

Stock Market

Weekly analysis: Stocks keep tumbling as panic sell-off continues

DSEX plunges 303 points in three weeks

The Financial Express, September 14, 2019

- Stocks witnessed yet another bearish week, extending the losing streak for the third straight week, as worried investors continued their selling binge to ward off further losses. The benchmark index of the major bourse also tumbled below the 'psychological' threshold of 5,000-mark during the week, hitting a 32-month low amid mounting selling pressure.
- Week on week, DSEX, the prime index of the Dhaka Stock Exchange (DSE), dropped 79.13 points or 1.58 % to close at 4934. The DSEX has lost a cumulative 303 points in the past three weeks and the market-cap lost BDT 194 bn during the period.
- The outgoing week saw four trading days instead of five as the market remained closed on Tuesday due to holy Ashura. Two sessions fell sharply while two others saw marginal gain. Two other equities indices also closed lower. The DS30 index, comprising blue chips, shed 21.14 points to finish at 1,737 and the DSE Shariah Index lost 10.28 points to close at BDT 1,156.
- The weekly turnover on the prime bourse stood at BDT 16.86 bn, down from BDT 19.73 bn in the week before. The daily turnover averaged out at BDT 4.21 bn, up 6.81 % from the previous week's average of BDT 3.94 bn. The market capitalization of the DSE also fell 1.37 % to BDT 3,694 bn on Thursday, from BDT 3,745 bn in the previous week.
- National Tubes was also the week's best performer, posting a gain of 30.87 % while the United Power was the worst loser, shedding 117.39 % following its price adjustment after record date.
- The port city's bourse, Chittagong Stock Exchange (CSE), also ended lower, with its CSE All Share Price Index - CASPI - losing 281 points to settle at 14,982 and the Selective Categories Index - CSCX - shedding 171 points to finish the week at 9,095.

<http://thefinancialexpress.com.bd/stock/weekly-analysis-stocks-keep-tumbling-as-panic-sell-off-continues-1568440562>

BSEC approves 60 IPOs despite DSE's reservations

Many issuers struggling to run business

New Age, September 15, 2019

- The capital market regulator, Bangladesh Securities and Exchange Commission, under the current commission led by chairman M Khairul Hossain has approved around 60 initial public offerings despite the Dhaka Stock Exchange raising reservations about the IPOs.
- Of the IPO issuing companies, the share prices of around 20 companies later dropped below their issue prices, DSE data showed. The current commission with M Khairul Hossain at the helm has so far approved IPOs of around 90 companies since 2011 and the DSE raised reservations about 60 of them.
- Of the 60 IPOs about which the DSE shared its reservations, around 20 companies are being traded below the issue prices and another 11 companies are being traded near the face value.

- Generation Next, Appollo Ispat, C&A Textile, Family Textiles, Fareast Finance, Mozaffar Hossain Spinning, Olympic Accessories, and Zaheen Spinning had received negative recommendations from the country's premier bourse and the shares of the companies are now being traded below BDT 10 per share.
- The share prices of Khulna Printing, Emerald Oil, Evince Textiles, National Feed, Far East Knitting, Pacific Denims, Yeakin Polymer, Sunlife Insurance, Khan Brothers Woven, Regent Textile and Central Pharmaceuticals are hovering at their face value. The DSE had raised reservations about these companies' IPOs also.
- In recent months, the DSE made negative observations about IPOs of Intraco Refueling Station, Oimex, Advent Pharma, Queen South Textile, VFS Thread Dyeing, ML Dyeing, Kattali Textiles, Indo-Bangla Pharmaceuticals, SS Steel, New Line Clothings, and Silco Pharmaceuticals.
- Initially the DSE had given positive observations about the company's IPO, but later it backtracked on its position after the media reported some anomalies against the company and the bourse urged the BSEC to consider the matter.

