

## Bangladesh market snapshot

	Last closing
DSEX Index	4,771.00
% change	-0.22%
DS30 Index	1,679.02
% change	-0.38%
DSES Index	1,094.03
% change	-0.52%
Turnover (BDT mn)	3,131.41
Turnover (USD mn)	37.28
% change	-3.52%
Market Capitalization (BDT bn)	3,590
Market Capitalization (USD bn)	42.74
% change	-0.51%

Source: Dhaka Stock Exchange

## International market snapshot

	Last closing
Dow Jones Industrial Average	26,770.20
% change	-0.95
Nikkei 225	22,492.68
% change	+0.18%
FTSE 100	7,150.57
% change	-0.44%

Source: Bloomberg

## Exchange rate

Currency	BDT
USD	84.77
EUR	94.64
GBP	110.07
INR	1.19

Source: Bangladesh Bank

## Money Market

Date	Call Money Rate Range (%)	Weighted Average (%)
16-Oct-2019	3.00-5.50	4.97
15-Oct-2019	3.00-5.50	4.81

Source: Bangladesh Bank

## Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	59.42	-0.82%
Gold Spot, USD/t oz	1,490.05	-0.12%
Cotton, USD/lb	65.16	0.26%

Source: Bloomberg

## Economy

### Economy off to struggling start in FY20

The country's economy has shown signs of sluggishness in three months (July-September) of the current fiscal year 2019-2020 as all major indicators, except remittance, performed poorly in the period. Export earnings, import payment, private sector credit growth, revenue collection, development budget implementation, and financial market situation became worse or weak in the first quarter of FY20 compared with the corresponding period of last fiscal year 2018-19. Economists on Saturday told New Age that the performance on the major economic fronts in July-September indicated that the overall economy was slowing down with little hope of rebound as the overall situation was not good at all.

<http://www.newagebd.net/article/88177/economy-off-to-struggling-start-in-fy20>

### FDI grows by 20% in six months

Foreign direct investment (FDI) in the country rose by 19.47% to \$1.7 billion in the first half of 2019, which businesspeople and experts have attributed to government initiatives to improve ease of doing business. According to Bangladesh Bank (BB) data, during January-June period of the current year, net inflow of overseas investment stood at \$1.70 billion, up by 19.47%, which was \$1.41 billion in the same period last year. Of the total investment, equity capital was \$409 million, intra-company loan \$611.35 million and reinvestment \$671 million. In 2018, Bangladesh received a record \$3.61 billion in FDIs, up by 67.94% of what it was in 2017.

<https://www.dhakatribune.com/business/2019/10/19/fdi-grows-by-20-in-six-months>

### IFC investments to create more jobs in Bangladesh: Finance minister

Finance Minister AHM Mustafa Kamal has said huge investments from the International Finance Corporation (IFC) will expand the scope of employment opportunities in Bangladesh. He said, "The private organizations in Bangladesh can utilize IFC investments, and this will lead to job growth." The minister made the remarks at a press briefing after a series of meetings with the World Bank and the United States Agency for International Development in Washington on Friday, said a press release issued by the Finance Division.

<https://www.tbsnews.net/economy/ifc-investments-create-more-jobs-bangladesh-finance-minister>

### Gridlock takes its toll on trade through Benapole

Poor infrastructures and traffic congestions are among the problems that are severely affecting trade through Benapole Land Port, a major gate on Bangladesh-India border, reports UNB. Officials and businessmen said productions in garment and other factories in Bangladesh are seriously hampered as goods released from the port

cannot be transported to their destinations in time. Besides, they said, those who travel to India and return home face troubles as they get stuck on the road for hours together due to traffic jam. Talking to the news agency, port officials said 500-600 truckloads of goods are exported and imported through the country's most important land port, situated in Jashore district.

<http://today.thefinancialexpress.com.bd/stock-corporate/gridlock-takes-its-toll-on-trade-through-benapole-1571498491>

### **Tipu urges Nordic countries, China to invest more**

Commerce Minister Tipu Munshi has urged the Nordic countries and China to invest more in Bangladesh taking the privileges of investment-friendly atmosphere for foreigners, reports BSS. The minister made the call while the ambassadors of three Nordic countries and the Chinese ambassador to Bangladesh met him separately at his office at the Secretariat in the capital, said a press release. The Nordic countries' envoys to Bangladesh include Ambassador of Sweden Charlotta Schlyter, Ambassador of Norway Sidsel Bleken and Ambassador of Denmark Winnie Estrup Petersen.

<http://today.thefinancialexpress.com.bd/stock-corporate/tipu-urges-nordic-countries-china-to-invest-more-1571498586>

### **Banks & NBFIs**

#### **Good governance needed for a disciplined financial sector**

Policy reforms, good governance, and proper monitoring are required to help the country's financial sector ride out the current crisis and put in place a sound system, analysts said yesterday. They spoke at a seminar on "Restructuring & Liquidation of Financial Institutions and Impact on Stakeholders" at the Dhaka Chamber of Commerce & Industry (DCCI) on Thursday, according to a press release. Mashiur Rahman, the prime minister's adviser on economic affairs, called for policy reforms, modernization and policy simplification for a strong financial market. He recommended financial institutions conduct internal as well as external audits in a transparent manner on a regular basis.

<https://www.thedailystar.net/business/news/good-governance-needed-disciplined-financial-sector-1816249>

### **Capital Market**

#### **BSEC to list auditors' names**

The stock market regulator has decided to include the names of partners of audit firms in its auditors' panel to ensure more accountability while verifying financial reports of listed companies. As per existing system, the stock market regulator sets a panel list of firms that can audit listed companies' financial reports and the non-listed ones that submitted IPO proposals. There are 39 audit firms and the regulator reviews the panel from time to time.

