

Stock Market

Stocks end 4-week bear run on bargain hunting

New Age, October 07, 2018

- Dhaka stocks rebounded in the past week breaking four-week losing streak as investors went for bargaining, hunting share purchase. DSEX, the key index of Dhaka Stock Exchange, gained 1.41%, or 75.39 points, over the week to finish at 5,418.28 points on Thursday, the last trading session of the week after losing 257.74 points in the previous four weeks.
- Out of the 30 traded bank scrips, 27 advanced, just one declined and two remained unchanged while out of the 23 traded NBFIs, 16 advanced, just six declined and one remained unchanged. Among the large capitalised scrips, surge in share prices of Khulna Power Company, United Power Generation Company, BRAC Bank and Investment Corporation of Bangladesh helped the market to rebound on the week.
- Some investors gradually returned to the market over the week after observing improvements in the market after the regulatory moves. The market had dropped in the previous four weeks on concerns about the political uncertainties surrounding the political activities ahead of the national election due in four months.
- On the other hand, share prices of food, telecommunication, miscellaneous and pharmaceuticals declined by 1.6%, 0.8%, 0.4% and 0.2% respectively. The daily average turnover on the bourse increased to BDt 575.80 crore in last week from BDt 569.95 crore in the previous week.
- Out of the 341 traded issues, 219 advanced, 93 declined and 31 issues remained unchanged. DS30, the blue-chip index of DSE, also added 0.72%, or 13.53 points, to close at 1,898.36 points over the week. Shariah index DSES advanced 1.68%, or 20.70 points, to close at 1,250.72 points.
- Khulna Power Company led the turnover chart with its shares worth BDt 235.16 crore changing hands. United Power Generation & Distribution Company, IFAD Autos, Active Fine Chemicals, BBS Cables, Monno Ceramic Industries, Intech Limited, SK Trims Industries, VFS Thread Dyeing and Dragon Sweater and Spinning were the other turnover leaders.

<http://www.newagebd.net/article/52528/stocks-end-4-week-bear-run-on-bargain-hunting>

Weekly analysis: Stocks rebound riding on bank, power issues

The Financial Express, October 06, 2018

- Stocks rebounded last week, ending a four-week losing streak, as optimistic investors showed their buying appetite on large-cap issues. Meanwhile, listed companies with low capitalisation continued to dominate the gainers' chart though they had no price sensitive information (PSI).
- Asia Pacific General Insurance was the week's highest gainer with 36.57% increase, followed by BD Finance with 28.39%, VFS Thread Dyeing 26%, Rahim Textile 25% and Sonali Aansh 24%. The Dhaka Stock Exchange (DSE) also served a show-cause notice on some of the companies several times. However, the companies in their knee-jerk reactions informed the prime bourse that they have no price sensitive information.
- The week featured five trading days as usual. Of them, three sessions closed higher while two posted ended marginally lower. Week-on-week, the DSEX, the prime index of the DSE, went up by 75.39 points or 1.41% to settle at 5,418, after losing 258 points in the past four straight weeks.
- Among the major sectors, power posted the highest gain of 3.93%, followed banking with 2.60%, engineering 1.44% and financial institutions 1.36%. Two other indices also ended higher. The DS30 index, comprising blue chips, advanced 13.53 points to close at 1,899 and the DSE Shariah Index rose 20.70 points to end at 1,250.

- Turnover, another important indicator of the market, stood at BDt 28.79bn which was BDt 28.49bn in the week before. The daily turnover averaged BDt 5.75bn, registering an increase of 1.03% over the previous week's average of BDt 5.70bn. The power sector dominated the week's turnover chart, grabbing 19% of the week's total turnover. It was followed by the textile with 17% and engineering 16%.
- The market capitalisation of the DSE also advanced 0.94% last week. It was BDt 3,859bn on the opening day of the week. It rose to BDt 3,895bn on Thursday, the last trading day of the week. On the other hand, the insurance sector witnessed the highest loss of 10%, followed by food and allied with 1.66%, telecommunication 0.80% and pharmaceuticals 0.20%.
- Of the 343 traded issues, 219 closed higher, 93 ended lower and 31 issues remained unchanged on the DSE floor last week. Khulna Power Company topped the week's turnover chart for the third straight week with 19.49mn shares worth BDt 2.35bn changing hands. The other turnover leaders were United Power with BDt 2.13bn, IFAD Autos BDt 1.59bn, Active Fine Chemicals BDt 962mn and BBS Cables BDt 780mn.

