

Key News

- ✓ [Stocks bounce back after single-day break](#)
- ✓ [BSEC to allow listing of loss-making startups with high business potentials](#)
- ✓ [Dacca Dyeing makes robust comeback after years of trouble](#)
- ✓ [Fareast Islami Life share price soars 65% in nine days](#)
- ✓ [CSE begins trading of 3 Mudaraba Perpetual Bonds issued by UCB Investment](#)
- ✓ [Some RMG suppliers struggling for export payments](#)
- ✓ [IMF warns developing countries of 'economic turbulence'](#)

Stock Market & Company

Stocks bounce back after single-day break

The Financial Express, January 10, 2021

- Stocks rebounded on the gaining streak Monday, after a single-day break, thanks to the increased participation of institutional investors. After witnessing high volatility in the first hour of trading, the rest of the session went up steadily as the bargain hunters put fresh bets on sector-wise lucrative stocks.
- The DSEX, the prime index of the Dhaka Stock Exchange (DSE), went up 61.54 points or 0.88 per cent to 6,994, after losing more than 54 points in the previous day.
- Two other indices also ended higher. The DSE 30 Index, comprising blue chips, advanced 27.42 points to finish at 2,606 and the DSE Shariah Index (DSES) gained 12.54 points to close at 1,480.
- Turnover, a crucial indicator of the market, stood at Tk 14.87 billion, which was 1.78 per cent higher than the previous day's tally of Tk 14.61 billion.
- The state-run Power Grid Company, which gained 9.73 per cent, was the most traded stock with shares worth Tk 1.01 billion changing hands, followed by Beximco (Tk 943 million), Bangladesh Shipping Corporation (Tk 656 million), Bangladesh Submarine Cable (Tk 562 million) and Fortune Shoes (Tk 510 million).
- Popular Life Insurance was the day's highest gainer, soaring 10 per cent while Dhaka Dyeing was the day's worst loser, losing 6.12 per cent. The Chittagong Stock Exchange (CSE) also ended higher with the CSE All Share Price Index – CASPI – gaining 166 points to settle at 20,477 and the Selective Categories Index – CSCX-- rising 101 points to close at 12,300.



<https://thefinancialexpress.com.bd/stock/stocks-bounce-back-after-single-day-break-1641808788>

BSEC to allow listing of loss-making startups with high business potentials

The Newage, January 10, 2022

- The Bangladesh Securities and Exchange Commission has initiated a move to allow listing of loss-making startups having high growth potentials on the stock market.
- The stock market regulator is working to amend the Qualified Investor Offer by Small Capital Companies Rules, 2018 to allow startups which are now making losses but having high potentials of business growth to be listed on the country's stock exchanges.
- According to the current rules, a company needs to have the net profit after tax at least for preceding two financial years if it offers its securities above par value. It would be the first approach from the BSEC to list loss-making concerns on the country's capital market.
- BSEC commissioner Shaikh Shamsuddin Ahmed told New Age on Monday that the regulator was working to bring to the market startup companies having high business potentials but now are making losses. Most of the startup firms are loss-making entities, but many of them have huge business potentials, he said.
- Technology companies cannot be evaluated through traditional methods, he said. 'We are working to set a new valuation method to value the technology-driven startup firms,' he said.

<https://www.newagebd.net/article/159629/bsec-to-allow-listing-of-loss-making-startups-with-high-business-potentials>

Dacca Dyeing makes robust comeback after years of trouble

The Business Standard, January 10, 2022

- Dacca Dyeing and Manufacturing Company – one of the country's oldest home textile makers – has made a strong comeback from years of losses thanks to the securities regulator's supervision and owners' efforts. Investors once again expect a good return as the company's share price has risen six and a half times in the last year and is being traded at Tk23 on the Dhaka Stock Exchange (DSE).
- The shares had earlier plummeted to Tk3 each as the textile manufacturer suffered losses for consecutive years from the 2015-16 to 2018-19 fiscal years.
- During the four years, it incurred a loss of Tk136 crore mainly because its factory went out of production after the disconnection of its gas lines and the power crisis.
- In addition, its loans with Sonali Bank and Agrani Bank defaulted which became a big obstacle towards its exports.
- From this situation, it has turned around due to efforts by the Bangladesh Securities and Exchange Commission (BSEC) and the directors of the company.
- Officials at the textile manufacturer declined to comment on this issue but several BSEC officials said the present commission, immediately after taking charge, held a meeting with the directors of the company.
- In the meeting, the company was advised to appeal to the High Court to get the gas connections restored. Besides, it was asked to organise the annual general meetings, which have been halted since 2016. A director of the company, speaking on condition of anonymity, said the gas connection was restored following a High Court order.
- Besides, defaulted loans have also been regularised through rescheduling. Moreover, working capital has been taken from the government's stimulus package. At present, the company's factory is operating in full swing.
- Following the combined efforts, the company could report a 362% year-on-year growth in net profit to Tk5.22 crore in fiscal 2020-21.



