

Stock Market

Dhaka stocks begin new FY with plunge

New Age, July 03, 2018

- Dhaka stocks plummeted on Monday, the first trading day of the new financial year, amid heavy trading of shares of debutant Bashundhara Paper Mills, concerns over the banks' profits and continuous withdrawal of funds by foreign investors.
- DSEX, the key index of Dhaka Stock Exchange, lost 1.53 %, or 83.04 points, to close at 5,322.41 on Monday after losing 23.57 points in the previous trading session.
- The market began to fall from the very beginning of the day and consistently dropped until the end of the session as a section of investors kept buying shares of debutant Bashundhara Paper Mills by selling other stocks in their possession, market operators said.
- Investors also went for heavy selling of banking sector scrips amid concern over their financial health after the interest rate cut while the foreign investors kept selling some large capitalised scrips like Grameenphone and BRAC Bank, said market operators.
- The share prices of Bashundhara Paper Mills soared by 63.5 % to reach BDT 130 after opening with the cut-off price of BDT 72-80.
- The bank owners' organisation, Association of Banks, Bangladesh, on June 20 decided to bring down the lending rate to 9 % and deposit rate to 6 % from July 1. But most of the banks are yet to implement the decision.
- The financial sector led the nosedive on Monday with a fall in the share prices of non-bank financial institutions and banks by 2.9 % and 2.1 % respectively.
- The average share prices of telecommunication, pharmaceutical and cement sectors also declined by 2.12 %, 2.1 % and 1.6 % respectively.
- DS30, the blue-chip index of the DSE, plummeted by 2.25 %, or 44.12 points, to close at 1,915.82 points.
- Shariah index DSES shed 1.26 %, or 16.02 points, to close at 1,247.77 points.
- Aziz Pipes gained the most with a 9.97-% increase in its share prices, while Peoples Leasing and Financial Services was the worst loser, shedding 18.18 %.

<http://www.newagebd.net/article/45034/dhaka-stocks-begin-new-fy-with-plunge>

Prices of junk shares continue to rise

The Daily Star, July 03, 2018

- Prices of junk stocks continue to rise on the Dhaka Stock Exchange whereas prices of quality stocks have fallen significantly.
- The shares of the worst-performing companies were the top gainers on the premier bourse yesterday. On the other hand, the stocks of the well-performing companies declined drastically.
- The top five gainers on the DSE were Bashundhara Paper Mills, an N category share; C & A Textiles, a Z category share; Savar Refractories, a Z category share; Aziz Pipes, a B category share; and Jute Spinners, a Z category share.
- The shares of Bashundhara Paper Mills soared 63.5 %. Since it made the debut yesterday, it faced no cap that prevents a stock from rising or falling more than 10 % in a single day. The shares of the remaining four companies rose by almost 10 %.

- In fact, Z category shares have been rising in the same pace in the last few days against the fall of the blue-chip shares. “Some are gambling with the shares of the worst-performing companies,” said Abu Ahmed, a former chairman of the economics department at the University of Dhaka.
- The DSEX declined 83.04 points, or 1.53 %, finishing the day at 5,322.41.
- The premier bourse observed a notable price correction amid sales pressure induced by profit-booking, said EBL Securities. It said investors remained watchful ahead of upcoming earnings and corporate declarations from listed companies.
- Turnover, another important indicator of the market, also declined 2 % to BDT 784.75 crore, with 16.41 crore shares and mutual fund units changing hands.

