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Stock Market & Company

Stocks start New Year with sharp rise

The Financial Express, December 30, 2021

- Stocks started the New Year 2022 with a steep rise on Sunday as investors showed their buying interest on sector-wise large-cap issues riding on the high hope. After passing a good year in 2021, the market opened on a high note and the upward trend sustained until the end of the session with no sign of reversal.
- Finally, DSEX, the prime index of Dhaka Stock Exchange (DSE), went up by 96.48 points or 1.42 per cent to settle at 6,853, which is a two-week high.
- The country's capital market had a good year as the core index of the DSE posted an impressive 1,354 points or 25 per cent growth in 2021, although stocks of many low-performing companies saw unusual price hikes during the year.
- Two other indices also ended higher. The DS30 index, comprising blue chips, jumped 28.05 points to finish at 2,560 and the DSE Shariah Index rose 14.25 points to close at 1,445.
- Turnover, a crucial indicator of the market, stood at Tk 8.94 billion on the country's premier bourse, falling slightly by 2.93 per cent over the previous day's tally of Tk 9.21 billion.
- A total number of 152,368 trades were executed in the day's trading session with a trading volume of 194.36 million shares and mutual fund units. Beximco topped the turnover list with shares worth Tk 993 million changing hands, followed by Bangladesh Shipping Corporation (Tk 517 million), Fortune Shoes (Tk 478 million), IFIC Bank (Tk 301 million) and GSP Finance (Tk 282 million).
- The Chittagong Stock Exchange also ended higher with its All Shares Price Index (CASPI)—soaring 388 points to close at 20,054 while the Selective Categories Index – CSCX rose 233 points to close at 12,046.



<https://thefinancialexpress.com.bd/stock/stocks-start-new-year-with-sharp-rise-1641118549>

Nialco Alloys approves 10% cash dividend

The Business Standard, January 02, 2022

- The shareholders of Nialco Alloys Ltd have approved a 10% cash dividend for the 2020-21 fiscal year. Nialco Alloys is the first listed SME company whose shares are traded on the small-cap companies' platform of the Chittagong Stock Exchange (CSE).
- The company is also waiting to get into the same platform of the Dhaka Stock Exchange (DSE) following its application for DSE approval in August 2021.
- Starting in 2011, Nialco Alloys manufactures high-grade Bronze and Brass Ingots including phosphorus bronze, leaded bronze, aluminum bronze, manganese bronze, sand cast brass, high tensile brass, die-cast brass, master alloys and phosphorus copper conforming to various international standards.

<https://www.tbsnews.net/economy/stocks/nialco-alloys-approves-10-cash-dividend-352228>

Chattogram bourse adjusts its Shariah index

The Business Standard, January 02, 2022

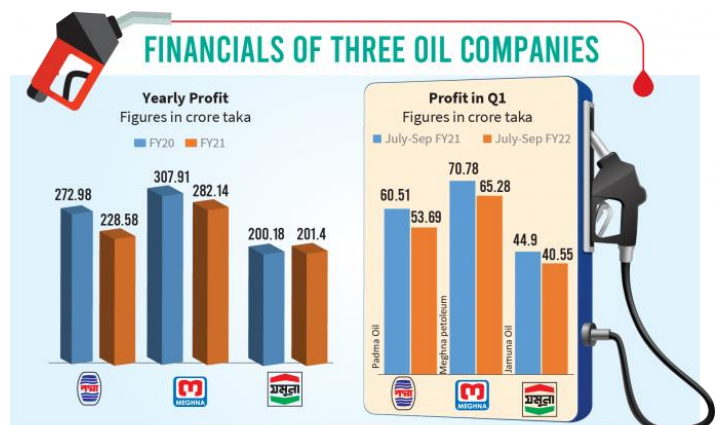
- The country's port-city bourse, Chittagong Stock Exchange (CSE), has revised its list of Shariah-compliant securities - CSE Shariah Index (CSI).
- Index Agro Industries has entered the list whereas four companies - Aman Cotton Fibrous, Appollo Ispat Complex, Libra Infusions, and Mithun Knitting & Dyeing (CEPZ) - have been dropped off the list because they failed to comply with the Shariah principles.
- Shariah-compliant securities are those stocks that exclude any business activities that are forbidden in the religion of Islam. Due to the growing base of Shariah-compliant investors, mostly institutional funds, both the bourses of the country have been maintaining their own Shariah indices. The concerned investors can easily pick their stocks based on the Shariah index.
- According to a statement by the CSE, the change will be effective from 13 January. The CSE Index Committee reviews the CSI twice a year. Out of the 368 scrips listed in the CSE, 131 are Shariah-compliant in the revised list.
- Here is the sector-wise list of stocks in the CSI: Banks (6): Of the banks, Al-Arafah Islami Bank, Exim Bank, First Security Islami Bank, Islami Bank Bangladesh, Shahjalal Islami Bank, and Social Islami Bank are included in the CSI.
- NBFI (1): Islamic Finance & Investment is the only non-bank financial institution in the index.
- IT (10): Aamra Networks, Aamra Technologies, ADN Telecom, Agni Systems, Daffodil Computers, Genex Infosys, eGeneration, Information Services Network, Intech, and Information Technology Consultants from the IT sector.

