

Bangladesh market snapshot

	Last closing
DSEX Index	5,178.70
% change	0.25%
DS30 Index	1,829.14
% change	0.52%
DSES Index	1,198.35
% change	0.44%
Turnover (BDT mn)	4,678.00
Turnover (USD mn)	55.69
% change	4.61%
Market Capitalization (BDT bn)	3,849.00
Market Capitalization (USD bn)	46.00
% change	0.47%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	25,777.90
% change	-0.47%
Nikkei 225	20,486.99
% change	0.15%
FTSE 100	7,089.58
% change	-0.08%

Source: Bloomberg

Exchange rate

Currency	BDT
USD	84.50
EUR	93.83
GBP	103.26
INR	1.17

Source: Bangladesh Bank

Money Market

Date	Call Money Rate Range (%)	Weighted Average (%)
26-Aug-2019	4.75-5.00	5.09
25-Aug-2019	4.50-5.00	5.07

Source: Bangladesh Bank

Commodities

	Price	% Change
Brent Crude (Oil),	59.94	0.72%
Gold Spot, USD/t oz	1,534.81	-0.52%
Cotton, USD/lb	58.16	0.41%

Source: Bloomberg

Economy

AIT on capital machinery import to be withdrawn

The National Board of Revenue is set to exempt payment of advance income tax on import of all types of capital machinery by manufacturers. Currently, the exemption benefit from the payment of AIT at the rate of 5 per cent was given only to that capital machinery which was exempted from payment of customs duty or enjoyed concessionary rate of customs duty. Income tax officials said that the revenue board decided to extend the benefit on import of all types of capital machinery irrespective of applicability of customs duty.

<http://www.newagebd.net/article/82736/ait-on-capital-machinery-import-to-be-withdrawn>

Chinese companies coming in droves

Chinese investors are coming in thick and fast with at least 20 companies contacting the power sector alone every week, said Nasrul Hamid, state minister for power, energy and mineral resources, yesterday. Over the past five to six years China gathered vast experience on cheap, clean and renewable energy, something Bangladesh has been transitioning into, for which their companies are exploring investment opportunities here, he said. Chinese investors are relocating their industrial and manufacturing units here mainly to address high production costs and shortages of skilled manpower, he told a seminar on China-Bangladesh Investment Facilitation at The Westin Dhaka.

<https://www.thedailystar.net/business/news/chinese-companies-coming-droves-1791727>

Bank

Bad loans taking toll on banks' profit earning

Profitability of the country's banks has declined by around 17 per cent over the last 10 years, mainly due to growth in the volume of bad loans, according to a study report. The bulging non-performing loans again are hampering credit expansion, the report noted. The volume of bad loans and operating costs of banks have ballooned over the years, but the banks are not being able to address these problem by refixing their interest rates, the report mentioned.

<http://today.thefinancialexpress.com.bd/first-page/bad-loans-taking-toll-on-banks-profit-earning-1566925962>

Banks' H1 deposit growth up slightly

The overall deposit growth in the country's banking sector rose but slightly in the first-half (H1) of the current calendar year following a higher remittance inflow. Lower sales of national savings certificates (NSCs) in the recent months also helped push up the volume of bank deposits during the period under review, bankers said.

<http://today.thefinancialexpress.com.bd/first-page/banks-h1-deposit-growth-up-slightly-1566926035>

Bangladesh Bank profits soar to Tk 4,461cr in FY19

Bangladesh Bank's operating profits soared to Tk 4,461 crore in the financial year of 2018-19 from Tk 791 crore in the previous fiscal year due mainly to central bank's foreign exchange transactions in the local market and banks' heavy borrowing from the BB amid liquidity crisis in the country's banking sector.

<http://www.newagebd.net/article/82732/bangladesh-bank-profits-soar-to-tk-4461cr-in-fy19>

IMF sceptical about success of bad loan recovery by AMCs

A visiting International Monetary Fund team on Tuesday expressed scepticism about success of the government move of appointing asset management companies for recovering bad loans in the country's banking sector. It also observed that the recent loan restructuring policy with only two per cent down payment would hurt the honest borrowers and benefit the wilful defaulters.

<http://www.newagebd.net/article/82734/imf-sceptical-about-success-of-bad-loan-recovery-by-amcs>

11 Large Borrowers: BB paves way for fresh rescheduling

In a reversal of its stance, Bangladesh Bank yesterday paved the way for 11 large business groups to reschedule their loans even though they restructured their loans four years ago on condition of regular repayments. The decision came at a meeting of the central bank's Board of Directors.

<https://www.thedailystar.net/frontpage/bangladesh-bank-paves-way-for-fresh-default-loan-rescheduling-1791796>

Capital Market

No tech transfer from consortium yet

Almost one year has elapsed since a Chinese consortium bought 25 percent stake of the Dhaka Stock Exchange but the strategic partnership is yet to bear fruit. The consortium of the Shenzhen Stock Exchange and the Shanghai Stock Exchange, which forked out Tk 947 crore for the stake, had promised sweeping technological upgrades.

<https://www.thedailystar.net/business/news/no-tech-transfer-consortium-yet-1791739>

Stock

Indo-Bangla Pharma to produce 1200m tablets per year

Indo-Bangla Pharmaceuticals (IBP) has inked a manufacturing agreement with RHK GLOBAL (HK), Hong Kong, to produce Super Tramex-100mg brand tablet. Under the agreement made on August 26, Tramadol, the generic name of the tablet, will be produced in Indo-Bangla Pharmaceutical's production plant situated in Barisal. The company said in a disclosure, they would produce 1200 million tablets per year and the revenue of which is projected to be Tk 600 million per annum.

<http://today.thefinancialexpress.com.bd/stock-corporate/indo-bangla-pharma-to-produce-1200m-tablets-per-year-1566922877>

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 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. 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

Institutional & Foreign Trade

Sonchoy Saha, CFA	Head of Institutional Sales	sonchoy.kumer@ucb.com.bd	+880 1755 615 313
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

Chattogram Office

Ayub Trade Center
1269/B SK Mujib Road (4th
Floor)
Agrabad C/A, Chattogram
Bangladesh

Find our research on Bloomberg <BRC> Go