<https://www.thedailystar.net/business/prices-junk-shares-continue-rise-1599094>

Stocks nosedive first session of FY19

The Financial Express, July 03, 2018

- Stock markets nosedived on Monday, the first trading session of the Fiscal Year (FY) 2018-19, as investors were on selling spree on sector specific stocks.
- The market opened on negative note and the downward trend continued till end of the session with no sign of reversal, finally key index of the major bourse lost 83 points.
- DSEX, the benchmark index of the Dhaka Stock Exchange, settled at 5,322, slumping by 83 points or 1.53 % over the previous session.
- The two other indices ended lower. The DS30 index, comprising blue chips, fell 44 points to settle at 1,915 and the DSE Shariah Index plunged 16 points to close at 1,248.
- Turnover, the most important indicator of the market, also came down to BDT 7.85 bn, which was 2.0 % lower than the previous session’s BDT 8.01 bn.
- The losers took a strong lead over the gainers as out of 342 issues traded, 206 declined, 106 advanced and 30 issues remained unchanged on the DSE trading floor.
- Bashundhara Paper Mills, which made its share trading debut today, topped the DSE turnover chart with 6.31 mn shares worth BDT 886.58 mn changing hands, closely followed by Ratanpur Steel, Monno Ceramic Industries, Beximco and United Power.
- The port city bourse CSE also ended lower with its CSE All Share Price Index – CASPI – shedding 186 points to settle at 16,372 and the Selective Categories Index–CSCX–losing 113 points to finish at 9,896 points.

<https://thefinancialexpress.com.bd/stock/stocks-nosedive-first-session-of-fy19-1530523238>

Economy

SCBs to give pvt banks fund at 6pc interest

New Age, July 03, 2018

- State-owned commercial banks would deposit their fund with private commercial banks at 6 % interest rate to help the PCBs implement the banks owners' decision to cut lending rate to 9 % from Sunday.
- On the other hand, bankers said that a number of banks have already started lending at 9 % from Monday, while the rest would implement the reduced rate within a couple of days.
- The announcements came from the bankers meeting held at the Bangladesh Bank headquarters in the capital with BB governor Fazle Kabir in the chair.
- After the meeting, BB deputy governor Abu Hena Mohd Razee Hassan, who was present in the meeting, told reporters that the state-owned banks would provide fund to the private commercial banks at the rate of 6 %.
- Replying a question whether there was any government move with a view to facilitating PCBs with low cost fund from government agencies, he said that there was action from the government end on the issue.
- Speaking about the implementation status of reduced lending rate, Hassan said, 'A couple of banks have already implemented the reduced rate, while the rest are in the process of reducing the rate.'
- 'Some [banks] are scheduled to hold board meetings in this regard and I hope that they would implement it within a couple of days,' he said.
- Asked whether the state-owned banks would provide fund to the private banks at the rate of 6 %, Obayed Ullah Al Masud, managing director of state-owned Sonali Bank, said that they had agreed to entertain the demand of the private banks for the implementation of 9 % lending rate by the private banks.
- On the other hand, Association of Bankers, Bangladesh chairman Sayed Mahbubur Rahman said, 'The central bank did not impose the [rate cut] decision; instead it was the decision of the bank owners. The central bank only suggested us to implement the decision keeping the situation in the banking sector sound and to avoid any chaotic situation.'
- Speaking about the implementation status of deposit rate cut to 6 % and lending rate to 9 %, Mahbubur, also the managing director and chief executive officer of Dhaka Bank, said that several banks including Dhaka Bank had already implemented it and the rest were in process.

<http://www.newagebd.net/article/45031/scbs-to-give-pvt-banks-fund-at-6pc-interest>

Remittance inflow rises 17pc in FY18 amid dollar appreciation

New Age, July 03, 2018

- Remittance inflow rebounded strongly, posting 17.39 % rise in the just concluded fiscal year of 2017-2018 amid appreciation of the dollar against the taka that prompted expatriates to send higher amount of remittance to the country through the legal channel.
- As per the central bank data, remittance inflow in the outgoing fiscal year increased to USD14.98 bn from USD12.76 bn in the previous fiscal year.
- The overall remittance earnings included USD1.38 bn in June this year while the figure was USD1.21 bn in June last year.
- The amount of remittance earnings of the country was the second highest in FY18 while the country's remittance earnings posted an all-time high at USD15.31 bn in the fiscal year of 2014-2015. Bangladesh received USD14.93 bn remittance in the year of 2015-2016.

