

Bangladesh market snapshot

	Last closing
DSEX Index	5,820.81
% change	0.33%
DS30 Index	2,203.39
% change	0.38%
DSES Index	1,291.85
% change	-0.16%
Turnover (BDT mn)	12,909.02
Turnover (USD mn)	153.68
% change	-15.05%
Market Capitalization (BDT bn)	4,896
Market Capitalization (USD bn)	58.29
% change	0.07%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	30,930.52
% change	+0.38%
Nikkei 225	28,504.38
% change	-0.45%
FTSE 100	6,712.95
% change	-0.11%

Source: Bloomberg

Exchange rate

Currency	BDT
USD	84.80
EUR	102.44
GBP	115.23
INR	1.16

Source: Bangladesh Bank

Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
18-Jan-2021	1.00-5.25	1.49
17-Jan-2021	1.00-5.25	1.68

Source: Bangladesh Bank

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	56.25	+0.63%
Gold Spot, USD/t oz	1,848.81	+0.46%
Cotton, USD/lb	80.79	-0.44%

Source: Bloomberg

Economy

Export potential in China market remains untapped for pandemic

Despite the duty-free market access for 97 per cent goods, Bangladesh could not seize the opportunity for most of last year because of a lack of diversified goods and the fallouts of the coronavirus pandemic. Beijing extended the duty-free access to 97 per cent of Bangladeshi goods in July last year, bringing 8,256 products under the tariff-free regime. Shipment to China stood at \$566.15 million in 2020. It was \$238.77 million in the January-June period and rose to \$327.38 million in the second half.

<https://www.thedailystar.net/business/news/export-potential-china-market-remains-untapped-pandemic-2030805>

Bank and NBFIs

BB eases rules on foreign cos' working capital loans

The central bank has relaxed its regulations, allowing foreign companies to avail short-term working capital loans for six years instead of three years from their parent companies or shareholders abroad. Under the revised rules, such borrowing will also be admissible for industries engaged in service output activities along with manufacturing enterprises. However, the trading activities will not come under the purview of the relaxations.

<https://today.thefinancialexpress.com.bd/first-page/bb-eases-rules-on-foreign-cos-working-capital-loans-1611079363>

<https://www.dhakatribune.com/business/banks/2021/01/19/bb-eases-accessing-foreign-loans-by-foreign-companies>

Pandemic makes MFS the go-to mode for utility bill payment

The pandemic has enabled mobile financial services (MFS) to take up the mantle of accepting utility bills, which was a tiresome chore before the outbreak, as people had to stand in long queues inside banks. The need to avoid close social gatherings has compelled people to pay their utility bills from their smartphones.

<https://www.dhakatribune.com/business/economy/2021/01/19/pandemic-makes-mfs-the-go-to-mode-for-utility-bill-payment>

Textile

RMG exports to one-third of EU states rise in H1

Bangladesh's apparel exports to one third of the 27 European countries, including Germany, the Netherlands and Poland, increased in the first half of fiscal year (FY) 2020-21 amid Covid-19. Denmark, Hungary, Czech Republic, Latvia, Slovakia and Slovenia also raised their garment imports from July to December. However, exports increased at a time when overall apparel shipments to the European Union (EU) declined by 1.28 per cent to \$9.69 billion in the corresponding period last year.

<https://today.thefinancialexpress.com.bd/last-page/rmg-exports-to-one-third-of-eu-states-rise-in-h1-1611080055>

<https://www.newagebd.net/article/127698/apparel-exports-to-major-markets-fall-in-july-dec>

Jute

Jute exports on the mend

Bangladesh's jute industry is passing exceptional times. With raw jute trade at a historic high amid scarcity resulting from low yield, export earnings are surging. However, millers said much of the growth in export receipts of jute yarn, twine, sacks and bags are the result of a price increase. The volume of shipments increased too but the extent of growth was not as much as the spike in value growth.

<https://www.thedailystar.net/business/news/jute-exports-the-mend-2030809>

Capital Market

BSEC to ensure proper distribution of dividends

The Bangladesh Securities and Exchange Commission (BSEC) has ordered issuers to maintain detailed information on shareholders in a bid to ensure the proper distribution and utilisation of dividends. This includes information on a shareholder's BO account and bank account as well as their mobile phone number, email and home address. The information must be updated at least once a year. At present, undisbursed dividends amounting to around Tk 21,000 crore remains idle in the accounts of listed companies.

<https://www.thedailystar.net/business/news/bsec-ensure-proper-distribution-dividends-2030777>

Banks just not getting excited about stock market investment

When the bourse was having a dry spell in the first quarter of last year, the Bangladesh Bank had ordered banks to form a special fund to invest in the stock market and prop it up. Only 23 banks out of 60 have formed special funds worth Tk 2,622 crore for investing in the capital market complying with a central bank directive on February 10 last year to shore up the volatile market. However, the lenders invested only 35 per cent of the funds as of January 15.

<https://www.dhakatribune.com/business/banks/2021/01/19/banks-just-not-getting-excited-about-stock-market-investment>

Stock

Runner to bring KTM motorcycles

The famed KTM motorcycles will be available in Bangladesh from January 25, thanks to Runner Automobiles. In early August 2020, the Runner announced an agreement with Bajaj Auto that part-owns the Austrian bike brand to become its authorised distributor. Initially models Duke 125 and RC 125 will be launched.

<https://www.thedailystar.net/business/news/runner-bring-ktm-motorcycles-2030785>

Royal Enfield bikes may hit Dhaka roads soon

Bikers in Bangladesh are one step closer to ride a high-capacity motorcycle after Ifad Autos signed a memorandum of understanding with British-bred Royal Enfield to import the famous two-wheelers. Ifad Autos will market the bikes of Royal Enfield, said Taskeen Ahmed, managing director of Ifad Autos. The local company is the distributor of India's TVS -branded motorcycles and the commercial vehicles of Ashok Leyland.

<https://www.thedailystar.net/business/news/royal-enfield-bikes-may-hit-dhaka-roads-soon-2030801>

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	COO & 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

1st Floor
6, Dilkusha C/A
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 - 02
Dhaka- 1229
Bangladesh

Extension of Main Office

NIK Tower (3rd & 4th Floor)
55 Dilkusha C/A
Dhaka-1000
Bangladesh

Extension of Main Office

Plot# 12, (2nd Floor, West side)
Road # 05 Dhanmondi, Dhaka
Bangladesh

Chattogram Office

Muntasir Centre (5th Floor)
253, Wasa Circle, Dampara
Khulshi, Chattogram
Bangladesh