

## Bangladesh market snapshot

	Last closing
DSEX Index	4,998.00
% change	0.05%
DS30 Index	1,707.50
% change	-0.19%
DSES Index	1,123.05
% change	-0.32%
Turnover (BDT mn)	8,893.75
Turnover (USD mn)	105.88
% change	1.82%
Market Capitalization (BDT bn)	4,046
Market Capitalization (USD bn)	48.16
% change	0.29%

Source: Dhaka Stock Exchange

## International market snapshot

	Last closing
Dow Jones Industrial Average	27,682.81
% change	-0.48%
Nikkei 225	23,340.52
% change	+1.35%
FTSE 100	5,902.12
% change	+0.39%

Source: Bloomberg

## Exchange rate

Currency	BDT
USD	84.81
EUR	99.38
GBP	109.70
INR	1.16

Source: Bangladesh Bank

## Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
01-Oct-2020	1.50-5.25	2.63
30-Sep-2020	1.50-5.25	2.66

Source: Bangladesh Bank

## Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	40.09	+2.09%
Gold Spot, USD/t oz	1,897.20	-0.14%
Cotton, USD/lb	66.06	+0.36%

Source: Bloomberg

## Economy

### Q1 exports up by 2.58pc, cross target by 2.45pc

The country's merchandise shipments during the first quarter (Q1) of current fiscal year (FY), 2020-21, grew by 2.58 per cent to US\$ 9.89 billion over that of the same period of last fiscal. The July-September export earnings also surpassed the target set for the period by 2.45 per cent. Bangladesh fetched \$9.64 billion in July-September period of FY 2019-20. The single month income in September 2020 grew by 3.53 per cent to \$3.01 billion, which was \$2.91 billion in September 2019. The September 20 earnings also surpassed the target by 5.92 per cent. The export recovery has started in June and continued in September also.

<https://today.thefinancialexpress.com.bd/first-page/q1-exports-up-by-258pc-cross-target-by-245pc-1601834698>

<https://www.newagebd.net/article/118108/exports-grow-by-258pc-in-july-sept>

### Foreign companies can pay royalties in taka now

From now on, foreign companies, which operate in the Bangladesh economic zones for selling products in the local markets, will be allowed to pay royalties and technical knowledge and assistance fees in local currency (BDT). The Bangladesh Bank issued an order in this regard on Sunday (4 October). The facility was given to attract foreign companies to invest more in Bangladesh.

<https://tbsnews.net/economy/foreign-companies-can-pay-royalties-taka-now-141253>

## Bank and NBFI

### MFS takes a dip after Eid bonanza

Transactions through mobile financial services rose 16.6 per cent year-on-year to Tk 41,403 crore in August, which shows the growing popularity of the digital money in Bangladesh. However, it plunged 34.3 per cent compared to July, when a record Tk 62,999 crore was transacted. The number of transactions rose 32.06 per cent to 269,697,875 in August but it fell 13.1 per cent from July this year. Financial transactions usually fall in the following month after Eid.

<https://www.thedailystar.net/business/news/mfs-takes-dip-after-eid-bonanza-1972709>

<https://www.newagebd.net/article/118109/mfs-transactions-decline-by-343pc-in-august>

## Textile

### Most RMG orders revived, but on buyers' terms

Most part of the work orders worth over US\$ 3.0 billion that the local apparel makers had reported either cancelled or held up have been reinstated by their respective global buyers. About 90 per cent of such work orders for the country's struggling readymade garment (RMG) industry have been restored, but at heavy bargain prices including deferred payment and discounts. A total of 1,134 of

BGMEA member factories reported that (work orders of) some 975.20 million pieces of RMG products worth US\$ 3.18 billion were either been cancelled or held up until mid-April due to the pandemic. Of the total, \$1.93 billion work orders were cancelled or held by buyers from European Union, followed by \$574 million by US, and \$ 52 million by Canadian buyers. Besides, work orders valued at about \$ 620 million were cancelled or held by buyers from non-traditional markets.

<https://today.thefinancialexpress.com.bd/first-page/most-rmg-orders-revived-but-on-buyers-terms-1601834526>

## Capital Market

### Tax receipts from DSE jump 63pc in Jul-Sept

The government revenue earnings from the Dhaka bourse jumped 63 per cent in the first quarter (Q1) of the current fiscal year (FY) compared to the same quarter last fiscal as trading volume on the rise. Market operators attributed the rise to the revenue from the Dhaka Stock Exchange (DSE) as buoyant investors took part in the trading with fresh enthusiasm. The government bagged revenue worth about Tk 709 million in July-September quarter of the FY 2020-21, which was Tk 435 million in the same quarter of the previous fiscal year. The government earned the amount on TREC (trading right entitlement certificate) holders' commission and share sales by sponsor-directors and placement holders.

<https://today.thefinancialexpress.com.bd/stock-corporate/tax-receipts-from-dse-jump-63pc-in-jul-sept-1601828586>

### NRBC Bank seeks approval to float Tk120C IPO

NRB Commercial Bank Limited has recently sought approval from the Bangladesh Securities and Exchange Commission (BSEC) to raise Tk120 crore through an initial public offering (IPO). This would be the first such initiative from a fourth-generation bank of the country. NRBC Bank submitted its draft prospectus with various documents to the stock market regulator as well as the Dhaka and Chittagong stock exchanges for getting approval for its IPO. The bank recently applied to the commission to offload 12 crore shares under fixed price method.

<https://www.dhakatribune.com/business/stock/2020/10/04/nrbc-bank-seeks-approval-to-float-tk120c-ipo>

## Stock

### IDLC Finance to issue Tk 5.0b zero coupon bonds

The board of directors of IDLC Finance has decided to issue unsecured non-convertible zero coupon bonds worth Tk 5.0 billion with four years tenure (in face value). They will issue the bond only through private placement. The bond issue is also subject to the approval of the regulatory authorities - Bangladesh Bank (BB) and Bangladesh Securities and Exchange Commission (BSEC).

<https://today.thefinancialexpress.com.bd/stock-corporate/idlc-finance-to-issue-tk-50b-zero-coupon-bonds-1601828783>

## 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.

<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

Md. Hasib Reza, CFA	Head of Research	hasib.reza@ucb.com.bd	+880 1755 658 997
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

### Investment Strategist

Syed Adnan Huda, CFA	Vice President	adnan.huda@ucb.com.bd	+880 1730 325 232
----------------------	----------------	-----------------------	-------------------

### Institutional & Foreign Trade

Sonchoy Saha, CFA	Head of Institutional Sales	sonchoy.kumer@ucb.com.bd	+880 1755 615 313
Tahmidur Rahman	Senior Executive Officer	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

**Extension of Main Office**  
Room 126, DSE Tower Level- 8  
Plot- 46, Road- 21, Nikunja  
Dhaka- 1229  
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.