

Stock Market

Stocks gain slightly on institutional buying

New Age, November 14, 2018

- Dhaka stocks gained marginally on Tuesday as a section of investors, especially the institutional ones, were active to keep the market stable. DSEX, the key index of Dhaka Stock Exchange, added 0.37 %, or 19.52 points, to close at 5,258.58 points on Tuesday after losing 39.91 points in the previous session.
- ICB was providing supports from its bond proceeds of BDT 2,000 crore while DSE members were investing their share sales proceeds of BDT 900 crore. Before Monday' fall, the DSEX gained 74.6 points in three sessions due mainly to the institutional investors' efforts to keep the market stable before the elections. The average share prices of energy, pharmaceutical, telecommunication and bank increased by 2.96 %, 0.91 %, 0.36 % and 0.04 % respectively.
- The share prices of Summit Power soared by 3.11 % as the company declared 26 % profit growth in the first quarter (July-September) of this year compared with that in the same period of the previous year. On the other hand, many investors remained cautious amid the current political developments surrounding the elections.
- The newly formed opposition alliance on Sunday also announced that it would join the upcoming general elections. The share prices of engineering, textile and non-bank financial institutions declined by 0.47 %, 0.38 % and 0.12 % respectively. The turnover on DSE increased to BDT 531.55 crore on Tuesday compared with that of BDT 518.42 crore in the previous trading session.
- Of the 336 companies and mutual funds traded on Tuesday, 135 advanced, 140 declined and 61 remained unchanged. DS30, the blue-chip index of DSE, also added 0.60 %, or 11.31 points, to close at 1,866.77 points.
- Shariah index DSES gained 0.88 %, or 10.67 points, to finish at 1,213.15 points. United Power Generation Company led the turnover chart with its shares worth BDT 34.68 crore changing hands. Shepherd Industries, Monno Ceramics, SK Trims, Saiham Cotton, Khulna Power Company, Intech Limited IFAD Autos, Summit Power and Peninsula Chittagong were the other turnover leaders. Orion Infusion gained the most on the day with a 9.92-% increase in its share prices, while Beximco Synthesis was the worst loser, shedding 8.57 %.

<http://www.newagebd.net/article/55961/stocks-gain-slightly-on-institutional-buying>

Revenue from stock market rises slightly

The Daily Star, November 13, 2018

- The government's earnings from stock market operations edged up only 2.96 % to BDT 395 crore last fiscal year because of lower turnover. The amount came as fees from the beneficiary owner's (BO) accounts, value-added tax and tax on transactions.
- Of the amount, the Dhaka Stock Exchange submitted BDT 280 crore, which is 3.94 % lower than the previous year. However, the income from the Chittagong Stock Exchange soared about 132 % to BDT 57.36 crore in 2017-18. The Bangladesh Securities and Exchange Commission (BSEC) contributed BDT 57.53 crore, down 14.57 % from a year earlier.
- The BSEC collects the money from the Central Depository Bangladesh Ltd (CDBL) as maintenance fee for BO account, while the two stock exchanges collect money by charging tax and VAT on transaction of securities. BSEC Chairman M Khairul Hossain handed over the cheque yesterday to Finance Minister AMA Muhith at his secretariat office.

<https://www.thedailystar.net/business/news/revenue-stock-market-rises-slightly-1660255>

Stock broker faces BSEC heat for market manipulation

The Daily Star, November 13, 2018

- Commerce Bank Securities and Investment, a stock broker, looks set to face punishment from the stock market regulator for its alleged role in manipulation of seven companies' share prices. The companies are: Monno Jute Stafflers, Monno Ceramic, Legacy Footwear, BD Autocars, Queen South Textile, Alif Industries and Eastern Lubricants.
- The stock broker enabled the manipulative transactions of its clients and created artificial demand, according to the report of the enquiry committee of Bangladesh Securities and Exchange Commission (BSEC). The panel was formed on June 21 after abnormal price hikes of some shares.
- On the basis of their findings, top officials of the brokerage house were asked to come to a hearing on Monday. Commerce Bank Securities had a dominant and influential role in the trading of Monno Jute Stafflers shares that caused the price to rise abnormally, according to the enquiry report.
- On July 8, Monno Jute Stafflers, a company with not the most solid of fundamentals, became the most valued stock on the Dhaka Stock Exchange, overtaking British American Tobacco Bangladesh, a solid stock by all accounts. In nine months, Monno Jute's share price soared 6.3 times to BDT 5,430 at present. In contrast, BATB's share was traded at BDT 3,315 yesterday.
- On May 16, the brokerage house bought 50.82 % of the Monno Jute Stafflers stocks on behalf of its clients and continued to buy 25-30 % of the stock for the next several days, said the report. In the same way, a huge buy pressure of Monno Ceramics, Legacy Footwear, BD Autocars, Queen South Textile, Alif Industries and Eastern Lubricants came from the stock broker.
- Legacy Footwear rose 3.5 times in five months to BDT 262; it traded at BDT 218 yesterday. Bangladesh Autocars soared 3.2 times in three months to BDT 457. Yesterday, Bangladesh Autocars traded at BDT 263. The abnormal price hike of the three stocks prompted the capital market regulator to suspend their trading for 30 days starting from August 19.
- Monno Ceramic's share price increased 3.2 times in a space of six months to BDT 377 yesterday, while Queen South Textile rose 1.4 times in four months to BDT 66; yesterday it traded at BDT 43.

