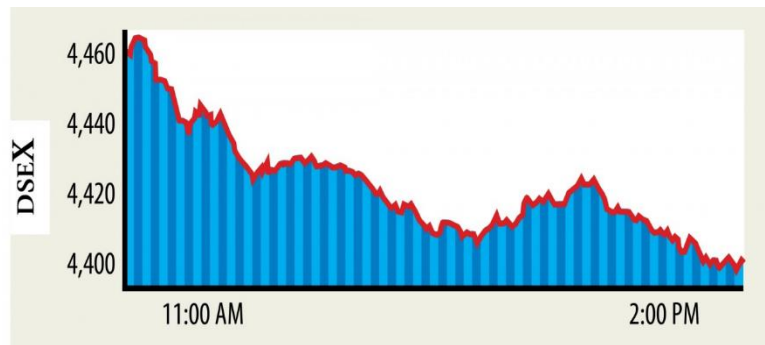


Stock Market & Company

Confidence crisis brings DSE back to red

The Daily Star, January 06, 2019

- A confidence crisis has wiped off all the gain the Dhaka bourse has witnessed in the last six trading days as the benchmark index fell 1.32 percent yesterday.
- Moreover, foreign investors sold more shares than what they purchased at a time when participation of institutional investors was thin, causing the DSEX to lose 59.15 points to end the day at 4,400.14.
- United Power, Square Pharmaceuticals, Brac Bank, Renata and Olympic hit the index hard, taking away around 20 points from DSEX.
- Turnover, another important indicator of the market, decreased by 24.39 percent to BDT 292.46 crore from the previous day.
- Khulna Power Company dominated the turnover chart with transaction of shares worth BDT 19 crore, followed by LafargeHolcim Bangladesh, Bank Asia, National Tubes and City Bank.
- Emerald Oil was the day's best performer with a 9.70 percent gain whereas Generation Next Fashion was the worst loser that shed 7.14 percent.
- Among the major sectors, textile dropped 2.44 percent, life insurance 2.29 percent and fuel and power 1.79 percent.



<https://www.thedailystar.net/business/news/confidence-crisis-brings-dse-back-red-1850002>

ICB caving in under burden to prop up stocks

Racing towards losses

The Daily Star, January 06, 2019

- Investment Corporation of Bangladesh is metamorphosing into a loss-making concern for making supporting the stock market its chief objective rather than making money, fattening the list of unprofitable state-owned enterprises.
- In the first quarter of fiscal 2019-20 the listed investment bank incurred losses of BDT 134.30 crore, when it had not seen losses in the last 12 years at least, as per its available annual reports. Yet, it has no plan for boosting its revenue; it is just biding its time and waiting for the stock market to pick up -- to get back to green.
- The problem started from the last fiscal year, when its profits plunged to a 12-year-low of BDT 60.13 crore due to a big blow from capital gain, its biggest income source.

- Capital gain had dropped about 42 percent year-on-year to BDT 463 crore. During the period, DSEX, the benchmark index of the Dhaka Stock Exchange, surged 99.21 points, or 1.86 percent, to 5,430.04.

- "If we sold shares at that time the index would have sunk. As we didn't sell shares to support the

market, our capital gain eroded." Though the government formed ICB in 1976 to support the market it enjoys same advantages of private one.

- "If we find funds with zero interest then we can continue to support the market and make profit," the managing director said. "It's true that if we continue to buy shares and not sell our losses will only get bigger," he said adding if the stock market rises then ICB may book profit in future. ICB's portfolio value stood at BDT 12,624.74 crore at the end of fiscal 2018-19.
- Had the company sold off its holdings on June 30 last year it would have garnered losses of about BDT 1,017.53 crore. Were those shares sold now the losses would have been even bigger.

