

Stock Market

Stocks edge down in dull trading

New Age, March 07, 2019

- Dhaka stocks inched down on Wednesday after a slight gain in the previous session as investors went on selling shares amid cautiousness about the current bearish market. DSEX, the key index of Dhaka Stock Exchange, decreased by 0.01 %, or 1.10 points, to close at 5,686.38 points on Wednesday after adding 5.07 points in the previous session.
- Therefore, most of the large capitalised sectors declined on the day. The average share prices of energy, telecommunication and pharmaceutical dropped by 0.38 %, 0.34 % and 0.28 % respectively. Among the large capitalised scrips, share prices of Grameenphone, United Power Generation Company and Lafarge Holcim Bangladesh declined most on the day.
- A three-year lock-in on ACME Laboratories directors' 16.16 crore shares will end on March 16 and a nine-month lock-in on the institutional investors' 25 lakh shares of ML Dyeing will end on March 12.
- The turnover on the bourse dropped to BDT 568.87 crore on Wednesday from BDT 575.18 crore in the previous trading session. Out of the 345 issues traded on the day, 180 declined, 115 advanced and 51 remained unchanged. Phoenix Finance 1st Mutual Fund gained the most on the day with an 8.77-% increase in its share prices while Savar Refractories was the worst loser, shedding 9.83 %.

<http://www.newagebd.net/article/66662/stocks-edge-down-in-dull-trading>

BSEC approves 'alternative investment' draft rules

It also okays BDT 5.b bond by AB Bank

The Financial Express, March 06, 2019

- The securities regulator has approved the Bangladesh Securities and Exchange Commission (Alternative Investment) draft Rules, 2016 after some amendment. The BSEC move will help promote venture financing and equity investment facilities for non-listed local firms, sources concerned said.
- The approval came on Tuesday in a commission meeting. BSEC said (Alternative Investment) draft Rules, 2016 will be published soon in the daily newspapers seeking for public opinion. In 2015, the BSEC formulated alternative investment rules to promote venture financing and equity investment facilities for non-listed local firms.
- The securities regulator on Tuesday also approved a fully redeemable non-convertible floating rate subordinated bond of BDT 5.0 bn in favour of AB Bank Limited. The characteristic of the bond is non-convertible, fully redeemable, unsecured, unlisted subordinated bond
- The purpose of the bond issue is to strengthen the capital base (Tier-2) of the bank. The tenure of the AB Bank bonds will be seven years. Per unit price of the bond will be BDT 10 mn. The units will be sold to institutional investors and eligible investors, including banks, financial institutions, insurance companies, corporate bodies, asset management companies, mutual funds and high net-worth individuals through private placements.
- MTB Capital Limited will act as the Trustee and RSA Capital Limited is the lead arranger for the Bond. Each share of the AB Bank, which was listed on the Dhaka Stock Exchange in 1983, closed at BDT 11.90 on Tuesday. The bank's paid-up capital is BDT 7.58 bn, authorised capital is BDT 15 bn and the total number of securities is 758.13 mn.

<http://thefinancialexpress.com.bd/stock/bsec-approves-alternative-investment-draft-rules-1551846764>

Mahin Group to build BDT 400cr spinning mill

The Daily Star, March 07, 2019

- Mahin Group, a trouser and woven fabrics manufacturer, is going to invest BDT 400 crore this year to set up a spinning mill to produce 30 tonnes of yarn a day. Mahin Group has bought 26 bighas of land at Charsindhur in Narsingdi to set up the mill, which will have the capacity for 55,000 spindles.
- The group plans to produce 10 to 20 count of yarn for trousers, 30 to 40 count of yarn for trousers, and 40 to 50 count of cotton yarn for formal shirts. It, however, will not sell the yarn and consume the whole quantity instead, as it will have to import 20 tonnes to meet the daily demand even after setting up the proposed spinning mill.
- Currently, the group consumes 50 tonnes of yarn every day and sources it from local spinners as well as from countries such as India, China, Vietnam, Malaysia, and Indonesia. The textile entrepreneur started his journey in 1993 and over the years has established weaving mills, including Hamid Fabrics Ltd, a company listed on both Dhaka and Chittagong stock exchanges. The group counts Abercrombie & Fitch, PVH, H&M, Esprit, and Decathlon as major customers.

