

Stock Market

Dhaka stocks rebound as student protests ease

New Age, August 08, 2018

- Dhaka stocks rebounded on Tuesday after a two-day fall as investors went for buying shares as student protests for road safety eased. Market operators said investors diverted their funds from low-profile scrips to fundamentally strong stocks on the day after the Dhaka Stock Exchange decided to review the status of 13 non-performing companies.
- DSEX, the key index of the DSE, advanced by 0.53%, or 28.47 points, to close at 5,381.88 points on Tuesday after losing 46 points in the previous two trading sessions. The market began Tuesday's session upbeat and maintained the trend throughout the session as investors went for purchasing blue-chip shares after their worries over the student protests for road safety waned, market operators said.
- The student protests that began after two students were killed by a speeding bus in Dhaka on July 29 took a violent turn on Saturday and the situation worsened in the following two days before easing on Tuesday. Investors focused mostly on the large capitalised scrips after the DSE on Tuesday disseminated on its web site the news that it was reviewing the status of 13 non-performing companies listed under the 'Z' category.
- Turnover on the DSE also advanced to BDT 710.52 crore on Tuesday compared with that of BDT 639.31 crore in the previous trading session. Of the 337 companies and mutual funds traded, 172 declined, 130 advanced and 34 remained unchanged.

<http://www.newagebd.net/article/47881/dhaka-stocks-rebound-as-student-protests-ease>

DSE cracks down on 13 more low-profile cos

New Age, August 08, 2018

- The Dhaka Stock Exchange has decided to take punitive measures against 13 more non-compliant and non-performing companies after delisting two such firms last month to bring discipline in the capital market. The DSE on Tuesday sent letters to the 13 companies asking them to inform the bourse about their current business position and whether they have any business plan to revive their companies. The companies will have to reply to the bourse's letter immediately.
- According to the DSE web site, performance of the 13 listed securities will be reviewed by the DSE in line with listing regulations as the issuers have failed to declare dividends for a period of five years from the date of declaration of last dividend or the date of listing with the exchange.
- The companies are Meghna Pet Industries, ICB Islamic Bank, Dulamia Cotton Spinning Mills, Samata Leather Complex, Shyampur Sugar Mills, Zeal Bangla Sugar Mills, Imam Button Industries, Meghna Condensed Milk Industries, Kay & Que (Bangladesh), Savar Refractories, Beximco Synthetics, Jute Spinners and Shinepukur Ceramics.
- DSE officials said that there were 17 more dud companies under the DSE scanner, which were not complying with the listing and securities laws for years. According to the DSE listing regulations, any listed securities may be delisted if the issuer has failed to declare dividend for a period of five consecutive years and if the issuer has failed to hold its annual general meeting for three consecutive years.
- After the news regarding the 13 companies was disseminated on the DSE web site, the share prices of all the 13 companies faced heavy selling pressure from investors. The share prices of more than two-third of 'Z' category companies slumped on Tuesday.

<http://www.newagebd.net/article/47877/dse-cracks-down-on-13-more-low-profile-cos>

Economy

No rate cut on savings tools this year

The Daily Star, August 08, 2018

- The interest rate on savings instruments will remain unchanged for the time being, in a development that can be termed an about turn for Finance Minister AMA Muhith, who only a couple of days ago indicated it would be lowered.
- The new government, which will take office following the national election scheduled for later in the year, will take a call on the matter, Muhith said yesterday after a review of the interest rate on savings instruments.
- Analysts and banks have long been calling for cuts in the interest rate for savings instruments, which have been deflecting deposits from the banking system. The rate of interest on savings certificates is about 12% whereas deposits with banks yield 6%.
- At the same time, the government's interest expenditure is ballooning for the excessive sales of savings certificates, which has also prevented the state from going for low-cost bank borrowing. In so doing, the government is creating a large financial burden for the near future.
- Besides, lowering of the interest rate on savings certificates was one of the conditions put forward by banks to bring down the lending rate to single digit. At the meeting with the chairmen and managing directors of banks on August 2, Muhith intimated that the interest rate on savings instruments would be cut.
- On the basis of the recommendation of the finance ministry the new government will take a decision.

