

## Stock Market & Company

### Dhaka stocks sink for 2nd week on panic selling

NewAge, December 15, 2019

- Dhaka stocks took a drubbing in the past week, extending losing streak to second week, amid cautious trading as investors grappled with a persistent bearishness on the market and gloomy macroeconomic outlook. DSEX, the key index of the Dhaka Stock Exchange, lost 3.36 per cent, or 156.89 points, over the week to close at 4,514 points on Thursday, the last trading session of the week, after losing 60 points in the previous week.
- The DSEX lost 257 points in last five weeks with one positive week. The market started the week with a steep fall of 74 points on December 8 and maintained the vibe for the next couple of sessions to hit a 41-month low on December 10 as investors went for panic sales amid economic worries and prolonged bear run at the market, market operators said.
- However, the market ended with slight gains in the last two sessions of the week as some institutional investors went for bargain hunting to halt the plunge, they said. The DSEX lost more than 1,433 points in last 10 months, eroding Tk 75,800 crore in market capitalisation.
- Market operators said the continuing plunges in share prices reduced investment capacity of the market intermediaries and high net worth investors. They said many investors shied away from taking any investment move fearing further fall in share prices.
- Besides, investors remained cautious about the sudden stagnant condition in some of the country's economic indicators and they were assessing the possible impact of the economic position on the stock market, they said.
- A decline in the private sector credit growth to nine-year low, negative export earnings for last four months, poor tax revenue collection and heavy government borrowing reflected the weak state of the country's economy. Moreover, the continuing surge in banks' non-performing loans, high interest rate and pressure on exchange rate weighed heavily on the business growth. Concerns over the country's economy and prolonged bearishness at the market prompted foreign investors also to continue withdrawing funds from the capital market that had worsened the situation.

<http://www.newagebd.net/article/93662/dhaka-stocks-sink-for-2nd-week-on-panic-selling>

### \$20M LAUNDERED ABROAD: AB Bank sues 15, including former chairman, 2 MDs

The Daily Star, December 15, 2019

- AB Bank has filed a case against 15 persons, including a former chairman and two managing directors, over their alleged involvement in laundering \$20 million abroad.
- The accused include M Wahidul Haque, who was serving as chairman of AB Bank when the laundering took place, Shamim Ahmed Chaudhury and Moshir Rahman Chowdhury, former managing directors, Abu Hena Mustafa Kamal, a former head of financial institutions and treasury, and Mahadev Sarker, former chief financial officer.

- The laundering process started off when the bank's board of directors approved an investment of \$20 million in December 2013. The investment was set to be made in a Singapore-based fundraising and investment company, Pinnacle Global Fund Pte Ltd (PGF).
- In February 2014, the bank's offshore banking unit transferred the money to an account of UAE-based Abu Dhabi Commercial Bank (ADCB). The account belonged to Cheng Bao General Trading LLC which acted as a mediator for the PGF. The Cheng Bao immediately withdrew the money and closed the account.
- The first generation private bank was also found to have signed the investment deal with the PGF on a white paper, raising questions about the deal's effectiveness, according to a central bank investigation of 2017.
- The BB probe found that Wahidul was named as a nominee of the transferred amount and a joint signatory of the ADCB account. He visited the United Arab Emirates (UAE) in February 2014 to complete the deal. One of the 15 accused is a Canadian citizen, Abdus Samad Khan, who signed the deal on behalf of the PGF. In the papers, he was mentioned to be a PGF director but in another document he was referred to as a partner of the firm.

<https://www.thedailystar.net/business/news/20m-laundered-abroad-ab-bank-sues-15-including-former-chairman-2-mds-1840513>

## **ICB proposes Citi as partner for issuance of \$500m bond**

NewAge, December 15, 2019

- State-owned Investment Corporation of Bangladesh has proposed Citigroup Global Markets as its partner for raising \$500 million from the international market by issuance of bond. ICB managing director Abul Hossain said that the proposal was submitted to the Power Division last month as the fund would be used for implementing power projects.
- He said they selected Citigroup finding its proposal more reasonable than two other international banks — Standard Chartered Bank and HSBC. Abul Hossain said they were waiting for approval from the Power Division to their proposal to start next course of action.
- Official said the ICB had been working on the issue since prime minister's power and energy adviser Tawfiq-E-Elahi Chowdhury at a seminar in 2016 announced that \$500 million would be raised for the PDB from Singapore capital market to finance projects for the state-run electricity generation and distribution company.
- The PM's adviser said the government would require more than Tk 1.6 lakh crore in the long run to implement its projects and those funds could not be mobilised from a single source. 'So the government has decided to go for raising funds from foreign capital market to implement projects under Bangladesh Power Development Board,' Tawfiq-E-Elahi said.

