

Stock Market

Stocks gain as some large caps surge

New Age, October 10, 2018

- Dhaka stocks increased on Tuesday despite a fall in the share prices of most of the traded scrips as some large-capitalised companies including Square Pharma, Olympic, ACI and Grameenphone soared. DSEX, the key index of Dhaka Stock Exchange, increased by 0.27 %, or 14.86 points, to close at 5,455.81 points on Tuesday after gaining 30.13 points in the previous two sessions.
- The market ended positive as a number of large-capitalised scrips including Square Pharmaceuticals, Grameenphone, Olympic Industries, Summit Power and ACI Limited soared on the day. A section of investors went for buying shares with an expectation of better financial results and dividends for the year ended June, 2018 while some others reshuffled their portfolios to maximise profits.
- The average share prices of pharmaceuticals, energy, telecommunication, and textile sectors added 1.6 %, 1.0 %, 0.9 % and 0.6 % respectively. The average share prices of bank, non-bank financial institution and miscellaneous sectors dropped by 0.61 %, 0.6 % and 0.2 % respectively. The turnover on DSE inched down to BDT 801.21 crore on Tuesday compared with that of BDT 801.42 crore in the previous trading session.
- The average share prices of energy, food, textile and engineering sectors also advanced by 2.2 %, 1.1 %, 0.9 % and 0.5 % respectively. Of the 336 companies and mutual funds traded on Tuesday, 195 declined, 101 advanced, and 42 remained unchanged. DS30, the blue-chip index of DSE, also advanced by 1.00 %, or 19.24 points, to close at 1,928.93 points. Shariah index DSES added 1.10 %, or 13.95 points, to finish at 1,278.02 points. Khulna Power Company led the turnover chart with its shares worth BDT 85.14 crore changing hands.
- United Power Generation Company, Olympic Industries, Summit Power, BBS Cables, Confidence Cement, Square Pharmaceuticals, Active Fine Chemicals, IFAD Autos and Dragon Sweater were the other turnover leaders. Meghna Cement Mills gained the most on the day with a 10-% increase in its share prices, while Shyampur Sugar Mills was the worst loser, shedding 9.03 %.

<http://www.newagebd.net/article/52774/stocks-gain-as-some-large-caps-surge>

1ST FIVE DAYS OF MNP SERVICE

GP sees highest departure of users, Robi highest opt-in

New Age, October 10, 2018

- More customers of leading mobile phone operator Grameenphone have shown interest in leaving the operator by using recently introduced mobile number portability service than that of three other operators, according to the Bangladesh Telecommunication Regulatory Commission data released on Tuesday.
- The government in the early hours of October 1 introduced the much-awaited MNP service with a view to facilitate customers changing their operators without changing their existing mobile numbers. As per the first five days' porting data submitted by the MNP operator, Infozillion Teletech BD Consortium, to BTRC, customers of four mobile phone operators — Grameenphone, Robi Axiata, Banglalink and Teletalk — made 10,122 requests to change their operators.
- Of the requests, 41.31 % or 4,181 customers managed to complete switching operators successfully, while 57.91 % or 5,862 requests were rejected on different grounds and less than one % or 79 requests were under process for porting.

- BTRC statistics showed that 4,616 customers of GP, that has 7.07 crore subscribers in total, made requests for leaving the operator. Of the requests, 1,834 customers were ported in successfully to other operators and 2,782 requests were rejected by the operator on different grounds.
- Most of the GP customers (1,356) opted for Robi network, while another 450 and 28 customers were ported in to Banglalink and Teletalk respectively from GP network. The statistics showed that 1,515 customers made requests for porting in to the GP network from other operators. Of which, 682 requests were successfully executed and the rest 833 requests were rejected on different grounds.
- Of the requests, 2,341 customers entered into Robi network successfully and the rest 3,550 requests were rejected. Robi's 1,954 customers made requests for leaving the operator. Of the requests, 972 were executed successfully and the rest 982 requests were rejected. Banglalink, the third largest mobile phone operator with subscriber base of 3.35 crore, received the second highest number of requests for leaving the operator.