<https://www.tbsnews.net/economy/stocks/chattogram-bourse-adjusts-its-shariah-index-352330>

Decline in interest income drags down govt-run oil firms' profits

The Business Standard, January 02, 2022

- Padma Oil, Meghna Petroleum, and Jamuna Oil – state-owned fuel distributors under the Bangladesh Petroleum Corporation (BPC) – witnessed a drop in profit in the July-September quarter owing to lower interest income from their fixed deposits – an earning from other income segments.
- In fiscal 2020-21, Padma Oil – the country's biggest and oldest firm in this sector, and Meghna Petroleum saw a 121% and 79% year-on-year drop in profit, respectively. Only Jamuna Oil – the first national oil company which went into operation in the Pakistan era in 1964, posted a 2.44% increase in profit in FY21.
- According to their financial reports, the companies – which have around Tk10,000 crore in fixed deposits in different banks – earn around 80-90% of their total profits from the interest income.
- In 2020, the government capped the bank deposit rate at 6%, in a bid to bring down the lending rate to 9%.



- Following the move, banks began lowering their deposit interest rates. As a result, the lower interest income has been impacting the profits of the oil companies. Meghna Petroleum profit drops 79%: In the 2020-21 financial year, the profit of Meghna Petroleum, which markets petroleum products, fell 79% to Tk282.14 crore from Tk307.91 crore in the previous year.
- Jamuna Oil profit rises 2.44%: Despite the decline in fixed deposit income, the profit of Jamuna Oil Company increased by 2.44% in fiscal 2020-21. However, in the first quarter of the current fiscal year, the company's profit fell 1.95% to Tk40.55 crore from Tk44.90 crore in the corresponding period of last year.

<https://www.tbsnews.net/economy/stocks/decline-interest-income-drag-down-govt-run-oil-firms-profits-352315>

IFIC Bank to sell entire stake in Nepal lender

The Daily Star, January 03, 2022

- IFIC Bank is set to sell its more than 40 per cent stake in a Nepalese bank as it no longer sees its business in the Himalayan Kingdom viable. Nabil Bank, a private lender in Nepal, will acquire Nepal Bangladesh Bank Ltd (NBBL) where IFIC Bank holds 40.41 per cent stake.
- IFIC Bank has already taken decision to sell the stake to withdraw its investment. The bank has commenced negotiation to sell its entire shares of NBBL, according to a regulatory filing by IFIC Bank on the website of the Dhaka Stock Exchange (DSE) yesterday.
- A memorandum of understanding has been signed in this regard with a prospective buyer, it said. IFIC holds around 4.12 crore shares at NBBL.
- The MoU was signed on December 29, and two separate meetings were held at IFIC Bank and NBBL a day later. A number of officials of IFIC Bank said their investment was not viable. They, however, gave no reasons. NBBL announced 15.50 per cent dividend for the last fiscal year, according to Fiscal Nepal, a news portal in the country.
- The share price of NBBL hit a positive circuit on Wednesday after the news of merger came out. Its share closed 9.8 per cent higher at 402 Nepalese rupee on the Nepal Stock Exchange Ltd, said New Business Age, a monthly magazine. IFIC Bank shares rose 7.69 per cent to Tk 18.20 on the DSE yesterday.

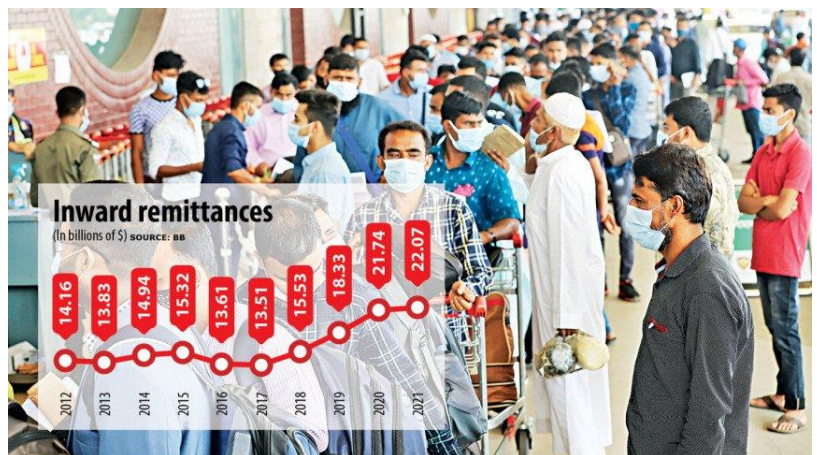
<https://www.thedailystar.net/business/economy/banks/news/ific-bank-sell-entire-stake-nepal-lender-2931131>