KEY POINTS

- Daily **30** tonnes of cotton yarn will be produced
- The plant will have **55,000** spindles
- Production will start in August 2020
- Mahin Group consumes **50** tonnes of cotton yarn a day to produce fabrics
- The group's annual turnover is **\$85m**

<https://www.thedailystar.net/business/news/mahin-group-build-BDT-400cr-spinning-mill-1711447>

Five ins stocks see abnormal rise in prices

The Daily Star, March 07, 2019

- Prices of five insurance stocks doubled in a gap of two months although the earnings of the companies did not increase much during the period. The companies are: Sonar Bangla Insurance, United Insurance, Provati Insurance, Agrani Insurance and Eastern Insurance.
- Prices of Sonar Bangla jumped 339.87 % to BDT 67.3 between January 1 and February 27 this year, according to Dhaka Stock Exchange (DSE) data. During the period, United rose 233.86 % to BDT 83.8 and Provati 133.53 % to BDT 40.4.
- The share of Agrani advanced 114.2 % to BDT 37.7 while Eastern gained 103.25 % to BDT 56.3. The five insurers have warned investors through the website of the Dhaka Stock Exchange that there was no undisclosed information related to the hike.
- The earnings per share (EPS) of Sonar Bangla, Provati, United and Eastern rose 10.92 %, 4.54 %, 10.43 % and 3.74 % year-on-year respectively in the January-September period of 2018, DSE data showed. On the other hand, the EPS of Agrani Insurance was down by 15.79 % year-on-year.

PRICE VERSUS EPS

COMPANY	RISE IN STOCK PRICE (IN %; JAN-FEB 2019)	CHANGE IN EPS IN 2018 (IN %)
Sonar Bangla Insurance	339.87	10.92
United Insurance	233.86	4.54
Provat Insurance	133.53	10.43
Agrani Insurance	114.2	-15.79
Eastern Insurance	103.25	3.74

<https://www.thedailystar.net/business/news/five-ins-stocks-see-abnormal-rise-prices-1711444>

BB asks BSEC to ban BIFC share transfer by Mannan

New Age, March 07, 2019

- Bangladesh Bank has requested Bangladesh Securities and Exchange Commission to impose a ban on Bangladesh Industrial Finance Company founding chairman Major (retd) Abdul Mannan and people connected with him from transferring shares of the company.
- The BB move came following an Anti-Corruption Commission advice asking the central bank to impose the ban until Mannan pays BDT 397.78 crore in outstanding loans (excluding interest) to BIFC, a company listed with Dhaka Stock Exchange. The classified loans of BIFC, which is struggling to survive, stood at BDT 608.85 crore, according to the news disseminated by the company on DSE web site.
- According to the news disseminated by the company on May, 2018, as per Bangladesh Bank special inspection report dated June 24, 2015, about BDT 518 crore was sanctioned and disbursed in favour of different borrowers in highly irregular and fraudulent ways.
- As per the audited report for the year ended on December 31, 2017, the total loans, advances and lease amount of BIFC was BDT 837.60 crore out of which classified amount was BDT 798.33 crore (95.31 %), the company said in its post on the DSE web site. Of the shareholding position of BIFC, a 'Z' category company, sponsor-directors holds 37 % shares, institutions 46.18 % and general public the rest 16.82 % of the company.

<http://www.newagebd.net/article/66660/bb-asks-bsec-to-ban-bifc-share-transfer-by-mannan>

Silco Pharma's IPO subscription begins today to raise BDT 300m

Public subscription of Coppertech to open Mar 31

The Financial Express, March 07, 2019

- The initial public offering (IPO) subscription of Silco Pharmaceuticals begins today (Thursday), aiming to raise BDT 300 mn from the capital market. The subscription for shares of the pharma company by the eligible investors through electronic subscription system will be started from 10:00am Thursday and continued until 5:30pm on March 19 (round the clock).
- The securities regulator -- Bangladesh Securities and Exchange Commission (BSEC) -- approved the Silco Pharma's application to raise the fund on December 20, 2018. Using the fixed-price method, Silco Pharma will float 30 mn ordinary shares of BDT 10 each, according to the BSEC approval.
- As of June 2017, five financial years' weighted average earnings-per share (EPS) of the company stood at BDT 1.46 and net asset value (NAV) per share at 25.41. The company will utilise the IPO proceeds to construct factory building, purchase machinery and delivery van and bear the IPO expenses, according to the BSEC statement.
- City Bank Capital Resources, EBL Investments and Citizen Securities & Investment are jointly working as issue managers of the company's IPO. Silco Pharma, based in Sylhet, is one of the fastest growing pharmaceutical companies in Bangladesh since 1997 and is now on its way to becoming a high-performance global player, according to its official website.
- As per the BSEC approval, the company will raise a capital worth BDT 200 mn by offloading 20 mn ordinary shares under the fixed price method. The company will utilise the IPO proceeds to purchase plant and machineries, repay bank loans, construct building and IPO expenses.

