

Stock Market

Dhaka stocks drop for 5th day on polls-centric violence

New Age, December 13, 2018

- DSEX, the key index of Dhaka Stock Exchange, lost 0.18 %, or 9.92 points, to close at 5,265.84 points on Wednesday. The DSEX lost 95 points in last five sessions.
- Bank and non-bank financial institution sectors led Wednesday's fall as the sectors lost 0.69 % and 0.31 % respectively. Average share prices of pharmaceuticals, energy and telecommunication also dropped on the day.
- Out of the 30 traded bank scrips, 20 dropped, four advanced and six remained unchanged while out of the 23 NBFIs, 13 declined, seven advanced and three remained unchanged. Among the large capitalised companies, a plunge in share prices of Square Pharmaceuticals, United Power Generation Company, BRAC Bank and Grameenphone weighed on the index.
- On the other hand, share prices of cement and textile sectors gained 1.27 % and 0.26 % respectively. The textile sector led the turnover chart on Wednesday by holding 23 % of the day's total turnover.
- The turnover on DSE inched up to BDT 487.39 crore on Wednesday compared with that of BDT 483.46 crore in the previous trading session. Of the 336 companies and mutual funds traded on Wednesday, 128 declined, 163 advanced, and 49 remained unchanged.
- DSE blue-chip index DS30 also dipped by 0.32 %, or 5.93 points, to close at 1,842.79 points. Shariah index DSES shed 0.22 cent, or 2.74 points, to finish at 1,210.44 points. JMI Syringes & Medical Devices led the turnover leaders with its shares worth BDT 15.21 crore changing hands.
- Meghna Life Insurance Company, Square Pharmaceuticals, SK Trims, VFS Thread Dyeing, Al-Haj Textile, Wata Chemicals, Sonali Aansh, Advent Pharmaceuticals and ML Dyeing were the other turnover leaders. Prime Life Insurance gained the most on the day with a 10-% increase in its share prices, while Information Services Network was the worst loser, shedding 9.74 %.

<http://www.newagebd.net/article/58748/dhaka-stocks-drop-for-5th-day-on-polls-centric-violence>

BSEC warns 18 companies for securities law violation

Dhaka Tribune, December 13, 2018

- Non-compliance warnings were sent to Confidence Cement Ltd, JMI Syringes & Medical Devices Ltd, Miracle Industries Ltd, Monno Ceramic Industries Ltd, Monno Jute Stafflers Ltd, and Prime Textile Spinning Mills Ltd. The Bangladesh Securities and Exchange Commission (BSEC) in November warned 18 organizations, including six companies and 12 merchant banks and securities houses, for non-compliance of securities laws.
- Non-compliance warnings were sent to Confidence Cement Ltd, JMI Syringes & Medical Devices Ltd, Miracle Industries Ltd, Monno Ceramic Industries Ltd, Monno Jute Stafflers Ltd, and Prime Textile Spinning Mills Ltd. BSEC sources said directors, managing directors and company secretaries of the six companies have been warned against alleged securities rules violations. In most cases, violations were related to price sensitive information.
- The BSEC officials also said managing directors of 12 securities houses were warned for alleged securities rules violations. The merchant banks and securities houses that received warnings are AM Securities and Financial Service, Azam Securities Ltd, E-Securities Ltd, Habibur Rahman Securities Ltd, Hazrat Amanat Shah Securities Ltd, ICB Securities Trading Company Ltd, Kazi Equities Ltd, Kazi Firoz Rashid Securities Ltd, Md Fakrul Islam Securities Ltd, Remons Investment & Securities Ltd, Shah Mohammad Sagir & Co Ltd, and Unicap Securities Ltd.

