

## Stock Market

### Dhaka stocks edge up on GP, financial shares

New Age, September 12, 2018

- Dhaka stocks inched up on Tuesday after losing in the previous two sessions as a section of investors went for bargain hunting targeting the financial shares and Grameenphone. DSEX, the key index of the Dhaka Stock Exchange, added 0.06 per cent, or 3.82 points, to close at 5,543.93 points on Tuesday after losing 34 points in the previous two sessions.
- The market was choppy during the day as investors were active on both sides of the trading fence, market operators' said. The media reported on Tuesday that as per Bangladesh Bank data released on Monday, the defaulted loans in the country's banking sector neared BDT 90,000 crore by the end of June as amount of such loans soared by 20.23 per cent or BDT 15,037 crore in the first six months of this year.
- The average share prices of non-bank financial institution, bank and telecommunication sectors gained 0.61 per cent, 0.58 per cent and 0.57 per cent respectively. Out of the 30 traded bank scrips, 19 advanced, six declined and five remained unchanged, while out of the 23 traded NBFIs, 19 advanced, four declined and one remained unchanged.
- The share prices of Grameenphone rebounded by 0.40 per cent after losing in the previous three sessions. Market experts said that investors were seen rebalancing their portfolios every other day that reflected their lack of confidence over the market. The overall market scenario was negative as the share prices of most of the large-capitalised stocks declined amid sluggish turnover.
- The turnover on the DSE slumped to BDT 714.08 crore on Tuesday compared with that of BDT 965.35 crore in the previous trading session. Meanwhile, the DSE on Tuesday extended trading hours by 30 minutes to 3:00pm for today.

<http://www.newagebd.net/article/50381/dhaka-stocks-edge-up-on-gp-financial-shares>

### BSEC's silver jubilee progs begin tomorrow

New Age, September 12, 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.
- BSEC executive director Farhad Ahmed said, 'We expect that senior government officials including ministries, secretaries and parliament members, leaders from professionals' organisations, professors, stakeholders of the capital market and representatives from listed companies will be present in the programme.'
- Asked about the role of the commission in preventing the ongoing manipulation in the capital market, Farhad said that as long as the market capitalisation remained small, it would be difficult for the commission to check the manipulation. Market manipulators have been using the small-capitalised companies for manipulating the market as the small-caps are easy to manipulate, he observed.

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

## Banking loopholes limit potential of stockmarket

The Daily Star, September 12, 2018

- Bangladesh's stock market is being held back from reaching its potential because of the indiscipline in the banking sector, which has spoiled companies' attitude, said M Khairul Hossain, chairman of the Bangladesh Securities and Exchange Commission (BSEC).
- As is practice, unethical businesses take huge loans from banks and avoid paying them back by getting stay orders from court on their defaulter status. Although banks take huge collateral against the loans, they cannot confiscate the property because of the stay order..
- The capital market regulator is holding conferences at the district level across the country to raise awareness about the benefits of raising funds from the stockmarket. In the last seven years, the regulatory standards and laws have improved a lot.
- Venture capital -- which is a financing that investors provide to startup companies and small businesses that are believed to have long-term growth potential -- has huge potential in Bangladesh. The commission introduced rules and regulations for venture capital funds in 2015, and 37 companies have so far been established through such fund under the ICT ministry. In America, 14% employment comes from the venture capital industry.
- At present, the market is equity based and the BSEC is trying to change that by introducing new conceptual funds like venture capital, private equity and impact.

<https://www.thedailystar.net/business/banking/news/banking-loopholes-limit-potential-stockmarket-1632718>

## 13 banks face BDT 10,971cr provision deficit

The Daily Star, September 12, 2018

- Thirteen banks faced a combined provisioning shortfall of BDT 10,971 crore in the second quarter of 2018 which not only exposed their worsening financial health but also raised the possibility of lending rate hike. The banks are Sonali, Agrani, Rupali, BASIC, AB, Bangladesh Commerce, IFIC, Mutual Trust, First Security Islami, National, Premier, Social Islami and Standard, according to data from the Bangladesh Bank.
- Some of the lenders have been facing the provision shortfall for a long time as they disbursed loans flouting rules, said BB officials. First Security Islami Bank faced the provision shortfall for the first time in recent years. A shortfall is an amount by which a financial obligation or liability exceeds the amount of cash that is available.
- In the first quarter, the provisioning shortfall stood at BDT 10,596 crore at 12 banks. As per the BB regulations, banks have to keep 0.50% to 5% provisioning against general category loans, 20% against classified loans of substandard category, 50% against classified loans of doubtful category, and 100% against classified loans of bad or loss category.
- A BB official said the upward trend of default loans is largely responsible for the provision deficit. The overall shortfall in provisioning against general and defaulted loans in the banking sector widened to BDT 7,990 crore in June, up from BDT 6,767 crore last December.