<http://www.newagebd.net/article/84558/bsec-approves-60-ipos-despite-dses-reservations>

BSEC probe finds 10 involved in share price manipulation

Al-Haj Textile, Monno Ceramic sent to spot market

The Financial Express, September 15, 2019

- The securities regulator has found 10 investors involved in manipulation of share prices of 12 listed companies, which made the market volatile in recent times. The Bangladesh Securities and Exchange Commission (BSEC) has also decided to send Al-Haj Textile Mills and Monno Ceramic to the 'spot' market with effect from Sunday (September 15), as they violated the securities rules.
- The decision came at a meeting of the BSEC on Thursday, with its Chairman M Khairul Hossain in the chair. At the meeting, the securities regulator also froze shareholdings of Monno Welfare Foundation in Monno Ceramics and Monno Jute Stafflers, and the entire shares of Al-Haj Textiles' director Shamsul Huda as they breached a number of securities rules.
- The investigation team found that various forms of manipulation took place during the trading of shares of United Power Generation Company, VFS Thread Dyeing, IPDC Finance, SS Steel, Intech Limited, Saiham Textiles, Saiham Cotton Mills, Rupali Life Insurance Company, Monno Ceramics, Monno Jute Stafflers, Investment Corporation of Bangladesh and Dutch-Bangla Bank in recent months.
- The committee also found that some individuals, institutional investors, intermediaries and company officials are involved in price manipulation through series of trading, giving loans beyond the limit, auto client trade, anomalies in financial accounts, circular trading and short sale.

<http://thefinancialexpress.com.bd/stock/bsec-probe-finds-10-involved-in-share-price-manipulation-1568350119>

FALLING STOCKS

Kamal to sit with stakeholders

The Daily Star, September 15, 2019

- Finance Minister AHM Mustafa Kamal is going to sit with stakeholders of the stock market tomorrow to get an understanding of the recent index fall.
- In the past one month, the DSEX, the benchmark index of Dhaka Stock Exchange (DSE), dropped 303 points before coming to a halt at 4,933.17, the lowest in 33 months. During the period, BDT 17,838 crore of market capitalisation has been eroded.
- The government is also concerned about the market fall so the minister is going to sit with the stakeholders to get to know about the reasons behind it, said a top official of the Bangladesh Securities and Exchange Commission (BSEC).
- This is the minister's second visit. The first was on April 21 after the index fell by over 600 points within three months. After the meeting, the BSEC brought about at least 21 amendments to rules.

<https://www.thedailystar.net/business/news/kamal-sit-stakeholders-1800238>

NCC Bank re-elects chairman

The Daily Star, September 15, 2019

- Md Nurun Newaz Salim has recently been re-elected chairman of NCC Bank while Sohela Hossain vice chairman. Salim is the chairman of Electro Mart Ltd and Trade International Industries Ltd and a director of the Federation of Bangladesh Chambers of Commerce and Industry, the bank said in a statement yesterday.
- He is also a former senior vice president of the Chittagong Chamber of Commerce and Industry and former chairman of Central Insurance Co Ltd. Sohela is the chairman of Mir Akter Hossain Ltd and president of the Mir Group of Companies.

<https://www.thedailystar.net/business/news/ncc-bank-re-elects-chairman-1800211>

Bangladesh: the tiger of Asia

Says German business delegation, calls for exporting farm products

The Daily Star, September 13, 2019

- Bangladesh has become a tiger among the Asian nations as no other country in the continent has grown as much as it recorded, said a high-powered German business delegation in Dhaka yesterday.
- Twenty-three CEOs and high-ranking business representatives visited Bangladesh from September 8 and 12 to explore future business opportunities for German enterprises in the country and address key concerns faced by the foreign investors.
- Clasen and his team members held a press conference on the final day of the visit at the InterContinental Dhaka hotel. Beyond already strong export industries like garment and jute, the delegates represented sectors with strong potential, including in construction, IT, interior design, shipping, tourism, and environment technologies.

- According to Clasen, Bangladesh needs strong international public relations agencies so that the success stories of the country can be highlighted to the people around the world. The delegation chief said the biggest asset of Bangladesh is its young workforce. No other Asian country has such a young workforce.
- The delegation visited garment and textile factories and office of the Bangladesh Investment Development Authority and met government high-ups. Clasen suggested exporting agricultural products to Germany as there is a lot of demand for such items in the country.

