

## Key News

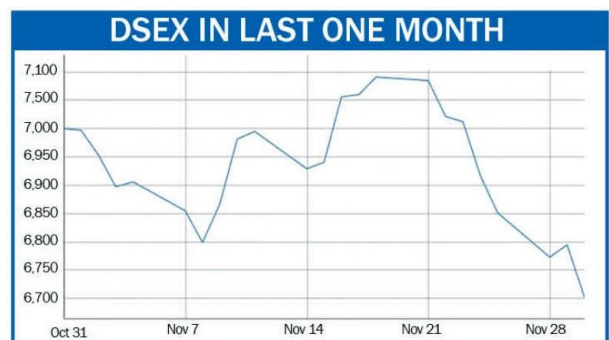
- ✓ [Stocks plunge amid worries](#)
- ✓ [BB, BSEC defer decision on capital market fund dispute](#)
- ✓ [BSEC okays Premier Bank's Tk 200cr perpetual bond](#)
- ✓ [BSEC approves Ekush Growth Fund](#)
- ✓ [Sea Pearl hotel to operate La Villa Western](#)
- ✓ [Paramount Textile to invest \\$85.45m for business expansion](#)
- ✓ [The curious case of ONE Bank's soaring shares](#)
- ✓ [BB, BSEC to hold further discussions on resolving legal contradictions](#)
- ✓ [BB decides not to mop up funds](#)
- ✓ [Private sector credit growth sees big lift in October](#)
- ✓ [Eurozone inflation soars to highest rate on record](#)

## Stock Market & Company

### Stocks plunge amid worries

Newage, November 30, 2021

- Dhaka stocks plunged on Tuesday after a slight gain in the previous session as investors unnerved by the recent downward trend on the market continued selling shares to avoid further losses.
- DSEX, the key index of the Dhaka Stock Exchange, dropped by 1.35 per cent, or 92.25 points, to close at 6,703.25 points on Tuesday after gaining 21.61 points in the previous session.
- Tuesday's index was the lowest after August 12 when it was at 6,699.39 points. The DSEX lost 388.83 points in the last eight sessions with just one positive session.
- The DS30 decreased by 1.99 per cent, or 51.10 points, to close at 2,516.28 points on Tuesday. Among the prominent companies, share prices of BEXIMCO, Beximco Pharmaceuticals, Grameenphone, LafargeHolcim Bangladesh and Square Pharmaceuticals plunged on Tuesday.
- Turnover on the DSE increased to Tk 1,146.87 crore on Tuesday from Tk 708.18 crore in the previous session. The state-run Bangladesh Services Limited declared no dividend for the year ended on June 30, 2021. The company has also reported loss per share of Tk 18.47 for the year ended on June 30, 2021 as against loss of Tk 4.73 in the previous year.
- Of the 362 scrips traded on the DSE on Tuesday, 266 declined, 65 advanced and 40 remained unchanged. Shariah index DSES shed 1.76 per cent, or 25.32 points, to settle at 1,405.55 points.



- One Bank led the turnover chart with shares worth Tk 189.94 crore changing hands on the day. BEXIMCO, Beximco Pharmaceuticals, IFIC Bank, Paramount Textiles, Square Pharmaceuticals, Orion Pharmaceuticals, British American Tobacco, Genex Infosys and Fortune Shoes were the other turnover leaders on the day.

