

Key News

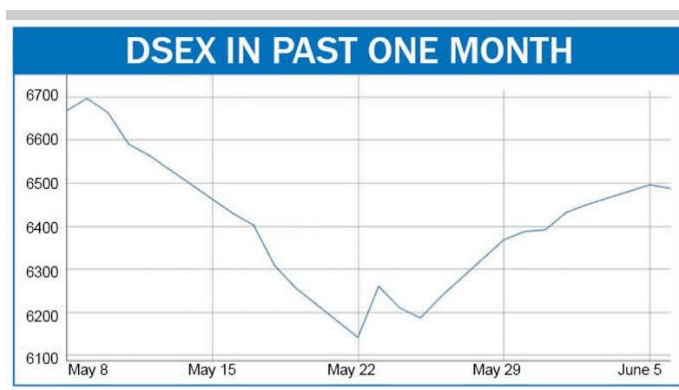
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Stock Market & Company

Dhaka stocks inch down after 7-day rise

The Newage, June 06, 2022

- Dhaka stocks inched down on Monday, snapping a seven-day gaining streak, as investors went for profit taking. DSEX, the key index of the Dhaka Stock Exchange, shed 0.12 per cent, or 8.22 points, to close at 6,489.17 points on Monday after gaining 309 points in the previous seven sessions.
- Out of the 52 traded insurance companies, share prices of 56 advanced, five declined and one remained unchanged. Besides, 19 out of the top 20 gaining companies on Monday were from the insurance sector.
- Among the large capitalised companies, share prices of BEXIMCO, Bangladesh Submarine Cables Company, Beximco Pharmaceuticals, Grameenphone and Square Pharmaceuticals dropped the most on the day.
- The turnover on the DSE increased to Tk 974.07 crore on Monday compared with that of Tk 950.1 crore in the previous session. The DS30 index dropped by 12.46 points to finish at 2,361.34 points and the DSE Shariah index declined by 9.11 points to close at 1,416.95 points.
- BEXIMCO topped the turnover chart with its shares worth Tk 45.84 crore changing hands. BD Finance, IPDC Finance, Provati Insurance, LafargeHolcim Bangladesh, BRAC Bank, Bangladesh Shipping Corporation, JMI Hospital Requisite Manufacturing, Salvo Chemical and BDCOM Online were the other turnover leaders.
- Pioneer Insurance Company Limited was the day's best performer, posting a gain of 10 per cent, while Trust Bank was the worst loser, shedding 10 per cent.



<https://www.newagebd.net/article/172545/dhaka-stocks-inch-down-after-7-day-rise>

BSEC moves to make A and B category stocks sellable the next day

The Business Standard, June 06, 2022

- The Bangladesh Securities and Exchange Commission (BSEC) has moved to shorten the settlement cycle of stocks under the 'A' and 'B' categories so that they can be sold the very next day after purchase. This settlement cycle is commonly known as "T plus one".
- Currently, investors can sell a stock on the next to next day after purchase - following the "T plus two" settlement - as the Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE), and the Central Depository Bangladesh Ltd (CDBL) take a day in between to settle the transaction of securities.
- On Monday, the commission wrote to the bourses, and CDBL asking for their detailed plan for implementing the change. The BSEC also asked the bourses and the depository service provider to submit their roadmap with specific time slots for each of the needed activities, amendment proposals to the relevant rules and regulations, system modification, user acceptance test, and any other pertinent issues.
- As per rules, the Z category stocks--shares of companies with production, general meeting, and dividend irregularities – are subject to a "T plus four" settlement that refers to the fourth working day after purchase.

