

Stock Market

DSE seeks BDT 1.37cr from UK's business fund for poor

New Age, January 13, 2019

- Dhaka Stock Exchange, the country's premier bourse, has sought grants from Business Finance for the Poor in Bangladesh, a programme funded by British government, to launch a small capital board at the bourse. The bourse and market regulator Bangladesh Securities and Exchange Commission made the approach of creating a separate board for small-capitalised companies at the stock market as a move for market diversification and vibrancy.
- The bourse has estimated the total cost for the project at BDT 2.74 crore and participated in a competition conducted by BFP-B to get fund. In the programme, it appealed for 50 % of the cost, which is BDT 1.37 crore. Under the project, DSE has targeted to list 20 SMEs in the first year and 30 SMEs in the second year. The listing would enhance the market capitalisation to BDT 300 crore in 2019 and BDT 500 crore in 2020.
- Any company with paid-up capital between BDT 5 crore and BDT 30 crore can apply for getting listed with the board. DSE has looked for grants from foreign or local funds which work for the interest of SMEs amid continuous profit decline of the bourse.
- According to DSE sources, profit of DSE declined to BDT 104.56 crore in the financial year of 2017-18 from that of BDT 123.91 crore in FY 2016-17. DSE officials said that the bourse needed a large amount of money to execute its business plans especially in the IT sector, but lack of revenues became major barrier to the development.
- BFP-B approved the project for matching grant of maximum 50 % under current round. According to the BFP-B's payment of funds' conditions, DSE will spend the necessary expenditures from the project budget and then claim to BFP-B for their contribution.
- At first, DSE will initiate the marketing and promotional activities to aware SMEs for fund raising through the SME platform of DSE. Later on, 60 SMEs will be shortlisted for listing in the small capital platform by providing BDS support services especially on reporting and corporate governance issues.

<http://www.newagebd.net/article/61717/dse-seeks-BDT-137cr-from-uks-business-fund-for-poor>

Dhaka stocks hit 9-month high as banks shine

New Age, January 14, 2019

- Dhaka stocks soared again on Sunday with DSEX hitting a nine-month high as investors continued buying scrips, especially banks with expectation of gains. DSEX, the key index of Dhaka Stock Exchange, advanced by 1.08 %, or 62.91 points, to close at 5,860.21 points on Sunday after losing 1.28 points in the previous session.
- The index hit its highest after April 9, 2018 when it was at 5,879.41 points. The core index gained 642 points in last 17 sessions. After the polls, DSEX soared by 474.57 points in nine trading sessions that reflected the growing investors' confidence over the market. The continuous rally also pulled more investments to the market as investors anticipated that the market would climb further.
- Energy and bank sectors led the surge with a gain in share prices by 1.74 % and 1.38 % respectively. Out of the 30 traded bank scrips, 23 advanced, two declined and three remained unchanged while out of the 19 traded energy issues, 15 advanced and four declined.
- Average share prices of textile, pharmaceutical and telecommunication sectors also advanced by 1.21 %, 0.43 % and 0.30 % respectively. The turnover on the bourse advanced to BDT 973.94 crore on Sunday compared with that of BDT 897.57 crore in the previous trading session.

- Of the 336 companies and mutual funds traded on Sunday, 228 advanced, 76 declined and 40 remained unchanged. DSE blue-chip index DS30 gained 0.92 %, or 18.68 points, to close at 2,030.43 points. Shariah index DSES added 0.85 cent, or 11.21 points, to finish at 1,329.87 points. BBS Cables led the turnover leaders with its shares worth BDT 42.76 crore changing hands on the day.
- Khulna Power Company, Olympic Industries, CVO Petrochemical, Dhaka Bank, Summit Power, United Power Generation Company, Meghna Life Insurance Company and BRAC Bank were the other turnover leaders. Saiham Textile Mills gained the most on the day with a 9.91-% increase in its share prices, while Dulamia Cotton Spinning Mills was the worst loser, shedding 5.21 %.

<http://www.newagebd.net/article/61714/dhaka-stocks-hit-9-month-high-as-banks-shine>