<https://www.thedailystar.net/business/news/bangladesh-the-tiger-asia-1799191>

Economy

Sanofi to leave Bangladesh

The Daily Star, September 15, 2019

- Sanofi, the French pharmaceuticals giant, is planning to exit Bangladesh after 60 years in the country by offloading stakes, in a massive blow to the government at a time when it is earnestly looking to attract foreign direct investment.
- In its world-class plant located in Tongi, Sanofi products are produced maintaining good manufacturing practice standard and storage procedure. Sensitive and high-tech products like vaccines, insulin and chemotherapeutic drugs are imported directly from France, the US, the UK and Germany.
- Sanofi Bangladesh is a public limited company, where the government of Bangladesh owns 45.36 % share. Sanofi has been marketing global brands like Lantus, Apidra, Taxotere, Eloxatin, Clexane, Amaryl, Insuman, Epilim along with other growth-driving brands, including Sefrad, Sefurox, Kuracef, Curazith, Fimoxyl, Flagyl, Profenid, Xerosec and Sandom in Bangladesh, according to the Metropolitan Chamber of Commerce and Industry.
- In July last year, GlaxoSmithKline (GSK), another multinational research-based pharmaceutical and healthcare companies, closed its medicine manufacturing unit in Bangladesh after over six decades of operation.

<https://www.thedailystar.net/business/news/sanofi-leave-bangladesh-1800247>

Banks' CSR spending drops by 62pc in Jan-June

New Age, September 15, 2019

- Banks' spending for corporate social responsibility purposes dropped year-on-year by 61.84 % or BDT 387.8 crore in January-June of the year 2019 as banks were suffering from liquidity crisis.
- For the CSR purposes, 51 scheduled banks spent BDT 239.33 crore in the January-June period this year against BDT 627.13 crore spent in the same period last year, according to the Bangladesh Bank data released on September 9.

- Due to the crisis, spending by the banks for the purposes also fell in July-December period, 2018 when banks disbursed BDT 277.5 crore against their disbursement of BDT 417.77 crore in the same period of 2017. As a result, the private sector credit growth dropped to a six-year low (11.26 %) in July this year.
- Of the CSR expenses, banks spent the highest (BDT 119.03 crore) for disaster management, representing 49.73 % of their total spending. The second highest, 23.43 % or BDT 56.07 crore of the entities' total CSR expenses, was for the education sector.
- Apart from these, the banks spent BDT 23.68 crore for health sector, BDT 5.3 crore for cultural sector and BDT 3.34 crore for climate risk sector, among others.
- As per the BB's guidelines on CSR, the banks are allowed to spend for the charitable purposes from their net profits and such spending are not mandatory instead it is participatory. Banks can spend 30 % of their allocated fund for education, 20 % for health and another 10 % for climate risk or disaster management.
- The banks are allowed to spend the rest 50 % for sectors like emergency disaster relief, promotion of environmentally sustainable output practices and lifestyles and enhancement of artistic, cultural, literary, sports and recreational facilities for underprivileged segments.

<http://www.newagebd.net/article/84416/banks-csr-spending-drops-by-62pc-in-jan-june>

UAE business groups to invest \$10.0b in Bangladesh

The Financial Express, September 15, 2019

- A number of UAE business groups are set to invest \$10 bn in Bangladesh, according to the Bangladesh Economic Forum, which will take place at Conrad Dubai Hotel in Dubai on Sunday.
- More than 300 government officials, business leaders, investors and entrepreneurs will participate in the day-long international investment conference, aimed at strengthening the flow of trade and investment between the UAE and Bangladesh, reports BSS quoting a press release.
- Bangladeshis are major investors in the UAE economy where more than 50,000 businesses are owned and successfully run by Bangladeshi expatriates who employ in together more than 150,000 people.
- The three Investment Promotion Agencies (IPAs) of Bangladesh — BIDA, BEZA and BHTPA — are participating in such an international investment conference in the Gulf for the first time undertaken by Bangladesh Economic Forum, a private sector initiative of the UAE-base Non-Resident Bangladeshi professionals and entrepreneurs.
- As many as 20 fresh investment projects are being prepared to be tabled at Bangladesh Economic Forum where investors are expected to meet and discuss their projects with Salman F Rahman and the visiting Bangladesh official delegation.
- Bangladesh economy grew at 7.9 % in FY18 while the economy is expected to grow over 8 % in the next few years which will make it the fastest growing economy in the world. In order to sustain 8 % plus GDP growth, Bangladesh needs massive foreign and domestic investment which will create employment and ensure sustainable development.

