

## Stock Market

### Dhaka stocks back to losing trail on poor financial reports

New Age, November 03, 2019

- Dhaka stocks returned to the losing trail in the past week, after a pause in the previous week, as investors went on selling shares amid poor earnings and dividend declarations by the listed companies.
- DSEX, the key index of the Dhaka Stock Exchange, slumped by 1.87%, or 89.1 points, over the past week to close at 4,682.90 points on Thursday, the last trading session of the week after gaining just 1.01 points in the previous week.
- The DSEX lost 286 points in the last five weeks, including one positive week. The market witnessed four negative sessions in the five-day week as investors kept selling shares amid poor financial disclosures from the listed companies, market operators said.
- Declaration of no-dividend by the companies triggered the sales in the market. Around 20 listed companies have so far declared no dividends for the year ended June 30, 2019. A number of companies also declared cash dividends of mere 1-2% this year, causing share prices of the companies to drop sharply over the week, they said.
- Besides, share prices of Grameenphone slumped by 3.1% over the past week as any chances of a resolution of the Grameenphone audit dispute hit a snag again after finance minister AHM Mustafa Kamal said the dispute would be settled in court.
- Out of the 355 issues traded during the week, 204 declined, 136 advanced and 15 remained unchanged. The daily average turnover on the DSE increased to BDT 334.77 crore over the past week from BDT 309.11 crore in the previous week.

<http://www.newagebd.net/article/89574/dhaka-stocks-back-to-losing-trail-on-poor-financial-reports>

### Trustee seeks BSEC nod to remove two MFs' asset manager LR Global

New Age, November 01, 2019

- The trustee of DBH 1st Mutual Fund and Green Delta Mutual Fund on Thursday sought approval of the Bangladesh Securities and Exchange Commission for changing the two funds' asset manager LR Global Asset Management Company following unitholders' demand.
- The trustee, Bangladesh General Insurance Company, also asked LR Global to take approval from it before investing funds in non-listed securities. BGIC sent a letter to the market regulator, informing that more than two-thirds of unitholders wanted to change asset manager of the two funds.
- Around 72.50% of unitholders of DBH 1st MF and 70.12% of those of Green Delta MF demanded appointing IDLC Asset Management Company as asset manager replacing LR Global following BSEC rules.
- BGIC managing director Mohammad Saifuddin told New Age that the trustee would change the asset manager after getting approval from the market regulator BSEC.

<http://www.newagebd.net/article/89378/trustee-seeks-bsec-nod-to-remove-two-mfs-asset-manager-lr-global>

## **Bangladesh Bank, 5 SOBs yet to lend ICB BDT 2,000cr to invest in stocks**

New Age, November 02, 2019

- The Bangladesh Bank and five state-owned banks were yet to give state-run Investment Corporation of Bangladesh a total of BDT 2,000 crore in loans for the purpose of investing in the ailing capital market. Earlier on September 19, ICB sought BDT 1,000 crore in loans from the central bank for the development of the capital market.
- It also sought BDT 200 crore from each of the five state-owned banks — Sonali Bank, Rupali Bank, Janata Bank, Agrani Bank and Bangladesh Development Bank — as term deposit loans to improve the current condition in the stock market in the first week in October.
- The BB sent a number of queries to ICB about potential of the loans and investment plans. ICB had replied to the queries, but the BB was yet to provide the loan to the state-run non-bank financial institution. The loans were supposed to be given in any form with low interest rate to be paid annually.
- ICB officials said the five SOBs were not responding to ICB's pleas. ICB managing director Abul Hossain told New Age that the banks were yet to give the much-needed fund to ICB.

