

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	24,575.90
% change	+1.52%
Nikkei 225	20,610.86
% change	+0.08%
FTSE 100	6,067.16
% change	+1.08%

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 (%)
19-May-2020	4.25-5.00	4.99
18-May-2020	4.25-5.00	4.98

Source: Bangladesh Bank

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	36.46	+1.99%
Gold Spot, USD/t oz	1,741.09	-0.41%
Cotton, USD/lb	57.52	-1.19%

Source: Bloomberg

Economy

Bangladesh eyes FDI boom in the post-pandemic era

Bangladesh expects a bigger inflow of foreign direct investment in the days to come as different nations plan to relocate their factories to countries like Bangladesh to bring down cost amid a cash crunch caused by the pandemic, said Commerce Minister Tipu Munshi yesterday. In 2019, the country saw net inflows of foreign direct investment amounting to \$2.88 billion, down about 20 per cent from a year earlier. Factory relocation will be even faster in the post-pandemic period. Now, thanks to the bad diplomatic blood arising out of the outbreak of coronavirus from one of its cities many nations are seriously mulling over cutting down their reliance on China for their material needs. And Bangladesh could grab this opportunity, just like India and Vietnam are raring to.

<https://www.thedailystar.net/business/news/bangladesh-eyes-fdi-boom-the-post-pandemic-era-1904614>

China-backed AIIB approves \$250 million loan for Bangladesh's COVID-19 response

Beijing-backed Asian Infrastructure Investment Bank (AIIB) said on Thursday it had approved a \$250 million loan to Bangladesh to help the country cope with the coronavirus pandemic. The project, which will be cofinanced by the Asian Development Bank, is intended to help the government with budget support to help the country's most vulnerable, according to a statement. It is intended to strengthen social safety nets and mitigate the effects of job losses in small and medium sized companies and the informal economy.

<https://www.tbsnews.net/economy/china-backed-aiib-approves-250-million-loan-bangladeshs-covid-19-response-83896>

NBR seeks to realise unpaid income taxes

The National Board of Revenue has instructed its field level income tax offices to provide a list of tax defaulters with undisputed dues to the government exchequer of above Tk 5 lakh. The NBR's income tax wing on Tuesday asked the income tax commissioners across the country to send the list with the collectable amount of the dues by June 3. The revenue board had decided to bring the income tax defaulters under its scrutiny following the huge revenue shortfall so far in the current fiscal year 2019-2020. Income tax collection witnessed a shortfall worth Tk 18,415 crore until March. The shortfall in overall revenue collection may stand at over Tk 1 lakh crore amid the coronavirus pandemic.

<https://www.newagebd.net/article/106862/nbr-seeks-to-realise-unpaid-income-taxes>

New deadline for setting up sales registers would be in budget speech

It's been almost three years since the revenue authority decided to set up the electronic fiscal device (EFD), a sales register, at shops to monitor the transactions to curb the scope of evasion of value-

added tax, the biggest source of revenue for the state coffer. Now, the National Board of Revenue (NBR) says it is ready but the pandemic has emerged as a new stumbling block for its installation. The plan was to set up the devices in February and launch it marking the Mujib Year. But the plan was put on hold for the outbreak of coronavirus in Bangladesh in March. Now, the NBR has to play a waiting game for when the situation becomes normal to install the devices.

<https://www.thedailystar.net/business/news/new-deadline-setting-sales-registers-would-be-budget-speech-1904632>

Govt to provide capital support for jobless expats

The government has taken an initiative to create a fund for Bangladeshi workers abroad so that they can do businesses in those countries. The "Covid-19 Recovery and Response Fund" will help Bangladeshi expatriates to counteract the coronavirus fallout instead of returning home empty-handed. Bangladeshi expatriates who lost their jobs during the pandemic will be able to apply for loans ranging from Tk5 to Tk7 lakh from the account.

<https://www.tbsnews.net/economy/govt-provide-capital-support-jobless-expats-83812>

Virus throws 22.9pc into poverty: Survey

The Covid-19 pandemic has pushed 22.9 per cent people of the country below poverty line apart from officially- recognised 20.5 per cent existing poor, according to a rapid survey report. The report styled "Livelihoods, Coping and Support during COVID-19 Crisis" recommended that over 43 per cent of the country's population, summation of recognised poor and "new poor", require Tk 100 billion fiscal package to survive the pandemic. The survey revealed that due to income shock occasioned by Covid-19, 77.2 per cent vulnerable non-poor, who were not recognised as poor officially before Covid-19, fell below the poverty line in rural area.

