

Stock Market

Stocks drop as banks' Q3 profit fall dampens investors' mood

New Age, November 01, 2018

- Dhaka stocks dropped on Wednesday as investors went for selling shares amid declarations of third-quarter profit fall by several banks and lower-than-expected dividend by Khulna Power Company Ltd. DSEX, the key index of Dhaka Stock Exchange, lost 0.28 %, or 14.94 points, to close at 5,284.12 points on Wednesday after gaining 86.83 points in the previous two sessions.
- Most of the banks declared profits fall in the July-September period compared with that in the same period of the previous year. Earnings per share of BRAC Bank declined by 15.60 % to BDT 1.19 in the third quarter this year compared with that in the same period of the previous year.
- The share prices of KPCL declined by 6.30 % as the company declared lower dividend (30 % cash and 10 % stock dividend) for the year ended on June 30, 2018 despite making 21.90 % profit increase. The company had declared 55 % cash dividend for the year ended on June 30, 2017.
- The average share prices of engineering, bank and energy sectors dropped by 1.52 %, 0.82 % and 0.53 % respectively. The average share prices of pharmaceuticals, textile and cement advanced by 0.71 %, 0.60 % and 0.30 % respectively that saved the market from further fall. The turnover on DSE dropped to BDT 514.71 crore on Wednesday compared with that of BDT 552.49 crore in the previous trading session.
- Of the 336 companies and mutual funds traded on Wednesday, 189 advanced, 111 declined and 37 remained unchanged. DS30, the blue-chip index of DSE, however added 0.07 %, or 1.33 points, to close at 1,876.70 points. Shariah index DSES lost 0.32 %, or 3.95 points, to finish at 1,222.48 points. Khulna Power Company led the turnover chart with its shares worth BDT 42.21 crore changing hands. National Life Insurance Company gained the most on the day with a 9.97-% increase in its share prices, while Bay Leasing & Investment was the worst loser, shedding 9.52 points.

<http://www.newagebd.net/article/54669/stocks-drop-as-banks-q3-profit-fall-dampens-investors-mood>

90 more DSE members receive sales proceeds

New Age, November 01, 2018

- Ninety more shareholders of Dhaka Stock Exchange on Wednesday received their respective portions of the strategic share sales proceeds after the bourse on Tuesday started disbursing the proceeds to its shareholders. DSE started disbursing the proceeds after National Board of Revenue on Tuesday issued a circular slashing the bourse's members' capital gains tax to 5 % from 15 %, a DSE press release said.
- DSE recently sold its 45,09,44,125 ordinary shares at BDT 947 crore to a Chinese consortium of Shenzhen and Shanghai stock exchanges to make the group its strategic partner. The premier bourse would also distribute the proceeds to the remaining members today. DSE on Tuesday distributed the proceeds to three members.
- NBR approved the tax cut on condition that the shareholders would invest their respective shares of the sales proceeds in the capital market within six months and keep the investments under a lock-in for three years, a DSE senior official said. The Chinese group joined the DSE board after depositing BDT 947 crore on September 3, but the amount could have not been distributed to the DSE members before settling the tax issue.
- The country's premier bourse on May 14 signed a strategic partnership agreement with the Chinese consortium to make the group its strategic investor.

<http://www.newagebd.net/article/54675/90-more-dse-members-receive-sales-proceeds>

Summit LNG gets 15-yr tax break

The Daily Star, November 01, 2018

- The National Board of Revenue has extended tax exemption benefit for 15 years to Summit LNG Terminal's income from its floating storage regasification unit (FSRU) as part of the government's energy security plan. The Summit Group subsidiary will enjoy the tax break for 15 years -- up from five years provided initially -- from the commercial start date of the terminal, said the NBR in a notification issued this week.
- Summit is aiming to start commercial operation of the FSRU at Moheshkhali island of Cox's Bazar by March next year. If the company has any income before that, those too would enjoy the tax waiver, as per the NBR notification. The latest NBR order also waived the tax on royalties, technical know-how and technical assistance fees, and payable interests on foreign loans for the same period.
- In addition, it granted tax exemption on the capital gains from the transfer of shares of the terminal. Summit will establish the FSRU under build, own, operate and transfer basis; it will transfer the facilities to state-run Petrobangla after operating it for 15 years. The terminal will supply 500 mn cubic feet of gas a day to the national grid, for which it will receive \$0.45 per 1,000 cubic feet.
- Petrobangla will pay \$158,511 per day to Summit as fixed component fees, \$30,500 daily as operating component fees and \$30,500 for port service component fees. In its March order, the NBR offered tax exemption to foreign nationals working at the terminal, along with other benefits.
- In October last year, the revenue authority awarded tax exemption to Excelerate Energy Bangladesh, a subsidiary of US-based Excelerate Energy, on its income from the terminal that the company builds to facilitate the import of gas to overcome country's growing energy crisis.

