BASL DAILY NEWS BUZZ

February 03, 2019

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Stock Market

Dhaka stocks snap 6-week rally on MPS, poor earnings

New Age, February 03, 2019

- Dhaka stocks plunged in the past week, snapping the consecutive surge in the previous six weeks, as investors went for profit taking share sales amid disappointment over poor financial results and central bank's monetary policy. DSEX, the key index of DSE, slumped 2.17 %, or 129.00 points, to close at 5,821.01 points on Thursday, the last trading session of the week after gaining 698 points in the previous six consecutive weeks.
- The market witnessed fall in four out of five sessions as investors went for profit taking share sales from their recent gains. Share prices of most of the companies surged in previous six weeks that prompted investors to book profits. Besides, the Bangladesh Bank announced monetary policy for the second half (January-June) of FY19 on January 30 reducing the private sector credit growth target to 16.5 % after missing its projection of 16.8 % for July-December of the fiscal year.
- The financial sector led the plunge over the week amid a decline in share prices of non-bank financial institution and bank by 7.0 % and 5.4 % respectively after their continuous surge. Out of 53 traded bank and NBFIs, all the scrips except two banks dropped over the week.
- Share prices of ACI plummeted by 11.45 % to close the week at BDT 299.30 as the profit of the company slumped by 94.30 % in July-December, 2018 compared with that in the same period of the previous year. Share prices of Investment Corporation of Bangladesh plunged by 6.5 % on the week as the company declared a profit fall by 80.50 % to BDT 0.63 earnings per share in the July-December, 2018 period compared with that of BDT 3.23 in the same period of the previous year.
- EPS of Global Heavy Chemicals, Aamra Network, Bashundhara Paper Mills dropped, so did their share prices. Share prices of life insurance, textile and pharmaceutical sectors dropped by 4.6 %, 1.2 % and 0.6 % respectively.
- On the other hand, share prices of life energy, general insurance and telecommunication advanced by 2.9 %, 2.3 % and 1.0 % respectively over the week. The daily average turnover on Dhaka Stock Exchange however, advanced by 7.12 % to BDT 1,034.26 crore in the last week from BDT 965.54 crore in the previous week.
- Out of the 348 traded issues, 238 declined, 105 advanced and 5 remained unchanged. DS30, the blue-chip index of DSE, plunged 2.00 %, or 41.04 points, over the week to close at 2,007.96 points. Shariah index DSES also dropped 0.83 %, or 11.01 points, to close at 1,310.60 points.
- United Power Generation Company led the turnover chart with its shares worth BDT 193.15 crore changing hands in the week. Provati Insurance Company gained the most in the week with a 54.51-% increase in its share prices, while Meghna Pet Industries was the worst loser, shedding 20.10 %.

http://www.newagebd.net/article/63625/dhaka-stocks-snap-6-week-rally-on-mps-poor-earnings

Current account deficit drops in H1

The Financial Express, February 02, 2019

- Current account deficit dropped significantly in the first half (H1) of the current fiscal year (FY19), according to the latest statistics of the central bank. It showed that current account deficit stood at $3.08 bn in July-December period of FY19 (or 2018) while the amount was $5.06 bn in the same period of FY18.
- "During H1FY19, current account deficit is moderating, driven by lower import growth (5.7 % up to December, 2018) and expected to continue, improving the current account dynamics," the central bank said in its latest monetary policy statement released on Thursday.

- It also projected that current account deficit might come down to $6.38 bn in the current fiscal year which was $9.70 bn in FY18.

http://thefinancialexpress.com.bd/economy/bangladesh/current-account-deficit-drops-in-h1-1549108436

Secondary trading of treasury bills, bonds drops by 42 pc annually

The Financial Express, February 02, 2019

- Secondary trading of treasury bills and bonds dropped by 42 % in the last calendar year, according to the latest statistics of the central bank It showed that the transaction value of volume of secondary trading of the government short-term and long-term fixed income tradable instruments stood at BDT 164.41 bn in 2018.
- The amount was BDT 282.91 bn in the previous year or 2017, showed the central bank statistics, reflecting a gradual decline in the secondary trading of these instruments for the last couple of years. Treasury bills and bonds with different periods of maturities are currently tradable in the secondary market. These are issued by the government to borrow from the financial market.

