

Key News

- ✓ [Stocks dip for 2nd week](#)
- ✓ [Why Ring Shine postponed its AGM](#)
- ✓ [NRB Bank makes stock debut Tuesday. What do investors expect?](#)
- ✓ [Khulna Printing plunges 40pc in 2 weeks since regulator's probe order](#)
- ✓ [Corporate bonds' yield reaches 12pc to lure investors from govt securities](#)
- ✓ [Loan pledges, disbursements rise amid mounting repayment pressures](#)
- ✓ [Asia shares drift lower ahead of inflation feast](#)

Stock Market & Company

Stocks dip for 2nd week

The Business Standard, February 26, 2024

- Dhaka stocks saw a negative trend in most of the trading sessions in the past week, as the investors' participation dropped and sellers continued showing dominance across the trading floor, market operators said.
- The market gained only on the last trading session of the week on February 22, as investors sought opportunity in undervalued stocks and started investing despite volatility on the market, market operators said. The daily average turnover on the DSE also decreased by 43.38 per cent to Tk 842.53 crore in the past week compared with that of Tk 1,488.07 crore in the previous week.
- Investors were mostly active in pharmaceutical scrips, followed by engineering and textile shares.
- The DSE Shariah index decreased by 21.70 points, or 1.57 per cent, to close at 1,360.52 points. The DS30 index lost 17.48 points, or 0.81 per cent, to close at 2,139.58 points.
- Best Holdings Limited topped the weekly turnover chart with its shares worth Tk 144.01 changing hands.

<https://www.newagebd.net/article/226308/stocks-dip-for-2nd-week>

Why Ring Shine postponed its AGM

The Business Standard, February 26, 2024

- Ring Shine Textiles Ltd has postponed its Annual General Meeting (AGM), citing "unavoidable circumstances," according to a stock exchange filing on Sunday. Originally scheduled for 20 January this year, the AGM was later rescheduled to 6 March. The company has yet to set a new date for the general meeting.
- Explaining the reason for deferring the AGM yet again, Company Secretary Aniruddha Paul told The Business Standard, "The new board has been recently appointed and is currently working on rearranging related issues to ensure the effectiveness of the AGM. Therefore, they require a little more time."
- In August of last year, the market regulator conditionally allowed Wise Star Textile Ltd and five Singapore-based companies to purchase shares of Ring Shine, including those held by the sponsor-directors.
- Furthermore, the existing board provided lenders with personal and corporate guarantees, which were transferred along with ownership. However, the new owners have not agreed to provide these guarantees. If the company collapses after the ownership transfer, all bank liabilities will fall on those who provided the bank guarantees.

- Given this situation, the existing owners have not agreed to transfer their shares to the new owners. In FY23, the company incurred a per-share loss of Tk2.53. As a result, it was unable to declare any dividends for its shareholders for that year.

<https://www.tbsnews.net/economy/stocks/why-ring-shine-postponed-its-agm-799462>

NRB Bank makes stock debut Tuesday. What do investors expect?

The Business Standard, February 26, 2024

- NRB Bank is set for its trading debut on the country's stock market on Tuesday, with investors anticipating significant returns from the very first day. The fourth-generation bank, with the majority of its shares owned by non-resident Bangladeshis, will enter the capital market with a face value of Tk10 per share.
- Earlier, on 9 November, the bank received approval from the Bangladesh Securities and Exchange Commission (BSEC) to raise Tk100 crore. The lender plans to invest Tk92 crore in government securities, Tk4.17 crore in the secondary market, and the remainder to cover IPO expenses.
- These figures surpass the industry average of 12% for loans and 10% for deposits, indicating the bank's strong performance in deposit mobilization and loan disbursements.
- The bank has the potential to further enhance its interest rate spread and net interest margin by strategically minimising the cost of funds, the report added.

<https://www.tbsnews.net/economy/stocks/nrb-bank-makes-stock-debut-tuesday-what-do-investors-expect>

Khulna Printing plunges 40pc in 2 weeks since regulator's probe order

The Financial Express, February 25, 2024

- Khulna Printing & Packaging Limited has lost 40 per cent of its market value in about two weeks since the stock market watchdog asked the Dhaka bourse to find out reasons behind the unusual movement of the stock.
- The loss-making company traded at only Tk 9.8 per share in October last year. Within just four months, the stock moved up on the Dhaka exchange by 480 per cent to Tk 56.8 per share.
- The stock then plunged by 40 per cent to Tk 33.8 per share in 12 trading sessions since the Bangladesh Securities and Exchange Commission (BSEC) ordered a probe into the price escalation.
- The company, which once manufactured packaging items, such as cartons and poly sheet bags, has not been operating for at least two years. It showed a loss of Tk 226 million for FY22, according to the latest financial statement.
- It also informed the DSE that there was no information to influence the stock price. Inspection teams of the DSE visited the factory of Khulna Printing on several occasions and found it closed. The latest visit was on February 4.
- After that, the BSEC ordered the inquiry. In an order, the securities regulator said the price of Khulna Printing had shot up by 119 per cent between January 2 and February 5 this year, but there was no undisclosed price sensitive information during the period.
- Khulna Printing was a controversial company from the very beginning. It used false information to list in the stock market in FY14. Having raised Tk 400 million through IPO, the company started showing losses from FY17.