<https://thefinancialexpress.com.bd/stock/weekly-analysis-stocks-rebound-riding-on-bank-power-issues-1538804079>

Mir Akhter Hossain to hold IPO road show October 17

IPO subscription of SS Steels to open Oct 28

The Financial Express, October 07, 2018

- Mir Akhter Hossain Limited, a construction sector company, will hold a road show for eligible institutional investors on October 17 as the company plans to go public under book building method. The company is set to raise BDt 1.25bn from the capital market through initial public offering (IPO) using the book building method.
- The company will utilise the IPO fund for purchasing heavyweight equipment, construction of head office building, set-up two more plants, warehouse and workshop, repaying the bank loans, and meeting IPO expenses, said an official of the company.
- The road show will be held at the Pan Pacific Hotel Sonargoan, where eligible institutional investors will get detailed information about the company. Eligible institutional investors like merchant bankers, asset management companies, stock dealers, banks, mutual funds and collective investment scheme, financial institutions, insurance companies, alternative investment fund managers and other institutions as per approved by the commission will participate in the event. Eligible investors will be allowed to purchase 50% shares of the company at cut-off price, while mutual funds will purchase 10% shares at the same price.
- General public and non-resident Bangladeshis (NRBs) will get 30% and 10% shares respectively at 10% discount from the cut-off price, according to the revised public issue rules.
- IDLC Investment Ltd has been appointed as manager to the issue of the company and Citizen Securities and Investment has been appointed as registrar to the issue of the company. The company owns adequate number of plants, equipment & machinery required for execution of multi storied buildings as well as roads, bridges & flyovers and other infrastructures of any nature, complexity & magnitude.
- SS Steel: The public subscription of S.S. Steel Ltd will be opened on October 28. The company will raise a capital worth BDt 250mn under the fixed price method. The Bangladesh Securities and Exchange Commission (BSEC) approved the company's IPO proposal on July 17 to raise the said under fixed price method. The will be utilised to purchase machineries, construct building and bearing the IPO expenses.

<https://thefinancialexpress.com.bd/stock/mir-akhter-hossain-to-hold-ipo-road-show-october-17-1538803905>

Kattali Textile to allocate 34m primary shares

The company holds IPO lottery draw

The Financial Express, October 06, 2018

- Kattali Textile Limited will allocate 34mn ordinary shares among the successful applicants as the company's IPO lottery draw was held on Thursday. The event was held at the AGB Colony Community Center in Motijheel, according to the Chittagong Stock Exchange.
- The initial public offering (IPO) lottery result has been published on the websites of Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE) and the company. Kattali Textile, which received the IPO approval from the Bangladesh Securities and Exchange Commission (BSEC) on June 26 last, raised a fund worth BDt 340mn from the capital market under the fixed price method.
- The initial public offering (IPO) subscription of the company was opened on August 28 and continued till September 13. The company's IPO oversubscribed by more than 25 times as the company received about BDt 8.56bn against public issue of BDt 340mn.
- The proceeds from the IPO subscriptions of Kattali Textile will be utilised to construct its factory building and employees' dormitory, purchase machinery for an extended unit, install electric transformers and generators, repay bank loans and bear IPO expenses. The company's net asset value (NAV) per share was BDt 20.48 (without revaluation) on June 30, 2017 while its earnings per share (EPS) was BDt 1.94. The NRB Equity Management is acting as the issue manager for the company's IPO.

