

Stock Market

Weekly review: Stocks slip into red amid volatile trading

Telecom, food, engineering sectors suffer most

The Financial Express, October 06, 2019

- Stocks slipped into the red in the outgoing week that ended on Thursday as investors mostly followed cautious stance amid ongoing bearish market trend. Week on week, DSEX, the prime index of the Dhaka Stock Exchange (DSE), went down by 31 points or 0.60 bn to close at 4,938.
- The net foreign investment on the DSE has kept falling for the seventh straight month because of eroding investor confidence and the rising fear of depreciation of the local currency. The net overseas investment was BDT 604 mn in the negative as they sold shares worth BDT 3.18 bn against purchasing shares worth BDT 2.58 bn in September, the DSE data showed.
- The Bangladesh Bank has recently announced a fresh policy for providing temporary liquidity support to the scheduled banks for boosting their investment in the country's ailing capital market. The government and the top mobile phone operator also reached a consensus over settling the long disputed audit claims amicably.
- Two other indices also edged lower. The DS30 index, comprising blue chips, fell 14 points to finish at 1,755 and the DSE Shariah Index lost 12 points to close at BDT 1,136. The weekly total turnover on the prime bourse stood at BDT 19.59 bn, slightly up from BDT 19.58 bn in the week before.
- The daily turnover averaged out at BDT 3.92 bn, up 0.05 bn from the previous week's average of BDT 3.91 bn. The market capitalisation of the DSE also fell 1.0 bn to BDT 3,727 bn on Thursday, from BDT 3,765 bn in the previous week.
- Most of the major sectors showed negative performances, with telecom sector posted the highest loss of 3.72 bn, after gaining 7.06 bn in the previous week. It was followed by food with (1.99 bn), engineering (1.38 bn), non-bank financial institutions (1.01 bn) and banking (0.52 bn).
- The week's other turnover leaders were Monno Jute Stafflers, Bangladesh Submarine Cable Company, Bangladesh Shipping Corporation and Monno Ceramic.

<http://thefinancialexpress.com.bd/stock/weekly-review-stocks-slip-into-red-amid-volatile-trading-1570250560>

Listed MNCs thrive on superior skills

The Daily Star, October 06, 2019

- The 11 listed multinational companies of the Dhaka bourse are bagging higher profits than their local counterparts thanks to their superior skillset, research-based investment and astute management of operational costs.
- The top five companies with the highest earnings per share (EPS) are multinationals: Bata, Reckitt Benckiser, Linde Bangladesh, British American Tobacco Bangladesh and Marico Bangladesh, according to data from the Dhaka Stock Exchange (DSE).

- Three other multinationals—Berger Paints, Grameenphone and Heidelberg Cement—also made their place to the list of top 20 companies with the highest EPS. The multinationals follow a lean business model based on the manufacture of a select few products only and not their packaging.
- By and large, locals are fond of buying land, whereas multinationals run their businesses on rented properties and effective branding, which make a big difference in their profits. The multinationals have created a system and process, which happen to be tried and tested and world-class.

TOP EPS EARNERS ON DSE		
Companies	EPS (In Tk)	Dividend (In %)
Bata Shoe	72.79	345
Reckitt Benckiser	70.22	700
Linde Bangladesh	65.95	375
BATBC	55.62	500 cash and 200 stock
Marico	52.15	600

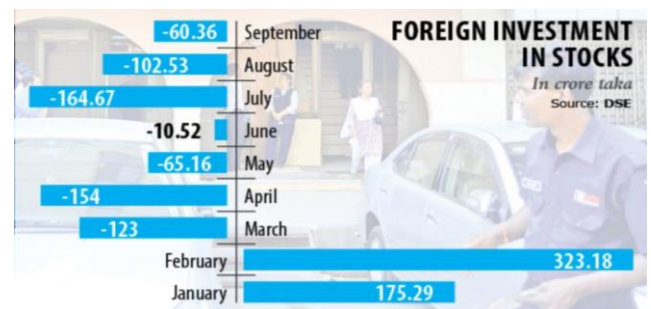
SOURCE: DSE

<https://www.thedailystar.net/business/news/listed-mncs-thrive-superior-skills-1809979>

