

Stock Market

Stakeholders getting twitchy over DSE strategic investor's role in market dev

New Age, March 11, 2019

- Frustration is creeping into the mind of stakeholders of Dhaka Stock Exchange over the role of bourse's strategic partner, a joint venture of two Chinese bourses, as they have found no visible initiative of market development from the partner after six months of its joining DSE.
- The Chinese consortium of Shenzhen Stock Exchange and Shanghai Stock Exchange on September 4 last year joined DSE as its strategic shareholder by purchasing 25 % shares of the Bangladesh's premier bourse for BDT 947 crore.
- The DSE members have got BDT 947 crore from the Chinese consortium by selling 45,09,44,125 ordinary shares at BDT 21 each and fund is being invested in the market. SZSE deputy director general (technical management committee) Xie Wenhui has been appointed as director to the DSE board of directors.
- Bangladesh Securities and Exchange Commission on May 3 last year approved the DSE's proposal for selling the shares to the Chinese consortium. The sales of strategic shares came five years after the stock exchange was demutualised to separate the ownership from its management.
- Under the demutualisation, 40 % shares of the DSE were credited to the DSE members' accounts, while the remaining 60 % were kept in a blocked account. The Chinese consortium bought 25 % shares from the blocked account and the bourse would float the remaining 35 % through an initial public offering.

<http://www.newagebd.net/article/67124/stakeholders-getting-twitchy-over-dse-strategic-investors-role-in-market-dev>

Dhaka stocks dip on financial sector liquidity crunch

New Age, March 12, 2019

- Stocks dropped on Monday amid a fall in share prices of two-thirds of the traded scrips as investors went for selling shares amid worries over the liquidity shortage in the financial sector. DSEX, the key index of Dhaka Stock Exchange, lost 0.33 %, or 19.24 points, to close at 5,690.82 points on Monday after gaining 24 points in the previous two sessions.
- Therefore, the average share prices of bank, textile, non-bank financial institution and telecommunication sectors dropped by 1.1 %, 0.7 %, 0.3 % and 0.2 % respectively. Among the prominent scrips, share prices of Dutch-Bangla Bank, Investment Corporation of Bangladesh and Square Pharmaceutical declined most on the day.
- On the other hand, share prices of cement, pharmaceutical and energy advanced by 2.5 %, 0.3 % and 0.1 % respectively. The turnover on the bourse increased to BDT 506.84 crore on Monday from BDT 462.14 crore in the previous trading session.
- Out of the 345 issues traded on the day, 199 declined, 100 advanced and 47 remained unchanged. DSE blue-chip index DS30 declined by 0.12 %, or 2.46 points, to close at 1,998.87 points. Shariah index DSES dropped by 0.15 %, or 2.05 points, to finish at 1,308.99 points. Monno Ceramic Industries led the turnover leaders with its shares worth BDT 31.20 crore changing hands on the day.
- United Power Generation Company, Dutch-Bangla Bank, Singer Bangladesh, LafargeHolcim Bangladesh, Fortune Shoes, Nurani Dyeing, National Polymer, Bangladesh Submarine Cable Company and SK Trims Industries were the other turnover leaders.
- Safco Spinning Mills gained the most on the day with a 6.43-% increase in its share prices while Dutch-Bangla Bank was the worst loser, shedding 6.52 %.

<http://www.newagebd.net/article/67121/dhaka-stocks-dip-on-financial-sector-liquidity-crunch>

Meghna Cement to issue preference shares

The Financial Express, March 11, 2019

- The board of directors of Meghna Cement has decided to issue preference shares to its existing sponsor directors/directors, said an official disclosure on Monday. Earlier on August 13, 2018, the company had decided on the issuance of fully redeemable preference shares of BDT 1.0 bn (100 mn shares) only to raise its capital through private placement, subject to the approval of the shareholders and by the regulatory authorities.
- The company on Monday said the board has further decided to issue 25,097,542 shares (out of earlier decided 100 mn shares) fully redeemable non-convertible and non-listed preference shares of BDT 10 each to its existing sponsor directors/directors (excluding independent directors).
- The preference shares will be issued in compliance with regulatory directive as to maintain 30 % of the equity of this company held by its board of directors/sponsors, the disclosure added. According to a regulatory directive, sponsors, directors, and promoters of a company listed with any stock exchange will have to jointly hold at least 30 % stake in the firm for all time.
- And the 25,097,542 fully redeemable non-convertible and non-listed preference shares at BDT 10 each in total amounting to BDT 250,975,420 to be subscribed by the existing sponsor directors/directors (excluding independent directors) of the company through private placement.

<http://thefinancialexpress.com.bd/stock/meghna-cement-to-issue-preference-shares-1552285455>

BD Thai seeks time for using proceeds of rights share

The Daily Star, March 12, 2019

- BD Thai has applied to the stock market regulator seeking time extension for implementation of rights issue proceeds until June 30 this year.
- The company sought the time extension based on decision taken and approved in its extraordinary general meeting and annual general meeting.