<https://www.dhakatribune.com/business/stock/2018/12/13/bsec-warns-18-companies-for-securities-law-violation>

Misuse of IPO fund

BSEC directs Pacific Denims to refund above BDT 209 mn

The Financial Express, December 12, 2018

- The securities regulator has ordered Pacific Denims to refund IPO fund above BDT 209.80 mn, which was 'misused' in the name of constructing building, into the company account. After taking required measures for refunding the IPO fund, the company's managing director will have to submit evidence in this regard to the commission within January 31, 2019.
- The securities regulator took the decision on Tuesday at a meeting held at the office of the Bangladesh Securities and Exchange Commission (BSEC). Earlier, the securities regulator had appointed auditor to examine the utilisation of the IPO fund raised by the Pacific Denims.
- As per the auditor's findings, the company did not repay bank loans within stipulated timeframe mentioned in the IPO prospectus. For misusing the IPO fund, the securities regulator has also fined the company's managing director and other directors BDT 0.30 mn each.
- Pacific Denims raised an IPO fund worth BDT 750 mn in December, 2016. As per the BSEC directive, the managing director of the Pacific Denims will have to take required measures to transfer the IPO fund, which was misused, to the company account. The managing director will also have to submit proofs in this regard to the commission within January 31, 2019.

<http://thefinancialexpress.com.bd/stock/bsec-directs-pacific-denims-to-refund-above-BDT-209-mn-1544590667>

SWINDLING BY ELIAS BROTHERS

ACC okays charge sheet against nine

The Daily Star, December 13, 2018

- The Anti-Corruption Commission (ACC) has approved the charge sheet in a case involving swindling of BDT 45 crore from Mercantile Bank by Mohammad Elias Brothers (MEB) Group. The ACC has accused nine people in the case, including Nurul Absar, chairman of the group, and Shamsul Alam, managing director.
- When contacted, Mohammad Shouib Riad, a spokesperson of the group, said MEB Group respected the law and would fight the case in the court. He said the business group had already paid the down payment to the bank for the rescheduling of the loan.
- MEB Group has loans amounting to BDT 890 crore outstanding with a number of banks, according to the charge sheet. The ACC probe, conducted by its Assistant Director Mamunur Rashid Choudhury, found that MEB Group faked imports of semi-refined oil from local firm Marine Vegetables Oils. With no goods changing hands in reality, both companies swindled money from the Khatunganj branch of Mercantile Bank by way of showing transaction on papers.
- Some bank officials were also found to be involved in the process, according to the charge sheet. Others accused by the ACC include Tipu Sultan, chairman of Marine Vegetables Oils; Jahir Ahmed, managing director of Marine Vegetables Oils; Nanda Dulal Bhattacharya, former executive vice president of Mercantile Bank; Mejbah Uddin Ahmed, former first vice president; Moinul Kashem Chowdhury, former principal officer; Anowar Hossain, former branch manager, and Sarder Mohammed Jubaer, former manager of the bank.

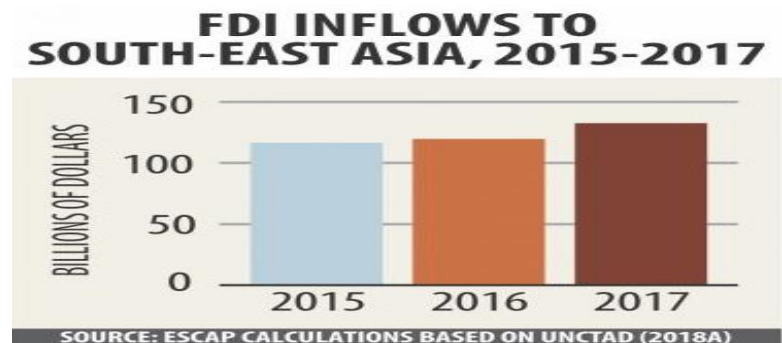
<https://www.thedailystar.net/business/news/acc-okays-charge-sheet-against-nine-1672963>

