

Bangladesh market snapshot

	Last closing
DSEX Index	6,247.57
% change	0.05%
DS30 Index	2,113.52
% change	-0.03%
DSES Index	1,359.05
% change	0.13%
Turnover (BDT mn)	4,600.02
Turnover (USD mn)	43.40
% change	-6.46%
Market Capitalization (BDT bn)	7,731
Market Capitalization (USD bn)	72.93
% change	0.02%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	36,124.56
% change	-0.22%
Nikkei 225	33,339.26
% change	+1.72%
FTSE 100	7,489.84
% change	-0.31%

Source: Bloomberg

Exchange rate

	Low (BDT)	High (BDT)
USD	110.25	110.25
EUR	119.47	119.48
GBP	139.27	139.29
INR	1.32	1.32

Source: BB

Money market

Date	Call Money Rate	Weighted Average (%)
05-Dec-2023	7.75-9.25	8.57
04-Dec-2023	7.50-9.25	8.54

Source: BB

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl.	77.29	+0.12%
Gold Spot, USD/t oz.	2,022.08	+0.13%
Cotton, USD/lb.	80.09	+0.51%

Source: Bloomberg

Macro

Interest on lending surges to 11.47% in December

Since the Bangladesh Bank recently raised the benchmark rate, known as Six-Month Moving Average Rate of Treasury Bill or Smart, the interest rate against borrowing from banks has already surged to 11.47%. In July and August the interest rates were 7.10% and 7.14% respectively.

<https://www.dhakatribune.com/business/banks/332972/interest-on-lending-surges-to-11.47%25-in-december>

Dollar pressure rises as short-term foreign debt drops \$300m in October

According to the central bank, the short-term private sector foreign debt stood at \$12.13 billion at the end of October. It was \$12.43 billion at the end of September. More than 8.5% interest has to be paid for these short-term foreign loans. In 2020, it was below 1%.

<https://www.tbsnews.net/economy/dollar-pressure-rises-short-term-foreign-debt-drops-300m-october-751778>

Govt likely to retreat from its quest for higher growth

The fiscal coordination council under the finance ministry may revise the ambitious GDP and inflation targets that were fixed in the national budget in June, considering the existing economic trend. The council will meet tomorrow. A GDP growth goal of 7.5 % and an inflation target of 6 % were set for FY24.

<https://www.thedailystar.net/business/news/govt-likely-retreat-its-quest-higher-growth-3486816>

NBR exempts withholding tax on interest payment of foreign loan

The National Board of Revenue (NBR) has provided exemption to the withholding tax on the interest earnings of foreign lenders who are lending to local firms for three months. The development comes after the Foreign Investors' Chamber of Commerce & Industry (FICCI) urged the NBR to withdraw the 20 % withholding tax imposed from FY24.

<https://www.thedailystar.net/business/tax-and-customs/news/nbr-exempts-withholding-tax-interest-payment-foreign-loan-3486796>

Bank and NBF

Bank deposits surge on higher interest, lower investment

Central bank data for October 2023 reveal a nearly 10% increase in bank deposits, totalling Tk12,852 crore. Of this, Tk7,562 crore originated from outside the banking system. As a result, the overall deposits in banks reached Tk16.36 lakh crore in October, up from Tk16.23 lakh crore in September.

<https://www.tbsnews.net/economy/banking/bank-deposits-surge-higher-interest-lower-investment-752394>

Liquidity crisis in 5 Shariah-based banks worsens

According to a Bangladesh Bank report, the five banks — Islami Bank Bangladesh, Social Islami Bank, First Security Islami Bank, Global Islami Bank and Union Bank — reported negative excess liquidity figures of Tk 658 crore, Tk 1,059 crore, Tk 826 crore, Tk 483 crore and Tk 465 crore respectively by the end of September 2023.

<https://www.newagebd.net/article/219512/liquidity-crisis-in-5-shariah-based-banks-worsens>

Banks borrow Tk 15,120cr from BB in a day

Commercial banks have continued to borrow from the Bangladesh Bank to meet their liquidity shortages despite a hike in the policy rate. In an auction on Monday, 38 banks and 2 NBFIs took Tk 15,120 crore from the central bank through the repo and the liquidity support facilities. Around half of the 61 banks in Bangladesh borrowed around Tk 15,000 crore from the central bank on Tuesday.

<https://www.thedailystar.net/business/economy/banks/news/banks-borrow-tk-15120cr-bb-day-3486596>

Agent banking outlets post high lending, deposit figures

Lending through banks' agent banking outlets soared by about 60% against deposit growth of 15% in July-September compared with that in the same period in the previous year. Volume of total loans increased by 8.82% in September over the previous quarter.

<https://www.dhakatribune.com/business/333047/agent-banking-outlets-post-high-lending-deposit>

Stock

59 DSE stocks face downgrade to junk category

Fifty-nine companies listed on the Dhaka Stock Exchange (DSE) may be downgraded to "Z" or junk category for non-payment of dividends and failure to hold annual general meetings despite the end of the financial year.

