

Stock Market

Dhaka stocks gain after 5-week bear run on MPS boost

New Age, August 05, 2018

- Dhaka stocks posted gains in the past week, snapping a five-week bear run, as investors went on bargain hunting share purchase, especially from those of financial scrips as they found no measures on squeezing liquidity supply in the central bank's monetary policy for July-December. DSEX, the key index of Dhaka Stock Exchange, bounced back 1.78 % or 94.62 points over the week to finish at 5,399.79 points on Thursday, the last trading session of the week, after losing 136 points in the previous five consecutive weeks.
- The market fell in the first two sessions of the week but soared in the next three sessions as investors went for fresh investment in financial sector scrips after Bangladesh Bank had announced monetary policy. The BB on July 31 revealed the MPS for the first half (July-December) of the current fiscal year (2018-19) without any major changes in the policy. Investors went on share purchasing from the day of the MPS announcement as they thought that the new policy had not inducted any change which could harm the financial market.
- As a result of the investors' reaction to MPS, average share prices of banks and non-bank financial institutions rebounded strongly by 5.78 % and 2.43 % respectively. Out of 30 traded bank scrips, 28 advanced and just two remained unchanged while out of 23 traded NBFIs, 15 advanced, seven declined and one remained unchanged.

<http://www.newagebd.net/article/47690/dhaka-stocks-gain-after-5-week-bear-run-on-mps-boost>

Foreign funds in stocks keep falling

The Daily Star, August 05, 2018

- Net foreign investment in the Dhaka Stock Exchange has been on a downward curve for the last four months although the pace of decline slowed in July. Last month foreign investors bought shares worth BDT 412.04 crore and sold issues worth BDT 444.74 crore, taking their net investment to BDT 32.70 crore in the negative, DSE data showed. The net foreign investment was BDT 207 crore in the negative in June.
- Market insiders said fears of political uncertainty ahead of the next national election prompted the foreign investors to go for sell-offs. The panic-stricken investors have already sold off their shares. However, foreign investors still stuck in the market are expected to stay on; this will help reduce the pressure of sell-off, they said.
- When the local currency depreciates foreign investors have to make more profit to offset the loss caused by the exchange rate fluctuation. For instance, if foreign investors had made a profit of BDT 80 eight months ago, they would have got \$1. Now, the investors will have to make profit of BDT 83.70 for the same amount of dollar, as the local currency has depreciated to BDT 83.70 from BDT 80 during the period.
- Foreign investors sold shares worth BDT 444.74 crore in July, down from BDT 653 crore a month ago.

<https://www.thedailystar.net/business/foreign-funds-stocks-keep-falling-1616155>

BSEC yet to finalise changes after 2yrs of drafting

New Age, August 04, 2018

- The Bangladesh Securities and Exchange Commission is yet to take initiative to finalise the proposed amendment to the mutual fund rules after drafting the changes two years ago, hampering the growth of the sector.
- The BSEC approved some new provisions for the amendment at a meeting held on December 7, 2015 and the draft rules were supposed to be published in the national dailies seeking public opinions immediately, but it is yet to happen.
- Market operators said the stock market regulator's efforts to bring in the changes became questionable due to the long delay in implementing its decision. As per the proposed provisions, the regulator was supposed to set the time of issuing re-investment units as dividend by mutual funds and the fees of the asset management companies, and trustees were supposed to be restructured.
- The BSEC also included the provision of taking regulatory consent for recommending RIUs. The BSEC in an amendment to the mutual fund rules in 2013 had allowed mutual funds to issue re-investment units alongside cash dividend.
- In 2015, the commission, however, backtracked on its early position and took initiative mainly to close the scope for issuing re-investment units or stock dividend by mutual funds.
- The BSEC revised its decision as the commission felt that the issuance of such dividend caused heavy losses for investors as more than two-thirds MFs remained below face value due to various reasons including investors' shaky confidence.

<http://www.newagebd.net/article/47565/bsec-yet-to-finalise-changes-after-2yrs-of-drafting>

Most NBFIs witness fall in H1 EPS

The Financial Express, August 05, 2018

- The earnings of most of the non-bank financial institutions (NBFIs) plummeted in the first half (H1) of the current calendar year compared to the same period a year ago. According to the un-audited financial statements for the period of January-June 2018, the consolidated earnings per share (EPS) of the 18 NBFIs out of 23 declined.
- The EPS of Bay Leasing, BD Finance, BIFC, Fareast Finance, FAS Finance, First Finance, GSP Finance, ICB, IDLC Finance, Islamic Finance, LankaBangla Finance, Midas Financing, National Housing Finance, Phoenix Finance, Peoples Leasing, Premier Leasing, Prime Finance and United Finance plummeted in the H1.
- On the other hand, the EPS of Delta Brac Housing Finance, International Leasing Finance, IPDC Finance, Union Capital and Uttara Finance increased in the H1.
- Market operators said lack of new investments, thanks to a liquidity shortage, cast a gloom over the NBFIs in the first six months (January-June) of the current calendar year.
- The stock market was a major source of income for the financial institutions. But almost all the NBFIs incurred losses from stock investments due to the market decline, said the stockbroker.

