

## Stock Market

### Stocks fall for 2nd day as GP leads MNC slump

New Age, February 12, 2019

- Dhaka stocks dropped for the second day on Monday as investors continued selling shares especially multinational companies including Grameenphone, and bank and energy scrips. DSEX, the key index of Dhaka Stock Exchange, lost 0.51 %, or 29.82 points, to close at 5,733.91 points on Monday after losing 48.18 points in the previous session.
- The share prices of Grameenphone plunged by 2.09 % as the media reported on Monday that Bangladesh Telecommunication Regulatory Commission on Sunday declared GP as significant market power, considering its market share of above 40 %.
- The media also reported that BTRC would impose conditions on GP for running its business as SMP. The other multinational companies followed the falling trend of GP after a surge in their share prices in last couple of sessions. Share prices of Doreen Power lost 5.54 % as the company disclosed that one of its sponsor-director would sell 70 lakh shares (40 lakh in the block market and 30 lakh shares in the public market) at the prevailing market price.
- IPDC Finance was the worst loser on Monday, shedding 8.68 % as the company declared lower dividend (7 % cash and 8 % stock) for the shareholders for 2018 than the previous year (20 % stock), despite a 33.76-% increase in its profits.
- The average share prices of general insurance, life insurance and textile sectors added 5.60 %, 0.98 % and 0.62 % respectively after their two days' losses. The turnover on DSE dropped to BDT 719.13 crore on Monday compared with that of BDT 812.77 crore in the previous trading session.
- Of the 336 companies and mutual funds traded on Monday, 151 declined, 155 advanced and 39 remained unchanged. DSE blue-chip index DS30 lost 1.06 %, or 21.65 points, to close at 2,003.02 points. Shariah index DSES shed 0.65 %, or 8.65 points, to finish at 1,311.62 points.
- United Power Generation Company led the turnover leaders with its shares worth BDT 42.62 crore changing hands on the day. Monno Ceramics, Doreen Power, Fortune Shoes, Provati Insurance, Bangladesh Submarine Cable Company, Legacy Footwear, Stylecraft Limited, JMI Syringe and Grameenphone were the other turnover leaders. Premier Insurance gained the most on the day with a 9.94-% increase in its share prices.

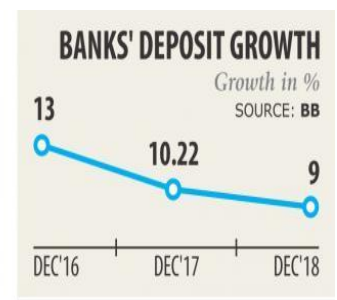
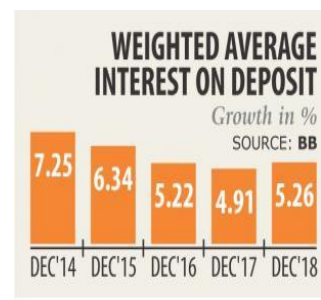
<http://www.newagebd.net/article/64545/stocks-fall-for-2nd-day-as-gp-leads-mnc-slump>

### Declining deposits worry banks

*Low interest, inflation turned away savers*

New Age, February 12, 2019

- Banks are in desperate want for deposits as savers are showing unwillingness to park their funds in the banking system due to negative returns once inflation and tax are taken into consideration.
- Unexpected interference of private banks' directors in setting the interest rate -- 6 % for deposits and 9 % for lending -- and a much higher yield on savings certificates were the main reasons for the waning deposits.



- The central bank in the monetary policy for the second half of the fiscal year also pointed out the banks' struggle in attracting deposits. Banks' deposits grew at 9 % in December last year in contrast to 10.22 % a year earlier and 13 % in December 2016.
- The rate should be determined by the market for the sake of a sustainable economy. The weighted average interest rate on deposit was 5.26 % in December last year, down from 5.30 % a month earlier. On the other hand, inflation stood at 5.35 % in December.
- In other words, if a depositor keeps BDT 100,000 at a bank for one year, he/she will get a maximum of BDT 5,300 as interest earnings on the deposit. And after deducting tax at 15 %, the amount comes down to BDT 4,505, meaning the net interest income stands at only 4.50 %.
- If the depositor is a taxpayer with an electronic tax identification number, he/she will pay 10 % tax and his/her net interest income will be BDT 4,770, or 4.77 % a year. Lending to the private sector would be hurt if the depositors turn their eyes away from banks.

