

Stock Market

Dhaka stocks keep falling

New Age, April 01, 2019

- Dhaka stocks dropped on Sunday amid cautious trading as investors continued selling shares amid concerns over liquidity shortage in the banking sector and market trend. DSEX, the key index of Dhaka Stock Exchange, declined by 0.24 %, or 13.59 points, to close at 5,491.90 points on Sunday after losing 3.01 points in the previous session.
- DSEX declined by around 453 points in last three months. The average share prices of pharmaceutical, textile, bank and non-bank financial institution sectors dropped by 0.8 %, 0.5 %, 0.2 % and 0.1 % respectively.
- But the share prices of food, telecommunication and energy sectors advanced by 1.0 %, 0.5 % and 0.3 % respectively. The turnover on the bourse inched up to Tk 361.53 crore on Sunday from that of Tk 352.50 crore in the previous trading session.
- Out of the 345 issues traded on the day, 191 declined, 106 advanced and 49 remained unchanged. DSE blue-chip index DS30 shed 0.07 %, or 1.46 points, to close at 1,967.21 points. Shariah index DSES dropped by 0.46 %, or 6.01 points, to finish at 1,275.45 points.
- United Power Generation Company led the turnover leaders with its shares worth Tk 39.21 crore changing hands on the day. British American Tobacco, Monno Ceramic Industries, Grameenphone, Singer Bangladesh, JMI Syringes & Medical Devices, Agrani Insurance and Meghna Petroleum were the other turnover leaders.
- Agrani Insurance Company gained the most on the day with an 8.67-% increase in its share prices while Meghna Pet Industries was the worst loser, shedding 7.2 %.

<http://www.newagebd.net/article/68878/dhaka-stocks-keep-falling>

Esquire Knit makes debut in first week of April

Runner shares credited into BO accounts Mar 25

The Financial Express, March 31, 2019

- Esquire Knit Composite Limited is set to make its share trading debut in the first week of April on the bourses under 'N' category, officials said. The company's initial public offering (IPO) shares has been credited into respective beneficiary owner (BO) accounts on March 07, according to Central Depository Bangladesh Limited (CDBL).
- Esquire Knit Composite, which received IPO approval from the securities regulator on September 26, 2018, raised a total capital worth Tk 1.50 bn through issuing 34.89 mn ordinary shares under the book-building method. The IPO subscription period for the company, a business unit of the Esquire Group, was held between January 06 and January 20, 2019.
- The cut-off price of Esquire Knit share was fixed at Tk 45 each on July 14 last year by the institutional investors through electronic bidding. The remaining 40 % or 14.06 mn shares issued to the general investors, including affected small investors and non-resident Bangladeshis.
- The general investors got IPO shares at 10 % discount on the cut-off price, meaning they got each share of the company at Tk 40. The IPO proceeds will be used to procurement of garment machinery for new project (28.76 %), building and civil construction (66.95 %) and to meet the IPO expenses (4.29 %).
- **Runner Automobiles:** Runner Automobiles will also make its share trading debut soon as the company's IPO shares has already been credited into respective BO accounts. The company's IPO share has been credited into respective BO accounts on March 25, according to CDBL.

- Runner Automobiles, a flagship company of Runner Group, raised a fund worth Tk 1.0 bn by floating 13.93 mn shares from the capital market under the book-building method. The cut-off price of the shares of motorcycle maker fixed at Tk 75 each as discovered by eligible investors (EIs) through bidding under the book-building method.
- Of 13.93 mn shares, more than 8.33 mn shares (60 %) issued to the eligible institutional investors at the cut-off price of Tk 75 each. The remaining 5.60 mn shares (40 %) issued to general investors through IPO at Tk 67 each, after a 10 % discount on the cut-off price.

<http://thefinancialexpress.com.bd/stock/esquire-knit-makes-debut-in-first-week-of-april-1554007668>

Shamim elected CSE chairman

New Age, April 01, 2019

- Maj Gen (retd) Mohammad Shamim Chowdhury was elected as the chairman of Chittagong Stock Exchange Ltd on Sunday. The CSE board elected Shamim as chairman for three years in line with the Exchanges Demutualisation Act 2013, said a press release.
- Shamim replaced AK Abdul Momen who was appointed as foreign minister of the government. Shamim retired from the Bangladesh Army in 2013, after completing almost thirty-five years of service, said the release.
- Besides, the market regulator Bangladesh Securities and Exchange Commission has approved the appointment of SM Abu Tayyab as an independent director of the CSE, it said. He is the managing director of Independent Apparels Limited and Brother's Apparels Limited.