<https://www.thedailystar.net/news/business/banking/no-rate-cut-savings-tools-year-1617532>

Banks, NBFIs sign up to refinance power, infrastructure projects

The Daily Star, August 08, 2018

- Eight banks and four non-bank financial institutions yesterday signed a participation agreement with Bangladesh Bank to enjoy funds from an Investment Promotion and Financing Facility (IPFF) II project.
- The central bank, as the project's administrator, has formed a \$403.70 mn fund to lend to financial institutions, authorising them to refinance customers in power and infrastructure projects at a lower cost.
- The signatories are Dhaka Bank, Prime Bank, Eastern Bank, Mutual Trust Bank, Dutch-Bangla Bank, United Commercial Bank, One Bank, City Bank, IDLC Finance, Infrastructure Development Company, Bangladesh Infrastructure Finance Fund, and Industrial and Infrastructure Development Finance Company.
- The government received loans amounting to \$356.70 mn from World Bank to implement the IPFF II project. The government provided \$60 mn as a counterpart fund to the project. The total project cost stands at \$416.70 mn, out of which the amount being lent is \$403.70 mn. The rest of the fund will be used as technical assistance.

<https://www.thedailystar.net/news/business/banks-nbfis-sign-refinance-power-infrastructure-projects-1617502>

Inflation eases to 5.51pc in July

New Age, August 08, 2018

- Point-to-point inflation in the country eased to 5.51% in July from that of 5.54% in June due mainly to a decline in non-food inflation in the month. Non-food inflation dropped to 4.49% in July from that of 4.87% in the previous month, according to the Bangladesh Bureau of Statistics data.

- Food inflation, however, increased by 0.20 percentage points to 6.18% in July from that of 5.98% in the previous month, the data showed. According to the BBS data, overall inflation and non-food inflation in both urban and rural areas significantly decreased while food inflation increased in both the areas in July from the previous month.
- In July, point-to-point inflation and non-food inflation stood at 6.37% and 4.50% respectively in urban areas, decreasing from 6.39% and 5.03% respectively in June. Food inflation increased to 8.08% in urban areas in July from that of 7.63% a month back.
- In rural areas, point-to-point inflation and non-food inflation dropped to 5.04% and 4.49% respectively in the month, which were 5.07% and 4.76% respectively in June. Food inflation in rural areas increased to 5.34% in July from 5.25% from the previous month, the data showed.

<http://www.newagebd.net/article/47882/inflation-eases-to-551pc-in-july>

Govt brings fresh funds for entrepreneurs

The Daily Star, August 08, 2018

- The government has introduced an Entrepreneurship Support Fund (ESF) for agro-based industrial, food processing and ICT sectors by abolishing the Equity and Entrepreneurship Fund (EEF), as clients did not pay back loans on time despite enjoying equity at zero interest.
- The ESF fund would provide eight-year term loans at 2% simple interest, the central bank said in a circular yesterday. It has a four-year grace period, after which clients will have to pay 25% principle and interest every year, according to the statement.
- Clients themselves have to provide 51% as equity of the project cost and invest it within one year after securing the approval from the Investment Corporation of Bangladesh (ICB). They must also submit mortgage against the loans.
- The loans will be disbursed in three instalments, the first through the ICB. Clients will have to invest the whole of the first instalment within one and a half years. They would otherwise have to pay back the fund including interest. No other bank loan will be allowed as equity of the projects and no defaulter can get the loan, according to the guideline.

<https://www.thedailystar.net/news/business/govt-brings-fresh-funds-entrepreneurs-1617520>

International

Rebound in Chinese shares, solid US earnings support Asia

The Daily Star, August 07, 2018

- A rebound in battered Chinese stock markets on Monday helped lift Asian equities, which also drew support from earnings-led gains on Wall Street in a welcome relief for investors grappling with an intensifying Sino-US trade conflict.
- Spreadbetters expected European stocks to open slightly higher, with Britain's FTSE rising 0.1%, Germany's DAX advancing 0.15% and France's CAC adding 0.13%. MSCI's broadest index of Asia-Pacific shares outside Japan was up 0.35%.
- The Shanghai Composite Index rose 1.4% as investors snapped up shares that were hit hard during a four-day losing run. Chinese equities were expected to remain volatile as Beijing's trade feud with Washington showed little signs of de-escalation.

<https://thefinancialexpress.com.bd/stock/global/rebound-in-chinese-shares-solid-us-earnings-support-asia-1533620808>

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

Mr. Monir Hossain
Research Associate

monir@basl-bd.com

BASL Branches

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.