

## Bangladesh market snapshot

	Last closing
DSEX Index	4,758.01
% change	0.37%
DS30 Index	1,599.56
% change	0.55%
DSES Index	1,087.02
% change	0.53%
Turnover (BDT mn)	8,371.53
Turnover (USD mn)	99.66
% change	-18.03%
Market Capitalization (BDT bn)	3,597
Market Capitalization (USD bn)	42.82
% change	0.98%

Source: Dhaka Stock Exchange

## International market snapshot

	Last closing
Dow Jones Industrial Average	29,232.19
% change	-0.56%
Nikkei 225	23,400.70
% change	0.89%
FTSE 100	7,445.84
% change	0.86%

Source: Bloomberg

## Exchange rate

Currency	BDT
USD	84.95
EUR	91.67
GBP	110.41
INR	1.19

Source: Bangladesh Bank

## Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
17-Feb-2020	4.50-5.50	5.07
16-Feb-2020	4.50-5.50	5.06

Source: Bangladesh Bank

## Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	59.19	0.12%
Gold Spot, USD/t oz	1,609.67	-0.13%
Cotton, USD/lb	69.60	-0.07%

Source: Bloomberg

## Economy

### Fitch forecasts taka depreciation this year

The taka could weaken this year and the next, a forecast by Fitch Solutions Macro Research that can make exporters and remitters smile. According to Fitch's forecasts released on Monday, the taka is expected to weaken to an average of Tk86 per US dollar by the end of the current year and Tk88 per US dollar by next year, up from an average of Tk84.92 per US dollar in 2019. Government data show that in the first seven months till January of the current fiscal year Bangladesh has recorded a total contraction of 5.2 percent year-on-year.

<https://tbsnews.net/economy/fitch-forecasts-taka-depreciation-year-45999>

### Govt hints at rethink on postal savings interest rate cut

Just a week after drastically cutting interest rates on post office savings, the government yesterday hinted at reconsidering the decision amid widespread criticism. Finance Minister AHM Mustafa Kamal shared the development with journalists after a meeting at the Bangladesh Secretariat. On February 13, the government issued a directive on lowering the interest rate on three-year fixed deposits from 11.28 percent to 6 percent on maturity and also revised the savings deposit rate from 7 percent to 5 percent, with a view to implementing the single-digit interest rate in the country's banking sector.

<https://tbsnews.net/economy/banking/govt-revisit-decision-about-rate-cut-postal-savings-mustafa-kamal-46189>

### LDC graduation: Bangladesh not to face foreign loan pressure

The debt to Gross Domestic Product (GDP) ratio of Bangladesh will increase to 20 percent from 14.3 after the country's graduation from 'Least Developed Countries' (LDCs) status in 2024. Consequently, Bangladesh will be in a favourable condition in terms of foreign assistance as the threshold of 40 percent of GDP is acceptable. The country will also not have any pressure to repay the principal and interest of foreign loans, according to a study by the Economic Relations Division (ERD). However, Bangladesh will lose the concessional loan facility after the LDC graduation. That said, the window of commercial loans will also get a boost.

<https://tbsnews.net/economy/lcd-graduation-bangladesh-not-face-foreign-loan-pressure-46205>

### Govt's insatiable appetite for bank funds

Poor revenue collection has forced the government to exceed its annual borrowing limit from banking sources seven and half a months into the fiscal year, creating a probable credit crunch for the private sector. The government has set a borrowing limit of Tk 47,364 crore for fiscal 2019-20, but as of February 16 it has taken Tk 52,372 crore, which is a fresh record for a single year. Last fiscal year, the government borrowed Tk 26,446 crore from the banking

sector. The large volume of government borrowing will have an adverse impact on the private sector in the coming days as businesses will be unable to get their requisite funds from banks.

<https://www.thedailystar.net/business/news/govts-insatiable-appetite-bank-funds-1870537>

### **Bangladesh, Japan will form joint working group to boost trade**

Bangladesh and Japan will form a working group in a bid to remove the existing barriers to trade and investment in both countries, said Commerce Minister Tipu Munshi on Wednesday. He said this while exchanging views with Japanese Ambassador to Bangladesh Ito Naoki at the former's office in the capital. The Bangladesh Competition Commission is expected to sign a memorandum of understanding with the Japan Fair Trade Commission when Prime Minister Sheikh Hasina visits Japan within some days. Ambassador Naoki said Japan is happy with Bangladesh's advancement in the ease of doing business index.