<http://www.newagebd.net/article/52771/gp-sees-highest-departure-of-users-robi-highest-opt-in>

Economy

Bangladesh Bank's fresh guidelines for banks risk management

New Age, October 10, 2018

- Bangladesh Bank on Tuesday issued risk management guidelines afresh scrapping earlier one against the backdrop of the growing non-performing loans and increasing risk in the country's banking sector. The central bank's off-sight supervision department issued the circular with a view to strengthen banks' risk management system.
- A BB circular issued in this regard on Monday said that the newly guideline would nullify the BB circulars which were issued in this regard on February 15, 2012 and September 9, 2015. Each bank will have to prepare a comprehensive risk management guideline (CRMG) under the latest guidelines and considering its nature, size and complexities of business activities, said the BB circular adding that the new guidelines would come into effect immediately.
- Banks will have to get approval on the CRMG from the board and must submit a copy of the CRMG to Bangladesh Bank, the BB guideline said. The BB circular also instructed that the banks will have to review the guideline at least once a year for adapting with the changing environment.
- Besides, banks must reconstruct its risk management organogram and appoint chief risk officer (CRO) as the head of risk management department (RMD) following the instructions of the revised risk management guidelines issued by BB. Bank were asked to submit risk management reports for successive months of each quarter along with the minutes of monthly executive risk management committee (ERMC) meeting within the next month of the reporting quarter.

<http://www.newagebd.net/article/52770/bangladesh-banks-fresh-guidelines-for-banks-risk-management>

Inflation rate drops slightly in September

The Financial Express, October 09, 2018

- The point-to-point inflation rate in September dropped to 5.43 % compared to that of 5.48 % in the previous month, official data showed. Bangladesh Bureau of Statistic (BBS) data, unveiled Tuesday, showed that although the overall inflation rate decreased slightly by 0.05 %age points last month but the non-food inflation has increased in the same time.

- According to the BBS data, the inflation rate for the non-food items has risen significantly to 5.45 % in September than that of 4.73 % in the previous month August. Meanwhile, the point-to-point inflation for the food item has dropped slightly to 5.42 % in the last month from that of 5.97 % in the previous month August.
- In the rural Bangladesh, the inflation rate in September was 4.99 % in the past month compared to 5.05 % in August this year. In the urban area, the point-to-point inflation was recorded lower at 6.23 % in September from that of 6.28 % in August.

<http://thefinancialexpress.com.bd/economy/inflation-rate-drops-slightly-in-september-1539085284>

IMF projects Bangladesh GDP growth to fall to 7.1pc

The Financial Express, October 10, 2018

- International Monetary Fund on Tuesday projected that Bangladesh gross domestic product (GDP) growth would fall to 7.1 % in the current fiscal year 2018-2019 compared with the 7.86 % growth of the last FY18. The IMF's projected GDP growth for current FY is also much lower than the government's target of 7.8 % for the year. Earlier on September 26, Asian Development Bank forecasted that the country's economy would grow by 7.5 % in the current FY19.
- IMF's projection is, however, closed to that of World Bank's estimation which early this month said that economic growth of Bangladesh would be 7 % in the FY19. The factors behind the IMF's GDP projection for Bangladesh at lower rate could not be known as it did not release any analysis on Bangladesh growth. IMF in its previous WEO-April 2018 made 7 % GDP growth outlook for Bangladesh economy.
- The global lending agency also retained its medium-term growth projection at 7 % for Bangladesh during FY 2023. According to the IMF, the country's point-to-point inflation would reach at 6.1 % in FY 2019, higher than its previous projection at 6 %. It said that the current account deficit would be 2.7 % of GDP in FY 2019, higher than its previous projection at 2.3 % made in April this year.

<http://www.newagebd.net/article/52773/imf-projects-bangladesh-gdp-growth-to-fall-to-71pc>

Inequality alarming

Bangladesh ranks 148th among 157 countries in Commitment to Reducing Inequality Index of Oxfam

The Daily Star, October 10, 2018

- Bangladesh is performing poorly in reducing the gap between the rich and the poor despite posting more than 7 % economic growth in recent years as it ranked 148 among 157 countries in this year's "Commitment to Reducing Inequality Index" of Oxfam.
- In South Asia, Bangladesh is only ahead of Bhutan, lagging behind the Maldives, Sri Lanka, Afghanistan, Pakistan, Nepal and India, according to the report published yesterday. In the overall ranking, the Maldives ranked 68, Sri Lanka 102, Afghanistan 127, Pakistan 137, Nepal 139, India 147 and Bhutan 152.
- The index is based on a new database of indicators, which measures government action on social spending, tax and

WHICH COUNTRIES ARE DOING WORST?