http://thefinancialexpress.com.bd/stock/global/secondary-trading-of-treasury-bills-bonds-drops-by-42-pc-annually-1549097749

NON-TRADITIONAL MARKETS

RMG exports soar 36pc

The Daily Star, February 03, 2019

- Garment export to non-traditional markets grew by 36.21 % year-on-year to $2.90 bn in the current fiscal year's first six months because of a government stimulus package and duty-free market access.
- The receipt from the garment shipment in the same period last fiscal was $2.13 bn, according to data from Export Promotion Bureau and the Bangladesh Garment Manufacturers and Exporters Association (BGMEA). Apart from the traditional US, European Union and Canadian markets, all others are considered non-traditional or emerging markets for Bangladesh. Of those, 11 are performing stronger than others.
- Australia, Brazil, Chile, China, India, Japan, South Korea, Mexico, Russia, South Africa and Turkey are the 11 stronger markets. Garment export to non-traditional markets has been growing since 2010-11 when the government announced a 5 % cash incentive as a stimulus package to offset fallouts of financial recessions that affected the global economy in 2007 and 2008.
- Japan extends duty-free trade privilege to the garments imported from least developed countries to reduce over-dependence on China. Similarly, China, the largest apparel supplier worldwide, has also been turning into a major export destination for Bangladesh. The Chinese government also allowed duty-free access to over 5,000 Bangladeshi products, most of which are garment items.
- India, Brazil, Mexico and Chile are also turning into major export destinations for Bangladesh. Rahman also added that a lot of work orders were shifting from China to Bangladesh as buyers were accepting the South Asian country as an alternative to China.

SHIPMENT TO EMERGING MARKETS
In millions of $

Country	Jul-Dec, FY2018	Jul-Dec, FY2019
Australia	304.25	360.41
Brazil	77.78	89.52
Chile	35.83	55.97
China	166.48	267.26
India	111.33	270.86
Japan	363.31	547.22
Korea	87.03	135.81
Mexico	72.58	101.17
Russia	181.77	220.55
S Africa	34.47	53.79
Turkey	113.89	109.17
Others	577.62	684.63

SOURCE: EPB AND BGMEA

https://www.thedailystar.net/business/news/rmg-exports-soar-36pc-1696729

ACI to bring 'smart' tractors

The Daily Star, February 03, 2019

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SOURCE: EPB AND BGMEA

- ACI Motors, a unit of ACI, is set to introduce hi-tech tractors that will simplify the lives of farmers and maximise their income. The tractors will be from Yanmar, a Japanese heavy equipment manufacturer, which last week unveiled two new models that are fuel-efficient and can be accessed through a smartphone.
- The two variants -- YM357A and YM351A -- were launched at a ceremony in the Thai capital and are expected to hit the market in Southeast Asia this year before becoming available globally. The tractors, which were introduced as part of the Yanmar's bid to boost its market share in Southeast Asia, have engine outputs of 57 and 51 horsepower respectively and can work both rice paddies and dry fields and haul loads.
- The equipment's engine is manufactured in Japan, the body in India and the final assembly is done in Thailand. The tractors have the SmartAssist technology, which allows operators to see where and how the tractors are working in the field via a smartphone.
- It also provides the machine's operating status, receive error notifications and provide customer service in the event of breakdowns. Many farmers in Southeast Asia cultivate rice in wet paddies and a range of dry field crops, from corn to sugar cane and others, said Subrata Ranjan Das, executive director of ACI Motors.

https://www.thedailystar.net/business/news/aci-bring-smart-tractors-1696732

Prime bank introduces digital savings account 'Prime DG'

Dhaka Tribune, February 01, 2019

- Prime bank has introduced its first digital savings account, 'Prime DG', allowing customers to open an account from their homes and make transactions without visiting the bank. Representatives of the bank announced the new feature at a press conference held on Thursday at the Dhaka Club.
- By opening this account, subscribers will be able to make payments, balance inquiries, fund transfers, utility bill payments, mobile banking, and insurance premium payments. General savings account holders can migrate to Prime DG accounts as well, although the bank's current focus is on attracting new customers.

https://www.dhakatribune.com/business/banks/2019/02/01/prime-bank-introduces-digital-savings-account-prime-dg

Economy

Janata bad loans up by BDT 2,868cr in 3 months

Errant AnonTex, Crescent Group mainly responsible

New Age, February 03, 2019

- The scam-hit Janata Bank has BDT 2,868.77 crore more added to its piles of defaulted loans in the past three months mainly due to the failure of two of its clients to repay loans. The total amount of bad loans of the state-owned bank stood at BDT 17,304 as of December 2018, a threefold increase on BDT 5,818 as of December 2017.