<https://thefinancialexpress.com.bd/stock/khulna-printing-plunges-40pc-in-2-weeks-since-regulators-probe-order>

Corporate bonds' yield reaches 12pc to lure investors from govt securities

The Financial Express, February 25, 2024

- Corporate bond rates have been increased up to 12 per cent to stay competitive with risk-free government securities, a manifestation of the financial distress that companies are in while trying to raise much-needed funds.
- In the prevailing high interest rate regime, businesses have started considering bonds instead of bank loans for money, but the debt instrument has proved to be costly too for the rising rates of Treasury bills and bonds.
- As investors are keen on buying risk-free government securities, private organisations must lure them with a higher return.
- On Thursday, the Bangladesh Securities and Exchange Commission (BSEC) accepted two proposals by Paramount Textile and RANCON Motor Bikes of zero coupon bonds. Both the companies offer interest rates up to 12 per cent.
- According to the latest financial statements, finance cost of Paramount Textile jumped 55 per cent year-on-year to Tk 482 million in FY23. A larger portion of the cost was borne against bank borrowing.
- Asked how Paramount Textile will curb borrowing costs if the bond rate is 9-12 per cent, company secretary Md. Robiul Islam said banks' interest rates had already crossed 13 per cent and were likely to go up further.
- Some issuer companies postponed release of their bonds, fearing under subscription. Of them, Navana Pharmaceuticals got the regulator's permission in the middle of 2023 to issue bonds at an interest rate of 10 per cent. The company recently said it would revise their coupon rate up to attract investors.

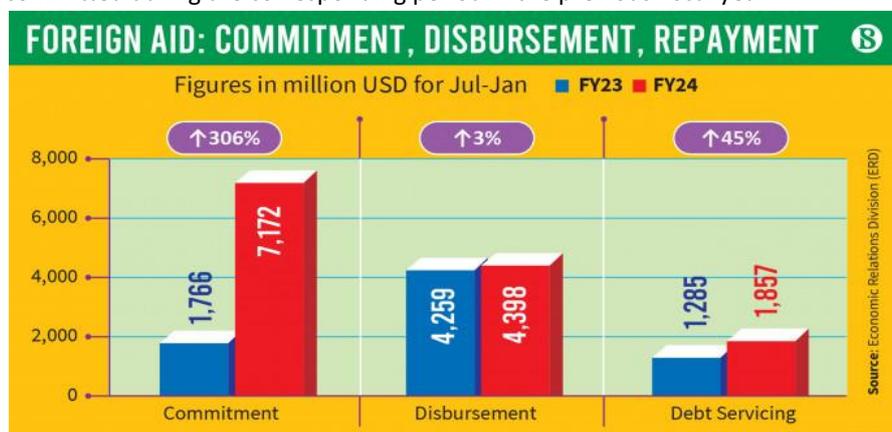
<https://thefinancialexpress.com.bd/stock/corporate-bonds-yield-reaches-12pc-to-lure-investors-from-govt-securities>

Economy & Industry

Loan pledges, disbursements rise amid mounting repayment pressures

The Business Standard, February 26, 2024

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- Development partners pledged \$7.17 billion in new commitments, marking a sizable increase from the \$1.76 billion committed during the corresponding period in the previous fiscal year.
- According to ERD data, the government repaid \$1.85 billion in interest and principal to development partners during the July-January period, compared to \$1.28 billion in the corresponding period of last year.
- Interest payments alone surged by 107.9% in the first seven months of the current fiscal year, with the government paying \$760.74 million in interest and \$1.09 billion in principal on various loans.
- ERD officials mentioned that the Secured Overnight Financing Rate (SOFR) has surged due to the conflict between Ukraine and Russia, exceeding 5%. Previously, it was less than 1%. At the same time, Bangladesh's market-based loans are on a gradual rise, leading to increased interest payments for the country.

<https://www.tbsnews.net/economy/foreign-debt-repayment-pressure-mounts-amid-rising-loan-pledges-disbursement>

International

Asia shares drift lower ahead of inflation feast

The Business Standard, February 26, 2024

- Markets have already pushed out the likely timing of a first Fed easing from May to June, which is currently priced at around a 70% probability. Futures imply a little more than three quarter-point cuts this year, compared to five at the start of the month. It was not long ago investors were hoping for just a 0.2% increase but high readings on consumer and producer prices suggest the risk is for a result as high as 0.5%.
- On Monday, S&P 500 futures and Nasdaq futures were both trading 0.2% lower. EUROSTOXX 50 futures and FTSE futures both eased 0.1%.
- MSCI's broadest index of Asia-Pacific shares outside Japan dipped 0.3%, having climbed 1.7% last week to seven-month highs.
- Early Monday, the euro sat at 162.70 yen, just off its peak of 163.45, while the dollar held at 150.45 yen and just short of its top of 150.88. The single currency was steady at \$1.0816, having briefly been as high as \$1.0889 last week.
- In commodity markets, gold was a fraction softer at \$2,032 an ounce, having rallied 1.4% last week. Oil prices have drifted lower as concerns about demand, particularly from China, have outweighed risks to supply from the Middle East.

<https://www.tbsnews.net/economy/stocks/asia-shares-drift-lower-ahead-inflation-feast>

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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

Bijoy Nagar 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.