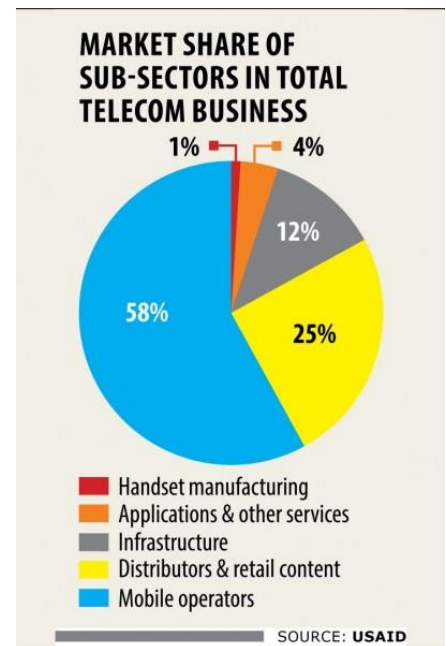
<http://www.newagebd.net/article/93656/icb-proposes-citi-as-partner-for-issuance-of-500m-bond>

## Economy and Industry

### Telecom sector's revenue to cross \$5b by 2023

The Daily Star, December 15, 2019

- The telecommunication industry's revenue will grow by 34 percent in the next five years to \$5.08 billion from \$3.8 billion at present, on the back of expanding user base and wide range of services, said the USAID in a new study.
- The industry employs about 7.60 lakh people directly, of which 92.5 percent are unskilled and 7 percent are women, the Comprehensive Private Sector Assessment report said. The job growth rate in the sector will be 9 percent from 2016 to 2020.
- In 2016-17, the telecommunications sector accounted for 6.98 percent, or \$29.6 billion, of the economy. The contribution of the sector is highly dominated by mobile operators with a direct impact of 58 percent, followed by distributors and retailers (25 percent), infrastructure providers (12 percent), and the handset industry, content applications and other services providers (5 percent).
- The report found that the total number of smartphone users was 48 million in 2017 and it will go up by threefold to 138 million in 2025. At the end of fiscal 2017, there were 85 million unique subscribers and it will be 107 million in 2025, making Bangladesh the fifth largest mobile market in the Asia Pacific and the ninth largest market in the world in terms of unique subscribers.
- Active mobile connections will reach 190 million at the end of 2025 and the number of 4G users will be 41 percent, the USAID report said, referring to the GSMA, a trade body that represents the interests of mobile network operators worldwide.



<https://www.thedailystar.net/business/news/telecom-sectors-revenue-cross-5b-2023-1840516>

### Deposit growth in banks hits 30-month high in October

NewAge, December 15, 2019

- Deposit growth in the country's banking sector hit a 30-month high of 12.19 per cent in October this year as savers returned to banks after the government in the budget for the 2019-2020 fiscal doubled taxes on interest earnings from the national savings certificates.
- Besides, automation of the NSC sales system has prevented a section of savers including institutions and high net worth individuals from purchasing NSCs beyond the allowable limit.
- As a result, those high net worth individuals and entities have shifted their funds to banks instead of investing those on NSCs, Bangladesh Bank officials said. The growth in October was the highest after 12.43 per cent growth in April, 2017.

- As per the BB data, deposits in the banking sector stood at Tk 11,06,258.4 crore in October of FY20, increasing by Tk 1,20,225.8 crore from Tk 9,86,032.6 crore at the end of October of FY 2018-19.
- Since April, 2017, the deposit growth in the country's banking system has remained below 12 per cent with the lowest of 8.57 per cent in April, 2018. The officials said the launch of the NSC online management system and the increased rate of source tax on savings tools had contributed to the sharp drop in NSC sales in the first four months of this fiscal year. In July-October of FY20, the government's net sales of NSCs dropped by 69.08 per cent or Tk 12,316.71 crore year-on-year. Government's net borrowing by issuing NSCs dropped to Tk 5,512.02 crore in July-October of FY20 against Tk 17,828.73 crore in the same period of FY19.
- Bankers said that the deposit growth in the banking sector had improved for two reasons — fall in NSC sales in recent months and increase in deposit rates in banks. Apart from these, money flow in the banking system improved in last four months due mainly to the government's borrowing from the central bank against treasury bills and bonds, said BB officials.
- They said the central bank's heavy sales of the US dollars in the country's local market to keep the exchange rate of the US dollar stable had contributed to the fall in deposit growth in FY19. In FY19, the BB injected \$2.34 billion.

