

Bangladesh market snapshot

	Last closing
DSEX Index	4,968.47
% change	0.34%
DS30 Index	1,768.95
% change	0.13%
DSES Index	1,148.52
% change	0.25%
Turnover (BDT mn)	4,117.40
Turnover (USD mn)	49.02
% change	29.30%
Market Capitalization (BDT bn)	3,765
Market Capitalization (USD bn)	44.83
% change	0.39%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	26,970.71
% change	0.61%
Nikkei 225	22,048.24
% change	0.13%
FTSE 100	7,380.02
% change	1.23%

Source: Bloomberg

Exchange rate

Currency	BDT
USD	84.50
EUR	92.49
GBP	104.38
INR	1.19

Source: Bangladesh Bank

Money Market

Date	Call Money Rate Range	Weighted Average (%)
25-Sep-2019	4.50-5.50	5.06
24-Sep-2019	4.50-5.50	5.07

Source: Bangladesh Bank

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	61.91	-1.32%
Gold Spot, USD/t oz	1,497.01	-0.52%
Cotton, USD/lb	60.90	+1.03%

Source: Bloomberg

Economy

EZs to run under EPZ labour law, not Bangladesh labour law

Workers and owners of industrial units under Bangladesh Economic Zones Authority would enjoy their rights according to the Bangladesh EPZ Labour Act, 2019. The employment of workers, relations between workers and employers, determination of minimum rates of wages, payment of wages, compensation for injuries to workers during working hours, and health and safety issues in Export Processing Zones or Economic Zones would be determined as per the EPZ labour act. The order stipulated a provision for the EPZ labour act saying the act would be applicable for the owners and workers of industrial units of country's all Economic Zones under Bangladesh Economic Zones Authority.

<http://www.newagebd.net/article/85993/ezs-to-run-under-epz-labour-law-not-bangladesh-labour-law>

Commercial samples import made tax-free

The customs authority has issued a rule to allow duty-free import of products without insurance and freight charges valued lower than Tk 2,000. The similar facility will be applicable to a product whose import duty is below Tk 2,000. The 'Customs (Deminimis) Rule-2019' will clear the way for the import of samples and other low-cost products under the duty-free facility. Items that have import restrictions will not be covered. But the import of commercial products, irrespective of their price ceilings, will not be entitled to enjoy the facility. Business lobbies, including the European Union Business Forum, have long pushed for such rules to make the import of samples and other low-cost products hassle-free.

<http://today.thefinancialexpress.com.bd/first-page/commercial-samples-import-made-tax-free-1569688795>

Bangladesh in top-20 improvers in doing business 2020: WB

Bangladesh has taken its position in the top-20 improvers in the doing business 2020 as the country has implemented various reform initiatives to make a business-friendly environment, according to the World Bank (WB). As per the multi-donor bank report, available on its website, Bangladesh made it easier for entrepreneurs to start a business, obtain an electrical connection and access credit. Among other initiatives, Bangladesh lowered the name clearance fee for new company registration, abolished digital certification fees and reduced registration fee calculations based on share capital.

<https://www.daily-sun.com/post/426913/Bangladesh-in-top20-improvers-in-doing-business-2020:-WB>

Ministry seeks initial amount of Tk 5.0bn

The jute ministry has requested the finance ministry to create an initial low-cost fund of Tk 5.0 billion out of the proposed Jute Sector Development Fund (JSDF) of Tk 100 billion. It also recommended increasing the cash incentive for jute yarn from existing 7.0 per cent to 12 per cent while for jute finished products (hessian, sacking, CBC)

from 12 per cent to 17 per cent and for diversified jute goods from 20 per cent to 25 per cent. The jute ministry sent the letters to the finance ministry following a meeting with Prime Minister Sheikh Hasina regarding development of the jute sector. The meeting directed creating primarily a fund of Tk 5.0 billion with 2.0 per cent interest rate. It also suggested increasing the JSDF gradually to Tk 100 billion.

