

Stock Market

FY'18 witnesses increased issuance of stock dividend

The Financial Express, July 02, 2018

- Some 148 companies listed with the Dhaka Stock Exchange (DSE) have increased their paid-up capital through issuing stock dividend worth over BDT 42.77 bn in the outgoing fiscal year (FY) 2017-18.
- The amount would be 125 % higher than the previous FY.
- The companies issued 4.27 bn bonus shares during the period, according to DSE information. Many of the companies also issued cash dividend in the FY.
- A total of 117 companies had issued more than 1.88 bn bonus shares to increase their paid-up capital by BDT 18.98 bn in FY 2016-17.
- Presently, a total of 50 textile companies are listed with the two bourses in the country and some other textile companies are set to be listed on completion of the IPO (initial public offering) subscription process.
- A total of 23 of engineering sector companies issued bonus shares in FY 2017-18. The sector comprises of 36 companies listed with the stock exchanges.
- Of other sectors which issued bonus shares in the FY 2017-18, 21 companies were from banking, 12 from financial institutions, 12 from pharmaceuticals and chemical sector, six from food & allied sector, six from fuel & power sector and six from miscellaneous sector.
- Of other companies which issued bonus shares in the FY 2017-18, one was from jute sector, two from real estate sector, one from cement sector, four from IT sector, two from tannery sector and three from ceramic sector.

<https://thefinancialexpress.com.bd/stock/fy18-witnesses-increased-issuance-of-stock-dividend-1530418605>

Southeast Bank approves 15pc stock dividend

The Financial Express, July 02, 2018

- The 23rd annual general meeting (AGM) of Southeast Bank Ltd approved 15 % stock dividend for the year 2017.
- Chairman of the bank Alamgir Kabir, FCA presided over the meeting in the capital, attended by directors, sponsors and shareholders, according to a statement.
- Managing Director M. Kamal Hossain in his address of welcome highlighted the bank's operational performance in 2017 and outlined the future plans and programmes undertaken to enhance operational efficiency and profitability of the bank.
- As on 31st December, 2017, the bank's total deposits amounted to BDT 269,828.08 mn, total assets reached BDT 339,288.05 mn, earnings per share (EPS) BDT 1.27 (consolidated), net asset value per share BDT 28.16 (consolidated) and net operating cash flow per share T 1.87 (consolidated).
- The price earnings ratio was 17.48 times in 2017. The capital and reserves of the bank soared to a record high of BDT 33,765.13 mn as on 31st December 2017. The bank maintained a capital adequacy ratio at 10.84 % (consolidated) as on 31st December, 2017 against the requirement set by Bangladesh Bank.
- The bank's chairman highly appreciated the shareholders for their continuous support and co-operation to the significant growth of the bank. He assured them of implementing gradually the constructive suggestions put forward by them in the meeting to enhance the bank's revenue and image globally.
- The shareholders lauded the board of directors and the management of the bank for its performance, declaration of good dividend and bringing out a most informative and decent Annual Report-2017 of the bank with adequate disclosures.

<https://thefinancialexpress.com.bd/stock/southeast-bank-approves-15pc-stock-dividend-1530419508>

Stock Market in FY18: An eventful year; Investors left unhappy

Dhaka Tribune, July 02, 2018

- The benchmark index witnessed an erosion of 4.4% over the fiscal year
- The outgoing fiscal year has been an eventful year for the stock market with national elections right around the corner. Several significant landmarks have been achieved throughout the year followed by many other macroeconomic changes that gripped investors' confidence.
- Dhaka Stock Exchange (DSE) made a strategic partnership with Chinese consortium by making an agreement to sell 25% of its shares to Shenzhen Stock Exchange (SZSE) and the Shanghai Stock Exchange (SSE). This was one of the most awaited events of the year, strengthening confidence among investors. The agreement was signed in May 2018.
- Following the stake sale, DSE signed a commitment letter with the United Nations Sustainable Stock Exchange (SSE) initiative on June 7 2018, joining nearly 75 stock exchanges worldwide committed to sharing information and working with stakeholders to promote the sustainability and transparency of capital markets.
- Several other policy level decisions were made throughout the year in order to support the ailing market, particularly in the second half of the fiscal year.
- In spite declining index points, market capitalization at Dhaka Stock Exchange (DSE) has seen a rise of 1.22%, which is an increase of BDT4,634cr during the year.
- As on June 28 of 2018, DSE market capitalization stood at BDT384,734cr against BDT380,100cr as on June 29, 2017.
- Although indices fell and trading shrunk at the bourses, the market capitalization has increased in the outgoing fiscal year, said Mazumdar.
- He added: Due to rise in market capitalization, the market strength is now better compared to previous years. Challenges ahead are to attract investors from home and abroad by bringing more renowned companies to the stock market.
- The ratio of stock market capitalization to GDP stood at 17.12% as on April 2018. The ratio is significantly lower than many of the neighbouring countries such as India (80.69%), Pakistan (26.77%), Thailand (119%) and Malaysia (128.80%).

<https://www.dhakatribune.com/business/stock/2018/07/01/stock-market-in-fy18-an-eventful-year-investors-left-unhappy>

Economy

Banks' operating profits soar despite challenges

The Daily Star, July 02, 2018

- Most of the private banks registered higher operating profits in the first half of the year in spite of a number of challenges, including liquidity crisis and interest rate hike.
- The figure, however, is provisional as the operating profit is a profit from business operations before deduction of provisioning against loans and corporate taxes.
- The Daily Star obtained data of 18 banks' operating profits; 14 posted growth in operating profits ranging from 5 % to 36 %.
- Private sector credit growth maintained a satisfactory trend in recent months, which allowed banks to log in a handsome amount of operating profit, he said.
- Another reason for the rise in operating profits is the acceleration of implementation of mega infrastructural projects.
- From July 1, banks have started to lower the interest rates to single digits on loans and deposits in line with the decision of the Bangladesh Association of Banks, a forum of bank directors.

