

Bangladesh market snapshot

	Last closing
DSEX Index	3,772.56
% change	-4.96%
DS30 Index	1,265.07
% change	-5.12%
DSES Index	874.06
% change	-5.65%
Turnover (BDT mn)	4,066.40
Turnover (USD mn)	48.41
% change	8.82%
Market Capitalization (BDT bn)	2,989
Market Capitalization (USD bn)	35.58
% change	-3.93%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	23,185.62
% change	9.36%
Nikkei 225	17,431.05
% change	-6.08%
FTSE 100	5,366.11
% change	2.46%

Source: Bloomberg

Exchange rate

Currency	BDT
USD	84.95
EUR	94.36
GBP	104.31
INR	1.15

Source: Bangladesh Bank

Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
15-Mar-2020	4.50-5.50	5.19
12-Mar-2020	4.50-5.50	5.15

Source: Bangladesh Bank

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	29.09	1.25%
Gold Spot, USD/t oz	1,528.30	0.00%
Cotton, USD/lb	58.58	1.14%

Source: Bloomberg

Economy

Postal savings return to old interest rates

The government yesterday restored the old rate of interest rates on ordinary and fixed deposits in Post Office Savings Bank, according to a notice from the finance ministry. From today, savers at the postal saving bank will get 11.28 per cent on their three-year term deposit and 7.5 per cent on ordinary deposits, up from the reduced rates of 6 per cent and 5 per cent respectively. The reinstatement comes less than a week after the government initiated the automation of ordinary and fixed deposit accounts of postal savings bank to ensure transparency and prevent affluent people from abusing the high interest-bearing tools designed for marginal and low-income groups.

<https://www.thedailystar.net/business/news/postal-savings-return-old-interest-rates-1881922>

NEC set to finalise Tk 1.93t RADP

The government is going to revise the Annual Development Programme (ADP), trimming down the allocations by Tk 102 billion to Tk 1.93 trillion, officials said on Tuesday. Cutting the highest amount from available foreign aid funding, the National Economic Council (NEC) is likely to finalise the Revised Annual Development Programme (RADP) for the current fiscal year (FY), 2019-20, at a meeting in the capital tomorrow (Thursday).

<https://today.thefinancialexpress.com.bd/first-page/nec-set-to-finalise-tk-193t-radp-1584467065>

WB to give \$100m to help fight coronavirus

The World Bank will provide \$100 million to Bangladesh to help the country take preventive measures in the face of global coronavirus pandemic. The Economic Relations Division (ERD) forwarded a proposal to the WB for the fund following a request from the health ministry as the government seeks to contain the virus in the country.

<https://www.thedailystar.net/business/news/wb-give-100m-help-fight-coronavirus-1881901>

Bangladesh to gain more trade benefits from China as an LDC

Bangladesh wants to secure more trade benefits from China as a least developed country (LDC) instead of signing a free trade agreement with the Asian economic giant, according to commerce ministry officials. The commerce ministry has already accepted China's offer for the duty-free import of 97 per cent of all Bangladeshi products under the LDC category, effectively rejecting the benefits the country would have received under the Asia-Pacific Trade Agreement (APTA).

<https://www.thedailystar.net/business/news/bangladesh-gain-more-trade-benefits-china-ldc-1882324>

Firms with Tk 5cr annual revenue to come under FRC's radar

Firms that rake in annual revenue of at least Tk 5 crore or hold assets of Tk 3 crore or liabilities over shareholders' equity of Tk 1 crore will come under the purview of the Financial Reporting Council (FRC) from now on. In 2016, the government set up the FRC, the regulatory body on accounting, reporting, auditing and actuarial professions in Bangladesh, to ensure transparency in the accounting of listed and non-listed companies.

<https://www.thedailystar.net/business/news/firms-tk-5cr-annual-revenue-come-under-frcs-radar-1882252>

Forex brokers fall victim to coronavirus scare

Dark clouds are brewing on the horizon for money exchangers in Dhaka as coronavirus-induced international flight postponement has led to a drastic decrease in their customer numbers, causing exchange rates to fall. Travel deferrals, notably those involving China, Italy and the US, led to lesser demand for various currencies, especially the US dollar. Lower demand naturally causes exchange rates to fall. All these spell trouble for foreign currency brokers as they profit adjusting the exchange rates.

<https://www.thedailystar.net/business/news/forex-brokers-fall-victim-coronavirus-scare-1882303>

Bank and NBFIs**School banking getting traction**

School banking is increasingly getting popular among students as the deposits in their accounts crossed Tk 1,600 crore in 2019. As of December last year, students deposited Tk 1,626 crore in the accounts, up 8 per cent from a year ago, according to data from the central bank. The number of accounts under school banking rose 10 per cent to 19.92 lakh last year. A number of banks earlier took a set of measures to widen the banking operation among students as per instruction of the central bank, giving a boost to financial inclusion, bankers say.

