

Stock Market

Stocks soar for 4th week as banks, GP surge

New Age, January 13, 2019

- Dhaka stocks jumped last week, extending the gaining streak to the fourth consecutive week, amid a strong participation of investors as they continued buying shares, especially from financial scrips and Grameenphone after their year-long losses.
- The daily average turnover on Dhaka Stock Exchange soared by 37.36 % to BDT 985.12 crore in last week from BDT 717.18 crore in the previous week. DSEX, the key index of DSE, soared 3.70 %, or 206.83 points, to close at 5,797.30 points on Thursday, the last trading session of the week.
- The financial sector led the surge for another week with a gain in share prices of non-bank financial institutions and bank dropped by 7.2 % and 4.8 % respectively. Out of the 30 traded bank scrips, share prices of all of them except two advanced while out of the 23 NBFIs, 19 advanced, three declined and one remained unchanged over the week.
- Among the large capitalised scrips, share prices of Olympic Industries, Investment Corporation of Bangladesh and GP shot by 18.7 %, 11.8 % and 6.4 % respectively. Average share prices of telecommunication, energy and pharmaceutical sectors soared by 6.6 %, 2.8 % and 2.5 % respectively.
- Out of the 347 traded issues, 261 advanced, 79 declined and 7 remained unchanged. DS30, the blue-chip index of DSE, added 3.59 %, or 69.75 points, over the week to close at 2,011.74 points. Shariah index DSES increased by 3.72 %, or 47.30 points, to close at 1,318.66 points.
- BBS Cables led the turnover chart with its shares worth BDT 125.58 crore changing hands in the week. Olympic Industries, BRAC Bank, Bangladesh Export Import Company, JMI Syringes & Medical Devices, Paramount Textile, Active Fine Chemicals, Singer Bangladesh, Khulna Power Company and Dragon Sweater and Spinning were the other turnover leaders.
- United Insurance Company gained the most in the week with a 23.51-% increase in its share prices, while Pragati Life Insurance was the worst loser, shedding 5.32 %.

<http://www.newagebd.net/article/61624/stocks-soar-for-4th-week-as-banks-gp-surge>

Runner Automobile IPO opens Jan 31

The motorcycle maker to raise BDT 1.0b

The Financial Express, January 12, 2019

- The initial public offering (IPO) of Runner Automobiles will open for subscription on January 31, seeking to raise BDT 1.0 bn from the capital market under the book-building method. The last date for subscription is February 10.
- Runner Automobiles, the flagship company of Runner Group, will allot a total of more than 13.93 mn ordinary shares. The book-building method is a process through which an issuer attempts to determine the price of a share based on the demand from institutional investors.
- The cut-off price of the shares of Runner Automobiles has been fixed at BDT 75 each as discovered by eligible investors (EIs) through bidding under the book-building method. Of 13.93 mn shares, more than 8.33 mn shares (60 %) will be issued to the eligible institutional investors at the cut-off price of BDT 75 each.
- The remaining 5.60 mn shares (40 %) will be issued to general investors through IPO at BDT 67 each, after a 10 % discount on the cut-off price. According to financial statements of the motorcycle maker for the year ending on June

30, 2017, the company's net asset value (NAV with revaluation) per share stood at BDT 55.70. The NAV without revaluation was BDT 41.94.

- The weighted average of the EPS (earnings per share) is BDT 3.31. IDLC Investments Limited is the issue manager of the IPO. Runner Automobiles, which started its journey in 2000, is engaged in manufacturing two-wheelers in Bangladesh. It also started exporting motorcycles to Nepal in January 2017.

<http://thefinancialexpress.com.bd/stock/runner-automobile-ipo-opens-jan-31-1547267852>

IPOs lose lustre for high cost, lengthy process

The Daily Star, January 13, 2019

- Companies are losing interest in coming to the stock market because of the lengthy process stretching up to two years and the high costs to get listed. In the last eight years, 23 companies held road shows to go public with premium but 10 got the approval and even then all but one had to wait for up to two years.
- Companies that tend to go for premium, which is an added amount to the face value of the share, tend to be solid ones. Bashundhara Paper Mills and Aman Cotton needed more than two years to get money from the market after they had held their road shows; Acme Laboratories waited almost two years, while Aamra Networks hung around for one and a half years.
- As of now, Runner Automobiles, STS Holdings, Dhaka Regency Hotel, Delta Hospital, Index Agro, Popular Pharmaceuticals and Esquire Knit have been waiting for more than two years to go for listing, according to data from the Bangladesh Securities and Exchange Commission. Merchant bankers often cite the case of neighbouring India, where the IPO processing time has been cut down.
- The average time taken by the Securities and Exchange Board of India to process draft offer documents has gone down from 78 days in 2016-17 to 61 days in 2017-18. But regulators said the lethargic IPO process prevails due to inefficiency of the merchant banks.
- Since it is not possible to give an exact time frame by which the funds would flow in, many big investors get discouraged and turn to banks to meet their funding needs, said a top official of a leading merchant bank seeking anonymity. Besides, the cost to get listed is another deterrent.

