

Stock Market

Dhaka stocks snap 11-day gaining streak on profit taking

New Age, January 08, 2019

- Dhaka stocks dropped on Monday, snapping an 11-day positive run as investors went for selling shares to book profits. DSEX, the key index of Dhaka Stock Exchange, lost 0.55 %, or 31.82 points, to close at 5,655.18 points on Monday after gaining 469 points in the previous 11 sessions.
- Investors had purchased shares heavily after the December 30 general election as political tensions eased after the 11th parliamentary polls. In the national polls, the Awami League-led ruling alliance won 288 seats while the opposition alliance led by Bangladesh Nationalist Party secured just seven.
- The turnover on the bourse dipped to BDT 965.53 crore on Monday compared with that of BDT 1,026.76 crore in the previous trading session. The financial sector led the dive with a fall in share prices of bank and non-bank financial institution by 1.02 % and 1.0 % respectively.
- Out of the 30 traded bank scrips, 22 declined, six advanced and one remained unchanged. Average share prices of textile, pharmaceutical, energy and telecommunication sectors dropped by 0.9 %, 0.4 % and 0.32 % respectively.
- Of the 336 companies and mutual funds traded on Monday, 199 declined, 116 advanced and 30 remained unchanged. DSE blue-chip index DS30 declined by 0.51 %, or 10.20 points, to close at 1,963.89 points. Shariah index DSES shed 0.44 cent, or 5.80 points, to finish at 1,289.54 points.
- BRAC Bank led the turnover leaders with its shares worth BDT 25.59 crore changing hands on the day. Olympic Industries, BBS Cables, Singer Bangladesh, Bangladesh Export Import Company, Alif Manufacturing Company, Dragon Sweater, Grameenphone, BD Thai and Paramount Textile were the other turnover leaders. Alif Manufacturing Company gained the most on the day with a 10-% increase in its share prices, while Shyampur Sugar Mills was the worst loser, shedding 6.41 %.

<http://www.newagebd.net/article/61135/dhaka-stocks-snap-11-day-gaining-streak-on-profit-taking>

More IPOs needed

Merchant banks fail to meet expectations in bringing new stocks

The Daily Star, January 08, 2019

- There are 61 merchant banks in the country but they were able to collectively bring in only 14 companies in the capital market last year, widening the gap between demand and supply of stocks. This meant it took an average 4.35 merchant banks to introduce one single IPO (initial public offering) in the stockmarket.
- The 14 companies raised BDT 601 crore in total by offloading shares to the public and institutions, up 141 % from that the previous year when eight companies raised BDT 249 crore. According to the BSEC rules, a merchant bank has to submit at least one IPO proposal to the regulator every two years.
- Listing of new companies, however, grew year-on-year in 2018 but the number is still lower compared to previous years because of lower-than-expected performance of merchant banks. Merchant banks are responsible for bringing in new companies in the stockmarket, but most of them failed to introduce any firm last year.

IPOs IN STOCK MARKET		
YEAR	NUMBER OF COMPANIES/ MUTUAL FUNDS	AMOUNT RAISED (In cr tk)
2018	14	601
2017	8	249.25
2016	11	849.3
2015	16	972
2014	20	1,712.5

SOURCE: DSE

<https://www.thedailystar.net/business/news/more-ipos-needed-1684555>

Textile has room for BDT 50,000cr investment

The Daily Star, January 08, 2019

- Bangladesh has the scope to invest a fresh BDT 50,000 crore in the primary textile sector (PTS) over the next five years as the demand for locally made fabrics has been rising in both the domestic and international markets. The government should supply energy and industrial land at a reasonable price so that the spinners and weavers feel encouraged to invest in the sector, said Mohammad Ali Khokon, president of Bangladesh Textile Mills Association (BTMA).
- Currently, the local spinners can supply 85 % of the raw materials to the export-oriented knitwear sector and 35 to 40 % to the woven sector. The newly-elected BTMA president is hopeful that local weavers can supply 60 % of the requirement for woven fabrics in the next five years, which will also reduce the dependence on imports, especially from China and India.
- Bangladeshi garment makers use 12 bn metres of fabrics in a year for making the export-oriented garment items. Of the quantity, domestic weavers can supply 3 bn metres of fabrics, with the rest imported from India and China. The garment manufacturers have been spending bns of US dollars every year as the domestic textile millers cannot meet all the demand.
- The listed textile mills have been unable to give dividends for years mainly due to higher bank interest rate, high energy prices and other operational costs. The law enforcement agencies used to conduct raids in different markets to seize illegally imported sarees and other fabrics but it has stopped for the last five years.