<https://www.thedailystar.net/business/news/declining-deposits-worry-banks-1700896>

## GP drags down stock markets

The Daily Star, February 12, 2019

- Grameenphone, the largest listed company on the Dhaka Stock Exchange, fell 2.2 % yesterday, a day after the Bangladesh Telecommunication Regulatory Commission declared it a Significant Market Power (SMP) operator.
- The SMP is a regulation that imposes restrictions on an operator once it corners 40 % of the subscribers, revenues and spectrum. The declaration might lead to additional charges for Grameenphone alongside regular taxes for customer acquisition, in a development that can shake up the country's mobile telephony landscape.
- Some other large-cap companies also fell yesterday, pulling down the index. Among the top-traded stocks, United Power Generation & Distribution Company fell 7.4 % and Square Pharmaceuticals 1 %. DSEX, the premier bourse's benchmark index, declined 29.82 points, or 0.51 %, to finish the day at 5,733.91.
- Renata, Grameenphone and Brac Bank are the top three contributors to the slide, according to IDLC Securities. Turnover, another important indicator of the market, also dropped 11.52 % to BDT 719.13 crore, with 16.21 crore shares and mutual fund units changing hands on the DSE.
- Among the major sectors, telecommunication and pharmaceuticals fell 2 % and 1.3 % respectively, while engineering increased 0.1 %. Of the traded issues, 155 advanced, 151 declined and 39 closed unchanged.
- United Power Generation & Distribution Company dominated the turnover chart with its transactions of 10.36 lakh shares worth BDT 42.62 crore, followed by Monno Ceramic Industries, Doreen Power Generations and Systems, Fortune Shoes and Provati Insurance Company.
- Eastland Insurance Company was the day's best performer with its 10 % gain, while IPDC was the worst loser with its 8.68 % slump. Chittagong stocks also fell with the bourse's benchmark index, CSCX, declining 11.19 points, or 0.10 %, to finish the day at 10,634.86.

<https://www.thedailystar.net/business/news/gp-drags-down-stock-markets-1700857>

## GP, Robi to partner with Bank Asia on agent banking

The Daily Star, February 12, 2019

- Top two mobile phone operators Grameenphone and Robi are set to enter into a partnership with Bank Asia on agent banking – a move that is expected to give huge boost to the new service and deepen financial inclusion. Both

operators, which together control more than 75 % of the market share of mobile phone subscribers, received permission from Bangladesh Telecom-munication Regulatory Commission (BTRC) to this effect in a meeting last week.

- The operators are expected to roll out the service next week. According to the plan, retailers and distributors of the operators will work as the representative of Bank Asia to provide banking service. The operators will ensure security and monitoring in accordance with the laws of the central bank and have to submit a copy of the certification to the BTRC.
- The operators will share revenues with the BTRC from its gross earnings from the agent banking service, like they do with the commission for telecommunication service. Mobile phone operators share 5.5 % of gross earnings with the commission and another 1 % goes to the social obligation fund.
- The BTRC has also asked the operators not to discriminate against customers while providing service and offer additional benefits on telecom services for availing agent banking service with them, according to the conditions attached by the BTRC. Robi, the second-largest mobile phone operator in Bangladesh, welcomed the move.
- In October last year, Robi signed agreements with four banks, including Bank Asia, the market leader in agent banking. Robi will complete its preparation to launch the service next week at its 400 touch points, said a top executive of the mobile operator. GP, the leading operator, declined to comment.