<https://www.thedailystar.net/business/news/bd-thai-seeks-time-using-proceeds-rights-share-1713856>

BSEC warns 16 companies for flouting securities laws

Dhaka Tribune, March 12, 2019

- The Bangladesh Securities and Exchange Commission (BSEC) last month warned 16 organizations, including three companies and 13 merchant banks and securities houses, for non-compliance of securities laws. The stock market regulator made the decision on February, following which Enforcement Department of BSEC signed the letters and sent them to all companies.
- According to the warning letters, managing directors, CEOs and company secretaries of all 16 companies have been warned for securities rules violations. In most cases, the violations were related to price sensitive information (PSI), which were submitted to the stock market regulator by the companies.
- Non-compliance warnings have been sent to BD Sunlife Securities, Be Rich Ltd, Beximco Securities, Brac EPL Stock Brokerage, Central Pharmaceuticals, City Brokerage, Conmark Limited, Harun Securities, Prilink Securities, Purabi Securities, Quasem Drycells Ltd, Shahed Securities, Subvalley Securities, Transcon Securities, Treasure Securities, and Western Marine Shipyard.

<https://www.dhakatribune.com/business/2019/03/11/bsec-warns-16-companies-for-flouting-securities-laws>

Economy

BOP posts \$975m deficit in seven months

The Financial Express, March 12, 2019

- The country's overall balance of payments (BOP) registered a \$975-mn deficit during the July-January period of fiscal year (FY) 2018-19. The amount is \$59 mn less than the \$1,034-mn deficit in the July-January period of FY 2017-18, according to the central bank data.
- The rise in the country's secondary income and a decline in the volume of trade deficit helped keep the country's overall deficit in the balance of payments at a lower level during the period. The country's trade deficit fell to \$9,684 mn during the first seven months of FY '19, compared to \$10,077 mn in the same period of the last fiscal.
- Higher growth in the merchandise exports than that of imports helped narrow down the country's overall trade deficit during the July-January period of FY '19. The country's aggregate exports grew by 12.81 % to \$23.80 bn during the July-January period of FY '19, compared to nearly \$21.10 bn in the corresponding period of last fiscal.
- On the other hand, the country's overall imports posted a 7.41 % growth to reach \$ 33.48 bn in the first seven months of the current fiscal as against \$ 31.17 bn in the same period of the last fiscal, according to the Bangladesh Bank (BB) data.

<http://thefinancialexpress.com.bd/economy/bangladesh/bop-posts-975m-deficit-in-seven-months-1552361888>

BD 39th among 50 economies in EM Logistics Index

Poor anti-graft steps, struggling banking sector among factors blamed

The Financial Express, March 11, 2019

- A weak regulatory framework and poor corruption prevention measures are undermining Bangladesh's potential as a big logistics market, says a new global report. At the same time, factors such as political uncertainty, long-standing risks of natural disasters and a struggling domestic banking system are casting a shadow over the long-term growth prospects of the country.
- Such cautionary observations have been made in the latest round of 'Agility Emerging Markets Logistics Index' that got out last week. Leading global logistics giant Agility has been conducting this survey since 2009.
- Bangladesh has been ranked the 39th among 50 emerging economies (EMs), which were part of this logistics index this year. Only two other Asian nations including Cambodia and Myanmar have been placed behind Bangladesh in the ranking topped by India and China.
- A deeper look at the index, however, revealed Bangladesh has been undone mostly by 'Business Fundamentals' sub-index which deals with issues like regulatory environment, credit and debt dynamics as well as domestic stability and market accessibility.

<http://thefinancialexpress.com.bd/economy/bd-39th-among-50-economies-in-em-logistics-index-1552190203>

International

Brexit fallout on UK finance intensifies

New Age, March 11, 2019

- More than 275 financial firms are moving a combined \$1.2 trillion (£925 bn) in assets and funds and thousands of staff from Britain to the European Union in readiness for Brexit at a cost of up to \$4 bn, a report from a think tank said on Monday.
- UK lawmakers are due to vote on Tuesday on an EU divorce settlement. But with less than three weeks to go before Brexit day on March 29, it is still unclear whether the deal will be approved, whether departure from the EU will be delayed, or whether it will happen without agreement.
- The report by the New Financial think tank, one of the most detailed yet on the impact of Brexit on financial services, said Dublin alone accounted for 100 relocations, ahead of Luxembourg with 60, Paris 41, Frankfurt 40, and Amsterdam 32.
- The independent think tank said half of the affected asset management firms, such as Goldman Sachs Investment Management, Morgan Stanley Investment Management and Vanguard, had chosen Dublin, with Luxembourg the next port of call, attracting firms like Schroders, JP Morgan Wealth Management and Aviva Investors.
- Nearly 90 % of all firms moving to Frankfurt are banks, while two-thirds of those going to Amsterdam are trading platforms or brokers. Paris is carving out a niche for markets and trading operations of banks and attracting a broad spread of firms.

<http://www.newagebd.net/article/67118/brexit-fallout-on-uk-finance-intensifies>

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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 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.