<https://www.thedailystar.net/business/banking/news/13-banks-face-BDT-10971cr-provision-deficit-1632697>

## Economy

### China to lend more this year: envoy

The Daily Star, September 12, 2018

- China will lend more to Bangladesh this year than in the previous year to help improve its infrastructure, the envoy of the Asian economic powerhouse said yesterday. Zhang Zuo, the Chinese ambassador in Dhaka, said his country lent Bangladesh \$500mn in 2017 as per the commitment of their President Xi Jinping in October 2016.
- The diplomat disclosed that Bangladesh has received the highest amount of loan among the least developed countries under the Belt and Road Initiative of China.
- The Chinese embassy in Bangladesh and the industries ministry jointly organised the discussion mainly to highlight the future of investment, trade, development assistance and infrastructure development under the China's flagship BRI project. A group of Chinese entrepreneurs who have investments here for many years in different sectors like garment, IT and infrastructure have attended the discussion. Senior officials of the industries ministry represented Bangladesh at the programme.
- Regarding Chinese investments in Bangladesh, Zuo said so far more than 200 small and medium enterprises from China have invested more than \$1bn and created employment for 1.10 lakh people.

<https://www.thedailystar.net/business/news/china-lend-more-year-envoy-1632679>

### Robi fined BDT 50cr for using 'unauthorised' fibre service

New Age, September 12, 2018

- The Bangladesh Telecommunication Regulatory Commission has fined Robi Axiata Limited BDT 50 crore as the mobile phone operator continued receiving 'unauthorised' fibre optic transmission service from Bangla Phone Limited. The telecom regulator issued a letter to Robi in this regard on Monday asking the mobile operator to pay the amount within 10 days.
- The BTRC move was a follow-up to its July initiative when the commission, in a letter, warned Robi of BDT 50 crore in fine if it continued to take Nationwide Telecommunication Transmission Network service from Bangla Phone. The government has refrained from giving permission to Bangla Phone for running NTTN service since 2015 and has already decided to revoke Bangla Phone's internet service providing licence for operating 'illegal' NTTN service.
- The BTRC's latest letter also mentioned that the mobile phone operator was yet to give any reply to the letter issued by the commission in July this year, which indicated that Robi had nothing to say in this connection. The BTRC's latest letter also mentioned that instead of discontinuing Bangla Phone service, Robi continued receiving unauthorised fibre optic transmission services from Bangla Phone even after receiving the interim injunction on using the service.
- The telecom regulator detected the non-compliance through an inspection of Robi Axiata Limited on August 27 this year. By continuing receiving Bangla Phone service, the mobile phone operator failed to comply with the directives and orders issued by the commission, the BTRC letter said.

<http://www.newagebd.net/article/50378/robi-fined-BDT-50cr-for-using-unauthorised-fibre-service>

## Bangladesh exports fall by 11.74pc in Aug on Eid holidays

New Age, September 12, 2018

- Bangladesh's export earnings fell by 11.74 per cent in August this year compared with that in the same month of last year because of Eid-ul-Azha holidays. Total export earnings in August stood at \$3.21bn against \$3.64bn in the same month of last year.
- Earnings from readymade garment export in August, 2018 decreased by 10.76 per cent to \$2.71bn from \$3.04bn in the same month of 2017, according to Export Promotion Bureau data released on Tuesday. Experts and exporters attributed the fall in export earnings in the month of August to the suspension of production and shipment of products for about 10 days during Eid-ul-Azha holidays.
- Eid-ul-Azha, one of the biggest Muslim religious festivals, was celebrated across the country in the third week of August. The country's overall export earnings in July-August period of the current financial year (2018-19), however, achieved a minimal growth of 2.51 per cent with \$6.79bn against \$6.62bn in the same period of last fiscal year, the EPB data showed.
- The EPB data showed that earnings from RMG product export in July-August of FY19 grew by 3.82 per cent to \$5.73bn from \$5.52bn in the same period of FY18. Earnings from knitwear export grew by 1.53 per cent to \$2.91bn from \$2.86bn. The export earnings from woven garments in the first two months of FY19 grew by 6.28 per cent to \$2.82bn from \$2.65bn in the same period of FY18.