Foreign fund in DSE keeps falling

The Daily Star, October 06, 2019

- The net foreign investment on the Dhaka bourse has kept falling for the seventh straight month because of eroding investor confidence and the rising fear of depreciation of the local currency.
- Their net investment hit BDT 60.36 crore in the negative in September, when foreigners bought shares worth BDT 257.78 crore and sold securities amounting to BDT 318.14 crore, according to data of the Dhaka Stock Exchange (DSE).
- It was BDT 102.53 crore in the negative in August. The foreign investors were upset with the government's declaration of Grameenphone—one of their prime choices—as a significant market player in February, which is expected to affect the telecom operator's earnings.
- Following the move, the net foreign investment plunged to BDT 123 crore in the negative in March, reversing from BDT 323 crore in the positive a month ago. The portfolio investment has been falling since then. The High Court has, however, stayed the move of Bangladesh Telecommunication Regulatory Commission on GP, but foreign investors are not still upbeat.
- Another stock broker said the government lacks policy consistency on tax measures that affect listed companies or takes initiatives that may hamper earnings of companies. British American Tobacco Bangladesh (BATBC) is one such example.
- The company's earnings per share plunged 43 % year-on-year to BDT 9.73 in the April-June quarter of 2019. Foreign investors are also fearing that the local currency may depreciate to a large extent in future as the current account balance deficit and trade deficit continue to pose risks to macroeconomic stability, according to market insiders.



<https://www.thedailystar.net/business/news/foreign-fund-dse-keeps-falling-1809220>

Golden Harvest's rights subscription to begin Dec 8

The company to raise BDT 899m

The Financial Express, October 06, 2019

- Rights shares subscription of Golden Harvest Agro Industries is set to begin on December 08, aiming to raise a capital worth BDT 899.32 mn. The rights issue is an offer of new shares by a company to its existing shareholders in proportion to the shares they already own and usually at a discount to market price.
- The record date for entitlement of rights share is on October 30. The Bangladesh Securities and Exchange Commission (BSEC) approved the company's application to raise BDT 899.32 mn through issuance of 89.93 mn rights shares on October 01.
- As per the BSEC approval, the Golden Harvest will issue three rights shares against four existing shares (3R:4) at an offer price of BDT 10 each. As per the rights offer document for the period ended on September 30, 2018, the company's net asset value (NAV) per share and earnings per share (EPS) are BDT 22.96 and BDT 0.64 respectively.
- The purposes of rights issue are to raise further paid-up capital for expansion of existing production and distribution channels and pay off bank loan of the company. Each share of Golden Harvest Agro Industries, which was listed on Dhaka Stock Exchange in 2013, closed at BDT 26.90 on Thursday, losing 0.37 bn over the previous day.
- The company's earnings per share (EPS) stood at BDT 0.66 for January-March 2019 as against BDT 0.30 for January-March 2018. In nine months for July 2018-March 2019, its EPS was BDT 1.55 as against BDT 1.13 for July 2017-March 2018.

<http://thefinancialexpress.com.bd/stock/golden-harvests-rights-subscription-to-begin-dec-8-1570250230>

Economy

96pc bikes made locally

Industry people say high demand, tax cuts boost manufacturing, assembly

The Daily Star, October 06, 2019

- Just two years ago, Bangladesh was dependent on imports to meet 95 % of its demand for motorbikes. But the situation has completely reversed: Today, around 96 % of the two-wheelers plying on the roads are either locally manufactured or assembled, industry people said.
- Seven firms – Japanese brands Honda, Suzuki, Yamaha, India's Bajaj, TVS and Hero, and Runner Automobiles of Bangladesh – have made the country almost self-sufficient in motorbike manufacturing or assembly in the fast growing market.
- Bangladesh's journey from a motorbike importer to a local assembler and manufacturer hasn't only saved valuable foreign currencies needed to meet import bills. It also created thousands of jobs. Besides, the price of a bike has reduced by BDT 15,000 to BDT 25,000 per unit, according to Biplob Kumar Roy, chief executive officer of TVS Auto Bangladesh Ltd (TVS ABL).