- Banks will have to bring down the interest rates for lending and deposit to 9 % and 6 % respectively, meaning that the interest spread will come down to 3 % from the 5 % limit set by the central bank.
- “Non-performing loans are increasing, which will also have an adverse impact on the banks' operating profit,” Hossain added. The rising operating profit is not the true picture of the banking sector, said Syed Mahbubur Rahman, managing director of Dhaka Bank.
- The actual profit figures would change significantly after accounting for provisioning and tax, said Rahman, also the chairman of the Association of Bankers, Bangladesh.

<https://www.thedailystar.net/business/banks-operating-profits-soar-despite-challenges-1598356>

FY18 revenue falls BDT 20,000cr short of downsized NBR target

New Age, July 02, 2018

- Revenue earnings by the National Board of Revenue in the just concluded financial year (2017-2018) fell BDT 20,000 crore short of the downsized target due mainly to slower economic activities against higher collection target.
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- Taxmen managed to collect BDT 2.05 lakh crore in FY18 against the revised target of BDT 2.25 lakh crore, according to the provisional data of NBR.
- Revenue shortfall stands at BDT 43,190 crore if the original target of BDT 2,48,190 crore is considered.
- Officials of the revenue board said that the tax receipts would go up a little bit in the final calculation after compilation of the final data received from the field offices by the end of July.
- In general, the revenue board is satisfied with the achievement as it achieved an impressive growth, they said.
- Tax collection grew by around 20 % in the year compared with that of 10.38 % in the previous FY 2016-2017.
- According to the provisional data, collection of both income tax and value-added tax grew around 22 % while customs duty rose only by 13 % in the year compared with that of the previous year.
- VAT wing collected the highest amount of revenue worth BDT 77,800 crore followed by income tax wing BDT 66,200 crore and customs wing BDT 61,500 crore, the data showed.
- Revenue collection by the VAT, income tax and customs wings was BDT 63,562 crore, BDT 53,812 crore and BDT 54,282 crore respectively in FY17.

<http://www.newagebd.net/article/44963/fy18-revenue-falls-BDT-20000cr-short-of-downsized-nbr-target>

Brexit won't harm UK-Bangla trade

The Daily Star, July 02, 2018

- United Kingdom's foreign direct investment to Bangladesh will continue rising even after Brexit thanks to the growing potential of the South Asian country, a British state minister said yesterday.
- “We (UK) have the second largest development budget for Bangladesh,” said Mark Field, who is responsible for Asia and the Pacific.
- “A part of that will also be used for ease of doing business in the commercial sphere between the UK and Bangladesh.”
- The bilateral relationship between the two nations is tremendous and opportunities are there to improve it further, he said.

- The UK is the third largest export destination for Bangladeshi apparels encompassing more than USD4 bn worth of shipments a year.
- The UK will try to assist Bangladesh and “try to bring in more investment here”, Field said at a press meet after a meeting with Commerce Minister Tofail Ahmed at the latter's secretariat office in Dhaka.
- Field also said his government will cooperate with the Bangladeshi students who want to complete higher education in different universities and educational institutions in the UK.
- The UK is leading the way with £129 mn of aid already given, he said. Over 706,364 people have fled from their homes in Myanmar's Rakhine State into Bangladesh since August 2017, joining around 340,000 Rohingyas who had previously fled.
- Bangladesh has been enjoying zero-duty benefit on export to the UK since 1971, under the EU's Everything but Arms scheme. The commerce minister said the UK will continue providing the duty-free benefit to Bangladesh even after Brexit, a move which will separate the Theresa May-led country from the EU.

<https://www.thedailystar.net/business/brexit-wont-harm-uk-bangla-trade-1598344>

International

Asia Stocks Dip, Yuan on Retreat Again, Oil Falls: Markets Wrap

Bloomberg News, July 02, 2018

- Stocks slipped in Asia on Monday after capping their worst quarter since 2015 last month, as investors gird for U.S. tariff hikes on Chinese imports that could damp export demand across the region. Oil dropped and the dollar headed higher.
- Equity benchmarks edged down in Japan, and saw more pronounced declines in South Korea and Shanghai, with Hong Kong closed. The yuan dropped, extending its sharpest decline since China's August 2015 devaluation, though today's retreat was in keeping with peers from the yen to the won. The euro came under pressure following deepening tensions in Germany's coalition government. Oil slid below USD74 a barrel in New York after U.S. President Donald Trump called for higher production.
- Mexico's peso rose after Andres Manuel Lopez Obrador, as expected, won the presidential vote by a landslide. With his business-friendly rivals vanquished, traders will be seeking clues on the incoming government's economic policy.
- Trade war jitters, political risk in Europe and divergence in monetary policy across the world remain some of the key themes investors are grappling with following the end of the first half. Factory data over the weekend added to concern that China's growth is softening. This Friday's payrolls report in the U.S. and minutes from the Federal Reserve's most recent meeting could influence expectations for two more interest-rate increases this year.
- Elsewhere, Chancellor Angela Merkel's Christian Democratic Union party said Sunday it will pursue migrant pacts with its partners amid reports the German interior minister has resigned. Stances on Germany's defense against migration is escalating a political crisis that could leave her without a parliamentary majority.
- President Trump piled more pressure on OPEC over the weekend, demanding the cartel stop what he called its manipulation of the oil market and insisting the group pump more.

<https://www.bloomberg.com/news/articles/2018-07-01/asian-stocks-face-mixed-start-to-week-oil-drops-markets-wrap>

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