

Stock Market

Stocks slump as students' protests intensify

New Age, August 06, 2018

- Dhaka stocks slumped on Sunday after gaining in the previous three consecutive sessions as investors went for jittery share sales across the board as the students' protests against poor road-safety in the country turned violent on the seventh day on Saturday. Students took to the streets after two of their fellows were killed as a bus while racing two others ploughed through a crowd of students and other waiting for bus at Kurmitola in Dhaka on July 29.
- DSEX, the key index of Dhaka Stock Exchange, lost 0.79 %, or 42.76 points, to close at 5,357.02 points on Sunday after gaining 136.87 points in the previous three trading sessions. The market fell from the beginning of the day that continued until the end of the session as investors became concerned about the country's financial sectors as the students' protests intensified, market operators said.
- On Sunday, the key index witnessed a sharp fall after news of several violent attacks on the protesters at Dhanmondi, Jigatala and Rampura spread through social media and television channels, market operators said. The national and international media reported that since July 29 students brought the Dhaka city to a standstill with blockades set up across the city that disconnected its road communication with other cities.
- Turnover on the DSE also dropped to BDT 659.22 crore on Sunday compared with that of BDT 764.01 crore in the previous trading session. Of the 337 companies and mutual funds traded, 194 declined, 115 advanced and 25 remained unchanged.

<http://www.newagebd.net/article/47729/stocks-slump-as-students-protests-intensify>

Economy

Single digit interest closer to reality

New Age, August 06, 2018

- All state-owned enterprises have promised not to demand more than 6 % from banks for parking their funds with them with a view to facilitating the long-delayed single digit interest rate for lending.
- The development comes after private banks told Finance Minister AMA Muhith last week that it would not be possible to bring down the lending rate to 9 % if the SoEs do not keep their funds with them. Of the 57 banks in the country, 40 are private.
- Subsequently, Muhith yesterday sat down with the chief executives of 17 SoEs including Wasa, BPDB, BPC, Petrobangla, BTRC, Sadharan Bima Corporation and Jiban Bima Corporation at his secretariat office. At present, the SoEs tend to keep their funds through an unofficial process of competitive bidding among banks; whichever bank offers the highest interest rate they go to them with their deposits.
- Muhith told the SoEs the practice must now stop; they must deposit their funds with private banks at 6 % interest or lower, according to an official present at the meeting. The intervention paves the way for the lending rate to come down to 9 % and deposit rate to 6 % from August 9.
- The interest rate on national savings certificates will be reviewed on August 8, the finance minister had said on Thursday. Currently, the private banks' lending rates hover between 10 % and 16 % while the deposit rates are below 6 %.

<https://www.thedailystar.net/business/single-digit-interest-closer-reality-1616506>

Import payments top \$51.5b in FY18

The Daily Star, August 06, 2018

- Country's import payments topped \$51.5 bn with a 16.39-% growth in last fiscal year of 2017-2018 amid increased payments for food grains and petroleum imports. As per Bangladesh Bank data, letters of credit worth \$51.53 bn were settled in FY18 against \$44.27 bn in FY17.
- The total payment for import, however, would have been much higher in FY18 if freight on board prices of products were considered. The central bank is yet to finalise the FoB data.
- BB officials said that the rice and wheat import remained high in the just concluded fiscal year in line with the previous fiscal year and so did the import payments. Besides the high import payments for food grains, higher payments for petroleum in the wake of price rise of the item in the international market was another reason for the hike in import payments in the fiscal year, they said.
- Crude oil was traded at round \$70 a barrel in last couple of weeks, while its price was \$50 a barrel a year ago.
- The BB data showed that the import of food grains (mainly rice and wheat) increased by 161.74 % to \$3 bn in FY18 from \$1.15 bn a year ago. Petroleum import posted the second highest growth, among the major items, as import of the item increased by 32.7 % to \$3.35 bn in the immediate past fiscal year from \$2.52 bn in the previous fiscal year.
- Settlement of LCs for the import of industrial raw materials grew by 12.36 % to \$18.22 bn in FY18 from \$16.22 bn in FY17. Import of capital machinery grew by 6.24 % to \$5.15 bn in the fiscal year against \$4.85 bn in the previous fiscal year.

<http://www.newagebd.net/article/47726/import-payments-top-515b-in-fy18>

BB reports 18pc increase in remittance in July

The Financial Express, August 06, 2018

- Bangladeshi expatriates sent home US \$1,316.93 mn remittance in the first month of the current fiscal 2018-19, which is 18 % higher than the amount received in the corresponding period of the preceding fiscal. According to Bangladesh Bank (BB), the country received \$1,115.57 mn remittance in July 2017.
- In July this fiscal, six state-owned commercial banks - Agrani, Janata, Rupali, Sonali, Basic and BDBL received \$320.51 mn while one state-owned specialised bank, Bangladesh Krishi Bank, received \$11.63 mn. Of the state-owned banks, Agrani Bank received \$130.76 mn, Janata Bank \$82.52 mn, Rupali Bank \$17.02 mn, Sonali Bank \$90.08 mn and Basic Bank received \$0.08 mn.
- Besides, the expatriates have sent \$972.39 mn through private commercial banks. Among the private commercial banks, Islami Bank Bangladesh Limited (IBBL) received the highest amount of \$246.55 mn as Dutch-Bangla Bank (DBBL) received \$70.54 mn, reports BSS.

