

## Stock Market

### Stocks dip for 2nd day as bank shares extend loss

New Age, September 11, 2018

- Dhaka stocks fell for the second session on Monday amid strong trading as investors continued selling shares for taking profits from the large-capitalised scrips including financial ones. DSEX, the key index of the Dhaka Stock Exchange, lost 0.17 %, or 9.67 points, to close at 5,540.11 points on Monday after losing 24.46 points in the previous session.
- The market was upbeat in most of the time during Monday's session but dropped in late hours, closing the day with a slight loss as investors continued selling shares from the large-capitalised sectors, especially from the financial sectors, market operators said. The average share prices of banks and non-bank financial institutions dropped by 0.7 % and 0.4 % respectively.
- Out of the 30 traded bank scrips, 22 declined, just five advanced, and three remained unchanged. Market experts said that the investors were seen rebalancing their portfolios every other day that reflected their lack of confidence over the market. They said a section of investors were also assessing the possible impact of the upcoming national elections on the financial sector which had been passing through a tough time. The general elections are due by January next year and mutual funds traded, 177 declined, 106 advanced and 46 remained unchanged.

<http://www.newagebd.net/articlelist/309/Stocks>

### BSEC's silver jubilee progs begin tomorrow

New Age, September 11, 2018

- The Bangladesh Securities and Exchange Commission will begin tomorrow a weeklong celebration programme marking its 25th founding anniversary. Prime minister Sheikh Hasina is expected to attend as chief guest the inaugural ceremony of the BSEC programme at the Bangabandhu International Conference Centre in Dhaka. Finance minister AMA Muhith will attend the ceremony as special guest.
- The BSEC on Monday announced the weeklong programme at a press briefing held at its office premises at Agargaon in Dhaka. The week-long programme includes seminars and discussion meetings.

<http://www.newagebd.net/article/50312/bsecs-silver-jubilee-progs-begin-tomorrow>

### BTRC likely to raise MNP fees as it amends guidelines

New Age, September 11, 2018

- The government has withdrawn from MNP licensing guidelines the specification of BDT 30 as mobile number portability fee for the customers, widening the space for charging the subscriber a higher amount against the MNP service.  
Bangladesh Telecommunication Regulatory Commission has amended a provision of the mobile number portability licensing guidelines in this regard.
- Amendment to the guidelines was finalised after approval from the posts, telecommunications and information technology ministry. The telecommunication regulator has revised the MNP licensing guidelines in line with a decision

made at a recent meeting in presence of prime minister's ICT affairs adviser Sajeed Wazed Joy at Gono Bhaban in Dhaka where telecom minister Mustafa Jabbar, among others, were present.

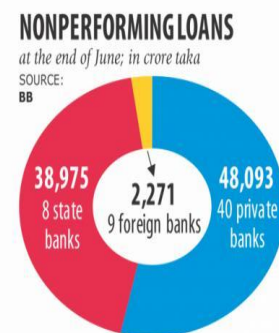
- Instead of specifying the charge in the guidelines, the revised guidelines allowed BTRC to set MNP charge that would be applicable on the subscribers to switch mobile network operator, BTRC officials said. The charge for changing mobile operator is expected to be set at BDT 50, they said. MNP operator would get the fees from the mobile phone operators for the porting facility.
- On January 31, 2018, Telecom Regulatory Authority of India slashed charge against mobile number porting service to Rs 4 (equivalent to BDT 4.65) per successful porting from Rs 19 (equivalent to BDT 22.09) earlier.

<http://www.newagebd.net/article/50308/btrc-likely-to-raise-mnp-fees-as-it-amends-guidelines>

## Banks' toxic loans rise 20pc in six months

The Daily Star, September 11, 2018

- Banks' nonperforming loans rose by 20.23 %, or BDT 15,037 crore, in the six months to June this year owing to poor lending practices and absence of corporate governance. The amount of the toxic loans hit BDT 89,340 crore in June, according to Bangladesh Bank data released yesterday.
- Nearly 50 % of the loans belong to half a dozen state-owned banks, according to the central bank data. This chunk now accounts for 10.41 % of the total loans given by the banking sector, up from 9.31 % in December last year.
- Borrowers are allowed to reschedule their default loans for a maximum of three times in line with the Bank Companies Act 1991. Khaled said some of the borrowers have already taken the full rescheduling facilities and the NPL would rise further as they can no longer use the scope. Default loans also increased nearly 1 % in the April-June quarter from the previous three months when NPL stood at BDT 88,589 crore. The six state-banks' total default loans stood at BDT 42,852 crore, up 14.80 % from six months ago.
- Private banks' default loans soared 32.58 % to BDT 38,975 crore in the first six months of the year. The amount of default loans at two specialised banks—Bangladesh Krishi Bank and Rajshahi Krishi Unnayan Bank—slightly decreased to BDT 5,241 crore, up from BDT 5,426 crore six months ago. Foreign banks saw an increase of 5.38 % in default loans in the first half of the year as their nonperforming loans stood at BDT 2,154 crore as of December last year.



