

Stock Market

Stocks end 6-week losing spell on budget hope

New Age, June 09, 2018

- Dhaka stocks in the past week snapped a six-week losing streak as a section of investors went on buying shares amid the expectation of corporate tax cut in the national budget.
- DSEX, the key index of Dhaka Stock Exchange, gained 0.43 % or 22.79 points over the week to finish at 5,366.67 points on Thursday, the last trading session of the week, after losing 500 points in the previous six consecutive weeks.
- Although DSEX declined in most of the sessions, it finally witnessed a positive a week amid heavy share buying in two sessions as finance minister AMA Muhith hinted that he would reduce corporate tax of companies in the budget.
- Muhith on Thursday placed the budget before parliament and proposed to cut corporate tax of only listed and non-listed banks, NBFIs and insurance companies.
- Before, last week market was in downward trend for two months mainly due to the poor earnings and dividends disclosures by most of the high-profiled companies including banks.
- Average daily turnover on the bourse, dropped to BDT 424.13 crore compared with that of BDT 453.03 crore in the previous week. Textile and engineering sectors led the turnover.

<http://www.newagebd.net/article/43032/dhaka-stocks-rise-for-2nd-day-on-budget-hopes>

Govt scraps multi-layer taxation on dividend income

New Age, June 09, 2018

- The government has scrapped the multi-layer taxation on dividend income in the proposed national budget for the fiscal year of 2018-19.
- According to the proposed financial bill, companies are waived to pay tax on the taxed dividend income after its distribution to the shareholding resident companies.
- The government made the decision in the wake of strong demand for abolishing the system from the country's leading trade bodies and corporate taxpayers.
- Currently, dividend income up to BDT 25,000 is tax free. A company has to deduct withholding tax at the rate of 20 % on the dividend income while paying the income to other subsidiaries or shareholding companies.
- The withholding tax rate is 10 % if the dividend is given to a resident individual and 30 % for non-resident foreigner.
- The dividend income is being taxed several times before it reaches the parent company and other shareholders while it should be taxed only once at a time when it is distributed to individual shareholders, the trade bodies said.

<http://www.newagebd.net/article/43229/govt-scraps-multi-layer-taxation-on-dividend-income>

Economy

Corporate tax on banks, NBFIs, insurers reduced

New Age, June 08, 2018

- Bangladesh's scam-hit financial sector got another benefit from the government as finance minister AMA Muhith on Thursday proposed cut in corporate tax for banks, non-bank financial institutions and insurance companies by 2.5 %age points.
- Besides, Muhith in the proposed national budget for financial year 2018-19 also allocated BDT 15,963 crore as 'investments in shares and equities', mainly aiming to recapitalise scam-hit state-owned banks.
- He proposed to cut corporate income tax of listed banks, NBFIs and insurance companies to 37.5 % from existing 40 %.
- He also proposed to cut corporate tax to 37.5 % from 40 % for new banks, NBFIs and insurance companies that got licences in 2013 under political considerations.
- The corporate tax for non-listed banks, NBFIs and insurance companies will be lowered to 40 % from 42.5 %.

<http://www.newagebd.net/article/43134/corporate-tax-on-banks-nbfis-insurers-reduced>

Duties on some raw materials for pharma, textiles withdrawn

New Age, June 08, 2018

- The Bangladesh government has provided incentives to the local pharmaceuticals and textile industries by exempting duty on a number of raw materials in the proposed national budget placed before parliament on Thursday.
- Finance minister AMA Muhith announced exemption and concessionary rate of duties on some pharmaceuticals raw materials including that for cancer medicines and active pharmaceutical ingredients.
- The government also proposed exemption of import duties on textile raw materials including flax fibre and flax tow as a continuation of the government support to the 100 % export-oriented sector.
- Besides, the government proposed a reduction in regulatory duty on import of raw materials to keep both the production cost and market price of MS rod low.
- As per the incentives, duty levied on import of raw materials of Ferro Alloy was cut to 10 % from 15 % while specific customs duty on import of Sponge Iron was lowered to BDT 800 a tonne from BDT 1000 a tonne.
- On the other hand, it increased supplementary duties on printed leaflet, brochure, printed postcard, printed card, calendar to 25 % on import and 20 % supplementary duty.
- The government also raised import duties on finished mobile battery charger, UPS/IPS, voltage stabiliser to 15 %, automatic circuit breakers to 10 % and raised supplementary duty on lamp holders to 20 %.

