").

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through Rosenblatt Securities Inc. ("RBLT"), 40 Wall Street 59th Floor, New York NY 10005, a registered broker dealer in the United States. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through UCB. RBLT accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to a U.S. person other than a major U.S. institutional investor.

The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA") and may not be an associated person of RBLT and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

Ownership and Material Conflicts of Interest

RBLT or its affiliates does not 'beneficially own,' as determined in accordance with Section 13(d) of the Exchange Act, 1% or more of any of the equity securities mentioned in the report. RBLT, its affiliates and/or their respective officers, directors or employees may have interests, or long or short positions, and may at any time make purchases or sales as a principal or agent of the securities referred to herein. RBLT is not aware of any material conflict of interest as of the date of this publication.

Compensation and Investment Banking Activities

RBLT or any affiliate has not managed or co-managed a public offering of securities for the subject company in the past 12 months, nor received compensation for investment banking services from the subject company in the past 12 months, neither does it or any affiliate expect to receive, or intends to seek compensation for investment banking services from the subject company in the next 3 months.

Additional Disclosures

This research report is for distribution only under such circumstances as may be permitted by applicable law. This research report has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient, even if sent only to a single recipient. This research report is not guaranteed to be a complete statement or summary of any securities, markets, reports or developments referred to in this research report. Neither UCB nor any of its directors, officers, employees or agents shall have any liability, however arising, for any error, inaccuracy or incompleteness of fact or opinion in this research report or lack of care in this research report's preparation or publication, or any losses or damages which may arise from the use of this research report.

UCB may rely on information barriers, such as "Chinese Walls" to control the flow of information within the areas, units, divisions, groups, or affiliates of UCB.

Investing in any non-U.S. securities or related financial instruments (including ADRs) discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on such non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect within the United States.

The value of any investment or income from any securities or related financial instruments discussed in this research report denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related financial instruments.

Past performance is not necessarily a guide to future performance and no representation or warranty, express or implied, is made by UCB with respect to future performance. Income from investments may fluctuate. The price or value of the investments to which this research report relates, either directly or indirectly, may fall or rise against the interest of investors. Any recommendation or opinion contained in this research report may become outdated as a consequence of changes in the environment in which the issuer of the securities under analysis operates, in addition to changes in the estimates and forecasts, assumptions and valuation methodology used herein.

No part of the content of this research report may be copied, forwarded or duplicated in any form or by any means without the prior consent of UCB and UCB accepts no liability whatsoever for the actions of third parties in this respect.

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 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

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.cm.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