

Stock Market

Stocks break three-day losing streak on NBFi gains

New Age, February 13, 2019

- Dhaka stocks increased on Wednesday after a three-day fall as investors went for bargain hunting targeting mainly non-bank financial institutions after LankaBangla Finance declared higher dividend, market operators said. DSEX, the key index of Dhaka Stock Exchange, gained 0.28 %, or 16.36 points, to close at 5,748.31 points on Wednesday after losing 80 points in the previous three sessions.
- Share prices of NBFIs shot up by 9.83 % as the company declared 15 % cash dividend for the shareholders despite making a marginal profit of BDT 0.85 per share in the year of 2018 compared with that of BDT 4.15 per share in the previous year. The company posted BDT 44.44 crore in net profit in 2018 while the figure was BDT 192.62 crore in 2017.
- The mobile operator witnessed heavy sales pressure after Bangladesh Telecommunication Regulatory Commission on Sunday declared it as significant market power. The declaration means that GP might face additional conditions for running its business.
- Average share prices of NBFi, telecommunication and bank sectors advanced by 1.20 %, 0.99 % and 0.28 % respectively. Energy, textile and pharmaceutical sectors dropped by 0.99 %, 0.24 % and 0.18 % respectively.
- Share prices of Meghna Pet Industries, Meghna Condensed Milk Industries, Imam Button and Savar Refractories each declined by over 9 % as DSE decided to delist the four dud companies and send them to the over-the-counter market.
- The turnover on DSE plunged to BDT 712.64 crore on Wednesday compared with that of BDT 901.39 crore in the previous trading session. Of the 336 companies and mutual funds traded on Wednesday, 169 advanced, 136 advanced and 42 remained unchanged.
- DSE blue-chip index DS30 added 0.17 %, or 3.52 points, to close at 2,003.32 points. Shariah index DSES increased by 0.13 %, or 1.74 points, to finish at 1,311.32 points. Fortune Shoes led the turnover leaders with its shares worth BDT 38.49 crore changing hands on the day.
- Monno Ceramics, United Power Generation Company, Paramount Textile, Bangladesh Submarine Cable Company, LankaBangla Finance, Nurani Dyeing, Monno Stafflers, Legacy Footwear and Grameenphone were the other turnover leaders. Global Insurance gained the most on the day with a 10-% increase in its share prices while Jute Spinners was the worst loser, shedding 9.97%.

<http://www.newagebd.net/article/64749/stocks-break-three-day-losing-streak-on-nbfi-gains>

DSE to delist 4 junk companies

The Daily Star, February 14, 2019

- The Dhaka Stock Exchange (DSE) has decided to delist four junk companies and send them to the over-the-counter market for their failure to provide dividends for the last five years. The four are: Imam Button Industries, Savar Refractories, Meghna Pet Industries and Meghna Condensed Milk Industries.
- The premier bourse took the decision in a board meeting on Tuesday and then forwarded it to Bangladesh Securities and Exchange Commission for approval. In August last year, the DSE agreed to review 15 companies to see whether they have any potential to return to profit as those had been incurring losses for over five years.
- The board also formed a committee to see whether ACI—an A category company—misled its investors. An investor has alleged that the business conglomerate has been continually affected for the last 10 years for losses incurred by one of its subsidiaries, the DSE director said.

- Earlier in July 2018, the DSE delisted Rahima Food and Modern Dying and Screen Printing for keeping production shut for more than three years.

<https://www.thedailystar.net/business/news/dse-delist-4-junk-companies-1701790>

DSE probes Shawpno's continuous huge losses

New Age, February 13, 2019

- Dhaka Stock Exchange has launched an investigation into a significant profit fall of listed company ACI Limited after an investor lodge complaint with the bourse against the group for showing huge losses by one of its subsidiaries, ACI Logistics Limited (brand name Shwapno), said DSE officials.
- The board of directors of DSE on Tuesday formed a five-member committee headed by its independent director former Supreme Court Justice Siddiquir Rahman Miah to investigate the matter, a senior DSE official said. ACI Logistics Limited (Shwapno) has been incurring losses every year since the inception of business in 2008 and the loss is increasing at a rapid pace, he alleged in a letter to BSEC.
- Shwapno, having paid up capital of BDT 36 crore, accumulated BDT 891 crore in losses in last 10 years, sucking all of the earnings of ACI Group, said the letter.
- It posted significant losses in each year including BDT 135 crore in 2016-17 and BDT 135.1 crore in 2017-18. The investor alleged that that the losses proved that the board of directors was not discharging due responsibilities. As a result, investors are deprived of due dividend from the company and fair market price at the stock market, he alleged
- In January 29 this year, ACI Limited declared earnings per share of BDT 0.44 for July-December of 2018 against BDT 7.72 for the same period in the previous year because the huge losses incurred by ACI Logistics.
- Share prices of ACI plunged by 11.58 % in three trading sessions from BDT 338.5 on January 28 to BDT 299.3 on January 31 due to the profit fall news. The share prices of the company closed at BDT 307.9 on Wednesday. ACI company secretary Mohammad Mostafizur Rahman declined to comment on the issue, saying that he was not the appropriate person for commenting on Shwapno.

