

Key News

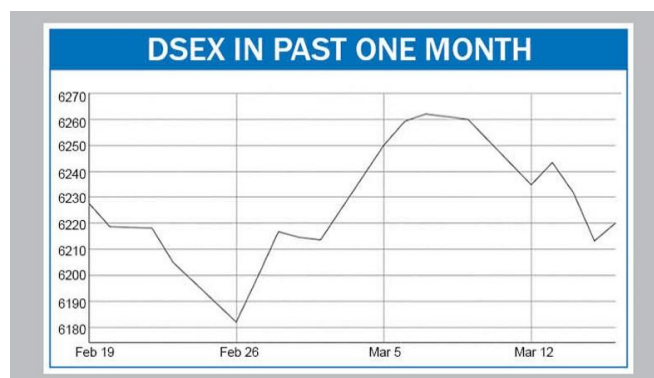
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Stock Market & Company

Dhaka stocks mostly fall

The New Age, March 18, 2023

- Dhaka stocks dropped in the past week as investors went on cautious trading amid worries over economic crisis in the country.
- The main index of the Dhaka Stock Exchange, DSEX, dropped by 0.64 per cent, or 39.93 points, to close at 6,220.24 points on March 16, after gaining 55 points in the previous two weeks.
- The market dropped in most of the sessions in the last week as investors went on cautious trading. Out of 378 companies traded, share prices of 141 declined, 15 advanced and 222 remained unchanged.
- The weekly average turnover dropped to Tk 508.02 crore in the past week from that of Tk 646.24 crore in the previous week.
- The DS30, comprised of 30 large capitalised companies, shed 8.21 points to finish at 2,218.76 points and the DSE Shariah index, DSES, also lost 5.48 points to close at 1,356.85 points. Rupali Life Insurance Company topped the weekly turnover chart with a value of Tk 145.08 crore.
- Genex Infosys, Sea Pearl Beach & Spa Limited, Meghna Life Insurance Company, ADN Telecom, Olympic Industries, Aamra Networks, BDCOM Online, Eastern Housing and Bangladesh Shipping Corporation were the other turnover leaders.



<https://www.newagebd.net/article/197170/dhaka-stocks-mostly-fall>

'Floor price is helping none'

The Business Standard, March 18, 2023

- The floor price imposed against the basic concepts of market demand-supply is not helping anyone, believes stock market expert Abu Ahmed, a former professor of economics at the University of Dhaka. "Price goes up and down – that is the beauty of the stock market as they create opportunities for investors," the professor said in a recent interview with The Business Standard.
- As the market was lacking opportunities to sell stocks, it got stagnant, and fund managers would underperform and lack the strength to pay dividends to investors, he said.
- The price restriction is not helping small investors ultimately, as the stock prices and portfolio value showing now are artificial.
- The veteran, who has a four-decade connection to the local stock market as an academic, commentator, columnist, policy advocate, awareness creator, and retail investor himself, is proud of how the market infrastructure evolved over the decades in terms of having two stock exchanges where trading went electronic from the manual cry out environment, a separate securities regulator now overseeing market affairs, and many other factors.
- The government is making mistakes by not offloading large stakes in underperforming SOEs to private investors who want directorship and management participation even if it costs them much more than the current market price of the company shares, he said.

<https://www.tbsnews.net/economy/stocks/floor-price-helping-none-601698>

Regulator signs cooperation deal with IFC

The Financial Express, March 17, 2023

- The securities regulator has signed a cooperation agreement on national sustainability bond guidelines with International Finance Corporation (IFC). The chairman of the Bangladesh Securities and Exchange Commission (BSEC) Prof. Shibli Rubayat UI Islam and IFC country manager (Bangladesh, Bhutan and Nepal) Martin Holtmann on Thursday signed the agreement at the BSEC office.
- Under the corporation agreement, the IFC will work closely with the securities regulator to strengthen the reporting and regulatory framework. The IFC will also work to help revise the corporate governance code and develop the sustainable bonds.
- Under the agreement, local market intermediaries and training institutes will get support to hold more training programmes. The BSEC officials said another objective of the deal with the IFC is to ensure due diligence and corporate governance of the financial institutes. IFC will facilitate the development of a 'level bond market' comprising green, social, climate and blue bonds.