<https://thefinancialexpress.com.bd/stock/kattali-textile-to-allocate-34m-primary-shares-1538716593>

BD Lamps recommends 20pc cash dividend

The Financial Express, October 05, 2018

- The board of directors of Bangladesh Lamps Limited has recommended 20% cash dividend for the year ended on 30 June 2018. The final approval of dividend will come during the annual general meeting (AGM) scheduled to be held on December 06 at 11:00am in Dhaka, said an official disclosure on Wednesday.
- The record date is October 24, 2018. The company has also reported consolidated earnings per share (EPS) of BDt 4.32, consolidated net asset (NAV) per share of BDt 88.59 and consolidated net operating cash flow per share (NOCFPS) of minus BDt 25.01 for the year ended on 30 June 2018 as against BDt 4.20, BDt 93.71 and minus BDt 4.68 respectively for the same period of the previous year.
- The company also disbursed 30% cash dividend for the year ended on June 30, 2017. There will be no price limit on the trading of the shares of the company today following its corporate declaration. Each share of the company, which was listed on the Dhaka Stock Exchange (DSE) in 1981, closed at BDt 216.60 on Wednesday.
- The company's paid-up capital is BDt 93.71mn and authorised capital is BDt 500mn, while the total number of securities is 9.37mn. The sponsor-directors own 61.96% stake in the company, institutional investors 12.35%, foreign 0.03% and the general public 25.66% as on August 31, 2018, the DSE data shows.

<https://thefinancialexpress.com.bd/stock/bd-lamps-recommends-20pc-cash-dividend-1538632660>

Runner Auto appoints distributor in Bhutan

The Financial Express, October 06, 2018

- Runner Automobiles has appointed authorised distributor in Bhutan as part of exporting motorcycles in the country. The State Trading Corporation of Bhutan (STCB), a state-owned subsidiary company, will play the role of authorised distributor for the Runner brand in Bhutanese market.
- In this regard, the motorcycle manufacturer Runner Automobiles has signed an agreement with the STCB on September 25, 2018, said a statement. During signing ceremony, Mukesh Sharma, managing director & CEO of Runner Automobiles, and Ms. Yeshey Selden, managing director of the STCB, launched four models of Runner Motorcycles ranging between 100 cc to 150 cc capacity.
- For Runner Automobiles, Bhutan is the second international market after Nepal where they have already established Runner branded bikes that were launched in December 2017.

<https://thefinancialexpress.com.bd/stock/runner-auto-appoints-distributor-in-bhutan-1538716131>

Govt decision to offer low-cost bank loans to public servants

Real estate business expects boom-time

The Financial Express, October 06, 2018

- The country's real estate business is expecting a boom-time due to a possible rise in demand fuelled by home loans for public servants at single digit interest rates. Stable political situation and relatively swift electricity connections also remain positive factors in this regard, realtors believe.
- They expect the sector to grow fast following the government's announcement of loan schemes for its more than 10 million employees at 5.0% rate. State-owned Sonali, Rupali, Agrani and Janata banks, and Bangladesh House Building Finance Corporation (BHBFC) will disburse the loans.
- According to the Real Estate and Housing Association of Bangladesh (REHAB), the realtors have over 20,000 ready flats up for sale to middle-class buyers. However, property buyers, especially the middle-class ones, still think that the housing prices have been going out of their affordability.
- The apex body of realtors pinpointed higher flat and plot registration costs as one of the key reasons behind this rise in property prices. The government also imposed 2.0% VAT on the resale of a flat in the 2018-19 fiscal budget, thus making second-hand flats costlier.
- Meanwhile, on September 25, four banks and BHBFC signed a memorandum of understanding with finance ministry to provide low-cost home loans for the public servants. Under the deal, a disburser will charge 10% interest, but a loanee will pay 5.0% interest and the government will subsidise the rest. The loan ceiling will be the highest BDT 7.5mn and the lowest BDT 2.0mn as per an employee's grade and job location. The total amount will be payable in 20 years. According to the Bangladesh Bank data, 14 local private commercial banks are offering home loans at 9.0% to 12% interest rates.