<https://www.newagebd.net/article/156131/stocks-plunge-amid-worries>

## BB, BSEC defer decision on capital market fund dispute

The Financial Express, December 01, 2021

- A high-voltage meeting Tuesday between two regulators on the capital market agreed on bourse-boosting measures but deferred a decision on two pivotal issues of capital market stabilisation fund (CMSF) and dividend disbursement by losing banks and non-banks.
- Officials said the Bangladesh Bank and the Bangladesh Securities and Exchange Commission expressed their solidarity to work jointly for resolving any complex issues through discussion for ensuring sustainable development of the country's capital market.
- The consensus came at the joint meeting between high officials of both the central bank and the securities regulator at the BB headquarters in Dhaka, in the wake of some major problems confronting the capital market.
- Deputy Governor of the BB AKM Sajedur Rahman Khan presided. Shaikh Shamsuddin Ahmed, a commissioner of the BSEC, led its three-member team at the crucial meet.
- Complexities surrounding the capital market stabilisation fund (CMSF) and disbursement of dividend despite cumulative loss by banks and non-banking financial institutions (NBFIs) were on top of discussions at the meeting.
- The BB believes the rules on CMSF, issued by the BSEC through a gazette notification on June 27, are directly contradictory with the existing Banking Company Act. The securities regulator had issued rules for the CMSF aiming to facilitate the country's stock market alongside settling investors' claims on undistributed or unsettled dividends.
- Besides, various issues like capital-market-exposure-calculation process, general bonds and perpetual bonds also came up prominently for discussion at the amity meet.
- The BSEC commissioner said the central bank agreed in principle on some of the proposals made by the securities regulator. The proposals he listed include keeping banks' investments in bond out of the purview of exposure limit.

### Two regulators agree on bourse-boosting measures

- Agreement on amendment to notifications on compliance issues
- BB earlier blocked use of CMSF by banks, NBFIs in stock investment
- BSEC plea for deducting investments in bonds out of banks' exposure limit



<https://thefinancialexpress.com.bd/stock/bb-bsec-defer-decision-on-capital-market-fund-dispute-1638325597>

## BSEC okays Premier Bank's Tk 200cr perpetual bond

Newage, November 30, 2021

- The Bangladesh Securities and Exchange Commission on Tuesday allowed Premier Bank Limited to float a perpetual bond worth Tk 200 crore, including Tk 20 crore in a public offer. The capital market regulator gave the approval at a commission meeting presided over by its chairman Shibli Rubayat-UI-Islam.
- As per the BSEC approval, Premier Bank will float an unsecured, non-cumulative, contingent-convertible, Basel-III compliant perpetual bond. The face value of each unit of the bond will be Tk 5,000. The coupon rate of the bond is 6 per cent to 10 per cent.
- Out of the Tk 200 crore, the bank will issue bond units worth Tk 180 crore through private placement and Tk 20 crore through a public offer. The bank will strengthen additional tier-1 capital base through issuing the bond. MTB Capital Limited acts as trustee and UCB Investment Limited acts as issue manager, arranger and underwriter of the bond.

<https://www.newagebd.net/article/156130/bsec-okays-premier-banks-tk-200cr-perpetual-bond>

## BSEC approves Ekush Growth Fund

The Daily Star, November 30, 2021

- The stock market regulator has approved an open-ended mutual fund named Ekush Growth Fund. The approval came in a meeting of Bangladesh Securities and Exchange Commission (BSEC) today at the commission building in the capital.
- Mutual funds pool money from investors to channel it into securities such as stocks, bonds, and other assets. Depending on the profits earned, investors are then paid their share as dividends.
- The Ekush Growth fund was approved on the condition to increase in its primary target to Tk 25 crore from the previous plans of Tk 10 crore. The mutual fund would be managed by Ekush Wealth Management. Its trustee and custodian is Sandhani Life Insurance and Brac Bank respectively.

<https://www.thedailystar.net/business/news/bsec-approves-ekush-growth-fund-2906541>

## Sea Pearl hotel to operate La Villa Western

The Daily Star, December 01, 2021

- Sea Pearl hotel, owner of Royal Tulip Sea Pearl Beach Resort & Spa in Cox's Bazar, is going to operate a hotel in Dhaka on a rental basis. The listed company yesterday announced that its board had decided to run the La Villa Western situated at the Baridhara diplomatic zone in Dhaka.
- The eight-storey La Villa Western hotel has a floor space of approximately 15,000 square feet. It has 26 rooms and two restaurants. The estimated cost for renovation and other expenditures of the hotel will be around Tk 1.5 crore, according to a disclosure on the website of the Dhaka Stock Exchange (DSE).
- The operation of the new hotel will contribute an additional estimated yearly revenue of around Tk 4 crore to Sea Pearl. Shares of Sea Pearl Beach closed 0.95 per cent lower at Tk 41.60 on the DSE yesterday.