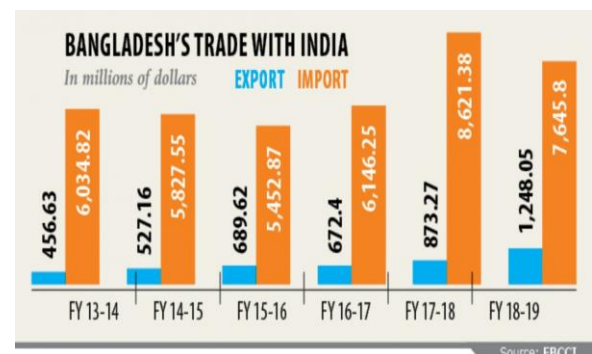
- The turnaround came in 2016-17 when the duty on import of completely knocked down (CKD) units of the two-wheelers was slashed by 25 %age points to 20 % to encourage local assembly and subsequent manufacturing.
- The emergence of ride-sharing has given further impetus to the sector. Operators now predict that the market would grow many folds in the next two-three years because of rising incomes, steady growth of economy and favourable policy and tariff structure.
- Around 1,600 units of motorbikes are sold every day in the country, nearly doubling from 900 units in 2016, according to market players. Last year, about 480,000 bikes were sold, up from 387,000 units in 2017 and 270,000 units in 2016.

<https://www.thedailystar.net/business/news/96pc-bikes-made-locally-1809223>

Exports to India remain dismal

The Daily Star, October 06, 2019

- Despite sharing a long border, Bangladesh is still a very tiny source for merchandise for India due to a lack of diversification of products and non-tariff barriers.
- India's annual merchandise import amounts to \$500 bn, in which Bangladesh's share is only 0.2 %, or a little above \$1 bn, even though duty-free facilities have existed since 2011 for all local products save for 25 alcoholic and beverage items.
- In fiscal 2018-19, Bangladesh's merchandise shipments to India were \$1.24 bn, crossing the \$1 bn-mark for the first time, according to data from the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).
- Garment items dominate Bangladesh's exports to India as its demand among the growing middle-income customers is high. Bangladesh also exports home textile, processed food, cement, furniture, leather and leather goods, but the volume is very small.
- Country-wise, India's topmost import destination is China, constituting nearly 14 % of its imports. India imports machinery, industrial raw materials, textile fabrics and food items from China. The other top import destinations are the US, the UAE, Switzerland, Saudi Arabia, Iraq, South Korea, Hong Kong, Singapore and Indonesia, according to the Directorate General of Foreign Trade (DGFT) of India.



<https://www.thedailystar.net/business/news/exports-india-remain-dismal-1809211>

International

US wins WTO backing for \$7.5b tariffs on EU in jet subsidy clash

New Age, October 03, 2019

- The United States won WTO approval on Wednesday to impose tariffs on \$7.5 bn worth of European goods over illegal EU subsidies handed to Airbus, threatening to trigger a tit-for-tat transatlantic trade war as the global economy falters.
- The decision by the World Trade Organisation pushes a 15-year corporate dispute over illegal support for transatlantic plane giants to the centre of caustic world trade relations and comes on top of a tariff war between Washington and Beijing.
- The European Commission said in response that a US move to impose trade sanctions on EU imports would be 'short-sighted and counterproductive' and risked causing damage on both sides of the Atlantic. The WTO has found that both Europe's Airbus and its US rival Boeing received billions of dollars of illegal subsidies in the world's largest corporate trade dispute, a legal marathon dating back to 2004.
- The two cases are expected to lead to tit-for-tat tariffs, beginning with the US measures, posing new problems for businesses and financial markets around the world. The agency's provisional list of products that are eligible to be targeted with tariffs ranges from Airbus jets themselves to helicopters, wine, handbags and cheese.
- Before any tariffs can be imposed, the WTO's Dispute Settlement Body must formally adopt the arbiters' report in a process expected to take between 10 days and 4 weeks. Its next scheduled meeting is on Oct. 28, but Washington could request a special meeting 10 days after the arbiters' report is published, suggesting an earliest possible final nod on Oct. 12.

AT A GLANCE

Bangladesh's 96pc motorcycles are now locally manufactured or assembled

30pc of the motorbike components are manufactured in Bangladesh

Major brands: Honda, Suzuki, Yamaha, Bajaj, TVS, Hero and Runner

Per unit price fell by Tk 25,000 in 3yrs

1,600 bikes are sold a day now, up from 900 3yrs ago

Market size Tk 5,000cr and sector's average growth 20pc

<http://www.newagebd.net/article/86427/us-wins-wto-backing-for-75b-tariffs-on-eu-in-jet-subsidy-clash>

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