

Stock Market

Weekly analysis: Stocks slip back into red despite tax review

Textile, engineering, pharma sectors dominate turnover board

The Financial Express, July 07, 2019

- Stocks slipped back into the red in the outgoing week that ended on Thursday as tax review measures failed to jack investors' confidence up. Although the government brought some changes to the budgetary measures for the capital market, they failed to make any positive impact on the market.
- The outgoing week saw four trading days as the market remained closed on Monday due to Bank Holiday. Of them, the first three sessions drifted lower while the last one edged higher. Week-on-week, DSEX, the prime index of the Dhaka Stock Exchange (DSE), went down by 49.26 points or 0.91 % to settle the week at 5,380.
- Two other indices also finished last week. The DS30 index, comprising blue chips, fell 14.83 points to finish at 1,910 and the DSE Shariah Index lost 12.43 points to close at 1,233. According to International Leasing Securities, most of the investors followed cautious stance after budget approval and the latest gas price hike made them more cautious.
- The total turnover on the prime bourse stood at BDT 19.47 bn, down from BDT 21.18 bn in the week before as last week saw four trading days instead of five. The daily turnover averaged out at BDT 4.86 bn, registering an increase of 15 % over the previous week's average of BDT 4.23 bn.
- The textile sector continued to dominate the turnover board, capturing 17 % of the week's total turnover, followed by engineering with 15 % and pharmaceuticals 12 %. The market capitalisation of the DSE also fell 0.72 % to BDT 3,975 bn on Thursday from BDT 4,004 bn in the week before.

<http://thefinancialexpress.com.bd/stock/weekly-analysis-stocks-slip-back-into-red-despite-tax-review-1562388281>

Sea Pearl Beach Resort to make debut on DSE, CSE Tuesday

The Financial Express, July 07, 2019

- Sea Pearl Beach Resort & Spa Ltd is set to make its share trading debut on Tuesday (July 09) on the bourses under 'N' category, officials said. Sea Pearl Beach Resort & Spa Limited (the owner of "Royal Tulip Sea Pearl Beach Resort & Spa Cox's Bazar"), a luxury resort & hotel in Bangladesh, started its commercial operation from 17 September, 2015.
- The company raised a fund worth BDT 150 mn from the capital market by floating 15 mn ordinary shares at a face value of BDT 10 each using the fixed price method. The securities regulator -- Bangladesh Securities and Exchange Commission -- approved the IPO proposal of the company on February 19 this year.
- The IPO subscription for shares of the company by the eligible investors through electronic subscription system was held between April 23 and May 06. The company will utilise the IPO fund for interior, finishing, furniture & fixture (157 rooms) 71.22 %, acquisition of land 17.77 %, and bearing the IPO expenses 11.01 %.
- According to the financial statements ended on June 30, 2018, the company's net asset value (NAV) per share stood at BDT 10.48 while the weighted average (three years) earnings per share (EPS) was BDT 0.41.

The company's pre-IPO paid-up capital is BDT 1.0 bn and authorised capital is BDT 2.0 bn. Banco Finance and Investment Ltd and Prime Bank Investment jointly worked as the issue manager for the IPO process.

<http://thefinancialexpress.com.bd/stock/sea-pearl-beach-resort-to-start-share-trading-tuesday-1562329743>

Delisting of dud cos hits snag as BSEC not permitting

New Age, July 06, 2019

- Delisting of non-performing companies from the Dhaka Stock Exchange is in limbo as the market regulator, Bangladesh Securities and Exchange Commission, is yet to allow the country's premier bourse to trash the dud companies and send them to the over-the-counter market, sources said.
- Earlier, on February 12 this year, the board of directors of DSE decided to delist four non-performing companies — Meghna Pet Industries, Meghna Condensed Milk Industries, Imam Button and Savar Refractories — and to send them to the OTC market.
- After making the decision, the bourse sought permission from the BSEC regarding the matter. The BSEC on April 11 formed a committee and asked it to prepare necessary proposals on its notification regarding reconstitution of boards of companies remaining in the 'Z' category, which groups low-profile companies, in the stock exchanges for more than a year.
- The committee is yet to submit its proposals regarding the matter. The notification issued in 2002 permits the non-performing companies to reconstitute their boards if the existing boards continuously fail to improve business of the loss-making companies. The BSEC notification to streamline the companies is in vain.
- The DSE listing regulations have given the bourse enough power to delist any company if the company fails to comply with certain rules. The DSE does not require any permission from the commission to delist companies.