Economy & Industry

Remittance up slightly

The Daily Star, January 03, 2022

- Remittance inflow made a slight year-on-year increase in the just concluded year in spite of the flow being slow in the last couple of months. Expatriate Bangladeshis sent \$22.07 billion last year, up 1.52 per cent year-on-year, according to data from Bangladesh Bank.
- But experts said there was no scope for complacency as remittance recorded a substantial decline in recent months. Remittances narrowed 21 per cent year-on-year to \$10.23 billion in the second half of 2021.
- Hundi, an illegal cross-border transaction settlement system, is mainly responsible for the downward trend. The cartel was forced to stop its activities during the peak of the pandemic because of the lockdown.
- But the money launderers have started their activities once again in recent times keeping with the rolling of the global economy.



- As per the government decision, a 2.5 per cent incentive can be enjoyed on the amount of the remittance sent from this month whereas it was previously 2 per cent. The difference in the exchange rate between the interbank and informal sector is around Tk 5, encouraging remitters to send their money through informal sector.

<https://www.thedailystar.net/business/economy/news/remittance-slightly-2931141>

2022's stock market has two major headwinds: Professor Mahmood Osman Imam

The Business Standard, January 02, 2021

- The new year's stock market outlook is not very clear, and it is going to face two headwinds — omicron, and the role of the central bank in 2022, said Dr Mahmood Osman Imam, Professor of Finance at the University of Dhaka. In a recent interview with The Business Standard, he said the corporate earnings will be impacted if the omicron variant of the coronavirus bites deep.
- If Bangladesh faces a dire situation because of an outbreak of the new variant, the country's economy would be severely impacted. On the other hand, even if the country manages to withstand any omicron wave, its foreign trade would be disrupted if its major sources or export countries remain locked down, the professor said.
- The other likely factor to influence the stock market in the new year is the role of the central bank, especially its stance regarding the capital market, as it is a strong enough factor to shape investors' confidence. The capital market exposure calculation method for banks should be cost-based, as it is for other sectors, said the financial market expert.
- Banks were once allowed to invest up to 10% of their deposits, which was a big portion. But following the 2010-11 stock market crash, the Bank Companies Act was amended and the limit was set at 25% of the banks' solo equity and 50% of the equities of their subsidiaries.
- This amendment reduced the banks' stock market investment limit significantly, which Dr Osman Imam does not oppose. "But, the main problem lies within the exposure calculation method," he said.
- When the stock prices went up in the second half of 2021, the same investment of banks began to turn over investments as the exposure is calculated based on the market price of securities and banks were under pressure to sell off part of their holdings. "As far as depositors' risk is concerned, it is the purchasing price of stocks, not the market value," he added.

<https://www.tbsnews.net/economy/stocks/2022s-stock-market-has-two-major-headwinds-professor-mahmood-osman-imam>

International

Global stocks end strong year with losses

The Daily Star, January 02, 2021

- Global stock markets closed lower Friday, the final trading session of 2021 -- a year of strong gains overall as economies recovered despite ongoing restrictions caused by the coronavirus pandemic.
- On Wall Street, the broad-based S&P 500 had its best December in over a decade, and scored a third straight year of double-digit gains with a 27.1 per cent jump. The index notched records 70 times this year, "second only to 1954," said analyst Sam Stovall.
- "2021 was a very good year. "The benchmark Dow Jones Industrial Average won 18.7 per cent, while high-flying tech stocks pushed the Nasdaq up 21.4 per cent. London's benchmark FTSE 100 index fell 0.3 per cent in a shortened trading session ahead of the New Year, posting an increase of 14 per cent for the year.
- The Paris CAC 40 index rocketed almost 29 per cent this year, its best showing for more than 20 years. Germany's DAX had ended its year Thursday, having surged nearly 16 per cent in 2021.
- While markets soared in 2021, they seesawed in recent months as investors worried about resurging inflation, the prospect of an end to central bank largesse and the ongoing coronavirus pandemic.

<https://www.thedailystar.net/business/global-economy/news/global-stocks-end-strong-year-losses-2930356>

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