

Bangladesh market snapshot

	Last closing
DSEX Index	5,430.05
% change	0.36%
DS30 Index	1,924.91
% change	0.70%
DSES Index	1,245.83
% change	0.31%
Turnover (BDT mn)	5,173.55
Turnover (USD mn)	61.59
% change	19.86%
Market Capitalization (BDT bn)	4,005
Market Capitalization (USD bn)	47.67
% change	0.28%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	26,599.96
% change	0.28%
Nikkei 225	21,275.92
% change	-0.29%
FTSE 100	7,425.63
% change	0.31%

Source: Bloomberg

Exchange rate

Currency	BDT
USD	84.57
EUR	96.32
GBP	107.36
INR	1.23

Source: Bangladesh Bank

Money Market

Date	Call Money Rate Range	Weighted Average (%)
26-June-2019	3.75-5.00	4.53
25-June-2019	3.75-5.00	4.56

Source: Bangladesh Bank

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	64.74	-1.42%
Gold Spot, USD/t oz	1,409.55	-0.02%
Cotton, USD/lb	66.08	-0.02%

Source: Bloomberg

Economy

Parliament okays finance bill

Parliament approved on Saturday the finance bill-2019 with amendments made by lawmakers and suggestions from businesses. From now on, the ratio of stock dividend and cash dividend will be same and if the stock dividend becomes higher than the cash dividend then 10 per cent tax shall be payable on the full amount. Listed companies can transfer up to 70 per cent of their net profits as reserve or surplus. They will have to pay a 10 per cent dividend on the remaining 30 per cent. If any company fails to do so then 10 per cent tax shall be payable each year.

<http://today.thefinancialexpress.com.bd/first-page/parliament-okays-finance-bill-1561825736>

Black Money Whitening: No scope to invest in land

Parliament yesterday passed the tax measures for fiscal 2019-20, scrapping the opportunity to invest black money to buy land. However, the scope for investing black money in construction, in special economic zones, Hi-Tech parks as well as for buying residential buildings or apartments will remain as proposed.

<https://www.thedailystar.net/frontpage/black-money-whitening-no-scope-invest-land-1764376>

EPB proposes \$44.40b export target for FY '20

The Export Promotion Bureau (EPB) has proposed setting a US\$ 44.40 billion export target for fiscal year (FY) 2019-20. More than 84 per cent or \$37.42 billion of the proposed export earnings is expected to come from the readymade garment (RMG) sector. The EPB has also projected an additional \$6.60 billion in earnings from the services export, raising the next FY's aggregate target to \$51.0 billion.

<http://today.thefinancialexpress.com.bd/first-page/epb-proposes-4440b-export-target-for-fy-20-1561825940>

No plan to import salt this yr

The government has no plan to import salt this year, especially ahead of Eid-ul-Azha, as the country has a stock of around 1.0 million tonnes of the essential item. The government only considers importing salt in the event of acute shortage of the item. Over 1.8 million tonnes of salt was produced in the last season against the target of 1.7 million tonnes set by the BSCIC against the domestic demand for over 1.65 million tonnes.

<http://today.thefinancialexpress.com.bd/trade-market/no-plan-to-import-salt-this-yr-1561823437>

Bank & NBFIs

Islami Bank's default loans double in three months

Despite rescheduling huge amount of loans, the default loans of Islami Bank Bangladesh Ltd (IBBL) more than doubled to Tk 6,916 crore between the months of January and March, raising concerns about the financial health of the country's biggest private bank. In

2018, the bank rescheduled default loans worth Tk 4,813 crore -- the highest among all banks -- 55 percent more than it did a year earlier, according to data from the central bank.

<https://www.thedailystar.net/business/news/islami-banks-default-loans-double-three-months-1764481>

PM again calls for single-digit bank rate

Prime minister Sheikh Hasina on Saturday once again instructed the authorities concerned to take effective measures to bring down the interest rate of bank loan to single digit to boost industrialisation in the country.

<http://www.newagebd.net/article/76967/pm-again-calls-for-single-digit-bank-rate>

Fuel & Power

US-Norwegian JV to start survey this winter

State-run Petrobangla eyes initiating the long-awaited offshore seismic survey to assess the hydrocarbon reserves in the Bay of Bengal in the coming winter. The JV firm is expected to survey 22 offshore hydrocarbon blocks within the sovereign territory of Bangladesh. The blocks cover 81,000-square kilometres having depth ranging from 20 metres to 2,500 metres in the Bay.

<http://today.thefinancialexpress.com.bd/first-page/us-norwegian-jv-to-start-survey-this-winter-1561825898>

Capital Market

DSE seeks time extension from BSEC

The country's premier bourse has sought time extension from the securities regulator for listing of Coppertech Industries as the Financial Reporting Council (FRC) is yet to complete its report on the company's financial statement. The time frame for listing of Coppertech Industries ended on June 23 last.

<http://today.thefinancialexpress.com.bd/stock-corporate/dse-seeks-time-extension-from-bsec-1561821890>

Stocks

Five cement factories near Sundarbans get clearance

Five air-polluting cement factories located within the ecologically critical area of the Sundarbans Reserve Forest have been given environmental clearance. The factories are Meghna Cement Mills Ltd, Bashundhara Cement Mills Ltd, Mongla Cement Mills Ltd, Dubai-Bangla Cement Mills Ltd, and Holcim (Bangladesh) Ltd.

<http://today.thefinancialexpress.com.bd/last-page/five-cement-factories-near-sundarbans-get-clearance-1561826227>

Beach Hatchery to set up plant for koral farming

The farming of a sea bass variety—popularly known as koral or vetki—is set to begin in Bangladesh as Beach Hatchery Ltd plans to establish a Tk 250 crore plant to grow the fish locally. The local company will establish the farm on 24 bighas of land in Teknaf. The plant will have a capacity to grow 2,400 tonnes of the fish annually. Initially, it will produce 1,200 tonnes.

<https://www.thedailystar.net/business/news/beach-hatchery-set-plant-koral-farming-1764484>

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
Anika Mafiz	Research Associate	anika.mafiz@ucb.com.bd	+880 1701 205 006
Md Zarif Ibne Arif	Research Associate	zarif.arif@ucb.com.bd	+880 1701 205 072
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