

Stock Market & Company

Stocks fall after 4-day rise

New Age, November 13, 2019

- Dhaka stocks inched down on Tuesday, snapping a four-day gaining streak, as a section of investors went for selling shares to take profits amid poor financial disclosures by a number of companies. DSEX, the key index of Dhaka Stock Exchange, lost 0.04 per cent, or 2.28 points, to close at 4,779.18 points on Tuesday after gaining 103 points in the previous four sessions.
- After a slight gain at the beginning, the market started falling on Tuesday and continued the vibe until the end of the session as a section of investors went for profit taking after a four-day gain, market operators said. They said that some companies disclosed poor financial accounts that dampened the investors' mood.
- State-run Investment Corporation of Bangladesh declared loss of BDT 1.93 per share for the July-September period compared with profit of BDT 0.41 per share in the same period last year. Profits of Titas Gas and Premier Cement dropped in the first quarter this year and profits of Bashundhara Paper Mills and Meghna Cement decreased in the year ending on June 30, 2019 compared with that in the previous year.
- Turnover on the DSE increased to BDT 392.50 crore on Tuesday from BDT 296.63 crore in the previous day. Out of the 350 scrips traded on the day, 128 advanced, 194 declined and 32 remained unchanged.
- National Tubes led the turnover chart with its shares worth BDT 12.45 crore changing hands on the day. Wata Chemicals, Sonar Bangla Insurance, National Polymer, Fortune Shoes, Uttara Bank, Shurwid Industries, Mutual Trust Bank, Khulna Power Company and LankaBangla Finance were the other turnover leaders.
- Agrani Insurance gained the most on the day with a 9.42-per cent increase in its share prices while Regent Textile Mills performed the worst, losing 9.24 per cent.

<http://www.newagebd.net/article/90476/stocks-fall-after-4-day-rise>

DSE suspends official for posting wrong PSI

New Age, November 13, 2019

- The Dhaka Stock Exchange on Tuesday suspended its assistant general manager Sayed Mohammed Jubayer for uploading wrong financial information about ACI Limited on the bourse's web site making investors suffer.
- The web post uploaded on 10.52am on Tuesday said that ACI Limited made profits of BDT 5.19 per share for the July-September quarter of 2019 but the post was later amended on 12.09pm saying that the company actually made loss of BDT 5.99 per share in the period.
- The share prices of ACI surged based on the wrong information. The probe committee has been asked to submit its report to the DSE management by November 17.

<http://www.newagebd.net/article/90480/dse-suspends-official-for-posting-wrong-psi>

BSEC removes auditor ATA Khan from panel

New Age, November 13, 2019

- The Bangladesh Securities and Exchange Commission on Tuesday removed audit firm ATA Khan and Co Chartered Accountants from its auditors' panel for continuing to audit a firm's financial statements beyond three years, violating rules.
- The market regulator on the day also revised its auditor panel, declaring 38 chartered accountants firms eligible for auditing financial statements of listed securities.
- ATA Khan and Co, which audited the financial statements of Generation Next for more than three years in violation of the securities rules, also failed to include the violation into its audit option.
- In addition, the commission also sent a letter to the Institute of Chartered Accountants of Bangladesh to take action against the firm.

<http://www.newagebd.net/article/90479/bsec-removes-auditor-ata-khan-from-panel>

UltraTech says it will sell stake in B'desh units to HeidelbergCement

New Age, November 12, 2019

- UltraTech Cement Ltd on Tuesday announced that it would sell its entire stake in Bangladesh-based Emirates Cement Bangladesh Ltd (ECBL) and Emirates Power Company Ltd (EPCL) to Germany's HeidelbergCement for an enterprise value of USD 29.5 mn (about Rs 211.48 crore).
- UltraTech Cement Middle East Investments Limited, UltraTech's UAE-based wholly-owned subsidiary, has entered into a 'binding agreement with HeidelbergCement Bangladesh Ltd for divesting its entire shareholding in ECBL and EPCL', the Aditya Birla Group firm said in a regulatory filing.
- 'In terms of the agreement, UCMEIL will divest its entire shareholding at an enterprise value of BDT equivalent of USD 29.5 mn subject to obtaining necessary regulatory approvals in compliance with the laws of Bangladesh,' it said.
- UltraTech Cement had a revenue of Rs 35,703.50 crore in 2018-19 financial year. The company has a consolidated grey cement capacity of 117.35 mn tonnes per annum.

