

Stock Market

Dhaka stocks rise amid continuous see-sawing

New Age, November 06, 2019

- Dhaka stocks rose on Tuesday on bargain hunting as the key index of the bourse continued to seesaw with investors lacking the confidence to invest in the market. In the last six trading sessions, the DSEX, the prime index of the Dhaka Stock Exchange, fell and rose on every alternate day in volatile trading.
- The DSEX gained 0.54 %, or 25.34 %, to close at 4,703.70 points on Tuesday, after shedding 33.72 points on the previous day.
- Market operators said that although the DSEX had risen on the day, many investors remained on edge following months-long turmoil in the share market led by concerns over the country's economy and financial market health. Stocks fell sharply on the previous trading session on Monday after the Centre for Policy Dialogue on Sunday said that the macroeconomic stability of the country had now become weaker and performance of economic indicators was under mounting pressure which might lead to a structural slowdown in the economy.
- Turnover on the DSE rose to BDT 307.76 crore on Tuesday from BDT 269 crore on the previous day. Out of the 350 scrips traded on the day, 192 advanced, 101 declined and 57 remained unchanged. BRAC Bank led the turnover chart with its shares worth BDT 15.67 crore changing hands on the day. National Tubes, VFS Thread Dyeing, Sonar Bangla Insurance, Shurwid Industries, Square Pharmaceuticals, Silva Pharmaceuticals, Standard Ceramics, Coppertech Industries and Fortune Shoes were the other turnover leaders.

<http://www.newagebd.net/article/89865/dhaka-stocks-rise-amid-continuous-see-sawing>

Circuit breaker on cos from debut trading: BSEC

New Age, November 06, 2019

- Newly-listed companies would have a circuit breaker placed on their share prices from their debut trading session, said Bangladesh Securities and Exchange Commission on Tuesday.
- On the first trading session, a 50-% circuit breaker would be imposed on the issue price of the debutant company's shares. On the second trading session, the circuit breaker of 50 % would be imposed on the reference price or first day's closing price or on the adjusted open price. Circuit breakers would be imposed at usual rates from the third trading session.
- 'NRB investors were entitled to get quota in initial public offering and other investors used to sell IPO shares on the very first trading session, taking advantage of the high trading prices of IPO shares on the first trading session,' the BSEC said.
- As a result, the IPO shares failed to retain the initial prices afterwards and thus caused losses for general investors and subsequently distorted normalcy of the capital market, the BSEC said. The commission made the decision following a proposal from the Dhaka Stock Exchange.

<http://www.newagebd.net/article/89863/circuit-breaker-on-cos-from-debut-trading-bsec>

BSEC imposes 3-year lock-in on Ring Shine's shares held by Universe Knitting

New Age, November 06, 2019

- The Bangladesh Securities and Exchange Commission on Tuesday extended the lock-in to three years on the shares held by Universe Knitting in Ring Shine Textile Limited which was awaiting enlistment at the stock exchanges.
- Sung Wey Min, managing director of Ring Shine Textile, is the chairman of Universe Knitting while around 2 crore placement shares of Ring Shine were issued to Universe Knitting. As per the BSEC rules, shares of sponsors and director of any IPO-seeking companies are subject to three year lock-in while the lock-in period on placement shares is one year.
- The commission, however, extended the lock-in period on Ring Shine shares held by Universe Knitting following observations from the Dhaka Stock Exchange and an online media report.
- 'Although a media report claimed that Sung's share in Ring Shine Textile and his affiliation with the company was not specified in the IPO prospectus of Ring Shine Textile, the information of Sung's affiliation with Universe Knitting was incorporated in the IPO prospectus,' the BSEC press release said.
- This was why the commission had found no deviation of rules in this connection, it said, adding that the decision to extend the lock-in, however, was taken in the greater interests of the investors and the market.
- Earlier, the DSE had asked for details about Universe Knitting from the company which it bypassed and led to dissatisfaction among the DSE management, said an official of the bourse.