NBFI-wise H1 EPS		
Name of cos	H1 2018	H1 2017
Bay Leasing	Tk 0.24	Tk 0.62
BD Finance	Tk 0.03	Tk 0.50
BIFC	Tk (3.57)	Tk (3.45)
DBH	Tk 4.83	Tk 4.76
Fareast Finance	Tk (1.43)	Tk (4.43)
FAS Finance	Tk 0.05	Tk 0.56
GSP Finance	Tk 0.89	Tk 1.07
First Finance	Tk (1.98)	Tk (0.47)
ICB (nine months)	Tk 4.90	Tk 5.40
IDLC Finance	Tk 2.95	Tk 3.20
International Leasing	Tk 0.52	Tk (0.65)
IPDC	Tk 0.78	Tk 0.60
Islamic Finance	Tk 0.61	Tk 0.73
LankaBangla	Tk 0.51	Tk 1.38
Midas Financing	Tk 0.14	Tk 0.89
NHFL	Tk 1.11	Tk 1.26
Phoenix Finance	Tk 0.88	Tk 1.24
Peoples Leasing	Tk (0.49)	Tk 0.31
Premier Leasing	Tk 0.08	Tk 0.41
Prime Finance	Tk (1.74)	Tk (1.45)
Union Capital	Tk 0.05	Tk (1.27)
United Finance	Tk 0.56	Tk 0.65
Uttara Finance	Tk 5.81	Tk 5.58

Source: DSE (Figures in bracket indicate negative)

<https://thefinancialexpress.com.bd/stock/bangladesh/most-nbfis-witness-fall-in-h1-eps-1533358013>

Economy

Muhith sets Aug 9 new deadline for 9pc rate implementation

New Age, August 05, 2018

- Finance minister AMA Muhith on Thursday said that decision of lending at nine % interest rate would be implemented from August 9 as most of the banks did not execute the decision by the July 1 deadline. He also said savings at six % interest rate would also be implemented from the same date after a meeting with the bankers of private banks and state-owned banks at the Planning Commission.
- But the consumers' loans and credit cards would not come under the purview of the proposed new interest regime, he added while talking to reporters. The fresh deadline has been announced after most of the banks failed to bring down the interest rates to single digit by the July 1 deadline, set on the basis of a meeting on June 20 between the finance minister and the banks' owners association Bangladesh Association of Banks.
- Earlier, bank operators noted that ballooning classified loan, which has already hit the profit of the banks, could be a major impediment to successful implementation of the longstanding demand by the country's investors to bring down the interest rate below the double digit.
- The government would review the interest rate of the state-run savings certificate, a longstanding demand by the banks owners, despite meeting almost all the previous demands including cut in corporate tax by 2.5 %, reducing cash reserve requirement to 5.5 % and extension of tenure of directorship for nine consecutive years from the previous six years by the banks owners. Muhith noted that there was no liquidity crisis in the banking sector.

<https://www.thedailystar.net/business/export/bangladesh-remains-the-second-biggest-apparel-exporter-1614856>

PHP plans to invest BDT 31,600cr in steel plant

New Age, August 05, 2018

- PHP Family, a Chittagong-based business group, plans to invest about BDT 31,600 crore to set up an integrated steel plant on 500 acres of land in Mirsarai Economic Zone. All kinds of steel products will be manufactured at the plant, including materials for factory buildings.
- PHP Family will have to start manufacturing in the complex within three years of agreement signing, said Paban Chowdhury, executive chairman of Bangladesh Economic Zones Authority. The agreement will be signed today. The plant is expected to create 15,000 jobs directly and indirectly, said a high official of PHP Family.
- Established in 1969, PHP Family has concerns in 29 fields, including steel, float glass, aluminium, textiles, power, petroleum products, ship recycling, fisheries and so on.

<https://www.thedailystar.net/business/php-plans-invest-BDT-31600cr-steel-plant-1616149>

International

US pledges \$300m security funding for Southeast Asia

The Financial Express, August 04, 2018

- US Secretary of State Mike Pompeo pledged on Saturday to provide nearly \$300 mn in new security funding for Southeast Asia, as China forges ahead with plans to bolster its engagement in the region. He unveiled the figure on the sidelines of a meeting of foreign ministers from the 10-member Association of Southeast Asian Nations (ASEAN) and other officials from around the world in Singapore.
- Mr Pompeo said, "As part of our commitment to advancing regional security in the Indo-Pacific, the United States is excited to announce nearly \$300 mn in new funding to reinforce security cooperation throughout the entire region." The new security assistance will strengthen maritime security, develop humanitarian assistance, peacekeeping capabilities and counter "transnational threats", he added.
- The United States said earlier this week it would invest \$113 mn in technology, energy and infrastructure initiatives in emerging Asia. The United States' developing vision for a "free and open Indo-Pacific" comes at the same time as China ramps up its influence as part of its Belt and Road plan to bolster trade ties with nations in Southeast Asia and beyond, reports Reuters.
- Analysts have said that a spiralling trade dispute between Beijing and Washington could also ratchet up tensions over other regional hotspot issues, such as the South China Sea, claimed in whole by China and in part by some Southeast Asian nations. China and the ASEAN bloc on Thursday hailed a "milestone" agreement on a single working text to kick off what will likely be protracted negotiations towards a code of conduct for behaviour the disputed waters.

<https://thefinancialexpress.com.bd/economy/global/us-pledges-300m-security-funding-for-southeast-asia-1533361914>

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