<https://www.tbsnews.net/economy/stocks/bsec-moves-make-and-b-category-stocks-sellable-next-day-434410>

City Bank completes tier-II bond subscription worth Tk 7b

The Newage, June 06, 2022

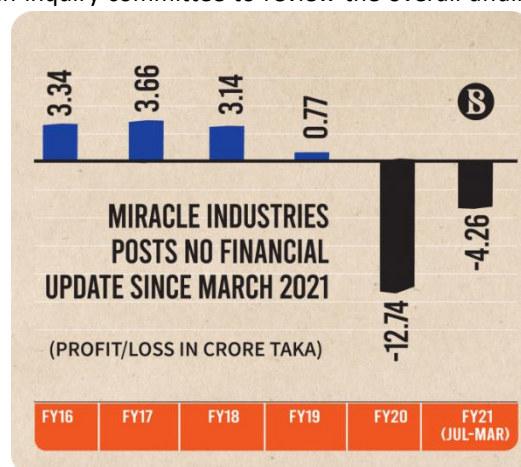
- City Bank successfully completed the subscription of the bank's 4th subordinated bond worth Tk 7 billion recently, said a press release. City Bank Capital Resources Limited and IDLC Investments Limited were the lead arranger and trustee of the issue respectively.
- The issue has enhanced tier-II capital of City Bank following 'Guideline of Risk Based Capital Adequacy' of Bangladesh Bank. Therefore, it increased issuer's Capital to Risk-weighted Asset Ratio (CRAR). Agrani Bank Limited, Janata Bank Limited, Sonali Bank Limited, Mercantile Bank Limited, National Life Insurance Company Limited and Shimanto Bank Limited are the subscribers of the bond.
- City Bank managing director and chief executive officer Mashrur Arefin expressed sincere gratitude to all the subscribers and stakeholders who were involved with this issuance process. — New Age

<https://www.newagebd.net/article/172549/city-bank-completes-tier-ii-bond-subscription-worth-tk-7b>

BSEC to look into business activities of Miracle Industries

The Business Standard, June 06, 2022

- The Bangladesh Securities and Exchange Commission (BSEC) has formed an inquiry committee to review the overall affairs of Miracle Industries Ltd. The stock market regulator issued letters to its related parties in this regard on Sunday.
- The members of the probe committee are BSEC Deputy Directors Md Rafiqunnabi and Mohammad Ratan Miah, and Dhaka Stock Exchange (DSE) Manager Snehassish Chakraborty.
- Four directors of the company at a board meeting expressed their intention to transfer their entire holdings of 35,22,900 shares considering the dire financial and business condition of the company.
- The directors wanted to transfer their holdings to Mehmood Equities Ltd, a private limited company registered with the Registrar of Joint Stock Companies.
- The board of directors of the issuer company in its meeting instructed to complete the transferring process by 14 June 2021. But, it has come to the notice of the commission that the said transfer is yet to be completed.



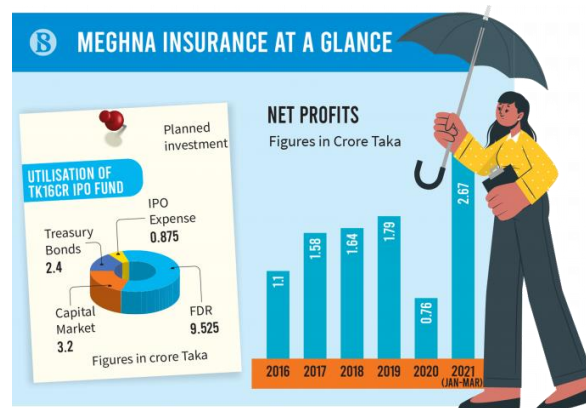
- The firm has changed its office location or shut it down without the decision of the board and proper intimation to all stakeholders. The inquiry committee will complete the inquiry and submit a report to the commission within 30 working days.
- According to its original shareholder's agreement, Miracle has two groups of shareholders with the BCIC in group "A" holding a 20% stake of the company and four shareholders in group "B" holding a 10% stake.