Bangladeshi apparel to draw bigger FDI

UN body assesses impact of US-China trade war

The Daily Star, December 13, 2018

- The ongoing trade war between China and the US will bring more work orders and more foreign direct investment for the garment sector of Bangladesh, according to the United Nations Economic and Social Commission for Asia and the Pacific (UN ESCAP).
- Developing countries in the region continue to attract investment in labour-intensive sectors, particularly the garment industry. If the trade tensions remain, export growth may slow to 2.3 % in 2019, compared to a nearly 4 % growth in export volume in 2018. The FDI inflows to the region are also expected to continue in their downward trend next year, following a 4 % drop in 2018.
- Tariff hikes that have already taken place are expected to cut global GDP by \$150 bn and regional GDP by a little over \$40 bn if they remain. Since many of the main export industries in the region are relatively labour-intensive, a contraction of export could spell at least temporary hardship for many workers.
- At a minimum, Asia and the Pacific will see a net loss of 2.7 mn jobs due to the trade war, with unskilled workers, often women, shouldering more severe impact. If the tariff war further escalates in 2019 and investor and consumer confidence drop, global GDP could ultimately be cut by nearly \$400 bn, also driving regional GDP down by \$117 bn. Almost 9 mn people could be put out of work in the region, with many more workers also moving to new jobs in different sectors.



<https://www.thedailystar.net/business/news/bangladeshi-apparel-draw-bigger-fdi-1672978>

50 garment units shut over fear of unrest

The Daily Star, December 13, 2018

- Production in as many as 50 garment units remained suspended in the last three days in fear of unrest as the workers were demonstrating for the implementation of the new wage, factory owners said yesterday. Of the factories, 25 are in Ashulia and 25 in Gazipur, said Siddiquir Rahman, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), at an emergency press conference at the association's office in Dhaka.
- The new wage board for garment workers is expected to take effect from January, and the factory managements are now working on it. The BGMEA chief suspects a section of vested quarters are trying to instigate the workers ahead of the national election. Subsequently, Rahman urged the government to take stern actions against the instigators, who are provoking the workers to go for work abstention during such an important time for the garment sector.

<https://www.thedailystar.net/business/news/50-garment-units-shut-over-fear-unrest-1672975>

Economy

Top bankers deplore negative campaign against banks

Find the industry capable of withstanding mild shocks

The Financial Express, December 13, 2018

- Top bankers have called for 'constructive' criticism of the banking sector, saying that their confidence level gets weakened if negative issues are highlighted. The appeal came at a 'meet the press' programme, held at a city hotel on Wednesday.
- The Association of Bankers Bangladesh (ABB) organised the programme to highlight the current scenario of the financial sector in Bangladesh. The programme was organised, days after the recent Centre for Policy Dialogue (CPD) discussion that voiced concerns over scams in the banking sector. At the discussion, the CPD said the country lost BDT 225.02 bn during the last 10 years to scams, irregularities and heists.
- "We've arranged the programme to highlight the development of the country's banking sector," Ali Reza Iftekhar, managing director (MD) and chief executive officer (CEO) of Eastern Bank Limited, told reporters. Only partial information on the banking sector is now being published, he claimed. Syed Mahbubur Rahman, chairman of the ABB, sought judicial support immediately to whittle down the amount of classified loans in the country's banking system.

<http://thefinancialexpress.com.bd/trade/top-bankers-deplore-negative-campaign-against-banks-1544672118>

Trade deficit falls by 8pc in Jul-Oct

New Age, December 13, 2018

- Country's trade deficit eased by 8 % in the July-October period of the current fiscal year of 2018-2019 compared with that in the same period of last fiscal year of 2017-2018 due mainly to a rise in export earnings. According to Bangladesh Bank data released on Wednesday, trade deficit stood at \$5.32 bn in the first four months of FY19 from that of \$5.78 bn in the same period of FY18.
- Country's export earnings witnessed a comparatively better growth in the period as Bangladesh received higher orders for readymade garment products from western buyers who shifted their orders to Bangladesh amid the ongoing trade war between the USA and China.
- In July-October this year, the country's export earnings grew by 18.08 % to \$13.40 bn from that of \$11.35 bn in the same period of last year. Import payments grew by 9.28 % year-on year to \$18.73 bn in the period. Experts, however, said that trade deficit was still at higher zone for the country.
- Deficit in the overall balance, however, doubled to \$444 mn in July-October this year from that of \$222 mn in the same period of last year. In the period, the situation of current account balance also improved as the deficit dropped to \$1.99 bn compared with that of \$3.36 bn in the same period of last year due to rise in remittance inflows.
- BB data showed that remittance inflows increased to \$5.10 bn in July-October from \$4.55 bn. The country's net foreign direct investment, however, declined to \$440 mn from \$475 mn.

