

Stock Market

Stocks keep slumping on PLFS liquidation move

New Age, July 09, 2019

- Dhaka stocks dropped for the third session on Tuesday amid panic selling as investors were unnerved by liquidation news of Peoples Leasing and Financial Services, a non-bank financial institution. DSEX, the key index of Dhaka Stock Exchange, dropped by 0.72 %, or 38.57 points, to close at 5,280.04 points on Tuesday.
- Share prices of textile, telecommunication, pharmaceutical and bank sectors dropped by 1.4 %, 1.2 %, 0.6 % and 0.3 % respectively. Out of the 353 scrips traded on the day, 242 declined, 86 increased and 24 remained unchanged. Turnover on the bourse rose to BDT 512.91 crore on the day from BDT 424.66 crore in the previous session.
- DS30, the blue-chip index of DSE, shed 0.56 %, or 10.64 points, to close at 1,875.52 points. DSE Shariah index DSES declined by 0.71 %, or 8.74 points, to close at 1,207.49 points. Runner Automobiles led the turnover chart with its shares worth BDT 18.97 crore changing hands.
- Asian Tiger Sandhani Life Growth Fund, National Life Insurance, JMI Syringe, United Power Generation Company, Sinobangla Industries, Rupali Insurance Company, Grameenphone, Global Insurance and Rupali Life Insurance were the other turnover leaders.
- EXIM Bank 1st Mutual Fund gained the most on the day with a 10-% increase in its share prices as the company offered two rights shares against each existing share while Peoples Leasing and Financial Services was the worst loser, shedding 10 %.

<http://www.newagebd.net/article/78001/stocks-keep-slumping-on-plfs-liquidation-move>

LIQUIDATION OF PEOPLE'S LEASING

General shareholders may lose BDT 193cr

The Daily Star, July 10, 2019

- The general shareholders of People's Leasing and Financial Service (PLFS) that is staring at liquidation are likely to lose their entire amount, further raising the stakes for the government to penalise those responsible for driving the company into the ground.
- As of May 31, retail investors held 68 % of the non-bank financial institution's stock, according to the Dhaka Stock Exchange. If the liquidation goes through -- which will be a first in Bangladesh's financial sector -- the general shareholders stand to lose about BDT 193.52 crore and institutional investors BDT 25.75 crore.
- The general shareholders' turn comes in the end, once all parties have been paid off. They get a sum if the net asset value per share is positive. The NBF's problems began in earnest in 2013-14, when some of its directors made off with more than BDT 1,000 crore by way of submitting fake documents, according to a central bank inspection report.
- In 2015, the central bank had removed five directors for their involvement in the financial scandal. But it was not enough. Since then the bank has been on a downward spiral. For instance, in the first nine months of last year PLFS's operating expenses stood at BDT 22.48 crore against the operating income of BDT 2.05 crore.

- The NBFIL has failed to repay the depositors' money despite maturity of the funds, found the central bank report. Default loans and net losses have recently escalated as well.

<https://www.thedailystar.net/business/news/general-shareholders-may-lose-BDT-193cr-1769224>

Gas price hike to raise ceramic production cost

Local manufacturers say

The Daily Star, July 10, 2019

- The recent gas price hike will increase the cost of ceramics production by 10 %, which will be a huge blow to the local ceramic manufacturers and consumers, sector people said.
- The government has increased gas prices by 37.89 % for industrial use, 43.97 % for captive power and 7.5 % for compressed natural gas (CNG), which became effective from yesterday.
- In fiscal 2017-18, local ceramic makers exported goods to over 50 countries worth around \$50 mn, a 20 % year-on-year rise, according to the BCMEA.

<https://www.thedailystar.net/business/news/gas-price-hike-raise-ceramic-production-cost-1769215>

Economy

Banks to cut tax on interest against foreign currency deposits

The Financial Express, July 10, 2019

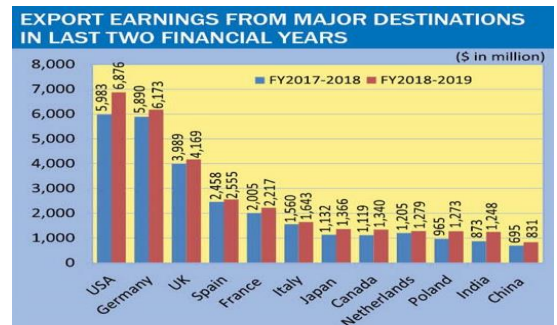
- Bangladesh Bank on Tuesday asked all the banks to deduct applicable taxes on the interest that were generated from the deposits in the non-resident foreign currency deposit (NFCD) accounts. The BB's instruction was issued in line with a statutory regulatory order of the National Board of Revenue issued on June 23 this year.
- The NBR SRO withdrew its earlier instruction of 1982 when it exempted taxes on the interest income generated from the deposits in the NFCD accounts.
- As per the general policy of NBR, banks are supposed to deduct 10 % tax on the interest income generated from deposits in any account. If any account holder does not have any Tax Identification Number, banks charge 15 % tax on the interest income.
- Meanwhile, in another circular, BB asked banks to report properly through 'online international card monitoring system' of the central bank for the foreign exchange released through international cards (prepaid/debit/credit) for travelling abroad on health ground.

