

## Stock Market & Company

### Foreign investment withdrawn from Dhaka stocks for 2nd year

NewAge, January 01, 2019

- The net foreign investment at Dhaka Stock Exchange remained negative for the second year in 2019 due mainly to low investors' confidence in the market, gloomy economic reports and volatile financial sector. The net foreign sales were BDT 488 crore in 2019 after the investors had withdrawn BDT 593 crore in the previous year.
- The foreign investment became negative for the first time in 2018 after 2009-10 when the market crashed. In last 24 months, the foreign investors were the net sellers in 19 months that indicated highly negative sentiment about the market, said market experts.
- They said that the foreign investors backed away from investing in the Bangladesh stock market as the country's financial sector remained volatile for the second year amid increased non-performing loans, high interest rate and pressure on exchange rate. Besides, the government's move to wind up People's Leasing and Financial Services, a non-bank financial institution, exposed the sorry state of the sector.
- A decline in the private sector credit growth to nine-year low, negative export earnings for last four months, poor tax revenue collection and heavy government borrowing were adding woes to the waning investors' confidence.
- Market experts said that the foreign investors usually moved to inject funds when share prices came down to lucrative levels, but the trend was not seen in recent years due to their poor confidence in the market. The depreciation of the taka against the dollar had also negatively impacted the foreign investors as the depreciation curbed their profitability, they said.
- In 2019, the overseas investors sold shares worth BDT 4,166.81 crore against their purchase of shares worth BDT 3,678.64 crore. The average turnover at the bourse slumped to BDT 480.26 crore compared with that of BDT 552.03 crore in the previous year.
- The total foreign turnover on the DSE plunged to BDT 7,845.45 crore in 2019 from that of BDT 9,585.61 crore in the previous year. The net foreign investment was negative in 2018 with a nine-month decline due to the political uncertainties seen during the run-up to the December 30, 2018 general election.
- After the election, the foreign investors had heavily bought shares in January and February in 2019 in the hope that the market would turn around but, in reality, the capital market became more volatile.

<http://www.newagebd.net/article/95214/foreign-investment-withdrawn-from-dhaka-stocks-for-2nd-year>

### BSEC allows MTB to float BDT 500cr bond

NewAge, January 01, 2019

- Bangladesh Securities and Exchange Commission on Tuesday allowed Mutual Trust Bank Limited to float non-convertible subordinated bond worth BDT 500 crore.
- As per the BSEC approval, the bank will float unsecured, unlisted non-convertible subordinated bond worth BDT 500 crore.

- The face value of each unit of the bond will be BDT 1 crore and the bond will be fully redeemable in seven years. Only corporate bodies, corporate institutions and other eligible investors will be allowed to subscribe the bonds through private placement.
- The purpose of the issue is to strengthen the bank's capital base and meet its capital requirement under Tier-II. EBL Investment Limited acts as the trustee for the bond while RSA Advisory Limited is the mandated lead arranger for the bond.

<http://www.newagebd.net/article/95217/bsec-allows-mtb-to-float-BDT-500cr-bond>

## Big-cap issues play havoc with erosion of prices

The Financial Express, December 31, 2019

- Large cap listed companies played a significant role in the huge erosion of the broad index during the just concluded year because of the companies' significant share in market capitalisation.
- The price movements of some six large companies have around 35 per cent share in market capitalisation of the Dhaka Stock Exchange (DSE).
- The companies are Grameenphone, United Power Generation & Distribution Company (UPGDC), British American Tobacco Bangladesh Company (BATBC), BRAC Bank and Renata.

Performance of selected large cap companies				
Companies	Closing price in 2018	Closing price in 2019	Share price declined	Change
Grameenphone	Tk 367.30	Tk 285.80	Tk 81.50	-22%
Square Pharma	Tk 254.20	Tk 190	Tk 63.70	-25%
UPGDC	Tk 290.07	Tk 245.30	Tk 44.77	-16%
BATBC	Tk 3541.70	Tk 969.90	Tk 647 (from adjusted price)	-40%
BRAC Bank	Tk 72.70	Tk 57.10	Tk 15.60	-21%
Renata	Tk 1141.60	Tk 1096.50	Tk 45.10	-4.0%

Source: Dhaka Stock Exchange (DSE)

- The price movements of these companies leave huge impacts on the broad index of the premier bourse DSE in line with the free float market cap calculation of the companies.
- The core index DSEX shed 4.30 points following 1.0 per cent price correction witnessed by the Square Pharmaceuticals. Similarly, for 1.0 per cent share price correction witnessed by Renata, BATBC, BRAC Bank and Grameenphone, the DSEX loses 1.94 points, 1.90 points, 1.61 points and 1.59 points respectively from the core index.
- As a result, the price corrections of these companies left huge negative impact on the DSE broad index DSEX which declined 17.31 per cent or 932.71 points to close at 4452.93 points on closing session of 2019.
- Except the marginal price correction witnessed by Renata, the share prices of the remaining five large cap companies declined ranging from 16 per cent to 40 per cent in the just concluded calendar year.