Junk stocks go wild

The Daily Star, January 13, 2019

- Investors are being duped with illusions of quick profits from junk stocks although these securities have failed to pay dividends to their shareholders for long, analysts said yesterday. These stocks have continued to dominate the top gainers' lists for the past few days. For instance, Savar Refractories gained 9.95 % yesterday while Emerald Oil 9.63 % and Tallu Spinning 9.59 %. In the last 15 days, the three stocks rose 70.58 %, 49 % and 33.33 % respectively.
- Their peer Jute Spinners was the top gainer on Dhaka Stock Exchange (DSE) yesterday rising 9.99 %. It went up 9.84 % in the last fortnight. Analysts sounded the alarm, saying investors will lose money and, consequently, confidence in the market if the trend continues.
- In August last year, the bourse had decided to review the performance of 15 junk stocks, including the ISN. On October 29, the ISN declared 5 % dividend, prompting the DSE to exempt it from the assessment. However, the ISN cancelled the dividend in an annual general meeting on December 9 after finding out that the dividend was announced without following regulatory rules.
- The DSEX, the key index of the bourse, yesterday crossed the 5,800-point mark after it added 62.91 points, or 1.08 %, to end the day at 5,860.21. Turnover, another important indicator of the market, rose 8.5 % to BDT 973.94 crore. BBS Cables dominated the turnover chart with 38.18 lakh shares worth BDT 42.76 crore changing hands, followed by Khulna Power Generation, Olympic Industries, CVO Petrochemical and Dhaka Bank.
- The top three index contributors were Brac Bank, Summit Power and LafargeHolcim Bangladesh, according to IDLC Securities data. Of the traded issues, 228 advanced, 76 declined and 40 closed unchanged. Chittagong stocks also rose with the bourse's benchmark index, CSCX, advancing 109.38 points, or 1.01 %, to finish at 10,836.29. Gainers beat losers as 179 securities advanced, 70 declined and 25 finished unchanged on Chittagong Stock Exchange. The port city bourse traded 1.80 crore shares and mutual fund units worth BDT 65.23 crore.

RISE OF JUNK STOCKS IN THE LAST 15 DAYS	
Company	Rise (in %)
Savar Refractories	70
Sonargaon Textile	59
Emerald Oil	49
Tallu Spinning	33
Shyampur Sugar	31
Zeal Bangla	28
Padma Life	25
Shinepukur Ceramics	23
Standard Ceramics	23
Pragati Life	19

SOURCE: DSE I

<https://www.thedailystar.net/business/news/junk-stocks-go-wild-1687324>

Sales of savings certificates soar: Non-bank borrowing budgetary target reaches 83% in five months

Dhaka Tribune, January 13, 2019

- According to data, in July-November of FY19, savings certificate sales increased 2.31% or BDT489.86 crore, in comparison with that of the same period of the previous year. Sales of savings instruments have soared in the first

five months of the current fiscal year, as the lucrative tools fetched BDT 21,661.93 crore during the period, or nearly 83% of the yearly target.

- Meanwhile, the skyrocketing non-bank borrowing of the government would enhance the debt burden of the government, economists said. They believe high yields on national savings certificates (NSCs) are encouraging a large number of small investors and pushing up the government's debt burden.
- According to the latest data of the Directorate of National Savings Certificates, the net sales of savings certificates increased to BDT 21,661.93 crore in July-November of FY19, against BDT 21,172.07 crore in the same period of FY18. If the trend continues for the rest of FY19, the government's fund collection from NSC sales might reach twofold of its initial target of BDT 26,197 crore net sales.
- According to data, in July-November of FY19, savings certificate sales increased 2.31% or BDT 489.86 crore, in comparison with that of the same period of the previous year. The rates offered by the NSCs are between 11.04% and 11.76%. On the other hand, banks are offering much lower interest rates, while many of them are giving 4-6% interest against deposit products, with a view to reduce lending rates to facilitate investment following an initiative from government high-ups.
- Last year, the Bangladesh Association of Banks (BAB) had taken a decision to lower the interest rate on savings and lending to 6% and 9% respectively from July 1, which lured savers to park their funds with government tools. In contrast, the interest rate on savings certificates ranged from 11.04% to 11.76%.

<https://www.dhakatribune.com/business/banks/2019/01/13/sales-of-savings-certificates-soar-non-bank-borrowing-budgetary-target-reaches-83-in-five-months>

Economy

Budget shows surplus in four months despite lower revenue

The Financial Express, January 14, 2019

- The current budget recorded a BDT 24.07 bn surplus during the four months to October last, though tax receipts are less-than-expected, the ministry of finance said on Thursday. Revenue income of the National Board of Revenue (NBR) amounted to BDT 200 bn up to November last, falling short of the target by around 22 %, according to the tax authorities.
- The government sustained a budget deficit of nearly BDT 800 mn during the corresponding period of the last fiscal year. Meanwhile, many believe that the bigger-than-expected surplus until October has little to affect the longer-term trend in budget financing. The deficit for the fiscal year 2017-18, which ended in June last, was BDT 873.71 bn.
- Officials familiar with the development told the FE that the execution rate of the annual development programme (ADP) was low during the July-October period of the current FY. The budget allocation for the current FY's ADP is BDT 1.73 trillion and the authorities spent only BDT 162.21 bn during the period, or less than 10 % of the total allocation.
- However, the officials said the interest payments against domestic borrowing was BDT 130.97 bn during the period against BDT 64.73 bn in the same period the year before. Of the non-NBR taxes, land revenue fell by BDT 7.33 bn, which many believe that the authorities went for soft approach towards mobilising resources on account of national elections.
- Experts and economists familiar with the development said this budget surplus means that the pace of development activities remains slow. The Centre for Policy Dialogue (CPD), in a recent study, showed over 60 % of ADP were funded by the money from savings tools. It was only 18 % in fiscal year 2009.