<https://www.tbsnews.net/economy/stocks/bsec-look-business-activities-miracle-industries-434438>

Meghna Insurance to make share trading debut Wednesday

The Business Standard, June 06, 2022

- Meghna Insurance Company Ltd will commence trading of its shares on the Dhaka Stock Exchange (DSE) from Wednesday under the "N" category. The DSE trading code for the company is "MEGHNAINS" and the DSE company code is 25754.
- Earlier, on 1 March this year, the Bangladesh Securities and Exchange Commission (BSEC) allowed the general insurer to raise Tk16 crore from the stock market through an initial public offering (IPO).
- The company has issued 1.6 crore ordinary shares at a face value of Tk10 each. It will invest Tk2.4 crore in government Treasury bonds, Tk3.2 crore in listed securities, and Tk9.52 crore in fixed deposit receipts (FDRs).
- Asian Tiger Capital Partners Investments, Prime Bank Investment, and UCB Investment are the issue managers for the company's IPO.
- In the January-March quarter of 2021, the net profit of the company was Tk2.67 crore, which was Tk5.24 crore in the same period a year ago.



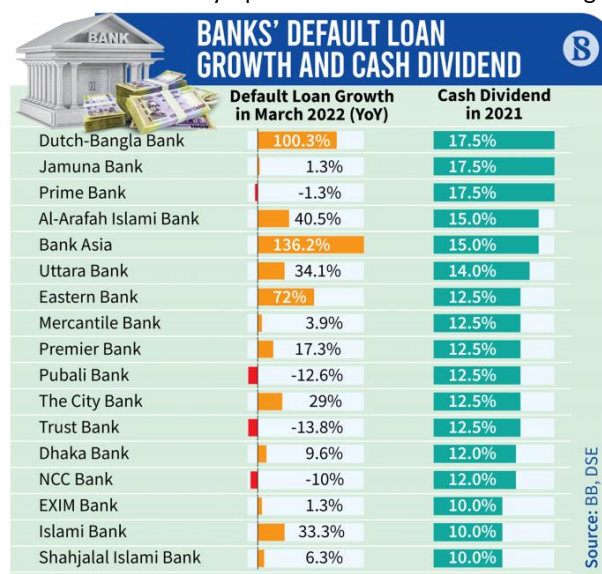
<https://www.tbsnews.net/economy/stocks/meghna-insurance-make-share-trading-debut-wednesday-434446>

Economy & Industry

Banks paid high dividends, now they are in trouble

The Business Standard, June 06, 2022

- As foretold, a wave of defaulted loans has hit the banking sector after a two-year payment deferral facility was lifted, with most listed private banks experiencing a severe provision balance erosion as they spent more on dividends during the pandemic instead of saving for a rainy day.
- The provision surplus of 41 private banks in the country stood at Tk796 crore this March, 84% down from Tk5,000 crore in the same month last year, according to the Bangladesh Bank.
- It was predictable that the banking sector would encounter a default loan wave once the moratorium expires, so, the Bangladesh Bank in the past two years repeatedly encouraged banks to be conservative about cash dividend payouts and save for the future.
- Also, global rating agencies alerted banks of a possible default loan shock. But, banks did not pay heed to the warnings and announced higher dividends even during the pandemic to keep their directors happy. Even in 2021, they continued to give out higher cash dividends compromising future savings.



- Defaulted loans in the country's banking sector have increased by Tk10,167 crore in the first three months of this year despite various concessions on loan repayment in the wake of the Covid-19 outbreak. At the end of December last, the amount of defaulted loans was Tk1.03 lakh crore, which climbed to Tk1.13 lakh crore at the end of March this year, Bangladesh Bank's data shows.
- Banks that paid higher cash dividends saw a sharp rise in default loans after the expiry of the payment deferral facility. High default loans require banks to maintain higher provisions. High provisioning requirements will erode the capital of banks, which will ultimately shrink their lending capacity. Capital erosion will reduce dividend capacity also.

