

## Bangladesh market snapshot

	Last closing
DSEX Index	4,384.48
% change	-0.57%
DS30 Index	1,462.25
% change	-0.54%
DSES Index	1,015.93
% change	-0.75%
Turnover (BDT mn)	4,151.39
Turnover (USD mn)	49.42
% change	-18.71%
Market Capitalization (BDT bn)	3,367
Market Capitalization (USD bn)	40.09
% change	-0.65%

Source: Dhaka Stock Exchange

## International market snapshot

	Last closing
Dow Jones Industrial Average	27,090.86
% change	4.53%
Nikkei 225	21,329.12
% change	1.09%
FTSE 100	6,787.03
% change	-0.42%

Source: Bloomberg

## Exchange rate

Currency	BDT
USD	84.95
EUR	94.62
GBP	109.36
INR	1.15

Source: Bangladesh Bank

## Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
04-Mar-2020	4.50-5.50	5.10
03-Mar-2020	4.50-5.50	5.11

Source: Bangladesh Bank

## Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	45.27	-9.44%
Gold Spot, USD/t oz	1,673.83	0.10%
Cotton, USD/lb	62.79	-0.88%

Source: Bloomberg

## Economy

### Coronavirus stands to wipe \$3b off Bangladesh economy

Bangladesh's gross domestic product may contract by as much as 1.1 per cent in the hypothetical worst-case scenario of a significant outbreak of coronavirus in the country, said the Asian Development Bank (ADB) in an analysis. That means, the novel virus, which is yet to arrive in Bangladesh, could wipe \$3.02 billion off the \$300 billion-plus economy. In such a scenario, 894,930 jobs will be lost, according to the ADB. The ongoing COVID-19 outbreak affects China and other developing Asian economies through numerous channels, including sharp decline in domestic demand, lower tourism and business travel, trade and production linkages, supply disruptions and health effects.

<https://www.thedailystar.net/business/news/coronavirus-stands-wipe-3b-bangladesh-economy-1877950>

### Interest rate caps poised to shrink NBR's collections

The state coffer's receipts from the banking sector, which accounts for about one-third of the National Board of Revenue's Large Taxpayers Unit's collections, are likely fall in the wake of interest rate caps on loans and deposits, said taxmen and bankers. Banks accounted for 35 per cent of tax collection of Large Taxpayers Unit, the main tax collector for income tax under the NBR, in the first half of the current fiscal year. One of the reasons banks' profits will shrink is because of inclusion of consumer loans to the 9 per cent interest rate bracket, he said.

<https://www.thedailystar.net/business/news/interest-rate-caps-poised-shrink-nbrs-collections-1877947>

### Exporters on the ropes

Export earnings in February edged down 1.80 per cent year-on-year to \$3.32 billion mainly because of a slowdown in apparel shipment, according to data from the Export Promotion Bureau (EPB). The February earning is also 10.74 per cent short of the \$3.72 billion target set for the month, while overall exports in July-February, the first eight months of the current fiscal year, fell 4.79 per cent to \$26.24 billion. The July-February receipt is also 12.72 per cent less than the periodic target of \$30.06 billion.

<https://www.thedailystar.net/business/news/exporters-the-ropes-1876930>

### US pours cold water on reinstating GSP

The United States is not considering reinstating its trade benefits for Bangladesh, despite the country's "significant" improvement in workplace safety, said a senior American trade official. After the Rana Plaza building collapse that killed more than 1,100 people, mostly garment workers in 2013, the US suspended generalised system of preferences, or GSP, facility for Bangladeshi made products and prescribed an action plan to restore the benefit. The official said that Bangladesh did not follow the action plan for

restoring the generalised system of preferences, or GSP, facility while four eligibility criteria in line with its GSP law need to be met.

<https://today.thefinancialexpress.com.bd/first-page/us-pours-cold-water-on-reinstating-gsp-1583599192>

### **Bangladesh: a fertile plain for Japanese investment**

Bangladesh's per capita income will cross \$4,000 within next decade and this will act as a springboard for the country looking to become a high-income economy, according to Hitoshi Hirata, chief representative of the Japan International Cooperation Agency (Jica). In 2019, Bangladesh recorded an 8.15 per cent growth in GDP while per capita income reached \$1,906 as per data from the International Monetary Fund.

<https://www.thedailystar.net/business/news/bangladesh-fertile-plain-japanese-investment-1877923>

### **Japanese firms mull 'shifting' production from China to Bangladesh**

The Japan Bangladesh Chamber of Commerce and Industry on Saturday observed that some Japanese companies were considering shifting of production from China to other countries, including Bangladesh. The joint-chamber made the observation at the 10th Networking Gathering of JBCCI, hosted by Conveyor Logistics Limited, at Lakeshore Hotel in the capital, said a press release.