<http://thefinancialexpress.com.bd/economy/bangladesh/budget-shows-surplus-in-four-months-despite-lower-revenue-1547438538>

\$200m ADB loans to improve rural roads

The Daily Star, January 13, 2019

- Asian Development Bank (ADB) is going to give Bangladesh \$200 mn in loans to help improve the country's rural road network. Monowar Ahmed, secretary to the Economic Relations Division (ERD), and ADB Country Director Manmohan Parkash yesterday signed the loan agreement at a ceremony in Dhaka.
- The ADB said the project would also improve the capacity of the rural infrastructure agency for rural road development and enhance rural road master planning. The GIS technology will help identify agricultural value chains, road conditions and mechanisms for allocating priorities, optimising the use of available resources for effective rural road network planning and improvement.
- The roads will be designed with safety features, including signage, guard posts and speed breakers. They will also adopt climate resilient designs incorporating features such as elevated paving, drainage, road foundations and earthworks to significantly reduce maintenance. The roads will be covered under contractual maintenance for five years after the date of construction on a pilot basis. The project also prioritises repair of roads damaged by flashfloods in 2017.
- The project will provide training to Local Government Engineering Department on road and financial management, road safety, climate resilient design and construction, improving road users' awareness and enhancing women's skills on road construction and maintenance. An ADB technical assistance grant of \$1 mn will support these activities.
- Over 2,400 women were consulted in the project area during project design and they appreciated that it will give them more access to economic opportunities and services, according to the ADB statement. The ADB said only about 40 % of the rural population in Bangladesh has access to all-weather roads and these roads make up only 28 % of the total length of rural roads in the country.

<https://www.thedailystar.net/business/news/200m-adb-loans-improve-rural-roads-1687318>

All mobile handsets to be registered

BTRC formulates regulations to stop illegal import, theft and enhance security

The Daily Star, January 13, 2019

- The telecom regulator is set to introduce a registration process for all mobile handsets in the country with a view to mitigating the challenges of illegal import, theft, cloning, organised crimes and health hazard. The mobile operators themselves will register the handsets that are in use in its network, through which it has access to information such as the unique IMEI numbers of handsets, SIM numbers and national ID cards.
- While the customers will not be inconvenienced for the regulation at present, they will face a problem when switching devices at a later date: they must provide proof of purchase of the handset to the operator for it to work. Up to three handsets can be brought from abroad tax-free. The handsets must be registered at the customer service centre of the mobile operator by showing the proof of purchase.
- On the other hand, no other SIM will work in the stolen handsets if its original user raises a claim with proper documents. And after some time, all SIMs will become inactive on the handsets that are not legally imported, according to the regulation.

KEY POINTS

Active SIMs **15.71cr** as of Nov

About **9cr** handsets used currently

Handset market size: Tk **10,000cr**

About **3.5cr** handsets imported legally a year

About **1cr** sets brought in dodging tax

<https://www.thedailystar.net/business/news/all-mobile-handsets-be-registered-1687327>

International

Saudi Arabia to set up \$10b oil refinery in Pakistan

New Age, January 13, 2019

- Saudi Arabia plans to set up a \$10 bn oil refinery in Pakistan's deepwater port of Gwadar, the Saudi energy minister said on Saturday, speaking at the Indian Ocean port that is being developed with the help of China. Pakistan wants to attract investment and other financial support to tackle a soaring current account deficit caused partly by rising oil prices.
- Last year, Saudi Arabia offered Pakistan a \$6 bn package that included help to finance crude imports. Beijing has pledged \$60 bn as part of the China Pakistan Economic Corridor (CPEC) that involves building power stations, major highways, new and upgraded railways and higher capacity ports, to help turn Pakistan into a major overland route linking western China to the world.
- Since the government of prime minister Imran Khan came to power in August, Pakistan has secured economic assistance packages from Saudi Arabia, the United Arab Emirates and China. In November, Pakistan extended talks with the International Monetary Fund as it seeks its 13th bailout since the late 1980s to deal with a looming balance of payments crisis.
- The Pakistani prime minister's office had said on Thursday that Islamabad expected to sign investment agreements with Saudi Arabia and the UAE in coming weeks.

<http://www.newagebd.net/article/61713/saudi-arabia-to-set-up-10b-oil-refinery-in-pakistan>

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