<https://www.thedailystar.net/business/economy/stock/news/sea-pearl-hotel-operate-la-villa-western-2906961>

## Paramount Textile to invest \$85.45m for business expansion

The Business Standard, November 30, 2021

- Paramount Textile Limited, a sister concern of Paramount Group, will invest \$85.45 million to enhance its production capacity. The company wants to invest \$70.45 million for BMRE (Balancing, Modernisation, Rehabilitation, and Expansion), and \$15 million to set up a new fabrics unit.
- Foreign term loans will be the source of the fund. The company will receive this instalments as the work progresses.
- In November 2020, Paramount Textile decided to invest in a 30MW (AC) grid-tied solar PV power plant in Intraco Solar Power Limited (ISPL). The company was supposed to purchase 80% shares of ISPL owned by Intraco CNG Ltd.
- Earlier, the company invested in a 200MW heavy-speed diesel-based power plant at Baghabari in Sirajganj. Paramount Textile recommended a 20% cash dividend for the fiscal year 2020-21.
- During the period, the net profit of the company was Tk66.19 crore and its earnings per share (EPS) was Tk4.27.
- From July to September of the current fiscal, the company made a revenue of Tk136.33 crore and a net profit of Tk23.66 crore. During the period, its EPS stood at Tk1.53 and net asset value per share Tk28.67.
- As of 31 October 2021, the sponsors and directors jointly held 60.95%, institutions 8.65%, foreign investors 4.09%, and the general public held shares in the company. The last trading price of each share of the company at the Dhaka Exchange was Tk94.70 on Tuesday.

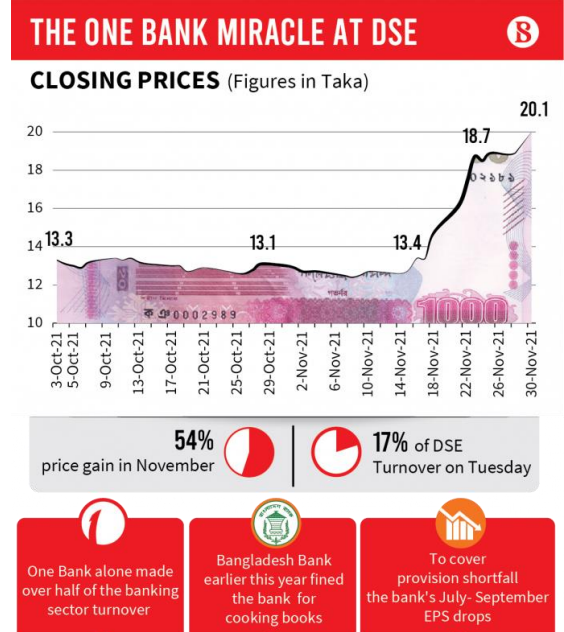


<https://www.tbsnews.net/economy/stocks/paramount-textile-invest-8545m-business-expansion-337021>

