

Key News

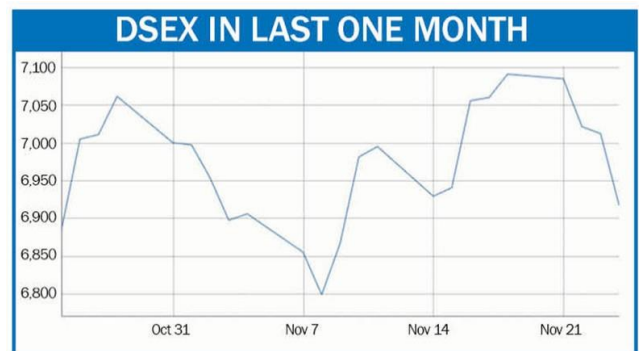
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Stock Market & Company

Dhaka stocks plunge as panic grips investors

Newage, November 24, 2021

- Dhaka stocks plunged on Wednesday, stretching the losing streak to the fourth session as investors unnerved by a sudden liquidity stress on the money market and extended volatility on the market went for panic selling.
- DSEX, the key index of the Dhaka Stock Exchange, lost 1.35 per cent, or 95.08 points, to close at 6,917.91 points on Wednesday. The DSEX lost 173.5 points in the last four sessions.
- Average share prices of bank, general insurance, non-bank financial institution and pharmaceutical sectors plunged by 2.5 per cent, 1.3 per cent, 1.2 per cent and 1.1 per cent respectively.
- Turnover on the DSE dropped to Tk 1,129.55 crore on Wednesday from Tk 1,314.6 crore in the previous session. DS30, a composition of 30 large capitalised companies, dropped by 1.1 per cent, or 29.48 points, to close at 2,631.37 points on Wednesday.
- Of the 373 scrips traded on the DSE on Wednesday, 259 declined, 75 advanced and 31 remained unchanged. Share prices of ACME Pesticides Limited, which made its debut on November 14, soared by the maximum limit allowed on the ninth day to close at Tk 23.3 a share on Wednesday.
- Shariah index DSES shed 1.12 per cent, or 16.57 points, to settle at 1,452.00 points. DSMEX Index, an index of the SME platform, shed 0.46 per cent, or 4.73 points, to close at 1,011.81 points on Wednesday.
- One Bank led the turnover chart with shares worth Tk 108.74 crore changing hands on the day. BEXIMCO, IFIC Bank, First Security Islami Bank, Delta Life Insurance Company, Paramount Textiles, SAIF Powertec, NRB Commercial Bank, Fortune Shoes and Beximco Pharmaceuticals were the other turnover leaders on the day.

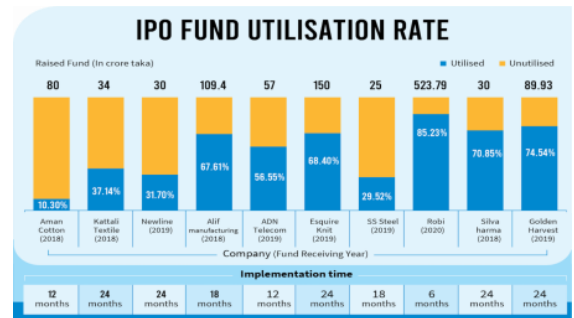


<https://www.newagebd.net/article/155586/dhaka-stocks-plunge-as-panic-grips-investors>

IPO shooting stars in capital market frustrate investors

The Business Standard, November 24, 2021

- At least 10 companies have entered the capital market showing high hopes in the last couple of years but they deviated from their commitments after raising funds and deprived the investors, according to the Dhaka Stock Exchange (DSE).
- These firms showed an ambition for rapid growth and urgency of investment before listing. They also presented their products' potentiality and future demand in an inflated fashion. Some companies also overstated their financial statements tactfully, alleged the investors.
- General investors usually make decisions to invest in a new firm after analysing its prospectus, but they suffer and feel cheated when the firms forget their commitments after raising the fund through initial public offering (IPO).
- For example, Aman Cotton Fibrous Ltd collected Tk80 crore from the share market to buy new machinery and repay its loans in August 2018. So far, the company has only repaid its loans but it has neither set up any new machinery nor expanded its business. The fund has generated Tk15 crore as interest till September 2021.
- In another similar instance, Regent Textile Ltd collected Tk125 crore from the capital market in 2015 to renovate its factory and start a new readymade garment project. But after five years, the company decided to acquire a 99% stake in its group sister concern Legacy Fashion Limited with the money they collected through IPO.