<http://www.newagebd.net/article/58743/trade-deficit-falls-by-8pc-in-jul-oct>

BTRC may fine telcos for charging subscribers without their consent

New Age, December 13, 2018

- Bangladesh Telecommunication Regulatory Commission has initiated a move to impose fine on the mobile operators and value-added service providers if they are found charging subscribers without their consent for any services including VAS.
- The BTRC department concerned initiated the move to address customers' woes as it received a large number of complaints against the companies to this end, said BTRC officials. A recent commission meeting of BTRC endorsed the proposal subject to taking opinion from its legal department.
- In most of the cases, customers came to know about the activation of such services after the deduction of money from their mobile phone balance. At present, the regulator addresses customers' complaints by only asking the mobile operators to repay the money deducted from customers' balance in the SIM cards without taking any punitive measures.
- Mobile operators and VAS providers were not stopping such fraudulent activities in absence of punitive measures, observed BTRC officers. In 2017, subscribers lodged 3,522 complaints against the mobile operators in which auto-activation of VAS leading to balance deduction without customers' knowledge was among the top complaints.
- Although the mobile operators had informed the telecom regulator that they would take remedial measures to address the issue, but BTRC is still getting complaints from subscribers. The first confirmation of a VAS is on the telecom operator's platform and the second confirmation from the customer is through a dedicated third-party consent gateway. The telecom operators were only allowed to activate the VAS after getting second confirmation from the customers.

<http://www.newagebd.net/article/58744/btrc-may-fine-telcos-for-charging-subscribers-without-their-consent>

International

Brexit Britain's financial sector faces 'slow puncture'

New Age, December 13, 2018

- Life in London's financial district will appear little changed when Britain leaves the European Union on March 29, defying predictions of an exodus of high-flyers to rival centres like Paris, Frankfurt and Dublin. But as chaos reigns in Westminster, the mood in the capital's historic 'Square Mile' and Canary Wharf's gleaming towers is one of resignation and regret.
- Without meaningful access to the EU's single market, the financial services sector is braced for a long goodbye to its status as the world's international trade and banking hub, more than a dozen senior industry players told Reuters.
- Sources cited years of political strife — from Scotland's 2014 independence referendum to the bitterly contested Brexit vote and its aftermath — that have hurt Britain's image as a safe haven for banks, market-makers and investors. Few are willing to bet that the financial industry, whose 2.3-mn-strong workforce stretches across the country, will be bigger or more profitable in a decade's time.
- Parliament has yet to settle on whether Brexit will be hard, soft or even happen at all after prime minister Theresa May pulled a vote scheduled for Tuesday on her divorce deal with the EU that she acknowledged she would lose.
- But the feeling in the City is that much of the damage has already been done and is largely irreversible. The finance industry is also grappling with a new political reality in which it has no clear allies in government. Bankers initially expected ministers to champion their cause above other industries. Instead, the finance sector has been sacrificed to protect manufacturing and secure an end to freedom of movement from the EU.

- Britain and its financial regulators argue that the vast financial services 'ecosystem' that has evolved in London since the 1980s 'Big Bang' will help the City maintain its role as 'banker to Europe'. The French, German and Irish governments are pushing hard to replicate this, however, incentivising big financial firms to expand in their countries and wooing bankers who fear for their job security in post-Brexit Britain.

<http://www.newagebd.net/article/58749/brexit-britains-financial-sector-faces-slow-puncture>

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