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Stock Market & Company

Stocks bounce back with high turnover

The Financial Express, May 08, 2022

- The market rebounded in the gaining streak on Sunday, snapping a two-day losing streak, as bargain hunters showed their buying interest in sector-wise stocks. The market opened higher and went through some volatility until the end of the session as many investors rebalance their portfolios based on the latest quarterly earnings and year-end dividends.
- DSEX, the key index of the Dhaka Stock Exchange, went up by 26.25 points or 0.39 per cent to settle at 6,669, after losing 34 points in the past two trading days. The DSE Shariah Index (DSES) also edged up by 3.78 points to close at 1,447. However, the DSE 30 Index, comprising blue chips, fell 4.31 points to finish at 2,449.
- Turnover, the crucial indicator of the market, jumped to Tk 9.72 billion on the country's premier bourse, climbing by 108 per cent over the previous session's mark of Tk 4.68 billion. JMI Hospital Requisite Manufacturing was the most-traded stock with shares worth Tk 541 million changing hands, followed by Beximco (Tk 366 million), GPH Ispat (Tk 363 million), Unique Hotel (Tk 349 million) and IPDC Finance (Tk 299 million).
- Shinepukur Ceramics was the top gainer, posting a 9.96 per cent gain while The City Bank was the worst loser, losing 13.87 per cent following its price adjustment after the record date. The Chittagong Stock Exchange (CSE) also rebounded with the CSE All Share Price Index – CASPI –gaining 113 points to settle at 19,603 and the Selective Categories Index – CSCX – advancing 68 points to close at 11,761.

<https://thefinancialexpress.com.bd/stock/stocks-bounce-back-with-high-turnover-1652002602>

Drawing large investors to stocks still a tall order

The Daily Star, May 09, 2022

- When a sector offers opportunities to make a good profit and there is a conducive climate to invest, investors -- large and small and local and foreign -- don't need to be told to channel investments there. Money flows in automatically. It is common when it comes to investment in the free market economy.
- But this is not the case in the stock market of Bangladesh where manipulation is rampant, good stocks are scarce, regulatory oversight is weak, and unscrupulous traders often get off scot-free -- enough to frighten big investors sitting on a huge amount of funds away.
- Therefore, retail investors dominate the market, controlling 80 per cent of the market capitalisation. This has deepened the volatility of the market since many individuals lack adequate knowledge about the market, behave like day traders, and are reactive to local and global developments and panic-driven.
- Institutional investors account for 20 per cent of the market value at the Dhaka Stock Exchange (DSE), the premier bourse in the country, against the global average of 41 per cent.
- The dominance has rightly prompted the Bangladesh Securities and Exchange Commission (BSEC) to move to raise the stake of institutional investors such as banks, stock dealers, and asset management companies. It has written to them to increase their investments.

<https://www.thedailystar.net/business/organisation-news/news/drawing-large-investors-stocks-still-tall-order-3019361>

A Rouf Chowdhury reelected as Bank Asia chairman

The Daily Star, May 09, 2022

- A Rouf Chowdhury has been re-elected as chairman of Bank Asia at the 473rd meeting of the board of directors of the bank held recently. He is the main sponsor of Bank Asia Ltd. Chowdhury is an eminent businessperson and industrialist of the country.
- He is the chairman of Rangs Group and Sea Resources Group and one of the directors of Mediaworld which owns The Daily Star, the highest circulated English daily in the country.
- He has established reputed organisations in transport, medicine, real estate, IT, banking, deep sea fishing and in other sectors of the country that are contributing immensely to the country's employment generation and economic development.
- Chowdhury was the president of Bangladesh Basketball Association for four years. He has been a member of the executive committee of Kurmitola Golf Club for over 20 years.

