

Stock Market

Stocks keep falling on financial sector, foreign investment worries

New Age, July 04, 2018

- Dhaka stocks on Tuesday plunged for 3rd day hitting one-and-a-half-year low as investors continued with heavy share sales amid their concern over the financial market and continuous fund withdrawal from the capital market by the foreign investors.
- DSEX, the key index of Dhaka Stock Exchange, dropped 0.92 per cent, or 49.24 points, to close at 5,273.16 on Tuesday.
- The core index hit fresh 18-month low after January 9, 2017 when DSEX was at 5214.60 points.
- The DSEX lost 155.81 points in the last three trading sessions.
- After a brief uptrend at the opening, the market witnessed consistent downfall amid continuous sales of shares, especially banking sector scrips, by the investors.
- Market operators said that the investors were grappling with a number of issues including concern over the financial health of the banking sector and heavy share sales by the foreign investors.
- The investors are remained puzzled over the banks' announcement of reducing the interest rate to single digit and the impact it would bring to the financial health of the banks and non-bank financial institutions.
- United International University professor Mohammad Musa, a capital market analyst, on Tuesday told New Age that the decision of cutting interest rate should be good for the financial market. 'But, investors are still skeptical whether the banks would reduce the interest rate to single digit,' he said.
- Of the 335 companies and mutual funds traded on the day, 195 declined, 102 advanced and 43 remained unchanged.
- DS30, the blue-chip index of the DSE, plunged further by 1.11 per cent, or 21.29 points, to close at 1,894.53 points.
- Shariah index DSES shed 0.90 per cent, or 11.24 points, to close at 1,236.52 points.
- Bashundhara Paper Mills led the turnover chart with its shares worth BDT 49.29 crore changing hands on the day.
- United Power Generation Company, Ratanpur Steel Re-Rolling Mills, Monno Ceramics, Legacy Footwear, Aziz Pipes, Dragon Sweater, Shepherd Industries, Paramount Textiles and Pharma Aid were the other turnover leaders.

<http://www.newagebd.net/article/45119/stocks-keep-falling-on-financial-sector-foreign-investment-worries>

DSE buys 123 companies' shares

Dhaka Tribune, July 04, 2018

- The Dhaka Stock Exchange (DSE) on Tuesday bought the highest ever volume of company shares not settled in a single trading day after a brokerage house encountered technical difficulties on Monday.
- DSE coordinated between buyers and sellers after International Leasing Securities failed to execute the settlement of the shares of 123 companies with Central Depository Bangladesh Limited (CDBL).
- "Since the broker failed to buy the shares on behalf of their clients, the DSE has purchased those shares in line with the settlement law," DSE acting managing director, Abdul Matin Patwary, told the Dhaka Tribune.
- According to an official statement of DSE, willing sellers were requested to let the DSE Clearing House know prior to placing sale orders.
- Once trade was executed, selling brokers were requested to transfer the shares to the DSE clearing account from the broker clearing account using the pay-out process by 2:30pm.
- Share trading of 123 companies remained unsettled on Monday.

<https://www.dhakatribune.com/business/stock/2018/07/03/dse-buys-123-companies-shares>

Economy

ADP spending hits record high

The Daily Star, July 04, 2018

- Spending on development projects hit 93.09 % of allocation in the just concluded fiscal year, the highest in the country's history, riding on a massive escalation in expenditure in the last month of fiscal 2017-18.
- Ministries and divisions spent BDT 146,703 crore of the revised annual development programme (ADP) in the last fiscal year, according to Planning Minister AHM Mustafa Kamal, who released the data yesterday.
- ADP implementation rate stood at 89.76 % in 2016-17 when the government spent BDT 107,085 crore.
- Historically, the ADP spending rate remains low in the beginning of a fiscal year and gets momentum in the second half of the year.
- Last week, Kamal explained that the physical work of a project goes on although cheques are given to contractors in June, pushing up the spending in the whole fiscal year. In July-May of 2017-18, the ministries and divisions together spent BDT 98,978 crore against the full-year's revised allocation of BDT 157,594 crore, according to the Implementation Monitoring and Evaluation Division (IMED).
- In the last fiscal year, the use of the government's own fund was BDT 87,973 crore, accounting for 91.32 % of the allocation. It was 92.85 %, or BDT 72,145 crore, in the previous fiscal year.
- On the other hand, 100.30 %, or BDT 52,206 crore, of the allocation from foreign funds was spent, up from 78.97 % a year earlier.
- Development spending by the state-owned enterprises was BDT 6,523 crore, which was 70.80 % of the funds they received for 2017-18. The expenditure rate was 115.02 % in the previous fiscal year.
- For 2017-18, the government had originally set aside BDT 1.64 lakh crore for development spending, but it was revised down to BDT 1.58 lakh crore in March. Kamal said the ADP spending rate will also be good in the new fiscal year if the current implementation trend continues.

<https://www.thedailystar.net/business/adp-spending-hits-record-high-1599574>

Average inflation rises in FY18

New Age, July 04, 2018

- Average annual inflation increased by 0.44 % points in the just concluded financial year 2017-2018 compared with that of previous FY 2016-2017, according to data of Bangladesh Bureau of Statistics.
- Average general inflation between July, 2017 and June, 2018 stood at 5.78 % against 5.44 % in the corresponding period of the previous year, showed the data released on Tuesday.
- The rate of annual average inflation also remained higher than the government's target of 5.5 % in the FY 2018.
- Planning minister AHM Mustafa Kamal revealed the data at a press conference after the weekly ECNEC meeting held at the NEC auditorium at Agargaon in Dhaka.
- The point-to-point inflation, however, declined to 5.54 % in June, the last month of the FY18, from that of 5.57 % in May due mainly to a fall in food inflation despite significant rise in non-food inflation in the month.
- Food inflation dropped to 5.98 % in June from that of 6.56 % a month ago, the data showed.
- Non-food inflation, however, increased to 4.87 % in the month from 4.08 % in May.