<https://www.thedailystar.net/business/news/summit-lng-gets-15-yr-tax-break-1654660>

AB Bank to issue BDT 5.0b bond

The Financial Express, October 31, 2018

- The board of directors of AB Bank Ltd has decided to issue fully redeemable non-convertible subordinated bond for enhancement of Tier-II capital. The AB Bank subordinated bond-IV will be BDT 5.0bn with seven years maturity, variable rated and fund will be raised through private placement, said an official disclosure on Wednesday.
- The interest will be payable semi-annually (7.0 % to 10.50 % or as approved by the regulators) subject to approval from the concerned regulatory authorities like Bangladesh Bank and Bangladesh Securities and Exchange Commission, said the disclosure.
- The bank will issue the bond for raising fund for enhancement of Tier-II capital and to strengthen the regulatory capital base of the bank. The bank's share price closed at BDT 11.60 each on Wednesday at the Dhaka Stock Exchange, remaining unchanged over the previous day. In the last one year, its share traded between BDT 10.90 and BDT 26.80.
- The AB Bank, which was listed on the Dhaka bourse in 1983, disbursed 12.50 % stock dividend for the year ended on December 31, 2016. As per the un-audited financial statements of the bank, consolidated earnings per share (EPS) stood at BDT 0.01 for July-September 2018 as against BDT 0.15 negative for July-September 2017.
- In nine months for January-September 2018, consolidated EPS was BDT 0.41 as against BDT 0.64 for January-September 2017. The consolidated net asset value (NAV) per share was BDT 32.07 as on September 30, 2018 and BDT 32.28 as on September 30, 2017.

<http://thefinancialexpress.com.bd/stock/ab-bank-to-issue-BDT-50b-bond-1540980753>

4 tower cos get licences today

New Age, November 01, 2018

- Bangladesh Telecommunication Regulatory Commission will hand over licences to four tower sharing companies today, paving the way to separate ownership of mobile phone operators from mobile phone towers.
- The telecom regulator recently issued letters to the top officials of licence winning entities — Edotco Bangladesh Company, TASC Summit Towers, ISON Tower Bangladesh Private (renamed as Kirtonkhola Tower Bangladesh), and AB Hightech Consortium. They will receive the licences at a ceremony to be held at the BTRC office in Dhaka.
- As per the licencing conditions, the licence winners will have to start operation within six months of getting the licence. After the commencement of operation, tower companies will have to provide service in all the divisional headquarters within one year, in the district headquarters in two years, 30 % of the upazilas in three years, 60 % of the upazilas in four years and all the upazilas in five years.
- A tower sharing company will have to build at least 10 % of the required towers to provide service to the mobile phone companies. Earlier, in June this year, eight companies had applied to the commission but the four companies got highest marks from a 15-member evaluation committee formed by BTRC to secure the licences.
- Meanwhile, Norwegian multinational telecommunications entity Telenor Group on August 10 expressed its dissatisfaction to the telecom regulator for not being one of the four companies picked by the telecom regulator for tower sharing company licences.
- BD Tower Business Co Consortium, in which Telenor Norway and Peak Tower Holding Co Pte Ltd, two sister concerns of Telenor Group, are partners, applied for the tower sharing business licence in Bangladesh.
- The consortium also includes Transcend Infrastructure Holdings Pte Ltd, a subsidiary of American Tower Corporation, and Grameen Byabosa Bikash, a sister concern of Grameen Bank. Telenor Group also sought information on why the application of the consortium was not successful in obtaining tower sharing company licence.

<http://www.newagebd.net/article/54667/4-tower-cos-get-licences-today>

Economy

EASE OF DOING BUSINESS INDEX

Bangladesh comes last in South Asia

The Daily Star, November 01, 2018

- Bangladesh ranked 176th out of 190 countries in the World Bank's Ease of Doing Business index this year, which is the lowest ranking for a South Asian nation -- an alarming development given the government's claims of reforms to improve the score.
- The Washington-based multilateral lender's Doing Business report, which was published yesterday, sheds light on how easy or difficult it is for a local entrepreneur to open and run a small to medium-sized business when complying with relevant regulations.
- The report points out changes in regulations affecting 10 areas in the life cycle of a business: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, and resolving insolvency.