<http://www.newagebd.net/article/64748/dse-probes-shawpnos-continuous-huge-losses>

Deposit through agent banking rises 122pc

The Daily Star, February 14, 2019

- Deposits collected through agent banking rose a whopping 122 % last year from the previous year whereas the whole banking sector experienced a fall in deposit growth. Bangladesh Bank data showed BDT 3,112 crore was deposited through the agent banking channel in 2018, up from BDT 1,399 crore a year ago.
- The amount collected by the outlets—which provide banking services on a limited scale—was only BDT 380 crore in 2016. However, the deposit growth of the banking sector fell by 1.22 %age points year-on-year to 9 % in 2018. The impressive performance of the agent banking outlets has given some relief to the private banks from the deposit crisis, industry insiders opine.



- The BB issued the agent banking guideline in 2013 but the licensees started full-fledged operation in 2016. Currently, 19 banks provide agent banking service with Dutch-Bangla Bank Ltd (DBBL) and Bank Asia are leading the pack with a combined 78 % market share.
- The number of agent banking accountholders doubled year-on-year to 24.56 lakh last year. Of them, 87 % were opened in rural areas, through which BDT 2,455 crore was deposited. DBBL had the highest 48 % share of the agent banking accounts as of December last year, according to central bank data. Bank Asia stood second with 30 % share, followed by Al-Arafah Islami Bank with 6 % and others 16 %.
- In 2018, the number of agent outlets rose 67 % to hit 6,933, while the number of agents stood at 4,493. A total of BDT 189 crore was disbursed in loans through the agent banking channel in 2018, according to data of the Bangladesh Bank.

<https://www.thedailystar.net/business/banking/news/deposit-through-agent-banking-rises-122pc-1701760>

BSEC retreats from suing 3 investors for SPCL price rigging

Instead fines BDT 2.3cr

New Age, February 13, 2019

- Bangladesh Securities and Exchange Commission has backtracked on its decision to file a lawsuit against three investors for price manipulation of shares of Shahjibazar Power Company Limited. Instead, the stock market regulator fined the investors BDT 2.30 crore in total.
- Earlier, in June 2015, BSEC had slapped a fine of BDT 4.82 crore on nine entities and two individuals for their involvement in abnormal rise in share prices of SPCL and decided to file a case the capital market special tribunal against Abul Kalam Eajdani, chief executive officer of Prime Islami Securities Limited, Golam Mostofa, a client of AIBL Capital Market Services, Nasima Akter Lata, a client of Vision Capital Management, and Star Share Bazar, a corporate client of PISL, for violating different securities rules.
- Later, the commission exempted Abul Kalam Eajdani from litigation and fined him BDT 30 lakh instead. On Wednesday, BSEC fined Star Share Bazar BDT 1 crore, Golam Mostofa BDT 80 lakh and Nasima Akter Lata BDT 50 lakh, exempting them from a lawsuit. The commission decided to impose the fine following their application for a review of their penalty.
- BSEC said that the investors had created abnormal hike in the share prices of SPCL through conducting serial trading. Prices of SPCL shares had increased to BDT 338.8 each in December 2014 from BDT 25 on its debut on July 15 in the same year.
- The commission at the meeting also fined Saad Securities BDT 2 lakh and Salta Capital Limited BDT 3 lakh as the brokerage houses violated a number securities rules including shortfall in consolidated customers' account, providing loans in cash accounts and receiving more than BDT 5 lakh in cash from clients.

<http://www.newagebd.net/article/64755/bsec-retreats-from-suing-3-investors-for-spcl-price-rigging>

MANIPULATING SHARE PRICE

BSEC slaps BDT 2.30cr fine

- The Bangladesh Securities and Exchange Commission (BSEC) has slapped fines amounting to BDT 2.30 crore on two individuals and a company for manipulating Shahjibazar Power Company's share price. A BSEC probe in 2015 found Golam Mostofa, Nasima Akter Lata and Star Sharebazar had created an artificial demand in the secondary market in 2014 for Shahjibazar shares, which is in violation of the securities rules.

