

## Bangladesh market snapshot

	Last closing
DSEX Index	5,380.79
% change	0.16%
DS30 Index	1,910.08
% change	0.02%
DSES Index	1,233.39
% change	-0.05%
Turnover (BDT mn)	4,875.34
Turnover (USD mn)	58.04
% change	-3.93%
Market Capitalization (BDT bn)	3,976
Market Capitalization (USD bn)	47.33
% change	0.13%

Source: Dhaka Stock Exchange

## International market snapshot

	Last closing
Dow Jones Industrial Average	26,922.12
% change	-0.16%
Nikkei 225	21,746.38
% change	+0.20%
FTSE 100	7,553.14
% change	-0.66%

Source: Bloomberg

## Exchange rate

Currency	BDT
USD	84.50
EUR	94.90
GBP	105.81
INR	1.23

Source: Bangladesh Bank

## Money Market

Date	Call Money Rate Range (%)	Weighted Average (%)
03-July-2019	3.00-5.00	4.31
02-July-2019	3.00-5.00	4.49

Source: Bangladesh Bank

## Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	64.23	+1.47%
Gold Spot, USD/t oz	1,399.45	-1.17%
Cotton, USD/lb	66.82	-0.64%

Source: Bloomberg

## Economy

### NBR must collect Tk 1 lakh cr more

The National Board of Revenue in the current financial year 2019-20, will have to collect at least Tk 1 lakh crore or 46 per cent more than what it has collected in the just concluded FY19, as the government has given the revenue board a 'gigantic' target for the new FY. The government set the revised revenue collection target at Tk 2,80,063 crore in FY19 downsizing from the actual revenue collection target of Tk 2,96,201 crore.

<http://www.newagebd.net/article/77702/nbr-must-collect-tk-1-lakh-cr-more>

### Revenue collection target realistic given GDP growth

The revenue collection target set for the current fiscal year is achievable but evasion and payment of less than the actual amount of tax keep the collection lower. The NBR has been assigned to collect Tk 325,000 crore in tax this fiscal year and the target is 40 percent higher than the actual collection of fiscal 2018-19. The higher target was set considering the accelerating economic activities in the country.

<https://www.thedailystar.net/business/news/revenue-collection-target-realistic-given-gdp-growth-1767607>

### VAT to be included in transaction prices

The amount of value-added tax would be included in the transaction prices of goods and services under the VAT and Supplementary Duty Act 2012 which came into effect from July 1. Traders would determine the prices of goods and services adding VAT at applicable rates and consumers would not know the actual amount of VAT without calculation as the traders would collect VAT with the prices.

<http://www.newagebd.net/article/77701/vat-to-be-included-in-transaction-prices>

## Bank & NBFI

### Loan terms mismatch leads to NPL buildup, liquidity crunch

The banking sector in the country is now trapped into "loan terms" as banks take short-term deposits from clients, but provide long-term loan to industries. The loan term gaps in banks have led to a substantial amount of non-performing loans, liquidity crisis and higher interest rate, which are inter-linked, standing in the way of a healthy banking sector.

<http://today.thefinancialexpress.com.bd/first-page/loan-terms-mismatch-leads-to-npl-buildup-liquidity-crunch-1562430608>

## Engineering

### Cement price rises Tk 50 per bag

The retail price of each 50-kg bag of cement has edged up 12 percent, or Tk 50, to Tk 460-470 -- a development that will push up construction costs, be it the government's mega projects or private buildings. Cement manufacturers attributed the price hike to the

recent rise in gas price for industries and their captive power generation and tax measures imposed on import of raw materials used to produce the construction material. According to new tax measure, cement makers have to pay 5 percent advance income tax (AIT) to import raw materials and there is no scope to adjust the tax at the end of the year.

<https://www.thedailystar.net/business/news/cement-price-rises-tk-50-bag-1767622>

## 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>
Anika Mafiz	Research Associate	anika.mafiz@ucb.com.bd	+880 1701 205 006
Md Zarif Ibne Arif	Research Associate	zarif.arif@ucb.com.bd	+880 1701 205 072
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

### 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