<https://www.thedailystar.net/business/news/stock-broker-faces-bsec-heat-market-manipulation-1660252>

UCB gets new MD

The Daily Star, November 14, 2018

- United Commercial Bank has recently saw its additional managing director, Mohammed Shawkat Jamil, being promoted as managing director.
- Jamil started his banking career as a probationary officer at the bank in 1983, the bank said in a statement yesterday. He obtained a postgraduate degree in sociology from Dhaka University, according to the statement.

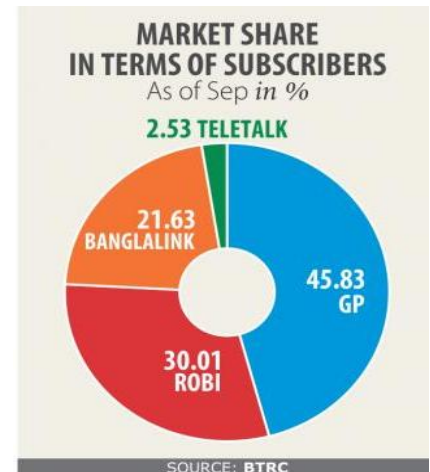
<https://www.thedailystar.net/business/news/ucb-gets-new-md-1660240>

Rules to clip GP wings

BTRC preparing anti-monopoly regulations

The Daily Star, November 14, 2018

- Grameenphone's indomitable crusade for more market share is likely to be ground to a halt as the government is set to activate a regulation that will clip monopolistic tendencies. Called the Significant Market Power (SMP), the regulation imposes restrictions on an operator once it corners 40 % of the subscribers, revenues and spectrum.
- As of September, Grameenphone has 45.83 % market share, while its revenue share in fiscal 2017-18 was 51.77 %, according to the telecom regulator. The operator has been maintaining the same market share for the last few years now.
- The regulation, which has been in the works since 2011, has already been approved by the government and will be issued by this week, said Md Jahurul Haque, acting chairman of the Bangladesh Telecommunication Regulatory Commission.
- The new regulation, which will be the first of its kind in South Asia, states if an operator is found to wage anti-market activities the BTRC can step in to break the monopoly or oligopoly through it. Any competitor can also lodge complaint against the SMP and the regulator will have to look into it.
- However, all the restrictions will be implicated after getting the government's nod. Robi, the country's second largest operator, might get a leg-up if Grameenphone is declared a SMP. The operator welcomes the move, calling it a demand of the market. In its regulation formulation process, the BTRC contacted the Bangladesh Competition Commission (BCC) for its opinion.
- BTRC officials said they will gradually impose the same regulation on the other telecom service operators.



<https://www.thedailystar.net/business/news/rules-clip-gp-wings-1660276>

Economy

Trade deficit widens at a slower rate

The Daily Star, November 13, 2018

- Trade deficit widened slightly in the first quarter of the fiscal year as imports of major goods, including capital machinery, slowed down ahead of the national election next month. The country's trade gap increased only 5.53 % year-on-year to \$3.85 bn between the months of July and September, according to data from the central bank.
- Handsome growth of export earnings also helped to hold back the rising trade deficit -- a worrying trend witnessed by the country throughout last fiscal year. The country's trade deficit hit \$18.25 bn in fiscal 2017-18, the highest in its history.
- Export earnings stood at \$9.74 bn in the first quarter of fiscal 2018-19, up 14 % from a year earlier. At the same time, imports rose 11.48 % to \$13.60 bn.
- Many businesses have recently adopted a 'wait and see' approach to set up new industrial units or expand their existing ones in light of the national election in December, said AB Mirza Azizul Islam, a former finance adviser to a caretaker government. The lower import of capital machinery indicates that the country's investment scenario is going through a cooling-off period.

- Before the national polls, investment usually nosedives because of a lack of confidence among the business community anticipating deterioration of the law and order situation. The country's current account deficit, however, decreased 25.56 % year-on-year to \$1.35 bn between July and September. But Islam said the current account is still maintaining a large deficit in terms of the country's foreign exchange volume.