<http://thefinancialexpress.com.bd/economy/bangladesh/uae-business-groups-to-invest-100b-in-bangladesh-1568471933>

Certification problem hurts exporters

BFTI study suggests quality accreditation

The Financial Express, September 15, 2019

- Bangladeshi exporters encounter difficulties at different destinations as foreign buyers often discount the certification by the local authorised bodies who lack accredited labs, revealed a latest study. Delays in international trade processes in Bangladesh are often caused by domestic institutional weaknesses and procedural obstacles, said the study done by the Bangladesh Foreign Trade Institute (BFTI).
- The think tank conducted the research titled 'Analysing the Gap in Issuing Certificates of Standards for Export' for the Export Promotion Bureau (EPB) under commerce ministry. The research involved six local export-oriented sectors and several certifying agencies to identify the gap and propose quick resolution of the problems.
- The local exportables include jute, leather, plastic, horticultural products, frozen food and herbal items. The study analysed capacity and acceptance of certification authorities like Bangladesh Accreditation Board (BAB), Bangladesh Council of Scientific and Industrial Research (BCSIR) and Bangladesh Standards and Testing Institution (BSTI).
- To boost capacity of the certifying agencies, the study recommended developing a national quality infrastructure (NQI), building capacity of allied institutions and executing the National Quality Policy. It has also suggested re-engineering the public NQI organisations, and capacity building of the institutions like BCSIR, EPB, BSTI and BAB.

<http://thefinancialexpress.com.bd/trade/certification-problem-hurts-exporters-1568519867>

Truck sales down 26pc

Insiders blame liquidity crisis, slowdown in public spending

The Daily Star, September 15, 2019

- Daily sales of truck—a major goods carrier—fell 26 % year-on-year in 2019 owing to bank's liquidity crisis and a slowdown in public expenditure since the last general elections. Some 32 units of trucks were sold daily on an average this year, down from 43 in 2018, according to the registration record of the Bangladesh Road Transport Authority (BRTA) and industry people.
- From January to July this year, 5,693 units of truck were sold, compared to 12,663 units in the full-year of 2018. Sales of passenger and commercial cars have declined significantly in India recently and some automakers such as Suzuki India and Mahindra & Mahindra have cut production and laid off workers to cope with the slowdown.
- Ifad Motors, the sole agent of Indian automaker Ashok Leyland, has 41 % market share in Bangladesh's automobile sector. Ahmed said the sale of commercial vehicles depends on the existing market condition of the cement and steel sectors as well as the export and import volumes.

<https://www.thedailystar.net/business/news/truck-sales-down-26pc-1800244>

International

Solid US retail sales calm some worries about economy

The Daily Star, September 15, 2019

- US retail sales increased more than expected in August, pointing to solid consumer spending that should continue to support a moderate pace of economic growth.
- The report from the Commerce Department on Friday could further allay financial market concerns of a recession, which have been fueled by a year-long trade war between the United States and China as well as slowing global growth.
- Still, the Federal Reserve is expected to cut interest rates again next Wednesday to blunt some of the hit from the trade tensions on the longest economic expansion in history. Fed Chair Jerome Powell said last week he was not forecasting or expecting a recession, but reiterated the US central bank would continue to act “as appropriate” to keep the expansion, now in its 11th year, on track. The Fed lowered borrowing costs in July for the first time since 2008.
- Retail sales rose 0.4 % last month, lifted by spending on motor vehicles, building materials, healthcare and hobbies. Data for August was revised slightly up to show retail sales increasing 0.8 % instead of 0.7 % as previously reported.
- Economists polled by Reuters had forecast retail sales would gain 0.2 % in August. Compared to August last year, retail sales advanced 4.1 %. Retail sales have increased for six straight months, the longest such stretch since June 2017.

<https://www.thedailystar.net/business/news/solid-us-retail-sales-calm-some-worries-about-economy-1800214>

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. Shariful Alam Chowdhury
Head of Research & Investments

tushar@basl-bd.com, tusharbd@bloomberg.net

Mr. Shohidul Islam
Research Analyst

shohidul@basl-bd.com, shohidulbd@bloomberg.net

Tanzin Naher
Research Associate

tanzin@basl-bd.com

BASL Networks

Head Office

Hadi Mansion (2nd 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 call at +8801993111666, +880 02 9515826, Ext: 101 at Business hour. For further query, write to us at research@basl-bd.com.