

Stock Market & Company

DSE loses 65 points in two days

The Daily Star, December 04, 2019

- It took just two days till yesterday for the Dhaka bourse to lose 65 points of its key index. But gaining it had taken a dozen days. Market insiders said the fall was drastic, resulting from institutional and foreign investors making more sales than purchases.
- Moreover, most of the blue chip stocks fell as the investors usually put their money in the good stocks. The Dhaka Stock Exchange (DSE) data shows that the drop of the DS-30, the index of the blue-chip stocks, was by 27.59 points or 1.68 percent.
- Of the blue-chip stocks, Grameenphone and Square Pharmaceuticals fell the most. These two large listed companies were largely responsible for the impact on the index. "Some investors are apprehensive of the economic growth of Bangladesh, so they are cautious about their investments," said a high official of a top brokerage house.
- Already an economic contraction is being observed in neighbouring India, which fuelled their fears about the Bangladesh's economy, he said. On the other hand, foreign investors are worried over chances of further depreciation of the local currency against the greenback. So, they are selling their stocks, he added.
- Yesterday, the DSEX, the benchmark index of the DSE, edged down by 37.24 points to 4,697.35. Turnover, another important indicator, dropped by 14.53 percent to BDT 412.37 crore.
- LafargeHolcim Bangladesh dominated the turnover chart with transactions of BDT 16.13 crore, followed by Sonar Bangla Insurance, Stylecraft, Dutch-Bangla Bank and Sinobangla Industries.

<https://www.thedailystar.net/business/news/dse-loses-65-points-two-days-1835488>

BSEC okays ATB rules to allow trading of unlisted securities

New Age, December 04, 2019

- The Bangladesh Securities and Exchange Commission on Tuesday approved the alternative trading board rules to facilitate entry of new products like non-listed securities, bonds, debentures and open-end mutual funds into the country's stock market.
- All kinds of non-listed securities like, non-listed company's shares, any kind of bonds, debentures, Sukuk, open-end mutual funds and alternative investment funds could be enlisted on the board.
- However, the securities must meet some requirements and eligibilities to be traded on the board, the press release said. It also said that all kinds of delisted securities could be enlisted on the board after fulfilling some specific conditions.
- Besides, the securities in the current over-the-counter market can also be traded on the ATB subject to fulfilling some requirements. However, the trading of the securities will be executed in dematerialised form.
- According to the proposed ATB rules, buying or sales of securities at the ATB must be conducted by or through a stock-dealer or stockbroker of a stock exchange.

<http://www.newagebd.net/article/92554/bsec-okays-atb-rules-to-allow-trading-of-unlisted-securities>

Miracle Industries shut for lack of working capital

The Daily Star, December 04, 2019

- Plastic packaging manufacturer Miracle Industries yesterday said the company's board of directors is trying their best to restart operation from next month of the company which has remained shut for two months due to shortage of working capital.

<https://www.thedailystar.net/business/news/miracle-industries-shut-lack-working-capital-1835494>

Economy and Industry

Bandwidth export to India grinds to a halt

BSNL to suspend deal in February

The Daily Star, December 04, 2019

- Bharat Sanchar Nigam Ltd (BSNL), a state-run Indian telecommunication carrier, is struggling to afford importing internet bandwidth from Bangladesh and will suspend its deal with the country in February after four years of doing business.
- The ailing Indian company has recently informed Bangladesh Submarine Cable Company (BSCCL) that it would discontinue the business deal from February next year, Mashur Rahman, managing director of BSCCL, told The Daily Star.
- In June 2015, the Indian company signed the agreement to take 10 gigabits per second (Gbps) of bandwidth for Tripura from Bangladesh through Akhaura-Agartala point.
- The bandwidth export began on February 8, 2016. Initially, the price was \$10 per Mbps and BSCCL earned BDT 9.6 crore in the first year. Later, the price was revised down twice to bring it to \$6 per Mbps. Still, BSNL has been unable to pay dues since September 2018.
- The deal will be over on February 8 and the bandwidth transmission to India's Northeastern state of Tripura will be suspended on the same day, said Rahman. The Indian company owes BDT 6.39 crore to BSCCL and Rahman said they are not sure how they would recoup the dues.
- BSCCL was receiving BDT 5.46 crore annually from its business with BSNL, whereas there are local clients in Bangladesh that contribute about BDT 50 crore in revenue to the lone submarine cable company in Bangladesh.

BANDWIDTH EXPORT: KEY POINTS

Indo-Bangla sides signed deal on June 7, 2015

BSNL had bought 10Gbps, but never used more than 8Gbps

Transmission started to Tripura on Feb 8, 2016

Price was \$10 per Mbps; later revised down to \$7.5 and \$6

Bangladesh so far earned Tk 24cr

Dues: Tk 6.39cr

Meghalaya and Assam recently showed interest to buy bandwidth from Bangladesh

<https://www.thedailystar.net/business/news/bandwidth-export-india-grinds-halt-1835509>

