

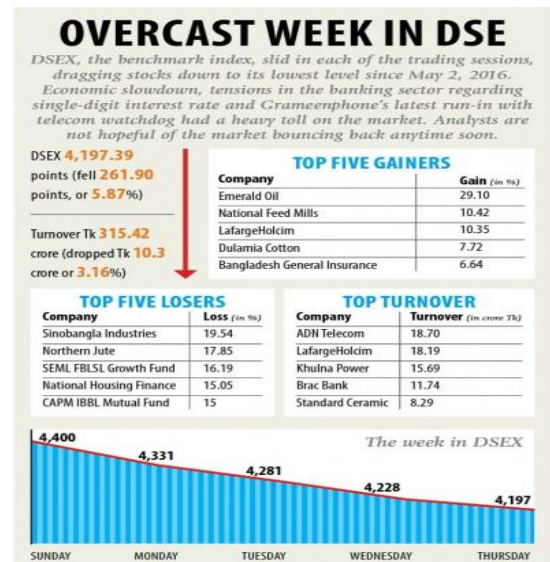
## Stock Market & Company

### Overcast week in DSE

The Daily Star, January 12, 2019

- DSEX, the benchmark index, slid in each of the trading sessions, dragging stocks down to its lowest level since May 2, 2016.
- Economic slowdown, tensions in the banking sector regarding single-digit interest rate and Grameenphone's latest run-in with telecom watchdog had a heavy toll on the market. Analysts are not hopeful of the market bouncing back anytime soon.

<https://www.thedailystar.net/business/news/overcast-week-dse-1852174>



### Robi starts move to get listed, raise BDT 500cr through IPO

IDLC Investment appointed as issue manager

NewAge, January 12, 2019

- Robi, the second largest mobile operator in Bangladesh, has begun a process to raise around BDT 500 crore from the capital market through an initial public offering, Securities and Exchange Commission officials said.
- The BSEC has suggested that the company should opt for the fixed price method of floating shares so that the general investors can be benefited, a senior official of the commission said.
- Robi Axiata Ltd, a subsidiary of the Malaysia-based Axiata Group, has recently signed a memorandum of understanding with IDLC Investment Limited to appoint it as issue manager to the IPO, he said.
- BSEC officials said that the multinational company had met the commission's top brass several times over the IPO issue and the commission assured the company of every possible support.
- After preparing the December-end annual financial statements and IPO prospectus, the company might submit the IPO proposal by June this year, they said.
- As per the current public issue rules, a company must float at least an amount of 10 per cent of its paid up capital. Robi has a paid up capital of around BDT 5,000 crore, and to comply with the rules, the company would float 10 per cent of its paid up capital or around 50 crore shares at BDT 10 per share through the IPO, said the BSEC official.
- If enlisted, the number of free float shares of Robi would be the highest among all the listed companies except few banks. Robi would be the largest company in terms of paid up capital to be enlisted on the country's capital market.

<https://www.newagebd.net/article/96271/robi-starts-move-to-get-listed-raise-BDT-500cr-through-ipo>

## Stocks see worst week in 8 years

NewAge, January 12, 2019

- Dhaka stocks in the past week suffered its steepest weekly losses in eight years as investors stepped up panic sales amid the government's apathy towards the market and pressure on banks to implement the single digit lending rate.
- DSEX, the key index of the Dhaka Stock Exchange, lost 261.9 points, or 5.87 per cent, during the past week to close at 4,197.39 points on Thursday, the last trading session of the week, after gaining 40.45 points in the week before.
- Before the gain in the week before last, the market had shed 313 points over four consecutive weeks. The 261-point fall in the past week was the highest after that seen in the first week of July, 2012 when the index lost around 281 points in a week.
- The market lost in all the five sessions in the past week as panicked investors took to indiscriminate share sales, fearing further falls in the market, market operators said. They said that the investors were disappointed and felt helpless as they saw no initiative from the government and the regulators to instil confidence in the market, although the market was heading for crash.
- At a recent meeting between the Bangladesh Securities and Exchange Commission, the DSE and finance minister AHM Mustafa Kamal also failed to come up with any solution to the market woes with the minister blaming 'rumours' for the market woes.
- Market operators said that many meetings have been held in the last two years to find out the reasons behind the continued fall in share prices, but the scenario had only become worse with every passing day.
- After a 13.75-per cent fall in 2018, the market witnessed another fall of 16.73 per cent in 2019 amid lack of governance in the financial and capital markets, listing of poor companies and other economic troubles. The government's recent decision to force the banks to bring down the interest rate to a single digit from April 1 has fanned the flames of volatility in the market.
- Prime minister Sheikh Hasina on Monday said that the banks must implement the single-digit lending rate from April, which has made the investors more worried about the already troubled banking sector.