<http://thefinancialexpress.com.bd/stock/bangladesh/silco-pharmas-ipo-subscription-begins-today-to-raise-BDT-300m-1551931851>

Economy

Banks' liquidity shortage intensifying again

New Age, March 06, 2019

- Liquidity shortage in banks has intensified ahead of adjustment of their advance deposit ratio with the Bangladesh Bank-set rate amid a slow growth in deposits coupled with high volume of defaulted loans. Banks in recent times have increased borrowing money from the central bank to cope with the shortage while inter-bank loan transactions have also rose, said Bangladesh Bank officials.
- Riding on higher demand for liquidity, call money rate increased to 4.29 % on February 26 this year. The rate of call money was 2.77 % in June last year. Banks borrowed BDT 13,475.8 crore from the central bank through repurchase agreement (REPO) in the period between July, 2018 and till March 5, 2019 while the entities borrowed BDT 572.86 crore in the entire 2017-2018 fiscal year.
- In the fiscal year of 2016-2017, banks' borrowing through REPO was BDT 115.67 crore. Apart from these, non-performing loans in the country's banking system is another factor which has created additional pressure on the system.
- In 2018, the amount of defaulted loans in the country's banking system shot up by 26.39 % or BDT 19,608.4 crore to BDT 93,911.4 crore from BDT 74,303 crore a year ago.
- As per the recent statistics of the central bank, many banks are failing to maintain the interest rate spread within the BB-set limit, private sector credit growth fell sharply amid poor deposit growth, and rising call money and repurchase agreements (REPO) rates.
- Besides the liquidity scenario, government's direct borrowing from the banking sector increased to 22.07 % in January thus creating additional pressure on the banking system. As a result, many of the banks were forced to adopt a go-slow strategy to issuing credit facility to their clients.

<http://www.newagebd.net/article/66651/banks-liquidity-shortage-intensifying-again>

Non-profits' part in economy growing

Religious instts the key contributor

The Financial Express, March 07, 2019

- The contribution of non-profit organisations to the national economy has been substantial in recent years as the sub-sector is growing rapidly. Such non-profits tend to provide services rather than produce goods and they still consume goods and services just as a private company does.
- It usually happens when an economy booms. Non-profits like religious bodies, political parties, non-governmental organisations and clubs now contribute nearly 1.0 % of the \$274-bn economy, showed the Bangladesh Bureau of Statistics (BBS).
- The BBS has been including the sub-sector as 'Non-Profit Institutions Serving Households (NPISHs)' of the service sector since fiscal year 1998. This was done as per the international accounting norms on how to measure gross domestic product (GDP). The first survey in the sub-sector was conducted in 1997, second in 2007 and third in 2016- they all found its growing trend in economy.
- As many as 30.08 mn people are involved in non-profits-1.4 mn are paid employees. Even 77.6 % of the institutes are rural-focused. In the European Union, households and NPISHs comprise 13 % of its \$ 17.9 trillion GDP.

<http://thefinancialexpress.com.bd/economy/bangladesh/non-profits-part-in-economy-growing-1551847101>

International

US trade deficit jumps to 10-yr high in 2018

New Age, March 06, 2019

- The US trade deficit surged to a 10-year high in 2018, with the politically sensitive shortfall with China hitting a record peak, despite the Trump administration slapping tariffs on a range of imported goods in an effort to shrink the gap.
- The Commerce Department said on Wednesday that an 18.8 % jump in the trade deficit in December had contributed to the \$621.0 bn shortfall last year. The 2018 deficit was the largest since 2008 and followed a \$552.3 bn gap in 2017.
- The trade deficit has deteriorated despite the White House's protectionist trade policy, which president Donald Trump said is needed to shield US manufacturers from what he says is unfair foreign competition.
- The United States last year imposed tariffs on \$250 bn worth of goods imported from China, with Beijing hitting back with tariffs on \$110 bn worth of American products, including soya beans and other commodities. Trump has delayed tariffs on \$200 bn worth of Chinese imports as negotiations to resolve the eight-month trade war continue.
- The United States has also slapped duties on imported steel, aluminium, solar panels and washing machines. The goods trade deficit with China increased 11.6 % to an all-time high of \$419.2 bn in 2018.
- The December trade deficit of \$59.8 bn was the largest since October 2008 and overshot economists' expectations for a \$57.9 bn shortfall, as exports fell for a third straight month and imports rebounded. The release of the December report was delayed by a 35-day partial shutdown of the government that ended on Jan. 25.
- When adjusted for inflation, the goods trade deficit surged \$10.0 bn to a record \$91.6 bn in December. The jump in the so-called real goods trade deficit suggests that trade was probably a bigger drag on fourth-quarter gross domestic product than initially estimated by the government.

<http://www.newagebd.net/article/66671/us-trade-deficit-jumps-to-10-yr-high-in-2018>

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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

Tanzin Naher
Research Associate

tanzin@basl-bd.com

BASL Networks

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.