<http://www.newagebd.net/article/90488/ultratech-says-it-will-sell-stake-in-bdesh-units-to-heidelbergcement>

GP becomes largest tax payer again

New Age, November 13, 2019

- Leading mobile operator Grameenphone has become the highest tax payer of the country again, said a press release on Tuesday.
- The National Board of Revenue has recognised GP as the highest tax payer for the year 2014, 2015, 2016, 2017 for the corresponding assessment year 2015-2016, 2016-2017, 2017-2018 and 2018-19 in the telecommunication category, it said.
- According to the release, GP has paid BDT 73,085 crore to the national exchequer since its inception in the form of taxes, VAT, duties, fees, 4G licence and spectrum assignment, equating to 54 per cent of its total revenues.

- Grameenphone CEO Michael Foley said, 'This is a testament that Grameenphone pays its dues. We are pleased that Grameenphone is being recognised and honoured as the top tax-payer of Bangladesh by the National Board of Revenue.'

<http://www.newagebd.net/article/90484/gp-becomes-largest-tax-payer-again>

Economy and Industry

RMG exporters to go all out for fair prices

The Daily Star, November 13, 2019

- In a desperate move for better prices, Bangladeshi garment exporters are planning to hold rallies and human chains in major European cities to create awareness among the end consumers. The activist move comes after brands opposed the idea of fixing a base price for garment items.
- At present, as many as 39 percent of the garment manufacturers are selling garment items to buyers at prices lower than the production costs, according to a survey of the Fair Wear Foundation, an Amsterdam-based organisation that works to improve labour conditions in garment factories.
- The reason garment makers resort to the desperate move is that insolvency safeguard mechanism is absent, said Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association, the sector's apex trade body.
- The cost of production of apparel items increased 30 percent between 2014 and 2018, she said. Furthermore, the minimum wage of the garment workers has increased 51 percent since December last year.
- Between fiscal years 2015-16 and 2018-19, the industry's value addition has gone down 1.61 percent though apparel exports have increased from USD28.10 bn to USD34.13 bn during the period. Almost 85 percent of the garment products from Bangladesh are headed to the EU and North America.

KEY POINTS

Some 39pc garment suppliers sell below production costs

Cost of production rose 30pc over the last four years

Value addition went down 1.61pc during the period

Bangladesh exported apparel items worth \$34.13b last fiscal year

The sector suffers from overcapacity, lack of diversification

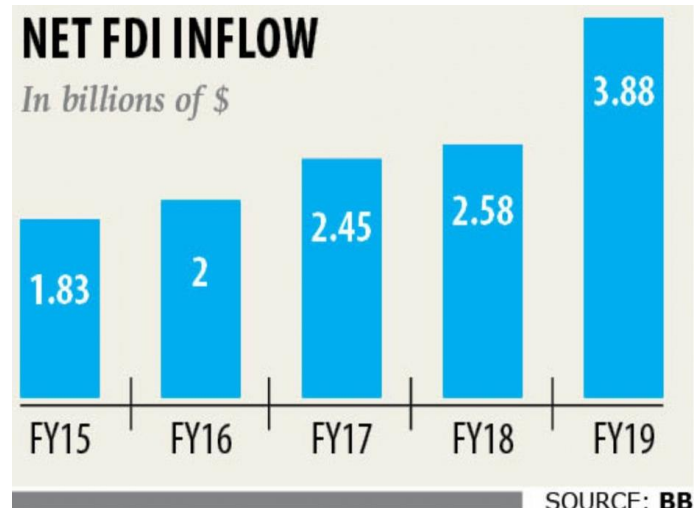
<https://www.thedailystar.net/business/news/rmg-exporters-go-all-out-fair-prices-1826470>

