

## Bangladesh market snapshot

|                                | Last closing |
|--------------------------------|--------------|
| DSEX Index                     | 4,779.19     |
| % change                       | -0.05%       |
| DS30 Index                     | 1,664.32     |
| % change                       | 0.00%        |
| DSES Index                     | 1,094.78     |
| % change                       | 0.36%        |
| Turnover (BDT mn)              | 3,925.04     |
| Turnover (USD mn)              | 46.73        |
| % change                       | 32.32%       |
| Market Capitalization (BDT bn) | 3,600        |
| Market Capitalization (USD bn) | 42.86        |
| % change                       | -0.05%       |

Source: Dhaka Stock Exchange

## International market snapshot

|                              | Last closing |
|------------------------------|--------------|
| Dow Jones Industrial Average | 27,691.49    |
| % change                     | +0.04%       |
| Nikkei 225                   | 23,343.08    |
| % change                     | -0.75%       |
| FTSE 100                     | 7,365.44     |
| % change                     | +0.50%       |

Source: Bloomberg

## Exchange rate

| Currency | BDT    |
|----------|--------|
| USD      | 84.75  |
| EUR      | 93.49  |
| GBP      | 108.91 |
| INR      | 1.18   |

Source: Bangladesh Bank

## Money Market

| Date        | Call Money Rate Range (%) | Weighted Average (%) |
|-------------|---------------------------|----------------------|
| 11-Nov-2019 | 2.25-5.50                 | 3.89                 |
| 07-Nov-2019 | 1.75-5.50                 | 3.72                 |

Source: Bangladesh Bank

## Commodities

|                            | Price    | % Change |
|----------------------------|----------|----------|
| Brent Crude (Oil), USD/bbl | 62.92    | -0.23%   |
| Gold Spot, USD/t oz        | 1,458.48 | +0.15%   |
| Cotton, USD/lb             | 66.35    | -0.23%   |

Source: Bloomberg

## Economy

### FDI hits all time high

Foreign direct investment to Bangladesh surged 51 percent last fiscal year to its highest on record, riding largely on Japan Tobacco Inc's acquisition of Akij Group's tobacco business for \$1.47 billion. In 2018-19, net FDI stood at \$3.88 billion in contrast to \$2.58 billion a year earlier, according to data from the central bank. "The rise in the FDI last fiscal year will not bring any positive impact for the country. This will not create any fresh investment or give a boost to exports," said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh. Japan Tobacco has made the investment focusing on the domestic market of Bangladesh and there is no scope to recruit additional workers from the domestic workforce for the existing industry, he said.

<https://www.thedailystar.net/business/news/fdi-hits-all-time-high-1826473>

### RMG exporters to go all out for fair prices

In a desperate move for better prices, Bangladeshi garment exporters are planning to hold rallies and human chains in major European cities to create awareness among the end consumers. The activist move comes after brands opposed the idea of fixing a base price for garment items. At present, as many as 39 percent of the garment manufacturers are selling garment items to buyers at prices lower than the production costs, according to a survey of the Fair Wear Foundation, an Amsterdam-based organisation that works to improve labour conditions in garment factories.

<https://www.thedailystar.net/business/news/rmg-exporters-go-all-out-fair-prices-1826470>

### Govt's bank borrowing swells to Tk 33,587cr in 4 months

The government's net borrowing from the banking system surged with the figure standing at Tk 33,586.94 crore in just four months (July-October) of the current fiscal year 2019-20 against Tk 535.90 crore in the same period of FY 2018-19. Economists said that a slowdown in sales of national savings certificates, another major source of the government's domestic borrowing, and the stagnancy in revenue collection by the National Board of Revenue were the reasons for the sharp rise in the government's borrowing from the banking sector. The borrowing might reach Tk 1,00,000 crore in FY20, leaving the government in a challenging situation to meet budget deficit, they said. As per the latest data, the NBR faced a shortfall of Tk 14,907 crore in revenue collection in the first quarter of FY20. The NBR's revenue collection grew only by 2.6 per cent in July-September, one of the lowest in decade.

<http://www.newagebd.net/article/90471/govts-bank-borrowing-swells-to-tk-33587cr-in-4-months>

## Telecommunication

### Robi moves to cut manpower to reduce cost

Mobile phone operator Robi Axiata Limited has moved to cut jobs by offering voluntary separation scheme (VSS) after three years of its merger with Airtel with a view to reducing cost in a 'competitive business environment'. 'Robi, for the first time, has announced a voluntary separation scheme (VSS) for its employees,' Robi Axiata Limited chief corporate and regulatory officer Shahed Alam said in a statement on Tuesday. The operator, however, did not specify the number of employees it would reduce though the procedure but it said the VSS would create a 'win-win' situation for both the parties. Currently Robi has around 1,550 employees and authorities have estimated that the number would come down to close to 1,000 through the VSS.

<http://www.newagebd.net/article/90473/robi-moves-to-cut-manpower-to-reduce-cost>

## Capital Market

### Main bourse suspends one for uploading wrong EPS of ACI

The Dhaka Stock Exchange (DSE) has suspended an official for uploading wrong earnings per share (EPS) of ACI for July-September quarter. Saied Mahmud Zubayer, assistant general manager and head of market operations department, has been suspended for publishing wrong EPS of the leading conglomerate's first quarter on Tuesday, said a DSE official. DSE appointed Kamrun Nahar, manager, product & market development, as head of market operations department. The main bourse of the country also formed a three-member body headed by Shaikh Mohammadullah, general manager of internal audit department for further investigations. Two other members are Abdul Wahid, AGM of common service department and Abdul Latif, AGM of risk management department. The committee will submit its report to the prime bourse on November 17.

<http://today.thefinancialexpress.com.bd/public/stock-corporate/main-bourse-suspends-one-for-uploading-wrong-eps-of-aci-1573575708>

### BSEC removes auditor ATA Khan from panel

The Bangladesh Securities and Exchange Commission on Tuesday removed audit firm ATA Khan and Co Chartered Accountants from its auditors' panel for continuing to audit a firm's financial statements beyond three years, violating rules. The market regulator on the day also revised its auditor panel, declaring 38 chartered accountant firms eligible for auditing financial statements of listed securities. ATA Khan and Co, which audited the financial statements of Generation Next for more than three years in violation of the securities rules, also failed to include the violation into its audit option.

<http://www.newagebd.net/article/90479/bsec-removes-auditor-ata-khan-from-panel>

## 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.

| 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 analyses, 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.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    | tahmid@blomberg.net<br>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