- As per the central bank web site data, the exchange rate of dollar, which was BDT 78.7 in January last year, increased to BDT 80.6 in June last year, BDT 82.9 in January this year and BDT 83.75 on Monday.
- Besides the dollar appreciation in Bangladesh, oil price increase in the global market boosted economies of the Middle East countries and earnings of the expatriates accordingly, BB officials said.
- Expatriates' income hike helped them to send higher amount of money to the country, they said.
- As the dollar rate was on the rise for last one year, expatriates' money transfer through the legal channel was also on the rise, they said.
- Besides, the central bank's moves to increase remittance inflow through the legal channel by taking measures for the prevention of digital hundi worked as another factor behind the inflow of remittance, the central bank officials said.

<http://www.newagebd.net/article/45033/remittance-inflow-rises-17pc-in-fy18-amid-dollar-appreciation>

Punish loan defaulters: FBCCI

The Daily Star, July 03, 2018

- The FBCCI yesterday reiterated its demand that the government punish wilful loan defaulters who were putting a great strain on the banking sector.
- "The real defaulters should be punished. The justice should be done in a transparent manner," said Shafiul Islam Mohiuddin, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).
- He was speaking at a press conference in the FBCCI's office in Dhaka on the recent cut in bank interest rates.
- Reiterating his views at a June 9 press meet, he said trials of some bad bank borrowers were ongoing while some were facing Anti-Corruption Commission (ACC) but the FBCCI would not lobby to save any defaulter.
- In the June 9 press meet, the FBCCI chief also called for exemplary punishment for bank defaulters. "It was no less than a robbery."
- Sometimes some small borrowers—owners of small and medium enterprises—have to go through tough legal processes after failing to repay loans of small amounts, although they are not wilful defaulters, Mohiuddin said.
- The chronic inefficiency and mismanagement in state banks can now be seen in private banks too. Even some first-generation banks are in serious trouble now, including liquidity crisis.
- The probes into some of the scams that have plagued BASIC and Farmers banks have not gone well to say the least. Even the High Court called in the ACC investigators of BASIC Bank scams last month and reprimanded them. "We have to cover our faces with black cloth in shame ...," an HC judge said. According to a Bangladesh Bank enquiry, around BDT 4,500 crore was siphoned out of BASIC Bank between 2009 and 2013 when Sheikh Abdul Hye Bacchu chaired the board of the bank.

<https://www.thedailystar.net/business/punish-loan-defaulters-fbcci-1599112>

International

Asia Stocks Face Pressure of Yuan-Slide Contagion: Markets Wrap

Bloomberg News, July 03, 2018

- Stocks in Asia made an attempt at extending a recovery in American equities overnight, though ran into the headwind of another slump in the yuan, which has sparked fears of contagion to emerging markets.
- Share indexes in Tokyo and Seoul came off their morning highs after China's currency tumbled past 6.7 per dollar, a level that some had thought would trigger intervention from authorities. The yuan indeed showed a sudden comeback mid-morning, before dropping again. Hong Kong's stocks tumbled in a catch-up after the city was off on holiday Monday. Australian stocks stood out, as they have repeatedly in recent weeks, as outperformers in the region. Treasury yields dipped and the dollar steadied.
- With U.S. trading desks thinly staffed ahead of the July 4 holiday, volume in American stocks was about 20 % below average when the S&P 500 Index edged up. An expansion in U.S. manufacturing gave some comfort to concern borne out of reports in Japan, China and South Korea over the past few days about a weakening in global economic growth. The Trump administration's planned imposition of tariffs against China will start on Friday.

<https://www.bloomberg.com/news/articles/2018-07-02/asia-stocks-look-to-gains-dollar-strengthens-markets-wrap>

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