<http://www.newagebd.net/article/89859/bsec-imposes-3-year-lock-in-on-ring-shines-shares-held-by-universe-knitting>

Economy and Industry

Exports slump 17pc in Oct

The Daily Star, November 06, 2019

- Exports slumped over 17 % year-on-year to USD3.07 bn in October as the strong local currency continued to depress apparel shipments, government data shows.
- This is the third consecutive month to witness such a decline. If the trend persists, the country will not be able to achieve the current fiscal year's target of USD45.50 bn.
- According to data from the Export Promotion Bureau (EPB), October's earnings were 11.71 % lower than the month's target of USD3.48 bn.
- Export receipts of the current fiscal year's first four months are also nearly 7 % lower than the target of USD14.33 bn.
- Exporters have blamed the sluggish exports on the local currency being stronger compared to the US dollar. For the last



couple of months, they have been asking for the taka to be devalued as competing countries have depreciated theirs to give their exporters an advantage.

- Another reason, The Daily Star came to know from exporters, was a reduction in H&M's purchases from Bangladesh. "H&M has a big stock of unsold apparel products. So it is buying less now," said KM Rezaul Hasanat, chairman of Viyellatex Group, one of the largest apparel exporters in Bangladesh. He said H&M alone accounted for around 10 % of USD34 bn worth of garments exported from Bangladesh in fiscal 2018-19. Factories that depend on orders from H&M have been affected badly, he said.

<https://www.thedailystar.net/business/news/exports-slump-17pc-oct-1823812>

Oct inflation declines to 8-month low

The Daily Star, November 06, 2019

- Inflation slipped seven basis points to an eight-month low of 5.47 % in October, helped by a decline in the prices of non-food items.
- Non-food inflation fell 47 basis points to 5.45 % last month from September. Food inflation, however, rose 19 basis points to 5.49 %, according to state-run Bangladesh Bureau of Statistics (BBS). In September, overall inflation stood at 5.54 %.
- The prices of onion, a key cooking ingredient, surged in September after traders hiked rates following a ban on export of the vegetable by India, the main source for Bangladesh. On September 13, the Indian government set a minimum export price of USD850 per tonne for onion, prompting the retail prices in Dhaka to soar 25 % to BDT 55-70 per kg overnight.
- Overall inflation in rural areas fell five basis points to 5.36 % in October, driven by a 46-point fall in non-food inflation. Urban inflation declined to 5.67 % from 5.80 %, again aided by 52 basis point-fall in non-food inflation to 6.09 %. Food inflation in urban areas rose 21 basis points to 5.31 %.

<https://www.thedailystar.net/business/news/oct-inflation-declines-8-month-low-1823800>

Overproduction weighs on cement makers

The Daily Star, November 05, 2019

- Cement manufacturers are going through a very challenging time because of an unhealthy competition caused by overproduction, market players said yesterday. There are 37 active cement factories in Bangladesh with a combined production capacity of 58 mn tonnes per year against a demand of 33 mn tonnes, meaning the capacity exceeds the demand by about 43 %.
- "The sector has run into trouble because of the unhealthy competition among the manufacturers and excess production than the demand," said Alamgir Kabir, managing director of Crown Cement.
- While moderating different sessions, Malcolm Shelbourne, chief executive officer of Interchem, said the demand for cement in Bangladesh has grown 10 % year-on-year in the last one decade, but per capita consumption was still at a relatively low level of 166 kilogrammes.
- Kabir, also president of Bangladesh Cement Manufacturers Association, said major market players may also face losses in the face of the unhealthy competition. "It will take at least four years to get rid of the unhealthy

competition as the demand will increase,” he said, adding that per capita cement consumption will stand at 250kg in 2020.