<http://www.newagebd.net/article/93526/deposit-growth-in-banks-hits-30-month-high-in-october>

## International

### **Brexit relief for UK economy might not last long**

NewAge, December 15, 2019

- Britain's economy will cast off some of the Brexit uncertainty that has held it back since 2016 after prime minister Boris Johnson's election triumph, but the risk remains of another 'cliff edge' showdown with Brussels in a year's time.
- With Britain's exit from the European Union on January 31 now a foregone conclusion, the question for investors is whether Johnson will stick to his campaign promise not to delay the end-of-2020 deadline for a new EU trade deal.
- In the short term, the biggest election victory for Johnson's Conservative Party since Margaret Thatcher's 1987 triumph removes a major brake on growth: the deadlock in parliament over how, or even whether, to proceed with Brexit.
- 'For Brexit, this all means that Johnson's deal will be ratified, most likely allowing the UK to leave the EU at the end of January,' economists at ING said in a note to clients.
- 'But more importantly, it could give the prime minister the political breathing room to ask for an extension to the transition period.'
- The pound jumped by the most in nearly three years on the first sign of the scale of Johnson's victory and shares in companies that rely on domestic British economy rose. Investors pared back their bets on the Bank of England cutting interest rates as the uncertainty about the way ahead for Britain's economy lifted, at least in the short term.

<http://www.newagebd.net/article/93530/brexit-relief-for-uk-economy-might-not-last-long>

## **Telenor picks Ericsson for 5G, abandoning Huawei**

NewAge, December 15, 2019

- Telenor has picked Sweden's Ericsson as the key technology provider for its fifth-generation (5G) telecoms network in Norway, it said on Friday, gradually removing China's Huawei after a decade of collaboration over 4G.
- Fearing high-tech espionage, and battling with China over trade, the United States has pushed NATO allies such as Norway to exclude Huawei from lucrative 5G deals, and Norwegian security services also warned against the firm.
- 'The 5G era is here. This will be the one technology that will most transform our society in the next decade,' Telenor chief executive Sigve Brekke tweeted as he announced that Ericsson would build the 5G radio access network.
- He said that Telenor had carried out an 'extensive' security evaluation as well as considering factors such as technical quality, innovation and modernisation of the network.
- 'Based on the comprehensive and holistic evaluation, we have decided to introduce a new partner for this important technology shift in Norway,' he added.
- A spokeswoman for Ericsson said that the company was 'very proud' to be chosen as a partner by Telenor but declined to comment further.

<http://www.newagebd.net/article/93529/telenor-picks-ericsson-for-5g-abandoning-huawei>

## **Saudi Aramco shares jump 10pc on stock market debut**

The Daily Star, December 12, 2019

- Saudi Aramco shares surged the maximum permitted 10 per cent above their initial public offering (IPO) price on their Riyadh stock market debut on Wednesday, closing in on the \$2 tn valuation long sought by Saudi Crown Prince Mohammed bin Salman.
- The shares leapt to 35.2 riyal (\$9.39) each, up from the IPO price of 32 riyals and at the daily limit of price moves allowed by the Tadawul exchange.
- That gives the state-owned oil giant a market value of about \$1.88 tn, comfortably making it the world's most valuable listed company, although it will have one of the smallest 'free floats' of publicly tradeable shares, at just 1.5 per cent.
- Saudi Arabian Oil Co (Aramco) raised a record \$25.6 bn in its IPO last week, giving it a market value of around \$1.7 tn. The flotation, a major challenge for the Riyadh stock exchange, propels the bourse into the world's top 10 by value of listed companies.
- Saudi Arabia relied on mainly domestic and regional investors to buy Aramco shares after lukewarm interest from abroad. The \$25.6 bn of proceeds beat Chinese tech firm Alibaba's \$25 bn listing in 2014.

<http://www.newagebd.net/article/93380/saudi-aramco-shares-jump-10pc-on-stock-market-debut>

## 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

### Bijoynagar Extension

Prime Tower (3rd Floor),  
180-181  
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](mailto:research@basl-bd.com).