

Stock Market

Weekly analysis: DSEX sheds 624 points in 11 weeks

Liquidity crunch, lack of confidence grip market

The Financial Express, April 13, 2019

- The broad index of the premier bourse closed the last week sharply lower, extending the losing streak for the 11th straight week amid liquidity crunch and lack of confidence in the market. The week that ended on Thursday saw the DSEX, the broad index of Dhaka Stock Exchange (DSE), wipe out a total of 198 points in the first four sessions.
- However, the index pared some losses in the remaining last session of the week to add 65 points. At the end of the week, the DSEX settled at 5326.39 points, down 2.45 % from the week prior. The Shariah-based index, DSES, also declined 2.85 % to close at 1233.22 points.
- The DS30 index comprising blue chip securities went down by 2.33 % to finish at 1902.98 points. The market capitalisation also slumped 2.36 % and stood at over BDT 3.97 trillion in the last week. On January 24 last, the broad index closed at 5950.01 points. And in the last eleven weeks, the DSEX shed a total of 624 points. According to the EBL Securities, the market faced notable price correction as worried investors kept liquidating sector-specific stocks.
- Of 353 issues traded, only 52 issues advanced, 280 declined and 19 remained unchanged in the last week. The DSE featured an average daily turnover of BDT 3.34 bn, down 16.85 % from the previous week. Of the major sectors which witnessed price corrections, telecommunications declined 4.5 %, cement 5.6 %, textile 4.2 %, financial institutions 3.8 %, fuel & power 3.2 %, bank 1.6 % and engineering 2.6 %.
- The United Power Generation & Distribution Company topped the weekly turnover chart of the DSE. It featured a total turnover of BDT 1.0 bn. The Eastern Cables was the top gainer on the DSE. Its share price rose 12.85 % to close at BDT 332.90 each. The company featured a daily average turnover of BDT 89.15 mn.
- On the other hand, the British American Tobacco Bangladesh Company was the biggest loser. The company's share price declined 66.43 % to close at BDT 1532.60 each.

<http://thefinancialexpress.com.bd/stock/weekly-analysis-dsex-sheds-624-points-in-11-weeks-1555129366>

Top 10 cos snare 35.83pc of weekly turnover

The Financial Express, April 14, 2019

- The top 10 turnover leaders contributed 35.83 % to the weekly transaction featured by the Dhaka Stock Exchange (DSE) in last week. The top 10 leaders posted a total turnover of above BDT 5.99 bn on the premier bourse.
- The DSE's weekly turnover stood at BDT 16.73 bn, of which 35.83 % came from the transactions of the shares of top 10 companies. Out of 10 turnover leaders, the share prices of six companies declined ranging between 1.91 % and 11.91 % in five sessions of last week.
- Of the turnover leaders, United Power Generation & Distribution Company featured a turnover of above BDT 1.0 bn and grabbed 6.02 % of the weekly turnover. The company's share price declined 11.90 % or BDT 45.90 to close at BDT 339.50 in five sessions of last week.
- The turnover of British American Tobacco Bangladesh Company stood at above BDT 990 mn in last week. The company captured 5.92 % of the weekly turnover. The share price of Grameenphone declined 5.21 % to close at BDT 367.70 each. The company featured a total turnover of above BDT 706.19 mn and grabbed 4.22 % of the exchange's weekly turnover.
- The share price of Monno Ceramic Industries declined 3.91 % to close at BDT 334.10 each on Thursday from the closing price of the previous week. In last week, the company's featured a total turnover of above BDT 613.30 mn and grabbed 3.66 % of the weekly turnover featured by the DSE.

- Esquire Knit Composite grabbed 2.89 % of the weekly turnover after featuring a value of BDT 482.99 mn. Of other turnover leaders, Eastern Cables, Reckitt Benckiser (Bd.) and Square Pharmaceuticals featured a total turnover of above BDT 445.76 mn, above BDT 302.57 mn and above BDT 284.56 mn respectively.

