

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	24,633.86
% change	+2.21%
Nikkei 225	20,304.16
% change	+2.70%
FTSE 100	6,115.25
% change	+2.63%

Source: Bloomberg

Exchange rate

Currency	BDT
USD	84.95
EUR	91.93
GBP	105.09
INR	1.11

Source: Bangladesh Bank

Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
19-Apr-2020	3.50-5.00	4.71
16-Apr-2020	3.50-5.00	4.74

Source: Bangladesh Bank

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	24.60	+9.14%
Gold Spot, USD/t oz	1,711.92	-0.09%
Cotton, USD/lb	57.28	+0.28%

Source: Bloomberg

Economy

Forex reserve reaches \$33b on lower import

The country's foreign exchange (forex) reserve reached at US\$33 billion-mark on Wednesday following lower import payment pressure on the economy due to the worldwide spread of coronavirus pandemic. The forex reserve stood at around \$33 billion on the day, according to the Bangladesh Bank (BB)'s latest statistics. It was \$32.55 billion on March 24. But the central banker predicted that the reserve would decrease in the first week of May after making a routine payment to the Asian Clearing Union (ACU) against imports during the March-April period.

<https://today.thefinancialexpress.com.bd/last-page/forex-reserve-reaches-33b-on-lower-import-1588182382>

Growth in ADP allocation lowest in nearly a decade

The Covid-19 pandemic is going to take a toll on Bangladesh's development activities for the next fiscal year, as the government has proposed just 1 percent higher outlay than the original allocation for the outgoing year. Moreover, the focus of spending next year will be on health, agriculture and other related sectors that have been affected by the pandemic. The government has proposed an allocation of Tk 205,145 crore for the Annual Development Programme (ADP) for fiscal year 2020-21, which includes strategies for dealing with the coronavirus pandemic. The proposed outlay for the next fiscal year is 1.18 percent higher than the ongoing year's original ADP size, and 5.96 percent higher than the revised budget. The growth in allocation for next ADP is the lowest in nearly a decade. The allocation for fiscal year 2019-20 was 14.66 percent higher than a year ago. The outlay for fiscal 2017-18 was 29 percent higher than in 2016-17.

<https://www.tbsnews.net/economy/growth-adp-allocation-lowest-nearly-decade-75259>

NBR orders partial VAT office opening till May 5

All field-level value-added tax (VAT) offices will work on a limited scale during public holidays until May 05 to keep the revenue collection process uninterrupted. As instructed by the National Board of Revenue (NBR), the VAT offices will keep a close contact with the businesses that remained open during the lockdown. During the period, VAT officials will collect arrears from businesses, examine VAT returns, clear refund applications of businesses and issue VAT registration or business identification number (BIN).

<https://today.thefinancialexpress.com.bd/last-page/nbr-orders-partial-vat-office-opening-till-may-5-1588182242>

Bangladesh to face one of the highest decline in working hours: ILO

Bangladesh is among the countries that are forecast to face the highest decline in working hours in the first half of 2019 as the raging novel coronavirus continues to put economies on lockdown and factories closed, the International Labour Organisation (ILO)

said yesterday. The estimated hours lost for the lower-middle-income countries, which include Bangladesh, were 1.9 per cent in the first quarter of 2020 compared with the pre-crisis baseline. The loss rose to 12.5 per cent in the second quarter, according to the 'ILO Monitor third edition: COVID-19 and the world of work', which was released yesterday. <https://www.thedailystar.net/business/news/bangladesh-face-one-the-highest-decline-working-hours-ilo-1898095>

Bank and NBF

Banks' new headache? Looming bulk credit card charge-offs.

Banks are now bracing for a double hit: transaction volumes diving and delinquencies rising as unemployed and underemployed consumers lose the ability to pay back revolving debt taken on during better times. Since the countrywide movement control order was put in place on March 26, credit card usage has nosedived more than 50 per cent as almost all restaurants and retail points are closed, according to bankers.