<http://www.newagebd.net/article/50380/bangladesh-exports-fall-by-1174pc-in-aug-on-eid-holidays>

## NBR makes mandatory use of customised software

New Age, September 12, 2018

- National Board of Revenue has made use of customised VAT processing software mandatory for large businesses and service providing entities having annual turnover of BDT 5 crore and above. Value-added tax wing of NBR on Tuesday issued a general order making the use of the software mandatory from January 1, 2019.
- According to the order, NBR-approved developers will develop the software as per specifications of the VAT authorities. VAT-registered entities or those eligible to be registered will procure it from the developers. Businesses will preserve books of accounts and VAT-related documents using the software and provide as per requirement of VAT offices.
- Companies having annual turnover below BDT 5 crore will also be able to use the software if they want. Those which are using personalised software with approval of the VAT commissioner concerned will also have to update the software as per new specifications within September 30. NBR has also determined the specifications of the software.
- As per the order, the proposed software will comply with the VAT act, rules, gazette notifications and other orders. It will have automation facility in line with NBR automation system. It should have systems of automated report generation and printing facility of VAT returns and other documents related to purchase, sales and current accounts.

<http://www.newagebd.net/article/50379/nbr-makes-mandatory-use-of-customised-software>

## Chinese companies flee overseas to avoid US tariffs

The Daily Star, September 12, 2018

- A growing number of Chinese companies are adopting a crafty way to evade US President Donald Trump's tariffs: remove the "Made in China" label by shifting production to countries such as Vietnam, Serbia and Mexico. The world's

two largest economies have been locked in a months-long trade fight after Trump imposed 25% customs duties on \$50bn worth of Chinese goods this summer, triggering a swift tit-for-tat response from Beijing.

- Chinese factories making everything from bikes to tyres, plastics and textiles are moving assembly lines abroad to skirt higher customs taxes on their exports to the United States and elsewhere, according to public filings.
- The factory will "reduce and evade" the impact of tariffs, management wrote, noting Trump hit e-bikes in August, with new border taxes planned for bicycles and their parts. Trump warned last week those tariffs -- targeting \$200bn in Chinese imports -- could come "very soon".
- Supply chains have already begun relocating out of China in recent years as its rising labour and environmental protection costs have made the country less attractive. Tariffs are adding fuel to the fire, experts and companies say.
- The growing list of foreign firms moving supply chains away from China -- toy company Hasbro, camera maker Olympus, shoe brands Deckers and Steve Madden, among many others -- already has Beijing worried. Less discussed are the Chinese factories doing the same.

<https://www.thedailystar.net/business/global-business/news/chinese-companies-flee-overseas-avoid-us-tariffs-1632493>

## **Alibaba, Russian tech firm Mail.ru agree joint e-commerce venture**

The Daily Star, September 12, 2018

- Chinese e-commerce giant Alibaba and Russian technology group Mail.ru on Tuesday said they would launch a joint e-commerce venture in Russia and former Soviet countries. The deal comes as e-commerce is developing rapidly in Russia though hindered by the country's vast size and problematic infrastructure, including an often unreliable postal service.
- The two groups, along with the Russian sovereign wealth fund RDIF and telecom operator MegaFon, announced the creation of a "strategic partnership" as Russia hosts an economic forum in the far eastern city of Vladivostok.
- The new company will be called AliExpress Russia -- based on the name of an existing Alibaba platform. It will be 48% owned by Alibaba, 24% by MegaFon, 15% by Mail.ru and 13% by the RDIF, the statement said, without disclosing any valuations involved.
- Russia's RBK media group reported that the RDIF would invest up to \$300mn. The deal involves MegaFon selling Alibaba its 10% stake in Mail.ru. Alibaba, co-founded by techbnaire Jack Ma in 1999, reported revenues of \$39.9bn for the year ending March. It already plays a major role in e-commerce in Russia through its AliExpress and Tmall platforms.

<https://www.thedailystar.net/business/global-business/news/alibaba-russian-tech-firm-mailru-agree-joint-e-commerce-venture-1632490>

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