<http://thefinancialexpress.com.bd/stock/top-10-cos-snare-3583pc-of-weekly-turnover-1555244843>

Weak IPOs hurting stock market

BSEC's role criticised

New Age, April 13, 2019

- Initial public offerings of companies with weak fundamentals have hurt the country's stock market over the years, shattering investors' confidence on the market. They observed that share prices of most of the companies in the secondary market came down to their face value after abnormal rise on their debut on the stock exchanges.
- Eighty-three companies were so far listed with the stock exchanges in Khairul's tenure. Of them, 26 companies were from the textile sector. The share prices of Zaheen Textile, Generation Next, Family Textile, Tung Hai, and C&A Textile were now being traded far below their face value.
- Dhaka Stocks Exchange Brokers' Association president Shakil Rizvi told New Age that the investors' confidence was heavily affected by poor-quality IPOs at the market. The share prices of SS Steel Limited plummeted to BDT 25.70 on Thursday while the share prices of the company had soared to BDT 50.1 on its debut on January 17, 2019.
- Fourteen companies were listed in 2018 and two in 2019. The lock-in period on placement-share holders and eligible investors of the companies has ended and the investors are dumping their shares in the companies on the public, creating haphazard at the capital market, market operators said.
- The key DSE index, DSEX, lost around 640 points in 11 consecutive weeks to finish at 5,326.39 points on Thursday. The average turnover came down to BDT 300 crore. The regulators also failed to stop secret share sales by sponsor-directors in the lock-in period.

<http://www.newagebd.net/article/69861/weak-ipos-hurting-stock-market>

BSEC forms body to amend rules for 'Z' category companies

Dhaka Tribune, April 15, 2019

- The Bangladesh Securities and Exchange Commission (BSEC) on Thursday formed a committee to amend the rules for 'Z' category companies. BSEC made the decision at a commission meeting held at its office in Dhaka. BSEC chairman M Khairul Hossain presided over the meeting, said a press release.
- The committee will make necessary recommendations discussing the notification issued in 2002 for the 'Z' category companies. According to the 2002 notification, there is a requirement to reform the company's board of directors in the 'Z' category for a period of one year through extra general meeting but in reality it is not followed.
- 'Z' category companies are which have failed to hold the annual general meeting when due or have failed to declare any dividend based on annual performance or which are not in operation continuously for more than six months or whose accumulated loss after adjustment of revenue reserve, if any, exceeds its paid up capital. The total number of listed companies is 41 at Dhaka Stock Exchange (DSE).
- Recently, share prices in junk companies or 'Z' category companies have been rising abnormally despite the absence of price sensitive information and growth in earnings, posing a threat to the stability in the capital market. Manipulators usually target small cap stocks as their prices can be easily manipulated and the demand for their shares can be artificially inflated.

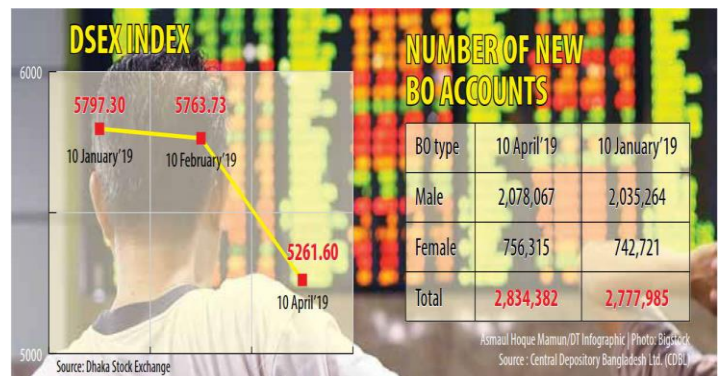
- Such misconduct in the capital market frequently leads to general investors losing money as they gamble in junk shares, despite warnings from regulators and financial experts to not pour funds into the capital market without proper knowledge and information.

<https://www.dhakatribune.com/business/stock/2019/04/12/bsec-forms-body-to-amend-rules-for-z-category-companies>

BO accounts on rise amid free fall of stocks

Dhaka Tribune, April 15, 2019

- The number of new beneficiary owner (BO) accounts has kept on growing despite the continued negative trends in both broad index and turnover.
- Small stock investors continued their demonstration on Thursday protesting at the continued fall of the key indices at the stock exchanges although the market gained 64 points in the day's trading.
- Around 69,500 accounts were opened over the last three months, according to the Central Depository Bangladesh Ltd (CDBL) data.
- The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), lost 535.7 points in the last three months. Turnover, another important indicator of the market, also dropped. On Wednesday, the turnover hit one-year low. On the day, the market capitalization stood at BDT392895 crore, which was BDT4,10,531 crore on January 10.
- A total of 2,078,067 BO accounts belong to males and 7,56,315 to female investors. There are currently 1,788,283 individual accounts, 1,046,099 joint accounts and 13,103 company accounts. An abnormal surge in the share prices of newly listed companies recently, after their debuts at the stock exchanges, encouraged people to open new BO accounts.