<http://www.newagebd.net/article/77569/delisting-of-dud-cos-hits-snap-as-bsec-not-permitting>

Envoy Textile to issue 87m preference shares

The Financial Express, July 07, 2019

- The board of directors of Envoy Textile Limited has decided to issue 87 mn preference shares at par through private placement to the potential investors. Preference share is a share which entitles the holder to a fixed dividend, whose payment takes priority over that of ordinary share dividends.
- The tenure of the preference shares will be for five years at a face value of BDT 10 each at par for a total amount of BDT 870 mn, said an official discourse on Thursday.
- The said preference shares shall be fully redeemable cumulative non-convertible within five years and to be redeemed the principal amount by yearly equal installments commencing from the first-year end from the date of subscription, according to the disclosure. Dividend will be paid semi-annually in arrear basis at a fixed rate.

- The share issue is subject to the approval of Bangladesh Securities and Exchange Commission for capital investment in BMRE and for settle up the existing high cost debt, the disclosure added. Envoy Textile, which was listed on the Dhaka Stock Exchange (DSE) in 2012, disbursed 10 % cash and 2.0 % stock dividend for the ended on June 30, 2018.

<http://thefinancialexpress.com.bd/stock/envoy-textile-to-issue-87m-preference-shares-1562233889>

BDT 13,447CR AUDIT CLAIMS

BTRC slashes GP, Robi bandwidth

New Age, July 05, 2019

- The Bangladesh Telecommunication Regulatory Commission on Thursday reduced internet bandwidth capacity of Grameenphone and Robi by 30 % and 15 % respectively as the operators refrained from paying the BTRC audit claims worth BDT 13,447.18 crore.
- The commission in two separate directives — one about GP and the other about Robi — asked the international internet gateways (IIGs) to implement the instruction immediately. The IIGs were also asked to refrain from providing additional bandwidth to the mobile operators.
- As per the BTRC's directive, bandwidth capacity of the leading mobile phone operator GP would be limited to 146.96 gigabit per second (Gbps), 30 % lower than the operator's existing consumption.
- Under the BTRC's instruction, Level-3 Carrier Limited would provide highest 40.56 Gbps bandwidth to GP, Aamra Technology 79.8 Gbps, Summit Communications 14 Gbps, Fiber @ Home Global 7 Gbps and Mango Teleservices 5.6 Gbps.
- In a separate directive, the BTRC instructed that the bandwidth supply to Robi Axiata, the second largest mobile phone operator in the country, would be limited to 128.07 Gbps. The figure is also 15 % lower than the operator's existing usage.
- Of the bandwidth, Aamra Technology has been allowed to provide highest 38.57 Gbps to Robi, Summit Communications 48.88 Gbps, Fiber @ Home Global 25.93 Gbps, Level-3 Carrier Limited 10.63 Gbps and Mango Teleservices 4.08 Gbps.

<http://www.newagebd.net/article/77467/btrc-slashes-gp-robi-bandwidth>

ICAB not to renew licence of Coppertech auditor

New Age, July 05, 2019

- The Institute of Chartered Accountants of Bangladesh on Thursday decided not to renew the licence of audit firm Ahmad and Akhtar, which has got embroiled in a controversy over the audit report of little-known Coppertech Industries.
- The ICAB's decision followed Tuesday's Bangladesh Securities and Exchange Commission decision that barred Ahmad and Akhtar from auditing any listed company. Both the decisions mean Ahmad and Akhtar would not be eligible for auditing any company in Bangladesh, said sources in the ICAB.
- A council meeting of the ICAB made the decision not to renew licence of Ahmad and Akhtar because of its non-cooperation with the ICAB over an investigation into the audit report of Coppertech Industries. The

ICAB launched the investigation into the Coppertech audit report, prepared by Ahmad and Akhtar, following a directive of the Financial Reporting Council.

<http://www.newagebd.net/article/77471/icab-not-to-renew-licence-of-coppertech-auditor>

Seminar on financial literacy begins tomorrow

The Daily Star, July 07, 2019

- A four-day regional seminar on financial literacy will begin in Dhaka tomorrow. Bangladesh Securities and Exchange Commission (BSEC) and the Asian Development Bank (ADB) will jointly organise the event at Pan Pacific Sonargaon Dhaka.
- Saifur Rahman, an executive director of the stock market regulator, announced the programme schedule at a press meet at the BSEC office yesterday.
- Stock market experts from Bangladesh, India, Japan, Philippines, Nepal, Cambodia, Thailand, South Korea, Malaysia and Indonesia will take part in the seminar where sessions will be held on financial literacy and how to protect investors' interest, Rahman said.