<https://www.newagebd.net/article/101551/japanese-firms-mull-shifting-production-from-china-to-bangladesh>

### **Pharma**

#### **Government discourages API export amid China supply snag**

The government has advised the local active pharmaceutical (API) manufacturers not to export the essential products until import of the basic raw materials for medicines resumed fully from the coronavirus-hit China and India. The Directorate General of Drug Administration has selected a total of 120 essential raw materials of medicines, some of which are related to treatment of symptoms associated with the coronavirus like fever and cold diseases.

<https://www.newagebd.net/article/101546/government-discourages-api-export-amid-china-supply-snap>

### **Bank and NBFIs**

#### **Call to lower borrowing costs for smaller firms**

Speakers at a programme on Saturday said lenders and digital financial technology service providers need to team up to help slash borrowing costs for smaller firms. They said cottage, small, and medium enterprises have enormous potentials in the country and banks can tap those potentials by lending low-cost funds. The speakers also called for easing procedural course to help such enterprises grow.

<https://today.thefinancialexpress.com.bd/first-page/call-to-lower-borrowing-costs-for-smaller-firms-1583598501>

**Banks asked not to serve payment service providers without licence**

The Bangladesh Bank on Thursday asked all the scheduled banks not to provide any banking services or transactions facility to unlicensed payment service providers (PSP) and payment system operators (PSO). The central bank found that several entities had been illegally operating as PSPs and PSOs without obtaining the required licence given by the BB, prompting the banking regulator to issue the instruction.

<https://www.newagebd.net/article/101377/banks-asked-not-to-serve-payment-service-providers-without-licence>

**Textile****Fabric scraps can fetch \$4b a year: BGMEA**

Bangladesh has the potential to earn \$4 billion a year from fabric scraps, locally known as jhut, if those are recycled properly, said the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) yesterday. The total volume of these leftovers discarded by the apparel industry is about 400,000 tonnes each year, according to a BGMEA report. In many areas dense with garment factories, the discarded fabrics are collected by local miscreants and exported in bulk to countries like India and China.

<https://www.thedailystar.net/business/news/fabric-scraps-can-fetch-4b-year-bgmea-1877920>

**Bangladesh RMG exporters demand inclusion of FCR as proof of export**

Readymade garment exporters have requested the Bangladesh Bank to accept the 'Forwarder Cargo Receipt' as proof of export for paying cash incentives along with the Bill of Lading. The RMG exporters at a meeting with the BB claimed that they had failed to realise cash incentives against their exports as the central bank was no longer accepting FCRs as proof of export but major global brands now preferred to issue FCRs, which they claimed were equivalent to BLs.

<https://www.newagebd.net/article/101548/bangladesh-rmg-exporters-demand-inclusion-of-fcr-as-proof-of-export>

**Fuel & Power****NBR not to give duty benefits for import of 20 types of goods**

The National Board of Revenue has issued an order listing the names of 20 types of consumable and locally available goods for import on which power plants will not get duty benefits. The NBR's customs wing on Thursday issued a statutory regulatory order streamlining the duty benefits that the public and private power plants got. It offered duty exemption to power plants on permanent import of plants and equipment and temporary import of erection materials.

<https://www.newagebd.net/article/101547/nbr-not-to-give-duty-benefits-for-import-of-20-types-of-goods>

**Engineering****Electronic makers demand 20pc cash incentive**

Domestic electronic goods manufacturers have sought 20-per cent cash incentive for the next 10 years to promote and diversify the sector, officials said. Bangladesh Electrical Merchandise Manufacturers

Association (BEMMA) has recently requested commerce minister to this effect.

<https://today.thefinancialexpress.com.bd/trade-market/electronic-makers-demand-20pc-cash-incentive-1583596415>

## **Capital Market**

### **A nervy week in bourse**

Dhaka bourse was on the slide last week thanks to fears of the impact of coronavirus on listed companies' earnings. A 2 per cent reduction in the Chinese supply of intermediate inputs due to coronavirus epidemic might lead to a loss of \$17 million in Bangladesh's exports, says Unctad. On the other hand, Bangladesh Bank asked banks to implement 9 per cent lending rate immediately, which may eat into banks' earnings.

<https://www.thedailystar.net/business/news/nervy-week-bourse-1876894>

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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 %

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## 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 Shakhor	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	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.