## The curious case of ONE Bank's soaring shares

The Business Standard, November 30, 2021

- It was ONE Bank's day all along. On Tuesday's falling market, the bank alone grabbed more than half the day's total turnover of banks amounting to Tk376 crore at Dhaka Stock Exchange (DSE). The high demand for ONE Bank share went up after its price had soared to Tk19 from less than Tk13 only 10 working days ago.
- Rational investors are now very curious about how the bank's shares gained 54% in November, while all other banking stocks were struggling to survive the market selloff.
- ONE Bank appears to be an even more curious case owing to its recent fundamental backgrounds of having been penalised by the Bangladesh Bank for cooking the books and paying cash dividends to owners, defying the central bank rules. Later, the bank posted a drop in quarterly profits as the central bank compelled it to cover the provision shortfall.
- The bank's non-performing loans ratio also soared to over 9% to make it one of the highest among its peer banks, according to the central bank report at the end of September.
- The bank was trying to inflate its earnings over 2020 and the first half of 2021 by not provisioning enough against the non-performing loans.
- But as the central bank compelled it to correct the statements, it covered the provision shortfall in the July-September quarter, almost halving the bank's solo quarterly earnings year-on-year and dragging down its consolidated quarterly earnings to lower than in the July-September period of 2020.



<https://www.tbsnews.net/economy/stocks/curious-case-one-banks-soaring-shares-336988>

## BB, BSEC to hold further discussions on resolving legal contradictions

Newage, November 30, 2021

- The Bangladesh Bank and the Bangladesh Securities and Exchange Commission on Tuesday decided to hold further discussions on resolving contradictions in the rules and regulations of the Capital Market Stabilisation Fund with the banking rules.
- BB officials confirmed the matter after a meeting held between the two regulatory bodies at the BB headquarters on the day. BB deputy governor AKM Sajedur Rahman Khan and BSEC commissioner Shaikh Shamsuddin Ahmed headed the respective teams at the meeting.
- On July 6, the BSEC issued a letter to all asset management companies, stockbrokers, merchant banks, and listed companies, including companies operating on the over-the-counter market, to transfer amounts held against unclaimed, undistributed or unsettled dividends or non-refunded public subscription money in cash or others, including accrued interest, thereon for a period of three years from the date of declaration or approval or record date to the CMSF.
- 'We have discussed different capital market related issues, including those related to the CMSF, and the scope of issuing dividends by listed companies despite having accumulated losses,' a BB official told New Age after the meeting. A meeting would be held soon, possibly by December, to resolve the issues, he said.
- Shaikh Shamsuddin Ahmed said that the central bank had agreed to deduct banks' investments in bonds from their capital

<https://www.newagebd.net/article/156129/bb-bsec-to-hold-further-discussions-on-resolving-legal-contradictions>



## Economy & Industry

### BB decides not to mop up funds

The Daily Star, December 01, 2021

- Bangladesh Bank yesterday decided not to mop up any money from the market as a part of its efforts to ease the ongoing liquidity crunch in the banking sector. "No auction will be held for the Bangladesh Bank Bill, an instrument that is used to withdraw money from the market, this month. The ongoing liquidity crunch has compelled the central bank to take the decision," said a BB official.
- Bankers welcomed the central bank decision, terming it time befitting, saying it will help loosen the ongoing liquidity pressure in the banking sector. The BB decided to mop up excess liquidity on August 5 as the demand for loans nosedived during the period.
- Between August and November, the central bank mopped up Tk 68,971 crore through the BB bills. There are three categories of the bill based on their maturity: 7-day, 14-day and 30-day.
- Private sector credit growth has maintained an upward trend in recent months as businesses are now exploring loans from banks to expand their enterprises, creating the cash shortage in banks. Although excess liquidity in the banking sector is still higher than the pre-pandemic level, the majority of the surplus fund is concentrated among a few banks.
- The surplus fund totalled Tk 220,880 crore in October, up 0.6 per cent from that the month before.
- Of the total excess fund, Tk 168,508 crore is concentrated among only a dozen banks, accounting for 76 per cent of the additional liquidity.