<http://www.newagebd.net/article/89455/bangladesh-bank-5-sobs-yet-to-lend-icb-BDT-2000cr-to-invest-in-stocks>

## **DSE leaves behind today a history 60 years**

Dhaka Tribune, November 03, 2019

- The country's premier bourse Dhaka Stock Exchange (DSE) is moving to its new address at Nikunja beside the airport road today, leaving behind its 60-year-old location at Motijheel in the capital.
- The construction of the new building started on March 28, 2007 and was expected to be completed in three years, but it took until recently to be completed. The DSE Tower has been set up on 1.33 acres of land while the projected building area is 7,56,000 square feet.
- There are three basements that will be used for car parking. The first two floors are for banks and other financial institutions. The third floor will be exclusively for the use of DSE office. The space from the fourth to the eleventh floor has been allocated for the brokers and part of the twelfth floor is for the auditorium. The thirteenth floor is for Members' Club.
- As per DSE officials, the newly constructed tower will accommodate offices of all 250 TREC holders. The rent of the space has been fixed at BDT88 per square feet. Another top official told Dhaka Tribune that presently about 130/140 TREC holders showed interest to shift their offices to the new building. Gradually, all of them would shift their offices there, he added.
- He also said that the IT, training and publication department would not be shifted to the new building today; they would be moved there within this month. In 1996, the government had allotted 1.33 acres of land and BDT4 crore to the DSE for constructing the tower. The construction started in 2007.

<https://www.dhakatribune.com/business/2019/11/03/dse-leaves-behind-today-a-history-60-years>

## **Regulator pushes broker to pay IPO money**

The Daily Star, November 01, 2019

- The stock market regulator yesterday asked Shah Mohammad Sagir & Co, a broker, to pay off investors' money -- if necessary by selling its licence. The Bangladesh Securities and Exchange Commission (BSEC) took the decision in a commission meeting.
- Over 40 investors have complained to the regulator that the brokerage firm is not repaying the money they deposited during initial public offerings. In response the stock market regulator suspended the share transaction activities of the broker and ordered the Dhaka Stock Exchange to run an investigation.
- Accordingly, the DSE ran an investigation and found the complaint to be true. As a result, the BSEC took the decision and asked the DSE to file a criminal case against the stock broker.
- The commission has also decided to fine the shareholder directors of Generation Next Fashion BDT 5 lakh each due to breach of securities law.
- The BSEC said the garment maker failed to prepare its audit report as per the international accounting standards, failed to utilise the right share proceeds and continued with its audit firm, ATA Khan & Co Chartered Accountants, for more than three years.

<https://www.thedailystar.net/business/news/regulator-pushes-broker-pay-ipo-money-1821658>

## **Dutch investor sells entire stake in DBBL**

The Daily Star, November 03, 2019

- Dutch-Bangla Bank's the Hague-based corporate sponsor Netherlands Development Finance Company (FMO) has offloaded its entire stakes in the bank after 24 years, leaving the local bank's moniker an oxymoron.
- The sponsor has sold 46.92 lakh shares at the prevailing market price. At present, the market price of the stock is BDT 72, meaning the sell-off will yield about BDT 33 crore. The shares were snapped up by little-known Horizon Associates from the block market, which is a platform of the stock exchange where a large number of stocks are traded in a single transaction at a negotiated price.
- "FMO's strategy is that they invest in new prospective companies and sell stakes when they become profitable," said Abul Kashem Md Shirin, managing director of Dutch-Bangla Bank Ltd or DBBL. The Dutch company had earlier sold 29% of its holdings and offloaded the remaining 1% now, Shirin told The Daily Star. Horizon Associates bought about 5.60 crore shares from FMO earlier this year.
- According to the yearly financial report of 2018, sponsors of the bank hold more than 17.39 crore shares, or 87%, of which 5.13 crore shares are owned by foreign sponsors. Presently, one foreign investor from Hong Kong remains with the bank and it appointed Tang Yuen Ha, Ada as a nominated director from their part.

<https://www.thedailystar.net/business/news/dutch-investor-sells-entire-stake-dbb-1822279>

