

## Bangladesh market snapshot

	Last closing
DSEX Index	4,821.65
% change	+2.34%
DS30 Index	1,704.12
% change	+2.05%
DSES Index	1,109.67
% change	+2.58%
Turnover (BDT mn)	3,280.55
Turnover (USD mn)	39.05
% change	0.57%
Market Capitalization	3,636
Market Capitalization (USD bn)	43.28
% change	+2.18%

Source: Dhaka Stock Exchange

## International market snapshot

	Last closing
Dow Jones Industrial Average	27,024.80
% change	0.89%
Nikkei 225	22,545.74
% change	1.52%
FTSE 100	7,211.64
% change	-0.03%

Source: Bloomberg

## Exchange rate

Currency	BDT
USD	84.55
EUR	93.26
GBP	107.84
INR	1.18

Source: Bangladesh Bank

## Money Market

Date	Call Money Rate Range (%)	Weighted Average (%)
14-Oct-2019	3.00-5.50	4.61
13-Oct-2019	2.90-5.50	4.38

Source: Bangladesh Bank

## Commodities

	Price	% Change
Brent Crude (Oil),	58.92	0.14%
Gold Spot, USD/t oz	1,483.18	+2.17%
Cotton, USD/lb	63.18	-0.35%

Source: Bloomberg

## Economy

### IMF projects 7.8pc growth

The International Monetary Fund (IMF) has forecasted a 7.8 per cent economic growth for Bangladesh in 2019. The October 2019 version of the World Economic Outlook (WEO), released on Tuesday morning in Washington DC, unveiled the projection. The title of the outlook is 'Global Manufacturing Downturn, Rising Trade Barriers.' The IMF also projected that the gross domestic product (GDP) growth of Bangladesh will be slower, at the rate of 7.4 per cent and 7.3 per cent in 2020 and 2024 respectively. Bangladesh estimates annual GDP growth on the basis of its financial year (July-June). The Washington-based global monetary watchdog, however, projects the GDP growth on calendar year basis.

<http://today.thefinancialexpress.com.bd/first-page/imf-projects-78pc-growth-1571164058>

### Inflation hits 9-month high

Inflation edged up five basis points to 5.54 percent in September, the highest in nine months, driven mainly by spiraling prices of food and non-food items. The last month's rate was higher than 5.49 percent recorded in August this year and 5.43 percent in September last year, according to data from state-run Bangladesh Bureau of Statistics (BBS). Food and non-food inflation drove up the overall inflation in the month. Food inflation rose by three basis points to 5.30 percent from 5.27 percent a month ago, while non-food surged 10 basis points to 5.92 percent from 5.82 percent. In September, the prices of onion, ginger, dried chili, vegetables, fish, and broiler chicken went up compared to a month ago, the BBS said in an analysis.

<https://www.thedailystar.net/business/news/inflation-hits-9-month-high-1814359>

### FDI jumps 50.71pc to \$3.89b in FY'19

The net inflow of foreign direct investment (FDI) in Bangladesh increased by 50.71 per cent in the last fiscal year (FY'19), according to the latest statistics released by the central bank on Tuesday. It showed that net FDI stood at \$3.89 billion in FY'19 from \$2.58 billion in FY'18. Robust inflow of FDI helped ease some pressure on the country's balance of payments (BoP) in the past fiscal year. Nevertheless, the inflow of FDI was still well below the projection made in the Seventh Five-Year Plan (7th FYP). The 7th FYP projected that net inflow of FDI would be \$7.44 billion in FY'19. The gap between the projected and actual value of FDI stood at \$3.55 billion in the past fiscal year.