IPO COST (approximate)	
Issue size (In crore taka)	IPO cost (in % of size)
100	2.5
50	4
30	6
20	8
15	9

SOURCE: MERCHANT BANKERS

<https://www.thedailystar.net/business/news/ipos-lose-lustre-high-cost-lengthy-process-1686697>

Capital Market Expo begins Feb 28

The Financial Express, January 12, 2019

- Bangladesh Capital Market Expo, a fair on capital market, will start on February 28 next. The fair will be continued till March 2 at Shilpakala Academy in the capital Dhaka, according to a release. Different merchant banks, stock brokers, asset management companies, credit rating agencies and listed companies will present their products and services in the fair.

- Seminar and discussions will be arranged in the fair and the chairman of the securities regulator and the representatives of different capital market-related associations will also attend the programmes. arthosuchak.com, a business web portal, is organising the capital market expo.

<http://thefinancialexpress.com.bd/stock/capital-market-expo-begins-feb-28-1547280399>

BSEC laying auto-flagging to block directors' anonymous share sales

New Age, January 10, 2019

- The Bangladesh Securities and Exchange Commission is laying auto-flagging system at Central Depository Bangladesh Limited to block sales of shares by sponsors/directors of the listed companies without any disclosure. The sponsors/directors were often found selling shares without any declaration to public, and without prior regulatory approval as they fell short of mandatory minimum shareholding of 2 % individually and 30 % jointly.
- BSEC made the decision after Dhaka Stock Exchange urged the commission to bar secret share sales by sponsors/directors of the listed companies. According to the BSEC notification issued on November 22, 2011, all sponsors/promoters and directors of a company listed with any stock exchange must all time jointly hold minimum 30 % shares of the paid-up capital of the company.
- In case of non-holding of the amount of shares, the sponsors/promoters and directors would not be able to sell or transfer any shares until acquisition of the specified amount of shares. As per the BSEC new scheme, the company itself would block its sponsors/directors' beneficiary owners' accounts through a module connected with CDBL. The company would not be able to open the block once it is sealed.
- DSE and Chittagong Stock Exchange would have the control over opening the block through a module connected with the CDBL trading system. The bourses would open the block for a certain period the sponsor/director declares to sell shares and after that period the bourses would block it again.
- The exchanges will not let the sponsors/directors sell shares if they fall short of holding 2 % shares individually and 30 % jointly. Analysing the latest shareholding position of the listed companies, it was found that the sponsors/directors of more new companies fell short of the mandatory shareholding, meaning that the sponsors/directors of those companies sold shares secretly, breaching securities rules.

<http://www.newagebd.net/article/61621/bsec-laying-auto-flagging-to-block-directors-anonymous-share-sales>

17 companies end up in 'Z' category in two years

The Financial Express, January 11, 2019

- A total of 17 listed companies were downgraded to 'Z' category, meant for worst-performing enterprises, in the last two years. They were downgraded from the best- and medium-performing categories for not recommending dividends or not being in operation for more than six months or for non-compliance regarding the annual general meeting (AGM).
- Of them, eight companies were sent to the 'Z' category in 2017 and nine others in 2018. According to the Dhaka Stock Exchange (DSE) settlement and transactions regulation, a listed company has to declare at least 10 % dividend for its shareholders to be traded under the 'A' category.
- The companies which were sent to 'Z' category in 2018 are Emerald Oil Industries, Tung Hai Knitting & Dyeing, Fareast Finance & Investment, AB Bank, Eastern Cables, Padma Islami Life Insurance, Evince Textiles, Northern Jute Manufacturing Company and GBB Power.

