

## Stock Market

### Foreign investors at DSE withdraw funds for record seventh month

New Age, October 03, 2019

- The foreign investors at Dhaka Stock Exchange withdrew record BDT 680 crore in last seven months (March-September) from the country's premier bourse due mainly to lack of confidence of investors in the market, widespread anomalies at the market and instability at the country's financial sector.
- The amount withdrawn in last seven months broke the previous record of withdrawal in 2009 when the foreigners had pulled BDT 440 crore out of the market in six consecutive months (January-June). In 2010, the overseas investors withdrew BDT 676.58 crore from the market, the highest pull-out in a year.
- Investment by the overseas investors at the bourse was negative in 16 months out of last 21 months. It was positive only in two months (January and February) this year and three month (January, March and September) in last year.
- The net foreign investment dipped to BDT 60.35 crore negative in September after BDT 102.53 crore negative in August. In September, the overseas investors sold shares worth BDT 318.14 crore against their purchase of shares worth BDT 257.78 crore.
- The foreign investors continued pulling funds out of the DSE due mainly to prolonged bearish trend at the market, causing the key index, DSEX, to shed 148 points in the period between August 29 and September 30 and 988 points since February this year.

<http://www.newagebd.net/article/86419/foreign-investors-at-dse-withdraw-funds-for-record-seventh-month>

### Local green bond market: IFC identifies possible investors, barriers too

Total climate-smart investment potential in Bangladesh might stand at \$172b between 2018 and 2030

The Financial Express, October 03, 2019

- The International Finance Corporation (IFC) has found scores of potential local and foreign financial institutions having an interest in Bangladesh's climate-smart green bond. In a study done jointly with the Bangladesh Bank, IFC has also identified 12 types of barriers to the growth of green bond market here.
- In a draft study report, IFC said investors with higher assets under management and a higher share in fixed income will be more likely to invest in green bond. It said City Bank and BRAC Bank have high assets under management at BDT 330 bn and BDT 360 bn respectively.
- According to the study, three global institutional investors-PIMCO, BNP Paribas and HSBC-can also be the potential investors for Bangladesh's green bond. NN Investment Partners and Ostrum Asset Management, which have a distinct focus on long-term sustainability and are signatories to the UN principles of responsible investment, are also prospective investors.
- The country's bond market reached \$16 bn or 6.0 % of gross domestic product (GDP) in 2018 while Indian bond market is 16 % of GDP. IFC estimated that the total climate-smart investment potential in Bangladesh might stand at \$172 bn between 2018 and 2030. This shows a bright future of the local green bond market.

- The study, however, said the green bond potential issuers in Bangladesh are relatively limited in number. Fifty-nine scheduled banks, 34 non-bank financial institutions, treasury bonds and bills, and multiple non-financial corporates can issue green bonds here.
- Poor credit rating and management capacity, regulatory restrictions, excessive currency and country risk, unclear green impact and evidence of alignment of nationally determined contributions, among others, retard green bond growth.

<http://thefinancialexpress.com.bd/trade/local-green-bond-market-ifc-identifies-possible-investors-barriers-too-1570075456>

## Economy

### **Pvt Sector credit growth hits 9-year low**

New Age, October 03, 2019

- The private sector credit growth hit a nine-year low in August this fiscal year (2019-2020) amid liquidity crisis in the banking sector along with the advance deposit ratio adjustment-centric cautiousness of a section of the banks.
- In August, the private sector credit growth dropped to 10.68 %, the lowest after September, 2010, when it was 6.09 %, according to the Bangladesh Bank data available. In the first two months (July-August) of FY20, the growth rate remained far below than the central bank's curtailed estimation — 14.8 % — for the current fiscal year.
- The private sector credit growth was 11.26 % year-on-year in July of the current fiscal year. The growth rate in July was the lowest after June, 2013 when it was 11.04 %.
- Officials of the banks said that many of the banks had been suffering higher advance-deposit ratio (investment-deposit ratio for the Shariah-based banks) since January 30, 2018 when the central bank curtailed the ratio to 83.5 % for the conventional banks and 90 % for the Shariah-based banks.
- Containing aggressive lending of the banks was the reason for the central bank's move. Earlier, the ratios were 85 and 90 for the conventional and Shariah banks respectively. Out of the 56 scheduled banks, around 20 banks had suffered higher ADR than the BB limit set on January 30, 2018.
- Since then, the banks with higher ADR have been trying to bring down their exposures within the BB-set limit by the way of deducing lending and some of them even opted to refrain from increasing their loan portfolio. Enhancing deposit portfolio by collecting deposits was among the other strategies followed by the banks in complying with the BB-set limit.

<http://www.newagebd.net/article/86412/pvt-sector-credit-growth-hits-9-year-low>

*B'desh following go-slow gambit*

## **Lobby on to supply LNG as prices slip**

*LNG cargoes were trading below US\$4.0 per mmBtu over the past several months*

The Financial Express, October 02, 2019

- The LNG suppliers, who have already signed initial deals and memorandums of understanding with state-run Petrobangla, are at the forefront.
- Indonesia's Pertamina, Malaysia's Petronas, Brunei's Brunei LNG, and Switzerland's AOT Energy AG are among the global LNG suppliers that have already inked MoUs or letters of intent with Petrobangla and awaiting final sales and purchase agreements.
- Some of the firms have already written letters to the ministry of power, energy and mineral resources while others are visiting top Petrobangla and energy ministry officials to secure the final LNG supply deals, indicated a senior energy ministry official.
- People familiar with the situation said LNG cargoes were trading below US\$4.0 per mn British thermal unit, or mmBtu, over the past several months due to the supply glut.
- Indian Oil Corp bought a cargo for delivery in the second half of August from commodity trader Trafigura at \$3.69 per mmBtu while China National Offshore Oil Corp purchased a cargo for delivery in early September from Vitol at \$3.90 per mmBtu, they said.
- On the contrary, Petrobangla has been importing LNG under long-term deals at prices ranging from \$8.5 per mmBtu to \$10 per mmBtu over the past one and a half years. Two global suppliers - Qatar's RasGas and Oman's Oman Trading International - are currently supplying LNG to Bangladesh.
- Petrobangla started regular imports of LNG from September 9, 2018. Petrobangla signed the country's first ever sales and purchase agreement with RasGas to buy around 2.5 mn tonne per year, or Mtpa, of lean LNG over 15 years on September 25 last year.