<http://today.thefinancialexpress.com.bd/trade-market/ministry-seeks-initial-amount-of-tk-50bn-1569684508>

Sylhet tea industry hamstrung by investment crunch

Tea of Bangladesh is facing multifaceted challenges like inadequate investment, increased price of inputs including fertilisers, underdeveloped infrastructures, lack of irrigation facilities and above all lack of initiatives to introduce better cropping and management for raising per hectare yield. However, the tea sector is a slow growth one mainly due to lack of investment. Many private investors are less interested as the gestation period of tea is 5 to 7 years. Land of over 16 per cent tea estates has already become old and uneconomic, which produce only 482 kg tea per hectare. All these factors are responsible for the declining national average yield of tea.

<http://today.thefinancialexpress.com.bd/country/sylhet-tea-industry-hamstrung-by-investment-crunch-1569683702>

Engineering

Tyre manufacturing awaits a boom with Tk 3,000cr investment

Bangladesh is on the verge of becoming a saturated market in tyre manufacturing by next year with the inclusion of some local and foreign conglomerates in the business. Apex Husain Tyre and Gazi Tyre currently meet 5 percent demand for tyres of big buses and trucks in the country while imports meet the rest. Now Jamuna Group, Meghna Group and CEAT are all set to enter the market with huge investments and produce more tyres than what the country needs. Their entry will help Bangladesh save around Tk 3,000 crore a year that it spends for tyre imports and create employment for over 5,000 people. GPH Ispat and a few other companies are also planning to go for tyre production.

<https://www.thedailystar.net/business/export/news/tyre-manufacturing-awaits-boom-tk-3000cr-investment-1806757>

Telecom

PM to inaugurate commercial services of Bangabandhu-I on October 2

All local television channels would start their full-fledged transmission using the feed of country's first communication satellite Bangabandhu-I on October 2. Prime Minister Sheikh Hasina is scheduled to open formally the commercial services of the satellite to all 34 TV channels on October 2, reports BSS. Currently most of the local TV channels have been running successfully their transmission through the satellite.

<https://thefinancialexpress.com.bd/national/pm-to-inaugurate-commercial-services-of-bangabandhu-i-on-october-2-1569679980>

Capital Market

ICB seeks Tk 1,000cr from BB

The Investment Corporation of Bangladesh has sought Tk 1,000 crore in financial support from Bangladesh Bank on an "emergency basis" to inject liquidity into the ailing capital market as part of its concerted efforts to bring back investor confidence. The largest financial investor in the capital market sent a letter to Governor Fazle Kabir on September 19 seeking his cooperation in the form of either credit or financial support. The government has recently instructed the ICB to provide required support to the market amid the ongoing volatility which has dampened investor confidence.

<https://www.thedailystar.net/business/banking/news/icb-seeks-tk-1000cr-bb-1806754>

Automated system to dissolve customers' complaints

The securities regulator has developed an automated system to dissolve customers' complaints within quickest possible timeframe without imposing any fee. Using the system namely Customer Complaints Address Module (CCAM), the customers will be able to submit their complaints and receive solutions sitting in any part of the world. The Bangladesh Securities and Exchange Commission (BSEC) will launch the CCAM September 30 at the inaugural ceremony of the World Investors Week to be observed in the capital Dhaka.

<http://today.thefinancialexpress.com.bd/stock-corporate/automated-system-to-dissolve-customers-complaints-1569685621>

Stock

ACI to enter maritime, riverine businesses

Advanced Chemical Industries (ACI) Ltd has decided to form a subsidiary company to enter maritime and riverine businesses. The publicly listed conglomerate on Thursday informed, after a board meeting, that the new subsidiary company, ACI Marine and Riverine Technologies Ltd, will get an initial paid-up capital of Tk10 crore. The ACI Ltd will provide 77 percent of the money.

<https://tbsnews.net/economy/trade/aci-enter-maritime-riverine-businesses>

EBL expands its footprint in China

Eastern Bank Ltd (EBL) will open its representative office in Guangzhou in the People's Republic of China on Sunday (September 29) to tap the business opportunities and contribute to the growing China-Bangladeshi trade business. This is the first footprint of any Bangladeshi financial institution in China. Guangzhou office is EBL's third overseas office after Hong Kong and Myanmar. EBL first went abroad to Hong Kong with its finance company- EBL Finance (HK) Limited in 2013.

<https://thefinancialexpress.com.bd/trade/eb1-expands-its-footprint-in-china-1569671429>

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. Sakib Chowdhury, CFA	Deputy head of Research		+880 1798 864 611
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 1721 152 617

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