<https://www.thedailystar.net/business/telecom/news/gp-robi-partner-bank-asia-agent-banking-1700851>

## Economy

### BDT deflates notably against US\$

BB sells \$85m to banks to keep market stable

The Financial Express, February 12, 2019

- The exchange rate of the Bangladesh Taka (BDT) depreciated significantly against the US dollar on Monday, mainly due to higher demand for the greenback in the market for settling the import bills. The local currency deflated by 10 poisha in the country's inter-bank foreign exchange (forex) market on the day after more than a month, market operators said.
- The US dollar was quoted at BDT 84.05 each in the inter-bank forex market on Monday against BDT 83.95 of the previous working day, they said. BDT faced the depreciation, although the Bangladesh Bank (BB) sold US\$ 85 mn to the commercial banks on the day for keeping the forex market stable.
- A total of \$1.55 bn has been sold since July 01 of the current fiscal year (FY), 2018-19, to the commercial banks as part of BB's ongoing support, according to latest data. The central banker also said BB might continue providing such foreign currency support to the banks in line with the market requirement.
- On January 03, the local currency depreciated by five poisha against the greenback in the inter-bank forex market on the same ground. The greenback was quoted at BDT 83.95 each in the market on the day against BDT 83.90 of the previous working day.
- The exchange rate of the US dollar rose to maximum BDT 84.12 each for sale of Bill for Collection (BC) on the day from maximum BDT 83.95 of the previous working day, according to the operators.

<http://thefinancialexpress.com.bd/trade/bdt-deflates-notably-against-us-1549942036>

## Remittance inflow increases by 9.31% in seven months

Dhaka Tribune, February 12, 2019

- The country received \$8.31 bn remittances during July to January in FY2017-18. Expatriate Bangladeshis sent \$9.08 bn remittances during the first seven months of the current fiscal 2018-19, which is 9.31% higher than the same period of the preceding year, according to Bangladesh Bank data.
- The country received \$8.31 bn remittances during July to January in 2017-18 fiscal year, the data added. According to data, the country received \$1,590.82 mn in January, \$1,206.91 mn in December, \$1,180.44 mn in November, \$1,239.11 mn in October, \$1,139.66 mn in September, \$1,411.05 mn in August and \$1,318.18 mn in July of the fiscal 2018-19.
- But in 2017-18, the country got \$1,379.79 mn in January, \$1,163.82 mn in December, \$1,214.75 mn in November, \$1,162.77 mn in October, \$856.87 mn in September, \$1,418.58 mn in August and \$1,115.57 mn in July.
- In January this fiscal, six state-owned commercial banks—Agrani, Janata, Rupali, Sonali, Basic and BDBL—received \$346.35 mn while one state-owned specialized bank- Bangladesh Krishi Bank- received \$17.40 mn. Of the state-owned banks, Agrani Bank received \$139.62 mn, Janata Bank \$72.39 mn, Rupali Bank \$18.92 mn, Sonali Bank \$115.25 mn and Basic Bank received \$0.17 mn.
- Besides, the expatriates have sent \$1,215.84 mn through private commercial banks. Among the private commercial banks, Islami Bank Bangladesh Limited (IBBL) received the highest amount of \$277.01 mn where as Dutch-Bangla Bank (DBBL) received \$131.24 mn. On the other hand, the expatriates have sent \$11.23 mn through the foreign commercial banks.

<https://www.dhakatribune.com/business/2019/02/11/remittance-inflow-increases-by-9-31-in-seven-months>

## BSC plans to buy few more vessels

The Financial Express, February 12, 2019

- The state-owned Bangladesh Shipping Corporation (BSC) has a plan to procure four large oil-tankers and two bulk carriers each having capacity between 80,000 and 125,000 dead-weight tonnes (DWT), officials said on Monday. The national-flag carrier has requested the Economic Relations Division (ERD) to manage necessary funds for purchasing the ocean-going vessels.
- The Ministry of Shipping (MoS) officials said the corporation has proposed to take up a project at a cost of BDT 21.86 bn (US\$ 260.64 mn) to procure the vessels. According to the project plan, the BSC will buy two crude oil mother-tankers each having 100,000-125,000 DWT capacity and two oil-tankers and two coal bulk-carriers each having 80,000 DWT capacity.
- Meanwhile, the BSC has procured six ocean-going vessels from China, each with 39,000 DWT capacity. China has provided loan to buy the ships - three oil-tankers and three bulk-carriers. Another BSC official said four oil-tankers have already been added to their fleet, while another two oil-tanker and bulk-carrier will reach the country by next month (March).
- The BSC MD said earlier they set a target to buy a total of 32 ocean-going vessels for enhancing the capacity of its fleet by 2041. The BSC, as a struggling entity, has been incurring a substantial amount of loss over the years due to inefficiency of its staff and shortage of vessel.
- The BSC officials said the present administration of the organisation is trying to increase its fleet through purchasing new vessels and tankers to gradually overcome the loss. Previously, it has two oil-tankers -- each with 10,000 DWT capacity, two bulk-carrier vessels -- each with 12,000-13,000 DWT capacity, and one container vessel - with 600 TEUs (twenty-foot equivalent units) capacity,.

