

Stock Market

Stocks snap 5-day fall as MPS reveals no major changes

New Age, August 01, 2018

- Dhaka stocks snapped a five-day losing spell on Tuesday as investors went for bargain hunting following the announcement of new monetary policy by Bangladesh Bank without bringing in any major change in the policy. The central bank Tuesday morning unveiled the monetary policy statement for the first half (July-December) of the current fiscal year (2018-19). DSEX, the key index of Dhaka Stock Exchange, advanced by 0.75 %, or 39.72 points, to close at 5,302.63 points on Tuesday after losing 86 points in the previous five trading sessions.
- Before the MPS declaration, the market had witnessed five consecutive negative sessions as investors remained cautious on the trading floor. In the MPS, the central bank made no changes regarding interest rate and policies and kept the private sector credit growth rate unchanged at 16.8 %. Meanwhile, the DSE on Tuesday hailed the BB's new monetary policy as the policy emphasised the capital market and bond market as sources of financing other than banks for the non-financial corporates. The recent strategic investment by a Chinese consortium of Shenzhen Stock Exchange and Shanghai Stock Exchange is expected to improve capacity and accelerate the development of capital market, the BB said in the new MPS.
- All the large capitalised sectors except cement surged on Tuesday, while the financial sectors led the rebound of the market with non-bank financial institutions and banks increased by 0.8 % and 0.5 % respectively. Besides the financial sectors, energy, engineering and telecommunication added 2.1 %, 1.5 % and 0.3 % respectively. Among the large capitalised scrips, a surge in the share prices of United Power Generation, Grameenphone and Square Pharmaceuticals contributed most to the market rebound on Tuesday.

<http://www.newagebd.net/article/47384/stocks-snap-5-day-fall-as-mps-reveals-no-major-changes>

CSE wants to inspect 3 out-of-operation cos

New Age, August 01, 2018

- The Chittagong Stock Exchange has decided to inspect offices and factories of three out-of-operation companies — Emerald Oil Industries, Beach Hatchery and C&A Textiles — due to not holding annual general meetings and non-submission of various financial reports. The CSE in a letter on July 19 sought permission from the Bangladesh Securities and Exchange Commission to conduct inspection of the affairs of the three listed companies, said CSE Officials.
- The BSEC is likely to approve the request of the bourse at a regular commission meeting today, BSEC officials said. As per the CSE prayer, the bourse would be permitted to visit the three companies' offices and factory premises to see their status of operations well as the overall affairs of the companies. Emerald Oil informed the CSE that the company had been facing problem since the filing of a law suit by the Anti-Corruption Commission regarding loan scam of BASIC Bank.
- At present, the management of the company are operating the commercial operation on small scale due to shortage of sufficient working capital, CSE officials said. They said that the company did not hold AGM in 2017 and did not submit audited financial accounts for the year ended June 30, 2017 and a number of quarterly financial statements.

<http://www.newagebd.net/article/47387/cse-wants-to-inspect-3-out-of-operation-cos>

Economy

BB unveils 'cautious' monetary policy ahead of nat'l polls

New Age, August 01, 2018

- Bangladesh Bank on Tuesday announced a 'cautious' monetary policy for the first half (July-December) of the fiscal year of 2018-2019 without any major changes, eyeing a balance between controlling inflation and achieving targeted economic growth ahead of the national elections, expected to be held by the end of this year. The BB disclosed the monetary policy statement at a press briefing held at the central bank headquarters in Dhaka where Bangladesh Bank governor Fazle Kabir, its banking reform adviser SK Sur Chowdhury, deputy governor Abu Hena Mohammad Razi Hasan and chief economist Faisal Ahmed were present, among others.
- The BB in the MPS has projected to increase domestic credit growth at the rate of 15.9 % in FY19, while the target for January-June of FY18 was 15.8 % but the central bank managed to attain 14.6 % growth in the period. The private sector credit growth target has been kept unchanged at 16.8 % for the first half of FY19 in line with the target for the January-June period of FY18. The actual growth, however, was 16.95 % in January-June of FY18. Besides, the public sector credit growth has been projected to grow by 8.6 % against the central bank's target of 8.3 % for the second half of FY18. The public sector credit growth was 2.5 % negative in the second half of FY18.
- The government, in the national budget for the fiscal year 2018-2019, has targeted to attain 7.8 % economic growth keeping inflation within 5.6 %. The government in the first half of the year failed to keep inflation within the target in FY18. The government's target was to keep inflation within 5.5 % in the immediately past fiscal year, while the actual inflation was 5.78 %.

