

Stock Market

Dhaka stocks slump for 2nd day

New Age, May 08, 2019

- Dhaka stocks slumped for the second day on Tuesday as profit-taking share sales by a section of investors triggered worries among other investors who were yet to recover from the trauma of market slump in recent months.
- DSEX, the core index of Dhaka Stock Exchange, lost 0.97 %, or 52.08 points, to close at 5,289.99 points on Tuesday after losing 52.82 points in the previous trading session. Before the last two days' fall, the index had gained 219 points in three trading sessions.
- Share market analyst and United International University professor Mohammad Musa told New Age that the capital market still was in falling trend. The share prices of textile, non-bank financial institution, telecommunication, bank and energy dropped by 1.7 %, 1.5 %, 1.4 %, 0.6 % and 0.6 % respectively.
- Among the large capitalised scrips, the share prices of Grameenphone, United Power Generation Company and British American Tobacco declined most on the day.
- Out of the 345 issues traded on Tuesday, 262 declined, 57 advanced and 28 remained unchanged. Turnover on the bourse declined to BDT 433.50 crore from BDT 467.34 crore in the previous session. DSE blue-chip index DS30 dropped by 1.03 %, or 19.39 points, to close at 1,861.82 points.
- Shariah index DSES lost 0.97 %, or 11.16 points, to finish at 1,222.47 points. Fortune Shoes led the chart of turnover leaders with its shares worth BDT 32.36 crore changing hands on the day.
- Powergrid, Bangladesh Shipping Corporation, Esquire Knit Composite, Monno Ceramic Industries, Indo-Bangla Pharmaceuticals, Fine Foods, National Tubes, National Polymer and Grameenphone were the other turnover leaders. Monno Ceramics gained the most on the day with a 5.98-% increase in its share prices while Eastern Cables was the worst loser, shedding 15.66 %.

<http://www.newagebd.net/article/71739/dhaka-stocks-slump-for-2nd-day>

Foreign fund at DSE remains negative for 2nd month

New Age, May 08, 2019

- The net foreign investment at Dhaka Stock Exchange remained negative for the second consecutive month in April as the foreign investors continued selling shares amid volatility at the market. The net foreign investment dipped to BDT 154 crore negative in April after BDT 123 crore negative in March.
- In April, the overseas investors sold shares worth BDT 411 crore against their purchase of shares worth BDT 257 crore. In March, the foreign investors sold shares worth BDT 498 crore and bought shares worth BDT 375 crore.
- Before the two months of negative mark, the net foreign investment was BDT 323 crore positive in February and BDT 175 crore positive in January. The foreign investors continued selling shares as the country's capital market has been going through a rough phase, causing the key index to fall by 750 points in 13 consecutive weeks.

- The key DSE index, DSEX, lost 290.80 points in April to close at 5,202.85 points on April 30. The average daily turnover at DSE also dropped to around BDT 320 crore in April compared with that of BDT 430 crore in the previous month.
- The total foreign turnover on DSE plunged to BDT 668 crore in April from that of BDT 873 crore in the previous month. The net foreign investment was BDT 593.47 crore negative in 2018 with nine months of decline on political uncertainties surrounding the December 30 national elections. After the elections, the foreign investors had moved to buy shares with an expectation that the market would turn around.

<http://www.newagebd.net/article/71740/foreign-fund-at-dse-remains-negative-for-2nd-month>

Economy

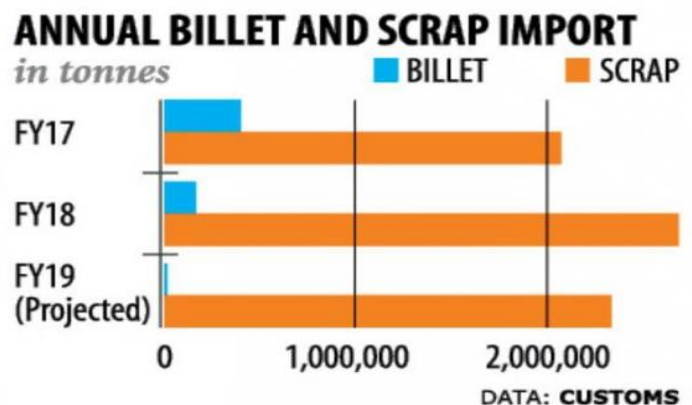
Bangladesh self-sufficient in billet production

The Daily Star, May 08, 2019

- Bangladesh has become self-sufficient in billet manufacturing on the back of huge investment made by large steel mills, which bumped up their production capacity for the key raw material of steel products.
- Local mills now produce around 60 lakh tonnes of billet annually, enough to manufacture 55 lakh tonnes of high-quality rods.
- The expansion spree by the BSRM, Abul Khair Steel, GPH Ispat, KSRM, Metrocem and Anwar

Ispat in recent years has enabled the country to reduce its reliance on imports for billet. The firms went for boosting steel production capacity to meet the burgeoning demand for the construction material.

- Bangladesh used to import billet mainly from China, the US and India when it produced billet below its annual requirement. Now the import demand for billet is insignificant. Billet import fell to 1.65 lakh tonnes in 2017-18 from 16.96 lakh tonnes in 2014-15, according to customs data. Meanwhile, scrap import has soared and Sengupta said the use of scrap has cut the production cost of steel by at least \$158 per tonne.
- On May 2, the price of 60-grade rod was BDT 62,000- BDT 67,000 a tonne, according to the state-run Trading Corporation of Bangladesh. The import of billet has decreased significantly in the last five years owing to the government's policy support, including a duty hike on imports.