<http://www.newagebd.net/article/78003/banks-to-cut-tax-on-interest-against-foreign-currency-deposits>

Export earnings from US, India shine in FY19

New Age, July 09, 2019

- The country's export earnings from United States in the just concluded financial year 2018-19 stood at record \$6.87 bn with 14.92 % growth from \$5.98 bn in the FY18 as a good number of apparel buyers shifted their orders from China to Bangladesh due to US-China trade tension.
- Exporters said that following slow growth for couple of years, export earnings from the US rebounded in the FY19 mainly due to the US-China trade war. According to the Export promotion Bureau data, readymade garment export to the US, the largest export destination for Bangladesh, in FY19 grew by 14.60 to \$6.31 bn from \$5.35 bn in FY 18.
- EPB data showed that, export earnings from the United Kingdom in just concluded fiscal year grew by 4.51 % to \$4.16 bn from \$3.99 bn in the FY18. RMG exports to the UK in FY19 increased by 3.62 % to \$3.86 bn from \$3.72 bn in FY18.
- Export earnings from Germany, the second highest export destination for Bangladesh, in FY19 grew by 4.79 % to \$6.17 bn from \$5.89 bn in the FY18. The country's readymade garment export to India in FY19 witnessed a huge surge by 79.09 % to \$ 499.09 mn from \$ 278.67 mn in FY 18.



<http://www.newagebd.net/article/77999/export-earnings-from-us-india-shine-in-fy19>

Inflation drops slightly in FY19

New Age, July 10, 2019

- The average annual inflation dropped by 0.3 %age points year-on-year and stood at 5.48 % in the just concluded financial year of 2018-2019, according to data of Bangladesh Bureau of Statistics.
- The government had set a target of containing point-to-point inflation at 5.6 % in FY19 against the average annual inflation at 5.78 % in FY 2017-18. The overall inflation had increased for five consecutive months since January after declining for 12 months in a row.
- Both food and non-food inflation also dropped to 5.40 % and 5.71 % respectively in June from 5.49 % and 5.84 % in May, according to the data. According to the BBS data, the prices of food items like rice, pulse and vegetables declined in June.
- Both general, food and non-food inflation dropped to 5.78 %, 5.01 % and 6.64 % respectively in the urban areas in June. In May, general inflation, food and non-food inflation was 5.96 %, 5.09 % and 6.95 % respectively in the urban areas.
- Overall inflation and food inflation in the rural areas also declined to 5.38 % and 5.58 % respectively in June from that of 5.44 % and 5.67 % in the previous month. Non-food inflation in the rural areas, however, remained unchanged at 5.01 % in the month, the data showed.

<http://www.newagebd.net/article/77996/inflation-drops-slightly-in-fy19>

Proposed land-based LNG terminal to double BD's regasification capacity

12 firms vying for the project

The Financial Express, July 10, 2019

- The government is working towards setting up a land-based LNG terminal, which will double the country's regasification capacity to 15 mn tonnes per year by June 2023.
- Presently, two LNG import terminals having floating, storage, regasification units (FSRUs) with a capacity of 3.75 mn tonnes per year each are operating at Moheshkhali.
- They are regasifying around 550 mn cubic feet of LNG per day (mmcf), almost half of their total capacity of 1,000 mmcf. A total of 12 global firms and their joint ventures are now vying to bag the contract to build the country's first land-based LNG terminal at Matarbari, which will handle 7.5 mn tonnes of LNG per year (Mtpa).
- Of the 12 firms, four are from Japan, two from Bangladesh, and one each from the Netherlands, France, Qatar, Hong Kong, Korea and India.

<http://thefinancialexpress.com.bd/trade/proposed-land-based-lng-terminal-to-double-bds-regasification-capacity-1562732522>

International

IBM closes \$34b deal to buy Red Hat

New Age, July 10, 2019

- International Business Machines Corp said on Tuesday it has closed its \$34 bn acquisition of software company Red Hat Inc as it looks to ramp up its cloud computing business. Underscoring the drive into high-margin businesses, IBM in October agreed to buy Red Hat, the company's biggest acquisition in its more than 100-year history.
- Ginni Rometty, IBM chief executive since 2012, has steered the company toward faster-growing segments such as cloud, software and services and away from traditional hardware products, but not without a bumpy journey. The newer areas of focus have sometimes underwhelmed investors.
- The company, which won approval for the purchase from EU regulators in late June and US regulators in May, agreed to pay \$190 a share for Red Hat, representing a 63 % premium.
- Founded in 1993, Red Hat specialises in Linux operating systems, the most popular type of open-source software and an alternative to proprietary software made by Microsoft Corp. IBM has faced years of revenue declines as it transitions from its legacy computer hardware business into new technology products and services.

<http://www.newagebd.net/article/78007/ibm-closes-34b-deal-to-buy-red-hat>

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

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 call at +8801993111666, +880 02 9515826, Ext: 101 at Business hour. For further query, write to us at research@basl-bd.com.