- The BSC is now providing services to the public and private sector exporters and importers. Especially, it is providing services to the Food Directorate to carry foods, the Bangladesh Petroleum Corporation (BPC) to carry oil, and the Ministry of Industries to carry fertilisers.

<http://thefinancialexpress.com.bd/trade/bsc-plans-to-buy-few-more-vessels-1549942677>

## International

### China upbeat on US trade talks, but South China Sea tensions weigh

New Age, February 12, 2019

- China struck an upbeat note on Monday as trade talks resumed with the United States, but also expressed anger at a US Navy mission through the disputed South China Sea, casting a shadow over the prospect for improved Beijing-Washington ties.
- The United States is expected to keep pressing China on longstanding demands that it reform how it treats American companies' intellectual property in order to seal a trade deal that could prevent tariffs from rising on Chinese imports.
- The latest talks will begin with working level discussions from Monday-Wednesday before high-level discussions at the end of the week. Negotiations concluded in Washington last month without a deal and with the top US negotiator declaring that a lot more work needed to be done. Lower-level officials will kick off the meetings on Monday, led on the American side by deputy US trade representative Jeffrey Gerrish.
- Higher principal-level talks will take place Thursday and Friday with US trade representative Robert Lighthizer and treasury secretary Steven Mnuchin. The two sides are trying to hammer out a deal ahead of the March 1 deadline when US tariffs on \$200 bn worth of Chinese imports are scheduled to increase to 25 % from 10 %.
- Lighthizer, named by US president Donald Trump to spearhead the process after agreeing a 90-day truce in the trade war with Beijing, has been a strong proponent of pushing China to end what the United States views as unfair trade practices, including stealing intellectual property and forcing US companies to share their technology with Chinese firms.
- China has denied it engages in such practices. Trump said last week he did not plan to meet with Chinese president Xi Jinping before that deadline, dampening hopes that a trade pact could be reached quickly. Escalating tensions between the United States and China have cost both countries bns of dollars and disrupted global trade and business flows, roiling financial markets.

<http://www.newagebd.net/article/64556/china-upbeat-on-us-trade-talks-but-south-china-sea-tensions-weigh>

## 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
Mr. Monir Hossain Research Associate	monir@basl-bd.com

## BASL Networks

<b>Head Office</b> Hadi Mansion (7th Floor) 2, Dilkusha Commercial Area Dhaka-1000, Bangladesh Phone: +88-02-9515826-28 Fax: +88-02-9567884	<b>Modhumita Extension Office</b> 158-160 Modhumita Building (5th Floor) Motijheel C/A, Dhaka-1000 Phone: +88-01819118893	<b>Dhanmondi Branch</b> Meher Plaza (1st Floor), House # 13/A, Road # 05 Dhanmondi, Dhaka - 1207 Phone: +8802-8624874-5	<b>Mirpur Branch</b> Nishi Plaza, plot # 01, Avenue-04, Section-06, Block-C Mirpur, Dhaka - 1216 Phone: +88-02-9013841
<b>Uttara Branch</b> House # 79/A, (4th Floor), Road # 07, Sector # 04 Uttara Model Town, Dhaka- 1230 Phone: +88-02-8958371	<b>Banani Branch</b> Nur Empori, Plot # 77 (1st Floor), Road No # 11, Banani, Dhaka-1213 Phone: +8801716180767	<b>Khulna Branch</b> 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).