

## Bangladesh market snapshot

	Last closing
DSEX Index	4,730.35
% change	0.17%
DS30 Index	1,646.34
% change	0.71%
DSES Index	1,081.98
% change	0.63%
Turnover (BDT mn)	5,642.22
Turnover (USD mn)	67.17
% change	0.69%
Market Capitalization (BDT bn)	3,571
Market Capitalization (USD bn)	42.51
% change	0.55%

Source: Dhaka Stock Exchange

## International market snapshot

	Last closing
Dow Jones Industrial Average	28,164.00
% change	+0.15%
Nikkei 225	23,453.96
% change	+0.07%
FTSE 100	7,429.78
% change	+0.36%

Source: Bloomberg

## Exchange rate

Currency	BDT
USD	84.80
EUR	93.47
GBP	109.13
INR	1.19

Source: Bangladesh Bank

## Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
26-Nov-2019	2.75-5.50	4.14
25-Nov-2019	3.00-5.50	4.49

Source: Bangladesh Bank

## Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	63.86	-0.31%
Gold Spot, USD/t oz	1,456.03	+0.11%
Cotton, USD/lb	65.81	-0.21%

Source: Bloomberg

## Economy

### Revenue, job creation dismal despite high GDP growth

Though the economy has been growing at a healthy pace in recent years, it has failed to raise revenue collection and private investment and create jobs as planned, according to a new government report. It also identified a number of challenges which ought to be addressed in a systematic manner to realise the targets of the Seventh Five-Year Plan. The report found three major disappointments in failure to increase the private sector investment as per target during the period, failure to increase the tax-to-GDP ratio, and slower pace of job creation

<https://www.thedailystar.net/business/news/revenue-job-creation-dismal-despite-high-gdp-growth-1832881>

## Bank and NBFI

### Volume of NPL up 24pc in Q3

The volume of classified loans in the country's banking sector rose further to hit an all-time high at Tk 1.16 trillion (1.16 lakh crore) at the end of the third quarter of current calendar year despite close monitoring of the central bank. The volume of non-performing loans (NPLs) jumped by nearly 24 per cent or Tk 223.77 billion to Tk 1,162.88 billion as of September 30 last, from Tk 939.11 billion on December 31, 2018. The amount of classified loans was Tk 993.71 billion a year ago.

<https://today.thefinancialexpress.com.bd/first-page/volume-of-npl-up-24pc-in-q3-1574877396>

## Fuel and power

### Power Grid to pay off BPDB in shares

The Power Grid Company of Bangladesh is going to pay off one of its shareholders, Bangladesh Power Development Board (BPDB), Tk 251.81 crore in the form of 25.18 crore shares. The BPDB had made the strategic investment in the listed company in the form of electricity transmission lines and renovations and augmentations of grid substations, vehicles and other transmission infrastructure. The shares would be locked, meaning those cannot be sold without approval from the Bangladesh Securities and Exchange Commission.

<https://www.thedailystar.net/business/news/power-grid-pay-bpdb-shares-1832863>

## Pharmaceuticals

### Sanofi to pay staff gratuity, provident fund before exit

Sanofi's top management has agreed to pay service benefits to employees in the form of gratuity and provident fund before selling off its shares in Bangladesh. However, Sanofi needs to pay compensation as the employees risk losing their jobs once new owners take over the company.

<https://www.thedailystar.net/business/news/sanofi-pay-staff-gratuity-provident-fund-exit-1832878>

## **Use of antibiotics up in country, so is resistance**

The consumption of widely used antimicrobial drugs has been increasing at a fast pace in recent years in Bangladesh, according to a research study. The use of antibiotics in Bangladesh has gone up from 16.65 per cent in 2016 to 21.78 per cent in 2018 and it would reach 23 to 25 per cent by the end of this year. The figure might even double in a couple of years. Only nine out of 82 antibiotic drugs on which the study was conducted account for 75 per cent of total consumption.

<https://today.thefinancialexpress.com.bd/first-page/use-of-antibiotics-up-in-country-so-is-resistance-1574877603>

## **Telecommunication**

### **Tk 110cr project to connect 772 unions with broadband**

The cabinet committees on economic affairs and purchase yesterday approved a proposal to buy 8,106-kilometre fibre optic cable from the state-owned Bangladesh Cable Shilpa Ltd of Khulna through direct procurement. The Tk 110.73 crore project titled "Establishment of ICT Network to Remote Areas (Connected Bangladesh)" will be implemented by the Bangladesh Computer Council to bring 772 unions under broadband connectivity. The money will come from the Social Obligation Fund (SOF), which was formed with 1 percent of the total revenue of the mobile operators.

<https://www.thedailystar.net/business/news/tk-110cr-project-connect-772-unions-broadband-1832872>

## **Capital market**

### **BSEC approves Tk 6.0b Islami Bank bond**

The securities regulator has approved a mudaraba redeemable non-convertible subordinated bond worth Tk 6.0 billion in favour of Islami Bank Bangladesh. The tenure of the fully redeemable non-convertible, unsecured, non-listed subordinated bond will be seven years. The fund will be raised to strengthen the bank's Tier-2 capital base. The face value of each unit of the bond will be Tk 10 million.

<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-approves-tk-60b-islami-bank-bond-1574871915>

### **Foreign investor sues Bangladesh securities regulator**

City of London Investment Management (CLIM), a foreign investment firm, has sued the Bangladesh Securities Exchange Commission (BSEC) for allowing closed-end mutual funds to extend their tenure without the consent of majority unitholders. The foreign institutional investor, as a unitholder of the EBL First Mutual Fund, last October, filed a writ petition against the securities regulator for allowing the listed fund to run for an additional 10 years, without the opinion of unitholders as suggested in the mutual fund rules and the fund's prospectus.

<https://tbsnews.net/economy/foreign-investor-sues-bangladesh-securities-regulator>

## Stocks

### Ring Shine to debut on DSE after record date

The trading of shares of Ring Shine Textiles will likely to begin after the record date related with corporate disclosure to avoid possible conflict with securities rules as a recent BSEC directive has imposed circuit breaker on companies' shares from the first trading day. Dhaka Stock Exchange officials said that the BSEC verbally told the bourse to comply with new circuit breaker rules in the case of all companies including Ring Shine.

<http://www.newagebd.net/article/91940/ring-shine-to-debut-on-dse-after-record-date>

---

## 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

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	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