<http://www.newagebd.net/article/47382/bb-unveils-cautious-monetary-policy-ahead-of-natl-polls>

Cap deposit rates for cheaper loans

The Daily Star, August 01, 2018

- The interest rate on lending did not come down to single digit as promised by banks as the rate on deposits remained sticky upwards, said bank directors yesterday. Earlier on June 20, banks, both public and private, have pledged to lower the interest rate for lending to single digits from July 1 provided there is a cap on the interest rate for deposits. Private banks then announced they would lower the interest rate on deposits at 6 %; the state banks did not make any such announcement but their interest rate was expected to shadow the private banks'.
- But, neither of the rates has come down one month on. Currently, the private banks' lending rates hover between 10 % and 16 % while deposit rates are below 6 %. But the rates on fixed deposit schemes for three months to three years range between 5 % and 10 %; the rates are above 10 % in a few banks. However, the interest rates on all types of deposit schemes at state banks are between 3 % and 6 %. Their lending rates vary from 11 % to 13 %.
- Subsequently, the directors of the private banks yesterday met with Finance Minister AMA Muhith at the Economic Relations Division headquarters in the capital. According to meeting sources the bank directors informed that since the interest rate on deposits has not come down, the rate on lending could not be lowered. They also said the government agencies withdraw deposits from a bank if they get higher rates elsewhere. Subsequently, they urged the BB to fix a rate.

<https://www.thedailystar.net/business/cap-deposit-rates-cheaper-loans-1614136>

Japan wants to invest more in Bangladesh RMG sector: Tofail

New Age, August 01, 2018

- Commerce minister Tofail Ahmed on Tuesday said that Japan showed interest to invest more in Bangladesh especially in the textile sector. 'Japan is also interested to hire Bangladeshi people for its textile sector,' Tofail said at a post-Japan visit press conference at the Bangladesh Secretariat in Dhaka. A nine member Bangladesh delegation led by Tofail visited Japan in July 23-26 and during the visit the delegation met Japanese economy, trade and industries minister Hiroshige Seko and parliamentary vice-minister for foreign affairs Lwao Horii.
- Tofail said that the Japanese ministers assured that Japan would continue duty-free market access for Bangladeshi products even after the graduation of Bangladesh from a least developed country to a developing one. 'I requested the Japan government to withdraw the "Level-2" travel restriction the country imposed on its citizen following the Holey Artisan tragedy in Dhaka. The Japanese ministers are convinced that the law and order situation in Bangladesh is very good and they assured that the Japan government would take initiative to withdraw the security alert,' he said.
- The commerce minister said that he offered a special economic zone in Bangladesh for Japan and the Japanese government showed interest to make investment in the SEZ. He hoped that the bilateral trade and investment relations between the two countries would increase in the coming years and the Bangladesh's export to Japan would reach USD2-bn mark within a short time. Replying to a question, Tofail said that the government was going to set a USD44-bn export target for the financial year of 2018-19.

<http://www.newagebd.net/article/47385/japan-wants-to-invest-more-in-bangladesh-rmg-sector-tofail>

International

Apple earnings arrive with trillion-dollar value near

The Daily Star, August 01, 2018

- Apple will release quarterly earnings figures Tuesday as it flirts with a history-making, trillion-dollar market value based on its share price. To hit the trillion-dollar mark, Apple shares would have to climb about seven % from the USD189.91 price logged at the close of official trading Monday on the Nasdaq. The market is eager for news about demand for iPhones and how the company is riding out trade turbulence between the US and China. President Donald Trump's trade wars include 25 % US tariffs on USD34 bn in Chinese goods, with more on the way, and steep tariffs on steel and aluminium, which provoked China and others to hit back with import duties on US goods.
- The Silicon Valley-based company is expected to unveil new iPhone models in the fall, sticking with its practice of releasing upgraded models annually ahead of the year-end holiday shopping season. Sales of iPhones in the quarter could be tame since many fans have historically either bought handsets in prior months or are holding out for new models on the near horizon. Apple earnings are likely to be solid, with the average price of iPhones sold rising as buyers opt for the top-end iPhone X.
- Bns of dollars that Apple has been spending to buy back shares could help propel the company past a trillion-dollar value mark in the stock market. Early this year, Apple announced it would buy back USD100 bn in shares. Apple has managed to shine, despite bruises to its image that included being accused of keeping young people addicted to smartphones, slowing performance of older iPhones to motivate upgrades and sidestepping taxes by nestling cash in offshore havens.

<https://www.thedailystar.net/business/apple-earnings-arrive-trillion-dollar-value-near-1614103>

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 Limited

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

Mr. Monir Hossain
Research Associate

monir@basl-bd.com

BASL Outlets

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.