

## Stock Market

### Dhaka stocks bleeding stretches to record 10th week

New Age, April 07, 2019

- Dhaka stocks dropped again in the past week, stretching the record bear run to the 10th consecutive week, as investors, haunted by continuous fall, went for panic-driven sales over a reported comment of National Board of Revenue chairman about investors' tax identification number.
- DSEX, the key index of Dhaka Stock Exchange, slumped by 0.83 %, or 45.59 points, over the week to close at 5,459.91 points on Thursday, the last trading session of the week.
- DSEX lost 490 points in the ten-week bear run, which is the longest ever. Despite gains in most of the sessions, DSEX posted weekly loss in the past week due to a huge fall of 69 points on Wednesday as the investors got panicked over the media report that tax identification number would be made mandatory for all investors.
- In its 10-week bear run, the market lost BDT 12,742 crore in capitalisation. The capital market has been hit by liquidity crisis in the financial sector that pushed interest rate up. Besides, investors of the largest market capitalised company Grameenphone went for selling following the issuance of government notice to GP to pay BDT 12,579.95 crore in dues within 10 working days that dragged down share prices of the company by 4.78 % in the week.
- Average share prices of telecommunication, energy, non-bank financial institution and bank plunged by 4.4 %, 2.4 %, 1.5 % and 0.9 % respectively. The daily average turnover on DSE increased slightly to BDT 402.53 crore in the last week from BDT 361.51 crore in the previous week.
- Shariah index DSES, dropped by 0.94 %, or 12.04 points, to finish at 1,269.42 points. United Power Generation Company led the turnover chart with its shares worth BDT 202.35 crore changing hands in the week.

<http://www.newagebd.net/article/69362/dhaka-stocks-bleeding-stretches-to-record-10th-week>

### Bangladesh Capital Market Expo ends

*Thrust on cut in approval time for IPO proposals*

The Financial Express, April 07, 2019

- Discussants at a seminar on Saturday stressed the need for reducing the time of approving IPO (initial public offering) proposals to help well-performing companies fulfil their target of raising capital. They also focused on other impediments, discouraging many companies from going public.
- According to them, unwillingness of ensuring transparency and accountability, easy process of getting bank loans, trend in tax evasion, lack of corporate governance and hassle in the annual general meeting are the factors behind reluctance of many companies to go public.
- The observations came at the seminar organised on the occasion of a three-day Bangladesh Capital Market Expo-2019 that began at Shilpakala Academy on Thursday.
- Some of the discussants said due to a lengthy process of getting the regulatory approval, some companies are discouraged from going public.

<http://thefinancialexpress.com.bd/stock/thrust-on-cut-in-approval-time-for-ipo-proposals-1554610997>

## SBAC Bank to raise BDT 2.0 bn from stock market

The Financial Express, April 07, 2019

- South Bangla Agriculture and Commerce (SBAC) Bank, has taken an initiative to raise BDT 2.0 bn from the capital market as part of fulfilling the regulatory requirement. The SBAC Bank, a fourth generation private commercial bank, will go public under the fixed price method subject to approval of the regulators.
- To raise the said amount of capital, the bank will offload 200 mn ordinary shares at an offer price of BDT 10 each. The paid-up capital of the SBAC Bank, which was incorporated in 2013, is BDT 5.65 bn. Meanwhile, the SBAC Bank signed an agreement on March 31 last with its issue manager--ICB Capital Management.

