

Stock Market

Stocks fall for 2nd week on poor earnings disclosures

New Age, May 05, 2018

- Dhaka stocks slumped in the past week in truncated trading sessions, extending the losing spell to the second week, as more companies declared poor earnings and dividends.
- DSEX, the key index of Dhaka Stock Exchange plunged 1.98 % or 115.11 points over the week to finish at 5,698.69 points on Thursday, the last trading session of the week, after losing 29.67 points in the previous week.
- In line with the previous week's disclosures of quarterly profit fall by heavy weight companies like Grameenphone, Investment Corporation of Bangladesh, Heidelberg Cement and GlaxoSmithKlin, a number of companies declared poor earnings results and dividends over the past week that weighed most on the market sentiment, said market operators.
- AB Bank was downgraded to the Z category as the company declared no dividend for the year 2017 that made the market volatile.
- The profit of the bank fall significantly by 97 % in 2017 compared with that in the previous year. The share prices of the bank fell by 26.38 % in the week.
- The share prices of ACI plummeted by 7 % as the company declared profit fall by 72 % for the period of January-March compared with that in the previous year.
- Besides, City Bank, National Bank, NCC Bank, Trust Bank and South East Bank also announced profit decline for the year 2017 compared with that in the previous year.

<http://www.newagebd.net/article/40496/stocks-fall-for-2nd-week-on-poor-earnings-disclosures>

DCCI demands green field listings in the stock market

Dhaka Tribune, May 06, 2018

- Dhaka Stock Exchange (DSE) formally submitted the revised proposal of Chinese consortium, a proposed strategic partner of the premier bourse, to Bangladesh Securities and Exchange Commission (BSEC) Monday.
- The proposal was submitted after taking shareholders' approval to the share sale agreement at an extra-ordinary general meeting (EGM) held at a city hotel.
- The shareholders of the premier bourse approved the proposal of the exchange's share sale agreement with the Chinese consortium on Monday, while accepting the financial and technical offer by the consortium comprising Shenzhen Stock Exchange and Shanghai Stock Exchange, a DSE statement said.
- By purchasing 25 % shares of the DSE, the Chinese consortium will be the strategic partner of the premier bourse as part of completing the demutualisation process.
- The DSE held the EGM to take shareholders' approval to share sale agreement following the conditions recently imposed by the regulator.

<https://www.dhakatribune.com/business/2018/05/05/dcci-demands-green-field-listings-stock-market/>

Net foreign investment at DSE turns negative in April

New Age, May 04, 2018

- The net overseas investment at the Dhaka Stock Exchange turned negative at BDT 24.7 crore in April due to profit-taking share sales by the foreign investors, showed DSE data.
- The net overseas investment at the country's premier bourse was BDT 124.68 crore in March and negative BDT 94.72 crore in February.
- In April, the foreign investors went for profit-taking share sales, stockbrokers said. They said that the foreign investors bought shares when the market was bearish to maximise their gains.
- DSEX, the key index of DSE, gained 141.78 points in April while it had lost 207 points in March. Moreover, the foreign investors remained cautious about the political uncertainties ahead of the national elections likely to be held at the end of this year, stockbrokers said. The foreign investors bought shares worth BDT 503 crore in April against their sales of shares worth BDT 528 crore.
- In March, the buy and sales were BDT 455.96 crore and BDT 299.26 crore respectively. The total foreign turnover on the bourse, however, soared by 36.51 % to BDT 1,031 crore in April from that of BDT 755.23 crore in the previous month.
- The net investment by the foreign investors at the country's premier bourse surged to BDT 1,704.94 crore in 2017 from BDT 1,340.70 crore in 2016.

<http://www.newagebd.net/article/40435/net-foreign-investment-at-dse-turns-negative-in-april>

Economy

Liquidity crisis brings cheer to state banks

New Age, May 03, 2018

- The ongoing liquidity crisis, which has become a bane for private banks and non-bank financial institutions, is turning out to be a boon for state lenders, which are flush with funds.
- To cash in on the situation, state banks are lending to private banks on a short-term basis for 8 to 10 % interest -- a safe return that no bank could earn even a year ago.
- "These loans will help us earn more, but such income is temporary," said Mohammad Shams-ul Islam, managing director of Agrani Bank, which has lent out the highest among the state banks.
- Between December last year and March this year, Agrani lent out BDT 4,000 crore on a short-term basis for 9-10 % interest.
- As of December last year, Agrani's loan-deposit ratio stood at 57 % and total deposits at BDT 54,000 crore.
- Sonali Bank, the largest state lender in the country, lent out BDT 1,500 crore between December and March for an average interest of 9 %.
- As of December, its total deposits stood at BDT 1.07 lakh crore -- the highest. Its loan-deposit ratio was the lowest, at 39 %.

<https://www.thedailystar.net/business/liquidity-crisis-brings-cheer-state-banks-1572208>

DCCI seeks cut in corporate tax, surcharge on net wealth

The Financial Express, May 6 ,2018

- Dhaka Chamber of Commerce and Industry (DCCI) has urged the government to reduce corporate tax and surcharge on net wealth in the upcoming budget for the fiscal year (FY) 2018-19.
- It made the call for reduction in corporate tax and surcharge so that the entrepreneurs could reinvest their saved money in infrastructure, Initial Public Offer (IPO), equity and other sectors.
- Mr Khan said private sector investment to gross domestic product (GDP) is now around 23.25 %. Nearly BDT 500 Bn is required for one % increase in investment annually.
- He requested the government to allow the private sector to participate in the implementation process of mega projects such as infrastructure power and energy, port and road communication on public-private partnership (PPP) basis.
- "It will be confidence-building (for entrepreneurs) measures if the government reduces corporate tax and surcharge on net wealth," said Mr Khan.