<https://thefinancialexpress.com.bd/economy/real-estate-business-expects-boom-time-1538799387>

Economy

RMG export volume growth outpaces value in EU market as price falling

New Age, October 07, 2018

- Bangladesh's apparel export to European Union in January-July of 2018 witnessed a significant growth in terms of volume but posted a meager growth in value, according to data of European Commission's Eurostat.
- Eurostat data showed that the import of readymade garments from Bangladesh in the first seven months of 2018 stood at 749.20mn kilograms, which was 15.75% higher than 647.23mn kilograms in the same period of 2017.
- But, RMG import of EU from Bangladesh increased only by 3.92% in value to 9.52bn euros in January-July from 9.16bn euros in the same period of last year, data showed. Experts and exporters said that the growth in value of RMG products against the volume was slower because of lower prices offered by the EU retailers and consumers' shift towards low-priced apparel products.
- Eurostat data showed that overall volume-wise apparel import of European Union in January-July of 2018 increased by 5.58% to 2.73bn kg while the import in value increased by 0.06% to 46.66bn euros against 46.63bn euros in January-July of last year.
- Data also showed that the apparel shipment of Vietnam to the EU market in the first seven months of 2018 increased by 2.42% to 1.77bn euros from 1.73bn euros in the same period of last year. Although the value-base shipment of Vietnam to EU witnessed a dismal growth, the volume-base export to the market grew by 19.26% to 88.45mn kg.

<http://www.newagebd.net/article/52529/rmg-export-volume-growth-outpaces-value-in-eu-market-as-price-falling>

Bangladeshi RMG getting popular for trade war: survey

The Daily Star, October 07, 2018

- Bangladesh is becoming a more popular apparel sourcing destination for Western retailers thanks to the ongoing US-China trade war, said a latest survey by the AsiaInspection (AI), a Hong Kong-based global inspection and accreditation body.
- Geographical diversification of sourcing is underway, driven by the need for cost optimisation that predates the current tariff battles, said the latest AI report, which was released on Thursday.
- Among the respondents of the AI mid-year survey, up to three-quarters of businesses said they were already looking for suppliers in new countries or had plans to do so in 2018 -- and some of China's long-standing competitors are emerging as their top choices.
- In Southeast Asia, the popularity of Vietnam and Cambodia is confirmed by the double-digit growth in the third quarter of 2018. Meanwhile, a notable portion of companies working in the cost-sensitive textile sector have mentioned of plans to expand their sourcing to other Asian manufacturing hubs such as Bangladesh.
- On the micro level, Chinese businesses appear to be taking a somewhat relaxed attitude towards the trade war: among the survey respondents, only 36% of the Chinese companies said they felt affected by new US-China tariffs compared to almost 60% in the US.
- The Trump administration has so far levied 25% tariffs on \$50bn of Chinese industrial goods and is considering imposing similar tariffs on another \$200bn of Chinese exports. China immediately retaliated with a 25-percent tariff on imports of soy beans, other agricultural products and automobiles.

<https://www.thedailystar.net/business/news/bangladeshi-rmg-getting-popular-trade-war-survey-1643656>

Janata seeks FID nod to raise deposit rate amid crisis

New Age, October 07, 2018

- State-owned Janata Bank, reeling from loans scams, has sought consent from the Financial Institutions Division for offering more than six% interest rate on deposit against the backdrop of sharp decline in its deposits.
- Janata that suffered loan scams of BDt 1,200 crore involving Bismillah Group in 2012, BDt 5,500 crore involving Crescent Group and over BDt 5,000 crore by AnonTex in the last one year is facing severe liquidity crisis following withdrawal of deposits, said the officials.
- In July, the Financial Institutions Division gave the directive to bring down the interest rate on lending and deposit at single digit from August in line with the commitment from the private banks owners to do so for bolstering private investment.
- Although all the state-owned commercial banks have complied with the directive, only a couple of private banks have implemented it, according to a recent internal probe by Bangladesh Bank.
- Financial Institutions Division's newly appointed secretary Md Ashadul Islam said he would not make any comment on the appeal by the Janata Bank. Janata Bank managing director Md Abdus Salam Azad on Saturday told New Age that his bank overcame the sharp decline in deposit by hiring money from the call money market. Officials said Janata's position was poorest among state-owned banks. The bank is facing a capital deficit of BDt 2,195 crore as of June 30.