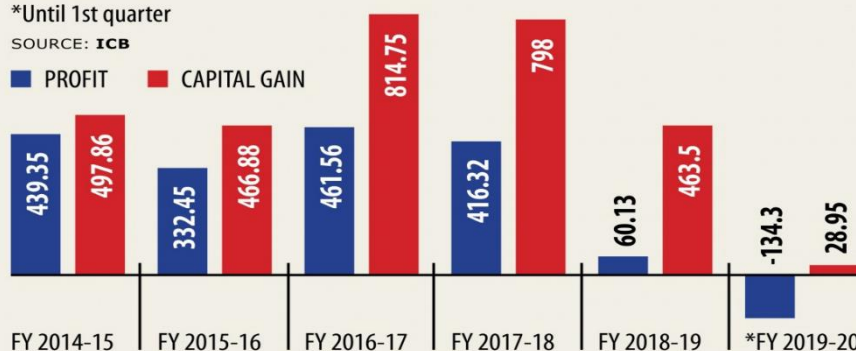
YEARLY PROFIT AND CAPITAL GAINS

(in crore Tk)

*Until 1st quarter

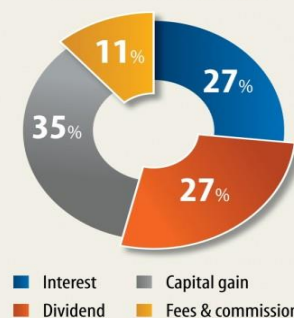
SOURCE: ICB

■ PROFIT ■ CAPITAL GAIN



INCOME COMPOSITION OF ICB IN FY 2018-19

(In crore Tk), SOURCE: ICB



<https://www.thedailystar.net/business/news/icb-caving-under-burden-prop-stocks-1850110>

MONEY LAUNDERING

BB removes Mercantile Bank director

The Daily Star, January 06, 2019

- Bangladesh Bank has removed Md Shahidul Ahsan from Mercantile Bank's board of directors over his alleged involvement in money laundering.
- Ahsan's complicity came up in a detailed investigation recently carried out by the central bank, Md Serajul Islam, spokesperson and an executive director of Bangladesh Bank, told The Daily Star.
- The banking regulator issued the removal instruction to Mercantile Bank on January 2 as per the probe body's recommendation, he said.
- Mati Ul Hasan, spokesperson and additional managing director of Mercantile Bank, said the lender had already complied with the instruction.

<https://www.thedailystar.net/business/news/bb-removes-mercantile-bank-director-1850092>

Economy and Industry

12 banks suffer BDT 17,658cr capital shortfall till Sept-end

NewAge, January 06, 2019

- The capital base of the country's banks deteriorated as 12 banks suffered BDT 17,658.32 crore in capital shortfall as of September 30 in 2019 thanks to soaring defaulted loans. At the end of April-June quarter last year, 11 banks suffered BDT 16,001.49 crore in capital shortfall.
- The minimum capital adequacy ratio (CAR) is critical to ensuring a bank has enough cushion to absorb a reasonable amount of losses before it becomes insolvent and consequently loses depositors' funds.
- Apart from the increase in number of provision shortfall-hit banks, the overall capital-to-risk weighted assets ratio in the country's banking sector dropped to 11.65 per cent as of September 30 last year from 11.74 per cent three months ago. The sector's CRAR increased to 11.41 per cent in March last year from 10.5 per cent in December, 2018.
- The Bangladesh Bank has been pressing the banks to maintain CRAR at 12.5 per cent as part of the implementation of Basel III in the country's banking sector.
- The 12 banks that faced capital shortfall in the July-September quarter are Community Bank of Bangladesh, Sonali Bank, ICB Islami Bank, Janata Bank, Agrani Bank, BKB, RAKUB, BCBL, AB Bank, BASIC Bank, Rupali Bank and National Bank of Pakistan. All the banks except Community Bank of Bangladesh were on the list in the previous quarter.
- Bankers said that a rise in the non-performing loans was the main reason for the weakening of banks' capital base that resulted in capital shortfall.
- As per the BB data, the amount of defaulted loans in the country banking sector increased by 23.83 per cent or BDT 22,377 crore in the first nine months of the year 2019, taking the NPL figure to BDT 1,16,288 crore on September last year from BDT 93,911.4 crore in December, 2018.

<https://www.newagebd.net/article/95707/12-banks-suffer-BDT-17658cr-capital-shortfall-till-sept-end>

Exports still in choppy waters

The Daily Star, January 06, 2019

- Export earnings fell 5.84 percent year-on-year to USD19.3 bn in the first six months of the fiscal year mainly because of lower shipment of apparel items. The receipt between July and December was also 12.77 percent lower than the half-yearly target of USD22.12 bn. Of the six months, shipment rose only in July and December, data from the Export Promotion Bureau (EPB) showed.
- Export rebounded in December with Bangladesh fetching USD3.52 bn in the month, registering a 2.89 percent year-on-year growth. In the first half, the shipment of apparel, which usually makes up more than 80 percent of national exports, fell 6.21 percent to USD16.02 bn.
- Knitwear exports were down 5.16 percent to USD8.20 bn and woven declined 7.28 percent to USD7.81 bn. However, export earnings from apparel items improved a bit in December in comparison to November.