<https://www.tbsnews.net/economy/stocks/ipo-shooting-stars-capital-market-frustrate-investors-334333>

LafargeHolcim's aggregate production halted for two weeks

The Business Standard, November 24, 2021

- LafargeHolcim Bangladesh Ltd has halted its business of crushing and selling aggregates derived from imported lime stones coming from its Meghalaya mines for two weeks. On 23 November, the Appellate Division stayed a High Court order on the matter for two weeks.
- Earlier, on 16 November, the High Court issued a one-month stay order on a Ministry of Industries letter, issued on 16 September, that asked the cement maker to stop crushing aggregates. Prior to the ministry's order, a government committee found that the company was crushing aggregates at an unapproved facility in Chhatak, Sunamganj.
- The ministry launched its investigation based on complaints from local aggregates crushers and merchants, alleging that LafargeHolcim is taking unfair advantage in taxes and duties. The listed cement company began crushing and selling aggregates in January and following that, its profits began to increase.
- Analysts said the aggregates business contributed to around one-fifth of the company's revenue for the first nine months of 2020 and at least one-third of the company's profits over the same period. Following the news regarding the closure of LafargeHolcim's most profitable aggregates business, it stopped rallying in the Dhaka Stock Exchange (DSE) and saw a sharp market correction.
- In five weeks, its stock price dropped below Tk75 each from a six-year high of Tk107. On Wednesday, its share closed at Tk76.10 at the DSE.

<https://www.tbsnews.net/economy/stocks/lafargeholcims-aggregate-production-halted-two-weeks-334339>

BD Thai Food subscription floats from 23 December

The Business Standard, November 24, 2021

- The subscription of an initial public offering (IPO) of BD Thai Food and Beverage will open on 23 December and continue till 29 December this year. This week, the company received consent from the Bangladesh Securities and Exchange Commission (BSEC) in this regard.
- Earlier, the regulator approved the company to raise Tk15 crore with an IPO under the fixed price method. The company will issue 1.5 crore general shares at a face value of Tk10 each.

- The pre-IPO sponsors, directors, and investors in the company will not be able to sell any shares for the next three years after the first trading day. Unicap Investments Limited and BLI Capital Limited are the issue managers for the company.
- The weighted average earnings per share of the company stood at Tk0.63. At the end of 30 June 2020, the net asset value (NAV) without revaluation was Tk12.82 and Tk14.23 with revaluation.
- Sponsors and directors will not be able to receive any dividends until the EPS reaches Tk1. The company cannot declare any dividends for its shareholders before listing. It can allot 15% shares for employees with a lock-in period of two years.

<https://www.tbsnews.net/economy/stocks/bd-thai-food-subscription-floats-23-december-334321>

Economy & Industry

Provision shortfall at banks worsens

The Daily Star, November 25, 2021

- The provision base of banks in Bangladesh deteriorated further in the third quarter of 2021 because of an increase in bad loans, highlighting the worsening health of the banking industry. The shortfall widened to Tk 6,204 crore in September, up 50 times in contrast to Tk 123 crore in December last year, data from the Bangladesh Bank showed.
- The deficit was 135 per cent higher year-on-year, leading analysts to urge banks to strengthen the provision base in order to improve their financial condition.
- Banks have to earmark 0.50 per cent to 5 per cent of their operating profit as a provision against general category loans, 20 per cent against classified loans of substandard category, and 50 per cent against classified loans of doubtful category.
- It has to set aside 100 per cent against classified loans of bad or loss category. The provision situation may erode further as default loans are expected to jump next year once the central bank lifts the relaxed loan classification policy.
- Between July and September, the shortfall rose due to the lacklustre performance of 10 banks, which had a combined deficit of Tk 15,351 crore. The banks are Janata, BASIC, National, Agrani, Rupali, Bangladesh Commerce, Dhaka, Mutual Trust, Standard, and Bangladesh Krishi Bank.
- The overall provision shortfall in the banking sector stood at Tk 5,583 crore in June. Some banks fared well in the third quarter, preventing the shortfall from surging further.
- Of the 10 banks, some have been facing a shortfall for years due to a lack of corporate governance.