### LIQUIDITY SITUATION IN BANKS

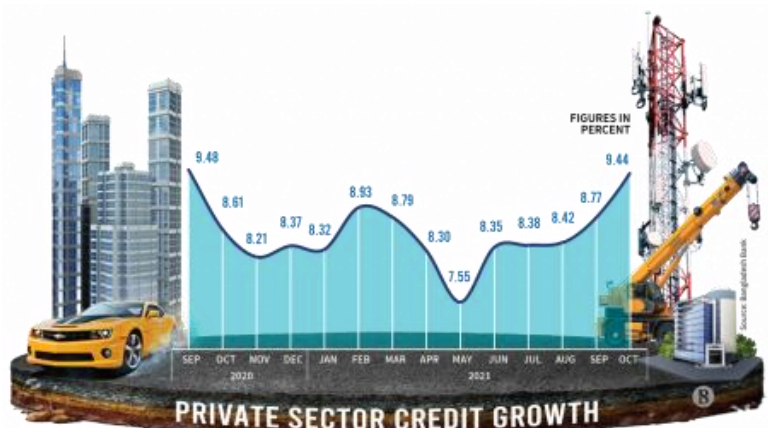
- BB started mopping up money in Aug
- Some Tk **68,971** cr was withdrawn till Nov
- A rise in demand for loans created liquidity stress
- Excess liquidity concentrated to a few banks
- BB will not withdraw any fund this month

<https://www.thedailystar.net/business/economy/banks/news/bb-decides-not-mop-funds-2907026>

### Private sector credit growth sees big lift in October

The Business Standard, November 30, 2021

- Stoking fears of a liquidity crunch, private sector credit growth, which remained in a slump during the pandemic and amid the pressure of interest rate capping, jumped to 9.44% in October, highest in the past one year. The spike was the result of a rising demand amid resumption of economic activities.
- Credit growth had dipped below 9% in October last year and hit its lowest of 7.55% in May this year.
- The demand for loans, however, steadily ticked upwards from June, after lifting of the movement restrictions imposed during the pandemic. It climbed to 8.77% in September, according to data from the Bangladesh Bank.
- Though the banking sector is still awash with excess liquidity, bankers fear that they may see a liquidity crunch soon due to the fast recovery of consumer demand.
- The Bangladesh Bank sold around \$2 billion in four months from July to October, which means Tk17,000 crore had been lifted from the banks in the process. Furthermore, the selling pressure of the dollar eroded foreign exchange reserves by \$4 billion in four months after it had hit a record high of \$48 billion in August. Excess liquidity in the banking sector stood at Tk2.31 lakh crore in August, central bank data shows.



<https://www.tbsnews.net/economy/private-sector-credit-growth-sees-big-lift-october-336955>

## International

### Eurozone inflation soars to highest rate on record

The Daily Star, December 01, 2021

- Soaring energy prices took eurozone inflation to its highest rate on record in November, official data showed Tuesday, challenging the European Central Bank's resistance to tightening monetary policy earlier than planned.
- Consumer prices rose by 4.9 per cent this month, up from 4.1 per cent the previous month, the highest reading since the official statistics agency Eurostat began compiling the data more than 20 years ago. The figure is more than double the ECB's target of two percent.
- Inflation has soared worldwide as demand and economies have bounced back from coronavirus lockdowns, and the emergence of the Omicron variant has created new uncertainties. Higher cost-of-living is being experienced across the eurozone, putting pressure on the ECB to scale back stimulus and consider raising interest rates earlier than planned.
- But the Frankfurt-based institution has so far insisted that the acceleration in inflation in the 19-nation zone is transitory, and is wary of acting too soon and potentially stifling the pandemic recovery. Its next policy meeting is on December 16.
- High demand after the easing of coronavirus restrictions has pushed up energy prices and led to shortages of key materials and labour around the world. The pace of price rises would then slow over the course of the coming year, Schnabel said. Inflation has gone up every month in the euro area since June.
- Natural gas and oil prices have pushed up inflation around the world, with energy logging an annual rate of 27.4 per cent in November in the eurozone compared to 23.7 per cent in October. Services, industrial goods, and food, alcohol and tobacco also ticked up, all above two per cent.
- Core inflation, which strips out energy and other items, stood at 2.6 per cent in November, up from two percent the previous month.

<https://www.thedailystar.net/business/global-economy/news/eurozone-inflation-soars-highest-rate-record-2906941>

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