<https://www.thedailystar.net/business/news/trade-deficit-widens-slower-rate-1660258>

Rooppur NPP: Three contracts with Russia by Dec next year

The Financial Express, November 14, 2018

- The government is eyeing three contracts with Russia regarding Rooppur Nuclear Power Plant (NPP) lifecycle services by December 2019 to smoothly implement the project. They are nuclear fuel supply contract, service contract for operation technical support, maintenance and repair, and contract for spent nuclear fuel management.
- The 'contract for spent nuclear fuel management' will be inked by the end of December 2019. Both sides at the meeting also agreed to make best efforts to ensure the commissioning of the Rooppur NPP first unit in 2023 and second unit in 2024.
- The project is based on the Russia-Bangladesh Intergovernmental Agreement, signed on November 02 in 2011, on cooperation in the area of nuclear power plant construction in Bangladesh. It has a total cost of around BDT 1.13 trillion (\$12.65 bn), with Russ providing funds worth \$11.38 bn.
- The Russian Bank for Development and Foreign Economic Affairs and Bangladesh's state-owned Sonali Bank Ltd will work as authorised banks for the state loan. The selected design for Rooppur is based on the VVER1200 reactor, with its prototype at Novovoronezh-2 in Russia.
- This is an evolutionary Generation III+ design which entirely meets all international safety requirements. The Bangladesh Atomic Energy Commission (BAEC) has assigned India's Global Centre for Nuclear Energy Partnership, or GCNEP, to act as a consultant for building and operating the plant.
- The Bangladesh government will provide BDT 220.52 bn of its own funding for the project in northern Pabna district. India will also provide around \$1 bn loan to facilitate construction of necessary plant infrastructure. Bangladesh initiated construction phase of the 1,200MW Rooppur-2 of the country's first nuclear power plant on July 14 with the pouring of first concrete on the nuclear island.
- The first concrete-laying ceremony for the 1200MW Rooppur-1 project was held at Iswardi of the district on November 30 in 2017. The design and construction work on the site are being performed by Atomstroyexport, Rosatom Engineering Division.

<http://thefinancialexpress.com.bd/trade/rooppur-npp-three-contracts-with-russia-by-dec-next-year-1541908729>

International

Bank of Japan's balance sheet now larger than country's GDP

The Daily Star, November 14, 2018

- Japan's central bank has become the first among G7 nations to own assets collectively worth more than the country's entire economy, following a half-decade spending spree designed to accelerate weak price growth.
- The 553.6 trillion yen (\$4.87 trillion) of assets the Bank of Japan holds are worth more than five times the world's most valuable company Apple Inc. and 25 times the market capitalisation of Japan's most valuable company, Toyota Motor Corp.

- They're also bigger than the combined GDPs of five emerging markets — Turkey, Argentina, South Africa, India and Indonesia. The BOJ has become the world's second central bank after the Swiss National Bank and the first among Group of Seven countries to own a pool of assets bigger than the economy it is trying to stimulate.
- Japan's nominal gross domestic product for the April-June, the latest data available, was an annualised 552.8207 trillion yen. The reading for July-September, due on Wednesday, is expected to show a contraction after natural disasters.
- While some analysts credit its unique policies with lifting the economy out of decades of deflationary pressures, the BOJ has had little success meeting its two % inflation target or reviving domestic demand and growth. Some investors see the BOJ's inflation target as too ambitious and one that has forced it to keep buying a massive amount of bonds and stocks even as other major central banks have started to remove crisis-era policy accommodation.
- At the same time, the aggressive asset purchases in recent years now mean the BOJ owns about 45 % of the 1 quadrillion yen Japanese government bond (JGB) market, crowding out banks and other investors. That falls short of the growth of 8.75 %, or 0.44 % per quarter, under Governor Toshihiko Fukui in 2003-2008, although he enjoyed a tailwind from brisk growth in emerging markets during that period.

<https://www.thedailystar.net/business/news/bank-japans-balance-sheet-now-larger-countrys-gdp-1660327>

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. SharifulAlam Chowdhury Head of Research & Investments	tushar@basl-bd.com, tusharbd@bloomberg.net
Mr. Shohidul Islam Research Analyst	shohidul@basl-bd.com, shohidulbd@bloomberg.net
TanzinNaher Research Associate	tanzin@basl-bd.com
Mr. Monir Hossain Research Associate	monir@basl-bd.com

BASL Networks

Head Office Hadi Mansion (7th 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 contact **Mr. Sumon Das, Chief Executive Officer**. Please call at +8801993111666, +880 02 9515826, Ext: 101 at Business hour. For further query, write to us at research@basl-bd.com.