<https://www.thedailystar.net/business/news/seminar-financial-literacy-begins-tomorrow-1767604>

Morshed elected Mercantile Bank chairman

New Age, July 05, 2019

- Businessman and Member of Parliament Morshed Alam was elected as the chairman of Mercantile Bank at the bank's 345th board meeting on Thursday, said a press release. He is a sponsor director of the bank.
- Morshed, a MP from Noakhali-2, is the founder chairman of 'Bengal Group of Industries'. He is also the chairman of private satellite channel RTV.
- Besides, he is involved in financial services, export oriented textile and apparel industry, real estate and construction materials, hotel and resorts and many other business and industries in the country, said the press release.
- He was the chairman of National Life Insurance Company Limited. He is the member of trustee board of Peoples University of Bangladesh.

<http://www.newagebd.net/article/77476/morshed-elected-mercantile-bank-chairman>

Economy

ADR of pvt banks rises to 86.2pc in March

The banks suffer BDT 620cr shortfall in CRR

New Age, July 06, 2019H

- Advance-to-deposit ratio (ADR) of the country's private commercial banks increased further by 0.3 %age points at the end of March this year amid a slow growth in deposits and rising non-performing loans in the banks.
- As per the Bangladesh Bank's January-March quarter report published on Thursday, ADR of the PCBs increased to 86.2 % at the end of March this year from 75.9 % three months ago.
- High ADR represents high risks for the banks and that's why the BB lowered the ADR of the banks to save them from financial risks as many of the banks had issued credit aggressively in the year of 2017 to maximise profits, BB officials said.
- The BB report also showed that the private commercial banks (excluding the Islamic banks) faced BDT 620 crore in shortfall in maintaining cash reserve ratio (CRR) at the end of March this year due to a poor growth in deposits.
- Banks are supposed to keep 5.5 % of deposits they receive from customers with the central bank as CRR. The banks were supposed to maintain BDT 28,990 crore CRR with the central bank but the entities managed to maintain BDT 28,380 crore CRR with the central bank. They maintained BDT 2,520 crore additional CRR at the end of December, 2018.
- Another BB report that was released in June this year mentioned that ADR of the banks increased as the growth of loans and advances continued to outpace the deposits growth in the year. Thursday's BB report said that overall growth in deposits in the country's banking sector was 11 % year-on-year in March this year against a 13.2-% increase in credit growth at the end of March last year.

<http://www.newagebd.net/article/77570/adr-of-pvt-banks-rises-to-862pc-in-march>

Trade deficit eases by 14.5pc in July-May

New Age, July 06, 2019

- Country's trade deficit in the July-May period in the financial year of 2018-19 dropped by 14.56 % or \$2.5 bn compared with that in the same period of the previous fiscal year due mainly to a moderate growth in export earnings and slowdown in imports.
- Trade deficit eased to \$14.65 bn in the first 11 months of FY19 from \$17.15 bn in the same period of FY18, according to the Bangladesh Bank data released on Thursday. Trade deficit was \$13.67 bn in July-April of the current FY19.
- Asked about the falling import of capital machinery, he said that many of the country's entities might have completed modernisation of their factories, which resulted in the fall in capital machinery import. According to the central bank data, trade deficit eased in July-May of FY19 as imports grew by only 2.62 % against the export growth of 11.45 % in the period.

- Import payments stood at \$51.84 bn in the first 11 months of FY19 from \$50.52 bn in the same period of FY18. The BB data showed that export earnings stood at \$37.19 bn in July-May of FY19 against \$33.37 bn in the same period of FY18.
- Deficit in the overall balance of payment, however, stood at \$682 mn in July-May of FY19 against \$970 mn in the same period of FY18. The situation of current account balance also improved as the deficit dropped to \$5.17 bn from \$8.61 bn due to a rise in remittance inflows.

<http://www.newagebd.net/article/77470/trade-deficit-eases-by-145pc-in-july-may>

Export earnings hit record \$40.5b in FY19

New Age, July 05, 2019

- The country's export earnings in the just concluded financial year of 2018-19 stood at record \$40.53 bn, growing by 10.54 % from \$36.66 bn in the previous fiscal year.
- The amount of export earnings in FY19 was \$1.53 bn higher than the government-set target of \$39 bn for the financial year, according to the provisional data of Export Promotion Bureau to be released on Sunday.
- According to the provisional data, earnings from readymade garment export in FY19 grew by 11.50 % to \$34.13 bn from \$30.61 bn in FY18. The readymade garment export also exceeded by \$1.44 bn the government-set target of \$32.68 bn for FY19.
- Export earnings from woven increased to \$17.24 bn from \$15.42 bn. Knitwear export rose to \$16.18 bn in FY19 from \$15.18 bn in FY18. Trade experts and RMG exporters said that garment orders, especially from the US, to Bangladesh had increased in recent months because of the ongoing trade war between China and the US.