<https://www.newagebd.net/article/96275/stocks-see-worst-week-in-8-years>

## Dhaka stocks' PE ratio hits all-time low

NewAge, January 12, 2019

- The price-to-earnings ratio of the country's premier bourse, Dhaka Stock Exchange, has hit an all-time low due mainly to continued plunges in the share prices in recent months.
- The P/E ratio of the market on January 9 fell below 11, the lowest ever.
- After a decline of 13.75 per cent in 2018, the market witnessed 896.25 points or 16.73 per cent fall in 2019 that dragged down share prices of most of the companies.
- The share prices of 56 companies except mutual funds were trading below the face value (BDT 10). Of the companies, 23 were from the textile sector, 10 from the non-bank financial institution sector and eight from the bank sector.
- Trusted securities were not spared from the relentless fall in the share prices.

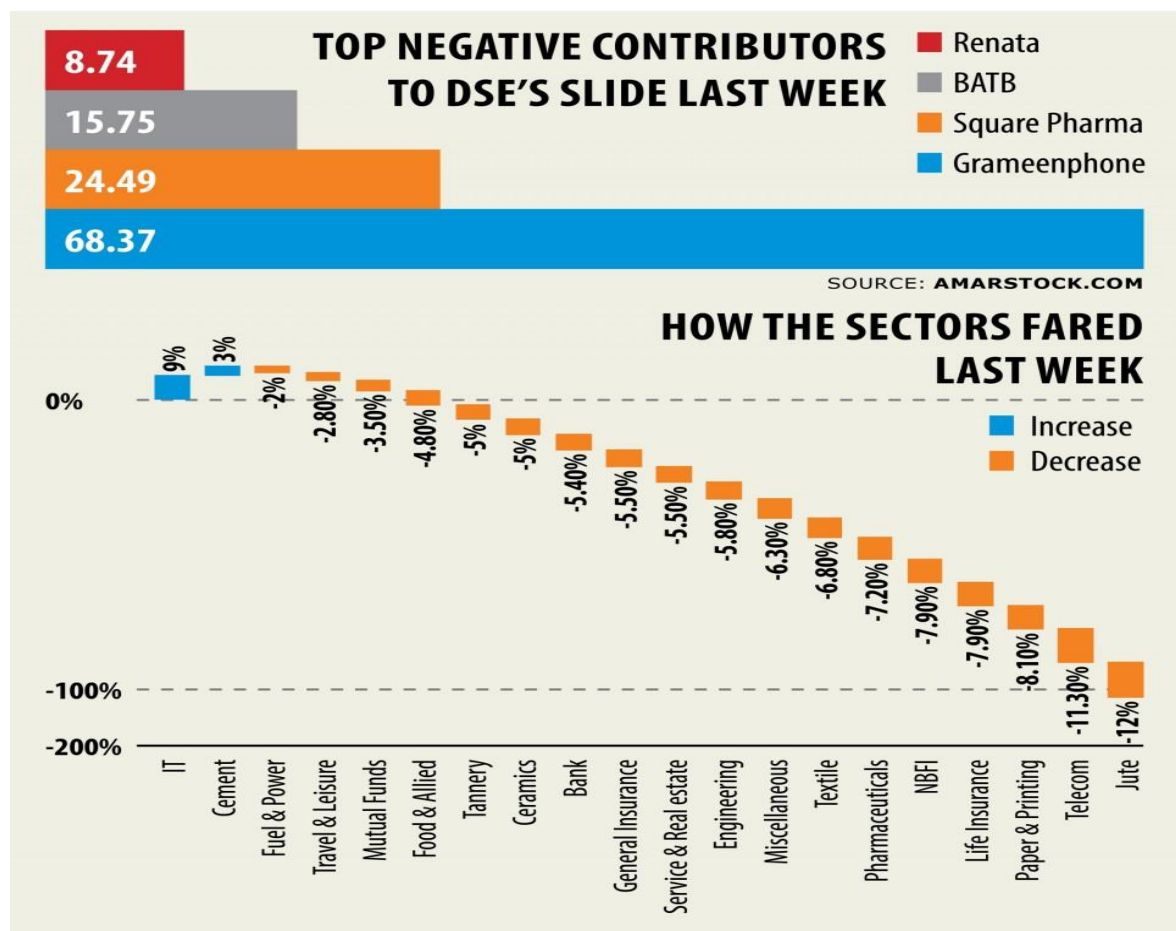
- Among the largest capitalised companies, Grameenphone, Square Pharmaceuticals and BRAC Bank plunged by 40 per cent in 2019.
- The DS30 index, a composition of 30 largest and better companies, declined to a seven-year low on January 9 to end at 1,406.37, the lowest since May 28, 2013 when the index was at 1,381.97 points.
- Bank scrips became the cheapest among the all sectors as its P/E ratio stood at only 7.5, followed by energy sector 9.3 and textile sector 12.9.
- The P/E ratio was 15.19 in 2018, 17.28 in 2017 and 14.29 in 2016.