<https://thefinancialexpress.com.bd/national/over-8000-babies-will-be-born-in-bd-on-new-years-day-1577791252>

## Economy and Industry

### Most banks' operating profits rise in '19, NPL worries remain

NewAge, January 01, 2019

- Almost all the banks posted higher operating profits in the just concluded year 2019 as the banks managed to expand their trade- and consumer-based business, but the high defaulted loans in the country's banking sector remained a major concern.
- Bankers, however, said that the majority of the banks might fail to sustain their profits after taxes (net profits) as the entities were supposed to keep provision against non-performing loans from their profits.
- According to the available data, the provisional operating profits of 19 out of 21 banks increased in 2019 and only two faced a decline in the profits. Of the banks, Sonali, Southeast, Agrani and Pubali banks each posted operating profits of over BDT 1,000 crore. Among the banks, Sonali Bank posted the highest — around BDT 1,200 crore — in operating profits in the year 2019, but the amount was BDT 1,900 crore in 2018.
- NCC Bank managing director and chief executive officer Mosleh Uddin Ahmed told New Age, 'There might be some sort of competition among the banks to announce better operating profits.' But, the figures should not be used for making any speculation about the banks' health as the banks are not supposed to follow any regulatory framework in preparing the operating profits, he said, adding, 'The operating profits do not reflect anything as the banks will have to keep provision against non-performing loans and taxes along with facing regulatory requirements before announcing profits after tax (PAT) or net profits.' Due to high non-performing loans in the banks, it cannot be projected based on operating profit data how many of them would finally manage to make net profits, said Mosleh Uddin.

PROFITS OF BANKS		Tk in crore
Name	2018	2019
Sonali Bank	1,900	1,200
Agrani Bank	900	1,100
Southeast Bank	1,000	1,060
Pubali Bank	1,010	1,050
NBL	1,229.63	948
Bank Asia	810	944
EBL	780	900
City Bank	681	825
Al-Arafah Islami Bank	640	801
Exim Bank	710	780
NCC Bank	656	754
Mercantile Bank	673	753
Jamuna Bank	620	730
Dhaka Bank	650	705
SIBL	667	682
Shahjalal Islami Bank	475	653
First Security Islami Bank	525	591
NRB Commercial Bank	203	262
SBAC Bank	203	228
NRB Global Bank	110	134
Meghna Bank	93	124

\* Provisional data

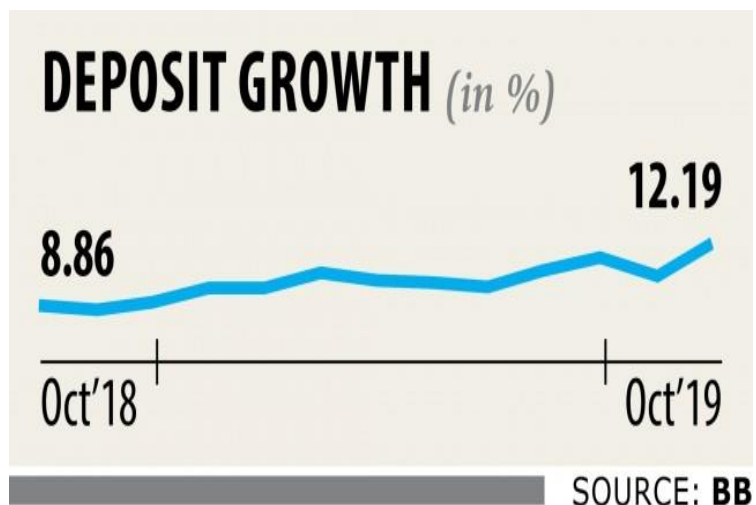
<http://www.newagebd.net/article/95212/most-banks-operating-profits-rise-in-19-npl-worries-remain>

### Depositors up in arms over 6pc interest

The Daily Star, January 01, 2019

- Anxiety gripped Ahmed Kabir the instant he learnt from the morning paper yesterday that the government has decided to fix a uniform interest rate for all types of deposits from April 1.
- Kabir had parked all his retirement benefits as fixed deposit receipts in banks after leaving his job as a teacher in a government school three years ago. The Cox's Bazar native got 9-9.5 percent interest against them, enough to live a comfortable life in his senior years.

- “No bank will be allowed to take deposits beyond 6 percent as per the prime minister’s instruction,” Finance Minister AHM Mustafa Kamal told reporters on Monday after a meeting with private banks’ sponsors and managing directors, where the decision was made.
- The development is a brutal blow for pensioners like Kabir. “I am now feeling uneasy. Will I have to adjust my lifestyle?”
- If the new rate is implemented, savers will not get any benefit from banks given the ratio of inflation and service charge imposed by banks, said Khondkar Ibrahim Khaled, a former deputy governor of the central bank. Inflation leapt 45 basis points in November to 6.2 percent, a 25-month high.
- The new decision, which was taken to facilitate single-digit interest rate for lending with a view to spurring private investment, will not just affect pensioners but also the fixed income group, who usually keep a portion of their income every month in deposit pension schemes (DPS).
- Banks too will have to count losses because of the latest decision as they will have to continue their existing fixed deposit receipts (FDRs) and DPSs while giving out loans at 9 percent, said the managing director of a private bank, wishing not to be named. “Our woes may be softened a bit if the government actually keeps its fund in private banks.”
- People will simply stay away from banks when it comes to depositing their money, possibly triggering a liquidity crunch for lenders, according to Khaled. They might head back to savings instruments, which carry 11.04-11.76 percent interest.