<https://www.thedailystar.net/business/news/banks-new-headache-looming-bulk-credit-card-charge-offs-1898110>

Banks call for stretching loan classification deadline to Dec 31

Banks have requested both the finance ministry and the central bank to extend the deadline for loan status classification to December 31 from June 30 as many borrowers are failing to pay installments because of coronavirus-induced losses. The businesses have been hit hard by the ongoing economic fallout, which drastically eroded their capacity to return loans on time. Banks have also urged the central bank to consider establishing a credit risk guarantee scheme for the lenders to protect the loans given under the recently announced stimulus packages.

<https://www.thedailystar.net/business/news/banks-call-stretching-loan-classification-deadline-dec-31-1898083>

Government bank borrowing soars to Tk 57,900cr in 10 months

The government's borrowing from the banks to meet budget deficit increased to Tk 57,929.3 crore as of April 29 this fiscal year due to a dismal revenue collection amid the global coronavirus outbreak. According to the Bangladesh Bank data, the government's outstanding bank borrowing stood at Tk 1,66,025 crore as of April 29 this year from Tk 1,08,095.7 crore on June 30, 2019. In the budget for the fiscal year 2019-2020, the government projected to borrow Tk 47,364 crore from the banking sector. The latest borrowing figure showed that the government's bank borrowing had already exceeded the target by Tk 10,565.3 crore with another critical two months of the fiscal year remaining.

<https://www.newagebd.net/article/105411/government-bank-borrowing-soars-to-tk-57900cr-in-10-months>

Engineering

Coronavirus: Refrigerator, AC sales dip in peak season

Sales of refrigerators and air conditioners (AC) have fallen in unprecedented manner during the peak demand season of the year due to the nationwide shutdown by the government. The summer season typically makes up 40% of the annual sales of similar electronic products, including refrigerators and air conditioners. The biggest fear is a decline in the purchasing power of people, which will have a negative impact on the sector over a broader time-frame.

<https://www.dhakatribune.com/business/2020/04/29/coronavirus-refrigerator-ac-sales-dip-in-peak-season>

Capital Market

BSEC to seek public opinion on draft rules

The securities regulator will fix new timeframe after opening its office to seek public opinion on the draft rules required to issue new TREC (trading right entitlement certificate). At Wednesday's meeting, the securities regulator also approved the draft prospectus of VIPB Balanced Fund. The securities regulator published the draft rules titled Bangladesh Securities and Exchange Commission (Trading Right Entitlement Certificate) Rules, 2020 on March 26 seeking public opinion.

<https://today.thefinancialexpress.com.bd/last-page/bsec-to-seek-public-opinion-on-draft-rules-1588182289>

Stocks

Marico BD's net profit jumps 31 per cent

The board of directors of Marico Bangladesh Ltd has recommended a final 200 per cent cash dividend for the year ended on March 31, 2020. The board recommended the dividend and approved the audited financial statements for the year ended on March 31. The fast-moving consumer goods multinational company declared a total of 950 per cent cash dividend for the year under review, including a 750 per cent interim cash dividend, which has already been paid. The company's net profit rose more than 31 per cent year-on-year to Tk 2.65 billion for the year ended on March 31, 2020. Its net profit was Tk 2.02 billion in 2019. The basic earnings per share stood at Tk 84.01 for the year ended on March 31, 2020 as against Tk 64.23 in the previous year. The company's net asset value per share was Tk 44.05 and net operating cash flow per share was Tk 95.65 for the year ended on March 31, 2020 as against Tk 41.34 and Tk 84.81 respectively in 2019.

<https://today.thefinancialexpress.com.bd/stock-corporate/marico-bds-net-profit-jumps-31-per-cent-1588174508>

IDLC profits pounded by topsy-turvy financial markets

IDLC Finance, a listed non-bank financial institution, took another hit to its profit last year thanks to the bearish stock market and volatile money market. In 2019, its profit dropped 21.65 per cent, or Tk 47 crore, to stand at about Tk 170 crore in. IDLC's net interest income was up 10 per cent from the previous year to Tk 467 crore in 2019. The company's

income from stock market investment tumbled a staggering 82.81 per cent to Tk 46.31 crore. Fee income of the company stood at Tk 85 crore at the end of the year, registering de-growth of 18.35 per cent. It mainly resulted from declines in brokerage fees and fund management fees in the stock market.

<https://www.thedailystar.net/business/news/idlc-profits-pounded-topsy-turvy-financial-markets-1898098>

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
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	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.