<https://www.newagebd.net/article/96207/dhaka-stocks-pe-ratio-hits-all-time-low>

## GP DRAGS DOWN DSEX

The Daily Star, January 12, 2019

- DSEX slid in every trading session last week, dragging stocks down to 4,197.39 points, its lowest level since May 2, 2016. The latest run-in of Grameenphone with telecom watchdog had a substantial role to play in the slide.



<https://www.thedailystar.net/business/news/gp-draggs-down-dsex-1852906>

## **DSE MD's recruitment gamed, allege directors**

The Daily Star, January 12, 2019

- Kazi Sanaul Hoq's appointment as the managing director of the Dhaka Stock Exchange has run into a spot of controversy after a group of directors alleged that a director tried to game the process to get him elected.
- The DSE board comprises 13 members: one MD, seven independent directors and five shareholder-directors. A good number of directors shared with The Daily Star the behind-the-scenes manoeuvring to get Hoq, former MD of Investment Corporation of Bangladesh, to the top post of the premier bourse.
- The DSE has been on the lookout for an MD for the last six months after the Bangladesh Securities and Exchange Commission (BSEC) did not extend the tenure of KAM Majedur Rahman despite several requests from the premier bourse.
- "One director attempted to rig the selection process to get his beloved person to the position," said a director requesting anonymity to speak candidly on the matter.
- Normally, the nomination committee of the DSE makes a short list and sends the candidates' curricula vitae (CVs) to the board members for evaluation.
- The selected candidates are then called for a panel interview with the board and best individual is chosen, he said. This time, the short listed persons' CVs were not sent to the board, so they were not called for interview.
- "This is a violation of the convention of MD selection process," said another director preferring anonymity.
- The accused board member, rather the kingmaker, managed the situation by saying that "the upper level" wanted Hoq, former MD of the state-run Investment Corporation of Bangladesh, as the MD, so the board must go for him.
- The other person in the running for the post was Shafiqul Alam, former managing director of Jamuna Bank. If Hoq was not chosen, there would be problems for the DSE, said the director quoting the kingmaker.

<https://www.thedailystar.net/business/news/dse-mds-recruitment-gamed-allege-directors-1852933>

## **BB's stimulus for stock market flops**

NewAge, January 12, 2019

- Only City Bank took up the Bangladesh Bank's package for banks to invest in stocks, as yet another initiative of the government to prop up the flagging bourse falls flat.
- Earlier on September 22, with the view to shoring up the capital market the central bank announced a package for banks that would let them borrow money through repo for six months at 6 percent interest to invest in stocks. Repo refers to a system of repurchasing treasury bills from banks to lend money.
- The window to avail the package closed on December 22 last year and only City Bank borrowed BDT 50 crore, according to data from the Bangladesh Bank.
- "There is no guarantee that there would be profits, so banks did not respond," said Khairul Bashar Abu Taher Mohammed, chief executive officer of MTB Capital. Besides, the conditions of the loans dampened the banks' excitement for the loans.
- Banks had to keep treasury bonds as collateral to take the loans. The treasury bonds bear interest rate ranging from 7 percent to 9 percent.