<https://www.thedailystar.net/business/news/bsec-list-auditors-names-1816207>

## **Overseas investors furious over extension of mutual fund's tenure**

City of London Investment Management Company (CLIM) has come down hard on the Bangladesh Securities and Exchange Commission for its decision to allow asset management firms to extend the tenure of closed-end mutual funds without securing approval from unitholders. Closed-end mutual funds are investment funds that gather a fixed pool of money for 10 years from a number of investors and re-invest them into stocks, bonds and other assets. After 10 years they are supposed to be liquidated and the value of the funds distributed among unitholders. But on September 16 last year, following calls from some asset management companies, the BSEC allowed extension of closed-end mutual funds' tenure by another 10 years.

<https://www.thedailystar.net/business/news/overseas-investors-furious-over-extension-mutual-funds-tenure-1816213>

## Disclaimer

### GENERAL DISCLOSURE

This research report has been prepared by UCB Capital Management Limited (UCB Capital), a company authorized to engage in broker-dealer activities in Bangladesh. UCB Capital 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").

**NOTICE TO RECIPIENTS:** This email (including all attachments) is intended only for the named recipient. If you have received this email in error, please delete the email plus any copies of it and immediately notify the sender by return email.

The information contained herein has been prepared and issued by UCB Capital to its clients, and all intellectual property relating to the Research vests with UCB Capital unless otherwise noted. The Research is provided on an as is basis, without warranty (express or implied).

The Research is based on public data obtained in good faith from sources believed by UCB Capital to be reliable, but no representations, guarantees or warranties are made by UCB Capital with regard to accuracy, completeness or suitability of the data and under no circumstances will any of UCB Capital, its officers, representatives, associates or agents be liable for any loss or damage, whether direct, incidental or consequential, caused by reliance on or use of the content. UCB Capital has not performed any independent review or due diligence of publicly available information. The opinions and estimates contained herein reflect the current judgment of the analyst(s) on the date of this Research and are subject to change without notice. The opinions do not necessarily correspond to the opinions of UCB Capital. UCB Capital does not have an obligation to update, modify or/(and) amend this Research or otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or/(and) estimate set forth herein, changes or subsequently becomes inaccurate.

This Research is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It is intended to be distributed in its entirety. It does not constitute a personal recommendation or takes into account the particular investment objectives, financial situations, or needs of individual investors. Investors should consider whether any advice or recommendation in this Research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice and ensure they obtain, read and understand any applicable offer document. The price and value of investments referred to herein and the income from them may fluctuate. Past performance is not an indicator or guarantee of future returns, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and principal trading desks that reflect opinions that are contrary to the opinions expressed in this Research. Our asset management area, principal trading desks and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this Research. Neither UCB Capital nor its representatives, will receive (directly or indirectly) any commission, fee, benefit or advantage, pecuniary or otherwise, nor be influenced, either directly or indirectly, in connection with the making of any recommendation or preparation of any Research.

The analysts named in this report may have from time to time discussed with our clients, including UCB Capital salespersons and traders, or may discuss in this report, trading strategies that reference catalysts or events that may have a near-term impact on the market price of the equity securities discussed in this report, which impact may be directionally counter to the analysts' published price target expectations for such stocks. Any such trading strategies are distinct from and do not affect the analysts' fundamental equity rating for such stocks, which rating reflects a stock's return potential relative to its coverage group as described herein.

Any prices provided herein (other than those that are identified as being historical) are indicative only, and do not represent firm quotes as to either size or price. The past performance of financial instruments is not indicative of future results. No assurance can be given that any financial instrument or issuer described herein would yield favorable investment results. Any forecasts or price targets shown for companies and/or securities discussed in this Research may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information and/or the subsequent transpiration that underlying assumptions made by UCB Capital or by other sources relied upon in the Research were inapposite.

UCB Capital may provide hyperlinks to websites of entities mentioned in this Research, however the inclusion of a link does not imply that UCB Capital endorses, recommends or approves any material on the linked page or accessible from it. UCB Capital does not accept responsibility whatsoever for any such material, nor for any consequences of its use.

This document is for the use of the addressees only and may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any purpose, without the prior, written consent of UCB Capital. The manner of distributing this document may be restricted by law or regulation in certain countries, including the United States. Persons into whose possession this document may come are required to inform themselves about and to observe such restrictions. By accepting this document, a recipient hereof agrees to be bound by the foregoing limitations.

#### IMPORTANT DISCLOSURES FOR U.S. PERSONS ONLY

This research report is a product of UCB Capital Management Ltd. which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by UCB Capital Management Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, UCB Capital Management Ltd. has entered into an agreement with a U.S. registered broker-dealer, Cabrera Capital Markets. ("Cabrera"). Transactions in securities discussed in this research report should be effected through Cabrera or another U.S. registered broker dealer.

#### 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 analyses, 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

<b>Rajib Kumar Das</b>	<b>Head of Research</b>	<b>rajib.das@ucb.com.bd</b>	<b>+880 1730 797 728</b>
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

<b>Sonchoy Saha, CFA</b>	<b>Head of Institutional Sales</b>	<b>sonchoy.kumer@ucb.com.bd</b>	<b>+880 1755 615 313</b>
Tahmidur Rahman	Senior Executive Officer	tahmid@blomberg.net 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.

Find our research on Bloomberg <BRC> Go