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Stock Market & Company

Stocks keep falling as investors choose to offload holdings

The Newage, July 23, 2022

- Dhaka stocks plunged in the past week as economic worries, power crisis, prevalent market manipulations and persistent downward trend pushed investors to make an exit. The key index of the Dhaka Stock Exchange, DSEX, lost 3.13 per cent, or 197.99 points, over the past week, to close at 6,126.52 points on July 21, the last trading session of the week.
- The DSEX lost 250 points in the past three weeks. Average share prices of all the sectors dropped in the past week while share prices of general insurance, energy, non-bank financial institution, textile and bank sectors declined by 6.5 per cent, 4.7 per cent, 3.9 per cent, 2.8 per cent and 1.3 per cent respectively.
- The DS30, comprised of 30 large capitalised companies, plunged by 73.02 points to finish at 2,200.83 points and the DSE Shariah Index, DSES, dipped by 32.27 points to close at 1,345.09 points. Bangladesh Export Import Company was the most traded company with its shares worth Tk 145.58 crore changing hands in the week.
- Sonali Paper, Delta Life Insurance Company, Intraco Refueling Station, KDS Accessories, Orion Pharma, Titas Gas, Fortune Shoes, British American Tobacco and Shinepukur Ceramics were the other turnover leaders. HR Textile was the week's best performer, posting a gain of 21.4 per cent, while Imam Button Industries was the worst loser, shedding 9.44 per cent.

<https://www.newagebd.net/article/176599/stocks-keep-falling-as-investors-choose-to-offload-holdings>

DSE market cap to GDP ratio drops in FY22

The Newage, July 23, 2022

- The ratio of the Dhaka Stock Exchange's market capitalisation to the country's gross domestic product declined to 13.02 per cent at the end of the financial year 2021-22 from 18.4 per cent in the previous financial year. According to DSE data, the ratio of the DSE market capitalisation to the GDP was 12.3 per cent in FY2020, 15.76 per cent in FY2019, 17.19 per cent in FY18 and 19.43 in FY17.
- In the past 13 years, the average GDP growth has been 6.6 per cent, above 7 per cent in FY 2016-2017, FY2017-2018 and FY2018-2019, and exceeded 8 per cent in FY 2018-2019. However, only 360 companies are trading on the Dhaka bourse and most of them are small-sized and fundamentally weak.
- In addition, Beximco Green Sukuk raised Tk 3,000 crore in August 2021 and the Sukuk was listed on the DSE. However, fund raising from the stock market through IPO fell by 57 per cent in FY22 compared with that in the previous fiscal.
- Eight companies got listed on the stock market in FY22 and raised Tk 699.36 crore through IPOs, while 16 companies raised Tk 1,610.6 crore through IPOs in FY21. The key index, DSEX, started financial year 2022 with 6,047.66 points and finished the year at 6,376.94 points on June 30, gaining 329.28 points over the year.

<https://www.newagebd.net/article/176598/dse-market-cap-to-gdp-ratio-drops-in-fy22>

BSEC asks asset management companies to help revive market sentiment

The Financial Express, July 22, 2022

- The securities regulator has asked the Asset Management Companies (AMCs) not to behave like retail investors, and instead play a supportive role to help revive the sluggish capital market. The Bangladesh Securities and Exchange Commission (BSEC) made the call on Thursday at a meeting held at the BSEC office with the representatives of AMCs having significant participations in the market.
- "Sometimes, institutional investors behave like retail investors who offload shares just after maturity. We have asked the AMCs to avoid such attitude," said a BSEC official. The BSEC official said the AMCs have been urged to play a supportive role in a favourable situation by injecting funds within their capacity.
- "The discussants have also opined that the country's economy is now in a good position to overcome any odds," he added.

<https://thefinancialexpress.com.bd/stock/bsec-asks-asset-management-companies-to-help-revive-market-sentiment>

RAK Ceramics to set up bath fittings plant

The Financial Express, July 22, 2022

- RAK Ceramics (Bangladesh), a UAE-Bangladesh joint venture company, is going to invest in faucets business by establishing a new plant at an estimated cost of Tk 950 million. "The board of directors of the company has decided to invest in faucets business by establishing a new plant with production capacity of 1,500 pieces per day," said the company in a filing with Dhaka Stock Exchange (DSE) on Thursday.
- Faucets business is widely known as bathroom fittings business. The board of directors of one of the leading tile and sanitary ware manufacturers took the investment decision at a meeting held on Wednesday.
- Recently, RAK Ceramics has also decided to increase the tiles production capacity by 15,000 square meters per day through green field projects at an investment of Tk 9,025 million to meet the growing demand for the construction material in the country.
- RAK Ceramics is a zero-debt company, which means it has no bank loans. The market for tiles has been growing in the country as the real estate sector has witnessed a double-digit growth over the last decade.