<https://www.tbsnews.net/economy/banking/banks-paid-high-dividends-now-they-are-trouble-434478>

Taka falls further, \$1 now Tk 91.95

The Daily Star, June 06, 2022

- The local currency of Bangladesh fell by Tk 2.05 in the last two days in its value to Tk 91.95 against the US dollar. On Sunday, the taka depreciated by Tk 1.60 against the American greenback. The central bank weakened its further today, by another Tk 0.45 per USD this time, the 10th depreciation this year.
- The currency is facing depreciation pressure as the supply of US dollars has narrowed owing to higher import bills against moderate export and remittance receipts. As a result, many banks had faced the shortage of US dollars to settle import bills as the central bank fixed the exchange rate for them to buy remittance US dollars from foreign money exchange houses.
- The situation prompted the Bangladesh Bank on Thursday to begin allowing the exchange rate to be determined by the natural course of demand and supply of the American greenback.

<https://www.thedailystar.net/business/news/bangladesh-currency-taka-falls-another-tk-1-60-against-us-dollar-3040701>

International

Global stocks, oil prices rise

The Newage, June 06, 2022

- Global stock markets and oil prices advanced Monday, helped by an easing of Covid lockdowns in the world's second-biggest economy China.
- London's stock market, reopening after a British public holiday to mark Queen Elizabeth II's Platinum Jubilee, shrugged off news that embattled British prime minister Boris Johnson was Monday to face a confidence vote from MPs in his own conservative party.
- Elsewhere, eurozone stocks climbed ahead of a European Central Bank meeting Thursday when the ECB is set to draw a line under its massive bond-buying stimulus programme. On the other side of the Atlantic, Wall Street also opened higher.
- With infections trending down in major cities, including Shanghai and Beijing, authorities have allowed some sense of normality to return, raising hopes for a pick-up in consumer activity. Oil prices extended recent gains as a pledge by OPEC and other major producers to boost output fell short of what markets hoped for.
- With supplies tight, Saudi Arabia has raised the price of the oil it sells to Asia. Adding to the upbeat mood were comments from US commerce chief Gina Raimondo that she was considering lifting tariffs on some goods from China to help in the battle against inflation.

<https://www.newagebd.net/article/172551/global-stocks-oil-prices-rise>

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BASL Research Team

Mr. Shariful Alam Chowdhury
Head of Research & Investments

tushar@basl-bd.com

Mr. Shohidul Islam
Research Analyst

shohidul@basl-bd.com

BASL Networks

Head Office

Hadi Mansion (2nd Floor)
2, Dilkusha Commercial Area
Dhaka-1000, Bangladesh
Phone: +88-02-9515826-28
E-mail: info@basl-bd.com

Dhanmondi Branch

Meher Plaza (1st Floor),
House # 13/A, Road # 05
Dhanmondi, Dhaka - 1207
Phone: +8802-44611923-24

Mirpur Branch

Nishi Plaza, plot # 01,
Avenue-04, Section-06,
Block-C
Mirpur, Dhaka - 1216
Phone: +8802-58055449,
48032449

Uttara Branch

House # 79/A, (4th Floor),
Road # 07, Sector # 04
Uttara Model Town, Dhaka-1230
Phone: +88-02-
48958389,48958371

Banani Branch

Nur Empori, Plot # 77 (1st
Floor), Road No # 11,
Banani,
Dhaka-1213
Phone: +88028836155,
8836849

Bijoynagar Extension

Prime Tower (3rd Floor),
180-181
Dhaka-1213
Phone: +880248318685

Nikunja Branch

DSE Tower, Level 10,
Room# 200, Nikunja,
Dhaka-1229
Phone: +8809666702070

Khulna Branch

28, Sir Iqbal Road (1st Floor)
Khulna
Phone: +88-041-731208-9

Chattogram Branch

Bank Asia Bhaban (3rd Floor)
39, Agrabad Commercial
Area
Chattogram-4001
Tel : +8801730338091

For International Trade & Sales, please call at +8801993111666, +880 02 9515826, Ext: 101 at Business hour. For further query, write to us at research@basl-bd.com.