<https://tbsnews.net/economy/trade/bangladesh-japan-will-form-joint-working-group-boost-trade-46239>

### **Telecommunication**

#### **BTRC rejects GP's Tk100cr offer**

Grameenphone, the country's largest telecom operator, offered Tk100 crore to the Bangladesh Telecommunication Regulatory Commission (BTRC) on Wednesday to continue dialogues over its disputed audit claim. However, the telecom regulator rejected it saying the court has an order on the issue and the BTRC cannot take any decision bypassing the court. On April 2, 2019, the telecom regulator demanded Grameenphone to pay its dues worth Tk12,580 crore, which the firm refused to pay questioning BTRC's audit process.

<https://tbsnews.net/bangladesh/telecom/btrc-rejects-gps-tk100cr-offer-46125>

### **Bank and NBF1**

#### **Interest rate cap: Private banks' apathy could slow execution, says Fitch**

Global ratings agency Fitch warns the execution of an interest rate cap will pose "severe" downside risks to Bangladesh's financial stability. The report titled "Industry Forecast-Interest Rate Caps Pose Severe Downside Risk to Bangladesh's Financial Stability" was published on Wednesday. It said the persistent pushback from private commercial banks over more than a year points towards an inability of the authorities to enforce the regulation. This suggests that the implementation of 9.0 per cent lending interest rate cap is likely to remain slow, fearing about the delay beyond April, it added.

<https://thefinancialexpress.com.bd/economy/bangladesh/interest-rate-cap-private-banks-apaty-could-slow-execution-says-fitch-1581653419>

### **Textile**

#### **Apparel export to US jumps 10%**

Bangladesh's apparel export to the United States (US) grew last year by

9.83 percent year-on-year, strengthening the country's position as the third-largest supplier to the American market, after China and Vietnam. Bangladesh fetched nearly \$6 billion from apparel export to the US during the January-December period in 2019 against \$5.40 billion earnings during the corresponding period in 2018, according to Office of Textiles and Apparel (OTEXA) affiliated with the US Department of Commerce.

<https://www.tbsnews.net/economy/apparel-export-us-jumps-10-46033>

### **BGMEA seeks policy steps to face challenges**

Stakeholders in the country's apparel sector, which is largely dependent on China for supply of garment raw materials, have sought precautionary policy measures and other facilities to help face the challenges stemming from coronavirus outbreak. The industry people feared that the public health crisis in China would cause delays in arrival of raw materials, late shipment and delivery and cash flow crisis, sources said. The garment makers demanded that a disaster assistance fund be set up, credit guarantee scheme be launched and the back to back letter of credit (LC) clauses be amended to help the sector survive during the crisis period.

<https://today.thefinancialexpress.com.bd/first-page/bgmea-seeks-policy-steps-to-face-challenges-1582133959>

### **Engineering**

#### **Steel makers feel the pinch of a subdued private sector**

All but one of the listed rod makers' profits dropped in the first half of the current financial year on the back of lower sales volume and higher deferred tax expense. Only SS Steel logged in higher profits, while BSRM Steels, Ratanpur Steel Re-rolling Mills and GPH Ispat saw their profits contract during the time. The demand for rod fell though the supply remains the same, which ultimately led to lower sales volume and shorter profit margin. The rod maker supplies to both the government and the private sector. Shekhar Ranjan Kar, company secretary of BSRM Steels, echoed the same about the shrinking profitability: lower sales volume.

<https://www.thedailystar.net/business/news/steel-makers-feel-the-pinch-subdued-private-sector-1870525>

### **Capital Market**

#### **Stocks rebound riding on large caps**

Despite a fall in share prices of most of the companies, Dhaka stocks gained marginally on Wednesday as a section of investors went for buying shares especially those of large capitalised companies including Grameenphone while the others kept booking profits. DSEX, the key index of Dhaka Stock Exchange, gained 0.37 per cent, or 17.6 points, to close at 4,758.00 points on the day after losing 27.73 points in the previous session.

<https://www.newagebd.net/article/100050/stocks-rebound-riding-on-large-caps>

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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.