<https://www.thedailystar.net/business/news/textile-has-room-BDT-50000cr-investment-1684543>

Three new banks on BB board meeting agenda

Dhaka Tribune, January 07, 2019

- In the first meeting of Bangladesh Bank's board of directors' meeting, scheduled for Tuesday, discussion on approval of three new banks is to be the main agenda, according to central bank sources. The proposed three banks are Bengal Commercial Bank, People's Bank and Citizen Bank.
- Last month, the central bank's board had decided to issue a letter of intent (LoI) in favour of Bengal Commercial Bank. Executive Director of Bangladesh Bank Md Serajul Islam told the Dhaka Tribune on Monday that the board had found all the documents provided by Bengal Commercial Bank to be accurate. Now, it depends solely on the board to finally approve the new bank.
- Bengal Commercial Bank has been initiated by Bengal Group of Industries, a local manufacturer of plastic products. Awami League lawmaker Morshed Alam is the chairman of the group, while his younger brother Jashim Uddin is the chairman of the proposed bank.
- In a previous board meeting, held on December 11, the status of the two banks was kept pending as they did not submit all the documents required to become eligible for licenses to operate as a scheduled bank in the country.

<https://www.dhakatribune.com/business/banks/2019/01/07/three-new-banks-on-bb-board-meeting-agenda>

City Group gets licence for economic zone

The Daily Star, January 08, 2019

- City Group yesterday received a pre-qualification licence from the Bangladesh Economic Zones Authority (Beza) to set up an economic zone on 108 acres of land in Munshiganj's Gazaria. The licence is one of the two government

approvals required for opening such a zone. The Hosendi Economic Zone can be expanded to 200 acres in the future, Beza sources said.

- City Group is expecting to generate around 15,000 direct employments through the zone in the next five years. Industries expected to open plants in the zone include those of food and beverage and shipbuilding. The government plans to set up 100 special economic zones to generate one crore jobs, earn over \$40 bn in additional exports and attract \$50 bn in foreign direct investment, all by 2030.

<https://www.thedailystar.net/business/news/city-group-gets-licence-economic-zone-1684537>

Economy

Bangladesh to be world's 41st largest economy in 2019: report

New Age, January 08, 2019

- Bangladesh is poised to climb 19 places in the World Economic League Table to become the world's 24th largest economy by 2033. This was revealed at the World Economic League Table 2019 published by the UK-based Centre for Economics and Business Research at a time of great uncertainty about how global economies will perform and the effects on the construction and infrastructure sector globally.
- Positioned in 43rd place in 2018, Bangladesh is poised to grab the 41st slot in 2019 and is set to take the 36th slot in 2023 and thus will make a long jump to grab the 27th place in 2028. The ranking was made considering some 193 economies of the world.
- According to the World Economic League Table 2019, world economy has had an unusually protracted, if shallow, upswing since the financial crisis of 2008/09 and the global construction sector has played a major part in driving this. According to the table, Bangladesh is a South Asian country sharing land borders with India and Myanmar. With a population of over 163 mn Bangladesh is the eighth most populous country in the world.
- The country has seen robust growth averaging 6.3 % per year over the past decade. Its GDP per capita stands at \$4,600 in PPP international dollars, making it a lower middle income country by the World Bank's definition. Growth in Bangladesh's economy is driven by domestic consumption expenditure, government spending, remittances and exports. The country has made important steps towards modernising its economy in recent years, significant challenges remain.
- As for the economy, the government will also need to explore options on how to increase revenues in order to finance upgrades for infrastructure while maintaining the social safety net. The country is further grappling with the Rohingya refugee crisis.
- Garments are the main export good of the Bangladeshi economy, accounting for over 80 % of total exports in the financial year ending 2017. Remittances are a further important source of income for the country. Around 43 % of Bangladeshis work in the agriculture sector, mostly producing rice and jute. Maize, vegetables and wheat play a smaller albeit growing role in the country.

<http://www.newagebd.net/article/61137/bangladesh-to-be-worlds-41st-largest-economy-in-2019-report>

BD struggling to penetrate into Chinese drug market

The Financial Express, January 08, 2019

- Bangladesh has failed to take advantage of China's removal of tariffs on 28 categories of imported drugs including all cancer medicines, although the country is doing well in terms of exports of pharmaceutical products. Industry insiders said it is not an easy task to export pharmaceutical products to China as like as other goods.

