

Bangladesh market snapshot

	Last closing
DSEX Index	4,481.79
% change	-0.64%
DS30 Index	1,526.45
% change	-1.12%
DSES Index	1,028.71
% change	-0.55%
Turnover (BDT mn)	4,396.19
Turnover (USD mn)	52.34
% change	-5.96%
Market Capitalization (BDT bn)	3,421
Market Capitalization (USD bn)	40.73
% change	-0.72%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	28,734.45
% change	+0.04%
Nikkei 225	23,013.60
% change	-1.56%
FTSE 100	7,483.57
% change	+0.04%

Source: Bloomberg

Exchange rate

Currency	BDT
USD	84.90
EUR	93.59
GBP	110.62
INR	1.19

Source: Bangladesh Bank

Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
28-Jan-2020	4.30-5.50	5.06
27-Jan-2020	4.50-5.50	5.08

Source: Bangladesh Bank

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	59.19	-1.04%
Gold Spot, USD/t oz	1,579.25	+0.15%
Cotton, USD/lb	69.78	-0.40%

Source: Bloomberg

Economy

Government borrowing continued to rise in December

The government's borrowing from the banking system continued to rise in December last year, surpassing its fiscal target, amid huge shortfall in revenue collection. The public sector credit growth rose to 54.28 percent in December last year, exceeding the revised monetary target of 37.7 percent set for the second half of the current fiscal year, according to the Bangladesh Bank data. The aggressive borrowing by government from the banking system mainly contributed to the public sector credit growth.

<https://tbsnews.net/economy/government-borrowing-continued-rise-december-40291>

Govt puts forth Tk 1.0tn investment needs

The government has brought up a US\$1.02 trillion investment requirement for the 8th five-year plan (FYP), which envisages achieving an upper middle income country status by 2031 and a developed nation by 2041. The needs came on the first day of the two-day Bangladesh Development Forum, BDF, which began on Wednesday in Dhaka. Officials let the development partners know that the country would need some \$783.50 billion, or three-quarters of the total requirement, from the private sector alone for implementing the next planning blueprint. And the remaining \$252 billion will be come from the public sector.

<https://today.thefinancialexpress.com.bd/last-page/govt-puts-forth-tk-10tn-investment-needs-1580322405>

<https://tbsnews.net/economy/government-eyes-tk77-trillion-investment-take-gdp-growth-851-40335>

Bangladesh facing \$928bn resource gap to attain SDGs by 2030

Bangladesh is facing a resource gap equivalent to \$928.48 billion to achieve Sustainable Development Goals by 2030 and the government can fill up 35.50 percent of the gap from its own sources, experts said at a discussion on Wednesday. They said an additional 5.59 percent of the gap could be filled up through Public Private Partnership (PPP). The experts and representatives of development agencies emphasised finding out ways to finance the remaining \$546.97 billion from domestic sources through innovation.

<https://tbsnews.net/economy/bangladesh-facing-928bn-resource-gap-attain-sdgs-2030-40357>

Businesses brace for impact of China coronavirus outbreak

Businesses and experts fear that Bangladesh's trade with its largest trading partner China would be affected if the deadly coronavirus outbreak lingers in China. Businesses have said that they are yet to experience any trade disruption with China because of the holiday on the occasion of Chinese New Year celebration that coincides with the virus outbreak in the East Asian country. China is a major import source of Bangladesh from where the country brings almost every kind of products, from needle to capital machinery for industries.

Bangladesh's exports to China have also been rising steadily.

<https://www.newagebd.net/article/98032/businesses-brace-for-impact-of-china-coronavirus-outbreak>

IRD cuts stamp duty on bond deed reg

The Internal Resources Division (IRD) has slashed stamp duty on registration of trust agreements on issuance of all types of bonds, debenture and investment Sukuk (Islamic bond). The investment tools, however, will have to be approved by the Bangladesh Securities and Exchange Commission (BSEC). The stamp duty has been sharply reduced to 0.1 per cent from 2.0 per cent in a bid to make the country's bond market vibrant. However, the amount of stamp duty on the total value of a deed will not exceed Tk 1.0 million.

<https://today.thefinancialexpress.com.bd/last-page/ird-cuts-stamp-duty-on-bond-deed-reg-1580322444>

<https://www.newagebd.net/article/98034/govt-cuts-stamp-duty-on-bond-trust-deed>

Korean firm seeks 700 acres urgently

Korea Industrial Complex Corporation (KICC) is urgently seeking 700 acres of land in Bangabandhu Sheikh Mujib Shilpa Nagar that it intends to start developing from June. It aims to bring in South Korean textile, leather and jewellery manufacturers with an initial investment of \$500 million. Bae-Ho Cho, chief executive officer of the South Korean industrial infrastructure developer, also sought to know by February 15 if the land in Mirsarai can be leased out to them at a lower price. The KICC has already conducted feasibility studies on the land they expect and is ready to make advance payments if necessary to expedite the allotment.