<http://www.newagebd.net/article/52526/janata-seeks-fid-nod-to-raise-deposit-rate-amid-crisis>

NBR revenue receipt 20pc short of target in Jul-Aug

New Age, October 07, 2018

- Revenue collection by National Board of Revenue fell BDt 7,274 crore or 20.45% short of target in the first two months of the current fiscal year 2018-2019. Taxmen managed to collect only BDt 28,303 crore in July-August against the collection target of BDt 35,577 crore for the period, according to the provisional data of NBR.
- Tax mobilisation also witnessed very insignificant growth at 1.53% in July-August of the current FY 2019 compared with that of the same period of last FY 2018 due mainly to negative growth in value-added tax and customs duty collections, the data showed.
- VAT collection declined by 2.33% and customs duty by 2.35% in two months compared with the same period of last year. Income tax collection grew by 13.83% in the period.
- Of the total revenue collection, the highest BDt 10,986 crore came from customs duty, BDt 9,714 crore from VAT and BDt 7,603 crore came as income tax. NBR had collected BDt 27,877 crore in the first two months of the last FY 18.

<http://www.newagebd.net/article/52527/nbr-revenue-receipt-20pc-short-of-target-in-jul-aug>

Bangladesh loses BDt 7,000cr a year for breach of IP rights

The Daily Star, October 07, 2018

- Bangladesh is losing a huge amount of revenue due to the infringement of intellectual property rights (IPR) in economic activities, analysts said yesterday.
- The IPR allows inventors or owners of patents, copyrights or brand owners to benefit from their creations or their investment in creation. It helps in the professional marketing of a product and avoid piracy.

- Giving a presentation on the impact of the IPR, Rahman, also director general of the Intellectual Property Association of Bangladesh (IPAB), said abiding by the IPR could add at least BDt 50,000 crore a year to the gross domestic product. Md Abdul Halim, secretary in charge of the industries ministry, said the country should adapt to global norms by bringing necessary changes while formulating the intellectual property act which would contribute to the GDP.

<https://www.thedailystar.net/business/news/bangladesh-loses-BDt-7000cr-year-breach-ip-rights-1643638>

International

Final tweaks in North American trade deal keep lid on e-commerce

The Daily Star, October 07, 2018

- Last-minute changes to a new North American trade deal sank US hopes of making Canada and Mexico allow higher-value shipments to the countries by online retailers, such as Amazon.com, a top Mexican official said on Friday.
- The revised pact was set to double the value of goods that could be imported without customs duties or taxes from the United States through shipping companies to Mexico. But Canada's adoption of a more restrictive threshold during its efforts last month to salvage a trilateral deal prompted Mexican negotiators to follow Canada's lead, Economy Minister Ildefonso Guajardo said on Friday.
- The final version of the trade agreement will insulate retailers in both countries from facing greater competition from e-commerce companies like Amazon.com Inc and eBay Inc. The new deal, called the United States-Mexico-Canada Agreement (USMCA), was meant by US President Donald Trump to create more jobs in the United States. Trump had been highly critical of the prior Nafta agreement since before he ran for president.
- US negotiators originally pushed Mexico and Canada to raise import limits to the US level of \$800 from current thresholds of \$50 and C\$20, respectively. Traditional retailers in Mexico opposed such a big hike, fearing online companies would sell cheap imports from Asia through the United States. Even so, Mexico initially agreed in August to raise the threshold on customs duties and taxes to \$100 in its bilateral deal with the United States.

<https://www.thedailystar.net/business/news/final-tweaks-north-american-trade-deal-keep-lid-e-commerce-1643632>

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 |
| Mr. Monir Hossain Research Associate | monir@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.