<http://thefinancialexpress.com.bd/stock/sbac-bank-to-raise-BDT-20-bn-from-stock-market-1554611443>

## Esquire Knit to make debut April 9

The Financial Express, April 04, 2019

- Esquire Knit Composite will make its share trading debut on the bourses on April 09 (Tuesday) under 'N' category, officials said. Esquire Knit will make debut as 54th listed company in the textile sector on the Dhaka Stock Exchange (DSE). The textile sector accounted for nearly 5.0 % of the prime bourse's total market cap.
- The company raised a total capital of BDT 1.50 bn through issuing 34.89 mn ordinary shares under the book-building method. The initial public offering (IPO) subscription period for the Esquire Knit Composite, a business unit of the Esquire Group, was held between January 06 and January 20, 2019.
- Of the total shares, 60 % or 20.83 mn shares (worth BDT 937 mn) were reserved for eligible investors at a cut-off price. The remaining shares are offered for public subscription. The cut-off price of Esquire Knit share was fixed at BDT 45 each on July 14 last year by the institutional investors through electronic bidding.
- The remaining 40 % or 14.06 mn shares issued to the general investors, including affected small investors and non-resident Bangladeshis. The general investors got IPO shares at 10 % discount on the cut-off price, meaning they got each share of the company at BDT 40.

<http://thefinancialexpress.com.bd/stock/esquire-knit-to-make-debut-april-9-1554358923>

## Economy

### Bangladesh among top five growing economies: WB

The Financial Express, April 04, 2019

- The World Bank in a report has put Bangladesh among the five fastest growing economies in the world. The outlook was reflected in the report titled 'The Bangladesh Development Update April 2019: Towards Regulatory Predictability' released on Thursday morning.
- The report attributed this astounding growth, despite insufficient private investment, to stable macro and export-oriented industry-focused growth.
- Despite many flaws, it is performing decently in a lacklustre world economy. Incomes are certainly increasing, though not as rapidly as one would infer from official growth statistics, it added.



- The report revealed the growth was caused by manufacturing, construction and a bumper crop harvest, coupled with private consumption, remittance and rural income growth. The report added that regulatory predictability will drive the growth further up.

<http://thefinancialexpress.com.bd/economy/bangladesh/bangladesh-among-top-five-growing-economies-wb-1554363703>

## Defaulters to get another lifeline

BB to relax loan classification policy

The Daily Star, April 07, 2019

- The country's loan classification rules, which were tightened in 2012 to comply with global standards, are set to be relaxed by the central bank as it engineers to bring down the large amount of default loans. In 2012, the central bank had reduced a three-month time frame for treating the three types of classified loans – sub-standard, doubtful and bad – to shine out the banking sector in line with the global norms.
- As per the rules, loans overdue for three, six and nine months are now classified as sub-standard, doubtful and bad respectively. But now, the timeline has been pushed by three months for each category, meaning non-payment for six months would lead to the loan being classified sub-standard. The loan would turn doubtful after non-payment for nine months and bad after 12 months.
- The central bank has already prepared a draft guideline on the issue and its senior management team discussed the matter last week at a meeting.

### KEY POINTS

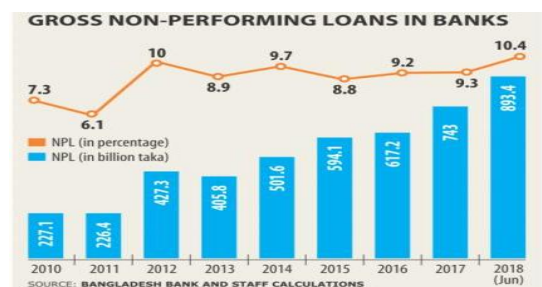
- Banks to enjoy additional three months to classify overdue loans
- Lenders will get a breathing space to keep provisioning
- Default loans to go down
- Banks' profit will rise for the time being
- The policy contradicts global banking norms
- Local lenders to face difficulties to do business with foreign banks

<https://www.thedailystar.net/business/news/defaulters-get-another-lifeline-1726072>

## Addressing the menace of NPLs

The Daily Star, April 07, 2019

- It is heartening to learn that the newly elected government is keen to address the menace of non-performing loans (NPL) in Bangladesh. This is appropriate because restoring the financial health of the banking sector is critical to securing the GDP growth and poverty reduction targets of the Perspective Plan 2041.
- The main challenge is to ensure that the policy reform is well-designed to comprehensively address the NPL problem and not seek quick fixes that simply postpones and magnifies the resolution. This article seeks to provide some inputs to the government's efforts to get a satisfactory NPL reform programme.
- The spread or gap between average deposit rate and average lending rate allows banks to finance their business costs and earn profit on their equity. Every loan has a repayment schedule comprising of repayment of principal and interest.
- A loan becomes NPL when the borrower is unable to pay the scheduled principal and interest for more than 90 days. As the size of NPL grows the financial health of the banking sector weakens because it reduces its ability to earn profit, increase capital base and repay depositors.