## AUDIT CLAIMS OF BDT 12,580CR

### GP gets time to inform SC how much it can pay now

The Daily Star, November 01, 2019

- The Supreme Court yesterday gave two more weeks to Grameenphone to inform it how much money the operator can pay to the Bangladesh Telecommunication Regulatory Commission (BTRC) now out of BDT 12,580 crore claimed by the regulator.
- The development came after lawyers of the country's largest mobile phone operator sought two months from the apex court to comply with the order following consultation with its investors. The next hearing will take place on November 14.
- In their prayer, the lawyers informed the SC that it has already paid more than BDT 2,000 crore to the National Board of Revenue (NBR) in the areas a BTRC audit is claiming money from the operator. Talks are also going on with the government to settle the matter out of court. Of the BTRC's total claim, BDT 4,086 crore is related with the NBR.
- At a meeting presided over by Finance Minister AHM Mustafa Kamal on October 3, it was decided that GP would deposit BDT 100 crore so that the BTRC withdraws its licence cancellation showcase notice and moves for reviewing the audit report. However, on Wednesday, the minister accused GP and Robi of not cooperating with the authorities to bring an end to the dispute with the BTRC through talks.
- On October 17, an HC bench issued a two-month injunction on the BTRC's move to realise money from GP. The BTRC appealed against the injunction. The Appellate Division is hearing it. The HC order dealt a blow to the telecom regulator, which was all set to appoint administrators at GP and Robi to realise the dues.

<https://www.thedailystar.net/business/news/gp-gets-time-inform-sc-how-much-it-can-pay-now-1821661>

### BSEC approves United Finance's BDT 100cr bond

The Daily Star, November 03, 2019

- The Bangladesh Securities and Exchange Commission has given a go-ahead to United Finance's proposal to raise BDT 100 crore by issuing non-convertible zero coupon bonds with a tenure of four years.
- The proceeds will be spent on SME and infrastructure projects. The offer price will be BDT 25 lakh per unit.

<https://www.thedailystar.net/business/news/bsec-approves-united-finances-BDT-100cr-bond-1822270>

### Pubali Bank's BDT 750cr bond gets nod

The Daily Star, November 03, 2019

- The stock market regulator has approved a proposal of Pubali Bank for raising BDT 750 crore by issuing non-convertible floating rate subordinated bonds.
- The tenure of the bond would be seven years. The proceeds will be used to strengthen the bank's tier-2 capital base. The offer price will be BDT 7.5 crore per unit.

<https://www.thedailystar.net/business/news/pubali-banks-BDT-750cr-bond-gets-nod-1822267>

## Economy and Sectors

### Govt's bank borrowing may reach BDT 55b this month

The Financial Express, November 02, 2019

- The government is set to borrow a net BDT 55 bn from the country's banking system for the month of November to partly meet its budget deficit, officials said.
- The government may take up to BDT 144 bn as gross borrowing from the banking system in November by issuing treasury bills (T-bills) and bonds, according to the government's auction calendar, issued by the Bangladesh Bank (BB) on Thursday.
- The auction calendar means the schedule and the amount of T-bills and bonds to be issued through auction for raising funds from the market to meet the government budget deficit partly.
- The government's net bank borrowing may reach BDT 55 bn in the single month, after deducting BDT 89 bn against the government securities that would mature during the month, according to the officials.
- The government's account deficit stood at BDT 40 bn as on October 29 that was fulfilled with using ways and means advances (WMAs) facility from the central bank, according to the official.
- Under the existing rules, the government is empowered to borrow up to a maximum amount of BDT 60 bn from the central bank of Bangladesh under WMAs facility without issuing any securities.
- Meanwhile, the government's aggregate net bank borrowing stood at BDT 276.34 bn, which was more than 58% of the total target, as of October 21 of FY 2019-2020, according to a BB's confidential report.
- Of the total, the government borrowed BDT 256.88 bn from the scheduled banks using T-bills and bonds, and the remainder BDT 19.46 bn from the central bank.

<https://thefinancialexpress.com.bd/economy/bangladesh/govts-bank-borrowing-may-reach-BDT-55b-this-month-1572667751>