<https://www.thedailystar.net/business/news/banks-toxic-loans-rise-20pc-six-months-1632280>

## Source tax on export proceeds brought down

The Daily Star, September 11, 2018

- The National Board of Revenue (NBR) has reduced withholding tax on the total proceeds from exports for all items to 0.6 % in the face of demands from entrepreneurs, particularly apparel makers. Exporters, except jute goods makers, paid 0.7 % withholding tax on their proceeds in fiscal 2017-18 ending on June 30. Jute goods makers have been paying 0.6 % advance income tax and the benefit is scheduled to expire on June 30 next year.
- The latest cut on source tax will also expire on June 30, 2019, according to a notification of the NBR issued at the end of last week. With a view to raising revenue collection, the source tax for clothes manufacturers and exporters of other

products including leather goods, frozen and packed foods and vegetables was increased to 1 % in the budget for fiscal 2018-19.

- Garment and knitwear makers earned \$30.61 bn, which was 83.5 % of the total export receipts for the year, according to data from Export Promotion Bureau. The tax authority also reduced corporate tax rate for garments and knitwear makers by 3 %age points to 12 % for fiscal 2018-19 from 15 % imposed at the beginning of the current fiscal year.
- The two major export earning sectors were enjoying 12 % corporate tax in fiscal 2017-18. Green factories had to pay 10 % tax on their incomes last fiscal year. The NBR maintained the rate for the current year.

<https://www.thedailystar.net/business/news/source-tax-export-proceeds-brought-down-1632271>

## Cash incentives for export of pharma, motorcycle, 33 other items announce

New Age, September 11, 2018

- The government on Monday announced cash incentives in favour of exporters of 35 products for the current fiscal year of 2018-19, adding nine new items to the product list. In the FY 2017-18, exporters enjoyed the benefit for 26 products.
- The government on Monday also raised cash incentive to 4 % from 3 % for this fiscal year for export of new textile and garment products and expanding export of textile items to new markets — markets other than the United States, Canada and the European Union.
- According to a Bangladesh Bank circular issued on Monday, exporters of nine new products including pharmaceuticals, photovoltaic modules, motorcycles, chemical products, razors and razor blades, ceramic products, caps, crabs, mud eels and galvanised sheets/coils would get 10 % cash incentive in FY19. The government also restructured the cash incentive for export of jute goods for the fiscal.
- The 20-per cent cash incentive the diversified jute products enjoyed in the previous fiscal year remained unchanged for this fiscal year, while the incentive for export of jute yarn and twine increased to seven % from five % and the incentive for jute hessian, sacking and carpet backing cloths increased to 12 % from 10 %.
- The government kept unchanged the cash incentive at 4 % for apparel products export for the small and medium industries of the textile sector.
- The government kept unchanged the cash incentive at 10 % for export of intestines, horns and arteries (without bone), crust and finished leather goods to be produced at the factories in the Tannery Park at Savar in Dhaka and outside the Tannery Park, which have their own effluent treatment plants.
- The 10-per cent cash incentive also remained unchanged for the export of ship, plastic products and locally produced paper for FY19. The government kept unchanged cash incentive at 15 % for the export of leather goods, light engendering products, furniture, accumulator battery and shoes made from synthetic fibres and fabric.

<http://www.newagebd.net/article/50309/cash-incentives-for-export-of-pharma-motorcycle-33-other-items-announced>

## CLOSED-END MUTUAL FUND

### Tenure extension to dent investor confidence: experts

The Daily Star, September 11, 2018

- Experts have opposed the government's plan to extend the tenure of closed-end mutual funds by 10 years as the move may erode investors' confidence in the stock market. Closed-end mutual funds are investment funds that gather

a fixed amount of money normally for a decade from a number of investors and re-invest them into stocks, bonds and other assets.

- The finance ministry has recently instructed Bangladesh Securities and Exchange Commission (BSEC) to rethink about extending the time for the funds that are going to be liquidated in the coming years. Stockmarket analysts said the move will lower the investors' confidence on mutual funds further at a time when 33 out of 37 mutual funds are being traded below face value.
- The existing discount rate—the price of a unit compared to its net asset value—of 37.9 % for the closed-end mutual fund sector has also failed to bring in new investors, experts said. Some analysts also recommended the regulator give approval to convert the closed-end mutual funds to open-ended mutual funds so that investors can get their money back if they want.