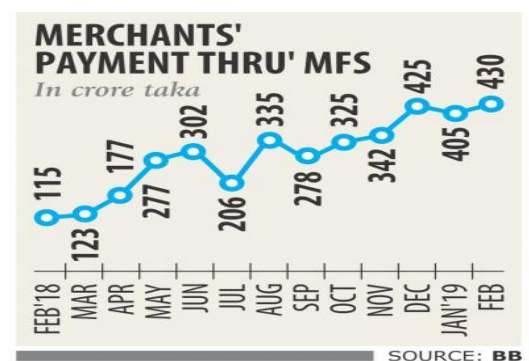
- As of June 2018, gross NPL amounted to BDT 893.4 bn (\$10.8 bn). It was 10.5 % of total outstanding loans. There are two points to note: one is the upward trend in NPLs as a % of total loans and the other is the growing size in value terms.
- Under current Bangladesh Bank regulations, provisioning requirements are 0.25 %-5 % for unclassified loans; 20 % for sub-standard loans; 50 % for doubtful loans and 100 % for bad loans.

<https://www.thedailystar.net/business/news/addressing-the-menace-npls-1726048>

## Paying with MFS at retails gaining traction

The Daily Star, April 07, 2019

- Payments through the mobile financial service platform have trebled in the last one year, in a development that will bring cheer to the central bank as it strives to move towards a cashless society. In February, total MFS merchant payment stood at BDT 429.83 crore, in contrast to BDT 115.43 crore a year earlier, according to data from the central bank.
- At present, people are using MFS to pay for goods at both brick-and-mortar and e-commerce shops and also for rides, tuition fees and utility bills. Even salary disbursement and government payments are made through the platform.
- To further increase the platform's popularity MFS operators are currently providing cashbacks and discounts for making payments through them, a move that also accounts for the spike in transactions, said industry insiders. Currently, about 1 lakh merchants are connected with the platform, of which 80,000 accounts are registered with bKash alone.



<https://www.thedailystar.net/business/news/paying-mfs-retails-gaining-traction-1726069>

## International

### Race to stake claim who first launched 5G

New Age, April 06, 2019

- Early Wednesday in South Korea, Reuters published a story quoting South Korean officials declaring victory over the United States and China as the site of the world's first commercial launch of a fifth generation telecoms network. They made their assertion on the basis that the new network connected to an actual 5G phone. US carriers disputed South Korea's claims to be first.
- After the piece was published, AT&T Inc and Verizon Communications Inc intensified their angry rejections of South Korea's boast in post-publication communications sent to Reuters on Wednesday.
- AT&T said it was the victor because it announced on December 18 that it planned to launch its 5G network in 12 US cities that month. However, its network is available only to consumers using a mobile hotspot device, not on 5G phones.
- Verizon, for its part, countered that it had come first. Hours after the Reuters report, it said it had already launched its 5G network and that it would be available on a new Motorola phone - though only in Chicago and Minneapolis. The intensity with which company representatives disputed each other's claims underscores the high stakes in the

battle for supremacy over an industry that is expected to spend \$275 bn over seven years in the United States alone, according to Accenture estimates.

- The winner is seen playing a central role in helping to generate some \$12.3 trillion in annual revenue across a broad range of industries by 2035, according to IHS Markit. The technology, which can provide data speeds at least 20 times faster than 4G, will also underpin the great advances of the next era, from self-driving cars and augmented reality to smart cities and artificial intelligence.

<http://www.newagebd.net/article/69360/race-to-stake-claim-who-first-launched-5g>

## 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

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](mailto:research@basl-bd.com).