<https://thefinancialexpress.com.bd/stock/rak-ceramics-to-set-up-bath-fittings-plant-1658462258>

LafargeHolcim Q2 EPS jumps 10 per cent

The Financial Express, July 22, 2022

- LafargeHolcim Bangladesh, a publicly listed company, has registered a 10 per cent growth in its EPS (earnings per share) for April-June (Q2) of 2022, compared to the same quarter of the previous year. The company has posted an EPS of Tk 1.06 for the Q2 of 2022 as against Tk 0.96 for the same period of the previous year.
- During April-June of 2022, the net sales of LafargeHolcim Bangladesh rose to Tk 5.01 billion, up 6.0 per cent from Tk 4.74 billion in the same period of the previous year. The company has also posted its net profit of Tk 1.23 billion for the Q2 of 2022 as against Tk 1.11 billion in the same period of the previous year. The board of directors of LafargeHolcim has declared a 15 per cent interim cash dividend, said a press release.

<https://thefinancialexpress.com.bd/stock/lafargeholcim-q2-eps-jumps-10-per-cent-1658462623>

BSEC concerned about Kattali Textile's IPO utilisation

The Business Standard, July 23, 2022

- The Bangladesh Securities and Exchange Commission (BSEC) is concerned about the utilisation of the initial public offering (IPO) proceeds of Kattali Textile Mills Ltd notwithstanding that it slapped a big fine on the company's directors a year ago. The stock market regulator observed that the manufacturer and exporter of garments products did not use its IPO fund in the last few months.
- Even though the economy has returned to normalcy, the company could use Tk8 lakh only this year. As of June 2022, the company was able to use Tk12.88 crore or 37.88% of its IPO fund, while it paid over Tk5 crore in interest.
- In June 2018, the BSEC approved the IPO application of the company despite a lot of objections from the Dhaka Stock Exchange.
- Kattali Textile IPO was highly controversial and there were complaints from some investors that the company depends only on rental income from its factory building in Chattogram, instead of using the facility for its own operations.
- After that, the controversial company tried to mislead the securities regulator in this regard by filing false updates and submitting fake bank statements to back their false claims.

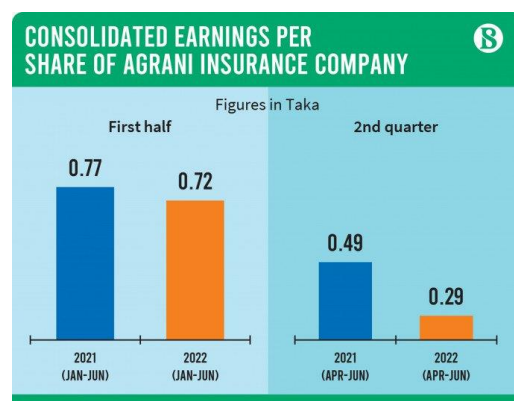


<https://www.tbsnews.net/economy/stocks/bsec-concerned-about-kattali-textiles-ipo-utilisation-463782>

Agrani Insurance sees earnings decline in H1

The Business Standard, July 23, 2022

- Publicly listed non-life insurer Agrani Insurance Company Ltd witnessed a 6% year-on-year decline in its consolidated earnings per share (EPS) in the first half of 2022. Its consolidated EPS stood at Tk0.72 in the January to June period, which was Tk0.77 in the same six months of the previous year.
- On a solo basis, its EPS increased by a meagre 4% year-on-year to Tk0.8 in the first half. But, in the second quarter alone, its consolidated EPS declined by a massive 41% to Tk0.29, compared to the previous year's April-June quarter.
- The company disclosed its half-yearly EPS on Saturday following a board meeting. Last year, it saw a 23% surge in EPS compared to the previous year.



<https://www.tbsnews.net/economy/stocks/agrani-insurance-sees-earnings-decline-h1-463678>

Matin Spinning's special unit to start operation on 1 August

The Business Standard, July 23, 2022

- Matin Spinning Mills Plc has announced to start the commercial operation of its Special Yarn Unit on 1 August. The new unit capable of producing 10 tonnes of yarn a day has increased the company's total daily production capacity to 61 tonnes.
- The demand for special yarns is on the rise and the high-value products should bring better revenue for the company, said Matin Spinning Chief Financial Officer Mohammad Emarot Hossain.
- In February 2021, the publicly listed spinning company announced its plan for the Special Yarn Unit, while its daily card and combed yarn production capacity has been 25 tonnes, melange yarn production capacity has been 10 tonnes and the synthetic yarn production capacity has been 16 tonnes.
- The Special Yarn Unit has been a Tk186 crore project. The company announced to provide Tk61 crore from its own funds there and the remaining Tk125 crore was taken as loans from German Investment Corporation DEG.