<http://www.newagebd.net/article/43131/duties-on-some-raw-materials-for-pharma-textiles-withdrawn>

Source tax on apparel exports reinstated at 1pc

- Apparel exporters in Bangladesh will have to pay 1 % tax at source in the 2018-19 fiscal, instead of the current 0.7 %, according to officials of the National Board of Revenue.
- Finance minister AMA Muhith in his national budget speech on Thursday proposed to increase corporate tax rate for manufacturers and exporters of readymade garments to 15 % from existing 12 %.
- In the proposed national budget the finance minister also recommended tax rate for green building certificate holding apparel companies at 12 % from existing 10 %.
- He also proposed corporate tax rate for public limited garment companies at 12.5 %.
- NBR officials said that the government in last financial year lowered source tax to 0.7 % from 1 % through a statutory regulatory order.

<http://www.newagebd.net/article/43128/source-tax-on-apparel-exports-reinstated-at-1pc>

Banking sector's growth slows in FY18

New Age, June 09, 2018

- Growth of the banking sector in Bangladesh have declined by 1.22 %age points in the outgoing fiscal year 2017-2018 amid series of scams in the banking sector with growing number of non-performing loans.
- According to Bangladesh Economic Review 2018, growth of the financial sector has declined to 7.90 % in the outgoing fiscal from 9.12 % in the last fiscal year.
- The data also show that banking sector registered a lower 8.51 % growth in the FY18 from 9.95 % in the previous fiscal.
- Besides, the growth of insurance and other sub-sectors also declined to 1.63 % and 9.05 % respectively, it shows.
- Loan scams in a number of banks along with collapse of Farmers Bank pulled down the growth of the financial sector in the FY18, economists said.
- Meanwhile, classified loans in the country's banking sector stood at BDT 88,589 crore as of March this year with an increase of 19.22 % or BDT 14,286 crore during January-March quarter of FY18.
- Despite being unable to pay depositor money following loan scam, state-owned Sonali, Agrani, Janata and Rupali banks provided BDT 160 crore each and state-owned Investment Corporation of Bangladesh provided BDT 45 crore to make a fund of BDT 715 crore to bail out the almost bankrupt Farmers Bank following government instructions.

<http://www.newagebd.net/article/43226/banking-sectors-growth-slows-in-fy18>

Budget waives VAT on local motorcycle industries

New Age, June 09, 2018

- The Bangladesh government has proposed value-added tax exemption and more duty benefits for the local motorcycle industries in the national budget for the fiscal year of 2018-19.
- The businesses in the sector have long been demanding for the VAT exemption and more duty benefits.

- Finance minister AMA Muhith in his budget speech at parliament on Thursday said that the government proposed exemption of VAT on the local motorcycle manufacturers in order to substitute import of foreign motorcycles, attract more investments in the sector and boost export of motorcycles.
- He also proposed continuation of concessionary duty benefits for motorcycle producers including some inclusions, exclusions and changes of parts and raw materials in the statutory regulatory order for enjoying the benefits.
- Duty on mold release preparation, adhesives electric discharging machine fluid and phenolic resin was cut to 5 %.
- On the other hand, the government raised customs duties on bicycle parts including brakes and saddle to 25 % in order to protect domestic producers of bicycle parts.

<http://www.newagebd.net/article/43140/budget-waives-vat-on-local-motorcycle-industries>

Meghna Group to purchase two new oceangoing vessels

The Daily Star, June 10, 2018

- Meghna Group of Industries, one of the leading business empires in Bangladesh, is set to buy two brand new oceangoing vessels for USD50 mn (about BDT 400 crore).
- This is the first time in the country's history that a private sector company is buying brand new bulk vessels. Each ship is of 64,000 deadweight tonnes.
- The state-of-the-art vessels will be equipped with the latest technology and modern machineries, the group said in a statement.
- The vessels will help Bangladesh remain competitive in the global freight market and the end consumers will also benefit as the goods will be priced competitively.
- The project will generate a large number of direct and indirect employment opportunities including those of stevedores, shipping agents and others, according to the statement.