Private credit growth falls to nine-year low

The Daily Star, December 04, 2019

- Private sector credit growth dropped to a nine-year low of 10.04 percent in October as the majority of banks are unable to give out loans as expected because of the presence of a high volume of defaulted loans. The growth was 3.16 percentage points lower than the central bank's target of 13.20 percent for the first half of the current fiscal year.
- In September 2010, private sector credit growth stood at 6.09 percent and since then the growth has never fallen below 10 percent. It hit 15.61 percent in February 2017 and continued the upward trend to rise to 19.06 percent in November. But the credit growth started falling from December 2017 and has kept the downward trend since then, data from the Bangladesh Bank showed.
- The banking sector has been facing a liquidity crisis for a few years, putting an adverse impact on the private sector, a central bank official said. A large amount of funds of banks has been stuck in the form of defaulted loans for long, eroding lenders' capability to lend to the private sector.
- The central bank official went on to express fear that the private sector will face more impediments in the days ahead as the government is in a mad rush to borrow from the banking sector in the face of falling revenues. As of November 21, government borrowing from the banking sector was 90 percent, BDT 42,607 crore, of its annual limit set in the budget. In contrast, BDT 26,446 crore was borrowed in the entire 2018-2019 fiscal.
- The private sector will be crowded out if the government continues its borrowing from banks at the current pace, the BB official said, adding that the government should speed up revenue collection in the interest of banks and the private sector.

<https://www.thedailystar.net/business/news/private-credit-growth-falls-nine-year-low-1835500>

Banking booth to act as sub-branch of banks

New Age, December 04, 2019

- The Bangladesh Bank on Tuesday allowed the 'banking booth' of scheduled banks to act as a sub-branch, keeping the functions of a bank's such installations unchanged.
- A BB circular issued on the day said that the change was made with a view to make the services of such installations more communicative and clear to the customers.
- The word 'booth' confused many customers as they related its functions with the function of 'ATM booth', hindering achievement of the targets behind the launch of such installations of the banks, an official of the BB said.
- The central bank had renamed the 'banking booth' as 'sub-branch' of the banks to eliminate such haziness, he said. In December last year, the BB allowed banks to run 'banking booths' as part of business development centres.
- Such booths are supposed to be operated within limited expenditure under the supervision of a nearby full-fledged branch of a bank. Under the BB's instructions, fees, charges and commissions of banking services are supposed to be lesser at such sub-branches compared with the branches.

- Besides, transactions at the sub-branches are carried out on a real time basis and customers receive instant SMS and printed slips against their transactions.

<http://www.newagebd.net/article/92558/banking-booth-to-act-as-sub-branch-of-banks>

Industrial lending rate cut: BB gets down to work

Banks asked to furnish loan info by today

The Financial Express, December 04, 2019

- The central bank has started working on bringing down the industrial lending rate to a single-digit aiming to spur the country's overall economic growth through job creation and increased investment. As part of the move, the Bangladesh Bank (BB) has sought information on outstanding industrial (manufacturing) loans from the scheduled banks within 48 hours which will end today (Wednesday).
- The banks have been instructed to provide the information in a prescribed format to the Department of Offside Supervision (DOS) of the BB through e-mail, according to an emergency instruction issued by the central bank on Monday.
- According to the instruction, the banks will have to provide the weighted average lending rates (WALR) on outstanding large industrial (manufacturing) loans along with outstanding cottage, micro, small and medium industrial (manufacturing) loans as of September 30, 2019.
- Large industrial (manufacturing) loans include credit to the readymade garment (RMG), textile, ship building and ship breaking, agro-based industry and other sectors. The central bank will prepare an assessment report on the possible impact on the country's banking industry after slashing the interest rates on industrial loans, according to sources.

<https://thefinancialexpress.com.bd/economy/bangladesh/industrial-lending-rate-cut-bb-gets-down-to-work-1575431911>

Remittance rises 23pc as incentive pays off

The Daily Star, December 04, 2019

- Remittance increased 22.67 percent year-on-year to \$7.71 bn in the first five months of the fiscal year as the government's move to incentivise remitters from this fiscal year is paying off. In the budget for fiscal 2019-20, the government introduced a 2 percent cash subsidy for remitters to encourage them to send money home through legal channels.
- Remittance flow will get a momentum in the months ahead, which will help the government mitigate the balance of payments crisis, said a Bangladesh Bank official. In November, remittance also increased 31.74 percent year-on-year to \$1.55 bn.
- The exchange rate of the BDT against the US dollar is also favourable for remitters, which has encouraged them to send their hard-earned money through the banking channel, said a banker. Yesterday, the interbank exchange rate was BDT 84.90 per USD, up from BDT 83.90 a year earlier, according to the website of the BB.

<https://www.thedailystar.net/business/news/remittance-rises-23pc-incentive-pays-1835485>

International

China trade deal might have to wait for 2020 election: Trump

New Age, December 04, 2019

- US president Donald Trump said that a trade agreement with China might have to wait until after the US presidential election in November 2020, denting hopes of a quick resolution to the dispute which has weighed on the world economy.
- 'I have no deadline, no. In some ways I think I think it's better to wait until after the election with China,' Trump told reporters in London where he was due to attend a meeting of NATO leaders. 'But they want to make a deal now, and we'll see whether or not the deal's going to be right, it's got to be right.'
- On Monday, Trump said that US legislation backing protesters in Hong Kong did not make trade negotiations with China easier, but added that he believed Beijing still wanted a deal with the United States.
- However, Trump said on Tuesday that a deal with China would only happen if he wanted it to, and he thought he was doing very well in the talks.
- 'I'm doing very well on a deal with China, if I want to make it,' he said. 'I don't think it's up to if they want to make it, it's if I want to make it. We'll see what happens.'
- Investors have been hoping that the United States and China can avert an escalation of their trade tensions which have slowed global economic growth.

<http://www.newagebd.net/article/92566/china-trade-deal-might-have-to-wait-for-2020-election-trump>

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