<http://today.thefinancialexpress.com.bd/last-page/fdi-jumps-5071pc-to-389b-in-fy19-1571164258>

### ADP spending in July-Sept lowest in 4yrs

The rate of annual development programme implementation declined to 8.06 per cent in the first quarter (July-September) of the current fiscal year 2019-2020, according to the Implementation Monitoring

and Evaluation Division data. The government development budget implementing agencies including ministries and divisions implemented 8.25 per cent of the total allocation in July-September of last fiscal year 2018-19. Progress in ADP implementation was 10.21 per cent in the first quarter of FY18 and 8.75 per cent in the first quarter of FY17. Planning minister MA Mannan on Tuesday revealed the data at a press briefing held after the weekly ECNEC meeting at the NEC auditorium in Dhaka.

<http://www.newagebd.net/article/87776/adp-spending-in-july-sept-lowest-in-4yrs>

#### **Infrastructure fund opposed**

The Ministry of Finance (MoF) has opposed forming the proposed national infrastructure fund and suggested enhancing the lending capacity of two state-run financiers instead to fund public-private partnership projects, officials said. The MoF has decided to provide Tk 20 billion from the public exchequer to the state-owned Bangladesh Infrastructure Finance Fund Limited (BIFFL) and the Infrastructure Development Company Limited (IDCOL) for the purpose of funding projects under public-private partnership (PPP) modality. The development came about as the PPP office has recently sought the finance ministry's opinion on a draft concept paper of the proposed \$500 million national infrastructure fund.

<http://today.thefinancialexpress.com.bd/first-page/infrastructure-fund-opposed-1571163768>

#### **Capital Market**

##### **Stocks bounce back but worries remain**

Dhaka stocks bounced back yesterday thanks to the announcement of the Investment Corporation of Bangladesh (ICB) to provide support to the market. On Monday, ICB declared that it would start buying shares with Tk 200 crore it has at present and with another Tk 800 crore that it will get from four state-run banks through issuing bonds. Some investors stopped selling shares yesterday amid a buying spree, which jacked up the premier bourse's benchmark index by 2.34 percent or 110.37 points. Despite the gain in the index, the general investors took part in an agitation programme in front of Dhaka Stock Exchange's building yesterday, as they believe the rise would not persist. The protesters also demanded resignation of some top officials of Bangladesh Securities and Exchange Commission (BSEC).

<https://www.thedailystar.net/business/news/stocks-bounce-back-worries-remain-1814362>

##### **DSEX depressed despite soaring profits of firms**

The DSEX, the benchmark index of the Dhaka Stock Exchange, is refusing to pick up even though the profits of the listed companies continued to soar in the last five years. Overall, the listed companies logged a profit of Tk 21,457 crore in 2013 and it soared 10.26 percent the following year, according to data from the DSE. In the successive three years their profits rose 6.78 percent, 7.06 percent and 2.88 percent respectively. In 2018, their profits amounted to Tk 29,847 crore.

And yet, the market remains bearish most of the time, fanning frustration among investors. For instance, on Monday, the DSEX plunged to 4,711, a three-year low.

<https://www.thedailystar.net/business/news/dsex-depressed-despite-soaring-profits-firms-1814350>

## Stock

### **National Polymer to issue right shares at Tk5 premium**

National Polymer Industries Ltd, a company listed in the share market, will issue right shares at TK15 including a premium of Tk5 per share. The company's shareholders approved the matter at an extraordinary general meeting (EGM) held on Tuesday. Earlier, the company had recommended issuing right shares at 1R:1, which means one right share issued against one ordinary share. It had proposed Tk20 as the price of each right share including a premium of Tk10 per share. The company wanted to raise Tk60 crore as paid-up capital by issuing these shares. But the shareholders approved Tk15 as the right share's issue value, which means that National Polymer will raise Tk45 crore instead of the anticipated Tk60 crore, said company officials.

<https://www.tbsnews.net/economy/national-polymer-issue-right-shares-tk5-premium>

## 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

<b>Rajib Kumar Das</b>	<b>Head of Research</b>	<b>rajib.das@ucb.com.bd</b>	<b>+880 1730 797 728</b>
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

<b>Sonchoy Saha, CFA</b>	<b>Head of Institutional Sales</b>	<b>sonchoy.kumer@ucb.com.bd</b>	<b>+880 1755 615 313</b>
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