<https://www.thedailystar.net/business/news/bangladesh-self-sufficient-billet-production-1740427>

Garment exports to US up 10pc

Shipment to rise further if trade war escalates

The Daily Star, May 08, 2019

- Garment exports to the US increased 10.10 % year-on-year to \$1.08 bn in the first two months of the year, with the shipments expected to grow exponentially if 25 % duty on Chinese imports comes into effect.
- If that materialises, many international retailers will look to Bangladesh as an alternative sourcing destination. Apparel was not in the list of the items subjected to US President Donald Trump's retaliatory 25 % duty last year, but on Friday he announced 25 % duty on \$200 bn worth Chinese imports that include garment items.
- Bangladesh would be benefited if the decision to impose 25 % duty is finally levied, as the US and China are negotiating a trade deal now. A 2018 survey by the US Fashion Industry Association said that companies still source 11 % to 30 % of their apparel from Chinese factories.
- While this is down from 30 % to 50 % the year before, China is still the most important source of clothing, the Bloomberg said. Bangladesh's garment export to the US market has been showing an upward trend over the last few months because of different reasons like the ongoing trade tariff war between the US and China and enhanced workplace safety.

<https://www.thedailystar.net/business/news/garment-exports-us-10pc-1740421>

Loans getting costlier amid cash crunch

The Daily Star, May 08, 2019

- In the last one and a half years a home loan borrower of Delta Brac Housing (DBH) has experienced a hike in his interest rate three times. The private sector employee received a notice on the third hike just this week. From June 1 the borrower will have to pay 11.5 % in interest, a rise from the current 8.75 %.
- The frequent change in the interest rate means the borrower runs the risk of becoming a defaulter as the larger instalment size will put pressure on his monthly budget. The DBH revised down the lending rate for the borrower in October from 11.5 % to 11 % following an ease in the liquidity condition caused by the cut in cash reserve ratio in April.
- But within eight months, it revised the lending rate. Currently, the NBFIs are paying up to 10 % in interest to savers, but it was 7 to 8 % several months back. The deposit rate of banks also went past 10 %.
- Apart from home loans, other business loans are also becoming expensive, as the liquidity crisis is deepening amidst the Bangladesh Bank mopping up cash through sales of the dollar. What is more, there are instances where banks could not disburse loans to clients even after giving approval.

<https://www.thedailystar.net/business/news/loans-getting-costlier-amid-cash-crunch-1740424>

Import payments grow 7.3pc in 9 months, but capital machinery import falls

New Age, May 08, 2019

- Country's overall import payments grew by 7.32 % or \$2.81 bn in the first nine months of the current fiscal year 2018-19 despite fall in import of capital machinery.
- According to Bangladesh Bank's latest data, settlement of letters of credit, considered as actual import, increased to \$41.22 bn during the July-March period of FY19 from \$38.41 bn in the same period of the previous fiscal.
- Although the country's import growth was significant, the import of capital machinery has been falling for last several months. Capital machinery are considered as the driving force for the industrial sector of countries like Bangladesh.
- Import of capital machinery dropped by 9.45 % to \$3.61 bn in July-March of FY19 from \$3.99 bn in the same period of last fiscal year. Growth in capital machinery import was 6.24 % in the entire FY18.
- Besides, growth in import of industrial raw materials slowed down in first nine months of FY19 along with sluggish private sector credit growth that hit 54-month low in March this year. Import of industrial raw materials grew by 9.74 % to \$14.73 bn in July-March period against import of \$13.43 bn in the same period of previous fiscal.

<http://www.newagebd.net/article/71741/import-payments-grow-73pc-in-9-months-but-capital-machinery-import-falls>

Investment proposals increase by 6.92pc in Jan-Mar

The Financial Express, May 07, 2019

- Overall investment proposals with the Bangladesh Investment Development Authority (BIDA) rose by 6.92 % (Taka 14.72 bn) during the January-March quarter in 2019 compared to the previous quarter October to December quarter of 2018.
- During this January to March period, BIDA received some 328 investment proposals involving Taka 227.47 bn, which was Taka 14.72 bn during the October to December quarter, said a BIDA press release. BIDA received 285 proposals involving Taka 142.56 bn from local investors during this January to March period while there were 18 fully foreign and 25 joint venture proposals of Taka 84.91 bn.
- According to BIDA, the highest number of investment proposals came for the miscellaneous industry, which was 36.07 % of the total proposed amount. Proposals for the engineering industry were 17.71 %. Proposals for the service sector were 17.13 % while chemical sector 17.06 % and textile sector 12.04 %.

<http://thefinancialexpress.com.bd/trade/investment-proposals-increase-by-692pc-in-jan-mar-1557230836>

International

Malaysia cuts interest rate for first time since 2016

The Daily Star, May 08, 2019

- Malaysia's central bank Tuesday cut its key interest rate for the first time in almost three years as it looks to boost slowing growth as China-US trade tensions weigh on the economy.
- The move comes as central banks around the world adopt a more dovish stance in the face of a weak global outlook. Bank Negara Malaysia cut the rate from by 25 basis points to 3.00 %, the first reduction since July 2016. The last change was in January 2018 when borrowing costs were increased to 3.25 %.

<https://www.thedailystar.net/business/news/malaysia-cuts-interest-rate-first-time-2016-1740397>

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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.