- According to information provided by the second largest government-owned bank to the Financial Institutions Division on January 31, 2019, the overall bad loans jumped to BDT 17,304 crore as of January 2019 from BDT 14,436 crore in September 2018.
- The sharp increase in defaulted loans has largely been attributed to the failure by the bank's clients Crescent Group and AnonTex to clear the loan repayment. Crescent Leather Products owed BDT 894.92 crore to the bank while Rupali Composite Leather Wear Limited owed BDT 923.39 crore, Crescent Tanneries BDT 173.51 crore, Lexco Limited BDT 446.26 crore and Remax Footwear BDT 1134.9 crore.
- The DGM said that the overall defaulted loan of the bank would go up further in coming months as AnonTex was failing to clear debt against its loan worth over BDT 5,500 crore. AnonTex Group has been lobbying for fresh loans from the same bank and met with former finance minister AMA Muhith on August 20, 2018.
- Both AnonTex and Crescent Group were extended loan by the previous board of directors led by former chairman Abul Barakat from 2009 to 2014. On January 30, Customs Intelligence and Investigation Directorate arrested the chairman of Crescent Leather Products and Crescent Tanneries MA Kader in connection with three cases filed for laundering a total of BDT 919 crore in foreign currencies.

http://www.newagebd.net/article/63632/janata-bad-loans-up-by-BDT-2868cr-in-3-months

Bangladesh ahead of all

Shows Spectator Index on per capita GDP growth

The Daily Star, February 03, 2019

- Bangladesh equalled China and India to log in the highest per capita economic growth globally in the last five years, according to The Spectator Index. The country's per capita growth was 45 % in the past five years in terms of purchasing power parity, which is the same as neighbouring India and China, reported the index on its Twitter account yesterday.
- The index -- which is run by The Spectator, a weekly British magazine focused on politics, economics, history, military affairs, sports, science, and technology -- also compared Bangladesh's economy with that of Venezuela to show how much the South Asian nation has progressed over the years.
- In 1980, the size of Venezuela's economy was $117 bn in PPP terms compared to Bangladesh's $41 bn. In 2018, the gross domestic product of Venezuela stood at $330 bn, whereas it was $751 bn for Bangladesh. In the last five years, Indonesia's per capita GDP growth was 29 %, Turkey's 27 %, Pakistan's 24 %, South Korea's 22 % and Egypt's 18 %.
- It was 17 % for the US, 15 % for Germany, 15 % for the UK, 13 % for Canada, 13 % for Japan, 12 % for France, 12 % for Italy, 9 % for Saudi Arabia, 9 % for Russia, 4 % for Nigeria and a negative 1.2 % for Brazil.

https://www.thedailystar.net/business/news/bangladesh-ahead-all-1696726

BB projects lower trade deficit in FY19

The Financial Express, February 02, 2019

- Bangladesh Bank has projected that deficit on merchandise trade in the country would drop moderately in the current fiscal year (FY19). In its outlook on Balance of Payments (BoP), the central bank has mentioned that merchandise trade gap may reach $17.27 bn in the current fiscal year, which was $18.26 bn in the past fiscal year
- The outlook was unveiled in the latest monetary policy statement on Wednesday Trade deficit during the first five months of the current fiscal year, however, stood at $6.66 bn, according to the central bank statistics. It also showed that current account deficit might come down to $6.38 bn in the current fiscal year, which was $9.70 bn in FY18.