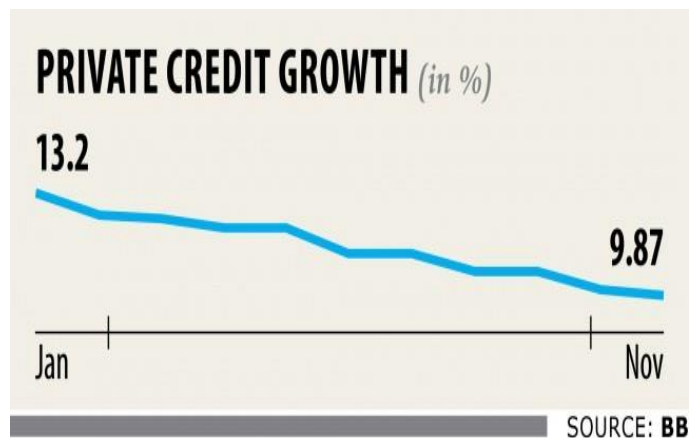
<https://www.thedailystar.net/business/deposit-interest-rate-of-bangladeshi-banks-6-percent-1847881>

## Borrowers jump for joy at 9pc interest

The Daily Star, January 01, 2019

- Sadrul Hasan Ripon’s dream of building his own home on a piece of land he purchased in Keraniganj six years ago is set to materialise now thanks to the slash in interest rate to single-digit for borrowing from April 1.
- “I am pleasantly surprised,” said the mid-level executive at an insurance company, who until now thought a house on his land was unfeasible given his low savings and the high bank interest rates that go up to 15 percent.
- The decision is not only a huge blessing for individuals like Ripon but also for hundreds of thousands of entrepreneurs who have long been demanding single-digit interest rate to further their businesses.
- The double-digit interest rate is often cited by experts and businesses as the main reason for the declining trend of private sector credit growth in the last 21 months.

- Business leaders, however, welcomed the out-of-the-box move of the government cautiously as sponsors of banks had previously gone back on their word to bring down the interest rate to less than 10 percent by August last year despite bagging a number of facilities for this end.
- The benefits include a reduction of cash reserve ratio -- which is the percentage of total deposits banks must maintain in the form of cash reserve with the central bank -- and repo rate -- which is the rate at which the central bank lends money to banks.
- “This is a good decision, but we are observing it cautiously,” said Sheikh Fazle Fahim, chairman of the Federation of Bangladesh Chambers of Commerce and Industry. He, however, said such decisions should not be implemented by issuing a notice.
- The three jointly wrote to the finance minister yesterday urging the implementation of the single-digit interest rate for lending without further delay. Entrepreneurs would be hugely benefitted from single-digit interest rates, said Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue. “But it is difficult to lower the lending rate right now.” Besides, banks will have to cut down on their default loans significantly to be able to give out fresh loans.



<https://www.thedailystar.net/business/news/borrowers-jump-joy-9pc-interest-1847875>

## International

### Global stocks rise sharply in 2019

NewAge, January 01, 2019

- Stock markets mostly retreated Tuesday in shortened end-of-year sessions, but rose sharply overall in 2019 thanks to late surges on receding recession fears and easing China-US trade war tensions.
- London's benchmark FTSE 100 index closed down 0.6 per cent from the previous session — but jumped 12.1 per cent in 2019 as it bounced back from a 12.5-per cent slump a year earlier.
- In the eurozone, the Paris CAC 40 index ended 0.1 per cent lower, yet soared by more than a quarter over the year. Frankfurt's DAX 30 finished its year Monday with an annual gain of 25.5 per cent, also following a sharp loss in 2018.
- Asian stock markets also closed mainly lower on Tuesday, following a subdued lead overnight from the US where investors took profits after Wall Street's recent record highs.
- Hong Kong ended a half-day of trading almost 0.5 per cent down, although the bourse rallied more than seven per cent in December. Tokyo was shut for a public holiday.

- North Korean leader Kim Jong Un is set to give his New Year's speech on Wednesday, with all eyes on nuclear-armed Pyongyang's threat of a 'new way' after its end-of-year deadline for sanctions relief from the US, analysts said.
- An address by China's Xi Jinping will be followed closely by the markets as well. On Monday, media reports said the US and China would shortly sign a partial trade deal, with White House economic aide Peter Navarro telling Fox News the signing could occur 'within a week or two'.

<http://www.newagebd.net/article/95222/global-stocks-rise-sharply-in-2019>



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