

Key News

- ✓ [Stocks remain afloat for 4th day](#)
- ✓ [Dearth of good companies key weakness of stock market: experts](#)
- ✓ [Union Insurance price soars 495pc in 20 sessions](#)
- ✓ [BSEC approves Queen South Textile's stock dividend](#)
- ✓ [34 sick firms deprive shareholders of dividends](#)
- ✓ [NBFIs barred from disbursing loans on BB cheques](#)
- ✓ [Write-off loans grow as recovery low](#)
- ✓ [US inflation data hits global stocks](#)

Stock Market & Company

Stocks remain afloat for 4th day

The Newage, February 13, 2022

- Dhaka stocks increased slightly for the fourth session on Sunday as a section of investors kept buying shares while many others went for profit booking amid sluggish movement on the market. DSEX, the key index of the Dhaka Stock Exchange, added 0.05 per cent, or 3.75 points, to close at 7,089.52 points on Sunday.
- The DSEX gained 38 points in the last four trading sessions. Average share prices of general insurance, non-bank financial institution and energy sectors dropped by 1.1 per cent, 0.8 per cent and 0.2 per cent respectively.
- Share prices of British American Tobacco, Fortune Shoes, Linde Bangladesh, Square Pharmaceuticals and BRAC Bank soared on Sunday that saved the market from a fall.
- Average share prices of food, bank and engineering advanced by 1.6 per cent, 0.5 per cent and 0.1 per cent respectively. Share prices of some fundamentally weak companies, including Meghna Condensed Milk, Imam Button, Zeal Bangla Sugar Mills, Central Pharmaceuticals and Tamijuddin Textile Mills, hit the upper limit on Sunday.
- The DSE Shariah index added 5.36 points to close at 1,522.98 points and the DS30 index comprising of 30 large capitalised companies increased by 7.55 points to finish at 2,605.05 points. The daily turnover, a crucial indicator of the investors' participation, inched up to Tk 1,275.64 crore on Sunday compared with that of Tk 1,254.32 crore in the previous session.
- Fortune Shoes led the turnover chart with its shares worth Tk 98.98 crore changing hands. Orion Pharma, BEXIMCO, Bangladesh Shipping Corporation, SAIF Powertec, Sonali Paper, Union Insurance, Yeakin Polymer, Bay Leasing & Investment and British American Tobacco Bangladesh Company were the other turnover leaders.
- Aramit Cement Limited was the day's best performer, posting a gain of 9.98 per cent, while Queen South Textile Mills Limited was the worst loser, shedding 7.12 per cent.

<https://www.newagebd.net/article/162675/stocks-remain-afloat-for-4th-day>

Dearth of good companies key weakness of stock market: experts

The Newage, February 13, 2022

- A dearth of sound companies is the key weakness of the country's capital market and the problem should be addressed on a priority basis for the development of the market, experts said on Sunday. They made the statement at a programme titled 'Obstacles of listing into capital market and ways to solve' organised by an online news portal in the capital, Dhaka.
- Former Bangladesh Securities and Exchange Commission chairman Faruque Ahmed Siddique said that investors found a very few good companies in the capital for investing their money. Siddique said that most of the good performing companies remained away from the stock market. So, local and foreign investors remain reluctant to invest in the market, he said.
- The Bangladesh Bank should make policies to reduce surplus liquidity in the banking system and discourage banks for providing long-time financing, he said adding that the initiative would force the companies to take finance from the stock market.
- BSEC chairman Shibli Rubayat-ul-Islam said, 'We are giving efforts to bring better companies to the market and eventually some good performing companies will be listed soon.' 'If companies can ensure regulatory requirements, the regulator will give IPO approval within a couple of weeks,' he said.

<https://www.newagebd.net/article/162676/dearth-of-good-companies-key-weakness-of-stock-market-experts>

Union Insurance price soars 495pc in 20 sessions

The Financial Express, February 13, 2022

- The newly listed Union Insurance Company has continued its abnormal surge of price despite there was no undisclosed price sensitive information (PSI). The company's share price jumped 495 per cent in last 20 sessions in a row since its debut trading on January 16.
- Following the abnormal price hike, the company topped the chart of top 10 gainers for last two consecutive weeks. On the day of the debut trading, the company's share price closed at Tk 11 each in line with normal limit set in circuit breaker and finally the price jumped to Tk 65.50 each on Thursday.
- In response to a query made by Dhaka Stock Exchange (DSE) on February 2, Union Insurance Company has informed that there is no undisclosed price sensitive information for recent unusual price hike. In last week, the company topped the chart of the DSE's top 10 gainers with a rise of 60.15 per cent.
- The company also topped the chart of top 10 gainers in previous week on the premier bourse DSE. As per the regulatory approval, Union Insurance raised a fund worth Tk 193.60 million from the capital market by issuing over 19.36 million ordinary shares at an offer price of Tk 10 per share under the fixed price method.