<http://www.newagebd.net/article/77468/export-earnings-hit-record-405b-in-fy19>

Falling demand abroad hits German industrial orders in May

The Daily Star, July 07, 2019

- German industrial companies sustained a sharp drop in incoming orders in May, largely as a result of falling demand from non-EU countries, data showed on Friday, raising fresh fears about the health of Europe's biggest economy, analysts said.
- Industrial orders -- which are closely watched as a barometer of the outlook for Germany's vital manufacturing sector -- shrank by 2.2 % in May, the country's statistics office Destatis said in a statement.
- The decline -- after two successive months of growth -- was steeper than the 0.15 % drop predicted by analysts polled by Factset. The outlook for German producers has been gloomy in recent months owing to knock-on effects from the mounting US-China trade conflict and tensions between Washington and Brussels.

- While domestic orders rose 0.7 %, foreign demand dropped 4.3 % -- with those from EU nations dipping 1.7 % while orders from further afield plunged 5.7 %.

<https://www.thedailystar.net/business/global-business/news/falling-demand-abroad-hits-german-industrial-orders-may-1767586>

Record gas price spike puts squeeze on BD garment makers

The Financial Express, July 05, 2019

- Apparel makers such as Dhaka-based Ananta Group are powering Bangladesh's economic expansion, the fastest in Asia, but a record high gas price spike threatens to derail the industry's growth, according to Nikkei Asian Review.
- In an attempt to cut losses from imported liquefied natural gas, the government raised gas prices by almost one-third on average, effective July 1, the start of the 2020 financial year. The country subsidizes gas and sells it at below production cost, it added.
- With annual sales of more than \$300 mn, the 27-year-old Ananta employs 26,000 people and churns out bottoms, sweaters and men's suits for top Western high-street retailers such as H&M, Gap, Levi's, Marks & Spencer, Jack & Jones and Zara
- Leaders of the industry group echo his sentiments. With gas costs constituting around 1.5 % of manufacturing expenditures in the apparel industry, a 38 % hike in gas price means an almost 1.0 % increase in production costs, noted Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association.
- Government data shows exports of apparel climbed by around 13 % to \$31.73 bn in the 11 months to May, lifted by orders shifting from China as its trade war with the US continues. This represents more than four-fifths of the country's merchandise shipments of \$37.75 bn during the same period.

<https://www.thefinancialexpress.com.bd/economy/bangladesh/record-gas-price-spike-puts-squeeze-on-bd-garment-makers-1562322498>

Govt formulates one stop service rules for BEPZA

New Age, July 07, 2019

- The government has formulated rules for the one stop services by Bangladesh Export Processing Zones Authority under One Stop Service Act, 2018 to ensure all required services to the investors under one umbrella in the zones.
- A central One Stop Service Authority would be formed under the rules and investors at the country's eight export processing zones under BEPZA would get 23 types of services from the authority.
- The Prime Minister's Office has recently issued a gazette notification on the 'One Stop Service (Bangladesh Export Processing Zones Authority - BEPZA) Rules 2019' setting required time from one day to highest 30 days for the services.
- Under the rules, investors in the zones would get services related to visa, work permit, company registration, trade license, tax related registration, environmental clearance, fire fighting license, services on tax and duty, commiserate license, narcotic licence, release of export-import goods, containers and cargo, gas and

electricity connections, boiler licence, banking, acid transportation, duty free car registration and phytosanitary certificate.

<http://www.newagebd.net/article/77703/govt-formulates-one-stop-service-rules-for-bepza>

International

Collapsing bond yields push world stocks to new highs

New Age, July 06, 2019

- Government bonds held near multi-year lows on Thursday on bets the US Federal Reserve would cut interest rates this month and that other major central banks would embrace looser monetary policy, pushing world stocks to new 18-month highs.
- Germany's 10-year government bond yield, a benchmark for euro zone debt, fell to -0.4 % and matched the European Central Bank's deposit rate for the first time — a sign that markets are expecting rate cuts.
- Other benchmark debt yields also held near record lows in the wake of their recent rally. US 10-year Treasury notes had hit their lowest since November 2016 on Wednesday, pushed down by bets that the European Central Bank's next head will maintain a dovish policy stance to buoy the euro zone economy.
- The fall in US Treasuries came after a report showed US companies added fewer jobs than expected in June, raising concerns the labour market is softening even as the current US economic expansion marked a record run last month.
- With Wall Street closed for the Independence Day holiday, investors said they were now focused on Friday's US non-farm payrolls, which economists expect to have risen by 160,000 in June compared with 75,000 in May.

<http://www.newagebd.net/article/77482/collapsing-bond-yields-push-world-stocks-to-new-highs>

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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 call at +8801993111666, +880 02 9515826, Ext: 101 at Business hour. For further query, write to us at research@basl-bd.com.