<https://www.tbsnews.net/economy/stocks/59-dse-stocks-face-downgrade-junk-category-751754>

MJL Bangladesh plans to buy LPG tanker for Tk 350cr

MJL Bangladesh PLC plans to invest \$32.5 million, or Tk 350 crore, to purchase a newly-built tanker and provide rental services to private liquefied petroleum gas (LPG) companies. The 11,000 cubic meters tanker is expected to be delivered by the shipbuilder by 2026.

<https://www.thedailystar.net/business/news/mjl-bangladesh-plans-buy-lpg-tanker-tk-350cr-3486451>

Square Pharma directors buying shares

Three sponsors of Square Pharmaceuticals PLC have announced to buy 30 lakh shares of the drug company, a move that is expected to boost the confidence of general investors in the bearish stock market.

<https://www.thedailystar.net/business/news/square-pharma-directors-buying-shares-3486781>

Web Coats to raise Tk 50m, get listed on SME platform

The stock market regulator has given its permission to Web Coats PLC to raise Tk 50 million through a qualified investors offer (QIO). The company will utilise the QIO proceeds for procurement of machinery (Tk 22.25 million), as working capital (Tk 10.78 million), and for loan repayment (Tk 14.27 million).

<https://today.thefinancialexpress.com.bd/stock-corporate/web-coats-to-raise-tk-50m-get-listed-on-sme-platform-1701796517>

Imam Button to enter the shoe market

Imam Button Industries Ltd has decided to set up a shoe-making unit in its factory premises in Chattogram. The project to set up a leather unit has a total cost of Tk11.55 crore. The production capacity will be 1.6 lakh pairs per annum and the expected profit will be Tk2 crore per year.

<https://www.tbsnews.net/economy/stocks/imam-button-enter-shoe-market-752350>

Fuel and Power

BD-China Power Company risks getting defaulter tag

Recurrent loan-repayment failure prompts the Export-Import Bank of China to contemplate flagging a joint-venture Bangladeshi power company as defaulter. The alert came as Bangladesh-China Power Co (Pvt) Ltd made repeated delays in loan repayment. The size of the 6th instalment of the loan is US\$140.892 million of which \$52.447 million remained unpaid.

<https://today.thefinancialexpress.com.bd/first-page/bd-china-power-company-risks-getting-defaulter-tag-1701798131>

Bestseller, H&M to invest in offshore wind power

Two global apparel brands -Bestseller and H&M- will invest in an offshore wind-power project in Bangladesh to contribute to catering the country's electricity needs. The wind project would have an approximate capacity of 500 megawatts, making it the first utility-scale offshore wind firm off the coast of Cox's Bazar.

<https://today.thefinancialexpress.com.bd/first-page/bestseller-hm-to-invest-in-offshore-wind-power-1701798171>

Disclaimer

For U.S. persons only: This research report is a product of UCB Stock Brokerage Ltd. ("UCB"), a company authorized to engage in securities activities in Bangladesh, under Marco Polo Securities 15a-6 chaperone service, 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.

Research reports are intended for distribution by 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 has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be affected through Marco Polo or another U.S. registered broker dealer.

Past performance is not necessarily a guide to future performance and no representation or warranty, express or implied, is made by UCB Stock Brokerage Limited (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 % 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 -5% and +15%
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

Md. Hasib Reza, CFA	Head of Research	hasib.reza@ucbstock.com.bd	+880 1755 658 997
Md. Sakib Chowdhury, CFA	Deputy Head of Research	sakib.chowdhury@ucbstock.com.bd	+880 1713 205 698
Md. Nazmus Sakib	Research Associate	nazmus.sakib@ucbstock.com.bd	+880 1701 205 073
Anik Mahmood Ibne Anwar, CFA	Research Associate	anik.mahmood@ucbstock.com.bd	+880 1701 205 074
Faiza Kamal	Research Associate	faiza.kamal@ucbstock.com.bd	+880 1325 086 707

Investment Strategist

Syed Adnan Huda, CFA	First Vice President	adnan@ucbstock.com.bd	+880 1730 325 232
----------------------	----------------------	-----------------------	-------------------

Institutional & Foreign Trade

Tahmidur Rahman	First Assistant Vice President	rahman.tahmidur@ucbstock.com.bd	+880 1726 995 520
-----------------	--------------------------------	---------------------------------	-------------------

Office Premises

Head Office

Gulshan

Bulus Center

+880 2955 8481

Extensions of Head Office

Dilkusha +880 1701 205 090	Dilkusha (NIK Tower) +880 1701 205 000	Dhanmondi +880 1721 495 499	Nikunja +880 1701 205 013	Mohammadpur +880 1324 243 212
Bashundhara +880 1718 106 217	Mirpur-1 +880 1713 205 723	Mirpur-12 +880 1911 197 188	Banasree +880 1701 205 075	Uttara +880 1913 128 156

Branch Offices

Chattogram +880 1701 205 038	Sylhet +880 1713 205 760
--	------------------------------------

Digital Booths

Khulna +880 1717 411 466	Barishal +880 1713 205 762	Cumilla +880 1324 243 163	Jashore +880 1324 243 203	Gazipur +880 1324 243 165
Feni +880 1324 243 210	Khatungonj +880 1713 205 742	Chawkbazar +880 1817 206 965	Madhobdi +880 1324 243 156	
	Narayangonj +880 1324 243 207	Agrabad +880 1324 243 198		