<https://thefinancialexpress.com.bd/stock/union-insurance-price-soars-495pc-in-20-sessions-1644726964>

BSEC approves Queen South Textile's stock dividend

The Business Standard, February 13, 2022

- Queen South Textile Mills Limited has recently got the Bangladesh Securities and Exchange Commission's (BSEC) approval to issue a 10% stock dividend for its shareholders.
- The company recommended the dividend for fiscal 2020-21 on 28 October last year. To determine which shareholders are eligible to receive the stock dividend, the company set the record date for 22 February.
- The company was listed on the Dhaka Stock Exchange (DSE) in 2018. Its paid-up capital is Tk130 crore, which was raised for the company's business expansion, and working capital. On Sunday, its share price fell by 7.12% to Tk28.7 each at the DSE.
- In the last fiscal year, its earnings per share (EPS) stood at Tk1.25, which was 40% higher than the previous fiscal. In the July-December period of the current fiscal, its EPS grew by 24% to Tk0.61 compared to the previous fiscal's first half.

<https://www.tbsnews.net/economy/stocks/bsec-approves-queen-south-textiles-stock-dividend-370354>

34 sick firms deprive shareholders of dividends

The Business Standard, February 13, 2022

- Owing to a business decline for years, including the pandemic period, 34 companies listed on the capital market have deprived their shareholders of dividends in fiscal 2020-21. According to the Dhaka Stock Exchange (DSE), a total of 46 firms would not pay any dividend, of which 34 maintain fiscal year, while others maintain calendar year.
- Twelve firms such as banks and non-bank financial institutions (NBFIs) have declared no dividend for 2020, but are yet to disclose their annual financials for 2021. The highest number of the poorly performing 34 firms is from the textile sector.
- The sector has 58 firms listed on the capital market, but 12 of them have failed to declare a dividend for fiscal 2020-21. Tung Hai Knitting and Dyeing, a textile firm that got listed on the stock market in 2014, have not paid any dividend to its shareholders since fiscal 2016-17. Zahintex Industries, another firm has deprived its shareholders of dividends in three fiscal years since FY18.
- Seven engineering firms in trouble: Seven firms – including three state-owned ones – out of 47 companies listed on the market from the engineering sector have declared no dividend for shareholders.
- The state-owned Eastern Cables, Atlas Bangladesh, and Renwick Jaineswar have deprived their shareholders of dividends for several years, with business melting down because of stiff competition from private sector peers.

<https://www.tbsnews.net/economy/stocks/34-sick-firms-deprive-shareholders-dividends-370345>

Economy & Industry

NBFIs barred from disbursing loans on BB cheques

The Daily Star, February 14, 2022

- Bangladesh Bank yesterday ordered non-bank financial institutions (NBFIs) not to disburse loans using cheques of current accounts they have to maintain with the central bank.
- Bangladesh Financial Intelligence Unit (BFIU) and Anti-Corruption Commission (ACC) had discovered that the cheques were used in some of the major scams perpetrated in the NBFI sector, said officials of the central bank.
- Every NBFI has to have a current account with the central bank to maintain their cash reserve ratio and statutory liquidity ratio. The NBFIs are allowed to use the cheques when they want to withdraw funds from the central bank or settle any inter-bank loans or liabilities such as call money.
- Usually no question is raised when cheques of current accounts with the central bank are placed for withdrawal or transfer of funds. The cheques enabled the scammers to seamlessly withdraw funds from banks.
- And this was what the swindlers capitalised on to siphon off funds, unearthed the BFIU and the ACC. And this has prompted the central bank to send letters to all NBFIs, barring them from disbursing any loans using the BB current account cheques.