DOING BUSINESS RANKINGS

	2019	2018	Up/Down
India	77	100	↑ 23 notches
Bhutan	81	75	↓ 6 notches
Sri Lanka	100	111	↑ 11 notches
Nepal	110	105	↓ 5 notches
Pakistan	136	147	↑ 11 notches
Maldives	139	136	↓ 3 notches
Afghanistan	167	183	↑ 16 notches
Myanmar	171	171	
Bangladesh	176	177	↑ 1 notch

- Although Bangladesh's ranking has gone up one notch this time, its score in seven out of the indicators has deteriorated compared to last year. Bangladesh's grade registered major fall in: starting a business (138 from last year's 131), getting credit (161 from 159 last year), protecting minority investors (89 from 76 last year), dealing with construction permit (138 from 130 last year), and trading across borders (176 from 173 last year).
- There were improvements in the areas of getting electricity (179 from 185 last year), registering property (183 from 185 last year) and paying taxes (151 from last year's 152), which pulled up Bangladesh one notch this year. Its grade remained the same in enforcing contract and resolving solvency although the scores were lower than last year.

<https://www.thedailystar.net/business/news/bangladesh-comes-last-south-asia-1654666>

Real remittance' income declines in three years

It dropped 26pc in case of male workers in 2017 while 15pc for women: Study

The Financial Express, October 31, 2018

- The 'real remittance' earnings of male workers dropped by 26 % in 2017 as compared to 2014, if the inflation rate is considered, according to a panel data prepared by Refugee and Migratory Movements Research Unit (RMMRU). But in terms of Bangladesh local currency, their remittance income declined by 11 %, it also showed. The data was released at a dissemination workshop of a book titled 'Impact of Migration on Poverty and Growth in Bangladesh' in the city's Brac Centre Inn on Tuesday.
- The findings also showed that the remittance earnings of women workers increased by 1.5 %. Considering the inflation rate, the remittances earnings of women workers, however, dropped by 15 % in 2017 compared to that of 2014.
- The book was published by RMMRU with the panel data in cooperation with the Swiss Agency for Development and Cooperation (SDC). Such data was prepared for the first time in the country through twice survey between 2014 and 2017. The survey carried a total of 6,143 households in 20 higher, middle and lower migration-prone areas in the country. Of the total households, 2,976 were international migrant, 1,431 internal migrants and 1,736 non-migrant households.
- The research also found that the cost of workers' migration bound for Middle East and Southeast Asian countries declined in the last three years. The research outlined that migration is not a static issue. The location of the migration of 27 % of surveyed households has been changed in the last three years.
- The consumption growth increased in all three types of migrant households. The rate of consumption has increased more in international migrants' households than that of the others. On the other hand, according to the data, though the consumption rate of migrant people increased, their poverty rate did not decline simultaneously.

<http://thefinancialexpress.com.bd/trade/real-remittance-income-declines-in-three-years-1540965739>

Regulator moves to fix mobile data price

Operators are divided

The Daily Star, November 01, 2018

- The government has taken a fresh step to fix the ceiling and floor prices for mobile data with a view to controlling the charge for browsing internet through smart devices. Currently, price of per megabyte of data ranges from BDT 0.09 to BDT 0.14. However, according to a cost modelling study by the International Telecommunication Union, the minimum price for per MB should be BDT 0.26.
- Bangladesh Telecommunication Regulatory Commission has already heard out the mobile operators' point of view on the matter and will soon make a call. However, the mobile operators are divided: the top two players are on board

with an upper and lower limit for mobile data tariffs, while the other two want just the ceiling price and not the floor price.

- The use of internet is increasing and people are gradually adopting the digital mode of life. If data floor pricing is implemented now for all operators, it will impede fair competition among mobile operators and ultimately result in higher prices of the internet. Teletalk declined to comment on-the-record, but they echoed the same.
- In order to ensure quality internet service and to promote adoption of new technology, the government should look at the sustainability of ecosystem. Currently, there are a wide variety of data packages available to customers, with some giving away data virtually for free, said a senior executive of one of the top two players. The government has no other option but to fix the floor and ceiling prices with a clear margin to bring down the mobile data usage costs, said Mustafa Jabbar, minister for telecom and ICT.

<https://www.thedailystar.net/business/news/regulator-moves-fix-mobile-data-price-1654645>

External debts up by 141pc in two years

Higher rate of short-term foreign borrowings blamed

The Financial Express, October 31, 2018

- The volume of Bangladesh's external debts surged by 141 % to US\$ 54.73bn in two years to June last, says the central bank. The volume of external debts at the end of March 2016 stood at US\$ 38.88bn, the Bangladesh Bank (BB) said in its quarterly financial stability assessment report.
- The report attributed the rapid rise in such debts in the last couple of years mainly to the higher rate of short-term foreign borrowings. It said the short-term foreign borrowings accounted for 22 % of the total external debts in June 2018. The cumulative growth of the same hit 205 % during the period of March 2016 to June 2018.