<https://today.thefinancialexpress.com.bd/last-page/virus-throws-229pc-into-poverty-survey-1589997799>

Bank and NBFIs

Call rate stable before Eid amid BB's support

The inter-bank call money rate remained almost stable on Wednesday, the last working day before the Eid vacation, despite higher cash withdrawal from banks. The weighted average rate (WAR) on call money rose to 4.99 per cent on the day from 4.95 per cent a week ago. It was also 4.99 per cent on Tuesday. The volume of transactions in the inter-bank call money market came down to Tk 75 billion on Wednesday from Tk 96.62 billion of the previous working day. The call money rate remained unchanged from the previous level on the day, and ranged between 4.25 per cent and 5.00 per cent.

<https://today.thefinancialexpress.com.bd/last-page/call-rate-stable-before-eid-amid-bbs-support-1589997676>

Bangladesh Bank refrains from setting NBFIs' lending rate

The Bangladesh Bank has refrained from imposing a lending rate ceiling on non-bank financial institutions after more than two months of imposing such limit on the country's banks. The lowest interest rate charged by the NBFIs is 15 per cent. The central bank could have imposed the lending rate ceiling on the NBFIs but the entities would fail to comply with the instruction.

<https://www.newagebd.net/article/106861/bangladesh-bank-refrains-from-setting-nbfis-lending-rate>

Tobacco

Industries ministry against tobacco ban during pandemic

The Ministry of Industries has said that it is not in favour of banning tobacco-related products during this coronavirus pandemic. During the early stages of the coronavirus shutdown, in response to applications from two tobacco companies, the ministry sent two official letters on April 3 and 5, requesting the authorities concerned to provide necessary assistance to the companies. The ministry said that according to the Control of Essential Commodities Act 1956, tobacco products have been listed as essential commodities. Taking this into account, the ministry sent those official letters to the authorities concerned, requesting assistance for supply and transportation of tobacco products during the Covid-19 pandemic.

<https://www.tbsnews.net/economy/trade/industries-ministry-not-favor-banning-tobacco-during-covid-19-pandemic-83548>

Capital Market

Two DU professors join BSEC as commissioners

The government has appointed two commissioners at the securities regulator to make the commission functional removing the quorum crisis. The newly-appointed two commissioners are Dr. Sheikh Shamsuddin Ahmed, a professor of finance at Dhaka University (DU) and Dr. Mizanur Rahman, a professor of accounting and information systems at DU. Meanwhile, professor Shibli Rubayat Ul Islam recently has joined the BSEC as the tenure of the immediate past chairman professor M. Khairul Hossain expired on May 14.

<https://today.thefinancialexpress.com.bd/stock-corporate/two-du-professors-join-bsec-as-commissioners-1589989539>

IPO subscription of Express Insurance delayed further

The public subscription for Express Insurance shares has been delayed further as the stock market remained shut in line with the government holidays. The non-life insurer will raise a fund worth Tk 260.79 million from the capital market using the fixed price method. The initial public offering (IPO) subscription for shares of the company by the eligible investors through electronic subscription system was supposed to begin on April 13 and close on April 20.

<https://today.thefinancialexpress.com.bd/stock-corporate/ipo-subscription-of-express-insurance-delayed-further-1589989595>

Stocks

Marico's product diversification march continues

Marico Bangladesh pursuit of product diversification in the personal grooming category continues, with the fast-moving consumer goods company now rolling out a shampoo. Called Parachute Naturale Shampoo, it comes in three variants- nourishing care, damage repair and anti-hair fall- in 6ml sachets and 170ml and 340ml bottles. The sachets are priced at Tk 2, and the bottles Tk 185 and Tk 320 respectively.

<https://www.thedailystar.net/business/news/maricos-product-diversification-march-continues-1904626>

Mercantile Bank to start Islamic banking operations soon

The Mercantile Bank has decided to commence its Islamic banking window operations at the earliest in the name of "Taqwa" at the first meeting of the bank's Shariah Supervisory Committee held on Sunday.

<https://www.tbsnews.net/economy/banking/mercantile-bank-start-islamic-banking-operations-soon-83800>

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

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.