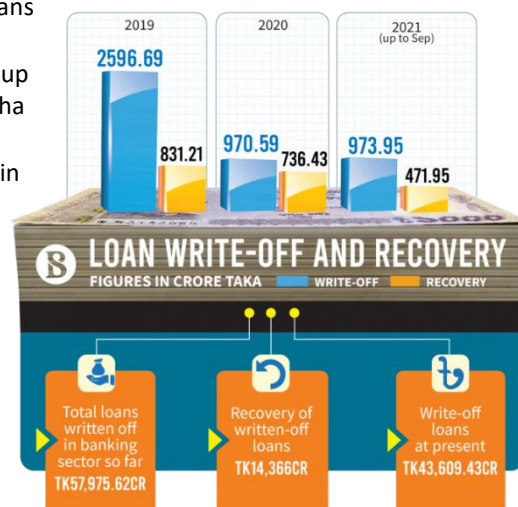
<https://www.thedailystar.net/business/economy/banks/news/nbfis-barred-disbursing-loans-bb-cheques-2961441>

Write-off loans grow as recovery low

The Business Standard, February 13, 2022

- Write-off loans have continued to swell with a declining trend in recovery, compounded by irregularities in disbursement, which have eventually led to a rise in defaulted amounts. In the first nine months of 2021, banks removed around Tk974 crore from their balance sheets and recovered only Tk472 crore, according to Bangladesh Bank data.
- Since the facility was introduced in 2003, lenders have written off Tk57,975 crore till September last year, which is 57.31% of the total defaulted loans in the banking sector. Writing off bad loans is an exercise conducted by banks to clean up their balance sheets for tax benefits and capital optimisation.
- Banks must maintain provision at a rate of 0.25% to 5% against unclassified or regular loans. But it will be between 20% and 100% depending on the quality of defaulted or classified loans. Initially loans defaulted for more than five years could be written off but the time has now been brought down to three years.

- To write off a bad loan, lenders must maintain 100% provision using their income or depositors' money. Banks usually write off loans having the lowest prospect of recovery. However, these loans cannot be rescheduled or restructured, bankers said.
- In recent times, there have been changes in the writing-off policy. Earlier, up to Tk50,000 could have been written off without filing a case with the Artha Rin Adalat – courts dedicated for dealing with loan-related complaints.
- At present, up to Tk2 lakh can be written off without filing a case. Cashing in on the policy relaxation by the central bank, lenders have increased writing off their defaulted loans.
- In the past few years, the amount of defaulted loans has increased significantly mainly owing to various irregularities in disbursement, said sector insiders.
- In 2019, the Bangladesh Bank had provided a special opportunity for borrowers to regularise loans from Tk10 crore to Tk500 crore with a 2% down payment.
- After the coronavirus had struck the country in 2020, the central bank extended the facility which finally came to an end in December last year.
- Since the possibility of recovering such loans is thin, banks are treading the path of writing off defaulted loans to make the financial statements look clean. After the recovery from this sector from 2003 to September last year, the net written off amount stood at Tk43,609.43 crore.



<https://www.tbsnews.net/economy/banking/write-loans-grow-recovery-low-370360>

International

US inflation data hits global stocks

The Daily Star, February 14, 2022

- Major global stock indexes fell on Thursday under pressure from crucial US inflation data, falling technology shares and rising benchmark bond yields. US consumer prices rose solidly in January, leading to the biggest annual increase in inflation in 40 years, which could fuel financial market speculation for a 50 basis points interest rate hike from the Federal Reserve next month. [read more](#)
- Wall Street retreated. The Dow Jones Industrial Average fell 1.47 per cent to end at 35,241.59 points, while the S&P 500 lost 1.81 per cent to 4,504.06. The Nasdaq Composite dropped 2.1 per cent to 14,185.64. It was the seventh time in 2022 that the Nasdaq lost more than 2 per cent in a session. The S&P 500 is now down about 5 per cent in 2022, and the Nasdaq is down about 9 per cent.
- Tech stocks, which boosted US shares to steep gains earlier in the week, fell 2.75 per cent. The MSCI world equity index fell after clinging to gains throughout much of the session. The pan-European STOXX 600 index closed down 0.2 per cent as rising bond yields.

<https://www.thedailystar.net/business/global-economy/news/us-inflation-data-hits-global-stocks>

Disclaimer

This document has been prepared by Bank Asia Securities Ltd (BASL) based on publicly available data for information purpose only and does not solicit any action based on the material contained herein and should not be construed as an offer or solicitation to buy or sell or subscribe to any security. Neither BASL nor any of its directors, shareholders, member of the management or employee represents or warrants expressly or impliedly that the information or data of the sources used in the documents are genuine, accurate, complete, authentic and correct. However, all reasonable care has been taken to ensure the accuracy of the contents of this document. BASL or Research & Development Department will not take any responsibility for any decisions made based on the information herein. As this document has been made for the Traders of BASL and strongly prohibited for circulation to any clients, investors or any other persons from outside of BASL.

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

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.