- Eight of them were in the 'A' category earlier and only Fareast Finance was in 'B' category. Of these companies, GBB Power, Northern Jute and Evince Textiles did not recommend any dividend for the year ending June 30, 2018. Padma Islami Life Insurance, AB Bank and Fareast Finance & Investment Fareast also did not recommend dividend for the year ending on December 31, 2017.
- Tung Hai Knitting and Emerald Oil were downgraded as they failed to hold their AGMs in 2017. Eastern Cables was placed in the 'Z' category from the 'A' category, as it failed to hold AGM within the 45 working days from the record date. The company did not seek any permission from the securities regulator to conduct their AGM after 45 working days from the record date.
- Another eight listed companies were shifted to 'Z' in 2017 as two of them were not in operation for over six months and others did not recommend dividend. The companies are Aramit Cement, United Airways (BD), Hakkani Pulp & Paper Mills, Standard Ceramic Industries, C & A Textiles, Golden Son, Mithun Knitting and Tung Hai Knitting & Dyeing.
- C & A Textiles was also downgraded to 'Z' category from 'A' category as the company was not in continuous operation for over six months. No disclosure of the company has been available on DSE website since November 2, 2017. For not holding AGM in 2017, Tung Hai was shifted to 'Z' category on January 1, 2018. Since then no disclosure of the company was found on the DSE website.
- The 'Z' companies which failed to declare dividends in the last five years are Jute Spinners, Meghna Condensed Milk Industries, Meghna Pet Industries, ICB Islamic Bank, Dulamia Cotton Spinning Mills, Samata Leather Complex, Shyampur Sugar Mills, Zeal Bangla Sugar Mills, Imam Button Industries, Savar Refractories, Beximco Synthetics, Shinepukur Ceramics and Sonargaon Textiles.

<http://thefinancialexpress.com.bd/stock/17-companies-end-up-in-z-category-in-two-years-1547181492>

United Power Generation witnesses steady growth

The Financial Express, January 13, 2019

- United Power Generation & Distribution Company (UPGDC) posted a steady growth in dividend disbursement in last few years. During the period, the company's earnings per share (EPS) also rose moderately. The UPGDC, formerly known as Malancha Holdings began operation for ensuring uninterrupted, quality power supply to the industries housed within the country's Export Processing Zones (EPZs).
- Presently the company is involved in power generation, distribution, steam generation and supply up to their customer's doorsteps. The UPGDC reported its EPS of BDT 5.89 and BDT 8.3 for the calendar years 2013 and 2014.
- The EPS was BDT 15.57 (18 months) till June 30, 2016. Later, the company reported its EPS of BDT 10.46 and BDT 11.51 for the fiscal year (FY) 2016-17 and FY 2017-18 respectively. The company disbursed 35 % cash dividend in 2013 and 30 % cash and 10 % stock dividend in 2014.
- It disbursed 125 % cash dividend for 18 months for the period ended on June 30, 2016. The amount of dividend was 90 % cash and 10 % stock for the FY 2016-17. Finally, the UPGDC disbursed 90 % cash and 20 % stock dividend for the year 2017-18.
- The company's revenue earnings gradually rose in last three FYs and two calendar years. It reported revenue of above BDT 3.39 bn and above BDT 4.46 bn for the calendar years 2013 and 2014 respectively. The revenue stood at above BDT 7.90 bn for 18 months till June 30, 2016. Later, the company reported its revenue of above BDT 5.75 bn and above BDT 6.14 bn for FY 2016-17 and FY 2017-18 respectively.
- The company's operating profit rose 4.24 % to close at above BDT 4.15 bn in the FY 2017-18 compared to same period of the previous year. Net profit increased 10.09 % in 2017-18 compared to previous FY. The company reported net profit of BDT 4.17 bn for the FY 2016-17 and BDT 4.59 bn for the FY 2017-18.

<http://thefinancialexpress.com.bd/stock/united-power-generation-witnesses-steady-growth-1547353332>