- The regulator then decided to file a case in the special tribunal for stockmarket against them, but the individuals and firm appealed to the BSEC to settle the matter out of court. At a commission meeting yesterday, the stock market regulator decided to fine Mostafa BDT 80 lakh, Lata BDT 50 lakh and Star Sharebazar BDT 1 crore.
- The BSEC also fined two stockbrokers, Saad Securities and Salta Capital. Saad Securities was fined BDT 2 lakh for giving margin loans through cash accounts, providing loans to its directors and taking cash of more than BDT 5 lakh from its clients.
- Salta Capital has been penalised BDT 3 lakh for having a fund shortage in consolidated customer accounts, taking cash of more than BDT 5 lakh from clients, giving margin loans through cash accounts and extending margin loans to buy junk shares. Meanwhile, the stock market bounced back to the green yesterday after losing 64 points in the previous three trading days.

<https://www.thedailystar.net/business/news/bsec-slaps-BDT-230cr-fine-1701775>

CDBL moves to restrict sponsors' share sale

The Daily Star, February 14, 2019

- The stock settlement service provider is set to block sponsors' stocks with the view to checking their stealthy share-selling. The move comes after many sponsors were found to have disposed off their huge number of shares without any announcement -- breaching the rules and dragging the company's share price down.
- For instance, in 2010 many sponsors washed their hands off all their share holdings without any announcement, causing the market to crash. As per the listing regulations, there is a three-year lock-in period on shares of sponsor-directors of newly listed companies. After three years they can offload their shares but they have to announce their intent to sell through the stock exchanges.
- The Central Depository Bangladesh Ltd (CDBL) is hoping the system would be ready within four months, said its Managing Director Shuvra Kanti Choudhury. With the view to bringing discipline to the stock markets, the BSEC has instructed the CDBL to initiate a system so that the regulations can be enforced. The sponsors though would be able to sell other companies' shares that are available on their beneficiary accounts.

<https://www.thedailystar.net/business/news/cdbl-moves-restrict-sponsors-share-sale-1701784>

Economy

LNG boosts Ctg factories

The Daily Star, February 14, 2019

- Factories in Chattogram, which have long been operating at below capacity because of inadequate gas supplies, are now breathing a sigh of relief thanks to the availability of liquefied natural gas (LNG). Some 450-480 mn cubic feet (MMCF) of LNG is being added to the national grid every day since the middle of August last year as per the supplier, Karnaphuli Gas Distribution Company (KGDCL).
- Of the amount, the Chattogram region has been getting 250-300 MMCF and the rest of the country 200-230

ENTITIES BENEFITTING FROM LNG	
*In million cubic feet	
	GAS RECEIVED PER DAY
Raozan Thermal Power Station	40
Chattogram Urea Fertilizer	10-12
Abul Khair Power Plant	10-12
Karnaphuly Fertilizer Company	50
United Power Plant	12
Regent Power Plant	5-7
Various steel factories	10-15

MMCF, said Anupam Dutta, KGDCL's manager (customer and maintenance) Previously, Chattogram would get 200-220 MMCF of gas.

- Like Ratanpur Steel Re-Rolling Mills, Raozan Thermal Power Station, Chattogram Urea Fertiliser, newly installed Abul Khair Power Plant, Karnaphuly Fertiliser, United Power Plant, Regent Power Plant and various steel factories have generously benefitted from the government move to import LNG from Qatar. The LNG imports began in September last year. To date, 15 shipments have arrived.
- The liquid is being converted to gas by a floating storage and regasification unit (FSRU) in Moheshkhali operated by American company Excelerate and pumped ashore. KGDCL provides supplies to about 598,000 residential consumers alongside 75 compressed natural gas refuelling stations and about 3,000 industrial and commercial entities.
- The cost per cubic feet is BDT 9.10 for households and BDT 17.04 for commercial units. The gas crisis has been mitigated by the LNG to some extent as some plants are yet to get the supplies, said Mahabubul Alam, president of the Chittagong Chamber of Commerce and Industry.
- Chattogram needs 450 MMCF per day to run productions and the crisis would end within three months given the plan taken by the government, he added. A second FSRU, operated by Summit Corp with Japan's Mitsubishi Corp as a partner, is expected to start operations by the end of March. Rupantarita Prakritik Gas, which supervises LNG distribution, already hopes to take supplies to 500 MMCF by February's end with the existing FSRU.