CRI Index ranking out of 157 countries - the 10 countries at the bottom of the Index

	OVERALL CRI RANK	SPENDING ON HEALTH, EDUCATION AND SOCIAL PROTECTION	PROGRESSIVITY OF TAX POLICY	LABOUR RIGHTS AND MINIMUM WAGES
Bangladesh	148	146	103	148
Singapore	149	91	157	71
Lao PDR	150	153	44	146
Madagascar	151	135	142	143
Bhutan	152	81	153	147
Sierra Leone	153	143	132	150
Chad	154	145	138	154
Haiti	155	133	145	156
Uzbekistan	156	42	156	132
Nigeria	157	157	104	133

labour rights -- three areas found to be critical to reducing the gap. Bangladesh ranked 146 on spending, 103 on taxation policies and 148 on labour rights and wages, according to the report jointly produced by the Oxfam and the Development Finance International (DFI).

- The index, which is in its second edition, found that countries such as South Korea, Namibia and Uruguay are taking strong steps to reduce inequality. Oxfam's research has shown that since the turn of the century, the poorest half of the world's population have received just 1 % of the total increase in global wealth, while the top 1 % have received 50 % of the increase.
- The report also said tax compliance is a significant issue as the number of income taxpayers in countries like Bangladesh, Pakistan and others is very low. Instead of broadening their tax bases by enforcing taxation on companies and individuals, countries tend to rely upon value-added tax and other indirect taxes. Gender-sensitive taxation is not sufficiently addressed, resulting in women and girls being unfairly taxed and in need of better-funded essential public services.

A slice of Chinese garment export relocating to Bangladesh

The Financial Express, October 09, 2018

- Benefits from a stepped-up US-China trade war -- in the shape of increased garment export orders -- are reportedly accruing to Bangladesh. By all accounts, an intensified trade war between the US and China is making American apparel buyers tilt towards Bangladesh. They are switching on to Bangladesh RMG sources to save extra costs due to raised import tariff barriers being exchanged between the US and China.
- Some leading entrepreneurs of the readymade garments sector have confirmed that already Bangladesh has started receiving new buying orders from the US. Even old buyer brands or alliances have increased manufacturing and supply orders by 20-50 %, not to mention the indents, either placed or in the pipeline from a new string of buyers. For the last two-three months, the factories are not merely witnessing an increase in the number of enthusiastic inquiries but also visits from the buyer representatives with literally work orders in hand.
- So long MB Knit Fashion in Narayanganj used to work for two American buying firms viz. Hemricks and SK Group; but now Knit Fashion Narayanganj has received work orders from a buying firm named Function Wear. It may be added that Hemricks has ordered for 130 thousand T-Shirt pieces compared with just 100 thousand pieces it has been importing per month for the last several years. In some cases, a three-fold increase is in prospect.
- As it is, the US has traditionally been the largest exporter of apparels from Bangladesh. After the Rana Plaza disaster, the US market shrank. Following a lapse of 15 months, our garments export to the US has bounced back since January of this year. Actually, in the eight months (from January to August) export worth \$3.66 bn was made to the US market representing a 4.51 % increase from the corresponding period last year.
- One noteworthy prospect lies in the type of import demand we cater for. The US buyers are shifting reliance away from China for basic and inexpensive garment/knit items on to Bangladesh.

International

China slashes US LPG imports amid trade war

The Daily Star, October 10, 2018

- China has choked back on imports of liquefied petroleum gas (LPG) from the United States, traders and analysts said, turning to the Middle East for extra supplies amid the two countries' trade dispute. China bought nearly 3.6 mn tonnes of US LPG in 2017, making the United States the country's second-largest supplier of the fuel used in petrochemicals, as well as for cooking, transport and heating.

- However, US imports have come off dramatically over the course of 2018, before stalling completely in late August when China imposed an additional 25 % tariff on over 300 US goods, including LPG, in retaliation for US tariffs
- Consultancy IHS Markit estimates US imports fell to barely 1 mn tonnes during the first eight months of 2018, down from about 2.1 mn tonnes for the same period last year, said He Yanyu, Executive Director for Natural Gas Liquids. The fall came as Chinese buyers wound back US purchases of LPG amid uncertainty about the impact of buying product from the United States, said a trader who tracks the fuel.
- No US LPG cargoes have landed in China since tariffs were imposed in late August, said Ong Han Wee at consultancy FGE. The United States last year accounted for about 20 % of China's total LPG imports, which are currently running at about \$1 bn a month, based on Thomson Reuters calculation.
- The US gap is being filled largely by Qatar, the United Arab Emirates (UAE), Saudi Arabia and Kuwait, analysts said. The change comes as prices for the fuel, often a mix of propane and butane, spike in line with higher oil prices. State-owned Saudi Aramco, whose contract prices are used as benchmarks in Asia, fixed its propane and butane contract prices for October at \$655 a tonne, the highest since 2014.

<https://www.thedailystar.net/business/news/china-slashes-us-lpg-imports-amid-trade-war-1645021>

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