<http://www.newagebd.net/article/68861/shamim-elected-cse-chairman>

DSE market capitalization loses Tk 27,717.45m in March

Dhaka Tribune, March 31, 2019

- The prime bourse, Dhaka Stock Exchange (DSE), fell as its benchmark DSEX index lost 231 points last month. Increased investments in private placement, higher interest rates on savings certificates, and soaring non-performing loans in the banking sector, are the reasons for the liquidity crisis in the stock market, they said.
- Elaborating, stakeholders said placement trading is the main reason for the liquidity crisis, as such trades are impacting the secondary market. According to DSE trade data, the benchmark DSEX index lost 231 points in the last one month.
- At the end of the month, the index was down to 5,491, which was at 5723.07 points on the first day of trading in March. During the month, most of the large cap sectors showed negative movements except shares in Cement, Food & Allied, Fuel & Power, and Telecommunication.

<https://www.dhakatribune.com/business/2019/03/31/dse-market-capitalization-loses-tk-27-717-45m-in-march>

Economy

Govt offers low-cost fund for safer RMG

The Daily Star, April 01, 2019

- The government has formed a €50 mn fund to give out low-cost loans for garment factory remediation with the view to enhancing workplace safety in the country's main export-earning sector. Each garment factory will get loans of up to €1 mn from the fund at 7 % interest rate. In exceptional cases, the amount of loan will be increased to €3 mn for massive upgrades.

- The fund can also be used to reduce pollution, ensure efficient use of energy and create a decent place to work, as per the notice sent out to all lenders and non-bank financial institutions yesterday. Banks will have to count interest rate at 3.50 % to get the fund.
- The central bank will play the role of implementing agency for the fund, formed with soft loans from the Agence Française de Développement, which is a public financial institution that implements the policy defined by the French government.
- Apart from the loan fund, an additional €14.29 mn will be provided as grants to the successful garment factories and banks that disburse the loans properly. In fiscal 2017-18, garment exports fetched \$36.66 bn, according to data from the Export Promotion Bureau.

<https://www.thedailystar.net/business/news/govt-offers-low-cost-fund-safer-rmg-1723117>

Japanese firms bullish on Bangladesh

Majority plan to go for expansion over next two years: survey

The Daily Star, April 01, 2019

- The majority of Japanese companies operating in Bangladesh plan to go for business expansion over the next two years thanks to cheap labour and high profitability, according to a survey conducted by Japan External Trade Organization (Jetro).
- Some 73.2 % of the 57 companies interviewed said Bangladesh is their top priority for business expansion; 61 % said the country has high growth potential.
- The findings of the survey, which was conducted among 5,073 Japanese firms in 20 Asia and Oceania countries, were unveiled yesterday by D Arai, president of the Japan-Bangladesh Chamber of Commerce and Industry (JBCCI).
- Some 62.2 % of the Japanese companies operating in Bangladesh expect an increase in profit in 2019 from that a year earlier. The survey also found some 56.6 % of the Japanese companies planning to increase the number of local employees in the next one year in Bangladesh.
- The %age is the fifth largest recruitment plan among the surveyed countries. In August last year, Japan Tobacco Inc agreed to purchase local Akij Group's tobacco business for \$1.5 bn, which is the single largest FDI in Bangladesh's private sector so far.
- Also in last November, Honda inaugurated its lone manufacturing plant at Munshiganj, which it set up with the state-owned Bangladesh Steel and Engineering Corporation for Tk 230 crore



<https://www.thedailystar.net/business/news/japanese-firms-bullish-bangladesh-1723120>

Liquidity shortage hits banks' farm loan disbursement

New Age, April 01, 2019

- Farm loan disbursement dropped by 2.81 % or Tk 406.86 crore in the July-February period of the current fiscal year due mainly to liquidity crisis in the country's banking sector. In July-February of FY19, banks disbursed Tk 14,113.56 crore in farm loans against Tk 14,520.42 crore disbursed in the same period of FY18, according to the latest Bangladesh Bank data.
- Officials of the central bank mentioned liquidity shortage as the key reason for the fall in agricultural loan disbursement by banks. The liquidity crisis of banks was reflected in inter-bank loans, call money rate and increasing deposit rate in the banking sector.

- Even the private sector credit growth was 13.2 % in January this year, far below the BB-set target (16.5 %). Riding on higher demand for liquidity, call money rate increased to 4.53 % on March 28 this year. The rate of call money was 2.77 % in June last year.
- Banks borrowed Tk 13,475.8 crore from the central bank through repurchase agreement (REPO) in the period between July, 2018 and March 5, 2019 while the entities borrowed Tk 572.86 crore in the entire 2017-2018 fiscal year.
- In the fiscal year of 2016-2017, banks' borrowing through REPO was Tk 115.67 crore. Deposit growth in the banking sector dropped below 10 % in recent months, which also worsened the liquidity situation in the banking sector. Considering the liquidity situation in the banking sector, the central bank on March 7 extended the advance-deposit ratio adjustment deadline by six month to September 30 from March 31, 2019.