<https://thefinancialexpress.com.bd/economy/bangladesh/bb-reports-18pc-increase-in-remittance-in-july-1533462068>

BPC to borrow \$1.0b from ITFC to import petroleum products

The Financial Express, August 06, 2018

- State-run Bangladesh Petroleum Corporation (BPC) is set to take out 'costlier' loan of US\$ 1.0 bn from ITFC to import petroleum products from the international market in the calendar year 2019, officials said. BPC has negotiated the loan at 4.50 % interest rate (ITFC calls it 'mark-up rate'), higher by 0.70 % from the previous year's mark-up rate of 3.80 %, they added.
- When contacted, General Manager (Finance) of BPC Moni Lal Das said, "The mark-up rate of the ITFC loan has been increased due to a surge in the London Interbank Offered Rate (LIBOR)." The LIBOR rates were lower last year. For this, the mark-up rate was lesser of International Islamic Trade Finance Corporation (ITFC) that received by BPC, he added.
- BPC have to pay more costs as interest payment against external loan when it will receive the loan, a source concerned said. The state-run agency has started incurring loss again in oil trading since November last after making substantial profits for last three consecutive years since late 2014, he added.
- The government will have to count a large amount of subsidy for meeting the deficit of BPC. Earlier, it had long been paying a large subsidy every year because of the mismatch between procurement and domestic marketing of fuel oils, he also said. The soaring prices of petroleum products in the international market over the past several months have pushed the BPC back into the red zone.
- The loss stands at BDT 9.46 per litre against trading of diesel and BDT 16.88 per litre for furnace oil, considering July 02, 2018 oil price in the international market. Recently, a high-powered delegation of the state-run agency signed a US\$ 1.0 bn (1000 mn) loan deal with ITFC at a meeting held on July 10-12 last at Jeddah in Kingdom of Saudi Arabia (KSA).

<https://thefinancialexpress.com.bd/trade/bpc-to-borrow-10b-from-itfc-to-import-petroleum-products-1533442423>

Economic zones for Japanese investors to be costlier

The Daily Star, August 06, 2018

- The cost of a project aimed at setting up two economic zones for Japanese investors is set to quadruple as the government will have to acquire more land for the scheme. The project cost will now be BDT 3,195 crore, up from BDT 762 crore originally.
- According to a planning ministry proposal, the government will acquire the land at Araihasar in Narayanganj and Mirsharai in Chittagong. The Ecne approved the project in March 2017 with a plan to acquire 491 acres of land in Araihasar and 500 acres of land in Mirsharai.
- Now, the government is going to acquire additional 500 acres of land for the economic zone in Araihasar to meet the requirements of the Japanese developer.
- An extra BDT 2,377 crore will be needed to acquire the additional land. This includes BDT 1,771 crore in land value and BDT 482 crore in compensation for the affected land-owners. The compensation was not incorporated in the initial project cost.
- The project was scheduled to complete by December 2018. Now, the new deadline will be June 2019.

<https://www.thedailystar.net/business/economic-zones-japanese-investors-be-costlier-1616500>

International

Indonesia lobbies US over special tariff treatment

The Financial Express, August 06, 2018

- Indonesia lobbied visiting US Secretary of State Mike Pompeo to keep the Southeast Asian nation on a list of countries that receive preferential trade terms, its foreign and trade ministers said on Sunday. "President Joko Widodo has delivered Indonesia's hope that the US will maintain the country's GSP (Generalized System of Preferences) facility," Foreign Minister Retno Marsudi told reporters after meeting Pompeo.
- In April, the US Trade Representative's Office said it was reviewing the eligibility of Indonesia, along with India and Kazakhstan, for the GSP based on concerns over compliance with services and investment criteria. "Around 53 % of the goods covered by the GSP are commodities with links to products the US exports, while 35 % are related to the production process of US products," Marsudi said.
- Under the GSP, Indonesia gets reduced tariffs on about \$2 bn worth of exports to the United States, including some agricultural, textile and timber products, the Indonesia's employers association told Reuters in July. Total exports to the United States were \$17.8 bn data in 2017 from Indonesia's trade ministry showed. Indonesia ran a \$9.7 bn trade surplus with the United States last year.

<https://thefinancialexpress.com.bd/economy/global/indonesia-lobbies-us-over-special-tariff-treatment-1533469124>

Disclaimer

This document has been prepared by Bank Asia Securities Ltd (BASL) based on publicly available data for information purpose only and does not solicit any action based on the material contained herein and should not be construed as an offer or solicitation to buy or sell or subscribe to any security. Neither BASL nor any of its directors, shareholders, member of the management or employee represents or warrants expressly or impliedly that the information or data of the sources used in the documents are genuine, accurate, complete, authentic and correct. However, all reasonable care has been taken to ensure the accuracy of the contents of this document. BASL or Research & Development Department will not take any responsibility for any decisions made based on the information herein. As this document has been made for the Traders of BASL and strongly prohibited for circulation to any clients, investors or any other persons from outside of BASL.

About Bank Asia Securities Ltd

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).

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. 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.