- At the same time, deficit in service trade stood at $1.26 bn. Bangladesh Bank has further projected that gap in service trade would came down to $3.53 bn in the current fiscal year, which was $4.57 bn in FY18.

http://thefinancialexpress.com.bd/economy/bangladesh/bb-projects-lower-trade-deficit-in-fy19-1549091317

Reliance on coal may ease in revised power master plan

The Financial Express, February 03, 2019

- The government is planning a review of the power system master plan (PSMP) to pinpoint the electricity demand and the sources of energy to streamline the sector's growth in an efficient way. The focus on building new LNG-fired power plants might be sharpened to ensure environment-friendly electricity generation.
- Electricity generation from renewable energy sources might also get importance in the new PSMP, said the official.Currently, the country's total electricity generation capacity is 17,685 megawatts (MW) from 127 power plants-gas-fired, oil-run, coal-fired and hydropower
- Under the PSMP-2015, the government has a target to generate 24,000 MW of electricity by 2024, 40,000MW by 2030 and 60,000 MW by 2041. Around half the future power plants are supposed to run on coal under the existing PSMP.
- Electricity generation costs at different power plants also vary significantly Sources said the electricity generation cost at gas-fired independent power producer (IPP) plants was below BDT 3.0 per unit (1 kilowatt-hour). The cost at a state-run gas-fired power plant was around BDT 3.0 per unit and at a gas-fired rental power plant around BDT 4.0 per unit.
- The electricity generation cost at a government-owned furnace oil-fired power plant is BDT 13-16 per unit, at a rental or quick rental power plant BDT 9.5-13 per unit and at an IPP plant BDT 9.0-14 per unit. The electricity generation cost at a state-owned diesel-fired power plant is BDT 15-32 per unit and at a diesel-fired rental power plant BDT 23-33 per unit.
- According to the BPDB statistics, the countrywide electricity generation during the day-time off-peak hours on Wednesday (January 30, 2019) was only 3,894 megawatts (MW), just 22 % of the installed capacity of 17,685 MW. Power generation during the evening peak hours on Wednesday was 6,317 MW. It was only 35.62 % of the total installed capacity.

http://thefinancialexpress.com.bd/trade/reliance-on-coal-may-ease-in-revised-power-master-plan-1549164397

Country to seek the status quo in post-LDC era

Size of local pharma market almost doubles in past five years

The Financial Express, February 03, 2019

- Bangladesh seeks to extend the TRIPS privileges well into its post-LDC era to safeguard the local pharma industry from the tough global patent regime. Commerce ministry high officials said they would urge the World Trade Organization to waive TRIPS-related obligations for Bangladesh even after its graduation from the least developed country (LDC) category.
- Launched in 1994, the Trade-Related Aspects of Intellectual Property Rights (TRIPS) agreement sets global minimum standards for the protection of intellectual property rights. All the member states of the global trade body are obliged to comply with the TRIPS agreement.

- However, the LDCs were granted a transition period to comply with the agreement which has been extended twice until July 01, 2021 and January 01, 2033 respectively. But Bangladesh fulfilled the LDC graduation criteria last year and is expected to formally graduate from the LDC category by 2024.
- There are some concerns that once the country gets the elevated status, it will no longer be able to enjoy the preferential treatment under the TRIPS flexibilities. From a humble beginning in the early 1980s, domestic pharmaceutical industry has now grown to cover 97 % of the local demand.
- The growth has, however, been partly backed by this TRIPS privilege as it allows the LDCs to produce patented drugs without asking patent-holders first. In fact, most of the pharmaceutical companies here make so-called generics, or non-branded medicines, the patents of which have often expired.

http://thefinancialexpress.com.bd/trade/country-to-seek-the-status-quo-in-post-ldc-era-1549164122

