

Stock Market

Dhaka stocks rise sharply as financial scrips soar

New Age, December 05, 2018

- Dhaka stocks soared on Tuesday, extending the gaining streak to three sessions as investors increased their investments, especially in the financial scrips, amid optimism that the market situation would be better after national polls. DSEX, the key index of Dhaka Stock Exchange, advanced by 0.92 %, or 48.87 points, to close at 5,345.42 points on Tuesday.
- The DSEX started rising from the very beginning of the day and climbed more firmly as the session progressed as investors increased their investments, especially in the financial scrips in an expectation that the market situation would be better after national polls, market operators said.
- The financial sector led the surge on Tuesday as share prices of non-bank financial institution and bank increased by 1.5 % and 1.4 % respectively. Out of the 30 traded bank scrips, 27 advanced and three remained unchanged and out of the 23 traded NBFIs, 21 advanced, just one declined and one remained unchanged. The textile sector continued leading the turnover chart on Tuesday by holding 28 % of the day's turnover.
- The turnover on DSE increased to BDT 683.48 crore on Tuesday compared with that of BDT 549.86 crore in the previous trading session.
- Advent Pharmaceuticals, Saiham Cotton, Pacific Denims, United Power Generation Company, Silva Pharmaceuticals, Simtex Industries, ML Dyeing, Sonali Aansh Industries and Khulna Power Company were the other turnover leaders. Sonali Aansh Industries gained the most on the day with an 11.64-% increase in its share prices, while Monno Jute Staffers was the worst loser, shedding 5.76 %.

<http://www.newagebd.net/article/57952/dhaka-stocks-rise-sharply-as-financial-scrips-soar>

12 banks still lending aggressively

Dhaka Tribune, December 04, 2018

- Despite most lenders and borrowers remaining cautious ahead of the national elections, twelve banks are still lending aggressively, bypassing Bangladesh Bank (BB) instructions. According to BB data, Farmers Bank, Midland Bank, BASIC Bank, AB Bank, National Bank, NRB Bank, Mercantile Bank, and Rajshahi Krishi Unnayan Bank, are eight conventional banks still lending aggressively.
- Additionally, Exim Bank, Social Islami Bank, Union Bank, and Shahjalal Islami Bank, are four Islamic banks also practicing aggressive lending.
- On January 30, the central bank ordered scheduled banks to lower their advance-to-deposit ratio (ADR) below 83.50% by June, from the existing ceiling of 85%. Similarly, Islamic banks were ordered to lower their ADR below 89% from 90%, to control aggressive lending practices.
- Later on, the banking regulator extended the deadline to March 31 next year, amid pressure from directors of commercial banks. The advance-to-deposit ratio (ADR) is a commonly used measure for assessing a bank's liquidity, dividing total loans by total deposits.
- At the end of September, Farmers Bank's ADR stood at 112.22%, Midland Bank's ADR at 87.73%, BASIC Bank's at 111.46%, AB Bank's at 91.36%, National Bank's ADR stood at 89.58%, NRB Bank's stood at 88.52%, Mercantile Bank's stood at 85.52%, and Rajshahi Krishi Unnayan Bank's ADR stood at 106.28%. Among Islamic banks, Exim Bank's investment deposit ratio (IDR) stood at 93.68%, Social Islami Bank's at 92.42%, Union Bank's stood at 93.78% and Shahjalal Islami Bank's IDR stood at 90.96%.

- According to BB data, at the end of September this year, the amount of private sector credit stood at BDT9,18,745 crore, which was BDT8,01,225 crore the previous year. Credit growth in the given month registered a 14.67% growth, down from 14.95% a month earlier.
- The total amount of deposits at banks was BDT10,87,008 crore at the end of September.

<https://www.dhakatribune.com/business/banks/2018/12/04/12-banks-still-lending-aggressively>