<https://www.dhakatribune.com/business/stock/2019/04/12/bo-accounts-on-rise-amid-free-fall-of-stocks>

Cement issues see highest price correction this week

The Financial Express, April 14, 2019

- The cement sector witnessed the highest price correction in last week amid continuous declining trend exhibited by most of the sectors. The cement sector comprising seven companies declined 5.60 % on the Dhaka Stock Exchange (DSE) after five sessions of last week.
- The other sectors which witnessed notable price correction are telecommunication, textile, general insurance, fuel & power and IT. The market prices of all companies of the cement sector declined ranging between 0.24 % to 20.75 % in last week.
- The sector featured a total turnover of above BDT 54.90 mn, which was 1.60 % of the weekly turnover posted by the DSE. After five sessions of last week, the share price of Aramit Cement declined 7.48 % or BDT 1.70 to close at BDT 21 each on Thursday. Of five sessions of last week, the share price of Aramit Cement the highest correction of 9.25 % or BDT 2.10 on Sunday to close at BDT 20.60 each.
- In last week, the share price of Confidence Cement declined 2.72 % to close at BDT 164 each from BDT 168.60 each. The company's share price, however, rose 4.19 % or BDT 6.60 on Thursday, the last trading session.

- Heidelberg Cement Bangladesh witnessed price correction in four sessions of last week. The company's share price declined 20.75 % or BDT 75.20 to close at BDT 287.20 each on Thursday. The company has recommended 75 % cash dividend for the year ended on December 31, 2018.

<http://thefinancialexpress.com.bd/stock/cement-issues-see-highest-price-correction-this-week-1555251691>

Economy

RMG value addition rises slightly

New Age, April 11, 2019

- Gross value addition from country's readymade garment sector in the first half of current financial year 2018-19 (July-December) increased slightly from that of the financial year 2017-18. According to the quarterly review of Bangladesh Bank, the gross value addition from the readymade garment sector stood 63.23 % in the first half of the current financial year 2018-19.
- The value addition in FY 19 was 60.94 %, the data showed. Bangladesh Bank calculated the value addition considering the import price of raw materials including cotton, synthetic/viscose fibre, synthetic/mixed yarn, cotton yarn and textile fabrics and accessories.
- It showed that import price of raw materials in the July-December period of FY 19 stood at \$6.28 bn which is 36.77 % of total export earnings from RMG sector of \$17.08 bn in the period. Thus, raw materials prices shared 36.77 % of the total value of RMG export. It means local value addition is estimated at 63.23 %.
- The BB data showed that the import value of raw materials was \$11.95 bn against the total earnings from RMG at \$30.61 bn in the FY 18. According to the data, the import value of raw materials in FY 18 was 39.06 % of total export earnings from RMG and the local value addition was 60.94 %.
- The report also showed that the local value addition from RMG sector remained static between 60-63 % in the past six years. The BB data showed that the gross value addition from RMG sector was 61.67 % in FY 17, 63.66 % in FY 16, 62.37 % in FY 15, 60.51 % in FY 14 and 61.76 % in FY 13.

<http://www.newagebd.net/article/69908/rmg-value-addition-rises-slightly>

India, Poland set to become \$1b export markets of Bangladesh this FY

New Age, April 11, 2019

- India and Poland are on the track to become new billion-dollar export markets for Bangladesh in the current financial year 2018-19 due to extraordinary performance of readymade garment products.
- Country's export earnings from India in the first nine months of FY 19 stood at \$985.32 mn which was 59.72 % higher than \$616.90 mn earnings in the same period of last fiscal, according to the statistics of Export Promotion Bureau.
- Readymade garment export to India grew by 96.50 % to \$401.14 mn from \$204.14 mn in the period. Export to Poland in July-March of FY 19 grew by 27.88 % to \$924.85 mn from \$723.18 mn in the same period of FY 18.