- But the increase in December does not signify that the sector is turning around as such, said Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association. "December and January are peak months anyway and compared to that, we haven't had any significant gain," Huq told The Daily Star in a WhatsApp message. "I am strongly stressing on one point: We are losing competitiveness. And we won't be able to sustain the general expectation of riding on high tides lest we have policy support," Huq said.



- The shipment of leather and leather goods, the second highest export earner after garments, kept up a falling trend, weighed down by lower global demand and lower production at tanneries. Between July and December, export earnings from leather and leather goods fell 10.61 percent to USD475.83 mn.

<https://www.thedailystar.net/business/news/exports-still-choppy-waters-1850107>

NBR's 5-month revenue receipt BDT 26,876cr short of target

NewAge, January 06, 2019

- Revenue collection by the National Board of Revenue fell short of target by BDT 26,876 crore in the first five months of the current fiscal year 2019-2020 mainly due to the poor performance of NBR's VAT and customs wings and the dismal economic performance of the country during the period.
- According to the provisional data of the NBR, tax officials managed to collect only BDT 83,692 crore in the July-November period of FY20 against a collection target of BDT 1,10,568 crore for the period. Shortfall in VAT and customs duty collection surpassed BDT 10,000 crore each in the period, the officials said.
- They said that the revenue collection grew merely by 5.06 per cent in the five months compared to the same period of FY19 when collection stood at BDT 73,018 crore.
- According to the data, the value added tax wing collected BDT 32,771 crore in July-November this year against BDT 31,636 crore in the same period last year. Income tax and customs duty collection stood at BDT 24,836 crore and BDT 26,086 crore respectively in the period, the data showed.
- In the July-November period of the last fiscal year, income tax and customs duty collection was BDT 21,920 crore and 26,104 crore respectively.
- VAT collection grew only by 3.56 per cent despite expectations that the figure would see a big jump following implementation of the new VAT law.

<https://www.newagebd.net/article/95706/nbrs-5-month-revenue-receipt-BDT-26876cr-short-of-target>

International

Oil surges again after Trump threatens Iraq sanctions, Iran retaliation

The Business Standard, January 06, 2019

- Oil prices shot more than 2% higher on Monday, with Brent rising above USD70 a barrel after US President Donald Trump issued a threat to impose sanctions on Iraq amid escalating tensions with Iran in the Middle East.
- Brent crude futures soared to a high of USD70.27 a barrel at 0222 GMT, up USD1.67, or 2.4%, from Friday's settlement. US West Texas Intermediate crude was at USD64.39 a barrel, up USD1.34, or 2.1%, after touching USD64.44 earlier, the highest since April.
- The gains extended Friday's more-than-3% surge after a US airstrike in Iraq killed top Iranian commander Qassem Soleimani on Friday. The killing has heightened concerns of a widening Middle East conflict that could disrupt oil supplies from a region that accounts for nearly half of the world's oil production.
- On Sunday President Trump threatened to impose sanctions on Iraq, the second-largest producer among the Organization of the Petroleum Exporting Countries (OPEC), if US troops were forced to withdraw from the country. Baghdad earlier called on American and other foreign troops to leave Iraq. Trump also said that the United States will retaliate against Iran if Tehran were to strike back after the killing.
- The incident "will trigger a long cycle of regional escalation with significant risks to US assets and Mideast energy infrastructure that nevertheless stop short of war," Eurasia Group analyst Ayham Kamel said in a note.
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<https://www.tbsnews.net/international/global-economy/oil-surges-again-after-trump-threatens-iraq-sanctions-iran-retaliation>

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Bank Asia Securities Limited (BASL) is one of the leading full-service brokerage companies in Bangladesh. The company was formed in 2009 and running its operation as a majority owned subsidiary of Bank Asia Limited. BASL offers full-fledged standard brokerage services for retail, institutional and foreign clients with a dedicated team of skilled professionals. The company is currently providing the brokerage services under the membership of Dhaka Stock Exchange Limited (DSE).

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