FDI hits all time high

Japan Tobacco's acquisition of Dhaka Tobacco boosted inflow

The Daily Star, November 13, 2019

- Foreign direct investment to Bangladesh surged 51 percent last fiscal year to its highest on record, riding largely on Japan Tobacco Inc's acquisition of Akij Group's tobacco business for USD1.47 bn. In 2018-19, net FDI stood at USD3.88 bn in contrast to USD2.58 bn a year earlier, according to data from the central bank.
- Japan Tobacco has made the investment focusing on the domestic market of Bangladesh and there is no scope to recruit additional workers from the domestic workforce for the existing industry, he said. "This is a one-off investment and indicated that FDI flow may decrease this fiscal year," said Mansur, also a former economist of International Monetary Fund. Japan Tobacco, one of the largest tobacco companies in the world, completed the acquisition of Dhaka Tobacco, a concern of Akij Group, in November last year, in what was the biggest ever single FDI in Bangladesh.
- The economist, however, expressed his hope that the FDI would increase once the special economic zones start running in full swing. Bangladesh Bank calculates the FDI in three categories: equity, reinvestment of earnings, and intra-company loan.



<https://www.thedailystar.net/business/news/fdi-hits-all-time-high-1826473>

Govt's bank borrowing swells to BDT 33,587cr in 4 months

New Age, November 13, 2019

- The government's net borrowing from the banking system surged with the figure standing at BDT 33,586.94 crore in just four months (July-October) of the current fiscal year 2019-20 against BDT 535.90 crore in the same period of FY 2018-19.
- Economists said that a slowdown in sales of national savings certificates, another major source of the government's domestic borrowing, and the stagnancy in revenue collection by the National Board of Revenue were the reasons for the sharp rise in the government's borrowing from the banking sector.
- The borrowing might reach BDT 1,00,000 crore in FY20, leaving the government in a challenging situation to meet budget deficit, they said. As per the latest data, the NBR faced a shortfall of BDT 14,907 crore in revenue collection in the first quarter of FY20.
- The NBR's revenue collection grew only by 2.6 per cent in July-September, one of the lowest in decade. Besides, the net sales of NSCs dropped by 59.59 per cent year-on-year in the July-August period of the current fiscal year because of tightening of sales process and hike in tax on interest.

- As per the Bangladesh Bank data, the government's outstanding borrowing from the banking sector increased to BDT 1,41,682.64 crore on October 30 this year from BDT 1,08,095.7 crore on June 30 this year.

<http://www.newagebd.net/article/90471/govts-bank-borrowing-swells-to-BDT-33587cr-in-4-months>

International

Alibaba's Singles' Day sales hit record USD38b

The Daily Star, November 13, 2019

- Chinese shoppers set new records for spending during the annual "Singles' Day" buying spree despite an economic slowdown and worries over the US trade war, with state media calling it a sign of China's rising economic strength.
- E-commerce giant Alibaba said consumers spent USD38.3 bn on its platforms on Monday during the world's biggest 24-hour shopping event, up 26 percent from the previous all-time high mark set last year.
- The growth rate slowed slightly, however, from the 27 percent increase last year and 39 percent in 2017. Alibaba's main domestic competitor JD.com, which holds an 11-day promotion ending at midnight on November 11, said early Tuesday it had handled sales over that stretch totalling USD29.2 bn, which was up 30 percent.
- US President Donald Trump has repeatedly said his tariffs on Chinese goods have put the country's economy on the ropes.
- Alibaba's one-day promotion on its Taobao and Tmall platforms began at midnight Sunday following a flashy stage show in Shanghai headlined by Grammy-winning US pop star Taylor Swift.
- China's economy is in an extended slowdown exacerbated by the US trade war, and the Singles' Day fire sale is viewed as a snapshot of consumer sentiment in the world's second-biggest economy.

<https://www.thedailystar.net/business/news/alibabas-singles-day-sales-hit-record-38b-1826524>

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

BASL Networks

Head Office

Hadi Mansion (2nd 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 call at +8801993111666, +880 02 9515826, Ext: 101 at Business hour. For further query, write to us at research@basl-bd.com.