Intraco Refuelling moves to merge its five subsidiary companies

The Financial Express, February 03, 2019

- The Intraco Refuelling Station Limited (IRSL) has decided to merge its five subsidiary companies with itself to reduce the 'management cost' and avail 'tax benefit'. The boards of directors of the IRSL and subsidiary companies have decided in a meeting that the parent company, IRSL, will take over all assets and liabilities of the five subsidiaries through merger.
- According to a disclosure on the website of Dhaka Stock Exchange, the cut-off date of the merger will be December 31, 2018, subject to necessary approval from the securities' regulator, shareholders and the court. The company will hold an extra-ordinary general meeting (EGM) to seek shareholders' approval.
- The subsidiary companies of the IRSL are Absar & Elias Enterprises, East End Automobiles, M Hye & Co. CNG Refuelling Station, Good CNG Refueling Station and Nessa & Sons. The IRSL holds more than 95 % stakes in its five subsidiary companies.
- Following the merger, the IRSL can avail tax benefit i.e. 25 % tax rate instead of 35 % tax rate for all five subsidiaries companies, according to the disclosure. Moreover, the merger will help avoid double taxation in case of dividend declared by the subsidiaries companies, the disclosure added.
- The IRSL, presently an 'A' category company, was listed with the stock exchanges in 2018. The company's sponsor-directors own 30.51 % stakes in the company, institutions 22.47 % and general shareholders 47.02 % as of December 31, 2018. The share price of IRSL closed at BDT 27.70 each on Thursday, registering a rise of 2.22 % or BDT 0.60.

http://thefinancialexpress.com.bd/stock/intraco-refuelling-moves-to-merge-its-five-subsidiary-companies-1548995949

H1 import payments cross $27b

New Age, February 03, 2019

- The country's import payments increased by 10.78 % in the first half of the current fiscal year 2018-2019 due mainly to rise in payments for import of petroleum oils, industrial raw materials and other products. According to Bangladesh Bank data, the country settled import payments worth $27.32 bn in July-December of FY19, against $24.66 bn in the same period of FY18.
- Import of fuel oils, crude and refined, surged by 45.66 % in six months due to an increased demand for the items in the fuel-based power plants, central bank officials said. Of the other hand, industrial raw materials import went up by 10.56 % in the period while products in other category also surged by 19.68 %.

- For petroleum oils import, the country settled payment worth $2,026.46 mn in July-December of FY19 compared with that of $1,391.20 mn in the same period of FY18.Import payments for industrial raw materials rose to $9.60 bn in six months of the current FY19 against $ 8.68 bn in the same period of last FY18.
- The country settled import payments for other products at the highest amount worth $12.59 bn in July-December of the current fiscal year which was $10.52 bn in the same period of last year.
- Import payment for food grains (rice and wheat), however, decreased by 54.71 % to $694 mn in the period from $1.53 bn in the same period of last fiscal year due to a bumper production of rice in the country. The data showed that import payment for capital machinery in the six months fell by 5 % to $2.40 bn from $2.53 bn.

http://www.newagebd.net/article/63624/h1-import-payments-cross-27b

International

Germany's new industrial strategy under fire

New Age, February 03, 2019

- A new industrial strategy for 2030 to be released by economy minister Peter Altmaier next week is facing sharp criticism from some top economists, industry groups and opposition lawmakers for giving government too big of a role in shaping the economy.
- The strategy, elements of which were leaked to German media on Friday, urges moves to shore up 'national champions' and strengthen the competitiveness of firms in nine key technology areas, including the automotive industry; aerospace, space and weapons; raw materials and medical equipment.
- It also says the success of some specific firms - including Siemens, carmakers Daimler, Volkswagen and BMW, BASF, Thyssenkrupp and Deutsche Bank - is in Germany's national interest, the Frankfurter Allgemeine Newspaper reported.
- Another measure, which calls for boosting industry's share of the overall economy to 25 % from 23.2 %, would be difficult to implement, critics said. Michael Theurer, deputy head of the parliamentary caucus of the pro-business Free Democrats, told the newspaper it was a scandal that Altmaier was seeking to protect big conglomerates and the government should enact better conditions for all firms.
- Wolfgang Steiger, head of the business wing of Altmaier's conservatives, called for governmental restraint, and warned that Altmaier was effectively setting himself up as 'Germany's economic politburo.' Competition expert Justus Haucap told the newspaper that another plank of the strategy that seeks to ease big mergers was 'completely wrong, defied economic evidence and would be very damaging.' He said history had shown that large-scale mergers reduced innovation and drove up prices.

http://www.newagebd.net/article/63631/germanys-new-industrial-strategy-under-fire

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BASL Research Team

Mr. SharifulAlam 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
Mr. Monir Hossain Research Associate	monir@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.