### Denim Export to EU: Bangladesh sees negative growth over Brexit issue, Euro zone slow growth

Dhaka Tribune, November 03, 2019

- Uncertainty over Brexit and slower economic growth in Euro zone have put an adverse impact on Bangladesh's denim exports to European countries, which saw an 11% negative growth to \$977.65 mn in the first eight months of 2019.
- According to Eurostat, statistics directorate of the European Commission, Bangladesh, the largest exporter of denim goods, exported denim products worth \$977.65 mn, down by 11.04%, during January-August period of 2019, which was \$1.10 bn in same period a year ago.
- In the first eight months of 2019, global denim exports to EU declined 11.84% to \$3.40 bn, which was \$3.86 bn in the same period last year. Bangladesh's closest competitor Turkey has posted a 10.82% negative growth to \$734.5 mn in the same period.
- China saw a 23.68% fall from \$366 mn to \$279 mn, while Pakistan registered a 5.29% fall to \$569 mn. For the negative growth, economist and industry people have blamed the slowdown in EU economy and

uncertainty over Brexit. They also find appreciation of BDT against US dollar to be another reason for Bangladesh's eroding competitiveness.

- As per the latest data of the European Commission, Euro zone economic growth dropped to 0.1% in the third quarter from 0.2% in the previous one.
- "Across the European Union zone, the retailing situation of denim goods is not good. Consumption in Euro zone has fallen. This is because of uncertainty over the execution of Brexit," Sharif Zahir, a director of Bangladesh Garment Manufacturers and Exporters Association, has told Dhaka Tribune.
- "In Bangladesh denim industry, the installed production capacity is higher than the work orders and there have been addition to the capacity. So, more focus on a single product is too much," Syed M Tanvir, director of Pacific Jeans Limited, says.
- As an EU member, the United Kingdom is very important for Bangladesh as it is the third largest export destination. In the last fiscal year, Bangladesh's export to the UK stood \$4.16 bn, which is 10.29% of total exports. But the growth to UK is slower due to the Brexit issues.
- "As there is uncertainty over the execution of Brexit and it has been delayed several times, it has dampened importers' confidence, which is a big reason for the downtrend in export earnings from the denim," Mohammad Hatem, first vice president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), tells Dhaka Tribune.
- Bangladesh currently exports Blue Denim Trousers WG, Blue Denim Trousers MB, Blue Denim Skirts, Blue Denim Jackets, Blue Denim Suit Type Coats MB, Playsuits, and Sunsuits, among other products, to the international markets. The major global retailers to which Bangladeshi entrepreneurs also supply denim products include H&M, Uniqlo, Tesco, Walmart, Levi's, Diesel, Wrangler, G-Star, s.Oliver, Hugo Boss, and Gap.

<https://www.dhakatribune.com/business/2019/11/02/denim-export-to-eu-bangladesh-sees-negative-growth-over-brexit-issue-euro-zone-slow-growth>

## **API production urgent to save pharma industry, say insiders**

Dhaka Tribune, November 02, 2019

- Producing active pharmaceutical ingredients (API), raw materials of medicine, is urgent to save the country's promising pharmaceuticals industry still heavily dependent on imports, industry insiders have said.
- "Though the pharmaceutical industry has grown rapidly since 1982 and now meets 98% of the total domestic demand, the country has yet to produce API," said Md Zia Uddin, chairman of the Active Fine Chemicals Limited. He said the industry had to import about 97% of API every year for pharmaceutical goods production.
- "The potential of the pharmaceutical industry is increasing with the rising demand of drugs. On the other hand, the scarcity of APIs in local industry is getting acute day by day," said Sheikh Maksudur Rahman, director of API project, ACME Laboratories Ltd.
- In such situation, he warned, drug production in the country might face closure within 10 to 15 years. Referring to a case study, he said production of Renitidine, a drug which had a market worth BDT29 crore in the country and was being shipped to dozens of countries, was about to close because of its API shortage.

- “We would import the API from two companies of India, but they suddenly stopped exporting the raw materials,” he said, adding that India and China were competing to grab the global pharmaceutical market.
- “The government initiated a high-tech park for API production in 2008, but we did not see any mentionable progress of the proposed park in 11 years,” he said, informing that the authorities only acquired land for the proposed park.
- “After 2027, when Bangladesh will become a middle income country may lose existing facilities under TRIPS agreement, but we need to be prepared by this time,” he said, adding that academic and industry collaboration was important in case of research on API productions.