MFs post 16pc portfolio loss in 2018

New Age, January 12, 2019

- Listed mutual funds performed poorly in the just concluded year (2018) as the sector registered a portfolio loss of 16.4 % in the year, whereas the market dropped by 13.75 %. The total net asset value of closed-end mutual funds was BDT 5,718.53 crore in December, 2018, which was BDT 6,840.29 crore in December, 2017, according to a LankaBangla Finance market research.
- Among the fund managers, Vanguard posted highest drop in portfolio returns in the year losing 17.7 %, followed by VIPB 17.7 %, ICB AMC 17.7 %, LR Global 12.8 %, RACE 11.5 %, ATC 11.0 % and AIMS 8.1 % in the year of 2018, it showed.
- A mutual fund is a professionally managed investment fund that pools money from many investors to purchase securities. The market was largely bearish in 2018, plummeting by 13.75 %. The bear run eroded share prices of most of the companies.
- The daily average turnover at Dhaka Stock Exchange plunged by 37.46 % to BDT 551.09 crore in 2018 compared with that of BDT 872.67 crore in the previous year. Investors showed a little interest in trading units of the mutual funds in 2018 as the total turnover of the industry dropped by 72 % to BDT 1,003.99 crore compared with that in the previous year.
- Of the 35 mutual funds, 30 have been traded far below their units' face value for years. To make the matter worse, market regulator Bangladesh Securities and Exchange Commission has permitted to extend the tenure of mutual funds by 10 years more that drew flakes from the stakeholders. The unit holders now will have to wait another 10 years to get their capital and returns.
- The mutual funds also did not provide lucrative dividends last year. The asset managers provided 32 % less cash dividends compared with that in the previous year. The amount of cash dividend distributed in the year of 2018 was BDT 163.37 crore, which was BDT 243.3 crore in the previous year.
- Among the fund managers, SEML was the top performer being the only one with positive portfolio return as net asset value of funds managed by SEML increased by 0.2 %. Among the asset managers, the top asset manager in terms of asset under management is RACE which has 55.8 % market share in the industry. LR Global, AIMS, ICB AMCL, Vanguard, VIPB, SEML, ATCP, and CAPM are also key asset managers.

<http://www.newagebd.net/article/61528/mfs-post-16pc-portfolio-loss-in-2018>

Economy

RMG workers' basic pay under three grades may go up

Gross wages to remain unchanged

The Financial Express, January 13, 2019

- The government committee has agreed, in principle, to raise basic pay of certain grades in the new wage structure for garment workers, insiders said. The committee, however, decided not to recommend enhancing the gross wages under grades three to five, they said.
- The decisions came at the second meeting of the committee headed by labour secretary Afroza Khan held at her secretariat office in the city on Saturday. The 20-member committee was formed and assigned to submit their report with recommendations to address the grievances regarding the new wage structure for garment workers within one month against the backdrop of ongoing labour unrest in different industrial zones demanding wage hike.

- The new wage structure, effective from the last December, fixed basic for three, four and five grades at BDT 5,160, BDT 4,930 and BDT 4,670 with gross BDT 9,590, BDT 9,245 and BDT 8,855 respectively. The gross payment for the entry level garment workers has been fixed at BDT 8,000, about 51 % hike from BDT 5,300. The gross wages included basic pay of BDT 4,100.

<http://thefinancialexpress.com.bd/trade/rmg-workers-basic-pay-under-three-grades-may-go-up-1547350892>

Only 7.43pc mobile subscribers use 4G service

New Age, January 13, 2019

- Only 7.43 % of the country's mobile phone subscribers are using the fourth generation (4G) mobile phone service even after ten months of the launch of the high-speed service. Three mobile phone operators — Grameenphone, Robi and Banglalink — launched the service in February 19 last year after receiving licences from Bangladesh Telecommunication Regulatory Commission on the same day.
- State-run Teletalk, however, launched the service in December, 2018 despite receiving the licence along with the three private sector mobile operators in February last year. As per the BTRC's latest statistics, the number of 4G subscribers reached 1.17 crore at the end of December, 2018, while the number of active mobile phone users in the country stood at 15.70 crore.
- Mobile phone operators blamed high prices of 4G-enabled devices as the reason for the slow growth in the 4G penetration. But mobile handset importers said that lack of 4G-enabled products depending on the capacity of the mobile phone subscribers was another reason for the slow growth in 4G penetration.
- Of the total mobile phone subscribers in the country, 40.54 %, or 6.35 crore, use 3G internet service. The number of internet users in the country grew significantly in 2013 when the 3G internet service was launched. The number of internet subscribers grew slowly in 2018 despite the launch of faster internet service. Apart from the users of 3G and 4G services, another 1.03 crore or 6.58 % of the mobile phone subscribers use internet through 2G service.
- A total of 8.56 crore or 54.48 % of the country's mobile phone subscribers use internet through handsets. Although the government in the fiscal years of 2017-2018 and 2018-2019 formulated taxation policies supporting local manufacturing and assembling of smartphones, it increased duty on import of finished handsets.
- As per BTRC guidelines, mobile operators are supposed to provide 160 kilobits per second download speed in 2G service and 2Mbps in 3G service. In the case of 4G, mobile phone operators are supposed to maintain 7Mbps download speed and 1Mbps upload speed.