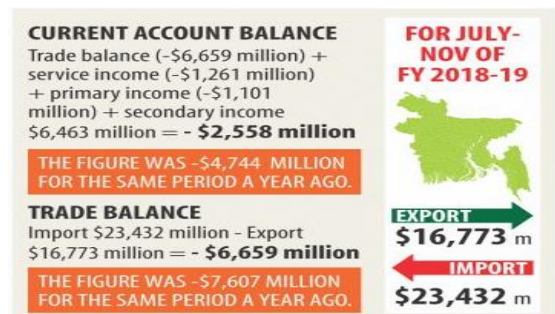
- Another reason they find that both Bangladesh and China are the competitors in the global market for pharmaceutical products. Abdur Rouf, director (commodities) at Export Promotion Bureau (EPB), said drugs do not sell well in a new market.
- Chinese regulatory framework is also an impediment to gaining access of our drugs to the Chinese market. Bangladesh's pharmaceutical exports were more than US\$ 100 mn in the fiscal year 2017-18. The destination countries include United States and some European countries.
- The BDT 22-bn pharmaceutical market is currently meeting 98 % demand of local market which was largely dependent on import until 80s. In the face of high tariffs, multiple layers of distribution, and monopoly supply, imported drugs have been extremely expensive in China.
- An increasing number of Chinese patients are forced to give up treatment at local hospitals and seek solutions from overseas black drug markets. On May 01 in 2018, China eliminated the tariff on 28 categories of imported drugs to address this problem. After the announcement, import tariffs on all common drugs in China including cancer drugs, cancer alkaloid-based drugs, and imported traditional Chinese medicines were exempted. Value Added Tax (VAT) on the production and import of drugs dropped by a large margin.

<http://thefinancialexpress.com.bd/trade/bd-struggling-to-penetrate-into-chinese-drug-market-1546919503>

Trade deficit narrows amid rise in exports

The Daily Star, January 08, 2019

- Trade deficit narrowed 12 % in the first five months of the fiscal year thanks to a rise in exports and a slowdown in imports. At the end of November, trade deficit stood at \$6.65 bn, down from \$7.60 bn a year earlier, according to the central bank's latest data.
- The development comes as a relief for the government, which has sufficient breathing space now to run the economy. Trade deficit hit an all-time high of \$18.25 bn last fiscal year. While unveiling the monetary policy statement for the second half of 2018 the central bank projected that the trade gap may reach \$22.19 bn by the end of the fiscal year, suggesting a stringent state of affairs for the country's macroeconomy.
- Export fetched \$16.77 bn in the first five months of the fiscal year, up 16.75 % year-on-year. Between the months of July and November of 2018, imports rose 6.64 % to \$23.43 bn. Islam went on to urge the government to give more importance to importing capital goods as it is the major ingredient for setting up new industrial units and retrofitting the existing ones. The country's current account deficit also decreased 46 % year-on-year to \$2.55 bn in the first five months of fiscal 2018-19.



<https://www.thedailystar.net/business/news/trade-deficit-narrows-amid-rise-exports-1684558>

India squeezes edible oil import from Bangladesh after robust Q1

New Age, January 08, 2019

- Export of soya bean oil and palm oil from Bangladesh to India has remained almost stalled since September last year, after bullish three months, as India has tightened the duty-free import of the products from Bangladesh. Because of a rise in demand for edible oil in India, import of soya bean and palm oil by Indian traders from Bangladesh stood at \$83.80 mn in July-September of the current fiscal year (2018-2019).

- But, in the October-December quarter Indian traders imported edible oil worth only \$3.84 mn, taking the total import to \$87.64 mn in July-December, as authorities there tightened import of the products from Bangladesh to 'protect the local millers', said exporters.
- Total export of edible oil from Bangladesh to India was around \$13 mn in last fiscal year (2017-2018). Exporters said that India had told the Bangladesh authorities that to get duty-free export facility, Bangladeshi millers, who refine the oils after importing crude oils, must add 30 % value to the products.
- Export Promotion Bureau data showed that the export of soya bean oil to India was \$48.53 mn in July-September of FY19 and the export of the item was only \$0.3 mn in October-December of FY19. Export of palm oil to India in the first quarter of FY19 was \$35.27 mn but the export was only \$3.55 mn in the second quarter of FY19.
- According to sector people, the government allowed five companies — Meghna Group, City Group, BDT Group, Basundhara Group and Sena Kalyan Sangstha — to export edible oil to India.