<https://www.tbsnews.net/economy/stocks/dacca-dyeing-makes-robust-comeback-after-years-trouble-355699>

Fareast Islami Life share price soars 65% in nine days

The Business Standard, January 10, 2022

- Publicly listed Fareast Islami Life Insurance Company Ltd posted a 65% share price hike during the last nine trading days at the Dhaka Stock Exchange (DSE). The life insurer's stock price reached Tk82.6 per share on Monday, which was Tk50.1 on 29 December last year.
- On 9 January, the DSE sent a query letter to the company seeking an explanation behind this unusual price hike. The company replied that it has no undisclosed PSI regarding the matter. In September last year, the Bangladesh Securities and Exchange Commission (BSEC) reconstructed the company's board to protect investors' interests.
- Before that, the securities regulator appointed A Wahab & Co Chartered Accountants as a special auditor to audit the company's financial statements for 2016, 2017, and 2018. It is alleged that Fareast Islami Life does not meet customer claims duly for which they suffer even after the policies mature. Also, an investigation by BSEC found that the company's owners embezzled and laundered more than Tk2,125 crore from the company in the past decade.

<https://www.tbsnews.net/economy/stocks/fareast-islami-life-share-price-soars-65-nine-days-355693>

CSE begins trading of 3 Mudaraba Perpetual Bonds issued by UCB Investment

The Business Standard, January 10, 2022

- The inauguration ceremony for three Mudaraba perpetual bonds issued and arranged by UCB Investment Limited was held on 6 January in the port city. The AIBL, IBBL and SJIBL Mudaraba Perpetual Bonds have recently been listed by the Chittagong Stock Exchange (CSE), said a press release.
- AIBL Mudaraba Perpetual Bond is the very first perpetual bond that got approved under the new regulation after a 14-year hiatus. Besides, IBBL 2nd Mudaraba Perpetual Bond is the largest perpetual bond issuance by any Islamic bank till date.
- Chittagong Stock Exchange Managing Director (Acting) Md Ghulam Faruque, Al-Arafah Islami Bank Ltd Deputy Managing Director Muhammed Nadim; FCA, Islami Bank Bangladesh Ltd Deputy Managing Director & Company Secretary JQM Habibullah; FCS, Shahjalal Islami Bank Ltd Chief Financial Officer Md Jafar Sadeq; FCA and UCB Investment Limited Managing Director & CEO Tanzim Alamgir were present at the event among other senior officials from respective organisations.

<https://www.tbsnews.net/economy/stocks/cse-begins-trading-3-mudaraba-perpetual-bonds-issued-ucb-investment-355561>

Economy & Industry

Some RMG suppliers struggling for export payments

The Daily Star, January 11, 2021

- Some local garment suppliers are struggling to avail payments from troubled Western clothing retailers and brands even nearly two years past making shipments while Covid-19 was initially running riot.
- Between April and August of 2020, international retailers and brands suspended, cancelled or demanded unusual payment deferrals worth \$3.18 billion, according to data from the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).
- However, some 95 per cent of the payments were made, although after unusual delays of as much as 220 days and under big discounts from suppliers. Some of the payments are still pending as some companies went bankrupt and for legal tussles in their respective countries.
- Take the instance of JC Penney. Many of the local suppliers are yet to get their payments from the US retail giant as it was handed over to a new owner. "I have been advised that I will get my payment after the completion of the legal issues," said a major Bangladeshi supplier who is owed \$1.3 million.
- Suppliers said nearly 100 garment manufacturers from Bangladesh used to supply \$800 million-worth goods to JC Penney in a year. Similarly, British upscale clothing retailer Debenhams has also been taken over by a new owner. As a result, some of the local suppliers did not get their payments in full.

<https://www.thedailystar.net/business/economy/news/some-rmg-suppliers-struggling-export-payments-2936691>

International

IMF warns developing countries of 'economic turbulence'

The Daily Star, January 11, 2021

- Emerging economies should gird for possible rough times as the US Federal Reserve prepares to raise interest rates and world economic growth slows because of the Omicron variant of Covid-19, the IMF warned Monday.
- The International Monetary Fund, which is scheduled to release updated economic forecasts on January 25, said that for now global economic recovery from the ravages of the pandemic should continue this year and next.
- But "risks to growth remain elevated by the stubbornly resurgent pandemic," IMF economists Stephan Danninger, Kenneth Kang and Helene Poirson wrote in a blog post.
- The highly contagious Omicron strain has spread like wildfire around the world since mid-December, causing record numbers of new Covid cases in the latest wave of the global health crisis.
- Omicron, which seems to cause less severe disease than previous strains of the coronavirus, is causing countries to reinstitute health measures that hamper economic growth. "Given the risk that this could coincide with faster Fed tightening, emerging economies should prepare for potential bouts of economic turbulence," the economists said, as these countries are also confronting elevated inflation and substantially higher public debt.
- The Fed has signalled that it will raise key interest rates sooner and more aggressively than it had planned, in order to counter rampant inflation in the US that is hitting US households and consumption -- the engine of economic growth in America.
- Higher interest rates mean financing costs for some emerging economies with dollar-denominated debt will rise.

<https://www.thedailystar.net/business/global-economy/news/imf-warns-developing-countries-economic-turbulence-2936716>

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