

Bangladesh market snapshot

	Last closing
DSEX Index	4,867.74
% change	-0.76%
DS30 Index	1,696.53
% change	-0.88%
DSES Index	1,114.60
% change	-0.25%
Turnover (BDT mn)	11,977.21
Turnover (USD mn)	142.59
% change	21.22%
Market Capitalization (BDT bn)	3,960
Market Capitalization (USD bn)	47.14
% change	-0.62%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	29,479.81
% change	+1.37%
Nikkei 225	25,805.30
% change	+1.65%
FTSE 100	6,316.39
% change	-0.36%

Source: Bloomberg

Exchange rate

Currency	BDT
USD	84.80
EUR	100.37
GBP	111.85
INR	1.14

Source: Bangladesh Bank

Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
12-Nov-2020	1.00-5.25	2.00
11-Nov-2020	1.00-5.25	2.09

Source: Bangladesh Bank

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	43.26	+1.12%
Gold Spot, USD/t oz	1,896.81	+0.40%
Cotton, USD/lb	70.50	+0.14%

Source: Bloomberg

Economy

India's duty-free rule jitters exporters, Commerce calls meeting 18 Nov

The commerce ministry has called a meeting of all stakeholders on 18 November to find ways to counter a new Indian customs rule that allows arbitrary power to Indian authorities to revoke duty-free access to Bangladeshi products without verifying certificate of origin of goods. It is feared that the new rules will widen Bangladesh's trade gap with India again after it narrowed down in recent years. The Indian rules also have the provision for suspension of preferential tariff while verification is pending. This may discourage Indian traders from importing goods from Bangladesh.

<https://tbsnews.net/economy/trade/indias-duty-free-rule-jitters-exporters-commerce-calls-meeting-18-nov-158086>

Bank and NBFIs

Govt caps MFS's cash-out charge for safety net funds

The government decision to distribute the fund under its social safety net programme through mobile financial services will ensure transparency and bring more unbanked people under the formal financial system. As part of its move to release the fund smoothly through the mobile financial service (MFS) providers, the government has fixed Tk 7 as the cash-out charge per Tk 1,000 withdrawal for the funds to be disbursed under the social protection programmes.

<https://www.thedailystar.net/business/news/govt-caps-mfss-cash-out-charge-safety-net-funds-1995745>

Textile

Listed apparel makers bleed for pandemic-induced demand collapse

The profits of most of the listed apparel companies tumbled in the July-September quarter due to the collapse in demand abroad amid the coronavirus pandemic. Among the 56 textile and garment companies listed on the Dhaka Stock Exchange (DSE), 39 companies published their first quarterly financial reports. Of them, 15 posted profits that were lower than in the same period a year ago. Nine companies returned to red after making profits in the same period last year. Five companies extended their struggle to return to profits.

<https://www.thedailystar.net/business/news/listed-apparel-makers-bleed-pandemic-induced-demand-collapse-1995737>

Fuel and Power

Industries vexed at no-gas plan outside economic zones

A decision by the energy ministry to stop providing new gas connections to the industries outside economic zones and industrial parks from April next year has drawn the ire of industrialists. A circular from the Energy and Mineral Resources Division on October 5 said the government would not allow any new gas connections to the industries located outside of economic zones from March 31

next year to bring about industrialization in a planned way.

<https://www.thedailystar.net/business/news/industries-vexed-no-gas-plan-beyond-economic-zones-1995749>

Pharmaceuticals

Bangladesh on track to becoming a \$6b pharma market by 2025

The pharmaceutical market of Bangladesh is expected to surpass \$6 billion by 2025 with an absolute growth of 114 per cent from its 2019 levels. A majority of the growth will be contributed by local companies with a market share of more than 90 per cent as similar to past trends attained over the last two decades. Market players estimate that the local market size of the sector was about Tk 25,000 crore (\$3 billion) in 2019. In 2012, it stood at about Tk 9,390 and in 2017 it hit Tk 18,755.6 crore.

<https://www.thedailystar.net/business/news/bangladesh-track-becoming-6b-pharma-market-2025-1995741>

Capital Market

Robi's giant IPO hits market tomorrow

Robi, the country's second-largest mobile phone operator, is set to launch the initial public offering (IPO) tomorrow (Tuesday). The IPO being the largest one will dwarf the one floated by its main market rival-the Grameenphone (GP)- back in 2009. The company has offered 523 million shares at a face value of Tk 10, accounting for 10 per cent of the telephony firm's total outstanding stocks. The IPO will raise Tk 5.23 billion from a wide range of investors including its own employees, topping the Tk 4.86 billion raised by the GP, the country's biggest mobile phone service provider. Some 2.6 per cent shares equivalent to Tk 1.36 billion has been reserved for Robi employees with a two-year-lock-in period.

<https://today.thefinancialexpress.com.bd/first-page/robis-giant-ipo-hits-market-tomorrow-1605461530>

Stock

Aramit Cement loans associate cos at zero interest, violates rules

Aramit Cement Limited has provided loans worth around Tk 77 crore in last five years to its associate companies without charging any interest, damaging the interest of general investors. Aramit Limited, another listed company of Aramit Group, also provided loans worth around Tk 32 crore to its associate companies without charging any interest. The companies violated the Bangladesh Securities and Exchange Commission's notification issued on September 10, 2006 that bars any listed company from providing loans to its associate companies.

<https://www.newagebd.net/article/121687/aramit-cement-loans-associate-cos-at-zero-interest-violates-rules>

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.

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 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, CFA	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.