<https://www.thedailystar.net/business/news/korean-firm-seeks-700-acres-urgently-1861036>

Bank and NBFI

Not more than 6pc deposit rate from Feb 1: banks

Bankers have agreed not to offer more than 6 per cent interest rate against their respective deposit products from February 1 as part of their preparations to implement the much-talked-about single digit lending rate from April 1. The bankers reached the agreement at a meeting held in the capital on Tuesday where the majority of the banks' managing directors were present. Unless cost of fund is brought down, the banks will not be able to implement the 9 per cent lending rate from April 1 this year as per an instruction of finance minister AHM Mustafa Kamal, bankers said.

<https://www.newagebd.net/article/98038/not-more-than-6pc-deposit-rate-from-feb-1-banks>

<https://www.dhakatribune.com/business/banks/2020/01/29/6-interest-on-deposits-from-feb-1>

Defaulted industrial loans surge by 24.75pc in one year till Sept

The amount of defaulted loans in the industrial sector increased by 24.75 per cent or Tk 10,795.29 crore as of September 30 last year as most of

the bad loans that had been rescheduled in 2015 under a special loan restructuring facility for the sector became defaulted again. According to BB data, the amount of industrial non-performing loans increased to Tk 54,416.01 crore at the end of September last year from Tk 43,620.72 crore a year ago. Of the total amount, the defaulted loans of large industries stood at Tk 35,025.15 crore, medium industries at Tk 12,062.95 crore and small industries at Tk 7,327.90 crore at the end of September, 2019.

<https://www.newagebd.net/article/98035/defaulted-industrial-loans-surge-by-2475pc-in-one-year-till-sept>

<https://www.dhakatribune.com/business/2020/01/29/industrial-npls-surge-by-tk54-416cr-in-a-year>

BB warns banks of regulatory measures for import payments delay

The Bangladesh Bank on Wednesday warned the scheduled banks of tough regulatory measures unless the import payments were made in due time. Unnecessary delay by several scheduled banks in making payments against import bills has prompted the central bank to issue the warning, said a BB circular issued on Wednesday. The BB also asked the scheduled banks to clear import bills issued by them against letters of credit in due time. The BB also mentioned that the delay in payments against import bills resulted in additional payment burden along with a hike in conformation fees for the Bangladeshi banks in foreign trade.

<https://www.newagebd.net/article/98041/bb-warns-banks-of-regulatory-measures-for-import-payments-delay>

<https://www.thedailystar.net/business/news/make-prompt-lc-payment-or-face-the-music-1861042>

Finance Minister asks Padma Bank to go public

Finance Minister AHM Mustafa Kamal on Tuesday suggested the Padma Bank Ltd to get listed on stock market as the bank has been doing well in recent time overcoming the initial crisis. "As the bank is recovering from its past woes and performing better in recent years, the board of directors can consider taking the bank to the stock market," he said. He made the suggestion while delivering the chief guest's speech at the Annual Business Conference 2020 and 1st anniversary of Padma Bank Ltd, organised by the bank at a hotel in the city.

<https://today.thefinancialexpress.com.bd/stock-corporate/finance-minister-asks-padma-bank-to-go-public-1580320339>

Stock

IBN Sina Pharma to start food, plastic and API businesses

The IBN SINA Pharmaceutical Industry Ltd has plans to invest Tk100 crore to expand into the businesses of food, polymer and Active Pharmaceutical Ingredients (API). The company will also start a business of bio-technology products. Speaking with The Business Standard, IBN SINA Pharma's Chief Financial Officer Md Jasim Uddin said, "We are investing in the three emerging sectors to diversify our business. We are optimistic that the move will bring more profit to the company and shareholders will also get more returns."

<https://tbsnews.net/economy/stock/ibn-sina-pharma-start-food-plastic-and-api-businesses-40173>

Time Magazine lauds Beximco Group as 'leader' in diversifying business in Bangladesh

Time Magazine has lauded Bangladeshi business organisation Beximco Group for diversifying business in a country which is heavily dependent on readymade garment sector. The Time Magazine published an article titled "BEXIMCO GROUP – Leading the way" on January 20.

<https://tbsnews.net/economy/time-magazine-lauds-beximco-group-leader-diversifying-business-bangladesh-40359>

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