<https://thefinancialexpress.com.bd/economy/bangladesh/dcci-seeks-cut-in-corporate-tax-surcharge-on-net-wealth-1525579922>

Public-pvt sector team to jointly review fiscal policies

New Age, May 03, 2018

- National Board of Revenue has formed a public-private sector team to jointly review the fiscal policies related to investment and trade, and make recommendations to the tax authorities for promotion of domestic and foreign direct investment in the country.
- The 21-member investment promotion forum will work throughout the year though it was formed centering the next budget.
- Customs wing of the revenue board on April 30 formed the team with representatives from the government agencies related to investment and trade and different trade bodies and associations.
- Officials said that NBR framed the team in line with the recommendations of the government's investment promotion agencies including BIDA and BEZA and private sectors during the month-long pre-budget discussion held in April.
- NBR also felt the necessity of such a team to take the investment, particularly FDI, up to the maximum level as the rate of investment remained very low despite various incentives, they said.

<http://www.newagebd.net/article/40494/public-pvt-sector-team-to-jointly-review-fiscal-policies>

International

Buffett craves more Apple shares, endorses its buybacks

Reuters, May 03, 2018

- The Asian Development Bank will look to confront a range of economic challenges at its four-day annual meeting this week, including the future relevance of the organization amid China's increasing presence in infrastructure finance.
- At Berkshire Hathaway Inc's annual shareholder meeting, Buffett credited Apple with developing "extremely sticky" products to which consumers become attached and endorsed Apple's decision to buy back its own stock, saying it was the technology company's most productive use of cash.
- And Buffett described it as a mistake that he never thought Alphabet Inc's Google and Amazon.com Inc made sense as investments for Berkshire.
- The questions also elicited views on politics from the "Oracle of Omaha" and Munger.
- Buffett said it was unlikely that the United States and China would come to loggerheads on trade and believed the countries would avoid doing "something extremely foolish."

<https://www.reuters.com/article/us-berkshire-buffett/buffett-says-u-s-and-china-will-avoid-something-extremely-foolish-on-trade-idUSKBN1160MF>

Stock Investors Don't Care About 24% Earnings Growth

Bloomberg, May 05, 2018

- It's not what have you done for me lately. For companies in the S&P 500 Index, it's what will you do for me next. And that's proving a thorny question for U.S. equity bulls.
- Another week of stellar earnings reports has gone by without any payoff in stocks.
- Even Friday's rally, the biggest in almost a month, couldn't turn the tide.
- Sure, Apple Inc. had its best week since Barack Obama's first presidential term, and Mastercard Inc. shrugged off a push by Amazon.com Inc. in online payments.
- But even as analysts raised S&P 500 profit forecasts for each of the next three years, the benchmark gauge for U.S. equities was flat.
- The issue is whether to believe the analysts. Companies could hardly be doing a better job of fattening profits or buying back stock at present. But forces have gathered that lead some investors to wonder if enthusiasm for the future isn't a little stretched.

<https://www.bloomberg.com/news/articles/2018-05-04/good-as-it-gets-bear-case-on-stocks-keeps-drowning-out-earnings>

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BASL Research Team

Mr. Shariful Alam Chowdhury
Head of Research & Investments

tushar@basl-bd.com, tusharbd@bloomberg.net

Mr. Shohidul Islam
Research Analyst

shohidul@basl-bd.com, shohidulbd@bloomberg.net

Mr. Md. Monirul Islam
Research Associate

abir@basl-bd.com

Mr. Monir Hossain
Research Associate

monir@basl-bd.com

BASL Branches

Head Office

Hadi Mansion (7th Floor)
2, Dilkusha Commercial Area
Dhaka-1000, Bangladesh
Phone: +88-02-9515826-28
Fax: +88-02-9567884

Modhumita Extension Office

158-160 Modhumita Building
(5th Floor)
Motijheel C/A, Dhaka-1000
Phone: +88-01819118893

Dhanmondi Branch

Meher Plaza (1st Floor),
House # 13/A, Road # 05
Dhanmondi, Dhaka - 1207
Phone: +8802-8624874-5

Mirpur Branch

Nishi Plaza, plot # 01,
Avenue-04, Section-06, Block-
C
Mirpur, Dhaka - 1216
Phone: +88-02-9013841

Uttara Branch

House # 79/A, (4th Floor),
Road # 07, Sector # 04
Uttara Model Town, Dhaka-
1230
Phone: +88-02-8958371

Banani Branch

Nur Empori, Plot # 77 (1st
Floor), Road No # 11, Banani,
Dhaka-1213
Phone: +8801716180767

Khulna Branch

28, Sir Iqbal Road (1st Floor)
Khulna
Phone: +88-041-731208-9

For International Trade & Sales, please contact **Mr. Sumon Das, Chief Executive Officer**. Please call at +8801993111666, +880 02 9515826, Ext:101 at Business hour.

For further query, write to us at research@basl-bd.com.