<https://www.dhakatribune.com/business/2019/11/02/api-production-urgent-to-save-pharma-industry-say-insiders>

## **Banks’ account maintenance fees slashed**

The Daily Star, November 01, 2019

- The central bank yesterday cut account maintenance fees imposed by banks with a view to encouraging small savers to park their deposits in the banking sector. From now on, clients will not have to pay any account maintenance fee for their deposits of up to BDT 10,000 in savings account from the previous charge-free ceiling of BDT 5,000.
- Savers will have to pay BDT 100 as fee for their savings deposits of over BDT 10,000 to BDT 25,000, according to a central bank notice sent out to all banks. Clients earlier had to pay the same charge for their deposit amounts ranging from BDT 5,000 to BDT 25,000. Banks impose the charges on a half-yearly basis.
- The latest instruction will also help banks strengthen their deposit base, the BB circular said. Clients earlier counted BDT 300 as savings account maintenance fee if the deposit of a client surpassed BDT 25,000.
- The latest instruction will also give relief to clients from the existing high charges as this time it has also lessened the fees for the deposits that will exceed the amount of BDT 25,000.
- Banks will be allowed to impose a charge of BDT 200 for deposits of over BDT 25,000 to BDT 200,000. Clients will have to pay BDT 250 as account maintenance fee for deposits of over BDT 200,000 to BDT 1,000,000.
- Lenders will be allowed to impose a maximum charge of BDT 300, if the deposit of a client crosses BDT 1,000,000. The central bank has also brought down the maintenance fee for current accounts as clients will have to pay BDT 300 for such accounts against the previous charge of BDT 500.

<https://www.thedailystar.net/business/news/banks-account-maintenance-fees-slashed-1821655>

## **\$5b in leather exports possible by 2022**

The Daily Star, November 03, 2019

- Leather and leather good exporters are gung-ho about hitting \$5 bn in export receipts by 2022 if the government manages the Leather Working Group’s certification at the earliest, according to industry insiders.
- Last fiscal year, leather and leather good exports fetched \$1.19 bn, making it the second highest export earner for Bangladesh after garment, according to data from the Export Promotion Bureau.



- Getting the LWG certification means the manufacturers comply with the global compliance standards. And to obtain that, the central effluent treatment plant (CETP) at the Savar Tannery Industrial Estate (STIE) must be fully operational.
- In the absence of the certificate, Bangladeshi leather and leather good exporters have to make do with sending their products to China, where the prices are 40% lower than elsewhere, and are essentially shut out from upmarket destinations like the EU and the US.
- Recently, many American brands have expressed interest in shifting to Bangladesh as their sourcing destination for the US-China tariff war.
- For instance, recently four Indian leather good and shoe manufacturers came to Bangladesh and invested \$10 mn. Similarly, another leather and leather goods manufacturing company came from Taiwan recently.

<https://www.thedailystar.net/business/news/5b-leather-exports-possible-2022-1822297>

## International

### WTO authorises Chinese tariffs on \$3.6b in US goods

New Age, November 03, 2019

- A World Trade Organisation arbitrator on Friday authorised China to slap tariffs on US imports worth up to \$3.58 bn annually in a years-long dispute over US anti-dumping practices, a trade official said. China had asked the WTO for permission to hit the US with more than \$7 bn in tariffs in the case.
- But the WTO ruling said it had determined that the illegal US anti-dumping practices had caused 'nullification or impairment of benefits accruing to China' to the tune of \$3,579.128 mn, and that Beijing could impose tariffs on goods not exceeding that amount per year.
- The decision marks the first time the WTO has authorised China to impose tariffs in a trade dispute. Washington voiced disappointment with the decision, with a US trade official stressing the continued commitment 'to using antidumping duties to address injurious dumping' and arguing that the ruling 'has no foundation in economic analysis'.
- 'Moreover, we do not believe the Arbitrator's Decision will have any impact on continuing trade discussions between the United States and China,' the official said, adding that the US government would discuss with stakeholders 'on how to move forward'.
- The United States, which has repeatedly lost cases before the WTO over its calculation method, said in June 2017 that it would implement the panel's recommendations within a 'reasonable' time frame.

<http://www.newagebd.net/article/89580/wto-authorises-chinese-tariffs-on-36b-in-us-goods>



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