<http://thefinancialexpress.com.bd/trade/lobby-on-to-supply-lng-as-prices-slip-1570075241>

## **Govt redefines hard term external loans**

*Grant element ceiling lowered to 25pc from 35pc*

The Daily Star, October 03, 2019

- The government has decided to consider foreign loans as hard-term ones if the grant element is less than 25 %, down from the 35 % it currently takes into account, in a reflection of the country's growing economic power.
- The revision, which saw a cut of the upper ceiling by 10 %age points, came at the behest of World Bank and other development and bilateral lenders, according to Finance Minister AHM Mustafa Kamal and a government document.
- The cabinet committee approved the revision put forward by Economic Relations Division on behalf of the standing committee on non-concessional loans. As Bangladesh has graduated from a lower income country category, various multilateral and bilateral lenders have raised the interest rate for loans given to the country, according to the proposal of the standing committee.

- As a result, the loans are becoming non-concessional and permissions are needed from the standing committee. This may create the uncertainty that flow of foreign loans might slow down. In fiscal 2017-18, public debt in Bangladesh stood at \$91 bn, which is about 34 % of the GDP, according to International Monetary Fund.
- External debt stood at \$40 bn in the fiscal year and is predominantly owed to multilateral and bilateral creditors, which account for 62 % and 23 % respectively of the outstanding debt.

<https://www.thedailystar.net/business/banking/news/govt-redefines-hard-term-external-loans-1808632>

## **Stocks fall again, get no respite from volatility**

New Age, October 03, 2019

- Dhaka stock dropped again on Wednesday after a slight gain in the previous day as prolonged dullness at the market kept investors nervous on the trading floor. DSEX, the prime index of Dhaka Stock Exchange, lost 0.26 %, or 13.02 points, to close at 4,936.37 points on Wednesday after gaining 1.75 points in the previous session.
- The government has recently taken a number of steps to recover the investors' confidence in the market, but failed to change the situation so far. The steps included BB's move to increase fund flow to the capital market, government's tax incentives and government's announcement over resolving the audit claim dispute with Grameenphone.
- The average share prices of telecommunication sector dropped by 1.08 %, bank 0.71 %, textile 0.53 % and non-bank financial institution shed 0.28 % on Wednesday. Turnover on the bourse inched up to BDT 346.03 crore on Wednesday from BDT 304.29 crore in the previous session.
- Out of the 352 scrips traded on the day, 209 declined, 108 advanced and 37 remained unchanged. Blue-chip index DS30 shed 0.07 %, or 1.24 points, to close at 1,758.50 points. DSE Shariah index DSES lost 0.34 %, or 3.89 points, to close at 1,136.31 points. Bangladesh Submarine Cable Company led the turnover chart with its shares worth BDT 12.19 crore changing hands on the day.
- National Tubes, Beacon Pharmaceuticals, Summit Power, Grameenphone, Eastern Cables, Monno Jute Staffers, JMI Syringe, Standard Ceramics and Square Pharmaceuticals were the other turnover leaders. CAPM BDBL Mutual Fund 01 gained the most on the day with a 9.41-% increase in its share prices while Golden Harvest Agro Industries was the worst loser, shedding 8.78 %.

<http://www.newagebd.net/article/86421/stocks-fall-again-get-no-respite-from-volatility>

## **International**

### **US wins WTO backing for \$7.5b tariffs on EU in jet subsidy clash**

New Age, October 03, 2019

- The United States won WTO approval on Wednesday to impose tariffs on \$7.5 bn worth of European goods over illegal EU subsidies handed to Airbus, threatening to trigger a tit-for-tat transatlantic trade war as the global economy falters.

- The decision by the World Trade Organisation pushes a 15-year corporate dispute over illegal support for transatlantic plane giants to the centre of caustic world trade relations and comes on top of a tariff war between Washington and Beijing.
- The European Commission said in response that a US move to impose trade sanctions on EU imports would be 'short-sighted and counterproductive' and risked causing damage on both sides of the Atlantic. The WTO has found that both Europe's Airbus and its US rival Boeing received billions of dollars of illegal subsidies in the world's largest corporate trade dispute, a legal marathon dating back to 2004.
- The two cases are expected to lead to tit-for-tat tariffs, beginning with the US measures, posing new problems for businesses and financial markets around the world. The agency's provisional list of products that are eligible to be targeted with tariffs ranges from Airbus jets themselves to helicopters, wine, handbags and cheese.
- Before any tariffs can be imposed, the WTO's Dispute Settlement Body must formally adopt the arbiters' report in a process expected to take between 10 days and 4 weeks. Its next scheduled meeting is on Oct. 28, but Washington could request a special meeting 10 days after the arbiters' report is published, suggesting an earliest possible final nod on Oct. 12.
- In the largest case ever handled by the WTO, Washington had requested permission to impose tariffs on up to \$11.2 bn of EU goods. Brussels is pushing for tariffs of around \$10 bn on American goods in parallel process to be decided by the WTO early next year.

<http://www.newagebd.net/article/86427/us-wins-wto-backing-for-75b-tariffs-on-eu-in-jet-subsidy-clash>

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