<https://www.thedailystar.net/business/news/tenure-extension-dent-investor-confidence-experts-1632265>

## Economy

### India begins 500MW additional power supply to Bangladesh

Dhaka Tribune, September 11, 2018

- Sheikh Hasina says Bangladesh plans to import 9,000MW electricity from neighbouring countries by 2041. Prime Minister Sheikh Hasina has expressed hope that India will help Bangladesh implement its plan to import 9,000 megawatt (MW) electricity from the neighbouring countries by 2041.
- The Bangladesh government recently planned to import 9,000MW electricity from India, Myanmar, Nepal and Bhutan to maintain the country's high economic growth. Hasina's remarks came after India on Monday afternoon began supplying additional 500MW electricity to Bangladesh as part of the two countries cooperation agreement regarding the energy sector.
- The power transfer from West Bengal's Baharampur grid to Kushtia's Bheramara was inaugurated jointly by the prime minister from Ganabhaban in Dhaka, her Indian counterpart Narendra Modi in New Delhi and West Bengal Chief Minister Mamata Banerjee in Kolkata via videoconference, reports UNB. The 500MW power from Baharampur will be added to the national grid through a HVDC (2nd Block) Station in Kushtia's Bheramara, which was opened by the leaders too.
- At the time, Hasina and Modi, along with Tripura Chief Minister Biplob Kumar Dey, also inaugurated the construction works of two railway projects - Kulaura-Shahbazzpur Section Rehabilitation of Bangladesh Railway and Akhaura-Agartala Dual-Gauge Rail Connectivity (Bangladesh part).

<https://www.dhakatribune.com/bangladesh/power-energy/2018/09/10/india-begins-500mw-additional-power-supply-to-bangladesh>

## International

### Oil up as US drilling stalls, Iranian sanctions bite

The Daily Star, September 11, 2018

- Oil prices rose on Monday as US drilling stalled and investors anticipated lower supply once new US sanctions against Iran's crude exports kick in from November. Benchmark Brent crude oil rose \$1.09 a barrel, or 1.4 %, to a high of \$77.92 and was trading at \$77.50 by 1130 GMT. US light crude was 50 cents higher at \$68.25.

- US drillers cut two oil rigs last week, bringing the total count to 860, Baker Hughes said on Friday. The number of rigs drilling for oil in the United States has stalled since May, reflecting increases in well productivity but also bottlenecks and infrastructure constraints.
- Outside the United States, Iranian crude oil exports are declining ahead of a November deadline for the implementation of new US sanctions.
- US Energy Secretary Rick Perry will meet counterparts from Saudi Arabia and Russia on Monday and Thursday respectively as the Trump administration encourages the world's biggest exporter and producer to keep output up.

<https://www.thedailystar.net/business/global-business/news/oil-us-drilling-stalls-iranian-sanctions-bite-1632061>

## Gold edges lower as trade concerns lift the dollar

The Daily Star, September 11, 2018

- Gold prices edged lower for a second session on Monday as trade tensions between China and the United States helped to boost the dollar and weaken the yuan. US President Donald Trump said on Friday that he was ready to impose tariffs on virtually all Chinese imports, representing a further \$267 bn of goods in addition to the \$200 bn already facing potential duties, prompting a threat by China to retaliate.
- The rhetoric has pushed investors to the greenback in the belief that the United States has less to lose from a trade war - making dollar-priced gold more expensive for non-US buyers - while puncturing the yuan, currency of the world's biggest gold consumer.
- Spot gold was down 0.1 % at \$1,193.93 at 1122 GMT, slipping towards the 19-month low of \$1,159.96 touched last month. US gold futures were 0.1 % down at \$1,199. Gold has tumbled more than 12 % from a high of \$1,365.23 in April, mirroring a 10 % fall in the value of the yuan against the dollar.
- The dollar has gained broadly against other currencies this year and was boosted again on Friday by strong US jobs data that suggested that the Federal Reserve will continue to raise interest rates. A rate increase is expected this month.

<https://www.thedailystar.net/business/global-business/news/gold-edges-lower-trade-concerns-lift-the-dollar-1632073>

## 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

# BASL DAILY NEWS BUZZ

September 11, 2018



Your Trusted Broker

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

Mr. Monir Hossain  
Research Associate

monir@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](mailto:research@basl-bd.com).