- RMG export to Poland in nine months of the FY 19 increased by 32.35 % to \$854.36 mn from \$645.49 mn in the same period of last fiscal, data showed. Another readymade garment exporter, wishing not to be named, said that export to Poland increased huge as good quantity of RMG products were being re-exported to other European countries from Poland.
- Country's export earnings in last FY 18 stood at \$36.66 bn and the earnings were mostly concentrated to the eight bn-dollar markets — United States, Germany, the United Kingdom, Canada, Spain, France, Italy, Netherlands and Japan.

<http://www.newagebd.net/article/69909/india-poland-set-to-become-1b-export-markets-of-bangladesh-this-fy>

REVENUE COLLECTION

Growth slows to five-year low

The Daily Star, April 14, 2019

- Revenue collection growth slowed to 7 % in the July-February period of the current fiscal year -- the lowest in five years -- owing to sluggish trend in receipts from VAT and customs tariff.
- This means, the revenue authorities has set itself up for a herculean task in the remaining four months of the fiscal year if it wants get within a touching distance of the year's target of BDT 296,201 crore. The Bangladesh Bureau of Statistics (BBS) has forecasted that the GDP will grow 8.13 % this fiscal year, up from 7.86 % last year.
- Earlier this month, both the World Bank and the International Monetary Fund tipped the Bangladesh economy to log in the second-best growth figures in the world this calendar year and fiscal year. The manufacturing sector is expected to grow 19.28 % this year, so the revenue collection from this segment should be high.
- During the July-February period, VAT collection increased 6.29 % year-on-year to BDT 52,907 crore. Income or direct tax receipts grew 12.13 % from a year earlier to BDT 38,924 crore. And despite higher import growth, collection from customs duty edged up 3.74 % to BDT 41,629 crore.



<https://www.thedailystar.net/business/news/growth-slows-five-year-low-1729747>

China may raise interest rate of power loans

The Daily Star, April 14, 2019

- Beijing is demanding 3 % interest rate for a \$1.4 bn loan for a power project in Bangladesh, a 50 % increase in the lending rate from its previous projects.
- The World Bank started to charge 2 % rate of interest, including 0.75 % for service, and 1.25 % interest for the credit from July 1, 2018 as the global lender considered Bangladesh as lower middle income country.
- However, the loan interest rate for International Development Agency (IDA)—a soft loan wing of the World Bank—was only 0.75 %. Like World Bank, the Asian Development Bank also started charging 2 % interest for credit from last year.
- The issue was discussed at a meeting of the standing committee on non-concessional loan (SCNCL) chaired by Finance Minister AHM Mustafa Kamal on March 19. The committee decided to seek the prime minister's approval whether Bangladesh will go for the loan at 3 % interest rate or not, as the increase from 2 % to 3 % is a major change, according to the summary of the meeting.

- Bangladesh has signed loan agreement for five China-funded projects at 2 % interest rate, both for grant portion and preferential buyers' credit (PBC) portion. In August 2017, the Exim Bank of China wrote to the Economic Relations Division (ERD) to send a loan application for the DPDC project, amounting to \$1,402.83 mn.
- Of the sum, China showed interest to lend \$381.16 mn in government concessional term at 2 % interest rate and the rest \$1,021.77 mn at 3 % interest rate. Both loans carry a repayment period of 20 years with five years grace period.

<https://www.thedailystar.net/business/news/china-may-raise-interest-rate-power-loans-1729735>

International

China's imports plummet in March

The Daily Star, April 14, 2019

- China's imports plummeted in March while exports rose sharply, official data showed Friday, adding to worries about slowing growth in the world's number two economy amid a US trade war. Total imports sank 7.6 % on-year last month while exports rose 14.2 %, the data from China's customs administration showed, producing a trade surplus of \$32.7 bn.
- Economists polled by Bloomberg had expected a slight 0.2 % rise in imports with exports projected to grow 6.5 %. Beijing has taken measures to jumpstart its cooling economy with massive tax cuts and fee reductions but the falling imports point to tepid demand at home.
- It raises questions about the current strength of domestic demand, especially as rising oil prices should have pushed up imports, said Julian Evans-Pritchard of Capital Economics in a note. Last month, officials lowered China's annual growth target to 6.0 to 6.5 % for the year, down from 6.6 % last year.
- Washington and Beijing have slapped tariffs on more than \$360 bn in two-way goods trade, weighing on the manufacturing sectors in both countries. China's politically sensitive trade surplus with the US widened to \$20.5 bn last month from \$14.7 bn in February.

<https://www.thedailystar.net/business/news/chinas-imports-plummet-march-1729714>

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