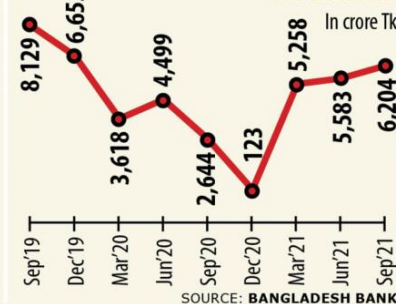
BANKS THAT HAVE HIGHEST PROVISION SHORTFALL

As of September, 2021

National: Tk 2,385cr
Janata: Tk 5,313cr
Agrani: Tk 2,128cr
Basic: Tk 3,663cr
Rupali: Tk 922cr



PROVISION SHORTFALL IN BANKS



<https://www.thedailystar.net/business/economy/banks/news/provision-shortfall-banks-worsens-2902416>

Now time to spend more and get same yield

The Business Standard, November 24, 2021

- The creeping high cost of doing business induced by a runaway commodity price hike is bound to have a knock-on effect on the economy in a paradoxical way. More money will have to be spent to get the same job done. And although more money will be employed, the number of workers will not increase as the task will remain the same.
- The GDP will increase but not employment. Since a huge load of infrastructure work is going on, public finance management can be a tricky thing with inflated work costs.
- And this is the situation we are likely to be in until the middle of next year, as economists worldwide predict. The upward price pressure felt worldwide ranging from car chips to smartphones to steel is likely to persist and with the Chinese New Year holiday ahead, there is little chance for things to ease up in the next six months. Bangladesh will not be immune from this global trend.

- Public expenditures look set to go up in both ways – in ongoing and future projects. Costs of existing projects need to be readjusted if those unusually go beyond the admissible ceiling in the contracts and any new projects would have to be negotiated on revised rates, says economist Prof Mustafizur Rahman.
- But the existing price levels are high enough to cost economies dearly both at enterprise and consumer levels, and the situation will continue for some more time, as global forecasts hint, said Prof Mustafizur, distinguished fellow of the Centre for Policy Dialogue (CPD), a local research organisation.

<https://www.tbsnews.net/economy/now-time-spend-more-and-get-same-yield-334345>

International

Biden oil reserves bet melds China outreach with appeal to US voters

The Daily Star, November 25, 2021

- President Joe Biden's historic move to release oil from strategic reserves in coordination with big nations including China represents a unique bet that finding common ground with the United States' biggest economic rival can help dampen fuel prices for middle class Americans.
- The move, announced by the US on Tuesday, underscores the complicated relationship Biden is trying to craft with China as he seeks agreement on key issues like climate change and trade, while linked in an economic arms race. The rare moment of cooperation comes as inflation, and especially high gasoline prices, eat at Biden's popularity at home.
- The Biden administration's diplomatic inroads with China first surfaced in Glasgow, Scotland this month where the two countries hammered out a surprise deal on boosting action on climate change including reducing emissions of methane, a powerful greenhouse gas. But the world's top two economies would benefit from energy cooperation given their adversarial relations with Saudi Arabia and Russia in terms of keeping oil prices low for consumers.
- Combined, the United States and China consume nearly 35 million barrels of oil a day, more than a third of global demand. Even though the United States has become one of the world's largest oil producers, it is still the second-largest importer of crude, trailing only China.
- China now imports more than 10 million barrels of oil a day, The United States imports about 6 million barrels per day, though in recent years it has sharply reduced its dependency on OPEC producers, with most of its imports now from Canada. While China did not announce an oil tap on Tuesday, Biden spoke earlier with China's President Xi Jinping about opening their reserves and Chinese officials said on November 18 they are working on a release.

<https://www.thedailystar.net/business/global-economy/america/news/biden-oil-reserves-bet-melds-china-outreach-us-voters>

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