- The central bank's study analysed the current external debt situation of the country from the financial stability standpoint. It said the prospective inflow of external debts to Bangladesh might decline while the existing debts might also be affected. However, the report stated that the current external debt-GDP ratio seemed to be low. In the fiscal year 2017-18, the external debt-GDP ratio stood at 20 % and the short-term external debt-GDP ratio 4.44 %.
- Until June 2018, the ratio of short-term external debt to foreign exchange reserve in the country was 37 % against 99.69 %, 176.59 %, 203.23 %, and 40.98 % in Thailand, Indonesia, Korea and Malaysia respectively prior to the Asian financial crises. The short-term external debt to remittance ratio stood at 81.63 % at the end of June 2018, implying that such debts could be fully off-set by yearly remittance inflow, the central bank said.

<http://thefinancialexpress.com.bd/economy/external-debts-up-by-141pc-in-two-years-1540957061>

KHULNA-MONGLA RAIL TRACK

Project cost may rise 18pc

The Daily Star, November 01, 2018

- The project cost of Khulna-Mongla rail track is likely to be increased for the second time because of the delay in implementation, modification of components and extension of the services of consultants. This led Bangladesh Railway (BR) to ask the Economic Relations Division (ERD) to request India to allocate an additional \$80 mn (or BDT 672 crore) for the project.
- The Executive Committee of the National Economic Council (Ecne) first approved the project involving BDT 1,721.39 crore in December 2010, with a deadline to finish it by 2013 under the first Indian line of credit (LoC). But, the BR could not execute the project on time as it failed to acquire land, forcing it to request the Planning Commission to revise the cost up to BDT 3,801.61 crore, up 120.85 % on the original cost.
- The cost increase is due mainly to the change in the alignment of the rail route, which enlarged the track's length. In May 2015, the Ecne approved the revised proposal and also set a new deadline, which also expired in June 2018. Although the implementation period has elapsed for the second time, the BR has been able to use only 18.13 % of the project cost in the last five years.
- Under these circumstances, the BR has sought additional funds and placed a proposal to the Planning Commission for a third revision. It also wrote to the ERD to communicate with India to get the allocation from the LoC. Most of the land acquisition has been completed except in Mongla port area land. Formalities to hand over the land in the port area have not been completed yet.

<https://www.thedailystar.net/business/news/project-cost-may-rise-18pc-1654657>

International

Indian govt stresses RBI has autonomy as markets tumble

New Age, November 01, 2018

- The government stressed on Wednesday that the autonomy of the Reserve Bank of India (RBI) is 'essential' as it sought to calm investors worried about a growing public quarrel with the central bank. Indian stocks and bonds fell and the rupee weakened earlier in the day amid reports that RBI governor Urjit Patel may consider resigning given the breakdown in relations.
- The media reports also said the government had invoked never-before-used powers to issue directions to the central bank governor on matters of public interest. The government added that it would continue to carry out extensive consultations with the central bank to give its assessments on issues and suggest possible solutions.
- But it was unclear if it had used powers for the first time under the RBI Act to give the bank instructions. The Economic Times reported the government had sent letters to Patel in recent weeks exercising those powers. The Economic Times report said that the Section 7 powers had been invoked on issues ranging from liquidity for non-bank finance companies, to capital requirements for weak banks and lending to small- and medium-sized companies.
- Indian markets clawed back some early losses after the statement but still appeared tentative. Benchmark stock indexes BSE and NSE rose around 1 %, while the rupee was at 73.85 to the dollar, up from a low of 74.14 but still down on the day. The 10-year benchmark bond yield was at 7.87 % from its previous close of 7.83 %.
- Investors are worried that a prolonged row between the government and the RBI could impact decision making at a time when India's financial markets have been hit hard by a series of debt defaults by one of the largest infrastructure funding companies. That has led to a liquidity crunch in the entire non-banking finance sector.

- India's \$2.6 trillion economy surpassed France's in 2017 to become the world's sixth largest, and is not far behind that of the United Kingdom, according to World Bank data. Acharya's speech came after a long-running spat between the government and the RBI over whether the central bank should part with some of its 3.6 trillion rupees (\$48.73bn) of reserves to help fund the country's fiscal deficit.
- Government officials have also called for the RBI to relax strict lending rules for weak banks and are trying to trim the RBI's regulatory powers by setting up a new payment regulator. Finance minister Arun Jaitley on Tuesday blamed the central bank for failing to stop a lending spree during 2008-2014 that left banks with \$150bn of bad debt.

<http://www.newagebd.net/article/54681/indian-govt-stresses-rbi-has-autonomy-as-markets-tumble>

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