<https://thefinancialexpress.com.bd/stock/bangladesh/regulator-signs-cooperation-deal-with-ifc>

Provisioning forbearance extended for dealers, merchant banks

The Business Standard, March 16, 2023

- The Bangladesh Securities and Exchange Commission (BSEC) extended provision forbearance for merchant banks and brokerage houses till the year 2025 against their unrealized losses incurred in their investment portfolio amid weak performance of price indices since the floor price was imposed.
- The regulator's move was to enable stock players to invest more instead of spending money for provisioning for future risk. However, the long-stretched provisioning forbearance helped the market intermediaries hide their weak financial health under the carpet, putting depositors' money at risk as most merchant banks and brokerage houses are subsidiaries of banks and non-bank financial institutions.

- The BSEC on Wednesday said stockbrokers and merchant banks can continue with only 20% of the needed provisioning against the unrealised losses in their own capital market investments.
- An investment portfolio loss remains unrealised until the investor sells the securities off at a price lower than the cost price and the international accounting standard (IAS) asks for 100% provision against such losses at the same accounting period. However, the relaxation has been continuing against the IAS since 2016 and now has been set to stretch for a decade in a row, raising caution among observers.

<https://www.tbsnews.net/economy/stocks/provisioning-forbearance-extended-dealers-merchant-banks-600778>

Mostafa Metal to issue Tk18cr bond for business expansion

The Business Standard, March 16, 2023

- Mostafa Metal Industries, a listed firm on the SME board, has decided to issue a non-convertible bond worth Tk18 crore for the business expansion. The manufacturer of all kinds of Polyvinyl Chloride (PVC) and wood plastic composite (WPC) doors for the local market will issue the zero-coupon bond through private placement at an 11% coupon rate.
- The price for each of the 36 total lots of the bond units will be Tk50 lakh, according to a disclosure on the Dhaka Stock Exchange (DSE). In 2021, the SME firm went public to raise Tk11 crore from the stock market through a qualified investor offer (QIO) and got listed on the SME board.
- Mostafa Metal needed the fund for its business expansion. Now, the company says, its business is growing rapidly, and its management has decided to expand the current production capacity to meet the growing demand.
- According to its financials, despite around 1% growth in revenue, Mostafa Metal has reported an 8% fall in profit in the fiscal 2021-22 compared to the previous fiscal year. In FY22, its revenue rose to Tk42.14 crore and its net profit declined to Tk5.03 crore.

<https://www.tbsnews.net/economy/stocks/mostafa-metal-issue-tk18cr-bond-business-expansion-600786>

Jamuna Bank to buy land worth Tk 1.37b

The Financial Express, March 16, 2023

- The board of directors of Jamuna Bank Ltd has decided to purchase land from China Bangla Agro Feeds worth more than Tk 1.37 billion excluding the cost of registration and other related expenses. The land measuring area is more or less 110 katha situated at Khilkhet in Dhaka, said the company in a regulatory filing on Thursday.
- The purchase of the land is subject to obtaining necessary approval from regulatory bodies – such as Bangladesh Bank and Bangladesh Securities and Exchange commission, according to the filing. The bank's nine months' consolidated EPS stood at Tk 4.06 for January-September 2022 as against Tk 3.87 for January-September 2021.
- In 2021, the bank disbursed 17.50 per cent cash dividend. The private commercial bank is also in the process of setting up an exchange house in Spain for transferring remittances to Bangladesh through the banking channel. To establish the exchange house, the private sector lender has already obtained approval from the Bangladesh Bank and the respective regulators of Spain.

