

## Bangladesh market snapshot

	Last closing
DSEX Index	4,452.96
% change	-0.29%
DS30 Index	1,513.86
% change	-0.35%
DSES Index	1,027.41
% change	-0.19%
Turnover (BDT mn)	3,765.55
Turnover (USD mn)	44.83
% change	-10.47%
Market Capitalization (BDT bn)	3,404
Market Capitalization (USD bn)	40.53
% change	-0.11%

Source: Dhaka Stock Exchange

## International market snapshot

	Last closing
Dow Jones Industrial	29,102.51
Average % change	-0.94%
Nikkei 225	23,827.98
% change	-0.19%
FTSE 100	7,466.70
% change	-0.51%

Source: Bloomberg

## Exchange rate

Currency	BDT
USD	84.95
EUR	93.45
GBP	110.46
INR	1.19

Source: Bangladesh Bank

## Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
05-Feb-2020	4.40-5.50	5.04
04-Feb-2020	4.40-5.50	5.04

Source: Bangladesh Bank

## Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	54.47	-0.84%
Gold Spot, USD/t oz	1,570.44	+0.24%
Cotton, USD/lb	67.75	-0.24%

Source: Bloomberg

## Economy

### Govt has a new headache. It's the high interest rates on T-bills and bonds

The interest rate on government Treasury bills and bonds, the main instruments for bank borrowing, doubled in the last one year -- a development that will fuel budgetary expenditure and may discourage private sector credit, both of which are already sources of concern. Yields on Treasury bills and bonds have increased by 3 to 5 percentage points in the last year and a half. They now range between 7 to 9 per cent depending on the tenor of the instrument, according to central bank statistics. For one-year Treasury bill, the weighted average interest rate was 3.40 per cent in December 2018. A year later it was 8.04 per cent. The two-year Bangladesh Government Treasury Bond, another borrowing instrument, had interest rate of 4.33 per cent in December 2018, which soared to 8.80 per cent.

<https://www.thedailystar.net/business/news/govt-has-new-headache-its-the-high-interest-rates-t-bills-and-bonds-1865407>

### ADB to provide \$42m for developing transport connectivity

The Asian Development Bank (ADB) has approved \$42 million in project readiness financing (PRF) to develop transport connectivity and promote multimodal transport in Bangladesh. The total budget for the Transport Connectivity Improvement Preparatory Facility is \$57.2 million. Of the total amount, the Bangladesh government will provide \$15.2 million, according to an ADB press release published Friday.

<https://tbsnews.net/economy/adb-provide-42m-developing-transport-connectivity-43013>

### WB could pull out funds, partially (Problem with VAT project implementation)

The World Bank is unlikely to release the remaining 40 per cent of the NBR's struggling online VAT project. Of the \$60 million pledged fund, the multilateral lending agency has so far provided \$36 million for the project. Officials have expressed the fear that the National Board of Revenue, or NBR, may not get the remaining fund within the project's tenure. The project, which was launched in May 2014, is scheduled to conclude on June 30, 2020.

<https://today.thefinancialexpress.com.bd/first-page/wb-could-pull-out-funds-partially-1581179953>

<https://www.newagebd.net/article/99027/24m-of-wb-loan-for-vat-online-project-uncertain>

### Wait for metrorail may get longer

The construction of metrorail line 6 could be delayed further as the state-run transit agency has proposed refunding 40 per cent of its annual allocations, people familiar with the development say. The line, part of a fast-track project of the government, will run from

Uttara to Motijheel. They said the Dhaka Mass Transit Company Limited, or DMTCL, has asked for slashing its fund to Tk 43.27 billion from the annual allocations of Tk 72.13 billion under the development budget. This means the transit authority will surrender Tk 28.62 billion from the upcoming revised Annual Development Programme, or ADP, for the fiscal year, 2019-20.

<https://today.thefinancialexpress.com.bd/first-page/wait-for-metrorail-may-get-longer-1581180056>

### **Bank and NBF**

#### **Bangladesh Bank likely to give final approval to Strategic Finance and Investment**

The Bangladesh Bank board is likely to issue a letter of intent to the new financial institution Strategic Finance and Investment with a condition to bring 50 percent of its paid-up capital from foreign institutional investors. The proposed financial institution's letter of intent, which got the primary approval at a previous board meeting last month, is likely to get the final nod today. Strategic Finance and Investment Limited applied to the central bank for licence under Section 4 of the Financial Institutions Act 1993 on November 14 last year.

<https://tbsnews.net/economy/bangladesh-bank-likely-give-final-approval-strategic-finance-and-investment-43055>

### **Pharmaceutical**

#### **API makers to get AIT waiver for 400 chemical compounds**

The National Board of Revenue is set to exempt the local producers of active pharmaceutical ingredients (API) from payment of advance income tax on import of more than 400 chemical compounds to facilitate production of basic raw materials of pharmaceuticals industry. The revenue board has already completed the procedure for issuing a statutory regulatory order, exempting 5 per cent AIT on import of the items. An SRO will soon be issued offering the benefit until June, 2024, officials said. They said that the NBR decided to exempt the manufactures of the API, basic raw materials of medicine, in line with the National Active Pharmaceutical Ingredients (API) and Laboratory Reagents Production and Export Policy 2018 to boost the sector as well as export.

<https://www.newagebd.net/article/99026/api-makers-to-get-ait-waiver-for-400-chemical-compounds>

### **Textile**

#### **Coronavirus fallout : Businesspeople worried over worsening situation**

The overall export-import activities of the country may take a hit if the coronavirus situation keeps deteriorating in China. Entrepreneurs in the export-oriented apparel sector are concerned about the timely arrival of raw materials from China. Exporters of woven fabrics are particularly concerned as a sizeable quantity of woven fabrics is imported from China.

<https://www.dhakatribune.com/business/2020/02/08/coronavirus-fallout-businesspeople-worried-over-worsening-situation>

## Capital Market

### Sonali, Janata, Agrani likely to go public

The government is pressing ahead with its plan to offload shares of three state-owned commercial banks on the stock exchanges, officials said. The authorities have started primary work on divesting the shares of Sonali, Janata and Agrani banks, aiming to give new life to the ailing capital market that needs supplies of good issues, they said. At the same time, the government plans to divest more shares of Rupali Bank, which is now listed on the two bourses. Presently, more than 90 per cent shares of the bank is held by the government, 4.47 per cent by institutes, and only 5.34 per cent by the public.

<https://today.thefinancialexpress.com.bd/first-page/sonali-janata-agrani-likely-to-go-public-1581179867>

### ICB's baffling investment decision

Some 8 per cent of state-owned ICB Asset Management Company's funds are tied in stocks that have shuttered production or have not been providing dividend for many years now, in what can be viewed as an emblem of the slapdash nature of the country's bourse. ICB manages nine closed-end mutual funds.

<https://www.thedailystar.net/business/news/icbs-baffling-investment-decision-1865404>

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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 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	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.