- Zahir Uddin Ahmed, managing director of Confidence Cement, said the industry was running at 55 to 57 % of the capacity which is below the level needed to reach break-even. “This is alarming for the sector,” he said, adding that the sector would need at least four years to ensure 100 % use of the capacity.
- The market size of the sector is around USD3 bn, or BDT 25,500 crore. Manufacturers have invested more than BDT 30,000 crore in the sector. Local companies are dominating the market. Of the total consumption, individuals account for 25 %, real estate companies and developers 30 % and the government 45 %.

<https://www.thedailystar.net/business/news/overproduction-weighs-cement-makers-1823797>

Arrears worsen leather sector's woes

The Daily Star, November 06, 2019

- The crisis in the leather and leather goods industry has deepened further as the tanners are yet to pay BDT 350 crore in arrears fully to the rawhide merchants. In August, the tanners agreed to settle the arrears at a meeting brokered by the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).
- “The tanners have paid the highest 15 % of the arrears to the rawhide merchants so far,” said Tipu Sultan, general secretary of the Bangladesh Hide and Skin Merchants Association (BHSMA).
- The merchants could not buy the rawhides, as the tanners did not clear all the dues before Eid, he said. As a result, seasonal traders and farmers did not find buyers and had to throw away 35 % of more than 1 crore pieces of rawhides collected during the last Eid-ul-Azha.
- At present, tanners are settling the arrears for 2017, 2018, and 2019 and are saying that they would pay the committed arrears in phases, Sultan added.
- According to the decision of the meeting in August, tanners are supposed to clear the arrears in three phases: from 1990 to 2010, 2010 and 2015, and 2015 to 2019.

<https://www.thedailystar.net/business/news/arrears-worsen-leather-sectors-woes-1823380>

NBR to slap VAT on unprocessed tobacco

The Financial Express, November 06, 2019

- The National Board of Revenue (NBR) has decided to impose Value Added Tax (VAT) on unprocessed tobacco in a bid to offset the recent decline in its revenue earning from the sector.
- The board has taken the decision in a meeting recently, against the backdrop of a significant fall in revenue collection from tobacco sector in the current fiscal year (FY), 2019-20.
- In July-August period, the Large Taxpayers Unit's (LTU) revenue collection from tobacco sector dropped by BDT 8.50 bn or 32 % compared to that of the corresponding period last year, according to the meeting minutes.
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- However, in a surprise move the Board in the middle of the last month slashed the supplementary duty (SD) rate by 5.0 %. Following the shortfall, the NBR, however, recently held the meeting with its field-level VAT commissioners and representatives of various tobacco companies.
- Unprocessed tobacco items, sold to the processors, have been enjoying VAT exemption facility since FY 2017-18.
- The BAT chairman said the government should discuss the National Tobacco Policy 2019 with the tobacco companies before preparing it, as some provisions of the law may create complexities.

<https://thefinancialexpress.com.bd/trade/nbr-to-slap-vat-on-unprocessed-tobacco-1573013116>

International

Oil prices rise on positive economic data

The Daily Star, November 06, 2019

- Oil prices rose on Tuesday on positive economic data and hopes for a Washington-Beijing trade deal that will lead to a de-escalation in tensions between the world's top economies.
- Brent crude was up 66 cents, or 1 %, at USD62.79 a barrel at 1016 GMT. US crude rose 48 cents, or 0.8 %, to USD57.02 a barrel.
- Oil has been supported by hopes for a trade deal between the United States and China, the two biggest oil consumers, that could boost demand. China is pushing US President Donald Trump to remove more tariffs imposed in September as part of a "phase one" US-China trade deal.
- "If some of the existing tariffs were to be dismantled, that should restore some measure of global demand for oil as economic and trade conditions recover," said Han Tan, market analyst at FXTM. Investors are also keeping an eye on US inventory data due later.
- US crude oil inventories were forecast to have risen last week, while refined products stocks likely declined, a preliminary Reuters poll showed on Monday. The Federal Reserve's interest rate cut last week, recent weakness in the dollar, and improved US jobs growth in October also provided support, analysts said.

<https://www.thedailystar.net/business/global-business/news/oil-prices-rise-positive-economic-data-1823758>

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