<https://thefinancialexpress.com.bd/stock/bangladesh/jamuna-bank-to-buy-land-worth-tk-137b>

Economy & Industry

Export earnings to drop as buyers change sourcing strategy

The New Age, March 18, 2023

- The Bangladesh Garment Manufacturers and Exporters Association has apprehended that the export earnings' growth might decline in March as global buyers changed their sourcing strategy due to geopolitical tensions and production plan in apparel factories were being disrupted.
- BGMEA president Faruque Hassan at a press conference on Saturday held at the headquarters of the trade body in the city said that the global brands and buyers were changing their sourcing strategy and placing orders in small slots due to uncertainties in global economy.
- 'Despite a decrease in work orders for the last few months, export earnings from readymade garments have maintained a positive growth up to February due to a better unit price and increased shipment of value added products but it may not be possible to retain the growth in March,' he said.
- Faruque said that the consumers of apparel products decreased in developed countries as inflation reached a record high in Bangladesh's major export destinations – the European Union and the United States.
- Consumers in the western countries have been becoming more interested in buying discounted apparel products and so buyers have decreased the volume of work orders amid the declining trend, the BGMEA president said.

<https://www.newagebd.net/article/197172/export-earnings-to-drop-as-buyers-change-sourcing-strategy>

US bank failures and role of central banks

The Daily Star, March 19, 2023

- We just witnessed the collapse of two large US banks -- Signature Bank and Silicon Valley Bank (SVB). A few others are also reportedly in the same mess.
- History taught us that banks do fail. But these circumstances are uncannily like 2008 and may be worse. We can easily remember the case of Lehman Brothers in 2008. However, SVB was no Lehman Brothers. Where Lehman bet almost its entire balance sheet on risky mortgage bonds, SVB had a surprisingly conservative balance sheet. As of December 31, 2022, SVB had \$173 billion in customer deposits and only \$74 billion in loans.
- SVB did not fail because it was making a bunch of high-risk NINJAS (no income, no job, and no assets) or dicey loans. SVB failed because it parked most of its depositors' money (\$119.9 billion) in US government bonds.
- US government bonds are supposed to be the safest asset. But many didn't realise even government bonds can lose value. Most of SVB's portfolio was in long-term government bonds, like 10-year Treasury notes, and they are extremely volatile.
- The day before the earnings announcement, SVB stock closed at \$250.04. The day after the earnings call, the stock closed even higher at \$291.44. This means despite SVB management disclosing that its entire bank capital was effectively wiped out, Wall Street investors excitedly bought the stock and bid the price up by 16 per cent. The stock continued to rise, reaching \$333.50 on February 1.

<https://www.thedailystar.net/business/economy/news/us-bank-failures-and-role-central-banks-3274746>

International

[Banks feel impact as Asian markets are hit by contagion fears](#)

The Daily Star, March 17, 2023

- Asian markets slid Thursday, led again by banks, with contagion talk sweeping across trading floors owing to fears about European giant Credit Suisse. Already jittery investors have been in panic mode since the collapse of two regional US banks over the weekend sparked a sell-off across equities and ramped up concerns of a global recession.
- While commentators have said the crisis should be contained and most major lenders had little exposure to the firms -- Silicon Valley Bank and Signature Bank -- news of trouble at Credit Suisse once again sent traders running for the hills.
- Switzerland's second-biggest bank tanked nearly 25 percent after Saudi National Bank -- its main shareholder -- said it would "absolutely not" up its stake in the firm. That came a day after its annual report cited "material weaknesses" in internal controls at the firm, which has been hit by a series of scandals in recent years.
- The Swiss central bank insisted that capital and liquidity levels at the lender were adequate, but stressed it was ready to make liquidity available to Credit Suisse. Credit Suisse later announced it would borrow nearly \$54 billion to "support" the group.
- The developments sent shivers through markets as memories of the global financial crisis came flooding back. Bank shares were hammered, with Britain's Barclays, Germany's Commerzbank and Wall Street titan JP Morgan diving around five percent.

<https://www.thedailystar.net/business/global-economy/news/banks-feel-impact-asian-markets-are-hit-contagion-fears>

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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).

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