<https://www.thedailystar.net/business/meghna-group-purchase-two-new-oceangoing-vessels-1589059>

Tax break extended for local mobile phone makers

New Age, June 08, 2018

- Finance minister AMA Muhith on Thursday proposed imposing 2 % surcharge on imports of mobile handset and reducing import duty on raw materials for handset manufacturing in the national budget for 2018-19 fiscal.
- In line with last year's budget policy promoting local manufacturing of handsets, the government also exempted value-added tax and surcharge for manufacturing handsets locally.
- Under the proposed rate of import duty, 40 kinds of raw materials for manufacturing handsets will be subject to just 1 % surcharge instead of existing 5-25 % of such taxation.
- In the outgoing 2017-18 fiscal, the government increased customs duty on imports of mobile handset to 10 % from 5 %. Despite the imposition of import duty, imports of the handsets rose 9.6 % to 3.4 crore units in 2017 due to growing demand.
- Although imposition of import duty was to encourage local manufacturing, most of the country's handset demands are still fulfilled with imported ones.

<http://www.newagebd.net/article/43141/tax-break-extended-for-local-mobile-phone-makers>

International

Ant Financial raises USD14b in world's largest-ever single fundraising

The Daily Star, June 10, 2018

- Ant Financial Services Group, operator of China's biggest online payment platform, on Friday said it raised around USD14 bn in what market watchers called the biggest-ever single fundraising globally by a private company.
- The cash will boost Ant's firepower ahead of a widely expected initial public offering (IPO) in Hong Kong and mainland China as early as next year - though the company has neither publicly set a timetable nor chosen a likely stock exchange.
- The exercise amounted to the largest confirmed single fundraising round in history, according to data provider Crunchbase.
- Ant Financial, spun off from Alibaba Group Holding Ltd before the e-commerce firm's 2014 listing, has played a major role in shaping China's financial technology landscape. It oversees the largest mobile payment app in what is increasingly becoming a cash-less society.
- In a statement, Ant said the funding included both US dollar and Chinese yuan tranches. The dollar share made up over USD10 bn, said people with knowledge of the matter.

<https://www.thedailystar.net/business/ant-financial-raises-14b-worlds-largest-ever-single-fundraising-1589056>

World stocks markets ease, dollar gains amid trade tensions

The Financial Express, June 10, 2018

- Global stocks mostly eased while the dollar rose on Friday as expectations that trade tensions will dominate the Group of Seven countries' summit weighed on sentiment.
- MSCI's gauge of stocks across the globe shed 0.31 %. It was still on track, however, to break a three-week streak of losses. US stocks were nearly flat, reports Reuters.
- Investors were anxious about the G7 summit, kicking off Friday in Quebec, where mounting risks of a tariff war between the United States and its major trade partners are in the spotlight.
- European markets edged lower amid the trade tensions where the pan-European FTS Eurofirst 300 index lost 0.25 %.
- The Dow Jones Industrial Average rose 24.95 points, or 0.1 %, to 25,266.36, the S&P 500 gained 0.54 point, or 0.02 %, to 2,770.91 and the Nasdaq Composite dropped 6.82 points, or 0.09 %, to 7,628.25.
- The US dollar rose after a four-day losing streak, while perceived safe-haven currencies such as the yen gained as investors grew cautious.

<https://thefinancialexpress.com.bd/stock/global/world-stocks-markets-ease-dollar-gains-amid-trade-tensions-1528525184>

BASL

BASL received cheque of BDT 8.46 crore from ICB for affected investors



Bank Asia Securities Ltd received cheque of BDT 8.46 crore from ICB for its affected investors on Thursday at the premises of ICB. The loan was given at 5% interest rate under refinancing scheme for affected investors in 2010. DMD of ICB-Md. Mosaddake-UI-Alam, General Manager- Md. Kamal Hossain Gazi, Deputy General Manager-Md. Nazrul Islam, Deputy General Manager-Tarek Nizamuddin Ahmed from ICB and DMD of Bank Asia and Director of Bank Asia Securities Ltd- Md. Sazzad Hossain, CEO-Sumon Das, Head of Finance-Md. Nahid Reza from Bank Asia Securities Ltd were present at the event.

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About Bank Asia Securities (BASL)

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).

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