Western Marine bags BDT 6.06 bn ship export orders

The Financial Express, December 04, 2018

- Western Marine Shipyard Limited has received ship export orders worth BDT 6.06 bn from abroad, its chief said. The Chattogram-based leading ship-maker is building 10 ocean-going vessels and boats for exporting to three different countries.
- "Norway, United Arab Emirates (UAE) and India have given orders to our company for building 10 ships," Sakhawat Hossain, Managing Director (MD) of Western Marine, told the FE. "We are building six ocean-going ships for India, one Atlantic-going fishing trawler for Norway, and three tankers and offshore support vessels (OSV) for UAE. We will supply those ships within next one to two years."
- "In addition to the export orders of 10 ships, we have also received orders of 26 ships, tankers and boats from different local companies," Mr Hossain told this correspondent at his shipyard in Patiya, Chattogram last week. Western Marine is one of the country's largest shipbuilding companies, which started export of ocean-going vessels in 2008 after bagging orders from Germany.
- Since 2008, Bangladeshi shipyards have manufactured and exported ferries, cargo vessels, and ocean-going multi-purpose ships for different countries including Denmark, Germany, Norway, Finland, India, New Zealand, UAE, Kenya, and Uganda etc.
- The Western Marine MD said they are now building six ocean-going cargo-ships for Indian Jindal Group, each with the capacity of 8,000 dead-weight tonnage (DWT) . "Besides, we are building two ocean-going tankers and one OSV for UAE, and a sea-going fishing trawler for Norway." The price of the six vessels of Indian company is BDT 3.60 bn, the fishing trawler of Norway is BDT 1.60 bn, and the three ships and tankers for UAE is BDT 860 mn.

<http://thefinancialexpress.com.bd/trade/western-marine-bags-BDT-606-bn-ship-export-orders-1543894953>

Stimulus for jute millers

The Daily Star, December 05, 2018

- The government has offered a stimulus package to debt-stricken jute millers with a view to giving a boost to export earnings by the sector. Under the package, banks will move the outstanding loans of a debt-ridden miller to a block account and offer a two-year grace period to repay the loans.
- The millers will also get a repayment period of 10 years and a lower interest rate, to be set based on the cost of fund of banks, according to a central bank notice sent to lenders on Monday. The central bank issued the circular as per an instruction of the finance ministry.
- The ratio of defaulted loans in the jute sector stood at 19 % of the total outstanding loans of BDT 7,961 crore as of June last year, according to data from the central bank. The amount of default loans have significantly gone up this year but the central bank is yet to collect the latest figure of non-performing loans from lenders, said a Bangladesh Bank official.

- As per the new package, the jute millers with a block account facility will become defaulters if they fail to pay back four consecutive quarterly instalments in a year. As per traditional banking rules, clients turn into defaulters if they do not provide any instalment for six months. The package will be cancelled if a miller defaults on instalment payments.
- Jute millers' outstanding loans as of October this year can be transferred to the block account. The facility can also be extended to those who earlier enjoyed the same benefit but became defaulter because of poor business. The central bank, however, said millers will avail the facility based on the bank-customer relationship. After transferring loans to the block accounts, the court cases filed earlier by banks against the defaulted millers will be settled on mutual understanding.

<https://www.thedailystar.net/business/news/stimulus-jute-millers-1669180>

Total premium income of pvt life ins cos rises to BDT 77,318m in 2017

The Financial Express, December 04, 2018

- The total premium income of private life insurance companies increased to BDT 77,318 mn in 2017 against BDT 70,954 mn in 2016. The total assets of the private life insurance companies also rose to BDT 370,565 mn in 2017 as against BDT 327,676 mn in 2016.
- The figures were disclosed at the latest annual report of Bangladesh Insurance Association, placed in the 31st Annual General Meeting (AGM) of the association held at Dhaka Club on Monday. The gross premium income of non-life private insurance companies increased from BDT 25,393 mn in 2016 to BDT 26,694 mn in 2017 registering a growth rate of 5.12 %.
- The total assets stood at BDT 75,495 mn in 2017 whereas it was BDT 67,847 mn in 2016. The total investment stood at BDT 38,635 mn in 2017 while, it was BDT 34,017 mn in 2016. The AGM was presided over by Sheikh Kabir Hossain, president, Bangladesh Insurance Association. The Chairmen, Directors and Chief Executive Officers of insurance companies also attended.
- The representatives of the insurance companies discussed different aspects of the Annual Report 2017 as well as highlighted some of the activities of the Association in the meeting. The AGM adopted the audited accounts of the Association and the report of the auditors for the year ended on 31st December, 2017.

<http://thefinancialexpress.com.bd/stock/bangladesh/total-premium-income-of-pvt-life-ins-cos-rises-to-BDT-77318m-in-2017-1543898920>

Economy

Inflation sinks to 18-month low

The Daily Star, December 05, 2018

- Inflation dropped to the lowest in 18 months in November on the back of a fall in non-food inflation. Last month, inflation stood at 5.37 %, down 3 basis points from October, according to the Bangladesh Bureau of Statistics. The last time inflation was this low was back in March 2017, when it stood at 5.39 %.
- Inflation has been sliding for the last few months because of a decrease in food price, but November's decline was different: it was due to a decrease in non-food inflation. Non-food inflation dropped 41 basis points to 5.49 % in November, after climbing 45 basis points in October from a month earlier.
- The government has targeted to keep inflation within 5.6 % in fiscal 2018-19. In November, food inflation rose 21 basis points to 5.29 % from the previous month. This was preceded by a decline of 34 basis points in October from that of the previous month. Food inflation has been falling continuously in the past couple of months.