<http://www.newagebd.net/article/61623/only-743pc-mobile-subscribers-use-4g-service>

Lower fund demand prompts govt to go for cut in foreign aid allocation

The Financial Express, January 11, 2019

- The government is likely to slash foreign aid allocation in the revised development budget as most of the ministries and agencies sought lower funds, officials said on Saturday. The lower fund demands came at a meeting at the Economic Relations Division (ERD) last week.
- The ERD consulted with different public agencies including the Power Division, Road Transport and Bridges Ministry, Railway Ministry, Education Ministry, Local Government Division and Water Resources Ministry from January 09 to 10 on their possible demands for project aid in the upcoming revised ADP.
- Meanwhile, the Commission has started work on revising the current BDT 1.73 trillion ADP in view of unsatisfactory execution rate of the development budget in the first half of the current fiscal year (FY) of 2018-19. Different bilateral

and multilateral development partners offer Bangladesh foreign aid-loans and grants-for implementing different development projects every year.

- The government allocates those money for many development projects in addition to its own fund from the internal resources for bearing the overall costs. But the poor utilisation capacity of the public agencies would leave the foreign aid in the pipeline to swell.
- According to the official data, the government ministries and agencies spent only 21 % of the BDT 600 bn project aid outlay in the first five months (July-November) of the current ADP. The rate of spending was higher at 22 % in the same period of the last fiscal year.

<http://thefinancialexpress.com.bd/economy/bangladesh/lower-fund-demand-prompts-govt-to-go-for-cut-in-foreign-aid-allocation-1547351227>

Move on to import raw sugar for first time

Five mills to whiten 15,000T

The Financial Express, January 13, 2019

- The government has made a move to import raw sugar to boost its stock, for the first time, to address huge shortages of the sweetener, officials said. This is for the first time the government is going to whiten imported raw sugar in the country.
- It is expected to start marketing white sugar in the domestic market by the current calendar year. The ministry concerned has undertaken multiple projects to diversify sugar products by tapping potential to make the mills profitable. Some projects are currently being implemented, the official said.
- Local mills produce sweat substance from sugarcane supplied by their contract growers and farmers. According to a source, nearly 67 % out of the mills' total operational costs is used for sugar production. Some 20-24 % is spent on the payment of bank interest and charges, he disclosed.
- Available data shows the corporation's trade deficit stood at BDT 4.89 bn in fiscal year 2010-12. The losses incurred by state sugar mills are gradually increasing as they are not adjusting production costs. On the other hand, the cash-strapped mills are still struggling to meet regular expenses, a source said. The annual local demand for refined sugar is 1.6 mn tonnes, the bulk of which comes through import.
- On average, 0.11 mn (1.1 lakh) tonnes of sugar are required per month, according to the official data. An importer said 1.4-1.5 mn tonnes of crude sugar are imported a year, which are supplied to the market after refining. There are 15 sugar mills running under the state entity across the country. Sources said some 68562.50 tonnes of sugar were produced in FY 2017-18. It was 59984.55 tonnes in FY 2016-17.

<http://thefinancialexpress.com.bd/trade/move-on-to-import-raw-sugar-for-first-time-1547353926>

International

US government shutdown may depress job growth

The Daily Star, January 13, 2019

- A partial shutdown of the US government could slash job growth by as much as 500,000 in January and lift the unemployment rate above 4.0 % unless the impasse in Washington is resolved before next Friday, economists warned.

- Some 800,000 government workers missed their first paycheck on Friday following the partial shutdown which started on Dec. 22 as President Donald Trump demanded that the US Congress give him \$5.7 bn this year to help build a wall on the country's border with Mexico.
- The Labor Department, which has not been affected by the shutdown, surveys employers and households for its closely watched employment report, which includes nonfarm payrolls and the unemployment rate, during the week that includes the 12th of the month.
- For this month, the pay period for most federal employees that includes the week of the 12th runs from Jan. 6 to Jan. 19. About 380,000 workers have been furloughed, while the rest are working without pay. Unless the government reopens next week, furloughed workers will probably be counted as unemployed, as they would not have received a salary during the pay period survey.
- That could result in the first monthly decline in employment since September 2010 and snap a string of 99 consecutive months of jobs gains. But if Congress decides to pay these workers retroactively as was the case following the October 2013 government shut down, they would be considered employed.
- The economy created 312,000 jobs in December, the most in 10 months. Trump likes to boast about the strong labor market as one of his crown achievements. The shutdown, which on Friday tied the record for the longest in the nation's history, could also drive up the unemployment rate in January.
- The household survey from which the jobless rate is derived would likely consider the furloughed workers as unemployed. The unemployment rate rose two-tenths of a %age point to 3.9 % in December as some jobless Americans piled into the labor market confident of their employment prospects.

<https://www.thedailystar.net/business/global-business/news/us-government-shutdown-may-depress-job-growth-1686679>

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