<https://www.thedailystar.net/business/news/lng-boosts-ctg-factories-1701799>

Garment makers getting new buyers

The Daily Star, February 14, 2019

- Bangladeshi textile and garment manufacturers received positive response from international retailers at the Texworld exhibition currently taking place in the French capital, in what can be viewed as further encouragement for the country's apparel exporters.
- Texworld is an international trade fair of the clothing and textile industry that takes place every six months in Le Bourget near Paris. It is one of the biggest exhibitions in the world where hundreds of buyers, manufacturers, suppliers and brands exhibit their products in Paris in France. The four-day mega event will end today.
- Noman Group is the only apparel and fabrics manufacturing company in Bangladesh which crossed the one bn dollar mark in exports from the country four years ago. Another important reason for higher responses is the shorter lead time in the era of fast fashion. For example, the buyers want to use local fabrics so that the work orders can be catered very fast.
- The Zaber and Zubair has its own fabrics so it does not need to import fabrics from China, India, Turkey or Pakistan to stitch as garment. It takes four weeks to bring fabrics from China which also lengthens the lead time. If the factories can make garment items from local fabrics it takes a shorter lead time, he said.
- The US-China trade war has also been playing a significant role for more work orders being grabbed from buyers by Bangladeshi garment exporters, said Zaber who is investing more than BDT 1,000 crore in his four new projects at Bhaluka to produce synthetic fabrics as per the demand from the buyers.

<https://www.thedailystar.net/business/global-business/news/garment-makers-getting-new-buyers-1701769>

Export performance of many sectors falls short of expectations

The Financial Express, February 14, 2019

- Exports from many sectors in the economy either took slow lane of growth or swung between their highs and lows despite subsidies doled out over the years. The sectors putting on this lacklustre show include jute and jute goods, plastic products, agro-products including potato, meat, animal bones and horn-cores, and some frozen foods.
- In the meantime, people familiar with the subsidy regime, were found dubious about the impact of cash incentives on the export-oriented RMG industry. And many of them argued that the RMG will not require right at this moment such cash subsidy rather they need regulatory supports.
- The time series data of a number of exportable products suggest that there were volatility in export receipts over the years although the main objective of the incentives has been to raise the same. The proceeds from export of jute and jute goods, once the country's mainstay of foreign exchange earnings, had fluctuated highly during the fiscal years from 2012 to 2018, according to Export Promotion Bureau (EPB), the country's export promotion organisation.
- The jute and jute goods fetched on an average \$928 mn a year in the last seven years ending fiscal year 2018. During the period, the export receipts exceeded the \$1.0 bn mark twice before climbing down to \$824 mn in the last fiscal year. People familiar with the matters at the Ministry of Finance (MoF) told the FE that the government had doled out BDT 13.76 bn in subsidy to the jute sector in the last three years to 2017-18.
- The jute and jute goods get around 11 % of the total cash subsidy each year. Export earnings from frozen fish and live animals swung both ways heavily during the last seven years beginning fiscal year 2012. It had been on the slide since the fiscal year 2015. The export receipts were so volatile that it even reached as low as \$508 mn in the last fiscal year.

<http://thefinancialexpress.com.bd/economy/bangladesh/export-performance-of-many-sectors-falls-short-of-expectations-1550115551>

International

Global oil supply to swamp demand in 2019: IEA

New Age, February 13, 2019

- The global oil market will struggle this year to absorb fast-growing crude supply from outside OPEC, even with the group's production cuts and US sanctions on Venezuela and Iran, the International Energy Agency said in a report on Wednesday. The IEA left its demand growth forecast for 2019 unchanged from its last report in January at 1.4 mn barrels per day.
- The IEA raised its estimate of growth in crude supply from outside the Organization of the Petroleum Exporting Countries to 1.8 mn bpd in 2019, from 1.6 mn bpd previously. The agency also lowered its forecast for demand for OPEC crude, production of which the group has pledged to cut by 800,000 bpd this year as part of an agreement with Russia and other non-OPEC producers such as Oman and Kazakhstan.
- US sanctions on Iran and Venezuela have choked off supply of the heavier, more sour crude that tends to yield larger volumes of higher-value distillates, as opposed to gasoline. The move has created disruption for some refiners, but has not led to a dramatic increase in the oil price in 2019.
- Venezuela's production has almost halved in two years to 1.17 mn bpd, as an economic crisis decimated its energy industry and US sanctions have now crippled its exports. Brent crude futures have risen 20 % in 2019 to around \$63 a barrel, but most of that increase took place in early January. The price has largely plateaued since then, in spite of the subsequent imposition of US sanctions.

<http://www.newagebd.net/article/64742/global-oil-supply-to-swamp-demand-in-2019-iea>

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