- The increase in food inflation most likely came from non-rice items since the average price of coarse rice was 2.7 % lower relative to October 2018 and 4.7 % lower than in November 2017 due to bumper Aman harvests, Hussain said. "It could also be for supply chain disruptions due to bad weather and/or transport workers' strike."
- Non-food inflation cooled off most likely because of a slowdown in remittances, stability of the exchange rate and weaker private sector credit growth in November, he said.

<http://www.newagebd.net/article/57949/inflation-hits-22-month-low-in-nov>

NBR revenue receipt deficit rises to BDT 16,799cr in Oct

New Age, December 05, 2018

- Deficit in tax collection by National Board of Revenue widened to BDT 16,799 crore in the first four months (July-October) of the current fiscal year of 2018-2019. The shortfall was BDT 11,430 crore in the first three months (July-September) of the year and increased by BDT 5,369 crore in October.
- According to the NBR data released on Tuesday, taxmen managed to collect BDT 62,129 crore in July-October against BDT 78,928 crore target set for the period. The overall revenue collection grew only by 6.28 % in the four months, the data showed.
- In July-October of last fiscal year (2017-2018), NBR had collected BDT 58,456 crore in taxes with 17.34 % growth over the same period of the previous year. Officials of NBR attributed the rising deficit in revenue generation to slower economic activities, overestimated target set for the period and large-scale tax exemptions offered to various economic sectors.
- They also said that NBR had lacked extra efforts to boost the collection. Revenue mobilisation, however, also remained a little bit slower in the first half of the fiscal year, they added. According to the data, all the three wings — income tax, value-added tax and customs duty — fell short of target by 18.55 %, 23.91 % and 20.28 % respectively in the period.
- Deficit in VAT collection stood at the highest — BDT 7,639 crore — followed by customs duty by BDT 5,248 crore and income tax by BDT 3,912 crore. Income tax, VAT and customs duty collection grew by 9.52 %, 2.11 % and 8.85 % respectively in the period compared with that in the same period of last fiscal year.
- In July-October, income tax officials collected BDT 17,182.54 crore against the target of BDT 21,094.61 crore. VAT and customs duty collection stood at BDT 24,315 crore and BDT 20,632 crore respectively in the period. The targets of VAT and customs duty collection were BDT 31,955 crore and BDT 25,879 crore respectively for July-October.

<http://www.newagebd.net/article/57950/nbr-revenue-receipt-deficit-rises-to-BDT-16799cr-in-oct>

International

World stocks shrivel as trade truce doubts, economic woes gather

New Age, December 05, 2018

- Deflating hopes of a swift resolution to the Sino-US trade war knocked world stocks off three-week highs on Tuesday, while growing fears the U.S economy could be headed for recession sooner than expected weighed on the dollar.
- The rapprochement between US president Donald Trump and China's Xi Jinping at the weekend G20 meeting had fired up markets on Monday. But the upbeat mood quickly dissipated on skepticism that Washington and Beijing can resolve deep-seated differences on trade in the agreed-upon three-month negotiating window.

- Adding to market woes, was an inversion of the short end of the US yield curve which raised the spectre of a possible US recession. Following declines on Asian bourses, where Japan's Nikkei stock index closed 2.4 % lower, the mood was sombre in Europe with the wider blue chip index slipping 0.3 %. Frankfurt's DAX and Paris' CAC 40 fell 0.6 % while MSCI's index of world stocks declined 0.1 %.
- 'The initial relief rally was never going to last. Investors need more detail now in order for that risk on sentiment to survive,' said Jasper Lawler, head of research at London Capital Group. 'So far that detail has not been coming through and investors have more questions than answers.'
- The dollar index, which tracks the greenback against a basket of peers, softened 0.5 % to 96.53, while the euro added 0.6 % to \$1.1416. The dollar also weakened 0.8 % against the Japanese yen and fell more than 0.5 % to its weakest level since September against the offshore Chinese yuan to 6.83 yuan.

<http://www.newagebd.net/article/57956/world-stocks-shrivel-as-trade-truce-doubts-economic-woes-gather>

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