- According to BBS data, the prices of food items like fish, meat, vegetables, spices and fruits, and expenditures for some non-food items like clothes, house rent, electricity, medical and transport services and education materials increased in June.
- In May, the rate of general, food and non-food inflation in rural areas was 5.07 %, 5.62 % and 4.07 % respectively.
<http://www.newagebd.net/article/45117/average-inflation-rises-in-fy18>

Nordic firms betting big on Bangladesh

The Daily Star, July 04, 2018

- Nordic companies are faring well and are optimistic about their future in the country, found a survey by the Nordic Chamber of Commerce and Industry in Bangladesh and the Sweden Bangladesh Business Council.
- As many as 94 % of the survey respondents said they would be expanding their operations with an expected investment of 213 mn euros (about BDT 2,000 crore) over the next three years.
- The disclosure in the Business Confidence Survey 2017, which was supported by the embassies of Sweden, Norway and Denmark, can be viewed as an endorsement of the country's business climate and investment outlook.
- The survey was conducted from December 3 last year to February 15 this year and was sent out to 52 companies that are all members of NCCI. Of them 22 completed the survey.
- Between 2014 and 2017, the Nordic companies have invested 167 mn euros (about BDT 1,400 crore) in Bangladesh, according to the survey, which was unveiled on Monday at a programme in Dhaka. Commerce Minister Tofail Ahmed attended the event as chief guest.
- Some 45 % of the respondents experienced higher profits in 2017, a rise from 34 % in 2015. Only 5 % of the respondents feel it is less profitable to undertake their business in Bangladesh. No respondent in the survey found doing business in Bangladesh unfavourable in 2017, unlike in 2015.
- Although Nordic companies are quite positive about doing business in Bangladesh, there remain challenges that pose significant risks for existing companies as well as future investors, the survey report said.
- The climate for starting a business in Bangladesh has been rated just above 5 (5.6) in a scale of 10 by the respondents, which is worse than in 2015 (6.3).
- Similarly, almost half of the respondents (45 %) reported facing undue bottlenecks during establishing their business in Bangladesh.

<https://www.thedailystar.net/business/nordic-firms-betting-big-bangladesh-1599583>

NBFIs want state banks' deposits to lower interest

The Daily Star, July 04, 2018

- Non-bank financial institutions have demanded low-cost deposits from state banks like private banks so that they can lend at single digit interest rate.
- The development comes after the NBFIs yesterday sat with the Bangladesh Bank governor and sought policy support from him such as deposits from the state banks at 6.5 % interest rate.
- From July 1 banks started to bring down the lending rate to 9 %. At the meeting, the NBFIs also promised to bring down the interest rate to single digit immediately after getting the policy support.
- "Bangladesh Bank has assured the NBFIs of extending policy support to lower the interest rates," said Abu Hena Mohd Razee Hassan, deputy governor of the BB. Md Khalilur Rahman, chairman of the Bangladesh Leasing and Finance

Companies Association, told reporters after the meeting at the BB headquarters that the NBFIs would place the single digit issue before their respective boards immediately and try to implement it within the shortest possible time.

- It is easily possible to decrease the lending rate if the NBFIs are allowed to receive deposit from banks at a lower rate.
- The state banks and private banks decided on June 21 to lower the interest rate on lending and deposit to 9 % and 6 % respectively.
- The move comes weeks after the government showered them with a raft of privileges, drawing criticism from different quarters.

<https://www.thedailystar.net/business/nbfis-want-state-banks-deposits-lower-interest-1599556>

International

India cuts tariff on 3,142 products for 6 nations

The Independent, July 04, 2018

- India cuts tariff on 3,142 products for 6 nations
- The government of India announced the slashing of import duties on as many as 3,142 items from China and five other nations from the Asia Pacific, including Bangladesh, reports BSS.
- The reduction in tariff has been made as part of trade liberalization further through the Asia Pacific Trade Agreement (APTA) and will be in effect from July 1, said the Indian commerce ministry in a statement on Monday.
- It is a preferential trade agreement (PTA) under, which the basket of items as well as extent of tariff concessions are enlarged during the trade negotiating rounds which are launched from time to time.
- The six member countries are Bangladesh, China, India, Laos, Korea and Sri Lanka.
- "India has, on its part, exchanged tariff concessions on 3,142 tariff lines (or goods) with all member countries and special concessions on 48 tariff lines for LDCs, with Bangladesh and Laos," it said.
- The fourth round of trade negotiations were formally concluded and signed by the ministers of the member countries during their meeting on January 13 last year.
- The decision of this meet has now been implemented by all members with effect from July 1, it added.
- With the implementation of this decision, the coverage of preferences of total tariff lines for each member would come of 10,677 products, up from 4,270 items at the conclusion of the third round.
- Under a free trade agreement, countries cut or eliminate duties on most number of goods traded between them besides liberalising norms to promote services trade and investments. But under a PTA, duties are eliminated on a certain number of identified items.

<http://www.theindependentbd.com/post/156401>

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