<https://www.thedailystar.net/business/organisation-news/news/rouf-chowdhury-reelected-bank-asia-chairman-3019296>

Walton to be allowed to offload 9pc more shares in 2yrs

The Newage, May 08, 2022

- The Bangladesh Securities and Exchange Commission has taken initiatives to allow Walton Hi-Tech Industries Limited to offload additional 9 per cent shares through the public market and way of gift within two years to ensure 10 per cent free-float shares of the listed company on the market.
- Walton directors would offload 2.73 crore or 9.03 per cent shares of the company. The closing price of the company's shares was Tk 1,170.2 each on the Dhaka Stock Exchange on Sunday.
- After analysing the proposal of Walton, the commission decided to ask the company to maintain at least 10 per cent free-float shares. The commission would ask sponsor-directors of Walton to offload their existing shareholdings up to 4.03 per cent shares through the public market or block market within next two years.
- Besides, the sponsor-directors must offload remaining 5 per cent shares by way of gift to family members or transfer to a trust as donation within next two years. However, declaration of aforesaid sales, transfer of shares must be one time, BSEC officials said. The company must report the commission about the offloading every month.

<https://www.newagebd.net/article/169965/walton-to-be-allowed-to-offload-9pc-more-shares-in-2yrs>

Shahjalal Bank to issue Tk 5.0b bond

The Financial Express, May 08, 2022

- Shahjalal Islami Bank Ltd has decided to issue 'SJIBL 3rd Mudaraba Subordinated Bond' of Tk 5.0 billion to strengthen the capital base of the bank. The board of the bank has taken the decision to issue bonds to raise the Tier-II Capital of the lender as per requirement under Basel III through private placement.
- The tenure of the bond is seven years, said an official disclosure on Sunday posted on the Dhaka Stock Exchange website. The issuing of bonds is subject to the approval of the regulatory authorities — Bangladesh Bank (BB) and Bangladesh Securities and Exchange Commission (BSEC) and compliance of all formalities in this respect, the disclosure said.
- Each share of the bank, which was listed on the Dhaka Stock Exchange (DSE) in 2007, closed at Tk 20.10 on Sunday, losing 0.98 per cent over the previous day. In the last one year, its shares traded between Tk 19.60 and Tk 23.70 each. The bank's consolidated earnings per share (EPS) stood at Tk 0.98 for January-March 2022 as against Tk 0.62 for January-March 2021.

<https://thefinancialexpress.com.bd/stock/shahjalal-bank-to-issue-tk-50b-bond-1652018800>

Wata Chemical turns around in March quarter

The Business Standard, May 08, 2022

- Wata Chemical Limited, a producer and seller of a variety of acids, turned around its business despite challenges in raw material procurement. In the first three quarters of the current fiscal year, the firm has been able to increase its turnover by recovering from pandemic impacts.
- Moreover, its sales have increased in the post-pandemic period after the economy reopened. In the July-March period, the company posted a net profit of Tk4.79 crore, which was Tk7.10 crore in the same period of the previous fiscal year.
- According to a company statement, the price of raw materials especially Sulphur has increased massively in the global market. Although the crisis started due to the Covid-19 pandemic, the ongoing Russia-Ukraine war has driven the situation to its worse turn. Ali Ahsan, chief financial officer at Wata Chemical, said the company could not achieve the expected returns due to the global price hike of raw materials.

<https://www.tbsnews.net/economy/stocks/wata-chemical-turns-around-march-quarter-415722>

