

## Bangladesh market snapshot

	Last closing
DSEX Index	4,008.29
% change	0.80%
DS30 Index	1,330.83
% change	0.53%
DSES Index	920.69
% change	0.37%
Turnover (BDT mn)	3,481.39
Turnover (USD mn)	41.45
% change	149.49%
Market Capitalization (BDT bn)	3,122
Market Capitalization (USD bn)	37.17
% change	0.46%

Source: Dhaka Stock Exchange

## International market snapshot

	Last closing
Dow Jones Industrial Average	24,206.86
% change	-1.59%
Nikkei 225	20,682.12
% change	+1.22%
FTSE 100	6,002.23
% change	-0.77%

Source: Bloomberg

## Exchange rate

Currency	BDT
USD	84.95
EUR	91.71
GBP	104.87
INR	1.12

Source: Bangladesh Bank

## Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
17-May-2020	4.25-5.00	4.98
14-May-2020	4.25-5.00	4.96

Source: Bangladesh Bank

## Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	34.92	+0.78%
Gold Spot, USD/t oz	1,748.71	+0.21%
Cotton, USD/lb	59.60	+0.68%

Source: Bloomberg

## Economy

### NEC approves Tk 2.05tn ADP

The government on Tuesday approved a Tk 2.05 trillion annual development programme or ADP for the next fiscal year 2020-21. The allocation is 1.0 per cent higher than the original Tk 2.027 trillion ADP of the outgoing fiscal and 4.7 per cent higher than Tk 1.93 trillion outlays in the revised ADP. A total of 1,584 development projects were incorporated into the ADP. The NEC approved another Tk 94.66 billion worth of development programme for the country's autonomous and semi-autonomous public agencies for implementing 89 projects.

<https://today.thefinancialexpress.com.bd/last-page/nec-approves-tk-205tn-adp-1589911251>

### FBCCI seeks 'priority investment scheme'

The country's apex trade body has demanded a 'priority investment scheme' without penalty, prejudice and legal barrier in all productive sectors such as real estate and capital market for next five years. It also proposed a reduction of corporate tax to 25 per cent over the next three years. The FBCCI demanded rationalisation of source tax for exporters, upward adjustment of tax-free ceiling for individual taxpayers, reduction of advance income tax (AIT) to 3.0 per cent from 5.0 per cent.

<https://today.thefinancialexpress.com.bd/first-page/fbccci-seeks-priority-investment-scheme-1589910824>

## Bank and NBFI

### Bangladesh Bank signs deals with 44 banks over stimulus loan refinancing

The Bangladesh Bank has signed participation agreements with 44 banks to disburse Tk 15,000 crore in loans for the implementation of the government-announced stimulus package for large industries and service sector. Of the banks, 14 banks signed agreements on Monday and the rest signed deals on Tuesday with the central bank. Apart from the 44 banks, 23 non-bank financial institutions will sign the participation agreement today.

<https://www.newagebd.net/article/106802/bangladesh-bank-signs-deals-with-44-banks-over-stimulus-loan-refinancing>

### Businesses rush for bailout but banks yet to respond

Despite having a strong liquidity backup, banks are yet to begin disbursements of loans under the stimulus package – announced by the prime minister on April 5 – to revive businesses ruined by the Covid-19 shutdown. Although the affected businessmen are rushing for loans under the bailout package, the banks are delaying the process on account of not getting risk-sharing arrangements from the government's end. In the meantime, the government is working with the World Bank to arrange a credit guarantee scheme in the face of demands from bankers for sharing the credit risk under the package.

<https://www.tbsnews.net/economy/banking/businesses-rush-bailout-banks-yet-respond-83353>

### Textile

#### **BKMEA seeks 10pc cash incentive on exports**

The Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) has demanded a 10 per cent cash incentive on export receipts for the next two years. If a garment exporter uses locally made yarn and fabrics in making garment items, they would be eligible for the cash incentive on export earnings, according to the BKMEA's budget proposal fiscal 2020-21 to the National Board of Revenue last week. It also called for 4 per cent cash incentive if export-oriented garment items are made from imported raw materials.

<https://www.thedailystar.net/business/news/bkmea-seeks-10pc-cash-incentive-exports-1904275>

### Stocks

#### **SMP regulations on GP soon: BTRC**

The government will impose significant market power (SMP) regulations on leading mobile phone operator Grameenphone soon to limit its market presence. Recently, three operators – Robi, Banglalink and Teletalk – complained to the BTRC that Grameenphone was implementing its marketing campaigns in the name of corporate social responsibility. The trio in a joint letter to the regulator said being the largest operator, Grameenphone was taking advantage of the Covid-19 situation and had launched free call minute packages to regain its customers. They also requested immediate imposition of SMP regulations.

<https://www.tbsnews.net/bangladesh/telecom/govt-limit-grameenphones-market-presence-83122>

#### **BTRC's U-turn to fix audit issue with GP**

In an about-turn, the telecoms regulator said on Tuesday it is ready to resolve the much-talked-about audit issue with Grameenphone (GP) through discussion. It will also accept any logical objection that comes from the telecoms operator on the audit claims. The mobile company deposited another Tk 10 billion to the BTRC as ordered by the apex court.

<https://today.thefinancialexpress.com.bd/last-page/btrcs-u-turn-to-fix-audit-issue-with-gp-1589911473>

#### **Standard Ceramics further extends factory closure till May 31**

Due to a shortage of raw materials and problems with product distribution, Standard Ceramic Industries Ltd has again extended its factory closure till May 31. The company cannot obtain the necessary raw materials for production due to the ongoing Covid-19 shutdown. It cannot even deliver the products it has already manufactured at the factory.

<https://www.tbsnews.net/economy/stock/standard-ceramics-further-extends-factory-closure-till-may-31-83212>

## 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.

<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 %

#### **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

### 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.