- “The stock market has been falling for the last few months, so banks evaluated the pros and cons and decided not to take the loan,” said Bashar, also the former secretary general of Bangladesh Merchant Bankers’ Association (BMBA).
- His reasoning was not too far off in case of City Bank. The bank saw unrealised losses of about 9 percent due to the constant slide of the market in the last few months. The six-month duration and the capital market uncertainty made banks decide against taking loans from the BB, said a merchant banker who is one of the leaders of the BMBA.
- “Either the Bangladesh Bank did not do any research before offering the loan or it wanted to offer the stimulus just for eyewash. They know banks will not take loans for such a short time and that too by keeping their treasury bonds,” he said requesting not to be named to speak candidly on the matter.
- Besides, it is a complex process, he added. The banks that are taking the loan would have to open a separate beneficiary owners’ account to utilise the fund, according to the central bank notice.

<https://www.thedailystar.net/business/bangladesh-bank-stimulus-for-stock-market-flops-1852183>

## Economy and Industry

### Exports to all major markets fall in H1

NewAge, January 12, 2019

- The country’s readymade garment exports to the European Union in the first half of the current financial year 2019-20 fell by 6.75 per cent while the export earnings from the United States decreased by 3.67 per cent due to the on-going slowdown of the global economy.
- Experts and exporters said that although the readymade garment exports in December 2019 achieved a minimal growth, the major export markets for Bangladeshi products including the US, Germany and the United Kingdom, had still been suffering from the impacts of the US-China trade war and Brexit.
- They also said that the world economy had started recovering but at a very slow pace and it would take time for Bangladesh’s export earnings to rebound. Both the exporters and the experts emphasised on policy support to the export sector to enhance competitiveness on the global market.
- RMG export to the EU in the July-December period of FY20 decreased to USD9.82 bn from USD10.53 bn in the same period of FY19, according to the Export Promotion Bureau data.
- It showed that earnings from the RMG export to the US, the single largest export destination for Bangladeshi products, in the first half of FY20 fell to USD2.98 bn from USD3.09 bn in the same period of the last fiscal.
- Overall export earnings from the US in the period fell by 3.43 per cent to USD3.33 bn from USD3.45 bn in the last fiscal. Export earnings from Germany, the second largest export destination for Bangladesh, in the first half of FY20 decreased by 9.46 per cent to USD2.83 bn from USD3.12 bn in the same period of FY19.
- RMG export to Germany in the period fell by 10.33 per cent to USD2.65 bn from USD2.95 bn, the data showed. Export earnings from the UK, the third largest export destination for Bangladeshi products, in the JulyDecember period of FY20 decreased by 0.83 to USD2.02 bn from USD2.04 bn in the same period of FY 19.

<https://www.newagebd.net/article/96273/exports-to-all-major-markets-fall-in-h1>

## International

### US-China deal details to be published after signing

NewAge, January 12, 2019

- The full text of a partial US-China trade deal will be released only after it is signed next week, the White House said on Friday.
- After nearly two years of escalating conflict, US president Donald Trump and top Chinese trade envoy Liu He are due to sign a 'phase one' agreement on January 15.
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- 'The whole document will be released Wednesday,' Larry Kudlow, director of the National Economic Council, told reporters.
- The signing will be preceded by a formal dinner and followed by a lunch, he added, calling the agreement a major achievement.
- Since the trade war started in the first half of 2018, talks between Washington and Beijing broke down acrimoniously more than once, creating doubts the economic powers would have the appetite to reach a 'phase two' agreement.
- Trump said this week that negotiations on the next phase would begin promptly but that signing that agreement might have to wait until after the 2020 presidential elections.
- Details of the deal are scant, but some critics have claimed it amounts to a strategic retreat for the United States, which cancelled some tariffs and reduced others in return for Chinese pledges to increase purchases of US exports by USD200 bn over two years, including farm goods in particular.

<https://www.newagebd.net/article/96280/us-china-deal-details-to-be-published-after-signing>



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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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