IFC to lend City Group \$20m for its Tk1,000cr bakery project

The Business Standard, May 08, 2022

- The International Finance Corporation (IFC), the private sector investment arm of the World Bank Group, announced to lend \$20 million (around Tk175 crore) to City Group for its Tk1,000 crore greenfield bakery venture - Rupshi Foods Ltd. With this project, City Group — an edible oil, flour, and sugar giant in the country — will enter the growing Bangladeshi bakery products and noodles market.
- Earlier, IFC lent \$22.2 million to City Group for Rupshi Flour Mills Ltd - a Tk3,000 crore flour mill project that further consolidated the group's market position. The new flour mill is equipped with machinery from the Swiss company Bühler AG and is capable of producing over 6,000 tonnes of flour under one roof a day.
- In a disclosure, IFC said that Rupshi Foods will vertically integrate City Group's existing flour, sugar, and edible oil businesses with consumer products. It will have the capacity of producing 6.4 tons of candies and chocolates, 181 tons of cakes, 100 tons of biscuits and bakery items, and 70 tons of condensed and powdered milk a day.
- The disclosure said that the project estimated to cost \$122.4 million by Rupshi Foods will be financed with a total long-term debt of \$83.3 million, while the remaining \$39.1 million will come from equity being provided by City Group entrepreneurs. The \$20 million loans committed from IFC will have a tenure of 8 years with a two-year grace period.

<https://www.tbsnews.net/economy/stocks/ifc-lend-city-group-20m-its-tk1000cr-bakery-project-415098>

Rumana joins BSEC as commissioner

The Newage, May 08, 2022

- Rumana Islam, a professor of law department at the University of Dhaka, on Sunday joined the Bangladesh Securities and Exchange Commission as its first female commissioner. The government issued a circular on Sunday, appointing her for four years to the BSEC.

- The government nominated Rumana as a panel judge in the World Bank's International Centre for Settlement of Investment Disputes in April 2021, according to a BSEC press release. In 2015, Rumana completed her PhD in international investment law from the University of Warwick in the United Kingdom.

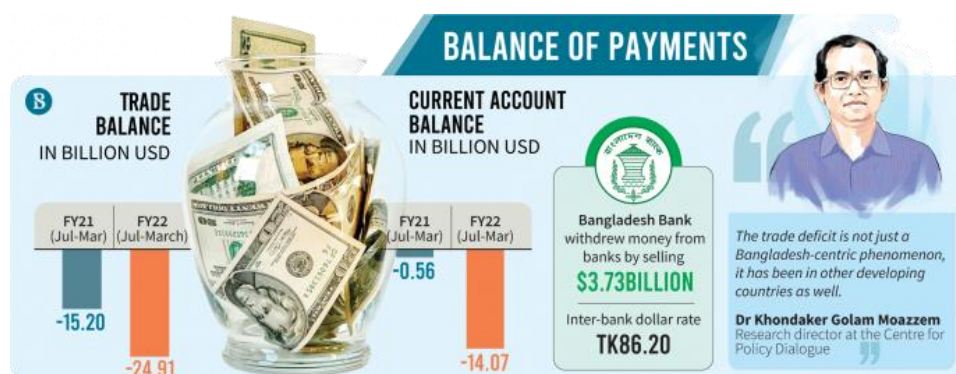
<https://www.newagebd.net/article/169960/rumana-joins-bsec-as-commissioner>

Economy & Industry

Import surge drives up nine-month trade deficit to \$25b

The Business Standard, May 08, 2022

- The country's trade deficit is growing sharply owing to a massive increase in imports compared to exports and the rise in prices of all kinds of products such as food items and fuels in the world market. In the first nine months of fiscal 2021-2022, the trade deficit was about \$25 billion which was 9.25% higher than that of the full period of the previous fiscal year. The deficit is around 64% more than the July-March period.
- The trade deficit for the nine months of fiscal 2020-21 was \$15.28 billion while it stood at \$22.80 billion for the entire fiscal year.
- In April, the exports clocked the \$4 billion mark with 51% year-on-year growth, raking in \$43.34 billion in 10 months of the current fiscal year, according to unofficial data from the Export Promotion Bureau.
- Import figures for April are not available, but the growth trend so far seen in previous months points to further widening of the trade deficit. Due to the huge trade deficit in the current financial year, Bangladesh has also plunged into a large deficit in the current account balance of foreign transactions.
- During the July-March period, the deficit rose to \$14.7 billion. At the same time previous fiscal year, this important indicator of Bangladesh's economy had a deficit of only \$555 million.