<https://www.thedailystar.net/business/news/school-banking-getting-traction-1882309>

BB circulates Tk 2,548cr in money market against dollar

The Bangladesh Bank injected around Tk 2,548 crore into the country's banking sector in the last seven days, which in turn would help bring some ease to the ongoing liquidity crisis in the sector. In the wake of the coronavirus outbreak across the globe, the central bank has purchased \$300 million from the scheduled banks since March 10, said BB officials on Monday.

<https://www.newagebd.net/article/102486/bb-circulates-tk-2548cr-in-money-market-against-dollar>

Banks meet Basel III terms. But things are not as rosy as it seems.

Most of the banks in Bangladesh have implemented the Basel III guidelines within the deadline of 2019. Basel III is an internationally agreed set of measures developed by the Basel Committee on Banking

Supervision in response to the financial crisis of 2007-09 with the view to improving regulation, supervision and risk management within the banking sector. As per a roadmap issued by the Bangladesh Bank in 2014, banks were supposed to raise their minimum capital adequacy ratio (CAR) to 12.5 per cent against their risk-weighted assets by December 2019 from the then 10 per cent.

<https://www.thedailystar.net/business/news/banks-meet-basel-iii-terms-things-are-not-rosey-it-seems-1881928>

BKB launches Tk 3.0b credit scheme

Bangladesh Krishi Bank (BKB) on Tuesday launched a Tk 3.0 billion low cost credit scheme on the occasion of the birth centenary of Father of the Nation Bangabandhu Sheikh Mujibur Rahman. Around 50,000 marginal poor will get accesses to the loan at 7.0 per cent simple interest, according to officials at the BKB.

<https://today.thefinancialexpress.com.bd/trade-market/bkb-launches-tk-30b-credit-scheme-1584461752>

Textile

RMG sector in a fix, as buyers cancelling orders

Local apparel sector has started bearing the brunt of the ongoing coronavirus outbreak, as some buyers, especially those from the affected countries, are gradually cancelling their import orders, industry people said. Some 20 factories have faced cancellation of work orders amounting to at least US\$17 million, while orders worth more than \$1.0 million have been withheld in recent days, informed sources said.

<https://today.thefinancialexpress.com.bd/last-page/rmg-sector-in-a-fix-as-buyers-cancelling-orders-1584467820>

400 textile makers fold operations in 3 years

Some 400 textile and readymade garment factories have closed operations during the last three years, leaving more than 0.11 million workers jobless in different industrial zones. In contrast, a total of 259 new units were set up during the period, Industrial Police data shows.

<https://today.thefinancialexpress.com.bd/trade-market/400-textile-makers-fold-operations-in-3-years-1584461605>

Capital Market

Banks to inject funds into stock market to restore confidence

Banks will start investing in the capital market by forming special funds soon in order to restore the confidence of investors, said lenders yesterday. The lenders came up with the decision at a meeting with Finance Minister AHM Mustafa Kamal at the conference room of the National Economic Council. On February 10, the central bank announced a package for banks, allowing them to set up funds worth Tk 200 crore each on the back of the financial support from the Bangladesh Bank.

<https://www.thedailystar.net/business/news/banks-inject-funds-stock-market-restore-confidence-1881895>

DSE board cuts capital requisite to Tk 3cr amid opposition

The board of directors of Dhaka Stock Exchange has now proposed a minimum requirement of Tk 3 crore in paid-up capital for applying for new brokerage licence, backtracking on its earlier proposal of minimum Tk 10 crore. The brokerage licence is called Trading Right Entitlement Certificate which is a certificate issued by a stock exchange for execution of trading of listed securities as a broker or dealer as per securities laws.

<https://www.newagebd.net/article/102485/dse-board-cuts-capital-requisite-to-tk-3cr-amid-opposition>

Stocks can't stop falling as coronavirus fears reign supreme

When it rains it pours, it is often said, and the condition of the Dhaka Stock Exchange is exactly that. The bourse has been on the slide for the best part of the past six months now. Just when it was propping up -- be it organically or through intervention -- came the blow of coronavirus pandemic that is bringing the world down to its knees. Yesterday, shares on the Dhaka Stock Exchange tumbled for the third straight day, plummeting nearly 5 per cent as investors rushed to cut losses fearing the market may sink further as the coronavirus reigned supreme.

<https://www.thedailystar.net/business/news/stocks-cant-stop-falling-coronavirus-fears-reign-supreme-1881925>

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

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.