<http://www.newagebd.net/article/68881/liquidity-shortage-hits-banks-farm-loan-disbursement>

Businesses on same page with govt over VAT law

The Daily Star, April 01, 2019

- Businesses are on board with the government's plan to introduce four different rates of value-added tax (VAT) from July, clearing the way for the implementation of the much-talked about VAT law 2012.
- As per the scheme, there will be four different rates of VAT applied on most of the goods and services under the existing VAT law 1991: 5 %, 7.5 %, 10 % and 15 %. Over the next two months, the National Board of Revenue (NBR) in consultation with businesses will slot the sectors into the four VAT rates.
- The introduction of multiple rates would require amendment of the VAT and Supplementary Duty Act 2012 as it envisaged a uniform 15 % rate, according to NBR officials familiar with the law. The new law, which was framed at the prescription of the International Monetary Fund to boost revenue collection, was not received well by businesses.
- It was scheduled for implementation under an automated environment from 2015 but was deferred on several occasions, with the most recent being in 2017 -- just days before it was due to take effect on July 1. The government postponed its implementation by two years amid pressure from a section of businesses and lobby groups.

HIGHLIGHTS
Four rates of VAT: 5% 7.5% 10% 15%
VAT free turnover limit Tk 50 lakh from Tk 36 lakh now
Turnover tax limit Tk 3 crore from Tk 80 lakh; rates to be raised to 5% from 3%

<https://www.thedailystar.net/business/news/businesses-same-page-govt-over-vat-law-1723126>

International

China will continue to suspend extra tariffs on US vehicles

The Financial Express, March 31, 2019

- China's State Council said on Sunday that the country would continue to suspend additional tariffs on US vehicles and auto parts after April 1, in a goodwill gesture following a US decision to delay tariff hikes on Chinese imports.
- In December, China said it would suspend additional 25 % tariffs on US-made vehicles and auto parts for three months, following a truce in a trade war between the world's two largest economies, reports Reuters.
- US President Donald Trump said on Friday that trade talks with China were going very well, but cautioned that he would not accept anything less than a "great deal" after top US and Chinese trade officials wrapped up two days of negotiations in Beijing.

BASL DAILY NEWS BUZZ

April 01, 2019



Your Trusted Broker

- US Treasury Secretary Steven Mnuchin and US Trade Representative Robert Lighthizer were in the Chinese capital for the first face-to-face meetings between the two sides since Trump delayed a scheduled March 2 increase in tariffs on \$200 bn worth of Chinese goods.

<http://thefinancialexpress.com.bd/trade/china-will-continue-to-suspend-extra-tariffs-on-us-vehicles-1554044309>

Disclaimer

This document has been prepared by Bank Asia Securities Ltd (BASL) based on publicly available data for information purpose only and does not solicit any action based on the material contained herein and should not be construed as an offer or solicitation to buy or sell or subscribe to any security. Neither BASL nor any of its directors, shareholders, member of the management or employee represents or warrants expressly or impliedly that the information or data of the sources used in the documents are genuine, accurate, complete, authentic and correct. However, all reasonable care has been taken to ensure the accuracy of the contents of this document. BASL or Research & Development Department will not take any responsibility for any decisions made based on the information herein. As this document has been made for the Traders of BASL and strongly prohibited for circulation to any clients, investors or any other persons from outside of BASL.

About Bank Asia Securities Ltd

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).

BASL Research Team

Mr. Shariful Alam Chowdhury
Head of Research & Investments

tushar@basl-bd.com, tusharbd@bloomberg.net

Mr. Shohidul Islam
Research Analyst

shohidul@basl-bd.com, shohidulbd@bloomberg.net

Tanzin Naher
Research Associate

tanzin@basl-bd.com

BASL Networks

Head Office

Hadi Mansion (7th Floor)
2, Dilkusha Commercial Area
Dhaka-1000, Bangladesh
Phone: +88-02-9515826-28
Fax: +88-02-9567884

Modhumita Extension Office

158-160 Modhumita Building
(5th Floor)
Motijheel C/A, Dhaka-1000
Phone: +88-01819118893

Dhanmondi Branch

Meher Plaza (1st Floor),
House # 13/A, Road # 05
Dhanmondi, Dhaka - 1207
Phone: +8802-8624874-5

Mirpur Branch

Nishi Plaza, plot # 01,
Avenue-04, Section-06,
Block-C
Mirpur, Dhaka - 1216
Phone: +88-02-9013841

Uttara Branch

House # 79/A, (4th Floor),
Road # 07, Sector # 04
Uttara Model Town, Dhaka-
1230
Phone: +88-02-8958371

Banani Branch

Nur Empori, Plot # 77 (1st
Floor), Road No # 11,
Banani,
Dhaka-1213
Phone: +8801716180767

Khulna Branch

28, Sir Iqbal Road (1st Floor)
Khulna
Phone: +88-041-731208-9

For International Trade & Sales, please contact **Mr. Sumon Das, Chief Executive Officer**. Please call at +8801993111666, +880 02 9515826, Ext: 101 at Business hour.

For further query, write to us at research@basl-bd.com.