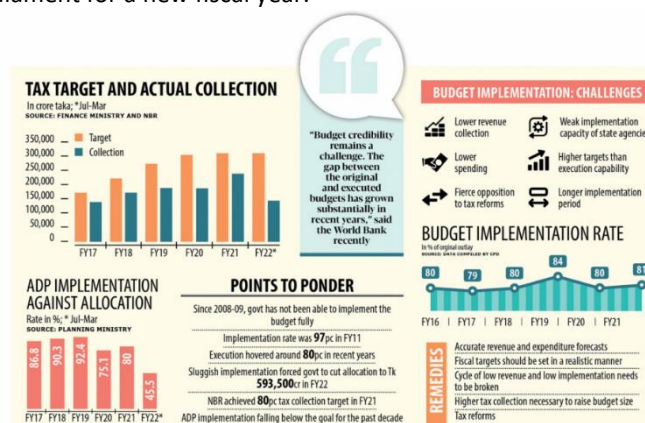


<https://www.tbsnews.net/economy/import-surge-drives-nine-month-trade-deficit-25b-415766>

Budget can't get rid of implementation challenges

The Daily Star, May 09, 2022

- Anyone who follows the national budget of Bangladesh is familiar with some expressions such as 'ambitious budget' and 'implementation will be challenging'. These views usually come from analysts and businesses after the finance minister places his annual income and expenditure plans at the parliament for a new fiscal year.
- The underlying reason for such assertions is clear: the consistent failure of the government to achieve its revenue target and spend as much as it wants under its development programmes. As a result, since the fiscal year of 2008-09, the government has not been able to implement the budget fully.
- The execution rate, which was as high as 97 per cent in 2010-11, has hovered around 80 per cent in recent years, leading local think-tanks and international development partners to raise questions about the credibility of the budget targets.



- According to the think-tank, the targets for public expenditure have remained consistently unmet and hovered around 80-85 per cent as a share of the allocation.
- The weak implementation has already forced the government to revise the allocation downwards to Tk 593,500 crore, a decrease of 1.69 per cent from the original plan of Tk 603,681 crore. For the next fiscal year, the government plans to unveil a Tk 677,874 crore budget, which is 12 per cent bigger than the current budget.

<https://www.thedailystar.net/business/economy/news/budget-cant-get-rid-implementation-challenges-3019386>

International

Zimbabwe suspends bank lending

The Daily Star, May 09, 2022

- Zimbabwe's government on Saturday ordered banks to stop lending with immediate effect in a move Harare said was designed to stop speculation against the Zimbabwean dollar and was part of a raft of measures to arrest its rapid devaluation on the black market.
- The southern African country reintroduced a local currency in 2019 after abandoning it in 2009 when it was hit by hyperinflation. However, the Zimbabwean dollar, which is officially quoted at 165.94 against the US dollar, has continued to slide on the black market, where it is trading between 330 and 400 to the greenback.
- The black market exchange rate has moved from about 200 Zimbabwe dollars at the beginning of the year. President Emmerson Mnangagwa on Saturday announced measures he said were meant to arrest the currency's depreciation, which he said threatened Zimbabwe's economic stability.
- "Lending by banks to both the government and the private sector is hereby suspended with immediate effect, until further notice," Mnangagwa said in a statement. Other measures include an increased tax on forex bank transfers, higher levies on forex cash withdrawals above \$1,000, and the payment of taxes which used to be charged in forex in local currency.

<https://www.thedailystar.net/business/global-economy/news/zimbabwe-suspends-bank-lending-3019346>

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About Bank Asia Securities Ltd

Bank Asia Securities Limited (BASL) is one of the leading full-service brokerage companies in Bangladesh. The company was formed in 2009 and running its operation as a majority owned subsidiary of Bank Asia Limited. BASL offers full-fledged standard brokerage services for retail, institutional and foreign clients with a dedicated team of skilled professionals. The company is currently providing the brokerage services under the membership of Dhaka Stock Exchange Limited (DSE).

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.