<http://www.newagebd.net/article/61131/india-squeezes-edible-oil-import-from-bangladesh-after-robust-q1>

BoP deficit rises to \$837m in July-Nov

The Financial Express, January 08, 2019

- Bangladesh's overall balance of payment (BoP) recorded US\$ 837 mn deficit during the July-November period of this fiscal year (FY), 2018-19, over the corresponding period of the previous fiscal. The overall deficit in BoP was \$479 mn during the same period of FY 2017-18, according to the central bank's data.
- Sharp fall in the country's financial account and capital account surplus were primarily responsible for the BoP widening. The volume of financial account surplus almost halved to nearly \$2.06 bn during the first five months of the current fiscal from \$4.09 bn in the matching period of last fiscal, the Bangladesh Bank (BB) data revealed.
- Besides, the amount of capital account surplus dropped to \$49 mn during July-November of FY 19 compared to \$94 mn in the same period of last FY, according to the BB figures. Meanwhile, the country's overall trade deficit narrowed down further to \$6.66 bn during the first five months of the current fiscal.
- The trade deficit was nearly \$7.61 bn during the July-November period of FY 18, the BB data showed. Higher growth in the country's merchandise exports than that of imports reduced the country's overall trade deficit during the July-November period of FY 19.
- Bangladesh's aggregate exports grew by 16.75 % to \$16.77 bn during the first five months of FY 19 compared to \$14.36 bn in the corresponding period of last FY. On the other hand, the country's overall imports posted a 6.64 % growth to reach \$23.43 bn in the first five months of the current fiscal against \$21.97 bn in the same period of last fiscal, according to the BB data.
- The country's service trade gap was \$1.26 bn against in the said period of FY 19 compared to that of \$2.0 bn in the matching period of last FY.

<http://thefinancialexpress.com.bd/economy/bangladesh/bop-deficit-rises-to-837m-in-july-nov-1546919953>

bproperty.com buys Lamudi Bangladesh

The Daily Star, January 08, 2019

- Real estate marketplace bproperty.com has bought Lamudi.com.bd, another portal for buying, selling and renting property, a move which is expected to give them supremacy in the business. Nosworthy's company is scheduled to hold a press conference today to disclose the new development alongside business plans.
- Bproperty.com is a new kind of business venture that provides all legal and banking support to the purchasers and gives marketing support to the real estate and land developers in a single place. It is a part of Emerging Markets

Property Group (EMPG), which also owns top UAE property portal bayut.com and Pakistan's largest property portal Zameen.com.

- The business runs in Bangladesh under a commission model, which is 5 to 15 % based on the property's location, utility services and urbanisation. Opening up in Bangladesh in 2016, bproperty.com said to have thoroughly surveyed and validated over 119,000 buildings in Dhaka and currently has nearly 24,000 properties for sale and rent on their portal.
- Lamudi Bangladesh currently has exclusive agreements with different developers, including Concord Group of Companies, Navana Real Estate, Priyopranon, Imagine Properties, Rangs Properties, Acme Technologies, Rakeen Development Company, Anwar Landmark, Union Development and Technologies, The Civil Engineers, Japan Taguchi Construction Co, Adobe Builders, and JMI Builders and Construction.
- Following the deal, bproperty.com has already started working with these companies in an attempt to push business forward. The company has already expanded business from Dhaka and Chattogram into Sylhet and Cumilla and aims to widen coverage across the country within a short time. It already has two offices in Gulshan and Banani. It recently opened another in Mirpur and is setting up one more in Uttara.

<https://www.thedailystar.net/business/news/bpropertycom-buys-lamudi-bangladesh-1684549>

International

China has 'good faith' to fix trade issues as talks with US resume

New Age, January 08, 2019

- China has the 'good faith' to work with the United States to resolve trade frictions, the Foreign Ministry said on Monday, as the world's two largest economies resumed talks in a bid to end their trade dispute.
- US officials are meeting their counterparts in Beijing this week for the first face-to-face talks since US president Donald Trump and China's president Xi Jinping agreed in December to a 90-day truce in a trade war that has roiled global markets.
- Trump said on Sunday that trade talks with China were going very well and that weakness in the Chinese economy gave Beijing a reason to work toward a deal.
- The two sides agreed to hold 'positive and constructive' dialogue to resolve economic and trade disputes in accordance with the consensus reached by the countries' leaders, Foreign Ministry spokesman Lu Kang told reporters at a regular news briefing.

<http://www.newagebd.net/article/61139/china-has-good-faith-to-fix-trade-issues-as-talks-with-us-resume>

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