<https://www.tbsnews.net/economy/stocks/matin-spinnings-special-unit-start-operation-1-august-463682>

Economy & Industry

Pharma exports may soar to \$5b by 2027: Salman F Rahman

The Business Standard, July 23, 2022

- The pharmaceutical sector of the country has the potential to raise export earnings to \$5 billion annually in the next five years, from the existing \$200 million, said Salman F Rahman, private industry and investment adviser to the prime minister.
- He recommended prioritising the production of biologic drugs alongside general medicines to reach the target. Speakers on the occasion corroborated his statement saying the sector can flourish like the ready-made garment industry, the largest export earning sector of the country.
- As a least developed country, Bangladesh is currently enjoying a relaxed patent condition under the Trade-Related Aspects of Intellectual Property Rights (TRIPS).
- The privilege is expected to end in 2026 when Bangladesh is set to graduate into a middle-income country. Without an extension of TRIPS for the pharmaceutical sector, the government will have to withdraw its control over medicine imports, which will make the market more challenging for small manufacturers.
- Besides, companies will have to buy patents from a drug's parent company to produce a generic version, which will ultimately increase the cost of production.

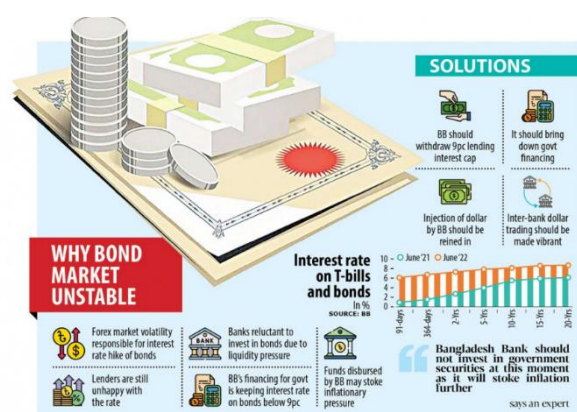
<https://www.tbsnews.net/economy/industry/pharma-exports-may-soar-5b-2027-salman-f-rahman-463806>

Forex crisis spills over to bond market

The Daily Star, July 22, 2022

- Banks in Bangladesh are already in a tight liquidity situation since they have to buy US dollars at higher rates to settle import bills. So, they are not keen to invest in the government's long-term securities and bonds although the investment tools offer much higher rates compared to a year ago. Rather, they are on the lookout for higher returns in order to make the most out of their limited funds.
- As a result, the government is struggling to raise funds from commercial banks to meet its expenditures by issuing Treasury bills and bonds with yields ranging from 6 per cent to 8.65 per cent. The yield ranged from 0.79 per cent to 6 per cent a year ago.

- In order to support the government, the central bank itself is investing in the securities in a massive way, a move that may fan inflation, which hit a nine-year high in June owing to the volatility in global commodity markets.
- Experts warn that banks' capacity to lend to the government will erode in the days to come due to the ongoing instability in the foreign exchange market of Bangladesh.
- The central bank has lent Tk 7,792 crore to the government so far in July through the purchase of T-bills and bonds. The government has set a bank borrowing target of Tk 106,000 crore for the current fiscal year. But it may overshoot the target owing to weak revenue collection.



<https://www.thedailystar.net/business/economy/news/forex-crisis-spills-over-bond-market-3076556>

International

European stocks back in black, euro under pressure

The Newage, July 22, 2022

- European stocks pushed back into positive territory but Wall Street traded mixed on Friday at the end of a choppy week, while Snap shares fell off a cliff after reporting bleak quarterly results. Meanwhile, the euro came under pressure after a key survey suggested the single-currency area could be on the verge of recession due to slumping demand and rising costs.
- A bigger-than-expected hike in interest rates by the European Central Bank failed to provide a lasting boost to the euro, as political turmoil in Italy clouds the outlook. Nevertheless, following a mixed showing in Asia, stock prices in Europe were showing gains in afternoon trading, with London's FTSE 100 adding 0.5 per cent, Paris' CAC 40 rising by 0.6 per cent and the DAX in Frankfurt climbing 0.8 per cent.
- Economic activity in the eurozone plummeted in July, the closely watched purchasing managers' index, or PMI, showed, with a big drop in manufacturing and consumers' post-lockdown spending sprees braked by high prices. The barometer fell from 52.0 in June to 49.4, below the 50-point level that indicates growth and the lowest level in 17 months.
- It has been a rollercoaster week as investors try to gauge the outlook — corporate earnings have so far been relatively positive, but mixed economic data and geopolitical events are clouding sentiment.
- Results by Snap, the owner of the Snapchat messaging app, landed like a bombshell, however, with quarterly losses nearly tripling to \$ 422 million despite revenue increasing 13 per cent under conditions 'more challenging' than expected. Its shares plummeted nearly 35 per cent as trading got underway.

<https://www.newagebd.net/article/176501/european-stocks-back-in-black-euro-under-pressure>

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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.